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14 November 2018

Ringkjøbing Landbobank's quarterly report for the first three quarters of 2018

The third quarter of 2018 is the first quarter in which operations in Nordjyske Bank are fully recognised. Like the interim report for 2018, the quarterly report contains both pro forma financial statements and official financial statements.

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

Core earnings - pro forma

(DKK million)	Q1-Q3 2018	Q1-Q3 2017	2017	2016
Total core income	1,500	1,442	1,917	1,861
Total expenses and depreciation	-641	-615	-845	-815
Core earnings before impairment charges for loans	859	827	1,072	1,046
Impairment charges for loans etc.	-18	-73	-70	-211
Core earnings	841	754	1,002	835
Result for the portfolio etc.	+97	+86	+84	+78
Profit before special costs	938	840	1,086	913

Highlights of the first three quarters of 2018

- The integration of the two banks is proceeding as expected
- The merger has been well received by the customers
- The pro forma financial statements show a 12% increase in core earnings to DKK 841 million and a 12% increase in profit before special costs to DKK 938 million
- Continued increase in customers and 6% growth in loans to DKK 32 billion
- Strengthening of the bank's customer-oriented activities in Aalborg with a stronger business department and establishment of a new Private Banking unit
- DKK 150 million of the share buy-back programme has been utilised in the last three months and an additional DKK 150 million programme will be initiated
- Common equity tier 1 capital ratio of 15.3 and total capital ratio of 19.3
- The bank again tops the list of Voxmeter's reputation survey in Denmark

Yours sincerely
Ringkjøbing Landbobank

John Fisker

Ringkjøbing Landbobank A/S

Management's review

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

The official financial statements contain both an income statement and core earnings comprising financial figures for the “old” Ringkjøbing Landbobank for the entire period 1 January to 30 September 2018 plus financial figures for Nordjyske Bank for the period 9 June to 30 September 2018, including merger costs relating to the “old” Ringkjøbing Landbobank and the completion of the actual merger.

The pro forma financial statements contain an income statement comprising figures for both the “old” Ringkjøbing Landbobank and Nordjyske Bank for the entire period 1 January to 30 September 2018, i.e. as if the merger had taken effect on 1 January 2018. The pro forma statements show the merger and non-recurring costs etc. in both banks as separate items.

The pro forma statements have been prepared to give the reader a better overview of the development in the bank's profit and financial position. The pro forma statements also contain quarterly comparative figures for 2016, 2017 and 2018.

Pro-forma financial statements

Core income

Net interest income was DKK 858 million in the first three quarters of the year compared to DKK 836 million in 2017, an increase of 3%. The bank is satisfied with this development, which included a 6% increase in lending. Interest income is still influenced by a changed mix of loans, with more low-margin and low-risk products. This item is also still influenced by competition in the sector and continuing low interest rates.

Fee, commission and foreign exchange income amounted to DKK 517 million net in the first three quarters of 2018, compared to DKK 512 million net in 2017, an increase of 1%. All fee income lines developed positively in the first three quarters of the year compared to 2017 except asset management, which reflected an expected fall in income, because the bank no longer receives commission from investment funds.

Earnings from banking sector shares increased by DKK 32 million to DKK 121 million in the first three quarters of 2018. The earnings derive primarily from return on the bank's ownership interests in DLR Kredit and BankInvest (BI Holding).

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

Total core income increased by 4%, from DKK 1,442 million in 2017 to DKK 1,500 million in the first three quarters of 2018.

Expenses and depreciation

Total expenses including depreciation and write-downs on tangible assets amounted to DKK 641 million in the first three quarters of 2018, compared to DKK 615 million last year, an increase of 4%.

The increase of DKK 26 million is related to increases of DKK 3 million in staff costs, DKK 18 million in administration costs and a DKK 5 million non-recurrent write-down on property. In the third quarter extraordinary IT costs of DKK 10 million were recognised as an expense under administration costs.

The rate of costs was computed at 42.7% for the first three quarters of the year.

Impairment charges for loans etc.

Impairment charges for loans etc. were shown as an expense of net DKK 18 million in the first three quarters of 2018, compared to an expense of net DKK 73 million in 2017.

Impairment charges in the third quarter of 2018 were DKK 20 million net, equivalent to 5 basis points of total loans and guarantees.

The credit quality of the bank's portfolio of loans and guarantees generally developed positively in the third quarter. However, the situation has deteriorated in specific parts of the agricultural segment. The main reasons are the low prices being paid to producers of pork, combined with the financial consequences of the drought this summer. The bank has thus increased impairment charges for agriculture-related loans to DKK 28 million in the third quarter of 2018.

Core earnings

(DKK million)	Q1-Q3 2018	Q1-Q3 2017	2017	2016
Total core income	1,500	1,442	1,917	1,861
Total expenses and depreciation	-641	-615	-845	-815
Core earnings before impairment charges for loans	859	827	1,072	1,046
Impairment charges for loans etc.	-18	-73	-70	-211
Core earnings	841	754	1,002	835

Core earnings totalled DKK 841 million compared to last year's DKK 754 million, an increase of 12%.

No expectations have been published for core earnings on a pro forma basis for 2018 in the merged bank but, in connection with publishing the merger agreement, the two banks also chose to publish their internal budgets for full year 2018 without taking into account the forthcoming merger. The internal budgets were subsequently affected by the merger and raising of additional tier 2 capital.

The DKK 841 million core earnings are close to the adjusted budgets for 2018, despite the ample resources allocated to the merger in both the second and third quarters.

In connection with publication of the 2018 annual report, the bank will again announce its expectations for core earnings for 2019.

Result for the portfolio etc.

The result for the portfolio etc. for the first three quarters of the year was positive by DKK 97 million net, including funding costs for the portfolio. DKK 104 million is attributable to the revaluation of the bank's ownership interest in BI Holding. In 2017 the result for the portfolio etc. was positive by DKK 86 million.

Special costs

The bank considers amortisation and write-downs on intangible assets to be a special item, as posting amortisation and write-downs to this item contributes to strengthening the quality of equity and reduces the deduction when computing total capital. Amortisation and write-downs on intangible assets amounted to DKK 21 million in the first three quarters of the year, compared to DKK 17 million in 2017.

Merger and restructuring costs amounted to DKK 96 million in the first three quarters of 2018, of which DKK 32 million was paid by Nordjyske Bank before the merger and DKK 64 million by the merged bank after the merger. Expected costs of DKK 125 million in the merged bank were announced in connection with the merger. The bank now expects that the merger costs can be kept within DKK 125 million for both banks.

Finally, special costs in the pro forma income statement include miscellaneous non-recurring costs. These non-recurring costs relate to harmonising the cost accounting principles and valuation principles for tangible assets in the two banks. Non-recurring costs were DKK 69 million as at 30 September 2018, which is attributable to the second quarter of 2018.

Balance sheet items and contingent liabilities

The bank's balance sheet total at the end of September 2018 stood at DKK 49,287 million, compared to last year's DKK 46,500 million.

The bank's deposits, including pooled schemes, increased by 2% from DKK 36,065 million at the end of September 2017 to DKK 36,866 million at the end of September 2018. The bank's loans increased by 6% from DKK 30,368 million at the end of September 2017 to DKK 32,192 million at the end of September 2018.

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

The bank's contingent liabilities, including guarantees, at the end of the quarter amounted to DKK 8,078 million, compared to DKK 7,382 million in 2017.

Pro forma financial statements

Core earnings

Note		Q1-Q3 2018 DKK 1,000	Q1-Q3 2017 DKK 1,000	Full year 2017 DKK 1,000
	Net interest income	858,257	836,323	1,123,481
A	Net fee and commission income excluding trading income	423,048	420,208	550,297
	Income from sector shares	120,662	89,295	120,059
A	Foreign exchange income	23,467	23,422	30,953
	Other operating income	4,150	4,708	6,047
	Total core income excluding trading income	1,429,584	1,373,956	1,830,837
A	Trading income	70,819	67,789	86,094
	Total core income	1,500,403	1,441,745	1,916,931
B	Staff and administration costs	625,889	604,189	829,346
	Depreciation and write-downs on tangible assets	12,899	7,839	10,957
	Other operating expenses	2,558	3,392	4,651
	Total expenses etc.	641,346	615,420	844,954
	Core earnings before impairment charges for loans	859,057	826,325	1,071,977
	Impairment charges for loans and other receivables etc.	-17,941	-72,547	-70,459
	Core earnings	841,116	753,778	1,001,518
	Result for the portfolio etc.	+96,680	+85,570	+84,482
	Profit before special costs	937,796	839,348	1,086,000
	Amortisation and write-downs on intangible assets	21,390	16,522	22,030
	Merger and restructuring costs	95,487	-	-
	Non-recurring costs	69,154	-	-
	Profit before tax	751,765	822,826	1,063,970
	Tax	128,287	169,221	215,722
	Profit after tax	623,478	653,605	848,248

Balance sheet items and contingent liabilities

Note		30 Sept. 2018 DKK 1,000	30 Sept. 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
	Loans and other receivables at amortised cost	32,192,445	30,368,364	31,172,967
	Deposits and other debt including pooled schemes	36,865,879	36,064,606	35,853,528
	Equity	7,171,437	6,608,588	6,769,082
	Balance sheet total	49,286,882	46,499,769	46,323,863
	Contingent liabilities	8,078,117	7,381,957	7,858,398

Key figures

	Q1-Q3 2018	Q1-Q3 2017	Full year 2017
Key figures for the bank (per cent)			
Core earnings as a percentage of average equity excluding intangible assets, per annum	18.0	16.7	16.4
Profit before special costs as a percentage of average equity excluding intangible assets, per annum	20.1	18.6	17.8
Profit before tax adjusted for amortisation and write-downs on intangible assets as a percentage of average equity, per annum	14.8	17.3	16.6
Profit before tax as a percentage of average equity, per annum	14.4	17.0	16.3
Rate of costs	42.7	42.7	44.1
Common equity tier 1 capital ratio	15.3	16.1	15.8
Tier 1 capital ratio	15.3	16.1	15.8
Total capital ratio	19.3	17.8	17.3
Individual solvency requirement	9.4	-	-
Key figures per DKK 1 share (DKK)			
Core earnings	27.7	24.2	32.3
Profit before special costs	30.9	27.0	35.0
Book value	236.6	212.4	218.4
Price, end of period	340.0	-	-
Basis of calculation, number of shares	30,315,383	31,112,258	30,994,258

Notes

Note		Q1-Q3 2018 DKK 1,000	Q1-Q3 2017 DKK 1,000	Full year 2017 DKK 1,000
A	Gross fee and commission income			
	Securities trading	78,942	76,790	97,961
	Asset management and custody accounts	123,926	154,695	191,625
	Payment handling	82,307	74,786	104,098
	Loan fees	34,949	27,070	37,978
	Guarantee commission and mortgage credit commission etc.	159,724	151,497	201,418
	Other fees and commission	55,106	49,475	64,316
	Total gross fee and commission income	534,954	534,313	697,396
	Net fee and commission income			
	Securities trading	70,819	67,794	86,094
	Asset management and custody accounts	117,653	147,405	182,776
	Payment handling	67,089	59,114	83,574
	Loan fees	30,626	22,713	31,263
	Guarantee commission and mortgage credit commission etc.	158,690	150,258	199,806
	Other fees and commission	48,990	40,713	52,878
	Total net fee and commission income	493,867	487,997	636,391
	Foreign exchange income	23,467	23,422	30,953
	Total net fee, commission and foreign exchange income	517,334	511,419	667,344
B	Staff and administration costs			
	Staff costs	372,275	369,226	495,600
	Administration costs	253,614	234,963	333,746
	Total staff and administration costs	625,889	604,189	829,346

Quarterly overviews

Core earnings

(DKK million)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Net interest income	287	284	287	288	277	280	279	283	287	281	285
Net fee and commission income excluding trading income	136	141	146	130	128	154	138	163	132	131	122
Income from sector shares etc.	34	49	38	31	30	30	29	20	14	17	20
Foreign exchange income	8	9	6	7	8	8	8	7	7	6	7
Other operating income	1	2	1	1	2	2	1	5	3	8	4
Total core income excluding trading income	466	485	478	457	445	474	455	478	443	443	438
Trading income	23	20	28	18	24	20	24	13	15	16	15
Total core income	489	505	506	475	469	494	479	491	458	459	453
Staff and administration costs	203	217	206	225	202	201	201	214	192	195	196
Depreciation and write-downs on tangible assets	3	2	8	3	3	2	3	2	3	6	3
Other operating expenses	0	1	1	2	1	1	1	1	1	1	1
Total expenses etc.	206	220	215	230	206	204	205	217	196	202	200
Core earnings before impairment charges for loans	283	285	291	245	263	290	274	274	262	257	253
Impairment charges for loans and other receivables etc.	-20	-11	+13	+3	-17	-23	-33	-60	-44	-53	-54
Core earnings	263	274	304	248	246	267	241	214	218	204	199
Result for the portfolio etc.	+4	+3	+90	-2	+22	+26	+38	+9	+39	+24	+6
Profit before special costs	267	277	394	246	268	293	279	223	257	228	205
Amortisation and write-downs on intangible assets	3	12	6	5	6	5	6	5	6	5	6
Merger and restructuring costs	46	46	4	-	-	-	-	-	-	-	-
Non-recurring costs	0	69	0	-	-	-	-	-	-	-	-
Profit before tax	218	150	384	241	262	288	273	218	251	223	199
Tax	37	33	58	47	52	62	55	37	46	46	36
Profit after tax	181	117	326	194	210	226	218	181	205	177	163

Quarterly overviews - continued

Balance sheet items and contingent liabilities

(DKK million)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Loans	32,192	31,970	31,647	31,173	30,368	30,371	29,093	28,304	28,074	28,267	27,578
Deposits including pooled schemes	36,866	37,313	36,307	35,854	36,065	35,593	34,161	34,152	33,833	32,858	31,766
Equity	7,171	7,066	6,644	6,769	6,609	6,438	6,246	6,313	6,166	6,003	5,865
Balance sheet total	49,287	49,859	47,349	46,324	46,500	45,577	43,665	43,702	43,038	42,355	40,740
Contingent liabilities	8,078	7,809	7,821	7,858	7,382	7,235	6,595	6,682	6,755	5,966	5,528

Statement of capital

(DKK million)	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Common equity tier 1	5,213	5,092	5,185	5,381	5,263	5,175	4,909	5,032	4,955	4,863	4,718
Tier 1 capital	5,213	5,092	5,185	5,381	5,263	5,175	4,909	5,032	4,955	4,863	4,718
Total capital	6,586	6,464	5,757	5,921	5,811	5,722	5,442	5,556	5,513	5,431	5,284
Total risk exposure	34,123	33,784	34,314	34,162	32,618	32,197	31,517	31,772	30,973	30,070	29,744
Common equity tier 1 capital ratio (%)	15.3	15.1	15.1	15.8	16.1	16.1	15.6	15.8	16.0	16.2	15.9
Tier 1 capital ratio (%)	15.3	15.1	15.1	15.8	16.1	16.1	15.6	15.8	16.0	16.2	15.9
Total capital ratio (%)	19.3	19.1	16.8	17.3	17.8	17.8	17.3	17.5	17.8	18.1	17.8

Miscellaneous comments

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

The income statement items for the periods 1 January to 30 September 2018, 1 January to 30 September 2017 and 1 January to 31 December 2017 on pages 5 and 7 and the quarterly overview of “Core earnings” on page 8 were calculated by adding up figures from Ringkjøbing Landbobank’s statement of the alternative measure of performance “Core earnings” and pro forma figures from Nordjyske Bank, converted and adjusted to Ringkjøbing Landbobank’s statement of the alternative performance measure “Core earnings”.

The figures from the respective balance sheets of Ringkjøbing Landbobank and Nordjyske Bank were simply added up, without adjustment, to provide the balance sheet items and contingent liabilities as well as the capital ratios as at 30 September 2017 and 31 December 2017 on page 5. The same method was used to calculate the quarterly overviews of “Balance sheet items and contingent liabilities” and “Statement of capital” for the first quarter of 2016 up to and including the first quarter of 2018 on page 9.

Official financial statements

The merger between Ringkjøbing Landbobank and Nordjyske Bank

Ringkjøbing Landbobank and Nordjyske Bank merged on 8 June 2018 with Ringkjøbing Landbobank as the post-merger entity.

The merger meant that Nordjyske Bank's assets, liabilities and operating activities were included in Ringkjøbing Landbobank's accounts from this date in accordance with the "acquisition method" as specified by the applicable accounting rules.

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

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

Net interest and fee income

Net interest and fee income was DKK 994 million in the first three quarters of 2018, compared to DKK 704 million in 2017. The increase is primarily attributable to the inclusion of the operating activities from Nordjyske Bank for the period 9 June to 30 September 2018.

Value adjustments and market risk

Value adjustments were DKK 149 million on 30 September 2018, compared to DKK 115 million in 2017.

The item "Shares, etc." amounted to DKK 1,357 million at the end of the third quarter of 2018, with DKK 38 million in listed shares and investment fund certificates and DKK 1,319 million in sector shares etc., mainly in the financial service companies DLR Kredit, BI Holding and PRAS. The bond portfolio amounted to DKK 6,692 million, of which the vast majority consists of AAA-rated Danish government and mortgage credit bonds.

The total interest rate risk - calculated as the impact on profit of a one-percentage point change in the interest level - was 1.4% of the bank's tier 1 capital at the end of the third quarter of 2018.

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

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

	Risk in DKK million	Risk relative to equity end of Q3 2018 in %
Highest risk of loss:	16.0	0.22%
Lowest risk of loss:	3.0	0.04%
Average risk of loss:	8.4	0.12%
End of period risk of loss:	12.0	0.17%

Staff and administration costs

Staff and administration costs amounted to DKK 458 million in the first three quarters of 2018, compared to DKK 229 million in 2017. The increase is primarily attributable to the inclusion of the operating activities from Nordjyske Bank for the period 9 June to 30 September 2018.

The merger announcement stated that merger costs of up to DKK 125 million were expected. As at 30 September 2018, merger costs totalling DKK 64 million had been recognised as an expense. The bank expects that the total merger costs can be kept within the announced expectations.

Impairment charges for loans etc.

DKK 59 million was recognised as expenses in the first three quarters of the year, compared to DKK 10 million in 2017.

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

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

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

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

Individual impairment charges (stage 3) were DKK 1,730 million at the end of September 2018, while stages 1 and 2 impairment charges totalled DKK 455 million on 30 September 2018. Following the merger, the loans portfolio from Nordjyske Bank was taken over. The portfolio was considered to be new loans in Ringkjøbing Landbobank and they were recalculated in terms of IFRS 9 impairment.

The bank's total account for impairment charges and provisions was DKK 2,258 million at the end of the quarter, equivalent to 5.3% of total loans and guarantees.

The portfolio of loans with suspended calculation of interest amounted to DKK 424 million, equivalent to 1.0% of the bank's total loans and guarantees at the end of September 2018.

Profit after tax

The profit after tax was DKK 613 million for the first three quarters of 2018, compared to DKK 580 million in 2017.

Balance sheet items and contingent liabilities

The bank's balance sheet total at the end of the third quarter of 2018 stood at DKK 49,287 million, compared to last year's DKK 26,109 million.

Deposits, including pooled schemes, increased from DKK 19,511 million at the end of September 2017 to DKK 36,866 million at the end of September 2018. The bank's loans also increased from DKK 18,849 million at the end of September 2017 to DKK 32,192 million at the end of September 2018.

The bank's contingent liabilities, including guarantees, at the end of the third quarter of 2018 amounted to DKK 8,078 million, compared to DKK 2,889 million in 2017.

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

Liquidity

The bank's liquidity situation is very good. The bank's short-term funding with term to maturity of less than 12 months thus amounts to DKK 1.2 billion, balanced by DKK 10.1 billion primarily in short-term investments in the Danish central bank and in liquid tradable securities.

The bank's deposits, excluding pooled schemes, at the end of the quarter exceeded its loans by just over DKK 0.7 billion. The bank's deposits and equity therefore more than cover the financing of the loan portfolio. In addition, part of the loan portfolio for wind turbines in Germany is refinanced back-to-back with KfW Bankengruppe, which means that DKK 847 million can be disregarded in terms of liquidity.

In terms of liquidity coverage ratio (LCR), the bank must comply with the statutory requirement of at least 100%. On 30 September 2018, the bank's LCR was 216%, which thus met the statutory requirement by a good margin.

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

A total of 905,375 shares have been purchased under the two share buy-back programmes of DKK 170 million and DKK 150 million completed to date. The share buy-back programmes were carried out under the Safe Harbour regulation.

It is expected that the remaining DKK 150 million of the DKK 300 million share buy-back programme which was adopted at the extraordinary general meeting in June 2018 will be initiated later today. A separate corporate announcement to this effect will be issued.

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

	Number of shares
Beginning of 2018	22,350,000
May 2018	
Capital reduction by cancellation of own shares	-538,000
June 2018	
Issue of new shares in connection with the merger	9,182,258
	<hr/> 30,994,258
DKK 170 million share buy-back programme completed July 2018	-463,875
DKK 150 million share buy-back programme completed October 2018	-441,500
New expected DKK 150 million share buy-back programme based on current price of the bank's shares	-434,000
	<hr/> 29,654,883

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

Capital structure

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

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

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

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

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

To comply with the MREL requirement, the bank had established funding to meet the requirements for grandfathering of contractual senior funding by the end of 2017. DKK 2.0 billion of this can be included in the sum needed to comply with the bank's MREL requirement at the beginning of 2019. The bank's total capital for covering the MREL requirement was thus 25.3% of the risk-weighted assets as at 30 September 2018. The bank expects to have to build up senior non-preferred capital during 2019 and 2020. In October 2018, the bank updated its EMTN programme which, among other things, has enabled senior non-preferred capital to be issued under the programme.

The bank's equity at the beginning of 2018 was DKK 3,817 million. To this must be added the net effect of the increase in equity in connection with the merger, which comprised the share capital increase and the cash distribution to Nordjyske Bank's shareholders. The profit for the period must also be added, while the dividend paid must be subtracted and adjustments made for movements in the bank's holding of its own shares, after which the equity at the end of September 2018 was DKK 7,171 million. Intangible assets worth DKK 1,069 million as at 30 September 2018 arose out of the merger, and this amount has been deducted from the total capital.

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

The bank's total capital ratio was computed at 19.3% at the end of the third quarter of 2018, and the tier 1 capital ratio at 15.3%.

Capital ratios	Q3 2018	Q3 2017	2017	2016	2015	2014
Common equity tier 1 capital ratio (%)	15.3	17.5	16.5	16.9	17.1	17.5
Tier 1 capital ratio (%)	15.3	17.5	16.5	16.9	17.1	17.5
Total capital ratio (%)	19.3	19.0	17.8	18.3	18.8	17.5
Individual solvency requirement (%)	9.4	8.8	9.0	9.0	9.0	8.9

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

The bank has calculated the individual solvency requirement at the end of September 2018 at 9.4%. To this should be added a capital conservation buffer of 1.9%; the total requirement for the bank's total capital is thus 11.3%.

Compared with the actual total capital of DKK 6.6 billion, the capital buffer at the end of September 2018 was thus DKK 2.7 billion, equivalent to 8.0 percentage points.

The Supervisory Diamond

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

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

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

The Supervisory Diamond (Danish FSA limit values)	Q3 2018	Q3 2017	2017	2016	2015	2014
Stable funding (funding ratio) (<1)	0.7	0.8	0.8	0.7	0.8	0.8
LCR three-month liquidity (>100%)	184.1%	-	-	-	-	-
Excess liquidity (> 50%) (previous benchmark)	-	144.9%	113.5%	139.6%	99.7%	140.7%
Total large exposures (<175%)	100.2%	-	136.1%	-	-	-
Total large exposures (<125%) (previous benchmark)	-	24.0%	22.5%	29.5%	63.4%	47.8%
Growth in loans (<20%)	70.8%*	7.3%	10.7%	2.7%	14.0%	7.8%
Real property exposure (<25%)	16.4%	17.7%	18.0%	14.8%	14.1%	11.6%

*The increase was mainly caused by the merger. The pro forma growth in loans relative to September 2017 was 6.0%.

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

The merger process and focus areas

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

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

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

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

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

Nordjyske Bank also had a growth strategy before the merger, with satisfactory growth and a good net increase in new customers in 2016 and 2017. Growth in the first half of 2018 was more modest, because the uncertainty of Nordjyske Bank's future made outreach activities difficult. As stated, the merger has been well received by the customers and the plan is to intensify the outreach activities.

Ringkjøbing Landbobank A/S

The bank's customer-oriented activities in the Aalborg area will thus be intensified significantly, as the bank will combine all business competencies from its branches in Aalborg and Nørresundby in one business customer division in Nørresundby under the name Erhvervscenter [Business Centre] Aalborg. The establishment and location will ensure an increased level of competencies and short decision-making procedures.

In addition, a new Private Banking unit will be established in Hasseris in the Aalborg area. This will strengthen the bank's Private Banking competencies in North Jutland and enable the bank to expand this customer segment in the area.

In connection with combining the business divisions and establishing the new Private Banking unit, it has been decided to combine the Bredgade branch in Aalborg with the other branches in the Aalborg area, both to ensure a better advisory environment and because of the access conditions at the Bredgade branch.

A new organisation for the bank was put in place following the merger. The new organisation means that all staff functions are now located at head office in Ringkøbing, with relevant support functions in Nørresundby. Managers have been appointed to the individual staff functions and the situation of the affected members of staff has been clarified in the third quarter of 2018. Thus voluntary agreements and redundancies have led to a reduction of 55 in employee numbers. Some of the affected employees have already left the bank, while others will resign successively in the period until May 2019. After this, the focus is on the very important task of integrating the two organisations.

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

Accounting policies

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

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

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

Expected results for 2018

Profit before tax for the first three quarters of 2018 was DKK 613 million, which corresponds to the bank's expectations.

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

Statements of income and comprehensive income

Note		Q1-Q3 2018 DKK 1,000	Q1-Q3 2017 DKK 1,000	Full year 2017 DKK 1,000
1	Interest income	685,707	522,378	694,136
2	Interest expenses	47,545	42,894	53,094
	Net interest income	638,162	479,484	641,042
3	Dividends from shares etc.	27,606	10,240	10,258
4	Fee and commission income	361,325	247,764	322,717
4	Fee and commission expenses	33,105	33,097	42,486
	Net interest and fee income	993,988	704,391	931,531
5	Value adjustments	+149,126	+115,499	+143,225
	Other operating income	3,697	4,081	4,979
6, 7	Staff and administration costs	457,958	229,071	327,024
	Amortisation, depreciation and write-downs on intangible and tangible assets	14,762	3,046	4,249
	Other operating expenses			
	Miscellaneous other operating expenses	14	54	326
	Guarantee Fund and Resolution Fund	1,960	2,136	2,848
8	Impairment charges for loans and other receivables etc.	-59,203	-10,051	-10,320
	Results from investments in associates and group undertakings	0	0	-20
	Profit before tax	612,914	579,613	734,948
9	Tax	104,436	116,150	146,308
	Profit after tax	508,478	463,463	588,640
	Other comprehensive income	0	0	0
	Total comprehensive income for the period	508,478	463,463	588,640

Core earnings

Note		Q1-Q3 2018 DKK 1,000	Q1-Q3 2017 DKK 1,000	Full year 2017 DKK 1,000
4	Net interest income	647,703	477,852	642,707
	Net fee and commission income excluding trading income	266,758	163,497	215,374
	Income from sector shares etc.	91,452	52,132	70,674
4	Foreign exchange income	19,316	15,542	20,902
	Other operating income	3,697	4,081	4,979
	Total core income excluding trading income	1,028,926	713,104	954,636
4	Trading income	61,463	51,170	64,857
	Total core income	1,090,389	764,274	1,019,493
6, 7	Staff and administration costs	394,418	229,071	327,024
	Amortisation, depreciation and write-downs on tangible assets	10,095	3,046	4,249
	Other operating expenses	1,974	2,190	3,174
	Total expenses etc.	406,487	234,307	334,447
	Core earnings before impairment charges for loans	683,902	529,967	685,046
	Impairment charges for loans and other receivables etc.	-55,987	-10,051	-10,320
	Core earnings	627,915	519,916	674,726
	Result for the portfolio	+53,206	+59,697	+60,222
	Profit before special costs	681,121	579,613	734,948
	Amortisation and write-downs on intangible assets	4,667	-	-
	Merger and restructuring costs	63,540	-	-
	Profit before tax	612,914	579,613	734,948
9	Tax	104,436	116,150	146,308
	Profit after tax	508,478	463,463	588,640

Balance sheet

Note		30 Sept. 2018 DKK 1,000	30 Sept. 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
	Assets			
	Cash in hand and demand deposits with central banks	647,617	309,944	308,211
10	Receivables from credit institutions and central banks	2,763,063	1,821,874	1,211,577
	Receivables with notice from central banks	2,357,298	1,546,195	957,086
	Money market operations and bilateral loans - term to maturity less than 1 year	350,765	121,399	199,491
	Bilateral loans - term to maturity more than 1 year	55,000	154,280	55,000
11,12,13	Loans and other receivables at amortised cost	32,192,445	18,849,023	19,350,866
	Loans and other receivables	31,345,515	17,930,037	18,374,249
	Wind turbine loans etc. with direct funding	846,930	918,986	976,617
14	Bonds at fair value	6,691,661	4,222,336	3,952,614
15	Shares etc.	1,357,416	543,088	621,285
	Investments in associates	489	509	489
	Investments in group undertakings	11,722	-	-
	Assets linked to pooled schemes	3,833,363	-	-
16	Intangible assets	1,068,588	-	-
	Total land and buildings	240,988	59,780	55,647
	Investment properties	27,337	7,561	3,561
	Domicile properties	213,651	52,219	52,086
	Other tangible assets	27,764	18,980	18,811
	Current tax assets	0	0	20,483
	Deferred tax assets	12,948	8,153	8,719
	Temporary assets	5,177	0	4,000
	Other assets	413,150	269,398	235,351
	Prepayments	20,491	6,378	8,430
	Total assets	49,286,882	26,109,463	25,796,483

Balance sheet

Note		30 Sept. 2018 DKK 1,000	30 Sept. 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
	Liabilities and equity			
17	Debt to credit institutions and central banks	1,735,314	1,514,179	1,599,416
	Money market operations and bilateral credits - term to maturity less than 1 year	720,617	427,740	455,285
	Bilateral credits - term to maturity more than 1 year	167,767	167,453	167,514
	Bilateral credits from KfW Bankengruppe	846,930	918,986	976,617
	Total deposits and other debt	36,865,879	19,511,177	19,110,127
18	Deposits and other debt	32,906,246	19,511,177	19,110,127
	Deposits in pooled schemes	3,959,633	-	-
19	Issued bonds at amortised cost	1,421,583	673,569	673,436
	Current tax liabilities	36,380	63,960	0
	Other liabilities	519,880	234,678	210,691
	Deferred income	8,832	2,364	3,879
	Total debt	40,587,868	21,999,927	21,597,549
	Provisions for pensions and similar liabilities	10,682	-	-
12	Provisions for losses on guarantees	56,960	9,951	10,263
12	Other provisions for liabilities	16,574	-	-
	Total provisions for liabilities	84,216	9,951	10,263
	Tier 2 capital	1,443,361	371,500	371,753
20	Total subordinated debt	1,443,361	371,500	371,753
21	Share capital	30,994	22,350	22,350
	Net revaluation reserve under the equity method	138	158	138
	Retained earnings	7,140,305	3,705,577	3,592,780
	Proposed dividend etc.	-	-	201,650
	Total shareholders' equity	7,171,437	3,728,085	3,816,918
	Total liabilities and equity	49,286,882	26,109,463	25,796,483
22	Own shares			
23	Contingent liabilities etc.			
24	Assets provided as security			
25	Loans and guarantees in per cent, by sector and industry			
26	Merger			

Statement of changes in equity

DKK 1,000	Share capital	Net revaluation reserve under the equity method	Retained earnings	Proposed dividend etc.	Total shareholders' equity
On 30 September 2018:					
Shareholders' equity at end of previous financial year	22,350	138	3,592,780	201,650	3,816,918
Changed accounting policy for impairment charges under IFRS 9			-45,836		-45,836
Adjusted shareholders' equity at end of previous financial year	22,350	138	3,546,944	201,650	3,771,082
Reduction of share capital	-538		538		0
Dividend etc. paid				-201,650	-201,650
Dividend received on own shares			5,112		5,112
Shareholders' equity after distribution of dividend etc.	21,812	138	3,552,594	0	3,574,544
Share capital issued on merger	9,182		-9,182		0
Additions on merger			3,323,144		3,323,144
Received own shares on merger			1,793		1,793
Purchase of own shares			-483,668		-483,668
Sale of own shares			241,996		241,996
Other equity transactions			5,150		5,150
Total comprehensive income for the period			508,478		508,478
Shareholders' equity on balance sheet date	30,994	138	7,140,305	0	7,171,437

Statement of changes in equity

DKK 1,000	Share capital	Net revaluation reserve under the equity method	Retained earnings	Proposed dividend etc.	Total shareholders' equity
On 30 September 2017:					
Shareholders' equity at end of previous financial year	22,850	158	3,366,627	165,020	3,554,655
Reduction of share capital	-500		500		0
Dividend etc. paid				-165,020	-165,020
Dividend received on own shares			4,151		4,151
Shareholders' equity after distribution of dividend etc.	22,350	158	3,371,278	0	3,393,786
Purchase of own shares			-536,621		-536,621
Sale of own shares			405,947		405,947
Other equity transactions			1,510		1,510
Total comprehensive income for the period			463,463		463,463
Shareholders' equity on balance sheet date	22,350	158	3,705,577	0	3,728,085
On 31 December 2017:					
Shareholders' equity at end of previous financial year	22,850	158	3,366,627	165,020	3,554,655
Reduction of share capital	-500		500		0
Dividend etc. paid				-165,020	-165,020
Dividend received on own shares			4,151		4,151
Shareholders' equity after distribution of dividend etc.	22,350	158	3,371,278	0	3,393,786
Purchase of own shares			-662,983		-662,983
Sale of own shares			494,433		494,433
Other equity transactions			3,042		3,042
Total comprehensive income for the year		-20	387,010	201,650	588,640
Shareholders' equity on balance sheet date	22,350	138	3,592,780	201,650	3,816,918

Statement of capital

	30 Sept. 2018 DKK 1,000	30 Sept. 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
Credit risk	30,460,219	15,610,445	16,648,306
Market risk	1,772,503	1,127,847	1,169,580
Operational risk	1,890,456	1,827,053	1,890,456
Total risk exposure	34,123,178	18,565,345	19,708,342
Equity	7,171,437	3,728,085	3,816,918
Proposed dividend etc.	-	-	-201,650
Deduction for expected dividend	-174,399	-129,343	-
Addition for transition programme concerning IFRS 9	148,489	-	-
Deduction for the sum of equity investments etc. above 10%	-607,652	-249,793	-308,194
Deduction for prudent valuation	-10,759	-6,553	-5,724
Deduction for intangible assets	-1,068,588	-	-
Other additions/deductions	31,973	-	-
Deduction of amounts of share buy-back programmes	-470,000	-170,000	-
Actual utilisation of amounts of share buy-back programmes	228,691	132,653	-
Deduction for trading limit for own shares	-55,000	-55,000	-55,000
Actual utilisation of the trading limit for own shares	19,104	1,072	220
Common equity tier 1	5,213,296	3,251,121	3,246,570
Tier 1 capital	5,213,296	3,251,121	3,246,570
Tier 2 capital	1,447,815	372,118	372,253
Deduction for the sum of equity investments etc. above 10%	-75,383	-96,275	-104,494
Total capital	6,585,728	3,526,964	3,514,329
Common equity tier 1 capital ratio (%)	15.3	17.5	16.5
Tier 1 capital ratio (%)	15.3	17.5	16.5
Total capital ratio (%)	19.3	19.0	17.8
Total capital requirement	2,729,854	1,485,228	1,576,667
Individual solvency requirement (%)	9.4	8.8	9.0
Capital conservation buffer (%)	1.9	1.3	1.3
Countercyclical buffer (%)	0.0	0.0	0.0
Total requirement for the bank's total capital (%)	11.3	10.1	10.3
Excess cover in percentage points relative to individual solvency requirement	9.9	10.2	8.8
Excess cover in percentage points relative to total requirement for total capital	8.0	8.9	7.5

Notes

Note	Q1-Q3 2018 DKK 1,000	Q1-Q3 2017 DKK 1,000	Full year 2017 DKK 1,000
1 Interest income			
Receivables from credit institutions and central banks	-8,068	1,921	710
Loans and other receivables	695,822	516,120	687,492
Discounts on loans taken over from Nordjyske Bank	3,216	-	-
Loans - interest on the impaired part of loans	-33,783	-22,777	-29,355
Bonds	14,663	23,289	28,291
Total derivative financial instruments	8,616	689	2,446
of which currency contracts	4,906	2,528	2,654
of which interest-rate contracts	3,710	-1,839	-208
Other interest income	5,241	3,136	4,552
Total interest income	685,707	522,378	694,136
2 Interest expenses			
Credit institutions and central banks	8,315	11,309	14,213
Deposits and other debt	19,846	26,880	32,436
Issued bonds	4,914	526	766
Subordinated debt	14,407	4,149	5,651
Other interest expenses	63	30	28
Total interest expenses	47,545	42,894	53,094
3 Dividends from shares etc.			
Shares	27,606	10,240	10,258
Total dividends from shares etc.	27,606	10,240	10,258
4 Gross fee and commission income			
Securities trading	68,876	58,858	75,038
Asset management and custody accounts	82,332	73,790	93,203
Payment handling	48,578	23,685	32,277
Loan fees	21,045	7,107	10,660
Guarantee commission and mortgage credit commission etc.	101,619	58,191	77,574
Other fees and commission	38,875	26,133	33,965
Total gross fee and commission income	361,325	247,764	322,717
Net fee and commission income			
Securities trading	61,463	51,170	64,857
Asset management and custody accounts	76,153	66,668	84,652
Payment handling	38,084	15,855	21,989
Loan fees	17,895	4,830	7,207
Guarantee commission and mortgage credit commission etc.	101,288	58,191	77,574
Other fees and commission	33,337	17,953	23,952
Total net fee and commission income	328,220	214,667	280,231
Foreign exchange income	19,316	15,542	20,902
Total net fee, commission and foreign exchange income	347,536	230,209	301,133

Notes

Note	Q1-Q3 2018 DKK 1,000	Q1-Q3 2017 DKK 1,000	Full year 2017 DKK 1,000
5 Value adjustments			
Other loans and receivables, fair value adjustment	1,692	3,920	3,879
Bonds	-6,747	31,748	30,502
Shares etc.	128,381	50,052	68,613
Investment properties	1,495	0	0
Foreign exchange	19,316	15,542	20,902
Total derivative financial instruments	9,891	14,237	19,329
of which currency contracts	8,248	-240	467
of which interest-rate contracts	1,227	13,834	18,011
of which share contracts	416	643	851
Assets linked to pooled schemes	26,874	-	-
Deposits in pooled schemes	-26,874	-	-
Issued bonds	-3,928	-	-
Other liabilities	-974	-	-
Total value adjustments	149,126	115,499	143,225
6 Staff and administration costs			
Salaries and fees to general management, board of directors and shareholders' committee			
General management	8,109	5,467	7,356
Board of directors	935	860	1,734
Shareholders' committee	0	0	469
Total	9,044	6,327	9,559
Staff costs			
Salaries	191,576	103,539	142,368
Pensions	22,292	10,993	14,852
Social security contributions	31,821	1,481	1,812
Costs depending on number of staff	27,154	16,498	22,431
Total	272,843	132,511	181,463
Other administration costs	176,071	90,233	136,002
Total staff and administration costs	457,958	229,071	327,024
7 Number of full-time employees			
Average number of full time-equivalent staff during the period	449	273	274
Number of full-time employees at end of period	687	274	276
8 Impairment charges for loans and other receivables etc.			
Net changes in impairment charges for loans and other receivables etc. and provisions for losses on guarantees and unutilised credit facilities	101,231	-5,168	-6,094
Actual realised net losses	-8,245	37,996	45,769
Interest on the impaired part of loans	-33,783	-22,777	-29,355
Total impairment charges for loans and other receivables etc.	59,203	10,051	10,320

Notes

Note	Q1-Q3 2018 DKK 1,000	Q1-Q3 2017 DKK 1,000	Full year 2017 DKK 1,000
9 Tax			
Tax calculated on income for the period	114,025	116,150	147,863
Adjustment of deferred tax	-9,572	0	-566
Adjustment of tax calculated for previous years	-17	0	-989
Total tax	104,436	116,150	146,308
Effective tax rate (%):			
Tax rate currently paid by the bank	22.0	22.0	22.0
Permanent deviations	-1.5	-2.0	-2.0
Adjustment of tax calculated for previous years	0.0	0.0	-0.1
Total effective tax rate	20.5	20.0	19.9

Note	30 Sept. 2018 DKK 1,000	30 Sept. 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
10 Receivables from credit institutions and central banks			
Demand	250,765	121,399	100,211
Up to and including 3 months	2,457,298	1,546,195	957,086
More than 3 months and up to and including 1 year	0	0	99,280
More than 1 year and up to and including 5 years	5,000	104,280	5,000
More than 5 years	50,000	50,000	50,000
Total receivables from credit institutions and central banks	2,763,063	1,821,874	1,211,577
11 Loans and other receivables at amortised cost			
Demand	3,178,789	2,082,037	1,975,218
Up to and including 3 months	1,729,262	694,584	651,025
More than 3 months and up to and including 1 year	6,198,094	2,477,458	2,568,864
More than 1 year and up to and including 5 years	9,610,912	6,308,026	6,527,126
More than 5 years	11,475,388	7,286,918	7,628,633
Total loans and other receivables at amortised cost	32,192,445	18,849,023	19,350,866

Notes

Note	30 Sept. 2018 DKK 1,000	30 Sept. 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
12 Impairment charges for loans and other receivables and provisions for losses on guarantees and unutilised credit facilities			
Individual impairment charges			
Cumulative individual impairment charges at end of previous financial year	577,490	589,384	589,384
Changed accounting policy for impairment charges	-577,490	-	-
Impairment charges / value adjustments during the period	0	124,755	179,150
Reversal of impairment charges made in previous financial years	0	-94,890	-136,853
Recognised as a loss, covered by impairment charges	0	-38,174	-54,191
Cumulative individual impairment charges on balance sheet date	0	581,075	577,490
Collective impairment charges			
Cumulative collective impairment charges at end of previous financial year	343,282	341,457	341,457
Changed accounting policy for impairment charges	-343,282	-	-
Impairment charges / value adjustments during the period	0	-523	1,825
Cumulative collective impairment charges on balance sheet date	0	340,934	343,282

Notes

Note	30 Sept. 2018 DKK 1,000	30 Sept. 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
12			
Impairment charges for loans and other receivables and provisions for losses on guarantees and unutilised credit facilities - continued			
Stage 1 impairment charges			
Cumulative stage 1 impairment charges at end of previous financial year	0	-	-
Changed accounting policy for impairment charges	61,228	-	-
Stage 1 impairment charges / value adjustment during the period	65,659	-	-
Cumulative stage 1 impairment charges on balance sheet date	126,887	-	-
Stage 2 impairment charges			
Cumulative stage 2 impairment charges at end of previous financial year	0	-	-
Changed accounting policy for impairment charges	308,912	-	-
Stage 2 impairment charges / value adjustment during the period	18,936	-	-
Cumulative stage 2 impairment charges on balance sheet date	327,848	-	-
Stage 3 impairment charges			
Cumulative stage 3 impairment charges at end of previous financial year	0	-	-
Changed accounting policy for impairment charges	575,516	-	-
Additions on merger	1,158,075	-	-
Stage 3 impairment charges / value adjustment during the period	174,880	-	-
Reversal of stage 3 impairment charges during the period	-170,929	-	-
Recognised as a loss, covered by stage 3 impairment charges	-7,531	-	-
Cumulative stage 3 impairment charges on balance sheet date	1,730,011	-	-
Total cumulative impairment charges for loans and other receivables on balance sheet date	2,184,746	922,009	920,772
Provisions for losses on guarantees			
Cumulative provisions for losses on guarantees at end of previous financial year	10,263	6,287	6,287
Changed accounting policy for provisions for losses on guarantees	20,881	-	-
Additions on merger	15,250	-	-
Provisions / value adjustments during the period	39,354	6,267	7,385
Reversal of provisions during the period	-25,770	-1,625	-2,095
Recognised as a loss, covered by provisions	-3,018	-978	-1,314
Cumulative provisions for losses on guarantees on balance sheet date	56,960	9,951	10,263

Notes

Note	30 Sept. 2018 DKK 1,000	30 Sept. 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
12 Impairment charges for loans and other receivables and provisions for losses on guarantees and unutilised credit facilities - continued			
Provisions for losses on unutilised credit facilities			
Cumulative provisions for losses on unutilised credit facilities at end of previous financial year	0	-	-
Changed accounting policy for provisions for losses on unutilised credit facilities	12,996	-	-
Provisions / value adjustments during the period	3,578	-	-
Cumulative provisions for losses on unutilised credit facilities on balance sheet date	16,574	-	-
Total cumulative impairment charges for loans and other receivables, provisions for losses on guarantees and unutilised credit facilities on balance sheet date	2,258,280	931,960	931,035
In addition, a discount on loans and guarantees taken over from Nordjyske Bank amounted to	48,265	-	-
The above includes the following stage 3 impairment charges and provisions taken over from Nordjyske Bank:			
Additions on merger	1,173,325	-	-
Changes during the period	21,606	-	-
Stage 3 impairment charges and provisions taken over on balance sheet date	1,194,931	-	-
13 Suspended calculation of interest			
Loans and other receivables with suspended calculation of interest on the balance sheet date	423,594	58,747	24,995
14 Bonds at fair value			
Listed on the stock exchange	6,691,661	4,222,336	3,952,614
Total bonds at fair value	6,691,661	4,222,336	3,952,614
15 Shares etc.			
Listed on Nasdaq Copenhagen	7,548	17,387	12,233
Investment fund certificates	30,139	13,170	7,994
Unlisted shares at fair value	15,055	1,437	1,402
Sector shares at fair value	1,304,674	511,094	599,656
Total shares etc.	1,357,416	543,088	621,285

Notes

Note	30 Sept. 2018 DKK 1,000	30 Sept. 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
16 Intangible assets			
Goodwill			
Cost at end of previous financial year	0	-	-
Additions on merger	923,255	-	-
Total cost on balance sheet date	923,255	-	-
Total goodwill on the balance sheet date	923,255	-	-
Customer relationships			
Cost at end of previous financial year	0	-	-
Additions on merger	150,000	-	-
Total cost on balance sheet date	150,000	-	-
Amortisation at end of previous financial year	0	-	-
Amortisation for the period	4,667	-	-
Total amortisation on balance sheet date	4,667	-	-
Total customer relationships on balance sheet date	145,333	-	-
Total intangible assets on balance sheet date	1,068,588	-	-
17 Debt to credit institutions and central banks			
Demand	664,695	241,681	269,160
Up to and including 3 months	21,263	205,811	240,993
More than 3 months and up to and including 1 year	176,311	127,691	97,329
More than 1 year and up to and including 5 years	541,115	590,238	604,614
More than 5 years	331,930	348,758	387,320
Total debt to credit institutions and central banks	1,735,314	1,514,179	1,599,416
18 Deposits and other debt			
Demand	25,503,771	12,528,000	12,267,337
Deposits and other debt with notice:			
Up to and including 3 months	1,281,600	3,011,441	2,646,787
More than 3 months and up to and including 1 year	1,905,305	548,367	908,429
More than 1 year and up to and including 5 years	1,675,692	1,674,888	1,468,246
More than 5 years	2,539,878	1,748,481	1,819,328
Total deposits and other debt	32,906,246	19,511,177	19,110,127
Distributed as follows:			
Demand	25,312,595	12,368,567	12,129,959
With notice	1,935,381	1,646,428	1,785,363
Time deposits	1,209,538	1,852,251	1,725,906
Long-term deposit agreements	1,780,058	2,261,236	2,008,385
Special types of deposit	2,668,674	1,382,695	1,460,514
	32,906,246	19,511,177	19,110,127
19 Issued bonds at amortised cost			
Less than 3 months	298,252	0	0
More than 3 months and up to and including 1 year	0	0	297,802
More than 1 year and up to and including 5 years	747,782	673,569	375,634
More than 5 years	375,549	0	0
Total issued bonds at amortised cost	1,421,583	673,569	673,436

Notes

Note	30 Sept. 2018 DKK 1,000	30 Sept. 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
20 Subordinated debt			
Tier 2 capital:			
Fixed-rate loan, principal of DKK 275 million, maturity date 27 February 2025	275,000	-	-
Floating-rate loan, principal of EUR 50 million, maturity date 20 May 2025	372,815	372,118	372,253
Fixed-rate loan, principal of DKK 500 million, maturity date 13 June 2028	500,000	-	-
Floating-rate loan, principal of DKK 300 million, maturity date 13 June 2030	300,000	-	-
Adjustment to amortised cost and fair value	-4,454	-618	-500
Total subordinated debt	1,443,361	371,500	371,753
21 Share capital			
Number of DKK 1 shares			
Beginning of period	22,350,000	22,850,000	22,850,000
Cancelled during the period	-538,000	-500,000	-500,000
Issue of new shares in connection with merger	9,182,258	-	-
End of period	30,994,258	22,350,000	22,350,000
Reserved for subsequent cancellation	678,875	420,000	538,000
Total share capital	30,994	22,350	22,350
22 Own shares			
Own shares included in the balance sheet at The market value is	0 247,795	0 137,572	0 173,187
Number of own shares:			
Beginning of period	538,685	515,890	515,890
Additions on merger	65,265	-	-
Purchased during the period	1,368,376	1,166,692	1,444,027
Sold during the period	-705,516	-759,284	-921,232
Cancelled during the period	-538,000	-500,000	-500,000
End of period	728,810	423,298	538,685
Reserved for subsequent cancellation	678,875	420,000	538,000
Nominal value of holding of own shares, end of period	729	423	539
Own shares' proportion of share capital, end of period (%):	2.4	1.9	2.4
23 Contingent liabilities etc.			
Contingent liabilities			
Financial guarantees	2,740,829	1,002,179	1,101,189
Guarantees against losses on mortgage credit loans	2,200,997	588,354	633,796
Registration and refinancing guarantees	2,289,550	718,685	969,390
Sector guarantees	134,603	75,892	75,892
Other contingent liabilities	712,138	503,455	403,607
Total contingent liabilities	8,078,117	2,888,565	3,183,874
Other contractual obligations			
Irrevocable credit commitments etc.	45,000	60,000	392,000
Total other contractual obligations	45,000	60,000	392,000

Notes

Note	30 Sept. 2018 DKK 1,000	30 Sept. 2017 DKK 1,000	31 Dec. 2017 DKK 1,000
24 Assets provided as security			
First-mortgage loans are provided for renewable energy projects. The loans are funded directly by KfW Bankengruppe, to which security in the associated loans has been provided. Each reduction of the first-mortgage loans is deducted directly from the funding at KfW Bankengruppe.			
The balance sheet item is	846,930	918,986	976,617
As collateral for clearing etc., the bank has pledged securities to the Danish central bank to a market price of	282,780	379,615	235,418
Amount deposited in a cover-for-liabilities account as security for a loss limit towards the Danish Growth Fund as a consequence of Ringkjøbing Landbobank's ownership interest in Landbrugets Finansieringsbank	250	-	-
Collateral under CSA agreements etc.	51,730	29,539	31,609
25 Loans and guarantees in per cent, by sector and industry			
Public authorities	0.1	0.1	0.1
Business customers:			
Agriculture, hunting and forestry			
Cattle farming etc.	1.5	1.3	1.7
Pig farming etc.	1.8	1.5	1.7
Other agriculture, hunting and forestry	4.6	4.1	3.9
Fisheries	2.4	2.5	2.4
Mink production	0.8	0.9	1.0
Industry and raw materials extraction	2.7	1.7	1.6
Energy supply	1.0	2.7	1.7
Wind turbine manufacturing - Denmark	1.8	2.9	2.9
Wind turbine manufacturing - abroad	3.8	8.3	8.1
Building and construction	3.7	2.7	4.3
Trade	4.2	3.5	3.3
Transport, hotels and restaurants	1.4	1.5	1.4
Information and communication	0.4	0.3	0.3
Finance and insurance	10.2	13.6	13.6
Real property			
First mortgage without prior creditors	9.4	14.3	13.5
Other real estate financing	6.1	3.4	2.7
Other business customers	6.5	6.7	7.1
Total business customers	62.3	71.9	71.2
Private individuals	37.6	28.0	28.7
Total	100.0	100.0	100.0

Notes

Note	8 June 2018 DKK 1,000
26	
Merger	
Ringkjøbing Landbobank A/S merged with Nordjyske Bank A/S on 8 June 2018	
Breakdown of the purchase price on net assets on 8 June 2018	
Assets	
Cash in hand and demand deposits with central banks	337,381
Receivables from credit institutions and central banks	1,209,353
Loans and other receivables	11,770,671
Bonds at fair value	2,240,865
Shares etc.	650,756
Investments in group undertakings	11,722
Assets linked to pooled schemes	3,657,638
Total land and buildings	193,069
Investment properties	26,175
Domicile properties	166,894
Other tangible assets	10,108
Current tax assets	5,152
Deferred tax assets	27,658
Temporary assets	5,184
Other assets	223,135
Prepayments	15,408
Total assets	20,358,100
Liabilities and equity	
Debt to credit institutions and central banks	146,530
Deposits and other debt	13,268,085
Deposits in pooled schemes	3,903,168
Other liabilities	241,702
Deferred income	9,745
Total debt	17,569,230
Provisions for pensions and similar liabilities	11,777
Provisions for losses on guarantees	31,547
Other provisions for liabilities	1,903
Total provisions for liabilities	45,227
Tier 2 capital	273,236
Subordinated debt	273,236
Total liabilities	17,887,693
Net assets taken over	2,470,407

Notes

Note	8 June 2018 DKK 1,000
26	
Merger - continued	
Purchase price	
Net assets taken over	2,470,407
Goodwill	923,255
Customer relationships	150,000
Deferred tax on customer relationships	-33,000
Total purchase price	3,510,662
Purchase price paid as follows:	
Issue of 9,182,258 new shares at a price of 364.50	3,346,933
Internal shareholding, 65,265 new shares at a price of 364.50	-23,789
Net increase in equity	3,323,144
Cash distribution	166,721
Shares held by Ringkøbing Landbobank A/S in Nordjyske Bank A/S etc.	19,004
Shares held by Nordjyske Bank A/S in Ringkøbing Landbobank A/S etc.	1,793
Total purchase price	3,510,662
Comments	
<p>Net assets taken over included "Loans and other receivables" with a fair value of DKK 11,771 million. The fair value of "Loans and other receivables" was based on an assessment of the market value of the loan portfolio taken over, which was calculated at the present value of the cash flows the bank expects to receive.</p> <p>Receivables from contracts totalled DKK 12,964 million on 8 June 2018, while impairment charges and adjustments to fair value totalled DKK 1,193 million.</p> <p>In connection with the merger with Nordjyske Bank, identifiable intangible assets in the form of customer relationships were calculated and recognised in the pre-acquisition balance sheet at fair value. The fair value of customer relationships expresses the value of the customer base taken over from Nordjyske Bank. The value of customer relationships is amortised over a ten-year period in the bank's income statement.</p> <p>Goodwill was calculated at DKK 923 million. Goodwill is not amortised but the value is impairment tested in connection with future financial reports.</p> <p>In addition to the net assets taken over, the bank received guarantees for DKK 4,589 million.</p>	

Main figures

Summary of the income statement (DKK million)	Q1-Q3 2018	Q1-Q3 2017	Full year 2017
Net interest income	638	479	641
Dividends from shares etc.	28	10	10
Net fee and commission income	328	215	280
Net interest and fee income	994	704	931
Value adjustments	+149	+116	+143
Other operating income	4	4	5
Staff and administration costs	458	229	327
Amortisation, depreciation and write-downs on intangible and tangible assets	15	3	4
Other operating expenses	2	2	3
Impairment charges for loans and receivables etc.	-59	-10	-10
Results from investments in associates and group undertakings	0	0	0
Profit before tax	613	580	735
Tax	104	117	146
Profit after tax	509	463	589
Main figures from the balance sheet (DKK million)			
	30 Sept. 2018	30 Sept. 2017	31 Dec. 2017
Loans and other receivables at amortised cost	32,192	18,849	19,351
Deposits and other debt including pooled schemes	36,866	19,511	19,110
Subordinated debt	1,443	372	372
Equity	7,171	3,728	3,817
Balance sheet total	49,287	26,109	25,796

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

		Q1-Q3 2018	Q1-Q3 2017	Full year 2017
Capital ratios:				
Total capital ratio	%	19.3	19.0	17.8
Tier 1 capital ratio	%	15.3	17.5	16.5
Individual solvency requirement	%	9.4	8.8	9.0
Earnings:				
Return on equity before tax	%	5.7	15.9	19.9
Return on equity after tax	%	4.8	12.7	16.0
Income / cost ratio	DKK	2.15	3.37	3.13
Return on assets	%	1.0	1.8	2.3
Market risk:				
Interest rate risk	%	1.4	0.6	1.1
Foreign exchange position	%	1.1	0.7	1.1
Foreign exchange risk	%	0.0	0.0	0.0
Liquidity risk:				
Liquidity Coverage Ratio (LCR)	%	216	225	193
Excess cover relative to statutory liquidity requirement	%	-	144.9	113.5
Loans and impairments thereon relative to deposits	%	87.3	101.3	106.1
Credit risk:				
Loans relative to shareholders' equity		4.5	5.1	5.1
Growth in loans	%	66.9	7.8	10.7
(Pro forma growth in loans for Q1-Q3 of 2018: 4.0%)				
Total large exposures (<175%)	%	100.2	-	-
Total large exposures (<125%)	%	-	24.0	22.5
Cumulative impairment ratio	%	5.3	4.1	4.0
Impairment ratio	%	0.14	0.04	0.04
Proportion of receivables at reduced interest	%	1.0	0.3	0.1
Share return:				
Earnings per share*/***	DKK	2,001.4	2,050.7	2,604.6
Book value per share**/**	DKK	23,476	17,002	17,500
Dividend per share*	DKK	0	0	900
Market price relative to earnings per share*/***		17.8	15.8	12.3
Market price relative to book value per share**/**		1.52	1.91	1.84

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

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

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

Management statement

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

The quarterly report is drawn up in accordance with the provisions of the Danish Financial Business Act. We consider the chosen accounting policies to be appropriate and the estimates made responsible, so that the quarterly report provides a true and fair view of the bank's assets, liabilities and financial position as of 30 September 2018 and of the result of the bank's activities for the period 1 January to 30 September 2018. We also believe that the management's review contains a true and fair account of the development in the bank's activities and financial circumstances as well as a description of the most important risks and uncertainties which can affect the bank.

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

Ringkøbing, 14 November 2018

General management:

John Fisker
CEO

Claus Andersen
General Manager

Jørn Nielsen
General Manager

Carl Pedersen
General Manager

Board of directors:

Martin Krogh Pedersen
Chairman

Mads Hvolby
Deputy chairman

Jens Møller Nielsen
Deputy chairman

Morten Jensen

Jon Steingrim Johnsen

Jacob Møller

Lone Rejkjær Söllmann

Sten Uggerhøj

Dan Junker Astrup
Employee board member

Gitte E. S. H. Vigsø
Employee board member

Arne Ugilt
Employee board member

Finn Aaen
Employee board member

Ringkjøbing Landbobank A/S