

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN AUSTRALIA, HONG KONG, JAPAN, CANADA, SINGAPORE, THE UNITED STATES OR TO ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE APPLICABLE LAWS OR REGULATIONS OF SUCH JURISDICTION.

THIS EXTRACT IS AN ENGLISH-LANGUAGE EXCERPT OF THE MERGER DOCUMENT PREPARED IN THE DANISH LANGUAGE AND PUBLISHED BY RINGKJØBING LANDBOBANK AKTIESELSKAB AND NORDJYSKE BANK ON 31 MAY 2018. IN THE EVENT OF ANY DISCREPANCIES BETWEEN THE INFORMATION IN THIS EXTRACT AND THE INFORMATION IN THE MERGER DOCUMENT, THE MERGER DOCUMENT SHALL PREVAIL.

EXTRACT OF MERGER DOCUMENT DATED 31 MAY 2018

Merger of Ringkjøbing Landbobank Aktieselskab and Nordjyske Bank A/S

The boards of directors of Ringkjøbing Landbobank Aktieselskab, company reg. (CVR) no. 37 53 68 14, (hereinafter “**Ringkjøbing Landbobank**”) and Nordjyske Bank A/S, company reg. (CVR) no. 30 82 87 12, (hereinafter “**Nordjyske Bank**”) on 18 April 2018 released company announcements regarding their decision to propose a merger of the two companies. Reference is further made to the banks’ company announcements of 8 May 2018 regarding the notice to convene extraordinary general meetings to be held on 7 June 2018 with a view to both banks adopting the merger as well as to releasing the corporate documents regarding the merger.

The merger will entail a transfer of all activities, assets and liabilities of Nordjyske Bank to Ringkjøbing Landbobank (hereinafter “**the Continuing Bank**” in any references to Ringkjøbing Landbobank as the continuing legal entity). As part of the merger and the issuance of shares as consideration to the shareholders of Nordjyske Bank, Ringkjøbing Landbobank and Nordjyske Bank have today published a merger document containing information equivalent to the information comprised by a prospectus pursuant to Executive Order no. 1176 of 31 October 2017 on prospectuses (hereinafter “**the Merger Document**”), which is available (in Danish only) on the websites of Ringkjøbing Landbobank, www.landbobanken.dk, and Nordjyske Bank, www.nordjyskebank.dk, respectively.

This company announcement contains an extract of the information set out in the Merger Document regarding the merger and the Continuing Bank (“**the Extract**”). In all material respects, the Extract does not provide a review of historical financial information already provided in the financial statements released by Ringkjøbing Landbobank and Nordjyske Bank, which are available on the websites of Ringkjøbing Landbobank, www.landbobanken.dk, and Nordjyske Bank, www.nordjyskebank.dk, respectively.

The information provided in this Extract regarding Ringkjøbing Landbobank and Nordjyske Bank, respectively, is based on information obtained from each of the two banks in respect of their own affairs.

1 ABOUT THE MERGER

1.1 Introduction

The merger of Ringkjøbing Landbobank and Nordjyske Bank will be completed as a tax-exempt merger with Ringkjøbing Landbobank as the continuing entity. Nordjyske Bank will cease to exist as an independent legal entity at the time of commencement of the legal effect of the merger. The merger will be completed in accordance with the Danish Companies Act and take effect for accounting purposes as at 1 January 2018 (hereinafter “**the Effective Date**”). The business combination will be effected by applying the acquisition method, implying that the activities, assets and liabilities of Nordjyske Banks will be valued at the time when the terms of the merger have been complied with (hereinafter “**the Merger Date**”).

Among other things, completion of the merger will be conditional on the merger being adopted at the extraordinary general meetings of Ringkjøbing Landbobank and Nordjyske Bank, respectively, and to the merger being approved by the Danish FSA and the Danish Competition and Consumer Authority, the latter approval of which was obtained on 28 May 2018.

At the date of this Extract and the Merger Document, the share capital of Ringkjøbing Landbobank amounts to DKK 21,812,000 nominal value divided into shares with a nominal value of DKK 1.00 each. The shares are paid up in full. The share capital of Nordjyske Bank amounts to DKK 183,645,150 nominal value divided into shares with a nominal value of DKK 10.00 each. The shares are paid up in full. On completion of the merger, the nominal share capital of Ringkjøbing Landbobank, as the Continuing Bank, will be DKK 30,994,258 divided into shares with a nominal value of DKK 1.00 each.

The shares of both Ringkjøbing Landbobank and Nordjyske Bank are admitted to trading and official listing on the Nasdaq Copenhagen A/S (hereinafter “**Nasdaq Copenhagen**”).

Extraordinary general meetings for the purpose of adopting the merger will be held by Ringkjøbing Landbobank on 7 June 2018 and by Nordjyske Bank on 7 June 2018.

The expected timetable of the merger and admission to trading and official listing of the New Ringkjøbing Landbobank Shares (as defined below) on Nasdaq Copenhagen is set out in section 1.5 “*Expected timetable of the merger*” of this Extract.

1.2 Background to the merger

The background to the merger of Ringkjøbing Landbobank and Nordjyske Bank is the aim of creating an even stronger bank in Jutland, capable of playing a decisive role in Northern, Central and Western Jutland in future, while at the same time ensuring that decisions are still made locally. The boards of directors of Ringkjøbing Landbobank and Nordjyske Bank expect that, measured in terms of expense ratio, the Continuing Bank will be one of Denmark’s most efficient banks, supported by robust own funds, strong products and highly skilled employees who are able to meet customer demands and requirements for high quality services and advice.

Through the merger, Ringkjøbing Landbobank and Nordjyske Bank further aim to form a bank which creates shareholder value and which, in addition to this value-add potential, also provides benefits for its customers, employees and local communities.

The aim and vision of the Continuing Bank is to be a strong bank for Jutland, focusing on both regional and niche banking activities.

Ringkjøbing Landbobank and Nordjyske Bank have been working together closely for more than 25 years. The banks use many of the same suppliers, including Bankdata, DLR Kredit, Totalkredit, BankInvest, Letpension, PFA Pension and Privatsikring. Both banks are relationship banks, enjoying a high degree of customer satisfaction and a good reputation. The managements of Ringkjøbing Landbobank and Nordjyske Bank therefore consider a merger of the two banks to be an obvious way forward.

Finally, the merger of Ringkjøbing Landbobank and Nordjyske Bank is a strategically strong match. Nordjyske Bank has all of its branches in Northern Jutland, except for one branch in Copenhagen. Ringkjøbing Landbobank has its local branch network in Central and Western Jutland as well as branches in Holte (Zealand), Aarhus (Central Jutland) and Vejle (South Jutland). The local branch network will continue in unchanged form after the merger. In addition, the merger will provide an opportunity to roll out new products to the combined branch network, such as Ringkjøbing Landbobank’s niche concepts and Private Banking concept and Nordjyske Bank’s specialty functions within e.g. fisheries. The Continuing Bank will also cater to entirely new customer segments in Northern Jutland. The complementary branch network will furthermore provide improved customer service, offering customer relationships in Denmark’s largest cities – Copenhagen, Aarhus and Aalborg.

1.3 Consideration for the shares in Nordjyske Bank

The value of the total consideration for the shares in Nordjyske Bank, comprised of New Ringkjøbing Landbobank Shares and a cash consideration, has been determined at DKK 3,448,029,694. In connection with the merger, the shareholders of Nordjyske Bank will receive shares in the Continuing Bank at a 2:1 exchange ratio as well as a cash consideration of DKK 9.00 per share in Nordjyske Bank. In connection with the merger, the shareholders of Nordjyske Bank will thus receive 9,182,258 new shares in Ringkjøbing Landbobank with a nominal value of DKK 1.00 each (hereinafter the “**New Ringkjøbing Landbobank Shares**”) and a total cash consideration of DKK 165,280,636. The value per New Ringkjøbing Landbobank Share is DKK 357.51 per share with a nominal value of DKK 1.00 and is based on the weighted average price of Ringkjøbing Landbobank’s shares on Nasdaq Copenhagen in the period until the announcement of the merger agreement, which is from Wednesday, 11 April 2018 until and including Tuesday, 17 April 2018, all trading days included. On 28 May 2018, the closing price of Ringkjøbing Landbobank’s shares on Nasdaq Copenhagen was DKK 374.5.

For every two shares held in Nordjyske Bank with a nominal value of DKK 10.00 each, the shareholders of Nordjyske Bank will thus receive one share with a nominal value of DKK 1.00 in Ringkjøbing Landbobank and a cash consideration of DKK 9.00 per share held in Nordjyske Bank, equivalent to a cash consideration of DKK 18.00 for every two shares held in Nordjyske Bank. To the extent that the shareholdings held by the shareholders of Nordjyske Bank are not divisible by two, shareholders with an uneven number of Nordjyske Bank shares will receive a cash payment of DKK 187.76 for the excess share, which amount is inclusive of the above-mentioned cash consideration of DKK 9.00 per share. The cash considerations paid out in connection with the merger are subject to withholding tax (both as regards the cash consideration of DKK 9.00 per share in Nordjyske Bank and the cash consideration of DKK 187.76 potentially paid out for any excess share held). Any excess New Ringkjøbing Landbobank Shares which are not awarded to shareholders of Nordjyske Bank with an uneven number of shares will accrue to Ringkjøbing Landbobank as treasury shares. Following the merger, the current shareholders of Nordjyske Bank will hold up to 29.63% of the total share capital of the Continuing Bank.

The exchange ratio has been determined on the basis of Nordjyske Bank’s and Ringkjøbing Landbobank’s most recent annual reports, profit forecasts, the prices quoted on Nasdaq Copenhagen and other factors normally included in such an assessment. For purposes of calculating the exchange ratio, the value of Ringkjøbing Landbobank’s shares has been determined as the weighted average price of Ringkjøbing Landbobank’s shares on Nasdaq Copenhagen in the period until the announcement of the merger agreement, which is from Wednesday, 11 April 2018 until and including Tuesday, 17 April 2018, all trading days included. In the opinion of the boards of directors of Ringkjøbing Landbobank and Nordjyske Bank, the applied method is reasonable and prudent. The determination of the consideration was not subject to any particular difficulties.

The consideration payable to the shareholders of Nordjyske Bank in the form of New Ringkjøbing Landbobank Shares will be effected by way of a capital increase in a nominal amount of DKK 9,182,258 in Ringkjøbing Landbobank, which is expected to be completed on 8 June 2018.

1.4 The New Ringkjøbing Landbobank Shares

1.4.1 Issuance and admission to trading on Nasdaq Copenhagen

The New Ringkjøbing Landbobank Shares are expected to be admitted to trading on Nasdaq Copenhagen on 11 June 2018 upon completion of the merger.

As a result of the merger, any shares held in Nordjyske Bank will be exchanged for New Ringkjøbing Landbobank Shares. Exchange of the shares will be effected by registration through VP SECURITIES, Weidekampsgade 14, 2300 Copenhagen S, Denmark, when the merger has been registered by the Danish Business Authority. The shareholders of Nordjyske Bank will receive separate notification when the merger has been registered and the exchange of shares has taken place. The shareholders of Nordjyske Bank are thus not required to take any special action in that connection.

In connection with the merger, Nordjyske Bank will cease to exist as a legal entity, and Nordjyske Bank's shares will therefore be delisted from Nasdaq Copenhagen. The last day of trading for Nordjyske Bank's shares on Nasdaq Copenhagen is expected to be 8 June 2018.

An application will be made for the New Ringkjøbing Landbobank Shares to be admitted for trading and official listing on Nasdaq Copenhagen with the first day of trading expected to be 11 June 2018. The New Ringkjøbing Landbobank Shares will be issued under the ISIN of the existing shares in Ringkjøbing Landbobank (DK0060854669).

In connection with the merger, a capital increase will be effected in the Continuing Bank, which is expected to be adopted at the extraordinary general meeting of Ringkjøbing Landbobank, as the Continuing Bank, to be held on 7 June 2018 with a view to procuring the necessary number of New Ringkjøbing Landbobank Shares for use in the exchange of shares in connection with the consideration payable to the existing shareholders of Nordjyske Bank. The capital increase is expected to be completed on 8 June 2018.

The Continuing Bank will act as issuing agent for the New Ringkjøbing Landbobank Shares.

1.4.2 Rights attaching to the shares

The New Ringkjøbing Landbobank Shares issued as consideration to the shareholders of Nordjyske Bank have the same rights as the existing shares in Ringkjøbing Landbobank and will entitle the holder to any dividend payable as from the time of registration of the merger in the computer system of the Danish Business Authority, which is expected to be on 8 June 2018. The shareholders are also entitled to subscribe for new shares in proportion to their existing shareholdings in the event of any cash capital increase, unless the shareholders in general meeting decide otherwise by special resolution.

1.4.3 Voting rights

Any person holding shares in the Continuing Bank at the record date is entitled to attend the general meeting, provided such person has obtained an admission card thereto not less than three days in advance of the general meeting. The record date is one week before the date of the general meeting.

In connection with the merger, a proposal will be submitted in the Continuing Bank to change the current voting restriction set out in the articles of association of Ringkjøbing Landbobank to the effect that the voting restriction is changed from a maximum of two votes to a maximum of 3,000 votes.

Reference is made to articles 9a and 9b of the draft articles of association of the Continuing Bank, which were made public on 8 May 2018 and are expected to be adopted at the extraordinary general meeting of Ringkjøbing Landbobank to be held on 7 June 2018 as part of the merger (hereinafter the "**Draft Articles of Association**").

1.4.4 Negotiability and transferability of the shares

The shares of the Continuing Bank are freely negotiable and transferable instruments under Danish law, and the articles of association of the Continuing Bank contain no restrictions on the transferability of the shares. No shareholder is under an obligation to allow his shares to be redeemed in whole or in part.

1.4.5 Dilution

After the merger, the current shareholders of Nordjyske Bank will hold up to 29.48% of the total share capital of the Continuing Bank, and the current shareholders of Ringkjøbing Landbobank will hold at least 70.52% of the total share capital of the Continuing Bank. Calculated as at 31 March 2018, Ringkjøbing Landbobank's existing shareholders will be diluted by 42.1%, equivalent to 9,182,258 New Ringkjøbing Landbobank Shares, relative to Ringkjøbing Landbobank's share capital of DKK 21,812,000 nominal value prior to completion of the merger.

At 31 March 2018, the shareholders' equity of Ringkjøbing Landbobank amounted to DKK 3,785 million, equivalent to DKK 173.86 per existing share in Ringkjøbing Landbobank. The shareholders'

equity represented by the existing shares in Ringkjøbing Landbobank has been calculated by dividing the shareholders' equity by the total number of existing shares in Ringkjøbing Landbobank and deducting the number of treasury shares held by Ringkjøbing Landbobank at 31 March 2018. In connection with the completion of the merger, Ringkjøbing Landbobank's shareholders' equity will be increased by DKK 3,115 million to DKK 6,900 million, provided that the New Ringkjøbing Landbobank Shares are recognised at a price of 376.5 (corresponding to the price applied in section 6.2 "Statement of own funds for the Continuing Bank"). This corresponds to DKK 223.07 per share in Ringkjøbing Landbobank, equivalent to an immediate increase in equity per share of 28.3% (DKK 49.20) for the existing shares in Ringkjøbing Landbobank.

The information in this section is adjusted for the accounting effect of the capital reduction in Ringkjøbing Landbobank completed on 3 May 2018 and is stated less Ringkjøbing Landbobank's and Nordjyske Bank's holdings of treasury shares at 31 March 2018.

1.5 Expected timetable of the merger

Date	Subject
8 May 2018	Publication of joint merger plan and joint merger statement with annexes on Nasdaq Copenhagen
9 May 2018	Publication of joint merger plan and joint merger statement with annexes in the computer system of the Danish Business Authority
31 May 2018	Publication of Merger Document
7 June 2018	Extraordinary general meeting of Ringkjøbing Landbobank
7 June 2018	Extraordinary general meetings of Nordjyske Bank (for information on the background to the holding of two general meetings, see the section below the table)
8 June 2018	Expected registration of the merger with the Danish Business Authority, provided the merger is adopted at the extraordinary general meetings of Ringkjøbing Landbobank and Nordjyske Bank, respectively, and provided the relevant approval from the Danish FSA has been obtained in advance
8 June 2018	Last day of trading for shares in Nordjyske Bank on Nasdaq Copenhagen
11 June 2018	Admission to trading and official listing on Nasdaq Copenhagen of the New Ringkjøbing Landbobank Shares
12 June 2018	Merger processed by VP SECURITIES – Nordjyske Bank shares are exchanged for New Ringkjøbing Landbobank Shares after the daily updating in VP SECURITIES

If the proportion of the share capital represented at the extraordinary general meeting of Nordjyske Bank is not sufficient to adopt the merger, and if the articles of association provide that an additional extraordinary general meeting may be convened with a view to adopting the merger, such extraordinary general meeting will be held on the same day, it being noted that this additional extraordinary general meeting was convened on 8 May 2018.

Ringkjøbing Landbobank and Nordjyske Bank have agreed that the merger will not be completed if the conditions thereto have not been satisfied or waived by the relevant party on or before 30 June 2018.

1.6 Offer submitted by Jyske Bank A/S to all shareholders of Nordjyske Bank

On 6 April 2018, Jyske Bank A/S (hereinafter “**Jyske Bank**”) announced an offer (hereinafter “**the Offer**”) to all shareholders of Nordjyske Bank to purchase their shares at a cash price of DKK 190.00 per share with a nominal value of DKK 10.00 each. The board of directors of Nordjyske Bank on 9 May 2018 published its statement in respect of the Offer, from which it appeared that the board of directors believed that, from a financial perspective, the merger would be more attractive than the Offer and that the benefits of the merger would be greater than the benefits of the Offer. Jyske Bank has conditioned the completion of the Offer on the shareholders of Nordjyske Bank resolving to repeal the current provisions on ownership and voting restrictions in the bank’s articles of association.

In order to give the shareholders an opportunity to respond to the Offer, the board of directors of Nordjyske Bank on 18 May 2018 convened two extraordinary general meetings, both of which will be held on 11 June 2018, at which the shareholders will vote on the proposal to repeal the ownership and voting restrictions in the bank’s articles of association. It appears from the terms of the Offer that the Offer will lapse if the merger is adopted, and in such case the two extraordinary general meetings convened for 11 June 2018 will be cancelled. Nordjyske Bank believes that the Offer will lapse if the merger is adopted.

In a company announcement released on 9 May 2018, Jyske Bank acknowledged that it would vote in favour of the merger and stated that the bank has entered into a conditional agreement with Nykredit to dispose of the New Ringkjøbing Landbobank Shares acquired by Jyske Bank in connection with the merger. The shares will be acquired by Nykredit at a price of DKK 372 per share.

Also on 9 May 2018, Nykredit stated in a company announcement that Nykredit has entered into a conditional agreement with Jyske Bank on the aforementioned terms. In continuation thereof, Nykredit stated in a company announcement released on 14 May 2018 that Nykredit has entered into a conditional agreement with Arbejdsmarkedets Tillægspension (hereinafter “**ATP**”) regarding the sale of shares in Ringkjøbing Landbobank to ATP to the effect that both Nykredit’s and ATP’s total ownership interest in the Continuing Bank will amount to between 5% and 10%.

2 RINGKJØBING LANDBOBANK AS THE CONTINUING BANK

2.1 Risk factors

Just like the activities of any other company, the activities of Ringkjøbing Landbobank, as the Continuing Bank, involve risks, and investors should be aware that investing in the shares of the Continuing Bank, including receipt of New Ringkjøbing Landbobank Shares as consideration in connection with the merger, is subject to significant financial risk. The following risk factors, which are described in the Merger Document, should be carefully considered together with other information in the Merger Document before voting on whether to adopt the merger.

The risks listed below and described in the Merger Document are not the only risks relevant to the Continuing Bank. They should be taken as an expression of the risk factors which the managements of Ringkjøbing Landbobank and Nordjyske Bank believe may be relevant for the Continuing Bank as at the date of the Merger Document and the Extract. However, there may be additional risks and uncertainties of which the managements of Ringkjøbing Landbobank and Nordjyske Bank are presently not aware, or presently deem to be immaterial, which may also have a material adverse impact on the Continuing Bank's business, results of operations and financial position and on the value of the shares in the Continuing Bank. The risk factors set out in this section are not listed in any order of priority with regard to significance or likelihood of occurrence.

In order to comply with the statutory requirements, both Ringkjøbing Landbobank and Nordjyske Bank have published detailed information on risks, capital adequacy structure, capital adequacy, risk management, etc. in the form of risk reports, which are available on the websites of Ringkjøbing Landbobank, www.landbobanken.dk, and Nordjyske Bank, www.nordjyskebank.dk.

Risks related to global and national economic conditions

- *The Continuing Bank's business, results of operations and financial position are impacted by global and regional macro-economic conditions as well as by economic developments in Denmark*
- *Changed market conditions for the Continuing Bank's niche products*

Credit risks

- *The Continuing Bank is exposed to significant customer and counterparty credit risk*
- *The Continuing Bank is exposed to property sector risks*
- *The Continuing Bank is exposed to risks on loans and guarantees provided to agricultural customers*
- *The Continuing Bank is exposed to risks in relation to the financing of wind turbines*
- *A decline in the value or liquidity of the collateral security provided in respect of the Continuing Bank's loans may entail that the Continuing Bank will have to increase its impairment charges*
- *Risks related to adjustable-rate mortgages and interest-only loans*
- *Risks related to future financial reporting standards and interpretations which may increase impairment charges and reduce capital adequacy*
- *The level of impairment charges is subject to uncertainty and risk and may prove insufficient to cover actual losses on an ongoing basis*
- *Risks related to customers' exposure to other banks or creditors may have an adverse impact on the Continuing Bank*
- *Risks related to the Continuing Bank's exposure to financial counterparties in the form of settlement or credit risk*

Market risks

- *Risks related to interest rate, equity and currency risks and credit risks related to other financial assets, including in relation to credit spreads*
- *Interest rate risks*
- *Equity risks*
- *Currency risks*

- *Interest rate fluctuations and changes in interest margins may have an adverse impact on the profitability of the Continuing Bank*
- *Risks related to the Continuing Bank's positions in derivative financial instruments*
- *Property risks*

Capital and liquidity risks

- *The Continuing Bank is dependent on being able to generate and attract capital in order to comply with the requirements for adequate Own Funds*
- *The activities of the Continuing Bank are associated with liquidity risk, and the Continuing Bank is dependent on having access to adequate capital*
- *The funding and competitive strength of the Continuing Bank is dependent on its credit ratings*
- *Adverse capital and credit market conditions may affect the Continuing Bank's ability to raise liquidity and capital and may adversely affect the Continuing Bank's capital and funding costs*
- *The possibilities of refinancing of the subordinated capital of the Continuing Bank may be impaired or impeded if the Continuing Bank's financial targets are not met, if the market's assessment of the Continuing Bank or market conditions deteriorate, or if the Continuing Bank's common equity tier 1 capital ratio or capital ratio is reduced*
- *Risks related to the implementation of and compliance with the MREL requirement*
- *Risks related to amendment of the Capital Requirements Regulation and the Capital Requirements Directive, which may lead to stricter capital, leverage ratio and liquidity requirements*
- *Risks related to the phase-in of the Basel IV rules*
- *Risks related to failure by the Continuing Bank to comply with internal capital and liquidity targets*

Operational risks

- *General operational risks*
- *Changes in income from fees and commissions, including, but not limited to, income related to the Totalkredit partnership, may have an adverse impact on the profitability of the Continuing Bank*
- *Risks related to not being able to attract and retain qualified employees*
- *The risk of losses resulting from the use of IT*
- *The risk of abuse of the Continuing Bank for purposes of money laundering, terrorist financing and violation of sanctions as well as risks related to the Continuing Bank's compliance with the rules on the prevention and combating thereof*
- *The Continuing Bank may become involved in lawsuits, tax litigation, complaints and regulatory proceedings which may result in losses and inflict harm on the reputation of the Continuing Bank*

Sector risks

- *Being a part of the financial sector, the Continuing Bank is exposed to substantial competition*
- *The Continuing Bank is exposed to business and image-related risks*
- *Risks related to the regulatory framework and actions from the supervisory authorities*
- *A change in assumptions and methods of valuation may have a material impact on the Continuing Bank's business, results of operations and financial position and on the value of the shares*
- *Impairment losses on goodwill recognised in the balance sheet of the Continuing Bank*
- *Risks related to the payment of additional expenses for the Guarantee Fund and the Resolution Fund and the single resolution fund under the EU Banking Union*
- *Risks related to compliance with the threshold values of the Supervisory Diamond*

Risks related to the consideration paid in kind

- *If the proposal for the merger is withdrawn or is not adopted, current shareholders and shareholders acquiring shares in Ringkjøbing Landbobank or Nordjyske Bank for the purpose of becoming shareholders of the Continuing Bank may incur a loss*
- *The market price of the shares of the Continuing Bank may be highly volatile*
- *Risk that the Continuing Bank's market making agreement is discontinued*

- *The Continuing Bank may in future issue additional shares or other securities, which may have an adverse impact on the price of the shares in the Continuing Bank and/or cause dilution of the shareholders of the Continuing Bank*
- *Additional risks affecting investors outside Denmark*
- *Shareholders outside Denmark are exposed to currency risk*

2.2 Names and registered office

After the merger, the Continuing Bank will continue to operate under the name of Ringkjøbing Landbobank Aktieselskab and will be registered in the Danish Business Authority under company reg. (CVR) no. 37 53 68 14 in accordance with Danish law.

Ringkjøbing Landbobank's secondary names Aktieselskabet Tarm Bank and Egnsbank Vest A/S will also become secondary names of the Continuing Bank and, moreover, the Continuing Bank will assume Nordjyske Bank A/S and Nordjyske Bank's secondary names as its secondary names with the addition of (Ringkjøbing Landbobank A/S).

After the merger, the Continuing Bank will be marketed under two brands, Ringkjøbing Landbobank and Nordjyske Bank, respectively, with the Nordjyske Bank logo torch becoming the common logo.

The Continuing Bank will maintain its registered office in the Municipality of Ringkøbing-Skjern at the address of Torvet 1, DK-6950 Ringkøbing, Denmark (tel. +45 97 32 11 66), and will, after completion of the merger, be supported by Nordjyske Bank's existing head office in Nørresundby, which will continue as the regional head office for Northern Jutland with relevant functions.

2.3 Business activities

2.3.1 Introduction

2.3.1.1 Ringkjøbing Landbobank

Ringkjøbing Landbobank was established in 1886 under the name of Ringkjøbing Landbobank Aktieselskab. In 2002, Ringkjøbing Landbobank merged with Tarm Bank, in 2004 Ringkjøbing Landbobank took over the activities of Sdr. Lem Andelskasse, and in 2016 the activities of Ulfborg Sparekasse were taken over.

Ringkjøbing Landbobank is headquartered in Ringkøbing, and the bank's principal market area is Central and Western Jutland, but the bank also has customers in other parts of Denmark. Ringkjøbing Landbobank has seven branches in Central and Western Jutland as well as branches in Aarhus (Central Jutland), Vejle (South Jutland) and Holte (Zealand). At 30 April 2018, Ringkjøbing Landbobank had approximately 285 employees.

2.3.1.2 Nordjyske Bank

The history of Nordjyske Bank dates back more than 125 years and is rooted in Northern Jutland. Nordjyske Bank was officially incorporated on 23 June 1970 as a public limited company through the combination of the local banks in Frederikshavn, Sæby and Skagen, respectively, and Nordjyske Bank came into being on 13 March 2002 when the merger of Egnsbank Nord and Vendsyssel Bank was adopted at the banks' general meetings.

On 31 March 2015, Nordjyske Bank merged with Nørresundby Bank with the aim of securing a strong local bank in Northern Jutland for the benefit of customers, shareholders and employees.

Nordjyske Bank is headquartered in Nørresundby, and the bank's principal market area is Northern Jutland where the bank is represented by 22 branches with cashier service. In addition, the bank has a branch in Copenhagen. At 30 April 2018, Nordjyske Bank had approximately 420 employees.

2.3.2 Business activities

2.3.2.1 Introduction

The managements of both Ringkjøbing Landbobank and Nordjyske Bank expect the merger to strengthen the position of the Continuing Bank as a regionally based bank in Northern, Central and Western Jutland. Some of the customers live in Northern, Central and Western Jutland, but the Continuing Bank will also have customers in other parts of Denmark. Moreover, a minor part of the Continuing Bank's customers are based outside Denmark, mainly in Europe.

The principal activities of the Continuing Bank will be banking operations, distributed on both the corporate customer segment and the personal customer segment and activities related thereto. Moreover, the Continuing Bank will have activities within selected niche areas, including renewable energy, comprising the financing of wind turbines, solar power plants and biogas plants, and wholesale lending, among other things comprising loans secured against real property, as well as Private Banking and the financing of practice purchases by doctors and dentists.

2.3.2.2 Industry exposure

The Continuing Bank's total calculated loans and guarantees after impairment, provisions and discount would have been DKK 39,021 million at 31 December 2017, distributed on 64.1% corporate customers and 35.9% personal customers.

In the statement of the total calculated loans and guarantees of the Continuing Bank after impairment, provisions and discount and in the references below in the overview of industry exposure, discount has only been factored in with respect to figures pertaining to Nordjyske Bank. As regards the Continuing Bank, it is noted that, under the accounting policies which the Continuing Bank will continue to apply, no discount is expected to be factored in with respect to loans. In future, loans will be valued in accordance with the rules of IFRS 9 as the general provisions of IFRS 9 have been incorporated in the Danish Executive Order on Financial Reporting and supplemented by special Danish impairment rules as set out in schedule 10 to the Danish Executive Order on Financial Reporting, which complement the general principles of IFRS 9 (hereinafter "IFRS 9").

An overall statement of the Continuing Bank's loans and guarantees after impairment, provisions and discount broken down by industry is provided below.

Loans and guarantees (after impairment, provisions and discount)* ¹ / * ²	At 31 Dec. 2017	
	(DKKm)	(per cent – %)
Public authorities	20	0.1%
Corporate customers:		
Agriculture, hunting and forestry	3,636	9.3%
Fisheries	926	2.4%
Industry and raw materials extraction	1,088	2.8%
Energy supply	432	1.1%
Wind turbines	2,509	6.4%
Construction and civil engineering	1,678	4.3%
Trade	1,641	4.2%
Transport, hotels and restaurants	500	1.3%
Information and communication	167	0.4%
Financing and insurance	4,308	11.0%
Real estate	5,634	14.4%
Other industries	2,476	6.4%
Corporate customers, total	24,995	64.0%
Personal customers	14,006	35.9%

Loans and guarantees (after impairment, provisions and discount) ^{*1 / *2}	At 31 Dec. 2017	
	(DKKm)	(per cent – %)
Total	39,021	100.0%

*1 Discount has only been factored in with respect to figures pertaining to Nordjyske Bank, it being noted, however, with respect to the Continuing Bank that, under the accounting policies which the Continuing Bank will continue to apply, no discount is expected to be factored in with respect to loans. In future, loans will be valued in accordance with the rules of IFRS 9.

*2 The sector and industry breakdowns have been prepared on the basis of Statistics Denmark's industry codes etc.

3 MANAGEMENT

3.1 The board of representatives

As part of the merger, a proposal has been submitted to change the size of the board of representatives of Ringkjøbing Landbobank to the effect that, pursuant to the Draft Articles of Association of the Continuing Bank, the board of representatives is expanded from no less than 25 and no more than 30 members to no less than 37 and no more than 42 members. The board of representatives of the Continuing Bank will be elected by and from among the shareholders at the general meeting.

In connection with the consideration of the merger at the extraordinary general meeting of Ringkjøbing Landbobank to be held on 7 June 2018, as part of the merger and conditional on completion of the merger, 12 new members of the board of representatives will be appointed by Nordjyske Bank, elected from among the current members of Nordjyske Bank's board of directors and board of representatives with a view to joining the board of representatives of Ringkjøbing Landbobank in connection with the completion of the merger. Ringkjøbing Landbobank and Nordjyske Bank announced the names of the respective members in a company announcement released on 14 May 2018. The board of representatives of the Continuing Bank will thus be comprised of a total of 39 members.

3.2 Board of directors

After the merger, the board of directors of the Continuing Bank will consist of the five current members elected by the board of representatives of Ringkjøbing Landbobank and will be expanded by three new members elected by the board of representatives to be elected from among the 12 new members of the board of representatives of Nordjyske Bank upon the recommendation of Nordjyske Bank, who will then join as members of the board of representatives of Ringkjøbing Landbobank, as the Continuing Bank, in connection with the completion of the merger. Ringkjøbing Landbobank and Nordjyske Bank announced the names of the three members in a company announcement released on 14 May 2018.

The boards of directors of Ringkjøbing Landbobank and Nordjyske Bank have agreed to elect the current chairman of the board of directors of Ringkjøbing Landbobank, Martin Krogh Pedersen, as chairman and to elect the chairman of the board of directors of Nordjyske Bank, Mads Hvolby, and the current deputy chairman of Ringkjøbing Landbobank, Jens Møller Nielsen, as the two deputy chairmen of the board of directors of the Continuing Bank.

As part of the merger, the Continuing Bank will establish a voluntary employee representation scheme to replace the existing scheme, as reflected in article 14(7) of the Draft Articles of Association. As part of the voluntary scheme, two of the existing employee representatives of Nordjyske Bank and Ringkjøbing Landbobank, respectively, will be appointed as employee representatives to sit on the board of directors of the Continuing Bank until the annual general meeting of the Continuing Bank in 2019.

Prior to the annual general meeting of the Continuing Bank in 2019, employee elections will be held, at which the employees employed with Ringkjøbing Landbobank and Nordjyske Bank before the merger, respectively, will be entitled to elect a total of four employee representatives and four alternates, to the effect that each employee group is entitled to elect two employee representatives and two alternates, respectively, to the board of directors of the Continuing Bank. An employee will be entitled to vote at the election of employee representatives and alternates depending on whether, at the time of announcement of the election, they are employed at a branch or other geographical location which prior to the merger belonged to either Ringkjøbing Landbobank or Nordjyske Bank. This applies irrespective of whether an employee was employed before or after the merger and irrespective of where the employee in question had his or her place of work prior to announcement of an election. Employees with at least one year's total seniority with Ringkjøbing Landbobank and/or Nordjyske Bank at the date of announcement of the election are eligible for election as employee representatives and alternates depending on whether their place of work is at a branch or other geographical location which prior to the merger belonged to either Ringkjøbing Landbobank or Nordjyske Bank. Likewise, it is the employee's place of work at the time of announcement of the election which decides for which bank the employee in question may run as employee representative and alternate. The voluntary employee representation scheme will lapse automatically at the annual general meeting in 2027.

Reference is made to article 14 of the Draft Articles of Association of the Continuing Bank.

Below is an overview of the expected composition of the board of directors of the Continuing Bank if the merger is completed:

Expected composition of the board of directors of the Continuing Bank			
Name	Position	Member since	Current term expires
Martin Krogh Pedersen	Chairman (since 2018)	2011	2019
Mads Hvolby	Deputy chairman (since 2018)	2018	2022
Jens Møller Nielsen	Deputy chairman (since 2018)	2015	2019
Morten Jensen	Board member	2018	2022
Jon Steingrim Johnsen	Board member	2017	2021
Jacob Møller	Board member	2017	2019
Lone Rejkjær Söllumann	Board member	2017	2022
Sten Uggerhøj	Board member	2018	2022
Dan Junker Astrup	Employee representative	2015	2019
Gitte E. S. H. Vigsø	Employee representative	2011	2019
Arne Ugilt	Employee representative	2018	2019
Finn Aaen	Employee representative	2018	2019

3.2.1 Board committees

At the date of this extract, Ringkjøbing Landbobank has an audit committee, a risk committee, a nomination committee and a remuneration committee, which are expected to continue after completion of the merger. After completion of the merger, the board of directors of the Continuing Bank will determine the composition of the individual committees so as to ensure an adequate distribution of representatives of Ringkjøbing Landbobank and Nordjyske Bank with due consideration to candidate qualifications.

3.3 Executive management

After the merger, the executive management of the Continuing Bank will be headed by a chief executive officer, and the executive management will be expanded to comprise up to three additional members, all of whom will be given the title of managing director.

Ringkjøbing Landbobank's chief executive officer, John Bull Fisker, will continue as chief executive officer of the Continuing Bank, and Ringkjøbing Landbobank's general manager, Jørn Nielsen, will continue as a member of the executive management of the Continuing Bank.

In connection with the merger of Nordjyske Bank and Nørresundby Bank, director Mikael Toldbod Jakobsen announced that he intends to resign effective from 31 May 2018. A severance agreement was thus concluded with Mikael Toldbod Jakobsen in 2015.

In connection with the completion of the merger, chief executive officer of Nordjyske Bank, Claus Andersen, and deputy chief executive officer, Carl Pedersen, will join the executive management of the Continuing Bank together with John Bull Fisker and Jørn Nielsen. In connection with the completion of the merger, Claus Andersen and Carl Pedersen will enter into new service contracts and will be registered with the Danish Business Authority as members of the executive management. The new contracts will entail amendments to the terms of their employment. By way of payment for undertaking to stay on with the Continuing Bank, Claus Andersen and Carl Pedersen will each receive a cash compensation equivalent to their respective annual salary, provided they remain in the employ of the Continuing Bank for a number of years after the merger. Both Claus Andersen and Carl Pedersen are today entitled to a special severance payment on retirement. In connection with the merger, it has been the intention for this obligation to cease. This special severance payment equivalent to their respective annual salary will be settled in connection with the merger. Provisions have been made for a part of the

costs related to these severance payments in Nordjyske Bank's financial statements for previous financial years.

The business address of the executive management of the Continuing Bank will be Torvet 1, DK-6950 Ringkøbing, Denmark.

Below is an overview of the expected composition of the executive management of the Continuing Bank if the merger is completed:

Expected composition of the executive management of the Continuing Bank		
Name	Position	Member since
John Bull Fisker	Chief Executive Officer	1999
Claus Andersen	Managing Director	2018
Jørn Nielsen	Managing Director	2015
Carl Pedersen	Managing Director	2018

4 SHAREHOLDERS AND DIVIDEND PAYMENTS

4.1 Shareholdings before completion of the merger

4.1.1 Ringkjøbing Landbobank

The share capital of Ringkjøbing Landbobank amounts to DKK 21,812,000 nominal value divided into shares with a nominal value of DKK 1.00 each. At 30 April 2018, Ringkjøbing Landbobank had 17,515 registered shareholders. Ringkjøbing Landbobank has received notification from the following shareholders, who at 31 December 2017 held at least 5% of the voting rights or of the nominal share capital in accordance with section 38 of the Danish Capital Markets Act, and has not received any other notifications in accordance with this provision:

- ATP, Kongens Vænge 8, DK-3400 Hillerød, Denmark – 5.06%
- Parvus Asset Management Europe Limited, 7 Clifford Street, London, W1S 2FT, United Kingdom – 9.38%

In the period since 31 December 2017, Ringkjøbing Landbobank has not received any notification from the above-mentioned shareholders that their shareholdings have exceeded or fallen below the relevant thresholds for notification of shareholdings or from other shareholders that such hold at least 5% of the voting rights or of the nominal share capital, see section 38 of the Danish Capital Markets Act.

4.1.2 Nordjyske Bank

The share capital of Nordjyske Bank amounts to DKK 183,645,150 nominal value divided into shares of DKK 10.00 each. At 30 April 2018, Nordjyske Bank had 42,106 registered shareholders. Nordjyske Bank has received notification from the following shareholders that they hold at least 5% of the voting rights or of the nominal share capital pursuant to section 38 of the Danish Capital Markets Act:

- Jyske Bank, Vestergade 8-16, DK-8600 Silkeborg, Denmark – 38.51% (percentage based on information published in the Offer submitted by Jyske Bank on 6 April 2018)

4.1.3 Management's shareholdings

At 30 April 2018, the members of the board of directors and the executive management who are expected to continue with the Continuing Bank if the merger is completed held the following number of shares in each of Ringkjøbing Landbobank, Nordjyske Bank and the Continuing Bank:

Shareholdings				
Name	Title	Ringkjøbing Landbobank	Nordjyske Bank	Continuing Bank
		(no. of shares)	(no. of shares)	(no. of shares)
Martin Krogh Pedersen	Chairman	50,005	0	50,005
Mads Hvolby	Deputy Chairman	95	7,294	3,742
Jens Møller Nielsen	Deputy Chairman	470	0	470
Morten Jensen	Board member	0	2,210	1,105
Jon Steingrim Johnsen	Board member	0	0	0
Jacob Møller	Board member	775	0	775
Lone Rejkjær Söllumann	Board member	844	0	844
Sten Uggerhøj	Board member	0	79,683	39,841
Dan Junker Astrup	Employee representative	44	0	44
Gitte E. S. H. Vigsø	Employee representative	79	0	79
Arne Ugilt	Employee representative	0	2,529	1,264
Finn Aaen	Employee	0	802	401

	representative			
John Bull Fisker	Chief Executive Officer	74,970	2,130	76,035
Claus Andersen	Managing Director	0	2,914	1,457
Jørn Nielsen	Managing Director	10,975	1,000	11,475
Carl Pedersen	Managing Director	0	1,972	986

The statement above includes shareholdings held both directly and indirectly by the future management members of the Continuing Bank. The shareholdings in the Continuing Bank have been calculated on the basis of each individual management member holding the above-mentioned number of shares in Ringkjøbing Landbobank and Nordjyske Bank, respectively, at the time of completion of the merger.

4.2 Shareholdings after completion of the merger

Provided the merger is completed as proposed, and based on the statement of the ownership interests specified in section 4.1 “*Shareholdings before completion of the merger*”, the following shareholders are expected to hold at least 5% of the voting rights or of the nominal share capital of the Continuing Bank:

- Jyske Bank A/S, Vestergade 8-16, DK-8600 Silkeborg, Denmark – 11.41%
- Parvus Asset Management Europe Limited, 7 Clifford Street, London, W1S 2FT, United Kingdom – 6.76%

The ownership interests have been calculated on the basis of a nominal share capital of DKK 30,994,258 and are subject to any transactions which Jyske Bank and Parvus Asset Management Europe Limited or any other investors may have made or may make prior to completion of the merger.

Nykredit’s and ATP’s total ownership interest in the Continuing Bank is expected to be between 5% and 10%. Reference is furthermore made to section 1.6 “*Offer submitted by Jyske Bank A/S to the shareholders of Nordjyske Bank*” for a description of the agreement between Jyske Bank and Nykredit as regards the agreement on Nykredit’s acquisition of the New Ringkjøbing Landbobank Shares from Jyske Bank and the sale thereof to ATP.

At 28 May 2018, Ringkjøbing Landbobank held 202,506 treasury shares with a nominal value of DKK 202,506. At the same date, Nordjyske Bank held 16,581 treasury shares with a nominal value of DKK 165,810. At 28 May 2018, Ringkjøbing Landbobank held 100,020 shares in Nordjyske Bank with a nominal value of DKK 1,000,200. As at the same date, Nordjyske Bank held 54,920 shares in Ringkjøbing Landbobank with a nominal value of DKK 54,920. Based on the current shareholdings in the two banks, the Continuing Bank will hold at least 315,726 treasury shares with a nominal value of DKK 315,726 when the merger has been completed.

4.3 Share buyback programme

At the annual general meeting of Ringkjøbing Landbobank held on 28 February 2018, the shareholders adopted a special share buyback programme whereby, in the period until the next annual general meeting, the board of directors may allow the bank to purchase treasury shares representing a market value of up to DKK 170,000,000, however, not more than up to 1,000,000 shares with a nominal value of DKK 1.00 each. The special share buyback programme assumes that the shares may be bought at market price. The board of directors is furthermore authorised to cancel or reduce the share buyback programme if this is deemed to be in the commercial interest of the bank or to be in the long-term interest of the bank or if otherwise warranted by the bank’s capitalisation. The shares comprised by the share buyback programme will be acquired by the bank with a view to later completing a capital reduction.

In a company announcement released on 18 April 2018, Ringkjøbing Landbobank stated that the bank’s board of directors had resolved to initiate a partial exercise of the adopted share buyback programme by means of a share buyback programme to be completed in accordance with the Safe Harbour Regulation. The share buyback programme runs from 18 April 2018 until and including 30 June 2018. During this period, the bank will purchase treasury shares for a maximum amount of up to DKK 120 million. However, the maximum number of shares available for purchase under the programme is 700,000. In

the event of completion of the merger, however, it is expected that the remaining part of the current share buyback programme of DKK 50 million of the total authorisation of DKK 170 million will be exercised in the period until 10 August 2018.

The share buyback programme initiated will thus comprise the purchase of treasury shares representing a maximum value of up to DKK 170 million in accordance with the above-mentioned authorisation granted at the annual general meeting held on 28 February 2018, and it will run until and including 10 August 2018. If the remaining part of the authorisation is exercised, the bank will, during this period, purchase treasury shares for a maximum amount of up to DKK 170 million. However, the maximum number of shares available for purchase under the programme is 1,000,000.

In the notice convening the extraordinary general meeting to be held on 7 June 2018, the board of directors of Ringkjøbing Landbobank has submitted a proposal to set up another special share buyback programme to run in parallel with the above-mentioned share buyback programme, whereby the board of directors is authorised, during the period until 31 December 2019, to allow the bank to acquire treasury shares representing a market price of up to DKK 300,000,000, however, not more than up to 1,800,000 shares with a nominal value of DKK 1.00 each. The special share buyback programme assumes that the shares may be bought at market price. The board of directors is authorised to cancel or reduce the share buyback programme if this is deemed to be in the commercial interest of the Continuing Bank or to be in the long-term interest of the bank or if otherwise warranted by the bank's capitalisation. The shares comprised by the share buyback programme will be acquired by the Continuing Bank with a view to later completing a capital reduction. Such authorisation will be exercised by the board of directors only if the merger of Ringkjøbing Landbobank and Nordjyske Bank is completed and subject to the authorisation being adopted at the extraordinary general meeting of Ringkjøbing Landbobank to be held on 7 June 2018 as well as to the Danish FSA approving the share buyback programme.

Nordjyske Bank has no share buyback programmes for this period.

5 SELECTED FINANCIAL INFORMATION

5.1 Presentation of financial information

Financial information from Ringkjøbing Landbobank's and Nordjyske Bank's audited financial statements for the financial years ended 31 December 2017, 2016 and 2015 and the unaudited interim financial statements for the three months ended 31 March 2018 with comparative figures for the similar period in 2017 has been incorporated and reviewed in the Merger Document.

The annual reports of Ringkjøbing Landbobank and Nordjyske Bank have both been prepared in accordance with the Danish Financial Business Act and the Danish executive order on the presentation of financial statements. The provisions of the Danish executive order on the presentation of financial statements are considered to be consistent with the recognition and measurement provisions of the international financial reporting standards (IAS/IFRS). The financial statements referred to above have been audited. The auditors' opinions on the financial statements for the financial years ended 31 December 2017 and 2016 are unqualified and without emphasis of matter, and the financial statements for the financial year ended 31 December 2015 have been furnished with an unqualified opinion without emphasis of matter.

The interim report of Ringkjøbing Landbobank for the three months ended 31 March 2018 has not been audited or reviewed, but the bank's independent auditors have performed a review of the profit comprising work procedures which correspond to the requirements for a review, thus ensuring that the conditions for ongoing recognition of profit for the period in Common Equity Tier 1 Capital have been met. The interim report of Nordjyske Bank for the three months ended 31 March 2018 has not been audited or reviewed.

Nordjyske Bank took over Nørresundby Bank on 27 February 2015, and the banks merged on 31 March 2015. In accordance with the Danish executive order on the presentation of financial statements, the merger was effected by applying the acquisition method. In the opinion of the management of Nordjyske Bank, financial reporting using the format stipulated by the acquisition method does not give the reader an adequate and true and fair view of the bank's results of operations because of the requirements on accounting for impairment from Nørresundby Bank.

In the merger with Nørresundby Bank, some of the loans were valued below par (primarily loans subject to individual impairment). As a general rule, the difference between market price and nominal value is amortised over the term of the loan and recognised as income in the official financial statements as interest income on loans. If the loans had always been part of Nordjyske Bank's lending, these movements would have been recognised as loan impairments etc. In addition to the published income statement figures, Nordjyske Bank has therefore prepared a redistributed income statement in which amortisation is reversed under interest income and loan impairments, forming the basis of the "*Restated income statement for the Continuing Bank after redistribution*" in section 5.4 of this Extract.

5.2 The five benchmarks of the Supervisory Diamond

The Danish FSA has set up a Supervisory Diamond encompassing five benchmarks considered to be special risk areas for banks (hereinafter the "**Supervisory Diamond**"). For each of the five benchmarks, the Danish FSA has defined a threshold value with which the banks should generally comply. The five benchmarks should thus illustrate whether Danish banks are operated with a reasonable risk exposure and whether an individual bank has adequate financial strength.

At the date of the Merger Document and this Extract, the five threshold values of the Supervisory Diamond are as follows:

- 1) Sum of large exposures: must be less than 175% of the Common Equity Tier 1 Capital (previous benchmark of 125% replaced by new 175% benchmark at 1 January 2018);
- 2) Lending growth: must be less than 20% year-on-year;
- 3) Property exposure: must be less than 25% of total loans;

- 4) Funding ratio: must be below 1.00, which means that loans must be lower than the stable funding in the form of working capital less bonds with a remaining maturity of less than one year; and
- 5) Excess liquidity coverage: must be higher than 50%.

At 30 June 2018, the liquidity benchmark will be changed to the Liquidity Coverage Ratio (LCR), which must be higher than 100%.

The table below shows the threshold values for each of the benchmarks, which have been adjusted for the Continuing Bank at 31 March 2018 on the basis of each of Ringkjøbing Landbobank's and Nordjyske Bank's values for each of the benchmarks:

	Ringkjøbing Landbobank	Nordjyske Bank	Note	Continuing Bank ^{*1}
Sum of large exposures (< 175%) (new benchmark applicable as from 1 January 2018)	137.7%	152.8%	1	96.7%
Sum of large exposures (< 125%) (this benchmark has been replaced by the above benchmark effective from 1 January 2018)	22.1%	14.6%	1	0.0%
Lending growth (< 20%)	9.6%	7.5%		8.8%
Property exposure (<25%)	19.1%	13.3%		16.6%
Stable funding (funding ratio) (<1)	0.8	0.6	2	0.7
Excess liquidity coverage (<50%)	130.3%	112.9%	3	129.4%

*1 The values for the Continuing Bank do not express a simple aggregation of the values for Ringkjøbing Landbobank and Nordjyske Bank but are based on independent calculations using the same approach as for Ringkjøbing Landbobank and Nordjyske Bank.

Note 1: Based on accounting adjustments made as a result of the merger and shown in the table "Own Funds at 31 March 2018 (adjusted for the Continuing Bank) – unaudited" in section 6.2 "Statement of own funds for the Continuing Bank"

Note 2: Based on accounting adjustments made as a result of the merger and shown in the table "Stable funding – adjusted for the Continuing Bank as at 31 March 2018 in DKKm – unaudited" in section 6.6 "Cash position"

Note 3: Based on accounting adjustments made as a result of the merger and shown in the table in section 0 "Balance sheet as at 31 December 2017 (pro forma) – unaudited"

5.3 Pro forma financial information for the Continuing Bank

Pro forma financial information for the Continuing Bank is set out below for illustrative purposes.

The unaudited pro forma financial information is based on a hypothetical and estimated situation which does not reflect the Continuing Bank's actual financial position and results of operations. The pro forma financial information has been prepared for illustrative purposes only to illustrate a projected and estimated impact on the Continuing Bank's assets, liabilities and financial position at 31 December 2017 and results of operations for the period 1 January 2017 to 31 December 2017 as if Ringkjøbing Landbobank had merged with Nordjyske Bank effective for accounting purposes at 31 December 2017 for the pro forma balance sheets and at 1 January 2017 for the pro forma income statements.

5.3.1 Restrictions on the use of pro forma financial information

The pro forma financial information should not be considered to express the Continuing Bank's future assets and liabilities, results of operations, cash flows or financial position and should thus not be used as a basis for expectations about the results of the Continuing Bank. The pro forma financial information reflects a hypothetical situation which does not reflect the Continuing Bank's actual financial position and results of operations.

5.3.2 Methodology used in preparing the pro forma financial information

The pro forma financial information is based on Ringkjøbing Landbobank's financial statements at 31 December 2017 and Nordjyske Bank's financial statements at 31 December 2017, both of which have been prepared in accordance with the Danish Financial Business Act and the Danish executive order on the presentation of financial statements. The provisions of the Danish executive order on the presentation of financial statements are considered to be consistent with the recognition and measurement provisions of the international financial reporting standards (IAS/IFRS). No material differences in the accounting policies applied by the two banks have been identified.

The accounting policies applied by the Continuing Bank will be unchanged from the current accounting policies of Ringkjøbing Landbobank. However, some items in the financial statements of Nordjyske Bank are currently not included in the financial statements of Ringkjøbing Landbobank, in which cases Nordjyske Bank's previous accounting policies are expected to be applied by the Continuing Bank.

The pro forma balance sheet at 31 December 2017 for the Continuing Bank was prepared by combining the balance sheet at 31 December 2017 of Ringkjøbing Landbobank and the balance sheet at 31 December 2017 of Nordjyske Bank. Adjustments have been made as described in the notes, comprising among other things the expected fair value adjustments as a part of the purchase price allocation due to the acquisition method.

The pro forma income statement for the period 1 January to 31 December 2017 was prepared by combining the income statement for the period 1 January 2017 to 31 December 2017 of Ringkjøbing Landbobank and the income statement for the period 1 January to 31 December 2017 of Nordjyske Bank.

In connection with the preparation of this pro forma financial information and based on information currently available, a preliminary indicative purchase price allocation has been made. This is provided in note 5 to the pro forma balance sheet at 31 December 2017. It is the assessment of the Continuing Bank that the required fair value adjustments have been made in the pro forma statements. However, it should be taken into account that the subsequent actual calculation of the purchase price and purchase price allocation (with respect to the entries "Goodwill" and "Shareholders' equity") may differ materially from the preliminary indicative calculation, among other things because the calculation must be based on the price of Ringkjøbing Landbobank's shares at the date of completion of the merger.

The pro forma balance sheet at 31 December 2017 and the pro forma income statement for the period 1 January to 31 December 2017 do not reflect any cost, income or merger synergies. In addition, no merger or transaction costs have been reflected in the statements. The pro forma calculations have not been audited.

5.3.3 Income statement for 1 January to 31 December 2017 (pro forma) – unaudited

Amounts in DKK million	Ringkjøbing Landbobank	Nordjyske Bank	Note	Pro forma adjustment	Continuing Bank
Interest income	694	570	1	-2	1,262
Interest expenses	53	37	2	18	108
Net interest income	641	533		-20	1,154
Dividends from shares etc.	10	9		0	19
Fee and commission income	323	375		0	698
Fee and commission expenses	43	19		0	62
Net interest and fee income	931	898		-20	1,809
Value adjustments	+143	+68		0	+211
Other operating income	5	1		0	6
Staff costs and	327	502		0	829

Amounts in DKK million	Ringkjøbing Landbobank	Nordjyske Bank	Note	Pro forma adjustment	Continuing Bank
administrative expenses					
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	4	29	3	-7	26
Other operating expenses	3	2		0	5
Impairment charges for loans and other receivables etc.	-10	-95		0	-105
Results from investments in associated and group companies	0	0		0	0
Profit before tax	735	339		-13	1,061
Tax	146	69	4	-3	212
Net profit for the year	589	270		-10	849
Value adjustment, domicile properties	0	-2		0	-2
Tax on value adjustment, domicile properties	0	0		0	0
Provisions for pension obligations	0	0		0	0
Tax on provisions for pension obligations	0	0		0	0
Comprehensive income for the year	589	268		-10	847

Notes Income statement	Percentage	Amount	Pro forma adjustment
1) Reduction of interest income from cash resources due to partial cash redemption of shares in Nordjyske Bank (-164), implementation of share buyback programme (300) and raising of guaranteed new tier 2 capital (800)	-0.65%	-164 -300 <u>800</u> <u>336</u>	-2
2) Interest expense for guaranteed new tier 2 capital (800)	2.25%	800	18
3) Amortisation of customer relationships. Customer relationships are expected to be amortised over a 10-year period (150). Customer relationships in Nordjyske Bank will be reversed (-147)	10%	150 <u>-147</u> 3	-7
4) Tax Calculated as 22% of profit before tax	22%	-13	-3

5.3.4 Balance sheet as at 31 December 2017 (pro forma) – unaudited

Amounts in DKK million	Ringkjøbing Landbobank	Nordjyske Bank	Note	Pro forma adjustment	Continuing Bank
Assets					
Cash balances and demand deposits with central banks	308	362			670
Due from credit institutions and central banks	1,212	615	7	336	2,163
Loans and other receivables at amortised cost	19,351	11,822	2		31,173
Bonds at fair value	3,953	2,661			6,614
Shares, etc.	621	601	6	-18	1,204
Investments in associated and group companies	0	11			11
Assets in pooled schemes	0	3,614			3,614
Intangible assets* ¹	0	433	5	736	1,169
Land and buildings, total	56	227			283
Investment properties	4	33			37
Domicile properties	52	194			246
Other property, plant and equipment	19	10			29
Current tax assets	20	3			23
Deferred tax assets	9	0	3	-9	0
Temporary assets	4	2			6
Other assets	235	145			380
Prepayments	8	21			29
Total assets	25,796	20,527		1,045	47,368
Liabilities and equity					
Due to credit institutions and central banks	1,599	314			1,913
Deposits and other debt	19,110	16,743			35,853
Deposits and other debt	19,110	12,944			32,054
Deposits in pooled schemes	0	3,799			3,799
Issued bonds at amortised cost	673	0			673
Other liabilities	211	191			402
Deferred income	4	1			5
Total debt	21,597	17,249			38,846
Provisions for pensions and similar liabilities	0	12			12
Provisions for deferred tax	0	15	3	-6	9
Provisions for losses on guarantees	10	21			31
Other guarantees	0	5			5
Total provisions	10	53		-6	57
Tier 2 capital	372	273	1	800	1,445
Subordinated debt,	372	273		800	1,445

Amounts in DKK million	Ringkjøbing Landbobank	Nordjyske Bank	Note	Pro forma adjustment	Continuing Bank
total					
Share capital	22	184	4	-175	31
Revaluation reserves	0	16	6	-16	0
Reserve for net revaluation according to the equity method	0	3	6	-3	0
Retained earnings	3,593	2,668	6	445	6,706
Proposed dividends, etc.	202	81		0	283
Total shareholders' equity	3,817	2,952		251	7,020
Total liabilities and equity	25,796	20,527		1,045	47,368

Notes to the balance sheet			Pro forma adjustment
1) Raising of guaranteed new tier 2 capital, see section 6.5 "Tier 2 Capital"			800
2) The valuation of loans taken over measured according to IFRS 9, which recognises expected losses, corresponding to the fair value of the loans			-
3) Reclassification of deferred tax to liabilities in the Continuing Bank. Change in the deferred tax liability due to change in intangible assets			9 <u>-6</u> 3
4) Issue of new shares, Exchange of shares in Nordjyske Bank Change in share capital	9,119,032 shares 18,364,515 shares	with a nominal value of DKK 1.00 each with a nominal value of DKK 10.00 each	9 <u>-184</u> -175
5) Goodwill Purchase price Net asset (= net asset value) Intangible assets (gross) Deferred tax on new intangible asset Off-balance sheet items acquired from Nordjyske Bank Total intangible assets			3,597 <u>2,461</u> 1,136 33 <u>0</u> 1,169
Of which: Customer relationships The remainder is goodwill			150 1,019

Notes to the balance sheet			Pro forma adjustment
6) Retained earnings			
Share buyback programme			-300
Treasury shares			-18
Cash distribution			-164
Change in share capital			175
Dissolution of:			
Revaluation reserves			16
Other reserves			3
Change in intangible assets (net)*1			732
Rounding difference			<u>1</u>
Total change in retained earnings			445
7) Cash resources due to partial cash redemption of shares in Nordjyske Bank (-164), implementation of share buyback programme (-300) and raising of guaranteed new tier 2 capital (800)			-164
			-300
			<u>800</u>
			<u>336</u>

*1 The balance for intangible assets in Nordjyske Bank's financial statements has been reversed, and an amount has then been calculated for new intangible assets for the Continuing Bank

5.4 Adjusted income statement of the Continuing Bank after redistribution

Shown below is the income statement for the period 1 January to 31 December 2017 of the Continuing Bank, which is unaudited and takes into account the redistribution included in the income statement of Nordjyske Bank in section 8.8.1 "Nordjyske Bank – redistributed income statement" of the Merger Document. See also section 5.1 "Presentation of financial information" of this Extract, which describes the background to the preparation of the redistributed income statement.

Amounts in DKK million	Ringkjøbing Landbobank	Nordjyske Bank	Note	Adjustment	Continuing Bank
Interest income	694	524	1	-2	1,216
Interest expenses	53	37	2	18	108
Net interest income	641	487		-20	1,108
Dividends from shares etc.	10	9		0	19
Fee and commission income	323	374		0	697
Fee and commission expenses	43	18		0	61
Net interest and fee income	931	852		-20	1,763
Value adjustments	+143	+68		0	+211
Other operating income	5	1		0	6
Staff costs and administrative expenses	327	502		0	829
Amortisation, depreciation and impairment of intangible assets and property, plant	4	29	3	-7	26

Amounts in DKK million	Ringkjøbing Landbobank	Nordjyske Bank	Note	Adjustment	Continuing Bank
and equipment					
Other operating expenses	3	1		0	4
Impairment charges for loans and other receivables etc.	-10	-60		0	-70
Results from investments in associated and group companies	0	0		0	0
Profit before tax and adjustments	735	329		-13	1,051
Adjustment	0	10		0	10
Profit before tax	735	339		-13	1,061
Tax	146	69	4	-3	212
Net profit for the year	589	270		-10	849
Value adjustment, domicile properties	0	-2		0	-2
Tax on value adjustment, domicile properties	0	0		0	0
Provisions for pension obligations	0	0		0	0
Tax on provisions for pension obligations	0	0		0	0
Comprehensive income for the year	589	268		-10	847

Note: A description of notes 1-4 is provided in section 5.3.3 "Income statement for 1 January to 31 December 2017 (pro forma) – unaudited"

6 CAPITAL RESOURCES

The following review of the banks' capitalisation and cash position is based on figures as at 31 December 2017 and 31 March 2018 and on an adjusted statement in respect of the Continuing Bank.

6.1 Policies and targets

The board of directors of Ringkjøbing Landbobank has adopted a number of policies and instructions to ensure that Ringkjøbing Landbobank will from time to time have at its disposal sufficient capital and cash resources to comply with the statutory requirements and to support future activities and growth.

Ringkjøbing Landbobank pursues the following capital targets:

- The common equity tier 1 capital ratio must be at least 13.5%
- The total capital ratio must be at least 17%
- The total capital available to cover the MREL add-ons must be at least 22%

These are minimum targets, which must be met at 31 December of each year, it being noted that major fluctuations may occur over the year due to the capital rules for share buyback programmes. Finally, it is noted that no time horizon has been defined for compliance with the targets as regards the common equity tier 1 capital ratio and the total capital ratio. As regards the total capital available to cover the MREL add-ons, the aim is to achieve compliance in connection with the implementation of the MREL requirement.

The Continuing Bank intends to apply the same targets as those specified for the common equity tier 1 capital ratio and for the total capital ratio. The target specified for the total capital available to cover the MREL add-ons will be revised when the MREL requirement for the Continuing Bank has been determined by the Danish FSA.

In terms of cash position, Ringkjøbing Landbobank's target is to not have any uncovered net funding requirements and for the bank not to be dependent on the short-term money market. Other targets are for the bank's budgeted cash resources to continually meet the applicable liquidity coverage ratio (LCR) requirement for a period of at least 12 months and for the bank to be able in a stress scenario to maintain adequate cash resources for a period of at least 12 months by applying recovery measures (if relevant).

6.2 Statement of own funds for the Continuing Bank

Ringkjøbing Landbobank and Nordjyske Bank are both licensed to carry on banking activities and are thus subject to capital requirements.

Pursuant to EU regulations and the Danish Financial Business Act, Own Funds must be at least 8.0% of the total risk exposure amount, expressed as the Total Risk Exposure Amount. Moreover, financial businesses are required to comply with a Capital Conservation Buffer, which is currently phased in at 1.88%, and which will total 2.50% when fully phased in at 1 January 2019. In addition, there is a Countercyclical Capital Buffer, which will total no more than 2.50% if fully phased in. As at 31 March 2019, the Countercyclical Capital Buffer in Denmark will be phased in at a rate of 0.5%.

The Own Funds of the Continuing Bank have been calculated at DKK 6,383 million at 31 March 2018. See below.

Own Funds at 31 March 2018 (adjusted for the Continuing Bank) – unaudited					
Amounts in DKK million	Ringkjøbing Landbobank	Nordjyske Bank	Note	Adjustment	Continuing Bank
Shareholders' equity	3,785	2,757	a	358	6,900
Deduction for expected dividend	-77	0		0	-77
Deduction for intangible assets	0	-399	b	-738	-1,137
Addition for transitional scheme applied in connection with IFRS 9	43	0	c	111	154

Own Funds at 31 March 2018 (adjusted for the Continuing Bank) – unaudited					
Amounts in DKK million	Ringkjøbing Landbobank	Nordjyske Bank	Note	Adjustment	Continuing Bank
Deduction for prudent valuation	-6	-4		0	-10
Deduction for the sum of equity investments etc. above 10%	-301	-386	d	83	-604
Deduction for share buyback programme limit	-170	0	a	0	-170
Current utilisation of share buyback programme limit	0	0		0	0
Deduction for treasury share trading limit	-55	-20	e	20	-55
Current utilisation of treasury share trading limit	14	3	e	-3	14
Common Equity Tier 1 Capital	3,233	1,951		-169	5,015
Additional tier 1 capital	0	0		0	0
Tier 1 capital	3,233	1,951		-169	5,015
Tier 2 capital	373	273	f	800	1,446
Deduction for the sum of equity investments etc. above 10%	-73	0	d	-5	-78
Own Funds	3,533	2,224		626	6,383

The final purchase price and consequently the amount of capital contributed as well as intangible assets will depend on the price of Ringkjøbing Landbobank's shares on the date of completion of the merger. The above figures are based on a price of DKK 376.5 per share of Ringkjøbing Landbobank. However, this has no impact on the own funds of the Continuing Bank.

The adjusted statement of Own Funds must be assessed in light of the restrictions and reservations mentioned above in section 6.1 "Policies and targets" and are furthermore based on the following assumptions set out in the below-mentioned notes:

- a) Equity adjustments of DKK 358 million at 31 March 2018 have been calculated as follows:

Equity adjustments at 31 March 2018	Amounts in DKK million
Change in intangible assets	738
Share buyback programme (has been offset against equity)	-300
Cash distribution	-164
Other adjustments	-19
Profit for the period for Nordjyske Bank	103
Equity adjustment	358

- b) The intangible assets of the Continuing Bank are fully deducted from the own funds.
c) The transitional scheme is used for beginning of period adjustments made by Nordjyske Bank in relation to IFRS 9.
d) Adjustments are made to deduction for non-material equity investments – partly due to changes in own funds before deductions and partly due to changes in the portfolio of shares in BankInvest, as the Continuing Bank holds more than 10% of the share capital of BankInvest.
e) Equalisation of trading limit in Nordjyske Bank. The trading limit in Ringkjøbing Landbobank is maintained at the current level of DKK 55 million.
f) Raising of guaranteed new tier 2 capital in two issues with a term to maturity of 10 years and 12 years, respectively.

The Total Risk Exposure Amount of the Continuing Bank is expected to amount to DKK 34,500 million, calculated on the basis of Ringkjøbing Landbobank's and Nordjyske Bank's capital adequacy statements as at 31 March 2018. Based on the Continuing Bank's Own Funds of DKK 6,383 million at 31 March 2018, the total capital ratio will be 18.5.

6.3 Risk exposure and capital adequacy

As a result of the activities of the Continuing Bank, the Continuing Bank is exposed to different risks in relation to the capital charge, including:

- Credit risk, which is the risk that payment obligations owed to the Continuing Bank are deemed not recoverable, either due to inability or unwillingness to pay the amount owed at the agreed time.
- Market risk, which is the risk that the market value of the Continuing Bank's assets and liabilities changes due to changes in market conditions. The bank's overall market risk comprises interest rate risk, currency risk, equity risk and property risk.
- Liquidity risk, which is the risk that the cash resources of the Continuing Bank are insufficient to cover its payment obligations.
- Operational risk, which is the risk of incurring direct or indirect financial losses as a result of errors in internal processes and systems or human errors or as a result of external events.
- Other risks, which comprise, among other things, the risk of losses due to the business profile of the Continuing Bank.

Reference is also made to the description of risks to which the Continuing Bank is exposed set out in section 2.1 "Risk factors" of this Extract and as described in section 3 "Risk factors" in the Merger Document.

The risk exposure is affected by a number of different factors, including the distribution of credit exposure on customer types and products.

The Total Risk Exposure Amount is calculated according to the following approaches:

- | | |
|---|--------------------------|
| • Credit risk outside the trading portfolio: | Standardised approach |
| • Counterparty risk: | Mark-to-market method |
| • Credit risk mitigation method – financial collateral: | Comprehensive method |
| • Market risk: | Standardised approach |
| • Operational risk: | Basic indicator approach |

6.4 Individual Solvency Need and excess solvency

The expected Individual Solvency Need of the Continuing Bank, assuming the merger is completed, has been calculated at 9.3%. The estimate is based on the so-called 8+ method in accordance with the Danish FSA's guidelines on adequate Own Funds and solvency needs for credit institutions. The estimate is subject to later amendments, if any, including the Danish FSA's review.

The excess solvency of the Continuing Bank expressed as a percentage of the total own funds requirement, including Implemented Buffer Requirements as at 31 March 2018, is thus estimated at 7.3.

6.5 Tier 2 Capital

In May 2015, Ringkjøbing Landbobank issued subordinated tier 2 capital instruments with a principal of EUR 50 million and a term to maturity of 10 years with optional prepayment at the earliest five years after the date of issuance (May 2020).

In February 2015, Nordjyske Bank issued subordinated tier 2 capital instruments with a principal of DKK 275 million and a term to maturity of 10 years with optional prepayment at the earliest five years after the date of issuance (February 2020).

After the merger, the Continuing Bank will issue subordinated tier 2 capital instruments with a principal amount representing the equivalent of up to a total of DKK 800 million. The issuance will be divided

into two separate issues with a term to maturity of 10 years and 12 years, respectively, and both with optional repayment at the earliest five years after the respective dates of issuance. Nykredit has guaranteed the issues.

6.6 Cash position

Stable funding – adjusted for the Continuing Bank as at 31 March 2018 in DKKm – unaudited					
	Ringkjøbing Landbobank	Nordjyske Bank	Note	Adjustments	Continuing Bank
Loans and other receivables at amortised cost	19,925	11,722		0	31,647
Adjustment* ¹	-922	0		0	-922
Total	19,003	11,722		0	30,725
Funding:					
Deposits and other debt	19,511	12,945		0	32,456
Deposits in pooled schemes	0	3,851		0	3,851
Total deposits and other debt	19,511	16,796		0	36,307
Issued bonds (remaining term > 1 year)	900	0		0	900
Subordinated debt	372	273	1	800	1,445
Shareholders' equity	3,785	2,860	1	255	6,900
Total funding	24,568	19,929		1,055	45,552
Excess	5,565	8,207		1,055	14,827
Stable funding	0.77	0.59			0.67

*1 A part of the lending portfolio for wind turbines in Germany are back-to-back refinanced with KfW Bankengruppe

Note 1: Based on accounting adjustments made as a result of the merger and shown in the table in section o "Balance sheet as at 31 December 2017 (pro forma) – unaudited"

The management of Ringkjøbing Landbobank considers the bank's cash position to be comfortable.

The management of Nordjyske Bank considers the bank's cash position to be comfortable.

6.7 Liquidity coverage ratio (LCR)

At 31 March 2018, Ringkjøbing Landbobank had a liquidity coverage ratio of 256%, while Nordjyske Bank had a liquidity coverage ratio of 272%, as compared with the statutory requirement of 100%.

LCR – adjusted for the Continuing Bank as at 31 March 2018 – unaudited* ¹				
	Ringkjøbing Landbobank	Nordjyske Bank	Note	Continuing Bank
LCR	256%	272%	1	273%

*1 The values for the Continuing Bank do not express a simple aggregation of the values for Ringkjøbing Landbobank and Nordjyske Bank but are based on independent calculations using the same approach as for Ringkjøbing Landbobank and Nordjyske Bank.

Note 1: Based on accounting adjustments made as a result of the merger and shown in the table in section o "Balance sheet as at 31 December 2017 (pro forma) – unaudited"

6.8 Capitalisation and debts

The assets and activities of Ringkjøbing Landbobank and Nordjyske Bank are financed by way of customer deposits, loans raised with other credit institutions, subordinated debt and shareholders' equity and, as regards Ringkjøbing Landbobank, also by way of issued bonds.

The table below shows a comparison of Ringkjøbing Landbobank's and Nordjyske Bank's capitalisation adjusted for the Continuing Bank as at 31 March 2018:

Capitalisation – adjusted for the Continuing Bank as at 31 March 2018 in DKKm – unaudited					
	Ringkjøbing Landbobank	Nordjyske Bank	Note	Adjustments	Continuing Bank
Due to credit institutions and central banks	1,882	261		0	2,143
Issued bonds at amortised cost	1,198	0		0	1,198
Subordinated debt	372	273	1	800	1,445
Total capital market debt	3,452	534		800	4,786
Deposits and other debt	19,511	12,945		0	32,456
Deposits in pooled schemes	0	3,851		0	3,851
Total deposits	19,511	16,796		0	36,307
Total external funding and debt	22,963	17,330		800	41,093
Other liabilities	211	103		0	314
Deferred income	4	1		0	5
Provisions for pensions and similar liabilities	0	12		0	12
Provisions for deferred tax	0	14	1	-5	9
Provisions for losses on guarantees	27	20		0	47
Other provisions	14	5		0	19
Total debt and provisions	23,219	17,485		795	41,499
Total shareholders' equity	3,785	2,860	1	255	6,900
Total liabilities and equity	27,004	20,345		1,050	48,399

Note 1: Based on accounting adjustments made as a result of the merger and shown in the table in section o "Balance sheet as at 31 December 2017 (pro forma) – unaudited"

6.9 Working capital

Based on the above, the managements of Ringkjøbing Landbobank and Nordjyske Bank believe that the working capital of the Continuing Bank as at the date of the Merger Document and this Extract is sufficient to cover the Continuing Bank's requirements for a period of at least 12 months.

The managements of Ringkjøbing Landbobank and Nordjyske Bank further believe that, as at 31 December 2017, the Continuing Bank had an adequate capital structure and adequate capital resources.

6.10 Other information regarding capital resources

Reference is generally made to the Merger Document, which for each of Ringkjøbing Landbobank and Nordjyske Bank comprises information on (i) the risk exposures specific to the banks (see section 9.4.1 “*Risk exposure and capital adequacy – Ringkjøbing Landbobank*” and section 9.4.2 “*Risk exposure and capital adequacy – Nordjyske Bank*” of the Merger Document), (ii) individual solvency need (see section 9.5 “*Individual solvency need and excess solvency*” of the Merger Document), (iii) secured and unsecured debt (see section 9.9.3 “*Secured and unsecured debt*” of the Merger Document) and (iv) guaranteed and unguaranteed debt (see section 9.9.4 “*Guaranteed and unguaranteed debt*” of the Merger Document).

7 OUTLOOK FOR 2018

The management expected to be appointed for the Continuing Bank after the merger has prepared and presented the outlook for the 2018 financial year including material assumptions. The profit guidance for the financial year ending 31 December 2018 has been prepared using the same accounting policies as for the 2017 financial statements, reference being made to the relevant paragraphs of the accounting policies in section 5.1 “*Presentation of financial information*” and section 5.3.2 “*Methodology used in preparing the pro forma financial information*”.

The profit guidance for the financial year ending 31 December 2018 is based on a number of factors, including certain estimates and assumptions. The most material assumptions on which the profit forecast for the 2018 financial year is based are described below. Some of the material assumptions applied by Ringkjøbing Landbobank in the preparation of the profit forecast for the 2018 financial year are beyond the control and influence of the Continuing Bank.

The actual results are likely to be different from the profit guidance for the financial year ending 31 December 2018 since anticipated events frequently do not occur as expected, and the variance may be material. The profit guidance for the financial year ending 31 December 2018 in the section above should be read in conjunction with the risk factors to which the Continuing Bank is exposed.

7.1 Outlook for the Continuing Bank for 2018

The merged banks have both announced their pre-tax profit guidance for 2018. As the acquisition method is used in connection with the merger, the pre-tax profit of the Continuing Bank will consist of the pre-tax profit for the full year as regards Ringkjøbing Landbobank and for the period from completion of the merger until 31 December 2018 as regards Nordjyske Bank.

Relative to the guidance for pre-tax profit already provided for the two banks, the pre-tax profit of the Continuing Bank will further be affected by merger costs and any potential synergies.

The Continuing Bank is expected to report a profit before tax and before merger costs of between DKK 825 million and DKK 1,025 million.

The Continuing Bank is expected to generate a pre-tax profit after merger costs for 2018 of approximately DKK 700 million – DKK 900 million.

7.2 Assumptions underlying the outlook for the Continuing Bank for 2018

The figures guided above have been calculated on the basis of the guidance already announced and the announced internal budgets for 2018 for Ringkjøbing Landbobank and Nordjyske Bank, respectively.

The outlook for the Continuing Bank’s pre-tax profit for 2018 is based on the following material assumptions which, in accordance with the information set out below, are both within and beyond the Continuing Bank’s control:

Primarily within the Continuing Bank’s control

- Growth in lending is budgeted for 2018 relative to the combined balance sheets of the two banks as at 31 December 2017
- Higher net interest and fee income is budgeted for 2018
- Higher staff costs and administrative expenses are budgeted for 2018
- Merger costs of approximately DKK 125 million are expected to be recognised in 2018
- No notable synergies are expected to materialise in 2018

Primarily beyond the Continuing Bank's control

- An unchanged level of interest rates is budgeted for 2018
- An unchanged level of loan impairment charges is budgeted for 2018
- No requirement to recognise impairment charges is expected in relation to the goodwill arising as a result of the merger being identified in connection with impairment testing

8 TAXATION

8.1 Introduction

This section contains a description of significant tax matters in Denmark regarding the acquisition, holding and disposal of shares for investors who are resident in Denmark for tax purposes and investors who are not resident in Denmark for tax purposes. The summary is for general information purposes only and in no way whatsoever purports to constitute tax or legal advice.

Investors should consult their own tax advisers with a view to clarifying the tax consequences for them of acquiring, holding or disposing of the shares in the Continuing Bank.

The summary does not contain a description of the tax consequences for professional investors, including life insurance companies and pension companies. Likewise, the summary generally does not contain a description of tax matters for shareholders who are not resident in an EU/EEC member state or who are resident in a country with which Denmark does not have a double-taxation treaty.

The summary is based on applicable legislation, rules, judgments and decisions in Denmark as at the date of publication of the Merger Document and this Extract, all of which may be amended, in some cases with retrospective effect.

8.2 Tax matters relating to Ringkjøbing Landbobank and Nordjyske Bank

The merger of Ringkjøbing Landbobank and Nordjyske Bank will be completed as a tax-exempt merger with Ringkjøbing Landbobank as the continuing entity pursuant to the Danish Merger Tax Act. The application of the rules of the Danish Merger Tax Act on tax-exempt mergers entails succession for tax purposes at company and shareholder level. For additional information, see below. A number of conditions must be met, which will not be examined in detail in the Merger Document or in this Extract.

8.3 Tax consequences of the merger for the shareholders of Nordjyske Bank

The merger will be completed as a tax-exempt merger, which is automatically binding on both the companies and the shareholders.

The consideration to the shareholders of Nordjyske Bank consists partly of shares in Ringkjøbing Landbobank and partly of a cash consideration.

The shares in Ringkjøbing Landbobank received by the shareholders as consideration for the shares in Nordjyske Bank will be treated as if they were acquired on the same date and at the same purchase price as the shares in Nordjyske Bank (succession for tax purposes). The merger is not comparable to a disposal, and therefore no statement of gains or losses in respect of the shares has to be made.

The shareholders of Nordjyske Bank will be remunerated by way of New Ringkjøbing Landbobank Shares at a 2:1 exchange ratio and a cash consideration of DKK 9.00 per share in Nordjyske Bank. For every two shares with a nominal value of DKK 10.00 held in Nordjyske Bank, the shareholders of Nordjyske Bank will receive one New Ringkjøbing Landbobank Share with a nominal value of DKK 1.00 in Ringkjøbing Landbobank and a cash consideration of DKK 18.00 for every two shares held in Nordjyske Bank. To the extent that the shareholdings held by the shareholders of Nordjyske Bank are not divisible by two, shareholders with an uneven number of Nordjyske Bank shares will receive a cash payment of DKK 187.76 for the excess share, which amount is inclusive of the above-mentioned cash consideration of DKK 9.00 per share.

The cash consideration of DKK 18.00 for every two shares will – without exception – be taxed as dividend. Any cash consideration for an excess share of DKK 187.76, which amount is inclusive of the cash consideration of DKK 9.00 per share, will also be taxed as dividend, except for personal shareholders who only hold one share in Nordjyske Bank. See section 8.3.2 “*Personal shareholders holding one share in Nordjyske Bank*”. Shareholders of Nordjyske Bank who on completion of the merger hold tax-exempt shares according to the previous DKK 100,000 rule, i.e. shares which are tax-exempt according to section 44 of the Danish Capital Gains Tax Act, thus do *not* have the option of

treating the merger as a taxable merger (and thereby avoid withholding tax). Accordingly, the cash considerations will – without exception – be subject to withholding tax.

If shareholders of Nordjyske Bank sell an uneven share before completion of the merger, the share thus sold will be subject to ordinary capital gains tax (instead of withholding tax on the cash consideration of DKK 187.76, which would otherwise have been paid out in respect of this share in connection with the merger).

8.3.1 Personal shareholders holding two or more shares in Nordjyske Bank

The personal shareholders holding two or more shares in Nordjyske Bank will be remunerated with one share in Ringkjøbing Landbobank and a cash consideration of DKK 18.00 for every two shares held in Nordjyske Bank. If the shareholders hold an uneven number of shares in Nordjyske Bank, the consideration paid for the excess share will be DKK 187.76. As a result of such shareholders after the merger holding shares in Ringkjøbing Landbobank, the total cash consideration will be taxed as dividend, and Ringkjøbing Landbobank will thus make a withholding of 27%.

The fact that the merger is completed as a tax-exempt merger (under the rules of the Danish Merger Tax Act) entails succession for tax purposes in relation to the acquisition price of the shares and the intention. The total acquisition price of the shares in Nordjyske Bank will thus be transferred as the purchase price for the shares acquired in Ringkjøbing Landbobank. Similarly, any shares received in Ringkjøbing Landbobank as consideration for shares in Nordjyske Bank, which are tax-exempt in accordance with section 44 of the Danish Capital Gains Tax Act, will be comprised by this provision as tax-exempt shares.

8.3.2 Personal shareholders holding one share in Nordjyske Bank

The personal shareholders holding only one share in Nordjyske Bank will be remunerated solely by way of a cash consideration of DKK 187.76. This cash consideration will be taxed in accordance with the rules of the Danish Capital Gains Tax Act, provided, however, that the shareholder in question does not hold any shares in Ringkjøbing Landbobank at the time of completion and settlement of the merger. Taxation in accordance with the Danish Capital Gains Tax Act generally implies that the shareholders are subject to tax on any capital gains earned on the share.

In spite of this, Ringkjøbing Landbobank is required to make withholdings in the cash consideration and to pay and report this to the Danish Customs and Tax Administration (SKAT) as dividend.

The shareholders are therefore required to make changes, if any, in connection with their tax returns for 2018.

If the shareholders hold one or more shares in Ringkjøbing Landbobank at the time of completion and settlement of the merger, the cash consideration will instead be taxed as dividend, i.e. in the same way as for personal shareholders holding two or more shares in Nordjyske Bank. See section 8.3.1 “*Personal shareholders holding two or more shares in Nordjyske Bank*”.

8.4 Tax consequences of the merger for the original shareholders of Ringkjøbing Landbobank

The merger will not have any tax consequences for the original shareholders of Ringkjøbing Landbobank who keep their shares. For information on taxation of regular returns, see the sections below.

9 DOCUMENTS INCORPORATED IN THE MERGER DOCUMENT BY REFERENCE

9.1 Merger documents

The following documents have been incorporated in the Merger Document by reference:

- Notice convening the extraordinary general meeting of Ringkjøbing Landbobank
- Notices convening two extraordinary general meetings of Nordjyske Bank
- Joint merger plan and joint merger statement in accordance with sections 237 and 238 of the Danish Companies Act
- Draft Articles of Association of the Continuing Bank after the merger
- Statement by valuation expert on the merger plan in accordance with section 241 of the Danish Companies Act
- Declaration by valuation expert on the creditors' position in accordance with section 242 of the Danish Companies Act

Since 8 May 2018, the documents set out above and the annual reports for 2015, 2016, 2017 and the interim reports for the three months ended 31 March 2018 for both banks have furthermore been available for inspection by the shareholders at the head office of Ringkjøbing Landbobank at Torvet 1, DK-6950 Ringkøbing, Denmark, and the office of Nordjyske Bank at Torvet 4, DK-9400 Nørresundby, Denmark, as well as on the banks' websites, www.landbobanken.dk and www.nordjyskebank.dk.

9.2 Financial information

The financial ratios, income statements and balance sheets, statements of changes in equity and notes as well as the management's reviews, statements by management and auditors' reports from the published financial statements of Ringkjøbing Landbobank and Nordjyske Bank for the financial years ended 31 December 2017, 2016 and 2015 have been incorporated in the Merger Document by reference. Likewise, the financial ratios, income statements and balance sheets, statements of changes in equity and notes as well as the management's reviews and statements by management from the published interim financial statements of Ringkjøbing Landbobank and Nordjyske Bank for the three months ended 31 March 2018 (with comparative figures for the same period of 2017) have been incorporated by reference.

For a detailed review of the annual reports and the Q1 interim reports, reference is made to the respective annual and interim reports, which may be downloaded from the websites of the two banks, www.landbobanken.dk and www.nordjyskebank.dk.

9.3 Risk reports

The cross-reference table below refers to the most recent risk reports of Ringkjøbing Landbobank and Nordjyske Bank, respectively.

For a detailed review of the risk reports, reference is made to Ringkjøbing Landbobank's website, www.landbobanken.dk, and Nordjyske Bank's website, www.nordjyskebank.dk, from which the risk reports of the two banks may be downloaded.

	Ringkjøbing Landbobank (page(s))	Nordjyske Bank (page(s))
Risk policy and target	*12-3	*34-6
Credit risk	*16-15, 20-23	*314-22, 31
Market risk	*15, 23	*323
Interest rate risk	*16	*325
Currency risk	*24	*323
Equity risk	*15-16	*324
Liquidity risk	*24	-
Operational risk	*15, 23	*323

*1 Risk disclosures for Ringkjøbing Landbobank A/S – Statement regarding other disclosure requirements as at 31 December 2017 published on 31 January 2018

*2 Risk disclosures for Ringkjøbing Landbobank A/S – Quarterly statement regarding adequate Own Funds and Individual Solvency Need as at 31 March 2018 – published on 10 April 2018

*3 Risk disclosures for Nordjyske Bank – published on 8 February 2018

Important information

This Extract of the Merger Document has been prepared in accordance with Danish law. No prospectus is prepared in connection with the merger, as the Merger Document and related annexes constitute the document referred to in section 17(1)(iii) and section 18(1)(iii) of Executive Order no. 1176 of 31 October 2017 on prospectuses. No external review or other verification of the information contained in the Merger Document has been carried out in connection with the preparation of the Merger Document and, as is usual in connection with the preparation of such merger documents, no verification process has been completed.

In certain jurisdictions, the distribution of the Merger Document or the Extract and the offering or sale of the New Ringkjøbing Landbobank Shares is restricted by law and/or subject to other restrictions. The Merger Document and the Extract do not constitute an offer to sell or a solicitation of an offer to buy the New Ringkjøbing Landbobank Shares or any part thereof in any jurisdiction to any person to whom the making of such offer or solicitation would be unlawful. Persons resident outside Denmark into whose possession the Merger Document or the Extract may come are assumed by Ringkjøbing Landbobank and Nordjyske Bank to inform themselves about and to observe such restrictions. The Merger Document and the Extract may not be used, distributed, communicated, reproduced or otherwise made available, and the New Ringkjøbing Landbobank Shares may not, directly or indirectly, be offered or sold in the United States, Canada, Australia, Singapore, Hong Kong or Japan or in any other jurisdiction outside Denmark, unless such use or distribution or such offer, sale or exercise is permitted under the applicable laws of the relevant jurisdiction, and Ringkjøbing Landbobank and Nordjyske Bank may request to receive satisfactory documentation thereof.

The Merger Document and the Extract contain forward-looking statements about the financial position, results of operation and business of Ringkjøbing Landbobank (including as the Continuing Bank) and Nordjyske Bank. Any statements other than statements of historical fact are forward-looking statements or may be deemed to be forward-looking statements. Forward-looking statements are statements regarding expectations which are based on the managements' current expectations and assumptions and are associated with known and unknown risks and uncertainties which may cause actual results, developments or events to deviate significantly from the results, developments and events expressed or implied in such statements.