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Ringkjøbing Landbobank's announcement of the annual accounts for 2015 - Record increase in customer numbers creates the best profit in the bank's history

The profit before tax was DKK 588 million, which is marginally better than 2014 and equivalent to a return of 20% on equity at the beginning of the period. The core earnings show an increase of 13% to DKK 588 million, which is thus above the upwardly adjusted DKK 500 - 575 million interval.

The profit before tax and the core earnings are the best in the bank's history and considered highly satisfactory.

(million DKK)	2015	2014	2013	2012	2011
Total core income	954	907	844	823	767
Total costs and depreciations	-306	-298	-273	-265	-248
Core earnings before impairments	648	609	571	558	519
Impairment charges for loans etc.	-60	-87	-120	-157	-129
Core earnings	588	522	451	401	390
Result for portfolio	0	+65	+23	+49	+1
Expenses for bank packages	0	0	-2	-2	-11
Profit before tax	588	587	472	448	380

2015 in headlines:

- The best profit in the bank's history
- The profit before tax was DKK 588 million, equivalent to a return of 20% on equity at the beginning of the period
- Core earnings exceed expectations, increasing by 13% to DKK 588 million
- Best ever net increase in customers
- High levels of customer satisfaction and willingness to recommend the bank
- The rate of costs improved by 2% to 32.1 - the lowest in Denmark
- 12% increase in loans and 10% increase in deposits
- Proposed dividend raised from DKK 26 to DKK 30 per share. A new buy-back programme for up to DKK 140 million is also proposed, increasing total distribution to 61%
- Expectations for core earnings of DKK 475 - 575 million in 2016, to which must be added the result for portfolio

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

Yours sincerely,

Ringkjøbing Landbobank

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Management Report

Core income

The total core income was 5% higher for the year, with an increase from DKK 907 million in 2014 to DKK 954 million in 2015. The bank considers the increase satisfactory.

Net interest income was DKK 638 million in 2015, which is marginally higher than in 2014, where net interest income was DKK 635 million.

The modest increase in net interest income should be compared to a 12% increase in lending. The net interest income was thus influenced by a falling interest margin which reflects the competition in the sector, and the net interest income was also affected by the low level of interest rates. The increase in lending was also primarily realised in the second half-year.

Fees, commissions and foreign exchange income amounted to net DKK 275 million in 2015 against net DKK 243 million in 2014, a 13% increase. The increase is attributable inter alia to strengthened earnings from securities trading and custody accounts as a result of greater trading activity and from asset management as a result of increasing volumes, and the conversion activity within mortgage loans also had a positive effect on earnings in 2015.

Earnings from sector shares also increased by DKK 10 million from DKK 26 million in 2014 to DKK 36 million in 2015.

Costs and depreciations

Total costs including depreciations on tangible assets were DKK 306 million in 2015 against DKK 298 million last year, an increase of 3%.

The increase in costs for the year is attributable to the appointment of additional employees and a general salary increase. There was also a small increase in other administration costs, and the total expenses for the Guarantee Fund and the Resolution Fund in 2015 increased by just over DKK 2 million relative to 2014. Finally, write-downs on tangible assets fell in the year.

The rate of costs improved by 2% relative to 2014 and is now 32.1%, still the lowest in Denmark.

Impairment charges for loans

Impairment charges for loans amounted to DKK 60 million against DKK 87 million in the previous year. The falling trend from 2014 thus continues for impairment charges, which are equivalent to 0.3% of the total average of loans, impairment charges, guarantees and provisions against 0.5% in 2014.

It is noted generally that the average credit quality of the bank's loans portfolio remained at a high level in 2015.

During 2015, individual impairment charges were reversed on a number of customers. The bank also terminated certain customer accounts in the financial year. These two circumstances contributed to a reduction of the bank's total balance of individual impairment charges during the financial year from DKK 701 million at the beginning of the year to DKK 665 million at the end of the year.

The bank assessed that there was a need to increase the collective impairment charges by DKK 47 million from DKK 226 million at the beginning of the year to DKK 273 million at the end of the year. The increased collective impairment charges are mainly related to animal production in the bank's agricultural portfolio.

The quoted prices for both pork and conventional milk fell from the beginning to the end of 2015, which further increased the pressure on the sector. The exposure to animal production accounts for 3% of the bank's total loans and guarantees. Individual impairment charges on cattle and pig farms were DKK 284 million and collective impairment charges totalled DKK 160 million, and the collective impairment ratio was 43% at the end of 2015. Given the challenges experienced in animal production, the bank is satisfied with the fact that its farmers are less indebted than the average in the sector, and we feel comfortable with the current impairment level.

The bank's total account for impairment charges and provisions was DKK 943 million at the end of the year, equivalent to 4.6% of total loans and guarantees.

Actual losses on loans for the year less interest on the impaired part of loans and receivables previously written off were on a par with the impairment charges recognised as expenses, and provisions increased by DKK 12 million.

The portfolio of loans with suspended calculation of interest amounts to DKK 74 million, equivalent to 0.4% of the bank's total loans and guarantees at the end of the year.

On the basis of prospects for economic development in 2016, including those for trade and industry, the bank expects total impairment charges in 2016 to be lower than in 2015.

Core earnings

(Million DKK)	2015	2014	2013	2012	2011
Total core income	954	907	844	823	767
Total costs and depreciations	-306	-298	-273	-265	-248
Core earnings before impairments	648	609	571	558	519
Impairment charges for loans etc.	-60	-87	-120	-157	-129
Core earnings	588	522	451	401	390

The core earnings were DKK 588 million against DKK 522 million last year, an increase of 13% and the best ever for the bank. At the beginning of the year, the bank announced expected core earnings for the year in the DKK 450 - 525 million range. This range was upwardly adjusted to DKK 500 - 575 million in connection with the presentation of the bank's half-yearly report, and the core earnings realised are thus above the upwardly adjusted range.

Portfolio income and market risk

The result for portfolio for all of 2015 was zero including funding costs for the portfolio.

The result for portfolio was affected by the interest rate fluctuations which characterised the financial markets throughout 2015.

Shares etc. at the end of the year amounted to DKK 467 million, DKK 11 million of which was in listed shares, DKK 197 million in investment fund certificates and DKK 259 million in sector shares etc. The bond portfolio amounted to DKK 3,115 million, and the majority of the portfolio consists of AAA-rated Danish government and mortgage credit bonds.

The total interest rate risk - calculated as the impact on the profit of 1%-point change in the interest level - was 2.2% of the bank's Tier 1 capital at the end of the 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 calculated on the basis of a Value at Risk model (computed with a 10-day horizon and 99% probability) was as follows in 2015:

	Risk in DKK million	Risk relative to equity end of year in %
Highest risk of loss:	25.8	0.78%
Lowest risk of loss:	5.2	0.16%
Average risk of loss:	15.7	0.48%
End of the year risk of loss:	15.0	0.46%

Profit after tax

The profit before tax was DKK 588 million. The profit after tax of DKK 129 million was DKK 459 million against last year's DKK 446 million.

The profit before and after tax is equivalent to a return on equity at the beginning of the year after payment of dividend of 20 % and 15 % respectively.

Balance sheet

The bank's balance sheet at the end of the year stood at DKK 22,317 million against last year's DKK 21,238 million.

The bank's deposits increased by 10% from DKK 15,450 million at the end of 2014 to DKK 16,987 million at the end of 2015. The bank's loans increased by 12% from DKK 15,507 million at the end of 2014 to DKK 17,300 million at the end of 2015.

The growth in the bank's loans is broadly based with growth from both the branch network and the bank's niche concepts. The bank thus also in 2015 met its goal of realising growth in loans via an organic growth strategy.

The bank's portfolio of guarantees at the end of the year was DKK 2,234 million against DKK 2,218 million in 2014.

Liquidity

The bank's liquidity is good, and the excess liquidity relative to the statutory requirement is 100%. The bank's short-term funding with term to maturity of less than 12 months amounts to DKK 0.5 billion, balanced by DKK 4.0 billion, primarily in short-term placings in the Central Bank of Denmark and in liquid securities. The bank is thus not dependent on the short-term money market.

During 2015, the bank raised long-term funding to the equivalent value of a total of DKK 0.7 billion with an average term of 5 years.

The bank's loans excluding reverse transactions are at the same level as the bank's deposits at the end of the year. The loans portfolio is thus more than fully financed by the bank's deposits and equity. In addition, part of the loans portfolio for wind turbines in Germany was refinanced back-to-back with KfW Bankengruppe, which means that DKK 1,102 million can be disregarded in terms of liquidity.

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

New liquidity regulations came into force with effect from 1 October 2015, viz. the so-called LCR (Liquidity Coverage Ratio) key figure. The key figure will show the ability of banks to honour their payment obligations for a 30-day period without access to market funds, and the key figure will replace the current Section 152 liquidity key figure. The LCR key figure is computed as the ratio of the bank's cash and cash equivalents / liquid assets to its payment obligations for the next 30 days as computed in accordance with specific rules.

Non-SIFI banks must have a cover of minimum 60% on 1 October 2015, gradually increasing by 10% on 1 January 2016 and 1 January 2017 and by 20% on 1 January 2018 such that the key figure must be minimum 100% on 1 January 2018. SIFI banks must have a cover of 100% as early as 1 October 2015.

Ringkjøbing Landbobank wishes to follow the rules applying to SIFI banks, and the bank's target for the LCR key figure was 100% as early as 1 October 2015.

On 31 December 2015 the bank's LCR key figure was 106% and the bank thus met the target.

Dividend and share buy-back programme

Under the share buy-back programme which was adopted by the annual general meeting in February 2015, 100,000 shares have been bought and earmarked during the year. It is proposed to the general meeting that these 100,000 shares be finally cancelled in connection with a capital reduction, thus reducing the number of shares in the bank from 4,670,000 to 4,570,000.

The bank's board of directors will also propose to the general meeting that a dividend of DKK 30 per share, equivalent to DKK 140 million, be paid for the 2015 financial year. A dividend of DKK 26 per share was paid for the 2014 financial year.

A proposal will also be made to the general meeting that a new buy-back programme be established under which shares for up to DKK 140 million can be bought for cancellation at a future general meeting.

The total distribution increases from 60% in 2014 to 61% in 2015 on the basis of the above proposals.

Capital

The equity at the beginning of 2015 was DKK 3,099 million. To this must be added the profit for the year, while the dividend paid and the value of the own shares bought must be subtracted, after which the equity at the end of the year was DKK 3,296 million, an increase of 6%.

The bank's total capital ratio was computed at 18.8% at the end of 2015, and the Tier 1 capital ratio was computed at 17.1%.

Capital ratios	2015	2014	2013	2012	2011
Common Equity Tier 1 capital ratio (%)	17.1	17.5	18.7	19.6	18.3
Tier 1 capital ratio (%)	17.1	17.5	19.2	20.9	19.8
Total capital ratio (%)	18.8	17.5	20.0	22.4	21.4
Individual solvency requirement (%)	9.0	8.9	8.9	8.0	8.0

In 2015 the bank redeemed previously issued additional Tier 1 capital and Tier 2 capital because these items could no longer be fully included in the bank's capital base due to the phasing-out rules of the CRD IV provisions.

The additional Tier 1 capital of nom. DKK 200 million issued in 2005 was consequently redeemed in March 2015, and early redemption of the Tier 2 capital of nom. EUR 27 million issued in 2008 was made in June 2015.

In May 2015 the bank issued Tier 2 capital of EUR 50 million in replacement of the redeemed capital. The issue, which was oversubscribed, has a maturity period of 10 years with a first call-option / early redemption after five years. The interest on the issue was fixed at the Euribor 3M plus 180 basis points and with fixing of interest every three months. The issue took place under the bank's EMTN programme and it is registered at the London Stock Exchange.

The bank calculates the individual solvency requirement on the basis of the so-called 8+ model. The calculation method is based on 8% plus any supplements calculated inter alia for customers with financial problems. The 8+ model thus takes no account of the bank's earnings and cost base or its robust business model. Despite this, the bank's individual solvency requirement at the end of 2015 was calculated at 9.0%, which is on level with the end of 2014.

High levels of customer satisfaction and willingness to give referrals

The bank has gained a large number of satisfied and loyal customers over many years. The good customer relationships have greatly contributed to the bank's growth in recent years because existing customers have referred new customers to the bank.

The bank is very proud of and pleased with the high levels of customer satisfaction and willingness to refer new customers to the bank. We are also very satisfied with the fact that these two points were confirmed in a major customer satisfaction survey among the 20 biggest banks in Denmark (Voxmeter Customer Experience Management survey 2015).

Measured on customer satisfaction, the bank is in third place and it also ranks as the bank in Denmark with the highest rate of customers (47%) who most actively recommend it to others.

Record increase in customer numbers

The bank has carried out a large number of outreach initiatives towards both existing and new customers in recent years, including opening a Private Banking branch in Aarhus and upgrading the bank's Private Banking branch in Holte in 2014. Over the years, other outreach initiatives have also been carried out within both the other niche products and the branch network in Central and West Jutland.

The outreach activities were maintained during 2015, which contributed to a net increase in customer numbers in 2015, the greatest net increase ever recorded measured on the contribution margin.

The increase in customer numbers is broadly based and relates to new customers in both the branch network and niche concepts, and the loss of customers was also in 2015 at a modest level.

The outreach initiatives are scheduled to continue in 2016 at both regional and national levels.

Expected result and plans for 2016

The bank's core earnings in 2015 were DKK 588 million, which is above the upwardly adjusted DKK 500 - 575 million interval for the year.

Ringkjøbing Landbobank's market share is about 50% in that part of West Jutland where the bank's old branches are located. The bank also has well-established branches in Herning, Holstebro and Viborg which are continuing to operate positively. The bank's plan is to retain and develop this portion of the customer portfolio with sound and competitive products and with focus on the employees' expertise and work in advising customers of the financial products. In 2016, the bank expects a continuing positive inflow of customers to its branches in Central and West Jutland because of its long-term outreach marketing and its market position in general.

The bank will also focus on developing the activities in its niche concepts in the forthcoming year. Focus will thus be placed on serving the bank's existing customers and further developing the portfolio within inter alia renewable energy, wholesale loans and medical practitioners / dentists.

The bank's Private Banking branches in Ringkjøbing, Herning, Holte and Aarhus were also successful in 2015. The bank continues to see major opportunities in this segment, and it will continue to focus strongly on the segment, inter alia with the opening of the Private Banking branch in the Triangle Region. The bank will provide highly competent and dedicated staff to serve the segment, and the bank expects to be able to continue developing this business area in the future.

Based on the prospects for 2016 and the activities and initiatives we want to carry out in 2016, the bank expects to be able to realise a growth in lending during 2016. Continuing pressure on the bank's interest margin is, however, also expected. The bank does not expect the conversion activity to continue in 2016, whereas the bank's activities in Private Banking and asset management are expected to continue to develop positively in the coming year. Finally, an increase in the level of cost of approximately 3% relative to the total costs in 2015 is expected, and impairment charges in 2016 are expected to be lower than in 2015.

As a whole, core earnings in 2016 are expected to be in the range DKK 475-575 million. To this must be added the profit from the bank's portfolio of securities.

Accounting policies and key figures

The accounting policies applied are unchanged relative to the audited annual report presented for 2014.

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

	2015	2014	2013	2012	2011
Main figures for the bank (million DKK)					
Total core income	954	907	844	823	767
Total costs and depreciations	-306	-298	-273	-265	-248
Core earnings before impairments	648	609	571	558	519
Impairment charges for loans etc.	-60	-87	-120	-157	-129
Core earnings	588	522	451	401	390
Result for portfolio	0	+65	+23	+49	+1
Expenses for bank packages	0	0	-2	-2	-11
Profit before tax	588	587	472	448	380
Profit after tax	459	446	358	328	286
Shareholders' equity	3,296	3,099	2,901	2,676	2,483
Deposits	16,987	15,450	14,114	12,867	12,755
Loans	17,300	15,507	13,849	12,424	12,747
Balance sheet total	22,317	21,238	19,583	17,682	17,549
Guarantees	2,234	2,218	1,902	1,667	1,052
Key figures for the bank (per cent)					
Return on equity before tax, beginning of year	19.8	21.1	18.1	18.5	16.9
Return on equity after tax, beginning of year	15.4	16.0	13.7	13.6	12.7
Rate of costs	32.1	32.8	32.4	32.2	32.4
Common Equity Tier 1 capital ratio	17.1	17.5	18.7	19.6	18.3
Tier 1 capital ratio	17.1	17.5	19.2	20.9	19.8
Total capital ratio	18.8	17.5	20.0	22.4	21.4
Individual solvency requirement	9.0	8.9	8.9	8.0	8.0
Key figures per 5 DKK share (DKK)					
Core earnings	129	112	94	83	79
Profit before tax	129	126	99	93	77
Profit after tax	100	95	75	68	58
Net asset value	721	664	607	553	503
Price, end of period	1,500	1,152	1,099	770	579
Dividend	30	26	25	14	13

Profit and loss account

Note		1.1 - 31.12 2015 DKK 1,000	1.1 - 31.12 2014 DKK 1,000
1	Interest receivable	736,995	787,924
2	Interest payable	91,165	139,253
	Net income from interest	645,830	648,671
3	Dividend from shares etc.	13,010	7,897
4	Income from fees and commissions	301,076	261,082
4	Fees and commissions paid	41,687	31,701
	Net income from interest and fees	918,229	885,949
5	Value adjustments	+29,583	+82,293
	Other operating income	4,964	4,001
6,7	Staff and administration costs	281,634	270,532
	Amortisations, depreciations and write-downs on intangible and tangible assets	7,351	12,192
	Other operating costs		
	Miscellaneous other operating costs	68	268
	Costs Guarantee Fund and Resolution Fund	17,233	15,041
8	Impairment charges for loans and other debtors etc.	-60,367	-87,186
	Result of investments in associated companies	2,137	-11
	Profit before tax	588,260	587,013
9	Tax	129,595	141,152
	Profit after tax	458,665	445,861
	Other comprehensive income	0	0
	Total comprehensive income	458,665	445,861

Proposed distribution of profit

	Profit after tax	458,665	445,861
	Total amount available for distribution	458,665	445,861
	Spent on ordinary dividend	140,100	124,280
	Spent on charitable purposes	500	500
	Transferred to reserve for net revaluation under the equity method	2,137	-11
	Appropriation to own funds	315,928	321,092
	Total distribution of the amount available	458,665	445,861

Core earnings

	1.1 - 31.12 2015 DKK 1,000	1.1 - 31.12 2014 DKK 1,000
Net income from interest	637,960	634,681
Net income from fees excl. commission	211,541	192,941
Income from sector shares etc.	36,413	25,576
Foreign exchange income	15,812	13,489
Other operating income	4,964	4,001
Total core income excl. trade income	906,690	870,688
Trade income	47,848	36,440
Total core income	954,538	907,128
Staff and administration costs	281,634	270,532
Amortisations, depreciations and write-downs on intangible and tangible assets	7,351	12,192
Other operating costs	17,301	15,177
Total costs etc.	306,286	297,901
Core earnings before impairments	648,252	609,227
Impairment charges for loans and other debtors etc.	-60,367	-87,186
Core earnings	587,885	522,041
Result for portfolio	+375	+65,104
Expenses for bank packages	0	132
Profit before tax	588,260	587,013
Tax	129,595	141,152
Profit after tax	458,665	445,861

Balance sheet

Note		End Dec. 2015 DKK 1,000	End Dec. 2014 DKK 1,000
	Assets		
	Cash in hand and claims at call on central banks	331,563	190,873
10	Claims on credit institutions and central banks	717,602	180,490
	Claims at notice on central banks	130,019	0
	Money market operations and bilateral loans - term to maturity under 1 year	262,583	60,490
	Bilateral loans - term to maturity over 1 year	325,000	120,000
11,12,13	Loans and other debtors at amortised cost price	17,299,920	15,507,134
	Loans and other debtors at amortised cost price	15,914,993	13,842,752
	Wind turbine loans with direct funding	1,101,739	1,081,240
	Collateralised repurchase agreements / reverse transactions	283,188	583,142
14	Bonds at current value	3,114,721	4,659,495
15	Shares etc.	467,049	283,047
	Investments in associated companies	2,667	530
	Land and buildings total	64,287	66,401
	Investment properties	6,056	6,056
	Domicile properties	58,231	60,345
	Other tangible assets	4,206	4,666
	Current tax assets	71,624	87,779
	Temporary assets	5,200	997
	Other assets	230,620	248,863
	Prepayments and accrued income	7,970	7,633
	Total assets	22,317,429	21,237,908

Balance sheet

Note		End Dec. 2015 DKK 1,000	End Dec. 2014 DKK 1,000
	Liabilities and equity		
16	Debt to credit institutions and central banks	1,502,586	1,911,215
	Money market operations and bilateral credits - term to maturity under 1 year	344,879	697,712
	Bilateral credits - term to maturity over 1 year	55,968	132,263
	Bilateral credits from KfW Bankengruppe	1,101,739	1,081,240
17	Deposits and other debts	16,986,543	15,450,273
18	Issued bonds at amortised cost price	0	236,238
	Other liabilities	142,737	156,231
	Deferred income and accruals	1,130	1,205
	Total debt	18,632,996	17,755,162
	Provisions for deferred tax	10,579	14,476
12	Provisions for losses on guarantees	5,478	3,995
	Total provisions for liabilities	16,057	18,471
	Tier 2 capital	372,278	200,216
	Additional Tier 1 capital	0	165,451
19	Total subordinated debt	372,278	365,667
20	Share capital	23,350	23,900
	Reserve for net revaluation under the equity method	2,317	178
	Profit carried forward	3,129,831	2,949,750
	Proposed dividend etc.	140,600	124,780
	Total shareholders' equity	3,296,098	3,098,608
	Total liabilities and equity	22,317,429	21,237,908
21	Own capital share		
22	Contingent liabilities etc.		
23	Assets furnished as security		
24	Capital statement		
25	The supervisory diamond		
26	Miscellaneous comments		

Statement of shareholders' equity

2014					
DKK 1,000	Share capital	Reserve for net revaluation under the equity method	Profit carried forward	Proposed dividend etc.	Total shareholders' equity
Shareholders' equity at the end of the previous financial year	24,200	189	2,755,211	121,500	2,901,100
Reduction of share capital	-300		300		0
Dividend etc. paid				-121,500	-121,500
Dividend received on own shares			2,022		2,022
Shareholders' equity after allocation of dividend etc.	23,900	189	2,757,533	0	2,781,622
Purchase and sale of own shares			-128,875		-128,875
Total comprehensive income		-11	321,092	124,780	445,861
Shareholders' equity on the balance sheet date	23,900	178	2,949,750	124,780	3,098,608

2015					
DKK 1,000	Share capital	Reserve for net revaluation under the equity method	Profit carried forward	Proposed dividend etc.	Total shareholders' equity
Shareholders' equity at the end of the previous financial year	23,900	178	2,949,750	124,780	3,098,608
Reduction of share capital	-550		550		0
Dividend etc. paid				-124,780	-124,780
Dividend received on own shares			3,385		3,385
Shareholders' equity after allocation of dividend etc.	23,350	178	2,953,685	0	2,977,213
Purchase and sale of own shares			-139,780		-139,780
Total comprehensive income		2,139	315,926	140,600	458,665
Shareholders' equity on the balance sheet date	23,350	2,317	3,129,831	140,600	3,296,098

Notes

Note	1.1 - 31.12 2015 DKK 1,000	1.1 - 31.12 2014 DKK 1,000
1 Interest receivable		
Claims on credit institutions and central banks	15,990	16,750
Loans and other debtors	700,503	740,222
Loans - interest concerning the impaired part of loans	-38,435	-44,221
Reverse loans	5,094	-3,457
Bonds	54,379	90,054
Total derivatives financial instruments, of which	-4,281	-12,782
Currency contracts	1,166	193
Interest-rate contracts	-5,447	-12,975
Other interest receivable	3,745	1,358
Total interest receivable	736,995	787,924
2 Interest payable		
Credit institutions and central banks	24,354	26,425
Deposits and other debts	54,268	92,049
Repo deposits	66	0
Issued bonds	3,679	7,207
Subordinated debt	8,790	13,023
Other interest payable	8	549
Total interest payable	91,165	139,253
3 Dividend from shares etc.		
Shares	13,010	7,897
Total dividend from shares etc.	13,010	7,897
4 Gross income from fees and commissions		
Securities trading and custody accounts	58,631	45,378
Asset management	111,887	96,994
Payment handling	26,357	23,883
Loan fees	15,879	11,851
Guarantee commissions	56,362	51,891
Other fees and commissions	31,960	31,085
Total gross income from fees and commissions	301,076	261,082
Net income from fees and commissions		
Securities trading and custody accounts	47,848	36,440
Asset management	105,496	91,443
Payment handling	17,384	20,849
Loan fees	13,242	9,723
Guarantee commissions	56,362	51,891
Other fees and commissions	19,057	19,035
Total net income from fees and commissions	259,389	229,381
Foreign exchange income	15,812	13,489
Total net income from fees, commissions and foreign exchange income	275,201	242,870

Notes

Note	1.1 - 31.12 2015 DKK 1,000	1.1 - 31.12 2014 DKK 1,000
5 Value adjustments		
Loans and other debtors, current value adjustment	9,249	11,129
Bonds	-29,648	21,779
Shares etc.	34,659	23,594
Foreign exchange income	15,812	13,489
Total derivatives financial instruments, of which	-489	3,482
Interest-rate contracts	-1,650	2,543
Share contracts	1,161	939
Issued bonds	0	3,295
Other liabilities	0	5,525
Total value adjustments	29,583	82,293
6 Staff and administration costs		
Payments to general management, board of directors and shareholders' committee		
General management	5,037	4,001
Board of directors	1,633	1,392
Shareholders' committee	415	393
Total	7,085	5,786
Staff costs		
Salaries	130,240	124,664
Pensions	13,281	12,749
Social security expenses	932	905
Costs depending on number of staff	20,485	17,826
Total	164,938	156,144
Other administration costs	109,611	108,602
Total staff and administration costs	281,634	270,532
7 Number of full-time employees		
Average number of employees during the financial year converted into full-time employees	269	257
8 Impairment charges on loans and other debtors etc.		
Net changes in impairment charges on loans and other debtors and provisions for losses on guarantees	11,552	77,980
Actual realised net losses	87,250	53,427
Interest concerning the impaired part of loans	-38,435	-44,221
Total impairment charges on loans and other debtors etc.	60,367	87,186

Notes

Note		1.1 - 31.12 2015 DKK 1,000	1.1 - 31.12 2014 DKK 1,000
9	Tax		
	Tax calculated on the year's profit	133,489	139,780
	Adjustment of deferred tax	-2,973	1,826
	Adjustment of deferred tax due to change in tax rate	-924	-538
	Adjustment of tax calculated for previous years	3	84
	Total tax	129,595	141,152
	Effective tax rate (%):		
	The current tax rate of the bank	23.5	24.5
	Permanent deviations	-1.3	-0.4
	Adjustment of deferred tax due to change in tax rate	-0.2	-0.1
	Adjustment of tax calculated for previous years	0.0	0.0
	Total effective tax rate	22.0	24.0
Note		End Dec. 2015 DKK 1,000	End Dec. 2014 DKK 1,000
10	Claims on credit institutions and central banks		
	Claims at call	98,583	59,014
	Up to and including 3 months	230,019	0
	More than 3 months and up to and including 1 year	64,000	1,476
	More than 1 year and up to and including 5 years	320,000	120,000
	More than 5 years	5,000	0
	Total claims on credit institutions and central banks	717,602	180,490
11	Loans and other debtors at amortised cost price		
	At call	2,055,385	1,383,877
	Up to and including 3 months	1,054,786	1,248,521
	More than 3 months and up to and including 1 year	2,273,914	1,869,846
	More than 1 year and up to and including 5 years	5,849,053	5,281,673
	More than 5 years	6,066,782	5,723,217
	Total loans and other debtors at amortised cost price	17,299,920	15,507,134
	Of which collateralised repurchase agreements / reverse transactions	283,188	583,142

Notes

Note		End Dec. 2015 DKK 1,000	End Dec. 2014 DKK 1,000
12	Impairment charges for loans and other debtors and provisions for losses on guarantees		
	Individual impairment charges		
	Cumulative individual impairment charges for loans and other debtors at the end of the previous financial year	701,131	736,513
	Impairment charges / value adjustments during the year	149,057	179,129
	Reverse entry - impairment charges made in previous financial years	-121,034	-174,736
	Booked losses covered by impairment charges	-64,604	-39,775
	Cumulative individual impairment charges for loans and other debtors on the balance sheet date	664,550	701,131
	Collective impairment charges		
	Cumulative collective impairment charges for loans and other debtors at the end of the previous financial year	226,272	112,652
	Impairment charges / value adjustments during the year	46,650	113,620
	Cumulative collective impairment charges for loans and other debtors on the balance sheet date	272,922	226,272
	Total cumulative impairment charges for loans and other debtors on the balance sheet date	937,472	927,403
	Provisions for losses on guarantees		
	Cumulative individual provisions for losses on guarantees at the end of the previous financial year	3,995	4,256
	Provisions / value adjustments during the year	5,152	2,261
	Reverse entry - provisions made in previous financial years	-3,586	-2,469
	Booked losses covered by provisions	-83	-53
	Cumulative individual provisions for losses on guarantees on the balance sheet date	5,478	3,995
	Total cumulative impairment charges for loans and other debtors and provisions for losses on guarantees on the balance sheet date	942,950	931,398
13	Suspended calculation of interest		
	Loans and other debtors with suspended calculation of interest on the balance sheet date	74,220	58,244

Notes

Note		End Dec. 2015 DKK 1,000	End Dec. 2014 DKK 1,000
14	Bonds at current value		
	Listed on the stock exchange	3,114,721	4,659,495
	Total bonds at current value	3,114,721	4,659,495
15	Shares etc.		
	Listed on Nasdaq Copenhagen	11,492	13,237
	Investment fund certificates	196,590	27,413
	Unlisted shares at current value	1,450	1,473
	Sector shares at current value	257,517	240,924
	Total shares etc.	467,049	283,047
16	Debt to credit institutions and central banks		
	Debt payable on demand	268,254	258,042
	Up to and including 3 months	55,023	478,264
	More than 3 months and up to and including 1 year	171,936	76,818
	More than 1 year and up to and including 5 years	593,775	611,326
	More than 5 years	413,598	486,765
	Total debt to credit institutions and central banks	1,502,586	1,911,215
17	Deposits and other debts		
	On demand	11,332,913	9,209,187
	Deposits and other debts at notice:		
	Up to and including 3 months	1,891,994	1,761,577
	More than 3 months and up to and including 1 year	667,677	1,064,673
	More than 1 year and up to and including 5 years	966,866	948,383
	More than 5 years	2,127,093	2,466,453
	Total deposits and other debts	16,986,543	15,450,273
	Distributed as follows:		
	On demand	10,912,726	8,815,421
	At notice	327,306	348,422
	Time deposits	2,352,697	2,735,273
	Long term deposit agreements	2,192,532	2,238,720
	Special types of deposits	1,201,282	1,312,437
		16,986,543	15,450,273

Notes

Note		End Dec. 2015 DKK 1,000	End Dec. 2014 DKK 1,000
18	Issued bonds at amortised cost price		
	Up to and including 3 months	0	2,573
	More than 3 months and up to and including 1 year	0	233,665
	Total issued bonds at amortised cost price	0	236,238
	Distributed as follows:		
	Issues in Norwegian kroner:		
	Nom. NOK 100 million	0	82,320
	Regulation at amortised cost price and adjustment to current value of issues	0	2,473
	Issues in euro:		
	Nom. EUR 20 million	0	148,872
	Other issues	0	2,573
		0	236,238
19	Subordinated debt		
	Tier 2 capital:		
	Floating rate loan, principal EUR 50 million, expiry 20.5.2025	373,125	0
	Floating rate loan, principal EUR 27 million, expiry 30.6.2021	0	200,977
	Additional Tier 1 capital:		
	4.795% bond loan, nom. DKK 200 million, indefinite term	0	200,000
	Own holding of subordinated loan capital	0	-35,500
	Regulation at amortised cost price and adjustment to current value of Tier 2 capital and Additional Tier 1 capital	-847	190
	Total subordinated debt	372,278	365,667
20	Share capital		
	Number of shares at DKK 5 each:		
	Beginning of period	4,780,000	4,840,000
	Cancellation during the year	-110,000	-60,000
	End of period	4,670,000	4,780,000
	Reserved for subsequent cancellation	100,000	110,000
	Total share capital	23,350	23,900

Notes

Note		End Dec. 2015 DKK 1,000	End Dec. 2014 DKK 1,000
21	Own shares		
	Own shares included in the balance sheet at	0	0
	The market value is	151,226	130,781
	Number of own shares:		
	Beginning of year	113,525	62,554
	Purchases during the year	347,731	290,886
	Sales during the year	-250,439	-179,915
	Cancellation during the year	-110,000	-60,000
	End of year	110,817	113,525
	Reserved for subsequent cancellation	100,000	110,000
	Nominal value of holding of own shares, end of year	504	568
	Own shares' proportion of share capital, end of year (%)	2.2	2.4
22	Contingent liabilities etc.		
	Contingent liabilities		
	Finance guarantees	1,112,688	978,987
	Guarantees against losses on mortgage credit loans	80,981	62,074
	Guarantees against losses Totalkredit	116,104	187,068
	Registration and conversion guarantees	641,756	728,745
	Sector guarantees	45,321	48,596
	Other contingent liabilities	237,531	212,340
	Total contingent liabilities	2,234,381	2,217,810
23	Assets furnished as security		
	First mortgage loans were 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 the KfW Bankengruppe.		
	The balance sheet item is	1,101,739	1,081,240
	As security for clearing etc., the bank has pledged securities from its total holding to the Central Bank of Denmark to a total market price of	231,505	275,685

Notes

Note		End Dec. 2015 DKK 1,000	End Dec. 2014 DKK 1,000
24	Capital statement		
	Credit risk	14,173,867	12,879,048
	Market risk	1,539,489	1,464,214
	Operational risk	1,750,809	1,567,369
	Total risk exposure amount	17,464,165	15,910,631
	Shareholders' equity	3,296,098	3,098,608
	Proposed dividend etc.	-140,600	-124,780
	Deduction for prudent valuation	-3,910	0
	Deduction for the sum of equity investments etc. > 10%	-118,672	-143,584
	Deduction of trading framework for own shares	-55,000	-55,000
	Actual utilization of the trading framework for own shares	1,221	4,061
	Common Equity Tier 1 capital	2,979,137	2,779,305
	Additional Tier 1 capital	0	131,600
	Deduction for the sum of equity investments etc. > 10%	0	-131,600
	Tier 1 capital	2,979,137	2,779,305
	Tier 2 capital	373,125	160,782
	Deduction for the sum of equity investments etc. > 10%	-176,769	-160,782
	Own funds	3,275,493	2,779,305
	Common Equity Tier 1 capital ratio (%)	17.1	17.5
	Tier 1 capital ratio (%)	17.1	17.5
	Total capital ratio (%)	18.8	17.5
	Own funds requirements	1,397,133	1,272,850
25	The supervisory diamond (Danish Financial Supervisory Authority limits)		
	Stable funding (funding ratio) (< 1)	0.8	0.8
	Excess liquidity (> 50%)	99,7%	140,7%
	Total large exposures (< 125%)	63,4%	47,8%
	Growth in loans (< 20%)	14,0%	7,8%
	Real estate exposure (< 25%)	14,1%	11,6%
26	Miscellaneous comments on:		
	Main and key figures for the bank		
	<ul style="list-style-type: none"> Return on equity at the beginning of the year before and after tax are computed after allocation of dividend etc., net. Key figures per DKK 5 share are calculated on the basis of respectively 2015: 4,570,000 shares, 2014: 4,670,000 shares, 2013: 4,780,000 shares, 2012: 4,840,000 shares and 2011: 4,940,000 shares. 		
	Impairment charges for loans etc.		
	<ul style="list-style-type: none"> Impairment charges for loans etc. are listed excl. expenses for bank packages. 		

Quarterly overview

(Million DKK)	4 th qtr. 2015	3 rd qtr. 2015	2 nd qtr. 2015	1 st qtr. 2015	4 th qtr. 2014	3 rd qtr. 2014	2 nd qtr. 2014	1 st qtr. 2014	4 th qtr. 2013	3 rd qtr. 2013	2 nd qtr. 2013	1 st qtr. 2013
Net income from interest	163	160	154	161	160	158	159	158	156	155	151	153
Net income from fees and commissions excl. trade income	55	45	61	51	60	37	51	45	48	33	55	36
Income from sector shares etc.	8	7	11	10	4	4	2	16	5	3	4	2
Foreign exchange income	5	4	4	3	2	4	4	3	3	3	2	5
Other operating income	2	1	1	1	1	1	1	1	1	1	1	0
Total core income excl. trade income	233	217	231	226	227	204	217	223	213	195	213	196
Trade income	12	11	13	12	10	7	8	11	7	5	9	6
Total core income	245	228	244	238	237	211	225	234	220	200	222	202
Staff and administration costs	78	65	74	65	79	62	68	62	70	61	66	58
Amortisation, depreciation and write-downs on intangible and tangible assets	4	1	1	1	7	1	3	1	2	1	0	1
Other operating costs	3	6	4	4	3	4	4	4	4	3	3	4
Total costs etc.	85	72	79	70	89	67	75	67	76	65	69	63
Core earnings before impairments	160	156	165	168	148	144	150	167	144	135	153	139
Impairment charges for loans and other debtors etc.	-16	-15	-14	-15	-24	-23	-25	-15	-25	-34	-40	-21
Core earnings	144	141	151	153	124	121	125	152	119	101	113	118
Result for portfolio	-1	-14	-8	+23	+9	+12	+20	+24	+12	-4	+9	+6
Expenses for bank packages	0	0	0	0	0	0	0	0	0	-1	0	-1
Profit before tax	143	127	143	176	133	133	145	176	131	96	122	123
Tax	31	29	31	39	33	32	36	40	30	23	30	31
Profit after tax	112	98	112	137	100	101	109	136	101	73	92	92

Danish Financial Supervisory Authority key figures for Danish banks

		2015	2014	2013	2012	2011
Capital ratios:						
Total capital ratio	%	18.8	17.5	20.0	22.4	21.4
Tier 1 capital ratio	%	17.1	17.5	19.2	20.9	19.8
Individual solvency requirement	%	9.0	8.9	8.9	8.0	8.0
Earnings:						
Return on equity before tax	%	18.4	19.6	16.9	17.4	15.9
Return on equity after tax	%	14.3	14.9	12.8	12.7	11.9
Income / cost ratio	DKK	2.60	2.52	2.19	2.06	1.98
Return on assets	%	2.1	2.1	1.8	1.9	1.6
Market risk:						
Interest rate risk	%	2.2	1.2	0.6	0.6	0.7
Foreign exchange position	%	0.8	0.4	1.6	0.6	0.9
Foreign exchange risk	%	0.0	0.0	0.0	0.0	0.0
Liquidity risk:						
Excess cover relative to statutory liquidity Requirement	%	99.7	140.7	166.2	185.5	140.5
Loans and impairments thereon relative to deposits	%	107.4	106.4	104.1	102.4	105.0
Credit risk:						
Loans relative to shareholders' equity		5.2	5.0	4.8	4.6	5.1
Growth in loans for the year	%	14.0	12.0	11.5	-2.5	-3.1
Total large exposures	%	63.4	47.8	35.0	27.2	11.8
Cumulative impairment percentage	%	4.6	5.0	5.1	5.1	4.5
Impairment percentage for the year	%	0.29	0.47	0.72	1.06	0.89
Proportion of debtors at reduced interest	%	0.4	0.3	0.5	0.8	0.4
Share return:						
Result for the year after tax per share * / ***	DKK	1,941.4	1,853.9	1,462.8	1,314.6	1,135.2
Book value per share * / **	DKK	14,428	13,280	12,145	11,049	10,055
Dividend per share *	DKK	600	520	500	280	260
Share price relative to profit for the year per share * / ***		15.5	12.4	15.0	11.7	10.2
Share price relative to book value per share * / **		2.08	1.73	1.81	1.39	1.15

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

** Calculated on the basis of number of shares outstanding at the end of the year.

*** 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 year and at the end of the year.