



**JYSKE BANK**

Interim Financial Report  
H1 2019

# Interim Financial Report H1 2019

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# The Jyske Bank Group

## Core profit and net profit for the period (DKKm)

	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Net interest income	2,664	2,846	94	1,340	1,324	1,371	1,407	1,439	5,624
Net fee and commission income	986	905	109	523	463	506	443	399	1,854
Value adjustments	185	-106	-	-8	193	-49	132	-38	-23
Other income	106	304	35	59	47	32	127	239	463
Income from operating lease (net)	58	47	123	34	24	8	26	21	81
<b>Core income</b>	<b>3,999</b>	<b>3,996</b>	<b>100</b>	<b>1,948</b>	<b>2,051</b>	<b>1,868</b>	<b>2,135</b>	<b>2,060</b>	<b>7,999</b>
Core expenses	2,541	2,415	105	1,256	1,285	1,232	1,249	1,143	4,896
<b>Core profit before loan impairment charges</b>	<b>1,458</b>	<b>1,581</b>	<b>92</b>	<b>692</b>	<b>766</b>	<b>636</b>	<b>886</b>	<b>917</b>	<b>3,103</b>
Loan impairment charges	-7	335	-	9	-16	29	104	27	468
<b>Core profit</b>	<b>1,465</b>	<b>1,246</b>	<b>118</b>	<b>683</b>	<b>782</b>	<b>607</b>	<b>782</b>	<b>890</b>	<b>2,635</b>
Investment portfolio earnings	-61	536	-	-50	-11	-11	-20	129	505
<b>Pre-tax profit</b>	<b>1,404</b>	<b>1,782</b>	<b>79</b>	<b>633</b>	<b>771</b>	<b>596</b>	<b>762</b>	<b>1,019</b>	<b>3,140</b>
Tax	295	361	82	134	161	95	184	208	640
<b>Net profit for the period</b>	<b>1,109</b>	<b>1,421</b>	<b>78</b>	<b>499</b>	<b>610</b>	<b>501</b>	<b>578</b>	<b>811</b>	<b>2,500</b>

## Summary of balance sheet, end of period (DKKbn)

Loans and advances	479.9	455.4	105	479.9	470.5	462.8	457.7	455.4	462.8
- of which mortgage loans	336.9	314.4	107	336.9	333.3	326.3	318.8	314.4	326.3
- of which traditional bank loans and advances	103.3	104.4	99	103.3	104.2	104.1	104.5	104.4	104.1
- of which new home loans	4.7	12.2	39	4.7	4.9	6.3	9.4	12.2	6.3
- of which repo loans	35.0	24.4	143	35.0	28.1	26.1	25.0	24.4	26.1
Bonds and shares, etc.	98.6	81.0	122	98.6	94.8	83.2	74.7	81.0	83.2
Total assets	646.4	593.0	109	646.4	627.5	599.9	596.9	593.0	599.9
Deposits	152.7	155.1	98	152.7	154.2	148.7	150.9	155.1	148.7
- of which bank deposits	139.4	135.3	103	139.4	141.0	135.7	136.6	135.3	135.7
- of which repo deposits and tri-party deposits	13.3	19.8	67	13.3	13.2	13.0	14.3	19.8	13.0
Issued bonds at fair value	350.7	308.9	114	350.7	334.4	324.7	316.7	308.9	324.7
Issued bonds at amortised cost	38.4	31.2	123	38.4	38.2	35.0	33.3	31.2	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	2.5	2.5	2.5	2.5	2.5
Shareholders' equity	32.2	32.3	100	32.2	32.4	31.8	31.9	32.3	31.8

## Financial ratios and key figures

Earnings per share for the period (DKK)*	12.8	16.0		5.7	7.1	5.8	6.5	9.3	28.2
Profit for the period, per share (diluted) (DKK)*	12.8	16.0		5.7	7.1	5.8	6.5	9.3	28.2
Pre-tax profit p.a. as a percentage of average equity*	8.3	10.8		7.3	9.2	7.1	9.1	12.4	9.5
Profit for the period p.a. as a pct. of average equity*	6.6	8.6		5.7	7.3	6.0	6.9	9.8	7.6
Expenses as a percentage of income	63.5	60.4		64.5	62.7	66.0	58.5	55.5	61.2
Capital ratio (%)	19.8	20.4		19.8	20.1	20.0	20.3	20.4	20.0
Common Equity Tier 1 capital ratio (CET1 %)	16.0	16.7		16.0	16.6	16.4	16.6	16.7	16.4
Individual solvency requirement (%)	10.7	10.1		10.7	10.8	10.8	10.3	10.1	10.8
Capital base (DKKbn)	38.6	37.7		38.6	38.0	37.7	37.1	37.7	37.7
Weighted risk exposure (DKKbn)	195.1	185.0		195.1	189.2	188.4	182.9	185.0	188.4
Share price at end of period (DKK)	228	350		228	257	235	311	350	235
Distributed dividend per share (DKK)	-	5.8		-	-	-	5.9	-	11.7
Book value per share (DKK)*	408	380		408	397	390	382	380	390
Price/book value per share (DKK)*	0.6	0.9		0.6	0.6	0.6	0.8	0.9	0.6
No. of full-time employees at end-period**	3,692	3,786		3,692	3,684	3,698	3,726	3,786	3,698

Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 26 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 half of 2019 less 21 employees who are financed externally against 25 employees at the end of the first quarter 2019 and at the end of 2018 as well as about 40 employees in the other quarters.

## Summary

- Profit before tax: DKK 1,404m (H1 2018: DKK 1,782m), corresponding to a return of 8.3% p.a. on average equity (H1 2018: 10.8% p.a.)
- Profit after tax: DKK 1,109m (H1 2018: DKK 1,421m), corresponding to a return of 6.6% p.a. on average equity (H1 2018: 8.6% p.a.)
- Core income: DKK 3,999m (H1 2018: DKK 3,996m)
- Core profit: DKK 1,465m (H1 2018: DKK 1,246m)
- A maximum of DKK 7.5m on personal clients' demand deposits with an interest rate of 0% will be introduced
- Capital ratio: 19.8%, of which the Common Equity Tier 1 capital ratio was 16.0% (end of 2018: 20.0% and 16.4%)
- A share buy-back programme in the amount of DKK 500m, running from 21 August to 29 November 2019, will be initiated
- An extraordinary general meeting will soon be called, at which a motion will be made to cancel almost 5% of the share capital
- Organisational change with effect as of 1 September 2019

## Comments by Management

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

"Jyske Bank's financial statements are very much affected by the sustained negative interest rate environment and interest expenses for the increasing non-preferred senior debt. Therefore, despite the still rising business volume, net interest income fell by 6% relative to the first half of 2018.

The negative interest rate environment that has affected the Danish market since the spring of 2012, only interrupted in 2014, now seems to be of a rather permanent nature. For instance, it is no longer possible to obtain Danish government bonds yielding positive returns irrespective of the time to maturity. Market expectations indicate that the negative interest rate environment will last for several years.

As Jyske Bank has a significant and increasing deposit surplus from personal clients and hence incurs large expenses in relation to these, Jyske Bank introduces a maximum of DKK 7.5m on personal clients' demand deposits with an interest rate of 0%. The interest rate on deposits in excess of this amount is to be agreed individually with the bank. If no agreement is concluded, the interest rate will be -0.6% p.a.", ends Anders Dam.

# 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 mid-June, an agreement to sell Jyske Bank (Gibraltar) Ltd. was reached with Rooke Investments Ltd. The agreement is, among other things, subject to regulatory approval by the relevant authorities in Gibraltar.

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.

The parties have agreed not to publish the terms and conditions for the sale. The sales process is progressing according to plan.

### **Organisational change**

Jyske Bank will implement an organisational change with effect as from 1 September 2019.

The reason for the change is the need to solve a number of governance-related problems and the wish to achieve, at the same time, a more focused and simple organisation.

The following changes will be made:

- Unit Director , Retail Clients, Carsten Tirsbæk Madsen will be appointed new CEO of Jyske Realkredit and resign from the Supervisory Boards of Jyske Realkredit and Jyske Finans. Carsten Tirsbæk Madsen will be appointed to the board of directors of the Association of Danish Mortgage Banks.
- Unit Director of Business Concepts, Bank and Properties and CEO of Jyske Realkredit Lars Waalen Sandberg will be appointed director of a new unit, Business Concepts, in charge of all the Group's concepts. Lars Waalen Sandberg will be appointed new deputy chairman of the Supervisory Board of Jyske Realkredit and join the Supervisory Board of Jyske Finans.
- Director of Jyske Finans, Jes Rosendal will be appointed new unit director of Retail Clients and new chairman of the Supervisory Board of Jyske Finans.
- Head of Development and Risk Management at Jyske Finans, Klaus Naur will be appointed new Director of Jyske Finans and join the Jyske Bank Group Management.
- Unit Director of Finance and Risk Management, Birger Krøgh Nielsen will be appointed Unit Director of Finance (CFO).
- Unit Director of Business Concepts, Capital Markets, Investment and Wealth, Peer Roer Pedersen will be appointed new unit director of Risk Management (CRO).
- Unit Director of Corporate Clients and Private Banking, Ivan Stendal Hansen will be appointed unit director of Private Banking.
- Business Director of Corporate Clients, Rune Møller will be appointed new unit director of Corporate Clients and join the Jyske Bank Group Management.

The organisational chart after the changes is included as appendix on page 68.

### **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 received confirmation from the Danish Business Authority that registration had been made of the capital reduction that was decided by the extraordinary general meeting on 6 May 2019. After the capital reduction, Jyske Bank' share capital amounts to a nominal amount of DKK 815,945,440 distributed on 81,594,544 shares of a nominal value of DKK 10.

On 1 April, Jyske Bank initiated a share buy-back programme in an amount of up to DKK 500m. In May 2019, the buy-back programme was raised by DKK 500m to DKK 1,000m. 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.

An extraordinary general meeting will soon be called, at which a motion will be made to reduce the share capital by cancelling the shares bought back.

A new share buy-back programme of up to DKK 500m, running over the period 21 August to 29 November 2019, will be initiated.

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.

### **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. 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 shall as of 2019 pay a distribution fee to Jyske Bank. Under the agreement, Jyske Realkredit has the right to deduct established losses on loans.

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.

The new agreements have no bearing on the consolidated financial statements. At business segment level, the agreements result in a changed make-up of the results within banking activities and mortgage activities. The new agreements are further described in the section Mortgage activities.

## Net profit for the period

In the first half of 2019, the Jyske Bank Group generated a pre-tax profit of DKK 1,404m. Calculated tax amounted to DKK 295m, and after tax the profit amounted to DKK 1,109m. The post-tax profit corresponded to a return of 6.6% p.a. on average equity, which is within the stated range of 6%-10% after tax. For the corresponding period in 2018, the return on average equity was 8.6% p.a.

### Core profit and net profit for the period (DKKm)

	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Net interest income	2,664	2,846	94	1,340	1,324	1,371	1,407	1,439	5,624
Net fee and commission income	986	905	109	523	463	506	443	399	1,854
Value adjustments	185	-106	-	-8	193	-49	132	-38	-23
Other income	106	304	35	59	47	32	127	239	463
Income from operating lease (net)	58	47	123	34	24	8	26	21	81
<b>Core income</b>	<b>3,999</b>	<b>3,996</b>	<b>100</b>	<b>1,948</b>	<b>2,051</b>	<b>1,868</b>	<b>2,135</b>	<b>2,060</b>	<b>7,999</b>
Core expenses	2,541	2,415	105	1,256	1,285	1,232	1,249	1,143	4,896
<b>Core profit before loan impairment charges</b>	<b>1,458</b>	<b>1,581</b>	<b>92</b>	<b>692</b>	<b>766</b>	<b>636</b>	<b>886</b>	<b>917</b>	<b>3,103</b>
Loan impairment charges	-7	335	-	9	-16	29	104	27	468
<b>Core profit</b>	<b>1,465</b>	<b>1,246</b>	<b>118</b>	<b>683</b>	<b>782</b>	<b>607</b>	<b>782</b>	<b>890</b>	<b>2,635</b>
Investment portfolio earnings	-61	536	-	-50	-11	-11	-20	129	505
<b>Pre-tax profit</b>	<b>1,404</b>	<b>1,782</b>	<b>79</b>	<b>633</b>	<b>771</b>	<b>596</b>	<b>762</b>	<b>1,019</b>	<b>3,140</b>
Tax	295	361	82	134	161	95	184	208	640
<b>Net profit for the period</b>	<b>1,109</b>	<b>1,421</b>	<b>78</b>	<b>499</b>	<b>610</b>	<b>501</b>	<b>578</b>	<b>811</b>	<b>2,500</b>

## Core profit

Core profit amounted to DKK 1,465m against DKK 1,246m in the first half of 2018, when impairment charges in the amount of DKK 335m were recognised as an expense, of which DKK 407m related to effects derived from IFRS 9.

Core profit before loan impairment charges fell by 8% to DKK 1,458m against DKK 1,581m for the corresponding period in 2018. However, exclusive of the gain of DKK 185m relating to the sale of the owner-occupied property (Klampenborgvej) and reversed provisions of DKK 96m relating to the court case in Gibraltar in the first half of 2018, the decline amounted to 2%.

## Core income

At DKK 3,999m, total core income is in line with the first half of 2018, but the composition has changed materially.

Net interest income amounted to DKK 2,664m against DKK 2,846m in the first half of 2018, corresponding to a decrease by 6%. 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 pressure on margins and increased finance cost resulting from the expenses relating to the non-preferred senior debt issued to meet the MREL requirement and from the negative market rates. To this must be added that lower net interest income was realised from trading activities and the strategic balance sheet and risk management. The latter is to be viewed in connection with the improvement in value adjustments.

In the first half of 2019, net interest income and value adjustments from the strategic balance sheet and risk management amounted to DKK 62m compared to DKK 45m in the first half of 2018. The increase can materially be attributed to an improvement of value adjustments due to the narrowing of the credit spread on Danish mortgage bonds, whereas net interest income fell because of changed portfolio composition as well as the gradual change of the portfolio to amortised cost.

**Strategic balance sheet and risk management (DKKm)**

	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Net interest income	45	147	31	18	27	32	63	75	242
Value adjustments	-14	-87	16	-80	66	-83	45	-26	-125
<b>Banking activities, total</b>	<b>31</b>	<b>60</b>	<b>52</b>	<b>-62</b>	<b>93</b>	<b>-51</b>	<b>108</b>	<b>49</b>	<b>117</b>
Net interest income	44	45	98	20	24	18	20	24	83
Value adjustments	-13	-60	22	-6	-7	-28	-9	-41	-97
<b>Mortgage activities, total</b>	<b>31</b>	<b>-15</b>	<b>-</b>	<b>14</b>	<b>17</b>	<b>-10</b>	<b>11</b>	<b>-17</b>	<b>-14</b>
<b>Jyske Bank Group, total</b>	<b>62</b>	<b>45</b>	<b>138</b>	<b>-48</b>	<b>110</b>	<b>-61</b>	<b>119</b>	<b>32</b>	<b>103</b>

Net fee and commission income amounted to DKK 986m against DKK 905m in the first half of 2018, corresponding to an increase by 9%. The increase took place in the second quarter of 2019 when fee and commission income was positively affected by the strong refinancing activity within mortgage activities and performance fees due to the favourable trends in the equity markets. Hence, in the second quarter of 2019, performance fees amounted to DKK 38m. Performance fees of DKK 23m received in the first quarter of 2018 were recognised in the first half of 2018. The underlying level of activities within banking as well as mortgage activities is still satisfactory.

Fees paid amounted to DKK 279m against DKK 229m in the first half 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 the issue of covered bonds in the amount of EUR 500m by Jyske Realkredit in the first quarter of 2019.

Value adjustments amounted to DKK 185m against DKK -106m in the first half of 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, the falling long-term market rates, resulting in an increasingly flat yield curve, had a negative effect in the second quarter of 2019. A significant part of the increase related to value adjustments of the strategic balance sheet and risk management amounting to DKK -27m compared to DKK -147m in the first half of 2018.

Other income amounted to DKK 106m against DKK 304m for the corresponding period of 2018, when DKK 185m were recognised as income from the sale of an owner-occupied property on Klampenborgvej. In the second quarter of 2019, an income of DKK 46m was recognised relating to the sale of a property in Copenhagen. The majority of the gain was recognised as income under Other income. The remaining part is recognised as income under Value adjustments.

### Core expenses

Core expenses for the first half of 2019 amounted to DKK 2,541m, corresponding to an increase by 1% compared to core expenses for the first half of 2018, which amounted to DKK 2,511m less reversed provisions of DKK 96m relating to a court case on Gibraltar. Due to the lower number of employees, employee costs fell by about 2% compared to the first half of 2018. At the end of the first half of 2019, the number of employees was 3,692 compared to 3,786 at the end of the first half of 2018, i.e. a decline by 2.5%. On the other hand, IT costs increased by almost 6% from DKK 646m to 682m, which can 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 written off.

### Impairment charges

Reversed impairment charges and provisions for guarantees in the amount of DKK 7m were recognised as income. For the same period in 2018, impairment charges amounted to an expense of DKK 335m. Included in these was an amount of DKK 407m relating to effects derived from the implementation of IFRS 9. Exclusive of the effects derived from IFRS 9, impairment charges in the amount of DKK 72m were reversed.

In the first half of 2019, impairment charges were adversely affected by changes at a few major corporate clients. The number of new defaults is still low in respect of both corporate and personal clients.



At the end of the first half of 2019, impairment charges based on management's estimates amounted to DKK 561m, of which DKK 355m related to agricultural clients against DKK 511m and DKK 275m, respectively, at the end of 2018. The increase relating to agricultural clients can be attributed to the increased risk of falling prices of agricultural land as well as the continuing challenges facing fur farmers in the form of low fur prices and overproduction.

## Investment portfolio earnings

Investment portfolio earnings (DKKm)									
	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Net interest income	50	57	88	25	25	26	22	21	105
Value adjustments	-97	442	-	-69	-28	-30	-35	114	377
Other income	2	53	4	2	0	1	1	4	55
<b>Income</b>	<b>-45</b>	<b>552</b>	<b>-</b>	<b>-42</b>	<b>-3</b>	<b>-3</b>	<b>-12</b>	<b>139</b>	<b>537</b>
Expenses	16	16	100	8	8	8	8	10	32
<b>Investment portfolio earnings</b>	<b>-61</b>	<b>536</b>	<b>-</b>	<b>-50</b>	<b>-11</b>	<b>-11</b>	<b>-20</b>	<b>129</b>	<b>505</b>

For the first half of 2019, investment portfolio earnings amounted to DKK -61m against DKK 536m for the same period in 2018. The results for the first half of 2018 were very much driven by the holding of Nordjyske Bank shares, which had a positive effect in the amount of DKK 544m in the form of value adjustments and dividend received.

Investment portfolio earnings for the first half of 2019 were positively affected by the narrowing of credit spreads, but on the other hand negatively affected by the considerably flatter yield curve. The latter effect especially impacted the second quarter negatively. Other market risks were fairly neutral. Net interest income was unchanged compared to the preceding quarters.

## **Q2 2019 compared to Q1 2019**

Core profit amounted to DKK 683m against DKK 782m in the first quarter of 2019.

Core income amounted to DKK 1,948m against DKK 2,051m in the first quarter of 2019. The decline can more than fully be attributed to value adjustments, which amounted to DKK -8m against DKK 193m in the first quarter of 2019. In respect of both trading activities and the strategic balance sheet and risk management it applies that the value adjustments were negatively affected by the flatter yield curve. To this must be added that the first quarter was favourably affected by the narrowing credit spreads on Danish mortgage bonds. In the second quarter, the spreads were stable. Due to the falling long-term market rates, the value adjustments for clients' transactions relating to interest-rate hedging amounted to DKK -27m in the second quarter against DKK 15m in the first quarter.

Net interest income amounted to DKK 1,340m against DKK 1,324m in the first quarter of 2019. Net interest income was favourably affected by the fact that the second quarter had one more interest-bearing day than the first quarter and also by the increase in other net interest income for mortgage activities due to the high level of refinancing activity. On the other hand, the finance costs incurred to meet the MREL requirement increased due to the issue in June 2019. In the second quarter of 2019, the positive development of the volume of loans relating to mortgage and leasing activities offset the continued pressure on the lending margin. As was the case previously, bank loans and advances were subjected to keen competition, where for mortgage loans it could be attributed to the fact that to an increasing degree personal clients choose fixed-rate loan and/or loans with instalment where the administration margin rate and the risk are lower.

Net fee and commission income amounted to DKK 523m against DKK 463m. The increase can be attributed to the higher refinancing activity as well as performance fees of DKK 38m.

Core expenses fell from DKK 1,285m to DKK 1,256m. Both employee costs and other costs, including IT costs, fell relative to the first quarter.

Impairment charges amounted to an expenses of DKK 9m against an income of DKK 16m in the first quarter of 2019. The credit quality was still good, and the number of new defaults was still at a low level.

Investment portfolio earnings amounted to DKK -50m against DKK -11m in the first quarter. As was the case in the first quarter, the results were adversely affected by the flatter yield curve but also currency positions. In the first quarter, investment portfolio earnings were also favourably affected by the narrowing credit spreads on Danish mortgage bonds. In the second quarter, the spreads were stable.

## Business volume

### Summary of balance sheet, end of period (DKKbn)

	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Loans and advances	479.9	455.4	105	479.9	470.5	462.8	457.7	455.4	462.8
- of which mortgage loans	336.9	314.4	107	336.9	333.3	326.3	318.8	314.4	326.3
- of which traditional bank loans and advances	103.3	104.4	99	103.3	104.2	104.1	104.5	104.4	104.1
- of which new home loans	4.7	12.2	39	4.7	4.9	6.3	9.4	12.2	6.3
- of which repo loans	35.0	24.4	143	35.0	28.1	26.1	25.0	24.4	26.1
Bonds and shares, etc.	98.6	81.0	122	98.6	94.8	83.2	74.7	81.0	83.2
Total assets	646.4	593.0	109	646.4	627.5	599.9	596.9	593.0	599.9
Deposits	152.7	155.1	98	152.7	154.2	148.7	150.9	155.1	148.7
- of which bank deposits	139.4	135.3	103	139.4	141.0	135.7	136.6	135.3	135.7
- of which repo deposits and tri-party deposits	13.3	19.8	67	13.3	13.2	13.0	14.3	19.8	13.0
Issued bonds at fair value	350.7	308.9	114	350.7	334.4	324.7	316.7	308.9	324.7
Issued bonds at amortised cost	38.4	31.2	123	38.4	38.2	35.0	33.3	31.2	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	2.5	2.5	2.5	2.5	2.5
Shareholders' equity	32.2	32.3	100	32.2	32.4	31.8	31.9	32.3	31.8

Mortgage loans at fair value amounted to DKK 336.9 bn at the end of the first half of 2019 compared to 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 5.6 bn that increasing bond prices had on fair values. In the first half of the year, additional home loans were transferred to Jyske Realkredit so the new home loans under banking activities amounted to DKK 4.7 bn at the end of the first half of the year against DKK 6.3 bn at the end of 2018.

Traditional bank loans and advances amounted to DKK 103.3 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 had no earnings impact to speak of.

At the end of the first half of 2019, bank deposits exclusive of repo deposits amounted to DKK 139.4 bn, i.e. an increase by just under DKK 4 bn relative to the level at the end of 2018. The increase can primarily be attributed to demand deposits from personal and private banking clients.

At the end of the first half of 2019, the business volume within asset management amounted to DKK 160 bn compared to DKK 141 bn at the end of 2018. The first half of the year was characterised by generally positive markets, which more than compensated for the rather negative development in 2018, and therefore the development had a positive effect on the business volume. To this must be added an inflow of new funds from most client segments and, in particular, a decent inflow of funds from wealthy and professional clients over the entire period and in the second quarter also from personal and private banking clients.

## Credit quality

At the end of the first half of 2019, the Group's total balance of loan impairment charges and provisions as well as its discount balance amounted to DKK 5.6 bn, corresponding to 1.1% of the total balance of loans, advances and guarantees against DKK 5.9 bn and 1.2% at the end of 2018.

The underlying credit quality was still good, and the number of new defaults was still at a low level in respect of both corporate and personal clients.

The table below shows the balance of loan impairment charges and provisions for guarantees broken down by IFRS 9 category.

Loans, advances and guarantees broken down by IFRS 9 stages (DKKbn/%)						
	Q2 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	465.6	0.6	0.1	449.1	0.6	0.1
Stage 2	23.4	1.3	5.3	26.0	1.3	4.8
Stage 3	6.0	3.3	35.3	6.5	3.6	35.6
<b>Total</b>	<b>495.0</b>	<b>5.2</b>	<b>1.0</b>	<b>481.6</b>	<b>5.5</b>	<b>1.1</b>

At the end of the first half of 2019, non-performing loans and guarantees amounted to DKK 10.4 bn against DKK 11.2 bn and DKK 11.1 bn, respectively, at the end of 2018 and the first half of 2018. At the end of the first half of 2019, the NPL ratio amounted to 1.4% against 1.5% at the end of 2018 and at the end of the first half of 2018. The statement of non-performing exposures is based on the EBA's technical standard.

Non-performing loans and guarantees (DKKbn)									
	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Loans, advances and guarantees	495.0	473.6	105	495.0	487.6	481.6	476.1	473.6	481.6
Non-performing loans and guarantees	10.4	11.1	94	10.4	10.9	11.2	11.4	11.1	11.2
Impairment charges and provisions	3.5	3.7	95	3.5	3.5	3.7	3.7	3.7	3.7
Discounts on acquired loans	0.2	0.3	67	0.2	0.2	0.2	0.3	0.3	0.2
Non-performing loans and guarantees after impairment charges	6.7	7.1	94	6.7	7.2	7.3	7.4	7.1	7.3
NPL ratio	1.4%	1.5%	93	1.4%	1.5%	1.5%	1.5%	1.5%	1.5%
NPL coverage ratio	35.1%	36.1%	97	35.1%	34.4%	34.8%	35.3%	36.1%	34.8%
Non-accrual loans and past due exposures	1.4	1.4	100	1.4	1.5	1.3	1.3	1.4	1.3
Operational loan impairment charges and provisions for guarantees	0.0	0.3	-	0.0	0.0	0.0	0.1	0.0	0.5
Operating loss	0.5	0.7	71	0.2	0.3	0.3	0.1	0.3	1.1

Loans and advances subject to forbearance amounted to DKK 11.7 bn, corresponding to 2.4% against DKK 12.0 bn and 2.5% at the end of 2018.

## Agriculture

Agriculture exclusive of fishing (DKKm/%)					The Jyske Bank Group	
	Loans, advances and guarantees		Balance of loan impairment charges		Impairment ratio	
	Q2 2019	Q4 2018	Q2 2019	Q4 2018	Q2 2019	Q4 2018
Dairy farmers	765	848	392	437	34%	34%
Pig farming	1,571	1,616	252	264	14%	14%
Plant production	2,122	2,050	117	122	5%	6%
Fur farming	76	186	112	108	60%	37%
Other agriculture	1,367	1,384	134	132	9%	9%
<b>Total</b>	<b>5,901</b>	<b>6,084</b>	<b>1,007</b>	<b>1,063</b>	<b>15%</b>	<b>15%</b>

At the end of the first half of 2019, the impairment ratios for dairy farmers and pig farming were 34% and 14%, respectively, of loans, advances and guarantees, corresponding to the level at the end of 2018.

However, compared to the level at the end of the first half of 2018, a larger proportion of the impairment charges at the end of the first half of 2019 is based on management's estimates based on the recent experience in relation to trades involving agricultural land, indicating that the rate of turnover is low and prices of agricultural land that is sold by order of the bank are lower than had been expected so far.

For fur farmers, the impairment ratio increased from 37% at the end of 2018 to 60% at the end of the first half of 2019 because the auctions this year of mink fur show that fur prices are still at levels that do not allow a large part of the mink breeders to operate profitably and also because of the reduced exposure.

# 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 is at a safe distance to 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 first half of 2019, the capital ratio was 19.8% and the Common Equity Tier 1 capital ratio 16.0%. At the end of 2018, the capital ratios were 20.0% and 16.4%, respectively.

The target of meeting the new capital adequacy rules in full at the end of 2021 is intact.

Jyske Bank aims, in the long term, to ensure a risk-adjusted capital ratio (RAC) determined by S&P at the level of 10.5% in order to maintain the score 'strong' in the category 'capital and earnings'. At the end of the first half of 2019, RAC was calculated at 10.3% corresponding to the level at the end of 2018.

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 (%)						
	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	End of 2018
Capital ratio (%)	19.8	20.1	20.0	20.3	20.4	20.0
Core capital ratio incl. hybrid capital (%)	17.9	18.1	18.0	18.3	18.4	18.0
Common Equity Tier 1 capital ratio (CET 1) (%)	16.0	16.6	16.4	16.6	16.7	16.4

The total weighted risk exposure amounted to DKK 195.1 bn at the end of the first half of 2019 against DKK 188.4 bn at the end of 2018. The increase can be attributed to risk exposure through credit risk and market risk. The development within the risk exposure in the form of credit risk follows the lending growth within mortgage and leasing activities. Risk exposure through market risk rose to DKK 17.4 bn at the end of the second quarter of 2019 against DKK 13.5 bn at the end of the first quarter of 2019. The majority of the increase is of a temporary nature.

## Capital

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

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

On 21 June 2019, Jyske Bank received the Danish Business Authority's registration of the capital reduction that was 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 of a nominal value of DKK 10.

On 1 April, Jyske Bank initiated a share buy-back programme in an amount of up to DKK 500m. In May 2019, the buy-back programme was raised by DKK 500m to DKK 1,000m. 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.

An extraordinary general meeting will soon be called at which a motion will be made to reduce the share capital by cancelling the shares bought back.

A new share buy-back programme of up to DKK 500m, running over the period 21 August to 29 November 2019, will be initiated.

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.

### **Individual solvency requirement and capital buffer**

At the end of the first half of 2019, the Jyske Bank Group calculated its individual solvency requirement to be 10.7% of the total weighted risk exposure against 10.8% at the end of 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 0.5%. Both the SIFI requirements and the capital conservation buffer have been fully phased in. The countercyclical buffer will increase to 1% on 30 September 2019.

Compared with the actual capital base of DKK 38.6 bn, the capital buffer amounted at the end of the first half of 2019 to DKK 9.0 bn, corresponding to 4.6%. At the end of 2018, the capital buffer was at DKK 11.5 bn, corresponding to 6.1%.

### **MREL requirement**

For Jyske Bank, the Danish Financial Supervisory Authority (FSA) has defined the minimum requirement for own funds and eligible liabilities, the so-called MREL, at 12.9% 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, preferred 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. The MREL requirement must be fully met by 1 July 2019. At the end of the first half of 2019, the Jyske Bank Group met the MREL.

Based on the increase in the countercyclical buffer, the MREL requirement will increase on 30 September 2019 to 13.1% 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 issued three NPS bonds, distributed on 2 EUR benchmark issues each of EUR 500m and one issue of SEK 1.75 bn.

Based on the FSA's measurement of Jyske Bank's MREL requirement, Jyske Bank intends to maintain an outstanding amount of eligible NPS issues of approx. EUR 2.5 bn. Standard and Poor's has since April 2018 had a "positive outlook" on Jyske Bank's long and short-term preferred senior debt. Jyske Bank's current rating is A-/A-2 for its long and short-term preferred senior debt, respectively.

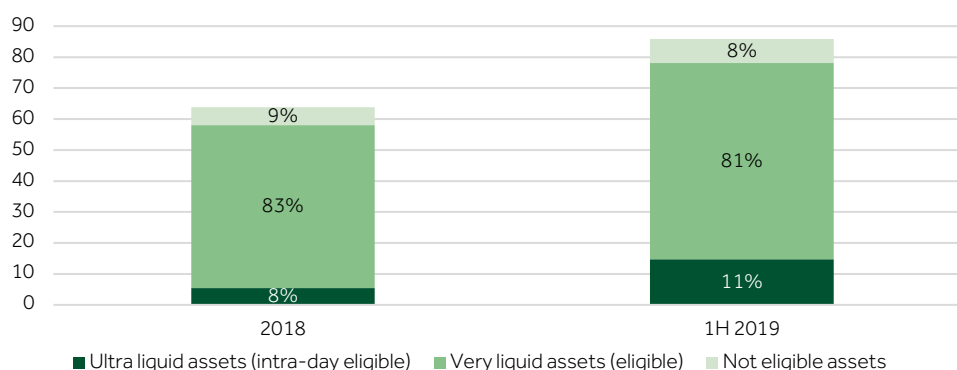
### **Liquidity management**

The Group's biggest source of funding was covered bonds (SDO) and mortgage bonds, which amounted to DKK 351 bn and 54% of the balance sheet at the end of the first half of 2019. The second-largest source of funding (DKK 136 bn) is client deposits, of which a high proportion consists of deposits from small and medium-sized enterprises as well as personal clients. The deposit base ensures long-term stability of the Group's financing of bank loans and advances.

### **Liquidity buffer**

At the end of the first half of 2019, the Group's liquidity buffer amounted to DKK 87 bn against DKK 64 bn at the end of 2018. The increase in the buffer can to some extent be attributed to increasing liquidity from a new NPS issue as well as increasing deposits. However, the refinancing surge in the second 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)



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

Under a stress scenario assuming that the Group is precluded from re-financing in the international financial money markets for unsecured senior debt, the reserve will after a 12-month period amount to DKK 49 bn and after a 24-month period to 45 bn.

Liquidity buffer and run-off (DKKbn)

	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	End of 2018
End of period	86.9	79.5	63.9	69.1	57.9	63.9
3 mths.	65.1	59.1	52.0	52.5	49.9	52.0
6 mths.	61.5	54.1	46.1	48.5	44.7	46.1
9 mths.	56.1	50.6	41.7	42.6	40.9	41.7
12 mths.	49.1	43.9	39.4	38.3	36.2	39.4

### Capital markets and issuance activity

In the first half of 2019, the international debt and capital markets saw a negative beginning and a most positive end. Investors' risk appetite was primarily governed by central bank rhetoric and the degree of geopolitical noise. The credit spreads peaked at about mid-January, and apart from the negative development in May, the period from February to June was characterised by narrowing of credit spreads. The narrowing of credit spreads was strongest for Tier 2 and AT1 and investors showed stronger interest in non-preferred senior debt than in preferred senior debt and SDOs.

Jyske Bank completed three capital market issues in the first half of 2019: one SDO in the amount of EUR 500m, AT1 capital in the amount of SEK 1 bn and one NPS in the amount of EUR 500m.

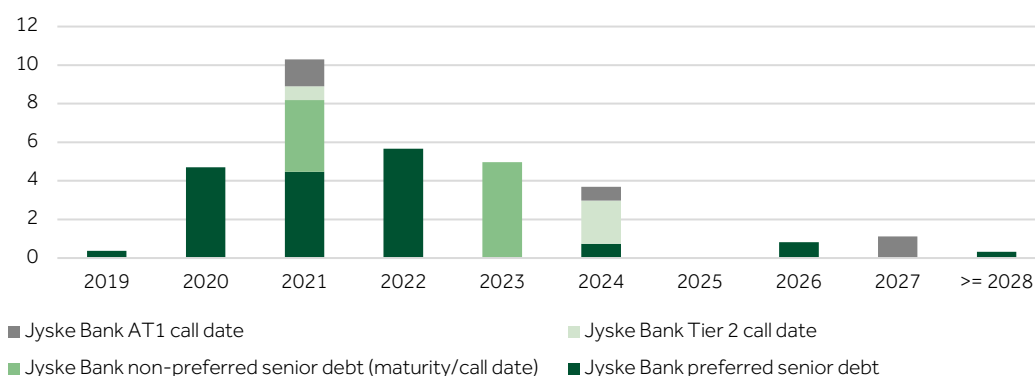
Jyske Bank is on an on-going basis active in the French CP market. At the end of the first half of 2019, the outstanding volume under the CP programme amounted to DKK 15.1 bn against DKK 15.4 bn at the end of 2018.

### Refinancing profile

At the end of the first half of 2019, outstanding unsecured senior debt (PS and NPS) and supplementary Tier 2 capital under the Group's EMTN programme amounted to DKK 23.3 bn and DKK 3.3 bn, respectively, against DKK 19.6 bn and DKK 3.3 bn, respectively, at the end of 2018. The run-off profile for the Group's unsecured senior debt as well as the run-off profile for Tier 2 and AT1 capital as at the end of the first half of 2019 are illustrated below.

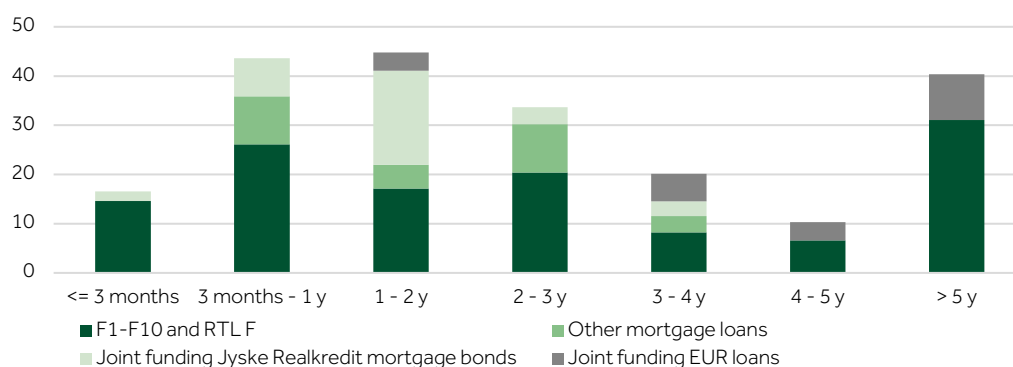


#### Run-off and call date profile (DKKbn)



Calculated at the end of the first half of 2019, SDO with refinancing risk amounted to DKK 209.4 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 issued 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 (LCR)

At the end of the first half of 2019, the Group's LCR was at 195% compared to 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 first half of 2019 is shown below.

#### The Group's LCR buffer broken down by asset class (DKKbn/%)

	DKKbn	%
Level 1a	37.9	42
Level 1b	50.1	55
Level 2a + 2b	3.2	3
<b>Total</b>	<b>91.2</b>	<b>100</b>

Being a Danish a systemically important financial institution, Jyske Bank must meet a modified LCR requirement in EUR. At the end of the first half 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						
	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	End of 2018
Sum of large exposures < 175% of Common Equity Tier 1 capital	78%	78%	76%	76%	73%	76%
Increase in loans and advances < 20% annually	-7%	-6%	-4%	2%	4%	-4%
Exposures to property administration and property transactions < 25% of total loans and advances	10%	10%	10%	11%	10%	10%
Stable funding < 1	0.53	0.54	0.55	0.58	0.58	0.55
Liquidity benchmark > 100%*	163%	185%	171%	179%	166%	171%

\* At the end of the second quarter of 2018, the liquidity benchmark was changed to LCR at a three-month horizon. It was not possible to show adjusted comparative figure.

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

### The supervisory diamond for Jyske Realkredit A/S

The supervisory diamond for Jyske Realkredit A/S						
	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	End of 2018
<b>Concentration risk &lt; 100%</b>	45.4%	47.6%	46.2%	47.1%	50.3%	46.2%
<b>Increase in loans and advances &lt; 15% annually in the segment:</b>						
Owner-occupied homes and vacation homes	5.9%	7.1%	6.3%	4.9%	5.2%	6.3%
Residential rental property	-3.0%	0.4%	2.6%	11.6%	7.8%	2.6%
Other sectors	4.7%	2.8%	4.0%	3.7%	5.9%	4.0%
<b>Borrower's interest-rate risk &lt; 25%</b>						
Residential property	19.2%	19.9%	19.7%	19.6%	19.9%	19.7%
<b>Interest-only schemes &lt; 10%</b>						
Owner-occupied homes and vacation homes	6.7%	6.8%	7.3%	7.4%	7.4%	7.3%
<b>Loans with frequent interest-rate fixing:</b>						
Refinancing (annually) < 25%	17.6%	15.7%	14.7%	16.3%	12.5%	14.7%
Refinancing (quarterly) < 12.5%	1.9%	6.3%	3.1%	6.5%	0.0%	3.1%

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

### Additional information

For further information, please see [www.jyskebank.info](http://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.com](http://www.jyskerealkredit.com). Jyske Realkredit's interim financial report for the first half 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 (DKK m)

	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Net interest income	1,183	1,587	75	590	593	725	779	798	3,091
Net fee and commission income	1,350	873	155	721	629	454	379	405	1,706
Value adjustments	136	-61	-	-37	173	-23	145	-20	61
Other income	98	91	108	61	37	10	122	34	223
<b>Core income</b>	<b>2,767</b>	<b>2,490</b>	<b>111</b>	<b>1,335</b>	<b>1,432</b>	<b>1,166</b>	<b>1,425</b>	<b>1,217</b>	<b>5,081</b>
Core expenses	2,291	1,950	117	1,131	1,160	1,006	1,027	906	3,983
<b>Core profit before loan impairment charges</b>	<b>476</b>	<b>540</b>	<b>88</b>	<b>204</b>	<b>272</b>	<b>160</b>	<b>398</b>	<b>311</b>	<b>1,098</b>
Loan impairment charges	-6	-133	5	-19	13	80	85	21	32
<b>Core profit</b>	<b>482</b>	<b>673</b>	<b>72</b>	<b>223</b>	<b>259</b>	<b>80</b>	<b>313</b>	<b>290</b>	<b>1,066</b>
Investment portfolio earnings	-61	536	-	-50	-11	-11	-20	129	505
<b>Pre-tax profit</b>	<b>421</b>	<b>1,209</b>	<b>35</b>	<b>173</b>	<b>248</b>	<b>69</b>	<b>293</b>	<b>419</b>	<b>1,571</b>

#### Summary of balance sheet, end of period (DKK bn)

Loans and advances	123.8	123.3	100	123.8	118.8	118.4	121.3	123.3	118.4
- of which traditional bank loans and advances	84.1	86.7	97	84.1	85.8	86.0	86.9	86.7	86.0
- of which new home loans	4.7	12.2	39	4.7	4.9	6.3	9.4	12.2	6.3
- of which repo loans	35.0	24.4	143	35.0	28.1	26.1	25.0	24.4	26.1
Total assets	244.4	232.9	105	244.4	242.4	225.8	231.6	232.9	225.8
Deposits	152.5	154.9	98	152.5	153.9	148.5	150.7	154.9	148.5
- of which bank deposits	139.2	135.1	103	139.2	140.7	135.5	136.4	135.1	135.5
- of which repo deposits and tri-party deposits	13.3	19.8	67	13.3	13.2	13.0	14.3	19.8	13.0
Issued bonds	38.4	31.2	123	38.4	38.2	35.0	33.3	31.2	35.0

### Core profit

Core profit from banking activities amounted to DKK 482m against DKK 673m for the corresponding period in 2018. The primary reason for the decline in core profit can primarily be attributed to the fact that the core profit for the first half of 2018 was affected positively by reversal of provisions relating to a court case on Gibraltar as well as reversal of impairment charges.

On the whole, 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 175m was more than offset by a distribution fee of DKK 512m. On the other hand, core expenses rose by almost DKK 160m due to the new intra-group service agreement. The new agreements are described in detail in the section Mortgage Activities.

### Core income

Net interest income amounted to DKK 1,183m against DKK 1,587m in the first half of 2018. Adjusted for the new settlement model, the decline amounted to just above DKK 200m, of which DKK 120m can be attributed to lower net interest income on trading activities and the strategic balance sheet and risk management. This decline is to be viewed in connection with the improved value adjustments.

In addition, net interest income was negatively affected by the continuing pressure on interest rate margins on bank loans and advances for corporate clients, higher finance costs due to the MREL requirement and the negative interest rate environment.

In future, 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 increased by 55% relative to the first half of 2018. Adjusted for the new intra-group settlement agreement, net fee and commission income fell by 4%. The decline can primarily be attributed to lower loan application fees as most of the home loans have since the introduction of one joint product range in the third quarter of 2018 been disbursed through Jyske Realkredit.

Value adjustments amounted to DKK 136m against DKK -61m in the first half of 2018. Compared to the first half of 2018, the favourable development in the equity markets as well as the narrowing credit spreads on Danish mortgage bonds affected the value adjustments favourably.

Other income amounted to DKK 98m against DKK 91m in the first half of 2018. In the second quarter of 2019, an income of DKK 46m was recognised relating to the sale of a property in Copenhagen. The majority of the gain was recognised as income under Other income. The remaining part is recognised as income under Value adjustments.

### **Core expenses**

For the first half of 2019, core expenses amounted to DKK 2,291m against DKK 1,950m 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 about 3%. The increase can primarily be attributed to increasing IT costs, which were only partially compensated for by a decline in other types of costs, including employee costs.

### **Impairment charges**

Impairment charges amounted to an income of DKK 6m against an income of DKK 133m in the first half of 2018.

Management's estimates relating to agricultural clients, inclusive of fur farmers, totalled DKK 355m at the end of the first half of 2019 compared to DKK 200m at the end of the first half of 2018.

### **Business volume**

Traditional bank loans and advances amounted to DKK 84.1 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 had no earnings impact to speak of.

Bank loans and advances amounted to DKK 139.2 bn against DKK 135.5 bn at the end of 2018. The increase can primarily be attributed to demand deposits from personal and private banking clients.

### **Q2 2019 compared to Q1 2019**

Core profit amounted to DKK 223m against DKK 259m in the first quarter of 2019. Core income fell from DKK 1,432m in the first quarter to DKK 1,335m in the second quarter of 2019, primarily due to lower value adjustments.

Net interest income amounted to DKK 590m against DKK 593m in the first quarter. Net interest income was favourably affected because the second quarter had one more interest-bearing day than the first quarter and also because of the higher net interest income from trading activities. On the other hand, a negative effect was seen from higher finance costs incurred to meet the MREL requirement, continued pressure on the lending margin and lower net interest income from the strategic balance sheet and risk management.

Net fee and commission income amounted to DKK 721m against DKK 629m in 2017, i.e. an increase by 15%. When adjusting for the DKK 295m received as distribution fee according to the new settlement model, compared to DKK 217m in the first quarter, the increase came to 3%. The increase cannot least be attributed to performance fees of DKK 38m.

Value adjustments amounted to DKK -37m against DKK 173m in the first quarter of 2019. The decline can be attributed to the following factors in the second quarter: stable credit spreads on Danish mortgage bonds compared to the narrowing in the first quarter; a less favourable performance in the equity markets; and not least a significant decline in long-term market rates resulting in a 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 -27m in the second quarter against DKK 15m in the first quarter.

Core expenses amounted to DKK 1,131m against DKK 1,160m in the first quarter of 2019. Both employee costs and other costs, including IT costs, fell.

Impairment charges amounted to an income of DKK 19m against an expense of DKK 13m in the first quarter of 2019.

## Mortgage Activities

### Summary of income statement (DKKm)

	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Administration margin income, etc. <sup>1</sup>	1,158	937	124	582	576	483	476	472	1,896
Other net interest income	33	48	69	21	12	16	13	29	77
Net fee and commission income	-297	91	-	-165	-132	74	91	25	256
Value adjustments	49	-59	-	23	26	-23	-12	-32	-94
Other income	1	206	-	1	0	21	2	202	229
<b>Core income</b>	<b>944</b>	<b>1,223</b>	<b>77</b>	<b>462</b>	<b>482</b>	<b>571</b>	<b>570</b>	<b>696</b>	<b>2,364</b>
Core expenses	157	374	42	78	79	178	178	192	730
<b>Core profit before loan impairment charges</b>	<b>787</b>	<b>849</b>	<b>93</b>	<b>384</b>	<b>403</b>	<b>393</b>	<b>392</b>	<b>504</b>	<b>1,634</b>
Loan impairment charges	17	469	4	43	-26	-82	-18	41	369
<b>Core profit</b>	<b>770</b>	<b>380</b>	<b>203</b>	<b>341</b>	<b>429</b>	<b>475</b>	<b>410</b>	<b>463</b>	<b>1,265</b>
Investment portfolio earnings	0	0	-	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>770</b>	<b>380</b>	<b>203</b>	<b>341</b>	<b>429</b>	<b>475</b>	<b>410</b>	<b>463</b>	<b>1,265</b>

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	336.9	314.4	107	336.9	333.3	326.3	318.8	314.4	326.3
Total assets	380.2	339.7	112	380.2	363.9	353.3	344.9	339.7	353.3
Issued bonds	350.7	308.9	114	350.7	334.4	324.7	316.7	308.9	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 will as of 2019 pay 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 deduct established losses on loans.

In consequence of the agreement, interest income from jointly funded loans is 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 from mortgage activities amounted to DKK 770m against DKK 380m in the first half of 2018. Exclusive of effects derived from IFRS 9 of DKK 407m and a financial gain of DKK 185m from the sale of an owner-occupied property, the pre-tax profit amounted to DKK 602m for the first half of 2018.

### Core income

Administration margin income amounted to DKK 1,158m in the first half of 2019 against DKK 937m in the same period of 2018. A significant proportion for the increase can be attributed to the new 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)**

	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Administration margin income, etc. according to new settlement model	1,158	1,112	104	582	576	576	568	558	2,256

Administration margin income, etc. for the first half of 2019 amounted to DKK 1,158m against pro forma DKK 1,112m in the first half of 2018, i.e. an increase by 4%. In the same period, loans rose by 7%. The administration margin income (compared to the pro forma statement) was therefore favourably affected by the growing loan portfolio within both Personal Clients and Corporate Clients, yet adversely affected by the falling average administration margin rate paid by the clients. The net inflow of loans in the Personal Clients area 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. The item amounted to DKK 33m in the first half of 2019 against DKK 48m in the same period of 2018. The decline can chiefly be attributed to the lower interest income from the portfolio of securities.

In the first half of 2019, net fee and commission income amounted to DKK -297m against DKK 91m in the first half of 2018. The difference can primarily be attributed to the distribution fee relating to mortgage loans, etc. to Jyske Bank, which after deducting established losses was calculated at DKK 512m for the first half of 2019. The underlying net fee and commission income rose from DKK 91m in the first half of 2018 to DKK 215m in the first half of 2019, which increase can mainly be attributed to the extensive refinancing activity - particularly in the second quarter of 2019.

Exclusive of the distribution fee, an increase was seen in the fee expenses paid due to the guarantee commission to the government relating to 100% government-guaranteed loans for subsidised housing as well as fees relating to the issue of covered bonds in the amount of EUR 500m in the first quarter of 2019.

Value adjustments, etc. amounted to an income of DKK 49m against an expense of DKK 59m in the first half of 2018. The difference can primarily be attributed to the better 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 157m against DKK 374m for the first half of 2018. Of the decline of DKK 217m, DKK 177m 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 to Jyske Bank.

### Impairment charges

Loan impairment charges and provisions for guarantees amounted to DKK 17m against DKK 62m (exclusive of effects derived from IFRS 9) for the first half of 2018, corresponding to 1 bp and 2 bp, respectively, of total loans and advances.

At the end of the first half of 2019, the total balance of impairment charges amounted to DKK 1,324m 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 development in the business volume of mortgage activities continued in the first half of 2019, and loans at fair value increased from DKK 326.3 bn at the end of 2018 to DKK 336.9 bn at the end of the first half of 2019, corresponding to an increase by 3.3%. A part of this increase can, however, be attributed to rising bond prices, and hence growth in nominal mortgage loans came to DKK 5.0 bn, corresponding to 1.6%.

Of the increase in nominal loans, DKK 2.4 bn related to the personal client area and DKK 2.6 bn to the corporate client area.



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

### **Q2 2019 compared to Q1 2019**

The profit before tax for the second quarter of 2019 amounted to DKK 341m against DKK 429m for the first quarter of 2019.

Administration margin income rose from DKK 576m in the first quarter of 2019 to DKK 582m in the second quarter of 2019. The increase can mainly be attributed to the Personal client area.

Since the previous quarter, other net interest income rose by DKK 9m to DKK 21m in the second quarter of 2019. The increase can chiefly be attributed to interest revenue relating to the high refinancing activity in the second quarter.

Net fee and commission income amounted to DKK -165m against DKK -132m in the first quarter of 2019. Of this, distribution fees to Jyske Bank amounted to DKK 295m in the second quarter against DKK 217m in the first quarter. The increase in the distribution fee paid to Jyske Bank can primarily be attributed to the higher fee income from the refinancing activity in the second quarter.

The underlying net fee and commission income rose from DKK 85m in the first quarter to DKK 130m in the second quarter, which also related to the high refinancing activity.

Value adjustments amounted to DKK 23m in the second quarter of 2019 against DKK 26m in the first quarter of 2019. The value adjustments related mainly to Jyske Realkredit's fixed portfolio of securities as well as value adjustments of bonds relating to core operations.

Other income amounted to DKK 1m in the second quarter of 2019 against DKK 0m in the first quarter of 2019.

Core expenses amounted to DKK 78m in the second quarter of 2019 against DKK 79m in the first quarter of 2019.

Losses and impairment charges amounted to an expense of DKK 43m in the second quarter against an income of DKK 26m in the first quarter. The expense in the second quarter can primarily be attributed to adjustments of impairment charges on a few corporate clients.

## Leasing Activities

### Summary of income statement (DKKm)

	H1 2019	H1 2018	Index 19/18	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Full year 2018
Net interest income	290	274	106	147	143	147	139	140	560
Net fee and commission income	-67	-59	114	-33	-34	-22	-27	-31	-108
Value adjustments	0	14	-	6	-6	-3	-1	14	10
Other income	7	7	100	-3	10	1	3	3	11
Income from operating lease (net)	58	47	123	34	24	8	26	21	81
<b>Core income</b>	<b>288</b>	<b>283</b>	<b>102</b>	<b>151</b>	<b>137</b>	<b>131</b>	<b>140</b>	<b>147</b>	<b>554</b>
Core expenses	93	91	102	47	46	48	44	45	183
<b>Core profit before loan impairment charges</b>	<b>195</b>	<b>192</b>	<b>102</b>	<b>104</b>	<b>91</b>	<b>83</b>	<b>96</b>	<b>102</b>	<b>371</b>
Loan impairment charges	-18	-1	1,800	-15	-3	31	37	-35	67
<b>Pre-tax profit</b>	<b>213</b>	<b>193</b>	<b>110</b>	<b>119</b>	<b>94</b>	<b>52</b>	<b>59</b>	<b>137</b>	<b>304</b>

### Summary of balance sheet, end of period (DKKbn)

Loans and advances	19.2	17.6	109	19.2	18.5	18.1	17.6	17.6	18.1
Total assets	21.9	20.4	107	21.9	21.2	20.8	20.4	20.4	20.8
Deposits	0.2	0.2	100	0.2	0.2	0.2	0.2	0.2	0.2

### Profit

Leasing activities continued to increase in the first half 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 half of 2018. This could be attributed, among other things, to reversal of impairment charges on operating lease agreements.

In the first half of 2019, core income rose by 2% relative to 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.

Core expenses rose by 2% relative to the level of the same period in 2018.

The indication of impairment was falling in the first half of 2019, which resulted in reversal of impairment charges.

### Business volume

Loans increased by 9% 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.

### Q2 2019 compared to Q1 2019

Core income increased by 10% to DKK 151m from DKK 137m in the first quarter of 2019. The increase can be attributed to rising net interest income due to the higher business volume as well as reversal of impairment charges on operating lease agreements.

Core expenses amounted to DKK 47m against DKK 46m in the first quarter of 2019.

The profit before tax amounted to DKK 119m against DKK 94m for the first quarter of 2019. The most important reason for this was the falling indication of impairment. Hence, in the second quarter of 2019, impairment charges in the amount of DKK 15m were reversed against reversal of DKK 3m in the first quarter of 2019.

Note		The Jyske Bank Group			
	DKKm	H1 2019	H1 2018	Q2 2019	Q2 2018
<b>Income statement</b>					
5	Interest income calculated according to the effective interest method	1,536	1,690	776	778
5	Other interest income	3,541	3,577	1,786	1,855
6	Interest expenses	2,350	2,375	1,183	1,166
	<b>Net interest income</b>	<b>2,727</b>	<b>2,892</b>	<b>1,379</b>	<b>1,467</b>
7	Fees and commission income	1,265	1,134	655	511
	Fees and commission expenses	279	229	132	112
	<b>Net interest and fee income</b>	<b>3,713</b>	<b>3,797</b>	<b>1,902</b>	<b>1,866</b>
8	Value adjustments	75	347	-91	69
9	Other income	373	645	192	390
10	Employee and administrative expenses	2,492	2,401	1,236	1,139
	Amortisation, depreciation and impairment charges	272	271	125	140
12	Loan impairment charges	-7	335	9	27
	<b>Pre-tax profit</b>	<b>1,404</b>	<b>1,782</b>	<b>633</b>	<b>1,019</b>
11	Tax	295	361	134	208
	<b>Net profit for the period</b>	<b>1,109</b>	<b>1,421</b>	<b>499</b>	<b>811</b>
Distributed to:					
	Jyske Bank A/S shareholders	1,037	1,359	459	780
	Holders of Additional Tier 1 Capital (AT1)	72	62	40	31
	<b>Total</b>	<b>1,109</b>	<b>1,421</b>	<b>499</b>	<b>811</b>
<b>Earnings per share for the period</b>					
	Earnings per share for the period, DKK	12.81	15.96	5.71	9.18
	Earnings per share for the period, DKK, diluted	12.81	15.96	5.71	9.18
<b>Statement of Comprehensive Income</b>					
	Net profit for the period	1,109	1,421	499	811
Other comprehensive income:					
<i>Items that cannot be recycled to the income statement:</i>					
	Revaluation of real property	0	145	0	0
	Tax on property revaluations	0	-29	0	0
<i>Items that can be recycled to the income statement:</i>					
	Foreign currency translation adjustment of international units	3	0	-29	-7
	Hedge accounting of international units	-3	0	29	7
	Tax on hedge accounting	1	0	-6	-2
	<b>Other comprehensive income after tax</b>	<b>1</b>	<b>116</b>	<b>-6</b>	<b>-2</b>
	<b>Comprehensive income for the period</b>	<b>1,110</b>	<b>1,537</b>	<b>493</b>	<b>809</b>
Distributed to:					
	Jyske Bank A/S shareholders	1,038	1,475	453	778
	Holders of Additional Tier 1 Capital (AT1)	72	62	40	31
	<b>Total</b>	<b>1,110</b>	<b>1,537</b>	<b>493</b>	<b>809</b>

Note		The Jyske Bank Group		
		30 June 2019	31 Dec. 2018	30 June 2018
	DKKm			
<b>BALANCE SHEET</b>				
<b>ASSETS</b>				
	Cash balance and demand deposits with central banks	15,067	6,081	3,882
	Due from credit institutions and central banks	14,199	13,181	13,666
15, 16	Loans and advances at fair value	340,210	330,975	324,851
17	Loans and advances at amortised cost	139,665	131,822	130,522
	Bonds at fair value	85,799	72,267	69,521
	Bonds at amortised cost	9,476	7,517	7,311
	Shares, etc.	3,333	3,426	4,147
	Intangible assets	2	5	9
	Property, plant and equipment	4,402	4,218	4,263
	Tax assets	774	285	666
	Assets held temporarily	586	580	931
18	Other assets	32,903	29,590	33,233
	<b>Total assets</b>	<b>646,416</b>	<b>599,947</b>	<b>593,002</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
	Due to credit institutions and central banks	21,306	16,309	17,398
19	Deposits	152,719	148,701	155,117
20	Issued bonds at fair value	350,746	324,724	308,904
	Issued bonds at amortised cost	38,386	35,039	31,199
21	Other liabilities	41,826	34,842	39,589
22	Provisions	1,708	1,681	1,703
23	Subordinated debt	4,335	4,319	4,283
	<b>Liabilities, total</b>	<b>611,026</b>	<b>565,615</b>	<b>558,193</b>
<b>Equity</b>				
	Share capital	816	849	892
	Revaluation reserve	243	316	523
	Currency translation reserve	0	0	0
	Retained profit	31,096	30,101	30,343
	Proposed dividend	0	520	525
	Jyske Bank A/S shareholders	32,155	31,786	32,283
	Holders of Additional Tier 1 Capital (AT1)	3,235	2,546	2,526
	<b>Total equity</b>	<b>35,390</b>	<b>34,332</b>	<b>34,809</b>
	<b>Total equity and liabilities</b>	<b>646,416</b>	<b>599,947</b>	<b>593,002</b>

DKK m

**Statement of changes in equity**

	Share capital	Revaluation reserve	Currency translation reserve	Retained profit	Proposed dividend	Shareholders of Jyske Bank A/S	AT1 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	1,037	0	1,037	72	1,109
Other comprehensive income:								
Properties other movements	0	-73	0	73	0	0	0	0
Foreign currency translation for international units	0	0	3	0	0	3	0	3
Hedge of international units	0	0	-3	0	0	-3	0	-3
Tax on other comprehensive income	0	0	0	1	0	1	0	1
Other comprehensive income after tax	0	-73	0	74	0	1	0	1
Comprehensive income for the period	0	-73	0	1,111	0	1,038	72	1,110
AT1 capital issue	0	0	0	0	0	0	716	716
Transaction costs	0	0	0	-7	0	-7	0	-7
Interest paid on AT1 capital	0	0	0	0	0	0	-64	-64
Currency translation adjustment	0	0	0	35	0	35	-35	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	-1,240	0	-1,240	0	-1,240
Sale of own shares	0	0	0	543	0	543	0	543
Transactions with owners	-33	0	0	-116	-520	-669	617	-52
<b>Equity at 30 June 2019</b>	<b>816</b>	<b>243</b>	<b>0</b>	<b>31,096</b>	<b>0</b>	<b>32,155</b>	<b>3,235</b>	<b>35,390</b>

\*Additional Tier 1 Capital (AT1) has no maturity. Payment of interest and repayment of principal are voluntary. Therefore AT1 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	Retained profit	Proposed dividend	Shareholders of Jyske Bank A/S	AT1 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	1,359	0	1,359	62	1,421
<i>Other comprehensive income:</i>								
Revaluation of real property	0	145	0	0	0	145	0	145
Other movements	0	-109	0	109	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	7	0	109	0	116	0	116
Comprehensive income for the period	0	7	0	1,468	0	1,475	62	1,537
Interest paid on AT1 capital	0	0	0	0	0	0	-64	-64
Currency translation adjustment	0	0	0	53	0	53	-53	0
Tax	0	0	0	3	0	3	0	3
Dividends paid	0	0	0	0	-522	-522	0	-522
Dividends, own shares	0	0	0	24	0	24	0	24
Proposed dividend	0	0	0	-525	525	0	0	0
Acquisition of own shares	0	0	0	-1,026	0	-1,026	0	-1,026
Sale of own shares	0	0	0	744	0	744	0	744
Transactions with owners	0	0	0	-727	3	-724	-117	-841
<b>Equity at 30 June 2018</b>	<b>892</b>	<b>523</b>	<b>0</b>	<b>30,343</b>	<b>525</b>	<b>32,283</b>	<b>2,526</b>	<b>34,809</b>

The Jyske Bank Group			
DKKmn	30 June 2019	31 Dec. 2018	30 June 2018
<b>Capital statement</b>			
Shareholders' equity	32,155	31,786	32,283
Share buy-back programme, non-utilised limit	-218	0	0
Proposed dividend	0	-520	-525
Expected dividend, calculated as required by law	-255	0	-455
Intangible assets	-2	-5	-9
Deferred tax liabilities relating to intangible assets	0	1	2
Deferred tax assets	0	0	0
Prudent valuation	-334	-296	-244
Other deductions	-88	-18	-91
<b>Common Equity Tier 1 capital</b>	<b>31,258</b>	<b>30,948</b>	<b>30,961</b>
Additional Tier 1 Capital (AT1) after reduction	3,598	3,047	3,027
<b>Core capital</b>	<b>34,856</b>	<b>33,995</b>	<b>33,988</b>
Subordinated loan capital after reduction	3,780	3,699	3,705
<b>Capital base</b>	<b>38,636</b>	<b>37,694</b>	<b>37,693</b>
Weighted risk exposure involving credit risk etc.	161,749	158,390	153,463
Weighted risk exposure involving market risk	17,432	13,156	14,613
Weighted risk exposure involving operational risk	15,930	16,887	16,887
<b>Total weighted risk exposure</b>	<b>195,111</b>	<b>188,433</b>	<b>184,963</b>
Capital requirement, Pillar I	15,609	15,075	14,797
Capital ratio (%)	19.8	20.0	20.4
Core Tier 1 Capital ratio (%)	17.9	18.0	18.4
Common Equity Tier 1 capital ratio (%)	16.0	16.4	16.7

For a statement of the individual solvency requirement, please see Risk and Capital Management 2018 or [investor.jyskebank.com/investorrelations/capitalstructure](http://investor.jyskebank.com/investorrelations/capitalstructure) and [investor.jyskebank.com/investorrelations/debt](http://investor.jyskebank.com/investorrelations/debt).

The Jyske Bank Group		
DKKmn	H1 2019	H1 2018
<b>Cash flow statement</b>		
<b>Net profit for the period</b>	<b>1,109</b>	<b>1,421</b>
Adjustment for non-cash operating items and change in working capital	<b>9,122</b>	-15,535
<b>Cash flows from operating activities</b>	<b>10,231</b>	<b>-14,114</b>
Acquisition and sale of property, plant and equipment	-126	265
Acquisition of intangible assets	0	-3
<b>Cash flows from investment activities</b>	<b>-126</b>	<b>262</b>
AT1 capital issue	709	0
Interest paid on AT1 capital	-64	-64
Dividends paid	0	-522
Dividends, own shares	0	24
Acquisition of own shares	-1,240	-1,026
Sale of own shares	543	744
Redemption of subordinated debt	-11	-11
<b>Cash flows from financing activities</b>	<b>-63</b>	<b>-855</b>
<b>Cash flow for the period</b>	<b>10,042</b>	<b>-14,707</b>
Cash and cash equivalents, beginning of period	19,224	32,255
<b>Cash and cash equivalents, end of period</b>	<b>29,266</b>	<b>17,548</b>
Cash and cash equivalents, end of period, comprise:		
Cash balance and demand deposits with central banks	15,067	3,882
Due from credit institutions and central banks	14,199	13,666
<b>Cash and cash equivalents, end of period</b>	<b>29,266</b>	<b>17,548</b>



**1 Accounting Policies**

The Interim Financial Report for the period 1 January to 30 June 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 to 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 01 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				
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	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
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### 3 Key figures and ratios, five quarters

#### Summary of Income Statement

Net interest income	1,379	1,348	1,407	1,417	1,467
Net fee and commission income	523	463	506	443	399
Value adjustments	-91	166	-89	109	69
Other income	192	181	171	270	390
<b>Income</b>	<b>2,003</b>	<b>2,158</b>	<b>1,995</b>	<b>2,239</b>	<b>2,325</b>
Expenses	1,361	1,403	1,370	1,373	1,279
<b>Profit or loss before loan impairment charges</b>	<b>642</b>	<b>755</b>	<b>625</b>	<b>866</b>	<b>1,046</b>
Loan impairment charges	9	-16	29	104	27
<b>Pre-tax profit</b>	<b>633</b>	<b>771</b>	<b>596</b>	<b>762</b>	<b>1,019</b>
Tax	134	161	95	184	208
<b>Net profit for the period</b>	<b>499</b>	<b>610</b>	<b>501</b>	<b>578</b>	<b>811</b>

#### Financial ratios and key figures

Pre-tax profit, per share (DKK)*	7.4	9.1	6.8	8.6	11.6
Earnings per share for the period (DKK)*	5.7	7.1	5.8	6.5	9.3
Earnings per share for the period (diluted) (DKK)*	5.7	7.1	5.8	6.5	9.3
Core profit per share (DKK)*	8.0	9.2	7.0	8.9	10.1
Share price at end of period (DKK)	228	257	235	311	350
Book value per share (DKK)*	408	397	390	382	380
Price/book value per share (DKK)*	0.6	0.6	0.6	0.8	0.9
Outstanding shares in circulation ('000)	78,814	81,570	81,536	83,619	84,911
Average number of shares in circulation ('000)	80,364	81,569	82,302	84,605	84,909
Capital ratio (%)	19.8	20.1	20.0	20.3	20.4
Core Tier 1 Capital ratio (%)	17.9	18.1	18.0	18.3	18.4
Common Equity Tier 1 capital ratio (%)	16.0	16.6	16.4	16.6	16.7
Pre-tax profit as a pct. of average equity	1.8	2.3	1.8	2.3	3.1
Profit for the period as a pct. of av. equity*	1.5	1.8	1.5	1.7	2.5
Income/cost ratio (%)	1.5	1.6	1.4	1.5	1.8
Interest-rate risk (%)	-0.1	0.1	1.0	0.8	1.0
Currency risk (%)	0.0	0.1	0.1	0.1	0.1
Accumulated impairment ratio (%)	1.0	1.1	1.1	1.2	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	3,713	3,709	3,723	3,768	3,828
Average number of full-time employees in the period	3,711	3,716	3,746	3,798	3,864

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

**Note**

The Jyske Bank Group

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**4 Segmental financial statements**

	Banking activities	Mortgage activities	Leasing activities	The Jyske Bank Group *
<b>H1 2019</b>				
Net interest income	1,183	1,191	290	2,664
Net fee and commission income	1,350	-297	-67	986
Value adjustments	136	49	0	185
Other income	98	1	7	106
Income from operating lease (net)	0	0	58	58
<b>Core income</b>	<b>2,767</b>	<b>944</b>	<b>288</b>	<b>3,999</b>
Core expenses	2,291	157	93	2,541
<b>Core profit before loan impairment charges</b>	<b>476</b>	<b>787</b>	<b>195</b>	<b>1,458</b>
Loan impairment charges	-6	17	-18	-7
<b>Core profit</b>	<b>482</b>	<b>770</b>	<b>213</b>	<b>1,465</b>
Investment portfolio earnings	-61	0	0	-61
<b>Pre-tax profit</b>	<b>421</b>	<b>770</b>	<b>213</b>	<b>1,404</b>
Loans and advances	123,810	336,881	19,184	479,875
- of which mortgage loans	0	336,881	0	336,881
- of which bank loans	88,846	0	19,184	108,030
- of which repo loans	34,964	0	0	34,964
Total assets	244,380	380,161	21,875	646,416
Deposits	152,489	0	230	152,719
- of which bank deposits	139,141	0	230	139,371
- of which repo deposits and tri-party deposits	13,348	0	0	13,348
Issued bonds	38,386	350,746	0	389,132
<b>H1 2018</b>				
Net interest income	1,587	985	274	2,846
Net fee and commission income	873	91	-59	905
Value adjustments	-61	-59	14	-106
Other income	91	206	7	304
Income from operating lease (net)	0	0	47	47
<b>Core income</b>	<b>2,490</b>	<b>1,223</b>	<b>283</b>	<b>3,996</b>
Core expenses	1,950	374	91	2,415
<b>Core profit before loan impairment charges</b>	<b>540</b>	<b>849</b>	<b>192</b>	<b>1,581</b>
Loan impairment charges	-133	469	-1	335
<b>Core profit</b>	<b>673</b>	<b>380</b>	<b>193</b>	<b>1,246</b>
Investment portfolio earnings	536	0	0	536
<b>Pre-tax profit</b>	<b>1,209</b>	<b>380</b>	<b>193</b>	<b>1,782</b>
Loans and advances	123,288	314,448	17,637	455,373
- of which mortgage loans	0	314,448	0	314,448
- of which bank loans	98,849	0	17,637	116,486
- of which repo loans	24,439	0	0	24,439
Total assets	232,930	339,709	20,363	593,002
Deposits	154,886	0	231	155,117
- of which bank deposits	135,069	0	231	135,300
- of which repo deposits and tri-party deposits	19,817	0	0	19,817
Issued bonds	31,199	308,904	0	340,103

\* The relationship between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 26 appears from the next page.

DKKm

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

The pre-tax profit for the first half 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

	H1 2019				H1 2018			
	Core profit	Investment portfolio earnings	Reclassification	Total	Core profit	Investment portfolio earnings	Reclassification	Total
Net interest income	2,664	50	13	2,727	2,846	57	-11	2,892
Net fee and commission income	986	0	0	986	905	0	0	905
Value adjustments	185	-97	-13	75	-106	442	11	347
Other income	106	2	10	118	304	53	18	375
Income from operating lease (net)	58	0	197	255	47	0	223	270
<b>Income</b>	<b>3,999</b>	<b>-45</b>	<b>207</b>	<b>4,161</b>	<b>3,996</b>	<b>552</b>	<b>241</b>	<b>4,789</b>
Expenses	2,541	16	207	2,764	2,415	16	241	2,672
<b>Profit before loan impairment charges</b>	<b>1,458</b>	<b>-61</b>	<b>0</b>	<b>1,397</b>	<b>1,581</b>	<b>536</b>	<b>0</b>	<b>2,117</b>
Loan impairment charges	-7	0	0	-7	335	0	0	335
<b>Pre-tax profit</b>	<b>1,465</b>	<b>-61</b>	<b>0</b>	<b>1,404</b>	<b>1,246</b>	<b>536</b>	<b>0</b>	<b>1,782</b>

**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 26.

Reclassification relates to the following:

- Expenses of DKK 13m (first half of 2018: income of DKK 11m) due to value adjustments relating to the balance principle at Jyske Realkredit was reclassified from value adjustments to interest income.
- Income of DKK 10m (first half of 2018: DKK 18m) from external sales was reclassified from income to offsetting against expenses.
- Depreciation and amortisation of DKK 197m (first half of 2018: DKK 223m) 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 72m (first half of 2018: DKK 62m) for Additional Tier 1 Capital (AT1), and the denominator is calculated as equity exclusive of Additional Tier 1 Capital (AT1) of DKK 3,235m (first half of 2018: DKK 2,526m).

"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 3,235m (first half of 2018: DKK 2,526m).

**Note**

The Jyske Bank Group

DKKm

**4 Segmental financial statements, cont.**

	H1 2019		H1 2018	
	Revenue	Full-time employees, end of period	Revenue	Full-time employees, end of period
Revenue by country				
Denmark	6,613	3,594	6,880	3,682
Gibraltar	53	89	55	96
Germany	5	9	2	8
Spain	0	0	0	0
Total	6,671	3,692	6,937	3,786

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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	DKKm	H1 2019	H1 2018
5	<b>Interest income</b>		
	Due from credit institutions and central banks	10	5
	Loans and advances	3,584	3,830
	Administration margin	875	820
	Bonds	353	403
	Derivatives, total	197	178
	Of which:		
	Currency contracts	152	110
	Interest-rate contracts	45	68
	Others	1	0
	<b>Total</b>	<b>5,020</b>	<b>5,236</b>
	Interest on own mortgage bonds, set off against interest on issued bonds	91	130
	<b>Total after offsetting of negative interest</b>	<b>4,929</b>	<b>5,106</b>
	Negative interest income set off against interest income	91	82
	Negative interest expenses set off against interest expenses	57	79
	<b>Total before offsetting of negative interest income</b>	<b>5,077</b>	<b>5,267</b>

Negative interest income amounted to DKK 148m (2018: DKK 161m) 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	<b>Interest expenses</b>		
	Due to credit institutions and central banks	41	54
	Deposits	14	-43
	Issued bonds	2,146	2,243
	Subordinated debt	49	50
	Other	43	40
	<b>Total</b>	<b>2,293</b>	<b>2,344</b>
	Interest on own mortgage bonds, set off against interest on issued bonds	91	130
	<b>Total after offsetting of negative interest</b>	<b>2,202</b>	<b>2,214</b>
	Negative interest expenses set off against interest expenses	91	82
	Negative interest income set off against interest income	57	79
	<b>Total before offsetting of negative interest income</b>	<b>2,350</b>	<b>2,375</b>

Negative interest expenses amounted to DKK 148m (2018: DKK 161m) 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	H1 2019	H1 2018
<b>7</b>	<b>Fees and commission income</b>		
	Securities trading and custody services	648	565
	Money transfers and card payments	105	105
	Loan application fees	220	191
	Guarantee commission	56	54
	Other fees and commissions	236	219
	<b>Total</b>	<b>1,265</b>	<b>1,134</b>
<p>The fee income for the period amounting to DKK 1,265m less the fees and commissions paid for the period of DKK 279m constitute the net fee and commission income for the period in the amount of DKK 986m (2018: DKK 905m). 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 122m (2018: DKK 148m).</p>			
<b>8</b>	<b>Value adjustments</b>		
	Loans and advances at fair value	5,584	-323
	Bonds	318	-261
	Other investment securities	163	544
	Currency	41	45
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	217	106
	Issued bonds	-6,221	246
	Other assets and liabilities	-27	-10
	<b>Total</b>	<b>75</b>	<b>347</b>
<b>9</b>	<b>Other income</b>		
	Income on real property	24	35
	Profit on the sale of property, plant and equipment	34	197
	Income from operating lease <sup>1</sup>	255	270
	Dividends, etc.	35	109
	Profit on investments in associates and group enterprises	9	0
	Other income	16	34
	<b>Total</b>	<b>373</b>	<b>645</b>

<sup>1</sup>) Expenses relating to operating lease affected the item Amortisation, depreciation and impairment charges in the amount of DKK 197m in the first half of 2019 against DKK 223m in the same period of 2018.

Note	The Jyske Bank Group		
	DKKm	H1 2019	H1 2018
10	<b>Employee and administrative expenses</b>		
	<b>Employee expenses</b>		
	Wages and salaries, etc.	1,191	1,210
	Pensions	145	162
	Social security	164	158
	<b>Total</b>	<b>1,500</b>	<b>1,530</b>
	<b>Salaries and remuneration to management bodies</b>		
	Executive Board <sup>1</sup>	17	20
	Supervisory Board	4	3
	Shareholders' Representatives	1	1
	<b>Total</b>	<b>22</b>	<b>24</b>
	<sup>1</sup> The Executive Board had an average of 4.0 members in the first half of 2019 against 4.7 in the same period of 2018.		
	<b>Other administrative expenses</b>		
	IT	682	646
	Other operating expenses	80	2
	Other administrative expenses	208	199
	<b>Total</b>	<b>970</b>	<b>847</b>
	<b>Employee and administrative expenses, total</b>	<b>2,492</b>	<b>2,401</b>
11	<b>Effective tax rate</b>		
	Corporation tax rate in Denmark	22.0	22.0
	Non-taxable income and non-deductible expenses, etc.	-1.0	-1.7
	<b>Total</b>	<b>21.0</b>	<b>20.3</b>



Note		The Jyske Bank Group	
	DKKm	H1 2019	H1 2018
12	<b>Loan impairment charges and provisions for guarantees recognised in the income statement</b>		
	Loan impairment charges and provisions for guarantees for the period	-34	370
	Impairment charges on balances due from credit institutions in the period	-1	2
	Provisions for loan commitments and unutilised credit lines in the period	-15	-41
	Recognised as a loss, not covered by loan impairment charges and provisions	179	272
	Recoveries	-82	-177
	<b>Loan impairment charges and provisions for guarantees recognised in the income statement</b>	<b>47</b>	<b>426</b>
	Recognised discount for acquired loans	54	91
	<b>Net effect on income statement</b>	<b>-7</b>	<b>335</b>
	Earnings impact exclusive of loans and advances at fair value and discount balance	30	-43
13	<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts</b>		
	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	-49	328
	Recognised as a loss, covered by loan impairment charges and provisions	-292	-439
	Recognised losses covered by discounts for acquired loans	-1	-1
	Recognised discount for acquired loans	-54	-91
	Other movements	37	37
	<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period</b>	<b>5,551</b>	<b>6,118</b>
	Loan impairment charges and provisions for guarantees at amortised cost	3,745	4,071
	Loan impairment charges at fair value	1,159	1,292
	Provisions for guarantees	265	236
	Provisions for credit commitments and unutilised credit lines	133	116
	<b>Balance of loan impairment charges and provisions, end of period</b>	<b>5,302</b>	<b>5,715</b>
	Balance of discounts for acquired loans	249	403
	<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period</b>	<b>5,551</b>	<b>6,118</b>
	The regulatory balance of loan impairment charges and provisions for guarantees does not include the discount balance for acquired loans and advances.		
	<b>Loan impairment charges at amortised cost and at fair value as well as provisions for guarantees and loan commitments, etc.</b>		
	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	-49	328
	Recognised as a loss, covered by loan impairment charges and provisions	-292	-439
	Other movements	36	41
	<b>Balance of loan impairment charges and provisions, end of period</b>	<b>5,302</b>	<b>5,715</b>

**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	223	-171	-52	0
Transfer of impairment charges at beginning of period to stage 2	-32	160	-128	0
Transfer of impairment charges at beginning of period to stage 3	-1	-66	67	0
Impairment charges on new loans, etc.	141	97	68	306
Impairment charges on discontinued loans and provisions for guarantees	-98	-130	-221	-449
Effect from recalculation	-286	139	277	130
Previously recognized as impairment charges, now final loss	-1	-3	-288	-292
Balance of loan impairment charges and provisions on 30 June 2019	586	1,332	3,384	5,302

**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	183	-116	-67	0
Transfer of impairment charges at beginning of period to stage 2	-24	106	-82	0
Transfer of impairment charges at beginning of period to stage 3	-2	-71	73	0
Impairment charges on new loans, etc.	210	159	480	849
Impairment charges on discontinued loans and provisions for guarantees	-175	-204	-673	-1,052
Effect from recalculation	-198	67	291	160
Previously recognized as impairment charges, now final loss	-21	-17	-396	-434
Balance of loan impairment charges and provisions on 30 June 2018	618	1,276	3,821	5,715

**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	91	-71	-20	0
Transfer of impairment charges at beginning of period to stage 2	-23	76	-53	0
Transfer of impairment charges at beginning of period to stage 3	-1	-42	43	0
Impairment charges on new loans, etc.	47	35	48	130
Impairment charges on discontinued loans and provisions for guarantees	-28	-68	-154	-250
Effect from recalculation	-120	58	123	61
Previously recognized as impairment charges, now final loss	-1	0	-273	-274
Balance of loan impairment charges and provisions on 30 June 2019	287	578	2,880	3,745

**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	107	-65	-42	0
Transfer of impairment charges at beginning of period to stage 2	-14	45	-31	0
Transfer of impairment charges at beginning of period to stage 3	-2	-38	40	0
Impairment charges on new loans, etc.	59	24	339	422
Impairment charges on discontinued loans and provisions for guarantees	-34	-65	-476	-575
Effect from recalculation	-127	-1	284	156
Previously recognized as impairment charges, now final loss	-21	-7	-335	-363
Balance of loan impairment charges and provisions on 30 June 2018	291	534	3,246	4,071

Note	The Jyske Bank Group				
DKKm					
14	<b>Breakdown of balance of impairment charges by stage— loans at fair value</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	Balance, beginning of 2019	249	634	283	1,166
	Transfer of impairment charges at beginning of period to stage 1	109	-82	-27	0
	Transfer of impairment charges at beginning of period to stage 2	-7	78	-71	0
	Transfer of impairment charges at beginning of period to stage 3	-1	-23	24	0
	Impairment charges on new loans, etc.	66	51	8	125
	Impairment charges on discontinued loans and provisions for guarantees	-43	-37	-36	-116
	Effect from recalculation	-143	74	68	-1
	Previously recognized as impairment charges, now final loss	0	-2	-13	-15
	Balance of loan impairment charges and provisions on 30 June 2019	230	693	236	1,159
	<b>Breakdown of balance of impairment charges by stage— loans at fair value</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	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	67	-45	-22	0
	Transfer of impairment charges at beginning of period to stage 2	-9	58	-49	0
	Transfer of impairment charges at beginning of period to stage 3	-1	-32	33	0
	Impairment charges on new loans, etc.	126	125	112	363
	Impairment charges on discontinued loans and provisions for guarantees	-112	-132	-153	-397
	Effect from recalculation	-55	82	36	63
	Previously recognized as impairment charges, now final loss	-1	-8	-58	-67
	Balance of loan impairment charges and provisions on 30 June 2018	268	699	325	1,292
	<b>Breakdown of balance of provisions by stage - guarantees and loan commitments</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	Balance, beginning of 2019	69	82	212	363
	Transfer of impairment charges at beginning of period to stage 1	23	-19	-4	0
	Transfer of impairment charges at beginning of period to stage 2	-2	6	-4	0
	Transfer of impairment charges at beginning of period to stage 3	0	-1	1	0
	Impairment charges on new loans, etc.	28	12	10	50
	Impairment charges on discontinued loans and provisions for guarantees	-26	-25	-31	-82
	Effect from recalculation	-23	7	86	70
	Previously recognized as impairment charges, now final loss	0	0	-3	-3
	Balance of loan impairment charges and provisions on 30 June 2019	69	62	267	398
	<b>Breakdown of balance of provisions by stage - guarantees and loan commitments</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	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	9	-6	-3	0
	Transfer of impairment charges at beginning of period to stage 2	-1	3	-2	0
	Transfer of impairment charges at beginning of period to stage 3	0	-1	1	0
	Impairment charges on new loans, etc.	26	10	28	64
	Impairment charges on discontinued loans and provisions for guarantees	-29	-7	-43	-79
	Effect from recalculation	-16	-15	-28	-59
	Previously recognized as impairment charges, now final loss	0	-1	-4	-5
	Balance of loan impairment charges and provisions on 30 June 2018	58	43	251	352

DKKm

14	<b>Gross loans, advances and guarantees by stage</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	Gross loans, advances and guarantees, 1 January 2019	449,690	27,305	10,049	<b>487,044</b>
	Transfer of loans, advances and guarantees to stage 1	11,322	-11,113	-209	<b>0</b>
	Transfer of loans, advances and guarantees to stage 2	-6,659	7,092	-433	<b>0</b>
	Transfer of loans, advances and guarantees to stage 3	-392	-739	1,131	<b>0</b>
	Other movements	12,188	2,132	-1,162	<b>13,158</b>
	Gross loans, advances and guarantees, 30 June 2019	466,149	24,677	9,376	<b>500,202</b>
	Loan impairment charges and provisions for guarantees, total	538	1,297	3,334	<b>5,169</b>
	Net loans, advances and guarantees, 30 June 2019	465,611	23,380	6,042	<b>495,033</b>
	<b>Gross loans, advances and guarantees by stage</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	Gross loans, advances and guarantees, 1 January 2018	435,426	23,290	12,843	<b>471,559</b>
	Transfer of loans, advances and guarantees to stage 1	9,113	-7,727	-1,386	<b>0</b>
	Transfer of loans, advances and guarantees to stage 2	-12,397	14,060	-1,663	<b>0</b>
	Transfer of loans, advances and guarantees to stage 3	-1,326	-1,489	2,815	<b>0</b>
	Other movements	18,874	-829	-2,560	<b>15,485</b>
	Gross loans, advances and guarantees, 31 December 2018	449,690	27,305	10,049	<b>487,044</b>
	Loan impairment charges and provisions for guarantees, total	590	1,270	3,600	<b>5,460</b>
	Net loans, advances and guarantees, 31 December 2018	449,100	26,035	6,449	<b>481,584</b>

Note			The Jyske Bank Group				
DKKm			H1 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	39,754	169	0	39,923	43,589
	2	0.10 - 0.15	12,599	27	0	12,626	16,077
	3	0.15 - 0.22	30,451	78	0	30,529	27,759
	4	0.22 - 0.33	47,933	55	0	47,988	34,684
	5	0.33 - 0.48	89,381	419	0	89,800	91,231
	Ratings 1 – 5		220,118	748	0	220,866	213,340
	6	0.48 - 0.70	78,932	464	0	79,396	82,236
	7	0.70 - 1.02	66,831	917	0	67,748	63,590
	8	1.02 - 1.48	42,108	1,275	0	43,383	38,104
	9	1.48 - 2.15	29,084	1,957	0	31,041	31,538
	10	2.15 - 3.13	9,615	1,689	0	11,304	11,070
	11	3.13 - 4.59	7,076	2,612	0	9,688	9,238
	Ratings 6 – 11		233,646	8,914	0	242,560	235,776
	12	4.59 - 6.79	3,997	2,537	0	6,534	5,940
	13	6.79 - 10.21	1,969	3,691	0	5,660	6,631
	14	10.21 - 25.0	896	7,882	0	8,778	8,743
	Ratings 12-14		6,862	14,110	0	20,972	21,314
	Others		5,416	212	0	5,628	5,599
	Non performing loans		107	691	9,378	10,176	11,015
	<b>Total</b>		<b>466,149</b>	<b>24,675</b>	<b>9,378</b>	<b>500,202</b>	<b>487,044</b>

Irrevocable credit commitments of DKK 20,015m (end of 2018: DKK 18,175m) are all in stage 1 and are distributed according to internal ratings in this way: Rating 1: DKK 3,312m, Rating 2: DKK 357m, Rating 3: DKK 373m, Rating 4: DKK 784m, Rating 7: DKK 5,841m, Rating 9: DKK 2,109m and Rating 11: DKK 7,239m (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).

			H1 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	3	2	0	5	9
	2	0.10 - 0.15	7	0	0	7	6
	3	0.15 - 0.22	14	1	0	15	15
	4	0.22 - 0.33	28	0	0	28	30
	5	0.33 - 0.48	61	19	0	80	92
	Ratings 1- 5		113	22	0	135	152
	6	0.48 - 0.70	77	18	0	95	102
	7	0.70 - 1.02	72	17	0	89	87
	8	1.02 - 1.48	97	29	0	126	116
	9	1.48 - 2.15	69	52	0	121	104
	10	2.15 - 3.13	26	45	0	71	86
	11	3.13 - 4.59	38	70	0	108	111
	Ratings 6 – 11		379	231	0	610	606
	12	4.59 - 6.79	15	87	0	102	103
	13	6.79 - 10.21	10	137	0	147	166
	14	10.21 - 25.0	9	676	0	685	700
	Ratings 12-14		34	900	0	934	969
	Others		11	37	0	48	49
	Non performing loans		1	106	3,335	3,442	3,684
	<b>Total</b>		<b>538</b>	<b>1,296</b>	<b>3,335</b>	<b>5,169</b>	<b>5,460</b>

Note		The Jyske Bank Group		
	DKKm	30 June 2019	31 Dec. 2018	30 June 2018
15	<b>Loans and advances at fair value</b>			
	Mortgage loans, nominal value	323,410	318,351	306,568
	Adjustment for interest-rate risk, etc.	14,334	8,762	8,817
	Adjustment for credit risk	-1,266	-1,317	-1,465
	<b>Mortgage loans at fair value, total</b>	<b>336,478</b>	<b>325,796</b>	<b>313,920</b>
	<b>Arrears and outlays, total</b>	<b>114</b>	<b>97</b>	<b>84</b>
	<b>Other loans and advances</b>	<b>3,618</b>	<b>5,082</b>	<b>10,847</b>
	<b>Loans and advances at fair value, total</b>	<b>340,210</b>	<b>330,975</b>	<b>324,851</b>
16	<b>Loans and advances at fair value broken down by property category</b>			
	Owner-occupied homes	171,395	168,947	167,970
	Vacation homes	8,285	8,136	7,919
	Subsidised housing (rental housing)	55,421	53,116	52,557
	Cooperative Housing	16,103	16,300	16,240
	Private rental properties (rental housing)	46,939	44,219	40,403
	Industrial properties	1,832	1,783	1,728
	Office and business properties	34,812	33,780	33,465
	Agricultural properties	62	83	77
	Properties for social, cultural and educational purposes	5,214	4,508	4,389
	Other properties	147	103	103
	<b>Total</b>	<b>340,210</b>	<b>330,975</b>	<b>324,851</b>
17	<b>Loans and advances at amortised cost and guarantees broken down by sector</b>			
	Public authorities	7,080	8,571	8,072
	Agriculture, hunting, forestry, fishing	8,647	8,947	8,013
	Manufacturing, mining, etc.	9,092	8,348	9,161
	Energy supply	3,889	4,509	4,343
	Building and construction	4,245	4,051	3,495
	Commerce	12,721	12,499	12,583
	Transport, hotels and restaurants	6,578	6,369	4,875
	Information and communication	1,076	1,093	904
	Finance and insurance	32,479	28,568	30,137
	Real property	16,884	15,472	15,524
	Other sectors	8,312	7,526	7,954
	Corporates, total	103,923	97,382	96,989
	<b>Personal clients, total</b>	<b>43,820</b>	<b>44,656</b>	<b>43,646</b>
	<b>Total</b>	<b>154,823</b>	<b>150,609</b>	<b>148,707</b>

Note		The Jyske Bank Group		
	DKKm	30 June 2019	31 Dec. 2018	30 June 2018
18	<b>Other assets</b>			
	Positive fair value of derivatives	25,854	23,101	26,708
	Assets in pooled deposits	4,018	3,655	4,108
	Interest and commission receivable	309	405	360
	Investments in associates	302	293	416
	Prepayments	651	607	386
	Investment properties	28	28	28
	Other assets	1,741	1,501	1,227
	<b>Total</b>	<b>32,903</b>	<b>29,590</b>	<b>33,233</b>
	<b>Netting</b>			
	Positive fair value of derivatives, etc., gross	38,922	30,046	33,117
	Netting of positive and negative fair value	13,068	6,945	6,409
	<b>Total</b>	<b>25,854</b>	<b>23,101</b>	<b>26,708</b>
	Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).			
19	<b>Deposits</b>			
	Demand deposits	111,398	109,740	109,199
	Term deposits	2,645	3,003	3,541
	Time deposits	27,940	25,299	31,369
	Special deposits	7,016	6,853	6,773
	Pooled deposits	3,720	3,806	4,235
	<b>Total</b>	<b>152,719</b>	<b>148,701</b>	<b>155,117</b>
20	<b>Issued bonds at fair value</b>			
	Issued bonds at fair value, nominal value	358,893	341,859	321,591
	Adjustment to fair value	14,938	8,933	8,780
	Own mortgage bonds offset, fair value	-23,085	-26,068	-21,467
	<b>Total</b>	<b>350,746</b>	<b>324,724</b>	<b>308,904</b>
21	<b>Other liabilities</b>			
	Set-off entry of negative bond holdings in connection with repos/reverse repos	5,457	3,294	5,845
	Negative fair value of derivatives, etc.	27,699	24,340	26,304
	Interest and commission payable	1,921	1,905	1,440
	Deferred income	166	121	129
	Other liabilities	6,583	5,182	5,871
	<b>Total</b>	<b>41,826</b>	<b>34,842</b>	<b>39,589</b>
	<b>Netting</b>			
	Negative fair value of derivatives, etc., gross	40,767	31,285	32,713
	Netting of positive and negative fair value	13,068	6,945	6,409
	<b>Total</b>	<b>27,699</b>	<b>24,340</b>	<b>26,304</b>
	Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).			
22	<b>Provisions</b>			
	Provisions for pensions and similar liabilities	596	588	611
	Provisions for guarantees	265	216	236
	Provisions for losses on loan commitments and unutilised credit lines	133	147	116
	Provisions for deferred tax	565	581	591
	Other provisions	149	149	149
	<b>Total</b>	<b>1,708</b>	<b>1,681</b>	<b>1,703</b>

Note		The Jyske Bank Group		
		30 June 2019	31 Dec. 2018	30 June 2018
	DKK m			
23	<b>Subordinated debt</b>			
	Supplementary capital:			
	2.25% bond loan EUR 300m 05.04.2029	2,239	2,240	2,236
	Var. % bond loan SEK 600m 19.05.2026	424	436	427
	3.25% bond loan SEK 400m 19.05.2026	283	290	285
	6.73% bond loan EUR 10.5m 2019-2026	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
		<b>3,249</b>	<b>3,281</b>	<b>3,263</b>
	Hybrid core capital:			
	Var. % bond loan EUR 72.8m Perpetual	543	543	542
	Var. % bond loan EUR 60.7m Perpetual	453	453	452
		<b>996</b>	<b>996</b>	<b>994</b>
	Subordinated debt, nominal	4,245	4,277	4,257
	Hedging of interest-rate risk, fair value	90	42	26
	<b>Total</b>	<b>4,335</b>	<b>4,319</b>	<b>4,283</b>
	Subordinated debt included in the capital base	4,168	4,217	4,223
	The above-mentioned issues of hybrid core 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	<b>Contingent liabilities</b>			
	Guarantees, etc.	15,158	18,787	18,185
	Other contingent liabilities, etc.	20,094	18,258	22,162
	<b>Total guarantees and other contingent liabilities</b>	<b>35,252</b>	<b>37,045</b>	<b>40,347</b>

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, Danmark 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.

**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 10,306m (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 6,559m (end of 2018: DKK 7,290m) as well as bonds in the amount of DKK 1,526m (end of 2018: 359m).

Repo transactions involve an arrangement where bonds are provided as collateral for the amount borrowed. Repo transactions amounted to DKK 13,570m (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.

**Note**
**The Jyske Bank Group**

DKKm

**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 first half of 2019, CVA and DVA amounted, on an accumulated basis, to net DKK 74m, which accumulated amount was recognised as an expense under value adjustment against an accumulated amount of DKK 63m at the end of 2018.

**29 Fair value of financial assets and liabilities**

The recognised value and fair value of assets classified as held-for-trading amounted to DKK 157.7 bn at the end of the first half of 2019 against DKK 132.6 bn at the end of 2018. The recognised value and fair value of liabilities classified as trading portfolio amounted to DKK 41.3 bn at the end of the first half of 2019 against DKK 35.3 bn at the end of 2018. The recognised value and fair value of bonds at amortised cost amounted to DKK 9.5 bn and DKK 9.6 bn, respectively, at the end of the first half of 2019 against DKK 7.5 bn and 7.6 bn, respectively, at the end of 2018. The Group did not have assets at fair value through Other comprehensive income. The table shows the fair value of financial assets and liabilities and the carrying amounts. The re-statement at fair value of financial assets and liabilities shows a total unrecognised unrealised gain of DKK 156m at the end of the first half of 2019 against an unrealised gain of DKK 278m at the end of 2018.

	30 June 2019		31 December 2018	
	Recognised value	Fair value	Recognised value	Fair value
<b>FINANCIAL ASSETS</b>				
Cash balance and demand deposits with central banks	15,067	15,067	6,081	6,081
Due from credit institutions and central banks	14,199	14,205	13,181	13,181
Loans and advances at fair value	340,210	340,210	330,975	330,975
Loans and advances at amortised cost	139,665	139,976	131,822	132,026
Bonds at fair value	85,799	85,799	72,267	72,267
Bonds at amortised cost	9,476	9,618	7,517	7,576
Shares, etc.	3,333	3,333	3,426	3,426
Assets in pooled deposits	4,018	4,018	3,655	3,655
Derivatives	25,854	25,854	23,101	23,101
<b>Total</b>	<b>637,621</b>	<b>638,080</b>	<b>592,025</b>	<b>592,288</b>
<b>FINANCIAL LIABILITIES</b>				
Due to credit institutions and central banks	21,306	21,355	16,309	16,329
Deposits	148,999	149,015	144,895	144,907
Pooled deposits	3,720	3,720	3,806	3,806
Issued bonds at fair value	350,746	350,746	324,724	324,724
Issued bonds at amortised cost	38,386	38,742	35,039	35,227
Subordinated debt	4,335	4,217	4,319	4,084
Set-off entry of negative bond holdings	5,557	5,557	3,294	3,294
Derivatives	27,699	27,699	24,340	24,340
<b>Total</b>	<b>600,748</b>	<b>601,051</b>	<b>556,726</b>	<b>556,711</b>

**Note**

The Jyske Bank Group

DKKm

**30 The fair value hierarchy**
**30 June 2019**

Financial assets	Quoted prices	Observable prices	Non-observable prices	Fair value, total	Recognised value
Loans and advances at fair value	0	340,210	0	340,210	340,210
Bonds at fair value	78,147	7,652	0	85,799	85,799
Shares, etc.	714	694	1,925	3,333	3,333
Assets in pooled deposits	2,858	1,160	0	4,018	4,018
Derivatives	306	25,548	0	25,854	25,854
<b>Total</b>	<b>82,025</b>	<b>375,264</b>	<b>1,925</b>	<b>459,214</b>	<b>459,214</b>

**Financial liabilities**

Pooled deposits	0	3,720	0	3,720	3,720
Issued bonds at fair value	324,186	26,560	0	350,746	350,746
Set-off entry of negative bond holdings	5,371	86	0	5,457	5,457
Derivatives	274	27,425	0	27,699	27,699
<b>Total</b>	<b>329,831</b>	<b>57,791</b>	<b>0</b>	<b>387,622</b>	<b>387,622</b>

**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
<b>Total</b>	<b>57,331</b>	<b>374,041</b>	<b>2,052</b>	<b>433,424</b>	<b>433,424</b>

**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
<b>Total</b>	<b>268,165</b>	<b>87,999</b>	<b>0</b>	<b>356,164</b>	<b>356,164</b>

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**

	H1 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	59	149
Sales or redemptions	186	389
Purchases	0	1
<b>Fair value, end of period</b>	<b>1,925</b>	<b>2,052</b>

**Non-observable prices**

Non-observable prices at the end of the first half of 2019 referred to unlisted shares recognised at DKK 1,925m against unlisted shares recognised at DKK 2,052m at the end of 2018. These are primarily sector shares. The measurements, which are associated with some uncertainty, are made on the basis of the shares' book value, market trades, shareholders' agreements as well as own assumptions and extrapolations, etc. In the cases where Jyske Bank calculates the fair value on the basis of the company's expected future earnings, a required rate of return of 15% p.a. before tax is applied. A change in the required rate of return of 1% will result in a change of the fair value of about DKK 35m. Capital gain and loss for the period on illiquid bonds and unlisted shares referred to assets held at the end of the first half of 2019. Jyske Bank finds it of little probability that the application of alternative prices in the measurement of fair value would result in a material deviation from the recognised fair value.

**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 586m (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 1,796m (2018: DKK 1,901m). The revalued amount belongs to the category of non-observable prices.

**31 The Jyske Bank Group - overview**

30 June 2019	*	Currency	Share capital 1.000 units	Owner- ship share (%)	Voting share (%)	Assets DKKkm at the end of 2018	Liabi- lities DKKkm, at the end of 2018	Equity DKKkm, at the end of 2018	Earnings (DKKkm) 2018	Profit, DKKkm 2018
Jyske Bank A/S	a	DKK	815,945			278,570	244,238	34,332	6,094	2,500
<b>Subsidiaries</b>										
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
Bytorv Horsens ApS, Gentofte (temporarily acquired)	e	DKK	1,080	100	100	205	410	-205	12	-34

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		H1 2019	H1 2018
	DKKm		
	<b>Income statement</b>		
3	Interest income	1,548	1,732
4	Interest expenses	338	281
	<b>Net interest income</b>	<b>1,210</b>	<b>1,451</b>
	Dividends, etc.	34	104
5	Fees and commission income	1,345	999
	Fees and commission expenses	70	52
	<b>Net interest and fee income</b>	<b>2,519</b>	<b>2,502</b>
6	Value adjustments	16	377
	Other operating income	175	375
	Employee and administrative expenses	2,284	2,262
	Amortisation, depreciation and impairment charges	63	40
	Other operating expenses	18	7
7	Loan impairment charges	0	-132
	Profit on investments in associates and group enterprises	831	579
	<b>Pre-tax profit</b>	<b>1,176</b>	<b>1,656</b>
	Tax	67	235
	<b>Net profit for the period</b>	<b>1,109</b>	<b>1,421</b>
	Distributed to:		
	Jyske Bank A/S shareholders	1,037	1,359
	Holders of Additional Tier 1 Capital (AT1)	72	62
	<b>Total</b>	<b>1,109</b>	<b>1,421</b>
	<b>Statement of Comprehensive Income</b>		
	Net profit for the period	1,109	1,421
	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	3	0
	Hedge accounting of international units	-3	0
	Tax on hedge accounting	1	0
	<b>Other comprehensive income after tax</b>	<b>1</b>	<b>116</b>
	<b>Comprehensive income for the period</b>	<b>1,110</b>	<b>1,537</b>

Note		Jyske Bank		
		30 June 2019	31 Dec. 2018	30 June 2018
	DKKm			
<b>BALANCE SHEET</b>				
<b>ASSETS</b>				
	Cash balance and demand deposits with central banks	14,962	5,980	3,774
	Due from credit institutions and central banks	12,946	12,939	15,173
10	Loans and advances at fair value	3,328	4,675	10,403
8,9,10	Loans and advances at amortised cost	140,067	132,157	131,147
	Bonds at fair value	65,498	61,285	60,985
	Bonds at amortised cost	9,476	7,517	7,311
	Shares, etc.	3,010	3,116	3,831
	Investments in associates	302	293	407
	Equity investments in group enterprises	19,853	20,037	18,227
	Assets in pooled deposits	4,018	3,655	4,108
	Owner-occupied properties	2,083	1,771	1,770
	Other property, plant and equipment	86	97	119
	Current tax assets	1,247	538	998
	Deferred tax assets	9	9	0
	Assets held temporarily	671	24	363
	Other assets	26,789	24,134	27,781
	Prepayments	356	343	113
	<b>Total assets</b>	<b>304,701</b>	<b>278,570</b>	<b>286,510</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Debt and payables</b>				
	Due to credit institutions and central banks	37,042	27,847	28,849
11	Deposits	144,657	139,773	145,116
	Pooled deposits	3,720	3,806	4,235
	Issued bonds at amortised cost	38,387	35,039	31,199
	Other liabilities	40,046	32,380	36,888
	Deferred income	21	17	18
	<b>Total debt</b>	<b>263,873</b>	<b>238,862</b>	<b>246,305</b>
<b>Provisions</b>				
	Provisions for pensions and similar liabilities	563	555	576
	Provisions for deferred tax	0	0	47
	Provisions for guarantees	267	213	232
	Provisions for credit commitments and unutilised credit lines	126	142	111
	Other provisions	147	147	147
	<b>Provisions, total</b>	<b>1,103</b>	<b>1,057</b>	<b>1,113</b>
	<b>Subordinated debt</b>	<b>4,335</b>	<b>4,319</b>	<b>4,283</b>
<b>Equity</b>				
	Share capital	816	849	892
	Revaluation reserve	214	214	421
	Currency translation reserve	0	0	0
	Reserve according to the equity method	6,096	5,612	4,927
	Retained profit	25,029	24,591	25,518
	Proposed dividend	0	520	525
	Jyske Bank A/S shareholders	32,155	31,786	32,283
	Holders of Additional Tier 1 Capital (AT1)	3,235	2,546	2,526
	<b>Total equity</b>	<b>35,390</b>	<b>34,332</b>	<b>34,809</b>
	<b>Total equity and liabilities</b>	<b>304,701</b>	<b>278,570</b>	<b>286,510</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
	Guarantees, etc.	20,639	19,248	18,590
	Other contingent liabilities	4,881	2,824	2,981
	<b>Total guarantees and other contingent liabilities</b>	<b>25,520</b>	<b>22,072</b>	<b>21,571</b>



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	AT1 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	484	553	0	1,037	72	1,109
Other comprehensive income	0	0	0	0	1	0	1	0	1
Comprehensive income for the period	0	0	0	484	554	0	1,038	72	1,110
AT1 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 AT1 capital	0	0	0	0	0	0	0	-64	-64
Currency translation adjustment	0	0	0	0	35	0	35	-35	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	-1,240	0	-1,240	0	-1,240
Sale of own shares	0	0	0	0	543	0	543	0	543
Transactions with owners	-33	0	0	0	-116	-520	-669	617	-52
<b>Equity at 30 June 2019</b>	<b>816</b>	<b>214</b>	<b>0</b>	<b>6,096</b>	<b>25,029</b>	<b>0</b>	<b>32,155</b>	<b>3,235</b>	<b>35,390</b>

\*Additional Tier 1 Capital (AT1) has no maturity. Payment of interest and repayment of principal are voluntary. Therefore AT1 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.

DKKkm

**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	AT1 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	579	780	0	1,359	62	1,421
Other comprehensive income	0	82	0	34	0	0	116	0	116
Comprehensive income for the period	0	82	0	613	780	0	1,475	62	1,537
Interest paid on AT1 capital	0	0	0	0	0	0	0	-64	-64
Currency translation adjustment	0	0	0	0	53	0	53	-53	0
Tax	0	0	0	0	3	0	3	0	3
Dividends paid	0	0	0	0	0	-522	-522	0	-522
Dividends, own shares	0	0	0	0	24	0	24	0	24
Proposed dividend	0	0	0	0	-525	525	0	0	0
Acquisition of own shares	0	0	0	0	-1,026	0	-1,026	0	-1,026
Sale of own shares	0	0	0	0	744	0	744	0	744
Transactions with owners	0	0	0	0	-727	3	-724	-117	-841
<b>Equity at 30 June 2018</b>	<b>892</b>	<b>421</b>	<b>0</b>	<b>4,927</b>	<b>25,518</b>	<b>525</b>	<b>32,283</b>	<b>2,526</b>	<b>34,809</b>

DKKmn

30 June 2019

31 Dec. 2018

30 June 2018

**Capital statement**

Shareholders' equity	32,155	31,786	32,283
Share buy-back programme, non-utilised limit	-218	0	0
Proposed dividend	0	-520	-525
Expected dividend, calculated as required by law	-255	0	-455
Deferred tax assets	-9	-9	0
Prudent valuation	-319	-272	-222
Other deductions	-88	-18	-91
<b>Common Equity Tier 1 capital</b>	<b>31,266</b>	<b>30,967</b>	<b>30,990</b>
Additional Tier 1 Capital (AT1) after reduction	3,598	3,047	3,027
<b>Core capital</b>	<b>34,864</b>	<b>34,014</b>	<b>34,017</b>
Subordinated loan capital after reduction	3,780	3,699	3,705
<b>Capital base</b>	<b>38,644</b>	<b>37,713</b>	<b>37,722</b>
Weighted risk exposure involving credit risk etc.	104,856	103,306	101,235
Weighted risk exposure involving market risk	18,060	13,940	15,388
Weighted risk exposure involving operational risk	11,478	11,936	11,936
<b>Total weighted risk exposure</b>	<b>134,394</b>	<b>129,182</b>	<b>128,559</b>
Capital requirement, Pillar I	10,752	10,335	10,285
Capital ratio (%)	28.8	29.2	29.3
Core Tier 1 Capital ratio (%)	25.9	26.3	26.5
Common Equity Tier 1 capital ratio (%)	23.3	24.0	24.1

For a statement of the individual solvency requirement, please see Risk and Capital Management 2018 or [investor.jyskebank.com/investorrelations/capitalstructure](http://investor.jyskebank.com/investorrelations/capitalstructure) and [investor.jyskebank.com/investorrelations/debt](http://investor.jyskebank.com/investorrelations/debt).

Note	Jyske Bank	
	H1 2019	H1 2018
DKKm		
<b>Notes</b>		
<b>1 Accounting Policies</b>		
The Interim Financial Report of the parent company Jyske Bank A/S for the period 1 January to 30 June 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.		
<b>Changes to accounting policies</b>		
Reference is made to changes to the accounting policies of the Group, note 1, page 32.		
<b>Financial situation and risk information</b>		
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.		
<b>2 Financial ratios and key figures</b>		
Pre-tax profit p.a. as a percentage of average equity*	6.9	10.0
Profit for the period as a pct. of av. equity*	3.3	4.3
Income/cost ratio (%)	1.5	1.8
Capital ratio (%)	28.8	29.3
Common Equity Tier 1 capital ratio (CET 1) (%)	23.3	24.1
Individual solvency requirement (%)	11.9	11.0
Capital base (DKKm)	38,644	37,722
Total risk exposure (DKKm)	134,394	128,559
Interest-rate risk (%)	-0.2	0.8
Currency risk (%)	0.0	0.1
Accumulated impairment ratio (%)	2.2	2.5
Impairment ratio for the period (%)	0.0	-0.1
No. of full-time employees at end-period	3,367	3,466
Average number of full-time employees in the period	3,370	3,477
*Financial ratios are calculated as if Additional Tier 1 capital (AT1) is recognised as a liability.		
<b>3 Interest income</b>		
Due from credit institutions and central banks	13	8
Loans and advances	1,022	1,162
Bonds	273	301
Derivatives, total	91	100
Of which currency contracts	151	110
Of which interest-rate contracts	-60	-10
Others	1	0
<b>Total after offsetting of negative interest</b>	<b>1,400</b>	<b>1,571</b>
Negative interest income set off against interest income	91	82
Negative interest expenses set off against interest expenses	57	79
<b>Total before offsetting of negative interest income</b>	<b>1,548</b>	<b>1,732</b>
Of which interest income on reverse repos carried under:		
Due from credit institutions and central banks	-10	-11
Loans and advances	-60	-46

Note		Jyske Bank	
	DKKm	H1 2019	H1 2018
<b>4</b>	<b>Interest expenses</b>		
	Due to credit institutions and central banks	48	65
	Deposits	4	-53
	Issued bonds	84	58
	Subordinated debt	49	50
	Other interest expenses	5	0
	<b>Total after offsetting of negative interest</b>	<b>190</b>	<b>120</b>
	Negative interest expenses set off against interest expenses	91	82
	Negative interest income set off against interest income	57	79
	<b>Total before offsetting of negative interest income</b>	<b>338</b>	<b>281</b>
	Of which interest expenses on reverse repos carried under:		
	Due to credit institutions and central banks	-28	-25
	Deposits	-10	-11
<b>5</b>	<b>Fees and commission income</b>		
	Securities trading and custody services	473	471
	Money transfers and card payments	100	98
	Loan application fees	54	80
	Guarantee commission	56	53
	Other fees and commissions	662	297
	<b>Total</b>	<b>1,345</b>	<b>999</b>
<b>6</b>	<b>Value adjustments</b>		
	Loans and advances at fair value	18	50
	Bonds	168	-269
	Shares, etc.	143	526
	Currency	53	38
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	-265	31
	Assets in pooled deposits	429	-63
	Pooled deposits	-429	63
	Other assets	8	2
	Issued bonds	-60	11
	Other liabilities	-49	-12
	<b>Total</b>	<b>16</b>	<b>377</b>

Note		Jyske Bank	
	DKKm	H1 2019	H1 2018
<b>7</b>	<b>Loan impairment charges and provisions for guarantees recognised in the income statement</b>		
	Loan impairment charges and provisions for guarantees for the period	-8	-75
	Impairment charges on balances due from credit institutions in the period	-1	2
	Provisions for loan commitments and unutilised credit lines in the period	-16	-42
	Recognised as a loss, not covered by loan impairment charges and provisions	91	135
	Recoveries	-57	-125
	<b>Loan impairment charges and provisions for guarantees recognised in the income statement</b>	<b>9</b>	<b>-105</b>
	Recognised discount for acquired loans	9	27
	<b>Net effect on income statement</b>	<b>0</b>	<b>-132</b>
<b>8</b>	<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts</b>		
	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	-24	-117
	Recognised as a loss, covered by loan impairment charges and provisions	-271	-358
	Recognised losses covered by discounts for acquired loans	-1	-1
	Recognised discount for acquired loans	-9	-27
	Other movements	36	33
	<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period</b>	<b>3,937</b>	<b>4,323</b>
	Loan impairment charges at amortised cost	3,464	3,817
	Loan impairment charges at fair value	3	3
	Provisions for guarantees	267	232
	Provisions for credit commitments and unutilised credit lines	126	111
	<b>Balance of loan impairment charges and provisions, end of period</b>	<b>3,860</b>	<b>4,163</b>
	Balance of discounts for acquired loans	77	160
	<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period</b>	<b>3,937</b>	<b>4,323</b>

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

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	<b>4,118</b>
Transfer of impairment charges at beginning of period to stage 1	97	-73	-24	<b>0</b>
Transfer of impairment charges at beginning of period to stage 2	-22	76	-54	<b>0</b>
Transfer of impairment charges at beginning of period to stage 3	-1	-39	40	<b>0</b>
Impairment charges on new loans, etc.	59	32	46	<b>137</b>
Impairment charges on discontinued loans and provisions for guarantees	-48	-76	-159	<b>-283</b>
Effect from recalculation	-103	62	200	<b>159</b>
Previously recognized as impairment charges, now final loss	-1	0	-270	<b>-271</b>
Balance of loan impairment charges and provisions on 30 June 2019	301	585	2,974	<b>3,860</b>

**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				<b>4,096</b>
Transitional effect, IFRS 9				<b>507</b>
Total, beginning of 2018	325	637	3,641	<b>4,603</b>
Transfer of impairment charges at beginning of period to stage 1	105	-62	-43	<b>0</b>
Transfer of impairment charges at beginning of period to stage 2	-12	41	-29	<b>0</b>
Transfer of impairment charges at beginning of period to stage 3	-1	-38	39	<b>0</b>
Impairment charges on new loans, etc.	54	21	351	<b>426</b>
Impairment charges on discontinued loans and provisions for guarantees	-52	-42	-521	<b>-615</b>
Effect from recalculation	-119	-18	244	<b>107</b>
Previously recognized as impairment charges, now final loss	-21	-8	-329	<b>-358</b>
Balance of loan impairment charges and provisions on 30 June 2018	<b>279</b>	<b>531</b>	<b>3,353</b>	<b>4,163</b>

**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	<b>3,761</b>
Transfer of impairment charges at beginning of period to stage 1	68	-48	-20	<b>0</b>
Transfer of impairment charges at beginning of period to stage 2	-20	70	-50	<b>0</b>
Transfer of impairment charges at beginning of period to stage 3	-1	-37	38	<b>0</b>
Impairment charges on new loans, etc.	32	21	34	<b>87</b>
Impairment charges on discontinued loans and provisions for guarantees	-26	-61	-123	<b>-210</b>
Effect from recalculation	-74	53	115	<b>94</b>
Previously recognized as impairment charges, now final loss	1	0	-269	<b>-268</b>
Balance of loan impairment charges and provisions on 30 June 2019	<b>233</b>	<b>520</b>	<b>2,711</b>	<b>3,464</b>

**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				<b>3,758</b>
Transitional effect, IFRS 9				<b>421</b>
Total, beginning of 2018	<b>257</b>	<b>578</b>	<b>3,344</b>	<b>4,179</b>
Transfer of impairment charges at beginning of period to stage 1	96	-56	-40	<b>0</b>
Transfer of impairment charges at beginning of period to stage 2	-11	38	-27	<b>0</b>
Transfer of impairment charges at beginning of period to stage 3	-1	-37	38	<b>0</b>
Impairment charges on new loans, etc.	29	12	324	<b>365</b>
Impairment charges on discontinued loans and provisions for guarantees	-27	-36	-477	<b>-540</b>
Effect from recalculation	-102	-3	271	<b>166</b>
Previously recognized as impairment charges, now final loss	-20	-7	-326	<b>-353</b>
Balance of loan impairment charges and provisions on 30 June 2018	221	489	3,107	<b>3,817</b>

Note	Jyske Bank				
	DKKm				
8	<b>Breakdown of balance of impairment charges by stage— loans at fair value</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	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	1	1
	Impairment charges on discontinued loans and provisions for guarantees	0	0	0	0
	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 on 30 June 2019	1	1	1	3
	<b>Breakdown of balance of impairment charges by stage— loans at fair value</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	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	0	0	-2
	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 on 30 June 2018	3	0	0	3
	<b>Breakdown of balance of provisions by stage - guarantees and loan commitments</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	Balance, beginning of 2019	66	80	209	355
	Transfer of impairment charges at beginning of period to stage 1	29	-24	-5	0
	Transfer of impairment charges at beginning of period to stage 2	-2	6	-4	0
	Transfer of impairment charges at beginning of period to stage 3	0	-1	1	0
	Impairment charges on new loans, etc.	27	12	9	48
	Impairment charges on discontinued loans and provisions for guarantees	-24	-18	-29	-71
	Effect from recalculation	-29	8	85	64
	Previously recognized as impairment charges, now final loss	0	0	-3	-3
	Balance of loan impairment charges and provisions on 30 June 2019	67	63	263	393
	<b>Breakdown of balance of provisions by stage - guarantees and loan commitments</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	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	9	-6	-3	0
	Transfer of impairment charges at beginning of period to stage 2	-1	3	-2	0
	Transfer of impairment charges at beginning of period to stage 3	0	-1	1	0
	Impairment charges on new loans, etc.	23	9	27	59
	Impairment charges on discontinued loans and provisions for guarantees	-25	-7	-41	-73
	Effect from recalculation	-17	-15	-28	-60
	Previously recognized as impairment charges, now final loss	0	-1	-4	-5
	Balance of loan impairment charges and provisions on 30 June 2018	55	41	247	343



**Note**

Jyske Bank

DKKm

9	<b>Gross loans, advances and guarantees by stage</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	Gross loans, advances and guarantees, 1 January 2019	143,725	9,840	6,491	<b>160,056</b>
	Transfer of loans, advances and guarantees to stage 1	5,429	-5,305	-124	<b>0</b>
	Transfer of loans, advances and guarantees to stage 2	-3,128	3,262	-134	<b>0</b>
	Transfer of loans, advances and guarantees to stage 3	-122	-361	483	<b>0</b>
	Other movements	6,559	2,100	-947	<b>7,712</b>
	Gross loans, advances and guarantees, 30 June 2019	152,463	9,536	5,769	<b>167,768</b>
	Loan impairment charges and provisions for guarantees, total	255	550	2,929	<b>3,734</b>
	Net loans, advances and guarantees, 30 June 2019	152,208	8,986	2,840	<b>164,034</b>
	<b>Gross loans, advances and guarantees by stage</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	Gross loans, advances and guarantees, 1 January 2018	148,183	10,282	7,596	<b>166,061</b>
	Transfer of loans, advances and guarantees to stage 1	1,347	-910	-437	<b>0</b>
	Transfer of loans, advances and guarantees to stage 2	-5,594	5,832	-238	<b>0</b>
	Transfer of loans, advances and guarantees to stage 3	-605	-692	1,297	<b>0</b>
	Other movements	394	-4,672	-1,727	<b>-6,005</b>
	Gross loans, advances and guarantees, 31 December 2018	143,725	9,840	6,491	<b>160,056</b>
	Loan impairment charges and provisions for guarantees, total	272	568	3,136	<b>3,976</b>
	Net loans, advances and guarantees, 31 December 2018	143,453	9,272	3,355	<b>156,080</b>

**Note**

Jyske Bank

DKKm

H1 2019

End- 2018

9 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		50,347	67	0	<b>50,414</b>	46,631
2	0.10 - 0.15		11,600	10	0	<b>11,610</b>	15,225
3	0.15 - 0.22		11,697	23	0	<b>11,720</b>	10,500
4	0.22 - 0.33		20,069	3	0	<b>20,072</b>	9,183
5	0.33 - 0.48		9,938	120	0	<b>10,058</b>	13,139
Ratings 1- 5			103,651	223	0	<b>103,874</b>	94,678
6	0.48 - 0.70		13,950	227	0	<b>14,177</b>	16,598
7	0.70 - 1.02		12,502	532	0	<b>13,034</b>	12,405
8	1.02 - 1.48		7,647	913	0	<b>8,560</b>	8,451
9	1.48 - 2.15		7,936	1,421	0	<b>9,357</b>	8,440
10	2.15 - 3.13		2,482	1,088	0	<b>3,570</b>	4,511
11	3.13 - 4.59		1,715	579	0	<b>2,294</b>	1,737
Ratings 6 – 11			46,232	4,760	0	<b>50,992</b>	52,142
12	4.59 - 6.79		581	776	0	<b>1,357</b>	1,719
13	6.79 - 10.21		153	695	0	<b>848</b>	561
14	10.21 - 25.0		22	2,822	0	<b>2,844</b>	2,774
Ratings 12-14			756	4,293	0	<b>5,049</b>	5,054
Others			1,823	175	0	<b>1,998</b>	1,573
Non performing loans			2	85	5,768	<b>5,855</b>	6,609
<b>Total</b>			<b>152,464</b>	<b>9,536</b>	<b>5,768</b>	<b>167,768</b>	160,056

Irrevocable credit commitments of DKK 4,826m (end of 2018: DKK 2,770m) are all in stage 1 and are distributed according to internal ratings in this way: Rating 1: DKK 3,312m, Rating 2: DKK 357m, Rating 3: DKK 373m, 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			Stage 1	Stage 2	Stage 3	Total	Total
Performing	PD band (%)						
1	0.00 - 0.10		3	1	0	<b>4</b>	9
2	0.10 - 0.15		7	0	0	<b>7</b>	6
3	0.15 - 0.22		14	0	0	<b>14</b>	15
4	0.22 - 0.33		22	0	0	<b>22</b>	22
5	0.33 - 0.48		20	6	0	<b>26</b>	32
Ratings 1- 5			66	7	0	<b>73</b>	84
6	0.48 - 0.70		28	3	0	<b>31</b>	40
7	0.70 - 1.02		40	7	0	<b>47</b>	56
8	1.02 - 1.48		37	18	0	<b>55</b>	57
9	1.48 - 2.15		37	39	0	<b>76</b>	60
10	2.15 - 3.13		12	31	0	<b>43</b>	57
11	3.13 - 4.59		23	20	0	<b>43</b>	42
Ratings 6 – 11			177	118	0	<b>295</b>	312
12	4.59 - 6.79		7	50	0	<b>57</b>	51
13	6.79 - 10.21		2	40	0	<b>42</b>	24
14	10.21 - 25.0		1	316	0	<b>317</b>	338
Ratings 12-14			10	406	0	<b>416</b>	413
Others			3	19	0	<b>22</b>	30
Non performing loans			0	1	2,927	<b>2,928</b>	3,137
<b>Total</b>			<b>256</b>	<b>551</b>	<b>2,927</b>	<b>3,734</b>	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	
	% H1 2019	% End of 2018	30 June 2019	End of 2018	30 June 2019	End of 2018	H1 2019	H1 2018	H1 2019	H1 2018
Public authorities	4	6	7,070	8,560	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing	4	4	6,829	7,027	984	1,046	76	-80	170	148
<i>Fishing</i>	1	1	1,769	1,821	1	1	0	0	0	0
<i>Dairy farmers</i>	0	0	703	781	389	435	-7	-56	52	64
<i>Plant production</i>	1	1	1,892	1,808	115	120	41	-12	49	14
<i>Pig farming</i>	1	1	1,498	1,536	249	261	22	-6	43	46
<i>Other agriculture</i>	1	1	967	1,081	230	229	20	-6	26	24
Manufacturing, mining, etc.	5	4	7,461	6,684	176	243	-45	77	34	138
Energy supply	2	3	3,611	4,217	40	64	-25	0	0	0
Building and construction	2	2	3,085	2,930	91	64	29	-17	4	6
Commerce	6	6	10,136	9,837	195	230	-16	33	24	10
Transport, hotels and restaurants	3	3	4,498	4,345	93	104	-4	1	8	0
Information and communication	1	1	953	962	48	46	5	1	3	3
Finance and insurance	37	34	61,972	52,254	564	613	-6	-54	48	51
Real property	10	9	15,999	14,641	399	391	8	-58	15	60
<i>Lease of real property</i>	6	5	9,397	8,310	338	329	3	-33	10	56
<i>Buying and selling of real property</i>	1	2	2,095	2,420	32	33	6	-5	5	3
<i>Other real property</i>	3	2	4,507	3,911	29	29	-1	-20	0	1
Other sectors	3	3	5,318	4,978	151	157	-2	-20	10	28
Corporate clients	73	69	119,862	107,875	2,741	2,958	20	-117	316	444
Private individuals	23	25	37,102	39,645	993	1,018	-4	27	46	49
Unutilised credit lines and loan commitments			-	-	126	142	-16	-42	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>164,034</b>	<b>156,080</b>	<b>3,860</b>	<b>4,118</b>	<b>0</b>	<b>-132</b>	<b>362</b>	<b>493</b>

## 11

## Deposits

	30 June 2019	31 Dec. 2018	30 June 2018
Demand deposits	107,848	105,344	104,131
Term deposits	2,645	3,003	3,541
Time deposits	27,148	24,573	30,671
Special deposits	7,016	6,853	6,773
<b>Total</b>	<b>144,657</b>	<b>139,773</b>	<b>145,116</b>

## 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 June 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 June 2019 and also of their financial performance as well as the cash flows of the Group for the period 1 January to 30 June 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, 20 August 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



## Group Supervisory Board

### Audit Revision

Head Auditor  
Henning Sørensen



## Group Executive Board

CEO and  
Managing Director  
Anders Dam



Managing Director  
Per Skovhus



Managing Director  
Niels Erik Jakobsen



Managing Director  
Peter Schleidt



### Retail Clients

Director  
Jes Rosendal



### Corporate Clients

Director  
Rune Møller



### Capital Markets

Director  
Erik Gadeberg



### Business Concepts

Director  
Lars W. Sandberg



### Finance

Director, CFO  
Birger Krøgh Nielsen



### Private Banking

Director  
Ivan Stendal Hansen



Director  
Hans Jørgen Larsen



### Business Services

Director  
Bo Ancher Christensen



### Risk Management

Director, CRO  
Peer Røer Pedersen



### Kredit

Director  
Benny Lailbach  
Pedersen



### Jyske Realkredit A/S

CEO  
Carsten Tirsbæk  
Madsen



### Jyske Finans A/S

Director  
Klaus Naur



### Properties

Director  
Finn Bødker Knudsen



### Legal

Director  
Peter Stig Hansen



### Communications and Marketing

Director  
Erik Qvirin Hansen



### HR

Director  
Knud Nørbo

