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## Ringkjøbing Landbobank's report for the first quarter of 2019

The merger of Ringkjøbing Landbobank and Nordjyske Bank is progressing well and the IT conversion was completed successfully in March. The last of the major operational risks involved in the merger was thus eliminated.

Financial results are also developing as expected with a 4% increase in core income and a 6% fall in total expenses. Core earnings are above budget for the quarter.

### Core earnings - pro forma

(DKK million)	Q1 2019	Q1 2018	2018	2017	2016
Total core income	526	506	2,001	1,917	1,861
Total expenses and depreciation	-201	-215	-866	-845	-815
<b>Core earnings before impairment charges for loans</b>	<b>325</b>	<b>291</b>	<b>1,135</b>	<b>1,072</b>	<b>1,046</b>
Impairment charges for loans etc.	-25	+13	-43	-70	-211
<b>Core earnings</b>	<b>300</b>	<b>304</b>	<b>1,092</b>	<b>1,002</b>	<b>835</b>
Result for the portfolio etc.	+26	+90	+77	+84	+78
<b>Profit before special costs</b>	<b>326</b>	<b>394</b>	<b>1,169</b>	<b>1,086</b>	<b>913</b>
<b>Profit before tax</b>	<b>322</b>	<b>385</b>	<b>952</b>	<b>1,064</b>	<b>891</b>

### Highlights of the first quarter of 2019

- The financial statements show an increase of 4% in core income to DKK 526 million
- Expenses fell by 6% to DKK 201 million and the rate of costs was 38.2
- Core earnings were DKK 300 million after impairment charges of DKK 25 million, which is above the budget for the quarter
- The return on equity before tax was 18.1% p.a.
- Continued big increase in customers and 8% growth in loans to DKK 34.2 billion
- Successful completion of IT conversion in March
- The bank's A1 rating by Moody's was given positive outlook

Yours sincerely  
Ringkjøbing Landbobank

John Fisker

**Ringkjøbing Landbobank A/S**

## Management's review

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

The official financial statements contain both an income statement and core earnings. They comprise figures for the first quarter of 2019 for the merged entity, for the first quarter of 2018 for the “old” Ringkjøbing Landbobank only and, finally, financial figures for the “old” Ringkjøbing Landbobank for the full year 2018 and for the “old” Nordjyske Bank for the period 9 June to 31 December 2018.

The pro forma financial statements contain core earnings comprising figures for the merged entity for the first quarter of 2019 (identical with the core earnings in the official financial statements) and for the full year 2018 for both the “old” Ringkjøbing Landbobank and the “old” Nordjyske Bank for the period 1 January to 31 December 2018, i.e. as if the merger had taken effect on 1 January 2018. The pro forma statements show the non-recurring and merger costs etc. in both banks as separate items.

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

## Pro forma financial statements

### Core income

Net interest income was DKK 291 million in the first quarter of 2019 compared to DKK 287 million in 2018, an increase of 2%. The bank is satisfied with this development, which included an 8% increase in loans compared to end first quarter last year. Relative to 2018, there were new interest expenses for the subordinated capital issued in June 2018 and for the issued non-preferred senior capital.

Fee, commission and foreign exchange income amounted to DKK 197 million net in the first quarter of 2019, compared to DKK 180 million net in 2018, an increase of 9%. Relative to last year, the fee income from “Securities trading” in particular developed positively.

Earnings of DKK 37 million from sector shares in the quarter remained at an unchanged level relative to 2018. The earnings derive primarily from returns on the bank's ownership interests in DLR Kredit, BankInvest (BI Holding) and PRAS.

Total core income increased by 4% from DKK 506 million in 2018 to DKK 526 million in 2019. The bank considers the increase satisfactory.

### Expenses, depreciation and write-downs

Total expenses including depreciation and write-downs on tangible assets amounted to DKK 201 million in the first quarter of 2019, compared to DKK 215 million in 2018, a fall of 6%. The first quarter of 2018 included a non-recurrent write-down on property of DKK 5 million and after the appropriate adjustment for this, the fall was 4%.

The rate of costs was 38.2% in the first quarter of 2019, compared to 42.4% in the first quarter of 2018.

### Impairment charges for loans etc.

Impairment charges for loans represented an expense of DKK 25 million in the first quarter of 2019, compared to an income item of DKK 13 million in 2018.

During the first quarter of 2018, the Danish FSA carried out a “major” inspection with a satisfactory result. The bank in that connection identified reversals of impairment charges on the basis of improved credit quality in certain exposures, which was the reason for the above-mentioned income in the first quarter of 2018.

In the first quarter of 2019, impairment charges amounted to 0.23% of the gross total average of loans and guarantees in 2019. Impairment charges for the quarter are thus on a par with the fourth quarter of 2018.

### Core earnings

(DKK million)	Q1 2019	Q1 2018	2018	2017	2016
Total core income	526	506	2,001	1,917	1,861
Total expenses and depreciation	-201	-215	-866	-845	-815
<b>Core earnings before impairment charges for loans</b>	<b>325</b>	<b>291</b>	<b>1,135</b>	<b>1,072</b>	<b>1,046</b>
Impairment charges for loans etc.	-25	+13	-43	-70	-211
<b>Core earnings</b>	<b>300</b>	<b>304</b>	<b>1,092</b>	<b>1,002</b>	<b>835</b>

Core earnings totalled DKK 300 million in the quarter compared to last year’s DKK 304 million, a fall of 1%. Core earnings per share were thus DKK 10.1 for the first quarter of 2019 compared to DKK 9.8 in 2018, an increase of 3%.

### Result for the portfolio etc.

The result for the portfolio etc. for the first quarter of 2019 was positive by DKK 26 million net, including funding costs for the portfolio. In comparison, the result for the portfolio etc. for the first quarter of 2018 was positive by DKK 90 million. DKK 104 million was attributable to the revaluation of the bank’s ownership interest in BI Holding.

The result for the portfolio in 2019 was positively affected by developments on the financial markets, with falling interest rates and narrowing credit spread.

### Profit before special costs

The profit before special costs was DKK 326 million for the first quarter of 2019 compared to DKK 394 million for the first quarter of 2018.

### Special costs

The bank considers amortisation and write-downs on intangible assets to be a special item. Posting amortisation and write-downs to this item enhances the quality of equity and helps to reduce the deduction when computing total capital. Amortisation and write-downs on intangible assets amounted to DKK 4 million in the first quarter of 2019, compared to DKK 6 million in 2018.

The payment of merger and restructuring costs as well as non-recurring costs ended in 2018 and the bank expects no such costs during 2019.

### Profit before and after tax

The profit before tax was DKK 322 million, equivalent to a return of 18.1% p.a. on average equity. Adjusted for intangible assets, the return on average equity was 21.5% p.a.

The profit after tax was DKK 259 million, equivalent to a return of 14.5% p.a. on average equity.

### Balance sheet items and contingent liabilities

The bank's balance sheet total at the end of March 2019 stood at DKK 50,266 million, compared to DKK 47,349 million at the end of March 2018.

The bank's deposits including pooled schemes increased by 3% relative to 2018: from DKK 36,307 million at the end of March 2018 to DKK 37,439 million at the end of March 2019. The bank's loans increased by 8%: from DKK 31,647 million at the end of March 2018 to DKK 34,195 million at the end of March 2019.

The positive development in lending from 2018 in both the "old" Ringkøbing Landbobank and the "old" Nordjyske Bank is continuing in 2019. In 2019, the bank has thus seen a continued highly satisfactory inflow of new customers and a low outflow of customers.

The bank's contingent liabilities, including guarantees, at the end of the quarter amounted to DKK 7,976 million, compared to DKK 7,821 million at the end of March 2018.

### Credit intermediation

In addition to the traditional bank loans shown on the bank's balance sheet, the bank also arranges mortgage loans for both Totalkredit and DLR Kredit.

The development in the bank's total credit intermediation is shown in the following summary:

	<b>31 March 2019 DKK million</b>	<b>31 March 2018 DKK million</b>	<b>31 Dec. 2018 DKK million</b>
<b>Total credit intermediation</b>			
Loans and other receivables at amortised cost	34,195	31,647	33,350
Arranged mortgage loans and funded home loans - Totalkredit	33,377	31,522	32,905
Arranged mortgage loans - DLR Kredit	8,730	7,981	8,693
<b>Total</b>	<b>76,302</b>	<b>71,150</b>	<b>74,948</b>

## Pro forma financial statements

### Core earnings

Note		Q1 2019 DKK 1,000	Q1 2018 DKK 1,000	Full year 2018 DKK 1,000
	Net interest income	291,248	286,704	1,147,483
<b>A</b>	Net fee and commission income excluding securities trading	150,046	145,648	568,551
	Income from sector shares	36,697	37,822	160,316
<b>A</b>	Foreign exchange income	5,796	6,570	30,559
	Other operating income	1,326	1,182	6,223
	<b>Total core income excluding securities trading</b>	<b>485,113</b>	<b>477,926</b>	<b>1,913,132</b>
<b>A</b>	Securities trading	41,086	28,098	87,664
	<b>Total core income</b>	<b>526,199</b>	<b>506,024</b>	<b>2,000,796</b>
<b>B</b>	Staff and administration costs	198,313	206,096	846,507
	Depreciation and write-downs on tangible assets	2,251	7,547	15,871
	Other operating expenses	364	1,079	3,399
	Total expenses etc.	200,928	214,722	865,777
	<b>Core earnings before impairment charges for loans</b>	<b>325,271</b>	<b>291,302</b>	<b>1,135,019</b>
	Impairment charges for loans and other receivables etc.	-24,899	+12,760	-43,118
	<b>Core earnings</b>	<b>300,372</b>	<b>304,062</b>	<b>1,091,901</b>
	Result for the portfolio etc.	+25,528	+89,691	+77,267
	<b>Profit before special costs</b>	<b>325,900</b>	<b>393,753</b>	<b>1,169,168</b>
	Amortisation and write-downs on intangible assets	3,750	5,507	25,140
	Merger and restructuring costs	0	3,500	121,688
	Non-recurring costs	0	-	70,362
	<b>Profit before tax</b>	<b>322,150</b>	<b>384,746</b>	<b>951,978</b>
	Tax	63,166	58,338	173,786
	<b>Net profit for the period</b>	<b>258,984</b>	<b>326,408</b>	<b>778,192</b>

### Balance sheet items and contingent liabilities

	31 March 2019 DKK 1,000	31 March 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
Loans and other receivables at amortised cost	34,195,389	31,647,397	33,350,334
Deposits and other debt including pooled schemes	37,438,745	36,306,894	36,992,571
Equity	7,071,381	6,644,339	7,188,690
Balance sheet total	50,265,795	47,349,161	49,650,528
Contingent liabilities	7,976,145	7,820,731	7,829,417

## Key figures

	Q1 2019	Q1 2018	2018
<b>Key figures for the bank</b> (per cent)			
Profit before special costs as a percentage of average equity excluding intangible assets, per annum	21.5	25.1	18.8
Profit before tax as a percentage of average equity, per annum	18.1	22.9	13.6
Net profit for the period as a percentage of average equity, per annum	14.5	19.5	11.2
Rate of costs	38.2	42.4	43.3
Common equity tier 1 capital ratio (%)	14.1	15.1	15.0
Tier 1 capital ratio (%)	14.1	15.1	15.0
Total capital ratio (%)	17.7	16.8	18.8
MREL requirement (%)	20.2	-	19.7
MREL capital ratio (%)	23.9	-	25.2
<b>Key figures per DKK 1 share</b> (DKK)			
Core earnings	10.1	9.8	36.5
Profit before special costs	11.0	12.7	39.1
Book value	238.5	214.4	240.4
Price, end of period	409.0	332.0	340.0
Basis of calculation, number of shares	29,644,596	30,994,258	29,906,383

## Notes

Note	Q1 2019 DKK 1,000	Q1 2018 DKK 1,000	Full year 2018 DKK 1,000
<b>A</b>			
<b>Gross fee and commission income</b>			
Securities trading	43,287	30,558	98,574
Asset management and custody accounts	39,801	42,447	169,097
Payment handling	29,881	25,723	111,601
Loan fees	16,268	11,518	46,641
Guarantee commission and mortgage credit commission etc.	53,684	52,704	215,091
Other fees and commission	26,606	24,823	71,487
<b>Total gross fee and commission income</b>	<b>209,527</b>	<b>187,773</b>	<b>712,491</b>
<b>Net fee and commission income</b>			
Securities trading	41,086	28,097	87,664
Asset management and custody accounts	36,381	40,037	159,932
Payment handling	21,809	20,540	91,177
Loan fees	14,942	10,184	40,363
Guarantee commission and mortgage credit commission etc.	53,684	52,332	213,769
Other fees and commission	23,230	22,556	63,310
<b>Total net fee and commission income</b>	<b>191,132</b>	<b>173,746</b>	<b>656,215</b>
Foreign exchange income	5,796	6,570	30,559
<b>Total net fee, commission and foreign exchange income</b>	<b>196,928</b>	<b>180,316</b>	<b>686,774</b>
<b>B</b>			
<b>Staff and administration costs</b>			
Staff costs	116,871	120,755	481,705
Administration costs	81,442	85,341	364,802
<b>Total staff and administration costs</b>	<b>198,313</b>	<b>206,096</b>	<b>846,507</b>

## Quarterly overviews

### Core earnings

(DKK million)	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net interest income	291	289	287	284	287	288	277	280	279
Net fee and commission income excluding securities trading	150	146	136	141	146	130	128	154	138
Income from sector shares etc.	37	39	34	49	38	31	30	30	29
Foreign exchange income	6	8	8	9	6	7	8	8	8
Other operating income	1	2	1	2	1	1	2	2	1
<b>Total core income excluding securities trading</b>	<b>485</b>	<b>484</b>	<b>466</b>	<b>485</b>	<b>478</b>	<b>457</b>	<b>445</b>	<b>474</b>	<b>455</b>
Securities trading	41	17	23	20	28	18	24	20	24
<b>Total core income</b>	<b>526</b>	<b>501</b>	<b>489</b>	<b>505</b>	<b>506</b>	<b>475</b>	<b>469</b>	<b>494</b>	<b>479</b>
Staff and administration costs	198	221	203	217	206	225	202	201	201
Depreciation and write-downs on tangible assets	2	3	3	2	8	3	3	2	3
Other operating expenses	1	1	0	1	1	2	1	1	1
Total expenses etc.	201	225	206	220	215	230	206	204	205
<b>Core earnings before impairment charges for loans</b>	<b>325</b>	<b>276</b>	<b>283</b>	<b>285</b>	<b>291</b>	<b>245</b>	<b>263</b>	<b>290</b>	<b>274</b>
Impairment charges for loans and other receivables etc.	-25	-25	-20	-11	+13	+3	-17	-23	-33
<b>Core earnings</b>	<b>300</b>	<b>251</b>	<b>263</b>	<b>274</b>	<b>304</b>	<b>248</b>	<b>246</b>	<b>267</b>	<b>241</b>
Result for the portfolio etc.	+26	-20	+4	+3	+90	-2	+22	+26	+38
<b>Profit before special costs</b>	<b>326</b>	<b>231</b>	<b>267</b>	<b>277</b>	<b>394</b>	<b>246</b>	<b>268</b>	<b>293</b>	<b>279</b>
Amortisation and write-downs on intangible assets	4	4	3	12	6	5	6	5	6
Merger and restructuring costs	0	26	46	46	4	-	-	-	-
Non-recurring costs	0	1	0	69	0	-	-	-	-
<b>Profit before tax</b>	<b>322</b>	<b>200</b>	<b>218</b>	<b>150</b>	<b>384</b>	<b>241</b>	<b>262</b>	<b>288</b>	<b>273</b>
Tax	63	46	37	33	58	47	52	62	55
<b>Net profit for the period</b>	<b>259</b>	<b>154</b>	<b>181</b>	<b>117</b>	<b>326</b>	<b>194</b>	<b>210</b>	<b>226</b>	<b>218</b>



## Quarterly overview - continued

### Balance sheet items and contingent liabilities

(DKK million)	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Loans	34,195	33,350	32,192	31,970	31,647	31,173	30,368	30,371	29,093
Deposits including pooled schemes	37,439	36,993	36,866	37,313	36,307	35,854	36,065	35,593	34,161
Equity	7,071	7,189	7,171	7,066	6,644	6,769	6,609	6,438	6,246
Balance sheet total	50,266	49,651	49,287	49,859	47,349	46,324	46,500	45,577	43,665
Contingent liabilities	7,976	7,829	8,078	7,809	7,821	7,858	7,382	7,235	6,595

### Statement of capital

(DKK million)	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Common equity tier 1	5,391	5,444	5,213	5,092	5,185	5,381	5,263	5,175	4,909
Tier 1 capital	5,391	5,444	5,213	5,092	5,185	5,381	5,263	5,175	4,909
Total capital	6,775	6,831	6,586	6,464	5,757	5,921	5,811	5,722	5,442
Total risk exposure	38,308	36,385	34,123	33,784	34,314	34,162	32,618	32,197	31,517
Common equity tier 1 capital ratio (%)	14.1	15.0	15.3	15.1	15.1	15.8	16.1	16.1	15.6
Tier 1 capital ratio (%)	14.1	15.0	15.3	15.1	15.1	15.8	16.1	16.1	15.6
Total capital ratio (%)	17.7	18.8	19.3	19.1	16.8	17.3	17.8	17.8	17.3
MREL capital ratio (%)	23.9	25.2	-	-	-	-	-	-	-

## Miscellaneous comments

The pro forma statements are calculated on the following principles:

The income statement items for the period 1 January to 31 March 2018 and for the full year 2018 on pages 5 and 7 and “Core earnings” in the quarterly overview from the first quarter of 2017 up to and including the second quarter of 2018, on page 8, were calculated as follows: Figures from Ringkjøbing Landbobank’s statement of “Core earnings” as an alternative measure of performance were added to the pro forma figures from Nordjyske Bank converted and adjusted to Ringkjøbing Landbobank’s alternative measure of performance “Core earnings”. “Core earnings” for the first quarter of 2019 in the pro forma financial statements on page 5 are identical to “Core earnings” in the official financial statements on page 18.

Balance sheet items and contingent liabilities as well as capital ratios as at 31 March 2018 on page 5 and 6 and the quarterly overviews of “Balance sheet items and contingent liabilities” and “Statement of capital” from the first quarter of 2017 up to and including the first quarter of 2018 on page 9 were calculated by a simple adding up of figures from the respective accounts from Ringkjøbing Landbobank and Nordjyske Bank, without any adjustments.

## Official financial statements

The official financial statements contain an income statement in which the figures for the first quarter of 2019 are for the merged entity, while the figures for the first quarter of 2018 are for the “old” Ringkjøbing Landbobank only. The figures for the full year 2018 comprise financial figures for the “old” Ringkjøbing Landbobank for the full year 2018, plus financial figures for the “old” Nordjyske Bank for the period 9 June to 31 December 2018. This includes merger costs relating to the “old” Ringkjøbing Landbobank and the completion of the actual merger after final approval. The balance sheet figures as at 31 March 2019 and 31 December 2018 are for the merged entity, while the figures as at 31 March 2018 are for the “old” Ringkjøbing Landbobank.

Comments on the official financial statements, the alternative performance measure “Core earnings” and certain balance sheet items appear below.

### Net interest and fee income and expenses

Net interest income increased from DKK 164 million in the first quarter of 2018 to DKK 292 million in the first quarter of 2019.

Net fee and commission income was DKK 81 million in the first quarter of 2018, increasing to DKK 191 million in the first quarter of 2019.

In the first quarter of 2019, total net interest and fee income thus increased to DKK 483 million from their level of DKK 245 million in the first quarter of 2018.

Total staff and administration costs etc., including amortisation, depreciation and write-downs on intangible and tangible assets, amounted to DKK 83 million in the first quarter of 2018, increasing to DKK 205 million in the first quarter of 2019.

The changes in the above items primarily result from the merger.

### Value adjustments and market risk

Value adjustments were DKK 80 million in the first quarter of 2018, while the item was DKK 70 million in the first quarter of 2019. The figure for 2018 includes DKK 52 million from a revaluation of the bank’s ownership interest in BI Holding. This derives from a change in the valuation principles in the first quarter of 2018.

The item “Shares, etc.” amounted to DKK 1,500 million at the end of March 2019, with DKK 39 million in listed shares and investment fund certificates and DKK 1,461 million in sector shares etc., mainly in the companies DLR Kredit, BI Holding and PRAS. The bond portfolio amounted to DKK 5,749 million, of which the vast majority consisted of AAA-rated Danish government and mortgage credit bonds.

The total interest rate risk - computed as the impact on profit of a one percentage point change in the interest level - was 1.8% of the bank’s tier 1 capital on 31 March 2019.

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

The bank's risk of losses calculated on the basis of a Value at Risk model (computed with a 10-day horizon and 99% probability) was as follows in the first quarter of 2019:

	Risk in DKK million	Risk relative to equity end of period in %
Highest risk of loss:	17.7	0.25%
Lowest risk of loss	6.9	0.10%
Average risk of loss	12.7	0.18%
End of period risk of loss:	16.3	0.23%

### Impairment charges for loans etc.

Impairment charges for loans etc. were an expense of DKK 25 million in 2019, compared to an income of DKK 26 million in 2018.

During the first quarter of 2018, the Danish FSA carried out a "major" inspection with a satisfactory result. The bank in that connection identified reversals of impairment charges on the basis of improved credit quality in certain exposures and, overall, there were no new impairment charges during the quarter. This explains the above-mentioned income in the first quarter of 2018.

Individual impairment charges and provisions (stage 3) were DKK 1,484 million at the end of the quarter, while stages 1 and 2 impairment charges and provisions totalled DKK 488 million on 31 March 2019.

The bank's total account for impairment charges and provisions was DKK 1,972 million at the end of the quarter, equivalent to 4.5% of total loans and guarantees.

The portfolio of loans with suspended calculation of interest amounted to DKK 204 million on 31 March 2019, equivalent to 0.5% of the bank's total loans and guarantees at the end of the quarter.

### Core earnings

(DKK million)	Q1 2019	Q1 2018	2018	2017	2016
Total core income	526	274	1,591	1,019	983
Total expenses and depreciation	-201	-83	-632	-334	-318
<b>Core earnings before impairment charges for loans</b>	<b>325</b>	<b>191</b>	<b>959</b>	<b>685</b>	<b>665</b>
Impairment charges for loans etc.	-25	+26	-81	-10	-48
<b>Core earnings</b>	<b>300</b>	<b>217</b>	<b>878</b>	<b>675</b>	<b>617</b>

Core earnings increased from DKK 217 million in the first quarter of 2018 to DKK 300 million in the first quarter of 2019.

### Profit before and after tax

The profit before tax was DKK 322 million in the first quarter of 2019 and the profit after tax was DKK 259 million, compared to DKK 269 million and DKK 224 million respectively in the first quarter of 2018.

### Balance sheet items and contingent liabilities

The bank's balance sheet total at the end of the quarter stood at DKK 50,266 million, compared to last year's DKK 27,004 million.

Deposits including pooled schemes increased from DKK 19,511 million at the end of March 2018 to DKK 37,439 million at the end of March 2019. The bank's loans increased from DKK 19,925 million at the end of March 2018 to DKK 34,195 million at the end of March 2019.

Equity increased from DKK 3,785 million at the end of March 2018 to DKK 7,071 million at the end of March 2019.

The bank's contingent liabilities, including guarantees, at the end of March 2019 amounted to DKK 7,976 million, compared to DKK 3,076 million at the end of March 2018.

All of the changes above are attributable mainly to the effect of the merger. There was also a positive development in both the "old" Ringkjøbing Landbobank and the "old" Nordjyske Bank.

### Liquidity

The bank's liquidity situation is good. The bank's short-term funding with term to maturity of less than 12 months thus amounts to DKK 0.8 billion, balanced by DKK 8.6 billion, primarily in short-term investments in the Danish central bank and in liquid tradable securities.

The bank's deposits, excluding pooled schemes and equity, exceeded the bank's loans by DKK 6.3 billion and these two items therefore more than fully finance the loan portfolio. In addition, part of the loan portfolio for renewable energy projects is financed back-to-back with KfW Bankengruppe, which means that DKK 1.2 billion can be disregarded in terms of liquidity.

In terms of liquidity coverage ratio (LCR), the bank must comply with the statutory requirement of at least 100%. On 31 March 2019, the bank's LCR was 177%, which thus met the statutory requirement by a good margin.

### Capital reduction and share buy-back programme

It was decided at the annual general meeting held on 20 March 2019 to cancel 1,332,462 of the bank's own shares. The capital reduction is expected to be finalised during May 2019. The bank's actual share capital will thus be DKK 29,661,796 million in nom. DKK 1 shares, see below.

	<b>Number of shares</b>
Beginning of 2019	30,994,258
May 2019	
Expected capital reduction by cancellation of own shares	-1,332,462
After the expected capital reduction	29,661,796
New share buy-back programme	
Purchased under the new share buy-back programme at the end of March 2019	-17,200
	29,644,596

The general meeting also adopted a new buy-back programme, under which the bank may buy back its own shares for up to DKK 190 million, for cancellation at a future general meeting. The new share buy-back programme has been initiated partly by DKK 90 million and it will run from 21 March 2019 to 31 July 2019. Under the new share buy-back programme, 17,200 shares had been bought back on 31 March 2019, which the above overview also shows.

### Capital structure

The bank's equity at the beginning of 2019 was DKK 7,189 million. To this must be added the profit for the period, while the dividend paid and the value of the own shares bought must be subtracted. After this, equity at the end of the quarter was DKK 7,071 million.

The bank's total capital ratio was computed at 17.7% at the end of the first quarter of 2019, and the tier 1 capital ratio at 14.1%.

Capital ratios	Q1	Q1	2018	2017	2016
	2019	2018			
Common equity tier 1 capital ratio (%)	14.1	16.1	15.0	16.5	16.9
Tier 1 capital ratio (%)	14.1	16.1	15.0	16.5	16.9
Total capital ratio (%)	17.7	17.6	18.8	17.8	18.3
MREL requirement (%)	20.2	-	19.7	-	-
MREL capital ratio (%)	23.9	-	25.2	-	-

One reason for the fall in the capital ratios relative to the end of 2018 is an increase of 5% in total risk exposure during the first quarter of 2019. This reflects both higher credit risk and greater market exposure which, in turn, is attributable to the increase in the bank's loans portfolio and a changed composition of its bond portfolio. The higher market risk amounts to 59% of the total increase in risk exposure and a part of it is temporary. In addition, total capital is affected by deductions for the share buy-back programme adopted by the general meeting.

The bank has calculated the individual solvency requirement at the end of March 2019 at 9.3%. To this should be added a capital conservation buffer of 2.5% and a countercyclical buffer of 0.5%; the total requirement for the bank's total capital was thus 12.3%.

Compared with the actual total capital of DKK 6.8 billion, the capital buffer at the end of March 2019 was thus DKK 2.1 billion, equivalent to 5.4 percentage points.

The bank operates with three different capital targets. The capital targets specify that the common equity tier 1 capital ratio must be at least 13.5%, the total capital ratio must be at least 17% and the MREL capital ratio for covering the MREL requirement must be at least 24% including the capital buffers.

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

The MREL requirement had to be met by the beginning of 2019, because the bank has previously decided to meet the fully phased-in MREL requirement from that date. This was also a pre-condition for recognising (grandfathering) previous issues of contractual senior funding (issued before 31 December 2017).

In December 2018, the bank received the final MREL requirement applicable from the beginning of 2019 from the Danish FSA. The Danish FSA fixed the final MREL requirement to be met from 1 January 2019 at 19.7% of the total risk exposure. On 31 March 2019 the requirement increased to 20.2% of the total risk exposure and, on 30 September 2019, will increase further, to 20.7% of the total risk exposure.

To comply with the MREL requirement, the bank had established funding to meet the requirements for grandfathering of contractual senior capital by the end of 2017. DKK 2.0 billion of the funding can be included to meet the bank's MREL requirement at the end of March 2019. In addition, the bank issued non-preferred senior capital totalling DKK 300 million in December 2018 and for the countervalue of DKK 75 million in the first quarter of 2019.

The bank's capital for covering the MREL requirement totalled DKK 9,140 million, equivalent to 23.9% of the total risk exposure on 31 March 2019. The excess cover relative to the MREL requirement on 31 March 2019 was thus 3.7 percentage points.

Given the maturity structure in 2020 and 2021 for the subordinated capital issued by the bank and the capital that has been recognised (grandfathered), the bank expects to issue non-preferred senior capital of approximately DKK 1 billion during 2019 and an additional approximately DKK 1 billion during 2020.

### The Supervisory Diamond

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

The Supervisory Diamond benchmarks and limit values and the bank's key figures are given in the following table.

<b>Benchmarks (Danish FSA limit values)</b>	<b>Q1</b>	<b>Q1</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>2019</b>	<b>2018</b>			
Funding ratio (<1)	0.8	0.8	0.7	0.8	0.7
Liquidity benchmark (>100%)	165.8%	130.3%	179.5%	-	-
Total large exposures (<175%)	120.8%	137.7%	106.0%	136.1%	-
Growth in loans (<20%)	71.6%*	22.1%	72.3%*	10.7%	2.7%
Real property exposure (<25%)	15.6%	19.1%	15.8%	18.0%	14.8%

\* The increase was mainly caused by the merger. The pro forma growth in loans relative to March 2018 was 8.0% and for the full year 2018 7.0%.

## Rating

The bank is rated by the international credit rating agency Moody's Investors Service (Moody's).

On 24 April 2019, Moody's affirmed the following ratings among others:

<b>Rating</b>	<b>Assigned rating</b>
Baseline Credit Assessment	a3
Adjusted Baseline Credit Assessment	a3
Long Term Bank Deposit	A1
Short Term Bank Deposit	P-1
Long Term Issuer Rating	A2
Short Term Issuer Rating	P-1

On the same date, the Outlook was changed from "Stable" to "Positive".

## IT conversion

The IT conversion of the two IT platforms was carried out successfully in the weekend 16-17 March 2019 and the bank now operates on one IT platform.

The successful completion also eliminated the last major operational risk of the merger.

## Digital Financial Institution of the Year

The bank was named Digital Financial Institution 2019 in the group "Medium-sized financial institutions" at the conference Digital Financial Institution of the Year held by FinansWatch in April and based on a Wilke analysis.

## Expected results for 2019

The bank's core earnings for the first quarter of 2019 were DKK 300 million, which is above the budget for the quarter.

Profit before tax for the first quarter of 2019 was DKK 322 million.

The expectations for core earnings in the range DKK 950 to 1,150 million and profit before tax in the range DKK 900 to 1,200 million are maintained for 2019.

## Accounting policies

The accounting policies are unchanged relative to those in the submitted and audited 2018 annual report.



## Statements of income and comprehensive income

Note		Q1 2019 DKK 1,000	Q1 2018 DKK 1,000	Full year 2018 DKK 1,000
1	Interest income	313,083	174,072	996,906
2	Interest expenses	21,353	10,318	70,411
	<b>Net interest income</b>	<b>291,730</b>	<b>163,754</b>	<b>926,495</b>
3	Dividends from shares etc.	221	852	27,619
4	Fee and commission income	209,527	90,291	538,862
4	Fee and commission expenses	18,395	9,612	48,293
	<b>Net interest and fee income</b>	<b>483,083</b>	<b>245,285</b>	<b>1,444,683</b>
5	Value adjustments	+69,892	+79,899	+179,833
	Other operating income	1,326	1,050	5,770
6,7	Staff and administration costs	198,313	76,307	704,778
	Amortisation, depreciation and write-downs on intangible and tangible assets	6,001	5,926	22,690
	Other operating expenses	364	750	2,816
8	Impairment charges for loans and other receivables etc.	-27,473	+25,551	-86,955
	Results from investments in associated companies and group undertakings	0	0	80
	<b>Profit before tax</b>	<b>322,150</b>	<b>268,802</b>	<b>813,127</b>
9	Tax	63,166	44,375	149,935
	<b>Net profit for the period</b>	<b>258,984</b>	<b>224,427</b>	<b>663,192</b>
	Other comprehensive income:			
	Value changes, pension obligations	+59	0	-335
	<b>Total comprehensive income for the period</b>	<b>259,043</b>	<b>224,427</b>	<b>662,857</b>

## Core earnings

Note	Q1 2019 DKK 1,000	Q1 2018 DKK 1,000	Full year 2018 DKK 1,000
	291,248	167,157	936,929
4	150,046	58,484	412,288
4	36,697	20,608	131,106
	5,796	4,516	26,408
	1,326	1,050	5,770
	<b>485,113</b>	<b>251,815</b>	<b>1,512,501</b>
4	41,086	22,195	78,281
	<b>526,199</b>	<b>274,010</b>	<b>1,590,782</b>
	198,313	76,307	615,637
	2,251	5,926	13,065
	364	750	2,816
	200,928	82,983	631,518
	<b>325,271</b>	<b>191,027</b>	<b>959,264</b>
	-24,899	+25,551	-81,165
	<b>300,372</b>	<b>216,578</b>	<b>878,099</b>
	+25,528	+52,224	+33,794
	<b>325,900</b>	<b>268,802</b>	<b>911,893</b>
	3,750	-	8,417
	0	-	89,141
	0	-	1,208
	<b>322,150</b>	<b>268,802</b>	<b>813,127</b>
9	63,166	44,375	149,935
	<b>258,984</b>	<b>224,427</b>	<b>663,192</b>

## Balance sheet

Note		31 March 2019 DKK 1,000	31 March 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
	<b>Assets</b>			
	Cash in hand and demand deposits with central banks	641,153	291,347	657,913
10	Receivables from credit institutions and central banks	2,265,245	2,405,893	3,165,947
11,12,13	Total loans and other receivables at amortised cost	34,195,389	19,925,208	33,350,334
	Loans and other receivables at amortised cost	33,005,071	19,002,703	32,384,462
	Wind turbine loans etc. with direct funding	1,190,318	922,505	965,872
14	Bonds at fair value	5,749,387	3,292,737	5,427,138
15	Shares etc.	1,499,775	714,513	1,467,313
	Investments in associated companies	480	489	480
	Investments in group undertakings	11,811	-	11,811
16	Assets linked to pooled schemes	4,063,534	-	3,786,476
17	Intangible assets	1,061,088	-	1,064,838
	Total land and buildings	229,578	50,515	241,745
	Investment properties	15,337	3,561	27,337
	Domicile properties	214,241	46,954	214,408
	Other tangible assets	23,216	18,833	24,520
	Current tax assets	15,408	22,961	43,383
	Deferred tax assets	8,022	8,719	7,763
	Temporary assets	4,643	5,587	4,643
	Other assets	478,897	260,243	377,836
	Prepayments	18,169	6,678	18,388
	<b>Total assets</b>	<b>50,265,795</b>	<b>27,003,723</b>	<b>49,650,528</b>

## Balance sheet

Note		31 March 2019 DKK 1,000	31 March 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
	<b>Liabilities and equity</b>			
18	Debt to credit institutions and central banks	2,043,825	1,882,258	1,916,476
	Total deposits and other debt	37,438,745	19,510,746	36,992,571
19	Deposits and other debt	33,375,211	19,510,746	33,206,095
	Deposits in pooled schemes	4,063,534	-	3,786,476
20	Issued bonds at amortised cost	1,514,018	1,197,939	1,428,024
	Preferred senior capital	1,138,715	1,197,939	1,129,524
	Non-preferred senior capital	375,303	-	298,500
	Other liabilities	656,942	211,258	595,913
	Deferred income	3,888	3,545	4,053
	<b>Total debt</b>	<b>41,657,418</b>	<b>22,805,746</b>	<b>40,937,037</b>
	Provisions for pensions and similar liabilities	2,823	-	2,882
12	Provisions for losses on guarantees	60,619	27,318	52,754
12	Other provisions for liabilities	20,117	13,840	20,691
	<b>Total provisions for liabilities</b>	<b>83,559</b>	<b>41,158</b>	<b>76,327</b>
	Tier 2 capital	1,453,437	372,058	1,448,474
21	<b>Total subordinated debt</b>	<b>1,453,437</b>	<b>372,058</b>	<b>1,448,474</b>
22	Share capital	30,994	22,350	30,994
	Net revaluation reserve under the equity method	218	138	218
	Retained earnings	7,040,169	3,762,273	6,847,035
	Proposed dividend etc.	-	-	310,443
	<b>Total shareholders' equity</b>	<b>7,071,381</b>	<b>3,784,761</b>	<b>7,188,690</b>
	<b>Total liabilities and equity</b>	<b>50,265,795</b>	<b>27,003,723</b>	<b>49,650,528</b>
23	Own shares			
24	Contingent liabilities etc.			
25	Assets provided as security			
26	Loans and guarantees in per cent, by sector and industry			

## Statement of changes in equity

DKK 1,000	Share capital	Net revaluation reserve under the equity method	Retained earnings	Proposed dividend etc.	Total shareholders' equity
<b>As at 31 March 2019:</b>					
<b>Shareholders' equity at the end of the previous financial year</b>	<b>30,994</b>	<b>218</b>	<b>6,847,035</b>	<b>310,443</b>	<b>7,188,690</b>
Dividend etc. paid				-310,443	-310,443
Dividend received on own shares			13,332		13,332
<b>Shareholders' equity after distribution of dividend etc.</b>	<b>30,994</b>	<b>218</b>	<b>6,860,367</b>	<b>0</b>	<b>6,891,579</b>
Purchase of own shares			-355,283		-355,283
Sale of own shares			276,042		276,042
Other equity transactions					
Total comprehensive income for the period			259,043		259,043
<b>Shareholders' equity on the balance sheet date</b>	<b>30,994</b>	<b>218</b>	<b>7,040,169</b>	<b>0</b>	<b>7,071,381</b>

DKK 1,000	Share capital	Net revaluation reserve under the equity method	Retained earnings	Proposed dividend etc.	Total shareholders' equity
<b>As at 31 March 2018:</b>					
<b>Shareholders' equity at the end of the previous financial year</b>	<b>22,350</b>	<b>138</b>	<b>3,592,780</b>	<b>201,650</b>	<b>3,816,918</b>
Changed accounting policy for impairment charges etc. under IFRS 9			-45,836		-45,836
<b>Adjusted shareholders' equity at the end of the previous financial year</b>	<b>22,350</b>	<b>138</b>	<b>3,546,944</b>	<b>201,650</b>	<b>3,771,082</b>
Dividend etc. paid				-201,650	-201,650
Dividend received on own shares			5,112		5,112
<b>Shareholders' equity after distribution of dividend etc.</b>	<b>22,350</b>	<b>138</b>	<b>3,552,056</b>	<b>0</b>	<b>3,574,544</b>
Purchase of own shares			-74,190		-74,190
Sale of own shares			58,482		58,482
Other equity transactions			1,498		1,498
Total comprehensive income for the period			224,427		224,427
<b>Shareholders' equity on the balance sheet date</b>	<b>22,350</b>	<b>138</b>	<b>3,762,273</b>	<b>0</b>	<b>3,784,761</b>

## Statement of changes in equity

DKK 1,000	Share capital	Net revaluation reserve under the equity method	Retained earnings	Proposed dividend etc.	Total shareholders' equity
<b>As at 31 December 2018:</b>					
<b>Shareholders' equity at the end of the previous financial year</b>	<b>22,350</b>	<b>138</b>	<b>3,592,780</b>	<b>201,650</b>	<b>3,816,918</b>
Changed accounting policy for impairment charges etc. under IFRS 9			-45,836		-45,836
<b>Adjusted shareholders' equity at the end of the previous financial year</b>	<b>22,350</b>	<b>138</b>	<b>3,546,944</b>	<b>201,650</b>	<b>3,771,082</b>
Reduction of share capital	-538		538		0
Dividend etc. paid				-201,650	-201,650
Dividend received on own shares			5,112		5,112
<b>Shareholders' equity after distribution of dividend etc.</b>	<b>21,812</b>	<b>138</b>	<b>3,552,594</b>	<b>0</b>	<b>3,574,544</b>
Share capital issued on merger	9,182		-9,182		0
Costs of share capital issue			-1,943		-1,943
Additions on merger			3,323,144		3,323,144
Received own shares on merger			1,793		1,793
Purchase of own shares			-790,333		-790,333
Sale of own shares			411,287		411,287
Other equity transactions			7,341		7,341
Total comprehensive income for the year		80	352,334	310,443	662,857
<b>Shareholders' equity on the balance sheet date</b>	<b>30,994</b>	<b>218</b>	<b>6,847,035</b>	<b>310,443</b>	<b>7,188,690</b>

## Statement of capital

	<b>31 March 2019 DKK 1,000</b>	<b>31 March 2018 DKK 1,000</b>	<b>31 Dec. 2018 DKK 1,000</b>
Credit risk	33,323,229	17,166,610	32,537,543
Market risk	2,722,506	1,035,977	1,584,762
Operational risk	2,262,571	1,890,456	2,262,571
<b>Total risk exposure</b>	<b>38,308,306</b>	<b>20,093,043</b>	<b>36,384,876</b>
Shareholders' equity	7,071,381	3,784,761	7,188,690
Proposed dividend etc.	0	0	-310,443
Deduction for expected dividend	-121,732	-77,254	-
Addition for transition programme concerning IFRS 9	136,653	43,544	152,730
Deduction for the sum of equity investments etc. above 10%	-413,653	-300,825	-396,911
Deduction for prudent valuation	-13,602	-6,317	-13,772
Deduction for intangible assets	-1,061,088	-	-1,064,838
Deferred tax on intangible assets	30,323	-	31,148
Deduction of amounts of share buy-back programmes	-660,000	-170,000	-470,000
Actual utilisation of amounts of share buy-back programmes	476,809	0	369,878
Deduction for trading limit for own shares	-55,000	-55,000	-55,000
Actual utilisation of the trading limit for own shares	516	14,437	12,849
<b>Common equity tier 1</b>	<b>5,390,607</b>	<b>3,233,346</b>	<b>5,444,331</b>
<b>Tier 1 capital</b>	<b>5,390,607</b>	<b>3,233,346</b>	<b>5,444,331</b>
Tier 2 capital	1,448,310	372,558	1,448,220
Deduction for the sum of equity investments etc. above 10%	-64,111	-72,942	-61,255
<b>Total capital</b>	<b>6,774,806</b>	<b>3,532,962</b>	<b>6,831,296</b>
Contractual senior funding (grandfathered)	1,990,800	-	2,049,800
Non-preferred senior capital	374,662	-	300,000
<b>MREL capital</b>	<b>9,140,268</b>	<b>-</b>	<b>9,181,096</b>

## Statement of capital - continued

	<b>31 March 2019 DKK 1,000</b>	<b>31 March 2018 DKK 1,000</b>	<b>31 Dec. 2018 DKK 1,000</b>
<b>Common equity tier 1 capital ratio (%)</b>	<b>14.1</b>	<b>16.1</b>	<b>15.0</b>
<b>Tier 1 capital ratio (%)</b>	<b>14.1</b>	<b>16.1</b>	<b>15.0</b>
<b>Total capital ratio (%)</b>	<b>17.7</b>	<b>17.6</b>	<b>18.8</b>
<b>MREL capital ratio (%)</b>	<b>23.9</b>	<b>-</b>	<b>25.2</b>
Pillar I capital requirements	3,064,664	1,607,443	2,910,790
Individual solvency requirement (%)	9.3	9.0	9.3
Capital conservation buffer (%)	2.5	1.9	1.9
Countercyclical buffer (%)	0.5	0.0	0.0
Total requirement for the bank's total capital (%)	12.3	10.9	11.2
Excess cover in percentage points relative to individual solvency requirement	8.4	8.6	9.5
Excess cover in percentage points relative to total requirement for total capital	5.4	6.7	7.6
MREL requirement (%)	20.2	-	19.7
Excess cover in percentage points relative to MREL requirement	3.7	-	5.5



## Notes

Note	Q1 2019 DKK 1,000	Q1 2018 DKK 1,000	Full year 2018 DKK 1,000
<b>1 Interest income</b>			
Receivables from credit institutions and central banks	-3,007	-2,075	-13,199
Loans and other receivables	316,144	175,608	1,014,911
Discounts - amortisation concerning loans taken over etc.	2,574	-	5,790
Loans - interest on the impaired part of loans	-17,403	-6,864	-51,075
Bonds	8,474	4,120	20,326
Total derivative financial instruments	5,071	1,866	12,634
Of which currency contracts	6,622	1,270	7,286
Of which interest-rate contracts	-1,551	596	5,348
Other interest income	1,230	1,417	7,519
<b>Total interest income</b>	<b>313,083</b>	<b>174,072</b>	<b>996,906</b>
<b>2 Interest expenses</b>			
Credit institutions and central banks	3,059	2,678	11,228
Deposits and other debt	5,273	5,345	27,107
Issued bonds	3,359	887	7,182
Subordinated debt	9,464	1,370	24,034
Other interest expenses	198	38	860
<b>Total interest expenses</b>	<b>21,353</b>	<b>10,318</b>	<b>70,411</b>
<b>3 Dividends from shares etc.</b>			
Shares	221	852	27,619
<b>Total dividends from shares etc.</b>	<b>221</b>	<b>852</b>	<b>27,619</b>
<b>4 Gross fee and commission income</b>			
Securities trading	43,287	24,243	88,478
Asset management and custody accounts	39,801	19,858	127,502
Payment handling	29,881	7,967	77,872
Loan fees	16,268	3,206	32,737
Guarantee commission and mortgage credit commission etc.	53,684	20,102	156,986
Other fees and commission	26,606	14,915	55,287
<b>Total gross fee and commission income</b>	<b>209,527</b>	<b>90,291</b>	<b>538,862</b>
<b>Net fee and commission income</b>			
Securities trading	41,086	22,195	78,281
Asset management and custody accounts	36,381	17,464	118,433
Payment handling	21,809	5,359	62,172
Loan fees	14,942	2,571	27,632
Guarantee commission and mortgage credit commission etc.	53,684	20,102	156,366
Other fees and commission	23,230	12,988	47,685
<b>Total net fee and commission income</b>	<b>191,132</b>	<b>80,679</b>	<b>490,569</b>
Foreign exchange income	5,796	4,516	26,408
<b>Total net fee, commission and foreign exchange income</b>	<b>196,928</b>	<b>85,195</b>	<b>516,977</b>

## Notes

Note	Q1 2019 DKK 1,000	Q1 2018 DKK 1,000	Full year 2018 DKK 1,000
<b>5 Value adjustments</b>			
Other loans and receivables, fair value adjustment	3,724	604	2,926
Bonds	21,217	-6,237	-17,614
Shares etc.	40,124	75,864	165,402
Investment properties	2,602	0	1,494
Foreign exchange	5,796	4,516	26,408
Total derivative financial instruments	12,453	8,680	15,433
Of which currency contracts	7,729	7,425	11,552
Of which interest-rate contracts	4,694	1,030	3,410
Of which share contracts	30	225	471
Assets linked to pooled schemes	210,581	-	-219,637
Deposits in pooled schemes	-210,581	-	219,637
Issued bonds	-11,682	-3,528	-9,024
Other liabilities	-4,342	0	-5,192
<b>Total value adjustments</b>	<b>69,892</b>	<b>79,899</b>	<b>179,833</b>
<b>6 Staff and administration costs</b>			
Payments and fees to general management, board of directors and shareholders' committee			
General management	3,692	1,801	11,591
Board of directors	0	0	2,208
Shareholders' committee	0	0	618
Total	3,692	1,801	14,417
Staff costs			
Salaries	86,154	33,955	274,539
Pensions	9,571	3,826	32,145
Social security expenses	2,705	783	5,206
Costs depending on number of staff	14,749	5,375	40,501
Total	113,179	43,939	352,391
Other administration costs	81,442	30,567	337,970
<b>Total staff and administration costs</b>	<b>198,313</b>	<b>76,307</b>	<b>704,778</b>
<b>7 Number of full-time employees</b>			
Average number of employees during the period converted into full-time employees	<b>669</b>	<b>277</b>	<b>507</b>
Number of full-time employees at the end of the period	<b>659</b>	<b>278</b>	<b>674</b>
<b>8 Impairment charges for loans and other receivables etc.</b>			
Net changes in impairment charges for loans and other receivables etc. and provisions for losses on guarantees and unutilised credit facilities	-68,766	-19,246	-213,688
Stage 1 impairment charges in connection with the merger	-	-	100,267
Actual realised net losses	113,642	559	251,451
Interest on the impaired part of loans	-17,403	-6,864	-51,075
<b>Total impairment charges for loans and other receivables etc.</b>	<b>27,473</b>	<b>-25,551</b>	<b>86,955</b>

## Notes

Note	Q1 2019 DKK 1,000	Q1 2018 DKK 1,000	Full year 2018 DKK 1,000
<b>9 Tax</b>			
Tax calculated on income for the year	63,425	44,375	149,885
Adjustment of deferred tax	-259	0	-4,682
Adjustment of tax calculated for previous years	0	0	4,732
<b>Total tax</b>	<b>63,166</b>	<b>44,375</b>	<b>149,935</b>
<b>Effective tax rate (%):</b>			
Tax rate currently paid by the bank	22.0	22.0	22.0
Permanent deviations	-2.4	-5.5	-4.2
Adjustment of tax calculated for previous years	0	0.0	0.6
<b>Total effective tax rate</b>	<b>19.6</b>	<b>16.5</b>	<b>18.4</b>

Note	31 March 2019 DKK 1,000	31 March 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
<b>10 Receivables from credit institutions and central banks</b>			
Demand	311,005	156,552	181,788
Up to and including 3 months	1,899,240	2,094,341	2,929,159
More than 3 months and up to and including 1 year	0	100,000	0
More than 1 year and up to and including 5 years	5,000	5,000	5,000
More than 5 years	50,000	50,000	50,000
<b>Total receivables from credit institutions and central banks</b>	<b>2,265,245</b>	<b>2,405,893</b>	<b>3,165,947</b>
<b>11 Loans and other receivables at amortised cost</b>			
Demand	2,737,458	1,825,353	3,031,844
Up to and including 3 months	2,793,706	1,079,384	1,183,998
More than 3 months and up to and including 1 year	6,113,139	2,172,390	7,633,504
More than 1 year and up to and including 5 years	10,416,863	7,135,311	9,764,398
More than 5 years	12,134,223	7,712,770	11,736,590
<b>Total loans and other receivables at amortised cost</b>	<b>34,195,389</b>	<b>19,925,208</b>	<b>33,350,334</b>

## Notes

Note	31 March 2019 DKK 1,000	31 March 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
<b>12</b>			
<b>Impairment charges for loans and other receivables and provisions for losses on guarantees and unutilised credit facilities</b>			
<b>Individual impairment charges</b>			
Cumulative individual impairment charges at the end of the previous financial year	-	577,490	577,490
Changed accounting policy for impairment charges	-	-577,490	-577,490
Impairment charges / value adjustments during the period	-	-	-
Reversal of impairment charges made in previous financial years	-	-	-
Recognised as a loss, covered by impairment charges	-	-	-
<b>Cumulative individual impairment charges on the balance sheet date</b>	-	-	-
<b>Collective impairment charges</b>			
Cumulative collective impairment charges at the end of the previous financial year	-	343,282	343,282
Changed accounting policy for impairment charges	-	-343,282	-343,282
Impairment charges / value adjustments during the period	-	-	-
<b>Cumulative collective impairment charges on the balance sheet date</b>	-	-	-
<b>Stage 1 impairment charges</b>			
Cumulative stage 1 impairment charges at the end of the previous financial year	156,398	-	-
Changed accounting policy for impairment charges	-	61,228	61,228
Stage 1 impairment charges in connection with the merger	-	-	100,267
Stage 1 impairment charges / value adjustment during the period	-15,756	2,434	-5,097
<b>Cumulative stage 1 impairment charges on the balance sheet date</b>	<b>140,642</b>	<b>63,662</b>	<b>156,398</b>
<b>Stage 2 impairment charges</b>			
Cumulative stage 2 impairment charges at the end of the previous financial year	263,389	-	-
Changed accounting policy for impairment charges	-	308,912	308,912
Stage 2 impairment charges / value adjustment during the period	25,746	-1,305	-45,523
<b>Cumulative stage 2 impairment charges on the balance sheet date</b>	<b>289,135</b>	<b>307,607</b>	<b>263,389</b>
<b>Stage 3 impairment charges</b>			
Cumulative stage 3 impairment charges at the end of the previous financial year	1,547,175	-	-
Changed accounting policy for impairment charges	-	575,516	575,516
Additions on merger	-	-	1,158,075
Stage 3 impairment charges / value adjustment during the period	121,657	38,638	388,256
Reversal of stage 3 impairment charges during the period	-91,520	-54,657	-315,607
Recognised as a loss, covered by stage 3 impairment charges	-116,184	-1,372	-259,065
<b>Cumulative stage 3 impairment charges on the balance sheet date</b>	<b>1,461,128</b>	<b>558,125</b>	<b>1,547,175</b>
<b>Total cumulative impairment charges for loans and other receivables on the balance sheet date</b>	<b>1,890,905</b>	<b>929,394</b>	<b>1,966,962</b>

## Notes

Note	31 March 2019 DKK 1,000	31 March 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
<b>12</b>			
<b>Impairment charges for loans and other receivables and provisions for losses on guarantees and unutilised credit facilities - continued</b>			
<b>Provisions for losses on guarantees</b>			
Cumulative provisions for losses on guarantees at the end of the previous financial year	52,754	10,263	10,263
Changed accounting policy for provisions for losses on guarantees	-	20,881	20,881
Additions on merger	-	-	15,250
Provisions / value adjustments during the period	24,667	6,101	38,472
Reversal of provisions during the period	-16,177	-8,476	-28,342
Recognised as a loss, covered by provisions	-625	-1,451	-3,770
<b>Cumulative provisions for losses on guarantees on the balance sheet date</b>	<b>60,619</b>	<b>27,318</b>	<b>52,754</b>
<b>Provisions for losses on unutilised credit facilities</b>			
Cumulative provisions for losses on unutilised credit facilities at the end of the previous financial year	20,691	-	-
Changed accounting policy for provisions for losses on unutilised credit facilities	-	12,996	12,996
Provisions / value adjustments during the period	-574	844	7,695
<b>Cumulative provisions for losses on unutilised credit facilities on the balance sheet date</b>	<b>20,117</b>	<b>13,840</b>	<b>20,691</b>
<b>Total cumulative impairment charges for loans and other receivables and provisions for losses on guarantees and unutilised credit facilities on the balance sheet date</b>	<b>1,971,641</b>	<b>970,552</b>	<b>2,040,407</b>
In addition, a discount on loans and guarantees taken over from Nordjyske Bank amounted to	43,117	-	45,691
The above includes the following stage 3 impairment charges and provisions taken over from Nordjyske Bank:			
Cumulative stage 3 impairment charges and provisions at the end of the previous financial year	839,529	-	-
Additions on merger	-	-	1,173,325
Changes during the period	-115,634	-	-333,796
Stage 3 impairment charges and provisions taken over on the balance sheet date	723,895	-	839,529
<b>13</b>			
<b>Suspended calculation of interest</b>			
Loans and other receivables with suspended calculation of interest on the balance sheet date	<b>203,605</b>	<b>22,425</b>	<b>209,642</b>
<b>14</b>			
<b>Bonds at fair value</b>			
Listed on the stock exchange	5,749,387	3,292,737	5,427,138
<b>Total bonds at fair value</b>	<b>5,749,387</b>	<b>3,292,737</b>	<b>5,427,138</b>
<b>15</b>			
<b>Shares etc.</b>			
Listed on Nasdaq Copenhagen	7,773	24,373	9,183
Investment fund certificates	30,620	16,793	33,566
Unlisted shares at fair value	15,024	1,402	14,891
Sector shares at fair value	1,446,358	671,945	1,409,673
<b>Total shares etc.</b>	<b>1,499,775</b>	<b>714,513</b>	<b>1,467,313</b>

## Notes

Note	31 March 2019 DKK 1,000	31 March 2018 DKK 1,000	31 Dec. 2018 DKK 1,000	
<b>16</b>	<b>Assets linked to pooled schemes</b>			
	Bonds:			
	Index-linked bonds	26,356	-	132,986
	Other bonds	1,552,032	-	1,076,828
	<b>Total bonds</b>	<b>1,578,388</b>	-	<b>1,209,814</b>
	Shares:			
	Investment fund certificates	1,998,773	-	1,964,377
	Other shares	486,373	-	612,285
	<b>Total shares</b>	<b>2,485,146</b>	-	<b>2,576,662</b>
	<b>Total assets linked to pooled schemes</b>	<b>4,063,534</b>	-	<b>3,786,476</b>
<b>17</b>	<b>Intangible assets</b>			
	<b>Goodwill</b>			
	Cost at the end of the previous financial year	923,255	-	-
	Additions on merger	0	-	923,255
	<b>Total cost on the balance sheet date</b>	<b>923,255</b>	-	<b>923,255</b>
	Write-downs at the end of the previous financial year	923,255	-	-
	Write-downs for the period	0	-	0
	<b>Total write-downs on the balance sheet date</b>	<b>0</b>	-	<b>0</b>
	<b>Total goodwill on the balance sheet date</b>	<b>923,255</b>	-	<b>923,255</b>
	<b>Customer relationships</b>			
	Cost at the end of the previous financial year	150,000	-	-
	Additions on merger	0	-	150,000
	<b>Total cost on the balance sheet date</b>	<b>150,000</b>	-	<b>150,000</b>
	Amortisation at the end of the previous financial year	8,417	-	-
	Amortisation for the period	3,750	-	8,417
	<b>Total amortisation on the balance sheet date</b>	<b>12,167</b>	-	<b>8,417</b>
	<b>Total customer relationships on the balance sheet date</b>	<b>137,833</b>	-	<b>141,583</b>
	<b>Total intangible assets on the balance sheet date</b>	<b>1,061,088</b>	-	<b>1,064,838</b>
<b>18</b>	<b>Debt to credit institutions and central banks</b>			
	Demand	629,521	229,540	726,673
	Up to and including 3 months	77,198	527,926	51,277
	More than 3 months and up to and including 1 year	117,531	127,347	145,128
	More than 1 year and up to and including 5 years	714,780	629,363	607,107
	More than 5 years	504,795	368,082	386,291
	<b>Total debt to credit institutions and central banks</b>	<b>2,043,825</b>	<b>1,882,258</b>	<b>1,916,476</b>

## Notes

Note	31 March 2019 DKK 1,000	31 March 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
<b>19</b>			
<b>Deposits and other debt</b>			
Demand	26,340,726	12,593,496	26,379,274
Deposits and other debt with notice:			
Up to and including 3 months	893,904	1,726,408	818,592
More than 3 months and up to and including 1 year	2,146,756	1,899,738	1,853,305
More than 1 year and up to and including 5 years	1,320,227	1,433,666	1,572,923
More than 5 years	2,673,598	1,857,438	2,582,001
<b>Total deposits and other debt</b>	<b>33,375,211</b>	<b>19,510,746</b>	<b>33,206,095</b>
Distributed as follows:			
Demand	26,169,303	12,533,645	26,220,891
With notice	1,856,779	1,806,678	1,891,140
Time deposits	1,028,518	1,592,908	642,563
Long-term deposit agreements	1,505,544	2,151,443	1,751,158
Special types of deposits	2,815,067	1,426,072	2,700,343
	<b>33,375,211</b>	<b>19,510,746</b>	<b>33,206,095</b>
<b>20</b>			
<b>Issued bonds at amortised cost</b>			
More than 3 months and up to and including 1 year	0	298,046	0
More than 1 year and up to and including 5 years	1,046,561	748,102	748,100
More than 5 years	467,457	151,791	679,924
<b>Total issued bonds at amortised cost</b>	<b>1,514,018</b>	<b>1,197,939</b>	<b>1,428,024</b>
<b>21</b>			
<b>Subordinated debt</b>			
Tier 2 capital:			
Fixed-rate loan, principal of DKK 275 million, maturity date 27 February 2025	275,000	-	275,000
Floating-rate loan, principal of EUR 50 million, maturity date 20 May 2025	373,310	372,558	373,220
Fixed-rate loan, principal of DKK 500 million, maturity date 13 June 2028	500,000	-	500,000
Floating-rate loan, principal of DKK 300 million, maturity date 13 June 2030	300,000	-	300,000
Adjustment to amortised cost and fair value adjustment	5,127	-500	254
<b>Total subordinated debt</b>	<b>1,453,437</b>	<b>372,058</b>	<b>1,448,474</b>
<b>22</b>			
<b>Share capital</b>			
Number of DKK 1 shares			
Beginning of period	30,994,258	22,350,000	22,350,000
Cancelled during the period	0	0	-538,000
Issue of new shares in connection with the merger	-	-	9,182,258
<b>End of period</b>	<b>30,994,258</b>	<b>22,350,000</b>	<b>30,994,258</b>
Reserved for the agreed capital reduction	1,332,462	538,000	-
Reserved for subsequent cancellation	-	-	1,087,875
<b>Total share capital</b>	<b>30,994</b>	<b>22,350</b>	<b>30,994</b>

## Notes

Note	31 March 2019 DKK 1,000	31 March 2018 DKK 1,000	31 Dec. 2018 DKK 1,000
<b>23 Own shares</b>			
Own shares included in the balance sheet at	0	0	0
Market value	552,476	193,053	382,726
Number of own shares:			
Beginning of period	1,125,666	538,685	538,685
Purchased during the period	961,259	223,672	2,328,984
Sold during the period	-736,127	-180,873	-1,204,003
Cancelled during the period	0	0	-538,000
End of period	1,350,798	581,484	1,125,666
Reserved for subsequent cancellation	1,349,662	538,000	1,087,875
Nominal value of holding of own shares, end of period	1,351	581	1,126
Own shares' proportion of share capital, end of period (%)	4.4	2.6	3.6
<b>24 Contingent liabilities etc.</b>			
<b>Contingent liabilities</b>			
Financial guarantees	2,540,311	1,113,237	2,506,093
Guarantees against losses on mortgage credit loans	2,375,183	669,332	2,285,909
Registration and refinancing guarantees	2,256,806	857,774	2,235,726
Sector guarantees	134,604	65,913	134,604
Other contingent liabilities	669,241	369,623	667,085
<b>Total contingent liabilities</b>	<b>7,976,145</b>	<b>3,075,879</b>	<b>7,829,417</b>
<b>Other contractual obligations</b>			
Irrevocable credit commitments etc.	58,500	110,000	13,531
<b>Total other contractual obligations</b>	<b>58,500</b>	<b>110,000</b>	<b>13,531</b>
<b>25 Assets provided as security</b>			
First-mortgage loans are provided for renewable energy projects. The loans are funded directly by KfW Bankengruppe, to which security in the associated loans has been provided. Each reduction of the first-mortgage loans is deducted directly from the funding at KfW Bankengruppe.			
The balance sheet item is	<b>1,190,318</b>	<b>922,505</b>	<b>965,872</b>
As security for clearing etc., the bank has pledged securities to the Danish central bank to a market price of	<b>187,915</b>	<b>173,620</b>	<b>279,570</b>
Amount deposited in a cover-for-liabilities account as security for a loss limit with regard to the Danish Growth Fund as a consequence of Ringkjøbing Landbobank's ownership interest in Landbrugets Finansieringsbank	<b>417</b>	-	<b>418</b>
Collateral under CSA agreements etc.	<b>46,937</b>	<b>25,552</b>	<b>42,947</b>



## Notes

Note	31 March 2019 %	31 March 2018 %	31 Dec. 2018 %
<b>26</b>			
<b>Loans and guarantees in per cent, by sector and industry</b>			
<b>Public authorities</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
<b>Business customers:</b>			
Agriculture, hunting and forestry			
Cattle farming etc.	1.3	1.8	1.3
Pig farming etc.	1.6	1.5	1.6
Other agriculture, hunting and forestry	5.5	4.4	5.2
Fisheries	2.4	2.5	2.5
Industry and raw materials extraction	3.1	1.8	2.9
Energy supply	1.7	2.6	1.3
Wind turbine manufacturing	5.6	10.7	5.8
Building and construction	3.4	3.2	3.2
Trade	3.9	3.3	3.8
Transport, hotels and restaurants	1.6	1.3	1.6
Information and communication	0.4	0.3	0.4
Finance and insurance	6.6	12.8	9.9
Real property			
First mortgage without prior creditors	10.5	16.2	10.6
Other real property financing	4.7	2.3	4.6
Other business customers	7.5	7.0	7.8
<b>Total business customers</b>	<b>59.8</b>	<b>71.7</b>	<b>62.5</b>
<b>Private individuals</b>	<b>40.2</b>	<b>28.2</b>	<b>37.4</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Main figures

Summary of income statement (DKK million)	Q1 2019	Q1 2018	Full year 2018
Net interest income	292	164	926
Dividends from shares etc.	0	1	28
Net fee and commission income	191	80	491
Net interest and fee income	483	245	1,445
Value adjustments	+70	+80	+180
Other operating income	1	1	6
Staff and administration costs	198	76	705
Amortisation, depreciation and write-downs on intangible and tangible assets	6	6	23
Other operating expenses	1	1	3
Impairment charges for loans and receivables etc.	-27	+26	-87
Results from investments in associated companies and group undertakings	0	0	0
Profit before tax	322	269	813
Tax	63	45	150
Net profit for the period	259	224	663

Main figures from the balance sheet (DKK million)	31 March 2019	31 March 2018	31 Dec. 2018
Loans and other receivables at amortised cost	34,195	19,925	33,350
Deposits and other debt including pooled schemes	37,439	19,511	36,993
Subordinated debt	1,453	372	1,448
Equity	7,071	3,785	7,189
Balance sheet total	50,266	27,004	49,651

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

		Q1 2019	Q1 2018	2018
<b>Capital ratios:</b>				
Total capital ratio	%	17.7	17.6	18.8
Tier 1 capital ratio	%	14.1	16.1	15.0
Individual solvency requirement	%	9.3	9.0	9.3
MREL requirement	%	20.2	-	19.7
MREL capital ratio	%	23.9	-	25.2
<b>Earnings:</b>				
Return on equity before tax	%	4.5	7.1	14.8
Return on equity after tax	%	3.6	5.9	12.1
Income/cost ratio	DKK	2.39	5.68	1.99
Return on assets	%	0.5	0.8	1.3
<b>Market risk:</b>				
Interest rate risk	%	1.8	0.9	1.0
Foreign exchange position	%	0.9	1.8	1.1
Foreign exchange risk	%	0.0	0.0	0.0
<b>Liquidity risk:</b>				
Liquidity Coverage Ratio (LCR)	%	177	256	183
Loans and impairments thereon relative to deposits	%	96.4	105.0	95.5
<b>Credit risk:</b>				
Loans relative to shareholders' equity		4.8	5.3	4.6
Growth in loans	%	2.5	3.0	72.9
(Pro forma growth in loans in 2018: 7.7%)				
Total large exposures (<175%)	%	120.8	-	106.0
Cumulative impairment ratio	%	4.5	4.0	4.7
Impairment ratio	%	0.06	-0.11	0.20
Proportion of receivables at reduced interest	%	0.5	0.1	0.5
<b>Share return:</b>				
Earnings per share*/***	DKK	870.4	1,030.0	2,566.5
Book value per share**/**	DKK	23,855	17,386	24,068
Dividend per share*	DKK	0	0	1,000
Market price relative to earnings per share*/***		47.0	32.2	13.2
Market price relative to book value per share*/**		1.71	1.91	1.41

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

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

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

## Management statement

The board of directors and the general management have today discussed and approved the quarterly report of Ringkjøbing Landbobank A/S for the period 1 January to 31 March 2019.

The quarterly report is drawn up in accordance with the provisions of the Danish Financial Business Act and other Danish disclosure requirements for listed financial companies. We consider the chosen accounting policies to be appropriate and the estimates made responsible, so that the quarterly report provides a true and fair view of the bank's assets, liabilities and financial position as of 31 March 2019 and of the result of the bank's activities for the period 1 January to 31 March 2019. We also believe that the management's review contains a true and fair account of the development in the bank's activities and financial circumstances as well as a description of the most important risks and uncertainties which can affect the bank.

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

Ringkjøbing, 1 May 2019

General management:

John Fisker  
CEO

Claus Andersen  
General Manager

Jørn Nielsen  
General Manager

Carl Pedersen  
General Manager

Board of directors:

Martin Krogh Pedersen  
Chairman

Mads Hvolby  
Deputy Chairman

Jens Møller Nielsen  
Deputy Chairman

Morten Jensen

Jon Steingrim Johnsen

Jacob Møller

Lone Rejkjær Söllmann

Sten Uggerhøj

Dan Junker Astrup  
Employee board member

Gitte E. S. H. Vigsø  
Employee board member

Arne Ugilt  
Employee board member

Finn Aaen  
Employee board member

**Ringkjøbing Landbobank A/S**