

Nasdaq Copenhagen
London Stock Exchange
Other stakeholders

7 August 2019

Ringkjøbing Landbobank's interim report for the first half of 2019

High level of activity and increase in customer numbers positively affect profit in an otherwise challenging banking market.

Financial results develop satisfactorily with a 4% increase in core income and a 7% fall in total expenses. Profit before tax increases by 16% to DKK 619 million.

Core earnings - pro forma

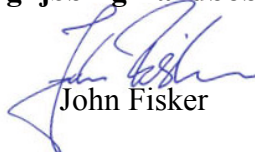
(DKK million)	H1 2019	H1 2018	2018	2017	2016
Total core income	1,048	1,011	2,001	1,917	1,861
Total expenses and depreciation	405	435	866	845	815
Core earnings before impairment charges for loans	643	576	1,135	1,072	1,046
Impairment charges for loans etc.	-49	+2	-43	-70	-211
Core earnings	594	578	1,092	1,002	835
Result for the portfolio etc.	+33	+93	+77	+84	+78
Special costs	8	137	217	22	22
Profit before tax	619	534	952	1,064	891

Highlights of the first half-year of 2019

- The financial statements show an increase of 4% in core income to DKK 1,048 million
- Expenses fall by 7% to DKK 405 million and the rate of costs is 38.6
- Core earnings are DKK 594 million after impairment charges of DKK 49 million
- The return on equity before tax is 17.2% p.a.
- Continued big net increase in customers and 8% growth in loans to DKK 34.5 billion
- The merger of Ringkjøbing Landbobank and Nordjyske Bank is progressing well
- The entire organisation is very busy with refinancing of mortgages and the inflow of new customers

Yours sincerely

Ringkjøbing Landbobank



John Fisker

Ringkjøbing Landbobank A/S

Management's review

This interim report contains both official and pro forma financial statements. The latter are part of the management's review.

The official financial statements contain both an income statement and core earnings. They comprise figures for the merged entity for the first half of 2019 and for the “old” Ringkjøbing Landbobank for the first half of 2018, i.e. the period 1 January to 30 June 2018, including financial figures for the “old” Nordjyske Bank for the period 9 June to 30 June 2018. Finally, they include financial figures for the “old” Ringkjøbing Landbobank for the full year 2018, including financial figures for the “old” Nordjyske Bank for the period 9 June to 31 December 2018.

The pro forma financial statements contain core earnings comprising: figures for the merged entity for the first half of 2019 (identical to core earnings in the official financial statements); and pro forma figures for the first half of 2018 and the full year 2018, both of which comprise financial figures for the “old” Ringkjøbing Landbobank and the “old” Nordjyske Bank from as far back as 1 January 2018, i.e. as if the merger had taken effect on 1 January 2018. The pro forma statements show the non-recurring and merger costs etc. in both banks as separate items.

The pro forma statements have been prepared to give the reader a better overview of the development in the bank's profit and its financial position. The pro forma statements also contain comparative quarterly figures for 2017 and 2018.

Pro forma financial statements

Core income

Net interest income was DKK 587 million in the first half of 2019 compared to DKK 571 million in 2018, an increase of 3%. The bank is satisfied with this development, which included an 8% increase in lending compared to end of June 2018. Relative to the first half of last year, there have been new interest expenses for respectively the subordinated capital issued in June 2018 and the issued non-preferred senior capital.

Fee, commission and foreign exchange income amounted to DKK 387 million net in the first half of 2019, compared to DKK 350 million net in 2018, an increase of 11%. Relative to last year, most fee income items developed positively as a result of greater volumes and the high level of activity. Only the item “Asset management and custody accounts” has developed negatively.

The bank generally experiences pressure in the market on the margins on lending, mortgage credit loans and asset management, all of which is due to the negative effects of the low interest rate environment and competition in the market. The only way to compensate for the negative effects is thus to increase business volume and gaining market shares.

Earnings of DKK 73 million from sector shares in the half-year were lower than 2018, when earnings were DKK 87 million. The earnings derive primarily from returns on the bank's ownership interests in DLR Kredit, BankInvest (BI Holding) and PRAS.

Total core income increased by 4% from DKK 1,011 million in 2018 to DKK 1,048 million in 2019. The bank considers the increase to be satisfactory.

Expenses, depreciation and write-downs

Total expenses including depreciation and write-downs on tangible assets amounted to DKK 405 million in the first half of 2019, compared to DKK 435 million in 2018, a fall of 7%.

The expenses for the full year 2019 are still expected to fall by 4-6%.

The rate of costs was 38.6% in the first half of 2019, compared to 43.1% in the first half of 2018. Both figures were calculated without recognition of special costs.

Impairment charges for loans etc.

Impairment charges for loans represented an expense of DKK 49 million in the first half of 2019, compared to an income item of DKK 2 million in 2018.

During the first quarter of 2018, the Danish FSA carried out a “major” inspection with a satisfactory result. In that connection, the bank identified reversals of impairment charges on the basis of improved credit quality in certain exposures, which contributed to the income in the first half of 2018.

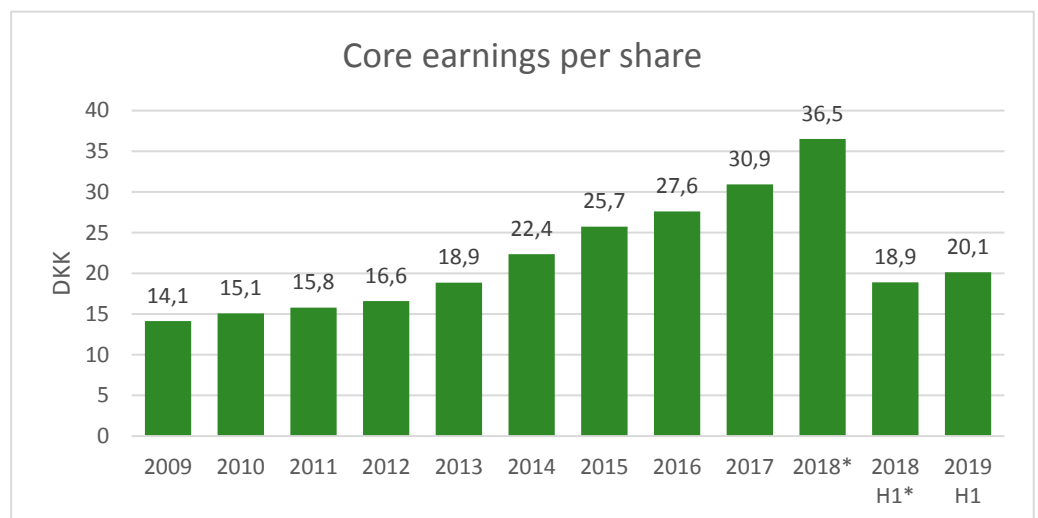
In the first half of 2019, impairment charges amounted to 0.22% per annum of the gross total average of loans and guarantees in 2019. Impairment charges in the second quarter of 2019 were on a par with impairment charges in both the first quarter of 2019 and the fourth quarter of 2018.

Core earnings

(DKK million)	H1 2019	H1 2018	2018	2017	2016
Total core income	1,048	1,011	2,001	1,917	1,861
Total expenses and depreciation	405	435	866	845	815
Core earnings before impairment charges for loans	643	576	1,135	1,072	1,046
Impairment charges for loans etc.	-49	+2	-43	-70	-211
Core earnings	594	578	1,092	1,002	835

Core earnings for the half-year totalled DKK 594 million compared to last year's DKK 578 million, an increase of 3%.

Core earnings per share were thus DKK 20.1 for the first half of 2019 compared to DKK 18.9 in 2018, an increase of 6%.



*The calculations for 2018 are made on a pro forma basis.

Result for the portfolio etc.

The result for the portfolio etc. for the first half of 2019 was positive by DKK 33 million net, including funding costs for the portfolio. In comparison, the result for the portfolio etc. in the first half of 2018 was positive by DKK 93 million, of which DKK 104 million was attributable to the revaluation of the bank's ownership interest in BI Holding.

The result for the portfolio in 2019 was positively affected by developments on the financial markets, with falling interest rates and narrowing credit spread.

Special costs

The bank considers amortisation and write-downs on intangible assets to be a special item. Posting amortisation and write-downs to this item enhances the quality of equity and helps to reduce the deduction when computing total capital. Amortisation and write-downs on intangible assets amounted to DKK 8 million in the first half of 2019, compared to DKK 18 million in 2018.

The payment of merger and restructuring costs as well as non-recurring costs ended in 2018 and the bank expects no such costs during 2019. There were expenses of DKK 119 million in the first half of 2018.

Profit before and after tax

The profit before tax was DKK 619 million, equivalent to a return of 17.2% p.a. on average equity.

The profit after tax was DKK 480 million, equivalent to a return of 13.3% p.a. on average equity.

Balance sheet items and contingent liabilities

The bank's balance sheet total at the end of June 2019 stood at DKK 52,426 million, compared to DKK 49,859 million at the end of June 2018.

The bank's deposits including pooled schemes increased by 5% relative to 2018: from DKK 37,313 million at the end of June 2018 to DKK 39,070 million at the end of June 2019. The bank's loans increased by 8%: from DKK 31,970 million at the end of June 2018 to DKK 34,528 million at the end of June 2019.

The positive development in lending from 2018 in both the "old" Ringkjøbing Landbobank and the "old" Nordjyske Bank is continuing in 2019. In 2019, the bank has thus seen a continued highly satisfactory inflow of new customers and low customer attrition.

The bank's contingent liabilities, including guarantees, at the end of June 2019 amounted to DKK 10,466 million, compared to DKK 7,809 million at the end of June 2018. The steep increase is primarily due to temporary refinancing guarantees.

Credit intermediation

In addition to the traditional bank loans shown on its balance sheet, the bank also arranges mortgage loans for both Totalkredit and DLR Kredit.

The development in the bank's total credit intermediation is shown in the following summary:

	30 June 2019 DKK million	30 June 2018 DKK million	31 Dec. 2018 DKK million
Total credit intermediation			
Loans and other receivables at amortised cost	34,528	31,970	33,350
Arranged mortgage loans and funded home loans - Totalkredit	34,070	32,076	32,905
Arranged mortgage loans - DLR Kredit	8,911	8,247	8,693
Total	77,509	72,293	74,948

Pro forma financial statements

Core earnings

Note	H1 2019 DKK 1,000	H1 2018 DKK 1,000	Full year 2018 DKK 1,000
	586,907	570,496	1,147,483
A			
Net interest income	586,907	570,496	1,147,483
Net fee and commission income excluding securities trading	309,137	286,849	568,551
Income from sector shares	72,540	87,073	160,316
A			
Foreign exchange income	14,014	15,366	30,559
Other operating income	1,185	3,233	6,223
Total core income excluding securities trading	983,783	963,017	1,913,132
A			
Securities trading	63,787	47,470	87,664
Total core income	1,047,570	1,010,487	2,000,796
B			
Staff and administration expenses	396,054	422,884	846,507
Depreciation and write-downs on tangible assets	6,176	10,418	15,871
Other operating expenses	2,352	1,725	3,399
Total expenses etc.	404,582	435,027	865,777
Core earnings before impairment charges for loans	642,988	575,460	1,135,019
Impairment charges for loans and other receivables etc.	-49,064	+2,303	-43,118
Core earnings	593,924	577,763	1,091,901
Result for the portfolio etc.	+32,855	+92,743	+77,267
Amortisation and write-downs on intangible assets	7,500	17,640	25,140
Merger and restructuring costs	0	49,892	121,688
Non-recurring costs	0	69,154	70,362
Profit before tax	619,279	533,820	951,978
Tax	138,814	90,779	173,786
Net profit for the period	480,465	443,041	778,192

Balance sheet items and contingent liabilities

	30 June 2019 DKK 1,000	30 June 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
Loans and other receivables at amortised cost	34,528,105	31,969,702	33,350,334
Deposits and other debt including pooled schemes	39,070,014	37,313,483	36,992,571
Equity	7,231,332	7,065,909	7,188,690
Balance sheet total	52,425,946	49,858,718	49,650,528
Contingent liabilities	10,466,114	7,808,696	7,829,417

Key figures

	H1 2019	H1 2018	Full year 2018
Key figures for the bank (per cent)			
Profit before tax as a percentage of average equity, per annum	17.2	15.4	13.6
Net profit for the period as a percentage of average equity, per annum	13.3	12.8	11.2
Rate of costs	38.6	43.1	43.3
Common equity tier 1 capital ratio	13.8	15.1	15.0
Tier 1 capital ratio	13.8	15.1	15.0
Total capital ratio	17.4	19.1	18.8
MREL requirement	20.2	-	19.7
MREL capital ratio	24.1	-	25.2
Key figures per DKK 1 share (DKK)			
Core earnings	20.1	18.9	36.5
Net profit for the period	16.3	14.5	26.0
Book value	245.1	231.1	240.4
Share price, end of period	426.0	357.0	340.0
Basis of calculation, number of shares	29,503,396	30,574,058	29,906,383

Notes

Note	H1 2019 DKK 1,000	H1 2018 DKK 1,000	Full year 2018 DKK 1,000
A			
Gross fee and commission income			
Securities trading	68,270	52,852	98,574
Asset management and custody accounts	80,515	85,846	169,097
Payment handling	56,416	54,155	111,601
Loan fees	45,736	22,980	46,641
Guarantee commission and mortgage credit commission etc.	108,018	106,786	215,091
Other fees and commission	50,644	39,955	71,487
Total gross fee and commission income	409,599	362,574	712,491
Net fee and commission income			
Securities trading	63,787	47,470	87,664
Asset management and custody accounts	73,261	81,297	159,932
Payment handling	41,452	43,438	91,177
Loan fees	41,991	20,238	40,363
Guarantee commission and mortgage credit commission etc.	108,018	106,083	213,769
Other fees and commission	44,415	35,793	63,310
Total net fee and commission income	372,924	334,319	656,215
Foreign exchange income	14,014	15,366	30,559
Total net fee, commission and foreign exchange income	386,938	349,685	686,774
B			
Staff and administration expenses			
Staff expenses	236,789	256,878	481,705
Administration expenses	159,265	166,006	364,802
Total staff and administration expenses	396,054	422,884	846,507

Quarterly overviews

Core earnings

(DKK million)	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net interest income	296	291	289	287	284	287	288	277	280	279
Net fee and commission income excluding securities trading	159	150	146	136	141	146	130	128	154	138
Income from sector shares etc.	36	37	39	34	49	38	31	30	30	29
Foreign exchange income	8	6	8	8	9	6	7	8	8	8
Other operating income	0	1	2	1	2	1	1	2	2	1
Total core income excluding securities trading	499	485	484	466	485	478	457	445	474	455
Securities trading	23	41	17	23	20	28	18	24	20	24
Total core income	522	526	501	489	505	506	475	469	494	479
Staff and administration expenses	198	198	221	203	217	206	225	202	201	201
Depreciation and write-downs on tangible assets	4	2	3	3	2	8	3	3	2	3
Other operating expenses	2	1	1	0	1	1	2	1	1	1
Total expenses etc.	204	201	225	206	220	215	230	206	204	205
Core earnings before impairment charges for loans	318	325	276	283	285	291	245	263	290	274
Impairment charges for loans and other receivables etc.	-24	-25	-25	-20	-11	+13	+3	-17	-23	-33
Core earnings	294	300	251	263	274	304	248	246	267	241
Result for the portfolio etc.	+7	+26	-20	+4	+3	+90	-2	+22	+26	+38
Amortisation and write-downs on intangible assets	4	4	4	3	12	6	5	6	5	6
Merger and restructuring costs	0	0	26	46	46	4	-	-	-	-
Non-recurring costs	0	0	1	0	69	0	-	-	-	-
Profit before tax	297	322	200	218	150	384	241	262	288	273
Tax	76	63	46	37	33	58	47	52	62	55
Net profit for the period	221	259	154	181	117	326	194	210	226	218

Quarterly overviews - continued

Balance sheet items and contingent liabilities

(DKK million)	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Loans	34,528	34,195	33,350	32,192	31,970	31,647	31,173	30,368	30,371
Deposits including pooled schemes	39,070	37,439	36,993	36,866	37,313	36,307	35,854	36,065	35,593
Equity	7,231	7,071	7,189	7,171	7,066	6,644	6,769	6,609	6,438
Balance sheet total	52,426	50,266	49,651	49,287	49,859	47,349	46,324	46,500	45,577
Contingent liabilities	10,466	7,976	7,829	8,078	7,809	7,821	7,858	7,382	7,235

Statement of capital

(DKK million)	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Common equity tier 1	5,547	5,391	5,444	5,213	5,092	5,185	5,381	5,263	5,175
Tier 1 capital	5,547	5,391	5,444	5,213	5,092	5,185	5,381	5,263	5,175
Total capital	6,961	6,775	6,831	6,586	6,464	5,757	5,921	5,811	5,722
MREL capital	9,659	9,140	9,181	-	-	-	-	-	-
Total risk exposure	40,106	38,308	36,385	34,123	33,784	34,314	34,162	32,618	32,197
Common equity tier 1 capital ratio (%)	13.8	14.1	15.0	15.3	15.1	15.1	15.8	16.1	16.1
Tier 1 capital ratio (%)	13.8	14.1	15.0	15.3	15.1	15.1	15.8	16.1	16.1
Total capital ratio (%)	17.4	17.7	18.8	19.3	19.1	16.8	17.3	17.8	17.8
MREL capital ratio (%)	24.1	23.9	25.2	-	-	-	-	-	-

Miscellaneous comments

The pro forma statements are calculated on the following principles:

The income statement items for the period 1 January to 30 June 2018 and for the full year 2018 on pages 6 and 8 and the “Core earnings” in the quarterly overview from the first quarter of 2017 up to and including the second quarter of 2018, on page 9, were calculated by adding up figures from Ringkjøbing Landbobank’s statement of the alternative performance measure “Core earnings” and pro forma figures from Nordjyske Bank converted and adjusted to Ringkjøbing Landbobank’s “Core earnings” statement. “Core earnings” for the first half of 2019 in the pro forma statements on page 6 are identical to “Core earnings” in the official statements on page 19.

Balance sheet items and contingent liabilities as well as capital ratios as at 30 June 2018 on pages 6 and 7 and the quarterly overviews of “Balance sheet items and contingent liabilities” and “Statement of capital” from the first quarter of 2017 up to and including the first quarter of 2018, on page 10, were calculated by a simple adding up of figures from the respective accounts from Ringkjøbing Landbobank and Nordjyske Bank, without any adjustments.

Official financial statements

The official financial statements contain an income statement in which the figures for the first half of 2019 are for the merged entity, while the figures for the first half of 2018 are for the “old” Ringkjøbing Landbobank for the period 1 January to 30 June 2018, including financial figures for the “old” Nordjyske Bank for the period 9 to 30 June 2018. The figures for the full year 2018 comprise financial figures for the “old” Ringkjøbing Landbobank for the full year 2018, plus financial figures for the “old” Nordjyske Bank for the period 9 June to 31 December 2018. This includes merger costs relating to the “old” Ringkjøbing Landbobank and the completion of the actual merger after final approval.

The balance sheet figures as at 30 June 2019, 31 December 2018 and 30 June 2018 are all for the merged entity.

Comments on the official financial statements, the alternative performance measure “Core earnings” and certain balance sheet items appear below.

Net interest and fee income and expenses

Net interest income has increased from DKK 352 million in the first half of 2018 to DKK 587 million in the first half of 2019.

Net fee and commission income was DKK 169 million in the first half of 2018, and increased to DKK 373 million in the first half of 2019.

In the first half of 2019, total net interest and fee income thus increased to DKK 1,029 million from their level of DKK 548 million in the first half of 2018.

Total staff and administration expenses etc., including amortisation, depreciation and write-downs on intangible and tangible assets, amounted to DKK 219 million in the first half of 2018, increased to DKK 412 million in the first half of 2019.

The changes in the above items primarily result from the merger.

Value adjustments and market risk

Value adjustments were DKK 99 million in the first half of 2018, while the same item stood at DKK 56 million in the first half of 2019. The figure for 2018 includes DKK 57 million from a revaluation of the bank’s ownership interest in BI Holding. This derives from a change in the valuation principles in the first quarter of 2018.

The item “Shares, etc.” amounted to DKK 1,470 million at the end of June 2019, with DKK 38 million in listed shares and investment fund certificates and DKK 1,432 million in sector shares etc., mainly in the companies DLR Kredit, BI Holding and PRAS. The bond portfolio amounted to DKK 5,484 million, of which the vast majority consisted of AAA-rated Danish government and mortgage credit bonds.

The total interest rate risk - impact on profit of a one percentage point change in the interest level - was computed as 0.8% of the bank’s tier 1 capital on 30 June 2019.

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 using a Value at Risk model (computed with a 10-day horizon and 99% probability) was as follows in the first half of 2019:

	Risk in DKK million	Risk relative to equity end of period in %
Highest risk of loss:	21.8	0.30%
Lowest risk of loss	4.0	0.06%
Average risk of loss	12.4	0.17%
End of period risk of loss:	7.8	0.11%

Impairment charges for loans etc.

Impairment charges for loans etc. represented an expense of DKK 54 million in the first half of 2019, compared to an expense of DKK 36 million in 2018.

Individual impairment charges and provisions (stage 3) were DKK 1,491 million at the end of the half-year, while stages 1 and 2 impairment charges and provisions totalled DKK 502 million on 30 June 2019.

The bank's total account for impairment charges and provisions was DKK 1,993 million at the end of the half-year, equivalent to 4.2% of total loans and guarantees.

The portfolio of loans with suspended calculation of interest amounted to DKK 247 million on 30 June 2019, equivalent to 0.5% of the bank's total loans and guarantees at the end of the half-year.

Core earnings

(DKK million)	H1 2019	H1 2018	2018	2017	2016
Total core income	1,048	601	1,591	1,019	983
Total expenses and depreciation	405	200	632	334	318
Core earnings before impairment charges for loans	643	401	959	685	665
Impairment charges for loans etc.	-49	-36	-81	-10	-48
Core earnings	594	365	878	675	617

Core earnings have increased from DKK 365 million in the first half of 2018 to DKK 594 million in the first half of 2019.

Profit before and after tax

The profit before tax was DKK 619 million in the first half of 2019 and the profit after tax was DKK 480 million, compared to respectively DKK 395 million and DKK 328 million in the first half of 2018.

Balance sheet items and contingent liabilities

The bank's balance sheet total at the end of the half-year stood at DKK 52,426 million, compared to last year's DKK 49,859 million.

Deposits, including pooled schemes, increased from DKK 37,313 million at the end of June 2018 to DKK 39,070 million at the end of June 2019. The bank's loans also increased from DKK 31,970 million at the end of June 2018 to DKK 34,528 million at the end of June 2019.

Equity increased from DKK 7,066 million at the end of June 2018 to DKK 7,231 million at the end of June 2019.

The bank's contingent liabilities, including guarantees, at the end of June 2019 amounted to DKK 10,466 million, compared to DKK 7,809 million at the end of June 2018.

Liquidity

The bank's liquidity situation is good. The bank's short-term funding with term to maturity of less than 12 months thus amounts to DKK 0.8 billion, balanced by DKK 10.5 billion, primarily in short-term investments in Danmarks Nationalbank, the central bank of Denmark, and in liquid tradable securities.

The bank's deposits, excluding pooled schemes and equity, exceeded the bank's loans by DKK 7.7 billion and these two items therefore more than fully finance the loan portfolio. In addition, part of the loan portfolio for renewable energy projects is financed back-to-back with KfW Bankengruppe, which means that DKK 1.2 billion can be disregarded in terms of liquidity.

In terms of liquidity coverage ratio (LCR), the bank must comply with the statutory requirement of at least 100%. On 30 June 2019, the bank's LCR was 214%, which thus met the statutory requirement by a good margin.

Capital reduction and share buy-back programme

The capital reduction proposal, adopted by the annual general meeting in March 2019, was completed in May 2019. The bank's share capital is thus DKK 29,661,796 in nom. DKK 1 shares, see below.

	Number of shares
Beginning of 2019	30,994,258
May 2019	
Capital reduction completed by cancellation of own shares	-1,332,462
After the completed capital reduction	29,661,796
New DKK 90 million share buy-back programme	
Bought under the new share buy-back programme at the end of June 2019	-158,400
	29,503,396

The general meeting also adopted a new share buy-back programme, under which the bank may buy back its own shares for up to DKK 190 million, for cancellation at a future general meeting.

On 20 March 2019, the board of directors implemented the new share buy-back programme with DKK 90 million. On 30 June 2019, 158.400 shares under the buy-back programme had been bought back and on 31 July 2019, 208,475 shares to the equivalent value of DKK 90 million had been bought back.

It is expected that the remaining DKK 100 million of the share buy-back programme will be initiated later today. A separate company announcement to this effect will be issued.

Capital structure

The bank's equity at the beginning of 2019 was DKK 7,189 million. To this must be added the profit for the period, while the dividend paid and the value of the own shares bought must be subtracted. After this, equity at the end of the half-year was DKK 7,231 million.

The bank's total capital ratio was computed at 17.4% at the end of the first half of 2019, and the tier 1 capital ratio at 13.8%.

Capital ratios	H1	H1	2018	2017	2016
	2019	2018			
Common equity tier 1 capital ratio (%)	13.8	15.1	15.0	16.5	16.9
Tier 1 capital ratio (%)	13.8	15.1	15.0	16.5	16.9
Total capital ratio (%)	17.4	19.1	18.8	17.8	18.3
MREL requirement (%)	20.2	-	19.7	-	-
MREL capital ratio (%)	24.1	-	25.2	-	-

The reason for the fall in the capital ratios relative to the end of 2018 is an increase of 10% in total risk exposure during the first half of 2019. This reflects both higher credit risk and greater market exposure which, in turn, is attributable to the increase in the bank's loan portfolio, guarantee obligations and a changed composition of its bond portfolio. In addition, total capital is affected by deductions for the new share buy-back programme.

The bank has calculated the individual solvency requirement at the end of June 2019 as 9.2%. A capital conservation buffer of 2.5% and a countercyclical buffer of 0.5% should be added to this. The total requirement for the bank's total capital was thus 12.2%.

Compared with the actual total capital of DKK 7.0 billion, the capital buffer at the end of June 2019 was DKK 2.1 billion, equivalent to 5.2 percentage points.

The bank operates with three different capital targets. The capital targets specify that the common equity tier 1 capital ratio must be at least 13.5%, the total capital ratio must be at least 17% and the MREL capital ratio for covering the MREL requirement must be at least 24%, including the capital buffers.

All capital targets are minimum figures that must be met at the end of the year, as there may be major fluctuations in the capital ratios over the year, due to the capital rules applying to deductions for share buy-back programmes.

The MREL requirement had to be met by the beginning of 2019, because the bank had previously decided to meet the fully phased-in MREL requirement from that date. This was also a pre-condition for recognising (grandfathering) previous issues of contractual senior funding (issued before 31 December 2017).

In December 2018, the bank received the final MREL requirement applicable from the beginning of 2019 from the Danish FSA. The Danish FSA fixed the final MREL requirement to be met from 1 January 2019 at 19.7% of the total risk exposure. On 31 March 2019 the requirement increased to 20.2% of total risk exposure and, on 30 September 2019, will increase further, to 20.7% of total risk exposure.

To comply with the MREL requirement, the bank had established funding by the end of 2017 that met the requirements for grandfathering of contractual senior capital. DKK 2.0 billion of the funding could be included to meet the bank's MREL requirement at the end of June 2019. In addition, the bank had issued non-preferred senior capital equivalent to a total of DKK 707 million at the end of June 2019.

The bank's capital for covering the MREL requirement totalled DKK 9,659 million, equivalent to 24.1% of the total risk exposure on 30 June 2019. The excess cover relative to the MREL requirement on 30 June 2019 was thus 3.9 percentage points.

Given the maturity structure in 2020 and 2021 for the subordinated capital issued by the bank and the capital that has been recognised (grandfathered), the bank expects to issue non-preferred senior capital of approximately DKK 1 billion during 2019 (of which DKK 407 million already has been issued at the end of June 2019) and a further approximately DKK 1 billion during 2020.

The Supervisory Diamond

The bank complies with the Danish FSA's Supervisory Diamond which contains different benchmarks and associated limit values which Danish banks must observe.

The Supervisory Diamond benchmarks and limit values and the bank's key figures are given in the following table.

Benchmarks (Danish FSA limit values)	H1	H1	2018	2017	2016
	2019	2018			
Funding ratio (<1)	0.8	0.7	0.7	0.8	0.7
Liquidity benchmark (>100%)	205.6%	201.0%	179.5%	-	-
Total large exposures (<175%)	126.7%	103.5%	106.0%	136.1%	-
Growth in loans (<20%)	8.0%	67.7%*	72.3%*	10.7%	2.7%
Real property exposure (<25%)	14.4%	16.1%	15.8%	18.0%	14.8%

* The increase was mainly caused by the merger. The pro forma growth in loans June 2018 relative to June 2017 was 5.3% and for the full year 2018 7.0%.

Expected results for 2019

The bank's core earnings for the first half of 2019 were DKK 594 million and profit before tax for the first half of 2019 was DKK 619 million.

The previously announced expectations for core earnings in the range of DKK 950 to 1,150 million and profit before tax in the range of DKK 900 to 1,200 million are maintained unchanged for 2019. However, for the full year 2019 both core earnings and profit before tax are expected to be in the upper end of the previously announced ranges for the year.

Accounting policies

The accounting policies are unchanged relative to those in the submitted and audited 2018 annual report.

Statements of income and comprehensive income

Note		H1 2019 DKK 1,000	H1 2018 DKK 1,000	Full year 2018 DKK 1,000
1	Interest income	629,647	376,935	996,906
2	Interest expenses	43,090	24,680	70,411
	Net interest income	586,557	352,255	926,495
3	Dividends from shares etc.	69,369	27,532	27,619
4	Fee and commission income	409,599	188,944	538,862
4	Fee and commission expenses	36,675	20,273	48,293
	Net interest and fee income	1,028,850	548,458	1,444,683
5	Value adjustments	+55,538	+98,503	+179,833
	Other operating income	1,185	2,780	5,770
6,7	Staff and administration expenses	396,054	209,358	704,778
	Amortisation, depreciation and write-downs on intangible and tangible assets	13,676	8,530	22,690
	Other operating expenses	2,352	1,142	2,816
8	Impairment charges for loans and other receivables etc.	-54,212	-35,744	-86,955
	Results from investments in associated companies and group undertakings	0	0	+80
	Profit before tax	619,279	394,967	813,127
9	Tax	138,814	66,929	149,935
	Net profit for the period	480,465	328,038	663,192
	Other comprehensive income:			
	Value changes in pension liabilities	+59	0	-335
	Total comprehensive income for the period	480,524	328,038	662,857

Core earnings

Note	H1 2019 DKK 1,000	H1 2018 DKK 1,000	Full year 2018 DKK 1,000
	586,907	359,942	936,929
4	309,137	130,526	412,288
4	72,540	57,863	131,106
	14,014	11,215	26,408
	1,185	2,780	5,770
	983,783	562,326	1,512,501
4	63,787	38,145	78,281
	1,047,570	600,471	1,590,782
	396,054	191,413	615,637
	6,176	7,613	13,065
	2,352	1,142	2,816
	404,582	200,168	631,518
	642,988	400,303	959,264
	-49,064	-35,744	-81,165
	593,924	364,559	878,099
	+32,855	+49,270	+33,794
	7,500	917	8,417
	0	17,945	89,141
	0	0	1,208
	619,279	394,967	813,127
9	138,814	66,929	149,935
	480,465	328,038	663,192

Balance sheet

Note		30 June 2019 DKK 1,000	30 June 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
	Assets			
	Cash in hand and demand deposits with central banks	642,261	630,006	657,913
10	Receivables from credit institutions and central banks	4,397,988	4,501,799	3,165,947
11,12,13	Total loans and other receivables at amortised cost	34,528,105	31,969,702	33,350,334
	Loans and other receivables at amortised cost	33,313,097	31,068,294	32,384,462
	Wind turbine loans etc. with direct funding	1,215,008	901,408	965,872
14	Bonds at fair value	5,483,535	5,899,823	5,427,138
15	Shares etc.	1,470,012	1,382,514	1,467,313
	Investments in associated companies	480	489	480
	Investments in group undertakings	11,811	11,722	11,811
16	Assets linked to pooled schemes	4,096,130	3,681,929	3,786,476
17	Intangible assets	1,057,338	1,072,338	1,064,838
	Total land and buildings	225,480	243,469	241,745
	Investment properties	12,407	29,737	27,337
	Domicile properties	213,073	213,732	214,408
	Other tangible assets	22,068	28,267	24,520
	Current tax assets	0	4,474	43,383
	Deferred tax assets	0	4,643	7,763
	Temporary assets	4,643	5,177	4,643
	Other assets	468,504	398,566	377,836
	Prepayments	17,591	23,800	18,388
	Total assets	52,425,946	49,858,718	49,650,528

Balance sheet

Note		30 June 2019 DKK 1,000	30 June 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
	Liabilities and equity			
18	Debt to credit institutions and central banks	2,082,752	2,016,378	1,916,476
	Total deposits and other debt	39,070,014	37,313,483	36,992,571
19	Deposits and other debt	34,973,884	33,396,014	33,206,095
	Deposits in pooled schemes	4,096,130	3,917,469	3,786,476
20	Issued bonds at amortised cost	1,860,981	1,424,611	1,428,024
	Preferred senior capital	1,145,865	1,424,611	1,129,524
	Non-preferred senior capital	715,116	-	298,500
	Current tax liabilities	51,680	0	0
	Other liabilities	561,274	485,768	595,913
	Deferred income	3,761	11,223	4,053
	Total debt	43,630,462	41,251,463	40,937,037
	Provisions for pensions and similar liabilities	2,823	11,738	2,882
	Provisions for deferred tax	2,458	0	0
12	Provisions for losses on guarantees	77,051	65,255	52,754
12	Other provisions for liabilities	22,802	19,551	20,691
	Total provisions for liabilities	105,134	96,544	76,327
	Tier 2 capital	1,459,018	1,444,802	1,448,474
21	Total subordinated debt	1,459,018	1,444,802	1,448,474
22	Share capital	29,662	30,994	30,994
	Net revaluation reserve under the equity method	218	138	218
	Retained earnings	7,201,452	7,034,777	6,847,035
	Proposed dividend etc.	-	-	310,443
	Total shareholders' equity	7,231,332	7,065,909	7,188,690
	Total liabilities and equity	52,425,946	49,858,718	49,650,528
23	Own shares			
24	Contingent liabilities etc.			
25	Assets provided as security			
26	Loans and guarantees in per cent, by sector and industry			

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
As at 30 June 2019:					
Shareholders' equity at the end of the previous financial year	30,994	218	6,847,035	310,443	7,188,690
Reduction of share capital	-1,332		1,332		
Dividend etc. paid				-310,443	-310,443
Dividend received on own shares			13,332		13,332
Shareholders' equity after distribution of dividend etc.	29,662	218	6,861,699	0	6,891,579
Purchase of own shares			-603,834		-603,834
Sale of own shares			458,869		458,869
Other equity transactions			4,194		4,194
Total comprehensive income for the period			480,524		480,524
Shareholders' equity on the balance sheet date	29,662	218	7,201,452	0	7,231,332

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
As at 30 June 2018					
Shareholders' equity at the end of the previous financial year	22,350	138	3,592,780	201,650	3,816,918
Changed accounting policy for impairment charges under IFRS 9			-45,836		-45,836
Adjusted shareholders' equity at the end of the previous financial year	22,350	138	3,546,944	201,650	3,771,082
Reduction of share capital	-538		538		0
Dividend etc. paid				-201,650	-201,650
Dividend received on own shares			5,112		5,112
Shareholders' equity after distribution of dividend etc.	21,812	138	3,552,594	0	3,574,544
Share capital issued on merger	9,182		-9,182		0
Additions on merger			3,323,144		3,323,144
Received own shares on merger			1,793		1,793
Purchase of own shares			-317,737		-317,737
Sale of own shares			153,130		153,130
Other equity transactions			2,997		2,997
Total comprehensive income for the period			328,038		328,038
Shareholders' equity on the balance sheet date	30,994	138	7,034,777	0	7,065,909

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
As at 31 December 2018:					
Shareholders' equity at the end of the previous financial year	22,350	138	3,592,780	201,650	3,816,918
Changed accounting policy for impairment charges etc. under IFRS 9			-45,836		-45,836
Adjusted shareholders' equity at the end of the previous financial year	22,350	138	3,546,944	201,650	3,771,082
Reduction of share capital	-538		538		0
Dividend etc. paid				-201,650	-201,650
Dividend received on own shares			5,112		5,112
Shareholders' equity after distribution of dividend etc.	21,812	138	3,552,594	0	3,574,544
Share capital issued on merger	9,182		-9,182		0
Costs of share capital issue			-1,943		-1,943
Additions on merger			3,323,144		3,323,144
Received own shares on merger			1,793		1,793
Purchase of own shares			-790,333		-790,333
Sale of own shares			411,287		411,287
Other equity transactions			7,341		7,341
Total comprehensive income for the year		80	352,334	310,443	662,857
Shareholders' equity on the balance sheet date	30,994	218	6,847,035	310,443	7,188,690

Statement of capital

	30 June 2019 DKK 1,000	30 June 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
Credit risk	35,581,966	30,082,980	32,537,543
Market risk	2,261,022	1,810,823	1,584,762
Operational risk	2,262,571	1,890,456	2,262,571
Total risk exposure	40,105,559	33,784,259	36,384,876
Shareholders' equity	7,231,332	7,065,909	7,188,690
Proposed dividend etc.	-	-	-310,443
Deduction for expected dividend	-225,357	-112,689	-
Addition for transition programme concerning IFRS 9	136,653	148,489	152,730
Deduction for the sum of equity investments etc. above 10%	-375,946	-616,031	-396,911
Deduction for prudent valuation	-15,491	-11,735	-13,772
Deduction for intangible assets	-1,057,338	-1,072,338	-1,064,838
Deferred tax on intangible assets	29,498	32,798	31,148
Deduction of amounts of share buy-back programmes	-190,000	-470,000	-470,000
Actual utilisation of amounts of share buy-back programmes	67,557	143,942	369,878
Deduction for trading limit for own shares	-55,000	-55,000	-55,000
Actual utilisation of the trading limit for own shares	1,549	38,476	12,849
Common equity tier 1	5,547,457	5,091,821	5,444,331
Tier 1 capital	5,547,457	5,091,821	5,444,331
Tier 2 capital	1,448,188	1,447,620	1,448,220
Deduction for the sum of equity investments etc. above 10%	-34,205	-75,595	-61,255
Total capital	6,961,440	6,463,846	6,831,296
Contractual senior funding (grandfathered)	1,990,467	-	2,049,800
Non-preferred senior capital	706,994	-	300,000
MREL capital	9,658,901	-	9,181,096

Statement of capital - continued

	30 June 2019 DKK 1,000	30 June 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
Common equity tier 1 capital ratio (%)	13.8	15.1	15.0
Tier 1 capital ratio (%)	13.8	15.1	15.0
Total capital ratio (%)	17.4	19.1	18.8
MREL capital ratio (%)	24.1	-	25.2
Pillar I capital requirements	3,208,445	2,702,741	2,910,790
Individual solvency requirement (%)	9.2	9.3	9.3
Capital conservation buffer (%)	2.5	1.9	1.9
Countercyclical buffer (%)	0.5	0.0	0.0
Total requirement for the bank's total capital (%)	12.2	11.2	11.2
Excess cover in percentage points relative to individual solvency requirement	8.2	9.8	9.5
Excess cover in percentage points relative to total requirement for total capital	5.2	7.9	7.6
MREL requirement (%)	20.2	-	19.7
Excess cover in percentage points relative to MREL requirement	3.9	-	5.5

Notes

Note	H1 2019 DKK 1,000	H1 2018 DKK 1,000	Full year 2018 DKK 1,000
1 Interest income			
Receivables from credit institutions and central banks	-6,440	-4,556	-13,199
Loans and other receivables	638,619	381,716	1,014,911
Discounts - amortisation concerning loans taken over etc.	5,148	-	5,790
Loans - interest on the impaired part of loans	-34,332	-16,042	-51,075
Bonds	14,237	8,439	20,326
Total derivative financial instruments	10,323	4,034	12,634
of which currency contracts	7,650	3,033	7,286
of which interest-rate contracts	2,673	1,001	5,348
Other interest income	2,092	3,344	7,519
Total interest income	629,647	376,935	996,906
2 Interest expenses			
Credit institutions and central banks	6,215	5,492	11,228
Deposits and other debt	10,291	11,319	27,107
Issued bonds	7,339	2,985	7,182
Subordinated debt	19,044	4,842	24,034
Other interest expenses	201	42	860
Total interest expenses	43,090	24,680	70,411
3 Dividends from shares etc.			
Shares	69,369	27,532	27,619
Total dividends from shares etc.	69,369	27,532	27,619
4 Gross fee and commission income			
Securities trading	68,270	42,785	88,478
Asset management and custody accounts	80,515	44,251	127,502
Payment handling	56,416	20,426	77,872
Loan fees	45,736	9,076	32,737
Guarantee commission and mortgage credit commission etc.	108,018	48,681	156,986
Other fees and commission	50,644	23,725	55,287
Total gross fee and commission income	409,599	188,944	538,862
Net fee and commission income			
Securities trading	63,787	38,145	78,281
Asset management and custody accounts	73,261	39,770	118,433
Payment handling	41,452	14,432	62,172
Loan fees	41,991	7,507	27,632
Guarantee commission and mortgage credit commission etc.	108,018	48,681	156,366
Other fees and commission	44,415	20,136	47,685
Total net fee and commission income	372,924	168,671	490,569
Foreign exchange income	14,014	11,215	26,408
Total net fee, commission and foreign exchange income	386,938	179,886	516,977

Notes

Note	H1 2019 DKK 1,000	H1 2018 DKK 1,000	Full year 2018 DKK 1,000
5 Value adjustments			
Other loans and receivables, fair value adjustment	5,298	2,327	2,926
Bonds	31,707	-11,841	-17,614
Shares etc.	7,457	93,770	165,402
Investment properties	1,018	0	1,494
Foreign exchange	14,014	11,215	26,408
Total derivative financial instruments	33,875	13,442	15,433
of which currency contracts	16,526	7,117	11,552
of which interest-rate contracts	17,149	5,952	3,410
of which share contracts	200	373	471
Assets linked to pooled schemes	249,802	-15,721	-219,637
Deposits in pooled schemes	-249,802	15,721	219,637
Issued bonds	-28,316	-7,399	-9,024
Other liabilities	-9,515	-3,011	-5,192
Total value adjustments	55,538	98,503	179,833
6 Staff and administration costs			
Payments and fees to general management, board of directors and shareholders' committee			
General management	7,558	4,240	11,591
Board of directors	1,538	935	2,208
Shareholders' committee	0	0	618
Total	9,096	5,175	14,417
Staff costs			
Salaries	175,156	86,181	274,539
Pensions	18,979	9,043	32,145
Social security expenses	3,484	1,166	5,206
Costs depending on number of staff	30,074	13,989	40,501
Total	227,693	110,379	352,391
Other administration costs	159,265	93,804	337,970
Total staff and administration costs	396,054	209,358	704,778
7 Number of full-time employees			
Average number of full-time equivalent staff during the period	663	329	507
Number of full-time employees at the end of the period	648	695	674
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 and unutilised credit facilities	-47,842	51,838	-213,688
Stage 1 impairment charges in connection with the merger	-	-	100,267
Actual realised net losses	136,386	-52	251,451
Interest on the impaired part of loans	-34,332	-16,042	-51,075
Total impairment charges for loans and other receivables etc.	54,212	35,744	86,955

Notes

Note	H1 2019 DKK 1,000	H1 2018 DKK 1,000	Full year 2018 DKK 1,000
9 Tax			
Tax calculated on income for the year	126,227	68,196	149,885
Adjustment of deferred tax	10,221	-1,267	-4,682
Adjustment of tax calculated for previous years	2,366	0	4,732
Total tax	138,814	66,929	149,935
Effective tax rate (%):			
Tax rate currently paid by the bank	22.0	22.0	22.0
Permanent deviations	0.0	-5.1	-4.2
Adjustment of tax calculated for previous years	0.4	0.0	0.6
Total effective tax rate	22.4	16.9	18.4

Note	30 June 2019 DKK 1,000	30 June 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
10 Receivables from credit institutions and central banks			
Demand	294,622	266,285	181,788
Up to and including 3 months	4,053,366	4,080,514	2,929,159
More than 3 months and up to and including 1 year	0	100,000	0
More than 1 year and up to and including 5 years	5,000	5,000	5,000
More than 5 years	45,000	50,000	50,000
Total receivables from credit institutions and central banks	4,397,988	4,501,799	3,165,947
11 Loans and other receivables at amortised cost			
Demand	3,735,793	2,901,891	3,031,844
Up to and including 3 months	3,287,320	2,877,761	1,183,998
More than 3 months and up to and including 1 year	5,178,483	4,901,469	7,633,504
More than 1 year and up to and including 5 years	10,123,410	10,308,738	9,764,398
More than 5 years	12,203,099	10,979,843	11,736,590
Total loans and other receivables at amortised cost	34,528,105	31,969,702	33,350,334

Notes

Note	30 June 2019 DKK 1,000	30 June 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
12			
Impairment charges for loans and other receivables and provisions for losses on guarantees and unutilised credit facilities			
Individual impairment charges			
Cumulative individual impairment charges at the end of the previous financial year	-	577,490	577,490
Changed accounting policy for impairment charges	-	-577,490	-577,490
Impairment charges / value adjustments during the period	-	-	-
Reversal of impairment charges made in previous financial years	-	-	-
Recognised as a loss, covered by impairment charges	-	-	-
Cumulative individual impairment charges on the balance sheet date	-	-	-
Collective impairment charges			
Cumulative collective impairment charges at the end of the previous financial year	-	343,282	343,282
Changed accounting policy for impairment charges	-	-343,282	-343,282
Impairment charges / value adjustments during the period	-	-	-
Cumulative collective impairment charges on the balance sheet date	-	-	-
Stage 1 impairment charges			
Cumulative stage 1 impairment charges at the end of the previous financial year	156,398	-	-
Changed accounting policy for impairment charges	-	61,228	61,228
Stage 1 impairment charges in connection with the merger	-	-	100,267
Stage 1 impairment charges / value adjustment during the period	-20,973	83,631	-5,097
Cumulative stage 1 impairment charges on the balance sheet date	135,425	144,859	156,398
Stage 2 impairment charges			
Cumulative stage 2 impairment charges at the end of the previous financial year	263,389	-	-
Changed accounting policy for impairment charges	-	308,912	308,912
Stage 2 impairment charges / value adjustment during the period	38,398	-3,735	-45,523
Cumulative stage 2 impairment charges on the balance sheet date	301,787	305,177	263,389
Stage 3 impairment charges			
Cumulative stage 3 impairment charges at the end of the previous financial year	1,547,175	-	-
Changed accounting policy for impairment charges	-	575,516	575,516
Additions on merger	-	1,158,075	1,158,075
Stage 3 impairment charges / value adjustment during the period	226,866	80,600	388,256
Reversal of stage 3 impairment charges during the period	-172,274	-117,472	-315,607
Recognised as a loss, covered by stage 3 impairment charges	-146,268	-2,638	-259,065
Cumulative stage 3 impairment charges on the balance sheet date	1,455,499	1,694,081	1,547,175
Total cumulative impairment charges for loans and other receivables on the balance sheet date	1,892,711	2,144,117	1,966,962

Notes

Note	30 June 2019 DKK 1,000	30 June 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
12			
Impairment charges for loans and other receivables and provisions for losses on guarantees and unutilised credit facilities - continued			
Provisions for losses on guarantees			
Cumulative provisions for losses on guarantees at the end of the previous financial year	52,754	10,263	10,263
Changed accounting policy for provisions for losses on guarantees	-	20,881	20,881
Additions on merger	-	15,250	15,250
Provisions / value adjustments during the period	50,781	18,906	38,472
Reversal of provisions during the period	-25,748	-13,693	-28,342
Recognised as a loss, covered by provisions	-735	-2,649	-3,770
Cumulative provisions for losses on guarantees on the balance sheet date	77,052	48,958	52,754
Provisions for losses on unutilised credit facilities			
Cumulative provisions for losses on unutilised credit facilities at the end of the previous financial year	20,691	-	-
Changed accounting policy for provisions for losses on unutilised credit facilities	-	12,996	12,996
Provisions / value adjustments during the period	2,111	6,555	7,695
Cumulative provisions for losses on unutilised credit facilities on the balance sheet date	22,802	19,551	20,691
Total cumulative impairment charges for loans and other receivables and provisions for losses on guarantees and unutilised credit facilities on the balance sheet date	1,992,565	2,212,626	2,040,407
In addition, a discount on loans and guarantees taken over from Nordjyske Bank amounted to	40,543	51,480	45,691
The above includes the following stage 3 impairment charges and provisions taken over from Nordjyske Bank:			
Cumulative stage 3 impairment charges and provisions at the end of the previous financial year	839,529	-	-
Additions on merger	-	1,173,325	1,173,325
Changes during the period	-129,907	-2,573	-333,796
Stage 3 impairment charges and provisions taken over on the balance sheet date	709,622	1,170,752	839,529
13			
Suspended calculation of interest			
Loans and other receivables with suspended calculation of interest on the balance sheet date	247,380	397,216	209,642
14			
Bonds at fair value			
Listed on the stock exchange	5,483,535	5,899,823	5,427,138
Total bonds at fair value	5,483,535	5,899,823	5,427,138

Notes

Note	30 June 2019 DKK 1,000	30 June 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
15			
Shares etc.			
Listed on Nasdaq Copenhagen	9,003	50,479	9,183
Investment fund certificates	28,640	31,361	33,566
Unlisted shares at fair value	14,918	15,055	14,891
Sector shares at fair value	1,417,451	1,285,619	1,409,673
Total shares etc.	1,470,012	1,382,514	1,467,313
16			
Assets linked to pooled schemes			
Bonds:			
Index-linked bonds	26,598	139,502	132,986
Other bonds	1,507,971	1,099,571	1,076,828
Total bonds	1,534,569	1,239,073	1,209,814
Shares:			
Investment fund certificates	2,110,887	1,878,185	1,964,377
Other shares	450,674	564,671	612,285
Total shares	2,561,561	2,442,856	2,576,662
Total assets linked to pooled schemes	4,096,130	3,681,929	3,786,476
17			
Intangible assets			
Goodwill			
Cost at the end of the previous financial year	923,255	-	-
Additions on merger	-	923,255	923,255
Total cost on the balance sheet date	923,255	923,255	923,255
Write-downs at the end of the previous financial year	0	-	-
Write-downs for the period	0	0	0
Total write-downs on the balance sheet date	0	0	0
Total goodwill on the balance sheet date	923,255	923,255	923,255
Customer relationships			
Cost at the end of the previous financial year	150,000	-	-
Additions on merger	-	150,000	150,000
Total cost on the balance sheet date	150,000	150,000	150,000
Amortisation at the end of the previous financial year	8,417	-	-
Amortisation for the period	7,500	917	8,417
Total amortisation on the balance sheet date	15,917	917	8,417
Total customer relationships on the balance sheet date	134,083	149,083	141,583
Total intangible assets on the balance sheet date	1,057,338	1,072,338	1,064,838
18			
Debt to credit institutions and central banks			
Demand	699,810	667,826	726,673
Up to and including 3 months	21,197	278,493	51,277
More than 3 months and up to and including 1 year	126,722	93,609	145,128
More than 1 year and up to and including 5 years	730,346	626,500	607,107
More than 5 years	504,677	349,950	386,291
Total debt to credit institutions and central banks	2,082,752	2,016,378	1,916,476

Notes

Note	30 June 2019 DKK 1,000	30 June 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
19 Deposits and other debt			
Demand	27,814,606	25,600,769	26,379,274
Deposits and other debt with notice:			
Up to and including 3 months	849,210	1,302,951	818,592
More than 3 months and up to and including 1 year	2,061,067	2,075,353	1,853,305
More than 1 year and up to and including 5 years	1,280,635	1,647,567	1,572,923
More than 5 years	2,968,366	2,769,374	2,582,001
Total deposits and other debt	34,973,884	33,396,014	33,206,095
Distributed as follows:			
Demand	27,614,447	25,396,153	26,220,891
Notice	1,900,014	1,972,293	1,891,140
Time deposits	712,459	1,323,554	642,563
Long-term deposit agreements	1,505,593	2,003,042	1,751,158
Special types of deposits	3,241,371	2,700,972	2,700,343
	34,973,884	33,396,014	33,206,095
20 Issued bonds at amortised cost			
More than 3 months and up to and including 1 year	0	298,096	0
More than 1 year and up to and including 5 years	1,268,185	748,265	748,100
More than 5 years	592,796	378,250	679,924
Total issued bonds at amortised cost	1,860,981	1,424,611	1,428,024
21 Subordinated debt			
Tier 2 capital:			
Fixed-rate loan, principal of DKK 275 million, maturity date 27 February 2025	275,000	275,000	275,000
Floating-rate loan, principal of EUR 50 million, maturity date 20 May 2025	373,188	372,620	373,220
Fixed-rate loan, principal of DKK 500 million, maturity date 13 June 2028	500,000	500,000	500,000
Floating-rate loan, principal of DKK 300 million, maturity date 13 June 2030	300,000	300,000	300,000
Adjustment to amortised cost and fair value adjustment	10,830	-2,818	254
Total subordinated debt	1,459,018	1,444,802	1,448,474
22 Share capital			
Number of DKK 1 shares			
Beginning of period	30,994,258	22,350,000	22,350,000
Cancelled during the period	-1,332,462	-538,000	-538,000
Issue of new shares in connection with the merger	-	9,182,258	9,182,258
End of period	29,661,796	30,994,258	30,994,258
Reserved for subsequent cancellation	158,400	420,200	1,087,875
Total share capital	29,662	30,994	30,994

Notes

Note	30 June 2019 DKK 1,000	30 June 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
23 Own shares			
Own shares included in the balance sheet at	0	0	0
Market value	69,027	182,419	382,726
Number of own shares:			
Beginning of period	1,125,666	538,685	538,685
Purchased during the period	1,539,187	959,153	2,328,984
Sold during the period	-1,170,355	-448,861	-1,204,003
Cancelled during the period	-1,332,462	-538,000	-538,000
End of period	162,036	510,977	1,125,666
Reserved for subsequent cancellation	158,400	420,200	1,087,875
Nominal value of holding of own shares, end of period	162	511	1,126
Own shares' proportion of share capital, end of period (%)	0.5	1.6	3.6
24 Contingent liabilities etc.			
Contingent liabilities			
Financial guarantees	2,894,211	2,507,407	2,506,093
Guarantees against losses on mortgage credit loans	2,381,148	2,110,701	2,285,909
Registration and refinancing guarantees	4,393,962	2,351,020	2,235,726
Sector guarantees	104,802	130,009	134,604
Other contingent liabilities	691,991	709,559	667,085
Total contingent liabilities	10,466,114	7,808,696	7,829,417
Other contractual obligations			
Irrevocable credit commitments etc.	541,000	120,000	13,531
Total other contractual obligations	541,000	120,000	13,531
25 Assets provided as security			
First-mortgage loans are provided for renewable energy 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	1,215,008	901,408	965,872
As collateral for clearing etc., the bank has pledged securities to the Danish central bank at a market price of	185,960	283,527	279,570
Amount deposited in a cover-for-liabilities account as security for a loss limit with regard to the Danish Growth Fund as a consequence of Ringkjøbing Landbobank's ownership interest in Landbrugets Finansieringsbank	417	418	418
Collateral under CSA agreements etc.	49,592	47,952	42,947

Notes

Note	30 June 2019 %	30 June 2018 %	31 Dec. 2018 %
26			
Loans and guarantees in per cent, by sector and industry			
Public authorities	0.1	0.1	0.1
Business customers:			
Agriculture, hunting and forestry			
Cattle farming etc.	1.3	1.5	1.3
Pig farming etc.	1.5	2.0	1.6
Other agriculture, hunting and forestry	5.5	5.4	5.2
Fisheries	2.2	2.5	2.5
Industry and raw materials extraction	2.7	2.8	2.9
Energy supply	1.6	1.6	1.3
Wind turbines	5.2	5.8	5.8
Building and construction	3.4	4.1	3.2
Trade	4.2	4.4	3.8
Transport, hotels and restaurants	1.7	1.3	1.6
Information and communication	0.5	0.4	0.4
Finance and insurance	6.5	10.2	9.9
Real property			
First mortgage without prior creditors	9.5	9.3	10.6
Other real property financing	4.2	5.7	4.6
Other business customers	8.3	6.4	7.8
Total business customers	58.3	63.4	62.5
Private individuals	41.6	36.5	37.4
Total	100.0	100.0	100.0

Main figures

Summary of income statement (DKK million)	H1 2019	H1 2018	Full year 2018
Net interest income	587	352	926
Dividends from shares etc.	69	27	28
Net fee and commission income	373	169	491
Net interest and fee income	1,029	548	1,445
Value adjustments	+56	+99	+180
Other operating income	1	3	6
Staff and administration costs	396	209	705
Amortisation, depreciation and write-downs on intangible and tangible assets	14	9	23
Other operating expenses	3	1	3
Impairment charges for loans and receivables etc.	-54	-36	-87
Results from investments in associated companies and group undertakings	0	0	0
Profit before tax	619	395	813
Tax	139	67	150
Net profit for the period	480	328	663

Main figures from the balance sheet (DKK million)	30 June 2019	30 June 2018	31 Dec. 2018
Loans and other receivables at amortised cost	34,528	31,981	33,350
Deposits and other debt including pooled schemes	39,070	37,313	36,993
Subordinated debt	1,459	1,445	1,448
Equity	7,231	7,066	7,189
Balance sheet total	52,426	49,859	49,651

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

		H1 2019	H1 2018	2018
Capital ratios:				
Total capital ratio	%	17.4	19.1	18.8
Tier 1 capital ratio	%	13.8	15.1	15.0
Individual solvency requirement	%	9.2	9.3	9.3
MREL requirement	%	20.2	-	19.7
MREL capital ratio	%	24.1	-	25.2
Earnings:				
Return on equity before tax	%	8.6	5.8	14.8
Return on equity after tax	%	6.7	4.8	12.1
Income/cost ratio	DKK	2.33	2.55	1.99
Return on assets	%	0.9	0.7	1.3
Market risk:				
Interest rate risk	%	0.8	1.1	1.0
Foreign exchange position	%	1.6	0.6	1.1
Foreign exchange risk	%	0.0	0.0	0.0
Liquidity risk:				
Liquidity Coverage Ratio (LCR)	%	214	233	183
Loans and impairments thereon relative to deposits	%	93.2	91.4	95.5
Credit risk:				
Loans relative to shareholders' equity		4.8	4.5	4.6
Growth in loans	%	3.5	67.0	72.9
(Pro forma growth in loans in the first half of 2018: 3.2%)				
(Pro forma growth in loans in 2018: 7.7%)				
Total large exposures (<175%)	%	126.7	0.0	106.0
Cumulative impairment ratio	%	4.2	5.3	4.7
Impairment ratio	%	0.12	0.09	0.20
Proportion of receivables at reduced interest	%	0.5	0.9	0.5
Share return:				
Earnings per share*/***	DKK	1,618.6	1,229.9	2,566.5
Book value per share*/**	DKK	24,513	23,180	24,068
Dividend per share*	DKK	0	0	1,000
Market price relative to earnings per share*/***		26.3	29.0	13.2
Market price relative to book value per share*/**		1.74	1.54	1.41

* 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 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 2019.

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 2019 and of the result of the bank's activities for the period 1 January to 30 June 2019. 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.

Ringkjøbing, 7 August 2019

General management:

John Fisker
CEO

Claus Andersen
General Manager

Jørn Nielsen
General Manager

Carl Pedersen
General Manager

Board of directors:

Martin Krogh Pedersen
Chairman

Mads Hvolby
Deputy Chairman

Jens Møller Nielsen
Deputy Chairman

Morten Jensen

Jon Steingrim Johnsen

Jacob Møller

Lone Rejkjær Söllumann

Sten Uggerhøj

Dan Junker Astrup
Employee board member

Gitte E. S. H. Vigsø
Employee board member

Arne Ugilt
Employee board member

Finn Aaen
Employee board member

Ringkjøbing Landbobank A/S