Annual Report

2018

JYSKE BANK

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Core profit and net profit for the year (DKKm)

	2018	2017	Index 18/17	2016	2015	2014
Net interest income	5,624	5,674	99	5,748	5,886	5,315
Net fee and commission income	1,854	1,957	95	1,531	1,834	1,761
Value adjustments	-23	577	-	781	381	-42
Other income	463	207	224	257	239	3,074
Income from operating lease (net)	81	-54	-	44	93	78
Core income	**7,999**	**8,361**	**96**	**8,361**	**8,433**	**10,186**
Core expenses	4,896	5,374	91	5,108	5,322	5,231
Core profit before loan impairment charges	**3,103**	**2,987**	**104**	**3,253**	**3,111**	**4,955**
Loan impairment charges*	468	-453	-	-149	347	1,953
Core profit	**2,635**	**3,440**	**77**	**3,402**	**2,764**	**3,002**
Investment portfolio earnings	505	562	90	504	440	101
Pre-tax profit	**3,140**	**4,002**	**78**	**3,906**	**3,204**	**3,103**
Tax	640	859	75	790	728	14
Profit for the year	**2,500**	**3,143**	**80**	**3,116**	**2,476**	**3,089**

Summary of balance sheet, end of period (DKKbn)

	2018	2017	Index 18/17	2016	2015	2014
Loans and advances	462.8	447.7	103	422.4	396.2	361.8
- of which mortgage loans	326.3	306.8	106	277.0	249.5	218.9
- of which traditional bank loans and advances	104.1	101.3	103	94.1	93.2	102.3
- of which new home loans	6.3	12.2	52	17.4	12.0	18.1
- of which repo loans	26.1	27.4	95	33.9	41.5	22.5
Bonds and shares, etc.	83.2	79.1	105	89.9	76.5	92.3
Total assets	599.9	597.4	100	586.7	543.4	541.7
Deposits	148.7	160.0	93	154.6	144.9	152.7
- of which bank deposits	135.7	139.9	97	134.2	129.0	133.2
- of which repo deposits and tri-party deposits	13.0	20.1	65	20.4	15.9	19.5
Issued bonds at fair value	324.7	302.6	107	271.2	231.2	208.5
Issued bonds at amortised cost	35.0	38.9	90	51.0	48.2	43.4
Subordinated debt	4.3	4.3	100	2.1	1.4	1.4
Holders of hybrid core capital	2.5	2.6	96	1.5	0	0
Shareholders' equity	31.8	32.0	99	31.0	30.0	27.6

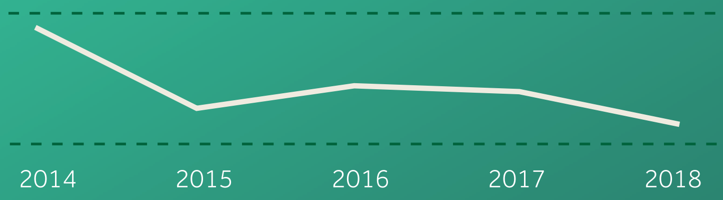
Financial ratios and key figures

	2018	2017	Index 18/17	2016	2015	2014
Earnings per share (DKK)**	28.2	34.7	-	33.5	26.1	35.1
Profit for the year, per share (diluted) (DKK)**	28.2	34.7	-	33.5	26.1	35.1
Pre-tax profit as a pct. of average equity**	9.5	12.4	-	12.7	11.1	13.8
Net profit as a percentage of average equity**	7.6	9.7	-	10.1	8.6	13.7
Expenses as a percentage of income	61.2	64.2	-	61.1	63.1	51.4
Capital ratio	20.0	19.8	-	18.3	17.0	16.4
Common Equity Tier 1 capital ratio (CET1 %)	16.4	16.4	-	16.5	16.1	15.3
Individual solvency requirement (%)	10.8	10.2	-	10.0	10.5	10.9
Capital base (DKKbn)	37.7	37.3	-	33.4	30.1	29.0
Weighted risk exposure (DKKbn)	188.4	188.0	-	182.2	176.9	176.4
Share price at end of period (DKK)	235	353	-	337	312	313
Distributed dividend per share (DKK)	11.7	10.9	-	5.3	0	0
Book value per share (DKK)**	390	374	-	348	317	290
Price/book value per share (DKK)**	0.6	0.9	-	1.0	1.0	1.1
Number of full-time employees, year-end***	3,698	3,932	-	3,981	4,021	4,191

Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 39 appear from note 2. * In 2018, loan impairment charges amounted to DKK 468m, of which DKK 407m relate to effects derived from IFRS 9 on mortgage lending. ** Financial ratios are calculated as if hybrid core capital (AT1) is recognised as a liability, cf. note 69. *** The number of employees at the end of 2018 and at the end of 2017 were reduced by 25 and 40 employees, respectively, for whom costs were covered externally.

Summary

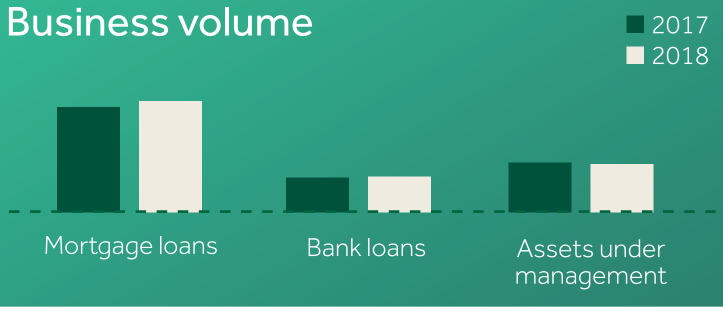
Return on equity



Profit after tax and before effects derived from IFRS 9: DKK 2.8bn.

The return on equity of 8.6% is in line with the target of 8-12% after tax and before effects derived from IFRS 9.

Business volume

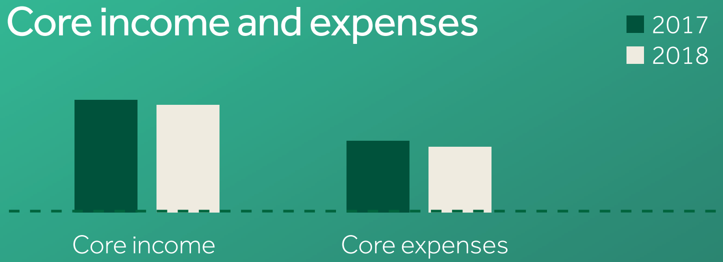


Growing lending volume within mortgage loans for both personal and corporate clients.

Growing bank loans, even though the growth rate is lower than those of preceding years.

Net inflow of assets under management overshadowed by negative returns.

Core income and expenses

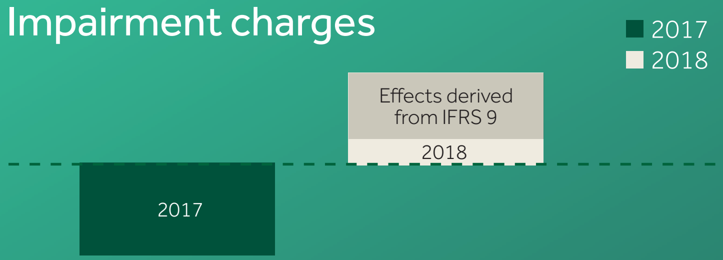


Negative trends in financial markets result in declining core income.

The decline is offset by lower core expenses.

Adjusted for non-recurring items, core expenses fell by almost 2%.

Impairment charges



Adjusted for effects derived from IFRS 9, impairment charges were very limited, yet they increased relative to 2017, which year saw a net reversal of impairment charges.

The change primarily related to corporate clients, including agricultural clients.

Capital ratios

Capital ratios are basically at the desired levels relative to known regulatory requirements and long-term capital management objectives.

Ambition to ensure a risk-adjusted capital ratio (RAC) determined by S&P at the level of 10.5%.

Comments by Management

In connection with the publication of Jyske Bank's Annual Report 2018, Anders Dam, Jyske Bank's CEO and Managing Director states:

Profit for the year

"Jyske Bank generated a profit after tax and before effects derived from IFRS 9 of DKK 2.8bn. This corresponds to a return on equity of 8.6%, which is in line with the target of a return on equity in the range of 8-12% after tax and before effects derived from IFRS 9.

Client and employee satisfaction

Also in 2018, Jyske Bank achieved high ratings in client satisfaction surveys within the areas of Personal Clients, Corporate Clients and Private Banking. To this must be added that the most recent internal employee survey showed not only great but also increased job enthusiasm and satisfaction on the part of the bank's employees. Most recently, a sector survey named Jyske Bank the most popular bank among employees in the financial sector. This survey was based on replies from both employees and non-employees.

Business activity

The activity level with respect to home loan products is still high, and since the end of the first half of 2018 the home loans are issued by Jyske Realkredit as part of the phasing out of the name of BRFkredit. Also property financing for corporate clients increased in 2018, and mortgage loans amounted to DKK 326bn at the end of 2018. The aim is still to achieve a total loan balance of DKK 350bn for Jyske Realkredit at the end of 2020.

At the beginning of 2018, the target was that, five years after the merger with BRFkredit, the number of employees should, all other things being equal, be back at the 2013 level, at which time the bank had 3,774 employees. This target was realised in mid-2018, i.e. a year earlier than expected. At the end of 2018, the Jyske Bank Group had almost 3,700 employees, i.e. a decline by about 240 employees compared to the level at the end of 2017 and hence 76 employees below the level at the end of 2013.

In 2018, a series of new payment solutions were offered to our clients. For instance, personal clients can now - in addition to MobilePay and Apple Pay - use mobile payment solutions on Android phones with Google Pay, and also they can use Garmin Pay and FitBit Pay. Moreover, clients can now easily establish a 100% electronic payment card - VISA Mobil, which in combination with the mobile payments solutions offer the client increased security in connection with electronic payments.

Jyske Bank (Gibraltar) was put up for sale in January 2019.

Liquidity and capital

In 2018 the Group focused on the gradual replacement of the Group's old preferred senior bonds with new non-preferred senior ("NPS") bonds with the aim of meeting the Group's MREL requirement after 2021. Two NPS bonds were issued in the course of 2018. Jyske Bank anticipates to issue NPS bonds totalling EUR 2.5bn (DKK 19bn) by the end of 2021.

The long-term capital management objectives for a capital ratio and a Common Equity Tier 1 capital ratio of 17.5% and 14% are unchanged. At the end of 2018, they amounted to 20.0% and 16.4%, respectively, and hence they practically meet the long-term capital management objectives when allowing for the expectations that the new statutory requirements are expected to reduce the capital ratios by up to a maximum of 3 percentage points. At the end of 2018, Standard & Poor's risk-adjusted capital ratio was calculated at 10.3%, and a RAC at about 10.5% is still the target.

At the Annual General Meeting in March 2019, the Supervisory Board will make a motion for the distribution of ordinary dividend of DKK 6.12 per share for the financial year 2018. The ordinary dividend for 2017 was DKK 5.85 per share.

At the Annual General Meeting in March 2019, the Supervisory Board will further propose that own shares that were acquired through the recently completed share buy-back programme of up to DKK 1bn be cancelled.

Considering the current market conditions in 2019, the Jyske Bank Group aims to deliver a return on the average equity of 6-10% after tax", concludes Anders Dam.

Foundations of Jyske Bank

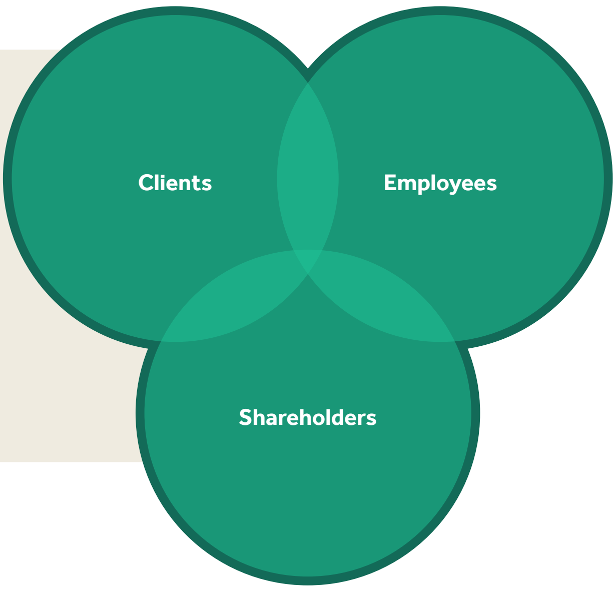
Mission	To develop simple, forward-looking and responsible financial services
Vision	To make a difference
Promises	We will be at the cutting edge, we will create value for our clients, and we will offer them an experience beyond the expected
Spirit	We wish to be the "catfish in the tank" - a Danish figure of speech referring to someone who by thinking innovatively or acting in an unorthodox way challenges the existing ways
Values	Holistic view and common sense, open and honest, different and unpretentious, equal respect and commitment, efficient and persevering

Such a balance is achieved when...

Our clients receive advice, products, services and prices that are among the best on the market

Our employees have an attractive workplace with opportunities for development

Our shareholders receive an attractive, long-term risk-adjusted return



Read more about Jyske Bank's, key issues, strategies and successes in 2018 on *jyskebank.dk/2018uk*

Strategy

The Jyske Bank Group's strategy was prepared in 2016 but was in 2018 updated to reflect the development of the Group. The Group's values, mission and vision are the same.

Client promises incorporated in the strategy

We wish as a Group to use a clients-centred approach and act on the basis of an outside-in perspective. Based on an extensive study of what the Group's various client segments wish and expect from the Jyske Bank Group, we prepared in 2018 three client promises that will in future permeate all activities in the Jyske Bank Group.

- Clients have a bank at the cutting edge
- Clients experience that we create value
- Clients are given solutions above and beyond the expected

Initially the client promises have been integrated in the Group strategy. The ambition is that the client promises become part of the Group's DNA in line with the Group's values, mission and vision.

Relationship bank in a digital world

In 2018 we really sped up the Group's digital development. Several digital initiatives were launched and more are in the offing. Digitization takes place under the headline Relationship bank in a digital world.

The Jyske Bank Group stands out by being an advisory and relationship bank. To our clients, the relationship and our ability to deliver personal and competent advice are crucial factors why they chose Jyske Bank as their financial partner. However, the concept of relationship is changing due to the technological development. To an increasing degree most clients are themselves taking care of more tasks, which is good news from a cost perspective, but it may weaken the relationship as focus will to an increasing degree be on the technical functionality in the clients' interaction with the Group rather than building up a relationship.

Our task is to secure that our digital solutions support our strategy of being an advisory and relationship bank for the Group's various client segments. We must create solutions that support the establishment of long-term relationships, offer relevant and understandable advice and challenge clients to see what can create value for them that they may not have seen yet. We wish to establish a simple connection between our digital solutions and our physical advisory services so the human being and the personal contact will go hand in hand with the digital set-up. A specific example of this is our initiative within investment and savings advice, where we have - with Munnypot - developed a digital solution through which clients can always have a dialogue with an employee who can help with investments.

A branch network with a local presence

Being an advisory and relationship bank, we believe in the value of local presence and being close to our clients. Therefore we have chosen to maintain the 98 physical branches in our branch network, and we are now the bank with most branches in Denmark. On the other hand, no branches in the branch network will have cashier's desks as of April 2019, and also it was possible to reduce the number of ATMs because society is becoming increasingly digitized and cashless. Hence we are in the process of defining the branch network of the future matching the changed client behaviour, which means that a still lower number of clients actually visit the physical bank. We are looking into areas such as opening hours, alternative ways of being accessible and new ways of cooperation in the local community.

Continuous improvement of competitive strength

Since the launch of the strategy in 2016, we have given special attention to efficiency-enhancing measures with a view to improving the competitive strength of the Jyske Bank Group. We focus on introducing efficiency-enhancement by reducing the complexity of our primary business model, solutions and products. This was particularly reflected when, in 2018, we chose to introduce a one-brand strategy for the Jyske Bank Group where "Jyske" is the Group's brand within banking, leasing and mortgage credit.

One initiative was that BRFkredit changed its name to Jyske Realkredit in 2018. At the same time, we made one product range in the area of home loans for the Group's personal client segments, and therefore they will have a single point of contact when they want to get advice on home financing.

This is supported by the fact that internally we have established one joint home loan process across the banking and mortgage areas, thus reducing the complexity and not least costs for operations and development of the Group's systems. We are well under way to ensure the same development within property financing for Corporate clients.

Continued growth within investment, trade and wealth

The Jyske Bank Group is focusing on the development of the business area of investment, trade and wealth management.

The year 2018 was a difficult one in the financial markets, but Jyske Bank is endeavouring strongly to make this area a growth area by expanding our focus on client relations and strengthening our overall value proposition.

We are particularly happy that, in the retail area, we were in 2018 again named the bank with the most satisfied private banking clients by CEM Voxmeter. In the market place, we are seeing that our specialised approach to clients is working, and that generally and particularly in the top segments we see a positive inflow of clients and business volume. We have strengthened our focus on society's stronger need for private pension savings and, for this reason, among others, we have initiated a series of training courses for our clients. In the autumn, Jyske Bank also implemented a strong portfolio tool to be used by advisers when rendering advice to our largest investment clients.

In respect of development, the strongest focus was on the completion of the implementation of the MiFID II rules concurrently with the continued efforts relating to the bank's new capital market platform, where we gradually put new areas into service. The capital market platform is a modern platform offering improved functionality within the areas of front-, middle- and back office.

Sustainable business models for the Jyske Bank Group

By signing the Paris Climate Change Agreement and the UN 2030 Agenda for Sustainable Development, the world leaders defined global targets for a joint sustainable development. The future EU rules for Sustainable Finance reflect that the role of the financial sector in social developments will change to support the agenda of global sustainability.
Being a financial institution, Jyske Bank will be a significant player in respect of supporting and facilitating the desired and necessary sustainable development. This development will require adjustment and development of our products and services. Therefore we now launch an ESG programme that will, over time, affect all parts of the Group's activities.

Initially the ESG programme will focus on the Bank's investing activities as well as external ESG reporting. In respect of investments, we will incorporate ESG in our advice and product range. With respect to external ESG reporting, we wish to an increasing degree to render ESC issues and our ESG initiatives more visible, hence improving our ESG rating.

We have an ambition of making a difference - also in respect of a sustainable development.

Outlook

The Jyske Bank Group anticipates that in 2019 economic growth in Denmark will continue at a moderate level. Continued keen competition is expected.

It is the target of the Group that, at the end of 2020, Jyske Realkredit is to have an overall balance of loans and advances of DKK 350bn. At the end of 2018, mortgage loans amounted to DKK 326bn. It is expected that over the coming years, growth will increasingly stem from financing of commercial properties and to a lesser degree from private properties.

The Group is continuously focusing on the cost development, and in mid-2018 - i.e. one year ahead of expectations - its number of employees was in line with that at the end of 2013. Attention will still be on the cost development in 2019.

In 2018 the Group focused on the gradual replacement of the Group's old preferred senior bonds with new non-preferred senior ("NPS") bonds with the aim of meeting the Group's MREL requirement after 2021. Two NPS bonds were issued in the course of 2018. Jyske Bank anticipates to issue NPS bonds totalling EUR 2.5bn (DKK 19bn) by the end of 2021.

It is expected that the Basel IV recommendations will reduce the capital ratio by up to maximum 3 percentage points. Jyske Bank expects to meet these requirements in full at the beginning of the phase-in period in 2022.

In the short term, Standard & Poor's risk-adjusted capital ratio will be the factor that most governs dividends and share buy-backs.

Considering the current market conditions in 2019, the Jyske Bank Group aims to deliver a return on the average equity of 6-10% after tax.

Based on equity at the end of 2018, the objective corresponds to a post-tax profit in the range of DKK 2.0bn – 3.3bn.

Highlights from 2018

New payment solutions: VISA mobil, Apple Pay and Google Pay

- A solution no matter which phone or device the clients wish to use
- In 2018, the solutions were also made available for non-clients through a simple online account-opening procedure

The best home loan products

In 2018, BRFkredit became Jyske Realkredit, resulting in one product range consisting of the best from the mortgage loans and Jyske Bank's popular bank mortgage loans. Again in 2018, Jyske Bank was, by the Danish consumer magazine TÆNK, recommended to consumers having high homeowner's equity

The "cashless" bank

- The ambition to be a cashless bank in 2025 (Anders Dam on Twitter, 30 January 2019)
- End to disbursement of DKK 1,000 notes from our ATMs
- No cashier's desks in Jyske Bank's 98 branches – the last two will close in April 2019
- The number of outdoor ATMs will be reduced as client behaviour changes

Anti-money laundering efforts

- In 2018, our monitoring triggered 39,405 alarms and in consequence of this 2,976 reports to the Money Laundering Secretariat
- Jyske Bank devotes approx. 200 man years to the prevention and control of money laundering
- Jyske Bank was given six orders to strengthen processes and controls - all six orders are expected to be complied with by the end of third quarter of 2019
- New initiatives on the prevention of money laundering are launched continuously. For instance, demands that new corporate clients use an approved auditor

Satisfied clients and satisfied employees

- Since 2014, Jyske Bank has had a clear focus on developing the clients' experience in order to establish loyal client relationships
- In 2018, Jyske Bank was ranked at the top by satisfaction surveys within all client segments
- The internal employee survey showed not only great but also increased job enthusiasm and satisfaction on the part of the bank's employees
- A sector survey assessed Jyske Bank to be the most popular bank among employees in the financial sector. This survey was based on replies from both employees and non-employees

Financial Review

Core profit and net profit for the year (DKKm)

	2018	2017	Index 18/17	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net interest income	5,624	5,674	99	1,371	1,407	1,439	1,407	1,537
Net fee and commission income	1,854	1,957	95	506	443	399	506	654
Value adjustments	-23	577	-	-49	132	-38	-68	38
Other income	463	207	224	32	127	239	65	-29
Income from operating lease (net)	81	-54	-	8	26	21	26	-6
Core income	7,999	8,361	96	1,868	2,135	2,060	1,936	2,194
Core expenses	4,896	5,374	91	1,232	1,249	1,143	1,272	1,326
Core profit before loan impairment charges	3,103	2,987	104	636	886	917	664	868
Loan impairment charges	468	-453	-	29	104	27	308	-139
Core profit	2,635	3,440	77	607	782	890	356	1,007
Investment portfolio earnings	505	562	90	-11	-20	129	407	-30
Pre-tax profit	3,140	4,002	78	596	762	1,019	763	977
Tax	640	859	75	95	184	208	153	197
Profit for the year	2,500	3,143	80	501	578	811	610	780

Profit for the year

The Group realised a pre-tax profit of DKK 3,140m. Calculated tax amounted to DKK 640m, and after tax the profit amounted to DKK 2,500m. The post-tax profit before effects derived from IFRS 9 amounted to DKK 2.8bn, corresponding to a return of 8.6% on average equity against 9.7% in 2017. The return on equity was in line with the target of a return in the range of 8-12% after tax and before effects derived from IFRS 9.

Core profit

Core profit amounted to DKK 2,635m against DKK 3,440m in 2017.

Core profit before loan impairment charges and provisions for guarantees amounted to DKK 3,103m against DKK 2,987m in 2017, corresponding to a 4% increase.

Core income

Net interest income under core income amounted to DKK 5,624m, i.e. in line with net interest income in 2017 when adjusting for one-offs in 2017, one-off income of about DKK 100m relating to the end to eased terms of interest, and one-off expenses of DKK 16m relating to recalculation of accruals within leasing activities, and the positive effect in 2018 due to the maturity at the end of January of senior debt issued by Jyske Realkredit.

Net interest income from the strategic balance sheet and risk management amounted to DKK 325m compared to DKK 316m in 2017. The primary reason for the practically unchanged level is that the return on Jyske Realkredit's portfolio of securities (investment portfolio earnings) was as of early 2018 recognised as core income. Interest expense on Tier 2 capital amounted to about DKK 90m, i.e. up by DKK 13m from 2017.

On the whole, earnings saw a underlying stable development for the business segments, where volume growth was able to compensate for the margin pressure.

Strategic balance sheet and risk management (DKKm)

	2018	2017
Net interest income	242	316
Value adjustments	-125	-46
Banking activities, total	117	270
Net interest income	83	-
Value adjustments	-97	-
Mortgage activities, total	-14	-
Jyske Bank Group, total	103	270

Net fee and commission income fell by 5% relative to the 2017 level. The decline can essentially be ascribed to 'Securities trading and custody services'. The most important reason for the decline was the negative development in the financial markets resulting in lower performance and asset-based fees. To this must be added lower commission income from mutual funds due to reduced commission rates.

Other types of fee and commission income realised was in line the level of 2017. However, a large increase was seen in respect of Other fee income, of which about DKK 25m related to market-maker commission. In addition, the increase related to a number of fees, primarily transaction-based fees, which were subject to fee changes in the Personal client area in mid-2017.

Fee and commission income (DKKm)

	2018	2017
Securities trading and custody services	1,225	1,383
Money transfers and card payments	213	199
Loan application fees	371	389
Guarantee commission	108	116
Other fees and commissions	408	293
Total	2,325	2,380

Value adjustments under core profit amounted to DKK -23m against DKK 577m in 2017.

The year 2018 was a challenging one in the financial markets, which were affected by high volatility as well as political and economic uncertainty. The market conditions put a damper on the activity level, particularly in the second half of 2018, and in combination with the negative return for the year on most asset classes, earnings from trading and investing activities were negatively affected.

The widening of the credit spread on Danish mortgage bonds in the second half of 2018 resulted in significant, negative value adjustments of both the trading portfolio of bonds and the liquidity portfolio.

Value adjustments of the strategic balance sheet and risk management amounted to DKK -222m compared to DKK -46m in 2017.

Transactions relating to clients' interest-rate hedging affected value adjustments by DKK -6m. The effect from these transactions was DKK 134m in 2017. Due to improved credit quality, these types of transactions are much less sensitive to changes in long-term interest rates.

Value adjustment of sector shares affected value adjustments positively by DKK 144m against DKK 143m in 2017.

Income from operating lease (net) amounted to DKK 81m against an expense of DKK 54m in 2017. This improvement was caused by the fact that, only to a limited degree, was it necessary to recognise extraordinary impairment charges on residual values of operating lease agreements in 2018.

Core expenses

Core expenses amounted to DKK 4,896m against DKK 5,374m in 2017. Core expenses in 2018 were positively affected by reversed provisions in the amount of DKK 96m for the Marrache court case in Gibraltar as well as non-recurring adjustments in the amount of about DKK 65m of employee-related provisions due to the significant decrease in the number of employees. Adjusted for these circumstances as well as one-off expenses of DKK 237m in 2017, core expenses fell by almost 2%.

The underlying development of core expenses reflects the development in the number of employees and general spending restraint in connection with other operating expenses. Due to this, it was possible to compensate for rising IT costs and the upward pressure on employee costs of about 2.5% due to the increase in salaries prescribed by the collective agreement and an increase in the payroll tax rate.

Core expenses (DKKm)

	2018	2017
Staff costs	2,949	3,122
IT costs	1,323	1,221
Rent, etc.	148	139
Amortisation, depreciation and impairment	102	154
Other operating expenses	374	738
Total	4,896	5,374

At the end of 2018, the Group had 3,698 full-time employees against 3,932 full-time employees at the end of 2017. At the end of 2018, there were 25 employees - against 40 at the end of 2017 - for whom costs were covered externally, and therefore they were not included in the above figure.

Impairment charges

Under core profit, an amount of DKK 468m was recognised as an expense under loan impairment charges and provisions for guarantees, of which DKK 407m related to effects derived from IFRS 9. Hence the underlying development resulted in impairment charges of DKK 61m. By comparison, an amount of DKK 453m was reversed in 2017.

Generally, the increase in new impaired exposures was at a low level for both corporate and personal clients. In the second half of 2018, the indication of impairment for corporate clients within banking activities was higher than in the first half of 2018.

Impairment charges based on management's estimates amounted to DKK 511m at the end of 2018 compared to DKK 466m at the end of 2017. In 2018, losses in the amount of DKK 1,106m were recognised against DKK 1,005m in 2017.

Investment portfolio earnings

Investment portfolio earnings in 2018 came to DKK 505m against DKK 562m in 2017.

Investment portfolio earnings (DKKm)

	2018	2017	Index 18/17
Net interest income	105	330	32
Net fee and commission income	0	-3	-
Value adjustments	377	219	172
Other income	55	47	117
Income	**537**	**593**	**91**
Expenses	32	31	103
Investment portfolio earnings	**505**	**562**	**90**

Of the total investment portfolio earnings of DKK 505m, value adjustments and the return on the portfolio of Nordjyske Bank shares amounted to DKK 544m.

Hence the results from other activities relating to the own securities portfolio were fairly neutral. Widening of credit spreads and pull-to-par effects affected value adjustments negatively. This was more or less offset by net interest income. Total net interest income was, compared to 2017, adversely affected by the fact that a major part of the bond portfolio is now recognised as part of the banking book (core income).

The Group's own securities portfolio consists of tactical market risk positions (primarily interest-rate and currency risks) and a smaller amount of bond investments.

Q4 2018 compared to Q3 2018

In the fourth quarter of 2018, a post-tax profit of DKK 501m was realised compared to DKK 578m for the third quarter of 2018.

The underlying development of the net interest income is stable. The decline in the fourth quarter of 2018 can essentially be ascribed to a fall from DKK 83m to DKK 50m in net interest income from the strategic balance sheet and risk management.

Net fee and commission income for the fourth quarter amounted to DKK 506m, corresponding to an increase of 14% relative to the third quarter. The increase in the fourth quarter was driven by annual investment-related product and custody fees. The adverse development in the financial markets in the fourth quarter reduced the annual fees.

In the fourth quarter, value adjustments were negatively affected by the development in the financial markets, and the adjustments amounted to DKK -49m against DKK 132m in the third quarter, which was positively affected by a non-recurring income of DKK 79m from value adjustments relating to early repayment of issued bonds and effects from the implementation of Murex.

Other income amounted to DKK 32m in the fourth quarter against DKK 127m in the third quarter, when a gain of about DKK 100m from the sale of a property was recognised.

Income from operating lease (net) was an income of DKK 8m in the fourth quarter 2018 compared to DKK 26m in the third quarter. The reason for the decline was that, in the fourth quarter, extraordinary impairment charges on residual values of operating lease agreements were recognised.

Compared to the third quarter, core expenses fell by DKK 17m in the fourth quarter. The most important reasons for this was one-off adjustments of employee-related provisions due to the significant decrease in the number of employees totalling DKK 65m.

Impairment charges in the amount of DKK 29m were recognised as an expense against DKK 104m in the third quarter. In the fourth quarter, impairment charges based on management's estimates increased by DKK 91m, which can mainly be ascribed to agricultural clients, including fur farmers.

Summary of balance sheet, end of period (DKKbn)

	2018	2017	Index 18/17	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Loans and advances	462.8	447.7	103	462.8	457.7	455.4	447.7	447.7
- of which mortgage loans	326.3	306.8	106	326.3	318.8	314.4	309.4	306.8
- of which traditional bank loans and advances	104.1	101.3	103	104.1	104.5	104.4	102.5	101.3
- of which new home loans	6.3	12.2	52	6.3	9.4	12.2	13.3	12.2
- of which repo loans	26.1	27.4	95	26.1	25.0	24.4	22.5	27.4
Bonds and shares, etc.	83.2	79.1	105	83.2	74.7	81.0	75.1	79.1
Total assets	599.9	597.4	100	599.9	596.9	593.0	593.2	597.4
Deposits	148.7	160.0	93	148.7	150.9	155.1	155.1	160.0
- of which bank deposits	135.7	139.9	97	135.7	136.6	135.3	136.4	139.9
- of which repo deposits and tri-party deposits	13.0	20.1	65	13.0	14.3	19.8	18.7	20.1
Issued bonds at fair value	324.7	302.6	107	324.7	316.7	308.9	307.9	302.6
Issued bonds at amortised cost	35.0	38.9	90	35.0	33.3	31.2	30.1	38.9
Subordinated debt	4.3	4.3	100	4.3	4.3	4.3	4.3	4.3
Holders of hybrid core capital	2.5	2.6	96	2.5	2.5	2.5	2.5	2.6
Shareholders' equity	31.8	32.0	99	31.8	31.9	32.3	31.5	32.0

Business volume

The Group's total loans and advances increased by 3% primarily due to increases in mortgage loans and secondarily in bank loans and advances.

At the end of 2018, the portfolio of mortgage loans amounted to DKK 326.3bn compared to DKK 306.8bn at the end of 2017. The majority of this increase of DKK 19.5bn related to Corporate Clients. The development within Personal Clients was supported by the transfer of the new home loans, which over the same period fell from DKK 12.2bn to DKK 6.3bn, as a natural consequence of the simplification of the home loan product range , which means that all home loans, except for Q4 Plus and Renteloft CIBOR3, are recognised as mortgage loans as of the initial recognition.

In 2018, traditional bank loans and advances increased by 3%. Exclusive of repo loans, the increase came to 4%. The positive development can be ascribed to corporate clients. The majority of the increase was seen in the first half of the year, which was followed by a stable development in the second half of the year. The volume of non-home loans to personal clients fell moderately. At sector level, the demand for bank loans and advances was still moderate, and mortgage loans accounted for a still increasing proportion of total loans and advances. At the end of 2018, mortgage loans accounted for almost 71% of the Group's total loans and advances.

Bank deposits fell by 3% to DKK 135.7bn. The decrease can be attributed chiefly to time deposits. Demand deposits ex repo and tri-party deposits amounted to 81% and accounted for a still increasing proportion of total bank deposits.

The savings surplus in society was still high and reflected by the fact that, at the end of 2018, bank deposits were about DKK 25bn higher than bank loans and advances.

At the end of 2018, the business volume within asset management amounted to DKK 141bn compared to DKK 145bn at the end of 2017. The fourth quarter of the year was characterised by negative markets, where only a few asset classes saw positive returns. Therefore, for the first time in many years, the overall annual return for the clients is negative. The inflow of new funds from most client segments was practically unchanged, even though at a slightly lower level than in 2017, as a stable inflow from retail clients was observed and larger inflows and outflows from professional clients were observed, resulting in an overall decent net inflow.

After share buy-backs and retained earnings for the year, shareholders' equity amounted to DKK 31.8bn at the end of the year against DKK 32.0bn at the end of 2017.

Credit quality

The Group's total balance of loan impairment charges and provisions as well as its discount balance amounted to DKK 5.9bn, corresponding to 1.2% of the total balance of loans, advances and guarantees, i.e. an unchanged level relative to the end of 2017, when the balance was at DKK 5.7bn.

At the end of 2018, management's estimates amounted to DKK 511m, of which DKK 275m related to agricultural clients against DKK 466m and DKK 75m, respectively, at the end of 2017.

Total loans, advances and guarantees increased by 3% in 2018. Corporate clients accounted for 51%, personal clients for 47% and public authorities for 2% of total loans, advances and guarantees. Compared to 2017, the breakdown by client segment was unchanged.

At the end of 2018, a breakdown of loans, advances and loan impairment charges and provisions for guarantees was as shown in the table below.

Loans, advances and guarantees – by sector (DKKbn)

	Loans, advances and guarantees		Balance of impairment charges	
	2018	2017	2018	2017
Public Authorities	**9.1**	**9.8**	**0.0**	**0.0**
Agriculture, hunting, forestry and fishing	8.0	7.3	1.1	1.1
Manufacturing industry and mining	8.5	8.1	0.3	0.2
Energy supply	5.0	5.1	0.1	0.0
Construction	6.2	4.2	0.1	0.1
Commerce	13.9	13.5	0.3	0.2
Transport, hotels and restaurants	6.5	4.7	0.1	0.1
Information and communication	1.1	1.2	0.0	0.0
Finance and insurance	33.4	40.1	0.6	0.7
Real property	145.7	134.0	0.8	1.2
Other sectors	18.4	18.6	0.2	0.3
Corporate clients	**246.7**	**236.8**	**3.6**	**3.9**
Personal clients	**225.8**	**219.8**	**1.9**	**1.3**
Total	**481.6**	**466.4**	**5.5**	**5.2**

The total balance of impairment charges for Corporate Clients was falling. At sector level, small increases were seen only for Manufacturing industry and mining and Commerce.

The balance of impairment charges for Personal Clients increased from DKK 1.3bn to DKK 1.9bn. The increase related primarily to personal clients within mortgage activities and could in particular be ascribed to effects derived from IFRS 9 as at 1 January 2018.

The table below shows loans, advances and guarantees by IFRS 9 stage.

Loans, advances and guarantees - by IFRS 9 stages (DKKbn)

	2018	
	Loans, advances and guarantees	Balance of impairment charges
Stage 1	449.1	0.6
Stage 2	26.0	1.3
Stage 3	6.5	3.6
Total	**481.6**	**5.5**

Assessed on the basis of the breakdown by internal rating, the credit quality of the portfolio is still good, and at the end of 2018, 44% is still in the rating categories STY 1-5, which is unchanged compared to the end of 2017.

Loans, advances and guarantees - by internal rating (DKKbn)

	Loans, advances and guarantees		Balance of impairment charges	
	2018	2017	2018	2017
Ratings 1-5	213.2	208.4	0.2	0.0
Ratings 6-11	235.2	224.7	0.6	0.0
Ratings 12-14	20.3	15.8	1.0	0.0
Other	5.6	4.1	0.0	0.4
Non performing loans	7.3	13.4	3.7	4.8
Total	**481.6**	**466.4**	**5.5**	**5.2**

Rating: Credit rating where 1 reflects the highest rating.
Non performing loans: The definition is based on the EBA's technical standards. The category Other comprises clients for which a credit rating had not yet been established.

Non-performing loans comprise exposures with individually assessed impairment charges and exposures with high or full risk as well as past due exposures. At the end of 2018, non-performing loans and advances amounted to 1.5% of total loans, advances and guarantees against 2.9% at the end of 2017. The decline reflects a general improvement of the loan portfolio but also a change in level driven by the changed definition of 'non-performing' in consequence of the implementation of IFRS 9. The statement of non-performing exposures is still based on the EBA's technical standard.

Non-performing loans (DKKbn)	2018	2017
Loans, advances and guarantees	481.6	466.4
Non-performing loans and guarantees	11.2	18.7
Impairment charges and provisions	3.7	4.7
Discounts on acquired loans	0.2	0.5
Loans, advances and guarantees after impairment charges	7.3	13.5
NPL ratio	1.5%	2.9%
NPL coverage ratio	34.8%	28.0%

At the end of the year, the Group had registered assets provided as collateral in the amount of DKK 396bn compared to DKK 374bn at the end of 2017. The development reflects the business development of rising loans, advances and guarantees. Relative to loans and advances and guarantees, the value of the collateral had improved marginally compared to 2017.

At the end of 2018, loans and advances subject to forbearance amounted to 2.5% against 3.2% at the end of 2017.

Agriculture

2018 was a challenging year for Agricultural Clients. The drought over the summer in Denmark resulted in steep declines in plant production. The drought also affected other parts of Europe, and therefore rising grain prices have in part compensated the plant growers for the lower yield. In addition to the financial consequences for the plant growers, the drought will - depending on the degree of self-sufficiency - also have financial consequences for pig farmers and dairy farmers.

Pig and dairy farmers still face low settlement prices. At the end of 2018, settlement prices for pigs came to a new low and were 8% below the level at the end of 2017. The settlement price for milk was 3% below the level at the end of 2017, but 7% higher than the low level in the spring of 2018. In addition, there are indications that agricultural properties sell at lower prices, and therefore it will be necessary to take lower values of collateral into consideration.

At the latest auctions in the year, also lower settlement prices were established for fur farmers. The challenges are of such a nature that some fur farmers must be expected to be at risk of having to close down. At the end of 2018, loans and advances to fur farmers amounted to almost DKK 200m and the impairment ratio was 37%.

Loans, advances and guarantees for agriculture, exclusive of fishing, amounted to 1.3% of the Group's total loans and advances and to almost 20% of total impairment charges, which was why, in terms of impairment charges as a percentage of loans, advances and guarantees, 'Agriculture, hunting, forestry and fishing' was the sector involving the highest risk to which the Group is exposed.

Agriculture exclusive of fishing (DKKm/%)	Loans, advances and guarantees		Balance of impairment charges		Impairment ratio	
	2018	2017	2018	2017	2018	2017
Milk	848	917	437	529	34%	37%
Pigs	1,616	1,161	264	329	14%	22%
Plant production	2,050	1,758	122	122	6%	7%
Fur farming	186	274	108	14	37%	5%
Other agriculture	1,384	906	132	92	9%	9%
Total	**6,084**	**5,016**	**1,063**	**1,086**	**15%**	**18%**

At the end of 2018, the overall impairment ratio relating to dairy farmers amounted to 34% of loans, advances and guarantees, and the ratio relating to pig farming amounted to 14%. The total impairment ratio for agriculture, exclusive of fishing, amounted to 15% compared to 18% at the end of 2017.

The increase in loans, advances and guarantees for agricultural clients can be attributed to Jyske Erhvervslån (corporate loans). At the end of 2018, Jyske Erhvervslån amounted to DKK 2.2bn of loans to agricultural clients compared to DKK 0.6bn at the end of 2017.

Capital and liquidity management

The objective of the capital management is to optimise the Group's capital structure given the adopted risk profile.

Jyske Bank's long-term capital management objective after the implementation of the new Basel recommendations is a capital ratio of 17.5% and a Common Equity Tier 1 capital ratio of 14%. At these levels, Jyske Bank are at a safe distance to the capital requirements and has at the same time the required strategic scope.

Due to the phase-in of Basel IV from 2022 to 2027, the capital requirement will increase in Pillar 1, partially offset by a falling capital requirement in Pillar 2. Consequently it is expected that the Group's capital ratio will fall by up to a maximum of 3 percentage points over the period up to 2027. However, already at the end of 2018, the Group practically met the requirements due to its capital ratio of 20.0% and its Common Equity Tier 1 capital ratio of 16.4%.

Capital ratios (%)

	2018	2017	Change 18/17
Capital ratio	20.0	19.8	0.2
CET1 capital ratio	16.4	16.4	0.0

Moreover, the Group aims to ensure a risk-adjusted capital ratio (RAC) determined by S&P at the level of 10.5% in order to maintain the score 'strong' in the category 'capital and earnings'. At the end of 2018, the RAC ratio was calculated at 10.3%.

Capital requirement

The adequate capital base requirement consists of the Pillar 1 requirement of 8% of the risk-weighted exposure with an add-on for above-normal risk under Pillar 2.

At the end of 2018, the institution-specific Pillar 2 requirement was at 2.8% against 2.2% at the end of 2017. The increase can chiefly be attributed to capital add-ons relating to the increasing demands to address the uncertainty in the Group's credit models. This uncertainty will be addressed over the coming years. Jyske Bank assesses that the Pillar 2 requirement will be fairly stable in 2019, and the underlying trend in the requirement will be slightly falling in the long term.

Capital requirement (%)

	Capital ratio		Common Equity Tier 1 capital ratio	
	2018	2019+	2018	2019+
Pillar I	8.0	8.0	4.5	4.5
Pillar II	2.8	2.8	1.6	1.6
SIFI	1.2	1.5	1.2	1.5
Capital conservation buffer	1.9	2.5	1.9	2.5
Countercyclical buffer	0.0	1.0	0.0	1.0
Overall capital requirement	13.9	15.8	9.2	11.1
Current level/target	20.0	17.5	16.4	14.0

Jyske Bank has been designated a systemically important financial institution (SIFI). Therefore the Group was subject to a further capital requirement of 1.2% in 2018. The requirement will increase to 1.5% in 2019 and will then be fully phased in.

The Danish Minister for Industry, Business and Financial Affairs has defined the countercyclical buffer at 0.5% with effect as of 31 March 2019 and at 1.0% with effect as of 30 September 2019. Moreover, Jyske Bank is subject to countercyclical buffers in the countries in which the bank has exposures. However, due to the limited loans and advances granted outside Denmark, the contributions from these to the counter-cyclical buffer are insignificant.

Internal stress testing is an important element in Jyske Bank's approach to projecting the adequate capital base and relevant individual solvency requirements. Moreover, stress tests are suitable to assess the Group's capital management objective in a forward-looking perspective.

Likewise, external stress testing of financial institutions is becoming an increasingly important aspect of both national and international authorities' efforts to ensure integrity of and stability in the financial markets.

The Jyske Bank Group participates in external stress tests initiated by both the Danish Financial Supervisory Authority and the EBA. The FSA conducts annual macroeconomic stress tests, while the EBA's stress test takes place at least every second year. The results from the EBS stress test 2018 were announced in November 2018, and the results were satisfactory.

The capital requirements are specified further in the Jyske Bank Risk and Capital Management 2018 on investor.jyskebank.com/investorrelations/capital-structure.

Capital buffer

The capital buffer denotes the maximum sustainable loss without the need for additional capital. The capital buffer amounts to 6.1 percentage points, corresponding to DKK 11.5bn.

Capital buffer (%)

	2018	2017
Capital ratio	20.0	19.8
Overall capital requirement	13.9	12.4
Capital buffer	6.1	7.4

Capital distribution

Over the period 1 March 2017 to 28 March 2018, Jyske Bank carried out a share buy-back programme through which 4,211,000 own shares were bought back at a value of DKK 1.5bn. The shares bought back were subsequently cancelled in connection with a capital reduction.

In July 2018, an extraordinary dividend of DKK 5.89 per share was paid out.

Over the period 22 August to 12 December 2018, another share buy-back programme was carried out through which 3,350,500 own shares were bought back at a value of DKK 1bn. At the Annual General Meeting in March 2019, the Supervisory Board will propose that the shares acquired through the share buy-back programme be cancelled.

At the Annual General Meeting in March 2019, the Group Supervisory Board will also make a motion for the distribution of ordinary dividend of DKK 6.12 per share for the financial year 2018 compared to DKK 5.85 per share for the financial year 2017.

The bank aims to comply with the future Basel IV requirements already as of 2022 and to build up the risk-adjusted capital ratio (RAC) from S&P to the level of 10.5%. Surplus capital inclusive of growth and potential acquisitions, will be available for dividend and share buy-back programmes. The Group intends to make stable dividend payments.

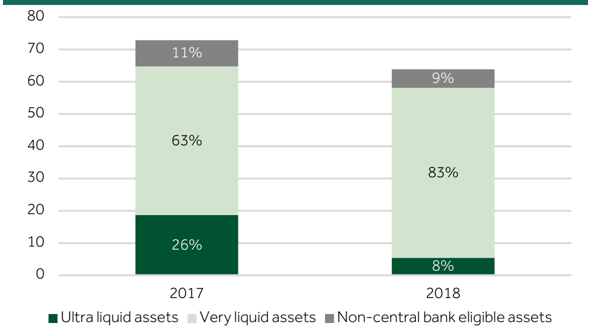
Liquidity management

The Group's biggest source of funding was covered bonds (SDO) and mortgage bonds, which amounted to DKK 325bn and 54% of the balance sheet at the end of 2018. The second-largest source of funding (DKK 132bn, corresponding to 22% of the balance sheet) was client deposits, of which a high proportion consisted of deposits from small and medium-sized enterprises as well as personal clients. The strong deposit base ensures long-term stability in the Group's funding of bank loans and advances, which supports the maintenance of a strong profile both in respect of statutory financial ratios and internally delegated limits and guidelines.

Liquidity reserve

At the end of 2018, the Group's liquidity buffer amounted to DKK 64bn against DKK 73bn at the end of 2017.

Liquidity buffer by asset class (DKKbn)



As shown in the chart below, the buffer consists mainly of ultra-liquid and very liquid assets in the form of deposits with central banks as well as government bonds and covered bonds (SDO).

Under a stress scenario assuming that the Group is precluded from re-financing in the international financial money markets for unsecured senior debt, the reserve will after a 12-month period amount to DKK 39bn and after a 24-month period to 34bn.

Liquidity buffer and run-off (DKKbn)

	2018	2017	Index 18/17
End of period	63.9	72.8	88
3 mths.	52.0	54.2	96
6 mths.	46.1	49.6	93
9 mths.	41.7	47.8	87
12 mths.	39.4	42.8	92

Capital markets and issuance activity

In 2018 the Group focused on initiating the gradual replacement of the Group's old preferred senior bonds ("PS") with new non-preferred senior ("NPS") bonds with the aim of meeting the Group's MREL requirement after 2021, when the old PS bonds can no longer be included. Two NPS bonds were issued in the course of 2018.

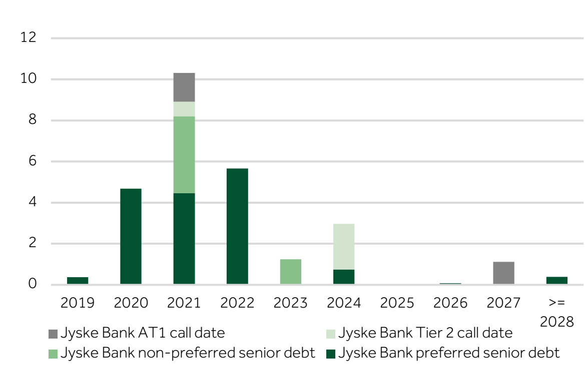
The Group is on an on-going basis active in the French CP market. At the end of 2018, the outstanding volume under the CP programme amounted to DKK 15.4bn against DKK 16bn at the end of 2017.

Refinancing profile

At the end of 2018, outstanding unsecured senior debt and Tier 2 capital under the Group's EMTN programme amounted to DKK 19.6bn and DKK 3.3bn, respectively, against DKK 15.8bn and DKK 3.3bn, respectively, at the end of 2017.

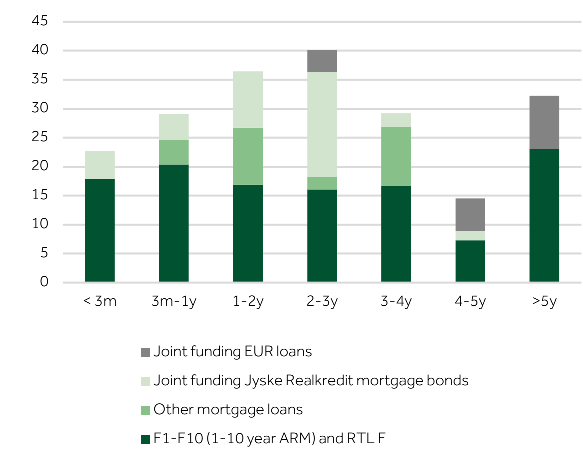
The run-off profile for the Group's unsecured senior debt as well as issuer call profile for Basel III-compliant capital instruments as at the end of 2018 are illustrated below.

Run-off and call date profile (DKKbn)



Calculated at the end of 2018, covered bonds (SDOs) with a refinancing risk amounted to DKK 215.8bn, and the run-off profile of these is illustrated in the following chart.

Run-off profile SDO (DKKbn)



Funding plans

It is an integrated part of the Group's strategic liquidity management to maintain on-going activities in the international capital markets in order to ensure strong access to a diversified investor base.

Generally, the Group's funding plan implemented on the international capital markets will in future include an annual NPS benchmark bond (EUR 500m) as one of the most important elements. Also, Jyske Realkredit is in 2019 expected to examine the possibilities of issuing another SDO benchmark bond in EUR. In future, it is to be expected that Jyske Realkredit will on a recurring basis be active in the EUR SDO market in order to ensure continuous access to funding in EUR.

Liquidity Coverage Ratio (LCR)

At the end of 2018, the Group's LCR was at 219% compared to 189% at the end of 2017. The Group's internal guideline for LCR is an overall group LCR of at least 150%. The Group's LCR buffer after haircuts at the end of 2018 is shown below:

The Group's LCR buffer

	DKKbn	%
Level 1a assets	31.3	43
Level 1b assets	38.0	53
Level 2a + 2b assets	2.7	4
Total	72.0	100

Being a Danish a systemically important financial institution, Jyske Bank must meet a modified LCR requirement in EUR. At the end of 2018, Jyske Bank meets the requirement in full with a significant buffer.

Credit rating

The Jyske Bank Group is being rated by Standard & Poor's (S&P). Jyske Bank's long-term rating has been at A- with "stable outlook" since 2011. Jyske Realkredit has the same credit rating as Jyske Bank.

S&P credit rating

	Rating	Outlook
Jyske Bank issuer rating		
Stand Alone Credit Profile (SACP)	A-	Stable
Short-term unsecured senior debt (preferred senior)	A-2	Positive
Long-term unsecured senior debt (preferred senior)	A-	Positive
Long-term non-preferred senior	BBB+	Stable
Tier 2	BBB	Stable
Additional Tier 1 (AT1)	BB+	Stable
Jyske Realkredit		
Bond issues		
Capital Centre E covered bonds	AAA	
Capital Centre B mortgage bonds	AAA	

In April 2018, S&P added a 'positive outlook' to its A-/A-2 issuer rating for Jyske Bank. The positive outlook is based on Jyske Bank's expected issue of additional loss-absorbing debt or capital ('ALAC') in the form of NPS bonds totalling EUR 2.5bn by the end of 2021.

The credit rating of the NPS is BBB+, of the Tier 2 capital BBB and of AT1 capital BB+, as the NPS, Tier-2 assessment and the AT1 credit rating are two and four notches, respectively, below the stand-alone credit profile ("SACP") at A-. In the course of 2018, S&P confirmed its "stable outlook" for Jyske Bank's SACP.

S&P's rating reflects expectations that over the next two years the Group can maintain a risk-adjusted capital ratio ("RAC") above 10%. The rating is supported by the S&P's recognition of the flexibility of the Group's capital adjustment policy. In S&P's view Jyske Bank has great flexibility to reduce dividends and share buy-backs if this becomes necessary to support the Group's rating. In addition, the rating reflects that S&P acknowledges the Group's efforts to enhance stability in long term earnings via successful growth in the bank's home loan products, which have provided a much higher diversification in the loan book and an overall reduction in the risk profile.

All new mortgage loans at Jyske Realkredit and the majority of Jyske Bank's home loans are funded through the issuance of mortgage bonds from Jyske Realkredit Capital Centre E (SDO), which is rated AAA. It is a key objective of the Group to maintain S&P's AAA rating for Jyske Realkredit's capital centres.

The capital base requirement that must be met to maintain the AAA rating for Jyske Realkredit's capital centres is assessed continuously by S&P, among other things on the basis of Jyske Realkredit's issuer rating as well as the growth and composition of the loan portfolio at the capital centres.

At the end of 2018, the capital base requirement from S&P totalled DKK 10.8bn against DKK 11.3bn at the end of 2017.

New legislation

Jyske Bank is well prepared to comply with all known future statutory requirements. Jyske Bank follows the development of the international legislative work closely to ensure that through due diligence the Group can meet all future requirements before they are implemented.

Below is a brief description of the most important legislative changes that are expected to impact Jyske Bank the most in the years to come.

Minimum requirement for own funds and eligible liabilities (MREL)

In 2018, Jyske Bank received from the Danish Financial Supervisory Authority the MREL requirements that apply to the bank. As expected, the requirement was fixed at twice the level of the current capital requirement for the banking activities of the Group and with special treatment of the mortgage activities of the Group. The Danish FSA defined a transitional scheme to the effect that unsecured senior debt issued before 1 January 2018 can be included in the Group's MREL as of the time when it takes effect on 1 July 2019 and up to and including the end of 2021. Jyske Bank meets the requirements already before they take effect. The introduction of the countercyclical buffer of 1% in the course of 2019 will increase the requirements, but the buffer will not be included when determining the required recapitalisation amount.

Over the period until the end of 2021, the Group's current outstanding unsecured senior debt will gradually be replaced by contractual subordinated debt (non-preferred senior, NPS) so that, as of 2022, the Group will meet the MREL with the new asset class non-preferred senior, NPS. The two first NPS issues were made in the course of 2018.

Mortgage credit institutions are exempt from MREL but must instead hold capital for a debt buffer of 2% of their total unweighted loans. The debt buffer will be fully phased in over the summer of 2020. At the end of 2018, Jyske Realkredit fully complied with the debt buffer requirement based on the high capitalisation.

New capital adequacy rules from the EU

CRR is a comprehensive set of rules that implements the Basel III recommendations in Europe, and it includes a large number of clarifications and tightening of the former capital adequacy rules. The general purpose of CRR is to strengthen the capital structure of the European credit institutions.

The CRR is currently being revised and the main change will be the introduction of fundamentally revised requirements for the calculation of capital requirements in the trading book (FRTB).

The revised CRR2 was agreed politically in the EU in the autumn of 2018 and is expected to be published before the elections to the European Parliament in 2019. The new FRTB requirements are expected to take effect as of the beginning of 2022.

Another material change to the CRR2 will be the introduction of a Net Stable Funding Ratio (NSFR) with the purpose of securing that credit institutions meet certain minimum requirements of the long-term funding of loans and other assets. The European Commission has proposed to make the NSFR a binding requirement from 2021. At Group level, Jyske Bank generally met the NSFR requirement in 2018 with the current tighter Basel guidelines. At the end of 2018, the Group's NSFR was 103.1%.

Leverage ratio

The EU has proposed the introduction of a binding leverage ratio (core capital relative to the Group's total unweighted exposures) of at least 3% as of 31 December 2019. At the end of 2018, the Group's leverage ratio was at 5.3% compared to 5.4% at the end of 2017.

New recommendations from Basel (BIS)

In December 2017, the Bank for International Settlements (BIS) completed what is often referred to as the new Basel IV recommendations. Even though the recommendations have now been completed by the Basel Committee, a number of issues are still unresolved, and these are important to Jyske Bank, particularly in respect of the calculation of 'mortgage lending values' (MLV).

Jyske Bank assesses that the capital ratio must be up to maximum 3 percentage points higher than the objective in order to meet the Group's long-term capital management objectives when the revised Basel recommendations have been fully phased in.

In 2018, Jyske Bank participated in two quantitative impact studies that test the banks in respect of future legislation. The studies were facilitated by the EBA and the Danish FSA.

Supervisory diamond

The supervisory diamond defines a number of special risk areas including specified limits that financial institutions should generally not exceed. The supervisory diamond limits applicable to Jyske Bank A/S and Jyske Realkredit A/S are shown in the tables below.

The supervisory diamond for Jyske Bank A/S

	2018	2017
Sum of large exposures <175% of CET1 capital*	76%	72%
Increase in loans and advances <20% annually	-4%	2%
Exposures to property administration and property transactions <25% of total loans and advances	10%	9%
Stable funding <1	0.55	0.56
Liquidity benchmark >100% **	171%	-

* The benchmark for total large exposures was changed in 2018. Comparative figures have been restated accordingly.
**In 2018, the liquidity benchmark was changed to LCR at a three-month horizon. It was not possible to show adjusted comparative figure.

Jyske Bank A/S meets all the benchmarks of the supervisory diamond.

The supervisory diamond for Jyske Realkredit A/S

	2018	2017
Concentration risk <100%	46.2%	47.5%
Increase in loans and advances <15% annually in the segment:		
Owner-occupied homes and vacation homes	6.3%	13.3%
Residential rental property	2.6%	7.1%
Other sectors	4.0%	5.5%
Borrower's interest-rate risk <25%		
Residential property	19.7%	20.8%
Interest-only schemes <10%		
Owner-occupied homes and vacation homes	7.3%	7.9%
Loans with frequent interest-rate fixing:		
Refinancing (annually) <25%	14.7%	19.9%
Refinancing (quarterly) <12.5%	3.1%	4.7%

Comparative figures were changed in connection with the revision of the supervisory diamond

At the end of 2018, Jyske Realkredit A/S met all benchmarks of the supervisory diamond.

Risk and Capital Management 2018

Additional information about the Group's internal risk and capital management as well as the regulatory capital requirements is available in the report 'Risk and Capital Management 2018', available on investor.jyskebank.com/investorrelations/capital-structure.

Responsible investment

- Jyske Bank's approach is that of dialogue and commitment
- Jyske Bank exercises active ownership via the GES Engagement Forum
- 2018 saw 156 violations of international conventions and standards, of which 68 cases related to companies in Jyske Bank's portfolios
- Offers of three Socially Responsible Investments (SRI) funds focusing especially on corporate social responsibility and ethical screening. At the end of 2018, total funds amounted to DKK 1.7bn

Anti-money laundering policy

- The efforts to prevent money laundering and financing of terrorism are still a top priority
- Risks are analysed continuously and the quality of client data is improved - both through on-going updates of data for existing clients and through registration of new clients
- Centralised client registration ensures uniform data validation
- Training programmes targeting the individual employee's function
- New initiatives: End to disbursement of DKK 1,000 notes as well as EUR 500 and EUR 200 notes as well as the requirement that new corporate clients must use an approved auditor

Employee relations

- Participation rate of 95% in connection with our internal employee survey, which also integrates the statutory workplace assessment
- Specialised working environment organisation since 2012
- Employee turnover: 10.3%, i.e. below the sector average
- Low sickness absence rate: 2.1% of total prescribed working time

Social initiatives

Based on the project, "HUSET og det bebyggede område" (the house and the built-up area), Jyske Bank was involved in the following:

- "Murmal" (Mural) - through which efforts are made to create trainee positions for future craftsmen/women and further urban renewal
- "NaboRum" (Project Neighborhood) - community involving local citizens
- "FødevareBanken" (the food bank) - prevention of food waste and reduction of poverty
- Reuse of computers and furniture - through donations to charities
- Danmark Spiser Sammen (Denmark dines together) – fight loneliness by establishing a spirit of community
- Mind Your Own Business – offering young men aged 13-19 years from disadvantaged residential areas the opportunity to establish their own business

Tax

Jyske Bank is an important corporation tax payer in Denmark

The Jyske Bank Group's tax payments (DKKm)

	2014	2015	2016	2017	2018
Expensed corporation tax	0	342	745	833	640
Payroll tax	244	263	296	312	297
VAT	117	123	119	128	123
Real property tax	17	16	17	16	15
Total	**378**	**744**	**1,177**	**1,289**	**1,075**

Corporate social responsibility

Being one of the largest financial groups in Denmark, Jyske Bank has, as a business enterprise, an obligation to society. In all respects, Jyske Bank attempts to run a responsible, orderly and proper business in accordance with the Group's values and with regard to clients, employees and shareholders. Specifically, we wish to create value by 'making a difference' for both Jyske Bank and society by assessing risks and opportunities in long-term perspectives that are forward-looking and sustainable. Therefore, endeavours are made:

- to ensure **a sustainable and responsible business** through advisory services, investments and credit policy
- to reduce the Group's negative impact on the **climate and environment**
- to create a workplace that ensures **job satisfaction and equal rights for our employees**
- to assume corporate social responsibility through **social initiatives** focusing particularly on the 'HOUSE' (HUSET) and the 'built-up area'.

Being a member of the the UN Global Compact, Jyske Bank would also like to play a role here and in connection with the work to achieve the UN's Sustainable Development Goals. Both initiatives will help create a sustainable global society for the next generations.

The section below gives an introduction to Jyske Bank's policies. For further details, for instance, of completed activities and results in 2018 as well as activities planned for 2019, please see the Report on corporate social responsibility 2018, which is available on investor.jyskebank.com/investorrelations/governance.

Sustainable and responsible business

Responsible advisory services

The Jyske Bank Group wishes to operate a responsible banking business while meeting high ethical standards. Our set of values rests on openness and honesty, and the Group's business integrity is based on national and international rules and guidelines. In the cooperation with our suppliers and other stakeholders, our business integrity also extends beyond ourselves. On an ongoing basis, we update our policy for anti-corruption and bribery, tax, anti-money laundering and whistleblower policies as well as the Group's policy for IT security. With a view to being compliant with the legislation that Jyske Bank is subject to, all employees of the Group must complete a series of mandatory e-learning courses, such as the course on combating money laundering and terrorism offered by Finanssektorens Uddannelsescenter (the training centre of the financial sector).

Responsible investments

At Jyske Bank we take responsibility for our investments. Therefore considerations in relation to the environment, social issues and corporate governance (ESG) are included in the investment decisions. Selecting investments based on a principle of responsibility is a complicated matter. Opinions differ widely when it comes to responsible investment. Investors, authorities, media, politicians as well as special interest organisations and industry associations have different perceptions. Therefore Jyske Bank wishes to be at liberty to assess which companies and industries it will invest in on the basis of corporate social responsibility.

The main focus of these endeavours is the Principles for Responsible Investment (PRI) as well as the OECD's guidelines and the UN Global Compact.

Responsible credit granting

Jyske Bank assumes responsibility when granting credit. We are in the money lending business, but we also need to have the money repaid. Before offering products to our clients, we must define the clients' requirements so that the clients will be offered the products and solutions that are suited for them. In connection with loans, the client's financial situation will be assessed with respect to his or her creditworthiness so we ensure that the client will be able to repay any loan granted. We have defined a credit policy that forms the basis of our assessments, and our credit policy includes principles of how to ensure that credit decisions are, to the necessary extent, based on the robustness of the client's future earnings and liquidity. This means that we do not simply wish to sell the largest possible loan. It can therefore be good and responsible advising to say 'no' to a credit request. A 'no' that might be decided on the basis of a socially responsible attitude.

Climate and environment

In the Jyske Bank Group, we know that our business and activities impact the climate and environment, and that, to a great extent, we can actively decide whether we will leave a positive or negative environmental footprint. Our aim is therefore actively to seek to become more climate and environment conscious in all our procedures – internally as well as externally.

Social issues

International human rights, which are both rooted in the Danish labour market model and defined by international conventions, norms and values, form a natural basis for the activities of the Group. In specific terms, this means that, internally in the Group, we observe human rights as they are fundamental for a safe, just and fair society, where equal status, inclusion, labour rights, safety and health are core values in our policy.

In the Jyske Bank Group, we want to be a workplace that creates lasting relationships in a productive, trusting and informal work environment characterised by well-being and positive energy.

'HUSET' (the house) and the built-up area form the focal point of our social initiatives. In actual practice, this is reflected in our contributions to the creation of a better urban space and local environments and hence, hopefully, also improvements for the individual citizen. In this way, we can best contribute to boosting various areas in co-operation with citizens and other players.

Also through Finance Denmark, Jyske Bank participates in projects such as voluntary debt counselling for the socially disadvantaged and in the education of children and young people in the area of financial responsibility.

Additional information on the Jyske Bank Group's sustainability initiatives and report on corporate social responsibility for the 2018 reporting year is available on investor.jyskebank.com/investorrelations/governance.

Corporate governance

Organisation and management

The Supervisory Board and the Executive Board are independent of each other and no person is a member of both the Supervisory Board and the Executive Board.

Annual General Meeting

Shareholders' right to pass resolutions shall be exercised at the Annual General Meeting. Jyske Bank's Articles of Association contain information about notice of the general meeting, the right to propose resolutions to the general meeting and right to participate and vote. The Articles of Association are available at investor.jyske-bank.com/investorrelations/generalmeetings.

Motions to amend the Articles of Association can only be adopted when 90% of the voting share capital is represented at the Annual General Meeting and the motion is adopted by ¾ of the votes cast at the Annual General Meeting as well as by ¾ of the voting share capital represented at the Annual General Meeting. Where less than 90% of the voting share capital is represented at the Annual General Meeting, but the motion obtained both ¾ of the votes cast and ¾ of the voting capital represented at the meeting, and provided the motion was proposed by the Shareholders' Representatives and/or the Supervisory Board of Jyske Bank, the motion can be adopted at an extraordinary general meeting by the said qualified majority irrespective of the proportion of the share capital represented. Such an extraordinary general meeting shall be convened at the usual notice within 14 days after the first Annual General Meeting. Only the rules applying to amendments of the Articles of Association shall apply to motions to wind up Jyske Bank voluntarily or merge it with other financial institutions where Jyske Bank will not be the surviving company.

Shareholders' Representatives

The Shareholders' Representatives elect the members of the Group Supervisory Board according to the provisions of the Articles of Association on number, term of office and re-election, and on the basis of the Group Supervisory Board's nomination of candidates.

In addition to that, the task of the Shareholders' Representatives in general and each Representative in particular shall be to work for the prosperity and positive development of Jyske Bank and each individual branch - in accordance with Jyske Bank's values and views.

Shareholders' representatives shall be elected at the Annual General Meeting. Shareholders' Representatives shall be elected for terms of three years. Members can be re-elected.

Supervisory Board

The Supervisory Board shall be in charge of the overall management of the Group and supervise the decisions and arrangements made by the Executive Board.

The Supervisory Board shall on behalf of the shareholders determine the overall strategy and contribute actively to maintaining and developing Jyske Bank's position in the financial sector.

The Supervisory Board consists of

- six members elected by and among the members of the Shareholders' Representatives
- up to two members for election by members in general meeting and who meet the requirements of the Danish FSA in respect of relevant knowledge and experience of supervisory board members of banks, and
- any additional members as required by law.

The six members who are elected by and among the Shareholders' Representatives are elected for a three-year period. Additional members elected by members in general meeting to meet the requirements of the FSA in respect of relevant knowledge and experience of supervisory board members are elected for a one-year period. Members can be re-elected. Employee-elected members of the Supervisory Board are elected for a term of four years.

Executive Board

The Executive Board has four members. The number of members is determined by the Supervisory Board. The Executive Board undertakes the day-to-day management of the Group.

Without having the right to vote, the Executive Board attends the meetings of the Shareholders' Representatives and the Supervisory Board. Further information about the Group's organisation and management is available at investor.jyskebank.com/investorrelations/governance.

Corporate governance

In the Group's opinion, the way the Group is managed and controlled as well as the overall principles and policies that ensure balance between shareholders, clients and employees constitute corporate governance.

According to Nasdaq Copenhagen A/S' "Rules for issuers of shares" paragraph 4.1, Jyske Bank is under the obligation to give an account of how Jyske Bank and hence the Group addresses the Recommendations on Corporate Governance issued by the Committee on Corporate Governance. The Group's Supervisory Board has assessed and monitors the development in the Recommendations for good corporate governance. Further information about the Group's work on corporate governance is available at investor.jyskebank.com/investorrelations/governance.

Reports

See investor.jyskebank.com/investorrelations/governance for the Jyske Bank Group's report on corporate social responsibility and other reports on issues such as management's remuneration and remuneration policy.

The Jyske Bank share

At the end of 2018, the share capital amounted to the nominal amount of DKK 849m. It consisted of 84.9 million shares at a nominal value of DKK 10 in one class of shares.

All the shares are listed on Nasdaq Copenhagen A/S. The shares are freely transferable, always provided that the transfer of shares to an acquirer who holds or by the acquisition obtains 10% or more of the Bank's share capital shall require the consent of the Bank, cf. Art.3 of Jyske Bank's Articles of Association.

Each share represents one vote. No shareholder can cast more than 4,000 votes on his own behalf.

Subject to a resolution passed at the Annual General Meeting, Jyske Bank's Supervisory Board is authorised to acquire Jyske Bank shares for a sum not exceeding 1/10 of the share capital.

The Jyske Bank share

	2018	2017
Share capital (DKKm)	849	892
Share price end of period (DKK per share)	235	353
Market value, end of period (DKKbn)	20.0	31.5
Earnings per share (DKK)	28.2	34.7
Book value per share (DKK)	390	374
Price/book value per share (DKK)	0.6	0.9

Share price development and return

In 2018, the Jyske Bank share price fell from DKK 353 to 235, i.e. a decrease by 33%. In 2018, ordinary and extraordinary dividends of DKK 5.85 and DKK 5.89, respectively, per share were paid out.

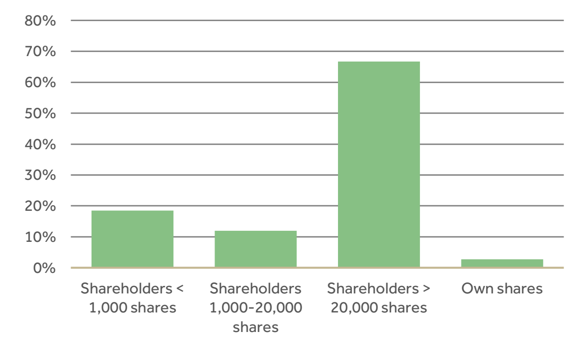
Price development of the Jyske Bank share

The share is listed on Nasdaq Copenhagen and is included in the C25 index. At the end of 2018, the Jyske Bank share was covered by 10 analysts.

Distribution of share capital

At the end of 2018, the number of shareholders was almost 180,000. It is characteristic of Jyske Bank shares that they are distributed among many shareholders, including many Jyske Bank clients. About two thirds of the share capital is held by Danish investors.

Shareholders by number of shares



Two shareholders informed Jyske Bank that they own more than 5% of the share capital:

BRFholding a/s, Kgs. Lyngby, Denmark owns 21.26% of the share capital (BRFholding A/S is a fully owned subsidiary of BRFfonden).

On 31 December 2018, MFS Investment Management, USA owned more than 5% of the share capital. Subsequently, on 15 February 2019, MFS Investment Management announced that the company, as of 14 February 2019, no longer owns more than 5% of the share capital.

Annual General Meeting

The Annual General Meeting of Jyske Bank will be held in Silkeborg on Tuesday 26 March 2019.

Other information

For further information, please see www.jyske-bank.info. Here you will find an interview with Anders Dam, detailed financial information as well as the Group's Annual Report 2018 and Risk and Capital Management 2018, which give further information about the Group's internal risk and capital management as well as regulatory issues, including a description of the most important risks and elements of uncertainty that may affect the Group.

Also, please see www.jyskerealkredit.com. Jyske Realkredit's Annual Report 2018 and detailed financial information about Jyske Realkredit are available on that website.

Financial calendar 2019

Jyske Bank anticipates releasing financial statements on the following dates in 2019:

Financial calendar 2019	
8 May	Interim Financial Report, first quarter of 2019
20 August	Interim Financial Report, first half of 2019
30 October	Interim Financial Report, first nine months of 2019

Banking activities

Summary of income statement (DKKm)

	2018	2017	Index 18/17	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net interest income	3,091	3,357	92	725	779	798	789	938
Net fee and commission income	1,706	1,768	96	454	379	405	468	572
Value adjustments	61	534	11	-23	145	-20	-41	13
Other income	223	170	131	10	122	34	57	-34
Core income	**5,081**	**5,829**	**87**	**1,166**	**1,425**	**1,217**	**1,273**	**1,489**
Core expenses	3,983	4,350	92	1,006	1,027	906	1,044	1,083
Core profit before loan impairment charges	**1,098**	**1,479**	**74**	**160**	**398**	**311**	**229**	**406**
Loan impairment charges	32	-696	-	80	85	21	-154	-239
Core profit	**1,066**	**2,175**	**49**	**80**	**313**	**290**	**383**	**645**
Investment portfolio earnings	505	513	98	-11	-20	129	407	-16
Pre-tax profit	**1,571**	**2,688**	**58**	**69**	**293**	**419**	**790**	**629**

Summary of balance sheet, end of period (DKKbn)

	2018	2017	Index 18/17	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Loans and advances	118.4	124.6	95	118.4	121.3	123.3	121.5	124.6
- of which traditional bank loans and advances	86.0	85.0	101	86.0	86.9	86.7	85.7	85.0
- of which new home loans	6.3	12.2	52	6.3	9.4	12.2	13.3	12.2
- of which repo loans	26.1	27.4	95	26.1	25.0	24.4	22.5	27.4
Total assets	225.8	240.4	94	225.8	231.6	232.9	238.1	240.4
Deposits	148.5	159.8	93	148.5	150.7	154.9	154.8	159.8
- of which bank deposits	135.5	139.7	97	135.5	136.4	135.1	136.1	139.7
- of which repo deposits and tri-party deposits	13.0	20.1	65	13.0	14.3	19.8	18.7	20.1
Issued bonds	35.0	37.0	95	35.0	33.3	31.2	30.1	37.0

Banking activities cover advisory services relating to traditional financial solutions targeting personal and private banking clients as well as corporate clients and also trading and investment activities targeting large corporate clients and institutional clients, including trading in interest-rate products, currencies, equities, commodities and derivatives. Finally, Banking activities cover private banking activities targeting foreign clients.

The strategic balance sheet and risk management as well as earnings from investment portfolio in Jyske Bank are allocated also to Banking activities.

Core profit

Core profit from banking activities came to DKK 1,066m against DKK 2,175m in 2017. The decline can be attributed to the fact that in 2018 impairment charges in the amount of DKK 32m were recognised as an expense against a reversal of impairment charges in the amount of DKK 696m in 2017 in combination with a decline in core income, which was only partially offset by lower core expenses.

Core income

The net interest income was 8% lower than in 2017. Adjusted for a non-recurring interest income of DKK 100m in 2017, net interest income was 5% below the level in 2017. The decline can primarily be attributed to a decline in net interest income from the strategic balance sheet and risk management, and also because the reduced interest expenses due to the maturity of senior debt at Jyske Realkredit were partially offset by higher interest expenses under banking activities. To this must be added higher interest expenses for Tier 2 capital and lower net interest income from trading activities.

Compared with 2017, growth of bank loans and advances for corporate clients in 2018 was more modest, which - all other things being equal - means that it is more difficult to compensate for both lower loans and advances for personal clients and pressure on margins on loans and advances for corporate clients.

In respect of personal clients, growth is still seen in the new home loans. Since August 2018, most new home loans are included under mortgage activities as of the initial recognition.

Deposits were still affected by negative interest rates. Bank deposit decreased by 3% compared to the level at end of 2017.

Net fee and commission income amounted to DKK 1,706m against DKK 1,768m in 2017, i.e. a decrease by 4%. The most important reason for the decline was the a decline in investment-related fees such as performance fees, product fees and commission from investment associations/mutual funds.

Value adjustments amounted to DKK 61m against DKK 534m in 2017.

Value adjustment of sector shares affected value adjustments positively by DKK 144m against DKK 143m in 2017.

Transactions relating to clients' interest-rate hedging affected value adjustments negatively by DKK 6m. In 2017, the effect from these transactions was a positive value adjustment of DKK 134m. Due to improved credit quality, these types of transactions are much less sensitive to changes in long-term interest rates.

The strategic balance sheet and risk management affected net interest income positively by DKK 242m, and value adjustments negatively by DKK 125m. In 2017, the positive effect on net interest income came to DKK 316m, whereas value adjustments were affected negatively by DKK 46m.

Strategic balance sheet and risk management covers a portfolio consisting predominantly of interest-bearing instruments, of which the liquidity portfolio, by far, accounts for the largest proportion . The liquidity portfolio is mainly invested in rather short-term Danish mortgage bonds. In addition to the liquidity portfolio, derivatives are used for hedging. On the whole, the portfolio has limited interest rate sensitivity. At the end of 2018, the liquidity portfolio amounted to DKK 31bn.

Other income amounted to DKK 223m, as in 2017 this income was affected positively by a gain from a property sale.

Core expenses

Core expenses fell by 8% to DKK 3,983m. A number of non-recurrent circumstances contributed to the decline: reversal of provisions of DKK 96m relating to the Marrache court case on Gibraltar and non-recurring adjustments of employee-related provisions due to the significant decrease in the number of employees in the amount of DKK 65m. Adjusted for these circumstances and one-off expenses of DKK 215m in 2017, core expenses were in line with those in 2017. Hence the underlying development is a reflection that the fall in the number of employees has compensated for rising IT expenses and the upward pressure on employee costs due to the increase in salaries prescribed by the collective agreement and higher payroll taxes.

Impairment charges

Loan impairment charges and provisions for guarantees amounted to DKK 32m against a reversal of DKK 696m in 2017. Generally, the increase in new impaired exposures was at a low level for both corporate and personal clients. In the second half of 2018, the indication of impairment for corporate clients within banking activities was higher than in the first half of 2018.

Business volume

The volume in traditional bank loans and advances rose by 1% relative to 2017. The increase can primarily be attributed to large corporate clients and public authorities. Traditional bank loans and advances to personal clients fell moderately.

Bank deposits fell by 3% compared to 2017.

Despite the inflow of new funds from most client segments, the business volume in portfolio management fell from DKK 145bn to DKK 141bn due to the negative trends in the financial markets.

Q4 2018 compared to Q3 2018

Pre-tax profit for the fourth quarter of 2018 amounted to DKK 69m against DKK 293m for the third quarter of 2018, when DKK 100m as a gain from the sale of a property, a non-recurring income of DKK 79m from value adjustments relating to early redemption of issued bonds and effects from the implementation of Murex were recognised.

Net interest income amounted to DKK 725m against DKK 779m in the third quarter. The decline was caused by a decline from DKK 63m to DKK 32m in net interest income from the strategic balance sheet and risk management, lower net interest income from trading activities and only to a lesser degree by the development of the volume of loans and advances and lending margins.

Net fee and commission income increased to DKK 454m against DKK 379m in the third quarter. The increase can mainly be attributed to investment-related fees, primarily custody and product fees. No performance fees were received in the third and fourth quarters. Loan application fee fell as a consequence of the practice that most new Jyske home loans are now issued by Jyske Realkredit and are included under mortgage activities as of the initial recognition.

Other income amounted to DKK 10m against DKK 122m in the third quarter. In the third quarter, a gain of DKK 100m from a sale of a property was recognise as income.

Core expenses amounted to DKK 1,006m against DKK 1,027m in the third quarter. In the fourth quarter, core expenses were reduced by DKK 65m due to adjustments of employee-related provisions. On the other hand, IT-related costs rose by about DKK 40m.

Impairment charges amounted to an expense of DKK 80m against DKK 85m in the third quarter. In the fourth quarter, there was a need to increase the management's estimate for agriculture by about DKK 90m, among other things due to the negative trend in the market conditions for fur farming.

Mortgage activities

Summary of Income Statement (DKKm)

	2018	2017	Index 18/17	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Contribution income, etc.[1]	1,896	1,881	101	483	476	472	465	481
Other net interest income	77	-61	-	16	13	29	19	4
Net fee and commission income	256	262	98	74	91	25	66	77
Value adjustments	-94	29	-	-23	-12	-32	-27	24
Other income	229	26	881	21	2	202	4	4
Core income	**2,364**	**2,137**	**111**	**571**	**570**	**696**	**527**	**590**
Core expenses	730	848	86	178	178	192	182	199
Core profit before loan impairment charges	**1,634**	**1,289**	**127**	**393**	**392**	**504**	**345**	**391**
Loan impairment charges	369	202	183	-82	-18	41	428	102
Core profit	**1,265**	**1,087**	**116**	**475**	**410**	**463**	**-83**	**289**
Investment portfolio earnings	0	49	-	0	0	0	0	-14
Pre-tax profit	**1,265**	**1,136**	**116**	**475**	**410**	**463**	**-83**	**275**

[1] Contribution income, etc. covers contribution income as well as interest rate margin on jointly funded loans.

Summary of balance sheet (DKKbn)

	2018	2017	Index 18/17	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Mortgage loans	326.3	306.8	106	326.3	318.8	314.4	309.5	306.8
Total assets	353.3	337.8	105	353.3	344.9	339.7	335.6	337.8
Issued bonds	324.7	304.5	107	324.7	316.7	308.9	307.9	304.5

Mortgage activities comprise financial solutions for the financing of real property carried out by Jyske Realkredit. Mortgage activities are aimed mainly at Danish personal clients, corporate clients and subsidised rental housing. As of 2018, the return on Jyske Realkredit's portfolio of securities (investment portfolio earnings) is recognised as core income under 'Other net interest income' and 'Value adjustments, etc.' as the purpose of the portfolio of securities is now primarily to support mortgage operations, including compliance with LCR rules, etc.

Profit

The pre-tax profit from mortgage activities amounted to DKK 1,265m against DKK 1,136m in 2017. The profit was affected by the implementation of the new IFRS 9 impairment rules, which resulted in a one-off adjustment of impairment charges by DKK 407m and also by the sale of the owner-occupied property, Klampenborgvej 205, which resulted in a gain of DKK 185m under Other income. Exclusive of the above special items, pre-tax profit amounted to DKK 1,487m.

Core income

Administration margin income, etc. amounted to DKK 1,896m against DKK 1,881m in 2017. Administration margin income was positively affected by the increasing portfolios, both for personal and corporate clients, yet negatively affected by falling average administration margin rates.

In 2018, portfolio growth in the Personal client area amounted to DKK 7.5bn. The shift on the part of clients to fixed-rate loans and/or amortizing loans, for which the administration margin/the risk are lower continued in 2018 and resulted in a minor decline in the average administration margin rate.

Within the Corporate client area, the portfolio increased by DKK 12.0bn, and this increase took place mainly within the property category Private rental properties (rental housing). In the Corporate client area, the portfolio of weak loans with high administration margin rates fell due to repayments and renegotiation of exposures of which the credit quality has improved, which contributes to a minor decline in the average administration margin rate.

Other net interest income consists, among other things, of interest on the portfolio of securities (as of 2018) and interest expenses for senior debt incurred in order to comply with SDO and rating requirements as well as various interest income. The item amounted to an income of DKK 77m against an expense of DKK 61m in 2017. The improvement can be attributed to both reclassification of the portfolio of securities and maturity of senior debt in January

2018, which resulted in a reduction of DKK 97m in interest expenses in 2018.

In 2018, net fee and commission income amounted to DKK 256m against DKK 262m in 2017. In 2018, loan application fees rose by DKK 17m, as home loans are mainly sold direcly from Jyske Realkredit as of August 2018. Fee income from refinancing fell, on the other hand, by DKK 12m in 2018, primarily because the volume of loans that were refinanced was lower in 2018. In addition, fee expenses rose for the market-maker scheme relating to the sale of Jyske Realkredit's bonds and guarantee commission to the state relating to 100% government-guaranteed loans for subsidised housing.

Value adjustments, etc. amounted to an expense of DKK 94m against an income of DKK 29m in 2017. The difference was primarily caused by negative value adjustments of the portfolio of securities, which were previously recognised under Investment portfolio earnings. Typically, Jyske Realkredit's portfolio of securities consists of bonds with a short time to maturity that have often been bought at a price above par and are held to maturity. This results in a positive interest yield and a negative value adjustment.

Other income amounted to DKK 229m against DKK 26m in 2017. The increase could primarily be attributed to an gain of DKK 185m from the sale of Jyske Realkredit's owner-occupied property.

Core expenses

Core expenses amounted to DKK 730m against DKK 848m in 2017. The decline of DKK 118m can be attributed to the on-going adjustment of the number of employees as well as the fact that a number of work functions have been outsourced to Jyske Bank. Based on intra-group service agreements, Jyske Realkredit pays Jyske Bank to perform these tasks.

Core profit before loan impairment charges and provisions for guarantees then amounted to DKK 1,634m against DKK 1,289m for 2017.

Impairment charges

Total loan impairment charges and provisions for guarantees constituted an expense of DKK 369m. The impairment charges for the year were adversely affected by effects derived from IFRS 9, which resulted in a one-off adjustment of loan impairment charges and provisions for guarantees of DKK 407m at the beginning of 2018. Exclusive of this adjustment, loan impairment charges and provisions for guarantees amounted in 2018 to an income of DKK 38m against and expense of DKK 202m in 2017.

Relative to total loans, the effect from the impairment charges on the income statement amounted, exclusive of the IFRS 9-derived adjustment, to -1 bp in 2018 and 11 bp inclusive of the IFRS 9-derived adjustment against 7 bp in 2017.

At the of the year, the total balance of impairment charges amounted to DKK 1,380m against DKK 1,219m at the end of 2017, corresponding to 0.4% of total loans and advances, which is unchanged relative to the level at the end of 2017.

Business volume

The positive trend in the business volume of mortgage activities continued in 2018, yet at a slower pace, as the volume grew from DKK 306.8bn at the end of 2017 to DKK 326.3bn at the end of 2018, corresponding to 6.4% growth.

Of the increase in loans and advances, DKK 7.5bn related to the Personal client area and DKK 12.0bn to the Corporate client area. Of the increase in the Corporate client area, DKK 7.0bn related to the property category Private rental properties (rental housing) and DKK 2.9bn to Subsidised Housing (rental housing).

For further details about Jyske Realkredit, please see Jyske Realkredit's annual report for 2018, which is available on www.jyskerealkredit.com.

Q4 2018 compared to Q3 2018

The profit before tax for the fourth quarter 2018 amounted to DKK 475m against DKK 410m for the third quarter of 2018. The primary reason for the increase was reversal of impairment charges in the amount of DKK 82m in the fourth quarter against a reversal of DKK 18m in the third quarter.

Administration margin income, etc. rose from DKK 476m in the third quarter of to DKK 483m in the fourth quarter, and the increase can be attributed to the positive development of the loan portfolio. Moreover, the fall in the average administration margin rate was limited in the fourth quarter.

Other interest income rose by DKK 3m relative to the third quarter to DKK 16m in the fourth quarter.

Net fee and commission income fell from DKK 91m in the third quarter to DKK 74m in the fourth quarter. The reason for the decline was that in the third quarter fee income increased in connection with the transfer of a part of the loan portfolio relating to Subsidised Housing (rental housing) to a new capital centre, which is guaranteed by the state.

Value adjustments amounted to DKK -23m in the fourth quarter against DKK -12m in the third quarter and can be attributed to negative value adjustments of Jyske Realkredit's portfolio of securities.

Other income, etc. rose from DKK 2m in the third quarter to DKK 21m in the fourth quarter, which increase can be attributed to extraordinary dividends. At the end of 2018, Jyske Realkredit had a limited amount of unlisted shares in the amount of DKK 212m.

Relative to the third quarter, core expenses still amounted to DKK 178m in the fourth quarter.

Losses and impairment charges amounted to an income of DKK 82m in the fourth quarter against an income of DKK 18m in the third quarter. The income in the fourth quarter primarily related to reversal of impairment charges in the corporate client segment.

Leasing activities

Summary of Income Statement (DKKm)	2018	2017	Index 18/17	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net interest income	560	497	113	147	139	140	134	114
Net fee and commission income	-108	-73	148	-22	-27	-31	-28	5
Value adjustments	10	14	71	-3	-1	14	0	1
Other income	11	11	100	1	3	3	4	1
Income from operating lease (net)	81	-54	-	8	26	21	26	-6
Core income	**554**	**395**	**140**	**131**	**140**	**147**	**136**	**115**
Core expenses	183	176	104	48	44	45	46	44
Core profit before loan impairment charges	**371**	**219**	**169**	**83**	**96**	**102**	**90**	**71**
Loan impairment charges	67	41	163	31	37	-35	34	-2
Pre-tax profit	**304**	**178**	**171**	**52**	**59**	**137**	**56**	**73**

Summary of balance sheet, end of period (DKKbn)								
Loans and advances	18.1	16.2	112	18.1	17.6	17.6	16.8	16.2
Total assets	20.8	19.3	108	20.8	20.4	20.4	19.5	19.3
Deposits	0.2	0.2	100	0.2	0.2	0.2	0.2	0.2

Leasing activities cover financial solutions in the form of leasing and financing within car financing as well as leasing and financing of equipment for the corporate sector. The activities primarily target Danish personal and corporate clients as well as dealer cooperation schemes and partnerships. Secondarily, the activities target financing through private lease agreements for passenger cars in the Swedish market.

Pre-tax profit

In 2018, core income amounted to DKK 554m, corresponding to a increase of 40% relative to 2017.

Net interest income increased by 13% relative to 2017. The development of net interest was fuelled by a larger loan portfolio, which developed favourably over the year.

In 2018, net fee and commission income was affected by a high activity level.

Earnings from operating lease improved in 2018 as the issues relating to residual values were limited compared to 2017, and because impairment charges on assets can chiefly be reversed as losses were realised in 2018.

Business volume

Bank loans and advances still developed positively as they increased by 12% in 2018. A positive development of loans and advances is still expected for 2019.

Q4 2018 compared to Q3 2018

The fourth quarter of 2018 was affected by some positive year-end effects for the item Net fee and commission income.

Income from operating lease (net) was an income of DKK 8m in the fourth quarter 2018 compared to DKK 26m in the third quarter. The reason is that the estimated expected sales price for some car models at contract expiration were adjusted, which resulted in a higher indication of impairment in the fourth quarter.

The Jyske Bank Group

Note	DKKm	The Jyske Bank Group 2018	2017
	Income statement		
6, 7	Interest income calculated according to the effective interest method	3,630	4,001
6, 7	Other interest income	6,764	7,218
6, 8	Interest expenses	4,678	4,931
	Net interest income	5,716	6,288
9	Fees and commission income	2,325	2,380
	Fees and commission expenses	471	426
	Net interest and fee income	7,570	8,242
10	Value adjustments	367	786
11	Other income	1,086	822
12	Employee and administrative expenses	4,858	5,285
30, 31	Amortisation, depreciation and impairment charges	557	742
14	Loan impairment charges and provisions for guarantees	468	-179
	Pre-tax profit	3,140	4,002
15	Tax	640	859
	Profit for the year	2,500	3,143
	Distributed to:		
	Jyske Bank A/S shareholders	2,373	3,051
	Holders of hybrid core capital (AT1)	127	92
	Total	2,500	3,143
	Earnings per share for the year		
16	Earnings per share, DKK	28.15	34.66
16	Earnings per share for the year, DKK, diluted	28.15	34.66
	Proposed dividend per share, DKK	6.12	5.85
	Statement of Comprehensive Income		
	Profit for the year	2,500	3,143
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Revaluation of real property	148	131
	Tax on property revaluations over the year	-29	-12
	Actuarial losses and gains	-7	-10
	Tax on actuarial losses and gains	2	2
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	-9	-21
	Hedge accounting of international units	9	21
	Tax on hedge accounting	-2	-5
	Other comprehensive income after tax	112	106
	Comprehensive income for the year	2,612	3,249
	Distributed to:		
	Jyske Bank A/S shareholders	2,485	3,157
	Holders of hybrid core capital (AT1)	127	92
	Total	2,612	3,249

Note		The Jyske Bank Group	
	DKKm	2018	2017
	BALANCE SHEET		
	ASSETS		
	Cash balance and demand deposits with central banks	6,081	19,347
18	Due from credit institutions and central banks	13,181	13,046
14,19, 20	Loans and advances at fair value	330,975	316,998
14,21	Loans and advances at amortised cost	131,822	130,675
24	Bonds at fair value	72,267	69,846
25	Bonds at amortised cost	7,517	4,280
27	Shares, etc.	3,426	4,972
30	Intangible assets	5	13
31	Property, plant and equipment	4,218	5,114
	Tax assets	285	212
32	Assets held temporarily	580	577
33	Other assets	29,590	32,360
	Total assets	599,947	597,440
	EQUITY AND LIABILITIES		
	Liabilities		
34	Due to credit institutions and central banks	16,309	17,959
35	Deposits	148,701	160,023
36	Issued bonds at fair value	324,724	302,601
	Issued bonds at amortised cost	35,039	38,920
37	Other liabilities	34,842	37,238
38	Provisions	1,681	1,772
39	Subordinated debt	4,319	4,323
	Liabilities, total	565,615	562,836
	Equity		
40	Share capital	849	892
	Revaluation reserve	316	516
	Currency translation reserve	0	0
	Retained profit	30,101	30,093
	Proposed dividend	520	522
	Jyske Bank A/S shareholders	31,786	32,023
	Holders of hybrid core capital (AT1)	2,546	2,581
	Total equity	34,332	34,604
	Total equity and liabilities	599,947	597,440
	OFF-BALANCE SHEET ITEMS		
14,42	Guarantees, etc.	18,787	18,729
43	Other contingent liabilities, etc.	18,258	22,256
	Total guarantees and other contingent liabilities	37,045	40,985

DKKm

Statement of changes in equity

	Share capital	Revaluation reserves	Currency translation reserve	Retained profit	Proposed dividend	Jyske Bank A/S shareholders	Hybrid core capital*	Total equity capital
Equity at 01 January 2018	892	516	0	30,093	522	32,023	2,581	34,604
Changes to accounting policies, IFRS 9	0	0	0	-628	0	-628	0	-628
Tax effect, IFRS 9	0	0	0	137	0	137	0	137
Adjusted equity, 1 January 2018	892	516	0	29,602	522	31,532	2,581	34,113
Profit for the year	0	0	0	2,373	0	2,373	127	2,500
Other comprehensive income:								
Foreign currency translation for international units	0	0	-9	0	0	-9	0	-9
Hedge of international units	0	0	9	0	0	9	0	9
Revaluation of real property	0	148	0	0	0	148	0	148
Other movements	0	-319	0	319	0	0	0	0
Actuarial losses and gains	0	0	0	-7	0	-7	0	-7
Tax on other comprehensive income	0	-29	0	0	0	-29	0	-29
Other comprehensive income after tax	0	-200	0	312	0	112	0	112
Comprehensive income for the year	0	-200	0	2,685	0	2,485	127	2,612
Interest paid on hybrid capital	0	0	0	0	0	0	-128	-128
Currency translation adjustment	0	0	0	34	0	34	-34	0
Tax	0	0	0	20	0	20	0	20
Dividends paid	0	0	0	-525	-522	-1,047	0	-1,047
Dividends, own shares	0	0	0	49	0	49	0	49
Proposed dividend	0	0	0	-520	520	0	0	0
Reduction of share capital	-43	0	0	43	0	0	0	0
Acquisition of own shares	0	0	0	-2,637	0	-2,637	0	-2,637
Sale of own shares	0	0	0	1,350	0	1,350	0	1,350
Transactions with owners	-43	0	0	-2,186	-2	-2,231	-162	-2,393
Equity at 31 December 2018	**849**	**316**	**0**	**30,101**	**520**	**31,786**	**2,546**	**34,332**

*Hybrid core capital (AT1) has no maturity. Payment of interest and repayment of principal are voluntary. Therefore hybrid core capital (additional Tier 1 Capital) is recognised as equity. In September 2016, Jyske Bank issued AT1 amounting to SEK 1.25bn and DKK 500m. The AT1 issue with the possibility for the bank of early redemption in September 2021 at the earliest. The interest rates applicable to the issue until September 2021 are STIBOR+5.80% and CIBOR+5.30%, respectively. In September 2017, Jyske Bank made an issue amounting to EUR 150bn, AT1, with the possibility for the bank of early redemption in September 2027 at the earliest. The issue has a coupon of 4.75% until September 2027. It applies to all AT1 issues, that if the Common Equity Tier 1 capital of Jyske Bank A/S or the Jyske Bank Group falls below 7%, the loans will be written down.

DKKm

Statement of changes in equity

	Share capital	Revaluation reserves	Currency translation reserve	Retained profit	Proposed dividend	Jyske Bank A/S shareholders	Hybrid core capital*	Total equity capital
Equity at 01 January 2017	950	538	-2	29,053	499	31,038	1,476	32,514
Profit for the year	0	0	2	3,049	0	3,051	92	3,143
Other comprehensive income:								
Foreign currency translation for international units	0	0	-21	0	0	-21	0	-21
Hedge of international units	0	0	21	0	0	21	0	21
Revaluation of real property	0	131	0	0	0	131	0	131
Other movements	0	-141	0	141	0	0	0	0
Actuarial losses and gains	0	0	0	-10	0	-10	0	-10
Tax on other comprehensive income	0	-12	0	-3	0	-15	0	-15
Other comprehensive income after tax	0	-22	0	128	0	106	0	106
Comprehensive income for the year	0	-22	2	3,177	0	3,157	92	3,249
Hybrid core capital issue	0	0	0	0	0	0	1,117	1,117
Transaction costs	0	0	0	-12	0	-12	0	-12
Interest paid on hybrid capital	0	0	0	0	0	0	-77	-77
Currency translation adjustment	0	0	0	27	0	27	-27	0
Tax	0	0	0	17	0	17	0	17
Dividends paid	0	0	0	-532	-499	-1,031	0	-1,031
Dividends, own shares	0	0	0	70	0	70	0	70
Proposed dividend	0	0	0	-522	522	0	0	0
Reduction of share capital	-58	0	0	58	0	0	0	0
Acquisition of own shares	0	0	0	-4,635	0	-4,635	0	-4,635
Sale of own shares	0	0	0	3,392	0	3,392	0	3,392
Transactions with owners	-58	0	0	-2,137	23	-2,172	1,013	-1,159
Equity at 31 December 2017	**892**	**516**	**0**	**30,093**	**522**	**32,023**	**2,581**	**34,604**

DKKm	The Jyske Bank Group 2018	2017
Capital statement		
Shareholders' equity	31,786	32,023
Share buy-back programme, non-utilised limit	0	-281
Proposed dividend	-520	-522
Intangible assets	-5	-13
Deferred tax liabilities relating to intangible assets	1	3
Deferred tax assets	0	-10
Prudent valuation	-296	-271
Difference between expected loss and the carrying amount of impairment charges	0	-174
Other deductions	-18	-14
Common Equity Tier 1 capital	30,948	30,741
Additional Tier 1 Capital (AT1) after reduction	3,047	3,209
Other deductions	0	-27
Core capital	33,995	33,923
Subordinated loan capital after reduction	3,699	3,631
Other deductions	0	-248
Capital base	37,694	37,306
Weighted risk exposure involving credit risk etc.	158,390	149,906
Weighted risk exposure involving market risk	13,156	21,355
Weighted risk exposure involving operational risk	16,887	16,737
Total weighted risk exposure	188,433	187,998
Capital requirement, Pillar I	15,075	15,040
Capital requirement, transitional provisions	0	4,204
Capital requirement, total	15,075	19,244
Capital ratio	20.0	19.8
Core Tier 1 Capital ratio (%)	18.0	18.0
Common Equity Tier 1 capital ratio (%)	16.4	16.4

Transitional rules for capital requirements according to Basel I ended at the end of 2017.

For a statement of the individual solvency requirement, please see Risk and Capital Management 2018 or investor.jyskebank.com/investorrelations/capitalstructure and Investor.jyskebank.com/investorrelations/debt.

Risk and Capital Management 2018 was not covered by the audit.

The Jyske Bank Group		
DKKm		
Cash flow statement	2018	2017
Profit for the year	2,500	3,143
Adjustment for non-cash operating items, etc.		
Loan impairment charges and provisions for guarantees	468	-179
Amortisation, depreciation and impairment charges	557	742
Unrealised value adjustment of securities	89	-237
Unrealised value adjustment of investments	15	-9
Interest not paid and received	-257	-45
Other outstanding operating items	-516	-155
Tax charged to the income statement	640	859
Tax paid	-567	-1,000
Total	2,929	3,119
Change in working capital		
Loans and advances	-15,592	-25,049
Deposits	-11,322	5,375
Issued bonds	18,242	19,281
Due from credit institutions	100	-40
Due to credit institutions	-1,650	-1,982
Other assets and liabilities	-3,943	10,921
Total	-14,165	8,506
Cash flows from operating activities	-11,236	11,625
Dividend received	134	76
Acquisition of property, plant and equipment	-982	-1,410
Sale of property, plant and equipment	1,477	937
Acquisition of intangible assets	0	-8
Cash flows from investment activities	629	-405
Hybrid core capital issue	0	1,105
Interest paid after tax on hybrid capital	-128	-77
Dividends paid	-1,047	-1,031
Dividends, own shares	49	70
Acquisition of own shares	-2,637	-4,635
Sale of own shares	1,350	3,392
Addition and repayment of subordinated debt	-11	2,223
Cash flows from financing activities	-2,424	1,047
Cash flow for the year	-13,031	12,267
Cash and cash equivalents, beginning of period	32,255	19,988
Cash and cash equivalents, end of period	19,224	32,255
Cash and cash equivalents, end of period, comprise:		
Cash in hand, etc.	6,081	19,347
Due in less than three months from credit institutions and central banks, cf. Note 17	13,143	12,908
Cash and cash equivalents, end of period	19,224	32,255
Liabilities due to financing activities	Subordinated debt	
Carrying amount, beginning of period	4,323	2,131
Change in exchange rates	-20	-20
Change in fair value of the hedged interest-rate risk	27	-11
Cash flow from additions	0	2,234
Cash flow from repayments	-11	-11
Recognised value, end of period	4,319	4,323

Table of contents, notes section

Note					The Jyske Bank Group
	2018	2017	2016	2015	2014
1 **Financial ratios and key figures**					
Pre-tax profit, per share (DKK)*	**35.74**	44.42	42.04	33.74	35.25
Earnings per share (DKK)*	**28.15**	34.66	33.49	26.07	35.07
Earnings per share (diluted) (DKK)*	**28.15**	34.66	33.49	26.07	35.07
Core profit per share (DKK)*	**29.76**	38.03	36.58	29.11	34.09
Share price at end of period (DKK)	**235**	353	337	312	313
Book value per share (DKK)*	**390**	374	348	317	290
Price/book value per share (DKK)*	**0.60**	0.95	0.97	0.98	1.08
Price/earnings per share*	**8.4**	10.2	10.1	12.0	8.9
Proposed dividend per share (DKK)	**6.12**	5.85	5.25	5.25	0
Distributed dividend per share (DKK)	**11.74**	10.85	5.25	0	0
Outstanding shares in circulation ('000)	**81,536**	85,705	89,200	94,669	94,988
Average number of shares in circulation ('000)	**84,282**	88,010	92,388	94,958	88,053
Capital ratio	**20.0**	19.8	18.3	17.0	16.4
Core Tier 1 Capital ratio (%)	**18.0**	18.0	17.7	16.5	15.8
Common Equity Tier 1 capital ratio (%)	**16.4**	16.4	16.5	16.1	15.3
Pre-tax profit as a pct. of average equity	**9.5**	12.4	12.7	11.1	13.8
Net profit as a percentage of average equity*	**7.6**	9.7	10.1	8.6	13.7
Income/cost ratio (%)	**1.5**	1.7	1.7	1.5	1.4
Interest-rate risk (%)	**1.0**	0.8	1.0	1.4	-0.5
Currency position	**8.2**	4.6	4.0	5.4	8.9
Currency risk (%)	**0.1**	0.1	0.0	0.1	0.0
Liquidity Coverage Ratio (LCR) (%)	**219**	189	193	149	-
Total large exposures (%)	**86.2**	-	-	-	-
Accumulated impairment ratio (%)	**1.1**	1.1	1.3	1.6	1.7
Impairment ratio for the year (%)	**0.1**	0.0	0.0	0.3	0.7
Increase in loans and advances for the year, excl. repo loans (%)	**3.9**	8.1	9.6	4.5	205.3
Loans and advances in relation to deposits	**3.1**	2.8	2.8	2.8	2.4
Loans and advances relative to equity	**13.5**	12.9	13.0	13.2	13.1
Return on capital employed	**0.4**	0.5	0.6	0.5	0.8
Number of full-time employees, year-end	**3,723**	3,971	3,981	4,021	4,191
Average number of full-time employees in year	**3,838**	3,993	3,997	4,119	4,147

Reference is made to definitions of financial ratios, cf. note 69.

*Financial ratios are calculated as if hybrid core capital (AT1) is recognised as a liability.

Note					The Jyske Bank Group
	DKKm				
2	Segmental financial statements	Banking activities	Mortgage activities	Leasing activities	The Jyske Bank Group*
	2018				
	Net interest income	3,091	1,973	560	5,624
	Net fee and commission income	1,706	256	-108	1,854
	Value adjustments	61	-94	10	-23
	Other income	223	229	11	463
	Income from operating lease (net)	0	0	81	81
	Core income	5,081	2,364	554	7,999
	Core expenses	3,983	730	183	4,896
	Core profit before loan impairment charges	1,098	1,634	371	3,103
	Loan impairment charges	32	369	67	468
	Core profit	1,066	1,265	304	2,635
	Investment portfolio earnings	505	0	0	505
	Pre-tax profit	1,571	1,265	304	3,140
	Loans and advances	118,353	326,300	18,144	462,797
	- of which mortgage loans	0	326,300	0	326,300
	- of which bank loans	92,240	0	18,144	110,384
	- of which repo loans	26,113	0	0	26,113
	Total assets	225,805	353,289	20,853	599,947
	Deposits	148,484	0	217	148,701
	- of which bank deposits	135,519	0	217	135,736
	- of which repo deposits and tri-party deposits	12,965	0	0	12,965
	Issued bonds	35,039	324,724	0	359,763
	2017				
	Net interest income	3,357	1,820	497	5,674
	Net fee and commission income	1,768	262	-73	1,957
	Value adjustments	534	29	14	577
	Other income	170	26	11	207
	Income from operating lease (net)	0	0	-54	-54
	Core income	5,829	2,137	395	8,361
	Core expenses	4,350	848	176	5,374
	Core profit before loan impairment charges	1,479	1,289	219	2,987
	Loan impairment charges	-696	202	41	-453
	Core profit	2,175	1,087	178	3,440
	Investment portfolio earnings	513	49	0	562
	Pre-tax profit	2,688	1,136	178	4,002
	Loans and advances	124,586	306,844	16,243	447,673
	- of which mortgage loans	0	306,844	0	306,844
	- of which bank loans	97,167	0	16,243	113,410
	- of which repo loans	27,419	0	0	27,419
	Total assets	240,394	337,754	19,292	597,440
	Deposits	159,800	0	223	160,023
	- of which bank deposits	139,749	0	223	139,972
	- of which repo deposits and tri-party deposits	20,051	0	0	20,051
	Issued bonds	37,048	304,473	0	341,521

* The relationship between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 39 appears from the next page.

DKKm

2 Segmental financial statements, cont.

Banking activities

Banking activities cover advisory services relating to traditional financial solutions targeting personal and private banking clients as well as corporate clients and trading and investment activities targeting large corporate clients and institutional clients, including trading in interest-rate products, currencies, equities, commodities and derivatives. Investment portfolio earnings are allocated to Banking activities

Mortgage activities

Mortgage activities comprise financial solutions for the financing of real property carried out by Jyske Realkredit. Mortgage activities are aimed mainly at Danish personal clients, corporate clients and subsidised rental housing.

Leasing activities

Leasing activities cover financial solutions in the form of leasing and financing within car financing as well as leasing and financing of equipment for the corporate sector. The activities primarily target Danish personal and corporate clients as well as dealer cooperation schemes and partnerships.

Internal allocation

Internal transactions are based on market conditions, and services are allocated according to agreed volume of consumption and under reference to calculated unit prices in accordance with the rules about transfer pricing. Cash transactions are settled via intercompany accounts, follow the money-market rate and are adjusted accordingly.

Assets and liabilities are presented in the segments that obtain or lose the relevant financial advantages.

Core profit and investment portfolio earnings

The pre-tax profit for 2018 broken down by core earnings and investment portfolio earnings is stated below:

Breakdown of the profit for the year

DKKm	2018				2017			
	Core profit	Investment portfolio earnings	Reclassification	Total	Core profit	Investment portfolio earnings	Reclassification	Total
Net interest income	5,624	105	-13	**5,716**	5,674	330	284	6,288
Net fee and commission income	1,854	0	0	**1,854**	1,957	-3	0	1,954
Value adjustments	-23	377	13	**367**	577	219	-10	786
Other income	463	55	32	**550**	207	47	34	288
Income from operating lease (net)	81	0	455	**536**	-54	0	588	534
Income	**7,999**	**537**	**487**	**9,023**	**8,361**	**593**	**896**	**9,850**
Expenses	4,896	32	487	**5,415**	5,374	31	622	6,027
Profit before loan impairment charges	**3,103**	**505**	**0**	**3,608**	**2,987**	**562**	**274**	**3,823**
Loan impairment charges	468	0	0	**468**	-453	0	274	-179
Pre-tax profit	**2,635**	**505**	**0**	**3,140**	**3,440**	**562**	**0**	**4,002**

Alternative performance targets

The alternative performance targets applied in the management's review constitute valuable information for readers of financial statements as they provide a more uniform basis for comparison of accounting periods.

2 Segmental financial statements, cont.

No adjusting entries are made, and therefore the net profit or loss for the year will be the same in the alternative performance targets of the management's review and in the IFRS financial statements.

Core profit is defined as the pre-tax profit exclusive of investment portfolio earnings. Hence earnings from clients are expressed better than in the IFRS financial statements.

Investment portfolio earnings are defined as the return on the Group's portfolio of shares, bonds, derivatives and equity investments, yet exclusive of the liquidity buffer and certain strategic equity investments. Investment portfolio earnings are calculated after expenses for funding and attributable costs.

The above table illustrates relationships between income statement items under 'The Jyske Bank Group' (key financial data), page 2, and income statement items in the IFRS financial statements, page 39.

Reclassification relates to the following:

- Income of DKK 13m (2017: expenses of DKK 10m) due to value adjustments relating to the balance principle at Jyske Realkredit was reclassified from value adjustments to interest income.
- Income of DKK 32m (2017: 34m) from external sales was reclassified from income to offsetting against expenses.
- Depreciation and amortisation of DKK 455m (2017: DKK 588m) were reclassified from expenses to income from operating lease (net).

Please see below for definitions of the additional financial ratios stated under the Jyske Bank Group, page 2.

"Earnings per share", "Earnings per share (diluted)", "Pre-tax profit as a percentage of average equity" and "Net profit as a percentage of average equity" are calculated as if hybrid core capital (AT1) is recognised as a liability. In the numerator, the profit is less interest expenses of DKK 127m (2017: DKK 92m) for hybrid core capital (AT1), and the denominator is calculated as equity exclusive of hybrid core capital (AT1) at DKK 2,546m (2017: DKK 2,581m).

"Expenses as a percentage of income" is calculated as Core expenses divided by Core income.

"Book value per share" and "Price/book value per share" are calculated as if Additional Tier 1 Capital (AT1) is accounted for as a liability. Book value has been calculated exclusive of Additional Tier 1 Capital (AT1) of DKK 2,526m (2017: DKK 2,581m).

Note		The Jyske Bank Group	
	DKKm	2018	2017
3	Segment information, income by product		
	Corporate clients	3,030	3,080
	Private clients	2,183	2,628
	Trading income	2,036	2,901
	Others	1,774	1,241
	Total	9,023	9,850

The item Corporate clients consists of interest and fee income from activities with corporate clients. The item Private clients consists of interest and fee income from activities with personal clients. Trading income consists of earnings from interest-rate and currency products as well as brokerage.

The Group has no single client who contributes 10% or more of the total income.

DKKm

4 Segmental financial statements, geographical[1]

2018	Denmark[2]	Inter-national	The Jyske Bank Group
Net interest income	5,628	88	5,716
Net fee and commission income	1,807	47	1,854
Value adjustments	350	17	367
Other income	1,085	1	1,086
Income	**8,870**	**153**	**9,023**
Expenses	5,405	10	5,415
Profit before loan impairment charges and provisions for guarantees	**3,465**	**143**	**3,608**
Loan impairment charges	467	1	468
Pre-tax profit	**2,998**	**142**	**3,140**
Loans and advances	460,545	2,252	462,797
Bonds and shares	82,643	567	83,210
Total assets	588,719	11,228	599,947
Deposits, exclusive of pooled deposits	139,612	5,283	144,895
Guarantees	18,592	195	18,787

2017	Denmark[2]	Inter-national	The Jyske Bank Group
Net interest income	6,205	83	6,288
Net fee and commission income	1,901	53	1,954
Value adjustments	761	25	786
Other income	821	1	822
Income	9,688	162	9,850
Expenses	5,782	245	6,027
Profit before loan impairment charges and provisions for guarantees	3,906	-83	3,823
Loan impairment charges	-193	14	-179
Pre-tax profit	4,099	-97	4,002
Loans and advances	445,473	2,200	447,673
Bonds and shares	78,690	408	79,098
Total assets	571,093	26,347	597,440
Deposits, exclusive of pooled deposits	149,746	5,909	155,655
Guarantees	18,369	360	18,729

1) Geographical segments are listed according to where transactions are booked.
2) Intra-group income statements, assets and liabilities are eliminated under the respective segments.

DKKm

5 Segment information, revenue by country

2018	Revenue	Pre-tax profit	Tax	Profit for the year	Public subsidies	Full-time employees end of period
Denmark	13,533	2,993	625	2,368	0	3,621
Gibraltar	148	145	15	130	0	94
Germany	5	2	0	2	0	8
Spain	0	0	0	0	0	0
Total	**13,686**	**3,140**	**640**	**2,500**	**0**	**3,723**

2017	Revenue	Pre-tax profit	Tax	Profit for the year	Public subsidies	Full-time employees end of period
Denmark	14,197	4,098	872	3,226	0	3,868
Gibraltar	136	-94	-13	-81	0	94
Germany	4	2	0	2	0	9
Spain	0	-4	0	-4	0	0
Total	14,337	4,002	859	3,143	0	3,971

Revenue is defined as interest income, fee and commission income and also other operating income.

Jyske Bank has activities in the countries stated below in the form of subsidiaries or branches. The names of the subsidiaries appear from the group chart.

Activities in individual countries:
Denmark: The Jyske Bank Group has activities within banking and mortgage banking, trading and wealth management advice as well as leasing.
Gibraltar: The Jyske Bank Group has activities within banking as well as trading and wealth management advice.
Germany: The Jyske Bank Group has activities within banking.
Spain: The Jyske Bank Group has activities within properties.

DKKm

6 Net interest income and value adjustments	Interest income	Interest ex- penses	Net in- terest income	Divi- dends	Value adjust- ments	Total
2018						
Financial portfolios at amortised cost						
Due from and to credit institutions and central banks	18	95	-77	0	504	427
Loans, advances and deposits	3,212	-61	3,273	0	-361	2,912
Bonds	84	0	84	0	-117	-33
Issued bonds	0	118	-118	0	-79	-197
Subordinated debt	0	101	-101	0	22	-79
Other financial instruments	1	0	1	0	0	1
Total	3,315	253	3,062	0	-31	3,031
Financial portfolios at fair value						
Loans and advances	5,999	0	5,999	0	-378	5,621
Bonds	449	0	449	0	-251	198
Investment properties	0	0	0	0	0	0
Shares, etc.	0	0	0	134	1,044	1,178
Issued bonds	0	4,023	-4,023	0	251	-3,772
Derivatives	316	87	229	0	-268	-39
Total	6,764	4,110	2,654	134	398	3,186
Total net interest income and value adjustments	10,079	4,363	5,716	134	367	6,217
2017						
Financial portfolios at amortised cost						
Due from and to credit institutions and central banks	-6	81	-87	0	209	122
Loans, advances and deposits	3,583	-54	3,637	0	147	3,784
Bonds	101	0	101	0	-150	-49
Issued bonds	0	149	-149	0	199	50
Subordinated debt	0	87	-87	0	11	-76
Other financial instruments	3	0	3	0	0	3
Total	3,681	263	3,418	0	416	3,834
Financial portfolios at fair value						
Loans and advances	6,322	0	6,322	0	3,103	9,425
Bonds	544	0	544	0	-33	511
Investment properties	0	0	0	0	21	21
Shares, etc.	0	0	0	76	910	986
Issued bonds	0	4,281	-4,281	0	-2,906	-7,187
Derivatives	352	67	285	0	-725	-440
Total	7,218	4,348	2,870	76	370	3,316
Total net interest income and value adjustments	10,899	4,611	6,288	76	786	7,150

Interest income and interest expenses were calculated before adjustment of negative interest, cf. notes 7 and 8.
Under Value adjustments, foreign exchange adjustment has been distributed on asset and liability classes. All asset and liability classes form part of day-to-day management of currency risk. Currency translation adjustments, inclusive of trading income, for 2018 amounted to DKK 162m (2017: DKK 132m).

Note	The Jyske Bank Group		
	DKKm	2018	2017
7	**Interest income**		
	Due from credit institutions and central banks	18	-6
	Loans and advances	7,556	8,235
	Contribution	1,655	1,670
	Bonds	786	966
	Derivatives, total	316	352
	Of which currency contracts	229	164
	Of which interest-rate contracts	87	188
	Others	1	3
	Total	10,332	11,220
	Interest on own mortgage bonds, set off against interest on issued bonds	253	321
	Total after offsetting of negative interest income	10,079	10,899
	Negative interest income set off against interest income	164	165
	Negative interest expenses set off against interest expenses	151	155
	Total before offsetting of negative interest income	10,394	11,219

Negative interest income amounted to DKK 164m (2017: DKK 165m) and related primarily to repo transactions. In the above table, negative interest income is set off against interest income. In the income statement, negative interest income is listed as interest expenses, and negative interest expenses are listed as interest income.

8	**Interest expenses**		
	Due to credit institutions and central banks	95	81
	Deposits	-61	-54
	Issued bonds	4,394	4,751
	Subordinated debt	101	87
	Other	87	67
	Total	4,616	4,932
	Interest on own mortgage bonds, set off against interest on issued bonds	253	321
	Total after offsetting of negative interest expenses	4,363	4,611
	Negative interest expenses set off against interest expenses	151	155
	Negative interest income set off against interest income	164	165
	Total before offsetting of negative interest income	4,678	4,931

Negative interest expenses amounted to DKK 151m (2017: DKK 155m) and related primarily to repo and tri-party transactions. In the above table, negative interest expenses are set off against interest expenses. In the income statement, negative interest expenses are listed as interest income, and negative interest income is listed as interest expenses.

9	**Fees and commission income**		
	Securities trading and custody services	1,225	1,383
	Money transfers and card payments	213	199
	Loan application fees	371	389
	Guarantee commission	108	116
	Other fees and commissions	408	293
	Total	2,325	2,380

Jyske Bank's fee and commission income was finally calculated at the end of the year, when both the bank's obligation to deliver had been fulfilled and the client's payment had been effected.
Hence there remains no material balances for contractual assets and liabilities.
The fee income for the year amounting to DKK 2,325m less the fees and commissions paid for the year and commission expenses of DKK 471m constitute the net fee and commission income for the year in the amount of DKK 1,854m (2017: DKK 1,954m). These are recognised in the segmental financial statements for the bank's three business areas, cf. note 2.
Loan application fees relating to financial instruments measured at amortised cost amounted to DKK 266m (2017: DKK 301m).

Note		The Jyske Bank Group	
	DKKm	2018	2017
10	**Value adjustments**		
	Loans and advances at fair value	-378	3,103
	Bonds	-646	-126
	Other investment securities	559	473
	Investment properties	0	21
	Currency	162	132
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	436	4
	Issued bonds	260	-2,838
	Other assets and liabilities	-26	17
	Total	367	786
11	**Other income**		
	Income on real property	64	66
	Profit on the sale of property, plant and equipment	299	63
	Income from operating lease[1]	536	534
	Dividends, etc.	134	76
	Profit on investments in associates and group enterprises	-15	9
	Other income	68	74
	Total	1,086	822

[1]) Expenses relating to operating leases affected the item Amortisation, depreciation and impairment charges in the amount of DKK 455m in 2018 against DKK 588m in 2017.

Note		The Jyske Bank Group	
	DKKm	2018	2017
12	**Employee and administrative expenses**		
	Employee expenses		
	Wages and salaries, etc.	2,353	2,440
	Pensions	280	326
	Social security	313	316
	Total	2,946	3,082
	Salaries and remuneration to management bodies		
	Executive Board *	37	47
	Supervisory Board	6	4
	Shareholders' Representatives	3	3
	Total	46	54

*Salaries and remuneration to the Executive Board include value of company car, etc. as well as the retirement remuneration earned over the year in the amount of DKK 1.4m (2017: DKK 6.6m), cf. subsequent information in the note. Variable remuneration to the Executive Board totalled DKK 0.4m (2017: DKK 0.6m).

Remuneration of the Supervisory Board	2018	2017
Sven Buhrkall	1.5	0.9
Kurt Bligaard Pedersen	0.9	0.5
Rina Asmussen	0.6	0.4
Philip Baruch	0.6	0.5
Jens A. Borup	0.8	0.5
Keld Norup	0.6	0.5
Peter Schleidt (resigned on 30.05.2017)	0.0	0.2
Marianne Lillevang	0.5	0.3
Christina Lykke Munk	0.4	0.3
Johnny Christensen (joined on 20.03.2018)	0.3	0.0
Haggai Kunisch (resigned on 20.03.2018)	0.1	0.4
Total	6.3	4.5

In addition to the fixed remuneration, the members of the committees under the Supervisory Board receive a committee remuneration. Of the total remuneration to the Supervisory Board, committee remuneration and Shareholders' Representatives' remuneration totalled DKK 2.6m in 2018 against DKK 1.8m in 2017, which amount is included in the above amounts Amount.
The Supervisory Board does not receive variable remuneration

Remuneration paid to the Executive Board	2018	2017
Anders Dam	9.8	8.1
Niels Erik Jakobsen	7.7	6.6
Peter Schleidt (joined on 01.09.2017)	7.7	2.6
Per Skovhus	7.9	6.7
Leif F. Larsen (resigned on 30.04.2018)	3.1	6.2
Sven A. Blomberg (resigned on 31.07.2017)	0.0	10.6
Total	36.2	40.8

*Remuneration to the Executive Board includes the value of company car, etc.

In 2018, the Executive Board earned further retirement remuneration from Jyske Bank's Pensionstilskudsfond, which will be paid out upon retirement.

DKKm

12 Employee and administrative expenses, cont.

Total remuneration of the Executive Board

2018	Anders Dam	Niels Erik Jakobsen	Peter Schleidt	Per Skovhus	Leif F. Larsen	Sven A. Blomberg	Total
Remuneration paid	9.8	7.7	7.7	7.9	3.1	0.0	36.2
Retirement remuneration earned over the year	0.1	0.1	0.6	0.6	0.0	0.0	1.4
Total	**9.9**	**7.8**	**8.3**	**8.5**	**3.1**	**0.0**	**37.6**
2017							
Remuneration paid	8.1	6.6	2.6	6.7	6.2	10.6	40.8
Retirement remuneration earned over the year	2.2	1.4	0.2	2.5	0.3	0.0	6.6
Total	10.3	8.0	2.8	9.2	6.5	10.6	47.4

The members of the Supervisory Board and the Executive Board are not offered any incentive programmes. No member of the Supervisory Board or the Executive Board is specifically remunerated as a member of the board in any group enterprise. Members of the Executive Board are not separately remunerated as members of supervisory boards or board of directors outside the Group (for instance, sector companies). Alternatively, any such remuneration will be set off against the salary of the individual member of the Executive Board.

Members of the Executive Board as well as Jyske Bank can mutually terminate the employment subject to a term of notice of six months. Where Jyske Bank terminates the employment a severance pay equalling the past 24 months' pay, inclusive of any retirement remuneration from Jyske Bank's Pensionstilskudsfond will also be given.

The Group does not pay any separate pension contribution for the members of the Supervisory Board and the Executive Board in addition to the remuneration stated in the financial statements.

Jyske Bank's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of the Executive Board and their surviving relatives, if any. Payment will commence upon the resignation of the individual member of the Executive Board. Since 1 January 2011, members of the Executive Board do not qualify for any further rights to pension supplements from Jyske Bank's Pensionstilskudfond apart from a one-off payment in the form of a seniority-dependent retirement remuneration not exceeding 83.33% of the annual salary at the time of resignation, cf. the above table showing the total remuneration of the Executive Board. The retirement remuneration will be maximised when a member reaches 25 years of seniority, however, as regards Peter Schleidt and Per Skovhus when they reach 10 years of seniority. In the event of lower seniority at the time of resignation, the retirement remuneration will be reduced proportionally according to the shorter seniority. The pension liabilities of Jyske Bank's Pensionstilskudsfond are calculated actuarially and based on a number of assumptions. To the extent the value of Jyske Bank's Pensionstilskudsfond's assets does not match the net present value of the liabilities, the remaining amount has been recognised as a liability in the financial statements. See notes 38 and 63 for further details.

Note			The Jyske Bank Group
	DKKm	2018	2017
12	**Employee and administrative expenses, cont.**		
	Other administrative expenses		
	IT	1,323	1,221
	Other operating expenses	125	358
	Other administrative expenses	418	576
	Total	1,866	2,155
	Employee and administrative expenses, total	4,858	5,285
	Average number of employees for the financial year (full-time employees)	3,838	3,993
	Average number of members of the Executive Board	4.3	4.9
	Average number of members of the Supervisory Board	9.0	9.4
	Specification of wages and salaries, etc.		
	Wages and salaries and other short-term employee benefits	2,349	2,436
	Other long-term employee benefits	4	4
	Total	2,353	2,440
	Remuneration of risk takers		
	Number of members	113	123
	Contractual remuneration	142	141
	Variable remuneration	2	1
	Pension	15	15
	Pension obligation	3	5

The group comprises employees (exclusive of the Executive Board) with a special impact on the Group's risk profile.
The group does not participate in any incentive schemes. Remuneration is included in the period during which the employee was a material risk taker.

13	**Audit fees**		
	Total fees to Jyske Bank A/S's auditors elected at the Annual General Meeting and to auditors in the subsidiaries in and outside Denmark	5	5
	Breakdown of audit fees:		
	Fee for statutory audit of the financial statements	3	3
	Fee for other assurance services	1	1
	Fee for tax advice	0	1
	Fee for other services	1	0

In addition to fees to the auditors elected at the Annual General Meeting, expenses were recognised for Internal Audit.

Fees for non-audit services rendered by Deloitte Statsautoriseret Revisionspartnerselskab to the Jyske Bank Group cover review in connection with continual recognition of profit, submission of various statutory declarations as well as declaration in connection with EMTN issues.

Note		The Jyske Bank Group	
	DKKm	2018	2017
14	**Loan impairment charges and provisions for guarantees, inclusive of discount balance**		
	Loan impairment charges and provisions for guarantees recognised in the income statement		
	Loan impairment charges and provisions for guarantees for the year	374	-160
	Impairment charges on balances due from credit institutions for the year	2	-15
	Provisions for commitments and unutilised credit lines for the year	-10	-
	Recognised as a loss, not covered by loan impairment charges and provisions	480	318
	Recoveries	-239	-322
	Loan impairment charges and provisions for guarantees recognised in the income statement	607	-179
	Recognised discount for acquired loans	139	274
	Net effect on income statement	468	-453
	Earnings impact exclusive of loans and advances at fair value and discount balance	238	-381
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts		
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period	5,656	6,816
	Implementation of IFRS 9 and adjustments to the standard	628	-
	Loan impairment charges and provisions for the year	366	-160
	Recognised as a loss, covered by loan impairment charges and provisions	-626	-687
	Recognised losses covered by discounts for acquired loans	-53	-106
	Recognised discount for acquired loans	-139	-274
	Other movements	78	67
	Balance of loan impairment charges and provisions, end of period	5,910	5,656
	Loan impairment charges and provisions for guarantees at amortised cost	4,078	3,892
	Loan impairment charges at fair value	1,166	923
	Provisions for guarantees	216	342
	Provisions for commitments and unutilised credit lines	147	-
	Balance of loan impairment charges and provisions, end of period	5,607	5,157
	Discounts on acquired loans	303	499
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	5,910	5,656

The regulatory balance of loan impairment charges and provisions for guarantees does not include the discount balance for acquired loans and advances.

Loan impairment charges at amortised cost and at fair value as well as provisions for guarantees and commitments, etc.		
Balance of loan impairment charges and provisions, beginning of period	5,157	5,937
Implementation of IFRS 9 and adjustments to the standard	628	-
Loan impairment charges and provisions for the year	366	-160
Recognised as a loss, covered by loan impairment charges and provisions	-626	-687
Other movements	82	67
Balance of loan impairment charges and provisions, end of period	5,607	5,157

The contractual balances outstanding for financial assets that were written off as losses in 2018 and that are still attempted to be recovered amounted to DKK 1,106m.

DKKm

14 Loan impairment charges and provisions for guarantees, inclusive of discount balance, cont.

Balance of loan impairment charges and provisions for guarantees broken down by stage – total	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of period				5,157
Transitional effect, IFRS 9				628
Derived effect on loans and advances at fair value				407
Total, beginning of period	645	1,352	4,195	6,192
Transfer of impairment charges at beginning of period to stage 1	270	-163	-107	0
Transfer of impairment charges at beginning of period to stage 2	-39	163	-124	0
Transfer of impairment charges at beginning of period to stage 3	-6	-140	146	0
Impairment charges on new loans, etc.	271	264	569	1,104
Impairment charges on discontinued loans and provisions for guarantees	-221	-307	-837	-1,365
Effect from recalculation	-259	159	402	302
Previously recognized as impairment charges, now final loss	-21	-22	-583	-626
Balance of loan impairment charges and provisions, end of period	640	1,306	3,661	5,607

In addition to the effect from the implementation of IFRS 9, the period saw generally fewer reversals of impairment charges due to the improvement of the credit risk of the portfolio, primarily of the mortgage credit portfolio. The items of new loans and advances, etc. and discontinued loans and advances, etc. were affected by natural refinancing and re-mortgaging of loans and advances. The size of the item recalculation was affected by the changed credit risk at each stage. The period only saw minor model adjustments.

In 2018, gross loans increased in the mortgage credit portfolio, and this trend has been seen since the merger with Jyske Realkredit. The falling gross loans in stage 3 was the reason why impairment charges fell in stage 3 in 2018. The development can primarily be ascribed to write-offs and to a lesser degree to the transfer of gross loans to stage 1 or stage 2. The increase in gross loans in stage 2 did not result in any corresponding increase in impairment charges in stage 2, as the change primarily related to the mortgage credit portfolio, where the value of the collateral is high, and therefore the expected loss is lower relative to gross loans.

Breakdown of balance of impairment charges by stage - loans at amortised cost	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of period				3,892
Transitional effect, IFRS 9				539
Total, beginning of period	323	641	3,467	4,431
Transfer of impairment charges at beginning of period to stage 1	149	-80	-69	0
Transfer of impairment charges at beginning of period to stage 2	-32	90	-58	0
Transfer of impairment charges at beginning of period to stage 3	-5	-98	103	0
Impairment charges on new loans, etc.	110	85	440	635
Impairment charges on discontinued loans and provisions for guarantees	-63	-140	-601	-804
Effect from recalculation	-140	102	411	373
Previously recognized as impairment charges, now final loss	-20	-10	-527	-557
Balance of loan impairment charges and provisions, end of period	322	590	3,166	4,078

Note	The Jyske Bank Group

DKKm

14 **Loan impairment charges and provisions for guarantees, inclusive of discount balance, cont.**

Breakdown of balance of impairment charges by stage – loans at fair value	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of period				923
Transitional effect, IFRS 9, incl. derived effect on loans at fair value				407
Total, beginning of period	253	651	426	1,330
Transfer of impairment charges at beginning of period to stage 1	109	-73	-36	0
Transfer of impairment charges at beginning of period to stage 2	-5	67	-62	0
Transfer of impairment charges at beginning of period to stage 3	-1	-39	40	0
Impairment charges on new loans, etc.	129	150	101	380
Impairment charges on discontinued loans and provisions for guarantees	-122	-152	-156	-430
Effect from recalculation	-113	41	17	-55
Previously recognized as impairment charges, now final loss	-1	-11	-47	-59
Balance of loan impairment charges and provisions, end of period	249	634	283	1,166

Breakdown of balance of provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of period				342
Transitional effect, IFRS 9				89
Total, beginning of period	69	60	302	431
Transfer of impairment charges at beginning of period to stage 1	12	-10	-2	0
Transfer of impairment charges at beginning of period to stage 2	-2	6	-4	0
Transfer of impairment charges at beginning of period to stage 3	0	-3	3	0
Impairment charges on new loans, etc.	32	29	28	89
Impairment charges on discontinued loans and provisions for guarantees	-36	-15	-80	-131
Effect from recalculation	-6	16	-26	-16
Previously recognized as impairment charges, now final loss	0	-1	-9	-10
Balance of loan impairment charges and provisions, end of period	69	82	212	363

Gross loans, advances and guarantees by stage	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 1 January 2018	435,426	23,290	12,843	471,559
Transfer of loans, advances and guarantees to stage 1	9,113	-7,727	-1,386	0
Transfer of loans, advances and guarantees to stage 2	-12,397	14,060	-1,663	0
Transfer of loans, advances and guarantees to stage 3	-1,326	-1,489	2,815	0
Other movements	18,874	-829	-2,560	15,485
Gross loans, advances and guarantees, 31 December 2018	449,690	27,305	10,049	487,044
Loan impairment charges and provisions for guarantees, total	590	1,270	3,600	5,460
Net loans, advances and guarantees, 31 December 2018	449,100	26,035	6,449	481,584

Note	The Jyske Bank Group

DKKm

14 Loan impairment charges and provisions for guarantees, inclusive of discount balance, cont.

Loans, advances and guarantees by stage and internal rating - gross before impairment charges		2018				2017
		Stage 1	Stage 2	Stage 3	Total	Total
Performing	PD band (%)					
1	0.00 - 0.10	43,398	191	-	**43,589**	
2	0.10 - 0.15	16,075	2	-	**16,077**	
3	0.15 - 0.22	27,753	6	-	**27,759**	
4	0.22 - 0.33	34,638	46	-	**34,684**	
5	0.33 - 0.48	91,005	226	-	**91,231**	
Ratings 1- 5		212,869	471	-	**213,340**	208,381
6	0.48 - 0.70	81,574	662	-	**82,236**	
7	0.70 - 1.02	62,312	1,278	-	**63,590**	
8	1.02 - 1.48	37,159	945	-	**38,104**	
9	1.48 - 2.15	29,206	2,332	-	**31,538**	
10	2.15 - 3.13	8,648	2,422	-	**11,070**	
11	3.13 - 4.59	6,190	3,048	-	**9,238**	
Ratings 6 – 11		225,089	10,687	-	**235,776**	224,679
12	4.59 - 6.79	3,435	2,505	-	**5,940**	
13	6.79 - 10.21	1,931	4,700	-	**6,631**	
14	10.21 - 20.0	704	8,039	-	**8,743**	
Ratings 12-14		6,070	15,244	-	**21,314**	15,869
Other		5,310	289	-	**5,599**	4,429
Non-performing loans		352	614	10,049	**11,015**	18,201
Total		**449,690**	**27,305**	**10,049**	**487,044**	**471,559**

Irrevocable credit commitments of DKK 18,175m are all in stage 1 and are distributed according to internal rating in this way: Rating 1: DKK 1,843m, Rating 2: DKK 500m, Rating 3: DKK 427m, Rating 8: DKK 7,098m, Rating 10: DKK 1,423m, Rating 11: DKK 6,884m

Loan impairment charges and provisions for guarantees by stage and internal rating		2018				2017
		Stage 1	Stage 2	Stage 3	Total	Total
Performing	PD band (%)					
1	0.00 - 0.10	3	6	-	**9**	
2	0.10 - 0.15	6	0	-	**6**	
3	0.15 - 0.22	15	0	-	**15**	
4	0.22 - 0.33	28	2	-	**30**	
5	0.33 - 0.48	81	11	-	**92**	
Ratings 1- 5		133	19	-	**152**	1
6	0.48 - 0.70	87	15	-	**102**	
7	0.70 - 1.02	74	13	-	**87**	
8	1.02 - 1.48	95	21	-	**116**	
9	1.48 - 2.15	63	41	-	**104**	
10	2.15 - 3.13	31	55	-	**86**	
11	3.13 - 4.59	33	78	-	**111**	
Ratings 6 – 11		383	223	-	**606**	24
12	4.59 - 6.79	36	67	-	**103**	
13	6.79 - 10.21	16	150	-	**166**	
14	10.21 - 20.0	8	692	-	**700**	
Ratings 12-14		60	909	-	**969**	27
Others		10	39	-	**49**	358
Non-performing loans		4	80	3,600	**3,684**	4,747
Total		590	1,270	**3,600**	**5,460**	5,157

Note		The Jyske Bank Group
	DKKm	2018
14	**Loan impairment charges and provisions for guarantees, inclusive of discount balance, cont.**	
	Security provided for assets credit-impaired on the balance sheet date	
	Cash deposits	144
	Highly liquid securities	85
	Bank guarantees	4
	Real property, residential	2,844
	Real property, commercial	3,347
	Movable property, cars, rolling stock	61
	Other movable property	333
	Other collateral	0
	Guarantees (financial institutions)	84
	Total	6,902

Note		The Jyske Bank Group	
	DKKm	2018	2017
15	Tax		
	Current tax	623	838
	Change in deferred tax	-5	25
	Adjustment of tax for previous years	22	-4
	Total	640	859
	Effective tax rate		
	Danish tax rate	22.0	22.0
	Adjustments as regards previous years	0.6	0.0
	Non-taxable income and non-deductible expenses, etc.	-2.7	-1.4
	Other	0.5	0.9
	Effective tax rate	20.4	21.5
16	Earnings per share		
	Profit for the year	2,500	3,143
	Holders of hybrid core capital	127	92
	Proportion attributable to shareholders of Jyske Bank A/S	2,373	3,051
	Average number of shares, 1,000 shares	87,930	93,324
	Average number of own shares, 1,000 shares	-3,648	-5,314
	Average number of shares in circulation, 1,000 shares	84,282	88,010
	Average number of shares in circulation at end of period, 1,000 shares	81,536	85,705
	Earnings per share (EPS) DKK	28.15	34.66
	Earnings per share diluted (EPS-D) DKK	28.15	34.66
	Core earnings per share		
	Core profit	2,635	3,440
	Holders of hybrid core capital	127	92
	Core profit ex holders of hybrid core capital	2,508	3,348
	Average number of shares in circulation, 1,000 shares	84,282	88,010
	Core earnings (DKK) per share	29.76	38.03

Note	The Jyske Bank Group

DKKm

17 Contractual time to maturity, 2018

	On demand	Up to 3 months	3 months 1 year	1-5 years	Over 5 years	Total
Assets						
Due from credit institutions and central banks	2,916	10,227	1	0	37	13,181
Loans and advances at fair value	0	2,104	6,655	37,010	285,206	330,975
Loans and advances at amortised cost	236	71,723	30,116	16,317	13,430	131,822
Bonds at fair value	0	2,208	20,087	41,784	8,188	72,267
Bonds at amortised cost	0	209	1,756	4,148	1,404	7,517
Liabilities						
Due to credit institutions and central banks	6,583	8,661	965	75	25	16,309
Deposits, exclusive of pooled deposits	108,839	12,990	17,032	1,268	4,766	144,895
Issued bonds at fair value	0	5,060	44,685	146,232	128,747	324,724
Issued bonds at amortised cost	0	2,595	12,842	19,108	494	35,039
Subordinated debt	0	0	11	559	3,749	4,319
Off-balance sheet items						
Guarantees, etc.	10,403	2,570	2,723	2,227	864	18,787
Irrevocable credit commitments	0	4,265	7,981	5,929	0	18,175

Contractual time to maturity, 2017

	On demand	Up to 3 months	3 months 1 year	1-5 years	Over 5 years	Total
Assets						
Due from credit institutions and central banks	794	12,114	103	0	35	13,046
Loans and advances at fair value	0	2,030	6,592	35,737	272,639	316,998
Loans and advances at amortised cost	114	64,131	27,481	23,258	15,691	130,675
Bonds at fair value	0	4,519	14,836	40,685	9,806	69,846
Bonds at amortised cost	0	101	1,950	318	1,911	4,280
Liabilities						
Due to credit institutions and central banks	4,898	10,079	942	1,269	771	17,959
Deposits, exclusive of pooled deposits	96,363	19,841	32,588	2,479	4,384	155,655
Issued bonds at fair value	0	8,488	23,217	151,908	118,988	302,601
Issued bonds at amortised cost	0	12,682	10,234	15,385	619	38,920
Subordinated debt	0	0	11	347	3,965	4,323
Off-balance sheet items						
Guarantees, etc.	8,377	3,527	3,148	2,476	1,201	18,729
Irrevocable credit commitments	0	5,440	10,520	6,191	0	22,151

The above amounts are exclusive of interest.

Note	The Jyske Bank Group

17 Contractual time to maturity – cont.

Standard terms

Personal clients

Jyske Bank can call in floating-rate loans and credit facilities with a reasonable or usual notice of termination according to the rules on good business practice. Fixed-rate loans are non-callable. Clients can terminate their commitment with Jyske Bank without notice or, in the case of fixed-rate credit facilities, at two business days' notice. In case of default, Jyske Bank can terminate an agreement without notice.

As a main rule, the debtor undertakes to disclose financial information. Jyske Bank may dispense with such undertaking where other information on the commitment, the repayment record and the collateral provided is deemed adequate to assess the credit risk.

Small and medium-sized corporate clients

Jyske Bank can call in floating-rate loans and credit facilities without notice. In respect of old agreements, a term of notice of four weeks may apply on the part of Jyske Bank. Fixed-rate loans are non-callable. In case of default, a client relationship can be terminated without notice.

Unless collateral has been provided in full, the borrower is obliged to submit financial information to the Bank.

It is Jyske Bank's policy that the majority shareholder personally guarantees commitments in part or in full.

Large corporate clients

Terms of notice are agreed upon on an individual basis and may correspond to the standard notice applicable to other corporate clients. For facilities that cannot be terminated at short notice, covenants regarding financial ratios and material changes in the position of the client are standard.

Generally, financial information is submitted quarterly.

Typically, close-out netting agreements, negative pledge or pari passu agreements are entered into.

Note		The Jyske Bank Group	
	DKKm	**2018**	2017
18	**Due from credit institutions and central banks**		
	At notice with central banks	**300**	3,683
	Due from credit institutions	**12,881**	9,363
	Total	**13,181**	13,046

Note		The Jyske Bank Group	
	DKKm	2018	2017
19	Loans and advances at fair value		
	Mortgage loans, nominal value	318,351	298,239
	Adjustment for interest-rate risk, etc.	8,762	9,189
	Adjustment for credit risk[1]	-1,317	-1,139
	Mortgage loans at fair value, total	325,796	306,289
	Arrears and outlays, total	97	101
	Other loans and advances	5,082	10,608
	Loans and advances at fair value, total	330,975	316,998

[1]Adjustment for credit risk is calculate so it allows for objective evidence whether loans and advances are impaired compared to the time of the establishment of the loans and advances.

Note		2018	2017
20	Loans and advances at fair value broken down by property category		
	Owner-occupied homes	168,947	167,351
	Vacation homes	8,136	7,699
	Subsidised housing (rental housing)	53,116	50,167
	Cooperative housing	16,300	15,893
	Private rental properties (rental housing)	44,219	37,225
	Industrial properties	1,783	1,156
	Office and business properties	33,780	33,356
	Agricultural properties, etc.	83	56
	Properties for social, cultural and educational purposes	4,508	4,041
	Other properties	103	54
	Total	330,975	316,998

Note		The Jyske Bank Group	
	DKKm	2018	2017
21	Loans and advances at amortised cost and guarantees broken down by sector		
	Public authorities	8,571	9,275
	Agriculture, hunting, forestry, fishing	8,947	7,203
	Manufacturing, mining, etc.	8,348	7,649
	Energy supply	4,509	4,980
	Building and construction	4,051	3,494
	Commerce	12,499	11,984
	Transport, hotels and restaurants	6,369	3,832
	Information and communication	1,093	1,114
	Finance and insurance	28,568	35,714
	Real property	15,472	14,244
	Other sectors	7,526	7,464
	Corporates, total	97,382	97,678
	Personal clients, total	44,656	42,451
	Total	150,609	149,404

Note		The Jyske Bank Group	
	DKKm	2018	2017
22	**Value of securities realised during the financial year**		
	Real property, residential	80	98
	Real property, commercial	93	244
	Movable property, cars and rolling stock	42	67
	Other movable property	111	127
	Other collateral	111	104
	Amounts received under guarantees	59	99
	Total	496	739

Conditions for satisfaction by repossession
Failing an agreement to enforce realisation, the client is given adequate notice in the event of default – typically at least eight days – unless there is a risk of irretrievable impairment. Where collateral has been provided for loans and credit facilities whose proceeds are invested in securities, individual limits are agreed upon for the provision of additional collateral or for a forced sale of assets. Typically a forced sale will be made where the market value of the collateral amounts to 105%-110% of the credit risk. The Group's strategy is to convert repossessed assets into cash as soon as possible.

Note		2018	2017
23	**Fair value of collateral for loans, advances and guarantees**		
	Cash balances	2,606	2,598
	Securities	7,376	6,694
	Guarantees made out directly to the Group	37,882	31,727
	Real property, residential	191,924	187,803
	Real property, commercial	131,324	123,609
	Movable property, cars and rolling stock	9,695	8,647
	Other movable property	7,833	7,618
	Other collateral	1,579	897
	Guarantees whereby the guarantors assume primary liability	2,501	1,776
	Total	392,720	371,369
	Collateral has been received for loans and advances under a number of other guarantee types.	3,032	2,382

The type of collateral are ranked with the most liquid types at the top. The collateral values have been reduced in order of priority according to liquidity if the collateral values exceed loans, advances and guarantees at client level. Collateral values are recognised according to the following principles:

Real property, residential
The collateral value of a charge on real property is calculated on the basis of the expected fair value of the property less sales costs and any senior mortgages. The value of real property is regularly assessed on the basis of the price trend of comparable real property, among other things. Collateral values are assessed individually depending on the characteristics of the real property in question, inter alia, the type of property in question, its location and size less expenses for realisation. The collateral value is applied for various purposes and is therefore adjusted to specific requirements depending on its application.

Real property, commercial
The collateral value of a charge on real property is calculated on the basis of the expected fair value of the property less sales costs and any senior mortgages. The value of real property is regularly assessed on the basis of the price trend of comparable real property, among other things. Collateral values are assessed individually depending on the characteristics of the real property in question, inter alia, the type of property in question, or by an independent assessment or the public land assessment. The collateral value is applied for various purposes and is therefore adjusted to specific requirements depending on its application.

DKKm	2018	2017

23 **Fair value of collateral for loans, advances and guarantees, cont.**

Movable property
Jyske Bank's model is based on our historical loss experience of various asset types. Collateral value is reduced in accordance with the diminishing-balance method, which involves write-off of typically 10%-50% on acquisition and annual depreciation, typically of 10%-50% of the asset value, during the useful life of the asset.

Highly liquid securities
Basically, Jyske Bank applies the official listed price, adjusted where necessary for marketability, currency of denomination, maturity, etc.

Guarantees
The value of guarantees is calculated by means of a 'double-default' model which takes into account that Jyske Bank only risks a loss if both the debtor and the guarantor default. The effect of this is recognised by calculating an equivalent collateral value.

24 **Bonds, total, at fair value**

	2018	2017
Own mortgage bonds	26,068	37,884
Other mortgage bonds	67,267	61,482
Government bonds	2,371	1,628
Other bonds	10,205	11,071
Total before offsetting of own mortgage bonds	105,911	112,065
Own mortgage bonds offset against issued bonds	26,068	37,884
Bonds, total, at fair value	79,843	74,181

25 **Bonds at amortised cost**

	2018	2017
Carrying amount of bonds at amortised cost	7,517	4,280
Fair value of portfolio of held-to-maturity bonds	7,576	4,335
Fair value of bonds at amortised cost relative to carrying amount	59	55

Fair value of the "held-to-maturity portfolio" was higher than the carrying amount by DKK 59m against a fair value of DKK 55m above the carrying amount at the end of 2017.

DKKm

26 **Security**

The Jyske Bank Group receives and provides collateral in connection with money and securities clearing, outstanding accounts with central banks, repo and reverse repo transactions, tri-party agreements as well as fair value of derivatives covered by CSA agreements.

Provision of collateral is a regular part of business transactions and are carried out at market-consistent terms and conditions. Collateral is increased and reduced on an on-going basis as liabilities change.

Depending on agreements entered, collateral is provided and received with an owner's rights so that the recipient of collateral can sell this or use it to provide security for loans and other outstanding accounts.

The Jyske Bank Group has deposited bonds with central banks and clearing houses, etc. in connection with clearing and settlement of securities and currency transactions as well as tri-party repo transactions totalling a market value of DKK 11,533m at the end of 2018 (2017: DKK 17,012m).

In addition, the Jyske Bank Group has provided cash collateral in connection with CSA agreement in the amount of DKK 7,290m (2017: DKK 5,224m) as well as bonds in the amount of DKK 359m (2017: 1,470m).

Due to repo transactions, i.e. sale of securities involving agreements to repurchase them at a later point in time, bonds in the amount of DKK 11,006m (2017: DKK 11,725m) were at the end of 2018 provided as security for the amount that was borrowed. See note 41 for further details.

Mortgage loans in the amount of DKK 325,796m (2017: DKK 306,289m) and other assets of DKK 20,842m (2017: 22,176m) were at the end of 2018 registered as collateral for issued mortgage bonds, including covered bonds. According to the Danish mortgage legislation, the issued mortgage bonds, including covered bonds, are secured against the underlying mortgage loans.

Due to reverse repos, i.e. purchase of securities involving agreements to resell them at a later point in time, the Jyske Bank Group received the sold bonds as security for the amounts that was lent. At the end of 2018, reverse repos amounted to DKK 30,175m (2017: DKK 28,674m).

In addition, the Jyske Bank Group has received cash collateral in connection with CSA agreements in the amount of DKK 1,143m (2017: DKK 1,510m) as well as bonds in the amount of DKK 1,432m (2017: 1,571m).

Please see note 23 on collateral received for loans, advances and guarantees.

Note		The Jyske Bank Group	
	DKKm	2018	2017
27	**Shares, etc.**		
	Shares/investment fund units listed on Nasdaq Copenhagen A/S	610	1,736
	Shares/mutual fund certificates listed on other exchanges	121	409
	Unlisted shares are stated at fair value.	2,695	2,827
	Total	3,426	4,972

Note		The Jyske Bank Group	
	DKKm	2018	2017
28	Jyske Bank Treasury shares		
	Own shares ('000)	3,409	3,454
	Nominal value of own shares	34,091	34,539
	Portfolio of own shares as a percentage of the share capital	4.01	3.87
	Acquisition of own shares		
	Own shares ('000)	8,311	13,052
	Nominal value of own shares	83,106	130,514
	Portfolio of acquired own shares as a percentage of the share capital	9.78	14.64
	Sale of own shares		
	Own shares ('000)	4,142	9,857
	Nominal value of own shares	41,414	98,566
	Portfolio of sold own shares as a percentage of the share capital	4.87	11.06
	Cancellation of own shares		
	Own shares ('000)	4,214	5,581
	Nominal value of own shares	42,140	55,810
	Total purchase price	2,637	4,635
	Total selling price	1,350	3,392

The acquisition of own shares is primarily explained by the buy-back programme and transactions involving clients and other investors wishing to trade Jyske Bank shares.

Note		2018	2017
29	Subordinated receivables		
	Loans and advances	39	35
	Bonds	1,031	981
	Total	1,070	1,016

Note		2018	2017
30	Intangible assets		
	Total cost, beginning of period	305	297
	Additions	0	8
	Disposals	230	0
	Total cost, end of period	75	305
	Amortisation, depreciation and impairment charges, beginning of period	292	226
	Amortisation for the year	8	66
	Reversed amortisation, depreciation and impairment	230	0
	Amortisation, depreciation and impairment charges, end of period	70	292
	Recognised value, end of period	5	13

Note		The Jyske Bank Group	
	DKKm	2018	2017
31	**Property, plant and equipment**		
	Total cost, beginning of period	6,726	6,437
	Currency translation adjustment	-22	-13
	Additions	982	1,410
	Disposals	1,425	1,108
	Total cost, end of period	6,261	6,726
	Revaluations, beginning of period	573	616
	Currency translation adjustment	0	-1
	Revaluations for the year	125	105
	Reversed revaluations for the year	409	147
	Revaluations, end of period	289	573
	Amortisation, depreciation and impairment charges, beginning of period	2,185	1,867
	Currency translation adjustment	0	-1
	Amortisation for the year	569	570
	Impairment charges for the year	21	104
	Reversed amortisation, depreciation and impairment	443	355
	Amortisation, depreciation and impairment charges, end of period	2,332	2,185
	Recognised value, end of period	4,218	5,114
	Specification of property, plant and equipment, owner-occupied property		
	Restated value, beginning of period	2,657	2,816
	Currency translation adjustment	-1	-3
	Additions during the year, including improvements	13	55
	Disposals for the year	878	308
	Depreciation	10	14
	Positive changes in values recognised in other comprehensive income in the course of the year	125	84
	Negative changes in values recognised in other comprehensive income in the course of the year	4	1
	Positive changes in value recognised directly in the income statement during the year	2	28
	Negative changes in value recognised directly in the income statement during the year	3	0
	Restated value, end of period	1,901	2,657
	Cost less accumulated amortisation, depreciation and impairment charges	1,640	2,114
	For mortgage credit institutions, collateral has been provided in land and buildings, the carrying amount of which is	0	0
	Required rate of return	4.0%-10%	3.5%-10%
	Weighted average return applied	6.32%	5.96%
	Specification of property, plant and equipment, other property, plant and equipment		
	Total cost, beginning of period	4,347	3,928
	Currency translation adjustment	-21	-10
	Additions	969	1,356
	Disposals	921	927
	Total cost, end of period	4,374	4,347
	Amortisation, depreciation and impairment charges, beginning of period	1,890	1,558
	Amortisation for the year	559	557
	Impairment charges for the year	19	104
	Reversed amortisation, depreciation and impairment	411	329
	Amortisation, depreciation and impairment charges, end of period	2,057	1,890
	Recognised value, end of period	2,317	2,457

Note		The Jyske Bank Group	
	DKKm	2018	2017
31	**Property, plant and equipment, cont.**		
	Specification of property, plant and equipment, other property, plant and equipment		
	Other property, plant and equipment consists of equipment and leasehold improvements.		
	Operating lease activities are recognised at	2,216	2,324
	Breakdown of minimum lease payments on lease terms		
	0-1 years	907	789
	1-5 years	1,308	1,533
	Over 5 years	1	2
	Total	2,216	2,324

Leases for which the Group acts as the lessor have been entered for machinery and equipment, including cars, vans and lorries.

32	**Assets held temporarily**		
	Properties acquired through foreclosure	268	336
	Subsidiary held temporarily	195	231
	Properties held for sale	106	0
	Leased assets acquired through foreclosure	11	10
	Total	580	577

Attempts are make to sell, in the best possible way and within 12 months, assets held temporarily
The assets are recognised under the business segments in the following way: DKK 184m (2017: DKK 121m) under Banking activities; DKK 385m (2017: DKK 446m) under Mortgage activities; and DKK 11m (2017: DKK 10m) under Leasing activities.

Note		The Jyske Bank Group	
	DKKm	2018	2017
33	**Other assets**		
	Positive fair value of derivatives	23,101	25,632
	Assets in pooled deposits	3,655	4,208
	Interest and commission receivable	405	464
	Investments in associates	293	417
	Deferred income	607	328
	Investment properties	28	29
	Other assets	1,501	1,282
	Total	29,590	32,360

Netting		
Positive fair value of derivatives, etc., gross	30,046	31,941
Netting of positive and negative fair value	6,945	6,309
Total	23,101	25,632

Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).

Specification of other assets, assets in pooled deposits		
Cash	163	161
Bonds	0	902
Shares	1,363	1,583
Investment fund certificates	2,292	1,715
Other assets	0	8
Assets	3,818	4,369
Elimination of cash	-163	-161
Total assets	3,655	4,208

Specification of other assets, investments in associates		
Total cost, beginning of period	368	314
Additions	0	73
Disposals	95	19
Total cost, end of period	273	368
Revaluations and impairment charges, beginning of period	49	30
Dividend	17	0
Revaluations and impairment charges for the year	-15	9
Reversed revaluations and impairment charges	3	-10
Revaluations and impairment charges, end of period	20	49
Recognised value, end of period	293	417

See The Jyske Bank Group – overview, note 66.

Note		The Jyske Bank Group	
	DKKm	2018	2017
34	Due to credit institutions and central banks		
	Due to central banks	1,956	172
	Due to credit institutions	14,353	17,787
	Total	16,309	17,959
35	Deposits		
	Demand deposits	109,740	109,334
	Term deposits	3,003	2,950
	Time deposits	25,299	36,333
	Special deposits	6,853	7,038
	Pooled deposits	3,806	4,368
	Total	148,701	160,023
36	Issued bonds at fair value		
	Issued bonds at fair value, nominal value	341,859	332,462
	Adjustment to fair value	8,933	9,300
	Own mortgage bonds, fair value	-26,068	-39,161
	Total	324,724	302,601
	Pre-issued	11,700	20,944
	Drawn for redemption at next repayment date	17,264	22,383
37	Other liabilities		
	Set-off entry of negative bond holdings in connection with repos/reverse repos	3,294	3,695
	Negative fair value of derivatives, etc.	24,340	25,776
	Interest and commission payable	1,905	2,221
	Deferred income	121	135
	Other liabilities	5,182	5,411
	Total	34,842	37,238
	Netting		
	Negative fair value of derivatives, etc., gross	31,285	32,085
	Netting of positive and negative fair value	6,945	6,309
	Total	24,340	25,776

Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).

38	Provisions		
	Provisions for pensions and similar liabilities	588	602
	Provisions for guarantees	216	342
	Provisions for losses on loan commitments and unutilised credit lines	147	0
	Other provisions	149	252
	Provisions for deferred tax	581	576
	Total	1,681	1,772

Note		The Jyske Bank Group	
	DKKm	2018	2017
38	**Provisions, cont.**		
	Specification of provisions for pensions and similar liabilities		
	Provisions for pensions and similar liabilities		
	Provisions for defined benefit plans	537	552
	Provisions for long-term employee benefits	51	50
	Recognised in the balance sheet, end of period	588	602
	Provisions for defined benefit plans		
	Present value of pension plan obligations	629	657
	Fair value of pension plan assets	92	105
	Net liability recognised in the balance sheet	537	552
	Change in provisions for defined benefit plans		
	Provisions, beginning of period	657	617
	Costs for the current financial year	-18	40
	Calculated interest expenses	13	12
	Actuarial losses/gains	0	11
	Pension payments	-23	-23
	Provisions, end of period	629	657
	Change in the fair value of pension plan assets		
	Assets, beginning of period	105	106
	Calculated interest on assets	2	2
	Return ex calculated interest on assets	-7	2
	Contributions, etc.	3	0
	Pension payments	-11	-5
	Assets, end of period	92	105
	Pension costs recognised in the income statement		
	Costs for the current financial year	-18	40
	Calculated interest related to liabilities	13	12
	Calculated interest on assets	-2	-2
	Total recognised defined benefit plans	-7	50
	Total recognised defined contribution plans	287	276
	Recognised in the income statement	280	326

The expense is recognised under Employee and administrative expenses.

Pension plan assets:		
Equities	9	14
Bonds	42	58
Liquidity, etc.	41	33
Pension plan assets, total	92	105

Pension plan assets include 40,000 Jyske Bank A/S shares (2017: 40,000 shares).
Measurement of all pension assets is based on quoted prices in an active market.

Note					The Jyske Bank Group
	DKKm	2018	2017	2016	2015	2014

38 Provisions, cont.

Specification of provisions for pensions and similar liabilities, cont.

DKKm	2018	2017	2016	2015	2014
The Group's pension plan liabilities					
Present value of pension plan obligations	629	657	617	595	565
Fair value of pension plan assets	92	105	106	107	111
Surplus/deficit	537	552	511	488	454
Actuarial assumptions					
Defined benefit plans					
Retirement remuneration					
Discount rate	2.00%	2.00%	2.25%	2.75%	3.25%
Future rate of wage increase	2.00%	2.00%	2.00%	2.00%	2.00%
Jyske Banks Pensionstilskudsfond					
Discount rate	2.00%	2.00%	2.25%	2.75%	3.25%
Future rate of wage increase	2.00%	2.00%	2.00%	2.00%	2.00%
Calculated interest on pension plan assets	2.00%	2.00%	2.25%	2.75%	3.25%
Long-term employee benefits					
Discount rate	2.00%	2.00%	2.25%	2.75%	3.25%
Future rate of wage increase	2.00%	2.00%	2.00%	2.00%	2.00%

The most important actuarial assumptions in the calculation of pension liabilities relate to interest rate level and wage increases. If the discount rate fall by 0.25% to 1.75%, the pension provisions increase by DKK 10m. If the rate of wage increases rise by 0.25% to 2.25%, the pension provisions increase by DKK 10m.

For 2019, payments to defined contribution and defined benefit pension plans are expected to be DKK 286m.

Defined contribution pension plans

A large part of the Group's pension plans are defined contribution plans under which payments are made into pension funds, primarily PFA Pension. These payments are charged to the income statement as they occur.

Defined benefit plans

Retirement remuneration equalling a maximum of one year's salary is paid to employees on retirement. In 2018, a total of DKK 492m (2017: DKK 498m) was recognised in the balance sheet, this being the present value of the overall liability relating to the employees' term of employment with the Group. Employees recruited not later than on 31 August 2005 are offered participation in the retirement remuneration plan. Please see note 12 for details on the terms and conditions for retirement remuneration for the Executive Board.

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. At the end of 2018, provisions amounting to DKK 45m (2017: DKK 54m) were recognised, this being the present value of liabilities, DKK 137m (2017: DKK 159m), less the fair value of the assets, DKK 92m (2017: DKK 105m).

Long-term employee benefits

An anniversary bonus equalling one month's salary is paid when an employee has worked for the Group for 25 years and 40 years. At year-end 2018, provisions amounted to DKK 48m (2017: DKK 47m), this being the present value of the expected future anniversary bonus payments.

Other long-term employee benefits relate to other salary- and pension-related benefits paid to employees on retirement. Total provisions amounted to DKK 3m (2017: DKK 3m).

DKKm	2018	2017

38 **Provisions, cont.**

Please see note 14 for provisions for losses on guarantees and loan commitments

Specification of other provisions

	2018	2017
Provisions, beginning of period	252	200
Additions	27	108
Disposals inclusive of consumption	20	12
Disposals exclusive of consumption	110	44
Provisions, end of period	149	252

Other provisions relate to lawsuits.

The provisions are expected in essence to be reduced to zero within a year.

Specification of deferred tax

Deferred tax	2018	2017
Deferred tax assets, recognised under tax assets	0	10
Deferred tax liabilities	581	576
Net deferred tax	581	566

Change in deferred tax 2018	Beginning of period	Recognised in the profit for the year	Recognised in other comprehensive income	Other adjustments	End of period
Bonds at amortised cost	-14	1	0	0	-13
Intangible assets	2	-2	0	0	0
Property, plant and equipment	346	-57	23	-1	311
Loans and advances, etc.	408	36	0	0	444
Issued bonds at amortised cost	0	0	0	0	0
Provisions for pensions	-132	5	-2	0	-129
Tax loss	-10	10	0	0	0
Other	-34	2	0	0	-32
Total	566	-5	21	-1	581

Change in deferred tax 2017					
Bonds at amortised cost	-29	15	0	0	-14
Intangible assets	15	-15	0	2	2
Property, plant and equipment	343	-9	12	0	346
Loans and advances, etc.	351	57	0	0	408
Issued bonds at amortised cost	12	-12	0	0	0
Provisions for pensions	-130	0	-2	0	-132
Tax loss	0	-10	0	0	-10
Other	-33	-1	0	0	-34
Total	529	25	10	2	566

Note		The Jyske Bank Group	
	DKKm	2018	2017
39	**Subordinated debt**		
	Supplementary capital:		
	Var. % bond loan EUR 300m 05.04.2029	2,240	2,234
	Var. % bond loan SEK 600m 19.05.2026	436	454
	3.25% bond loan SEK 400m 19.05.2026	290	303
	6.73% bond loan EUR 12m 2019-2026	90	101
	Var. % bond loan EUR 10m 13.02.2023	75	74
	5.65% bond loan EUR 10 m 27.03.2023	75	74
	5.67% bond loan EUR 10 m 31.07.2023	75	74
		3,281	3,314
	Hybrid core capital:		
	Var. % bond loan EUR 72.8m Perpetual	543	542
	Var. % bond loan EUR 60.7m Perpetual	453	452
		996	994
	Subordinated debt, nominal	4,277	4,308
	Hedging of interest-rate risk, fair value	42	15
	Total	4,319	4,323
	Subordinated debt included in the capital base	4,217	4,278

The above-mentioned issues of additional Tier 1 Capital do not meet the conditions for additional Tier 1 Capital in the Capital Requirements Regulation, CRR. The issues are recognised under liability other than provision according to IAS 32.

The above issues of hybrid core capital have no contractual maturity date. Subject to the approval of the Danish Financial Supervisory Authority, the notes may be redeemed by Jyske Bank, but not earlier than ten years after the date of issue. The holders have no right to call for the redemption of the notes. Interest payments will cease in the event that the issuer does not meet the solvency requirements. Under such circumstances, dividend payments and buy-back of issued shares are subject to certain restrictions. The rate of interest is floating, but capped at 9% per annum for the EUR 72.8m loan and at 8% per annum for the EUR 60.7m loan. The rate is calculated as EUR CMS10 + 0.15% per annum.

Note		2018	2017
40	**Share capital**		
	Opening share capital, 1,000 shares.	89,159	95,040
	Capital reduction through cancellation of own shares	-4,214	-5,881
	Closing share capital, 1,000 shares	84,945	89,159
41	**Transferred financial assets still recognised in the balance sheet**		
	Carrying amount of transferred financial assets		
	Bonds in repo transactions	10,943	11,661
	Transferred financial assets, total	10,943	11,661
	Repo transactions are included in the following liability items as follows:		
	Debt to credit institutions in repo transactions	9,348	8,685
	Deposits and other debts in repo transactions	1,658	3,040
	Total	11,006	11,725
	Net positions	-63	-64

41 **Transferred financial assets still recognised in the balance sheet, cont.**

Jyske Bank has not lent bonds that are still recognised in the balance sheet. Moreover, Jyske Bank has not borrowed bonds that are not recognised in the balance sheet.

Jyske Bank enters into transactions transferring the ownership to financial assets to the counterparty, yet Jyske Bank maintains the material part of the risks on the assets in question. When the most material risks are maintained, the asset is still recognised in Jyske Bank's balance sheet. Such transactions include repo transactions. Repo transactions are sales of bonds where at the time of a sale an agreement is made on the repurchase at some later point in time at a certain price.

Jyske Bank has not entered into agreements on the transfer of financial assets, where the assets sold no longer are recognised in the balance sheet, but where after the sale material risk and continued involvement exist.

DKKm

42 Contingent liabilities

General
Jyske Bank's credit review of guarantee applicant takes into consideration the risk on guarantees. For about 84% of the Jyske Bank Group's guarantees, the contractual term is below one year; for about 12%, the contractual terms is between 1 and 5 years; and for about 4%, the contractual term is above 5 years, compared to 80%, 13% and 7%, respectively, in 2017.

Financial guarantees are primarily payment guarantees, and the risk equals that involved in credit facilities.

Guarantees for losses on mortgage loans are typically provided as security for the most risky part of mortgage loans granted to personal clients and to a limited extent for loans secured on commercial real property. Guarantees for residential real property are within 80% and for commercial real property within 60%-80%, of the property value as assessed by a professional expert.

Registration and refinancing guarantees are provided in connection with the registration of new and refinanced mortgages. Such guarantees involve insignificant risk.

Other contingent liabilities include other forms of guarantees at varying degrees of risk, including performance guarantees. The risk involved is deemed to be less than the risk involved in, e.g., credit facilities subject to flexible drawdown.

The Group is also a party to a number of legal disputes arising from its business activities. The Group estimates the risk involved in each individual case and makes any necessary provisions which are recognised under contingent liabilities. The Group does not expect such liabilities to have material influence on the Group's financial position.

Because of its statutory participation in the deposit guarantee scheme, the sector has paid an annual contribution of 2.5‰ of the covered net deposits until the assets of Pengeinstitutafdelingen (the financial institution fund) exceed 1% of the total net deposits covered, which level has been reached. According to Bank Package 3 and Bank Package 4, Pengeinstitutafdelingen bears the immediate losses attributable to covered net deposits and relating to the winding up of financial institutions in distress. Any losses in connection with the final winding up are covered by the Guarantee Fund's Afviklings- og Restruktureringsafdeling (settlement and restructuring fund), where Jyske Bank currently guarantees 9.33% of any losses.

The statutory participation in the resolution financing arrangements (Resolution Fund) as of June 2015 entailed that credit institutions pay an annual contribution over a 10-year period to a Danish national fund with a target size totalling 1% of the covered deposits. Credit institutions are to contribute according to their relative sizes and risk in Denmark, and the first contributions to the Resolution Fund were paid at the end of 2015. The Jyske Bank Group expects having to pay a total of about DKK 500m over the 10-year period 2015 -2025.

Jyske Bank is a management company under Danish joint taxation. Therefore, according to the provisions of the Danish Company Taxation, Jyske Bank is liable as of the accounting year 2013 for corporation tax, etc. for the jointly taxed companies and as of 1 July 2012 for any liabilities to withhold tax on interest and dividends for the jointly taxed companies.

	2018	2017
Guarantees		
Financial guarantees	13,970	14,169
Guarantee for losses on mortgage credits	1,423	1,712
Registration and refinancing guarantees	1,680	926
Other contingent liabilities	1,714	1,922
Total	18,787	18,729

43 Other contingent liabilities

	2018	2017
Irrevocable credit commitments	18,175	22,151
Others	83	105
Total	18,258	22,256

DKKm

44 Offsetting

2018	Carrying amount before offsetting	Financial instruments offset	Carrying amount after offsetting	Further offsetting, master netting agreement	Collateral	Net value
Financial assets						
Derivatives with positive fair value	30,046	6,945	23,101	16,415	1,909	4,777
Reverse repo transactions	30,175	0	30,175	0	30,175	0
Total	**60,221**	**6,945**	**53,276**	**16,415**	**32,084**	**4,777**
Financial liabilities						
Derivatives with negative fair value	31,285	6,945	24,340	16,415	6,339	1,586
Repo transactions	11,006	0	11,006	0	11,006	0
Total	**42,291**	**6,945**	**35,346**	**16,415**	**17,345**	**1,586**
2017						
Financial assets						
Derivatives with positive fair value	31,941	6,309	25,632	18,580	2,417	4,635
Reverse repo transactions	28,674	0	28,674	0	28,674	0
Total	60,615	6,309	54,306	18,580	31,091	4,635
Financial liabilities						
Derivatives with negative fair value	32,085	6,309	25,776	18,580	4,505	2,691
Repo transactions	11,725	0	11,725	0	11,725	0
Total	43,810	6,309	37,501	18,580	16,230	2,691

On the balance sheet, reverse repo transactions are classified as claims on credit institutions or loans at amortised cost. On the balance sheet, repo transactions are classified as debt to credit institutions or deposits.

Financial assets and liabilities are offset on the balance sheet when the Group and the counterparty has a legal right to offset and have also agreed to settle net or realise the asset and the liability at the same time. Positive and negative fair values of derivative financial instruments with the same counterparty are offset if net settlement of the contractual payments has been agreed and daily cash payments or provision of collateral for changes in the fair value take place. The Group's netting of positive and negative fair values of derivative financial instruments can be referred to clearing through a central clearing house (CCP clearing).

Master netting agreements and similar agreements entitles a party to further offsetting if a counterparty is in default, which lowers the exposure further when a counterparty is in default, but does not meet the conditions for accounting offsetting on the balance sheet.

45 Notes on fair value

Methods for measuring fair value
Fair value is the price that, at the time of measurement, would be obtained by selling an asset or paid for by transferring a liability in an ordinary transaction between independent market participants. The fair value may equal the book value where book value is recognised on the basis of underlying assets and liabilities measured at fair value.

For all assets listed on active markets, fair values are measured at official prices (the category "Quoted prices". Where no price is quoted, a different official price is used which is taken to reflect most closely the fair value (category: "Observable prices". Financial assets and liabilities of which quoted prices or other official prices are not available or are not taken to reflect the fair value are measured at fair value according to other evaluation techniques and other observable market information. In those cases where observable prices based on market information are not available or are not taken to be useful for measuring fair value, the fair value is measured by recognised techniques, including discounted future cash flows, and own expertise (category "non-observable prices").. The basis of the measurement may be recent transactions involving comparable assets or liabilities, interest rates, exchange rates, volatility, credit spreads, etc. Generally, the Group's unlisted shares are placed in this category.

Generally, quoted prices and observable input are obtained in the form of interest rates and equity and bond prices, exchange rates, forward premiums, volatilities, etc. from recognised stock exchanges and providers.

Specific details on methods for measuring fair value
Bonds at fair value, shares, assets linked to pooled deposits, and derivatives are measured at fair value in the accounts to the effect that the carrying amounts equal fair values.

Generally bonds are measured at prices quoted on a recognised stock exchange. Alternatively, prices are applied that are calculated on the basis of Jyske Bank's own measurement models based on a yield curve with a credit spread. Essentially, the calculated prices are based on observable input.

Generally equities, etc. are measured at prices quoted on a recognised stock exchange. Alternatively, prices are applied that are calculated on the basis of Jyske Bank's own measurement models based on observable input, shareholders' agreements, executed transactions, etc. Unlisted equities are measured, among other things, on the basis of discounted cash flow models (DCF).

Derivatives are measured on the basis of the following measurement techniques.
- Forward exchange transactions are measured on the basis of forward premiums as well as exchange rates obtained.
- Interest-rate and currency swaps are measured on the basis of exchange rates, interest points, interpolation between these, as well as correction of credit risk (CVA). Client margins are amortised over the remaining time to maturity. Present value calculations with discounting is applied.
- Futures are measured on the basis of prices obtained in the market for stock-exchange traded futures.
- Options are measured on the basis of volatilities, correlation matrices, prices of underlying assets and exercise prices. For this purpose, option models, such as Black-Scholes, are applied.

Assets related to pooled deposits are measured according to the above principles.

Information about differences between recognised value and measurement of fair value
Loans and advances exclusive of mortgage loans and certain other home loans are recognised at amortised cost. The difference to fair value is assumed to be fees and commission received, costs defrayed in connection with lending, plus interest-rate-dependent value adjustment calculated by comparing current market rates with market rates at the time when the loans and advances were established. Changes in credit quality are assumed to be included under impairment charges both for carrying amounts and fair values.

Subordinated debt and issued bonds exclusive of issues of mortgage bonds are recognised at amortised cost supplemented with the fair value of the hedged interest-rate risk. The difference to fair value was calculated on the basis of own-issue prices obtained externally.

DKKm

45 Notes on fair value, cont.

Deposits are recognised at amortised cost. The difference to fair value is assumed to be the interest-rate dependent value adjustment calculated by comparing current market rates with market rates at the time when the deposits were made.

Balances with credit institutions are recognised at amortised cost. The difference to fair value is assumed to be the interest-rate dependent value adjustment calculated by comparing current market rates with market rates at the time when the transactions were established. Changes in the credit quality of balances with credit institutions are assumed to be included under impairment charges for loans, advances, and receivables. Changes in the fair values of balances due to credit institutions because of changes in Jyske Bank's own credit rating are not taken into account.

The calculated fair values of financial assets and liabilities recognised at amortised cost are materially non-observable prices (level 3) in the fair value hierarchy.

Information about changes in credit risk on derivatives with positive fair value.
In order to allow for the credit risk on derivatives for clients without objective evidence of impairment, the fair value is adjusted (CVA). Adjustments will also be made for clients with objective evidence of impairment, but on an individual basis.

For any given counterparty's total portfolio of derivatives, CVA is a function of the probability of the counterparty's probability of default (PD), the expected positive exposure (EPE) as well as the loss given default (LGD). Credit default swaps (CDS) spreads should be used as the primary source for the probability of default in the CVA calculation. However, the Jyske Bank Group enters primarily to derivatives transactions with unlisted Danish counterparties, for which there only to a most limited extent exist CDS or CDS proxy spreads. As CDS spreads are not available for the majority of the portfolio of derivatives counterparties, risk-neutral PDs are used instead. The risk-neutral PDs are calculated on the basis of IRB PDs that are adjusted for the observable price of risk in the market (Sharpe Ratio measured on the basis of the OMX C20 index). By using risk-neutral PDs, it is achieved that the CVA gets closer to the value it would have had if it had been calculated on the basis of market observable PDs. The calculation of CVA also allows for the expected development of the rating over time. This takes place on the basis of historical rating migrations. When determining the EPE, a model is used to establish the expected positive exposure to the counterparty's portfolio over the maturity of the derivatives. For LGD, internal estimates are used for the individual counterparty, adjusted for any collateral received as well as CSA agreements concluded.

In addition to CVA, also an adjustment is made of the fair value of derivatives that have an expected future negative fair value. This takes place to allow for changes in the counterparties' credit risk against the Jyske Bank Group (debt valuation adjustment - DVA). The DVA takes place according to the same principles that apply to the CVA, yet PD for Jyske Bank is determined on the basis of Jyske Bank's external rating by Standard & Poor's. At the end of 2018, CVA and DVA amounted net to DKK 63m, which accumulated amount was recognised as an expense under value adjustment against an accumulated amount of DKK 70m at the end of 2017.

DKKm

46 Fair value of financial assets and liabilities

At the end of 2018, the recognised value and fair value of assets classified as held-for-trading amounted to DKK 132.6bn against DKK 134.1bn at the end of 2017. The recognised value and fair value of liabilities classified as trading portfolio amounted to DKK 35.3bn at the end of 2018 against DKK 38.6bn at the end of 2017. The recognised value and fair value of bonds at amortised cost amounted to DKK 7.5bn and DKK 7.6bn, respectively, at the end 2018 against DKK 4.3bn and 4.3bn, respectively, at the end of 2017. The Group did not have assets at fair value through Other comprehensive income. The table shows the fair value of financial assets and liabilities and the carrying amounts.
The re-statement at fair value of financial assets and liabilities shows a total non-recognised unrealised gain of DKK 278m at the end of 2018 against a loss of DKK 319m at the end of 2017. Unrealised gains and losses caused by changes in the fair values of shares in sector-owned undertakings are recognised in the income statement. The recognised amount of those shares in the balance sheet at the end of 2018 amounted to DKK 1,694m (2017: DKK 1,936m), and the recognised value adjustment in the income statement amounted to DKK 144m (2017: DKK 143m).

	2018 Recognised value	2018 Fair value	2017 Recognised amount	2017 Fair value
FINANCIAL ASSETS				
Cash balance and demand deposits with central banks	6,081	6,081	19,347	19,347
Due from credit institutions and central banks	13,181	13,181	13,046	13,045
Loans and advances at fair value	330,975	330,975	316,998	316,998
Loans and advances at amortised cost	131,822	132,026	130,675	130,831
Bonds at fair value	72,267	72,267	69,846	69,846
Bonds at amortised cost	7,517	7,576	4,280	4,336
Shares, etc.	3,426	3,426	4,972	4,972
Assets in pooled deposits	3,655	3,655	4,208	4,208
Derivatives	23,101	23,101	25,632	25,632
Total	592,025	592,288	589,004	589,215
FINANCIAL LIABILITIES				
Due to credit institutions and central banks	16,309	16,329	17,959	17,963
Deposits	144,895	144,907	155,655	155,674
Pooled deposits	3,806	3,806	4,368	4,368
Issued bonds at fair value	324,724	324,724	302,601	302,601
Issued bonds at amortised cost	35,039	35,227	38,920	39,376
Subordinated debt	4,319	4,084	4,323	4,374
Set-off entry of negative bond holdings	3,294	3,294	3,695	3,695
Derivatives	24,340	24,340	25,776	25,776
Total	556,726	556,711	553,297	553,827

DKKm

47 The fair value hierarchy

2018 Financial assets	Quoted prices	Observable prices	Non-observable prices	Fair value total	Recognised amount
Loans and advances at fair value	0	330,975	0	330,975	330,975
Bonds at fair value	55,020	17,247	0	72,267	72,267
Shares, etc.	543	831	2,052	3,426	3,426
Assets in pooled deposits	1,358	2,297	0	3,655	3,655
Derivatives	410	22,691	0	23,101	23,101
Total	57,331	374,041	2,052	433,424	433,424
Financial liabilities					
Pooled deposits	0	3,806	0	3,806	3,806
Issued bonds at fair value	264,699	60,025	0	324,724	324,724
Set-off entry of negative bond holdings	3,225	69	0	3,294	3,294
Derivatives	241	24,099	0	24,340	24,340
Total	268,165	87,999	0	356,164	356,164
2017 Financial assets					
Loans and advances at fair value	0	316,998	0	316,998	316,998
Bonds at fair value	55,412	14,434	0	69,846	69,846
Shares, etc.	1,978	739	2,255	4,972	4,972
Assets in pooled deposits	2,398	1,810	0	4,208	4,208
Derivatives	367	25,265	0	25,632	25,632
Total	60,155	359,246	2,255	421,656	421,656
Financial liabilities					
Pooled deposits	0	4,368	0	4,368	4,368
Issued bonds at fair value	283,416	19,185	0	302,601	302,601
Set-off entry of negative bond holdings	3,547	148	0	3,695	3,695
Derivatives	303	25,473	0	25,776	25,776
Total	287,266	49,174	0	336,440	336,440

The above table shows the fair value hierarchy for financial assets and liabilities recognised at fair value.
It is the practice of the Group that if prices of Danish bonds are not updated for two days, transfers will take place between the categories quoted prices and observable prices. This did not result in material transfers in 2018 and 2017.

NON-OBSERVABLE PRICES	2018	2017
Fair value, beginning of period	2,255	2,024
Transfers for the year	36	-73
Capital gain and loss for the year reflected in the income statement under value adjust-ments	149	149
Sales for the year	389	30
Purchases made over the year	1	185
Fair value, end of year	2,052	2,255

47 Fair value hierarchy, cont.

Non-observable prices
Non-observable prices at the end of 2018 referred to unlisted shares recognised at DKK 2,052m against unlisted shares recognised at DKK 2,255m in 2017. These are primarily sector shares. The measurements, which are associated with some uncertainty, are made on the basis of the shares' book value, market trades, shareholders' agreements as well as own assumptions and extrapolations, etc. In the cases where Jyske Bank calculates the fair value on the basis of the company's expected future earnings, a required rate of return of 15% p.a. before tax is applied. A change in the required rate of return of 1 percentage point will result in a change of the fair value of about DKK 35m. Capital gain and loss for the year on unlisted shares recognised in the income statement is attributable to assets held at the end of 2018. Jyske Bank finds it of little probability that the application of alternative prices in the measurement of fair value would result in a material deviation from the recognised fair value.

Non-financial assets recognised at fair value
Investment properties were recognised at a fair value of DKK 28m (2017: DKK 29m). Fair value belongs to the category of non-observable prices calculated on the basis of a required rate of return of 7% (2017: 7%)

Assets held temporarily comprise repossessed properties, equity investments and cars, etc. and similar assets held for sale. Assets held temporarily are recognised at the lower of cost and fair value less costs of sale. Assets held temporarily were recognised at DKK 580m (2017: DKK 577m). Fair value belongs to the category of non-observable prices.

Owner-occupied properties are recognised at the restated value corresponding to the fair value on the date of the revaluation less subsequent amortization, depreciation and impairment. The valuation of selected land and buildings is carried out with the assistance of external experts. Based on the returns method, the measurement takes place in accordance with generally accepted standards and with a weighted average required rate of return of 6.32% (2017: 5.96%) Owner-occupied properties were recognised at DKK 1,901m (2017: DKK 2,657m). See note 31 for further details. The revalued amount belongs to the category of non-observable prices.

48 **Risk exposure**

Jyske Bank assumes financial risks within established limits and to the extent the risk-adjusted return in this way contributes to the Group's financial goal. On the other hand, it is to the greatest possible extent attempted to minimise operational risks considering the related costs.

Jyske Bank's financial risks consist mainly of credit risks. The Group assumes credit risks if, through individual credit processing, it can be substantiated that the debtor has the necessary ability to service debts and that it can be rendered probable that the debtor has the will and the ability to repay the credit granted. Failing that, the subject matter of the charge must have sufficient value as well as stability of value, and it must be substantiated that the subject matter of the charge can be realised and pay off the remaining credit. Finally, it is a requirement that the Group's expected earnings must match the associated credit risk and capital charge.

Moreover, Jyske Bank assumes market risks when a return matching the involved risk can be rendered probable. The Group's market risk consists chiefly of interest-rate risk. Market risks are managed on the basis of a portfolio approach across instruments and types of risk and hence in consideration of the correlation or lack of correlation for which there is empirical evidence and that is expressed through the risk measurement Value at Risk (VaR). To a lesser degree, the Group assumes financial option risks. During periods with high market volatility, positions involving market risk are generally reduced so the stated VaR will still be at an acceptable level.

As a consequence of the Group's activities, liquidity risks arise when there is a funding mismatch in the balance sheet because the loan portfolio has a longer duration than its average funding sources. Active liquidity management will ensure that there is sufficient liquidity in the short and long term to meet the Group's payment obligations.

At any time, the total risks are adjusted to the Group's risk profile and capital structure according to the Group's capital management objective.

49 **Risk management and risk organisation**

Risk management is a key element in the Group's daily operations and is anchored in the Group Supervisory Board and the Group Executive Board.

The Group Supervisory Board lays down the general principles for risk and capital management as well as for the Group's risk profile, and implement these in the Group by adopting a number of risk policies and instructions. Together with the Group Executive Board, the Group Supervisory Board is responsible for ensuring that the Group has an organisational structure that will secure a distinct allocation of responsibility and include an appropriate separation of functions between development units, operating units and control units in the daily monitoring and management of the Group's risks.

The Group Executive Board is responsible for the day-to-day risk management and the management of the Group and will ensure that policies and instructions are operationalized and complied with. The Group Executive Board has appointed a group chief risk officer, who is also the director for the unit Finance and Risk Management. The responsibilities of the unit include assets involving risks across areas of risk and organisational units, including:

- presentation of risk policies and risk-management principles to the Group Executive Board and the Group Supervisory Board;
- implementation of risk management principles and policies in order to improve risk management on an on-going basis;
- quantification of the Group’s risk exposure as well as monitoring and reporting to ascertain that the Group's risk exposure does not exceed the limits defined by the Group Supervisory Board;
- recognition, measurement and financial reporting in the Group as well as the implementation of adviser-oriented financial and risk-management tools.

To achieve efficient risk management close to the mortgage-credit business, the Group has also appointed a risk officer at Jyske Realkredit. The risk officer and his employees form an integral part of the unit Finance and Risk Management to ensure that the group chief risk officer has a complete overview of the entire Group's risks.

Day-to-day management of credit risk is undertaken by account managers as well as the Credit Division with due regard to credit policies and credit instructions.

49 Risk management and risk organisation, cont.

Jyske Bank has three business areas that manage market risk. Strategic market risks are managed by Group Treasury, and investments are in general based on a long-term perspective on the financial markets. Jyske Markets and Jyske Realkredit manage short-term market risks as part of the servicing of clients' trades with financial instruments and in the mortgage credit business.

Similarly, the strategic liquidity risks are managed by Group Treasury, and the short-term operational liquidity is managed at Jyske Markets.

The day-to-day management of operational risk is undertaken by the individual units of the Group.

50 Credit risk

Credit risk is managed on the basis of the Group's credit risk models which include PD, LGD and EAD modelling. The models are used for various purposes, for instance in connection with the advisory services offered to Jyske Bank's clients, and in management reporting.

Credit policy and responsibility
The Group Supervisory Board lays down the overall guidelines for credit granting within the Group, and the largest exposures are presented to the Group Supervisory Board for approval. The Group Supervisory Board delegates limits to the members of the Group Executive Board.

Credit risk is managed through the credit policy, of which the objective is to keep Group risk at an acceptable level in relation to the capital base and business volume of the Group, given the general trend in the Danish economy. Client transactions with the Group must generate a satisfactory long-term return according to RAROC principles.

Specific credit policies have been formulated for all areas in which the Group assumes credit risk, and credit risk levels and undesirable types of business have been identified. The policies are regularly adjusted to meet current requirements and adapted to the management tools available to account managers and the monitoring functions.

Limits and authorisation
The Group attaches great importance to its decentralised credit-authorisation process. The limit structure states which amounts, instances and segments are covered by the limit The main principle is that regularly occurring credit cases can be authorised, and credit-related decisions for major or more complicated cases are authorised centrally - in respect of bank loans as well as mortgage loans.

Limits are delegated to account managers individually on the basis of perceived competence and need. Decisions about applications over and above the limits delegated to account managers are made by the Credit unit. Credit-related decisions relating to Credit's limits are made by the Group Executive Board for credit cases at Jyske Bank, whereas the Supervisory Boards for the individual subsidiaries authorise cases involving clients of the subsidiaries, including and primarily Jyske Realkredit and Jyske Finans. The Group Executive Board is represented on the Supervisory Boards of the individual subsidiaries.

The credit process and monitoring
Together with policies and business procedures, the credit processes form the basis ensuring that the granting of credit is based on sound risk taking and the highest degree of loss minimisation.

The basis of each authorisation of credit is the client's ability to repay the loan. A central element in the assessment of the creditworthiness of corporate clients is their ability to service debt out of cash flows from operations in combination with their financial strength. In respect of personal clients, their debt servicing ability, as reflected in budgets and disposable income (before and after the raising of the loan), is decisive.

The extent of data and analyses depends on the client's financial situation and the complexity of the case and may therefore vary from case to case.

The provision of collateral is a material element in credit granting in order to minimise the Group's future losses. In respect of mortgage loans, real property is always mortgaged.

50 **Credit risk, cont.**

All the Group's credit risk positions are monitored by two departments, Risk Management and Credit Risk Supervision. Both of these are departments separate from client-oriented functions. Risk Management is responsible for the ongoing monitoring and analysis of the exposures of the Group, by size, sector and geographical area with the main focus on reducing the risk and ensuring satisfactory diversification of the portfolio in accordance with the Group's risk targets. Monitoring takes place through quantitative models at portfolio level.

Credit Risk Supervision is responsible for monitoring the credit quality of the portfolio, which takes place at several levels (client groups, sectors, product groups, etc.). Moreover, risk monitoring includes qualitative as well as quantitative control of data and risk categories, for instance.

Credit assessment and PD

Credit procedures are adjusted to match the level of risk on individual exposures. The key element is the client's credit quality, referred to as credit rating at Jyske Bank and rating at Jyske Realkredit, as this expresses the probability of the client defaulting over the coming year (PD). 'Default' occurs when an obligor is considered unlikely to meet his obligations in full to the Group. By far, most clients are awarded a PD on the basis of statistical credit scoring models developed internally in the Group. Very large enterprises and enterprises within special sectors are, however, awarded a PD on the basis of an assessment by an independent expert. Examples are financing companies, financial institutions and central governments. In those cases, external ratings, if available, will primarily form the basis of the internal credit rating of the client.

Many factors are relevant for the calculation of a client's PD. Specific factors relating to the client are considered, but factors relating to the situation of the client are also taken into account. The calculation of PD therefore takes into account financial data, changes in transaction data, management and market circumstances, industrial assessments, etc. Also included are specific danger signals in relation to the client's credit quality, payment profile and loss history.

In order to reach the best possible overview of client credit quality, PD is mapped into internal credit ratings ("STY") at Jyske Bank and Jyske Finans. Jyske Bank's credit ratings are on a scale from 1 to 14, 1 being the highest credit quality (the lowest PD) and 14 the lowest credit quality (the highest PD). The scale is constant over time so that clients migrate up or down depending on their PD.

The PD level is monitored quarterly relative to the actual development of the default rate. The necessary adjustments are made partially relative to the long-term average.

At Jyske Realkredit, the PD is translated into 9 rating classes, where rating class 9 designates clients in default. Work is undergoing to harmonise the number of rating classes in the Group.

50 **Credit risk, cont.**

Below is shown the mapping between credit ratings, the Jyske Realkredit rating, PD as well as external ratings at the end of 2018.

The Group's internal credit ratings and the mapped Jyske Realkredit ratings aim to assess the credit risk in a one-year perspective, while external ratings (Aaa - C) aim to assess the credit risk in a longer perspective. The mapping between the internal credit ratings, the Jyske Realkredit rating and the external credit ratings is based on the currently observed default frequency for companies rated by Jyske Realkredit and Moody's. The mapping between the internal rating, the Jyske Realkredit rating and external ratings is therefore dynamic. Observations are made on at least a quarterly basis to determine whether changes are to be made in the mapping.

If the credit rating calculated by the model is considered to be inadequate, independent credit experts may review the credit rating of corporate clients at the request of the relevant account manager.

INTERNAL RATINGS AND PD BAND			
JB Credit rating	Jyske Realkredit rating	PD band (%)	External rating equivalence
1		0.00 - 0.10	Aaa-A3
2	1	0.10 - 0.15	Baa1
3		0.15 - 0.22	Baa2
4		0.22 - 0.33	Baa3
5	2	0.33 - 0.48	Ba1
6		0.48 - 0.70	Ba2
7	3	0.70 - 1.02	Ba3
8		1.02 - 1.48	B1
9	4	1.48 - 2.15	B1-B2
10	5	2.15 - 3.13	B2
11		3.13 - 4.59	B3
12	6	4.59 - 6.79	Caa1
13		6.79 - 10.21	Caa2
14	7 and 8[1]	10.21 - 20.0	Caa3/Ca/C

1) Jyske Realkredit rating 8 includes PDs above 20%.

50 **Credit risk, cont.**

Credit exposure
Credit exposures are quantified by means of EAD. EAD reflects the exposure at default in the event of the client defaulting in the course of the next twelve months. A client's overall EAD depends on client-specific factors and the specific products held by the client. For most product types, EAD is calculated on the basis of statistical models, while a few product types are based on expert models.

For loans with a fixed principal, the only element of uncertainty is the time until possible default. Uncertainty is higher, however, for credit facilities under which the client may draw up to a maximum. In those cases the amount drawn by the client at the time of loss is decisive. This can be modelled by means of client-specific factors and the circumstances surrounding the exposure.

Guarantees and credit commitments are special products inasmuch as a certain event must take place before they are utilised. It is therefore material to assess the probability and the extent of utilisation of the product in the event of the customer defaulting within the next twelve months. In this regard, the EAD parameters are based mainly on expert assessments: the Group has recorded very few default events over time, so the available data are too meagre for statistical modelling as such. In respect of guarantees, there is a sufficient body of data for statistical modelling.

In respect of financial instruments, EAD is measured according to the market-value method for regulatory calculation, while for internal management purposes, the more advanced EPE method is used.

Collateral
With the objective of limiting credit risk, the need to demand collateral will be considered for each exposure on its merits. As a main rule, clients are required to provide full or partial collateral for their exposures. The Group's mortgage loans are always secured by mortgages on immovable property, and also in a large number of cases, guarantees are provided by third parties in connection with cooperation with other financial institutions. In connection with loans for social housing, guarantees are provided by municipalities and the state.

Collateral received is a main element of the Group’s assessment of Loss Given Default (LGD). LGD is the part of the Group's total exposure to a client which the Group expects to lose in the event of the client defaulting within the next twelve months. A client's LGD depends on specific factors concerning the client, but also on the commitment and the collateral provided. Overall, LGD also depends on Jyske Bank's ability to collect receivables and liquidate collateral.

The models relating to real property and vehicles include on-going updating of the collateral value, taking into account, among other things, market-related changes in value, ranking as well as wear and tear. The on-going updating of the values of real property will also ensure compliance with the requirements relating to the monitoring of LTV limits of the SDO loans according to the rules on possible, further supplementary capital.

In the calculation of the capital requirement, LGD estimates are used which reflect the expected loss rates of the Group in the event of an economic slowdown. The levels of loss have been calibrated to the period at the end of the 1980s and the beginning of the 1990s.

50 Credit risk, cont.

Risk categories
At the Jyske Bank Group exposures with objective evidence of impairment are divided into three categories: exposures with low, high and full risk. The latter two risk categories consist of defaulted clients. Exposures with low risk are exposures for which it is assessed more probable that the exposure will again become sound, while exposures with high risk are exposures for which it is assessed more probable that the exposure will result in losses and/or forced sale of assets provided as security.

Loan impairment charges
The Jyske Bank Group recognises loan impairment charges and provisions for guarantees already as of the initial recognition. All loans are segmented into three stages, depending on the credit-impairment of the individual loans relative to the initial recognition:

1. Loans with no significant increase in credit risk
2. Loans with significant increase in credit risk
3. Credit-impaired loans

On an on-going basis, account managers secure that the credit assessment and credit rating are true and fair and assess on an on-going basis - and at least every quarter - the risk classification, including whether objective evidence of impairment has been established for Group's clients.. Where easier conditions have been granted to clients with financial problems, this will be regarded as individual objective evidence of impairment.

In the Jyske Bank Group, all loans are assessed for objective evidence of impairment. Objective evidence of impairment exists if one or more of the following events have occurred:

- The borrower is facing considerable financial difficulties;
- The borrower is in serious breach of contract, for instance by failing to observe its liability to pay instalments and interest.
- The borrower is granted easier terms that would not be considered if the borrower was not facing financial difficulties;
- The borrower will go bankrupt or undergo some other financial restructuring.

Note		The Jyske Bank Group	
	DKKm	2018	2017
51	**Maximum credit exposure**		
	Loans and advances at fair value	330,975	316,998
	Loans and advances at amortised cost	131,822	130,675
	Guarantees	18,787	18,729
	Irrevocable credit commitments	18,175	22,151
	Loans, advances and guarantees, etc.	499,759	488,553
	Demand deposits at central banks	5,530	18,801
	Due from credit institutions and central banks	13,181	13,046
	Bonds at fair value	72,267	69,846
	Bonds at amortised cost	7,517	4,280
	Positive fair values of derivatives	23,101	25,632
	Total	621,355	620,158

52	**Maturity matrix, irrevocable credit commitments, floating rate**	Up to 3 months	3 months - 1 year	1-5 years	Over 5 years	Total
	2018					
	Loans and advances at fair value	4,265	7,981	3,159	0	15,405
	Loans and advances at amortised cost	0	0	2,770	0	2,770
	Total	4,265	7,981	5,929	0	18,175
	2017					
	Loans and advances at fair value	5,440	10,520	3,142	0	19,102
	Loans and advances at amortised cost	0	0	3,049	0	3,049
	Total	5,440	10,520	6,191	0	22,151

%

53 Loans and guarantee debtors by country and client segment	Clients	Banks	Central govts, etc.	Total
2018				
Denmark	91	33	100	87
The EU	7	48	0	10
Rest of Europe	2	2	0	2
USA + Canada	0	16	0	1
Other zone-A countries	0	0	0	0
South America	0	0	0	0
Rest of the world	0	1	0	0
Total	**100**	**100**	**100**	**100**
2017				
Denmark	92	22	100	88
The EU	7	71	0	10
Rest of Europe	1	2	0	1
USA + Canada	0	3	0	0
Other zone-A countries	0	1	0	0
South America	0	0	0	0
Rest of the world	0	1	0	1
Total	100	100	100	100

DKKm

54 **Market risk**

Jyske Bank assumes market risk as a result of position-taking in the financial markets and general banking and mortgage banking operations. The measurement of market risk includes all products which involve interest-rate, currency, equity, commodity or volatility risk. Certain financial instruments include elements of credit risk. This type of credit risk is managed and monitored in parallel with market risk. Every risk type has its own characteristics and is managed and monitored by means of individual risk measurements as well as through the Group's Value-at-Risk (VaR) model. Value at Risk expresses the maximum risk of loss over a period based on historical price and correlation developments of individual business types.

Sensitivity analyses

Jyske Bank extensively holds offsetting positions across markets. The worst-case scenario is one where the prices of all long (positive) positions decline, while the prices of short (negative) positions increase. A sensitivity analysis of the balance sheet at the end of the period is shown in the table below, from which the earnings impact from the stated negative development in prices and rates for the Group appears. The sensitivity analyses are based on 'other things being equal' observations and do not take into account changes in the balance sheet due to changes in the market development.

The exposure to trade-related activities fell a bit in 2018 - primarily due to the uncertainty in the market in relation to macro-political issues such as Brexit, the risk of a trade war and the Italian budget negotiations.

The low-interest environment governed the risk management of the banking book. A moderate but still positive interest-rate risk profile is maintained, which functions as a partial hedge of the negative interest-rate risk on deposits. At the beginning of 2018, Jyske Bank made a strategic reclassification of activities from the trading portfolio to the banking book. The reclassification took place in order to ensure consistency to the future regulation in the area.

Sensitivity analyses – effect on Income Statement	2018	2017
A 1 percentage-point increase in interest rates	-342	-277
A negative 0.5 percentage-point change in interest rates	-430	-416
A general fall of 10% in equity prices	-81	-90
A negative 2% change in equity prices	-38	-56
A negative 5% change in commodity prices	0	0
A negative 5% change in exchange rates*	-110	-101

Note: This is a mild stress scenario. "Negative" means that the prices of long positions fall, while those of short positions rise. All calculated per currency. Equity risk was calculated for the trading portfolio. The impact on equity is as outlined above, yet less tax.

*EUR is not included in the calculation

DKKm

55 Interest-rate risk by currency and duration

	<= 1 year	2 year	5 year	>= 10 years	Total	Of which interest-rate risk outside trading portfolio
2018						
CHF	5	-3	3	0	5	3
DKK	58	181	394	-85	548	462
EUR	-103	13	-157	10	-237	-192
GBP	-1	7	-6	-12	-12	2
SEK	0	3	-14	9	-2	1
USD	-16	-6	49	-2	25	8
Others	3	1	2	9	15	0
Total	**-54**	**196**	**271**	**-71**	**342**	**284**
2017						
CHF	4	3	-8	6	5	1
DKK	43	156	248	14	461	312
EUR	-135	66	-64	-54	-187	-195
GBP	-1	0	4	-43	-40	5
SEK	-2	-2	16	0	12	10
USD	3	-10	15	4	12	-1
Other	5	-2	2	9	14	-1
Total	-83	211	213	-64	277	131

DKKm

56 Interest-rate risk by product and duration

	<= 1 year	2 year	5 year	>= 10 years	Total	Of which interest-rate risk outside trading portfolio
2018						
Assets						
Due from credit institutions and central banks	-29	-87	120	7	11	11
Loans and advances	203	236	507	1,065	2,011	2,011
Bonds	226	140	456	431	1,253	755
Liabilities						
Due to credit institutions and central banks	-9	-18	-18	0	-45	-45
Deposits	-91	0	0	-30	-121	-121
Issued bonds	-19	-5	-398	-147	-569	-569
Subordinated debt	-4	0	-24	-57	-85	-85
Joint funding	-93	-65	-429	-937	-1,524	-1,524
Derivatives						
Interest-rate and currency swaps	-260	-8	57	-250	-461	-105
Other derivatives	18	0	29	-70	-23	-8
Futures	4	3	-29	-83	-105	-36
Total	**-54**	**196**	**271**	**-71**	**342**	**284**
2017						
Assets						
Due from credit institutions and central banks	-27	-67	97	10	13	13
Loans and advances	134	205	490	634	1,463	1,463
Bonds	223	231	446	304	1,204	12
Liabilities						
Due to credit institutions and central banks	-18	-1	0	0	-19	-19
Deposits	-32	-6	32	-19	-25	-25
Issued bonds	-52	0	-246	-417	-715	-715
Subordinated debt	-4	0	0	0	-4	-4
Joint funding	-70	-60	-412	-491	-1,033	-1,033
Derivatives						
Interest-rate and currency swaps	-291	-60	-158	-9	-518	439
Other derivatives	26	1	5	-58	-26	0
Futures	28	-32	-41	-18	-63	0
Total	-83	211	213	-64	277	131

Note		The Jyske Bank Group	
	DKKm	2018	2017
57	FX risk		
	Total foreign-currency assets	44,127	63,626
	Total foreign-currency liabilities	86,040	92,119
	Currency-exposure indicator 1	2,784	1,567
	Currency-exposure indicator 1 as a percentage of core capital	8.2	4.6
	Exchange rate indicators are calculated according to FSA guidelines.		
	Exposure by currency		
	EUR	-4,177	-835
	SEK	516	559
	CAD	52	25
	GBP	109	-85
	JPY	-64	-58
	CHF	-44	-28
	NOK	636	611
	USD	-197	3
	Other, long	446	481
	Other, short	-18	-34
	Total	-2,741	639

Note		2018	2017
58	Equity risks		
	Equity risk A		
	Listed shares and derivatives	12	96
	Unlisted shares	227	259
	Total	239	355
	Equity risk B		
	Listed shares and derivatives	117	285
	Unlisted shares	227	259
	Total	344	544

Equity risk A is put at 10% of net equity exposure, net exposure being calculated as positive exposure less negative exposure. Equity risk A is therefore an indication of the loss/gain in the event of a 10% change in global equity prices.

Equity risk B is put at 10% of the numerical equity exposure. This risk measurement thus expresses the gross exposure, as it shows the loss at a 10% negative price change on total positive exposure and a simultaneous 10% positive price change on total negative exposure.

Besides equity risks A and B, the Jyske Bank group applies limits to individual exposures to shares with the objective of limiting concentration risk. There is also a limit to the proportion of Jyske Bank shares held.

Note		The Jyske Bank Group	
	DKKm	2018	2017
59	Hedge accounting		
	Issued bonds		
	Amortised / Nominal value	10,836	7,020
	Carrying amount	10,985	7,179
	Subordinated debt		
	Amortised / Nominal value	2,680	2,685
	Carrying amount	2,722	2,700
	Hedging, financial instruments - interest-rate swaps		
	Nominal value	13,516	9,705
	Carrying amount	190	176
	Profit/loss for the year on hedging instruments	14	-108
	Profit/loss for the year on hedged items	-17	80

Interest-rate risk

Jyske Bank applies the rules for hedge accounting of fair value for selected fixed-rate issued bonds and subordinated debt. The purpose is to avoid asymmetric fluctuations in the financial statements as both the hedging instruments as well as the hedged items will then be adjusted to market value in the income statement in the event of changes to the interest-rate level. The hedging instruments used are typically interest-rate swaps, which are used for hedging against changes in the interest-rate level. Only interest rates are hedged and therefore not credit margins, etc. The above items are subject to hedging.

Hedge accounting of currency risk on investments in subsidiaries

Jyske Bank hedges the currency risk on net investments in international subsidiaries. The risk is hedged using forward exchange contracts. Adjustment of the hedging takes place quarterly and will take place when the profit of the subsidiary is known. At the end of 2018, the gross value of the forward exchange contracts amounted to DKK 626m (2017: DKK 498m). In 2018, foreign currency translation adjustment of the contracts amounted to DKK 9m (2017: DKK 21m), which was recognised under other comprehensive income. In 2018, the hedging was 100% effective. At the end of 2018, the fair value of the open forward exchange contracts amounted to DKK -11m (2017: DKK -5m).

DKKm

60 **Derivatives**

Both its clients and the Group use derivatives to hedge against and manage market risk. Market risk on derivatives is included in the Group's measurement of market risk. Credit risk in connection with derivatives is calculated for each counterparty and is included in Jyske Bank's overall credit risk management. Subject to specific bilateral agreement, netting of the credit risk associated with derivatives is undertaken for each counterparty.

2018	Net fair value				Fair value			Principal amounts, total
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Assets	Liabili-ties	Net	Nominal value
Currency contracts								
Forwards/futures, bought	-81	239	0	943	3,102	2,001	1,101	487,033
Forwards/futures, sold	-283	-425	-44	-889	1,207	2,848	-1,641	312,969
Swaps	-312	-43	66	246	1,001	1,044	-43	159,551
Options, acquired	3	155	0	6	164	0	164	5,935
Options, issued	-1	-86	0	-9	0	96	-96	3,774
Total	-674	-160	22	297	5,474	5,989	-515	969,262
Interest-rate contracts								
Forwards/futures, bought	11	0	11	19	63	22	41	27,800
Forwards/futures, sold	-1	-4	0	10	21	16	5	30,758
Forward Rate Agreements, bought	0	0	0	0	0	0	0	0
Forward Rate Agreements, sold	0	0	0	0	0	0	0	0
Swaps	-44	-34	-380	-439	23,853	24,750	-897	1,158,218
Options, acquired	154	0	0	2	160	4	156	18,268
Options, issued	-149	0	23	-30	2	158	-156	10,268
Total	-29	-38	-346	-438	24,099	24,950	-851	1,245,312
Share contracts								
Forwards/futures, bought	0	0	0	-11	0	11	-11	565
Forwards/futures, sold	0	0	0	27	27	0	27	1,082
Options, acquired	0	13	0	2	15	0	15	83
Options, issued	0	-13	0	-2	0	15	-15	83
Total	0	0	0	16	42	26	16	1,813
Commodity contracts								
Forwards/futures, bought	15	-22	0	-53	59	119	-60	2,808
Forwards/futures, sold	-14	24	0	65	124	49	75	2,823
Options, acquired	-18	-44	0	-9	29	100	-71	990
Options, issued	19	46	0	10	103	28	75	994
Total	2	4	0	13	315	296	19	7,615
Total	-701	-194	-324	-112	29,930	31,261	-1,331	2,224,002
Outstanding spot transactions					116	24	92	33,538
CCP netting					-6,945	-6,945	0	0
Total after CCP netting					23,101	24,340	-1,239	2,257,540

DKKm

60 Derivatives - cont.	Net fair value				Fair value			Principal amounts, total
2017	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Assets	Liabili-ties	Net	Nominal value
Currency contracts								
Forwards/futures, bought	-571	-539	-139	-40	2,263	3,552	-1,289	492,563
Forwards/futures, sold	641	617	46	0	2,763	1,459	1,304	318,058
Swaps	-124	333	470	29	1,997	1,289	708	168,301
Options, acquired	29	19	3	0	51	0	51	4,107
Options, issued	-7	-17	-1	0	0	25	-25	3,384
Total	-32	413	379	-11	7,074	6,325	749	986,413
Interest-rate contracts								
Forwards/futures, bought	23	1	6	11	58	17	41	16,193
Forwards/futures, sold	2	0	0	0	6	4	2	20,058
Forward Rate Agreements, bought	0	0	0	0	0	0	0	0
Forward Rate Agreements, sold	0	-1	0	0	0	1	-1	800
Swaps	-186	20	-96	-597	24,208	25,067	-859	1,260,265
Options, acquired	1	148	91	0	246	6	240	11,032
Options, issued	-96	-148	-97	2	3	342	-339	10,298
Total	-256	20	-96	-584	24,521	25,437	-916	1,318,646
Share contracts								
Forwards/futures, bought	-41	0	0	0	7	48	-41	3,110
Forwards/futures, sold	41	0	0	0	53	12	41	4,047
Options, acquired	4	2	0	0	6	0	6	93
Options, issued	-4	-2	0	0	0	6	-6	93
Total	0	0	0	0	66	66	0	7,343
Commodity contracts								
Forwards/futures, bought	19	53	4	0	121	45	76	2,451
Forwards/futures, sold	-16	-50	-2	0	51	119	-68	2,463
Options, acquired	9	23	5	0	37	0	37	244
Options, issued	-8	-22	-5	0	0	35	-35	244
Total	4	4	2	0	209	199	10	5,402
Total	-284	437	285	-595	31,870	32,027	-157	2,317,804
Outstanding spot transactions					71	58	13	47,443
CCP netting					-6,309	-6,309	0	0
Total after CCP netting					25,632	25,776	-144	2,365,247

61 **Liquidity risk**

Liquidity risk occurs due to funding mismatch in the balance sheet. The Group's liquidity risk can primarily be attributed to its bank lending activities as the Group's bank loan portfolio has a longer contractual duration than its average funding sources. Liquidity risks at Jyske Realkredit are limited due to compliance with the balance principle for SDO issues as set out in the mortgage legislation. Note 17 states the remaining time to maturity for a number of assets and liabilities.

Objective and overall setup

The Group Supervisory Board determines the liquidity profile expressed as the balance between the risk level and the Group's costs of managing liquidity risk. The risk levels are re-assessed on an on-going basis in consideration of the current market-related and economic conditions in Denmark and the financial sector.

The overall development in lending and deposits in the Danish banking sector, the rating agencies' assessment of the Group's liquidity and funding risks as well as changes in statutory requirements will of course cause Jyske Bank to re-assess which risk levels can be deemed satisfactory.

Jyske Bank's liquidity management must ensure adequate short- and long-term liquidity so the Group can in due time honour its payment obligations by having reasonable funding costs. This is ensured through the following objectives and policies:

1. a strong and stable deposit basis which ensures stable long-term funding of the Group's lending activities;
2. continued high credit ratings by international rating agencies;
3. active participation in the international money markets and permanent access to international capital markets through capital market programmes which give access to a diversified and professional funding base;
4. maintenance of a considerable buffer of highly liquid securities reflecting the run-off risk of more volatile price and credit sensitive funding sources. The liquidity buffer ensures that Jyske Bank can withstand the effect of several adverse liquidity scenarios.

Organisation, management and monitoring

The Group Supervisory Board has adopted a liquidity policy which defines a specific critical survival horizon for the Group during an adverse stress scenario. On the basis of these general limits, the Group Executive Board has defined specific operational limits for Jyske Bank, Jyske Markets as well as Jyske Bank, Group Treasury, which monitor and manage liquidity on a daily basis in accordance with the limits and liquidity policies adopted. Group liquidity management is performed by Group Treasury of Jyske Bank.

Jyske Realkredit is subject to liquidity-related restrictions in respect of investment profile in the securities portfolio, repo lending as well as money-market placements outside the Group to ensure that transactions at Jyske Realkredit are in line with statutory requirements as well as internal guidelines at Jyske Realkredit and at Group level.

Liquidity positions are monitored daily by Market Risk and Models for observance of the delegated limits. Liquidity positions that exceed the authorised limits are reported immediately according to the business procedure relating to market risks.

Short-term liquidity management

Short-term operational liquidity is managed by Jyske Bank, Jyske Markets, which is active in the international money markets as a trader in all major currencies and related derivatives and as a market-maker in the Nordic inter-bank money markets. Jyske Markets has been granted specific limits for the maximum placement of longer-term deposits in the same markets. Short-term funding in these markets form part of the overall Group limits for short-term funding within strategic liquidity management.

61 Liquidity risk, cont.

Strategic liquidity management
Strategic liquidity management is performed by Group Treasury and is based on measurement of the Group's liquidity position in various stress scenarios. The asset side of the liquidity balance is broken down and grouped in order of liquidity, whereas the financial liabilities side is grouped according to expected run-off risk in various scenarios.

The analyses are based on the contractual maturity of each individual payment, but they make allowance for the fact that the actual maturities of a large part of the balance sheet deviate from the contractual maturities. The analyses therefore apply scenario-specific expectations of client behaviour in those cases where contractual maturities are not considered to give a true and fair view of the actual maturities of deposits or loans. In relevant stress scenarios, the liquidity buffer is used to cover negative payment gaps.

Group Treasury is responsible for ensuring that the Group can at all times meet the critical survival horizons in the three scenarios used in strategic management:

- Scenario 1 is a severe Jyske Bank-specific stress scenario which is monitored daily and is included as the key ratio in the limit structure. The scenario is a severe stress scenario with a short critical survival horizon of 90 days: the Group must hold a sufficient liquidity buffer to be able to withstand non-market access to a broad part of its price- and credit-sensitive funding sources. In addition to failure to obtain refinancing in the capital markets through inter-bank loans, CP and EMTN issues, run-off of all large demand and term deposits from the corporate and personal client segments is assumed.

- Scenario 2 a broad sector stress scenario which is monitored on a regular basis as part of the internal liquidity management. The scenario also includes a widespread, general capital and money-market crisis that entails the situation that the Group cannot re-finance on the capital markets in the form of inter-bank loans, CP and EMTN issues. To some extent, the crisis spreads to personal and corporate clients and results, among other things, in drawdown by large corporate clients of unutilised lines and commitments. Jyske Bank also sees stagnation in deposit growth. The target is a horizon of six months, during which time basic banking activities must be maintained.

- Scenario 3 is a capital market stress scenario which is monitored on a regular basis as part of the internal liquidity management. The scenario presupposes a non-Jyske Bank-specific capital market crisis with a survival horizon of at least one year. The Group must be able to withstand run-off of money-market and capital-market funding in the form of funding in the interbank market as well as CP and EMTN issues. Based on the scenario of low economic growth in Denmark resulting in higher savings in the private sector, an unchanged volume of deposits as well as loans and advances is presumed.

The purpose of integrating stress scenario 1 into the limit structure of delegated authority is to ensure that the Group can at all times meet its obligations and pursue its operations for a specific time horizon, in case a crisis occurs during which the Group is unable to use a substantial part of its normal funding sources.

Liquidity contingency plan
The liquidity contingency plan comes into force if the Group can only meet the internally delegated limits at very high costs or is ultimately unable to do so within the critical horizons. The contingency plan establishes a wide range of possible actions to strengthen the Group's liquidity situation.

In 2018, Jyske Bank had a very high degree of excess coverage in respect of the stress-based internally delegated limits and guidelines.

61 Liquidity risk, cont.

The Group's liquidity buffer
Jyske Bank's liquidity buffer consists solely of assets which are not pledged as collateral or used in the day-to-day operations of the Group. Such assets may be sold immediately or pledged as collateral for loans and are therefore a swift and efficient source of liquidity. The procurement of secured funding does not depend on Jyske Bank's creditworthiness, but solely on the quality of the assets that can be offered as collateral. The measurement of the Group's liquidity buffer takes into account haircuts of the relevant assets.

Jyske Bank's securities portfolio is, in the internal liquidity management, divided into three groups according to liquidity ratio:

1. Assets eligible for repo transactions with central banks:
    a. Ultra-liquid assets denominated in DKK, which can be used in repo transactions with the Danish central bank: Certificates of deposit with Danmarks Nationalbank, Danish government and mortgage bonds and covered bonds;
    b. Very liquid assets in EUR, which can be applied in repo transactions with the European central bank: European mortgage bonds, government bonds, and senior financial instruments;
2. Assets on which loans cannot be raised with central banks. Other negotiable securities with a realisation time frame longer than groups 1 and 2. Securities in this group consist primarily of assets denominated in currencies other than DKK and EUR as well as Emerging Market bonds, corporate and structured bonds and shares.

Jyske Bank has adopted a general policy for the size and quality of its liquidity buffer, which is adjusted to suit the Group's balance sheet composition and risk profile. In practice, the liquidity buffer policy implies that the liquidity buffer consists predominantly of assets from liquidity group 1. It is thus Jyske Bank's policy that it must be able to meet the limit of the survival horizon of stress scenario 1 merely by freeing assets from liquidity group 1.

Additional information about liquidity risk is provided in the section 'Liquidity management' in the Management's review.

Asset encumbrance
Asset encumbrance is a natural and inevitable part of the Group's daily activities. A large asset encumbrance of the Group's assets will, however, entail structural subordination of the Group's unsecured creditors. To ensure that the Group at all times has access to unsecured funding, a policy has been established in the area to ensure that asset encumbrance is not extended to any inexpedient extent.

At Jyske Bank, the following types of asset encumbrance of material extent have been identified:

- Issuance of SDOs
- Periodical short-term financing from Danmarks Nationalbank and the ECB.
- Repo financing
- Derivatives and clearing activities

Issuance of SDOs constitutes the most material asset encumbrance. Right now the encumbrance takes place at the Group's subsidiary Jyske Realkredit A/S, partly due to loans granted directly by Jyske Realkredit A/S, partly due to home loans granted by Jyske Bank A/S through subsequent joint funding. Issuance of SDOs is a long-term and strategically important instrument to ensure stable and attractive funding.

The Group does not wish to be structurally dependent on financing of its activities with central banks, and appropriate liquidity management takes place to avoid such financing. On the other hand, short-term loans cannot be ruled out in the event of major unexpected shifts in liquidity and are considered a natural last resort.

Participation in the repo market for institutional clients and other financial institutions forms an integral part of the business model of Jyske Markets. It is the policy that such repo transactions are covered by collateral agreements (CSA) so the Group does not assume credit risk through such transactions. Repo transactions are solely carried out on liquid assets where the market price can be observed in the market. Also, repo transactions are included as a natural element of the management of the Group's liquidity buffer. Even though repo transactions form an important element in Jyske Markets, these can fairly quickly be scaled up or down.

Derivatives and clearing activities involve asset encumbrance via agreements on provision of financial collateral. The Group strives to ensure that collateral is primarily received and given through cash but includes also provision of collateral in the form of bonds.

62 Operational risk

The Group is exposed to potential losses as a result of operational risks, including inexpedient processes, human errors, IT errors as well as fraud. Operational risk relates to all internal processes and can therefore not be eliminated.

The Group monitors and actively manages operational risk to reduce the risk of operational events resulting in material loss and damage to reputation.

Objective and overall setup
Jyske Bank's Group Supervisory Board sets out a policy for operational risk, which states the framework for identification, assessment, monitoring and management of the operational risk as well as the Group Supervisory Board's risk profile for the area.

The purpose of the policy is to keep operational risks at an acceptable level in respect of the Group's overall objectives and the cost associated with reducing the risks. Therefore the Group Supervisory Board has laid down a number of principles for the set-up and management of the Group where, among other things, attention must be paid to sufficient resources, IT support of material work processes, due separation of functions as well as stable development and operational processes.

In the policy, the Group Supervisory Board has decided an upper limit to how many large risks the Group may assume.

Management and monitoring
Developments in operational risk are monitored to ensure the best possible basis for risk management. Monitoring is based on continuous dialogue with management to ensure that all the material operational risks of the Group are reflected in the risk scenarios. Risk scenarios, risk exposure and control environment are evaluated annually in cooperation with the business units.

In addition to the monitoring of potential risks in the form of the risk scenarios, registration takes place in the Group of all operational errors or incidents that caused losses or gains in excess of DKK 5,000. Each registration includes information about the incident, for instance about product, work process and cause of error. Data are used for analysis and reporting with a view to optimising processes and reducing future losses.

The Group Executive Board and the relevant business unit directors are in charge of operational risk management. This management is an integral part of daily operations through policies and controls established with the object of securing the best possible processing environment. On the basis of scenario analyses and regular reporting of the Group's operational risks, management considers the Group's risk exposure on an ongoing basis and decides whether to introduce initiatives to reduce operational risks.

Every quarter, the Group Executive Board and the Group Supervisory Board receive a comprehensive report that describes the development of the Group's operational risks accompanied by error statistics from the error registry. Non-compliance with established risk targets will also be reported.

Note		The Jyske Bank Group	
	DKKm	2018	2017
63	**Transactions involving related parties**		
	Transactions with associates		
	Loans and advances	99	103
	Deposits	7	7
	Other liabilities	60	146
	Interest income	2	2
	Employee and administrative expenses	655	606
	Transactions with joint ventures		
	Deposits	-	77
	Interest income	-1	1
	Other operating income	20	23
	Employee and administrative expenses	148	124

	Supervisory Board and related parties		Executive Board and related parties	
	2018	2017	2018	2017
Short-term consideration	6	4	36	41
Guarantees provided	14	2	0	0
Collaterals received	35	33	14	18
Debt of the Jyske Bank Group	44	45	16	18
Account receivable, the Jyske Bank Group, amount drawn down	26	37	14	18
Account receivable, the Jyske Bank Group, credit facility	46	46	14	18
Interest income of the Jyske Bank Group	0	0	0	0
Changes in the present value of the pension liability		-	2	11
Interest rates for loans and advances (%)	0.3-3.9	0.4-3.9	0.3-1.0	0.5-1.0

Group enterprises and associates as well as joint ventures are considered related parties. Please see the Group chart.

Jyske Bank's Executive Board and Supervisory Board as well as their related parties are also considered related parties. No loans to related parties were credit impaired.

Transactions between related parties are characterised as ordinary financial transactions and services of an operational nature. Jyske Bank A/S and Jyske Realkredit A/S have entered into an agreement on joint funding and an agreement on outsourcing. Transactions related to these agreements are eliminated in the Group.

Transactions between Jyske Bank and group enterprises and associates as well as joint ventures are entered into on an arm's length or at cost. The transactions are eliminated upon consolidation. Transactions between Jyske Bank and other related parties were executed on an arm's length basis. This also holds for the rates of interest and commission charges.

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. Pension liabilities are actuarial items based on a number of assumptions, cf. Note 38. In 2018, Jyske Bank's Executive Board earned further retirement remuneration of DKK 1m (2017: DKK 6m), cf. note 12.

For Jyske Bank A/S' related party transactions, please see note 34 in Jyske Bank' A/S' financial statements.

Note		The Jyske Bank Group	
	DKKm	2018	2017
64	**Operating leases**		
	Jyske Bank holds a number of operating leases. The leases are primarily on premises, equipment, tools and equipment and are not recognised in Jyske Bank's balance sheet. The below amount comprises only lease liabilities over the period of interminability.		
	Operating lease commitments		
	0-1 years	72	33
	1-5 years	228	40
	> 5 years	0	0
	Total	300	73
	The minimum lease payment is recognised in the net profit for the year	53	31
65	**Finance leases by remaining contractual term**		
	Finance leases, gross investments		
	Lease term of less than 1 year	2,702	2,599
	Lease term of 1-5 years	5,273	4,916
	Lease term of more than 5 years	617	561
	Total	8,592	8,076
	of which un-earned, future financial income	404	401
	Finance leases, net investment	8,188	7,675
	Finance leases, net investment		
	Lease term of less than 1 year	2,549	2,444
	Lease term of 1-5 years	5,032	4,680
	Lease term of more than 5 years	607	551
	Total	8,188	7,675
	Finance leasing is recognised under loans and advances.		
	Of the net investment, the non-guaranteed residual value, which accrues to the Group, amounts to (open residual value)	0	0
	Impairment charge, finance leases	157	73

Leases for which the Group acts as the lessor have mainly been contracted for equipment and to a lesser extent for commercial real property. Cars and lorries are the main object types, and the non-guaranteed residual value stated refers to those agreements. To a certain extent, agreements have been entered into through the agency of distributors who guarantee the residual value.

66 The Jyske Bank Group - overview

31 December 2018	*	Currency	Share capital 1.000 units	Ownership share (%)	Voting share %	Assets (DKKm)	Liabilities (DKKm)	Total equity (DKKm)	Earnings (DKKm)	Profit or loss, (DKKm)
Jyske Bank A/S	a	DKK	849,450			278,570	244,238	34,332	6,094	2,500
Subsidiaries										
Jyske Realkredit, Kgs. Lyngby	b	DKK	4,306,480	100	100	353,280	335,536	17,744	2,361	999
Jyske Bank (Gibraltar) Ltd.	a	GBP	26,500	100	100	5,652	5,023	629	140	130
Jyske Bank (Gibraltar) Nominees Ltd.	d	GBP	0	100	100	0	0	0	0	0
Jyske Bank (Gibraltar) Management Ltd.	d	GBP	0	100	100	0	0	0	0	0
Jyske Bank (Gibraltar) Secretaries Ltd.	d	GBP	0	100	100	0	0	0	0	0
Trendsetter, S.L., Spain	e	EUR	706	100	100	17	0	17	1	0
Jyske Bank Nominees Ltd., London	d	GBP	0	100	100	0	0	0	0	0
Inmobiliaria Saroesma S.L., Spain	e	EUR	803	100	100	73	75	-2	0	-5
Jyske Finans A/S, Silkeborg	c	DKK	100,000	100	100	20,734	19,422	1,312	1,009	248
Ejendomsselskabet af 01.11.2017 A/S, Silkeborg	e	DKK	500	100	100	15	15	0	0	0
Gl. Skovridergaard A/S, Silkeborg	e	DKK	500	100	100	31	27	4	21	-1
Sundbyvesterhus A/S, Silkeborg	e	DKK	518	100	100	109	23	86	6	3
Ejendomsselskabet af 1.10.2015 ApS, Silkeborg	c	DKK	500	100	100	119	117	2	1	1
Jyske Invest Fund Management A/S, Silkeborg	d	DKK	76,000	100	100	367	67	300	87	15
Bytorv Horsens ApS, Gentofte (temporarily acquired)	e	DKK	1,080	100	100	242	412	-170	14	-33

* Activity:
a: Bank
b: Mortgage credit
c: Leasing, financing and factoring
d: Investment and financing
e: Properties and course activities

All banks and mortgage credit institutions supervised by national financial supervisory authorities are subject to statutory capital requirements. Such capital requirements may limit intra-group facilities and dividend payments.

Associates**	Currency	Share capital 1.000 units	Ownership share (%)	Voting share %
Foreningen Bankdata, Fredericia	DKK	476,104	40	40
Sanistål A/S, Aalborg	DKK	11,924	12	12
CAPNOVA A/S, Aarhus	DKK	10,870	21	21

From associates, the Jyske Bank Group recognised a total of DKK 99m (2017: DKK 103m) under assets, DKK 67m (2017: DKK 230m) under liabilities, DKK 21m (2017: DKK 26m) under income, and DKK 803m (2017: DKK 730m) under expenses.
** Accounting figures according to the latest published Annual Report.

DKKm

67 Investments in associates and jointly controlled companies

	Associated enterprises			
	Foreningen Bankdata		Sanistål A/S	
	2018	2017	2018	2017
Equity interest	40	41	12	12
Dividend received	0	0	0	0
Income statement and comprehensive income				
Revenue	1,407	1,223	4,755	4,374
Expenses	1,365	1,185	4,606	4,190
Amortisation, depreciation and impairment	45	69	57	65
Financial income	0	2	5	5
Financial expenses	2	3	22	27
Tax on profit for the year	2	2	21	20
Profit for the year	-7	-34	54	77
Other comprehensive income	0	0	2	-1
Comprehensive income	-7	-34	56	76
Balance sheet				
Property, plant and equipment	168	174	581	611
Intangible assets	359	160	328	264
Investments	182	182	33	55
Cash and cash equivalents	1	1	5	7
Other current assets	216	198	1,449	1,273
Total assets	926	715	2,396	2,210
Equity	503	510	976	917
Long-term liabilities	0	0	25	30
Short-term liabilities	423	205	1,395	1,263
Total equity and liabilities	926	715	2,396	2,210

Financial information for the Jyske Bank Group's individual material associates. The amounts stated are the latest published total figures from the financial statements of the individual associates.

The Group's strategy includes strategic partnerships in key areas, including IT development through the Association Bankdata and IT-operations through JN Data A/S. In 2018, Jyske Bank's ownership interest in JN Data A/S was reduced from 50% to 11%, and therefore this company is no longer an associate.

Information on non-material associates	Carrying amount according to the equity method	Profit or loss continuing operation	Profit or loss discontinued operation	Other comprehensive income	Comprehensive income
According to the Group's equity interest in the individual companies in 2018	21	1	0	0	1
According to 100% in the individual companies in 2018	93	5	0	0	5
According to the Group's equity interest in the individual companies in 2017	20	1	0	0	1
According to 100% in the individual companies in 2017	88	3	0	0	3

Accounting figures according to the latest published Annual Report.

68 Accounting Policies

Basis of accounting
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The financial statements of the parent company have been presented in accordance with the Danish Financial Business Act, including the Danish Executive Order on Financial Reports for Credit Institutions, Stockbrokers, etc. Furthermore, the Annual Report has been prepared in accordance with the Danish disclosure requirements for annual reports of listed financial institutions.

Additional Danish reporting requirements for the consolidated financial statements are laid down in the executive order on IFRS relating to financial institutions in accordance with the Danish Financial Business Act and in the rules laid down by Nasdaq Copenhagen A/S, and for the Parent's financial statements in accordance with the Danish Financial Business Act and in the rules laid down by Nasdaq Copenhagen A/S.

The rules applying to recognition and measurement at the Parent are consistent with IFRS.

Figures in the Annual Report are in Danish kroner, rounded to the nearest million in Danish kroner.

Except for the implementation of the below new standards, IFRS 9 and IFRS 15, the accounting policies are unchanged compared to those applied to the Annual Report 2017.

IFRS 9 Financial Instruments.
IFRS 9 on Financial Instruments covers new provisions on classification and measurement of financial assets and liabilities, impairment of financial assets as well as hedge accounting. IFRS 9 replaced IAS 39 and took effect on 1 January 2018.

In accordance with the transitional provisions of IFRS 9, no adjustment of comparative figures was made, as it is not possible to apply the impairment provisions to previous financial years without any subsequent rationalisation.

Classification and measurement
According to IFRS 9, classification and measurement of financial assets are based on the business model for the financial assets and related contractual cash flows. In consequence of this, financial assets must be classified as one of the following categories:

- Financial assets that are held to generate the contractual cash flows and where the contractual cash flows solely consist of interest and instalments on the outstanding amounts are measured after the time of the initial recognition at amortised cost. As a typical example, this measurement category comprises loans, advances and bonds included in an investment portfolio that is in general held to maturity.

- Financial assets held in a mixed business model where financial assets are held both with a view to generating the contractual cash flows and returns on sales and where the contractual cash flows on the financial assets in the mixed business model solely consist of interest and instalments on the outstanding amount are measured after the time of the initial recognition at fair value through other comprehensive income. In connection with a subsequent sale, recirculation of the change in fair value will take place to the income statement. As a typical example, this measurement category comprises bonds included in the day-to-day liquidity management, unless they are used by a risk management system or an investment strategy based on fair values, cf. below.

- Financial assets that do not belong under one of the above-mentioned business models or where the contractual cash flows do not solely consist of interest and instalments on the outstanding amounts are measured after the time of the initial recognition at fair value through the income statement. As a typical example, this measurement category comprises shares, derivatives and financial assets, which are otherwise included in the trading portfolio or in a risk management system or an investment strategy based on fair values and, on this basis, are included in the bank's internal management reporting. Moreover, financial assets can be measured at fair value through the income statement, if the measurement according to the two above-mentioned business models results in a recognition or accounting mismatch.

Based on Jyske Bank's assessment of the business models in IFRS 9, no material changes to classification and measuring will take place. Mortgage loans and certain other home loans are still measured at fair value though the income statement, and other loans and advances are still measured at amortised cost. Jyske Bank has no financial assets that fall under the new measurement category with recognition of financial assets at fair value through Other comprehensive income. Instead, Jyske Bank's bond portfolio is measured at fair value through the income statement either because they are included in a trading portfolio, or because they are used by a risk management system or an investment strategy based on fair values and are, on this basis, included in the bank's internal management reporting, except for a minor holding of bonds that is held under a business model where the bonds will be measured at amortised cost.

Impairment charges
IFRS 9 implies earlier recognition of impairment charges on financial assets at amortised cost and provisions for losses on guarantees as well as loan commitments and unutilised loan commitments, as the existing impairment model, which is based on losses incurred, will be replaced by an impairment model based on expected losses. Therefore, already at the initial recognition, impairment charges corresponding to a 12-month expected credit loss must be recognised. If, subsequently, the credit risk on the asset increases materially, the expected credit loss over the remaining life of the loan will be recognised.

According to the new rules, financial assets are divided into three stages depending on the deterioration of the debtor's credit rating relative to the initial recognition. Exposures with no significant increase in credit risk are placed in stage 1, while assets with a significant increase in credit risk are place in stage 2, and credit-impaired exposures in stage 3.
For financial assets measured at fair value, the element of credit exposure in the determination of fair value follows to a high degree the impairment principles as described above for financial assets recognised at amortised cost.

68 Accounting Policies, cont.

Implementation by and effect on Jyske Bank

Due to the implementation of the new impairment rules according to IFRS 9, the Jyske Bank Group's balance of impairment charges increased by DKK 1,035m. The amount includes both loans and advances at amortised cost and loans and advances at fair value.

The amount from loans and advances at amortised cost, guarantees and unutilised credit lines is DKK 628m. The amount is accounted for as a change in practice, and after a tax effect of DKK 137m it was recognised at net DKK 491m in equity on 1 January 2018.

The following items were adjusted as of 1 January 2018: Loans and advances at amortised cost were reduced by DKK 544m, current tax assets were increased by DKK 137m, and provisions were increased by DKK 84m. The net effect reduced equity under Retained profit by DKK 491m.

The amount from loans and advances at fair value was DKK 407m. The amount is accounted for as a changed estimate, and with the ensuing tax effect of DKK 90m it is recognised in the income statement for the first quarter of 2018.

A negative accounting outcome from the new expectations-based IFRS 9 impairment rules will basically have a corresponding effect on the capital position. To soften the potential, negative effect on and hence credit institutions' possibility of supporting the granting of credit, the European Commission has proposed a 5-year transitional arrangement so that any negative effect from the new IFRS 9 impairment rules will only take full effect after five years. Jyske Bank has chosen not to make use of the possibility of a 5-year transition period.

Hedge accounting

The new rules on hedge accounting will ensure application of the hedging rules and then to a higher degree bring the companies' financial reporting in line with the companies' actual risk management.

The changed rules on hedge accounting have not affected Jyske Bank as the existing hedging relationships also qualify as effective hedging relationships according to the new rules.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is a new standard that has been approved for use in the EU and took effect on 1 January 2018. The standard prescribes a five-step model, which is a process to ensure a systematic assess of all elements in contracts with clients.

The standard did not have any material impact on Jyske Bank's financial statements.

Future standards and interpretations

At the time of publication of this Financial Report, a number of new or amended standards and interpretations had been adopted yet not come into force or been approved for use in the EU. Below is an outline of the expected effect from the new standard IFRS 16, *Leases*. It is not expected that new or changed standards nor interpretations will have any material effect on Jyske Bank's financial reporting.

IFRS 16, Leases.

IFRS 16 is a new standard that has been approved for use in the EU and will take effect on 1 January 2019. In consequence of the standard, practically all lease agreements must be recognised in the balance sheet of the lessee's financial statements in the form of a lease liability and an asset representing the lessee's right of use of the underlying asset. A distinction will no longer be made between operating and financial leases. The accounting treatment of leasing in the lessor's financial statements is practically unchanged.

For Jyske Bank, activation will consist of rent and cars and at the same time the establishment of a corresponding liability. It is anticipated that assets and liabilities will increase by about DKK 0.4 bn. In the income statement, depreciation of the leased asset and interest on the lease debt will be recognised. Compared with the current practice, the effect on profit will be insignificant.

IAS 12, Income tax

IAS 12 has been changed as part of an annual improvement project with effect as of 1 January 2019. Due to the change, the tax value of the deduction of interest on hybrid capital (AT 1) must be charged to the income statement and not to equity.

Recognition and measurement

Assets under the control of the Jyske Bank Group as a result of past events are recognised in the balance sheet when it is deemed probable that future economic benefits will flow to the Group and the asset value can be measured reliably. Liabilities as a result of past events are recognised in the balance sheet when it is deemed that redemption will result in the relinquishment of future economic benefits and the amount of the liability can be measured reliably.

At the initial recognition, assets and liabilities are measured at fair value, and for assets and liabilities that are subsequently measured at amortised cost, directly attributable transaction costs paid will be added, and directly attributable transaction costs received will be deducted. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account gains, losses and risks which occurred prior to the presentation date of the Annual Report and which confirm or disprove conditions which existed on the balance sheet date.

Income is recognised in the income statement as earned. Incurred expenses which relate directly to the generation of the year's earnings are recognised in the income statement. Value adjustment of financial assets, liabilities and derivatives is recognised in the income statement with the exception of value adjustment of instruments entered into with a view to hedging net investment in associates and group enterprises abroad. The latter value adjustment is recognised in other comprehensive income.

Financial instruments are recognised at the date of settlement, and the recognition ceases when the right to receive or deliver cash flows from the financial instrument has expired, or if the financial instrument has been transferred, and the Group has essentially transferred all risks and returns associated with the ownership.

68 **Accounting Policies, cont.**

Accounting estimates
Measurement of the carrying value of certain assets and liabilities requires the management's estimate of the influence of future events on the value of such assets and liabilities on the balance sheet date. Estimates of material importance to the presentation of the accounts are, among other things, based on

- loans, including loan impairment charges
- fair value of financial instruments
- provisions, including provisions for defined benefit liabilities, losses on guarantees, lawsuits, etc.

The estimates are based on assumptions which management finds reasonable, but which are inherently uncertain. Besides, the Group is subject to risks and uncertainties which may cause results to differ from those estimates. Key assumptions and any specific risks to which the Group is exposed are stated in the Management's Review and the notes.

Loan impairment charges and provisions for guarantees are subject to significant estimates as regards the quantification of the risk that future payments may not all be received. Where it is established that not all future payments will be received, the determination of the extent of anticipated payments, including specification of scenarios, risk classification, realisable values of security provided and anticipated dividend payments by estates, will also be subject to significant estimates.

The measurement of the fair value of financial instruments is subject to significant estimates of the fair value in a non-active market. Fair value is recognised on the basis of observable market data and recognised value assessment techniques, which include discounted cash flow models and models for the pricing of options. Input variables include observable market data, including non-listed yield curves, exchange rates and volatility curves. Unlisted shares are recognised at an estimated fair value on the basis of the available budget and accounting figures of the issuer in question or at management's best estimate.

Provisions for defined benefit pension plans, etc. are subject to significant estimates with regard to the determination of future employee turnover, discount rate, the rate of wage and salary increase, and the return on associated assets. Provisions for pension liabilities, etc. are based on actuary calculations and estimates. Moreover, provisions for losses on guarantees are subject the uncertainty of assessing the extent to which guarantees may be called upon as a consequence of the financial collapse of the guarantee applicant. The calculation of other provisions are subject to significant estimates with regard to the determination of the probability and to which extent a possible obligating event may and will result in a future drain on Jyske Bank's economic resources.

Hedge accounting
The Group hedges the interest-rate risk on a portfolio of liabilities as well as the foreign currency translation risk of its subsidiaries.

Subsequent value adjustments of derivatives that are classified as and meet the requirements for hedging the fair value of a recognised fixed-rate liability are recognised in the income statement together with the value adjustment of the hedged liability, dependent of interest rate levels. If the criteria for hedging are no longer met, the accumulated valuation of the hedged item is amortised over the remaining maturity period.

Subsequent value adjustment of derivatives applied towards the hedging of net investments in international subsidiaries, and which effectively offer protection against exchange rate fluctuations in respect of those companies, are recognised in other comprehensive income under a separate currency translation reserve. The inefficient part is recognised in the income statement at once. If the foreign enterprise is disposed of, the accumulated changes in value are transferred to the income statement.

The consolidated financial statements
The consolidated financial statements cover the financial statements for Jyske Bank A/S and the companies controlled by Jyske Bank A/S. Control is achieved when Jyske Bank A/S

- has control of another company
- has the possibility of or the has the right to a variable return on its investment, and
- is able to use its control to obtain such return.

The Group reassesses whether it controls a company if the situation and circumstances indicate changes to one or more of the three above elements.

The consolidated financial statements have been prepared by adding up the financial statements of Jyske Bank A/S and those of its subsidiaries, which were prepared in accordance with the Group's accounting policies. Intra-group credit and debit items, intra-group share holdings, commitments and guarantees have been eliminated.

Intra-group transactions
Intra-group transactions are entered into on an arm's length basis or at cost.

Business combinations
Assets, including identifiable intangible assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. A positive difference between the cost and the fair value of the identifiable net assets is recognised as goodwill. A negative difference between the cost and the fair value of the identifiable net assets is recognised as negative goodwill under Other operating income in the income statement.

The results of subsidiaries acquired or disposed of are recognised in the consolidated income statement at the time when the controlling interest is transferred to the Group, and cease to be consolidated from the time when the controlling interest ceases to exist. Transaction costs are recognised in the income statement.

68 Accounting Policies, cont.

Translation of foreign currency amounts at consolidation
Balance-sheet items relating to the Bank's foreign subsidiaries are translated at year-end exchange rates for balance sheet items and at average exchange rates for income statement items. Changes in the value of opening equity due to exchange-rate movements during the year are recognised in other comprehensive income under currency translation reserve. Differences between translation at year-end and at average exchange rates are included in other comprehensive income under currency translation reserve.

Foreign currency transactions
Transactions in currencies other than Danish kroner are translated at the official exchange rates on the day of the transactions. Unsettled monetary transactions in foreign currencies on the balance-sheet date are translated at the official exchange rates on the balance sheet date. For listed currencies, the published bid and offer prices from external suppliers will be applied.

Non-monetary assets and liabilities acquired in a foreign currency, which are not restated at fair value, are not subject to translation adjustments. In connection with a non-monetary asset, the fair value of which exceeds that stated in the income statement, unrealised translation adjustments are recognised in the income statement.

Foreign exchange gains and losses are included in the profit of the year, with the exception of exchange-rate adjustments related to non-monetary assets and liabilities, where changes in the fair value are recognised in other comprehensive income, and exchange rate hedging of net investments in international subsidiaries where the exchange rate adjustment is recognised in other comprehensive income as well.

Offsetting
Assets and liabilities are offset when the Jyske Bank Group has a legal right to offset the recognised amounts and also intends to net or realise the asset and settle the liability at the same time.

Leases
Leases are classified as finance leases when substantially all risks and rewards of ownership of an asset are transferred to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases, the Group being the lessor, are recognised as advances equal to the Group's net investment in the leases. Income from finance leases is recognised regularly over the term of a lease to reflect a continual periodic return on the Group's outstanding net investment in the leases.

Leased assets under operating leases where the Group acts as the lessor are recognised under equipment and depreciated along with the Group's other equipment. Income from operational leases is recognised on a straight-line basis over the relevant leasing period under Other operating income.

Tax
Jyske Bank A/S is assessed for Danish tax purposes jointly with its Danish subsidiaries. Tax on the year's income is divided among the Danish enterprises according to the full costing method. Domestic corporation tax is paid in accordance with the Danish tax prepayment scheme.

Tax comprises calculated tax and any change in deferred tax as well as the readjustment of tax for previous years. Calculated tax is based on the year's taxable income. Deferred tax is recognised and measured in accordance with the balance-sheet liability method on the basis of the differences between the carrying amounts and tax values of assets and liabilities. Overall, deferred tax liabilities are recognised on the basis of temporary differences, and deferred tax assets are recognised to the extent that it is deemed probable that taxable income exists against which deductible temporary differences may be offset. Such assets and liabilities are not recognised where the temporary difference is due to goodwill. Provisions are not made in the balance sheet for tax payable on the sale of an investment in subsidiaries or associates, if the investment is not expected to be disposed of within a short period of time, or if a sale is planned so that there is no tax liability.

Deferred tax is calculated at the tax rates applicable during the financial year in which the liability is settled, or the asset is realised. Deferred tax is recognised in the income statement, unless it is associated with items which are carried as expenses or income directly in other comprehensive income, in which case deferred tax is recognised in other comprehensive income as well. Deferred tax assets and liabilities are offset where attributable to tax levied by the same tax authority, and where it is the intention of the Group to net its current tax assets and liabilities.

Financial guarantees
Financial guarantees are contracts according to which the Group must pay certain amounts to the holder of the guarantee as compensation for a loss incurred, because a certain debtor did not make a payment on time according to the terms and conditions of the debt instrument.

Financial guarantee obligations are the first time recognised at fair value, and the initial fair value is accrued over the lifetime of the guarantee. Subsequently, the guarantee obligation will be recognised at the higher one of the value on an accrual basis or the present value of expected payments when a payments under the guarantee has become likely.

For the method for provisions for losses on guarantees, please see loans at amortised cost. Provisions for losses on loan commitments and unutilised loan commitments are made according to the same method.

Balance sheet

Due from credit institutions and central banks
Initially, balances due from credit institutions and central banks are recognised at fair value plus directly attributable transaction costs less fees and commissions received which are directly associated with the amount due. Subsequently, balances due from banks and central banks are measured at amortised cost in accordance with the effective interest method, less impairment charges, cf. below.

68 Accounting Policies, cont.

Loans and advances at fair value
Mortgage loans are recognised according to the trade date approach and classified as 'Loans at fair value'. Mortgage loans are measured at fair value on initial and subsequent recognition through the income statement. This takes place to eliminate financial inconsistency resulting from the purchase and sale of own issued bonds. Index-linked loans are measured on the basis of the index value at the end of the year. The fair value is generally measured at prices of the underlying issued bonds quoted on a recognised stock exchange. If such a market price is not available for the preceding 7 days, a calculated price based on the official market rate will be applied for determining the value. If derivatives are part of the funding of the mortgage loans, the value of these will be integrated in the valuation of the loans.

The fair value is reduced by the calculated impairment charge, which for loans at fair value is measured according to the same principles that apply to impairments of loans and advances at amortised cost. In connection with all loans and advances without any significant increase in credit risk, a calculation of expected losses over the coming 12 months are made, while in connection with all loans and advances with a significant increase in credit risk, impairment charges corresponding to the expected losses over the remaining term are recognised. Please see the description of accounting policies for impairment charges under loans and advances at amortised cost.

Loans and advances at amortised cost
Initially, loans and advances are recognised at fair value plus directly attributable transaction costs, less fees and commission received which are directly associated with the granting of loans. Subsequently, loans and advances are measured at amortised cost in accordance with the effective interest method.

Stages for development of credit risk
In connection with all loans and advances, impairment charges are recognised according to IFRS 9. The impairment model is based on calculations of expected losses where the loans are divided into three stages depending on the individual loan's credit impairment relative to the initial recognition:

1. Loans with no significant increase in credit risk
2. Loans with significant increase in credit risk
3. Credit-impaired loans

For loans in stage 1, impairment charges corresponding to the expected loss over the following 12 months are recognised, while for loans in stages 2 and 3, impairment charges corresponding to expected losses over the remaining life of the exposures are recognised. At the initial recognition, the individual loans are generally placed in stage 1, which means that impairment charges corresponding to the expected losses over the following 12 months are recognised.

Loans with a very low probability of default (PD below 0.2%) and without any other indications of significant increases in the credit risk are considered having a low credit risk and are placed in stage 1 regardless of the probability of default since the initial recognition.

The ranking in the various stages will affect the calculation method applied, and it is determined, among other things, on the basis of the change in the probability of default (PD) over the expected remaining life of the loans. Loans in stage 3 are considered to be in default and the same definition that is used in the Group's advanced IRB set-up is used. See note 50 for specified descriptions of default, credit deterioration and the rating classes.

Assessment of whether the credit risk has increased for individual loans and advances, the ranking of loans and advances into stages and the statement of expected take place on a quarterly basis.

Assessment of significant increase in credit risk
Assessment of whether any significant increase in credit risk has taken place since the initial recognition is based on the following circumstances:

a) An increase in the PD for the expected remaining life of the financial asset by 100% and an increase in the 12-month PD of 0.5 percentage point when, at the initial recognition, the 12-month PD was below 1.0%.

b) An increase in the PD for the expected remaining life of the financial asset by 100% or an increase in the 12-month PD of 2.0 percentage points when, at the initial recognition, the 12-month PD was 1.0% or above.

c) Loans in arrears by 30 days or more

d) The account manager's risk assessment (risk classification), which among other things is based on an assessment of the client's ability and will to honour his payment obligations, possible arrears and/or changes to the initial assumptions on which the client relationship rests

Clients for which the credit risk has increased significantly and with a probability of default (PD above 5%) will be placed in the weak part of stage 2. If the Group's most likely scenario points to losses, the client is considered credit-impaired and will be ranked in stage 3.

Hence, the Group's most important credit management tools are used directly in the segmentation and the determination of the expected future credit loss. Reference is made to note 50 on
risk classification , credit rating procedure and monitoring.

Statement of expected losses
The expected future loss is calculated on the basis of the probability of default (PD), the exposure at default (EaD) and the loss given default (LGD). These parameters rest on the Group's advanced IRB set-up, which is based on the bank's experience of loss history and early repayment, among other things. These parameters are adjusted to IFRS 9 in a number of specific areas. The purpose of the adjustments is to ensure that the parameters reflect a true and fair picture that comprise available information and expectations of the future, including the Group's expectations of the real economy trends in GDP, unemployment, house prices, etc. Hence the parameters are adjusted to cover a longer time

68 Accounting Policies, cont.

horizon. The projection allows for client-specific circumstances such as client segment, credit rating, industry, etc. Advanced quantitative credit models are applied to all clients in stages 1 and 2 for which there is not evidence of credit impairment.

The forward-looking part of the calculation is based on the Group's expectations of the macroeconomic development, which is divided into four scenarios (Good, Base, Weak and Hard). The scenarios are defined by a unit of the bank, which is independent of the impairment process. The 'Hard' scenario is equal to the hard scenario used in the Group's internal stress tests. For each scenario, the probability of default (PD) and the value of securities are re-calculated. Hence it is ensured that the results of the models are balanced. The impairment effect of the scenarios are calculated by weighting the results against the assessed event probability, which is defined by management.

For most loans, the expected time to maturity is limited to the contractual time to maturity. However, for mortgage loans, allowances are made for expected early repayment. For revolving credit facilities, the expected remaining term is based on analyses of the term for credit-impaired clients. If a loan is secured in full in all scenarios, the impairment charge is zero.

The assessment of the indication of impairment for the weakest exposures in stages 2 and 3 is based on individual expert assessments of the probability-weighted expected loss. Expert assessments are made in sub-portfolios divided on Group units and relevant industry groups. In connection with the most important loans, an individual assessment of the scenarios are made, including definition of cash flows, security values and scenario probability. At the individual assessment, up to 13 scenarios are applied.

No significant changes were made to the impairment set-up during the financial year.

In addition to the calculations, a management's assessment is performed of the models and the ability of the expert-assessed impairment calculations to take expectations of the future development into consideration. To the extent that it is assessed that circumstances and risks are not included in the models, an addition to the impairment calculations is made which is based a management's estimate. This estimate is based on specific observations and is calculated on the basis of the expected risks of the loan portfolio.

Loans are written off as a loss when there are no reasonable prospects of collecting the debt. Indications of this are, for instance bankruptcy and debt rescheduling. The Group still seeks to collect debts even though they are written off as losses.

Bonds at fair value

Bonds are recognised at fair value, which is the amount at which the bonds can be bought or sold in a transaction between independent parties. In an active market, the fair value is expressed in the form of a listed price. In a less active or inactive market, the fair value is determined on the basis of a value calculated by a model based on observable market data and recognised models, alternatively on the basis of the management's estimate corresponding to this.

Bonds at amortised cost

Bonds at amortised cost include investments whose price is listed in an active market and which were acquired with the object of earning a return until maturity. They are measured initially at fair value corresponding to the sum paid plus directly attributable transaction costs and are subsequently measured at amortised cost.

Impairment charges are made in the same way as for loans and advances at amortised cost. If impairment charges cannot be measured reliably, fair value in the form of an observed market price is chosen.

Repos and reverse repos

Securities sold under repurchase agreements (repos) remain in the balance sheet under securities, carry interest and are subject to value adjustment. Amounts received are recognised as balances due to or from credit institutions.

Securities bought under reverse repurchase agreements (reverse repos) are recognised as loans and advances or balances due from credit institutions at amortised cost, and the return is recognised under interest income.

Financial instruments, trading portfolio

Financial instruments included in the trading portfolio are instruments which have been acquired with a view to generating a profit from short-term price or margin fluctuations, or instruments included in a portfolio characterised by short-term profit-taking. Assets in the trading portfolio comprise money-market instruments, other instruments of debt including acquired loans and equity instruments held by the Group. Liabilities in the trading portfolio comprise liabilities to deliver money market instruments, other debt instruments and equity instruments sold short by the Group to a third party. Upon initial recognition, financial instruments are measured at fair value with subsequent value adjustment in the Profit and Loss Account.

For initial and subsequent recognition, shares in sector-owned companies are measured at fair value. Unrealised gains and losses caused by changes in the fair values are recognised in the income statement.

Gains and losses upon disposal or repayment and unrealised gains and losses are recognised in the income statement.

Derivatives are recognised initially and subsequently at fair value. The positive and negative fair value of derivatives is recognised under Other assets/Other liabilities. The fair value of derivatives is calculated on the basis of market data and generally accepted valuation models. Certain contracts are subject to terms and conditions similar to those of derivatives. Such embedded derivatives are under specific assumptions recognised separately at fair value.

68 Accounting Policies, cont.

Shares, etc.
Upon initial as well as subsequent recognition, shares are recognised at fair value, which is the amount at which the shares can be bought or sold in a transaction between independent parties.

In an active market, the fair value is expressed in the form of a listed price. In a less active or inactive market, the fair value is determined on the basis of a value calculated by a model based on observable market data and recognised models, alternatively on the basis of the management's estimate corresponding to this.

The fair value of unlisted shares and other equity investments is calculated on the basis of available information about transactions, expected cash flows, etc. If a reliable fair value cannot be determined, shares will be recognised at cost less any impairment.

Investments in associates
An associate is an enterprise in which the Group holds a significant but not controlling interest, by participating in the company's financial and operational decision-making process, and which does not qualify as a subsidiary. Enterprises in which the Group holds between 20% and 50% of the voting rights are regarded as associates.

Equity investments in associates are recognised and measured in the consolidated accounts and the accounts of the parent company according to the equity method. Accordingly, the equity investments are measured at the pro rata share of the associates' equity value calculated in accordance with the Group's accounting policies with deduction or addition of unrealised intra-group profits and losses, respectively, and with the addition of the carrying amount of goodwill.

The pro rata share of the associates' results after tax and elimination of unrealised intra-group profit and loss less write-down for impairment of goodwill is recognised in the income statement. The pro rata share of all transactions and events recognised in the equity of the relevant associate is recognised in Group's and parent company's other comprehensive income.

Equity investments in group enterprises
A group enterprise is an enterprise in which the Group holds a controlling interest, cf. the paragraph on the consolidated financial statements.

Investments in group enterprises are recognised in the parent company's financial statements according to the equity method. A positive difference between cost and the fair value of net assets at the time of acquisition of a group enterprise is recognised as goodwill under intangible assets.

Investments in joint ventures
A joint venture is a contractual relationship whereby the Group and other interested parties undertake a commercial activity of which they have joint control.

Investments in associates are recognised and measured in the consolidated accounts and the financial statements of the parent company according to the equity method, cf. the section on investments in associates.

Intangible assets
IT development costs are recognised at cost less accumulated amortisation and impairment. Amortisation is provided on a straight-line basis over an estimated useful life of maximum three years.

Identifiable intangible assets acquired in connection with acquisitions are recognised at fair value at the time of acquisition and subsequently amortised over the expected useful life, typically 3 to 10 years.

Other internally generated intangible assets are charged in the year of acquisition, as the conditions for capitalisation are not deemed to be fulfilled.

Land and buildings
Investment properties
Investment properties held for rental income and/or capital gain are recognised at fair value on the balance sheet date. Gains and losses attributable to changes in the fair value of investment properties are included in the result for the period during which they arise. Fair value is measured on the basis of the return method, where the measurement of fair value is carried out with the assistance of external experts.

Owner-occupied properties
Land and buildings for own use are recognised in the balance sheet at the restated value corresponding to the fair value on the date of the revaluation less subsequent depreciation and impairment. Revaluation is made at a frequency deemed adequate to ensure that the carrying amount is not materially different from the presumed fair value on the balance sheet date. A reduction in the carrying amount as a result of the revaluation of land and buildings is charged to the income statement to the extent that the amount exceeds revaluation reserves under equity attributable to past revaluation of the asset. Any increase in value at revaluation of land and buildings is included in other comprehensive income, unless the increase offsets an impairment charge made earlier for the same asset which was previously recognised as an expense.

The valuation of selected land and buildings is carried out with the assistance of external experts. At the regular valuation of land and buildings, the value of a building is recognised on the basis of the return method in accordance with generally accepted standards. The value of the building is recognised at cash value before interest and depreciation. The operating income from the property includes rental income less maintenance costs, administrative costs and other operating costs. The required rate of return on a property is determined to best reflect the transactions undertaken until the date of valuation, and allowances are made for the individual property's location and level of maintenance as well as sales efforts within a reasonable time horizon. The required rate of return on property is discussed with local and national estate agents.

68 Accounting Policies, cont.

Once a year, spot checks are made of a number of properties with the assistance of an external appraiser.

The depreciation of revalued buildings is recognised in the income statement. Upon the subsequent sale of a revalued building, any relevant revaluation reserves are transferred to Retained earnings.

Owner-occupied properties are depreciated on a straight-line basis over the estimated useful lives of the assets to the estimated residual value. Land is not depreciated. The following depreciation periods apply:

Buildings	max. 50 year
Residual value of buildings	max. 75%

Methods of depreciation, useful lives, residual values and indication of impairment are reviewed annually.

Other property, plant and equipment
Operating equipment, cars, tools and equipment and leasehold improvements are recognised at cost less accumulated impairment and depreciation. Depreciation is provided on a straight-line basis over an estimated useful life of typically three years. Leasehold improvements are depreciated over the lease term, yet not more than five years.

Methods of depreciation, useful lives, residual values and indication of impairment are reviewed annually. In the event of indications of impairment, depreciation is provided at the recoverable amount, which is the higher of that asset's value in use and its selling price.

Assets held temporarily
Assets held temporarily comprise repossessed real estate, equity investment and cars, etc. intended for sale shortly, a sale being very likely. The item also covers owner-occupied properties, intended for sale shortly, where a sale is very likely.

Assets held temporarily are recognised at the lower of cost and fair value less costs of sale. No depreciation is recognised on the assets from the time when they are classified as assets held temporarily.

Other assets
Other assets comprise assets not recognised under other asset items, including positive fair value of derivatives as well as interest and commission receivable, etc.

Due to credit institutions and central banks
Balances due to credit institutions and central banks are recognised at fair value equal to payments received less directly attributable transaction costs incurred. Subsequently, the item is measured at amortised cost according to the effective interest method.

Deposits
Deposits comprise amounts received, including liabilities relating to genuine repos from counterparties who are not credit institutions or central banks. Deposits are recognised at fair value equal to payments received less directly attributable transaction costs incurred. Subsequently, deposits are measured at amortised cost according to the effective interest method.

Issued bonds at fair value
Issued mortgage bonds are recognised according to the settlement approach and measured at fair value through the income statement on initial and subsequent recognition. The fair value is generally measured at prices of the underlying issued bonds quoted on a recognised stock exchange. If such a market price is not available for the preceding 7 days, a calculated price based on the official market rate will be applied for determining the value.

Mortgage bonds drawn for redemption and repayable immediately after the financial year end are measured at par.

The portfolio of own mortgage bonds is deducted.

Issued bonds and subordinated debt at amortised cost
Issued bonds and subordinated debt are recognised at fair value equal to payments received less directly attributable transaction costs incurred. Subsequently, issued bonds and subordinated debt are measured at amortised cost according to the effective interest method. When the interest-rate risk on fixed-rate issued bonds and subordinated debt has been hedged efficiently through derivatives, the amortised cost is supplemented with the fair value of the hedged interest-rate risk.

Other liabilities
Other liabilities comprise liabilities not recognised under other items under equity and liabilities, including liabilities from finance leases with lessees, acceptance of long-term letters of credit, negative fair value of derivatives as well as interest and commission payable, etc.

Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, where resources embodying financial benefits are required to settle an obligation, and where a reliable estimate of the obligation can be made.

Provisions are measured as the best estimates of the cost of meeting liabilities on the balance sheet date. Provisions for debt expected to be payable later than 12 months after the balance sheet date are measured at present value, if of material importance, otherwise at cost.

Provisions for pension liabilities and the like are based on the actuarial present value of the expected benefit payments. The present value is calculated, among other things, on the basis of expected employee turnover, discount rate and rate of wage increase as well as the return on associated assets. The difference between the expected and the actual development in pension benefits will generate actuarial loss and gain which will be recognised under other comprehensive income.

68 Accounting Policies, cont.

Equity

Share capital is classified as equity where there is no obligation to transfer cash or other assets.

A proposed dividend is recognised as a liability when the motion has been approved at the Annual General Meeting. Dividend for the year is stated separately under equity.

The currency translation reserve includes translation differences which are the result of translating results and net investments in foreign units into Danish kroner. It also includes the foreign currency translation adjustment of financial liabilities for the hedging of net investments in international units.

The revaluation reserve relates to the revaluation of property, plant and equipment less deferred tax on the revaluation. A reserve is dissolved once the assets are sold or lapse.

Reserves according to the equity method include value adjustment of investments in associates and group enterprises.

The reserve is reduced by the distribution of dividend to the parent company and by other changes in equity in associates and group enterprises.

Retained earnings include non-distributed dividends from previous years.

Additional Tier 1 Capital with no maturity and with voluntary repayment of interest and principal is recognised under equity. Likewise, interest expenses relating to the issue are considered dividend. Interest is deducted from equity at the time of payment.

Own shares

Acquisition costs, consideration and dividend on own shares are recognised in retained earnings under equity. Capital reduction by cancellation of own shares reduces the share capital by an amount equal to the nominal value of the cancelled shares at the time of the registration of the capital reduction.

Contingent assets and contingent liabilities

Contingent assets and contingent liabilities comprise possible assets and liabilities originating from past events and the existence of which depends on the occurrence of future uncertain events not entirely within the control of the Jyske Bank Group.

Contingency assets are disclosed when the occurrence of an economic benefit is likely.

Contingency liabilities that can but most likely will not require a drain on the resources of the Jyske Bank Group are disclosed. Moreover, current liabilities that are not recognised as they are unlikely to cause a drain on the resources of the Jyske Bank Group or the extent of the liability cannot be measured reliably are disclosed.

Income statement

Interest income and interest expenses

Interest income and expenses on all interest-bearing instruments are recognised in the income statement according to the accruals principle at the effective interest rate based on the expected useful life of the relevant financial instrument. For floating-rate assets and liabilities the rate of interest applied is the rate that applies until the next interest-fixing date.

Interest includes amortised fees which are an integral part of the effective return on a financial instrument, including front-end fees.

Interest income includes administrative contributions from mortgage loans.

Fees received and paid

Income related to services rendered over a given period of time accrues over the service period. This includes guarantee commission and portfolio management fees. Other fees are recognised in the income statement once the transaction has been completed. This includes securities transaction and safe-custody fees as well as money transfer fees.

Value adjustments

All realised and unrealised value adjustments of assets, liabilities and derivatives measured at fair value as well are recognised under value adjustments. Exempt from these are value adjustment of credit risk on loans and advances recognised under loan impairment charges and provisions for guarantees. Furthermore the earnings impact of exchange rate adjustments and hedge accounting of fair value is recognised.

Other operating income

Other income not attributable to other income statement items, inclusive of income relating to operational leases, selling price obtained when selling leased assets and negative goodwill arisen in connection with business combinations, is recognised under Other operating income.

Employee and administrative expenses

Salaries and remuneration, etc. to employees and management as well as administrative expenses, including rent for leased premises, are recognised under Employee and administrative expenses. The expenses comprise among other things salaries, holiday payments and retirement remuneration, anniversary bonuses, pension plans and other long-term employee benefits.

Pension plans and other long-term employee benefits

The Group has entered into defined contribution pension plans with the majority of its employees.

Under defined contribution pension plans, the Group makes fixed contributions to an independent pension fund, etc. The Group is under no obligation to make further contributions. Contributions are included in the income statement over the vesting period.

68 Accounting Policies, cont.

Under defined benefit pension plans, the Group is obliged to pay a certain benefit when an employee retires. Liabilities in connection with defined benefit plans are automatically calculated by actuarially discounting pension liabilities to present value. The present value is calculated on the basis of assumptions relating to the future trend in interest rates, inflation, mortality and disablement.

Anniversary bonuses are recognised as the present value of the part of the overall liability which relates to the term during which the employees have been employed with the Group. Due consideration is paid to staff turnover, etc. The liability is recognised under Provisions for pensions and similar liabilities.

Other operating expenses

Other expenses not attributable to other income statement items, inclusive of Jyske Bank's proportionate share of statutory expenses for the Guarantee Fund for Depositors and Investors as well as the Resolution Fund, are recognised under Other operating expenses.

Earnings per share

This ratio is calculated by dividing the profit for the year exclusive of minority shareholders' interests by the weighted average number of shares in circulation during the financial year.

Diluted earnings per share are calculated in the same manner as earnings per share, but the decisive factors are adjusted to reflect the effect of all diluted share capital.

Comprehensive income

Comprehensive income comprises the profit for the period plus other comprehensive income relating to currency translation and hedge accounting of international units, property revaluations, actuarial loss and gain and tax adjustments.

Segment information

Information is stated for business sectors identified on the basis of internal management reports and accounting policies in accordance with IFRS 8. The segment information is based on the information used by the Group's highest-ranking decision-making officer for assessing results and allocating resources. Internal management reporting comprises the segments Banking activities, Mortgage activities, Leasing activities. Jyske Bank operates in the following geographical areas: Denmark, Germany, Spain and Gibraltar. The geographical areas are divided into Denmark and International.

Core profit

Core profit is defined as the pre-tax profit exclusive of earnings from investment portfolios.

Investment portfolio earnings

Investment portfolio earnings are defined as the return on the Group's portfolio of shares, bonds, derivative financial instruments and equity investments, Investment portfolio earnings are calculated after expenses for funding and directly attributable costs.

Cash flow statement

The cash flow statement shows Group cash flows relating to operating, investing and financing activities for the year, changes in cash and cash equivalents for the financial year, and cash and cash equivalents at the beginning and end of the year. The Cash Flow Statement is presented in accordance with the indirect method based on the profit for the year.

Cash flows derived from operating activities are calculated as the profit for the year adjusted for non-cash operating items, changes in operating capital and paid corporate tax. Cash flows relating to investing activities include the purchase and sale of enterprises and non-current assets. Cash flows relating to financing activities include distribution and movements in equity and subordinated debt.

Cash and cash equivalents include cash and free balances due from credit institutions and central banks with an original time to maturity of less than three months.

69 Definitions of financial ratios

Financial ratios and key figures	Definition
Pre-tax profit, per share (DKK)	Pre-tax profit divided by the average number of outstanding shares during the year
Earnings per share (DKK)	Profit for the year divided by the average number of shares outstanding during the year
Profit for the year, per share (diluted) (DKK)	Profit for the year divided by the average number of shares outstanding during the year adjusted for the dilution effect of share options and conditional shares under share-based payment
Core profit per share (DKK)	Pre-tax profit, exclusive of the investment portfolio earnings, divided by the average number of outstanding shares during the year
Share price at year-end (DKK)	The closing price of the Jyske Bank share at year-end
Book value per share (DKK)	Equity at year-end exclusive of non-controlling interests divided by the number of shares outstanding at year-end
Price/book value per share (DKK)	The closing price of the Jyske Bank share at year-end divided by the book value per share at year-end.
Price/earnings per share	The closing price of the Jyske Bank share at year-end divided by the earnings per share at year-end
Proposed dividend per share (DKK)	Proposed dividend divided by number of shares, year-end
Distributed dividend per share (DKK)	Distributed dividend divided by number of shares, year-end
Capital ratio	Capital base divided by weighted risk exposure
Core Tier 1 Capital ratio (%)	Core capital including hybrid core capital after deductions divided by weighted risk exposure.
Common Equity Tier 1 capital ratio (%)	Core capital excluding hybrid core capital after deductions divided by weighted risk exposure.
Pre-tax profit as a pct. of average equity	Pre-tax profit divided by average equity during the year
Net profit as a percentage of average equity	Net profit divided by average equity during the year
Income/cost ratio (%)	Income divided by expenses inclusive of loan impairment charges and provisions for loss on guarantees
Interest-rate risk (%)	Interest-rate risk at year-end divided by core capital at year-end
Foreign-currency position (%)	Currency exposure indicator 1 at year-end divided by core capital after deductions at year-end
Currency risk (%)	Currency exposure indicator 2 at year-end divided by core capital after deductions at year-end
Liquidity Coverage Ratio (LCR) (%)	Liquid assets as a percentage of the net value of incoming and outgoing cash flows over a 30-day period in a stress situation.
Total large exposures (%)	The sum of exposures at year-end, each of which exceeds 10% of the capital base, divided by the capital base at year-end
Accumulated impairment ratio (%)	Total of loan impairment charges and provisions for loss on guarantees at year-end divided by total loans, advances, guarantees, provisions and impairment charges at year-end Discount for acquired loans and advances is not included
Impairment ratio for the year (%)	The year's loan impairments charges and provisions for loss on guarantees divided by total loans, advances, guarantees, provisions and impairment charges at year-end
Increase in loans and advances for the year, excl. repo loans (%)	The increase in loans and advances divided by opening loans and advances. Recognised exclusive of repo loans
Loans and advances in relation to deposits	Total loans and advances at year-end divided by total deposits at year-end
Loans and advances relative to equity	Loans and advances at year-end divided by equity at year-end
Return on capital employed	Net profit for the year divided by average total average assets
Number of full-time employees, year-end	The number of full-time employees (part-time employees translated into full-time employees) at year-end.
Number of full-time employees, average for the year	The average number of full-time employees (part-time employees translated into full-time employees) determined on the basis of the end-of-quarter statements

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority. Ratios are calculated as if hybrid core capital (AT1) is recognised as a liability.

Jyske Bank A/S

DKKm

SUMMARY OF INCOME STATEMENT	2018	2017	Index 18/17	2016	2015	2014
Net interest income	2,785	3,343	83	3,600	4,446	4,187
Dividends, etc.	107	72	149	71	69	77
Net fee and commission income	1,894	1,912	99	1,526	1,661	1,524
Net interest and fee income	**4,786**	**5,327**	**90**	**5,197**	**6,176**	**5,788**
Value adjustments	426	822	52	857	270	-242
Other operating income	882	455	194	229	209	2,945
Operating expenses, depreciation and amortisation	4,639	4,391	106	4,068	4,069	4,218
Of which staff and administrative expenses	4,532	4,227	107	3,937	3,809	3,881
Loan impairment charges	32	-536	-	26	703	2,095
Profit on investments in associates and group enterprises	1,374	976	141	1,377	1,048	732
Pre-tax profit	**2,797**	**3,725**	**75**	**3,566**	**2,931**	**2,910**
Tax	297	582	51	450	455	-178
Profit for the year	**2,500**	**3,143**	**80**	**3,116**	**2,476**	**3,088**

BALANCE SHEET, END OF PERIOD						
Loans and advances	136,832	142,739	96	147,241	148,093	140,780
- bank loans	110,719	115,320	96	113,390	106,567	118,268
- repo loans	26,113	27,419	95	33,851	41,526	22,512
Deposits	143,579	154,303	93	149,784	139,893	142,828
- bank deposits	126,808	129,884	98	124,819	119,359	118,443
- repo deposits and tri-party deposits	12,965	20,051	65	20,454	15,925	19,495
- pooled deposits	3,806	4,368	87	4,511	4,609	4,890
Issued bonds	35,039	35,776	98	47,619	42,023	36,682
Subordinated debt	4,319	4,323	100	2,131	1,354	1,355
Holders of hybrid core capital	2,546	2,581	99	1,476	0	0
Shareholders' equity	31,786	32,023	99	31,038	30,040	27,561
Total assets	278,570	295,738	94	318,452	309,928	316,258

SELECTED DATA AND FINANCIAL RATIOS	2018	2017	2016	2015	2014
Pre-tax profit, per share (DKK)*	31.67	41.64	38.36	30.87	33.04
Earnings per share (DKK)*	28.15	34.66	33.49	26.07	35.07
Earnings per share (diluted) (DKK)*	28.15	34.66	33.49	26.07	35.07
Core profit per share (DKK)*	29.76	38.03	36.58	29.11	34.09
Share price at end of period (DKK)	235	353	337	312	313
Book value per share (DKK)*	390	374	348	317	290
Price/book value per share (DKK)*	0.60	0.95	0.97	0.98	1.08
Price/earnings per share (DKK)*	8.4	10.2	10.1	12.0	8.9
Proposed dividend per share (DKK)	6.12	5.85	5.25	5.25	0
Distributed dividend per share (DKK)	11.74	10.85	5.25	0	0
Capital ratio (%)	29.2	28.6	25.0	22.2	21.5
Core Tier 1 Capital ratio (%)	26.3	26.0	24.0	21.7	21.0
Common Equity Tier 1 capital ratio (%)	24.0	23.5	22.4	21.1	20.3
Pre-tax profit as a pct. of average equity	8.4	11.5	11.6	10.2	12.9
Net profit as a percentage of average equity*	7.6	9.7	10.1	8.6	13.7
Income/cost ratio (%)	1.6	2.0	1.9	1.6	1.5
Interest-rate risk (%)	0.8	0.8	0.8	1.1	0.6
Foreign-currency position (%)	8.6	5.3	4.0	7.3	4.7
Currency risk (%)	0.1	0.1	0.0	0.1	0.0
Liquidity Coverage Ratio (LCR) (%)	171	-	-	-	-
Total large exposures (%)	76	72	-	-	-
Accumulated impairment ratio (%)	2.5	2.5	3.0	3.5	3.6
Impairment ratio for the year (%)	0.0	-0.3	0.0	0.4	1.3
Increase in loans and advances for the year, excl. repo loans (%)	-4.0	1.7	6.4	-9.9	8.9
Loans and advances in relation to deposits	1.0	0.9	1.0	1.1	1.0
Loans relative to equity	4.0	4.1	4.5	4.9	5.1
Return on capital employed	0.9	1.1	1.0	0.8	1.0
Number of full-time employees, year-end	3,372	3,388	2,982	3,018	3,075
Average number of full-time employees in year	3,444	3,167	3,003	3,056	3,141

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority, cf. note 69 to the consolidated financial statements.

* Ratios are calculated as if hybrid core capital (AT1) is recognised as a liability.

Note		Jyske Bank	
	DKKm	2018	2017
	Income statement		
2	Interest income	3,352	3,947
3	Interest expenses	567	604
	Net interest income	2,785	3,343
	Dividends, etc.	107	72
4	Fees and commission income	2,010	2,037
	Fees and commission expenses	116	125
	Net interest and fee income	4,786	5,327
5	Value adjustments	426	822
6	Other operating income	882	455
7	Employee and administrative expenses	4,532	4,227
21-23	Amortisation, depreciation and impairment charges	86	115
	Other operating expenses	21	49
9	Loan impairment charges and provisions for guarantees	32	-536
11	Profit on investments in associates and group enterprises	1,374	976
	Pre-tax profit	2,797	3,725
12	Tax	297	582
	Profit for the year	2,500	3,143
	Proposal for the distribution of profit for the year		
	Proposed dividend	520	522
	Total appropriation to shareholders' equity	1,853	2,529
	Holders of hybrid core capital (AT1)	127	92
	Total	2,500	3,143
	Statement of Comprehensive Income		
	Profit for the year	2,500	3,143
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Revaluation of real property	148	131
	Tax on property revaluations over the year	-29	-12
	Actuarial losses and gains	-7	-10
	Tax on actuarial losses and gains	2	2
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	-9	-21
	Hedge accounting of international units	9	21
	Tax on hedge accounting	-2	-5
	Other comprehensive income after tax	112	106
	Comprehensive income for the year	2,612	3,249

Note		Jyske Bank	
	DKKm	2018	2017
	Balance sheet at 31 December		
	ASSETS		
	Cash balance and demand deposits with central banks	5,980	19,244
15	Due from credit institutions and central banks	12,939	9,532
9	Loans and advances at fair value	4,675	10,154
9,10	Loans and advances at amortised cost	132,157	132,585
16	Bonds at fair value	61,285	62,030
16	Bonds at amortised cost	7,517	5,672
18	Shares, etc.	3,116	4,674
19	Investments in associates	293	407
20	Equity investments in group enterprises	20,037	17,731
	Assets in pooled deposits	3,655	4,208
21	Intangible assets	0	1
	Land and buildings, total	1,771	2,020
22	Of which owner-occupied properties	1,771	2,020
23	Other property, plant and equipment	97	126
	Current tax assets	538	436
	Deferred tax assets	9	0
	Assets held temporarily	24	48
24	Other assets	24,134	26,782
	Deferred income	343	88
	Total assets	278,570	295,738

Note		Jyske Bank	
	DKKm	2018	2017
	Balance sheet at 31 December		
	EQUITY AND LIABILITIES		
	Debt and payables		
25	Due to credit institutions and central banks	27,847	31,379
26	Deposits	139,773	149,935
	Pooled deposits	3,806	4,368
	Issued bonds at amortised cost	35,039	35,776
27	Other liabilities	32,380	34,251
	Deferred income	17	18
	Total debt	238,862	255,727
	Provisions		
28	Provisions for pensions and similar liabilities	555	568
	Provisions for deferred tax	0	25
9	Provisions for guarantees	213	338
9	Provisions for credit commitments and unutilised credit lines	142	0
29	Other provisions	147	153
	Provisions, total	1,057	1,084
31	Subordinated debt	4,319	4,323
	Equity		
	Share capital	849	892
	Revaluation reserve	214	339
	Currency translation reserve	0	0
	Reserve according to the equity method	5,612	4,406
	Retained profit	24,591	25,864
	Proposed dividend	520	522
	Jyske Bank A/S shareholders	31,786	32,023
	Holders of hybrid core capital (AT1)	2,546	2,581
	Total equity	34,332	34,604
	Total equity and liabilities	278,570	295,738
	OFF-BALANCE SHEET ITEMS		
9,32	Guarantees, etc.	19,248	19,226
33	Other contingent liabilities	2,824	3,103
	Total guarantees and other contingent liabilities	22,072	22,329

DKKm

Statement of changes in equity

	Share capital	Revaluation reserves	Currency translation reserve	Reserve according to the equity method	Retained profit	Proposed dividend	Jyske Bank A/S shareholders	Hybrid core capital*	Total equity
Equity at 01 January 2018	892	339	0	4,406	25,864	522	32,023	2,581	34,604
Changes to accounting policies, IFRS 9	0	0	0	-117	-511	0	-628	0	-628
Tax effect, IFRS 9	0	0	0	25	112	0	137	0	137
Adjusted equity, 1 January 2018	892	339	0	4,314	25,465	522	31,532	2,581	34,113
Profit for the year	0	0	0	1,262	1,111	0	2,373	127	2,500
Other comprehensive income	0	-125	0	36	201	0	112	0	112
Comprehensive income for the year	0	-125	0	1,298	1,312	0	2,485	127	2,612
Interest paid on hybrid capital	0	0	0	0	0	0	0	-128	-128
Currency translation adjustment	0	0	0	0	34	0	34	-34	0
Tax	0	0	0	0	20	0	20	0	20
Dividends paid	0	0	0	0	-525	-522	-1,047	0	-1,047
Dividends, own shares	0	0	0	0	49	0	49	0	49
Proposed dividend	0	0	0	0	-520	520	0	0	0
Reduction of share capital	-43	0	0	0	43	0	0	0	0
Acquisition of own shares	0	0	0	0	-2,637	0	-2,637	0	-2,637
Sale of own shares	0	0	0	0	1,350	0	1,350	0	1,350
Transactions with owners	-43	0	0	0	-2,186	-2	-2,231	-162	-2,393
Equity at 31 December 2018	**849**	**214**	**0**	**5,612**	**24,591**	**520**	**31,786**	**2,546**	**34,332**

* Hybrid core capital (AT1) has no maturity. Payment of interest and repayment of principal are voluntary. Therefore hybrid core capital (additional Tier 1 Capital) is recognised as equity. In September 2016, Jyske Bank issued AT1 amounting to SEK 1.25bn and DKK 500m. The AT1 issue with the possibility for the bank of early redemption in September 2021 at the earliest. The interest rates applicable to the issue until September 2021 are STIBOR+5.80% and CIBOR+5.30%, respectively. In September 2017, Jyske Bank made an issue amounting to EUR 150bn, AT1, with the possibility for the bank of early redemption in September 2027 at the earliest. The issue has a coupon of 4.75% until September 2027. It applies to all AT1 issues, that if the Common Equity Tier 1 capital of Jyske Bank A/S or the Jyske Bank Group falls below 7%, the loans will be written down.

DKKm

Statement of changes in equity

	Share capital	Revaluation reserves	Currency translation reserve	Reserve according to the equity method	Retained profit	Proposed dividend	Jyske Bank A/S shareholders	Hybrid core capital	Total equity
Equity at 01 January 2017	950	400	-2	2,964	26,227	499	31,038	1,476	32,514
Profit for the year	0	0	2	1,405	1,644	0	3,051	92	3,143
Other comprehensive income	0	-61	0	37	130	0	106	0	106
Comprehensive income for the year	0	-61	2	1,442	1,774	0	3,157	92	3,249
Hybrid core capital issue	0	0	0	0	0	0	0	1,117	1,117
Transaction costs	0	0	0	0	-12	0	-12	0	-12
Interest paid on hybrid capital	0	0	0	0	0	0	0	-77	-77
Currency translation adjustment	0	0	0	0	27	0	27	-27	0
Tax	0	0	0	0	17	0	17	0	17
Dividends paid	0	0	0	0	-532	-499	-1,031	0	-1,031
Dividends, own shares	0	0	0	0	70	0	70	0	70
Proposed dividend	0	0	0	0	-522	522	0	0	0
Reduction of share capital	-58	0	0	0	58	0	0	0	0
Acquisition of own shares	0	0	0	0	-4,635	0	-4,635	0	-4,635
Sale of own shares	0	0	0	0	3,392	0	3,392	0	3,392
Transactions with owners	-58	0	0	0	-2,137	23	-2,172	1,013	-1,159
Equity at 31 December 2017	**892**	**339**	**0**	**4,406**	**25,864**	**522**	**32,023**	**2,581**	**34,604**

DKKm	2018	2017
Capital statement		
Shareholders' equity	31,786	32,023
Share buy-back programme, non-utilised limit	0	-281
Proposed dividend	-520	-522
Intangible assets	0	-1
Deferred tax liabilities relating to intangible assets	0	0
Deferred tax assets	-9	0
Prudent valuation	-272	-251
Other deductions	-18	-14
Common Equity Tier 1 capital	30,967	30,954
Additional Tier 1 Capital (AT1) after reduction	3,047	3,209
Other deductions	0	-27
Core capital	34,014	34,136
Subordinated loan capital after reduction	3,699	3,631
Difference between expected loss and the carrying amount of impairment charges	0	77
Other deductions	0	-248
Capital base	37,713	37,596
Weighted risk exposure involving credit risk etc.	103,306	99,523
Weighted risk exposure involving market risk	13,940	20,553
Weighted risk exposure involving operational risk	11,936	11,400
Total weighted risk exposure	129,182	131,476
Capital requirement, Pillar I	10,335	10,518
Capital requirement, transitional provisions	0	276
Capital requirement, total	10,335	10,794
Capital ratio	29.2	28.6
Core Tier 1 Capital ratio (%)	26.3	26.0
Common Equity Tier 1 capital ratio (%)	24.0	23.5

Jyske Bank

Transitional rules for capital requirements according to Basel I ended at the end of 2017.

For a statement of the individual solvency requirement, please see Risk and Capital Management 2018 or investor.jyskebank.com/investorrelations/capitalstructure and investor.jyskebank.com/investorrelations/debt.

Risk and Capital Management 2018 was not covered by the audit.

Table of contents, notes section

DKKm

Note		2018	2017

1 **Accounting Policies**

Basis of accounting

The financial statements of Jyske Bank A/S have been prepared in accordance with the Danish Financial Business Act, including the Danish Executive Order on Financial Reports for Credit Institutions, Stockbrokers, etc.
The rules applying to recognition and measurement at Jyske Bank A/S are consistent with IFRS.

With respect to classification and extent, the preparation for Jyske Bank A/S differs from the preparation for the Group. Please thee the full description of accounting policies in note 68.

Figures in the financial statements are in Danish kroner, rounded to the nearest million in Danish kroner.

For a 5-year summary of financial ratios and key figures, please see pages 125-126.

Changes to accounting policies

The Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, Etc. was changed with effect from 1 January 2018 as the derived effects from IFRS 9 have been incorporated in the executive order.

The amount from loans and advances at amortised cost, guarantees and unutilised credit lines is DKK 628m, in the form of additional impairment charges, etc. The amount is accounted for as a change in practice, and after a tax effect of DKK 137m, it was recognised at net DKK 491m and charged directly to equity on 1 January 2018.

The following items were adjusted as of 1 January 2018. Loans and advances at amortised cost were reduced by DKK 427m, equity investments in group enterprises were reduced by DKK 92m, current tax assets were increased by DKK 112m, and provisions were increased by DKK 84m. The net effect reduced equity by DKK 491m as the reserve according to the equity method was reduced by DKK 92m and retained profit was reduced by DKK 399m.

In accordance with the transitional provisions of IFRS 9, no adjustment of comparative figures was made, as it is not possible to apply the impairment provisions to previous financial years without any subsequent rationalisation. For further details on the changes to accounting policies due to IFRS 9, please see the Jyske Bank Group, note 68.

Financial situation and risk information

Jyske Bank A/S is affected by the financial situation and the risk factors that are described in the management's review for the Group and reference is made to this.

2 **Interest income**

	2018	2017
Due from credit institutions and central banks	21	10
Loans and advances	2,267	2,663
Bonds	578	713
Derivatives, total	170	238
Of which currency contracts	229	164
Of which interest-rate contracts	-59	74
Others	1	3
Total after offsetting of negative interest income	3,037	3,627
Negative interest income set off against interest income	164	165
Negative interest expenses set off against interest expenses	151	155
Total before offsetting of negative interest income	3,352	3,947
Of which interest income on reverse repos carried under:		
Due from credit institutions and central banks	-22	-20
Loans and advances	-99	-96

Negative interest income amounted to DKK 164m (2017: DKK 165m) and related primarily to repo transactions. In the above table, negative interest income is set off against interest income. In the income statement, negative interest income is listed as interest expenses, and negative interest expenses are listed as interest income.

Note			Jyske Bank
	DKKm	2018	2017
3	**Interest expenses**		
	Due to credit institutions and central banks	114	112
	Deposits	-81	-64
	Issued bonds	118	149
	Subordinated debt	101	87
	Total after offsetting of negative interest	252	284
	Negative interest expenses set off against interest expenses	151	155
	Negative interest income set off against interest income	164	165
	Total before offsetting of negative interest income	567	604
	Of which expenses on reverse repos carried under:		
	Due to credit institutions and central banks	-53	-41
	Deposits	-21	-17

Negative interest expenses amounted to DKK 151m (2017: DKK 155m) and related primarily to repo and tri-party transactions. In the above table, negative interest expenses are set off against interest expenses. In the income statement, negative interest expenses are listed as interest income, and negative interest income is listed as interest expenses.

Note		2018	2017
4	**Fees and commission income**		
	Securities trading and custody services	978	1,120
	Money transfers and card payments	200	183
	Loan application fees	134	167
	Guarantee commission	107	115
	Other fees and commissions	591	452
	Total	2,010	2,037
5	**Value adjustments**		
	Loans and advances at fair value	55	113
	Bonds	-490	-97
	Shares, etc.	547	443
	Currency	148	113
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	182	166
	Assets in pooled deposits	-308	200
	Pooled deposits	308	-200
	Other assets	3	1
	Issued bonds	10	68
	Other liabilities	-29	15
	Total	426	822
6	**Other operating income**		
	Income on real property	60	61
	Profit on the sale of property, plant and equipment	103	62
	Other ordinary income	719	332
	Total	882	455

Note		Jyske Bank	
	DKKm	2018	2017
7	**Employee and administrative expenses**		
	Employee expenses		
	Wages and salaries, etc.	2,142	1,944
	Pensions	256	274
	Social security	288	257
	Total	2,686	2,475
	Salaries and remuneration to management bodies		
	Executive Board	37	47
	Supervisory Board	6	4
	Shareholders' Representatives	3	3
	Total	46	54

For further details on and remuneration to the Supervisory Board and the Executive Board, please see note 12 in the consolidated financial statements, including the comments to the retirement remuneration for the Executive Board earned over the year.

		2018	2017
	Other administrative expenses		
	IT	1,249	1,091
	Other operating expenses	161	142
	Other administrative expenses	390	471
	Total	1,800	1,704
	Total	4,532	4,227
	Wages and salaries, etc.		
	Wages and salaries and other short-term employee benefits	2,138	1,940
	Other long-term employee benefits	4	4
	Total	2,142	1,944
	Number of employees		
	Average number of employees for the financial year (full-time employees)	3,444	3,167
	Remuneration of risk takers		
	Number of members	92	97
	Contractual remuneration	109	105
	Variable remuneration	2	1
	Pension	12	12
	Pension obligation	3	4

The group comprises employees (exclusive of the Executive Board) with a special impact on the bank's risk profile. The group does not participate in any incentive schemes. Remuneration is included in the period during which the employee was a material risk taker.

		2018	2017
8	**Audit fees**		
	Total fee to Jyske Bank A/S's auditors elected at the Annual General Meeting	4	3
	Breakdown of audit fees:		
	Fee for statutory audit of the financial statements	2	2
	Fee for other assurance services	1	1
	Fee for tax advice	0	0
	Fee for other services	1	0

In addition to fees to the auditors elected at the Annual General Meeting, expenses were recognised for Internal Audit. Fees for non-audit services rendered by Deloitte cover review in connection with continual recognition of profit, submission of various statutory declarations as well as declaration in connection with EMTN issues.

Note		Jyske Bank	
	DKKm	2018	2017
9	**Loan impairment charges and provisions for guarantees, inclusive of discount balance**		
	Loan impairment charges and provisions for guarantees recognised in the income statement		
	Loan impairment charges and provisions for guarantees for the year	2	-456
	Impairment charges on balances due from credit institutions for the year	2	-15
	Provisions for commitments and unutilised credit lines for the year	-10	-
	Recognised as a loss, not covered by loan impairment charges and provisions	248	126
	Recoveries	-163	-191
	Loan impairment charges and provisions for guarantees recognised in the income statement	79	-536
	Recognised discount for acquired loans	47	173
	Net effect on income statement	32	-709
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts		
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period	4,286	5,514
	Implementation of IFRS 9 and adjustments to the standard	507	-
	Loan impairment charges and provisions for the year	-8	-456
	Recognised as a loss, covered by loan impairment charges and provisions	-554	-580
	Recognised losses covered by discounts for acquired loans	-53	-88
	Recognised discount for acquired loans	-47	-173
	Other movements	75	69
	Balance of loan impairment charges and provisions, end of period	4,206	4,286
	Loan impairment charges at amortised cost	3,761	3,758
	Loan impairment charges at fair value	2	0
	Provisions for guarantees	213	338
	Provisions for commitments and unutilised credit lines	142	-
	Balance of loan impairment charges and provisions, end of period	4,118	4,096
	Balance of discounts for acquired loans	88	190
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	4,206	4,286

The regulatory balance of loan impairment charges and provisions for guarantees does not include the discount balance for acquired loans and advances.

DKKm

9 **Loan impairment charges and provisions for guarantees, inclusive of discount balance, cont.**

Balance of loan impairment charges and provisions for guarantees broken down by stage	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of period				4,096
Transitional effect, IFRS 9				507
Total, beginning of period	325	637	3,641	4,603
Transfer of impairment charges at beginning of period to stage 1	147	-79	-68	0
Transfer of impairment charges at beginning of period to stage 2	-27	84	-57	0
Transfer of impairment charges at beginning of period to stage 3	-4	-98	102	0
Impairment charges on new loans, etc.	93	84	424	601
Impairment charges on discontinued loans and provisions for guarantees	-86	-126	-657	-869
Effect from recalculation	-108	111	334	337
Previously recognized as impairment charges, now final loss	-20	-10	-524	-554
Balance of loan impairment charges and provisions, end of period	320	603	3,195	4,118

In addition to the effect from the implementation of IFRS 9, a general minor decline was seen in the balance of impairment charges, which was the net result of an increase in the balance of impairment charges due to a minor deterioration of the credit quality of the portfolio and write-offs in stage 3. The items of new loans and advances, etc. and discontinued loans and advances, etc. were affected by natural refinancing and re-mortgaging of loans and advances. The size of the item recalculation was affected by the changed credit risk at each stage. The period only saw minor model adjustments.

In 2018, gross loans fell slightly. This trend has been seen since the merger with Jyske Realkredit, as part of the development is caused by the refinancing of bank loans to mortgage loans. The falling gross loans in stage 3 was the reason why impairment charges fell in stage 3 in 2018. The development can primarily be ascribed to write-offs and to a lesser degree to the transfer of gross loans to stage 1 or stage 2.

Breakdown of balance of impairment charges by stage – loans at amortised cost	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of period				3,758
Transitional effect, IFRS 9				421
Total, beginning of period	257	578	3,344	4,179
Transfer of impairment charges at beginning of period to stage 1	135	-69	-66	0
Transfer of impairment charges at beginning of period to stage 2	-25	78	-53	0
Transfer of impairment charges at beginning of period to stage 3	-4	-95	99	0
Impairment charges on new loans, etc.	63	57	397	517
Impairment charges on discontinued loans and provisions for guarantees	-51	-112	-579	-742
Effect from recalculation	-102	94	359	351
Previously recognized as impairment charges, now final loss	-20	-9	-515	-544
Balance of loan impairment charges and provisions, end of period	253	522	2,986	3,761

DKKm

9 **Loan impairment charges and provisions for guarantees, inclusive of discount balance, cont.**

Breakdown of balance of impairment charges by stage– loans at fair value	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of period				0
Transitional effect, IFRS 9, incl. derived effect on loans at fair value				2
Total, beginning of period	2	0	0	2
Transfer of impairment charges at beginning of period to stage 1	0	0	0	0
Transfer of impairment charges at beginning of period to stage 2	0	0	0	0
Transfer of impairment charges at beginning of period to stage 3	0	0	0	0
Impairment charges on new loans, etc.	1	0	0	1
Impairment charges on discontinued loans and provisions for guarantees	-2	0	0	-2
Effect from recalculation	0	1	0	1
Previously recognized as impairment charges, now final loss	0	0	0	0
Balance of loan impairment charges and provisions, end of period	1	1	0	2

Breakdown of balance of provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of period				338
Transitional effect, IFRS 9				84
Total, beginning of period	66	59	297	422
Transfer of impairment charges at beginning of period to stage 1	12	-10	-2	0
Transfer of impairment charges at beginning of period to stage 2	-2	6	-4	0
Transfer of impairment charges at beginning of period to stage 3	0	-3	3	0
Impairment charges on new loans, etc.	29	27	27	83
Impairment charges on discontinued loans and provisions for guarantees	-33	-14	-78	-125
Effect from recalculation	-6	16	-25	-15
Previously recognized as impairment charges, now final loss	0	-1	-9	-10
Balance of loan impairment charges and provisions, end of period	66	80	209	355

Gross loans, advances and guarantees by stage	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 1 January 2018	148,183	10,282	7,596	166,061
Transfer of loans, advances and guarantees to stage 1	1,347	-910	-437	0
Transfer of loans, advances and guarantees to stage 2	-5,594	5,832	-238	0
Transfer of loans, advances and guarantees to stage 3	-605	-692	1,297	0
Other movements	394	-4,672	-1,727	-6,005
Gross loans, advances and guarantees, 31 December 2018	143,725	9,840	6,491	160,056
Loan impairment charges and provisions for guarantees, total	272	568	3,136	3,976
Net loans, advances and guarantees, 31 December 2018	143,453	9,272	3,355	156,080

DKKm

9 Loan impairment charges and provisions for guarantees, inclusive of discount balance, cont.

Loans, advances and guarantees by stage and internal rating		2018 Stage 1	Stage 2	Stage 3	Total	2017 Total
Performing	PD band (%)					
1	0.00 - 0.10	46,583	48	-	46,631	
2	0.10 - 0.15	15,223	2	-	15,225	
3	0.15 - 0.22	10,495	5	-	10,500	
4	0.22 - 0.33	9,173	10	-	9,183	
5	0.33 - 0.48	13,042	97	-	13,139	
Ratings 1 - 5		94,516	162	-	94,678	101,620
6	0.48 - 0.70	16,102	496	-	16,598	
7	0.70 - 1.02	11,868	537	-	12,405	
8	1.02 - 1.48	7,791	660	-	8,451	
9	1.48 - 2.15	6,854	1,586	-	8,440	
10	2.15 - 3.13	2,952	1,559	-	4,511	
11	3.13 - 4.59	983	754	-	1,737	
Ratings 6 – 11		46,550	5,592	-	52,142	49,167
12	4.59 - 6.79	990	729	-	1,719	
13	6.79 - 10.21	148	413	-	561	
14	10.21 - 20.0	65	2,709	-	2,774	
Ratings 12-14		1,203	3,851	-	5,054	3,308
Other		1,385	188	-	1,573	2,108
Non-performing loans		71	47	6,491	6,609	9,858
Total		**143,725**	**9,840**	**6,491**	**160,056**	**166,061**

Irrevocable credit commitments of DKK 2,770m are all in stage 1 and are distributed by internal rating in this way: Rating 1: DKK 1,843m, Rating 2: DKK 500m and Rating 3: DKK 427m

Impairment charges by stage and internal rating		2018 Stage 1	Stage 2	Stage 3	Total	2017 Total
Performing	PD band (%)					
1	0.00 - 0.10	3	6	-	9	
2	0.10 - 0.15	6	0	-	6	
3	0.15 - 0.22	15	0	-	15	
4	0.22 - 0.33	21	1	-	22	
5	0.33 - 0.48	29	3	-	32	
Ratings 1 - 5		74	10	-	84	1
6	0.48 - 0.70	29	11	-	40	
7	0.70 - 1.02	44	12	-	56	
8	1.02 - 1.48	41	16	-	57	
9	1.48 - 2.15	28	32	-	60	
10	2.15 - 3.13	18	39	-	57	
11	3.13 - 4.59	11	31	-	42	
Ratings 6 – 11		171	141	-	312	24
12	4.59 - 6.79	21	30	-	51	
13	6.79 - 10.21	2	22	-	24	
14	10.21 - 20.0	1	337	-	338	
Ratings 12-14		24	389	-	413	27
Others		3	27	-	30	26
Non-performing loans		0	1	3,136	3,137	4,018
Total		**272**	**568**	**3,136**	**3,976**	4,096

DKKm

10 Loans, advances and guarantees as well as loan impairment charges and provisions for guarantees by sector

Sector	Loans, advances and guarantees				Balance of loan impairment charges and provisions for guarantees		Loan impairment charges and provisions for guarantees for the year		Losses for the year	
	% 2018	% 2017	End of 2018	End of 2017	End of 2018	End of 2017	2018	2017	2018	2017
Public authorities	6	6	8,560	9,265	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing	4	4	7,027	6,248	1,046	1,085	7	-172	210	194
Fishing	*1*	*1*	*1,821*	*1,663*	*1*	*1*	*0*	*-4*	0	0
Dairy farmers	*0*	*0*	*781*	*838*	*435*	*528*	*-95*	*-110*	92	124
Plant production	*1*	*1*	*1,808*	*1,498*	*120*	*122*	*26*	*23*	14	21
Pig farming	*1*	*1*	*1,536*	*1,069*	*261*	*329*	*-36*	*-100*	68	29
Other agriculture	*1*	*1*	*1,081*	*1,180*	*229*	*105*	*112*	*19*	36	20
Manufacturing, mining, etc.	4	4	6,684	6,091	243	197	168	-16	175	11
Energy supply	3	3	4,217	4,776	64	36	15	5	0	0
Building and construction	2	1	2,930	2,262	64	93	-11	-6	15	22
Commerce	6	6	9,837	9,987	230	160	34	29	30	30
Transport, hotels and restaurants	3	1	4,345	2,065	104	82	15	0	0	14
Information and communication	1	1	962	1,018	46	29	12	-40	4	0
Finance and insurance	34	33	52,254	52,748	613	716	-83	-74	59	44
Real property	9	9	14,641	14,399	391	555	-129	-229	146	213
Lease of real property	*5*	*5*	*8,310*	*8,469*	*329*	*484*	*-93*	*-189*	139	114
Buying and selling of real property	*2*	*2*	*2,420*	*2,438*	*33*	*44*	*-11*	*-24*	6	0
Other real property	*2*	*2*	*3,911*	*3,492*	*29*	*27*	*-25*	*-16*	1	99
Other sectors	3	3	4,978	5,884	157	153	31	-32	57	15
Corporate clients	69	65	107,875	105,478	2,958	3,106	59	-535	696	543
Personal clients	25	29	39,645	47,222	1,018	990	-17	-1	106	163
Unutilised max and loan commitment		-	-	-	142	-	-10	-	-	-
Total	100	100	156,080	161,965	4,118	4,096	32	-536	802	706

Note		Jyske Bank	
	DKKm	2018	2017
11	**Profit on investments in associates and group enterprises**		
	Profit/loss on investments in associates	-15	9
	Profit/loss on investments in group enterprises	1,389	967
	Total	1,374	976
12	**Tax**		
	Current tax	330	593
	Change in deferred tax	-50	-8
	Adjustment of tax for previous years	17	-3
	Total	297	582
	Effective tax rate		
	Danish tax rate	22.0	22.0
	Adjustments as regards previous years	0.6	0.0
	Non-taxable income and non-deductible expenses, etc.	-1.9	-1.3
	Other	-10.1	-5.1
	Effective tax rate	10.6	15.6
13	**Earnings per share**		
	Profit for the year	2,500	3,143
	Holders of hybrid core capital	127	92
	Proportion attributable to shareholders of Jyske Bank A/S	2,373	3,051
	Average number of shares, 1,000 shares	87,930	93,324
	Average number of own shares, 1,000 shares	-3,648	-5,314
	Average number of shares in circulation, 1,000 shares	84,282	88,010
	Average number of shares in circulation at end of period, 1,000 shares	81,536	85,705
	Earnings per share (EPS) DKK	28.15	34.66
	Earnings per share diluted (EPS-D) DKK	28.15	34.66
	Core earnings per share		
	Core profit	2,635	3,440
	Holders of hybrid core capital	127	92
	Core profit ex holders of hybrid core capital	2,508	3,348
	Average number of shares in circulation, 1,000 shares	84,282	88,010
	Core earnings (DKK) per share	29.76	38.03

DKKm

14 Contractual time to maturity, 2018

	On demand	Up to 3 months	3 months 1 year	1-5 years	More than 5 years	Total
Assets						
Due from credit institutions and central banks	0	12,901	1	0	37	12,939
Loans and advances at fair value	0	22	65	373	4,215	4,675
Loans and advances at amortised cost	236	71,723	30,455	16,313	13,430	132,157
Bonds at fair value	0	757	14,307	35,646	10,575	61,285
Bonds at amortised cost	0	209	1,756	4,148	1,404	7,517
Liabilities						
Due to credit institutions and central banks	0	24,796	1,252	1,027	772	27,847
Deposits	108,839	12,395	12,505	1,268	4,766	139,773
Issued bonds	0	2,595	12,842	19,108	494	35,039
Subordinated debt	0	0	11	559	3,749	4,319

Contractual time to maturity, 2017

	On demand	Up to 3 months	3 months 1 year	1-5 years	More than 5 years	Total
Assets						
Due from credit institutions and central banks	0	9,475	22	0	35	9,532
Loans and advances at fair value	0	47	142	809	9,156	10,154
Loans and advances at amortised cost	53	73,918	27,328	18,110	13,176	132,585
Bonds at fair value	0	88	6,891	42,130	12,921	62,030
Bonds at amortised cost	0	101	3,342	318	1,911	5,672
Liabilities						
Due to credit institutions and central banks	6,042	20,718	2,160	1,689	770	31,379
Deposits	107,167	19,192	16,713	2,479	4,384	149,935
Issued bonds	0	10,811	10,234	14,112	619	35,776
Subordinated debt	0	0	11	347	3,965	4,323

The above amounts are exclusive of interest.

Note			Jyske Bank
	DKKm	2018	2017
15	**Due from credit institutions and central banks**		
	At notice with central banks	300	0
	Due from credit institutions	12,639	9,532
	Total	12,939	9,532

16	**Bonds, total, at fair value**		
	Mortgage credit bonds	57,178	55,928
	Government bonds	1,810	1,084
	Other bonds	9,873	10,752
	Total	68,861	67,764
	Of which recognised at amortised cost.	7,517	5,672

17 **Security**

Jyske Bank receives and provides collateral in connection with money and securities clearing, outstanding accounts with central banks, repo and reverse repo transactions, tri-party agreements as well as fair value of derivatives covered by CSA agreements.

Provision of collateral is a regular part of business transactions and are carried out at market-consistent terms and conditions. Collateral is increased and reduced on an on-going basis as liabilities change.

Depending on agreements entered, collateral is provided and received with an owner's rights so that the recipient of collateral can sell this or use it to provide security for loans and other outstanding accounts.

Jyske Bank has deposited bonds with central banks and clearing houses, etc. in connection with clearing and settlement of securities and currency transactions as well as tri-party repo transactions totalling a market value of DKK 11,533m at the end of 2018 (2017: DKK 17,012m).

In addition, Jyske Bank has provided cash collateral in connection with CSA agreement in the amount of DKK 7,183m (2017: DKK 5,118m) as well as bonds in the amount of DKK 359m (2017: 1,470m).

At the end of 2018, due to repo transactions, i.e. sale of securities involving agreements to repurchase them at a later point in time, bonds with a market value of DKK 11,006m (2017: DKK 12,867m) were provided as security for the amount that was borrowed.

Jyske Bank funds certain mortgage loans with Jyske Realkredit. The loans are still recognised in Jyske Bank's balance sheet, but in actual fact they are provided as collateral for the funding, which is recognised under Due to credit institutions. At the end of 2018, the funded mortgage loans amounted to DKK 1,332m (2017: DKK 2,339m).

For mortgage credit loans with Jyske Realkredit, collateral has been provided in Jyske Bank's land and buildings, the carrying amount of which is DKK 1,499m (2017: 1,734m).

Due to reverse repos, i.e. purchase of securities involving agreements to resell them at a later point in time, Jyske Bank received the sold bonds as security for the amounts that was lent. At the end of 2018, reverse repos amounted to DKK 30,175m (2017: DKK 29,409m).

In addition, Jyske Bank received cash collateral in connection with CSA agreements in the amount of DKK 1,124m (2017: DKK 1,510m) as well as bonds in the amount of DKK 1,432m (2017: 1,571m).

Note		Jyske Bank	
	DKKm	2018	2017
18	**Shares, etc.**		
	Shares/investment fund units listed on Nasdaq Copenhagen A/S	610	1,736
	Shares/mutual fund certificates listed on other exchanges	121	409
	Unlisted shares are stated at fair value.	2,385	2,529
	Total	3,116	4,674
19	**Investments in associates**		
	Total cost, beginning of period	366	307
	Additions	0	74
	Disposals	93	15
	Total cost, end of period	273	366
	Revaluations and impairment charges, beginning of period	41	26
	Dividend	17	0
	Revaluations and impairment charges for the year	-15	9
	Reversed revaluations and impairment charges	11	-6
	Revaluations and impairment charges, end of period	20	41
	Recognised value, end of period	293	407
	of which credit institutions	0	0
20	**Equity investments in group enterprises**		
	Total cost, beginning of period	14,134	12,415
	Currency translation adjustment	-10	-63
	Additions	1,000	2,280
	Disposals	0	498
	Total cost, end of period	15,124	14,134
	Revaluations and impairment charges, beginning of period	3,597	2,318
	Currency translation adjustment	1	42
	Profit	1,389	967
	Dividend	35	266
	Other capital movements	-39	54
	Reversed revaluations and impairment charges	0	-482
	Revaluations and impairment charges, end of period	4,913	3,597
	Recognised value, end of period	20,037	17,731
	of which credit institutions	18,336	16,191

Note		Jyske Bank	
	DKKm	2018	2017
21	Intangible assets		
	Total cost, beginning of period	228	228
	Disposals	228	0
	Total cost, end of period	0	228
	Amortisation, depreciation and impairment charges, beginning of period	227	188
	Amortisation for the year	1	39
	Reversed impairment charges	228	0
	Amortisation, depreciation and impairment charges, end of period	0	227
	Recognised value, end of period	0	1
22	Owner-occupied properties		
	Restated value, beginning of period	2,020	2,122
	Additions during the year, including improvements	8	45
	Disposals for the year	353	188
	Depreciation	9	10
	Positive changes in values recognised in other comprehensive income in the course of the year	110	44
	Negative changes in values recognised in other comprehensive income in the course of the year	4	1
	Positive changes in value recognised directly in the income statement during the year	2	8
	Negative changes in value recognised directly in the income statement during the year	3	0
	Restated value, end of period	1,771	2,020
	Cost less accumulated amortisation, depreciation and impairment charges	1,511	1,600
	For mortgage credit institutions, collateral has been provided in land and buildings, the carrying amount of which is	1,499	1,734
	Required rate of return	4.0%-10%	3.5%-10%
	Weighted average return applied	6.32%	6.06%
23	Other property, plant and equipment		
	Total cost, beginning of period	945	892
	Additions	48	58
	Disposals	3	5
	Total cost, end of period	990	945
	Amortisation, depreciation and impairment charges, beginning of period	819	749
	Amortisation for the year	75	75
	Reversed amortisation, depreciation and impairment	1	5
	Amortisation, depreciation and impairment charges, end of period	893	819
	Recognised value, end of period	97	126

Note			Jyske Bank
	DKKm	2018	2017
24	**Other assets**		
	Positive fair value of derivatives	23,230	25,896
	Interest and commission receivable	354	369
	Other assets	550	517
	Total	24,134	26,782
	Netting		
	Positive fair value of derivatives, etc., gross	30,175	32,205
	Netting of positive and negative fair value	6,945	6,309
	Total	23,230	25,896

Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).

Note		2018	2017
25	**Due to credit institutions and central banks**		
	Due to central banks	1,956	171
	Due to credit institutions	25,891	31,208
	Total	27,847	31,379
26	**Deposits**		
	Demand deposits	105,344	104,521
	Term deposits	3,003	2,950
	Time deposits	24,573	35,427
	Special deposits	6,853	7,037
	Total	139,773	149,935
27	**Other liabilities**		
	Set-off entry of negative bond holdings in connection with repos/reverse repos	3,294	3,696
	Negative fair value of derivatives	24,383	25,745
	Other liabilities	4,703	4,810
	Total	32,380	34,251
	Netting		
	Negative fair value of derivatives, etc., gross	31,328	32,054
	Netting of positive and negative fair value	6,945	6,309
	Total	24,383	25,745

Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).

Note		Jyske Bank

DKKm	2018	2017
28 Provisions for pensions and similar liabilities		
Provisions for pensions and similar liabilities		
Provisions for defined benefit plans	508	523
Provisions for long-term employee benefits	47	45
Recognised in the balance sheet, end of period	555	568
Provisions for defined benefit plans		
Present value of pension plan obligations	600	628
Fair value of pension plan assets	92	105
Net liability recognised in the balance sheet	508	523
Change in provisions for defined benefit plans		
Provisions, beginning of period	628	594
Disposals	0	-4
Costs for the current financial year	-17	38
Calculated interest expenses	12	12
Actuarial losses/gains	0	10
Pension payments	-23	-22
Provisions, end of period	600	628
Change in the fair value of pension plan assets		
Assets, beginning of period	105	106
Calculated interest on assets	2	2
Return ex calculated interest on assets	-7	2
Contributions, etc.	3	0
Pension payments	-11	-5
Assets, end of period	92	105
Pension costs recognised in the income statement		
Costs for the current financial year	-17	38
Calculated interest related to liabilities	12	12
Calculated interest on assets	-2	-2
Total recognised defined benefit plans	-7	48
Total recognised defined contribution plans	263	226
Recognised in the income statement	256	274

The expense is recognised under Employee and administrative expenses.

Pension plan assets:		
Equities	9	14
Bonds	42	58
Cash and cash equivalents	41	33
Pension plan assets, total	92	105

Pension plan assets include 40,000 Jyske Bank shares (2017: 40,000 shares).
Measurement of all pension assets is based on quoted prices in an active market.

For further details, please see note 38 in the consolidated financial statements.

Note		Jyske Bank
	DKKm	**2018**	2017

Note	DKKm	2018	2017
29	**Other provisions**		
	Provisions for litigation, beginning of period	153	149
	Additions	27	12
	Disposals inclusive of consumption	20	6
	Disposals exclusive of consumption	13	2
	Provisions for litigation, end of period	147	153

Other provisions relate to lawsuits.

The provisions are expected, in essence, to be reduced to zero within a year.

30 **Provisions for deferred tax**

Deferred tax	2018	2017
Deferred tax assets	9	0
Deferred tax liabilities	0	25
Net deferred tax	-9	25

Change in deferred tax 2018	Beginning of period	Recognised in Profit/loss	Recognised in other comprehen-sive income	Other adjust-ments	End of year
Bonds at amortised cost	-14	1	0	0	-13
Intangible assets	0	0	0	0	0
Property, plant and equipment	221	-65	23	0	179
Loans and advances, etc.	-23	2	0	0	-21
Provisions for pensions	-125	5	-2	0	-122
Other	-34	7	0	-5	-32
Total	25	-50	21	-5	-9
Change in deferred tax 2017					
Bonds at amortised cost	-29	15	0	0	-14
Intangible assets	9	-9	0	0	0
Property, plant and equipment	230	-18	9	0	221
Loans and advances, etc.	-30	7	0	0	-23
Provisions for pensions	-116	-7	-2	0	-125
Other	-33	4	0	-5	-34
Total	31	-8	7	-5	25

Note			Jyske Bank
	DKKm	2018	2017
31	**Subordinated debt**		
	Supplementary capital:		
	Var. % bond loan EUR 300m 05.04.2029	2,240	2,234
	Var. % bond loan SEK 600m 19.05.2026	436	454
	3.25% bond loan SEK 400m 19.05.2026	290	303
	6.73% bond loan EUR 12m 2019-2026	90	101
	Var. % bond loan EUR 10m 13.02.2023	75	74
	5.65% bond loan EUR 10 m 27.03.2023	75	74
	5.67% bond loan EUR 10 m 31.07.2023	75	74
		3,281	3,314
	Hybrid core capital:		
	Var. % bond loan EUR 72.8m Perpetual	543	542
	Var. % bond loan EUR 60.7m Perpetual	453	452
		996	994
	Subordinated debt, nominal	4,277	4,308
	Hedging of interest-rate risk, fair value	42	15
	Total	4,319	4,323
	Subordinated debt included in the capital base	4,217	4,278

The above-mentioned issues of additional Tier 1 Capital do not meet the conditions for additional Tier 1 Capital in the Capital Requirements Regulation, CRR. The issues are recognised under liability other than provision according to IAS 32.

The above issues of hybrid core capital have no contractual maturity date. Subject to the approval of the Danish Financial Supervisory Authority, the notes may be redeemed by Jyske Bank, but not earlier than ten years after the date of issue. The holders have no right to call for the redemption of the notes. Interest payments will cease in the event that the issuer does not meet the solvency requirements. Under such circumstances, dividend payments and buy-back of issued shares are subject to certain restrictions. The rate of interest is floating, but capped at 9% p.a. for the EUR 72.8m loan and at 8% p.a. for the EUR 60.7m loan. The rate is calculated as EUR CMS10 + 0.15% per annum.

DKKm

32 **Contingent liabilities**

General
Jyske Bank's credit review of guarantee applicant takes into consideration the risk on guarantees. For about 82% of Jyske Bank's guarantees, the contractual term is below one year; for about 12%, the contractual terms is between 1 and 5 years; and for about 6%, the contractual term is above 5 years, compared to 80%, 13% and 7%, respectively, in 2017.

Financial guarantees are primarily payment guarantees, and the risk equals that involved in credit facilities.

Guarantees for losses on mortgage loans are typically provided as security for the most risky part of mortgage loans granted to personal clients and to a limited extent for loans secured on commercial real property. Guarantees for residential real property are within 80% and for commercial real property within 60%-80%, of the property value as assessed by a professional expert.

Registration and refinancing guarantees are provided in connection with the registration of new and refinanced mortgages. Such guarantees involve insignificant risk.

Other contingent liabilities include other forms of guarantees at varying degrees of risk, including performance guarantees. The risk involved is deemed to be less than the risk involved in, e.g., credit facilities subject to flexible drawdown.

Jyske Bank is also a party to a number of legal disputes arising from its business activities. Jyske Bank estimates the risk involved in each individual case and makes any necessary provisions which are recognised under contingent liabilities. Jyske Bank does not expect such liabilities to have material influence on Jyske Bank's financial position.

Because of its statutory participation in the deposit guarantee scheme, the sector has paid an annual contribution of 2.5‰ of the covered net deposits until the assets of Pengeinstitutafdelingen (the financial institution fund) exceed 1% of the total net deposits covered, which level has been reached. According to Bank Package 3 and Bank Package 4, Pengeinstitutafdelingen bears the immediate losses attributable to covered net deposits and relating to the winding up of financial institutions in distress. Any losses in connection with the final winding up are covered by the Guarantee Fund's Afviklings- og Restruktureringsafdeling (settlement and restructuring fund), where Jyske Bank currently guarantees 9.33% of any losses.

The statutory participation in the resolution financing arrangements (Resolution Fund) as of June 2015 entailed that credit institutions pay an annual contribution over a 10-year period to a Danish national fund with a target size totalling 1% of the covered deposits. Credit institutions are to contribute according to their relative sizes and risk in Denmark, and the first contributions to the Resolution Fund were paid at the end of 2015. Jyske Bank expects having to pay a total of about DKK 300m over the 10-year period 2015 - 2025.

Jyske Bank is a management company under Danish joint taxation. Therefore, according to the provisions of the Danish Company Taxation, Jyske Bank is liable as of the accounting year 2013 for corporation tax, etc. for the jointly taxed companies and as of 1 July 2012 for any liabilities to withhold tax on interest and dividends for the jointly taxed companies.

	2018	2017
Guarantees		
Financial guarantees	**14,101**	14,252
Guarantee for losses on mortgage credits	**1,753**	2,134
Registration and refinancing guarantees	**1,680**	926
Other contingent liabilities	**1,714**	1,914
Total	**19,248**	19,226

33 **Other contingent liabilities**

Irrevocable credit commitments	**2,770**	3,049
Others	**54**	54
Total	**2,824**	3,103

Note		Jyske Bank
DKKm	2018	2017
34 Transactions involving related parties		
Transactions with group enterprises and associates		
Guarantees provided	467	515
Due from credit institutions	80	993
Loans and advances	18,473	17,071
Bonds	8,231	12,427
Due to credit institutions	10,284	11,406
Deposits	33	100
Other liabilities	73	157
Derivatives	607	781
Interest income	-151	-22
Interest expenses	49	49
Fee income	371	594
Fee expenses	45	31
Other operating income	360	311
Employee and administrative expenses	655	606
Transactions with joint ventures		
Deposits	-	77
Interest income	-1	1
Other operating income	20	23
Employee and administrative expenses	148	124

Group enterprises and associates as well as joint ventures are considered related parties. Please see the Group chart.

Jyske Bank's Executive Board and Supervisory Board as well as their related parties are also considered related parties.

Jyske Bank is the banker of a number of related parties, and Jyske Bank is part of a joint funding cooperation scheme with Jyske Realkredit. Other transactions between related parties are characterised as ordinary financial transactions and services of an operational nature.

Transactions between Jyske Bank and group enterprises and associates as well as joint ventures are entered into on an arm's length or at cost.

Transactions between Jyske Bank and other related parties were executed on an arm's length basis. This also holds for the rates of interest and commission charges.

For transactions with management, please see note 63 in the consolidated financial statements.

Note		Jyske Bank	
	DKKm	2018	2017
35	**Hedge accounting**		
	Issued bonds		
	Amortised / Nominal value	10,836	7,020
	Carrying amount	10,985	7,179
	Subordinated debt		
	Amortised / Nominal value	2,680	2,685
	Carrying amount	2,722	2,700
	Hedging, financial instruments - interest-rate swaps		
	Nominal value	13,516	9,705
	Carrying amount	190	176
	Profit/loss for the year on hedging instruments	14	-108
	Profit/loss for the year on hedged items	-17	80

Interest-rate risk

Jyske Bank applies the rules for hedge accounting of fair value for selected fixed-rate issued bonds and subordinated debt. The purpose is to avoid asymmetric fluctuations in the financial statements as both the hedging instruments as well as the hedged items will then be adjusted to market value in the income statement in the event of changes to the interest-rate level. The hedging instruments used are typically interest-rate swaps, which are used for hedging against changes in the interest-rate level. Only interest rates are hedged and therefore not credit margins, etc. The above items are subject to hedging.

Hedge accounting of currency risk on investments in subsidiaries

Jyske Bank hedges the currency risk on net investments in international subsidiaries. The risk is hedged using forward exchange contracts. Adjustment of the hedging takes place quarterly and will take place when the profit of the subsidiary is known. At the end of 2018, the gross value of the forward exchange contracts amounted to DKK 626m (2017: DKK 498m). In 2018, foreign currency translation adjustment of the contracts amounted to DKK 9m (2017: DKK 21m), which was recognised under other comprehensive income. In 2018, the hedging was 100% effective. At the end of 2018, the fair value of the forward exchange contracts applied amounted to DKK -11m (2017: DKK -5m).

DKKm

36 Note on derivatives

Both its clients and Jyske Bank itself use derivatives to hedge against and manage market risk. Market risk on derivatives is included in the Group's measurement of market risk. Credit risk in connection with derivatives is calculated for each counterparty and is included in Jyske Bank's overall credit risk management. Subject to specific bilateral agreement, netting of the credit risk associated with derivatives is undertaken for each counterparty.

Derivatives	Net fair value				Fair value			Principal amounts, total
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Assets	Liabilities	Net	Nominal value
2018								
Currency contracts	-674	-158	-35	252	5,476	6,091	-615	988,966
Interest-rate contracts	-28	3	-311	-318	24,225	24,879	-654	1,294,681
Share contracts	0	0	0	16	42	26	16	1,813
Commodity contracts	2	4	0	13	315	296	19	7,615
Total	**-700**	**-151**	**-346**	**-37**	**30,058**	**31,292**	**-1,234**	**2,293,075**
Outstanding spot transactions					**117**	**36**	**81**	**26,127**
CCP netting					**-6,945**	**-6,945**	**0**	**0**
Total after CCP netting					**23,230**	**24,383**	**-1,153**	**2,319,202**
2017								
Currency contracts	-21	412	360	-66	7,071	6,386	685	1,001,082
Interest-rate contracts	-266	23	-51	-260	24,789	25,343	-554	1,376,821
Share contracts	0	0	0	0	66	66	0	7,343
Commodity contracts	4	4	2	0	209	199	10	5,402
Total	-283	439	311	-326	32,135	31,994	141	2,390,648
Outstanding spot transactions					70	60	10	47,247
CCP netting					-6,309	-6,309	0	0
Total after CCP netting					25,896	25,745	151	2,437,895

Statement by the Management and Supervisory Boards on the Annual Report

We have today discussed and approved the Annual Report of Jyske Bank A/S for the accounting year 1 January to 31 December 2018.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent's financial statements have been prepared in accordance with the Danish Financial Business Act. Further, the Annual Report has been prepared in accordance with the additional Danish disclosure requirements for listed financial companies.

In our opinion, the consolidated financial statements and the Parent's financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2018 and of their financial performance and cash flows for the financial year 1 January to 31 December 2018.

In our opinion, the Management's Review gives a fair presentation of the development in the Group's and the Parent's performance and financial position, the net profit or loss for the year and the Group's and the Parent's financial position as a whole as well as a description of the most material risks and elements of uncertainty that may affect the Group and the Parent.

The Annual Report is recommended for adoption at the Annual General Meeting.

Silkeborg, 26 February 2019

EXECUTIVE BOARD

ANDERS DAM
Managing Director and CEO

NIELS ERIK JAKOBSEN

PETER SCHLEIDT

PER SKOVHUS

/JENS BORUM
Director, Finance

SUPERVISORY BOARD

SVEN BUHRKALL
Chairman

KURT BLIGAARD PEDERSEN
Deputy Chairman

RINA ASMUSSEN

PHILIP BARUCH

JENS A. BORUP

KELD NORUP

JOHNNY CHRISTENSEN
Employee Representative

MARIANNE LILLEVANG
Employee Representative

CHRISTINA LYKKE MUNK
Employee Representative

Internal Auditors' Report

Audit opinion

In our opinion, the consolidated financial statements and the Parent's financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2018 and of the Group's and the Parent's financial performance and the Group's cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies in regard to the consolidated financial statements and in accordance with the Danish Financial Business Act in regard to the Parent's financial statements.

Basis of opinion

We have audited the consolidated financial statements and the financial statements of Jyske Bank A/S for the financial year 1 January - 31 December 2018. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies. The financial statements have been prepared in accordance with the Danish Financial Business Act.

We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Enterprises, etc. as well as Financial Groups and in accordance with international auditing standards on planning and performance of the audit.

We have planned and performed our audit with a view to obtaining a high degree of certainty that the consolidated financial statements and the Parent's financial statements do not contain any material misstatements. We participated in the audit of significant and risky areas.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statement on the Management's Review

We have read the Management's Review pursuant to the Danish Financial Business Act. We did not perform any procedures other than those performed during the audit of the consolidated financial statements and the Parent's financial statements.

Based on this, we believe that the Management's Review has been prepared in accordance with the Danish Financial Business Act and the disclosures in the Management's Review are consistent with the consolidated financial statements and the Parent's financial statements.

Silkeborg, 26 February 2019

Henning Sørensen
Head of the Audit Division

Independent Auditors' Report

To the shareholders of Jyske Bank A/S

Audit opinion

We have audited the consolidated financial statements and the financial statements for Jyske Bank A/S for the financial year 1 January – 31 December 2018 comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, capital statement and notes, including accounting policies, for the Group as well as the Parent and the consolidated cash flow statement for the Group. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the EU and also in accordance with additional Danish disclosure requirements for listed financial companies, and the Parent's financial statements were prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2018 and of its financial performance and cash flows for the financial year 1 January – 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies.

In addition, in our opinion, the financial statements give a true and fair view of the Parent's financial position at 31 December 2018 and of the company's financial performance for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Business Act.

Our audit opinion is in line with our long-form audit report to the Audit Committee and the Supervisory Board.

Basis of the audit opinion

We conducted our audit in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibility according to these standards and requirements are described in detail in the auditors' report under the heading "The auditor's responsibility for the audit of the consolidated financial statements and the Parent's financial statements". We are independent of the Group in accordance with the code of ethics of the International Ethics Standard Board for Accountants (IESBA) and also in accordance with the additional requirements applicable in Denmark; also, we have met our ethical obligations according to this code of ethics and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the best of our knowledge, no prohibited non-audit services as stated in Art. 5(1) of Regulation (EU) No. 537/2014, have been performed.

We were elected auditors of Jyske Bank A/S for the first time in 1995. We have been re-elected annually by the annual general meeting for a total continuous task period of more than 23 years until an including the financial year 2018.

Key audit matters

Key audit matters are the matters that in our professional opinion were the most important ones in connection with our audit of the consolidated financial statements and the Parent's financial statements for the financial year 1 January – 31 December 2018. These matters were discussed in the course of our audit of the consolidated financial statements and the Parent's financial statements as a whole and the preparation of our audit opinion. We do not issue a separate audit opinion about these matters.

Loan impairment charges

For the Jyske Bank Group, loans and advances amounted to DKK 462,797m on 31 December 2018 (DKK 447,673m on 31 December 2017), and impairment charges on these amounted to DKK 5,244m on 31 December 2018 (DKK 4,815m on 31 December 2017).

Determination of the indication of loan impairment is associated with considerable uncertainty and to some extent based on management's estimates. Due to the materiality of these estimates and the volume of commercial loans, including loans to agricultural clients, the audit of loan impairment charges on commercial loans, including loans to agricultural clients, is a key audit matter.

As of 2018, the Group's impairment charges were recognised according to the IFRS 9 rules, which entails, among other things, that an impairment model was introduced, which divides exposures into three stages, where the ranking of the exposures depends on whether they are credit-impaired relative to the initial recognition.

The principles for the determination of the indication of impairment, including the explanation of the accounting treatment of transitional effects is described in detail under accounting policies, and the management has described the handling of credit risks as well as the assessment of the indication of impairment in notes 50-53 of the consolidated financial statements.

Lending issues that involve the most extensive estimation and therefore require most attention during the auditing are:
- Parameters and management's estimates in the calculation model applied for the determination of the expected losses in stages 1 and 2.
- Identification of exposures that are credit-impaired relative to initial recognition
- Measurement of securities and future cash flows, including management's estimates in connection with the determination of expected losses in stage three
- Identification and determination of management's additions to the model

The audit has dealt with the matter in this way
Based on our risk assessment, the audit included an examination of the Group's relevant business procedures for loan impairment charges, tests of relevant controls and analysis of the development of the credit quality of loans and advances, etc., including the extent of the impairment charges.

Our audit procedure consisted of tests of design and implementation as well as tests of the operational efficiency of relevant controls relating to:
- On-going assessment of the credit risk
- Assessment and validation of input and assumptions used when calculating the impairment charges
- Determination of management's estimates in the model's calculation of loan impairment charges in stages one and two as well as the individual measurement of loans in stage three
- Implementation of IFRS 9, which is recognised in opening equity

Our audit procedures also included:
- Examination by random sampling of exposures for the assessment of credit impairment
- Challenge of the material assumptions in the calculation model applied with special focus on objectivity and the data used.
- Test of input applied for the calculation of the impairment charges with focus on security values in stages one and two
- For loans and advances classified for stage three, we have through sampling tested whether the established indication of impairment is in line with the guidelines of the legislation as well as those of the Group. This included tests of security values and scenario determination.
- Challenge of management's additions to the model, including an examination of the documentation of this.

Statement on the Management's Review
The management is responsible for the Management's Review.

Our audit opinion on the consolidated financial statements and the Parent's financial statements does not cover the Management's Review, and we do not express any kind of unmodified audit opinion on the Management's Review.

In connection with our audit of the consolidated financial statements and the Parent's financial statements, it is our responsibility to read the Management's Review and in that connection consider whether the Management's Review is materially inconsistent with the consolidated financial statements or the Parent's financial statements or our knowledge attained through the audit or in other ways seems to contain any material misstatement.

In addition, it is our responsibility to consider whether the Management's Review contains the required information according to the Danish Financial Business Act.

Based on the work performed, we believe that the Management's Review is consistent with the consolidated financial statements and the Parent's financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not find any material misstatement in the Management's Review.

Management's responsibility for the consolidated financial statements and the Parent's financial statements

Management is responsible for the preparation of consolidated financial statements that offer a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and in accordance with the additional Danish disclosure requirements for listed financial companies as well as the preparation of the Parent's financial statements that offer a true and fair view according to the Danish Financial Business Act. Moreover, management is responsible for the internal control that management finds necessary to prepare consolidated financial statements and the Parent's financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements and the Parent's financial statements, management is responsible for assessing the Group's and the Parent's ability to continue operations, and for disclosing circumstances relating to the continued operations, where relevant, and to prepare the consolidated financial statements and the Parent's financial statements on the basis of the accounting principle on continued operations, unless management intends to wind up the Group or the Parent, discontinue operations or does not have any other realistic alternative than doing so.

The auditor's responsibility for the audit of the consolidated financial statements and the Parent's financial statements

The objective of our audit is that of obtaining a high level of assurance and audit evidence that the consolidated financial statements and the Parent's financial statements are free of material misstatements, whether or not due to fraud or error. A high level of assurance is a high level of assurance, but no guarantee that an audit performed in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark will reveal any material misstatement if such misstatement has been made. Misstatements can also be given due to fraud or error and can be considered material if it is reasonable to assume that such misstatements will individually or collectively affect the financial decisions that financial statement users make on the basis of the consolidated financial statements and the Parent's financial statements.

In the course of the audit that is performed in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark, we make professional assessments with an attitude of professional scepticism during the audit. In addition:

- We identify and assess the risk of material misstatements in the consolidated financial statements and the Parent's financial statements, whether or not such misstatements are due to fraud or error; we design and perform audit procedures in reaction to these risks and also obtain audit evidence sufficient and suitable for the basis of our audit opinion. The risk of not detecting any material misstatement due to fraud is higher than that in connection with material misstatements caused by error, as fraud may comprise conspiracy, forgery, conscious omissions, misrepresentation or disregard of internal control.
- We gain an understanding of the internal control relevant for the audit in order to prepare audit procedures that are appropriate under the circumstances, but not to express an audit opinion on the efficiency of the Group's and the Parent's internal control.
- We make a decision wither the accounting policies applied by management are suitable, and whether the accounting estimates and relevant information that management has prepared are reasonable.
- We determine whether management's preparation of the consolidated financial statements and the Parent's financial statements on the basis the of accounting principle on going concern is suitable, as well as whether, on the basis of the audit evidence obtained, there is any material uncertainty linked to events or circumstances that may result in considerable doubt as to the Group's or the Parent's ability to continue operations. If we determine that there is material uncertainty, we must in our auditors' report draw attention to information of this in the consolidated financial statements and the Parent's financial statements, or if such information is not sufficient modify our audit opinion. Our audit opinion is based on the audit evidence that is obtained until the date of our auditors' report. However, future events or circumstances may

result in the Group and the Parent not being able to continue operations any longer.

- We decide on the overall presentation, structure and contents of the consolidated financial statements and the Parent's financial statements, including disclosures in the notes, and whether the consolidated financial statements and the Parent's financial statements reflect the underlying transactions and events in such a way that they render a true and fair view of these.
- We obtain a sufficient and suitable audit evidence of the financial information in the companies or the business activities in the Group to express an audit opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the consolidated financial statements audit. We are solely responsible for the audit opinion.

We communicate with senior management, among other things, on the planned extent and the timing of the audit as well as considerable audit observations, including any considerable shortcomings in the internal control that we identify during our audit.

We also make a statement to senior management to the effect that we comply with relevant ethical requirements as to independence and disclose to senior management all relations and other circumstances that may reasonably affect our independence and, where relevant, related security measures.

Based on the circumstances communicated to senior management, we establish the circumstances that were of greatest importance during our audit of the consolidated financial statements and the Parent's financial statements covering the relevant period and therefore constituted key audit matters. We describe these circumstances in our auditors' report, unless acts of law or other regulation preclude publication of the circumstance, or in the most rare cases where we establish that the circumstance is not to be communicated in our auditors' report because the negative consequences from this could reasonably be expected to carry a heavier weight than the benefit from such communication that would be in the public interest.

Silkeborg, 26 February 2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Reg. No. 33 96 35 56

Hans Trærup
State-Authorised Public Accountant
Identification No. (MNE) 10648

Kasper Bruhn Udam
State-Authorised Public Accountant
Identification No. (MNE) 29421

Directorships held by members of the Supervisory Board in other commercial enterprises at 31 December 2018

Sven Buhrkall, Consultant, Fanø, Chairman
- Board member of H.P. Therkelsen A/S, Padborg
- Board member, Hirtshals Havn, (foundation/independent institution)
- Chairman of the supervisory board, Fonden for H.K. Samuelsen Shipping og International Spedition, Sønderborg, and on the board of two fully owned subsidiaries
- Board member, Generalkonsulinde Anna Hedorf og generalkonsul Frode Hedorfs Fond, Vallensbæk, and chairman of the supervisory board of a fully owned subsidiary
- Board member, FDE Fonden
- Director of Sven Buhrkall Consulting

Kurt Bligaard Pedersen, Director, London, deputy chairman
- Board member, BRFfonden and on the board of a fully owned subsidiary
- Board member, Noordgastransport B.V., the Netherlands
- General manager and board member, Gazprom Marketing & Trading Retail Ltd., Great Britain

Rina Asmussen, Consultant, Klampenborg
- Board member, PFA Invest
- Board member and Deputy Chairman, BRFfonden, and on the board of a fully owned subsidiary
- Board member, HUMAN UNIVERZ Partner byHeart Aps
- Director, RA-Consulting

Philip Baruch, Charlottenlund
- Chairman of the supervisory board, Zimmer Group A/S
- Chairman of the supervisory board, Ottensten A/S
- Chairman of the supervisory board, Seniorshop Aps
- Board member, Melitek A/S

Jens A. Borup, Skagen
- Board member/chairman, FF Skagen-gruppen including
    - Board member, FF Skagen Fond
    - Chairman of the supervisory board, FF Skagen A/S, and also on the board of two fully owned subsidiaries
    - Chairman of the supervisory board, Scandic Pelagic A/S
    - Board member, Scandic Pelagic AB, Sweden, and on the board of two fully owned subsidiaries
    - Managing director of Hirtshals Tanklager ApS, FF Handelsafdeling ApS and H.F. Industrifiskehandel Aps
- Managing director, Starholm Holding ApS, Skagen

Keld Norup, Vejle
- Chairman of the supervisory board/board member, Holmskov-gruppen, Vejle including
    - Chairman of the supervisory board, Holmskov & Co. A/S
    - Chairman of the supervisory board, Holmskov Finans A/S
    - Chairman of the supervisory board, Holmskov Invest A/S
    - Board member, H & P Frugtimport A/S
- Chairman of the supervisory board, Clausen-gruppen, Vejle including
    - Chairman of the supervisory board, GV-Holding A/S
    - Chairman of the supervisory board, VAC Holding ApS
    - Chairman of the supervisory board, VHF Holding ApS
- Board member, Sole-gruppen, Vejle, including
    - Board member, Sole Holding ApS, Vejle, and also on the board of five fully owned subsidiaries
    - Board member, Sole Invest Aps, Hedensted and also on the board of a fully owned subsidiary
    - Board member, TP Family ApS and on the board of a fully owned subsidiary
    - Board member, Hølgaard Ejendomme ApS
    - Board member, Solbjerg Ejendomme A/S
    - Board member, JGP Family ApS and on the board of a fully owned subsidiary
    - Board member, Vesterby Minkfarm A/S
    - Board member, Solskov Minkfarm A/S
- Chairman of the supervisory board, Skov Advokater Advokataktieselskab
- Managing director, Keld Norup Holding Aps

Directorships held by members of the Executive Board in other commercial enterprises at 31 December 2018

Anders Dam

- Chairman of the Supervisory Board of Jyske Banks Almennyttige Fond as well as the fully owned subsidiary Jyske Banks Almennyttige Fonds Holdingselskab
- Board member (deputy chairman), Foreningen Bankdata F.m.b.a.
- Board member, FR I af 16. september 2015 A/S

Niels Erik Jakobsen

- Board member (deputy chairmen), Letpension A/S
- Board member, BI Holding A/S as well as the fully owned BI Asset Management Fondsmæglerselskab A/S

Peter Schleidt

- Board member (deputy chairman), JN Data A/S
- Board member, VP Securities A/S

Members of the Supervisory Board at 31 December 2018

Name	Age	Appointed a Board member	Expiry of term of office	Audit committee	Nomination Committee	Remuneration Committee	Risk Committee	Digitization & Technology Committee
Sven Buhrkall, Consultant, Chairman	69	1998	2019	Member	Chairman	Chairman	Member	Member
Kurt Bligaard Pedersen, Managing Director, Deputy Chairman	59	2014	2020	Chairman	Member	Member		
Partner Rina Asmussen	59	2014	2019				Chairman	Chairman
Philip Baruch	65	2006	2021		Member			
Jens A. Borup	63	2005	2020	Member	Member		Member	
Keld Norup	65	2007	2019	Member				
Employee representatives:								
Marianne Lillevang, District Chairman	53	2006	2022			Member	Member	
Christina Lykke Munk, Portfolio Management Adviser	40	2016	2022	Member				
Johnny Christensen, Deputy District Chairman	56	2018	2022					Member

	Number of Jyske Bank shares		Participation and number of meetings 2018					
Name	End-2018	End-2017	Board meeting	Audit committee	Nomination Committee	Remuneration Committee	Risk Committee	Digitization & Technology Committee
Sven Buhrkall, Consultant, Chairman	**2,580**	2,580	42/43	6/6	2/2	2/2	6/6	4/4
Kurt Bligaard Pedersen, Managing Director, Deputy Chairman	**1,150**	1,150	38/43	5/6	2/2	2/2		
Partner Rina Asmussen	**927**	927	40/43				6/6	4/4
Philip Baruch, Attorney-at-Law	**2,893**	2,893	38/43		2/2			
Jens A. Borup, Fishing Vessel Master	**3,970**	3,970	41/43	3/3	2/2		6/6	
Keld Norup, Attorney-at-Law	**1,100**	1,100	43/43	6/6				
Employee representatives:								
Marianne Lillevang, District Chairman	**2,456**	2,348	40/43	2/3		2/2	4/4	
Christina Lykke Munk, Portfolio Management Adviser	**279**	359	41/43	3/3				
Johnny Christensen, Deputy District Chairman	**327**	773	27/32					3/3

The board members' participation in meetings appear above.