

# Interim Report

30 September 2014



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# Content

## Content - Interim Report as at 30 September 2014

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	Page
<b>Management report as at 30 September 2014</b> .....	<b>4</b>
Period's result.....	4
Development in business volume.....	6
Expectations for 2014.....	7
Merger negotiations.....	7
Business concept and risk management.....	8
The Supervision Diamond.....	8
Capital.....	9
Liquidity.....	10
Credit risks.....	11
Lending and guarantees to the agricultural sector.....	12
Subsidiaries.....	13
Uncertainty in relation to inclusion and calculation.....	13
Financial calendar 2015.....	13
<b>Interim accounts as at 30 September 2014</b> .....	<b>14</b>
Income statement.....	15
Other total income.....	15
Balance sheet as at 30 September 2014.....	16
Equity movements.....	18
Accounting Policy.....	19
Notes with 2-year surveys.....	20
Notes.....	22
<b>Endorsements</b> .....	<b>27</b>

# Management Report

## Record core earnings – upward revision

### Basic earnings again at record level

Nordjyske Bank has achieved core earnings at DKK 178 million in the first three quarters of 2014, which is the highest ever. The high core earnings have been achieved both by higher income due to high activity level and by lower operating costs.

### Pre-tax result at more than DKK 100 million

With a pre-tax result of DKK 101 million the bank has had a return on equity of 9.7 per cent p.a. The result is influenced by market price adjustments of DKK 39 million and write-downs of DKK 105 million as at 30 September 2014. Portfolio write-downs of DKK 30 million to Danish commercial farming have been charged to revenue.

### Upward revision of core earnings

Core earnings are above the level of previously announced expectations. The bank management considers the result satisfactory. The expectations on core revenue – before tax and market price adjustments on securities – will be revised upwards to DKK 210-225 million. Write-downs are expected at level with 2013 against a previously expected lower level.

### High activity level and many new customers

Many of the bank's customers have chosen to benefit from the low interest rate level to convert

mortgage credit loans, which has led to a high activity level in the 3rd quarter.

At the same time the bank continues to have a good influx of new private and business customers.

Lending is at DKK 5.5 billion, which is at level with the end of the 3<sup>rd</sup> quarter 2013. Lending is influenced by limited investment incentives on the part of both private and commercial customers. The bank's new customers have contributed to maintain the bank's lending.

The bank's deposits are DKK 7.2 billion, which is DKK 56 million more than 30 September 2013. The modest increase in deposits shall be seen in the light of increasing interest in investment in securities in 2014, which reduces the bank's deposits.

Furthermore, conversion from capital pensions into old-age pension savings schemes has influenced deposits.

Nordjyske Bank still has excess liquidity of more than DKK 3 billion.

*Increasing core income and lower operating costs*

Condensed income statement (amounts in DKK million)	First 9 months 2014	First 9 months 2013	First 9 months 2012	First 9 months 2011	First 9 months 2010
Net interest earnings	245	257	269	266	266
Fees and commission earnings, net	117	102	89	80	75
Other operating earnings, etc.	14	11	11	10	11
<b>Core income</b>	<b>376</b>	<b>370</b>	<b>369</b>	<b>356</b>	<b>352</b>
Operating costs and write-downs on operations	198	207	202	205	200
<b>Core earnings</b>	<b>178</b>	<b>163</b>	<b>167</b>	<b>151</b>	<b>152</b>
Payments to the Deposit Guarantee Fund, etc.	11	12	8	19	20
Write-downs re. the Contingency Association	-	-	-	-	5
Write-downs on own lending, etc.	105	100	86	68	67
Market price adjustments for listed securities, etc.	39	8	15	2	41
<b>Pre-tax result</b>	<b>101</b>	<b>59</b>	<b>88</b>	<b>66</b>	<b>101</b>

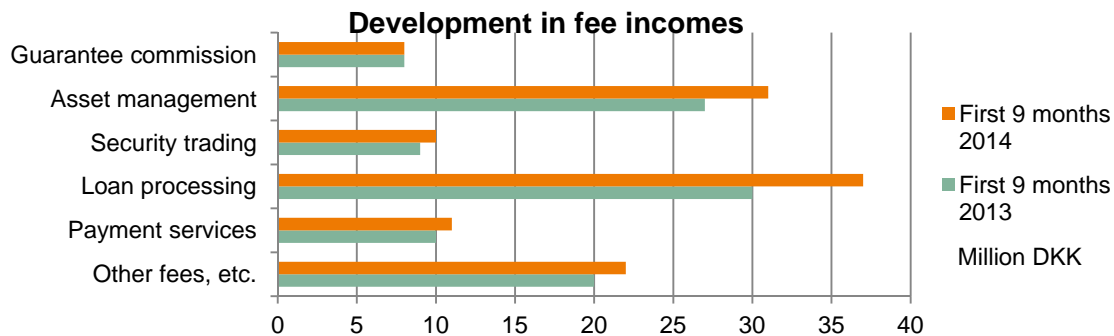
Key profitability figures	First 9 months 2014	First 9 months 2013	First 9 months 2012	First 9 months 2011	First 9 months 2010
Result before tax / average equity % p.a.	9.7	6.0	9.2	7.2	11.6
Result after tax / average equity % p.a.	7.9	4.4	6.9	5.5	9.7
Costs as a percentage of core income	52.6	55.8	54.6	57.5	56.8

# Management Report

## Increase in services – high activity level in the bank

The low interest rate level has contributed to many customers' decision to convert mortgage credit loans in the 3rd quarter of 2014. Furthermore there have been increased activities in fund management in 2014, where the bank's Private Banking-concept has met great interest.

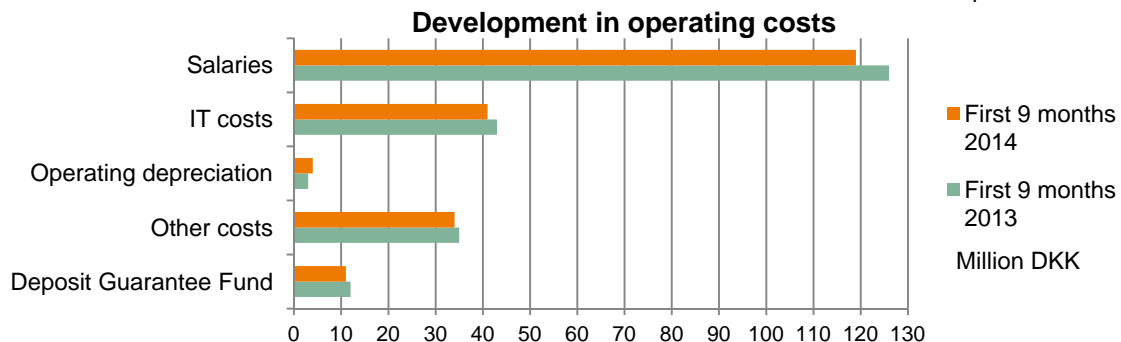
As a consequence of these activities income concerning lending has increased by 26 per cent and income concerning fund management has increased by 14 per cent. In total fee income has increased by 15 per cent compared with the same period in 2013.



## Lower operating costs

Operating costs and operating depreciations amount to DKK 198 million in the first three quarters of 2014 against DKK 207 million in the same period in 2013.

The fall of DKK 9 million is primarily due to savings as a consequence of organisational adjustments in the 2nd half of 2013, which has had full effect from the 2nd quarter of 2014.



## Write-downs increase by 5 per cent

As at 30 September 2014 DKK 105 million have been charged to the profit and loss account for write-down of the bank's lending and guarantees. This includes a portfolio write-down on Danish commercial farming. The write-downs will be distributed on the agricultural customers during the 4th quarter of 2014.

The biggest uncertainty for the bank's write-downs is the current challenge for the agricultural sector with falling prices on pigs and milk in particular.

Refer to page 12 for further details.

## Market price adjustments at a high level

The bank's market price adjustments in the first three quarters of 2014 are at DKK 39 million compared with DKK 8 million last year.

Of these capital gain on bonds amounts to DKK 8 million and capital gain on shares to DKK 30 million, primarily regarding sector shares of which DKK 14 million regards sale of the bank's shares in Nets A/S.

# Management Report

## Development of business volume

### Increase in business volume

The business volume has increased by DKK 0.7 billion since the end of 2013 to DKK 14.4 billion as at 30 September 2014.

The background for the big increase is great activity with the customers' conversion of mortgage credit loans and a consequent increase in guarantees to DKK 1,649 million compared with DKK 841 million by the end of 2013.

The total business volume including depositories amounts to DKK 18.6 billion, corresponding to an increase of DKK 1.1 billion compared with the end of 2013.

In addition to guarantees there is a great increase in depositories of DKK 400 million since the end of 2013.

### Stable lending

The bank's lending is at level with 2013 and amounts to DKK 5,520 million. The lending level has been maintained by entry of new customers, which has added DKK 400 million to the bank's lending

### Decreasing deposits

The total deposits in the bank amount to a total of DKK 7,169 million, which is a fall of DKK128 million since the end of 2013.

One of the reasons for the decreasing deposits is the historically low interest rate level, which increases the incentive to investment in securities.

Furthermore, a considerable amount of capital pensions have been converted into old-age pension savings schemes, which has reduced deposits by payments of taxes to the state.

Nordjyske Bank still has solid excess liquidity.

### New customers

The bank still has a positive influx of new both private and business customers. It is very satisfactory that we get new customer by referrals from other customers. In addition the bank has great attention on pro-active sale. The influx of new customers takes place with great focus on the credit quality.

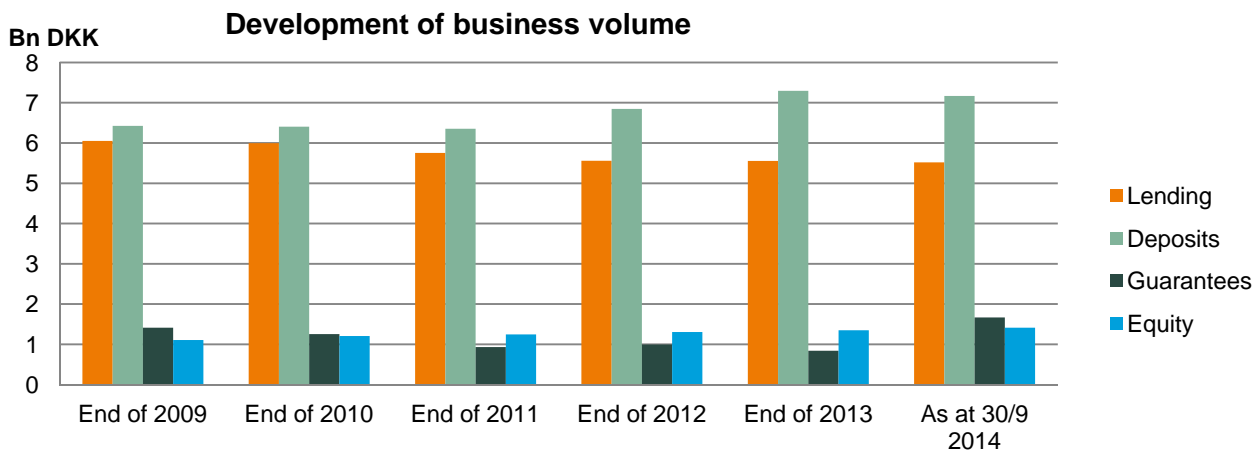
### Development in society

Unemployment has decreased in Northern Jutland, and there are fewer arrears on mortgage loans and fewer compulsory sales. However, the desired recovery does not manifest itself clearly in society, and investment incentives are still limited.

However, more activity is seen in the maritime area and in the offshore-business, which leads to more jobs in the Northern Jutland area.



Mikael Jakobsen, Bank Director



# Management Report

## Expectations for 2014

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Like the rest of Denmark, Northern Jutland is still influenced by the fact that recovery has not manifested itself as it was hoped. However, unemployment is decreasing in Northern Jutland, but at the same time the number of employed is decreasing. This means that there is a risk of manpower shortage in some lines of business.

Core earnings as at 30 September 2014 are above the bank's previously announced expectations, and the bank now budgets for core earnings – before payment to the Deposit Guarantee Fund, write-downs on loans and market price adjustments of securities – in the range of DKK 210-225 million compared to the previously announced expectations in the range of DKK 190-210 million.

Furthermore, the overall result will be affected by write-downs on loans and the price development of the bank's portfolio of securities.

The main uncertainty factor is with write-downs on loans and guarantees – not least as a consequence of the agricultural sector's current challenges with low prices. Write-downs in 2014 are expected to be at level with 2013 – compared to an earlier expected slightly lower level.

*Nordjyske Bank  
- the safe choice*

### **Nordjyske Bank – the safe choice**

Nordjyske Bank is well equipped for future challenges with a strong and robust capital base as well as good liquidity.

The bank has a strong local base consisting of many shareholders and a large customer base and loyal and competent employees.

We want a larger business volume to be able to deliver satisfactory results as well as live up to the constantly increasing demands and regulations that we encounter.

Nordjyske Bank remains interested in growing in Northern Jutland, including Aalborg, just as Aarhus and Copenhagen are also of great interest to the bank. The bank wants to be present in these growth cities.

We shall concentrate on private customers as well as small and medium-sized business customers.



Claus Andersen, Bank Director

## Merger negotiations

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Nordjyske Bank has several times indicated that that we want to be proactive in the expected structural adjustments. In that connection the bank gave an account in company announcement no. 14.2014 dated 9 October 2014 of ongoing merger negotiations with A/S Nørresundby Bank.

The bank has informed the committee of representatives on 29 October 2014 about the merger negotiations in company announcement no. 15.2014.

The bank's board of directors has informed Nørresundby Bank's board of directors on 5

November 2014 that we have been compelled to suspend the merger negotiations until a clarification has been made with Nørresundby Bank's major shareholder Spar Nord Bank.

Spar Nord Bank made a conditional, voluntary purchase offer for all shares in Nørresundby Bank on 10 November 2014. Nørresundby Bank has announced by company announcement on 11 November 2014 that they will consider the purchase offer and probe into alternative possibilities.

Nordjyske Bank is awaiting Nørresundby Bank's evaluations and probing.

# Management Report

## Business concept and risk management

The bank's business concept is to offer financial products and services combined with consultancy. The bank only wants to take on the risks that the bank has the competence resources to control.

The bank is therefore naturally exposed to credit risks, market risks, liquidity risks and operational risks, and risk management is a natural element in the bank. Credit risks are the most important risk area.

The various risks are further described in the Annual Report 2013 and in Risk Report 2013. These reports are available on our website at [www.nordjyskebank.dk/risikorapport](http://www.nordjyskebank.dk/risikorapport).

Our management updates business concept, politics and framework as a minimum once a year and reevaluates the total risk.

For Nordjyske Bank contact to the customers in the bank's market area is of great importance. The bank ensures high quality consultancy by investing in education and ensuring the competences of the employees.

Find the Risk Report  
on the bank's website  
[www.nordjyskebank.dk/risikorapport](http://www.nordjyskebank.dk/risikorapport)

## The Supervision Diamond

The sum of large exposures must be < 125 per cent of the capital base  
**Nordjyske Bank: 11.0 per cent**

Loan growth must be < 20 per cent annually  
**Nordjyske bank: 0.0 per cent**



Stable funding ratio must be < 1,0  
**Nordjyske Bank: 0.64**

Property exposure must be < 25 per cent of loans and guarantees  
**Nordjyske Bank: 6.0 per cent**

Liquidity coverage must be > 50 per cent  
**Nordjyske Bank: 166.5 per cent**

*Nordjyske Bank is still comfortably within the specified limits of the Supervision Diamond*

The Danish Financial Supervisory Authority has set up a so-called "Supervision Diamond" with five key markers considered as special risk areas for financial institutions. For each of the five key markers, the Danish Financial Supervisory Authority has established a limit within which the banks should in principle stay.



# Management Report

## Capital

Nordjyske Bank's capital is founded on equity. Capital adequacy ratio and core capital ratio amount to 19.6 as at 30 September 2014.

These percentages are calculated on the basis of new capital adequacy regulations in the form of the CRD IV directive and CRR regulation from the EU as well as the Danish Financial Supervisory Authority's implementation of transitional rules in the regulations, which came into force as at 31 March 2014.

The comparative figures are calculated in accordance with previous rules.

The bank's core capital essentially consists of equity, which is why the changes of the rules with less inclusion of deferred capital do not have any influence on the bank's capital adequacy report.

As a consequence of the new requirements calculated dividend is now deducted from the core capital.

The new regulations primarily affect the risk weighted items through increased weight and adjusted calculation of distressed commitments and through reduced weight of many commitments with small and medium-sized companies.

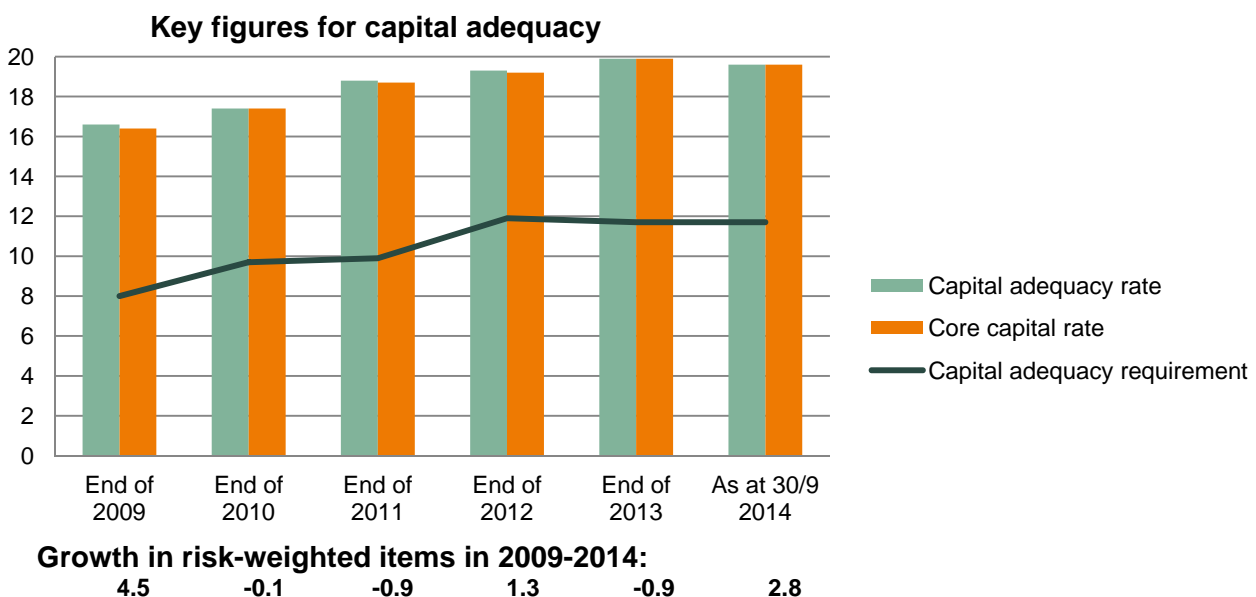
Overall, the new rules have had a neutral effect on the capital adequacy ratio in 2014.

The graph below, which shows stable development of the bank's capital, is assessed to be true and fair and still relevant in spite of changed rules.

<b>Core capital adequacy in relation to risk weighted items</b> (amounts in DKK million)	<b>First 9 months 2014</b>	<b>First 9 months 2013</b>
Equity	1,415	1,339
Less		
- dividend, etc.	49	4
- goodwill m.v.	12	18
- participating interest in financial companies	85	64
Plus deferred capital	0	2
<b>Core capital adequacy</b>	<b>1,269</b>	<b>1,255</b>
<b>Risk-weighted items</b>	<b>6,497</b>	<b>6,346</b>
Capital adequacy rate	19.6	19.8
Core capital rate	19.6	19.8

The calculation of capital adequacy of the bank is unchanged applying standard methods for credit risk outside the trading portfolio and market risks. The operational risks are calculated by means of the so-called basic indicator method.

According to the stipulations in the Executive Order on risk exposure, capital basis and capital adequacy, the bank must publish detailed information regarding risks, capital structure, capital coverage, and risk control, etc. This information can be found on the bank's website [www.nordjyskebank.dk/risikorapport](http://www.nordjyskebank.dk/risikorapport).



# Management Report

## The individual capital adequacy requirement

The individual capital adequacy requirement on an adequate capital base has been calculated at DKK 758 million as at 30 September 2014, corresponding to an individual capital adequacy requirement of 11.7 per cent.

Nordjyske Bank has an capital ratio of 168 per cent based on the actual adequacy ratio of 19.6 per cent in relation to the calculated capital adequacy, calculated by the 8+ method in accordance with FSA guidance.

Information about the individual capital adequacy requirement is available on the bank's website

[www.nordjyskebank.dk/risikorapport](http://www.nordjyskebank.dk/risikorapport)

## Liquidity

### Development in deposits

The bank's "own liquidity" in the form of deposits and equity amounts to DKK 8,584 million and exceeds lending by DKK 3,064 million.

Thus the bank has a very comfortable liquidity situation, which fully lives up to the bank's policy of financing lending with deposits from customers and equity.

At the same time liquidity consists of stable funds, as 90 per cent of the deposits are covered by the Deposit Guarantee Fund. The bank has not taken on expensive fixed term deposits, and no deposits constitute more than one per cent of total deposits – just as the 10 largest deposits make up less than 5 per cent of total deposits.

Stable funding (amounts in DKK million)	First 9 months 2014	First 9 months 2013
<b>Lending</b>	<b>5,520</b>	<b>5,522</b>
Equity	1,415	1,339
Deposits etc.	7,169	7,115
<b>Funding</b>	<b>8,584</b>	<b>8,454</b>
Excess amount	3,064	2,932
Funding ratio	0.64	0.65

*The bank's "own liquidity" exceeds lending by DKK three billion*

### Statutory excess solvency

The bank's excess solvency in relation to statutory requirements is very satisfactory at 167 per cent, corresponding to DKK 1,533 million.

The possibility of lending on sector shares expired on 1 July 2014 as a consequence of the stable liquidity on the financial markets and in the financial sector. The consequence of the expiry is not significant to the bank.

The bank's excess solvency is at a lower level as at 30 September 2014, which is primarily due to higher liquidity requirements as a consequence of the high number of conversion guarantees as at 30 September 2014 – although these guarantees do not really require liquidity.

### Future liquidity requirements

Tighter liquidity requirements have been approved as a consequence of the EU-regulations CRD IV and CRR, which will come into force as at 1 January 2015.

Nordjyske Bank has satisfactory excess solvency in relation to the new LCR requirements.

The regulations may be of a minor significance to the bank's placing of cash by investment in mortgage bonds, among other things, but it is not considered to be decisive for the bank's observance of LCR-regulations.



# Management Report

## Credit risks

Key credit figures	3 <sup>rd</sup> quarter 2014	End of 2013	End of 2012	End of 2011	End of 2010	End of 2009
Lending in relation to equity	3.9	4.1	4.3	4.6	5.0	5.5
Period's loan growth in per cent per annum Total	- 0.6	- 0.1	- 3.4	- 4.0	- 0.9	6.2
large exposures as a percentage of capital base	11.0	11.6	23.3	37.1	33.0	13.2 *)
Period's write-down percentage per annum	1.8	1.9	1.8	1.6	1.3	1.3
Accumulated write-down percentage	8.6	8.2	7.5	5.8	4.1	3.6

The bank's write-downs have increased by 5 per cent for the period 1st-3rd quarter 2014 compared with the same period last year. Write-downs amount to a total of DKK 105 million for the year's first nine months. This includes that the bank has made a portfolio write-down on Danish commercial farming. The write-downs will be distributed on the farming customers during the 4th quarter of 2014.

There are still limited challenges on the bank's private customers. A new survey from the Association of Danish Mortgage Banks shows that the number of house owners in arrears with mortgage payments is at its lowest level since 2008. Many private customers have utilized favourable conversion possibilities to convert to fixed interest rates. The bank finds it positive that 86 per cent of new loans from Totalkredit during the last quarter have chosen fixed interest loans and 68 per cent of new loans in the same period are with repayment. Nordjyske Bank has a relatively larger number of customers with Totalkredit with fixed interest rate and who repays on mortgage credit loans than the average with Totalkredit.

*\* calculated in accordance with previous rules*

Loans and guarantees to private customers amount to 46 per cent and 54 per cent to business. However, the level is closer to 40 per cent to private customers and 60 per cent to business, and the current distribution is due to many conversion guarantees to private customers.

The bank's goal is minimum 35 per cent lending and guarantees to private customers, as the risk on the private segment is assessed to be less than the risk on the business segment. Limits have been set for all sector groups as there are risks on industry concentrations.

The property sector has a share of 6 per cent.

Nordjyske Bank has a considerable concentration in exposure towards Danish commercial farming of 17 per cent of the bank's loans and guarantees. Danish commercial farming will be studied in subsequent sections.

Exposure towards the fishing industry amounts to 5 per cent of the bank's loans and guarantees. The fishing industry is natural in relation to the bank's primary market area, and the bank has lengthy experience in this profession.

Distribution as at 30 September 2014 (amounts in DKK million)	Lending and guarantees before write-downs	Accumulated write downs and market value reductions	Period's write-downs for operations
Danish commercial farming in total **)	1,505	288	67
Fishing, farming abroad (EU) etc	788	33	11
Farming etc., total	2,293	321	78
Other lines of business	2,111	203	33
<b>Business in total</b>	<b>4,404</b>	<b>524</b>	<b>111</b>
<b>Private customers</b>	<b>3,469</b>	<b>133</b>	<b>29</b>
<b>Public authorities</b>	<b>3</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>7,876</b>	<b>657</b>	<b>140</b>
Group-based write-downs		31	-5
Final loss – not previously written down individually			6
Received regarding receivables written down previously, interest etc.			36
<b>Total reserves</b>		<b>688</b>	<b>105</b>

\*\*) Danish commercial farming is shown as a total due to the portfolio write down as at 30 September 2014

# Management Report

## Lending and guarantees to the agricultural sector

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Agriculture is big business within the bank's primary market area in Northern Jutland, and therefore the bank has a natural basis for strong commitments in and relatively large exposure towards the agricultural sector.

Nordjyske Bank has a LandbrugsCenter (Agricultural Center) situated in Hjørring, where strong competences within the farming segment are gathered. The bank wants to focus on creating profitable operation for the agricultural customers, and in some cases the consequence of this means that we help farmers out of the business.

Among other things the current trade crisis between the EU and Russia has increased the financial challenges in the agricultural sector. This has resulted in higher pressure on the market prices, which in particular applies to pig- and milk prices.

For a long time many farmers have worked on improvement of efficiency, and the current challenge with low market prices is hard to catch up with via higher efficiency and lower feed prices.

The financial challenges for Danish commercial farming still vary a great deal from one production type to another. The bank's reservations are concentrated on milk producers and pig breeding.

At the same time the bank sees a great variation in the challenges among milk producers and pig breeders, where we see both milk producers and pig breeders with high efficiency and low costs produce good operating results.

To a great extent plant growers can bear the lower prices since this production type is less burdened by big investments.

The bank has reserved write-downs and market price write-downs on commitments with Danish commercial farming at DKK 288 million.

Write-downs and market price write-downs on commitments to milk producers and pig breeders correspond to 26 per cent of lending and guarantees to these production types.

### **Capital adequacy reservation and stress test**

The bank's assessment of the capital adequacy takes into consideration the risk of loss on commitments with considerable weaknesses but without write-downs and reservations. This assessment is in addition to the write-downs on lending and guarantees charged to the profit and loss account.

Furthermore capital is reserved in the capital adequacy for further loss on commitments with write-downs, provisions and market price write-downs.

Capital adequacy reservations of DKK 256 million are made for value regulation of securities as well as loss as a consequence of general operating problems and the current market crisis on commitments with Danish commercial farming. This amount is in addition to the bank's reservations for write-downs and price regulations concerning Danish commercial farming of DKK 288 million.

We estimate hereby to have taken the most significant risks into consideration at this time.

The bank performs stress tests on loans and guarantees on an ongoing basis. Stress test on the bank's agricultural portfolio shows that the current difficulties for the farming industries cannot threaten the bank. The bank's capital adequacy will still exceed the capital adequacy requirement, even if the bank should lose the entire blanco share on the entire farming segment.

### **Lending to plant growing abroad**

The bank has own lending of 5 per cent of the bank's lending and guarantees to plant growing abroad (EU). It is estimated that there will be a very limited loss potential for the bank due to high equity, first preferred mortgage in the financed assets supplemented with state guarantee in the form of guarantee from the Eksport Kredit Fonden EKF..

# Management Report

## Subsidiaries

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Nordjyske Bank owns the entire share capital of Sæbygård Skov A/S. The result for the subsidiary for the first nine months of 2014 is included in the bank's income statement under "result of investments in associated and group companies". The shares have been included at DKK 11.3 million, which is the book value.

Group financial statements have not been prepared, as the activities of the subsidiary, with regard to both the balance sheet and result, compared with those of the bank, are insignificant.

## Uncertainty in relation to inclusion and calculation

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Net income for the period is not affected by unusual circumstances – except for those already mentioned in the management report.

No events have occurred after the end of the financial period which will influence the bank's result for the first 9 months of 2014, the bank's assets and liabilities, and its financial position as at the end of September 2014.

Just like the other Danish banks, Nordjyske Bank is liable for losses of the Deposit Guarantee Fund in connection with the insolvency of other banks. Nordjyske Bank's most recently calculated share of the sector's liability towards the Deposit and Investment Guarantee Fund for contributors and investors amounts to 0.71 per cent.

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

The most important estimates relate to

- write-downs on lending and receivables where quantification of the risk of missing future payments involves material estimates,
- valuation of intangible assets, regarding quantification of future earnings and the rate of interest used for the calculation,
- valuation of property with respect to the applied calculation interest and internal rent, and
- valuation of unlisted sector shares, cf. below.

Unlisted shares in companies owned by the bank jointly with a number of other banks, etc. - the so-called sector shares - involve material estimates in connection with the determination of the market value. The calculation of the market value is based on available information about current transactions. If no current market data is available, the market value is based on published company announcements or alternatively on capital value calculations.

## Financial calendar 2015

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10.02.2015	Publication of annual report for 2014
10.03.2015	Ordinary general meeting
05.05.2015	Publication of quarterly report as at 31 March 2015
11.08.2015	Publication of interim as at 30 June 2015
03.11.2015	Publication of quarterly report as at 30 September 2015

# Interim Report

As at 30 September 2014

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# Interim Report

## Income Statement

Amounts in DKK 1,000	note	1/1 - 30/09 2014	1/1 - 30/09 2013	1/1 - 31/12 2013
Interest earnings	3	282,030	301,218	395,909
Interest expenses	4	36,763	44,611	58,645
<b>Net interest earnings</b>		<b>245,267</b>	<b>256,607</b>	<b>337,264</b>
Dividend from shares, etc.		5,786	3,271	5,446
Fees and commission earnings	5	120,804	104,980	133,356
Fees and commission costs paid		3,918	2,919	3,902
<b>Net interest and fee earnings</b>		<b>367,939</b>	<b>361,939</b>	<b>472,164</b>
Market value adjustments	6	42,523	12,674	18,602
Other operating income		3,068	3,973	4,987
Staff and administration costs	7	193,491	202,650	270,565
Depreciation and write-downs on intangible and tangible assets		3,508	3,181	6,477
Other operating costs		12,079	12,793	16,821
Write-down on lending and receivables, etc.		104,760	100,216	129,306
Result of investments in associated and group companies		896	- 688	- 1,787
<b>Pre-tax result</b>		<b>100,588</b>	<b>59,058</b>	<b>70,797</b>
Tax		18,747	14,975	17,852
<b>Result for the period</b>		<b>81,841</b>	<b>44,083</b>	<b>52,945</b>

## Other total income

Other total income	note	1/1 - 30/09 2014	1/1 - 30/09 2013	1/1 - 31/12 2013
Increases in the reassessed value of headquarters properties		1,330	0	1,198
Reversals of such increases		2,421	144	244
<b>Change, net</b>		<b>- 1,091</b>	<b>- 144</b>	<b>954</b>

Increases in and reversals of reassessed value of headquarters properties have no tax-related effect

# Interim Report

## Balance Sheet

<b>Assets</b>		<b>As at 30/9</b>	<b>As at 30/9</b>	<b>As at 31/12</b>
Amounts in DKK 1,000	note	<b>2014</b>	<b>2013</b>	<b>2013</b>
Cash and demand deposits with central banks		236,977	156,430	361,280
Receivables from financial institutions and central banks	8	343,000	378,347	276,270
Lending and other receivables at amortised cost price	9+10	5,520,474	5,521,855	5,552,725
Bonds at current value		1,068,137	1,079,119	1,125,686
Shares, etc.		246,850	244,182	252,181
Investments in associated companies		0	60	60
Investments in group companies		11,299	12,411	11,312
Assets related to pooled schemes		1,299,287	1,169,558	1,110,220
Intangible assets		11,884	13,784	11,884
Sites and buildings, total		131,065	138,334	135,366
- Investment properties		36,386	39,333	35,520
- Headquarters properties		94,679	99,001	99,846
Other tangible assets		3,642	4,349	4,749
Deferred tax assets		3,800	3,800	3,800
Assets in temporary possession		3,719	2,842	4,743
Other assets		70,207	68,379	59,202
Accrued expenses and deferred income		5,686	5,728	5,580
<b>Total assets</b>		<b>8,956,027</b>	<b>8,799,178</b>	<b>8,915,058</b>



# Interim Report

## Balance Sheet

Liabilities		As at 30/9 2014	As at 30/9 2013	As at 31/12 2013
Amounts in DKK 1,000	note			
<b>Debt</b>				
Debt to financial institutions and central banks	11	114,302	140,429	135,134
Total deposits		7,168,834	7,112,583	7,296,683
- deposits and other debt	12	5,788,404	5,845,997	5,944,466
- deposits in pooled schemes		1,380,430	1,266,586	1,352,217
Bonds issued at amortised cost price		39	899	899
Current tax liabilities		16,575	24,553	3,372
Other liabilities		227,458	167,938	114,246
Accrued expenses and deferred income		1	2	2
<b>Total debts</b>		<b>7,527,209</b>	<b>7,446,404</b>	<b>7,550,336</b>
<b>Provisions made</b>				
Provisions for pensions and similar obligations		3,042	3,435	3,641
Provisions for loss from guarantees		2,585	1,935	1,899
Other provisions		4,948	2,594	4,024
<b>Total provisions</b>		<b>10,575</b>	<b>7,964</b>	<b>9,564</b>
<b>Subordinated capital investments</b>				
<b>Subordinated capital investments</b>		<b>2,838</b>	<b>5,804</b>	<b>5,804</b>
<b>Equity</b>				
Share capital		77,200	77,200	77,200
Provisions for appreciation		25,444	25,437	26,535
Other reserves				
- statutory reserves		3,053	4,165	3,067
Profits carried forward		1,309,708	1,232,204	1,227,112
Proposed dividend		0	0	15,440
<b>Total equity</b>		<b>1,415,405</b>	<b>1,339,006</b>	<b>1,349,354</b>
<b>Total liabilities</b>		<b>8,956,027</b>	<b>8,799,178</b>	<b>8,915,058</b>

# Interim Report

## Equity Movements

Amounts in DKK 1,000	As at 30/9 2014	As at 30/9 2013	As at 31/12 2013
<b>Share capital</b>			
Share capital, start of the period	77,200	80,400	80,400
Capital increases or reductions	0	- 3,200	- 3,200
Share capital, end of the period	<u>77,200</u>	<u>77,200</u>	<u>77,200</u>
<b>Provisions for appreciation</b>			
Provisions for appreciation, start of the period	26,535	25,581	25,581
Other total income	- 1,091	- 144	954
Provisions for appreciation, end of the period	<u>25,444</u>	<u>25,437</u>	<u>26,535</u>
<b>Other reserves</b>			
Statutory reserves, start of the period	3,067	4,185	4,185
Result for the period	- 14	- 20	- 1,118
Statutory reserves, end of the period	<u>3,053</u>	<u>4,165</u>	<u>3,067</u>
<b>Profits carried forward</b>			
Profits carried forward, start of the period	1,227,112	1,185,797	1,185,797
Result for the period	81,841	44,083	52,945
Other comprehensive income	- 1,091	- 144	954
Total comprehensive income	<u>80,750</u>	<u>43,939</u>	<u>53,899</u>
- assigned to statutory reserves	14	20	1,118
- transferred to proposed dividend	0	0	- 15,440
- transferred to provisions for appreciation	1,091	144	- 954
Income and costs entered directly in equity			
Dividend from own shares	42	339	339
Capital reduction	0	3,200	3,200
Sale of own shares	41,531	29,036	44,926
Purchase of own shares	- 40,832	- 30,271	- 45,773
Profits carried forward, end of the period	<u>1,309,708</u>	<u>1,232,204</u>	<u>1,227,112</u>
<b>Proposed dividend</b>			
Proposed dividend, start of the year	15,440	8,040	8,040
Dividend paid	- 15,398	- 7,701	- 7,701
Dividend carried forward, own shares	- 42	- 339	- 339
Result for the period	<u>0</u>	<u>0</u>	<u>15,440</u>
Proposed dividend, end of the year	<u>0</u>	<u>0</u>	<u>15,440</u>
<b>Equity, end of the period</b>	<u>1,415,405</u>	<u>1,339,006</u>	<u>1,349,354</u>

# Interim Report

## Accounting Policy

This interim report has been prepared in accordance with the Financial Business Act and the Danish FSA's "Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc." The stipulations in the Danish FSA's 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. For further information regarding the accounting policy, please refer to Nordjyske Bank's 2013 Annual Report at [www.nordjyskebank.dk/bankenital](http://www.nordjyskebank.dk/bankenital)

# Interim Report

## Notes with 2-year surveys

<b>1. Key figures</b> (amounts in DKK million)	<b>1/1 - 30/09 2014</b>	<b>1/1 - 30/09 2013</b>	<b>1/1 - 31/12 2013</b>
<b>Income Statement:</b>			
Net interest earnings	245.3	256.6	337.3
Fees and commission earnings, net	116.9	102.1	129.5
Net interest and fee earnings	367.9	361.9	472.2
Market value adjustments	42.5	12.7	18.6
Staff and administration costs	193.5	202.7	270.6
Write-downs on lending and receivables, etc.	104.8	100.2	129.3
Result of investments in associated and group companies	0.9	- 0.7	- 1.8
Pre-tax result	100.6	59.1	70.8
Result for the period	81.8	44.1	52.9
Other comprehensive income	- 1.1	- 0.1	1.0
	<b>As at 30/9 2014</b>	<b>As at 30/9 2013</b>	<b>As at 31/12 2013</b>
<b>Balance Sheet:</b>			
Lending	5,520	5,522	5,553
Bonds	1,068	1,079	1,126
Shares, etc	247	244	252
Investments in associated and group companies	11	12	11
Investment properties	36	39	36
Headquarters properties	95	99	100
Assets in temporary possession	4	3	5
Deposits, incl. pools	7,169	7,113	7,297
Subordinated capital investments	3	6	6
Equity	1,415	1,339	1,349
Total assets	8,956	8,799	8,915
Guarantees	1,668	918	841

# Interim Report

## Notes with 2-year surveys

2. Key figures	1/1 - 30/09 2014	1/1 - 30/09 2013	1/1 - 31/12 2013
<b>Capital adequacy</b>			
Capital adequacy percentage	19.6	19.8 *)	19.9 *)
Core capital percentage	19.6	19.8 *)	19.9 *)
<b>Earnings</b>			
Result before tax / average equity % p.a.	9.7	6.0	5.3
Result after tax / average equity % p.a.	7.9	4.4	4.0
Earnings per cost krone	1.3	1.2	1.2
Costs as a percentage of core earnings	52.6	55.8	57.6
<b>Market risks</b>			
Interest rate risk as a percentage of core capital	0.1	-	0.5
Currency position as a percentage of core capital	1.4	1.2	0.8
Currency risk as a percentage of core capital	0.0	0.0	0.0
<b>Credit Risks</b>			
Lending in relation to equity	3.9	4.1	4.1
Lending growth for the period as a percentage	-	-	0.1
Total large exposures as a percentage of capital base	11.0	22.0	11.6
Write-down percentage p.a. for the period	1.8	2.0	1.9
Accumulated write-down percentage	8.6	7.8	8.2
Property exposure before write-downs	6.1	6.7	6.7
<b>Liquidity risks</b>			
Lending incl. write-downs in relation to deposits	86.4	85.3	83.9
Excess cover in relation to statutory liquidity requirement as a percentage	166.5	210.0	215.0
Stable funding-ratio	0.64	0.65	0.64
<b>The Nordjyske Bank share</b>			
DKK per share at DKK 10			
Period's result after tax per share	10.6	7.5	6.7
Book value per share	183.7	174.0	175.2
Listed price	125.0	109.0	109.0
Dividend per share	0.0	0.0	2.0
List price/period's result per share	11.79	14.54	16.20
Listed price/book value per share	0.68	0.63	0.62

\*) Calculated in accordance with previous rules, as the bank does not possess sufficient data basis to be able to perform a calculation in accordance with the current set of rules and regulations.

# Interim Report

## Notes

<b>3. Interest income</b>	<b>1/1 - 30/09</b>	<b>1/1 - 30/09</b>	<b>1/1 - 31/12</b>
Amounts in DKK 1,000	<b>2014</b>	<b>2013</b>	<b>2013</b>
Receivables from financial institutions and central banks	616	995	1,275
Lending and other receivables	272,952	293,038	385,073
Bonds	8,659	7,964	10,685
Derivative financial instruments, total	- 229	- 975	- 1,321
Other interest income	32	196	197
<b>Total interest income</b>	<b>282,030</b>	<b>301,218</b>	<b>395,909</b>

There is no interest income from genuine purchase and resale transactions

<b>4. Interest expenses</b>	<b>1/1 - 30/09</b>	<b>1/1 - 30/09</b>	<b>1/1 - 31/12</b>
Amounts in DKK 1,000	<b>2014</b>	<b>2013</b>	<b>2013</b>
Debt to financial institutions and central bank	2,650	1,999	2,673
Deposits and other debt	34,005	41,953	55,147
Bonds	1	38	50
Subordinated capital investments	64	149	199
Other interest expenses	43	472	576
<b>Total interest expenses</b>	<b>36,763</b>	<b>44,611</b>	<b>58,645</b>

There are no interest expenses from genuine sale and repurchase transactions

<b>5. Fees and commission earnings</b>	<b>1/1 - 30/09</b>	<b>1/1 - 30/09</b>	<b>1/1 - 31/12</b>
Amounts in DKK 1,000	<b>2014</b>	<b>2013</b>	<b>2013</b>
Security transactions and custody accounts	41,174	36,173	46,766
Payment services	12,044	11,333	15,255
Fees on loans	37,261	29,577	37,665
Guarantee commission	7,745	8,171	10,159
Other fees and commission	22,580	19,726	23,511
<b>Total fees and commission income</b>	<b>120,804</b>	<b>104,980</b>	<b>133,356</b>

# Interim Report

## Notes

<b>6. Market value adjustments</b> Amounts in DKK 1,000	<b>1/1 - 30/09 2014</b>	<b>1/1 - 30/09 2013</b>	<b>1/1 - 31/12 2013</b>
Bonds	8,307	1,093	2,928
Shares, etc.	30,129	7,625	14,600
Investment properties	- 1,545	144	- 4,034
Currencies	4,648	3,770	5,016
Derivative financial instruments	1,171	193	304
Assets related to pooled schemes	71,070	26,091	56,833
Deposits in pooled schemes	- 71,257	- 26,242	- 57,045
<b>Total market value adjustments</b>	<b>42,523</b>	<b>12,674</b>	<b>18,602</b>

<b>7. Staff and administration costs</b> Amounts in DKK 1,000	<b>1/1 - 30/09 2014</b>	<b>1/1 - 30/09 2013</b>	<b>1/1 - 31/12 2013</b>
Staff costs:			
Salaries	92,092	100,437	130,447
Pension	12,957	12,149	15,678
Social security expenses, etc.	13,909	13,382	17,125
	<u>118,958</u>	<u>125,968</u>	<u>163,250</u>
Other administration costs	74,533	76,682	107,315
<b>Total staff and administration costs</b>	<b>193,491</b>	<b>202,650</b>	<b>270,565</b>
Average number of full-time employees	258	265	264

<b>8. Receivables from financial institutions and central banks</b> Amounts in DKK 1,000	<b>As at 30/9 2014</b>	<b>As at 30/9 2013</b>	<b>As at 31/12 2013</b>
Demand deposits	222,197	366,482	267,584
Remaining term			
- up to and including 3 months	115,173	0	0
- from 3 months up to and incl. 1 year	3,130	0	0
- between 1 and 5 years (incl.)	0	9,365	6,186
- - more than 5 years	2,500	2,500	2,500
<b>Total receivables from financial institutions and central banks</b>	<b>343,000</b>	<b>378,347</b>	<b>276,270</b>
Receivables at notice from central banks	0	0	0
Receivables from financial institutions	343,000	378,347	276,270
<b>Total receivables from financial institutions and central banks</b>	<b>343,000</b>	<b>378,347</b>	<b>276,270</b>

# Interim Report

## Notes

<b>9. Write-downs on lending</b> Amounts in DKK 1,000	<b>As at 30/9 2014</b>	<b>As at 30/9 2013</b>	<b>As at 31/12 2013</b>
Individual write-downs			
Start of the period	540,132	501,137	501,137
Write-downs during the period	149,248	143,100	160,964
Reversals of write-downs made in previous financial years	34,359	54,839	44,860
Other movements	23,921	20,180	30,391
Final loss, previously written down individually	<u>32,208</u>	<u>96,066</u>	<u>107,500</u>
End of the period	<u>646,734</u>	<u>513,512</u>	<u>540,132</u>
Group write-downs			
Start of the period	26,871	31,041	31,041
Write-downs during the period	552	2,918	2,918
Reversals of write-downs made in previous financial years	<u>3,710</u>	<u>3,130</u>	<u>7,088</u>
End of the period	<u>23,713</u>	<u>30,829</u>	<u>26,871</u>
<b>10. Credit risks</b> Amounts in DKK 1,000.	<b>As at 30/9 2014</b>	<b>As at 30/9 2013</b>	<b>As at 31/12 2013</b>
<b>Loans and other guarantees by sector and industry</b>			
Public authorities	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Agriculture, hunting, forestry and fishing:			
Agriculture	17.6%	22.2%	19.1%
Arable farming abroad (EU)	4.2%	4.3%	4.8%
Fur farming	0.9%	0.7%	0.8%
Fisheries	4.7%	5.1%	5.4%
Agriculture, hunting, forestry and fishing total	<u>27.4%</u>	<u>32.3%</u>	<u>30.1%</u>
Industry and raw material extraction	4.1%	4.8%	6.3%
Energy supply	0.2%	0.3%	0.3%
Building and construction	3.0%	2.9%	3.0%
Trade	4.3%	5.2%	5.3%
Transport, hotels and restaurants	1.8%	2.9%	2.4%
Information and communication	0.4%	0.3%	0.4%
Financing and insurance	3.4%	3.5%	3.5%
Real property	5.5%	6.5%	6.3%
Other lines of business	<u>3.5%</u>	<u>4.6%</u>	<u>4.2%</u>
	<u>53.6%</u>	<u>63.3%</u>	<u>61.8%</u>
Private customers	<u>46.4%</u>	<u>36.7%</u>	<u>38.2%</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>



# Interim Report

## Notes

<b>11. Debt to financial institutions and central banks</b>	<b>As at 30/9</b>	<b>As at 30/9</b>	<b>As at 31/12</b>
Amounts in DKK 1,000	<b>2014</b>	<b>2013</b>	<b>2013</b>
Demand	114,302	140,429	135,134
Total debt to financial institutions and central banks	114,302	140,429	135,134
The bank has unused longer-term credit facilities totalling	400,000	350,000	350,000

<b>12. Deposits and other debt</b>	<b>As at 30/9</b>	<b>As at 30/9</b>	<b>As at 31/12</b>
Amounts in DKK 1,000	<b>2014</b>	<b>2013</b>	<b>2013</b>
Demand	3,634,810	3,123,922	3,431,443
Remaining term			
- up to and including 3 months	137,745	561,957	157,377
- from 3 months up to and incl. 1 year	698,592	519,235	665,556
- between 1 and 5 years (incl.)	453,770	856,230	885,242
- more than 5 years	863,487	784,653	804,848
Total deposits and other debt	5,788,404	5,845,997	5,944,466
<b>By category</b>			
- on demand	3,573,148	3,081,514	3,092,236
- at notice	1,191,273	1,527,942	1,533,700
- time deposits	45,852	65,453	130,404
- special deposits	978,131	1,171,088	1,188,126
Total deposits and other debt	5,788,404	5,845,997	5,944,466

# Interim Report

## Notes

<b>13. Capital requirements</b> Amounts in DKK 1,000	<b>As at 30/9 2014</b>	<b>As at 30/9 2013</b>	<b>As at 31/12 2013</b>
Core capital after deductions	1,268,374	1,254,831 *)	1,249,379 *)
Capital base after deductions	1,268,657	1,254,831 *)	1,249,379 *)
Sufficient capital base	758,024	737,300 *)	739,000 *)
Risk-weighted items, total	6,467,421	6,346,141 *)	6,290,483 *)
Core capital percentage	19.6%	19.8% *)	19.9% *)
Capital adequacy percentage	19.6%	19.8% *)	19.9% *)
Capital adequacy requirement	11.7%	11.6% *)	11.7% *)

\*) Calculated in accordance with previous rules, as the bank does not possess sufficient data basis to be able to perform a calculation in accordance with the current set of rules and regulations.

<b>14. Contingent liabilities</b> Amounts in DKK 1,000	<b>As at 30/9 2014</b>	<b>As at 30/9 2013</b>	<b>As at 31/12 2013</b>
Financial guarantees	640,388	564,827	497,755
Loss guarantees regarding mortgage loan	92,055	88,862	86,255
Registration and conversion guarantees	661,695	12,807	22,554
Other contingent liabilities	273,990	251,458	234,925
<b>Total</b>	<b>1,668,128</b>	<b>917,954</b>	<b>841,489</b>
<b>Mortgaging</b>			
For drawing rights on the Danish Central Bank bonds mortgaged	150,948	540,091	149,693

# Interim Report

## Endorsement

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We have today approved the interim report for the period 1 January - 30 September 2014 for Nordjyske Bank A/S

The interim report has been prepared in accordance with the Danish Financial Activities Act and also 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 September 2014 provide a correct representation of the bank's assets and liabilities, its financial position and the result.

Frederikshavn, 18 November 2014

### Management

Claus Andersen  
Bank Director

Mikael Tolbod Jakobsen  
Bank Director

/Bjarne Haugaard  
Finance Director

### Board of Directors

Hans Jørgen Kaptain

Sten Uggerhøj

Erik Broholm Andersen

Per Lykkegaard Christensen

Tina Conradsen

Hanne Karlshøj

Ole Kristensen

Henrik Lintner

Helle Emborg Nielsen