



JYSKE BANK

Interim Financial Report, Q1 - Q3 2019

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The Jyske Bank Group

Core profit and net profit for the period (DKKm)

	Q1-Q3 2019	Q1-Q3 2018	Index 19/18	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
Net interest income	3,974	4,253	93	1,310	1,340	1,324	1,371	1,407	5,624
Net fee and commission income	1,566	1,348	116	580	523	463	506	443	1,854
Value adjustments	90	26	346	-95	-8	193	-49	132	-23
Other income	113	431	26	7	59	47	32	127	463
Income from operating lease (net)	86	73	118	28	34	24	8	26	81
Core income	5,829	6,131	95	1,830	1,948	2,051	1,868	2,135	7,999
Core expenses	3,816	3,664	104	1,275	1,256	1,285	1,232	1,249	4,896
Core profit before loan impairment charges	2,013	2,467	82	555	692	766	636	886	3,103
Loan impairment charges	-37	439	-	-30	9	-16	29	104	468
Core profit	2,050	2,028	101	585	683	782	607	782	2,635
Investment portfolio earnings	-197	516	-	-136	-50	-11	-11	-20	505
Pre-tax profit	1,853	2,544	73	449	633	771	596	762	3,140
Tax	379	545	70	84	134	161	95	184	640
Net profit for the period	1,474	1,999	74	365	499	610	501	578	2,500

Summary of balance sheet, end of period (DKKbn)

Loans and advances	483.8	457.7	106	483.8	479.9	470.5	462.8	457.7	462.8
- of which mortgage loans	338.7	318.8	106	338.7	336.9	333.3	326.3	318.8	326.3
- of which loans and advances, traditional loans and advances	101.7	104.5	97	101.7	103.3	104.2	104.1	104.5	104.1
- of which loans and advances, new home loans	4.0	9.4	43	4.0	4.7	4.9	6.3	9.4	6.3
- of which repo loans	39.4	25.0	158	39.4	35.0	28.1	26.1	25.0	26.1
Bonds and shares, etc.	94.8	74.7	127	94.8	98.6	94.8	83.2	74.7	83.2
Total assets	662.5	596.9	111	662.5	646.4	627.5	599.9	596.9	599.9
Deposits	157.9	150.9	105	157.9	152.7	154.2	148.7	150.9	148.7
- of which bank deposits	138.2	136.6	101	138.2	139.4	141.0	135.7	136.6	135.7
- of which repo deposits and tri-party deposits	19.7	14.3	138	19.7	13.3	13.2	13.0	14.3	13.0
Issued bonds at fair value	359.5	316.7	114	359.5	350.7	334.4	324.7	316.7	324.7
Issued bonds at amortised cost	39.4	33.3	118	39.4	38.4	38.2	35.0	33.3	35.0
Subordinated debt	4.3	4.3	100	4.3	4.3	4.3	4.3	4.3	4.3
Holders of hybrid core capital	3.2	2.5	128	3.2	3.2	2.5	2.5	2.5	2.5
Shareholders' equity	32.0	31.9	100	32.0	32.2	32.4	31.8	31.9	31.8

Financial ratios and key figures

Earnings per share for the period (DKK)*	17.0	22.7	4.2	5.7	7.1	5.8	6.5	28.2
Profit for the period, per share (diluted) (DKK)*	17.0	22.7	4.2	5.7	7.1	5.8	6.5	28.2
Pre-tax profit p.a. as a percentage of average equity*	7.3	10.3	5.1	7.3	9.2	7.1	9.1	9.5
Profit for the period p.a. as a pct. of average equity*	5.7	8.1	4.0	5.7	7.3	6.0	6.9	7.6
Expenses as a percentage of income	65.5	59.8	69.7	64.5	62.7	66.0	58.5	61.2
Capital ratio (%)	20.2	20.3	20.2	19.8	20.1	20.0	20.3	20.0
Common Equity Tier 1 capital ratio (CET1 %)	16.3	16.6	16.3	16.0	16.6	16.4	16.6	16.4
Individual solvency requirement (%)	11.0	10.3	11.0	10.7	10.8	10.8	10.3	10.8
Capital base (DKKbn)	38.3	37.1	38.3	38.6	38.0	37.7	37.1	37.7
Weighted risk exposure (DKKbn)	189.7	182.9	189.7	195.1	189.2	188.4	182.9	188.4
Share price at end of period (DKK)	221	311	221	228	257	235	311	235
Distributed dividend per share (DKK)	-	11.7	-	-	-	-	5.9	11.7
Book value per share (DKK)*	418	382	418	408	397	390	382	390
Price/book value per share (DKK)*	0.5	0.8	0.5	0.6	0.6	0.6	0.8	0.6
No. of full-time employees at end-period**	3,672	3,726	3,672	3,692	3,684	3,698	3,726	3,698

Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 23 appear from note 4.

*Financial ratios are calculated as if Additional Tier 1 Capital is recognised as a liability.

** The number of employees at the end of the first nine months of 2019 less 21 employees who are financed externally against 21 employees at the end of the second quarter of 2019, 25 employees at the end of the first quarter of 2019 and at the end of 2018 as well as about 40 employees in the other quarters.

Summary

- Pre-tax profit: DKK 1,853m (Q1 - Q3 2018: DKK 2,544m) corresponding to a return of 7.3% p.a. on average equity (Q1 - Q3 2018: 10.3% p.a.)
- Post-tax profit: DKK 1,474m (Q1 - Q3 2018: DKK 1,999m) corresponding to a return of 5.7% p.a. on average equity (Q1 - Q3 2018: 8.1% p.a.)
- Core income: DKK 5,829m (Q1 - Q3 2018: DKK 6,131m)
- Core profit: DKK 2,050m (Q1 - Q3 2018: DKK 2,028m)
- Expected profit after tax for 2019 is approximately DKK 2.0 bn compared with previous expectations of DKK 2.0 bn - 3.3 bn, corresponding to a return on equity after tax of approximately 6%, compared with the previous expectations of 6% - 10%
- Capital ratio: 20.2%, of which the Common Equity Tier 1 capital ratio was 16.3% (end of 2018: 20.0% and 16.4%, respectively)
- The existing share buyback programme in the amount of DKK 500m is raised to DKK 1 bn and extended until 31 March 2020. In consequence of this, the Supervisory Board will present to the Annual General Meeting a motion for the distribution of an ordinary dividend of DKK 0 per share for the financial year 2019
- In October, Standard & Poor's upgraded Jyske Bank's senior rating to A from A- and Jyske Bank's short-term senior rating to A-1 from A-2 with stable outlook. At the end of the third quarter of 2019, Jyske Bank's RAC was calculated at approximately 11.9%.

Comments by Management

In connection with the publication of the interim financial report for the first nine months of 2019, Anders Dam, CEO and Managing Director, states:

"In recent years, Jyske Bank's net interest income has been under pressure. This can chiefly be attributed to the negative interest rate environment, resulting in large expenses relating to a deposit base that now amounts to DKK 130 bn, of which about half is exempt from negative interest rates until 1 December 2019. In addition, competition in respect of bank loans and advances resulting in falling margins had a similar effect as had compliance with the MREL requirements.

As of 1 December 2019, Jyske Bank's deposits from corporate clients will be interest rate neutral. In addition, the bank has about 11,000 personal clients who as of 1 December 2019 will be affected by negative interest rates on their deposits in excess of DKK 750,000, which on the whole amount to almost DKK 10 bn. The bank has been in touch with a large part of these clients. Generally the clients are very sympathetic towards the introduction of negative interest rates in a situation where short term market rates and the interest rate on government bonds have been negative for quite some time.

Based on the feedback from the clients so far and their transactions, we assess that the clients will invest, will accept the standard terms, will restructure their deposits and possibly reduce debt or increase spending. In consequence of this, a decline in deposits of DKK 3 bn - 4 bn is to be expected.

Jyske Bank has since 2012 accumulated a large deposit surplus, cf. the below table. Growth in respect of deposits amounts to DKK 40 bn, while bank loans and advances have stagnated. As of 1 December 2019, Jyske Bank has deposits of almost DKK 50 bn from personal clients, which will not be subject to negative interest rates and, in the current interest rate environment, will impose a considerable expense on Jyske Bank", ends Anders Dam.

Bank deposits and traditional bank loans and advances, Jyske Bank A/S (DKK bn)

	Q3 2019	Q4 2018	Q4 2012
Bank deposits	130.2	126.8	90.1
Traditional bank loans and advances	102.0	104.4	101.5

Financial Review

Material circumstances

Jyske Bank has entered into an agreement on the sale of Jyske Bank (Gibraltar)

In January 2019, Jyske Bank announced that all international private banking activities would be brought together under one roof in Copenhagen (Private Banking Copenhagen), and that the bank had initiated a process with a view to selling the subsidiary bank Jyske Bank (Gibraltar) Ltd. In June, an agreement to sell Jyske Bank (Gibraltar) Ltd. was concluded with Rooke Investments Ltd. The agreement is, among other things, subject to regulatory approval by the relevant authorities in Gibraltar. The parties have agreed not to publish the terms and conditions. The sale progresses according to plan.

Rooke Investments Ltd. intends to continue the current business model of Jyske Bank (Gibraltar) Ltd. and to focus on organic growth on the existing markets, particularly with respect to home loans. Consequently, the sale will be of no importance to the bank's clients and employees. For a transitional period, Jyske Bank will still support Jyske Bank (Gibraltar) Ltd., offering group services to ensure a smooth transition to the new ownership.

Organisational change

Jyske Bank implemented an organisational change with effect as from 1 September 2019. The reasons for the change were the need to solve a number of governance-related issues and the wish to achieve, at the same time, a more focused and simple organisation. The organisational change meets expectations.

Capital

In April 2019, Jyske Bank issued AT1 capital in the amount of SEK 1 bn (about DKK 700m) at STIBOR +500 bps, corresponding to 3M CIBOR +470bps.

In June 2019, Jyske Bank implemented a capital reduction as decided by the extraordinary general meeting on 6 May 2019. After the capital reduction, Jyske Bank's share capital amounts to a nominal amount of DKK 815,945,440 distributed on 81,594,544 shares each of a nominal value of DKK 10.

On 1 April, Jyske Bank initiated a share buy-back programme in an amount of DKK 500m. In May 2019, the buy-back programme was raised to DKK 1 bn. The buy-back programme was completed in July 2019. A total of 4,040,786 shares were bought back at a value of DKK 999,998,761, corresponding to 4.95% of the share capital. At the extraordinary general meeting on 9 October, it was decided to cancel the shares bought back.

In August 2019, Jyske Bank initiated a new share buy-back programme in the amount of DKK 500m. The programme will run over the period 21 August to 29 November, and at the end of the third quarter of 2019, own shares in the amount of DKK 220m had been bought back. Based on the capital and earnings situation, the existing share buy-back programme has been raised by DKK 500m to a total of DKK 1 bn and extended until 31 March 2020. In consequence of this, the Supervisory Board will present to the Annual General Meeting a motion for the distribution of an ordinary dividend of DKK 0 per share for the financial year 2019.

In connection with the annual ordinary reallocation of shares in DLR Kredit A/S in the first quarter of 2019, Jyske Bank sold DLR Kredit shares in the amount of DKK 178m.

In October, Standard & Poor's (S&P) upgraded Jyske Bank's senior rating to A from A- and its short-term senior rating to A-1 from A-2 with stable outlook. S&P assesses that the financial risks in the Danish Economy have fallen. This - in combination with Jyske Bank's issues of loss-absorbing bonds - caused the upgrade.

New intra-group settlement model and new intra-group service agreement

At the beginning of 2019, an agreement was concluded on a new intra-group settlement model on the distribution of mortgage loans, etc. from Jyske Bank to Jyske Realkredit. Due to the agreement, Jyske Realkredit pays distribution fees to Jyske Bank and obtains a right to offset recognised losses on loans.

According to the new intra-group service agreement, Jyske Realkredit pays as of and including 2019 for direct work performed by Jyske Bank employees. The new agreements have no bearing on the consolidated financial statements. At business segment level, the agreements result in changed results within Banking Activities and Mortgage Activities. The new agreements are further described in the section Mortgage activities.

Net profit for the period

Over the first nine months of 2019, the Jyske Bank Group generated a pre-tax profit of DKK 1,853m. Calculated tax amounted to DKK 379m, and after tax the profit amounted to DKK 1,474m. The post-tax profit corresponded to an annualised return of 5.7% on average equity. For the corresponding period in 2018, the return after tax on average equity was 8.1% p.a. Due to the challenging market conditions, the expected profit after tax for 2019 is expected to be approximately DKK 2.0 bn compared with previous expectations of DKK 2.0 bn - 3.3 bn, corresponding to a return on equity after tax of approximately 6%, compared with previous expectations of 6% - 10%.

Core profit and net profit for the period (DKKm)

	Q1-Q3 2019	Q1-Q3 2018	Index 19/18	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
Net interest income	3,974	4,253	93	1,310	1,340	1,324	1,371	1,407	5,624
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Value adjustments	90	26	346	-95	-8	193	-49	132	-23
Other income	113	431	26	7	59	47	32	127	463
Income from operating lease (net)	86	73	118	28	34	24	8	26	81
Core income	5,829	6,131	95	1,830	1,948	2,051	1,868	2,135	7,999
Core expenses	3,816	3,664	104	1,275	1,256	1,285	1,232	1,249	4,896
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Core profit	2,050	2,028	101	585	683	782	607	782	2,635
Investment portfolio earnings	-197	516	-	-136	-50	-11	-11	-20	505
Pre-tax profit	1,853	2,544	73	449	633	771	596	762	3,140
Tax	379	545	70	84	134	161	95	184	640
Net profit for the period	1,474	1,999	74	365	499	610	501	578	2,500

Core profit

Core profit amounted to DKK 2,050m against DKK 2,028m in the first nine months of 2018, when impairment charges of DKK 439m were recognised as an expense, of which DKK 407m related to effects derived from IFRS 9.

Core profit before loan impairment charges fell by 18% to DKK 2,013m in the first nine months of 2019. The decline amounted to 6% when excluding one-off effects from reversed provisions relating to a court case in Gibraltar and gains from real property sales.

Core income

Compared with the same period of 2018, core income fell by 5% to DKK 5,829m in the first nine months of 2019. The decline can to some extent be attributed to lower non-recurring income from property sales, yet also to lower net interest income. Net fee and commission income increased primarily due to the high refinancing activity.

For the first nine months of 2019, net interest income amounted to DKK 3,974m, i.e. a decline by 7% compared with the same period of 2018. Net interest income was favourably affected by the growth within mortgage and leasing activities, yet this did not suffice to offset the negative effect from the lower market rates, pressure on margins and increased funding costs resulting from the expenses relating to the non-preferred senior debt. Finally, both trading activities and strategic balance sheet and risk management realised lower net interest income. Adjusted for the latter, which is to be seen in the context of value adjustments, net interest income fell by 4% in the first nine months of 2019 compared with the corresponding period in 2018.

Strategic balance sheet and risk management (DKKm)

	Q1-Q3 2019	Q1-Q3 2018	Index 19/18	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
Net interest income	83	210	40	38	18	27	32	63	242
Value adjustments	-98	-42	-	-84	-80	66	-83	45	-125
Banking activities, total	-15	168	-	-46	-62	93	-51	108	117
Net interest income	64	65	98	20	20	24	18	20	83
Value adjustments	-49	-69	-	-36	-6	-7	-28	-9	-97
Mortgage activities, total	15	-4	-	-16	14	17	-10	11	-14
Jyske Bank Group, total	0	164	0	-62	-48	110	-61	119	103

Net interest income and value adjustments, exclusive of the effect from the strategic balance sheet and risk management (DKKm)

	Q1-Q3 2019	Q1-Q3 2018	Index 19/18	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
Net interest income	3,827	3,977	96	1,252	1,302	1,273	1,321	1,324	5,299
Value adjustments	237	137	173	25	78	134	62	96	199

In the first nine months of 2019, net interest income and value adjustments from the strategic balance sheet and risk management amounted to DKK 0m compared with DKK 164m in the first nine months of 2018. The decline can materially be attributed to lower net interest income in consequence of the lower market rates as well as the changed portfolio composition and a gradual change of the portfolio to amortised cost.

For the first nine months of 2019, net fee and commission income amounted to DKK 1,566m, i.e. an increase by 16% compared with the same period of 2018. The increase took place particularly in the second and third quarters of 2019 when fee and commission income was positively affected by the high degree of refinancing of mortgage loans and performance fees due to the favourable trends in the financial markets. In the first nine months of 2019, performance fees in the amount of DKK 66m were received. The underlying level of activities within banking as well as mortgage activities remained at a satisfactory level.

Fees paid amounted to DKK 413m against DKK 346m in the first nine months of 2018. The increase was to some extent fuelled by the increasing business volume within leasing activities, fee expenses payable to the government relating to 100% government-guaranteed loans for subsidised housing as well as fees relating to a covered bond issue in the amount of EUR 500m by Jyske Realkredit in the first quarter of 2019.

Value adjustments amounted to DKK 90m in the first nine months against DKK 26m for the same period in 2018. Value adjustments were favourably affected by rising equity prices and the narrowing of the credit spread on Danish mortgage bonds, primarily in the first quarter of 2019. On the other hand, falling long-term market rates and the flattening yield curve had a negative effect in the period. Value adjustments of clients' transactions involving interest-rate hedging had an effect amounting to DKK -49m compared with DKK -24m in the first nine months of 2018.

Other income fell to DKK 113m against DKK 431m for the corresponding period of 2018, when DKK 285m were recognised as income from the sale of properties. In the second quarter of 2019, a gain of DKK 46m was recognised as income relating to the sale of a property in Copenhagen. The majority of the gain was recognised as income under other income. The remaining part was recognised as income under value adjustments. Additionally, the fall in other income was caused by a value adjustment of equities.

Core expenses

Core expenses for the first nine months of 2019 came to DKK 3,816m, i.e. an increase by 1% exclusive of the reversed provision of DKK 96m relating to a court case in Gibraltar in the first nine months of 2018. Due to a lower number of employees, employee costs fell by about 1% compared with the first nine months of 2018 despite increases in salaries prescribed by the collective agreement and the increasing payroll tax. At the end of the third quarter of 2019, the number of employees was 3,672 compared with 3,726 at the end of the third quarter of 2018. On the other hand, IT costs increased by 6%, which could primarily be attributed to IT development costs relating to capital-market activities through Bankdata. As from the third quarter of 2018, these development costs are activated and amortised.

Impairment charges

Reversed loan impairment charges and provisions for guarantees in the amount of DKK 37m were recognised as income in the first nine months of 2019. For the same period in 2018, impairment charges amounted to an expense of DKK 439m. Included in these was an amount of DKK 407m relating to effects derived from the implementation of IFRS 9.

In the first nine months of 2019, impairment charges were adversely affected by changes at certain corporate clients. The number of non-performing loans was still low in respect of both corporate and personal clients.

At the end of third quarter of 2019, impairment charges based on management's estimates amounted to DKK 456m, of which DKK 250m related to agricultural clients against DKK 511m and DKK 275m, respectively, at the

end of 2018. The decline in relation to agricultural clients took place as, among other things, the consequences of the drought in 2018 were clarified.

Investment portfolio earnings

For the first nine months of 2019, investment portfolio earnings amounted to DKK -197m against DKK 516m for the same period in 2018. The results for the first nine months of 2018 were primarily driven by the sale of Nordjyske Bank shares, which had a positive effect in the amount of DKK 544m in the form of value adjustments and dividend received. Generally, the investment portfolio earnings for the first nine months of 2019 were adversely affected by considerably flatter yield curves, which was particularly noticeable in the third quarter. The effect from other market risks was moderately positive, primarily due to the narrowing credit spreads. In addition, the results were adversely affected by the foreign currency hedging of AT1 capital instruments in SEK. Net interest income was unchanged relative to the same period of 2018.

Investment portfolio earnings (DKKm)

	Q1-Q3 2019	Q1-Q3 2018	Index 19/18	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
Net interest income	79	79	100	29	25	25	26	22	105
Value adjustments	-254	407	-	-157	-69	-28	-30	-35	377
Other income	2	54	4	0	2	0	1	1	55
Income	-173	540	-	-128	-42	-3	-3	-12	537
Expenses	24	24	100	8	8	8	8	8	32
Investment portfolio earnings	-197	516	-	-136	-50	-11	-11	-20	505

The third quarter of 2019 compared with the second quarter of 2019

Core profit amounted to DKK 585m against DKK 683m in the second quarter of 2019. Core income fell to DKK 1,830m from DKK 1,948m in the second quarter of 2019. The decline could more than fully be attributed to a gain from property sales recognised in the second quarter as well as value adjustments amounting to DKK -95m in the third quarter compared with DKK -8m in the second quarter. In respect of both trading activities and strategic balance sheet and risk management, value adjustments were negatively affected by the flatter yield curve. Due to the falling long-term market rates, the value adjustments for clients' transactions relating to interest-rate hedging amounted to DKK -34m in the third quarter against DKK -27m in the second quarter.

Net interest income amounted to DKK 1,310m against DKK 1,340m in the preceding quarter. In the third quarter of 2019, the positive development of the volume of loans relating to mortgage and leasing activities as well one additional interest-bearing day was not able to offset the continued pressure on the net interest margin:

- The lowering of the Danish central bank's policy rate by 10 bp to -0.75% and falling market rates had a negative effect on the yield on Jyske Bank's approximately DKK 130 bn of bank deposits
- Bank loans and advances were still subject to keen competition. Additionally, personal clients continued increasingly to opt for fixed-rate mortgage loans with amortisation, in connection with which the administration margin rate and the risk are lower
- Funding costs incurred to meet the MREL requirement rose due to an issue of EUR 500m non-preferred senior debt in June 2019.

Net fee and commission income amounted to DKK 580m against DKK 523m in the second quarter. The increase could be attributed to the extensive refinancing activity and took place despite a decline in performance-related fees to DKK 28m from DKK 38m.

Core expenses rose to DKK 1,275m against DKK 1,256m in the second quarter. Employee costs rose due to increases in salaries prescribed by the collective agreement, while other costs, including IT costs, fell relative to the second quarter. Impairment charges amounted to an income of DKK 30m against an expense of DKK 9m in the second quarter. The credit quality remained strong.

Investment portfolio earnings amounted to DKK -136m against DKK -50m in the second quarter. As was the case in the second quarter, the results were adversely affected by the flatter yield curve as well as currency positions.

Business volumes

Summary of balance sheet, end of period (DKKbn)

	Q1-Q3 2019	Q1-Q3 2018	Index 19/18	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
Loans and advances	483.8	457.7	106	483.8	479.9	470.5	462.8	457.7	462.8
- of which mortgage loans	338.7	318.8	106	338.7	336.9	333.3	326.3	318.8	326.3
- of which loans and advances, traditional loans and advances	101.7	104.5	97	101.7	103.3	104.2	104.1	104.5	104.1
- of which loans and advances, new home loans	4.0	9.4	43	4.0	4.7	4.9	6.3	9.4	6.3
- of which repo loans	39.4	25.0	158	39.4	35.0	28.1	26.1	25.0	26.1
Bonds and shares, etc.	94.8	74.7	127	94.8	98.6	94.8	83.2	74.7	83.2
Total assets	662.5	596.9	111	662.5	646.4	627.5	599.9	596.9	599.9
Deposits	157.9	150.9	105	157.9	152.7	154.2	148.7	150.9	148.7
- of which bank deposits	138.2	136.6	101	138.2	139.4	141.0	135.7	136.6	135.7
- of which repo deposits and tri-party deposits	19.7	14.3	138	19.7	13.3	13.2	13.0	14.3	13.0
Issued bonds at fair value	359.5	316.7	114	359.5	350.7	334.4	324.7	316.7	324.7
Issued bonds at amortised cost	39.4	33.3	118	39.4	38.4	38.2	35.0	33.3	35.0
Subordinated debt	4.3	4.3	100	4.3	4.3	4.3	4.3	4.3	4.3
Holders of hybrid core capital	3.2	2.5	128	3.2	3.2	2.5	2.5	2.5	2.5
Shareholders' equity	32.0	31.9	100	32.0	32.2	32.4	31.8	31.9	31.8

Mortgage loans at fair value increased to DKK 338.7 bn at the end of the third quarter of 2019 compared with DKK 326.3 bn at the end of 2018. The increase should be seen in the light of the positive effect in the amount of DKK 5.7 bn that increasing bond prices had on fair values. In the first nine months, additional home loans were transferred to Jyske Realkredit, so new home loans under banking activities fell to DKK 4.0 bn at the end of the third quarter, against DKK 6.3 bn at the end of 2018.

Traditional bank loans and advances amounted to DKK 101.7 bn against DKK 104.1 bn at the end of 2018. The development can be attributed to an increase in loans for leasing activities and a decline in loans for banking activities. The decline under banking activities was to some extent driven by the introduction of cash pool solutions, in connection with which netting of bank loans and deposits takes place. Cash pool solutions target major corporate clients and public authorities. The use of cash pool solutions has no earnings impact to speak of.

At the end of the third quarter of 2019, bank deposits exclusive of repo deposits amounted to DKK 138.2 bn, i.e. an increase by DKK 2.5 bn relative to the level at the end of 2018. The increase could primarily be attributed to demand deposits from personal and private banking clients.

At the end of the third quarter of 2019, the business volume within asset management amounted to DKK 162 bn compared with DKK 141 bn at the end of 2018. The positive markets in 2019 had a favourable effect on the business volume. To this must be added an inflow of new funds from most client segments, and in particular in the third quarter an inflow of funds from retail clients including private banking clients.

Credit quality

At the end of the third quarter of 2019, the Group's total balance of loan impairment charges and provisions as well as its discount balance amounted to DKK 5.5 bn, corresponding to 1.1% of the total balance of loans, advances and guarantees against DKK 5.9 bn and 1.2%, respectively, at the end of 2018. The underlying credit quality was still good, and the increase in new non-performing loans was still at a low level in respect of both corporate and personal clients.

At the end of the third quarter of 2019, non-performing loans and guarantees amounted to DKK 10.2 bn against DKK 11.2 bn at the end of 2018. At the end of the third quarter of 2019, the NPL ratio amounted to 1.4% against 1.5% at the end of 2018. The statement of non-performing loans, advances and guarantees is based on the EBA's technical standard. Loans and advances subject to forbearance amounted to DKK 10.5 bn, corresponding to 2.1% against DKK 12.0 bn and 2.5% at the end of 2018.

Loans, advances and guarantees broken down by IFRS 9 stages (DKKbn/%)

	Q3 2019			Q4 2018		
	Loans, advances and guarantees	Balance of impairment charges	Impairment ratio	Loans, advances and guarantees	Balance of impairment charges	Impairment ratio
Stage 1	462.1	0.5	0.1%	449.1	0.6	0.1%
Stage 2	27.3	1.4	4.9%	26.0	1.3	4.8%
Stage 3	5.9	3.2	35.2%	6.5	3.6	35.6%
Total	495.4	5.1	1.0%	481.6	5.5	1.1%

Non-performing loans and guarantees (DKKbn)

	Q1-Q3 2019	Q1-Q3 2018	Index 19/18	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
Loans, advances and guarantees	495.4	476.1	104	495.4	495.0	487.6	481.6	476.1	481.6
Non-performing loans and guarantees	10.2	11.4	89	10.2	10.4	10.9	11.2	11.4	11.2
Impairment charges and provisions	3.3	3.7	89	3.3	3.5	3.5	3.7	3.7	3.7
Discounts on acquired loans	0.2	0.4	61	0.2	0.2	0.2	0.2	0.3	0.2
Non-performing loans and guarantees after impairment charges	6.7	7.4	91	6.7	6.7	7.2	7.3	7.4	7.3
NPL ratio	1.4%	1.5%	93	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%
NPL coverage ratio	34.4%	35.3%	97	34.4%	35.1%	34.4%	34.8%	35.3%	34.8%
Non-performing loans and past due exposures	1.3	1.3	94	1.3	1.4	1.5	1.3	1.3	1.3
Operational loan impairment charges and provisions for guarantees	0.0	0.4	-	0.0	0.0	0.0	0.0	0.1	0.5
Operating loss	0.6	0.8	75	0.1	0.2	0.3	0.3	0.1	1.1

Agriculture
Agriculture exclusive of fishing (DKKm/%)

The Jyske Bank Group

	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees		Impairment ratio	
	Q3	Q4	Q3	Q4	Q3	Q4
	2019	2018	2019	2018	2019	2018
Dairy farmers	626	848	338	437	35%	34%
Pig farming	1,560	1,616	220	264	12%	14%
Plant production	2,145	2,050	112	122	5%	6%
Fur farming	90	186	75	108	46%	37%
Other agriculture	1,333	1,384	128	132	9%	9%
Total	5,754	6,084	874	1,063	13%	15%

At the end of the third quarter of 2019, the impairment ratios for dairy farmers and pig farming were 35% and 12%, respectively, of loans, advances and guarantees. In the course of 2019, the earnings prospects of pig farmers were supported by increasing settlement prices.

At the end of the third quarter of 2019, the management's estimate relating to agricultural clients amounted to DKK 250m compared with DKK 275m at the end of 2018. On the one hand, the development reflects that the drought in 2018 has been recognised in the ordinary impairment charges. On the other hand, trades involving agricultural land indicate that the rate of turnover is low, and prices of agricultural land realised by forced sales are lower than expected. Finally, due to lower fur prices, mink farmers have found it difficult to maintain a profitable production. These circumstances were partly recognised in the ordinary impairment charges.

Capital and liquidity management

Capital management

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

Jyske Bank assesses that capital levels of up to three percentage points higher than the capital targets will be necessary to meet the Bank's long-term targets when the Basel recommendations have been fully phased in.

At the end of the third quarter of 2019, the capital ratio was 20.2% and the Common Equity Tier 1 capital ratio 16.3%. At the end of 2018, the capital ratios were 20.0% and 16.4%, respectively.

The target of full compliance with the new capital adequacy rules at the end of 2021 is intact.

In October 2019, Jyske Bank's S&P ratings were upgraded. At the end of the third quarter of 2019, Jyske Bank's RAC was calculated at approximately 11.9%.

After each quarter, Jyske Bank's Supervisory Board assesses the possibilities of distributing dividend and implementing share buy-backs if the earnings and capital structure are deemed to be adequate.

Capital ratios (%)						
	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	End of 2018
Capital ratio (%)	20.2	19.8	20.1	20.0	20.3	20.0
Core capital ratio incl. hybrid capital (%)	18.2	17.9	18.1	18.0	18.3	18.0
Common Equity Tier 1 capital ratio (CET 1) (%)	16.3	16.0	16.6	16.4	16.6	16.4

The total weighted risk exposure amounted to DKK 189.7 bn at the end of the third quarter of 2019 against DKK 188.4 bn at the end of 2018. The increase can primarily be attributed to exposure to credit risk. The development within the risk exposure in the form of credit risk followed the lending growth within mortgage and leasing activities.

Capital

Jyske Bank will constantly seek to make its capital structure cost efficient and continues therefore the general adjustment and capital restructuring.

In April 2019, Jyske Bank issued AT1 capital in the amount of SEK 1 bn (about DKK 700m) at STIBOR +500 bps, corresponding to 3M CIBOR +470bps.

In June 2019, Jyske Bank implemented a capital reduction as decided by the extraordinary general meeting on 6 May 2019. After the capital reduction, Jyske Bank's share capital amounts to a nominal amount of DKK 815,945,440 distributed on 81,594,544 shares each of a nominal value of DKK 10.

On 1 April, Jyske Bank initiated a share buy-back programme in an amount of DKK 500m. In May 2019, the buy-back programme was raised to DKK 1 bn. The buy-back programme was completed in July 2019. A total of 4,040,786 shares were bought back at a value of DKK 999,998,761, corresponding to 4.95% of the share capital. At the extraordinary general meeting on 9 October, it was decided to cancel the shares bought back.

In August 2019, Jyske Bank initiated a new share buy-back programme in the amount of DKK 500m. The programme will run over the period 21 August to 29 November, and at the end of the third quarter of 2019, own shares in the amount of DKK 220m had been bought back. Based on the capital and earnings situation, the existing share buy-back programme has been raised by DKK 500m to a total of DKK 1 bn and extended until 31 March 2020. In consequence of this, the Supervisory Board will present to the Annual General Meeting a motion for the distribution of an ordinary dividend of DKK 0 per share for the financial year 2019.

In connection with the annual ordinary reallocation of shares in DLR Kredit A/S in the first quarter of 2019, Jyske Bank sold DLR Kredit shares in the amount of DKK 178m.

In October, S&P upgraded Jyske Bank's senior rating to A from A- and its short-term senior rating to A-1 from A-2 with stable outlook. Standard & Poor's assesses that the financial risks in the Danish Economy have fallen. This - in combination with Jyske Bank's issues of loss-absorbing bonds - caused the upgrade.

Individual solvency requirement and capital buffer

At the end of the third quarter of 2019, the Jyske Bank Group calculated its individual solvency requirement to be 11.0% of the total weighted risk exposure against 10.8% at end-2018. To this must be added a SIFI requirement of 1.5% and a capital conservation buffer of 2.5% as well as a countercyclical buffer of 1.0%. Both the SIFI requirements and the capital conservation buffer have been fully phased in.

Compared with the actual capital base of DKK 38.3 bn, the capital buffer amounted at the end of the third quarter of 2019 to DKK 7.9 bn, corresponding to 4.2%. At the end of 2018, the capital buffer was at DKK 11.5 bn, corresponding to 6.1%.

Minimum requirement for own funds and eligible liabilities

For Jyske Bank, the Danish Financial Supervisory Authority (FSA) has defined the minimum requirement for own funds and eligible liabilities (MREL), at 13.1% of Jyske Bank's total liabilities and consolidated capital base, corresponding to 28.9% of the adjusted risk exposure amount. The MREL requirement must be met through non-preferred senior debt (NPS), however, senior debt issued before 1 January 2018 with time to maturity above 12 months may be included in the period up to and including 1 January 2022. At the end of the third quarter of 2019, the Jyske Bank Group met the MREL requirement.

Based on the increase in the countercyclical buffer, the MREL requirement increased on 30 September 2019 to 13.1% from 12.9% of Jyske Bank's total liabilities and consolidated capital base, corresponding to 29.4% of the adjusted risk exposure amount (DKK 34 bn).

Since September 2018, Jyske Bank has completed three NPS issues, distributed on two EUR benchmark issues each of EUR 500m and one issue of SEK 1.75 bn.

Based on the FSA's measurement of the MREL requirement, it is the intention of Jyske Bank to maintain an outstanding volume of MREL-qualifying NPS bonds of about EUR 2.5 bn.

Liquidity management

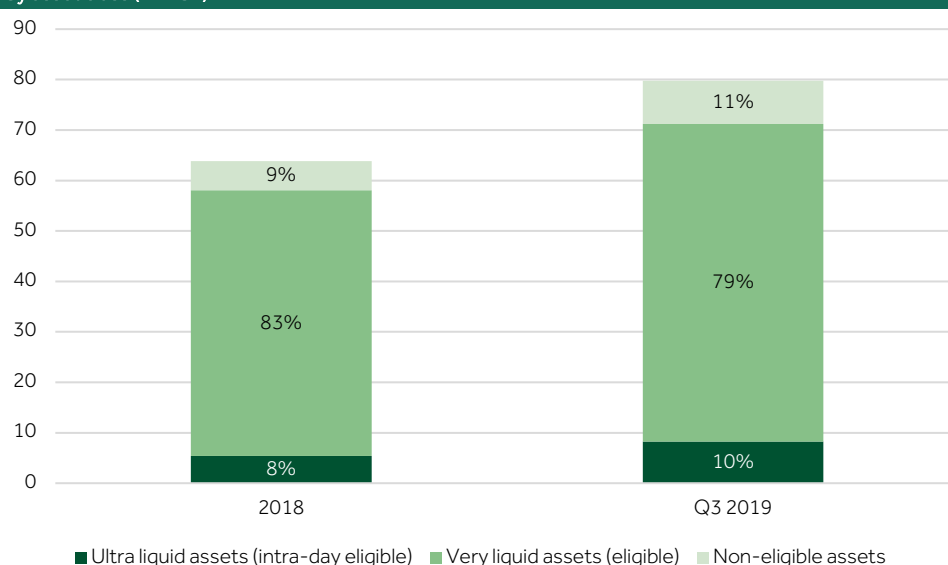
The Group's biggest source of funding is covered bonds (SDO) and mortgage bonds, which amounted to DKK 360 bn and 54% of the balance sheet at the end of the third quarter of 2019. The second-largest source of funding (DKK 134.5 bn) is client deposits, of which a high proportion consists of deposits from 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.

Liquidity buffer

At the end of September 2019, the Jyske Bank Group's liquidity buffer amounted to DKK 80 bn against DKK 64 bn at the end of 2018. 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').

The increase in the buffer could to some extent be attributed to increasing liquidity from a new NPS issue as well as increasing deposits. However, the refinancing surge in the third quarter of 2019 also affected the buffer as the sale of bonds in connection with hedging resulted in a large liquidity position at Jyske Realkredit, which was invested in short-term bonds.

Liquidity buffer by asset class (DKKbn)


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 48 bn and after a 24-month period to 43 bn.

Liquidity buffer and run-off (DKKbn)

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
End of period	79.8	86.9	79.5	63.9	69.1	63.9
3 mths.	65.3	65.1	59.1	52.0	52.5	52.0
6 mths.	59.9	61.5	54.1	46.1	48.5	46.1
9 mths.	52.0	56.1	50.6	41.7	42.6	41.7
12 mths.	47.8	49.1	43.9	39.4	38.3	39.4

Capital markets and issuance activity

Over the first nine months of 2019, the risk appetite of investors in the international debt and capital markets were governed by central bank rhetoric and the degree of geopolitical unrest. The credit spreads peaked in January. Generally the subsequent period has been characterised by continuous narrowing of credit spreads, yet with volatility driven by geopolitical issues. The narrowing of credit spreads was strongest for high-yield issues such as Tier 2 and AT1. However, NPS was more in demand than preferred senior debt and covered bonds.

The Group is on an on-going basis active in the French market for short-term debt instruments. At the end of the third quarter of 2019, the outstanding volume under the programme amounted to DKK 15.8 bn against DKK 15.4 bn at the end of 2018. The Jyske Bank Group executed three capital market issues in the first nine months of 2019.

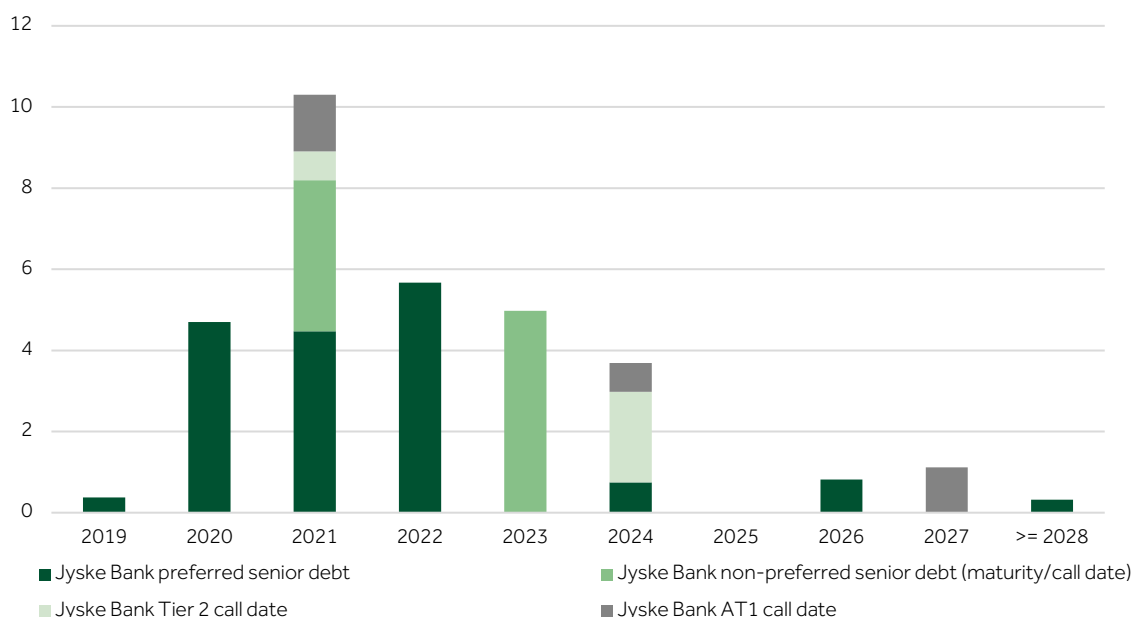
Recent debt issues

	Currency	Volume	Value date	Maturity	Credit spread (CIBOR)
Covered bond	EUR	DKK 500m	12.03.2019	01.04.2025	3M CIBOR + 7 bp
Additional tier 1 capital	SEK	DKK 1,000m	09.04.2019	Perpetual (call 2024)	3M CIBOR + 470 bp
Non-preferred senior debt	EUR	DKK 500m	20.06.2019	20.06.2024 (call 2023)	3M CIBOR + 83 bp

Refinancing profile

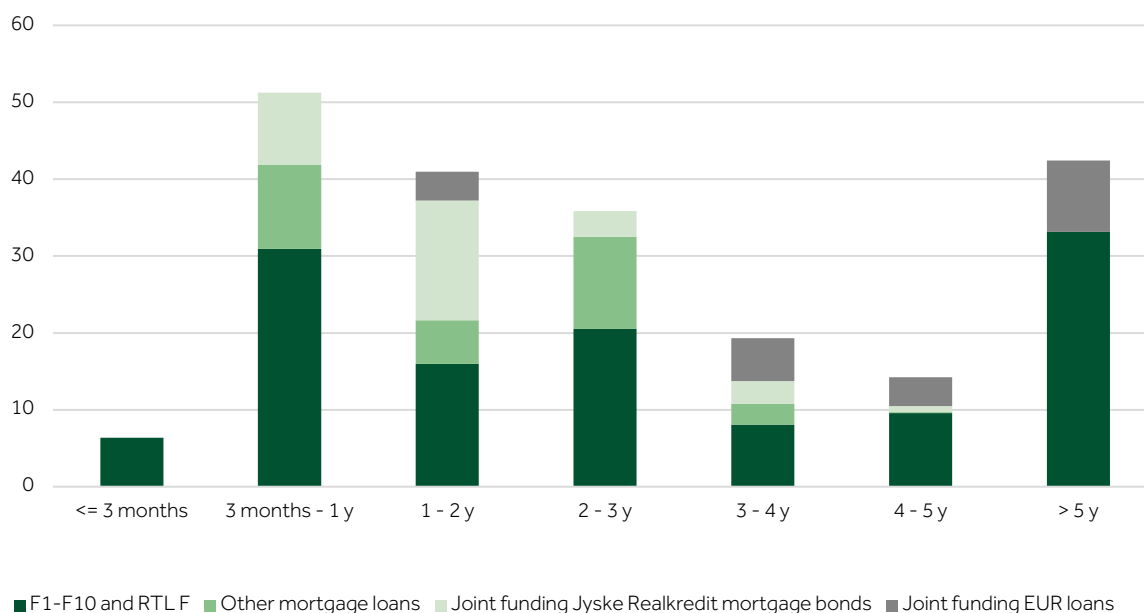
At the end of the third quarter of 2019, outstanding unsecured senior debt and Tier 2 capital under the Group's EMTN programme, amounted to DKK 23.2 bn and DKK 3.2 bn, respectively, against DKK 19.6 bn and 3.3 bn at the end of 2018. The run-off profile for the Group's unsecured senior debt as well as its issuer call date profile for Basel III-compliant capital instruments as at the end of the third quarter of 2019 are illustrated below.

Run-off and call date profile (DKKbn)



Calculated at the end of the third quarter of 2019, mortgage bonds with re-financing risk amounted to DKK 210.4 bn. The run-off profile for these bonds is shown in the chart below.

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 continuous access to a diversified investor base.

Generally, the Group's funding plan implemented in the international capital markets will include an annual NPS benchmark bond (EUR 500m) as one of the most important elements. However, in the course of 2020, the Group expects to issue a total of two EUR 500m NPS bonds, of which the first one is expected to be executed in the course of the first half of 2020. The second issue is expected to take place in the course of the second half of 2020 with the purpose of refinancing the Group's 3-year NPS issue from November 2018.

In future, it is also to be expected that Jyske Realkredit will on a recurring basis be active in the market for covered bonds (SDO) in EUR in order to ensure continuous access to funding in EUR.

Liquidity Coverage Ratio

At the end of the third quarter of 2019, the Group's Liquidity Coverage Ratio (LCR) was 197% compared with 219% at the end of 2018. The Group's internal guideline points to a LCR for the Group of at least 150%. The Group's LCR buffer after haircuts at the end of the third quarter of 2019 is shown below:

The Group's LCR buffer broken down by asset class (DKKbn/%)		
	DKKbn	%
Level 1a	41.1	50
Level 1b	39.2	47
Level 2a + 2b	2.8	3
Total	83.1	100

Being a Danish a systemically important financial institution, Jyske Bank must meet a modified LCR requirement in EUR. At the end of the third quarter of 2019, Jyske Bank met the requirement in full with a significant buffer.

Other information

The supervisory diamond defines a number of special risk areas including specified limits that financial institutions should generally not exceed.

The supervisory diamond for Jyske Bank A/S

The supervisory diamond for Jyske Bank A/S						
	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	End of 2018
Sum of large exposures < 175% of Common Equity Tier 1 capital	87%	78%	78%	76%	76%	76%
Increase in loans and advances < 20% annually	-7%	-7%	-6%	-4%	2%	-4%
Exposures to property administration and property transactions < 25% of total loans and advances	11%	10%	10%	10%	11%	10%
Stable funding < 1	0.51	0.53	0.54	0.55	0.58	0.55
Liquidity benchmark > 100%	209%	163%	185%	171%	179%	171%

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

The supervisory diamond for Jyske Realkredit A/S

The supervisory diamond for Jyske Realkredit A/S						
	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	End of 2018
Concentration risk < 100%	48.1%	45.4%	47.6%	46.2%	47.1%	46.2%
Increase in loans and advances < 15% annually in the segment:						
Owner-occupied homes and vacation homes	4.1%	5.9%	7.1%	6.3%	4.9%	6.3%
Residential rental property	-4.2%	-3.0%	0.4%	2.6%	11.6%	2.6%
Other sectors	5.8%	4.7%	2.8%	4.0%	3.7%	4.0%
Borrower's interest-rate risk < 25%						
Residential property	18.6%	19.2%	19.9%	19.7%	19.6%	19.7%
Interest-only schemes < 10%						
Owner-occupied homes and vacation homes	6.6%	6.7%	6.8%	7.3%	7.4%	7.3%
Loans with frequent interest-rate fixing:						
Refinancing (annually) < 25%	16.6%	17.6%	15.7%	14.7%	16.3%	14.7%
Refinancing (quarterly) < 12.5%	5.4%	1.9%	6.3%	3.1%	6.5%	3.1%

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

Additional information

For further information, please see www.jyskebank.info. Here you will find an interview with Anders Dam, CEO and Managing Director, detailed financial information as well as Jyske Bank's Annual Report 2018 and Risk and Capital Management 2018, which give further information about Jyske Bank'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 Jyske Bank.

Also, please see www.jyskerealkredit.dk. Jyske Realkredit's interim financial report for the first nine months of 2019, the Annual Report for 2018 and detailed financial information about Jyske Realkredit are available on that website.

Business segments

The business segments reflect all activities with respect to banking, mortgage finance and leasing, inclusive of investing activities relating to clients' regular transactions. The investment portfolio earnings of the legal entities relate to the activities of the relevant entities.

Banking activities

Summary of income statement (DKKm)

	Q1-Q3 2019	Q1-Q3 2018	Index 19/18	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
Net interest income	1,751	2,366	74	568	590	593	725	779	3,091
Net fee and commission income	2,166	1,252	173	816	721	629	454	379	1,706
Value adjustments	73	84	87	-63	-37	173	-23	145	61
Other income	86	213	40	-12	61	37	10	122	223
Core income	4,076	3,915	104	1,309	1,335	1,432	1,166	1,425	5,081
Core expenses	3,441	2,977	116	1,150	1,131	1,160	1,006	1,027	3,983
Core profit before loan impairment charges	635	938	68	159	204	272	160	398	1,098
Loan impairment charges	-39	-48	81	-33	-19	13	80	85	32
Core profit	674	986	68	192	223	259	80	313	1,066
Investment portfolio earnings	-197	516	-	-136	-50	-11	-11	-20	505
Pre-tax profit	477	1,502	32	56	173	248	69	293	1,571

Summary of balance sheet, end of period (DKKbn)

Loans and advances	125.7	121.3	104	125.7	123.8	118.8	118.4	121.3	118.4
- of which loans and advances, traditional loans and advances	82.3	86.9	95	82.3	84.1	85.8	86.0	86.9	86.0
- of which loans and advances, new home loans	4.0	9.4	43	4.0	4.7	4.9	6.3	9.4	6.3
- of which repo loans	39.4	25.0	158	39.4	35.0	28.1	26.1	25.0	26.1
Total assets	248.8	231.6	107	248.8	244.4	242.4	225.8	231.6	225.8
Deposits	157.6	150.7	105	157.6	152.5	153.9	148.5	150.7	148.5
- of which bank deposits	137.9	136.4	101	137.9	139.2	140.7	135.5	136.4	135.5
- of which repo deposits and tri-party deposits	19.7	14.3	138	19.7	13.3	13.2	13.0	14.3	13.0
Issued bonds	39.4	33.3	118	39.4	38.4	38.2	35.0	33.3	35.0

Core profit

The core profit from banking activities amounted to DKK 674m in the first nine months of 2019 against DKK 986m for the same period in 2018. The primary reason for the decline in core profit could primarily be attributed to the fact that the core profit for the first nine months of 2018 was affected positively by reversal of provisions relating to a court case on Gibraltar as well as several property sales.

Core income was favourably affected by the new intra-group settlement model agreed between Jyske Bank A/S and Jyske Realkredit, as a decline in net interest income of DKK 267m was more than offset by a distribution fee of DKK 913m. On the other hand, core expenses rose by DKK 282m due to the new intra-group service agreement. The agreement is described in detail in the section Mortgage Activities.

Core income

Net interest income amounted to DKK 1,751m against DKK 2,366m in the first nine months of 2018. Adjusted for the new settlement model, net interest income fell by DKK 348m, of which DKK 127m could be attributed to lower net interest income from the strategic balance sheet and risk management.

The remaining part of the decline in net interest income was caused by the continuing pressure on interest rate margins on bank loans and advances for corporate clients, higher funding costs due to the MREL requirement and the negative interest rate environment.

In the future, a moderate downward pressure will still be exerted on net interest income from the strategic balance sheet and risk management to the extent that parts of the portfolio are recognised at amortised cost instead of fair value and are also reinvested in bonds with lower coupon rates.

Net fee and commission income rose by 73% relative to the same period of 2018. Adjusted for the new intra-group settlement agreement, net fee and commission income was unchanged. In the first nine months of 2019, the income was bolstered by performance fees and extensive refinancing activity. Loan application fees were adversely affected as, since the introduction of a joint product range in the third quarter of 2018, most of the home loans have been disbursed through Jyske Realkredit.

Value adjustments amounted to DKK 73m against DKK 84m in the first nine months of 2018. The first nine months of 2019 were positively affected by the favourable development in the equity markets as well as the narrowing of credit spreads on Danish mortgage bonds, particularly in the first quarter. On the other hand, the still falling interest rates and a flatter yield curve had a negative effect.

Other income fell to DKK 86m against DKK 213m for the first nine months of 2018. The decline could chiefly be attributed to lower gains from property sales. Moreover, the fall in other income was to some extent caused by a value adjustment of equities.

Core expenses

For the first nine months of 2019, core expenses amounted to DKK 3,441m against DKK 2,977m for the corresponding period in 2018. Adjusted for the new intra-group service agreement and reversal of provisions relating to a court case on Gibraltar in the second quarter of 2018, core expenses rose by 3%. The increase could primarily be attributed to an increase in IT costs.

Impairment charges

Impairment charges amounted to an income of DKK 39m against an expense of DKK 48m in the first nine months of 2018. Management's estimates relating to agricultural clients, inclusive of fur farmers, totalled DKK 250m at the end of the third quarter 2019 compared with DKK 275m at the end of 2018.

Business volume

Traditional bank loans and advances amounted to DKK 82.3 bn against DKK 86.0 bn at the end of 2018. The decline was to some extent driven by the introduction of cash pool solutions, in connection with which netting of bank loans and deposits takes place. Cash pool solutions target major corporate clients and public authorities. The use of cash pool solutions has no earnings impact to speak of.

Bank loans and advances amounted to DKK 137.9 bn against DKK 135.5 bn at the end of 2018. The increase could primarily be attributed to demand deposits from personal and private banking clients.

The third quarter of 2019 compared with the second quarter of 2019

For the third quarter of 2019, core profit amounted to DKK 192m against DKK 223m for the second quarter of 2019. Core income fell to DKK 1,309m in the third quarter from DKK 1,335m in the second quarter, primarily due to a decrease in other income.

Net interest income fell to DKK 568m against DKK 590m in the second quarter. Net interest income was favourably affected by the fact that the third quarter had one more interest-bearing day than the second quarter. On the other hand, net interest income from trading activities fell, while funding costs incurred to meet the MREL requirement increased, and the pressure on lending and deposit margins continued due to the still falling interest rates.

Net fee and commission income rose to DKK 816m against DKK 721m, i.e. an increase by 13%. Adjusted for the distribution fee according to the intra-group settlement model, net fee and commission income fell by 1%, among other things due to lower performance fees.

Value adjustments amounted to DKK -63m against DKK -37m in the second quarter of 2019. The decline can primarily be attributed to the continuing decline in long-term market rates and the flatter yield curve. Due to the falling long-term market rates, value adjustments for clients' transactions relating to interest-rate hedging amounted to DKK -34m in the third quarter against DKK -27m in the second quarter.

Core expenses rose to DKK 1,150m against DKK 1,131m in the second quarter of 2019. The increase was primarily caused by the increase in salaries prescribed by the collective agreement in the third quarter.

Impairment charges amounted to an income of DKK 33m against an income of DKK 19m in the second quarter of 2019.

Investment portfolio earnings fell to DKK -136m in the third quarter from DKK -50m in the preceding quarter. The results were still affected negatively by currency positions, and in particular by a flatter yield curve.

Mortgage activities

Summary of income statement (DKKm)									
	Q1-Q3 2019	Q1-Q3 2018	Index 19/18	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
Administration margin income, etc. ¹	1,744	1,413	123	586	582	576	483	476	1,896
Other net interest income	43	61	70	10	21	12	16	13	77
Net fee and commission income	-497	182	-	-200	-165	-132	74	91	256
Value adjustments	26	-71	-	-23	23	26	-23	-12	-94
Other income	18	208	9	17	1	0	21	2	229
Core income	1,334	1,793	74	390	462	482	571	570	2,364
Core expenses	233	552	42	76	78	79	178	178	730
Core profit before loan impairment charges	1,101	1,241	89	314	384	403	393	392	1,634
Loan impairment charges	-6	451	-	-23	43	-26	-82	-18	369
Core profit	1,107	790	140	337	341	429	475	410	1,265
Investment portfolio earnings	0	0	-	0	0	0	0	0	0
Pre-tax profit	1,107	790	140	337	341	429	475	410	1,265
1) Administration margin income, etc. covers administration margin income as well as interest rate margin on jointly funded loans.									
Summary of balance sheet (DKKbn)									
Mortgage loans	338.7	318.8	106	338.7	336.9	333.3	326.3	318.8	326.3
Total assets	391.6	344.9	114	391.6	380.2	363.9	353.3	344.9	353.3
Issued bonds	359.5	316.7	114	359.5	350.7	334.4	324.7	316.7	324.7

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.

At the beginning of 2019, an agreement was concluded on a new intra-group settlement model on the distribution of mortgage loans, etc. from Jyske Bank to Jyske Realkredit. The agreement covers all mortgage loans with Jyske Realkredit, inclusive of jointly funded home loans from Jyske Bank. In consequence of the agreement, Jyske Realkredit pays as of 2019 a distribution fee to Jyske Bank, which is calculated on the basis of the earnings from the loan-related activities. Under the agreement, Jyske Realkredit has the right to set off established losses on loans.

In consequence of the agreement, interest income from jointly funded loans is now recognised on a gross basis under the item Administration margin income, etc. Previously only Jyske Realkredit's earnings on these loans were included, as the part of the interest relating to Jyske Bank's proportion of the earnings was set off.

Also, a new intra-group service agreement has been concluded relating to settlement of intra-group costs. As of 2019, this agreement covers the employees' direct work for Jyske Realkredit.

Profit

The pre-tax profit on mortgage activities amounted to DKK 1,107m for the first nine months of 2019 against DKK 790m for the same period in 2018. The profit for the first nine months of 2018 was affected by the implementation of the IFRS 9-derived impairment rules, which resulted in a one-off adjustment of impairment charges by DKK 407m and also by the sale of an owner-occupied property, which resulted in an accounting gain of DKK 185m. The pre-tax profit for the first nine months of 2018 exclusive of these special items amounted to DKK 1,012m.

Core income

Administration margin income, etc. amounted to DKK 1,744m in the first nine months of 2019 against DKK 1,413m for the same period of 2018. A significant part of the increase can be attributed to the new intra-group settlement model, according to which interest on jointly funded home loans is recognised on a gross basis in Jyske Realkredit's financial statements. If this principle had also been applied in 2018, a pro forma statement of Administration margin income, etc. would by comparison have looked like this:

Pro forma statement of Administration margin income, etc. (DKKm)									
	Q1-Q3 2019	Q1-Q3 2018	Index 19/18	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
Administration margin income, etc. according to new settlement model	1,744	1,680	104	586	582	576	576	568	2,256

Administration margin income, etc. for the first nine months of 2019 amounted to DKK 1,744m against pro forma DKK 1,680m for the first nine months of 2018, i.e. an increase by 4%. Mortgage loans stated at nominal value also grew by 4% over the same period. Hence the administration margin income was positively affected by the increasing portfolios relating to both personal and corporate clients. However, at the same time, a trend of falling average administration margin rates was seen. Hence, the net inflow of loans raised by personal clients relates typically to fixed rate products, where the administration margin and the risk are lower, which resulted in a small decline in the average administration margin rate.

Other net interest income consists of interest on the portfolio of securities as well as various interest income and amounted to an income of DKK 43m in the first nine months of 2019 against an income of DKK 61m in the first nine months of 2018. The decline by DKK 18m could primarily be attributed to the lower level of interest income from the portfolio of securities.

Net fee and commission income, etc. amounted to an expense of DKK 497m in the first nine months of 2019 against an income of DKK 182m in the same period of 2018. The difference could primarily be attributed to the new agreement on distribution fees relating to mortgage loans, etc. to Jyske Bank, which after setting off recognised losses was calculated at DKK 913m for the first nine months of 2019. On the other hand, other net fee and commission income rose to DKK 416m in the first nine months of 2019 from DKK 182m in the same period of 2018, which increase can chiefly be attributed to the extensive refinancing activity, particularly in the second and third quarters of 2019.

Value adjustments etc. amounted to an income of DKK 26m in the first nine months of 2019 against an expense of DKK 71m in the first nine months of 2018. The difference can primarily be attributed to the slightly negative return on the fixed portfolio of securities as well as positive value adjustments of bonds relating to core operations.

Core expenses

Core expenses amounted to DKK 233m in the first nine months of 2019 against DKK 552m for the same period of 2018. Of the decline of DKK 319m, DKK 282m can be attributed to the implementation of a new intra-group service agreement, according to which, as of 2019, only the employees' direct work for Jyske Realkredit is paid for. The remaining savings related primarily to costs incurred in connection with a number of work functions performed by Jyske Bank and settled as part of the distribution fee.

Impairment charges

Loan impairment charges and provisions for guarantees amounted to an income of DKK 6m against an expense of DKK 44m (exclusive of effects derived from IFRS 9) for the first nine months of 2018, corresponding to 0 bp and 1 bp, respectively, of total loans and advances.

At the end of the third quarter of 2019, the total balance of impairment charges amounted to DKK 1,314m against DKK 1,380m at the end of 2018, corresponding to 0.4% of total loans and advances, which is unchanged relative to the level at the end of 2018.

Business volume

The positive performance in the business volume of mortgage activities continued in the first nine months of 2019, and an increase in loans at fair value to DKK 338.7 bn at the end of the third quarter of 2019 from DKK 326.3 bn at the end of 2018 was recorded, corresponding to an increase by 3.8%. A part of this increase could, however, be attributed to rising bond prices, and hence growth in nominal mortgage loans came to DKK 6.7 bn, corresponding to 2.1%.

Of the increase in nominal loans, DKK 3.6 bn related to the personal client area and DKK 3.1 bn to the corporate client area.

For further details about Jyske Realkredit, please see Jyske Realkredit's Interim Financial Report for the first nine months of 2019.

The third quarter of 2019 compared with the second quarter of 2019

Profit before tax for the third quarter amounted to DKK 337m against DKK 341m for the second quarter.

Administration margin income etc. rose from DKK 582m in the second quarter to DKK 586m in the third quarter. The increase could primarily be attributed to growth of the loan portfolio.

Other net interest income amounted to DKK 10m in the third quarter against DKK 21m in the second quarter. The decline could primarily be attributed to a lower yield on the portfolio of securities.

Net fee and commission income, etc. amounted to an expense of DKK 200m in the third quarter against an expense of DKK 165m in the second quarter. Distribution fees to Jyske Bank amounted to DKK 400m in the third quarter against DKK 295m in the second quarter. The increase of the distribution fee paid to Jyske Bank could primarily be attributed to the higher fee income from the refinancing activity in the third quarter as well as lower recognised losses in the third quarter to be offset against the distribution fee. Other net fee and commission income rose from an income of DKK 130m in the second quarter to an income of DKK 200m in the third quarter, and this increase also related to the higher refinancing activity.

Value adjustments amounted to an expense of DKK 23m in the third quarter against a gain of DKK 23m in the second quarter. The decline could primarily be attributed to Jyske Realkredit's fixed portfolio of securities, which yielded a lower return in the third quarter as well as value adjustment of a share holding ex dividend.

Other income amounted to DKK 17m in the third quarter against DKK 1m in the second quarter. The increase could be attributed to the above-mentioned dividend received relating to a share holding.

Core expenses amounted to DKK 76m in the third quarter against DKK 78m in the second quarter.

Losses and impairment charges amounted to an income of DKK 23m in the third quarter against an expense of DKK 43m in the second quarter. The income in the third quarter could primarily be attributed to reversal of impairment charges relating to personal clients.

Leasing activities

Summary of income statement (DKKm)

	Q1-Q3 2019	Q1-Q3 2018	Index 19/18	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	FY 2018
Net interest income	436	413	106	146	147	143	147	139	560
Net fee and commission income	-103	-86	120	-36	-33	-34	-22	-27	-108
Value adjustments	-9	13	-	-9	6	-6	-3	-1	10
Other income	9	10	90	2	-3	10	1	3	11
Income from operating lease (net)	86	73	118	28	34	24	8	26	81
Core income	419	423	99	131	151	137	131	140	554
Core expenses	142	135	105	49	47	46	48	44	183
Core profit before loan impairment charges and provisions for guarantees	277	288	96	82	104	91	83	96	371
Loan impairment charges	8	36	22	26	-15	-3	31	37	67
Pre-tax profit	269	252	107	56	119	94	52	59	304

Summary of balance sheet, end of period (DKKbn)

Loans and advances	19.4	17.6	110	19.4	19.2	18.5	18.1	17.6	18.1
Total assets	22.1	20.4	109	22.1	21.9	21.2	20.8	20.4	20.8
Deposits	0.2	0.2	100	0.2	0.2	0.2	0.2	0.2	0.2

Profit

Growth was still reported within leasing activities, and a 7% increase in the pre-tax profit to DKK 269m was recorded for the first nine months of 2019.

The positive development of net interest income was driven by a continued positive development for the volume of loans and advances.

Income from operating lease rose relative to the first nine months of 2018. This could be attributed, among other things, to reversed impairment charges on operating lease agreements.

Core income fell by 1% in the first nine months of 2019 compared with the same period of 2018.

The currency risk on the portfolio in Sweden is hedged against EUR, which had a negative effect on the income statement. At the same time, higher new sales increased bonus payments to importers and dealers in the first nine months of 2019.

Core expenses rose by 5% relative to the level of the same period in 2018.

The level of impairment charges fell in the first nine months of 2019 compared with the same period of 2018. In the third quarter of 2019, the level of impairment charges rose, yet it was still below the level for the third quarter of 2018.

Business volume

Loans increased by 10% relative to the same period last year. The reason for this was an increase in new sales. A positive development of the volume of loans and advances is still expected for the coming period.

The third quarter of 2019 compared with the second quarter of 2019

Core income fell by 13% to DKK 131m from DKK 151m in the second quarter. The decline could primarily be attributed to negative value adjustments.

Core expenses amounted to DKK 49m against DKK 47m in the second quarter.

The pre-tax profit fell to DKK 56m against DKK 119m in the second quarter of 2019. The third quarter of 2019 was characterised by a higher level of impairment charges. Hence additional impairment charges of DKK 26m were recognized in the third quarter compared with a reversal of DKK 15m in the second quarter.

Note		The Jyske Bank Group			
	DKKm	Q1-Q3 2019	Q1-Q3 2018	Q3 2019	Q3 2018
Income statement					
5	Interest income calculated according to the effective interest method	2,304	2,550	768	860
5	Other interest income	5,296	5,302	1,755	1,725
6	Interest expenses	3,500	3,543	1,150	1,168
	Net interest income	4,100	4,309	1,373	1,417
7	Fees and commission income	1,979	1,694	714	560
	Fees and commission expenses	413	346	134	117
	Net interest and fee income	5,666	5,657	1,953	1,860
8	Value adjustments	-211	456	-286	109
9	Other income	511	915	138	270
10	Employee and administrative expenses	3,739	3,642	1,247	1,241
	Amortisation, depreciation and impairment charges	411	403	139	132
12	Loan impairment charges	-37	439	-30	104
	Pre-tax profit or loss	1,853	2,544	449	762
11	Tax	379	545	84	184
	Net profit for the period	1,474	1,999	365	578
Distributed to:					
	Jyske Bank A/S shareholders	1,360	1,904	323	545
	Holders of Additional Tier 1 Capital (AT1)	114	95	42	33
	Total	1,474	1,999	365	578
Earnings per share for the period					
	Earnings per share for the period, DKK	17.04	22.67	4.17	6.54
	Earnings per share for the period, DKK, diluted	17.04	22.67	4.17	6.54
Statement of Comprehensive Income					
	Net profit for the period	1,474	1,999	365	578
	Other comprehensive income:				
	Items that cannot be recycled to the income statement:				
	Revaluation of real property	0	145	0	0
	Tax on property revaluations	0	-29	0	0
	Items that can be recycled to the income statement:				
	Foreign currency translation adjustment of international units	12	0	9	0
	Hedge accounting of international units	-12	0	-9	0
	Tax on hedge accounting	2	0	1	0
	Other comprehensive income after tax	2	116	1	0
	Comprehensive income for the period	1,476	2,115	366	578
Distributed to:					
	Jyske Bank A/S shareholders	1,362	2,020	324	545
	Holders of Additional Tier 1 Capital (AT1)	114	95	42	33
	Total	1,476	2,115	366	578

Note		The Jyske Bank Group		
		30 Sept. 2019	31 Dec. 2018	30 Sept. 2018
	DKKm			
	BALANCE SHEET			
	ASSETS			
	Cash balance and demand deposits with central banks	9,177	6,081	15,301
	Due from credit institutions and central banks	29,988	13,181	14,461
15, 16	Loans and advances at fair value	341,513	330,975	326,550
17	Loans and advances at amortised cost	142,284	131,822	131,171
	Bonds at fair value	81,225	72,267	63,610
	Bonds at amortised cost	10,611	7,517	7,564
	Shares, etc.	3,007	3,426	3,564
	Intangible assets	2	5	7
	Property, plant and equipment	4,381	4,218	4,228
	Tax assets	688	285	494
	Assets held temporarily	296	580	591
18	Other assets	39,325	29,590	29,330
	Total assets	662,497	599,947	596,871
	EQUITY AND LIABILITIES			
	Liabilities			
	Due to credit institutions and central banks	16,383	16,309	20,314
19	Deposits	157,887	148,701	150,904
20	Issued bonds at fair value	359,492	324,724	316,677
	Issued bonds at amortised cost	39,421	35,039	33,325
21	Other liabilities	48,054	34,842	35,218
22	Provisions	1,703	1,681	1,714
23	Subordinated debt	4,340	4,319	4,284
	Liabilities, total	627,280	565,615	562,436
	Equity			
	Share capital	816	849	849
	Revaluation reserve	244	316	314
	Currency translation reserve	0	0	0
	Retained profit	30,954	30,101	30,745
	Proposed dividend	0	520	0
	Jyske Bank A/S shareholders	32,014	31,786	31,908
	Holders of Additional Tier 1 Capital (AT1)	3,203	2,546	2,527
	Total equity	35,217	34,332	34,435
	Total equity and liabilities	662,497	599,947	596,871

DKKmn

Statement of changes in equity

	Share capital	Revaluation reserve	Currency translation reserve	Retained profit	Proposed dividend	Shareholders of Jyske Bank A/S	Hybrid core capital*	Total equity
Equity at 1 January 2019	849	316	0	30,101	520	31,786	2,546	34,332
Net profit for the period	0	0	0	1,360	0	1,360	114	1,474
Other comprehensive income:								
Properties other movements	0	-72	0	72	0	0	0	0
Foreign currency translation for international units	0	0	12	0	0	12	0	12
Hedge of international units	0	0	-12	0	0	-12	0	-12
Tax on other comprehensive income	0	0	0	2	0	2	0	2
Other comprehensive income after tax	0	-72	0	74	0	2	0	2
Comprehensive income for the period	0	0	0	1,434	0	1,362	114	1,476
Hybrid core capital issue	0	0	0	0	0	0	716	716
Transaction costs	0	0	0	-7	0	-7	0	-7
Interest paid on Additional Tier 1 Capital	0	0	0	0	0	0	-119	-119
Currency translation adjustment	0	0	0	54	0	54	-54	0
Tax	0	0	0	0	0	0	0	0
Proposed dividend reversed	0	0	0	520	-520	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
Dividends, own shares	0	0	0	0	0	0	0	0
Reduction of share capital	-33	0	0	33	0	0	0	0
Acquisition of own shares	0	0	0	-1,981	0	-1,981	0	-1,981
Sale of own shares	0	0	0	800	0	800	0	800
Transactions with owners	-33	0	0	-581	-520	-1,134	543	-591
Equity at 30 September 2019	816	244	0	30,954	0	32,014	3,203	35,217

*Additional Tier 1 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 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 of early redemption in September 2027 at the earliest. The issue has a coupon of 4.75% until September 2027. In April 2019, Jyske Bank issued AT1 in the amount of SEK 1 bn, with the possibility of early redemption in April 2024 at the earliest. The interest rate applicable to the issue until April 2024 is STIBOR+5%. 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.

DKK m

Statement of changes in equity

	Share capital	Revaluation reserve	Currency translation reserve	Retained profit	Proposed dividend	Shareholders of Jyske Bank A/S	Hybrid core capital*	Total equity
Equity at 1 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
Net profit for the period	0	0	0	1,904	0	1,904	95	1,999
Other comprehensive income:								
Revaluation of real property	0	145	0	0	0	145	0	145
Other movements	0	-318	0	318	0	0	0	0
Foreign currency translation for international units	0	0	0	0	0	0	0	0
Hedge of international units	0	0	0	0	0	0	0	0
Tax on other comprehensive income	0	-29	0	0	0	-29	0	-29
Other comprehensive income after tax	0	-202	0	318	0	116	0	116
Comprehensive income for the period	0	-202	0	2,222	0	2,020	95	2,115
Interest paid on Additional Tier 1 Capital	0	0	0	0	0	0	-109	-109
Currency translation adjustment	0	0	0	40	0	40	-40	0
Tax	0	0	0	13	0	13	0	13
Dividends paid	0	0	0	-525	-522	-1,047	0	-1,047
Dividends, own shares	0	0	0	49	0	49	0	49
Reduction of share capital	-43	0	0	43	0	0	0	0
Acquisition of own shares	0	0	0	-1,688	0	-1,688	0	-1,688
Sale of own shares	0	0	0	989	0	989	0	989
Transactions with owners	-43	0	0	-1,079	-522	-1,644	-149	-1,793
Equity at 30 September 2018	849	314	0	30,745	0	31,908	2,527	34,435

The Jyske Bank Group			
DKKmn	30 Sept. 2019	31 Dec. 2018	30 Sept. 2018
Capital statement			
Shareholders' equity	32,014	31,786	31,908
Share buy-back programme, non-utilised limit	-286	0	-552
Proposed dividend	0	-520	0
Expected dividend, calculated as required by law	-339	0	-640
Intangible assets	-2	-5	-7
Deferred tax liabilities relating to intangible assets	0	1	2
Deferred tax assets	0	0	0
Prudent valuation	-369	-296	-250
Other deductions	-59	-18	-71
Common Equity Tier 1 capital	30,959	30,948	30,390
Additional Tier 1 Capital (AT1) after reduction	3,579	3,047	3,041
Core capital	34,538	33,995	33,431
Subordinated loan capital after reduction	3,757	3,699	3,705
Capital base	38,295	37,694	37,136
Weighted risk exposure involving credit risk etc.	161,598	158,390	152,502
Weighted risk exposure involving market risk	12,141	13,156	13,541
Weighted risk exposure involving operational risk	15,930	16,887	16,887
Total weighted risk exposure	189,669	188,433	182,930
Capital requirement, Pillar I	15,174	15,075	14,634
Capital ratio (%)	20.2	20.0	20.3
Tier 1 Capital ratio (%)	18.2	18.0	18.3
Common Equity Tier 1 capital ratio (%)	16.3	16.4	16.6

For a statement of the individual solvency requirement, please see Risk and Capital Management 2018 or www.jyskebank.dk/ir/kapitalforhold and www.jyskebank.dk/ir/gaeld.

The Jyske Bank Group		
DKKmn	Q1-Q3 2019	Q1-Q3 2018
Cash flow statement		
Net profit for the period	1,474	1,999
Adjustment for non-cash operating items and change in working capital	19,316	-3,162
Cash flows from operating activities	20,790	-1,163
Acquisition and sale of property, plant and equipment	-247	490
Acquisition of intangible assets	0	-3
Cash flows from investment activities	-247	487
Hybrid core capital issue	709	0
Interest paid on Additional Tier 1 Capital	-119	-109
Dividends paid	0	-1,047
Dividends, own shares	0	49
Acquisition of own shares	-1,981	-1,688
Sale of own shares	800	989
Redemption of subordinated debt	-11	-11
Cash flows from financing activities	-602	-1,817
Cash flow for the period	19,941	-2,493
Cash and cash equivalents, beginning of period	19,224	32,255
Cash and cash equivalents, end of period	39,165	29,762
Cash and cash equivalents, end of period, comprise:		
Cash balance and demand deposits with central banks	9,177	15,301
Due from credit institutions and central banks	29,988	14,461
Cash and cash equivalents, end of period	39,165	29,762

1 Accounting Policies

The Interim Financial Report for the period 1 January to 30 September 2019 was prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. Furthermore, the Interim Financial Report was prepared in accordance with the additional Danish disclosure requirements for the interim reports of listed financial undertakings.

Except for the implementation of the below new financial reporting standard IFRS 16 and the change to IAS12, the accounting policies are unchanged compared with those applied to and described in detail in the Annual Report 2018.

IFRS 16, Leases

IFRS 16 is a new standard that has been approved for use in the EU and took 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 consists of rent and cars and the simultaneous establishment of a corresponding liability other than provision, and consequently property, plant and equipment and other liabilities rose by almost DKK 0.4 bn as at 1 January 2019. So far, rental expenses were recognised as administration expenses in the income statement. In future, the expenses will instead be recognised as depreciation of the leased assets and interest on the lease debt. Compared with the current practice, the effect on net profit for the period will be insignificant. Comparative figures for previous periods have not been adjusted.

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 Additional Tier 1 Capital (AT1) must be charged to the income statement and not to equity. Compared with the current practice the effect on net profit for the period will be insignificant, and therefore the comparative figures have not been adjusted.

2 Material 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. Estimates of material importance to the financial reporting are, among other things, based on the determination of loan impairment charges and provisions for guarantees, the fair value of unlisted financial instruments and provisions already made, cf. the detailed statement in the Annual Report 2018. 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.

Note
The Jyske Bank Group

DKKm	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
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3 Key figures and ratios, five quarters
Summary of Income Statement

Net interest income	1,373	1,379	1,348	1,407	1,417
Net fee and commission income	580	523	463	506	443
Value adjustments	-286	-91	166	-89	109
Other income	138	192	181	171	270
Income	1,805	2,003	2,158	1,995	2,239
Expenses	1,386	1,361	1,403	1,370	1,373
Profit or loss before loan impairment charges	419	642	755	625	866
Loan impairment charges	-30	9	-16	29	104
Pre-tax profit or loss	449	633	771	596	762
Tax	84	134	161	95	184
Net profit for the period	365	499	610	501	578

Financial ratios and key figures

Pre-tax profit, per share (DKK)*	5.3	7.4	9.1	6.8	8.6
Earnings per share for the period (DKK)*	4.2	5.7	7.1	5.8	6.5
Earnings per share for the period (diluted) (DKK)*	4.2	5.7	7.1	5.8	6.5
Core profit per share (DKK)*	7.0	8.0	9.2	7.0	8.9
Share price at end of period (DKK)	221	228	257	235	311
Book value per share (DKK)*	418	408	397	390	382
Price/book value per share (DKK)*	0.5	0.6	0.6	0.6	0.8
Outstanding shares in circulation ('000)	76,582	78,814	81,570	81,536	83,619
Average number of shares in circulation ('000)	79,815	80,364	81,569	82,302	84,605
Capital ratio (%)	20.2	19.8	20.1	20.0	20.3
Tier 1 Capital ratio (%)	18.2	17.9	18.1	18.0	18.3
Common Equity Tier 1 capital ratio (%)	16.3	16.0	16.6	16.4	16.6
Pre-tax profit as a pct. of average equity	1.3	1.8	2.3	1.8	2.3
Profit for the period as a pct. of av. equity*	1.0	1.4	1.8	1.5	1.7
Income/cost ratio (%)	1.3	1.5	1.6	1.4	1.5
Interest-rate risk (%)	0.2	-0.1	0.1	1.0	0.8
Currency risk (%)	0.0	0.0	0.1	0.1	0.1
Accumulated impairment ratio (%)	1.0	1.0	1.1	1.1	1.2
Impairment ratio for the period (%)	0.0	0.0	0.0	0.0	0.0
No. of full-time employees at end-period	3,693	3,713	3,709	3,723	3,768
Average number of full-time employees in the period	3,703	3,711	3,716	3,746	3,798

*Financial ratios are calculated as if Additional Tier 1 capital (AT1) is recognised as a liability.

Note

The Jyske Bank Group

DKKm

4	Segmental financial statements	Banking activities	Mortgage activities	Leasing activities	The Jyske Bank Group *
	Q1 - Q3 2019				
	Net interest income	1,751	1,787	436	3,974
	Net fee and commission income	2,166	-497	-103	1,566
	Value adjustments	73	26	-9	90
	Other income	86	18	9	113
	Income from operating lease (net)	0	0	86	86
	Core income	4,076	1,334	419	5,829
	Core expenses	3,441	233	142	3,816
	Core profit before loan impairment charges and provisions for guarantees	635	1,101	277	2,013
	Loan impairment charges	-39	-6	8	-37
	Core profit	674	1,107	269	2,050
	Investment portfolio earnings	-197	0	0	-197
	Pre-tax profit or loss	477	1,107	269	1,853
	Loans and advances	125,736	338,675	19,386	483,797
	- of which mortgage loans	0	338,675	0	338,675
	- of which bank loans	86,333	0	19,386	105,719
	- of which repo loans	39,403	0	0	39,403
	Total assets	248,780	391,582	22,135	662,497
	Deposits	157,653	0	234	157,887
	- of which bank deposits	137,940	0	234	138,174
	- of which repo deposits and tri-party deposits	19,713	0	0	19,713
	Issued bonds	39,421	359,492	0	398,913
	Q1 - Q3 2018				
	Net interest income	2,366	1,474	413	4,253
	Net fee and commission income	1,252	182	-86	1,348
	Value adjustments	84	-71	13	26
	Other income	213	208	10	431
	Income from operating lease (net)	0	0	73	73
	Core income	3,915	1,793	423	6,131
	Core expenses	2,977	552	135	3,664
	Core profit before loan impairment charges and provisions for guarantees	938	1,241	288	2,467
	Loan impairment charges	-48	451	36	439
	Core profit	986	790	252	2,028
	Investment portfolio earnings	516	0	0	516
	Pre-tax profit or loss	1,502	790	252	2,544
	Loans and advances	121,297	318,829	17,595	457,721
	- of which mortgage loans	0	318,829	0	318,829
	- of which bank loans	96,334	0	17,595	113,929
	- of which repo loans	24,963	0	0	24,963
	Total assets	231,590	344,930	20,351	596,871
	Deposits	150,670	0	234	150,904
	- of which bank deposits	136,382	0	234	136,616
	- of which repo deposits and tri-party deposits	14,288	0	0	14,288
	Issued bonds	33,325	316,677	0	350,002

* The relationship between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 23 appears from the next page.

DKKm

4 Segmental financial statements, cont.
Core profit and investment portfolio earnings

The pre-tax profit for the first nine months of 2019 broken down by core earnings and investment portfolio earnings is stated below:

Breakdown of the net profit or loss for the period

DKKm

	Q1 - Q3 2019				Q1 - Q3 2018			
	Core profit	Investment portfolio earnings	Reclassification	Total	Core profit	Investment portfolio earnings	Reclassification	Total
Net interest income	3,974	79	47	4,100	4,253	79	-23	4,309
Net fee and commission income	1,566	0	0	1,566	1,348	0	0	1,348
Value adjustments	90	-254	-47	-211	26	407	23	456
Other income	113	2	16	131	431	54	27	512
Income from operating lease (net)	86	0	294	380	73	0	330	403
Income	5,829	-173	310	5,966	6,131	540	357	7,028
Expenses	3,816	24	310	4,150	3,664	24	357	4,045
Profit before loan impairment charges and provisions for guarantees	2,013	-197	0	1,816	2,467	516	0	2,983
Loan impairment charges	-37	0	0	-37	439	0	0	439
Pre-tax profit or loss	2,050	-197	0	1,853	2,028	516	0	2,544

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. No adjusting entries are made, and therefore the net profit or loss for the period 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 23.

Reclassification relates to the following:

- Expenses of DKK 47m (first nine months of 2018: income of DKK 23m) from value adjustments relating to the balance principle at Jyske Realkredit was reclassified from value adjustments to interest income.
- Income of DKK 16m (first nine months of 2018: DKK 27m) from external sales was reclassified from income to offsetting against expenses.
- Depreciation and amortisation of DKK 194m (first nine months of 2018: DKK 330m) 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 p.a. as a percentage of average equity" and "Net profit p.a. as a percentage of average equity" are calculated as if hybrid core capital was recognised as a liability. In the numerator, the profit is less interest expenses of DKK 114m (first nine months of 2018: DKK 95m) for Additional Tier 1 Capital (AT1), and the denominator is calculated as equity exclusive of Additional Tier 1 Capital (AT1) of DKK 3,203m. (first nine months of 2018: DKK 2,527m).

"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 liabilities. Book value was calculated exclusive of Additional Tier 1 Capital (AT1) of DKK 3,203m (first nine months of 2018: DKK 2,527m).

Note
The Jyske Bank Group

DKKm

4 Segmental financial statements, cont.

	Q1-Q3 2019		Q1-Q3 2018	
	Revenue	Full-time employees, end of period	Revenue	Full-time employees, end of period
Revenue by country				
Denmark	9,968	3,582	10,240	3,666
Gibraltar	79	81	108	95
Germany	7	9	3	7
Spain	0	0	0	0
Total	10,054	3,672	10,351	3,768

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.

Note	The Jyske Bank Group	
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		Q1-Q3 2019	Q1-Q3 2018
	DKKm		
5	Interest income		
	Due from credit institutions and central banks	9	12
	Loans and advances	5,270	5,711
	Administration margin	1,320	1,234
	Bonds	542	610
	Derivatives, total	355	245
	Of which:		
	Currency contracts	233	172
	Interest-rate contracts	122	73
	Others	1	1
	Total	7,497	7,813
	Interest on own mortgage bonds, set off against interest on issued bonds	142	203
	Total after offsetting of negative interest	7,355	7,610
	Negative interest income set off against interest income	149	122
	Negative interest expenses set off against interest expenses	96	120
	Total before offsetting of negative interest income	7,600	7,852

Negative interest income amounted to DKK 245m (2018: DKK 242m) 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.

6	Interest expenses		
	Due to credit institutions and central banks	69	76
	Deposits	8	-57
	Issued bonds	3,178	3,338
	Subordinated debt	72	75
	Other	70	72
	Total	3,397	3,504
	Interest on own mortgage bonds, set off against interest on issued bonds	142	203
	Total after offsetting of negative interest	3,255	3,301
	Negative interest expenses set off against interest expenses	149	122
	Negative interest income set off against interest income	96	120
	Total before offsetting of negative interest income	3,500	3,543

Negative interest expenses amounted to DKK 245m (2018: DKK 242m) and related primarily to repo 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		The Jyske Bank Group	
	DKKm	Q1-Q3 2019	Q1-Q3 2018
7	Fees and commission income		
	Securities trading and custody services	1,035	872
	Money transfers and card payments	162	161
	Loan application fees	360	279
	Guarantee commission	88	82
	Other fees and commissions	334	300
	Total	1,979	1,694
<p>The fee income for the period amounting to DKK 1,979m less the fees and commissions paid for the period of DKK 413m constitute the net fee and commission income for the period in the amount of DKK 1,566m (2018: DKK 1,348m). These are recognised in the segmental financial statements for the bank's three business areas, cf. note 4. Loan application fees relating to financial instruments measured at amortised cost amounted to DKK 187m (2018: DKK 211m).</p>			
8	Value adjustments		
	Loans and advances at fair value	5,663	-1,183
	Bonds	198	-523
	Other investment securities	218	589
	Currency	13	124
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	268	207
	Issued bonds	-6,531	1,238
	Other assets and liabilities	-40	4
	Total	-211	456
9	Other income		
	Income on real property	36	51
	Profit on the sale of property, plant and equipment	35	300
	Income from operating lease ¹	380	403
	Dividends, etc.	53	113
	Profit on investments in associates and group enterprises	-17	-2
	Other income	24	50
	Total	511	915

¹) Expenses relating to operating lease affected the item Amortisation, depreciation and impairment charges in the amount of DKK 294m in the first nine months of 2019 against DKK 330m in the corresponding period of 2018.

Note		The Jyske Bank Group	
		Q1-Q3 2019	Q1-Q3 2018
	DKKm		
10	Employee and administrative expenses		
	Employee expenses		
	Wages and salaries, etc.	1,797	1,801
	Pensions	218	240
	Social security	252	239
	Total	2,267	2,280
	Salaries and remuneration to management bodies		
	Executive Board ¹	25	28
	Supervisory Board	6	4
	Shareholders' Representatives	1	2
	Total	32	34
	 Other administrative expenses		
	IT	1,012	954
	Other operating expenses	114	62
	Other administrative expenses	314	312
	Total	1,440	1,328
	Employee and administrative expenses, total	3,739	3,642
11	Effective tax rate		
	Corporation tax rate in Denmark	22.0	22.0
	Non-taxable income and non-deductible expenses, etc.	-1.5	-0.6
	Total	20.5	21.4

¹ The Executive Board had an average of 4.0 members in the first nine months of 2019 against 4.4 in the same period of 2018.

Note		The Jyske Bank Group	
		Q1-Q3 2019	Q1-Q3 2018
	DKK m		
12	Loan impairment charges and provisions for guarantees recognised in the income statement		
	Loan impairment charges and provisions for guarantees for the period	-45	431
	Impairment charges on balances due from credit institutions in the period	7	3
	Provisions for loan commitments and unutilised credit lines in the period	-27	-26
	Recognised as a loss, not covered by loan impairment charges and provisions	229	340
	Recoveries	-136	-202
	Loan impairment charges and provisions for guarantees recognised in the income statement	28	546
	Recognised discount for acquired loans	65	107
	Net effect on income statement	-37	439
	Earnings impact exclusive of loans and advances at fair value and discount balance	34	95
13	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	5,910	5,656
	Implementation of IFRS 9 and adjustments to the standard	0	628
	Loan impairment charges and provisions for the period	-72	406
	Recognised as a loss, covered by loan impairment charges and provisions	-335	-494
	Recognised losses covered by discounts for acquired loans	-1	-1
	Recognised discount for acquired loans	-65	-107
	Other movements	49	59
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	5,486	6,147
	Loan impairment charges and provisions for guarantees at amortised cost	3,698	4,133
	Loan impairment charges at fair value	1,163	1,267
	Provisions for guarantees	268	228
	Provisions for credit commitments and unutilised credit lines	120	131
	Balance of loan impairment charges and provisions, end of period	5,249	5,759
	Balance of discounts for acquired loans	237	388
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	5,486	6,147
	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 loan commitments, etc.		
	Balance of loan impairment charges and provisions, beginning of period	5,607	5,157
	Implementation of IFRS 9 and adjustments to the standard	0	628
	Loan impairment charges and provisions for the period	-72	406
	Recognised as a loss, covered by loan impairment charges and provisions	-335	-494
	Other movements	49	62
	Balance of loan impairment charges and provisions, end of period	5,249	5,759

Note

The Jyske Bank Group

DKKm

14 Balance of loan impairment charges and provisions for guarantees broken down by stage – total

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	640	1,306	3,661	5,607
Transfer of impairment charges at beginning of period to stage 1	274	-190	-84	0
Transfer of impairment charges at beginning of period to stage 2	-40	170	-130	0
Transfer of impairment charges at beginning of period to stage 3	-2	-90	92	0
Impairment charges on new loans, etc.	180	144	130	454
Impairment charges on discontinued loans and provisions for guarantees	-128	-194	-350	-672
Effect from recalculation	-340	265	270	195
Previously recognized as impairment charges, now final loss	-1	-5	-329	-335
Balance of loan impairment charges and provisions for guarantees on 30 September 2019	583	1,406	3,260	5,249

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 2018				5,157
Transitional effect, IFRS 9				628
Derived effect on loans and advances at fair value				407
Total, beginning of 2018	645	1,352	4,195	6,192
Transfer of impairment charges at beginning of period to stage 1	203	-131	-72	0
Transfer of impairment charges at beginning of period to stage 2	-28	132	-104	0
Transfer of impairment charges at beginning of period to stage 3	-4	-101	105	0
Impairment charges on new loans, etc.	239	189	556	984
Impairment charges on discontinued loans and provisions for guarantees	-193	-263	-774	-1,230
Effect from recalculation	-185	152	335	302
Previously recognized as impairment charges, now final loss	-20	-20	-449	-489
Balance of loan impairment charges and provisions for guarantees on 30 September 2018	657	1,310	3,792	5,759

Breakdown of balance of impairment charges by stage - loans at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	322	590	3,166	4,078
Transfer of impairment charges at beginning of period to stage 1	113	-73	-40	0
Transfer of impairment charges at beginning of period to stage 2	-29	95	-66	0
Transfer of impairment charges at beginning of period to stage 3	-1	-59	60	0
Impairment charges on new loans, etc.	64	44	108	216
Impairment charges on discontinued loans and provisions for guarantees	-40	-94	-261	-395
Effect from recalculation	-146	160	96	110
Previously recognized as impairment charges, now final loss	-1	0	-310	-311
Balance of loan impairment charges and provisions for guarantees on 30 September 2019	282	663	2,753	3,698

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 2018				3,892
Transitional effect, IFRS 9				539
Total, beginning of 2018	323	641	3,467	4,431
Transfer of impairment charges at beginning of period to stage 1	104	-67	-37	0
Transfer of impairment charges at beginning of period to stage 2	-20	78	-58	0
Transfer of impairment charges at beginning of period to stage 3	-3	-61	64	0
Impairment charges on new loans, etc.	88	52	403	543
Impairment charges on discontinued loans and provisions for guarantees	-47	-117	-553	-717
Effect from recalculation	-106	77	320	291
Previously recognized as impairment charges, now final loss	-20	-9	-386	-415
Balance of loan impairment charges and provisions for guarantees on 30 September 2018	319	594	3,220	4,133

Note

The Jyske Bank Group

DKKm

14	Breakdown of balance of impairment charges by stage— loans at fair value	Stage 1	Stage 2	Stage 3	Total
	Balance, beginning of 2019	249	634	283	1,166
	Transfer of impairment charges at beginning of period to stage 1	144	-105	-39	0
	Transfer of impairment charges at beginning of period to stage 2	-8	69	-61	0
	Transfer of impairment charges at beginning of period to stage 3	-1	-28	29	0
	Impairment charges on new loans, etc.	88	89	12	189
	Impairment charges on discontinued loans and provisions for guarantees	-56	-67	-45	-168
	Effect from recalculation	-176	88	84	-4
	Previously recognized as impairment charges, now final loss	0	-4	-16	-20
	Balance of loan impairment charges and provisions for guarantees on 30 September 2019	240	676	247	1,163
	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 2018				923
	Transitional effect, IFRS 9, incl. derived effect on loans at fair value				407
	Total, beginning of 2018	253	651	426	1,330
	Transfer of impairment charges at beginning of period to stage 1	89	-56	-33	0
	Transfer of impairment charges at beginning of period to stage 2	-6	49	-43	0
	Transfer of impairment charges at beginning of period to stage 3	-1	-38	39	0
	Impairment charges on new loans, etc.	122	123	121	366
	Impairment charges on discontinued loans and provisions for guarantees	-113	-136	-158	-407
	Effect from recalculation	-75	78	45	48
	Previously recognized as impairment charges, now final loss	-1	-10	-59	-70
	Balance of loan impairment charges and provisions for guarantees on 30 September 2018	268	661	338	1,267
	Breakdown of balance of provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
	Balance, beginning of 2019	69	82	212	363
	Transfer of impairment charges at beginning of period to stage 1	16	-12	-4	0
	Transfer of impairment charges at beginning of period to stage 2	-3	6	-3	0
	Transfer of impairment charges at beginning of period to stage 3	0	-3	3	0
	Impairment charges on new loans, etc.	30	12	6	48
	Impairment charges on discontinued loans and provisions for guarantees	-32	-33	-43	-108
	Effect from recalculation	-18	16	91	89
	Previously recognized as impairment charges, now final loss	0	-1	-3	-4
	Balance of loan impairment charges and provisions for guarantees on 30 September 2019	62	67	259	388
	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 2018				342
	Transitional effect, IFRS 9				89
	Total, beginning of 2018	69	60	302	431
	Transfer of impairment charges at beginning of period to stage 1	10	-7	-3	0
	Transfer of impairment charges at beginning of period to stage 2	-1	5	-4	0
	Transfer of impairment charges at beginning of period to stage 3	0	-2	2	0
	Impairment charges on new loans, etc.	29	13	33	75
	Impairment charges on discontinued loans and provisions for guarantees	-33	-10	-62	-105
	Effect from recalculation	-3	-3	-31	-37
	Previously recognized as impairment charges, now final loss	0	-1	-4	-5
	Balance of loan impairment charges and provisions for guarantees on 30 September 2018	71	55	233	359

DKKm

14	Gross loans, advances and guarantees by stage	Stage 1	Stage 2	Stage 3	Total
	Gross loans, advances and guarantees, 1 January 2019	449,690	27,305	10,049	487,044
	Transfer of loans, advances and guarantees to stage 1	12,023	-11,696	-327	0
	Transfer of loans, advances and guarantees to stage 2	-10,613	11,089	-476	0
	Transfer of loans, advances and guarantees to stage 3	-541	-977	1,518	0
	Other movements	12,104	2,933	-1,595	13,442
	Gross loans, advances and guarantees, 30 September 2019	462,663	28,654	9,169	500,486
	Loan impairment charges and provisions for guarantees, total	538	1,363	3,228	5,129
	Net loans, advances and guarantees, 30 September 2019	462,125	27,291	5,941	495,357
	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				
DKKmn		Q1-Q3 2019				End- 2018
14	Loans, advances and guarantees by stage and internal rating - gross before impairment charges and provisions	Stage 1	Stage 2	Stage 3	Total	Total
	Performing PD band (%)					
	1 0.00 - 0.10	37,522	214	0	37,736	43,589
	2 0.10 - 0.15	11,045	22	0	11,067	16,077
	3 0.15 - 0.22	30,015	87	0	30,102	27,759
	4 0.22 - 0.33	43,614	62	0	43,676	34,684
	5 0.33 - 0.48	88,804	955	0	89,759	91,231
	Ratings 1 – 5	211,000	1,340	0	212,340	213,340
	6 0.48 - 0.70	78,057	569	0	78,626	82,236
	7 0.70 - 1.02	70,137	1,729	0	71,866	63,590
	8 1.02 - 1.48	44,484	1,471	0	45,955	38,104
	9 1.48 - 2.15	29,534	2,057	0	31,591	31,538
	10 2.15 - 3.13	9,756	1,996	0	11,752	11,070
	11 3.13 - 4.59	8,502	2,792	0	11,294	9,238
	Ratings 6 – 11	240,470	10,614	0	251,084	235,776
	12 4.59 - 6.79	3,137	3,461	0	6,598	5,940
	13 6.79 - 10.21	1,883	3,667	0	5,550	6,631
	14 10.21 - 25.0	1,304	8,403	0	9,707	8,743
	Ratings 12-14	6,324	15,531	0	21,855	21,314
	Others	4,657	519	0	5,176	5,599
	Non performing loans	212	651	9,168	10,031	11,015
	Total	462,663	28,655	9,168	500,486	487,044

Irrevocable credit commitments of DKK 20,746m (end of 2018: DKK 18,175m) are all in stage 1 and are distributed according to internal ratings in this way: Rating 1: DKK 2,792m, Rating 2: DKK 520m, Rating 3: DKK 435m, Rating 4: DKK 784m, Rating 7: DKK 5,592m, Rating 9: DKK 2,586m and Rating 11: DKK 8,037 million (end of 2018: 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).

		Q1-Q3 2019				End-2018
Loan impairment charges and provisions for guarantees by stage and internal rating		Stage 1	Stage 2	Stage 3	Total	Total
	Performing PD band (%)					
	1 0.00 - 0.10	4	0	0	4	9
	2 0.10 - 0.15	8	0	0	8	6
	3 0.15 - 0.22	14	1	0	15	15
	4 0.22 - 0.33	22	1	0	23	30
	5 0.33 - 0.48	60	4	0	64	92
	Ratings 1- 5	108	6	0	114	152
	6 0.48 - 0.70	71	5	0	76	102
	7 0.70 - 1.02	69	13	0	82	87
	8 1.02 - 1.48	87	13	0	100	116
	9 1.48 - 2.15	72	35	0	107	104
	10 2.15 - 3.13	30	38	0	68	86
	11 3.13 - 4.59	44	63	0	107	111
	Ratings 6 – 11	373	167	0	540	606
	12 4.59 - 6.79	18	76	0	94	103
	13 6.79 - 10.21	11	135	0	146	166
	14 10.21 - 25.0	11	808	0	819	700
	Ratings 12-14	40	1,019	0	1,059	969
	Others	18	72	0	90	49
	Non performing loans	0	99	3,227	3,326	3,684
	Total	539	1,363	3,227	5,129	5,460

Note		The Jyske Bank Group		
	DKKm	30 Sept. 2019	31 Dec. 2018	30 Sept. 2018
15	Loans and advances at fair value			
	Mortgage loans, nominal value	325,029	318,351	311,791
	Adjustment for interest-rate risk, etc.	14,425	8,762	7,959
	Adjustment for credit risk	-1,256	-1,317	-1,440
	Mortgage loans at fair value, total	338,198	325,796	318,310
	Arrears and outlays, total	112	97	108
	Other loans and advances	3,203	5,082	8,132
	Loans and advances at fair value, total	341,513	330,975	326,550
16	Loans and advances at fair value broken down by property category			
	Owner-occupied homes	171,598	168,947	168,424
	Vacation homes	8,335	8,136	8,006
	Subsidised housing (rental housing)	56,034	53,116	52,291
	Cooperative Housing	15,633	16,300	15,877
	Private rental properties (rental housing)	47,942	44,219	42,709
	Industrial properties	2,465	1,783	1,778
	Office and business properties	34,402	33,780	32,915
	Agricultural properties	62	83	85
	Properties for social, cultural and educational purposes	4,908	4,508	4,364
	Other properties	134	103	101
	Total	341,513	330,975	326,550
17	Loans and advances at amortised cost and guarantees broken down by sector			
	Public authorities	6,156	8,571	8,263
	Agriculture, hunting, forestry, fishing	8,495	8,947	8,379
	Manufacturing, mining, etc.	8,701	8,348	7,397
	Energy supply	3,515	4,509	6,841
	Building and construction	4,442	4,051	3,694
	Commerce	12,493	12,499	13,401
	Transport, hotels and restaurants	6,255	6,369	5,705
	Information and communication	1,041	1,093	976
	Finance and insurance	35,125	28,568	27,354
	Real property	17,687	15,472	16,646
	Other sectors	7,546	7,526	7,209
	Corporates, total	105,300	97,382	97,602
	Personal clients, total	42,388	44,656	43,702
	Total	153,844	150,609	149,567

Note		The Jyske Bank Group		
	DKKm	30 Sept. 2019	31 Dec. 2018	30 Sept. 2018
18	Other assets			
	Positive fair value of derivatives	31,464	23,101	22,778
	Assets in pooled deposits	4,153	3,655	4,200
	Interest and commission receivable	475	405	455
	Investments in associates	281	293	411
	Prepayments	636	607	377
	Investment properties	28	28	28
	Other assets	2,288	1,501	1,081
	Total	39,325	29,590	29,330
	Netting			
	Positive fair value of derivatives, etc., gross	48,059	30,046	29,066
	Netting of positive and negative fair value	16,595	6,945	6,288
	Total	31,464	23,101	22,778
	Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).			
19	Deposits			
	Demand deposits	114,804	109,740	108,861
	Term deposits	2,381	3,003	3,245
	Time deposits	29,938	25,299	27,854
	Special deposits	7,086	6,853	6,761
	Pooled deposits	3,678	3,806	4,183
	Total	157,887	148,701	150,904
20	Issued bonds at fair value			
	Issued bonds at fair value, nominal value	377,570	341,859	348,436
	Adjustment to fair value	15,599	8,933	8,359
	Own mortgage bonds offset, fair value	-33,677	-26,068	-40,118
	Total	359,492	324,724	316,677
21	Other liabilities			
	Set-off entry of negative bond holdings in connection with repos/reverse repos	4,082	3,294	4,216
	Negative fair value of derivatives, etc.	33,567	24,340	23,493
	Interest and commission payable	2,233	1,905	1,925
	Deferred income	179	121	127
	Other liabilities	7,993	5,182	5,457
	Total	48,054	34,842	35,218
	Netting			
	Negative fair value of derivatives, etc., gross	50,162	31,285	29,781
	Netting of positive and negative fair value	16,595	6,945	6,288
	Total	33,567	24,340	23,493
	Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).			
22	Provisions			
	Provisions for pensions and similar liabilities	599	588	611
	Provisions for guarantees	268	216	228
	Provisions for losses on loan commitments and unutilised credit lines	120	147	131
	Provisions for deferred tax	566	581	593
	Other provisions	150	149	151
	Total	1,703	1,681	1,714

Note		The Jyske Bank Group		
		30 Sept. 2019	31 Dec. 2018	30 Sept. 2018
	DKK m			
23	Subordinated debt			
	Supplementary capital:			
	2.25% bond loan EUR 300m 05.04.2029	2,239	2,240	2,237
	Var. % bond loan SEK 600m 19.05.2026	419	436	434
	3.25% bond loan SEK 400m 19.05.2026	279	290	289
	6.73% bond loan EUR 10.5m 2020-2026	78	90	90
	Var. % bond loan EUR 10m 13.02.2023	75	75	75
	5.65% bond loan EUR 10 m 27.03.2023	75	75	75
	5.67% bond loan EUR 10 m 31.07.2023	75	75	75
		3,240	3,281	3,275
	Hybrid core capital:			
	Var. % bond loan EUR 72.8m Perpetual	543	543	542
	Var. % bond loan EUR 60.7m Perpetual	453	453	452
		996	996	994
	Subordinated debt, nominal	4,236	4,277	4,269
	Hedging of interest-rate risk, fair value	104	42	15
	Total	4,340	4,319	4,284
	Subordinated debt included in the capital base	4,146	4,217	4,223
	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.			
24	Contingent liabilities			
	Guarantees, etc.	11,560	18,787	18,396
	Other contingent liabilities, etc.	20,746	18,258	20,066
	Total guarantees and other contingent liabilities	32,306	37,045	38,462

Guarantees are primarily payment guarantees, where the risk equals that involved in credit facilities.

Other contingent liabilities primarily consist of irrevocable credit commitments relating to mortgage loans.

24 Contingent liabilities, cont.

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 mandatory 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.

25 Shareholders

BRFholding a/s, Kgs. Lyngby, Denmark informed Jyske Bank that it owns 21.26% of the share capital. BRFholding a/s is a 100% owned subsidiary of BRFfonden. According to Jyske Bank's Articles of Association, BRFholding a/s has 4,000 votes. As at 30 September 2019, Jyske Bank A/S, Silkeborg, Denmark, owns 6.35% of the share capital.

26 Related parties

Jyske Bank is the banker of a number of related parties. Transactions between related parties are characterised as ordinary financial transactions and services of an operational nature. Transactions with related parties were executed on an arm's length basis or at cost.

Over the period, there were no unusual transactions with related parties. Please see Jyske Bank's Annual Report 2018 for a detailed description of transactions with related parties.

27 Bonds provided as security

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 17,544m (end of 2018: DKK 11,533m).

In addition, in connection with CSA agreements, the Jyske Bank Group has provided cash collateral in the amount of DKK 9,050m (end of 2018: DKK 7,290m) as well as bonds in the amount of DKK 1,617m (end of 2018: 359m).

Repo transactions involve an arrangement where bonds are provided as collateral for the amount borrowed. Repo transactions amounted to DKK 17,288m (end of 2018: DKK 11,006m).

28 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, whose 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 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, exchange rates as well as correction of credit risk (CVA and DVA). 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 fee 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.

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.

DKK m

28 Notes on fair value, cont.
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 (OEI), the fair value is adjusted (CVA). Adjustments will also be made for clients with OEI, 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 the third quarter of 2019, CVA and DVA amounted, on an accumulated basis, to net DKK 101 m, which accumulated amount was recognised as an expense under value adjustment against an accumulated amount of DKK 63 m at the end of 2018.

29 Fair value of financial assets and liabilities

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 unrecognised unrealised gain of DKK 128 m at the end of the third quarter of 2019 against an unrealised gain of DKK 278 m at the end of 2018.

	30 September 2019		31 December 2018	
	Recognised value	Fair value	Recognised value	Fair value
FINANCIAL ASSETS				
Cash balance and demand deposits with central banks	9,177	9,177	6,081	6,081
Due from credit institutions and central banks	29,988	29,996	13,181	13,181
Loans and advances at fair value	341,513	341,513	330,975	330,975
Loans and advances at amortised cost	142,284	142,617	131,822	132,026
Bonds at fair value	81,225	81,225	72,267	72,267
Bonds at amortised cost	10,611	10,773	7,517	7,576
Shares, etc.	3,007	3,007	3,426	3,426
Assets in pooled deposits	4,153	4,153	3,655	3,655
Derivatives	31,464	31,464	23,101	23,101
Total	653,422	653,925	592,025	592,288
FINANCIAL LIABILITIES				
Due to credit institutions and central banks	16,383	16,438	16,309	16,329
Deposits	154,209	154,228	144,895	144,907
Pooled deposits	3,678	3,678	3,806	3,806
Issued bonds at fair value	359,492	359,492	324,724	324,724
Issued bonds at amortised cost	39,421	39,816	35,039	35,227
Subordinated debt	4,340	4,246	4,319	4,084
Set-off entry of negative bond holdings	4,082	4,082	3,294	3,294
Derivatives	33,567	33,567	24,340	24,340
Total	615,172	615,547	556,726	556,711

DKKm

30 The fair value hierarchy
30 September 2019

Financial assets	Quoted prices	Observable prices	Non-observable prices	Fair value, total	Recognised value
Loans and advances at fair value	0	341,513	0	341,513	341,513
Bonds at fair value	69,357	11,868	0	81,225	81,225
Shares, etc.	543	623	1,841	3,007	3,007
Assets in pooled deposits	2,517	1,636	0	4,153	4,153
Derivatives	396	31,068	0	31,464	31,464
Total	72,813	386,708	1,841	461,362	461,362

Financial liabilities

Pooled deposits	0	3,678	0	3,678	3,678
Issued bonds at fair value	318,918	40,574	0	359,492	359,492
Set-off entry of negative bond holdings	3,940	142	0	4,082	4,082
Derivatives	266	33,301	0	33,567	33,567
Total	323,124	77,695	0	400,819	400,819

31 December 2018
Financial assets

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

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 2019 and 2018.

NON-OBSERVABLE PRICES

	Q1-Q3 2019	2018
Fair value, beginning of period	2,052	2,255
Transfers for the period	0	36
Capital gain and loss for the period reflected in the income statement under value adjustments	88	149
Sales or redemptions	299	389
Purchases	0	1
Fair value, end of period	1,841	2,052

30 Fair value hierarchy, cont.**Non-financial assets recognised at fair value**

Investment properties were recognised at a fair value of DKK 28m (end of 2018: DKK 28m). Fair value belongs to the category of non-observable prices calculated on the basis of a required rate of return of 7% (end of 2018: 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 296m (end of 2018: DKK 580m). Fair value belongs to the category of non-observable prices.

Owner-occupied properties, exclusive of leased properties, were 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% at the end of 2018. Owner-occupied properties, exclusive of leased properties, were recognised at DKK 1,766m (2018: DKK 1,901m). The revalued amount belongs to the category of non-observable prices.

Note

The Jyske Bank Group

31 The Jyske Bank Group - overview

30 September 2019	*	Cur- ren- cy	Share capital (1,000 units)	Owner- ship share (%)	Voting share (%)	Assets, end- 2018 (DKKm)	Liabi- lities, end- 2018 (DKKm)	Equity, end- 2018 (DKKm)	Ear- nings, 2018 (DKKm)	Profit, 2018 (DKKm)
Jyske Bank A/S	a	DKK	815,945			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	c	DKK	100,000	100	100	20,734	19,422	1,312	1,009	248
Ejendomsselskabet af 01.11.2017 A/S	e	DKK	500	100	100	15	15	0	0	0
Gl. Skovridergaard A/S	e	DKK	500	100	100	31	27	4	21	-1
Ejendomsselskabet af 01.10.2015 ApS	c	DKK	500	100	100	119	117	2	1	1
Jyske Invest Fund Management A/S	d	DKK	76,000	100	100	367	67	300	87	15

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.

* Activity:

a: Bank

b: Mortgage credit

c: Leasing, financing and factoring

d: Investment and financing

e: Properties and course activities

The registered offices of the companies are in Silkeborg, unless otherwise stated.

Note		Jyske Bank	
	DKKm	Q1-Q3 2019	Q1-Q3 2018
Income statement			
3	Interest income	2,324	2,564
4	Interest expenses	528	421
	Net interest income	1,796	2,143
	Dividends, etc.	35	106
5	Fees and commission income	2,153	1,466
	Fees and commission expenses	106	81
	Net interest and fee income	3,878	3,634
6	Value adjustments	-206	480
	Other operating income	265	682
	Employee and administrative expenses	3,433	3,409
	Amortisation, depreciation and impairment charges	103	60
	Other operating expenses	27	14
7	Loan impairment charges	-29	-41
	Profit on investments in associates and group enterprises	1,132	961
	Pre-tax profit or loss	1,535	2,315
	Tax	61	316
	Net profit for the period	1,474	1,999
	Distributed to:		
	Jyske Bank A/S shareholders	1,360	1,904
	Holders of Additional Tier 1 Capital (AT1)	114	95
	Total	1,474	1,999
Statement of Comprehensive Income			
	Net profit for the period	1,474	1,999
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Revaluation of real property	0	145
	Tax on property revaluations	0	-29
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	12	0
	Hedge accounting of international units	-12	0
	Tax on hedge accounting	2	0
	Other comprehensive income after tax	2	116
	Comprehensive income for the period	1,476	2,115

Note		Jyske Bank		
		30 Sept. 2019	31 Dec. 2018	30 Sept. 2018
	DKKm			
BALANCE SHEET				
ASSETS				
	Cash balance and demand deposits with central banks	9,083	5,980	15,231
	Due from credit institutions and central banks	14,506	12,939	14,941
10	Loans and advances at fair value	2,838	4,675	7,721
8,9,10	Loans and advances at amortised cost	142,513	132,157	131,685
	Bonds at fair value	69,730	61,285	54,583
	Bonds at amortised cost	11,361	7,517	7,564
	Shares, etc.	2,700	3,116	3,246
	Investments in associates	276	293	401
	Equity investments in group enterprises	20,173	20,037	18,614
	Assets in pooled deposits	4,153	3,655	4,201
	Owner-occupied properties	2,078	1,771	1,768
	Other property, plant and equipment	77	97	108
	Current tax assets	1,251	538	929
	Deferred tax assets	9	9	0
	Assets held temporarily	692	24	24
	Other assets	32,534	24,134	23,693
	Prepayments	340	343	103
	Total assets	314,314	278,570	284,812
EQUITY AND LIABILITIES				
Debt and payables				
	Due to credit institutions and central banks	34,923	27,847	33,299
11	Deposits	149,966	139,773	141,305
	Pooled deposits	3,678	3,806	4,183
	Issued bonds at amortised cost	39,421	35,039	33,325
	Other liabilities	45,639	32,380	32,840
	Deferred income	21	17	18
	Total debt	273,648	238,862	244,970
Provisions				
	Provisions for pensions and similar liabilities	566	555	577
	Provisions for deferred tax	0	0	48
	Provisions for guarantees	278	213	224
	Provisions for credit commitments and unutilised credit lines	117	142	126
	Other provisions	148	147	148
	Provisions, total	1,109	1,057	1,123
	Subordinated debt	4,340	4,319	4,284
Equity				
	Share capital	816	849	849
	Revaluation reserve	214	214	214
	Currency translation reserve	0	0	0
	Reserve according to the equity method	6,398	5,612	5,309
	Retained profit	24,586	24,591	25,536
	Proposed dividend	0	520	0
	Jyske Bank A/S shareholders	32,014	31,786	31,908
	Holders of Additional Tier 1 Capital (AT1)	3,203	2,546	2,527
	Total equity	35,217	34,332	34,435
	Total equity and liabilities	314,314	278,570	284,812
OFF-BALANCE SHEET ITEMS				
	Guarantees, etc.	20,055	19,248	18,807
	Other contingent liabilities	4,585	2,824	2,925
	Total guarantees and other contingent liabilities	24,640	22,072	21,732

DKK m

Statement of changes in equity

	Share capital	Revaluation reserve	Currency translation reserve	Reserve according to the equity method	Retained profit	Proposed dividend	Shareholders of Jyske Bank A/S	Hybrid core capital*	Total equity
Equity at 1 January 2019	849	214	0	5,612	24,591	520	31,786	2,546	34,332
Net profit for the period	0	0	0	786	574	0	1,360	114	1,474
Other comprehensive income	0	0	0	0	2	0	2	0	2
Comprehensive income for the period	0	0	0	786	576	0	1,362	114	1,476
Hybrid core capital issue	0	0	0	0	0	0	0	716	716
Transaction costs	0	0	0	0	-7	0	-7	0	-7
Interest paid on Additional Tier 1 Capital	0	0	0	0	0	0	0	-119	-119
Currency translation adjustment	0	0	0	0	54	0	54	-54	0
Tax	0	0	0	0	0	0	0	0	0
Proposed dividend reversed	0	0	0	0	520	-520	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
Dividends, own shares	0	0	0	0	0	0	0	0	0
Reduction of share capital	-33	0	0	0	33	0	0	0	0
Acquisition of own shares	0	0	0	0	-1,981	0	-1,981	0	-1,981
Sale of own shares	0	0	0	0	800	0	800	0	800
Transactions with owners	-33	0	0	0	-581	-520	-1,134	543	-591
Equity 30 Sept. 2019	816	214	0	6,398	24,586	0	32,014	3,203	35,217

*Additional Tier 1 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 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 of early redemption in September 2027 at the earliest. The issue has a coupon of 4.75% until September 2027. In April 2019, Jyske Bank issued AT1 in the amount of SEK 1 bn, with the possibility of early redemption in April 2024 at the earliest. The interest rate applicable to the issue until April 2024 is STIBOR+5%. 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 reserve	Currency translation reserve	Reserve according to the equity method	Retained profit	Proposed dividend	Shareholders of Jyske Bank A/S	Hybrid core capital*	Total equity
Equity at 1 January 2018	892	339	0	4,406	25,864	522	32,023	2,581	34,604
Changed 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
Net profit for the period	0	0	0	961	943	0	1,904	95	1,999
Other comprehensive income	0	-125	0	34	207	0	116	0	116
Comprehensive income for the period	0	-125	0	995	1,150	0	2,020	95	2,115
Interest paid on Additional Tier 1 Capital	0	0	0	0	0	0	0	-109	-109
Currency translation adjustment	0	0	0	0	40	0	40	-40	0
Tax	0	0	0	0	13	0	13	0	13
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
Reduction of share capital	-43	0	0	0	43	0	0	0	0
Acquisition of own shares	0	0	0	0	-1,688	0	-1,688	0	-1,688
Sale of own shares	0	0	0	0	989	0	989	0	989
Transactions with owners	-43	0	0	0	-1,079	-522	-1,644	-149	-1,793
Equity 30 Sept. 2018	849	214	0	5,309	25,536	0	31,908	2,527	34,435

Jyske Bank			
DKKm	30 Sept. 2019	31 Dec. 2018	30 Sept. 2018
Capital statement			
Shareholders' equity	32,014	31,786	31,908
Share buy-back programme, non-utilised limit	-286	0	-552
Proposed dividend	0	-520	0
Expected dividend, calculated as required by law	-339	0	-640
Deferred tax assets	-9	-9	0
Prudent valuation	-356	-272	-228
Other deductions	-59	-18	-71
Common Equity Tier 1 capital	30,965	30,967	30,417
Additional Tier 1 Capital (AT1) after reduction	3,579	3,047	3,041
Core capital	34,544	34,014	33,458
Subordinated loan capital after reduction	3,757	3,699	3,705
Capital base	38,301	37,713	37,163
Weighted risk exposure involving credit risk etc.	107,068	103,306	99,875
Weighted risk exposure involving market risk	12,574	13,940	14,202
Weighted risk exposure involving operational risk	11,478	11,936	11,936
Total weighted risk exposure	131,120	129,182	126,013
Capital requirement, Pillar I	10,490	10,335	10,081
Capital ratio (%)	29.2	29.2	29.5
Tier 1 Capital ratio (%)	26.3	26.3	26.6
Common Equity Tier 1 capital ratio (%)	23.6	24.0	24.1

For a statement of the individual solvency requirement, please see Risk and Capital Management 2018 or www.jyskebank.dk/ir/kapitalforhold and www.jyskebank.dk/ir/gaeld.

Note	Jyske Bank	
	Q1-Q3 2019	Q1-Q3 2018
DKKm		
Notes		
1 Accounting Policies		
The Interim Financial Report of the parent company Jyske Bank A/S for the period 1 January to 30 September 2019 was prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and 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 see the full description of accounting policies in note 68 of the annual report 2018.		
Figures in the financial statements are in Danish kroner, rounded to the nearest million in Danish kroner.		
Changes to accounting policies		
Reference is made to changes to the accounting policies of the Group, note 1, page 29.		
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 Financial ratios and key figures		
Pre-tax profit p.a. as a percentage of average equity*	5.9	9.3
Profit for the period as a pct. of av. equity*	4.3	6.1
Income/cost ratio (%)	1.4	1.7
Capital ratio (%)	29.2	29.5
Common Equity Tier 1 capital ratio (CET 1) (%)	23.6	24.1
Individual solvency requirement (%)	12.4	11.3
Capital base (DKKm)	38,301	37,163
Total risk exposure (DKKm)	131,120	126,013
Interest-rate risk (%)	-0.1	0.7
Currency risk (%)	0.0	0.1
Accumulated impairment ratio (%)	2.2	2.5
Impairment ratio for the period (%)	0.0	0.0
No. of full-time employees at end-period	3,364	3,418
Average number of full-time employees in the period	3,366	3,463
*Financial ratios are calculated as if Additional Tier 1 capital (AT1) is recognised as a liability.		
3 Interest income		
Due from credit institutions and central banks	21	15
Loans and advances	1,495	1,727
Bonds	416	448
Derivatives, total	146	132
Of which currency contracts	233	171
Of which interest-rate contracts	-87	-39
Others	1	0
Total after offsetting of negative interest	2,079	2,322
Negative interest income set off against interest income	149	122
Negative interest expenses set off against interest expenses	96	120
Total before offsetting of negative interest income	2,324	2,564
Of which interest income on reverse repos carried under:		
Due from credit institutions and central banks	-13	-18
Loans and advances	-103	-70

Note		Jyske Bank	
		Q1-Q3 2019	Q1-Q3 2018
	DKKm		
	Notes		
4	Interest expenses		
	Due to credit institutions and central banks	72	91
	Deposits	-7	-72
	Issued bonds	137	85
	Subordinated debt	72	75
	Other interest expenses	9	0
	Total after offsetting of negative interest	283	179
	Negative interest expenses set off against interest expenses	149	122
	Negative interest income set off against interest income	96	120
	Total before offsetting of negative interest income	528	421
	Of which interest expenses on reverse repos carried under:		
	Due to credit institutions and central banks	-51	-38
	Deposits	-15	-17
5	Fees and commission income		
	Securities trading and custody services	710	691
	Money transfers and card payments	153	151
	Loan application fees	89	111
	Guarantee commission	87	81
	Other fees and commissions	1,114	432
	Total	2,153	1,466
6	Value adjustments		
	Loans and advances at fair value	12	50
	Bonds	120	-401
	Shares, etc.	215	575
	Currency	32	113
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	-451	112
	Assets in pooled deposits	520	30
	Pooled deposits	-520	-30
	Other assets	9	2
	Issued bonds	-82	31
	Other liabilities	-61	-2
	Total	-206	480

Note		Jyske Bank	
	DKKm	Q1-Q3 2019	Q1-Q3 2018
7	Loan impairment charges and provisions for guarantees recognised in the income statement		
	Loan impairment charges and provisions for guarantees for the period	-14	-23
	Impairment charges on balances due from credit institutions in the period	7	3
	Provisions for loan commitments and unutilised credit lines in the period	-25	-27
	Recognised as a loss, not covered by loan impairment charges and provisions	96	183
	Recoveries	-83	-138
	Loan impairment charges and provisions for guarantees recognised in the income statement	-19	-2
	Recognised discount for acquired loans	10	39
	Net effect on income statement	-29	-41
8	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	4,206	4,286
	Implementation of IFRS 9 and adjustments to the standard	0	507
	Loan impairment charges and provisions for the period	-39	-50
	Recognised as a loss, covered by loan impairment charges and provisions	-292	-408
	Recognised losses covered by discounts for acquired loans	-1	-1
	Recognised discount for acquired loans	-10	-39
	Other movements	48	55
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	3,912	4,350
	Loan impairment charges at amortised cost	3,440	3,848
	Loan impairment charges at fair value	1	4
	Provisions for guarantees	278	224
	Provisions for credit commitments and unutilised credit lines	117	126
	Balance of loan impairment charges and provisions, end of period	3,836	4,202
	Balance of discounts for acquired loans	76	148
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	3,912	4,350

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

Note

Jyske Bank

DKKm

8 Balance of loan impairment charges and provisions for guarantees broken down by stage – total

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	320	603	3,195	4,118
Transfer of impairment charges at beginning of period to stage 1	106	-64	-42	0
Transfer of impairment charges at beginning of period to stage 2	-29	94	-65	0
Transfer of impairment charges at beginning of period to stage 3	-1	-56	57	0
Impairment charges on new loans, etc.	74	36	90	200
Impairment charges on discontinued loans and provisions for guarantees	-62	-115	-259	-436
Effect from recalculation	-116	174	188	246
Previously recognized as impairment charges, now final loss	-1	-1	-290	-292
Balance of loan impairment charges and provisions for guarantees on 30 September 2019	291	671	2,874	3,836

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 2018				4,096
Transitional effect, IFRS 9				507
Total, beginning of 2018	325	637	3,641	4,603
Transfer of impairment charges at beginning of period to stage 1	102	-64	-38	0
Transfer of impairment charges at beginning of period to stage 2	-18	74	-56	0
Transfer of impairment charges at beginning of period to stage 3	-2	-61	63	0
Impairment charges on new loans, etc.	79	42	402	523
Impairment charges on discontinued loans and provisions for guarantees	-68	-97	-603	-768
Effect from recalculation	-78	62	268	252
Previously recognized as impairment charges, now final loss	-19	-10	-379	-408
Balance of loan impairment charges and provisions for guarantees on 30 September 2018	321	583	3,298	4,202

Breakdown of balance of impairment charges by stage - loans at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	253	522	2,986	3,761
Transfer of impairment charges at beginning of period to stage 1	89	-51	-38	0
Transfer of impairment charges at beginning of period to stage 2	-26	88	-62	0
Transfer of impairment charges at beginning of period to stage 3	-1	-54	55	0
Impairment charges on new loans, etc.	41	22	83	146
Impairment charges on discontinued loans and provisions for guarantees	-33	-84	-216	-333
Effect from recalculation	-97	158	93	154
Previously recognized as impairment charges, now final loss	-1	0	-287	-288
Balance of loan impairment charges and provisions for guarantees on 30 September 2019	225	601	2,614	3,440

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 2018				3,758
Transitional effect, IFRS 9				421
Total, beginning of 2018	257	578	3,344	4,179
Transfer of impairment charges at beginning of period to stage 1	92	-57	-35	0
Transfer of impairment charges at beginning of period to stage 2	-17	69	-52	0
Transfer of impairment charges at beginning of period to stage 3	-2	-59	61	0
Impairment charges on new loans, etc.	50	30	369	449
Impairment charges on discontinued loans and provisions for guarantees	-37	-88	-540	-665
Effect from recalculation	-74	64	299	289
Previously recognized as impairment charges, now final loss	-19	-9	-376	-404
Balance of loan impairment charges and provisions for guarantees on 30 September 2018	250	528	3,070	3,848

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8	Breakdown of balance of impairment charges by stage— loans at fair value	Stage 1	Stage 2	Stage 3	Total
	Balance, beginning of 2019	1	1	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.	0	0	0	0
	Impairment charges on discontinued loans and provisions for guarantees	0	-1	0	-1
	Effect from recalculation	0	0	0	0
	Previously recognized as impairment charges, now final loss	0	0	0	0
	Balance of loan impairment charges and provisions for guarantees on 30 September 2019	1	0	0	1
	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 2018				0
	Transitional effect, IFRS 9, incl. derived effect on loans at fair value				2
	Total, beginning of 2018	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.	3	0	0	3
	Impairment charges on discontinued loans and provisions for guarantees	-2	1	0	-1
	Effect from recalculation	0	0	0	0
	Previously recognized as impairment charges, now final loss	0	0	0	0
	Balance of loan impairment charges and provisions for guarantees on 30 September 2018	3	1	0	4
	Breakdown of balance of provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
	Balance, beginning of 2019	66	80	209	355
	Transfer of impairment charges at beginning of period to stage 1	17	-13	-4	0
	Transfer of impairment charges at beginning of period to stage 2	-3	6	-3	0
	Transfer of impairment charges at beginning of period to stage 3	0	-3	3	0
	Impairment charges on new loans, etc.	32	15	7	54
	Impairment charges on discontinued loans and provisions for guarantees	-28	-31	-43	-102
	Effect from recalculation	-18	17	93	92
	Previously recognized as impairment charges, now final loss	0	-1	-3	-4
	Balance of loan impairment charges and provisions for guarantees on 30 September 2019	66	70	259	395
	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 2018				338
	Transitional effect, IFRS 9				84
	Total, beginning of 2018	66	59	297	422
	Transfer of impairment charges at beginning of period to stage 1	10	-7	-3	0
	Transfer of impairment charges at beginning of period to stage 2	-1	5	-4	0
	Transfer of impairment charges at beginning of period to stage 3	0	-2	2	0
	Impairment charges on new loans, etc.	26	12	33	71
	Impairment charges on discontinued loans and provisions for guarantees	-29	-9	-62	-100
	Effect from recalculation	-4	-3	-31	-38
	Previously recognized as impairment charges, now final loss	0	-1	-4	-5
	Balance of loan impairment charges and provisions for guarantees on 30 September 2018	68	54	228	350

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9	Gross loans, advances and guarantees by stage	Stage 1	Stage 2	Stage 3	Total
	Gross loans, advances and guarantees, 1 January 2019	143,725	9,840	6,491	160,056
	Transfer of loans, advances and guarantees to stage 1	5,496	-5,273	-223	0
	Transfer of loans, advances and guarantees to stage 2	-4,376	4,533	-157	0
	Transfer of loans, advances and guarantees to stage 3	-143	-529	672	0
	Other movements	8,509	1,580	-1,020	9,069
	Gross loans, advances and guarantees, 30 September 2019	153,211	10,151	5,763	169,125
	Loan impairment charges and provisions for guarantees, total	248	630	2,841	3,719
	Net loans, advances and guarantees, 30 September 2019	152,963	9,521	2,922	165,406
	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

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Jyske Bank

9	DKKm Loans, advances and guarantees by stage and internal rating – gross before impairment charges and provisions		Q1-Q3 2019				End- 2018
			Stage 1	Stage 2	Stage 3	Total	Total
	Performing	PD band (%)					
	1	0.00 - 0.10	48,936	61	0	48,997	46,631
	2	0.10 - 0.15	10,176	5	0	10,181	15,225
	3	0.15 - 0.22	11,135	10	0	11,145	10,500
	4	0.22 - 0.33	18,530	3	0	18,533	9,183
	5	0.33 - 0.48	12,946	124	0	13,070	13,139
	Ratings 1- 5		101,723	203	0	101,926	94,678
	6	0.48 - 0.70	15,596	358	0	15,954	16,598
	7	0.70 - 1.02	10,708	787	0	11,495	12,405
	8	1.02 - 1.48	7,921	894	0	8,815	8,451
	9	1.48 - 2.15	9,817	1,392	0	11,209	8,440
	10	2.15 - 3.13	3,737	1,084	0	4,821	4,511
	11	3.13 - 4.59	1,757	560	0	2,317	1,737
	Ratings 6 – 11		49,536	5,075	0	54,611	52,142
	12	4.59 - 6.79	705	923	0	1,628	1,719
	13	6.79 - 10.21	182	686	0	868	561
	14	10.21 - 25.0	66	3,080	0	3,146	2,774
	Ratings 12-14		953	4,689	0	5,642	5,054
	Others		985	152	0	1,137	1,573
	Non performing loans		14	32	5,763	5,809	6,609
	Total		153,211	10,151	5,763	169,125	160,056

Irrevocable credit commitments of DKK 4,531m (end of 2018: DKK 2,770m) are all in stage 1 and are distributed according to internal ratings in this way: Rating 1: DKK 2,792m, Rating 2: DKK 520m, Rating 3: DKK 435m, Rating 4: DKK 784 million (end of 2018: Rating 1: DKK 1,843, Rating 2: DKK 500m and Rating 3: DKK 427m).

Loan impairment charges and provisions for guarantees by stage and internal rating			Q1-Q3 2019				End- 2018
			Stage 1	Stage 2	Stage 3	Total	Total
Performing	PD band (%)						
1	0.00 - 0.10		3	0	0	3	9
2	0.10 - 0.15		7	1	0	8	6
3	0.15 - 0.22		14	0	0	14	15
4	0.22 - 0.33		17	0	0	17	22
5	0.33 - 0.48		18	2	0	20	32
Ratings 1- 5			59	3	0	62	84
6	0.48 - 0.70		23	3	0	26	40
7	0.70 - 1.02		38	12	0	50	56
8	1.02 - 1.48		31	11	0	42	57
9	1.48 - 2.15		38	29	0	67	60
10	2.15 - 3.13		18	26	0	44	57
11	3.13 - 4.59		26	19	0	45	42
Ratings 6 – 11			174	100	0	274	312
12	4.59 - 6.79		8	35	0	43	51
13	6.79 - 10.21		3	33	0	36	24
14	10.21 - 25.0		2	435	0	437	338
Ratings 12-14			13	503	0	516	413
Others			2	25	0	27	30
Non performing loans			0	0	2,840	2,840	3,137
Total			248	631	2,840	3,719	3,976

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 period		Loss for the period	
	30 Sept. 2019 (%)	End of 2018 (%)	30 Sept. 2019	End of 2018	30 Sept. 2019	End of 2018	Q1-Q3 2019	Q1-Q3 2018	Q1-Q3 2019	Q1-Q3 2018
Public authorities	4	6	6,144	8,560	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing	4	4	6,829	7,027	859	1,046	-35	-147	193	172
<i>Fishing</i>	1	1	1,901	1,821	1	1	0	0	0	0
<i>Dairy farmers</i>	0	0	565	781	336	435	-59	-92	59	74
<i>Plant production</i>	1	1	1,919	1,808	111	120	36	-5	49	13
<i>Pig farming</i>	1	1	1,489	1,536	217	261	-7	-51	47	48
<i>Other agriculture</i>	1	1	955	1,081	194	229	-5	1	38	37
Manufacturing, mining, etc.	4	4	7,053	6,684	182	243	-45	154	33	145
Energy supply	2	3	3,202	4,217	36	64	-25	9	3	0
Building and construction	2	2	3,266	2,930	97	64	34	-7	4	6
Commerce	6	6	9,836	9,837	184	230	-28	18	24	17
Transport, hotels and restaurants	3	3	4,192	4,345	89	104	-8	-1	8	0
Information and communication	1	1	826	962	148	46	106	7	4	3
Finance and insurance	41	34	67,504	52,254	615	613	37	-63	45	51
Real property	10	9	16,921	14,641	388	391	-21	-40	2	96
<i>Lease of real property</i>	5	5	9,740	8,310	313	329	-24	-8	12	89
<i>Buying and selling of real property</i>	2	2	2,259	2,420	45	33	2	-10	-10	6
<i>Other real property</i>	3	2	4,922	3,911	30	29	1	-22	0	1
Other sectors	2	3	4,583	4,978	153	157	6	23	14	30
Corporate clients	75	69	124,212	107,875	2,751	2,958	21	-47	330	520
Private individuals	21	25	35,050	39,645	968	1,018	-25	33	58	71
Unutilised credit lines and loan commitments			-	-	117	142	-25	-27	0	0
Total	100	100	165,406	156,080	3,836	4,118	-29	-41	388	591

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Deposits

	30 Sept. 2019	31 Dec. 2018	30 Sept. 2018
Demand deposits	111,332	105,344	104,167
Term deposits	2,381	3,003	3,245
Time deposits	29,167	24,573	27,111
Special deposits	7,086	6,853	6,782
Total	149,966	139,773	141,305

Statement by the Executive and Supervisory Boards

We have today discussed and approved the Interim Financial Report of Jyske Bank A/S for the period 1 January to 30 September 2019.

The consolidated Interim Financial Statements were prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and the Parent's Interim Financial Statements in accordance with the Danish Financial Business Act. Further, the Interim Financial Report was prepared in accordance with the additional Danish disclosure requirements for interim financial reports of listed financial companies.

The Interim Financial Report is unaudited and has not been reviewed, but the external auditor verified the profit, and this verification included audit procedures in line with the requirements relating to a review, and hence it was ascertained that the conditions for on-going recognition of the profit for the period in the capital base were met.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's and the Parent's financial position at 30 September 2019 and also of their financial performance as well as the cash flows of the Group for the period 1 January to 30 September 2019.

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 profit for the period 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.

Silkeborg, 30 October 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

ANKER LADEN-ANDERSEN

KELD NORUP

PER SCHNACK

JOHNNY CHRISTENSEN
Employee Representative

MARIANNE LILLEVANG
Employee Representative

CHRISTINA LYKKE MUNK
Employee Representative