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Management Report

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Main points

First six months 2017		Pre-tax result increases by 79 per cent to DKK 170 million
Equity		Pre-tax return on equity 16 per cent - when adjusted for goodwill etc.
Core earnings		Increases by 19 per cent to DKK 200 million
Net interest		Stable level through seven quarters
Net fees		Increases by 16 per cent as the result of a high activity level
Prime costs		Unchanged level
Write-downs		Decreases by 45 per cent - primarily due to commercial farming
Lending		Growth in lending of 7 per cent in one year to DKK 11.3 billion
Capital adequacy rate		Strong capital ratio at 16.5
Business volume		Record high business volume of DKK 45.2 billion incl. safe custody values

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Generally positive development leads to increased earnings

Very good development in both lending and earnings

In recent years, Nordjyske Bank has experienced growth in lending of 7.4 per cent. At the same time development in core income, prime costs and core earnings has been positive in the 1st half of 2017 compared with the same period in 2016.

The pre-tax result increases to DKK 170 million in the 1st half of 2017, which is a 79 per cent increase compared with the 1st half of 2016. This result bears interest on equity at the beginning of 2017 by 12.3 per cent per annum. Adjusted for goodwill and customer relations, equity at the beginning of the period bears interest of 15.7 per cent per annum.

It is the opinion of the management that core earnings of DKK 200 million as well as the improved pre-tax result are satisfactory.

It is very positive that the growth in lending and return on equity before tax is above the strategic target for the period 2016-2018.

Net interest income is maintained at a steady level, among other things due to the growth in lending. Net fee income increases by 16 per cent compared with the 1st half of 2016, which is the most significant element in a core income increase of DKK 32 million.

Prime costs amount to DKK 262 million in the first half of 2017, corresponding to the level in the same period last year.

Core earnings increase to DKK 200 million in the 1st half of 2017, corresponding to an increase of 19 per cent compared with last year.

Significant fall in write-downs

Write-downs fall by 45 per cent to DKK 46 million in the 1st half of 2017 compared with DKK 83 million in the same period in 2016. The fall is primarily attributable to agriculture.

Expectations for the result in 2017

Nordjyske Bank is making an upward revision of the expectations of total result of core earnings and write-downs.

The bank expects core earnings, after inclusion of market price adjustments of sector shares and foreign exchange, in the interval of DKK 340-375 million, which narrows the interval.

Based on improved settling prices for agriculture, the bank expects write-downs on lending and guarantees in 2017 will be at the level of DKK 75 million compared with the previous announced expectations of less than DKK 120 million.

Applied accounting methods

Reporting in the report is based on pro forma statement with a view to increasing the information value.

Furthermore, alternative target results are applied. The statement of core income as at 30 June 2017, since market price adjustment of sector shares and foreign exchange is included in other operating income etc., which is truer for the bank's core earnings. Comparative figures have been changed accordingly.

Both are explained further on page 17.

Core earnings summary (amounts in DKK million)	1st half 2017	1st half 2016	2nd qr 2017	1st qr 2017	The year 2016
Interest income	261	266	132	129	526
Interest cost	19	26	10	9	47
Net interest income	242	240	122	120	479
Fees and commission income, net	189	163	94	95	352
Other operating income etc.	31	27	15	16	57
Core income	462	430	231	231	888
Wages etc.	150	147	74	76	291
Operating costs	98	102	46	52	201
Depreciations and write-downs	14	14	7	7	27
Prime costs	262	263	127	135	519
Core earnings	200	167	104	96	369
Payments to the Resolution Fund etc.	1	0	1	0	1
Write-downs on lending etc.	46	83	18	28	163
Portfolio result	17	11	10	7	25
Pro forma pre-tax result	170	95	95	75	230
Pro forma regulatios	2	-1	1	1	-2
Pre-tax result according to the purchase method	172	94	96	76	228

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Development in business volume

Selected balance sheet items (amounts in DKK million)	End of 2013	End of 2014	End of 2015	End of 2016	End of 1st qr 2017	End of 2nd qr 2017
Total assets	18,168	18,160	18,660	19,443	19,225	20,104
Lending	11,067	10,778	10,729	10,822	10,907	11,304
Guarantees	2,172	2,971	3,280	4,223	4,111	4,489
Deposits incl. Pooled schemes	14,379	14,488	14,975	15,838	15,596	16,326
Equty			2,617	2,758	2,746	2,819
Safe custody values	10,723	11,980	12,650	12,402	13,045	13,093
Business volume (lending, deposits and guarantees)	27,617	28,237	28,984	30,883	30,614	32,119
Business volume incl. safe custody values	38,340	40,217	41,634	43,285	43,659	45,212

The historical balance sheet figures before 2015 are consolidated figures for Nordjyske Bank and Nørresundby Bank. Consolidated equity is assessed not to provide any value.

Record business volume

Nordjyske Bank has a very satisfactory increase in business volume as at 30 June 2017 to a record high level of DKK 45.2 billion incl. safe deposit values. Total business volume and all its elements increase compared with the end of 2016 and compared with the end of the 1st quarter of 2017.

In particular, it is positive that lending and guarantees, and safe custody values show a positive development, since these areas provide the highest level of earnings for the bank.

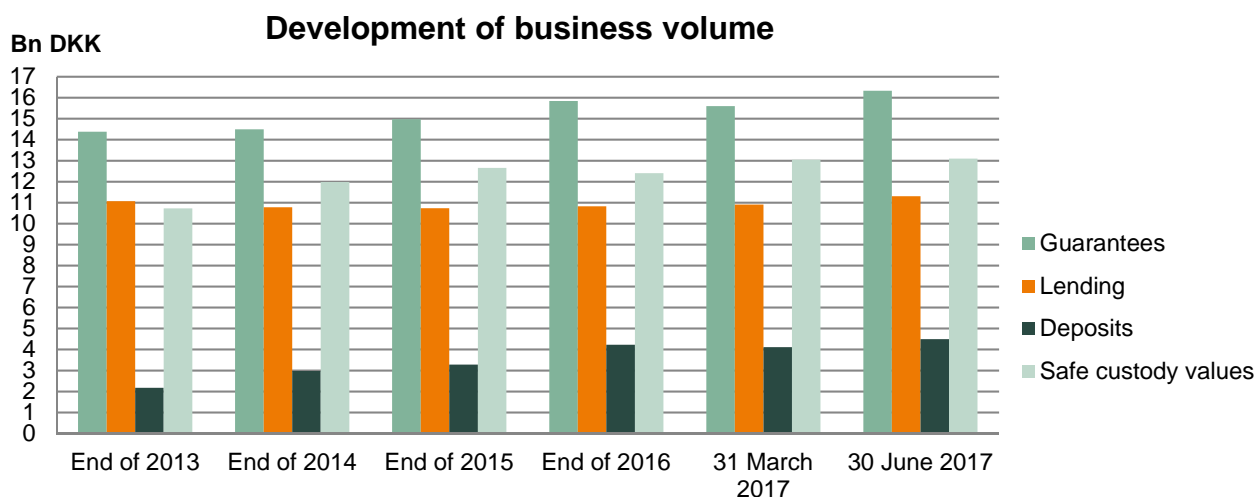
Lending increases as at 30 June 2017 to DKK 11,304 million, corresponding to 7.4 per cent compared with 30 June 2016, where lending amounted to DKK 10,523 million. The increase in the 1st half of 2017 amounts to 4.5 per cent, corresponding to 8.9 per cent per annum.

Growth in lending of DKK 781 mill. since 30 June 2016 is distributed evenly between private customers and business. Furthermore, the growth is distributed on many customers and is seen as a result of great focus on growth in lending.

It should be noted that new loans are considerably bigger, as there is an annual ordinary settlement of DKK 800 million in addition to the customers' extraordinary debt reductions as a consequence of improved financial circumstances.

Deposits have increased by DKK 488 million since the end of 2016, while safe custody values have increased by DKK 691 million since the end of 2016. The bank experiences increasing interest in investments from the customers, which is naturally linked to the low interest rate level on deposits.

Guarantees have increased by DKK 266 million since the end of 2016.



The statement has been prepared by consolidation of historical balance sheet figures for Nordjyske Bank and Nørresundby Bank before 2015

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Development in North Jutland

Positive development in North Jutland continues

The economic state of the region is mirrored in employment, the price development on housing and business development. All parameters still show positive development.

The number of wage earners in the 1st quarter of 2017 is at its highest level since the financial crisis. Housing prices on villas and terrace houses and not least owner-occupied flats show positive development and in general the region experiences positive business development.

Development in Nordjyske Bank

The bank has seen a high level of activity in the 1st half of 2017. The bank has got many new customers and lending business. Furthermore, there have been a lot of events for business as well as private customers and for Private Banking customers. Nordjyske Bank has adapted its product palette with Privatsikring Erhverv, and MiFID-II has involved a lot of contact to the bank's customers.

As part of the bank's strategy, it has had cash dispensers in a few branches, where it is possible to perform both payments and withdrawals, and the experience with them is good. The customers have the opportunity to perform these transactions 24/7, which provides great availability and customer service. At the same time, the bank experiences a significant fall in transactions at the bank's employee operated cash register.

With the purpose of utilizing the good options for the customers and as a part of greater efficiency, the bank is investing in advanced cash dispensers in 13 branches during the 2nd half of 2017. This will result in adaptations of employee resources, as it will mean staff reduction by 10 employees at the same time as closing the cash register function in 13 branches, where, looking forward, there will be full focus on customer consulting service.

In addition, the bank has continued focus on the organisational setup with the purpose of ensuring innovation and to be able to match the increasing demands and increasing complexity. The bank has added resources and specialist competences to a number of areas.

As described in the interim report, Nordjyske Bank has changed its organisational setup for the IT department as at 31 March 2017, whereby the bank to a much higher degree supports the strategy and ensures attention on IT and competences for better utilization of data and technology.

At the same time, the bank is gathering the IT-organisation in one location in Nørresundby during the 2nd half of 2017 with the purpose of being able to optimize the use of resources and ensure the best possible utilization of robot technology and other automation options.

The bank expects to create a better base for business initiatives, targeted to both existing and new customers.

Nordjyske Bank wants to service the bank's business customers, including customers from the agriculture and fisheries sectors, from its specialist functions, and during 2017 we shall to an even higher degree ensure attachment to business centres and agriculture centre.

As mentioned in the bank's strategy 2016-2018, Nordjyske Bank is considering establishing a branch in Aarhus. The background is that the bank has many customers, who move to Aarhus, and there are many activities and growth in Aarhus.

The considerations in Aarhus are supported by Nordjyske Bank's good experience in Copenhagen, which has positive development. The bank has had a branch in Copenhagen for more than 30 years.

Nordjyske Bank has:

- 117,000 private customers
- 12,000 business customers
- 44,000 shareholders
- 420 well-educated and competent employees

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Expectations for 2017

Expectations for the result in 2017

Nordjyske Bank is revising the expectations for the total result of core earnings and write-downs upwards.

The bank expects core earnings after inclusion of market price adjustments on sector shares and foreign currency, in the interval of DKK 340-375 million. At the same time, this narrows the interval compared with previous announcements.

Core earnings have been calculated exclusive of write-downs and value adjustments on lending etc. as well as portfolio earnings.

Based on improved settling prices for agriculture, the bank expects write-downs on lending and guaranties in 2017 will be at the level of DKK 75 million compared with the previous announced expectations of less than DKK 120 million.

In the bank's expectations for core earnings, non-recurrent expenses are included in the 2nd half of 2017 at the level of DKK 8-9 million as a consequence of investment in cash dispensers and a changed cash register structure.

Strategic objectives

Nordjyske Bank's strategic objectives for the current strategy period running from 2016 to 2018:

- Annual growth in lending of 2-4 per cent
- Pre-tax return on equity shall before the end of the strategy period be at 9-11 per cent (before adjustment of goodwill and customer relations)
- Dividend policy with the goal of paying between 30-50 per cent of the year's result in consideration of a core capital percentage goal of 15.5 and to ensure adequate capital to meet statutory requirements as well as national economic and business-related conditions.

During the 2nd half of 2017, Nordjyske Bank will revalue the capital requirements after assessment of the consequences of the coming IFRS9 rules and NEP requirements. This will include reassessment of the dividend policy. See more about this on page 12.

Future accounting regulations

Effective as of 1st January 2018 new write-down rules will be introduced on lending and guarantees, which are based on the international IFRS 9 rules.

At the present time it is not possible to make an exact calculation of the effect of the first time use of IFRS 9 on accounting.

However, it is not expected that implementation will be of significant influence on the bank's situation, including the bank's capital. The reduction of the bank's equity is expected to amount to a maximum of 4%.

For further description of the rules, refer to "Applied Accounting Policy" in the Annual Report 2016.

Core income

Net interest income increases in the 1st half of 2017 to DKK 242 million compared with 240 million in the 1st half of 2016. Net interest income increases in the 2nd quarter of 2017 to DKK 122 million, which is the highest of a stable level through the last seven quarters between DKK 119 to 122 million.

Interest income amounts to DKK 261 mill. in the 1st half of 2017, which is DKK 5 mill. less than the 1st half the year before and is primarily due to lower interest income from lending as a consequence of lower interest rates. The lending amount is higher in 2017.

Interest expenses amount to DKK 19 mill. in the 1st half of 2017, which is DKK 6 mill. lower than the same period the year before and is primarily due to lower

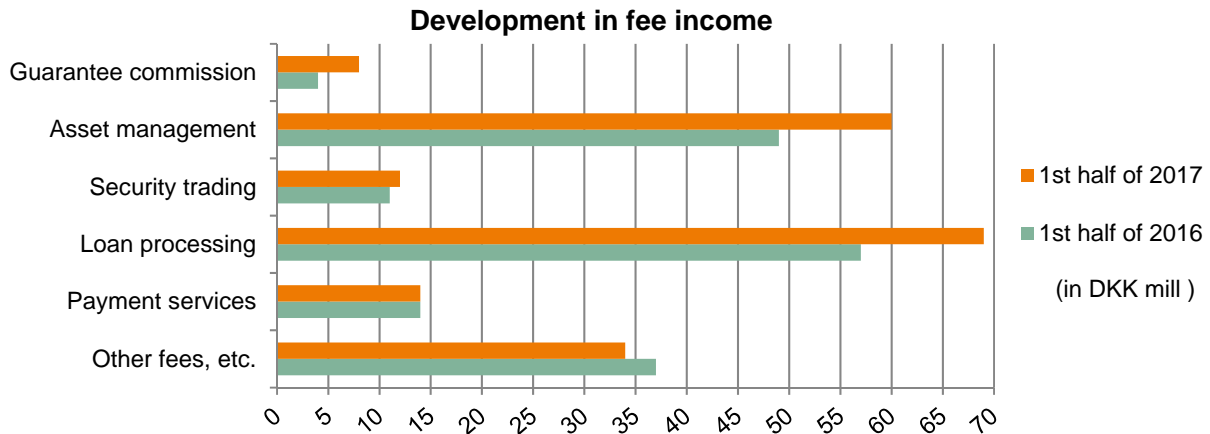
interest expenses on deposits as a consequence of lower interest rates.

Narrowing of the bank's interest margin is to a limited degree countered by introduction of negative interest on large deposits from business customers.

Net fee income amounts to DKK 189 million in the 1st half of 2017 compared with DKK 163 million in the same period in 2016.

The increase of DKK 26 million is primarily attributable to a large scope of fund management, higher activity level with securities as well as more loan processing fees as a consequence of increased activity in the lending area and earnings from provision of mortgage loans.

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Other operating income amount to DKK 31 million in the 1st half of 2017 compared with DKK 27 million in the same period in 2016. Other operating income primarily consists of earnings from sector shares, foreign exchange income and other dividend. In addition, operating items regarding properties and any gains or losses from sales of headquarters properties are included.

Earnings from sector shares in the form of market price adjustments and dividend amounts to DKK 24 mill. in

the 1st half of 2017 compared with DKK 11 mill. in the 1st. half of 2016.

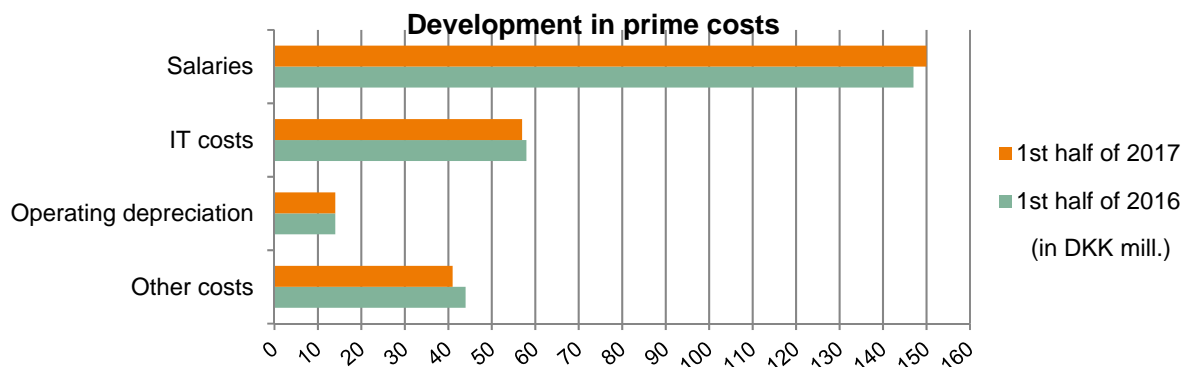
Foreign exchange earnings amount to DKK 5 million in the 1st half of 2017, corresponding to earnings in the same period in 2016.

In the 1st half of 2016 the bank had other operating income at the level of DKK 10 million, which among other things is attributable to gains from the sale of property and sale of the name Nordbank.

Prime costs

The bank had prime costs in the 1st half of 2017 of DKK 262 million, which is at level with the costs in the same period in 2016 at DKK 263 million.

Salaries have increased by DKK 3 million, whereas operating costs have fallen by DKK 4 million. In spite of increased investments in the IT area, the bank achieves minor savings on operating costs for IT, which may be related to merger synergy as a consequence of fewer employees.



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Write-downs

The bank's write-downs on lending and guarantees has been reduced by 45 per cent to DKK 46 million net in the first six months of 2017 compared with DKK 83 million in the same period in 2016.

The fall in write-downs is primarily due to lending to Danish commercial farming, where 2017 has provided better earnings as a consequence of higher settling prices.

The write-down rate on the bank's lending and guarantees amounts to 0.5 per annum compared with 1.1 in the first six months of 2016.

The bank's accumulated write-downs, provisions and discount amount to a total of DKK 1,203 million, corresponding to 7.1 per cent of lending and guarantees.

Write-downs are further elaborated on in the section about credit risks.

Write-downs on lending etc. pro forma calculated (amounts in DKK mill.)	1st half 2017	1st half 2016
Write-downs on individually valuated lending etc.	69	102
Write-downs on lending valuated on a group basis etc.	2	5
Total write-downs	71	107
Received on previously depreciated debts	4	3
Final loss, not previously written-down individually	2	3
Interest on written-down debt booked as income	23	24
Total influence on operation	46	83

Portfolio result

Portfolio result consists primarily of market price adjustments on bonds and investment properties.

Market price adjustments contribute positively with DKK 17 million in the 1st half of 2017 compared with DKK 11 million in the 1st half of 2016.

The increase is primarily attributable to positive price adjustments on investment properties of DKK 6.0 million.

Market price adjustments on bonds amount to DKK 10 million in the 1st half of 2017 compared with DKK 9 million in the same period in 2016.

Result before tax

The realised pro forma calculated pre-tax result for the first six months of 2017 is DKK 170 million, which is substantially better than the pre-tax result for the same period of 2016 of 96 million.

The pre-tax result in the first six months of 2017 bears interests on equity at the beginning of the year of 12.3 per cent per annum, which is above the strategic goal of 9-11 per cent.

When adjusting for goodwill and customer relations, equity at the beginning of 2017 bears interest of 15.7 per cent per annum.

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The Supervisory Diamond

The sum of large commitments must be < 125 per cent of adjusted core capital
Nordjyske Bank: 27.5 per cent

Growth in lending must be < 20 per cent per year
Nordjyske Bank: 7.4 per cent



Funding ratio must be < 1.0
Nordjyske Bank: 0.58

Property exposure before write-downs must be < 25 per cent of lending and guarantees
Nordjyske Bank: 11.3 per cent

Excess liquidity must be > 50 per cent
Nordjyske Bank: 132.1 per cent

Nordjyske Bank has a good margin up to the fixed limits of the Danish Financial Supervisory Authority's Supervisory Diamond, which consists of five fixed limits of special risk areas within which the banks should in principle stay.

The Danish Financial Supervisory Authority is changing these limits as at 1 January 2018 where they want a calculation of the 20 largest commitments. The sum of these amounts to 143 per cent in relation to the bank's actual core capital as at 30 June 2017 and thus is below the limit of 175 per cent.

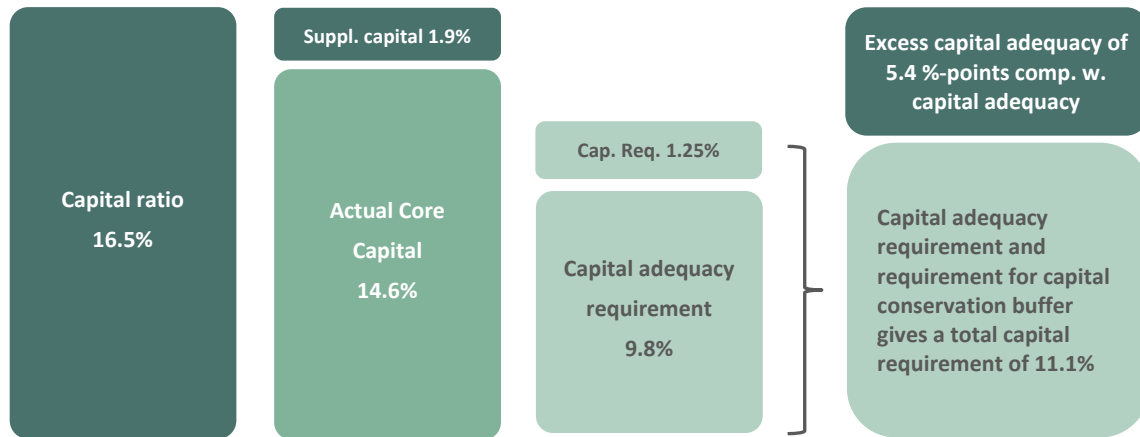
Furthermore, the Danish Financial Supervisory Authority will change the fixed limit for liquidity as at 30 June 2018, which in the future will be based on the LCR requirement and requires an ability to handle three months' liquidity stress test. Until 30 June 2018 the liquidity limit is based on the former S. 152 liquidity requirement. Nordjyske Bank does not expect to be challenged by the coming fixed limit.

Risk and risk management

Risks are described in the management report and in note 14 in the annual report and in Risk Report 2016, which is available on the bank's homepage at www.nordjyskebank.dk.

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Capital



Nordjyske Bank capital base amounts to DKK 2,283 million as at 30 June 2017. The capital base primarily consists of equity and secondarily of subordinate capital, cf. statement on page 25.

The capital base is significantly influenced by both goodwill and customer relations, and by the ownership of sector shares, which in total leads to a reduction of the capital base of DKK 718 million as at 30 June 2017.

Total risk exposure – which is influenced by growth in lending – amounts to DKK 13,815 million as at 30 June 2017.

The capital ratio incl. the result of the six-months amounts to 16.5 at the end of the 1st half of 2017, and the core capital ratio amounts to 14.6.

The capital situation is estimated to be stable, as the management is at the same time aware of future capital requirements. In the coming years the bank will be affected by the IFRS 9 rules in connection with write-downs on lending etc., and expectedly from NEP/MREL requirements in relation to capital as a consequence of Danish implementation of the BRRD directive from the EU.

The regulation of NEP/MREL requirements has not been established, but the bank is aware of it in its operations.

Nordjyske Bank will assess the capital structure, including examine the options of any repatriation of subordinate capital, when the bank has a better basis for assessing consequences of the above capital impact.

Pursuant to the stipulations in the CRR regulation, the bank shall publish detailed information about risks, capital structure, capital coverage and risk management etc. This information appears from the risk report at the end of 2016 on the bank's homepage www.nordjyskebank.dk.

The individual capital adequacy requirement

The bank has calculated the individual capital adequacy requirement to 9.8 per cent based on an adequate capital base of DKK 1,358 million as at 30 June 2017.

At the end of the 1st half of 2017, 1.25 percentage points of the requirement for the capital conservation buffer has been phased in, which means that the total capital requirement can be calculated at DKK 1,531 million, corresponding to 11.1 per cent.

Capital ratio of 16.5 leads to excess coverage of 6.7 percentage points in relation to the individual capital adequacy requirement. Compared with the total capital requirement, the bank has total capital excess of DKK 752 million, corresponding to 5.4 percentage points.

Information about capital base and individual capital adequacy requirement appears from the bank's solvency report, which is available on the bank's homepage on www.nordjyskebank.dk.

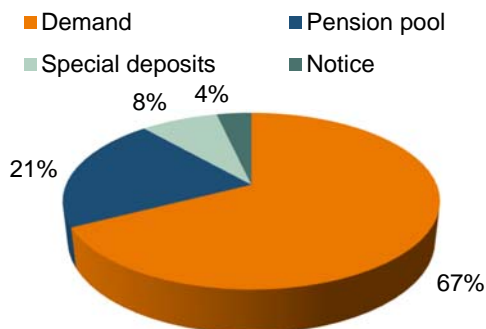
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Liquidity

Deposits / lending (amounts in DKK million)	30 June 2017	30 June 2016
Deposits	16,326	15,494
Lending	11,304	10,523
Excess deposits	5,022	4,971

Nordjyske Bank has excess deposits amounting to more than DKK 5 billion. At the same time, the bank's deposits are stable and ordinary deposits, thus creating comfortable liquidity.

Deposits by category:



No deposits amount to more than 1 per cent of total deposits, and the 10 largest deposits amount to less than 5 per cent of total deposits.

S 152-liquidity

The bank's current liquid funds calculated pursuant to S. 152 of the Financial Business Act is very comfortable with excess solvency of 132 per cent, corresponding to DKK 2,840 million.

Stable funding (amounts in DKK million.)	30 June 2017	30 June 2016
Lending	11,304	10,523
Equity	2,819	2,644
Deposits	16,326	15,494
Subordinate capital infusion	272	271
Funding	19,417	18,409
Profit	8,113	7,886
Funding ratio	0.58	0.57

Stable funding

The bank's funding in the form of deposits, equity and subordinate capital amounts DKK 19,417 million as at 30 June 2017.

Lending of DKK 11,304 million at the end of June 2017 compared with the above-mentioned funding results in a funding ratio of 0.58.

LCR

The LCR requirement means that the bank must have sufficient highly liquid assets to be able to withstand 30 days of liquidity stress.

There are gradual phasing-rules, which means that the bank should meet 80 per cent at the end of 2017, increasing to 100 per cent at the beginning of 2018. The liquidity key figure LCR can be calculated at 384 per cent at the end of June 2017.

The bank does not expect to be challenged by the Danish Financial Supervisory Authority's new fixed limits which will be introduced as at 30 June 2018.

The opinion of the management is that all in all Nordjyske Bank has a very comfortable liquidity situation.

Interest risk

The bank's lending and deposit activities as well as accounts with credit institutions have for most parts been entered into on a variable basis

The bank's primary interest risk and fixed interest agreement are attached to the bank's portfolio of bonds, which is related to the bank's cash management and liquidity management, as well as fixed-interest deposits.

Nordjyske Bank's interest risk has been calculated to 1.1 per cent of core capital after deductions as at 30 June 2017.

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Credit risks

Key credit figures	1st half 2017	1st half 2016
Lending in relation to equity	4.0	4.0
Period's loan growth as a percentage p.a.	8.9	-3.8
Total large exposures as a percentage of adjusted capital base	27.5	48.3
Period's write-down percentage p.a. *)	0.5	1.1
Accumulated write-down percentage*)	7.1	7.7

* calculated on pro forma figures

Nordjyske Bank has a lending gearing of 4.0 at the end of the 2nd quarter of 2017, corresponding to the year before. Thus, there is still basis for growth in lending with the current capital.

Lending and guarantees are distributed with 55% to business and 45% to private customers at 30 June 2017.

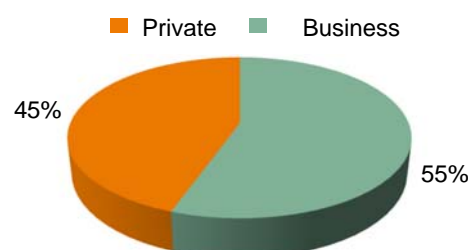
The bank has provided guarantees of DKK 4.5 bn. at the end of the 2nd quarter of 2017, which is an increase of a little less than DKK 0.8 bn. compared with 30 June 2016.

Total lending and guarantees have increased by DKK 1.6 billion since 30 June 2016.

Lending by sector (amounts in DKK million)	1st half 2017	1st half 2016
Business	6,618	6,217
Private customers	4,684	4,304
Public authorities	2	2
Lending, total	11,304	10,523

Lending has increased by 7.4% to a total of DKK 11.3 billion at 30 June 2017 compared with the previous year.

Distribution of lending and guarantees at 30 June 2017



Distribution as at 30 June 2017 (amounts in DKK million)	Lending and guarantees before write-down	Accumulated write-downs and value reductions	in %	Lending and guarantees after write-down	Distrib. in %	The period's write-downs
Plant growing	694	9	1%	685	4%	6
Milk producers	408	191	47%	217	2%	4
Pig breeding	664	279	42%	385	2%	18
Fur farming	126	12	10%	114	1%	3
Total, Danish commercial farming	1,892	491	26%	1,401	9%	31
Fishing, farming abroad (EU) etc.	889	15	2%	874	5%	-1
Farming etc., total	2,781	506	18%	2,275	14%	30
Real property	1,807	134	7%	1,673	10%	11
Other lines of business	5,127	282	6%	4,845	31%	14
Business, total	9,715	922	9%	8,793	55%	55
Private customers	7,280	224	3%	7,056	45%	14
Public authorities	2	0	0%	2	0%	0
	16,997	1,146	7%	15,851	100%	69
Write-downs on a group basis		57		-57		2
Final loss, not previously individually written down						2
Paid into previously depreciated debt, interest etc.						27
Total	16,997	1,203	7%	15,794	100%	46

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In the bank's market area, in particular commercial farming, fishery and exposures to real property are of great significance. It is the opinion of the management that there is an appropriate distribution on sectors.

Statistics Denmark combines the farming and fishing industries in one group. However, since the two industries are regulated according to different regulations and have different cyclical conditions, the bank has separated these exposures into Danish commercial farming, fisheries, and plant growing in the EU etc. with a view to creating better management and insight.

Commercial farming

Lending and guarantees amount to 9 per cent of the bank's total lending and guarantees, corresponding to DKK 1,401 million after write-downs.

The bank has lending and guarantees to animal production of DKK 602 million after write-downs, which amount to DKK 470 million, corresponding to write-downs of 44 per cent. The bank's lending to animal production amounts to 4 per cent of total lending and guarantees.

Nordjyske Bank wants to continue to finance agriculture and be an attractive partner for farmers. However, through a number of years the farming sector has been economically challenged, which has improved with higher settling prices during 2016 and 2017 for pig farmers and milk producers. SEGES estimates in May 2017 that the trends in agriculture are stronger in 2017 as a consequence of better prices, improved productivity, and the food and farming package.

There is still great variation in the results, and many farms still provide good results, while others are challenged with a high level of debt and low efficiency.

The current level of settling price may ease the succession process in the coming years and make it more attractive to enter the industry or expand one's holding.

At the end of the 2nd quarter of 2017, the bank has performed write-downs, provisions, and discounts at a total of DKK 491 million on Danish commercial farming, corresponding to 26 per cent write-down on the sector.

In addition, the bank has solvency reserved capital for exposures with Danish commercial farming at DKK 230 million for value regulation of securities and for loss as a consequence of general operating problems.

Lending to plant growing in the EU

Nordjyske Bank has lending to plant growing in the EU at less than 3 per cent of the bank's lending and guarantees. These loans are assessed to be of a very limited risk of loss potential to the bank, as they are secured as priority lien and with regard to security supplemented by guarantee from the Danish Export Credit Fund. Furthermore, the debtors' soundness is more than 45 per cent.

Fishing

The fishing industry has had good financial conditions during recent years with good settling prices, fine fish quantities and low expenses on fuel and interest, and at present no major challenges are seen for this industry. The industry depends strongly on the fishing accords and regulations in this area, therefore it is important to have competences in this particular area. Lending and guarantees amount to 2 per cent of the bank's total lending and guarantees.

Property exposure

Lending and guarantee to the property sector amount to 10 per cent of the bank's total lending and guarantees. Lending to the public utility sector amounts to a level of 25 per cent of the bank's exposure to this sector.

To a great extent Nordjyske Bank has contributed to property financing in both the public utility sector and the private housing sector, where there has been a high level of activity with housing construction, not least in Aalborg. It is satisfactory that at the same time we see investment incentive to this among pension funds etc.

Nordjyske Bank still wants to be part of the large number of building projects in the bank's natural market area and utilize experience and competences in that field.

Increasing housing prices, in particular on owner-occupied flats, are noted, but also to a lesser extent on villas and terrace houses in North Jutland. The prices on owner-occupied flats in North Jutland are influenced by construction of new properties with owner-occupied flats, which have attracted much interest because of the location of the building, among other places in the harbour area.

Housing in North Jutland still does not see as high price fluctuations as in Copenhagen and Aarhus – neither up nor down – and the risk of big fluctuations are estimated to be significantly smaller.

Management Report

Income statement according to the purchase method

The statement account balance sheet, notes etc. of the interim report as at 30 June 2017 with comparative figures for 2016 has been prepared in the following interim account according to current regulations in accordance with the purchase method.

The following sections provide comments on the statement account and balance sheet as at 30 June 2017 according to the purchase method.

Main features of the Income statement

- Net interest and fee income decrease by DKK 14.2 mill. to DKK 460,6 mill. as at 30 June 2017 compared with the year before. The fall is due to major reversals of write-downs on loans from Nørresundby Bank in particular in 2016, which are included as interest income. This has been adjusted in the pro forma statement on page 18, which shows a substantial increase in net interest and fee income.
- The market price adjustments have a significant effect on the result with an income of DKK 38.6 mill. at the end of the first half of 2017. There is a positive market price adjustment on shares etc. of DKK 17.2 mill. and a positive market price development on bonds of DKK 9.6 mill. Furthermore, there is a positive price adjustment on investment properties of DKK 6.0 mill., which among other things is due to the sale of some investment properties.
- Staff and administration costs fall to DKK 247.2 mill. in the 1st half of 2017 compared with DKK 248.1 mill. the year before.
- Write-downs on lending etc. amount to DKK 65.0 mill. The item is affected by the fact that reversals of write-downs on lending from Nørresundby Bank are included as interest income, which is why the pro forma statement on the next page shows more comparable development.
- Pre-tax result amounts to DKK 172.4 mill. and the result after tax amounts to DKK 134.0 mill. in the 1st half of 2017.

Main features of the Balance Sheet

- The total balance sheet has increased by almost DKK 1 bn. to 20.1 bn. from DKK 19.2 bn. last year. The increase is primarily attributable to an increase in the bank's pooled schemes.
- Lending has increased by DKK 11.3 bn. as at 30 June 2017 from DKK 10.5 bn. the year before.
- Total deposits amount to DKK 16.3 as at 30 June 2017 compared with DKK 15.5 bn. as at 30 June 2016.
- Goodwill and customer relations are included under the item intangible assets with app. DKK 444 mill.
- Subordinate capital infusion (Tier 2) amounts to DKK 272 mill.
- Nordjyske Bank's share capital amounts to DKK 183,645,150.
- Equity amounts to DKK 2.8 bn. as at 30 June 2017, which is an increase of DKK 175 mill. compared with the year before.
- Total contingent obligations amount to DKK 4.5 billion as at 30 June 2017.

Management Report

Applied accounting methods and alternative target results

Pro forma statement

Nordjyske Bank acquired Nørresundby Bank on 27 February 2015, and the banks merged on 31 March 2015.

The merger took place according to the so-called purchase method, where the additional value paid in included as goodwill in the balance sheet. Comparative figures result and balance sheet items and key figures in the annual account 2015 and earlier do not include figures from Nørresundby Bank before the merger.

It is the opinion of the management that reporting where result and balance sheet items drawn up according to the above rules does not provide the reader of the accounts with a complete and true picture of the bank's

performance as a consequence of the requirements of the accounting rules on treatment of write-downs from Nørresundby Bank.

The difference between the pro forma statements and the accounts pursuant to the purchase has been explained in the statement on pages 18-19.

Alternative target results

The bank uses a number of alternative target results. These financial targets are used where they provide greater informative value about e.g. the bank's earnings, or where the term is a general term for several items.

The bank is aware of the need that the statements are used consistently and with comparative figures.

The alternative target results are defined below.

Definitions

Core earnings	The result before Portfolio result, payments to the Resolution Fund etc. as well as Write-downs on lending etc.
Core income	The sum of Net interest- and fee income and Other operating income etc.
Other operating costs, etc..	The sum of Other operating income, Market price adjustments and dividend from sector shares, Dividend on other shares, and Currency adjustment.
Prime costs	The sum of Staff and Administration costs, other operating costs except payment the Resolution Fund, etc., and Depreciations and write-downs on intangible and tangible assets
Portfolio result	The sum of Market price adjustments (exclusive of sector shares and foreign exchange) and the Result of investments in associated and group companies.
Pro forma statement	Cf. the section above.
Business volume	The sum of Lending, Guarantees and Deposits.
Business volume incl. safe custody values	The sum of Business Volume and the customers' safe custody values.
Discount	Value adjustment of loans acquired from other financial institutions in connection with merger and purchase.
Danish commercial farming	Farming with operating premises in Denmark excl. farms where debtor's main source of income is outside the farming operation.
Excess deposits	The sum of Deposits less Loans.
Sector shares	Shares, which the bank owns jointly with other financial institutions.
Customer relations	Intangible value of customers arisen in connection with acquisition of company.

Management Report

Calculation of pro forma result

As indicated on page 5, the accounts statement in the report and the descriptions herein are mainly based on pro forma calculated figures which are assessed most true and fair, which is further described on the preceding page,

Below the adjustments between the official result according to the purchase method and the pro forma calculated result are shown. The adjustments have been made on the basis of the prospect rules and in addition to the extent it has been found true and fair.

Summary of calculation of pro forma result for the 1 st half of 2017 (amounts in DKK million)	Official result	Note	Pro forma adjustment	Pro forma result
Interest income	282	1 3	-18 -3	261
Interest expenses	19			19
Net interest income	263		-21	242
Fees and commissions, net	189			189
Other operating income etc.	31			31
Core income	483		-21	462
Prime costs	262			262
Core earnings	221		-21	200
Payments to the Resolution Fund, etc..	1			1
Write-downs on lending etc.	65	1 2 3	-18 2 -3	46
Portfolio result	17			17
Pre-tax result	172		-2	170

Summary of calculation of pro forma result for the 1 st half of 2016 (amounts in DKK million.)	Official result	Note	Pro forma adjustment	Pro forma result
Interest income	316	1 3	-45 -5	266
Interest expenses	26			26
Net interest income	290		-50	240
Fees and commissions, net	163			163
Other operating income etc.	27			27
Core income	480		-50	430
Prime costs	263			263
Core earnings	217		-50	167
Payments to the Resolution Fund, etc.	0			0
Write-downs on lending etc.	134	1 2 3	-45 -1 -5	83
Portfolio result	11			11
Pre-tax result	94		1	95

Management Report

Notes on the pro forma calculations	Pro forma adjustment 1st half 2017	Pro forma adjustment 1st half 2016
1) Value adjustment of lending taken over at a discount primarily conc. Nørresundby Bank		
<i>When merging with other banks, part of lending is valued lower than par (primarily lending with individual write-downs). The difference between market price and nominal value is amortised (booked as income) over the term of the loan and booked as income in the official accounts as interest income on loans.</i>		
<i>If the loan is not improved at the same rate as the amortisation, there will be corresponding write-down on lending etc.</i>		
<i>If the loans have always been part of Nordjyske Bank's lending, these movements would have been entered as movements on write-down on lending etc.</i>		
Adjustment conc. lending taken over from Nørresundby Bank	-18	-45
2) Value adjusted lending valued higher with regard to quality than amortisation taken over at a discount		
<i>When merging with other banks, part of lending is valued lower than par (primarily lending with individual write-downs). The difference between market price and nominal value is amortised (booked as income) over the term of the loan and booked as income in the official accounts as interest income on loan.</i>		
<i>If the loan is improved faster than the amortisation, it will not be possible to immediately book the improvement as income with regard to quality, and it will not be possible to take the difference that occurs by this as income in the official accounts until later periods.</i>		
<i>If the loans had always been part of Nordjyske Bank's lending, these movements would be booked as income immediately as movements on write-downs on lending etc.</i>		
	2	-1
3) Interest income conc. the value adjusted part of lending from Nørresundby Bank		
<i>If the original write-downs from Nørresundby Bank had been write-downs from Nordjyske Bank and not re-classified at a discount, the interest hereof would be adjusted between interest on lending and write-downs on lending etc.</i>		
	-3	-5

Shareholders

The bank's share capital of DKK 183.6 million is divided into 18,364,515 shares of DKK 10 each.

The shares have been adopted for listing at Nasdaq Copenhagen A/S, where the market value as at 30 June 2017 was 115.0. Equity value per share amounts to 153.6 corresponding to market price/equity value of 0.75.

According to the Articles of Association of the bank, the shares must be registered by name. The shares are freely negotiable, but it will require the bank's consent if an acquirer obtains 10 per cent or more of the bank's share capital.

Voting right at the bank's general meeting shall be exercised so that each DKK 100 or fraction thereof gives one vote. However, 1,000 votes are the largest number of votes any shareholder is able to cast on his/her own behalf.

Large shareholder

Nordjyske Bank has one large shareholder as Jyske Bank A/S at Silkeborg owns more than 33.3 per cent of the share capital in Nordjyske Bank. Jyske Bank owned as at 31 December 2016, 38.49 per cent of the share capital as which is within an agreed limit of 40 per cent.

Jyske Bank A/S has – cf. Nordjyske Bank's Articles of Association – 1,000 votes.

Financial calendar 2017

21.11.2017

Publication of interim report as at 30 September 2017

Interim Report

Endorsements

We have today approved the interim report for the period 1 January - 30 June 2017 for Nordjyske Bank A/S..

The interim report has been prepared in accordance with the Danish Financial Activities Act and is also prepared in accordance with additional Danish disclosure requirements for interim reports for listed financial companies.

We consider the accounting policy chosen to be appropriate and that the financial statements for the period 1 January - 30 June 2017 provide a correct representation of the bank's assets and liabilities, its financial position and the result.

The Management's Report includes a fair account of the development of the bank's activities and financial position and a fair description of the material risks and uncertainties by which the bank may be affected.

The interim report has not been audited or reviewed, but external auditors have verified that the result of extensive work, corresponding to the requirements for a review, and thereby ensured that the conditions for ongoing inclusion of the period's earnings in the core capital have been met.

Nørresundby, 22 August 2017

Executive Board

Claus Andersen
Managing Director

Carl Pedersen
Vice-managing Director

Mikael Jakobsen
Bank Director

/Pia Foss Henriksen
Finance Manager

Board of Directors

Mads Hvolby
Chairman

Sten Uggerhøj
Deputy chairman

Per Lykkegaard Christensen

Morten Jensen

Poul Søre Jeppesen

Anne Kaptain

Henrik Lintner

John Chr. Aasted

Hanne Karlshøj

Helle Juul Lyngø

Arne Ugilt

Finn Aaen

Interim Report

Income Statement

Amounts in DKK 1,000	note	1/1 - 30/6 2017	1/1 - 30/6 2016	1/1 - 31/12 2016
Interest earnings	3	282,141	315,688	606,688
Interest expenses	4	18,564	25,655	47,410
Net interest income		263,577	290,033	559,278
Dividend from shares, etc.		8,184	22,034	22,062
Fees and commission income	6	196,882	171,808	369,652
Fees and commission costs paid		8,075	9,099	17,344
Net interest and fee income		460,568	474,776	933,648
Market value adjustments	7	38,586	5,763	46,490
Other operating income		550	10,160	12,800
Staff and administration costs	8	247,235	248,078	490,598
Depreciation and write-downs on intangible and tangible assets	9	14,165	14,415	27,823
Other operating costs		830	882	1,611
Write-down on lending and receivables, etc.		65,049	133,386	244,764
Result of investments in associated and group companies		-38	-23	-28
Pre-tax result		172,387	93,915	228,114
Tax	10	38,429	23,052	43,228
Result for the period		133,958	70,863	184,886

Total income statement

Amounts in DKK 1,000	note	1/1 - 30/6 2017	1/1 - 30/6 2016	1/1 - 31/12 2016
Result of the period		133,958	70,863	184,886
Increases in the reassessed value of headquarters property		0	-415	-160
Tax conc. increases in the reassessed value of headquarters property		0	9	348
Provisions for pension obligations		0	0	-271
Tax conc. provisions for pension obligations		0	0	-24
Total income for the period		133,958	70,457	184,779

Interim Report

Balance Sheet

Assets		As at 30/6	As at 30/6	As at 31/12
Amounts in DKK 1,000	note	2017	2016	2016
Cash and demand deposits with central banks		353,714	722,153	351,054
Receivables from financial institutions and central banks	11	980,021	981,124	764,150
Lending and other receivables at amortised cost price	12+13	11,304,127	10,523,049	10,822,498
Bonds at current value		2,610,386	2,665,837	3,073,768
Shares, etc.		578,722	556,240	579,380
Investments in associated companies		11,482	11,525	11,520
Assets related to pooled schemes		3,364,157	2,709,373	2,941,695
Intangible assets	14	444,034	466,064	455,049
Sites and buildings, total		224,330	271,287	256,281
- Investment properties		29,621	78,817	62,071
- Headquarters properties		194,709	192,470	194,210
Other tangible assets		9,197	10,712	10,584
Assets in temporary possession		7,856	17,802	12,636
Other assets		202,231	218,143	151,608
Accrued expenses and deferred income		13,447	10,728	13,391
Total assets		20,103,704	19,164,037	19,443,614

Interim Report

Balance Sheet

Liabilities		As at 30/6 2017	As at 30/6 2016	As at 31/12 2016
Amounts in DKK 1,000	note			
Debts				
Debt to financial institutions and central banks	15	319,743	440,594	302,981
Total deposits		16,325,884	15,493,531	15,838,012
- deposits and other debt	16	12,880,032	12,629,979	12,718,121
- deposits in pooled schemes		3,445,852	2,863,552	3,119,891
Current tax liabilities		36,211	30,333	11,200
Other liabilities		280,861	225,467	204,287
Accrued expenses and deferred income		1,016	6,479	2,714
Total debts		16,963,715	16,196,404	16,359,194
Provisions made				
Provisions for pensions and similar obligations		11,999	10,479	11,160
Provisions for deferred tax		17,577	25,561	20,403
Provisions for loss from guarantees		14,208	8,984	17,525
Other provisions		5,220	7,320	5,533
Total provisions		49,004	52,344	54,621
Subordinate capital investments	17	272,267	271,242	271,754
Equity				
Share capital		183,645	183,645	183,645
Provisions for appreciation		18,216	18,047	18,216
Other reserves				
- statutory provisions		3,237	3,279	3,275
Profits carried forward		2,613,620	2,439,076	2,479,451
Proposed dividend		0	0	73,458
Total equity		2,818,718	2,644,047	2,758,045
Total liabilities		20,103,704	19,164,037	19,443,614
Contingent liabilities	18	4,488,997	3,706,291	4,222,554

Interim Report

Equity Movements

Amounts in DKK 1,000	As at 30/6 2017	As at 30/6 2016	As at 31/12 2016
Share capital			
Share capital, start of the period	183,645	183,645	183,645
Share capital, end of the period	<u>183,645</u>	<u>183,645</u>	<u>183,645</u>
Provisions for appreciation			
Provisions for appreciation, start of the period	18,216	33,680	33,680
Other total income			
- revaluation headquarters properties	0	-415	-160
- tax conc. revaluation headquarters properties	0	9	348
Disposals from sale or altered use	0	-15,227	-15,652
Provisions for appreciation, end of the period	<u>18,216</u>	<u>18,047</u>	<u>18,216</u>
Other reserves			
Statutory reserves, start of the period	3,275	3,303	3,303
Result for the period (result for the year)	-38	-24	-28
Statutory reserves, end of the period	<u>3,237</u>	<u>3,279</u>	<u>3,275</u>
Profits carried forward			
Profits carried forward, start of the period	2,479,451	2,352,531	2,352,531
Result for the period	133,958	70,863	111,428
Dividend from own shares	69	43	43
Purchase/sale of own shares	104	46	64
Transferred to other reserves	38	24	28
Revaluation reserve, realised	0	15,569	15,652
Other total income			
- Provisions for pension obligations	0	0	-271
- Tax conc. Provisions for pension obligations	0	0	-24
Profits carried forward, end of the period	<u>2,613,620</u>	<u>2,439,076</u>	<u>2,479,451</u>
Proposed dividend			
Proposed dividend, start of the year	73,458	44,075	44,075
Dividend paid	-73,458	-44,075	-44,075
Proposed dividend, end of the year	<u>0</u>	<u>0</u>	<u>73,458</u>
	<u>0</u>	<u>0</u>	<u>73,458</u>
Equity, end of the period	<u>2,818,718</u>	<u>2,644,047</u>	<u>2,758,045</u>

Interim Report

Capital base (solvency)

Amounts in DKK 1,000	As at 30/6 2017	As at 30/6 2016	As at 31/12 2016
Equity	2,818,718	2,644,047	2,758,045
Deductions:			
Proposed dividend	0	0	73,458
Intangible assets	411,348	428,532	419,940
Insignificant investments in units in the financial sector	304,249	301,754	311,910
Conservative valuation	4,149	4,023	4,478
Other deductions	85,068	51,872	16,158
Actual core capital after deductions	2,013,904	1,857,866	1,932,101
Supplementary capital	272,267	271,242	271,754
Deductions:			
Insignificant investments in units in the financial sector	2,849	2,926	2,920
Core capital	2,283,322	2,126,182	2,200,935
Capital adequacy pursuant to Article 92 of the EU regulation no. 575/2013	1,105,265	984,173	1,076,219
Risk exposure			
Total risk exposure	13,815,809	12,302,161	13,452,733
Actual core capital ratio	14.6	15.1	14.4
Core capital ratio	14.6	15.1	14.4
Capital adequacy ratio	16.5	17.3	16.4
Solvency needs	9.8	10.4	10.1

Capital and capital adequacy have been calculated according to regulation (EU) no. 575/2013 and directive 2013/36 EU of 26 June 2013 of the European Parliament and Council. The bank uses the standard method for credit and market risks and the basic indicator approach for operational risks.

Just like in other years, the result for the first six months of 2017 has been included in the core capital by the end of the six months. If the result for the six months is not included in the core capital, the core capital ratio will amount to 16.0% (16.4% as at 31 March 2017).

The calculation method regarding the inclusion of intangible assets was changed in 2016. Adjustment of comparative figures have been performed, and the change has increased the core capital ratio for the first six months of 2016 by 0.3 percentage points.

Interim Report

Accounting Policy

This interim report has been prepared in accordance with the Financial Business Act and the Danish FSA "Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.". The stipulations in the Danish FSA Executive Order are consistent with the stipulations about inclusion and calculation in the international accounting standards (IAS/IFRS), and Nasdaq OMX Copenhagen A/S's disclosure requirements for listed companies.

The accounting policy is unchanged compared with the most recent financial year. However, adjustments have been made in a few notes and statements, including adjustment of comparative figures. For further information regarding the accounting policy, please refer to Nordjyske Bank's Annual Report 2016 at www.nordjyskebank.dk/ombanken/investorrelations

Accounting assessments and estimates

Estimates have been made when calculating the book values. The estimates made are based on assumptions which the management finds reasonable.

The most significant estimates apply to:

* Write-downs on lending and receivables where quantification of the risk of missing future payments involves material estimates – not least in the agricultural area.

* Valuation of intangible assets, regarding quantification of future earnings and the rate of interest used for the calculation.

* Valuation of properties, regarding the interest rates used for calculations and the internal rental value, and

* Valuation of unlisted sector shares.

The material estimates that the management have made are the same as when preparing the annual accounts for 2016, the reason why we refer to this for a detailed description.

Interim Report

Notes

1. Key figures - Presentation and key figure system of the Danish Financial Supervisory Authority (amounts in mill. DKK)	1/1 - 30/6 2017	1/1 - 30/6 2016	1/1 - 31/12 2016
Income statement			
Net interest income *)	263.6	290.0	559.3
Fees and commission income, net	188.8	162.7	352.3
Net interest and fee income	460.6	474.8	933.6
Market value adjustments	38.6	5.8	46.5
Staff and administration costs	247.2	248.1	490.6
Write-downs on lending and receivables, etc.	65.0	133.4	244.8
Result of investments in associated and group companies	0.0	0.0	0.0
Pre-tax result	172.4	93.9	228.1
Result for the period	134.0	70.9	184.9
Other comprehensive income	0.0	-0.4	-0.1
Total sales	479.6	497.7	989.1
	As at 30/6 2017	As at 30/6 2016	As at 31/12 2016
Balance Sheet:			
Lending	11,304	10,523	10,822
Bonds	2,610	2,666	3,074
Shares, etc	579	556	579
Investments in associated and group companies	11	12	12
Investment properties	30	79	62
Headquarters properties	195	192	194
Assets in temporary possession	8	18	13
Deposits, incl. pooled schemes	16,326	15,494	15,838
Subordinate capital investments	272	271	272
Equity	2,819	2,644	2,758
Total assets	20,104	19,164	19,444
Guarantees	4,489	3,706	4,223

*) Net interest income includes as at 30/6 2017 DKK 18.2 mill. (2016: DKK 45.0 mill. / DKK 71.6 mill.), which relate to the discount share booked as income on acquired commitments from Nørresundby Bank.

Interim Report

Notes

2. Key figures	1/1 - 30/6 2017	1/1 - 30/6 2016	1/1 - 31/12 2016
Capital adequacy			
Capital adequacy ratio	16.5	17.3	16.4
Core capital ratio	14.6	15.1	14.4
Earnings			
Return on equity before tax, p.a.	12.4	7.1	8.5
Result after tax, p.a.	9.6	5.4	6.9
Earnings per cost krone	1.5	1.2	1.3
Basic costs as a percentage of basic income	56.7	61.1	58.4
Return on net assets as a percentage after tax p.a.	1.3	0.7	1.0
Market risks			
Interest rate risk as a percentage of core capital	1.1	0.9	1.0
Foreign exch. position as a percentage of core capital	0.4	0.4	0.4
Foreign exchange risk as a percentage of core capital	0.0	0.0	0.0
Credit Risks			
Lending in relation to equity (Gearing)	4.0	4.0	3.9
Lending growth for the period as a percentage	4.5	-1.9	0.9
Total large exposures as a percentage of capital base	27.5	48.3	36.0
Write-down percentage p.a. for the period	0.8	1.8	1.5
Accumulated write-down percentage	6.2	6.4	6.4
Accumulated write-down percentage incl. revaluation *)	7.1	7.7	7.4
Property exposure before write-downs	11.3	12.2	11.4
Liquidity risks			
Lending incl. write-downs in relation to deposits	75.6	74.2	74.7
Excess cover in relation to statutory liquidity requirement as a percentage	132.1	161.7	150.9
Stable funding ratio	0.58	0.57	0.57
Liquidity Coverage Ratio (LCR)	384	477	273
The Nordjyske Bank share			
DKK per share at DKK 10			
Period's result after tax per share p.a.	14.6	7.7	10.1
Book value per share	153.6	144.0	150.3
Exchange price	115.0	88.0	105.0
Dividend per share	0.0	0.0	4.0
Exchange price/period's result per share	7.9	11.4	10.4
Exchange price/book value per share	0.8	0.6	0.7

Interim Report

Notes

2. Key figures

*) The accumulated write-downs on lending amount to DKK 1.034 mill. at the end of June 2017, while provisions for loss on guarantees amount to DKK 14 mill. The accumulated write-down percentage then amounts to 6.2% as at 30 June 2017. Furthermore, the bank has acquired write-downs of DKK 155 mill. from Nørresundby Bank, which with regard to accounting is included as revaluations and therefore are not included in the accumulated write-downs. Thus accumulated write-downs and revaluations and discounts total DKK 1,203 mill. corresponding to an adjusted accumulated write-down percentage of 7.1%.

Interim Report

Notes

3. Interest income	1/1 - 30/6	1/1 - 30/6	1/1 - 31/12
Amounts in DKK 1,000	2017	2016	2016
Receivables from financial institutions and central banks	191	344	722
Lending and other receivables	255,289	264,355	519,198
Discount concerning acquired lending from Nørre-Sundby Bank, booked as income	18,182	44,984	71,640
Bonds	5,064	6,188	11,505
Derivative financial instruments, total	2,388	-1,109	2,508
Other interest income	1,027	926	1,115
Total interest income	282,141	315,688	606,688

There is no interest income from genuine purchase and resale transactions

4. Interest expenses	1/1 - 30/6	1/1 - 30/6	1/1 - 31/12
Amounts in DKK 1,000	2017	2016	2016
Debt to financial institutions and central bank	1,815	2,759	5,138
Deposits and other debt	8,836	14,941	26,452
Subordinate capital investments	7,796	7,823	15,719
Other interest expenses	117	132	101
Total interest expenses	18,564	25,655	47,410

There are no interest expenses from genuine sale and repurchase transactions

5. Trade	1/1 - 30/6	1/1 - 30/6	1/1 - 31/12
Amounts in DKK 1,000	2017	2016	2016
Nordjyske Bank conducts traditional banking business in the North Denmark Region and the capital area with its headquarters in Nørresundby. No branches are established abroad, and no public grants have been received.			
Interest income	282,141	315,688	606,688
Fees and commission income	196,882	171,808	369,652
Other operating income	550	10,160	12,800
Total trade	479,573	497,656	989,140

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6. Fees and commission income	1/1 - 30/6	1/1 - 30/6	1/1 - 31/12
Amounts in DKK 1,000	2017	2016	2016
Security transactions and custody accounts	72,341	59,698	128,586
Payment services	19,618	19,489	39,885
Fees on loans	69,065	56,634	123,524
Guarantee commission	7,826	4,205	17,396
Other fees and commission	28,032	31,782	60,261
Total fees and commission income	196,882	171,808	369,652

7. Market value adjustments	1/1 - 30/6	1/1 - 30/6	1/1 - 31/12
Amounts in DKK 1,000	2017	2016	2016
Other lending and receivables (hedge)	-3,368	12,327	4,786
Bonds	9,638	8,952	16,456
Shares, etc.	17,232	-8,834	20,248
Investment properties	5,980	-2,977	-3,456
Foreign exchange	5,185	4,838	9,975
Derivative financial instruments	3,919	-8,444	-1,377
Assets related to pooled schemes	90,711	5,969	120,322
Deposits in pooled schemes	-90,711	-6,068	-120,464
Total market value adjustments	38,586	5,763	46,490

8. Staff and administration costs	1/1 - 30/6	1/1 - 30/6	1/1 - 31/12
Amounts in DKK 1,000	2017	2016	2016
Salaries and remuneration for Board of Directors, Executive Board og Committee of Representatives			
Executive Board (excl. value of staff benefits)	4,591	4,642	9,637
Board of Directors	1,612	1,585	3,199
Committee of Representatives	531	556	1,098
	6,734	6,783	13,934
Staff costs:			
Salaries	110,790	108,483	215,291
Pension	12,266	11,807	23,831
Social security expenses, etc.	19,903	19,523	38,231
	142,959	139,813	277,353
Other administration costs	97,542	101,482	199,311
Total staff and administration costs	247,235	248,078	490,598
Average number of full-time employees	420	428	426
Number of employees	430	436	433

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9. Depreciations and write-downs on intangible and tangible assets	1/1 - 30/6 2017	1/1 - 30/6 2016	1/1 - 31/12 2016
Amounts in DKK 1,000			
Intangible assets			
Customer relations	11,015	11,015	22,030
Tangible assets			
Depreciations on headquarters properties	950	1,000	378
Write-downs and write-downs carried back on headquarters properties, net	0	0	134
Depreciations on other tangible assets	<u>2,200</u>	<u>2,400</u>	<u>5,281</u>
Total depreciations and write-downs	<u>14,165</u>	<u>14,415</u>	<u>27,823</u>
10. Tax	1/1 - 30/6 2017	1/1 - 30/6 2016	1/1 - 31/12 2016
Amounts in DKK 1,000			
The period's tax can be distributed like this:			
Tax of the period's result	38,429	23,052	43,228
Tax on other total income (equity movements)	0	0	-324
Total tax	<u>38,429</u>	<u>23,052</u>	<u>42,904</u>
The tax charged to the income statement is specified like this:			
Current tax	40,306	26,300	51,619
Deferred tax	-2,826	-3,244	-8,431
Regulation of previous years' calculated tax	949	-4	40
Tax of the period's result	<u>38,429</u>	<u>23,052</u>	<u>43,228</u>
Current tax rate	22.0%	22.0%	22.0%
Non-taxable income and disallowed costs etc.	-0.3%	2.5%	-3.0%
Regulation of previous years' calculated tax	0.6%	0.0%	0.0%
Effective tax rate	<u>22.3%</u>	<u>24.5%</u>	<u>19.0%</u>

The effective tax rate is tax of the result of the period compared with pre-tax result

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11. Receivables from credit institutions and central banks	As at 30/6 2017	As at 30/6 2016	As at 31/12 2016
Amounts in DKK 1,000			
Demand deposits	972,471	822,614	755,640
Remaining term			
- up to and incl. 3 months	5,000	150,000	0
- from 1 year up to and incl. 5 years	0	5,000	5,000
- more than 5 years	2,550	3,510	3,510
Total receivables from financial institutions and central banks	<u>980,021</u>	<u>981,124</u>	<u>764,150</u>
Receivables at notice from central banks	873,110	723,013	690,087
Receivables from financial institutions	106,911	258,111	74,063
Total receivables from financial institutions and central banks	<u>980,021</u>	<u>981,124</u>	<u>764,150</u>
12. Write-downs on lending	As at 30/6 2017	As at 30/6 2016	As at 31/12 2016
Amounts in DKK 1,000			
Individual write-downs			
Start of the period	965,229	811,489	811,489
Write-downs during the period	135,917	192,687	328,283
Reversals of write-downs made in previous financial periods	77,918	65,740	96,787
Other movements	20,283	19,512	40,964
Final loss, previously written down individually	54,285	26,414	118,720
End of the period	<u>989,226</u>	<u>931,534</u>	<u>965,229</u>
Group write-downs			
Start of the period	40,768	31,029	31,029
Write-downs during the period	5,261	10,048	18,389
Reversals of write-downs made in previous financial periods	1,411	3,894	8,650
End of the period	<u>44,618</u>	<u>37,183</u>	<u>40,768</u>
Discount on loans taken over from Nørresundby Bank	<u>155,301</u>	<u>214,154</u>	<u>179,852</u>
Total write-downs and discount on loans	<u>1,189,145</u>	<u>1,182,871</u>	<u>1,185,849</u>

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13. Credit risks	As at 30/6 2017	As at 30/6 2016	As at 31/12 2016
Amounts in DKK 1,000			
Loans and other guarantees after write-downs by sector and industry			
Public authorities	0.0%	0.0%	0.0%
Agriculture, hunting, forestry and fishing:			
Agriculture	8.8%	9.3%	8.8%
Arable farming abroad (EU)	2.7%	2.6%	2.8%
Fur farming	0.7%	0.7%	0.7%
Fisheries	2.1%	2.1%	2.0%
Agriculture, hunting, forestry and fishing total	14.3%	14.7%	14.3%
Industry and raw material extraction	4.1%	3.9%	4.4%
Energy supply	0.5%	0.4%	0.4%
Building and construction	5.1%	3.8%	4.8%
Trade	5.4%	6.3%	6.2%
Transport, hotels and restaurants	1.3%	2.3%	1.9%
Information and communication	0.4%	0.5%	0.5%
Financing and insurance	8.5%	6.9%	8.0%
Real property	10.5%	11.9%	10.6%
Other lines of business	5.3%	5.0%	5.2%
Other lines of business, total	41.1%	41.0%	42.0%
Business, total	55.4%	55.7%	56.3%
Private customers	44.6%	44.3%	43.7%
Total	100.0%	100.0%	100.0%

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13. Credit risk continued	As at 30/6	As at 30/6	As at 31/12
Amounts in DKK 1,000	2017	2016	2016
Maximum credit exposure (primarily lending, guarantees, and credit promise) by industry			
Public authorities	0.0%	0.0%	0.0%
Agriculture, hunting, forestry and fishing:			
Agriculture	9.5%	9.4%	9.6%
Arable farming abroad (EU)	2.1%	2.1%	2.2%
Fur farming	0.7%	0.6%	0.7%
Fisheries	2.0%	2.1%	2.1%
Agriculture, hunting, forestry and fishing total	14.3%	14.2%	14.6%
Industry and raw material extraction	4.1%	4.1%	3.9%
Energy supply	0.9%	0.4%	1.0%
Building and construction	5.8%	4.6%	5.9%
Trade	6.9%	6.8%	6.7%
Transport, hotels and restaurants	1.6%	2.2%	2.0%
Information and communication	0.4%	0.5%	0.5%
Financing and insurance	7.0%	6.0%	7.0%
Real property	11.8%	13.6%	11.5%
Other lines of business	6.0%	5.7%	6.0%
Other lines of business, total	44.5%	43.9%	44.5%
Business, total	58.8%	58.1%	59.1%
Private customers	41.2%	41.9%	40.9%
Total	100.0%	100.0%	100.0%

14. Intangible assets	As at 30/6	As at 30/6	As at 31/12
Amounts in DKK 1,000	2017	2016	2016
Customer relations	157,781	179,811	168,796
Goodwill	286,253	286,253	286,253
Intangible assets, total	444,034	466,064	455,049

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15. Debt to financial institutions and central banks Amounts in DKK 1,000	As at 30/6 2017	As at 30/6 2016	As at 31/12 2016
Demand	319,102	422,028	302,981
Remaining term			
- up to and including 3 months	0	18,566	0
- more than 5 years	641	0	0
Total debt to financial institutions and central banks	319,743	440,594	302,981

16. Deposits and other debt Amounts in DKK 1,000	As at 30/6 2017	As at 30/6 2016	As at 31/12 2016
Demand	11,068,536	10,278,270	10,713,675
Remaining term			
- up to and including 3 months	395,732	392,079	349,069
- from 3 months up to and incl. 1 year	40,550	193,275	35,723
- between 1 and 5 years (incl.)	532,354	847,925	728,438
- more than 5 years	842,860	918,430	891,216
Total deposits and other debt	12,880,032	12,629,979	12,718,121
By category			
- on demand	11,005,695	10,220,207	10,652,965
- at notice	582,558	973,361	703,337
- time deposits	1,784	37,155	5,070
- special deposits	1,289,995	1,399,256	1,356,749
Total deposits and other debt	12,880,032	12,629,979	12,718,121
Share of deposits incl. pooled schemes covered by the Deposit Guarantee Fund	84%	82%	83%

In addition, it should be mentioned that the bank's 10 largest depositors amount to less than 5% of total deposits

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17. Subordinate capital investments	1/1 - 30/6	1/1 - 30/6	1/1 - 31/12
Amounts in DKK 1,000	2017	2016	2016
Supplementary capital	272,267	271,242	271,754
Subordinate capital investments	272,267	271,242	271,754
Of this is included in the calculation of the capital base	272,267	271,242	271,754
Interest	7,796	7,823	15,719

I February 2015 DKK 275 million capital certificates issued at a price of 100.

The capital certificates have a term of 10 years and cannot be redeemed in full nor in part until the day that falls 5 years after the issue date. The issue takes place at an interest rate calculated as the 5-year swap interest rate with an addition of 5.00%-points p.a. effective for 5 years from and including the issue date, corresponding to 5.341% p.a. After that the interest rate will be Cibor 6 months plus 5.00%-points p.a.

18. Contingent liabilities	As at 30/6	As at 30/6	As at 31/12
Amounts in DKK 1,000	2017	2016	2016
Financial guarantees	3,230,791	1,883,943	2,965,654
Loss guarantees regarding mortgage loan	827,116	639,830	732,438
Registration and conversion guarantees	27,840	90,580	139,842
Other contingent liabilities	403,250	1,091,938	384,620
Total	4,488,997	3,706,291	4,222,554
Mortgaging			
As security for clearing etc. towards the Danish Central Bank, bonds have been mortgaged at a market price of	87,770	88,259	88,125
As security for loss towards the Danish Growth Fond as a consequence of Nordjyske Bank's ownership in Landbrugets Finansieringsbank, deposit has been made on a security account at an amount of	252	253	253
Security in connection with CSA agreements	32,850	17,610	10,970

Nordjyske Bank A/S is the administrative company in a Danish joint taxation which includes Sæbygård Skov A/S

Therefore, Nordjyske Bank A/S is liable for income tax etc. for the joint taxation company as of and incl. 1 July 2012 for in accordance with the regulations of the Danish company act, and as of and including 1 July 2012 for any obligations, to include withholding tax on interest, royalties, and dividend for the jointly taxed company

The bank is not part of any litigations estimated to lead to material loss and thereby a significant change in the interim account.