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15 August 2018

Ringkjøbing Landbobank's interim report for the first half of 2018

This is the first financial report presented after the merger with Nordjyske Bank. The financial report contains both official financial statements and pro forma financial statements.

Both statements show improvements compared to the same period last year, and the merger has made a good start. Our expectations, as announced before the merger, remain valid.

Core earnings - pro forma

	H1	H1		
(DKK million)	2018	2017	2017	2016
Total core income	1,011	973	1,917	1,861
Total expenses and depreciation	-435	-409	-845	-815
Core earnings before impairment charges for loans	576	564	1,072	1,046
Impairment charges for loans etc.	+2	-56	-70	-211
Core earnings	578	508	1,002	835
Result for the portfolio etc.	+93	+64	+84	+78
Profit before special costs	671	572	1,086	913

Highlights of the first half-year 2018

- The integration of the two banks is proceeding as expected
- The merger has been well received by the customers of the entire bank
- The pro forma financial statements for the first half of 2018 show a 14% increase in core earnings to DKK 578 million and a 17% increase in profit before special costs to DKK 671 million
- Continued increase in customers and 5% growth in loans to DKK 32 billion
- Expansion of Private Banking with a new branch in Aalborg
- The outlined synergies of DKK 60 million in the short term are confirmed
- The DKK 170 million share buy-back programme has been completed and a new DKK 300 million programme will be initiated
- Common equity tier 1 capital ratio 15.1; total capital ratio 19.1
- Moody's has confirmed all its ratings of the bank with stable outlook and a long-term rating of A1

Yours sincerely **Ringkjøbing Landbobank**

John Fisker



Management's review

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

The official financial statements contain an income statement comprising financial figures for the "old" Ringkjøbing Landbobank for the entire first half of 2018 plus financial figures for Nordjyske Bank for the period 9 to 30 June 2018, including merger costs relating to the "old" Ringkjøbing Landbobank and the completion of the actual merger.

The pro forma financial statements contain an income statement comprising figures for both the "old" Ringkjøbing Landbobank and Nordjyske Bank for the entire period 1 January to 30 June 2018, i.e. as if the merger had taken effect on 1 January 2018. The pro forma statements show the merger and non-recurring 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 financial position. The pro forma statements also contain quarterly comparative figures for 2016 and 2017.

Pro forma financial statements

Core income

Net interest income was DKK 571 million in the first half of 2018 compared to DKK 559 million in 2017, an increase of 2%. The bank is satisfied with this development, which included a 5% increase in lending. Interest income is still influenced by a changed mix of loans, with more low-margin and low-risk products. This item is also still influenced by competition in the sector and continuing low interest rates.

Fee, commission and foreign exchange income amounted to DKK 350 million net in the first half of 2018, compared to DKK 353 million net in 2017, a fall of 1%. All fee income lines developed positively in the first half of 2018 compared to 2017 except asset management, which reflected an expected fall in income, because the bank no longer receives commission from investment funds.

Earnings from sector shares increased by DKK 28 million to DKK 87 million in the first half of 2018. The earnings derive primarily from return on the bank's ownership interests in DLR Kredit and BankInvest Holding (BI Holding).

In March 2018, the board of directors of BI Holding A/S decided to change the valuation principles for the company's shares. The change in valuation principles resulted in a revaluation of the bank's ownership interest by DKK 104 million in the first half of 2018. Although the revaluation can be related to a sector share, it has been posted in the bank's statement of core earnings under the item "Result for the portfolio etc." because it is a once-only income item that does not influence the regular income earned by the bank from its holding of sector shares.

Total core income increased by 4%, from DKK 973 million in 2017 to DKK 1,011 million in the first half of 2018.



Expenses and depreciation

Total expenses including depreciation and write-downs on tangible assets amounted to DKK 435 million in the first half of 2018, compared to DKK 409 million last year, an increase of 6%.

The increase compared to the first half of 2017 is related to increases of DKK 14 million in staff costs, DKK 7 million in administration costs and a DKK 5 million non-recurrent write-down on property.

The rate of costs was computed at 43.1% for the first half of 2018.

Impairment charges for loans etc.

This item was positive by DKK 2 million in the first half of 2018 compared to an expense of DKK 56 million in 2017.

The Danish FSA's ordinary inspection of Ringkjøbing Landbobank in the first quarter of 2018 resulted in no requirement for additional impairment charges for loans. On the strength of the improved quality of certain credit risk exposures, a bank-wide impairment charge reversal totalling DKK 13 million was effected on a pro forma basis. A total of DKK 11 million was posted as expenses in the second quarter of 2018, so that the item for the half-year is positive by DKK 2 million.

Core earnings

	H1	H1		
(DKK million)	2018	2017	2017	2016
Total core income	1,011	973	1,917	1,861
Total expenses and depreciation	-435	-409	-845	-815
Core earnings before impairment charges for loans	576	564	1,072	1,046
Impairment charges for loans etc.	+2	-56	-70	-211
Core earnings	578	508	1,002	835

Core earnings totalled DKK 578 million compared to last year's DKK 508 million, an increase of 14%.

No expectations for core earnings on a pro forma basis for 2018 in the merged bank have been published but, in connection with publishing the merger agreement, the two banks also chose to publish their internal budgets for full year 2018 without taking into account the forthcoming merger. The two bank's internal budgets, showing aggregated core earnings of DKK 1,142 million for full year 2018, were published to create transparency about the earnings expectations for 2018.

The DKK 578 million core earnings are close to the aggregated budgets for the first half of 2018, despite the ample resources allocated by both banks to preparations for the merger in the second quarter of 2018.

Result for the portfolio etc.

The result for the portfolio etc. for the first half of 2018 was positive by DKK 93 million net including funding costs for the portfolio. DKK 104 million is attributable to the revaluation of the bank's ownership interest in BI Holding. In the first half of 2017 the result for the portfolio etc. was positive by DKK 64 million.





Special costs

The bank considers amortisation and write-downs on intangible assets to be a special item, as posting amortisation and write-downs to this item contributes to strengthening the quality of equity and reduces the deduction when computing total capital. Amortisation and write-downs on intangible assets amounted to DKK 18 million in the first half of 2018, compared to DKK 11 million in 2017.

Merger and restructuring costs amounted to DKK 50 million in the first half of 2018, of which DKK 30 million was paid by Nordjyske Bank before the merger and DKK 20 million by the merged bank after the merger. Expected costs of DKK 125 million in the merged bank were announced in connection with the merger. The bank expects that the merger costs in the merged bank after the merger can be kept within the announced expectations.

Finally, special costs in the pro forma income statement include miscellaneous non-recurring costs. These non-recurring costs are related to harmonising the cost accounting principles and valuation principles for tangible assets in the two banks. Non-recurring costs were DKK 69 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 49,859 million, compared to last year's DKK 45,577 million.

The bank's deposits, including pooled schemes, increased by 5% from DKK 35,593 million at the end of June 2017 to DKK 37,313 million at the end of June 2018. The bank's loans also increased by 5% from DKK 30,371 million at the end of June 2017 to DKK 31,970 million at the end of June 2018.

The bank continues to experience an encouraging increase in customer numbers, sustained by its good image and high level of customer satisfaction, as recently confirmed in two major Voxmeter surveys published in December 2017 and January 2018 respectively. Ringkjøbing Landbobank and Nordjyske Bank were in the top 3 in both surveys. This gives us confidence that the bank will be able to realise its growth strategy also in the future.

The bank's contingent liabilities, including guarantees, at the end of the half-year amounted to DKK 7,809 million, compared to DKK 7,235 million in 2017.



Pro forma financial statements

Core earnings

Note	_	H1 2018 DKK 1,000	H1 2017 DKK 1,000	Full year 2017 DKK 1,000
	Net interest income	570,496	558,561	1,123,481
	Net fee and commission income excluding			
Α	trading income	286,849	292,266	550,297
	Income from sector shares	87,073	58,741	120,059
Α	Foreign exchange income	15,366	15,711	30,953
	Other operating income	3,233	3,306	6,047
	Total core income excluding trading income	963,017	928,585	1,830,837
Α	Trading income	47,470	44,764	86,094
	Total core income	1,010,487	973,349	1,916,931
В	Staff and administration costs	422,884	401,373	829,346
	Depreciation and write-downs on tangible assets	10,418	5,245	10,957
	Other operating expenses	1,725	2,308	4,651
	Total expenses etc.	435,027	408,926	844,954
	Core earnings before impairment charges for loans	575,460	564,423	1,071,977
	Impairment charges for loans and other receivables etc.	+2,303	-55,853	-70,459
	Core earnings	577,763	508,570	1,001,518
	Result for the portfolio etc.	+92,743	+63,425	+84,482
	Profit before special costs	670,506	571,995	1,086,000
	Amortisation and write-downs on intangible assets	17,640	11,015	22,030
	Merger and restructuring costs	49,892	0	0
	Non-recurring costs	69,154	0	0
	Profit before tax	533,820	560,980	1,063,970
	Тах	90,779	116,879	215,722
	Profit after tax	443,041	444,101	848,248

Balance sheet items and contingent liabilities

Note		30 June 2018 DKK 1,000	30 June 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
	Loans and other receivables at amortised cost	31,969,702	30,370,515	31,172,967
	Deposits and other debt including pooled schemes	37,313,483	35,592,940	35,853,528
	Equity	7,065,909	6,437,904	6,769,082
	Balance sheet total	49,858,718	45,577,397	46,323,863
	Contingent liabilities	7,808,696	7,235,201	7,858,398



Key figures

	H1 2018	H1 2017	Full year 2017
Key figures for the bank (per cent)			
Core earnings as a percentage of average equity excluding intangible assets, per annum	18.7	17.2	16.4
Profit before special costs as a percentage of average equity excluding intangible assets, per annum	21.8	19.3	17.8
Profit before tax corrected for amortisation and write-downs on intangible assets as a percentage of average equity, per annum	19.9	18.3	16.9
Profit before tax as a percentage of average equity, per annum	15.4	17.6	16.3
Rate of costs	43.1	42.0	44.1
Common equity tier 1 capital ratio	15.1	16.1	15.8
Tier 1 capital ratio	15.1	16.1	15.8
Total capital ratio	19.1	17.8	17.3
Individual solvency requirement	9.3	-	-
Key figures per DKK 1 share (DKK)			
Core earnings	18.9	16.3	32.3
Profit before special costs	21.9	18.3	35.0
Book value	231.1	206.1	218.4
Price, end of period	357.0	-	-
Basis of calculation, number of shares	30,574,058	31,237,258	30,994,258



Note		H1 2018 DKK 1,000	H1 2017 DKK 1,000	Full year 2017 DKK 1,000
Α	Gross fee and commission income			-
	Securities trading	52,852	51,519	97,961
	Asset management and custody accounts	85,846	115,574	191,625
	Payment handling	54,155	47,478	104,098
	Loan fees	22,980	17,053	37,978
	Guarantee commission and mortgage credit commission etc.	106,786	99,786	201,418
	Other fees and commission	39,955	35,802	64,316
	Total gross fee and commission income	362,574	367,212	697,396
	Net fee and commission income			
	Securities trading	47,470	44,764	86,094
	Asset management and custody accounts	81,297	110,551	182,776
	Payment handling	43,438	37,809	83,574
	Loan fees	20,238	14,236	31,263
	Guarantee commission and mortgage credit commission etc.	106,083	98,960	199,806
	Other fees and commission	35,793	30,710	52,878
	Total net fee and commission income	334,319	337,030	636,391
	Foreign exchange income	15,366	15,711	30,953
	Total net fee, commission and foreign exchange income	349,685	352,741	667,344
в	Staff and administration costs			
	Staff costs	256,878	242,507	495,600
	Administration costs	166,006	158,866	333,746
	Total staff and administration costs	422,884	401,373	829,346



Quarterly overviews

Core earnings

(DKK million)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Net interest income	284	287	288	277	280	279	283	287	281	285
Net fee and commission income excluding trading income	141	146	130	128	154	138	163	132	131	122
Income from sector shares etc.	49	38	31	30	30	29	20	14	17	20
Foreign exchange income	9	6	7	8	8	8	7	7	6	7
Other operating income	2	1	1	2	2	1	5	3	8	4
Total core income excluding trading income	485	478	457	445	474	455	478	443	443	438
Trading income	20	28	18	24	20	24	13	15	16	15
Total core income	505	506	475	469	494	479	491	458	459	453
Staff and administration costs	217	206	225	202	201	201	214	192	195	196
Depreciation and write-downs on tangible assets	2	8	3	3	2	3	2	3	6	3
Other operating expenses	1	1	2	1	1	1	1	1	1	1
Total expenses etc.	220	215	230	206	204	205	217	196	202	200
Core earnings before impairment charges for loans	285	291	245	263	290	274	274	262	257	253
Impairment charges for loans and other receivables etc.	-11	+13	+3	-17	-23	-33	-60	-44	-53	-54
Core earnings	274	304	248	246	267	241	214	218	204	199
Result for the portfolio etc.	+3	+90	-2	+22	+26	+38	+9	+39	+24	+6
Profit before special costs	277	394	246	268	293	279	223	257	228	205
Amortisation and write-downs on intangible assets	12	6	5	6	5	6	5	6	5	6
Merger and restructuring costs	46	4	0	0	0	0	0	0	0	0
Non-recurring costs	69	0	0	0	0	0	0	0	0	0
Profit before tax	150	384	241	262	288	273	218	251	223	199
Tax	33	58	47	52	62	55	37	46	46	36
Profit after tax	117	326	194	210	226	218	181	205	177	163



Quarterly overviews - continued

Balance sheet items and contingent liabilities

(DKK million)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Loans	31,970	31,647	31,173	30,368	30,371	29,093	28,304	28,074	28,267	27,578
Deposits including pooled schemes	37,313	36,307	35,854	36,065	35,593	34,161	34,152	33,833	32,858	31,766
Equity	7,066	6,644	6,769	6,609	6,438	6,246	6,313	6,166	6,003	5,865
Balance sheet total	49,859	47,349	46,324	46,500	45,577	43,665	43,702	43,038	42,355	40,740
Contingent liabilities	7,809	7,821	7,858	7,382	7,235	6,595	6,682	6,755	5,966	5,528

Statement of capital

(DKK million)	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Common equity tier 1	5,092	5,185	5,381	5,263	5,175	4,909	5,032	4,955	4,863	4,718
Tier 1 capital	5,092	5,185	5,381	5,263	5,175	4,909	5,032	4,955	4,863	4,718
Total capital	6,464	5,757	5,921	5,811	5,722	5,442	5,556	5,513	5,431	5,284
Total risk exposure	33,784	34,314	34,162	32,618	32,197	31,517	31,772	30,973	30,070	29,744
Common equity tier 1 capital ratio (%)	15.1	15.1	15.8	16.1	16.1	15.6	15.8	16.0	16.2	15.9
Tier 1 capital ratio (%)	15.1	15.1	15.8	16.1	16.1	15.6	15.8	16.0	16.2	15.9
Total capital ratio (%)	19.1	16.8	17.3	17.8	17.8	17.3	17.5	17.8	18.1	17.8



Miscellaneous comments

The pro forma financial statements were calculated in accordance with the following principles:

The income statement items for the periods 1 January to 30 June 2018, 1 January to 30 June 2017 and 1 January to 31 December 2017 on pages 5 and 7 and the quarterly overview of "Core earnings" on page 8 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 statement of the alternative performance measure "Core earnings".

Balance sheet items and contingent liabilities as well as capital ratios as at 30 June 2017 and 31 December 2017 on page 5 and the quarterly overviews of "Balance sheet items and contingent liabilities" and "Statement of capital" for the first quarter of 2016 up to and including the first quarter of 2018 on page 9 were calculated by a simple adding up of figures from the respective balance sheets from Ringkjøbing Landbobank and Nordjyske Bank, without any adjustments.



Official financial statements

The merger between Ringkjøbing Landbobank and Nordjyske Bank

Ringkjøbing Landbobank and Nordjyske Bank merged on 8 June 2018 with Ringkjøbing Landbobank as the continuing entity.

The merger means that Nordjyske Bank's assets, liabilities and operating activities are now included in Ringkjøbing Landbobank's accounts. Applicable accounting rules specify that this must be in accordance with the so-called "acquisition method".

The acquisition method means that a pre-acquisition balance sheet was prepared as at 8 June 2018, in which all assets and liabilities taken over by Ringkjøbing Landbobank were reassessed at fair value. The acquired goodwill has also been calculated. The goodwill value was calculated as the difference between the purchase price paid for Nordjyske Bank less the net value of the assets and liabilities taken over as at 8 June 2018. The acquisition method further means that Nordjyske Bank's operating activities are included in the official income statement for Ringkjøbing Landbobank with effect from 9 June 2018.

The official income statement for the first half of 2018 thus comprises the profit on the operating activities in the "old" Ringkjøbing Landbobank for the period 1 January to 30 June 2018, and for the period 9 to 30 June 2018 also the activities that were taken over from Nordjyske Bank. The comparative figures quoted in the official financial statements only concern the "old" Ringkjøbing Landbobank.

Net interest and fee income

Net interest and fee income was DKK 548 million in the first half of 2018, compared to DKK 479 million in 2017. The increase is primarily attributable to the inclusion of the operating activities in Nordjyske Bank for the period 9 to 30 June 2018.

Value adjustments and market risk

Value adjustments amounted to DKK 99 million in the first half of 2018, compared to DKK 77 million in 2017.

The item "Shares etc." amounted to DKK 1,383 million at the end of the half-year, with DKK 82 million in listed shares and investment fund certificates and DKK 1,301 million in sector shares etc., mainly in the companies DLR Kredit, BI Holding and PRAS. The bond portfolio amounted to DKK 5,900 million, of which the vast majority consists of AAA-rated Danish government and mortgage credit bonds.

The total interest rate risk - calculated as the impact on profit of a 1 percentage point change in the interest level - was 1.1% of the bank's tier 1 capital at the end of the half-year.

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



The bank's risk of losses based on a Value at Risk model (computed with a 10-day horizon and 99% probability) was as follows in the first half of 2018:

		Risk relative to equity
	Risk in DKK million	end of H1 2018 in %
Highest risk of loss:	16.0	0.23%
Lowest risk of loss:	3.0	0.04%
Average risk of loss:	6.8	0.10%
End of period risk of loss:	15.2	0.22%

Staff and administration costs

Staff and administration costs amounted to DKK 209 million in the first half of 2018, compared to DKK 154 million in 2017. The increase is primarily attributable to the inclusion of the operating activities in Nordjyske Bank for the period 9 to 30 June 2018.

In connection with the merger announcement, expected merger costs of up to DKK 125 million were stated. As at 30 June 2018, merger costs totalling DKK 20 million had been recognised as an expense. The bank expects that the total merger costs can be kept within the announced expectations.

Impairment charges for loans etc.

DKK 36 million was recognised as expenses in the first half of 2018, compared to DKK 10 million in 2017.

With effect from 1 January 2018, the bank started using impairment rules compatible with the IFRS 9 reporting standard. The IFRS 9 rules are incorporated into the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms etc. and with the introduction of IFRS 9, the previous impairment model, which was an incurred loss model, has been replaced by an expected loss model.

The new expected loss model means that, on initial recognition, a financial asset must be impaired by the expected credit loss for a twelve-month period (stage 1). If the credit risk for the asset subsequently increases significantly relative to initial recognition, the asset must be impaired by the expected credit loss over the asset's remaining life (stage 2). Impairment charges for exposures at stages 1 and 2 are calculated on the basis of a statistical model.

If the asset is judged to be impaired (stage 3), the asset must be impaired by the expected credit loss over its remaining life, but interest income must be recognised in the income statement based on the effective interest method applied to the impaired amount.

The IFRS 9 rules resulted in additional impairment charges of DKK 59 million at the beginning of 2018; the effect on the bank's equity after tax at the beginning of the period was thus DKK 46 million, equivalent to 1.2% of equity at the beginning of the period.

Individual impairment charges (stage 3) were DKK 1,694 million at the end of the half-year, while stages 1 and 2 impairment charges totalled DKK 450 million on 30 June 2018. Following the merger, the loans portfolio overtaken from Nordjyske Bank was recalculated in terms of IFRS 9 impairment, with the result that they are considered to be new loans in Ringkjøbing Landbobank.





The bank's total account for impairment charges and provisions was DKK 2,213 million at the end of the half-year, equivalent to 5.3% of total loans and guarantees.

The portfolio of loans with suspended calculation of interest amounted to DKK 397 million, equivalent to 0.9% of the bank's total loans and guarantees at the end of the half-year.

Profit after tax

The profit after tax was DKK 328 million for the first half of 2018, compared to DKK 312 million in 2017.

Balance sheet items and contingent liabilities

The bank's balance sheet total at the end of the half-year stood at DKK 49,859 million, compared to last year's DKK 25,474 million.

Deposits, including pooled schemes, increased from DKK 19,267 million at the end of June 2017 to DKK 37,313 million at the end of June 2018. The bank's loans also increased from DKK 19,066 million at the end of June 2017 to DKK 31,970 million at the end of June 2018.

The bank's contingent liabilities, including guarantees, at the end of the half-year amounted to DKK 7,809 million, compared to DKK 2,746 million in 2017.

All the above changes to the stated items primarily result from the merger.

Liquidity

The bank's liquidity situation is very good. The bank's short-term funding with term to maturity of less than 12 months thus amounts to DKK 1.3 billion, balanced by DKK 11.1 billion primarily in short-term investments in the Danish Central Bank and in liquid securities.

The bank's deposits, excluding pooled schemes, at the end of the half-year exceeded its loans by just over DKK 1.4 billion. The bank's deposits and equity therefore more than cover the financing of the loan portfolio. In addition, part of the loan portfolio for wind turbines in Germany is refinanced back-to-back with KfW Bankengruppe, which means that DKK 901 million 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 2018, the bank's LCR was 233%, which thus met the statutory requirement by a good margin.

Share buy-back programmes and development in the bank's share capital

The DKK 170 million share buy-back programme initiated on 18 April 2018 was completed on 9 July 2018. A total of 463,875 shares were bought in the period. The share buy-back programme was carried out under the Safe Harbour regulation.

The extraordinary general meeting in June 2018 adopted a new buy-back programme, under which the bank may buy back its own shares for up to DKK 300 million for cancellation at a future general



meeting. The new programme is expected to be initiated partly later today, and a separate company announcement to this effect will be issued.

The development in the bank's share capital in 2018 and the expected development are given below:

Beginning of 2018	Number of shares 22,350,000
May 2018	22,000,000
Capital reduction by cancellation of own shares	-538,000
June 2018	
Issue of new shares in connection with the merger	9,182,258
End of June 2018	30,994,258
DKK 170 million share buy-back programme completed July 2018	-463,875
New expected DKK 300 million share buy-back programme based on current price of	
the bank's shares	-831,000
	29,699,383

After recognition of a future capital reduction totalling approximately 1.3 million shares from the two buy-back programmes which, in the terms of company law, will be implemented later, the actual number of shares will be approximately 29.7 million. Both share buy-back programmes are fully deducted from the bank's capital.

Capital structure

It was announced at the bank's annual general meeting on 28 February 2018 that the bank's management had worked with new capital targets. The capital targets were later finalised by the board of directors and the bank now operates with three targets.

The common equity tier 1 capital ratio must be 13.5% and the total capital ratio must be 17%.

It was determined that the total capital for covering the MREL add-ons would be 22% but, as a result of the merger, this target must be reassessed once the final MREL requirement for the bank is known. The target is expected to increase to around 24% including the countercyclical capital buffer.

The capital targets are minimum figures that must be met at the end of the year, but 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 total capital target for covering the MREL add-ons must however be met by the beginning of 2019, because the bank has decided to meet the fully phased-in MREL requirement from that date.

To comply with the MREL requirement, the bank had established funding to meet the requirements for grandfathering of contractual senior funding by the end of 2017. DKK 2.0 billion of this can be included in the sum needed to comply with the bank's MREL requirement at the beginning of 2019. The bank's total capital for covering the MREL requirement will thus be 25.2% of the risk-weighted assets as at 30 June 2018. The bank expects that it must raise tier 3 capital during 2019 and 2020. The bank is in the process of updating its EMTN programme which, among other things, will enable tier 3 capital to be issued under the programme.

The bank's equity at the beginning of 2018 was DKK 3,817 million. To this must be added the net effect of the increase in equity in connection with the merger which comprised the share capital



increase and the cash distribution to Nordjyske Bank's shareholders. The profit for the period must also be added, while the dividend paid must be subtracted and adjustments must be made for movements in the bank's holding of its own shares, after which the equity at the end of the half-year was DKK 7,066 million. Intangible assets worth DKK 1,072 million as of 30 June 2018, arose out of the merger and this amount has been deducted from the total capital.

As part of the merger, and to strengthen the total capital, with effect from 13 June 2018 the bank issued tier 2 capital in a total amount of DKK 800 million in two separate issues. One issue totalling DKK 500 million has a maturity of ten years with a first call option (redemption) after five years. The interest for the first five years was agreed at a fixed rate consisting of a five-year mid-swap rate plus a margin of 165 basis points. The other issue totalling DKK 300 million has a maturity of twelve years with a first call option after seven years. The interest was agreed at a six-month Cibor rate plus a margin of 185 basis points and with fixing of interest every six months. Both issues were unlisted and had been bought in advance by different institutional investors.

The bank's total capital ratio was computed at 19.1% at the end of the first half of 2018, and the tier 1 capital ratio at 15.1%.

	H1	H1				
Capital ratios	2018	2017	2017	2016	2015	2014
Common equity tier 1 capital ratio (%)	15.1	17.2	16.5	16.9	17.1	17.5
Tier 1 capital ratio (%)	15.1	17.2	16.5	16.9	17.1	17.5
Total capital ratio (%)	19.1	18.7	17.8	18.3	18.8	17.5
Individual solvency requirement (%)	9.3	9.0	9.0	9.0	9.0	8.9

The entire new DKK 300 million share buy-back programme has already been deducted from the capital, the equivalent of 0.9 percentage points. This influences the statement of capital.

The bank has calculated the individual solvency requirement at the end of June 2018 as 9.3%. To this should be added a capital conservation buffer of 1.9%; the total requirement for the bank's total capital is thus 11.2%.

Compared with the actual total capital of DKK 6.5 billion, the capital buffer at the end of June 2018 was thus DKK 2.7 billion, equivalent to 7.9 percentage points.

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 benchmark for large exposures was changed with effect from 1 January 2018. In future it must be calculated as the sum of the bank's 20 largest exposures relative to its common equity tier 1 capital with a limit value of less than 175%. With effect from 30 June 2018, the liquidity benchmark was changed to an LCR benchmark, which will show the ability of banks to survive stressed liquidity for a three-month period with a limit value of more than 100%.





The Danish FSA's benchmarks and associated limit values and the bank's key figures at the end of June 2018 etc. are given in the table below.

The Supervisory Diamond	H1	H1				
(Danish FSA limit values)	2018	2017	2017	2016	2015	2014
Stable funding (funding ratio) (< 1)	0.7	0.8	0.8	0.7	0.8	0.8
LCR three-month liquidity (> 100%)	201.0%	N/A	N/A	N/A	N/A	N/A
Excess liquidity (> 50%) (previous	145.4%					
benchmark)		114.4%	113.5%	139.6%	99.7%	140.7%
Total large exposures (< 175%)	103.5%	N/A	136.1%	N/A	N/A	N/A
Total large exposures (< 125%) (previous						
benchmark)	0.0%	13.4%	22.5%	29.5%	63.4%	47.8%
Growth in loans (< 20%)	67.7%*	7.5%	10.7%	2.7%	14.0%	7.8%
Real property exposure (< 25%)	16.1%	17.5%	18.0%	14.8%	14.1%	11.6%

*The pro forma growth in loans relative to June 2017 was 5.3%.

As shown above, Ringkjøbing Landbobank observes all five current limit values by a good margin.

Moody's ratings

The rating agency Moody's Investors Service reviewed the bank's ratings before the merger, on the assumption that the merger would go ahead.

On 23 May 2018, Moody's Investors Service published a report confirming all the bank's ratings as unchanged with stable outlook, including the bank's A1 long-term deposit rating.

The Danish FSA's ordinary inspection

The Danish FSA carried out an ordinary inspection of the bank in the first quarter of 2018. The most recent ordinary inspection was carried out in 2014.

The Danish FSA's final inspection report was published in June 2018. In the report, the Danish FSA concluded that the credit quality of the bank's loans to business customers was better than the average of group-2 institutions and that no new impairment charges were identified during the inspection.

The Danish FSA further concluded that the bank has a strong, centralised credit organisation.

Finally, the Danish FSA concluded that it had no comments on the bank's risk classification of the customers reviewed by the Danish FSA and that the individual solvency requirement calculated by the bank was adequate.

In connection with the inspection, the bank received a number of orders of an administrative nature, which we have adopted and are implementing.



Composition of shareholders and upgrading to large cap company

The merger increased the number of shareholders in the bank significantly, from just under 18,000 to approximately 54,000.

There were also changes in the bank's major shareholders, since Nykredit Realkredit A/S became a new major shareholder with an ownership interest of 9.69% and Arbejdsmarkedets Tillægspension (ATP) increased its ownership interest to 6.72%. Finally, Parvus Asset Management Europe Limited and Kapitalforeningen Investin Pro advised after the merger that their respective ownership interests had been reduced to less than 5%.

Institutional investors' ownership interests total approximately 50% of the bank's share capital placed in Denmark and abroad.

As a result of the merger, the merged bank's market value increased significantly with the result that the bank was upgraded to a large cap company at Nasdaq Copenhagen with effect from 11 June 2018.

Changes in the board of directors

In connection with the merger, Mads Hvolby, Morten Jensen and Sten Uggerhøj from Nordjyske Bank's board of directors joined the bank's board as members elected by the shareholders' committee. Arne Ugilt and Finn Aaen from Nordjyske Bank joined the board as employee board members, while Bo Fuglsang Bennedsgaard from Ringkjøbing Landbobank retired as an employee board member.

The chairman of the bank's board is Martin Krogh Pedersen, while Mads Hvolby and Jens Møller Nielsen serve as deputy chairmen.

The merger process and focus areas

The merger has been well received by the customers of the entire bank and the integration of the two banks is proceeding as expected.

The IT and product conversion process has started and the final IT conversion at Bankdata is expected to take place in March 2019.

Nordjyske Bank's products are almost identical to those of Ringkjøbing Landbobank, because both banks used the same providers: Bankdata, Totalkredit, Bankinvest, Letpension, Privatsikring, card providers and others. This means that customers will experience no appreciable inconvenience from the merger, because the products are unaltered and because it was decided to continue the "Nordjyske Bank" brand post-merger. Customers can therefore continue to use their existing cards, accounts and custody accounts.

Since 2011, Ringkjøbing Landbobank has had a successful growth strategy that has secured it an average growth in loans of 7.2% per annum, based on a continuous net increase in new customers.

This growth is based on both the branch network in Central and West Jutland and niche concepts. The bank's focus is both on integrating the two banks and continuing this growth strategy.

Nordjyske Bank also had a growth strategy before the merger, with satisfactory growth and a good net increase in new customers in 2016 and 2017. Growth in the first half of 2018 was more modest



because the uncertainty of Nordjyske Bank's future made outreach activities difficult. As stated, the merger has been well received by the customers and the plan now is to intensify the outreach activities during the second half of 2018. It is further planned to establish a Private Banking unit in Aalborg during the second half of 2018 with a Private Banking branch in Frederikshavn.

A new organisation for the bank has been put in place following the merger. Compared to the previous organisation, customer-oriented functions remain unchanged in the new organisation. All staff functions are located at head office in Ringkjøbing, with relevant support functions within a number of areas in Nørresundby. Managers of the individual staff functions have been appointed and the situation of the affected members of staff will be clarified in the third quarter of 2018. After this, there is a very important task of integrating the two organisations.

Based on the above, the short-term cost synergies of DKK 60 million outlined earlier are confirmed, and are expected to take effect during 2019.

Accounting policies

As indicated in the section "Impairment charges for loans", the bank's accounting policy for calculating impairment charges for loans changed with effect from 1 January 2018. It is not practically possible to adjust the comparative figures for 2017 and earlier years to reflect the changed accounting policy, and these figures have therefore not been changed.

Furthermore, new accounting policies for items not previously included in the bank's financial statements have been applied following the merger.

The accounting policies are otherwise unchanged relative to those in the submitted and audited 2017 annual report.

Expected results for 2018

Profit before tax for the first half of 2018 was DKK 395 million, which corresponds to the bank's expectations.

On this basis, the announced expectations for profit before merger costs of the order of DKK 825 - 1,025 million for full year 2018 and profit before tax after merger costs of the order of DKK 700 - 900 million for full year 2018 are maintained.



Statements of income and comprehensive income

Note		H1 2018 DKK 1,000	H1 2017 DKK 1,000	Full year 2017 DKK 1,000
1	Interest income	376,935	349,478	694,136
2	Interest expenses	24,680	28,903	53,094
	Net interest income	352,255	320,575	641,042
3	Dividend from shares etc.	27,532	10,222	10,258
4	Fee and commission income	188,944	170,329	322,717
4	Fee and commission expenses	20,273	22,107	42,486
	Net interest and fee income	548,458	479,019	931,531
5	Value adjustments	+98,503	+76,731	+143,225
	Other operating income	2,780	2,756	4,979
6,7	Staff and administration costs Amortisation, depreciation and write-downs on intangible and tangible assets	209,358 8,530	154,138 2,095	327,024 4,249
	Other operating expenses			
	Miscellaneous other operating expenses	0	54	326
	Guarantee Fund and Resolution Fund	1,142	1,424	2,848
8	Impairment charges for loans and other receivables etc. Results from investments in associates and group	-35,744	-10,017	-10,320
	undertakings	0	0	-20
_	Profit before tax	394,967	390,778	734,948
9	Tax	66,929	78,450	146,308
	Profit after tax	328,038	312,328	588,640
	Other comprehensive income	0	0	0
	Total comprehensive income for the period	328,038	312,328	588,640



Balance sheet

Note		30 June 2018 DKK 1,000	30 June 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
	Assets			
	Cash in hand and demand deposits with central banks	630,006	309,814	308,211
10	Receivables from credit institutions and central banks	4,501,799	2,465,376	1,211,577
	Receivables with notice from central banks	4,080,514	2,150,271	957,086
	Money market operations and bilateral loans - term to maturity less than 1 year	366,285	156,825	199,491
	Bilateral loans - term to maturity more than 1 year	55,000	158,280	55,000
11,12,13	Loans and other receivables at amortised cost	31,969,702	19,066,388	19,350,866
	Loans and other receivables	31,068,294	18,091,072	18,374,249
	Wind turbine loans etc. with direct funding	901,408	975,316	976,617
14	Bonds at fair value	5,899,823	2,743,371	3,952,614
15	Shares etc.	1,382,514	514,355	621,285
	Investments in associates	489	509	489
	Investments in group undertakings	11,722	-	-
	Assets linked to pooled schemes	3,681,929	-	-
16	Intangible assets	1,072,338	-	-
	Total land and buildings	243,469	55,912	55,647
	Investment properties	29,737	3,561	3,561
	Domicile properties	213,732	52,351	52,086
	Other tangible assets	28,267	19,541	18,811
	Current tax assets	4,474	0	20,483
	Deferred tax assets	4,643	8,153	8,719
	Temporary assets	5,177	5,200	4,000
	Other assets	398,566	278,548	235,351
	Prepayments	23,800	6,526	8,430
	Total assets	49,858,718	25,473,693	25,796,483



Balance sheet

Note		30 June 2018 DKK 1,000	30 June 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
	Liabilities and equity			
17	Debt to credit institutions and central banks	2,016,378	1,634,344	1,599,416
	Money market operations and bilateral credits - term to maturity less than 1 year	891,398	491,706	455,285
	Bilateral credits - term to maturity more than 1 year	223,572	167,322	167,514
	Bilateral credits from KfW Bankengruppe	901,408	975,316	976,617
	Total deposits and other debt	37,313,483	19,267,056	19,110,127
18	Deposits and other debt	33,396,014	19,267,056	19,110,127
	Deposits in pooled schemes	3,917,469	-	-
19	Issued bonds at amortised cost	1,424,611	297,462	673,436
	Current tax liabilities	0	26,264	0
	Other liabilities	485,768	245,142	210,691
	Deferred income	11,223	1,951	3,879
	Total debt	41,251,463	21,472,219	21,597,549
	Provisions for pensions and similar liabilities	11,738	-	-
12	Provisions for losses on guarantees	65,255	11,078	10,263
12	Other provisions for liabilities	19,551	-	-
	Total provisions for liabilities	96,544	11,078	10,263
	Tier 2 capital	1,444,802	371,210	371,753
20	Total subordinated debt	1,444,802	371,210	371,753
21	Share capital	30,994	22,350	22,350
	Net revaluation reserve under the equity method	138	158	138
	Retained earnings	7,034,777	3,596,678	3,592,780
	Proposed dividend etc.	-	-	201,650
	Total shareholders' equity	7,065,909	3,619,186	3,816,918
	Total liabilities and equity	49,858,718	25,473,693	25,796,483
22	Own shares			
23	Contingent liabilities etc.			
24	Assets provided as security			
25	Loans and guarantees in per cent, by sector and industry			
26	Merger			



Statement of changes in equity

DKK 1,000	Share capital	Net revaluation reserve under the equity method	Retained earnings	Proposed dividend etc.	Total share- holders' equity
On 30 June 2018:					
Shareholders' equity at end of 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 end of previous	00.050	100	0.540.044	004.050	0 774 000
financial year	22,350	138	3,546,944	201,650	3,771,082
Reduction of share capital	-538		538	201 650	0
Dividend etc. paid			F 110	-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 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 share- holders' equity
On 30 June 2017:					
Shareholders' equity at end of previous financial year	22,850	158	3,366,627	165,020	3,554,655
Reduction of share capital	-500		500		0
Dividend etc. paid				-165,020	-165,020
Dividend received on own shares			4,151		4,151
Shareholders' equity after distribution of dividend etc.	22,350	158	3,371,278	0	3,393,786
Purchase of own shares			-422,894		-422,894
Sale of own shares			335,966		335,966
Total comprehensive income for the period			312,328		312,328
Shareholders' equity on balance sheet date	22,350	158	3,596,678	0	3,619,186
On 31 December 2017:					
Shareholders' equity at end of previous financial year	22,850	158	3,366,627	165,020	3,554,655
Reduction of share capital	-500		500		0
Dividend etc. paid				-165,020	-165,020
Dividend received on own shares			4,151		4,151
Shareholders' equity after distribution of dividend etc.	22,350	158	3,371,278	0	3,393,786
Purchase of own shares			-662,983		-662,983
Sale of own shares			494,433		494,433
Other equity transactions			3,042		3,042
Total comprehensive income for the year		-20	387,010	201,650	588,640
Shareholders' equity on balance sheet date	22,350	138	3,592,780	201,650	3,816,918



Statement of capital

	30 June 2018 DKK 1,000	30 June 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
Credit risk	30,082,980	15,391,412	16,648,306
Market risk	1,810,823	1,163,105	1,169,580
Operational risk	1,890,456	1,827,053	1,890,456
Total risk exposure	33,784,259	18,381,570	19,708,342
Equity	7,065,909	3,619,186	3,816,918
Proposed dividend etc.	-	-	-201,650
Deduction for expected dividend	-112,689	-87,327	-
Addition for transition programme concerning IFRS 9	148,489	-	-
Deduction for the sum of equity investments etc. above 10%	-616,031	-231,429	-308,194
Deduction for prudent valuation	-11,735	-5,667	-5,724
Deduction for intangible assets	-1,072,338	-	-
Other additions / deductions	32,798	-	-
Deduction of amounts of share buy-back programmes	-470,000	-170,000	-
Actual utilisation of amounts of share buy-back programmes	143,942	90,922	-
Deduction for trading limit for own shares	-55,000	-55,000	-55,000
Actual utilisation of the trading limit for own shares	38,476	654	220
Common equity tier 1 capital	5,091,821	3,161,339	3,246,570
Tier 1 capital	5,091,821	3,161,339	3,246,570
Tier 2 capital	1,447,620	371,828	372,253
Deduction for the sum of equity investments etc. above 10%	-75,595	-94,660	-104,494
Total capital	6,463,847	3,438,507	3,514,329
Common equity tier 1 capital ratio (%)	15.1	17.2	16.5
Tier 1 capital ratio (%)	15.1	17.2	16.5
Total capital ratio (%)	19.1	18.7	17.8
Total capital requirement	2,702,741	1,470,526	1,576,667
Individual solvency requirement (%)	9.3	9.0	9.0
Capital conservation buffer (%)	1.9	1.3	1.3
Countercyclical buffer (%)	0.0	0.0	0.0
Total requirement for the bank's total capital (%)	11.2	10.3	10.3
Excess cover in percentage points relative to individual solvency requirement	9.8	9.7	8.8
Excess cover in percentage points relative to total requirement for total capital	7.9	8.4	7.5



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Note		H1 2018 DKK 1,000	H1 2017 DKK 1,000	Full year 2017 DKK 1,000
1	Interest income	,	,	,
-	Receivables from credit institutions and central banks	-4,556	3,160	710
	Loans and other receivables	381,716	344,320	687,492
	Loans - interest on the impaired part of loans	-16,042	-15,581	-29,355
	Bonds	8,439	14,782	28,291
	Total derivative financial instruments	4,034	707	2,446
	of which currency contracts	3,033	1,533	2,654
	of which interest-rate contracts	1,001	-826	-208
	Other interest income	3,344	2,090	4,552
	Total interest income	376,935	349,478	694,136
2	Interest expenses			
	Credit institutions and central banks	5,492	7,711	14,213
	Deposits and other debt	11,319	18,160	32,436
	Issued bonds	2,985	236	766
	Subordinated debt	4,842	2,782	5,651
	Other interest expenses	42	14	28
	Total interest expenses	24,680	28,903	53,094
3	Dividends from shares etc.			
	Shares	27,532	10,222	10,258
	Total dividends from shares etc.	27,532	10,222	10,258
4	Gross fee and commission income	10 707	~~~~~	==
	Securities trading	42,785	38,878	75,038
	Asset management and custody accounts	44,251	54,374	93,203
	Payment handling	20,426	14,896	32,277
	Loan fees	9,076	4,109	10,660
	Guarantee commission and mortgage credit commission etc.	48,681	38,708	77,574
	Other fees and commission	23,725	19,364	33,965
	Total gross fee and commission income	188,944	170,329	322,717
	Net fee and commission income	00.445	00.000	o / o==
	Securities trading	38,117	33,006	64,857
	Asset management and custody accounts	39,798	49,500	84,652
	Payment handling	14,432	9,891	21,989
	Loan fees	7,507	2,502	7,207
	Guarantee commission and mortgage credit commission etc.	48,681	38,708	77,574
	Other fees and commission	20,136	14,615	23,952
	Total net fee and commission income	168,671	148,222	280,231



Note		H1 2018 DKK 1,000	H1 2017 DKK 1,000	Full year 2017 DKK 1,000
5	Value adjustments	.,	.,	
•	Other loans and receivables, fair value adjustment	2,327	-9	3,879
	Bonds	-11,841	21,984	30,502
	Shares etc.	93,770	30,174	68,613
	Foreign exchange	11,215	10,526	20,902
	Total derivative financial instruments	13,442	14,056	19,329
	of which currency contracts	7,117	250	467
	of which interest-rate contracts		13,334	18,011
		5,952 373	,	
	of which share contracts		472	851
	Assets linked to pooled schemes	-15,721	-	-
	Deposits in pooled schemes	15,721	-	-
	Issued bonds	-7,399	-	-
	Other liabilities	-3,011		-
	Total value adjustments	98,503	76,731	143,225
6	Staff and administration costs			
	Salaries and fees to general management, board of			
	directors and shareholders' committee			
	General management	4,240	3,666	7,356
	Board of directors	935	860	1,734
	Shareholders' committee	0	0	469
	Total	5,175	4,526	9,559
	Staff costs			
	Salaries	86,181	69,138	142,368
	Pensions	9,043	7,247	14,852
	Social security contributions	1,166	715	1,812
	Costs depending on number of staff	13,989	11,188	22,431
	Total	110,379	88,288	181,463
	Other administration costs	93,804	61,324	136,002
	Total staff and administration costs	209,358	154,138	327,024
7	Number of full-time employees			
	Average number of full time-equivalent staff during the			
	period	327	273	274
	Number of full-time employees at end of period	682	275	276
8	Impairment charges for loans and other receivables etc.			
- 1	Net changes in impairment charges for loans and other			
	receivables etc. and provisions for losses on guarantees			
	and unutilised credit facilities	51,838	21,264	-6,094
	Actual realised net losses	-52	4,334	45,769
	Interest on the impaired part of loans	-16,042	-15,581	-29,355
	Total impairment charges for loans and other	-10,042	-15,501	-29,300
		25 744	40.047	40.000
	receivables etc.	35,744	10,017	10,320



Note		H1 2018 DKK 1,000	H1 2017 DKK 1,000	Full year 2017 DKK 1,000
9	Тах			
	Tax calculated on income for the period	68,196	78,450	147,863
	Adjustment of deferred tax	-1,267	0	-566
	Adjustment of tax calculated for previous years	0	0	-989
	Total tax	66,929	78,450	146,308
	Effective tax rate (%):			
	Tax rate currently paid by the bank	22.0	22.0	22.0
	Permanent deviations	-5.1	-1.9	-2.0
	Adjustment of tax calculated for previous years	0.0	0.0	-0.1
	Total effective tax rate	16.9	20.1	19.9

		30 June 2018	30 June 2017	31 Dec. 2017
Note		DKK 1,000	DKK 1,000	DKK 1,000
10	Receivables from credit institutions and central banks			
	Demand	266,285	156,825	100,211
	Up to and including 3 months	4,080,514	2,150,271	957,086
	More than 3 months and up to and including 1 year	100,000	0	99,280
	More than 1 year and up to and including 5 years	5,000	108,280	5,000
	More than 5 years	50,000	50,000	50,000
	Total receivables from credit institutions and central			
	banks	4,501,799	2,465,376	1,211,577
11	Loans and other receivables at amortised cost			
	Demand	2,901,891	2,341,294	1,975,218
	Up to and including 3 months	2,877,761	792,899	651,025
	More than 3 months and up to and including 1 year	4,901,469	2,405,321	2,568,864
	More than 1 year and up to and including 5 years	10,308,738	6,455,971	6,527,126
	More than 5 years	10,979,843	7,070,903	7,628,633
	Total loans and other receivables at amortised cost	31,969,702	19,066,388	19,350,866



Note		30 June 2018 DKK 1,000	30 June 2017 DKK 1,000	31 Dec. 2017 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 end of previous financial year	577,490	589,384	589,384
	Changed accounting policy for impairment charges Impairment charges / value adjustments during the	-577,490		
	period Reversal of impairment charges made in previous	0	85,944	179,150
	financial years	0	-66,060	-136,853
	Recognised as a loss, covered by impairment charges Cumulative individual impairment charges on	0	-4,732	-54,191
	balance sheet date	0	604,536	577,490
	Collective impairment charges			
	Cumulative collective impairment charges at end of			
	previous financial year	343,282	341,457	341,457
	Changed accounting policy for impairment charges Impairment charges / value adjustments during the	-343,282		
	period	0	1,322	1,825
	Cumulative collective impairment charges on balance sheet date	0	342,779	343,282



Note		30 June 2018 DKK 1,000	30 June 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
12	Impairment charges for loans and other receivables and provisions for losses on guarantees and unutilised credit facilities - continued			
	Stage 1 impairment charges Cumulative stage 1 impairment charges at end of previous financial year	0	-	-
	Changed accounting policy for impairment charges Stage 1 impairment charges / value adjustment during	61,228	-	-
	the period Cumulative stage 1 impairment charges on balance sheet date	83,631 144,859	-	-
	Stage 2 impairment charges Cumulative stage 2 impairment charges at end of			
	previous financial year Changed accounting policy for impairment charges Stage 2 impairment charges / value adjustment during	0 308,912	-	-
	the period Cumulative stage 2 impairment charges on	-3,735	-	-
	balance sheet date	305,177	-	-
	Stage 3 impairment charges Cumulative stage 3 impairment charges at end of	0		
	previous financial year Changed accounting policy for impairment charges	575,516	-	-
	Additions on merger Stage 3 impairment charges / value adjustment during	1,158,075	-	-
	the period Reversal of stage 3 impairment charges during the	80,600	-	-
	period Recognised as a loss, covered by stage 3 impairment	-117,472	-	-
	charges Cumulative stage 3 impairment charges on belowse should be the stage 3 impairment charges on belowse should be the stage of the	-2,638	-	-
	balance sheet date	1,694,081	-	-
	Total cumulative impairment charges for loans and other receivables on balance sheet date	2,144,117	947,315	920,772
	Provisions for losses on guarantees Cumulative provisions for losses on guarantees at end of previous financial year	10,263	6,287	6,287
	Changed accounting policy for provisions for losses on guarantees	20,881		
	Additions on merger	15,250	-	-
	Provisions / value adjustments during the period	18,906	7,183	7,385
	Reversal of provisions during the period Recognised as a loss, covered by provisions	-13,693 -2,649	-1,414 -978	-2,095 -1,314
	Cumulative provisions for losses on guarantees on			
	balance sheet date	48,958	11,078	10,263

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Note		30 June 2018 DKK 1,000	30 June 2017 DKK 1,000	31 Dec. 2017 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 unutilised credit facilities Cumulative provisions for losses on unutilised credit facilities at end of previous financial year Changed accounting policy for provisions for losses	0	-	-
	on unutilised credit facilities Provisions / value adjustments during the period Cumulative provisions for losses on unutilised credit	12,996 6,555	-	-
	facilities on balance sheet date Total cumulative impairment charges for loans and other receivables, provisions for losses on	19,551	-	-
	guarantees and unutilised credit facilities on balance sheet date	2,212,626	958,393	931,035
	In addition, discounts on loans and guarantees taken over from Nordjyske Bank are distributed as follows: Loans and other receivables Guarantees	35,183 16,297	-	-
	The above includes the following stage 3 impairment charges and provisions taken over from Nordjyske Bank:			
	Additions on merger Changes during the period Stage 3 impairment charges and provisions taken over	1,173,325 -2,573	-	-
13	on balance sheet date Suspended calculation of interest	1,170,752	-	-
	Loans and other receivables with suspended calculation of interest on the balance sheet date	397,216	50,897	24,995
14	Bonds at fair value Listed on the stock exchange Total bonds at fair value	5,899,823 5,889,823	2,743,371 2,743,371	3,952,614 3,952,614
15	Shares etc. Listed on Nasdaq Copenhagen Investment fund certificates Unlisted shares at fair value Sector shares at fair value Total shares etc.	50,479 31,361 15,055 1,285,619 1,382,514	13,341 6,199 1,437 493,378 514,355	12,233 7,994 1,402 599,656 621,285



Note		30 June 2018 DKK 1,000	30 June 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
16	Intangible assets			
10				
	Goodwill			
	Cost at end of previous financial year	0	-	-
	Additions on merger	923,255	-	_
	Total cost on balance sheet date	923,255	-	-
	Total goodwill on the balance sheet date	923,255	-	-
	U	,		
	Customer relationships			
	Cost at end of previous financial year	0	-	-
	Additions on merger	150,000	-	-
	Total cost on balance sheet date	150,000	-	-
	Amortisation at end of previous financial year	0	-	-
	Amortisation for the period	917	-	-
	Total amortisation on balance sheet date	917	-	-
	Total customer relationships on balance sheet date	149,083	-	-
	Total intangible assets on balance sheet date	1,072,338	-	-
17	Debt to credit institutions and central banks			
	Demand	667,826	342,975	269,160
	Up to and including 3 months	278,493	206,093	240,993
	More than 3 months and up to and including 1 year	93,609	99,125	97,329
	More than 1 year and up to and including 5 years	626,500	637,637	604,614
	More than 5 years	349,950	348,514	387,320
	Total debt to credit institutions and central banks	2,016,378	1,634,344	1,599,416
18	Deposits and other debt			
	Demand	25,600,769	12,577,123	12,267,337
	Deposits and other debt with notice:		,,	,,
	Up to and including 3 months	1,302,951	2,297,783	2,646,787
	More than 3 months and up to and including 1 year	2,075,353	1,319,237	908,429
	More than 1 year and up to and including 5 years	1,647,567	1,499,593	1,468,246
	More than 5 years	2,769,374	1,573,320	1,819,328
	Total deposits and other debt	33,396,014	19,267,056	19,110,127
	Distributed as follows:			
	Demand	25,396,153	12,396,835	12,129,959
	With notice	1,972,293	1,546,239	1,785,363
	Time deposits	1,323,554	2,031,914	1,725,906
	Long-term deposit agreements	2,003,042	1,874,249	2,008,385
	Special types of deposits	2,700,972	1,417,819	1,460,514
		33,396,014	19,267,056	19,110,127
40	leaved bands of emertiand anot			
19	Issued bonds at amortised cost More than 3 months and up to and including 1 year	298,096	0	297,802
	More than 1 year and up to and including 5 years	748,265	297,462	375,634
	More than 5 years	378,250	297,462	375,634 0
			-	•
	Total issued bonds at amortised cost	1,424,611	297,462	673,436



Note		30 June 2018 DKK 1,000	30 June 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
20	Subordinated debt			
20	Tier 2 capital: Fixed-rate loan, principal of DKK 275 million, maturity date 27 February 2025 Floating-rate loan, principal of EUR 50 million, maturity date 20 May 2025	275,000 372,620	- 371,828	372,253
	Fixed-rate loan, principal of DKK 500 million, maturity date 13 June 2028 Floating-rate loan, principal of DKK 300 million, maturity date 13 June 2030 Adjustment to amortised cost and fair value	500,000 300,000 -2,818	- -618	- -500
	Total subordinated debt	1,444,802	371,210	371,753
21	Share capital Number of DKK 1 shares Beginning of period Cancelled during the period Issue of new shares in connection with merger End of period Reserved for subsequent cancellation Total share capital	22,350,000 -538,000 9,182,258 30,994,258 420,200 30,994	22,850,000 -500,000 - 22,350,000 295,000 22,350	22,850,000 -500,000 - 22,350,000 538,000 22,350
22	Own shares Own shares included in the balance sheet at The market value is	0 182,419	0 96,558	0 173,187
	Number of own shares: Beginning of period Additions on merger Purchased during the period Sold during the period Cancelled during the period End of period Reserved for subsequent cancellation	538,685 65,265 893,888 -448,861 -538,000 510,977 420,200	515,890 - 950,334 -669,121 -500,000 297,103 295,000	515,890 - 1,444,027 -921,232 -500,000 538,685 538,000
	Nominal value of holding of own shares, end of period Own shares' proportion of share capital, end of period (%)	511 1.6	297 1.3	539 2.4
23	Contingent liabilities etc.			
	Contingent liabilities Financial guarantees Guarantees against losses on mortgage credit loans Registration and refinancing guarantees Sector guarantees Other contingent liabilities Total contingent liabilities	2,507,407 2,110,701 2,351,020 130,009 709,559 7,808,696	1,080,430 545,324 684,518 75,862 360,070 2,746,204	1,101,189 633,796 969,390 75,892 403,607 3,183,874
	Other contractual obligations Irrevocable credit commitments etc. Total other contractual obligations	120,000 120,000	60,000 60,000	392,000 392,000



Note		30 June 2018 DKK 1,000	30 June 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
24	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	901,408	975,316	976,617
	As collateral for clearing etc., the bank has pledged securities to the central bank of Denmark to a market price of	283,527	372,634	235,418
	Amount deposited in a cover-for-liabilities account as security for a loss limit towards the Danish Growth Fund as a consequence of Ringkjøbing Landbobank's ownership interest in Landbrugets Finansieringsbank	251	-	-
	Collateral under CSA agreements etc.	47,952	28,664	31,609
25	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. Pig farming etc. Other agriculture, hunting and forestry Fishing Mink production Industry and raw materials extraction Energy supply Wind turbines - Denmark Wind turbines - Denmark Wind turbines - Denmark Wind turbines - abroad Building and construction Trade Transport, hotels and restaurants Information and communication Finance and insurance Real property First mortgage without prior creditors Other real estate financing Other business customers Total business customers	1.5 2.0 4.7 2.5 0.7 2.8 1.6 1.7 4.1 4.1 4.1 4.1 4.4 1.3 0.4 10.2 9.3 5.7 6.4 63.4	1.2 1.5 3.9 2.7 0.8 2.2 2.2 3.2 8.4 2.5 3.2 1.4 0.4 14.1 14.7 2.8 6.6 71.8	1.7 1.7 3.9 2.4 1.0 1.6 1.7 2.9 8.1 4.3 3.3 1.4 0.3 13.6 13.5 2.7 7.1 71.2
	Private individuals	36.5	28.1	28.7
	Total	100.0	100.0	100.0



Note		8 June 2018 DKK 1,000
26	Merger	
	Ringkjøbing Landbobank A/S merged with Nordjyske Bank A/S on 8 June 2018	
	Breakdown of the purchase price on net assets on 8 June 2018	
	Assets	
	Cash in hand and demand deposits with central banks	337,381
	Receivables from credit institutions and central banks	1,209,353
	Loans and other receivables	11,770,671
	Bonds at fair value	2,240,865
	Shares etc.	651,463
	Investments in group undertakings	11,722
	Assets linked to pooled schemes	3,657,638
	Total land and buildings	193,069
	Investment properties	26,175
	Domicile properties	166,894
	Other tangible assets	10,108
	Current tax assets	5,152
	Deferred tax assets	27,658
	Temporary assets	4,474
	Other assets	223,135
	Prepayments	15,408
	Total assets	20,358,100
	Liabilities and equity	
	Debt to credit institutions and central banks	146,530
	Deposits and other debt	13,268,085
	Deposits in pooled schemes	3,903,168
	Other liabilities	241,702
	Deferred income	9,745
	Total debt	17,569,230
	Provisions for pensions and similar liabilities	11,777
	Provisions for losses on guarantees	31,547
	Other provisions for liabilities	1,903
	Total provisions for liabilities	45,227
	Tier 2 capital	273,236
	Subordinated debt	273,236
	Total liabilities	17,887,693
	Net assets taken over	2,470,407



Note		8 June 2018 DKK 1,000
26	Merger - continued	,
	Purchase price	
	Net assets taken over	2,470,407
	Goodwill	923,255
	Customer relationships	150,000
	Deferred tax on customer relationships	-33,000
	Total purchase price	3,510,662
	Burehasa priza paid as fellows:	
	Purchase price paid as follows: Issue of 9,182,258 new shares at a price of 364.50	3,346,933
	Internal shareholding, 65,265 new shares at a price of 364.50	-23,789
	Net increase in equity	3,323,144
	Cash distribution	166,721
	Shares held by Ringkjøbing Landbobank A/S in Nordjyske Bank A/S etc.	19,004
	Shares held by Nordjyske Bank A/S in Ringkjøbing Landbobank A/S etc.	1,793
	Total purchase price	3,510,662
	Comments Net assets taken over include "Loans and other receivables" with a fair value of DKK 17 The fair value of "Loans and other receivables" is based on an assessment of the mark loans portfolio taken over, which was calculated at the present value of the cash flows to expects to receive.	et value of the
	Receivables from contracts totalled DKK 12,964 million on 8 June 2018, while impairme and adjustments to fair value totalled DKK 1,193 million.	ent charges
	In connection with the merger with Nordjyske Bank, identifiable intangible assets in the customer relationships were calculated and recognised in the pre-acquisition balance s	

in connection with the merger with Nordjyske Bank, identifiable intangible assets in the form of customer relationships were calculated and recognised in the pre-acquisition balance sheet at fair value. The fair value of customer relationships expresses the value of the customer base taken over from Nordjyske Bank. The value of customer relationships is amortised over a ten-year period in the bank's income statement.

Goodwill was calculated at DKK 923 million. Goodwill is not amortised but the value is impairment tested in connection with future financial reports.

In addition to the net assets taken over, the bank received guarantees for DKK 4,589 million.



Main figures

Summary of the income statement (DKK million)	H1 2018	H1 2017	Full year 2017
Net interest income	352	321	641
Dividend from shares etc.	27	10	10
Net fee and commission income	169	148	280
Net interest and fee income	548	479	931
Value adjustments	+99	+76	+143
Other operating income	3	3	5
Staff and administration costs	209	154	327
Amortisation, depreciation and write-downs on intangible and tangible assets	9	2	4
Other operating expenses	1	1	3
Impairment charges for loans and receivables etc.	-36	-10	-10
Results from investments in associates and group undertakings	0	0	0
Profit before tax	395	391	735
Тах	67	79	146
Profit after tax	328	312	589

Main figures from the balance sheet (DKK million)	30 June 2018	30 June 2017	31 Dec. 2017
Loans and other receivables at amortised cost	31,981	19,066	19,351
Deposits and other debt including pooled schemes	37,313	19,267	19,110
Subordinated debt	1,445	371	372
Equity	7,066	3,619	3,817
Balance sheet total	49,859	25,474	25,796



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

		H1 2018	H1 2017	Full year 2017
Capital ratios:				
Total capital ratio	%	19.1	18.7	17.8
Tier 1 capital ratio	%	15.1	17.2	16.5
Individual solvency requirement	%	9.3	9.0	9.0
Earnings:				
Return on equity before tax	%	5.8	10.9	19.9
Return on equity after tax	%	4.8	8.7	16.0
Income / cost ratio	DKK	2.55	3.33	3.13
Return on assets	%	0.7	1.2	2.3
Market risk:				
Interest rate risk	%	1.1	0.8	1.1
Foreign exchange position	%	0.6	0.7	1.1
Foreign exchange risk	%	0.0	0.0	0.0
Liquidity risk:				
Liquidity Coverage Ratio (LCR)	%	233	192	193
Excess cover relative to statutory liquidity requirement	%	145.4	114.4	113.5
Loans and impairments thereon relative to deposits	%	91.4	103.9	106.1
Credit risk:				
Loans relative to shareholders' equity		4.5	5.3	5.1
Growth in loans	%	67.0	9.1	10.7
(The pro forma growth in loans H1 2018: 3.2%)				
Total large exposures	%	0.0	13.4	22.5
Cumulative impairment ratio	%	5.3	4.2	4.0
Impairment ratio	%	0.09	0.04	0.04
Proportion of receivables at reduced interest	%	0.9	0.2	0.1
Share return:				
Earnings per share*/***	DKK	1,229.9	1,382.0	2,604.6
Book value per share*/**	DKK	23,130	16,411	17,500
Dividend per share*	DKK	0	0	900
Market price relative to earnings per share*/***		29.0	23.5	12.3
Market price relative to book value per share*/**		1.54	1.98	1.84

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

** Calculated on the basis of the number of shares in circulation at the end of the period.

*** Calculated on the basis of the average number of shares. The average number of shares is calculated as a simple average of the shares at the beginning and the end of the period.



Management statement

The board of directors and the general management have today discussed and approved the interim report of Ringkjøbing Landbobank A/S for the period 1 January to 30 June 2018.

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 2018 and of the result of the bank's activities for the period 1 January to 30 June 2018. We also believe that the management's review contains a true and fair account of the development in the bank's activities and financial circumstances as well as a description of the most important risks and uncertainties which can affect the bank.

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

Ringkøbing, 15 August 2018

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 Söllmann

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

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