Annual Report

2019

JYSKE BANK

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Core profit and net profit for the year (DKKm)

	2019	2018	Index 19/18	2017	2016	2015
Net interest income	5,152	5,505	94	5,585	5,625	5,806
Net fee and commission income	2,311	1,973	117	2,046	1,654	1,914
Value adjustments	342	-23	-	577	781	381
Other income	154	463	33	207	257	239
Income from operating lease (net)	101	81	125	-54	44	93
Core income	**8,060**	**7,999**	**101**	**8,361**	**8,361**	**8,433**
Core expenses	5,029	4,896	103	5,374	5,108	5,322
Core profit before loan impairment charges	**3,031**	**3,103**	**98**	**2,987**	**3,253**	**3,111**
Loan impairment charges	-101	468	-	-453	-149	347
Core profit	**3,132**	**2,635**	**119**	**3,440**	**3,402**	**2,764**
Investment portfolio earnings	-53	505	-	562	504	440
Pre-tax profit	**3,079**	**3,140**	**98**	**4,002**	**3,906**	**3,204**
Tax	639	640	100	859	790	728
Profit for the year	**2,440**	**2,500**	**98**	**3,143**	**3,116**	**2,476**

Summary of balance sheet, end of period (DKKbn)

	2019	2018	Index 19/18	2017	2016	2015
Loans and advances	485.9	462.8	105	447.7	422.4	396.2
- of which mortgage loans	337.5	326.3	103	306.8	277.0	249.5
- of which loans and advances, traditional loans and advances	98.7	104.1	95	101.3	94.1	93.2
- of which loans and advances, new home loans	3.4	6.3	54	12.2	17.4	12.0
- of which repo loans	46.3	26.1	177	27.4	33.9	41.5
Bonds and shares, etc.	91.9	83.2	110	79.1	89.9	76.5
Total assets	649.7	599.9	108	597.4	586.7	543.4
Deposits	140.2	148.7	94	160.0	154.6	144.9
- of which bank deposits	126.9	135.7	94	139.9	134.2	129.0
- of which repo deposits and tri-party deposits	13.3	13.0	102	20.1	20.4	15.9
Issued bonds at fair value	357.0	324.7	110	302.6	271.2	231.2
Issued bonds at amortised cost	38.6	35.0	110	38.9	51.0	48.2
Subordinated debt	4.3	4.3	100	4.3	2.1	1.4
Holders of AT1 capital	3.3	2.5	132	2.6	1.5	0
Shareholders' equity	32.5	31.8	102	32.0	31.0	30.0

Financial ratios and key figures

	2019	2018		2017	2016	2015
Earnings per share (DKK)*	29.0	28.2		34.7	33.5	26.1
Profit for the year, per share (diluted) (DKK)*	29.0	28.2		34.7	33.5	26.1
Pre-tax profit as a pct. of average equity	9.1	9.5		12.4	12.7	11.1
Net profit as a percentage of average equity*	7.1	7.6		9.7	10.1	8.6
Expenses as a percentage of income	62.4	61.2		64.2	61.1	63.1
Capital ratio (%)	21.5	20.0		19.8	18.3	17.0
Common Equity Tier 1 capital ratio (CET1 %)	17.4	16.4		16.4	16.5	16.1
Individual solvency requirement (%)	11.2	10.8		10.2	10.0	10.5
Capital base (DKKbn)	39.0	37.7		37.3	33.4	30.1
Weighted risk exposure (DKKbn)	181.4	188.4		188.0	182.2	176.9
Share price at end of period (DKK)	243	235		353	337	312
Distributed dividend per share (DKK)	0	11.7		10.9	5.3	0
Book value per share (DKK)*	434	390		374	348	317
Price/book value per share (DKK)*	0.6	0.6		0.9	1.0	1.0
Number of full-time employees, year-end**	3,593	3,698		3,932	3,981	4,021

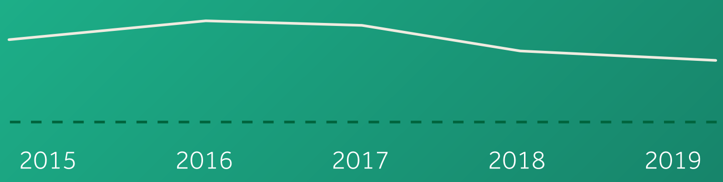
Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the IFRS income statement page 35 appear from note 2.

* Financial ratios are calculated as if Additional Tier 1 Capital (AT1) is recognised as a liability, cf. note 69.

** The number of employees at the end of 2019, at the end of 2018 and at the end of 2017 less 21, 25 and 40 employees, respectively, who are financed externally.

Summary

Return on equity



Post-tax profit: DKK 2.4 bn in 2019

ROE after tax at 7.1%.

Business volume

Mortgage lending volume up for both personal and corporate clients

Bank lending down

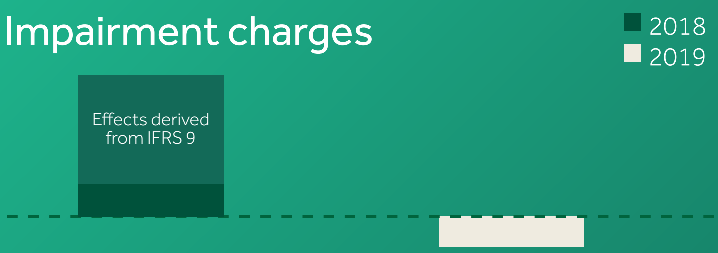
Net inflow of assets under asset management supported by positive returns.

Core income and expenses

Refinancing activity and favourable financial markets resulted in increasing core income

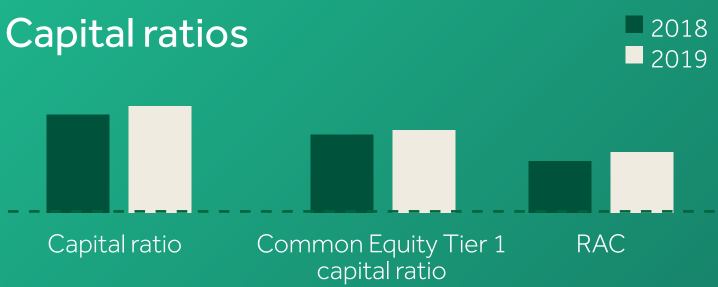
Adjusted for one-off effects, core expenses were unchanged.

Impairment charges



Impairment charges were reversed and fell therefore still further from an already low level in 2018 adjusted for effects derived from IFRS 9.

Capital ratios



By and large, capital ratios are at the desired levels relative to known regulatory requirements and long-term capital management objectives.

Comments by management

In connection with the publication of Jyske Bank's Annual Report 2019, Anders Dam, Jyske Bank's CEO and Managing Director states:

Profit for the year

"In 2019, Jyske Bank generated a profit per share of DKK 29.0 and a profit after tax of DKK 2,440m, compared to DKK 28.2 per share and DKK 2,500m, respectively, in 2018. Due to buybacks of own shares in recent years and expectations that this line will continue in the coming years, earnings per share will be a relevant measure for shareholders' return.

The year 2019 was characterised by continuing progress in the Danish economy and a favourable trend in the financial markets. The financial situation of the clients was generally at a satisfactory level, and the falling interest rates supported high refinancing activity. The robust financial situation of the clients was reflected in reversal of impairment charges despite the higher management's estimates in consequence of the sector-wide information letter from the Danish Financial Supervisory Authority. On the other hand, the pressure on net interest income increased, particularly due to the lower interest rates and customers' high propensity to save.

Negative interest rates

After 1 December 2019, almost half of Jyske Bank's deposits are still not subject to negative interest rates. Over the past five years, the negative interest rate environment, which has been prevalent almost without interruption since 2012, has contributed to the decline in Jyske Bank's net interest income of DKK 650m despite the increase in lending (excl. repo) by about DKK 100 bn over the same period.

As it is expected that the negative interest-rate environment will continue for several years, Jyske Bank finds it necessary - as from 1 May 2020 - to set a DKK 250,000 limit for zero interest on the balance of personal clients' NemKonto. For deposit accounts for children, the limit for zero interest will be DKK 100,000.

So far, our experience rendering advice to clients who are affected by negative interest rates has been positive. The advice offers the clients one or more ways to avoid being affected by the negative interest rates. This is expected still to be the case even when the exemption limit for zero interest is lowered.

Business activity

Over the year, the extension of negative deposit rates and a positive development in the financial markets resulted in increasing demand for investment products. In combination with the very high refinancing activity, this secured a high level of activity in 2019. Mortgage loans grew moderately, while bank loans and advances faced challenges in the form of a low demand for investments and lending.

It is Jyske Bank's aim that its power consumption, inclusive of the bank's share of JN Data's and Bankdata's power consumption, should be carbon neutral through its own production of renewable energy as from 2021, rather than through the current carbon compensation obtained through purchases of green power certificates. In this connection, the Group wishes to acquire a land-based wind turbine that produces about 16 GWh per year.

Jyske Bank has changed its terms of business so that, as of the beginning of 2020, the bank can require all corporate clients to use an auditor approved by the bank. The experience gained throughout 2019 proves a positive effect on the efforts to prevent money laundering.

Capital structure, etc.

Given the capital ratio of 21.5%, Jyske Bank already at the end of 2019 met the capital level target intended for 2022. Due to the raising of Tier 2 capital in the amount of about DKK 1.5 bn in January 2020, the capital structure offers scope for an increase by DKK 500m and an extension until 31 July 2020 of the current share buy-back programme.

Considering the current market conditions, it is the aim of the bank to deliver a profit after tax in the range of DKK 1.8bn-2.2 bn for 2020," ends Anders Dam.

Outlook

Jyske Bank anticipates that economic growth in Denmark will continue at a moderate level in 2020.

It is the aim of the bank still to generate moderate growth in the balance of loans of Jyske Realkredit. At the end of 2019, the balance of loans amounted to DKK 338 bn. It is expected that in 2020, growth will to a higher degree stem from financing of commercial properties rather than from owner-occupied properties.

It is expected that core income will be realised at a lower level in 2020.

Jyske Bank has a continuous focus on costs and achieved a practically flat underlying cost development in 2019. It is still the ambition to keep underlying costs under control in 2020.

It is expected that loan impairment charges and provisions for guarantees will be at a low level in 2020.

In 2020, Jyske Bank will continue the gradual replacement of its old senior debt with new non-preferred senior debt to be used to meet the Group's minimum requirement for own funds and eligible liabilities as of 2021. Jyske Bank expects to issue non-preferred senior debt in the order of EUR 750m in 2020.

Jyske Bank has an objective of a capital ratio of 20%-22% and a CET1 ratio of 15%-17% for the next 2-3 years.

Considering the current market conditions, it is the aim of the Group to deliver a profit after tax in the range of DKK 1.8bn-2.2bn for 2020.

Jyske Bank's return on equity depends in particular on the interest-rate level and the level of economic activity.

Strategy

Jyske Bank's strategy rests on the intention that we want to meet our clients and make a difference for them wherever they are - geographically, in the digital world and in any step of the client journey.

We are a relationship and advisory bank. We see a future where our client to an increasing degree wish to conduct their everyday banking themselves. We also see that in connection with major financial choices, clients still wish to have individualised advice, and therefore we have chosen to maintain the 98 physical branches in our branch network, and we are the bank with the highest number of branches in Denmark.

The structure of the branch network is undergoing change due to digitization. The last cashier's desks were closed in April 2019, all outside ATMs have been removed, Jyske Bank does not pay out DKK 1,000 notes. This entails that branches with pure advisory services are emerging. Therefore, Jyske Bank has chosen to introduce 27 new leadership teams, each one to manage two to five local branches.

In 2019 Jyske Bank entered into an agreement to sell Jyske Bank (Gibraltar) Ltd. in line with the bank's strategy to serve foreign private-banking clients out of Denmark. The sale is conditional on the approval by relevant authorities, which is expected in the first quarter of 2020.

The fight against economic crime is still being intensified with initiatives in 2019 relating to cash, and we introduced an audit obligation for corporate clients who are not well-known to us.

We offer 24/7 support in order to be accessible when our clients need to contact us, and we strive to facilitate and simplify banking for our clients. In 2019, we introduced cash pool solutions aimed at our large corporate clients and public authorities. Being the homeowners' bank, we introduced in 2019 the 'Jyske Frihed' loan with a 30-year interest-only option, and an improved version of the 'Bedste Lån' (best loan) app was launched. Also, to the 'Bedste Hjem' (best home) app, the feature 'Peg på bolig' (point to home) was added in order to facilitate accessibility to relevant information about all owner-occupied homes in Denmark.

Jyske Bank's digital ambitions are underlined by the upcoming launch of a new mobile bank on a new open platform, offering improved development opportunities.

Continued growth within wealth management

Jyske Bank is working determinedly on the development of the business area of investment, trading and wealth management by expanding our focus on client relationships and strengthening our overall value proposition.

The effect from these efforts were accentuated by the fact that, for the fourth year running, Jyske Bank was by CEM Voxmeter named the bank with the most satisfied private-banking clients in Denmark. In 2019, positive financial markets, the ongoing dialogue with our clients as well as continued focus on the stronger need in society for private savings solutions resulted in business volume growth.

The development of a new capital market platform continues, and new sections were released in 2019. The capital market platform is a modern platform offering improved functionality within the areas of front-, middle- and back office with a view to ensuring an optimised consistent flow in work processes and data.

Contribution to a sustainable society

Jyske Bank wishes to be a significant player in the efforts to support and facilitate a sustainable development in society.

In 2019, Jyske Bank became a signatory to the UN's Principles for Responsible Banking, PRB, and under the auspices of Finance Denmark the bank has been an active participant in the preparation of the 20 recommendations from Forum for Sustainable Finance. The purpose of both PRB and the recommendations is to accelerate the sustainable development of society. Jyske Bank expects that, in 2020, it will sign the recommendations of Task Force on Climate-Related Financial Disclosures (TCFD). This means that Jyske Bank will incorporate climate considerations in management, strategy, risk management and objectives over the coming years.

Read detailed information on Jyske Bank's foundations, strategy, values, etc. on investor.jyskebank.com/about.

Highlights 2019

Satisfied clients and good products

- According to a Voxmeter survey, we had the most satisfied personal clients among the Danish SIFIs, and for the fourth year running the most satisfied private-banking clients.
- For the third time, we were named Best in Test – "Particulary for consumers with high home equity" - by the magazine "Forbrugerrådet Tænk Penge" from the Danish Consumer Council.

Negative interest rates and wave of mortgage refinancing

- We were the first one to introduce 10-year mortgage loans with a negative interest rate, and we introduced negative deposit rates for personal clients.
- 2019 was affected by strong refinancing activity due to the falling interest rates.

Positive trend in investment activities

- Particularly during the last part of the year, client demand for the bank's investment products increased.
- Most asset classes generated positive returns in 2019, and Danish mutual funds reported the highest return in ten years.

AML efforts

- Possibility of requesting clients with a business registration number (CVR) to use an approved auditor.
- No cashier's desks nor outdoor ATMs at Jyske Bank's 98 branches, and three branches will become "cashless" in H1 2020.
- Withdrawal limits reduced from DKK to DKK 15,000 to DKK 10,000 per banking day.
- Cash withdrawal only available to non-clients during opening hours.
- Number of cash withdrawals reduced by almost 50% in five years.

Sustainability on the agenda

- We have become signatories of the UN Principles for Responsible Banking, and we were an active participant in the preparation of the recommendations from Forum for Sustainable Finance.
- We financed the first Danish wind park project without government subsidies on the harbour in Hirtshals.
- It is Jyske Bank's ambition that our power consumption will be carbon neutral as of 2021 through own production of renewable energy.

Financial Review

Core profit and net profit for the year (DKKm)

	2019	2018	Index 19/18	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net interest income	5,152	5,505	94	1,270	1,279	1,309	1,294	1,341
Net fee and commission income	2,311	1,973	117	653	611	554	493	536
Value adjustments	342	-23	-	252	-95	-8	193	-49
Other income	154	463	33	41	7	59	47	32
Income from operating lease (net)	101	81	125	15	28	34	24	8
Core income	8,060	7,999	101	2,231	1,830	1,948	2,051	1,868
Core expenses	5,029	4,896	103	1,213	1,275	1,256	1,285	1,232
Core profit before loan impairment charges	3,031	3,103	98	1,018	555	692	766	636
Loan impairment charges	-101	468	-	-64	-30	9	-16	29
Core profit	3,132	2,635	119	1,082	585	683	782	607
Investment portfolio earnings	-53	505	-	144	-136	-50	-11	-11
Pre-tax profit	3,079	3,140	98	1,226	449	633	771	596
Tax	639	640	100	260	84	134	161	95
Profit for the year	2,440	2,500	98	966	365	499	610	501

Profit for the year

In 2019, the Jyske Bank Group generated a pre-tax profit of DKK 3,079m. Calculated tax amounted to DKK 639m, and after tax the profit amounted to DKK 2,440m. The profit is in line with the announcement of a post-tax profit of DKK 2.4 bn and returns 7.1% on average equity. The return on equity after tax and before effects derived from IFRS 9 was at 8.6% in 2018.

Core profit

Core profit before loan impairment charges and provisions for guarantees fell by 2% to DKK 3,031m.

Core profit amounted to DKK 3,132m in 2019, corresponding to a 3% increase adjusted for effects derived from IFRS 9.

Core income

For 2019, net interest income amounted to DKK 5,152m, which is a decline by 6% compared with 2018. Net interest income was favourably affected by growth within mortgage and leasing activities, yet this did not suffice to compensate for the negative effect from declining bank loans and advances as well as lower market rates, pressure on margins and increased funding costs due to non-preferred senior debt. Finally, both trading activities and strategic balance sheet and risk management realised lower net interest income. Adjusted for the latter, which is to be seen in the context of value adjustments, net interest income fell by 5% compared with 2018.

Net interest income and value adjustments from the strategic balance sheet and risk management amounted to DKK 160m compared to DKK 103m in 2018. The increase can be attributed to higher value adjustments, which compensated for falling net interest income in consequence of the lower market rates as well as the changed portfolio composition and a gradual change of the portfolio to amortised cost.

Strategic balance sheet and risk management (DKKm)

	2019	2018
Net interest income	133	242
Value adjustments	-1	-125
Banking activities, total	132	117
Net interest income	83	83
Value adjustments	-55	-97
Mortgage activities, total	28	-14
Jyske Bank Group, total	160	103

Excl. strategic balance sheet and risk management (DKKm)

	2019	2018
Net interest income	4,936	5,180
Value adjustments	398	199

Net fee and commission income amounted to DKK 2,311m, i.e. an increase by 17% compared to 2018. The increase could particularly be attributed to the high refinancing activity for mortgage loans and performance fees on investing activities due to the favourable trends in the financial markets. Hence, performance fees amounted to DKK 99m in 2019.

Fees paid amounted to DKK 423m against DKK 352m in 2018. The increase was to some extent fuelled by the increase in fee expenses payable to the government relating to 100% government-guaranteed loans for subsidised housing as well as fees relating to a covered bond issue in the amount of EUR 500m by Jyske Realkredit in the first quarter of 2019.

Other fees and commissions rose by 10% compared to 2018. The increase can be attributed, among other things, to a number of changes to fees as well as rising commission from insurance and pension products.

Fee and commission income (DKKm)		
	2019	2018
Securities trading and custody services	1,454	1,225
Money transfers and card payments	212	213
Loan application fees	503	371
Guarantee commission	114	108
Other fees and commissions	451	408
Total	2,734	2,325

Value adjustments amounted to DKK 342m against DKK -23m in 2018. Value adjustments were favourably affected by rising equity prices and the narrowing of credit spreads on Danish mortgage bonds, primarily in the first quarter of 2019. On the other hand, falling long-term market rates and the flattening yield curve had a negative effect in the period. Value adjustments of clients' transactions involving interest-rate hedging had an effect amounting to DKK -16m compared with DKK -6m in 2018.

Value adjustment of sector shares affected value adjustments positively by DKK 120m against DKK 144m in 2018.

Income from operating lease (net) amounted to DKK 101m against DKK 81m in 2018 due to an increasing business volume and a low indication of impairment.

Other income fell to DKK 154m against DKK 463m in 2018, when DKK 285m were recognised as income from the sale of properties.

Core expenses

Core expenses amounted to DKK 5,029m, i.e. an increase by 3% compared to DKK 4,896m in 2018. Adjusted for items of a one-off nature with a positive effect in the order of DKK 161m in 2018, core expenses were almost unchanged.

The underlying development of core expenses can be attributed to a decline in the number of employees and general spending restraint in connection with other operating expenses. Due to this, it was possible to compensate for the upward pressure on employee costs of about 2.5% due to the increase in salaries prescribed by the collective agreement and an increase in the payroll tax rate to 15.0% from 14.5%.

Core expenses (DKKm)		
	2019	2018
Staff costs	3,036	2,949
IT costs	1,296	1,323
Rent, etc.	72	148
Amortisation, depreciation and impairment	155	102
Other operating expenses	470	374
Total	5,029	4,896

At the end of 2019, Jyske Bank had 3,593 full-time employees, i.e. the number of full-time employees had been reduced by 105 compared to the end of 2018. The costs for a further 21 employees - against 25 at the end of 2018 - were covered externally.

Impairment charges

Loan impairment charges and provisions for guarantees in the amount of DKK 101m were reversed in 2019. Impairment charges amounted to an expense of DKK 468m in 2018. Included in these was an amount of DKK 407m relating to effects derived from the implementation of IFRS 9.

In 2019, loan impairment charges and provisions for guarantees were adversely affected by changes in certain exposures to corporate clients, which was, however, more than offset by rising collateral values and a positive development of the clients' financial situation. The inflow of non-performing loans was still at a low level in respect of both corporate and personal clients. Also, credit quality remained at a satisfactory level.

Due to the information letter from the FSA, among other things, impairment charges based on management's estimates rose to DKK 589m at the end of 2019 compared to DKK 511m at the end of 2018.

In 2019, recognised losses amounted to DKK 698m against DKK 1,106m in 2018.

Investment portfolio earnings

Investment portfolio earnings amounted to DKK -53m against DKK 505m in 2018.

Investment portfolio earnings (DKKm)	2019	2018	Index 19/18
Net interest income	101	105	96
Value adjustments	-124	377	-
Other income	2	55	4
Income	**-21**	**537**	**-**
Expenses	32	32	100
Investment portfolio earnings	**-53**	**505**	**-**

Adjusted for value adjustments and dividends of DKK 544m from the holding of Nordjyske Bank shares in 2018, the investment portfolio earnings were close to unchanged.

Investment portfolio earnings were adversely affected by the flatter yield curve in 2019. On the other hand, the results from other activities relating to the portfolio were positive, primarily due to the narrowing credit spreads. Total net interest income was close to unchanged compared with 2018.

Jyske Bank's investment portfolio consists of tactical market risk positions, primarily interest-rate and currency risk exposures, and a smaller amount of bond investments.

Q4 2019 compared to Q3 2019

In the fourth quarter of 2019, the post-tax profit rose to DKK 966m from DKK 365m in the third quarter.

Net interest income fell by 1% in the fourth quarter, which was caused primarily by the lower volume of bank loans and advances. Lower contributions to interest income from trading activities as well as margin pressure added to the pressure on net interest income. On the other hand, the contribution from the strategic balance sheet and risk management increased, while towards the end of the quarter the margin pressure was countered by an improved deposit margin.

Net fee and commission income increased by 7% in the fourth quarter. The increase was fuelled by annual investment-related product and custody fees, performance fees in the amount of DKK 33m as well as high refinancing activity.

In the fourth quarter, value adjustments rose to DKK 252m from DKK -95m. To a great extent, the increase could be attributed to higher long-term market rates and a steeper yield curve. Value adjustments relating to clients' transactions relating to interest-rate hedging resulted in an income of DKK 33m.

Other income rose to DKK 41m from DKK 7m in the third quarter, which was adversely affected by a value adjustment of equities.

Core expenses fell by 5% compared to the third quarter. The decline could be attributed to the fact that the other Bankdata member banks chose to participate in the development of a new digital relationship bank, to lower provisions for court cases and to an adjustment of employee-related provisions. On the whole, these circumstances resulted in a positive effect of DKK 114m.

In the fourth quarter, impairment charges in the amount of DKK 64m were reversed compared to DKK 30m in the preceding quarter despite of the increase of DKK 133m in impairment charges based on management's estimates. The underlying credit quality remained at a satisfactory level.

Investment portfolio earnings rose to DKK 144m from DKK -136m in the third quarter, among other things, due to a steeper yield curve and currency positions.

Summary of balance sheet, end of period (DKKbn)	2019	2018	Index 19/18	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Loans and advances	485.9	462.8	105	485.7	483.8	479.9	470.5	462.8
- of which mortgage loans	337.5	326.3	103	337.5	338.7	336.9	333.3	326.3
- of which traditional loans and advances	98.7	104.1	95	98.5	101.7	103.3	104.2	104.1
- of which new home loans	3.4	6.3	54	3.4	4.0	4.7	4.9	6.3
- of which repo loans	46.3	26.1	177	46.3	39.4	35.0	28.1	26.1
Bonds and shares, etc.	91.9	83.2	110	91.9	94.8	98.6	94.8	83.2
Total assets	649.7	599.9	108	649.6	662.5	646.4	627.5	599.9
Deposits	140.2	148.7	94	140.2	157.9	152.7	154.2	148.7
- of which bank deposits	126.9	135.7	94	126.9	138.2	139.4	141.0	135.7
- of which repo deposits and tri-party deposits	13.3	13.0	102	13.3	19.7	13.3	13.2	13.0
Issued bonds at fair value	357.0	324.7	110	357.0	359.5	350.7	334.4	324.7
Issued bonds at amortised cost	38.6	35.0	110	38.6	39.4	38.4	38.2	35.0
Subordinated debt	4.3	4.3	100	4.3	4.3	4.3	4.3	4.3
Holders of AT1 capital	3.3	2.5	132	3.3	3.2	3.2	2.5	2.5
Shareholders' equity	32.5	31.8	102	32.5	32.0	32.2	32.4	31.8

Business volume

Jyske Bank's total loans and advances (exclusive of repo loans) rose by 1% in 2019 due to increasing mortgage loans and despite falling bank loans and advances.

At the end of 2019, the portfolio of mortgage loans amounted to DKK 337.5 bn against DKK 326.3 bn at the end of 2018. The increase should be seen in the light of a positive effect in the amount of DKK 1.6 bn that increasing bond prices had on fair values in 2019. The greater part of the increase could be attributed to corporate clients. The increase of mortgage loans to personal clients was supported by the transfer of new home loans, which in 2019 fell from DKK 6.3 bn to DKK 3.4 bn.

In 2019, traditional bank loans and advances exclusive of repo loans fell by DKK 8.5 bn. An increase in loans for leasing activities was more than offset by a decline in loans for banking activities, including the transfer of new home loans to mortgage loans. The development under banking activities can be attributed to a broadly based decline in bank loans and advances for personal and corporate clients. At sector level, demand for bank loans and advances is low.

Part of the development could also be attributed to the fact that Jyske Bank (Gibraltar) Ltd. was reclassified to 'assets held temporarily', hence reducing bank loans and advances by DKK 1.4 bn at the end of 2019. In 2019, Jyske Bank entered into an agreement to sell Jyske Bank (Gibraltar) Ltd. The sale is conditional on the approval by relevant authorities, which is expected in the first quarter of 2020.

The decline in lending volume under banking activities was to some extent driven by the introduction of cash pool solutions, in connection with which netting of bank loans and bank 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.

Mortgage loans still accounted for an increasing proportion of total loans and advances. At the end of 2019, mortgage loans accounted for 77% of Jyske Bank's total loans and advances (exclusive of repo loans).

In 2019, deposits fell by DKK 8.8 bn. To some extent, the decline was caused by the reclassification of deposits in the amount of DKK 4.0 bn from Jyske Bank (Gibraltar) Ltd. to 'liabilities in disposal groups'. Adjusted for the reclassification, bank deposits fell by DKK 7.3 bn in the fourth quarter of 2019.

The private sector's savings surplus in society was still high and reflected by the fact that, at the end of 2019, bank deposits were about DKK 25 bn higher than bank loans and advances despite the introduction of negative interest rates on deposits.
At the end of 2019, the business volume within asset management amounted to DKK 171 bn compared to DKK 141 bn at the end of 2018. The year was characterised by a positive development in the

financial markets and an inflow of new funds from most client segments. In the second half of the year, the net inflow, particularly from personal and private banking clients, accelerated.

After share buy-backs and retained earnings for the year, shareholders' equity amounted to DKK 32.5 bn at the end of 2019 against DKK 31.8 bn at the end of 2018.

Credit quality

At the end of 2019, Jyske Bank's total balance of loan impairment charges and provisions amounted to DKK 5.2 bn, corresponding to 1.0% of the total balance of loans, advances and guarantees. The corresponding balance was at DKK 5.6 bn at the end of 2018.

Due to the information letter from the FSA, among other things, impairment charges based on management's estimates rose to DKK 589m at the end of 2019 compared to DKK 511m at the end of 2018.

A breakdown of loans, advances and guarantees as well as loan impairment charges and provisions for guarantees as at the end of 2019 is shown in the table below.

Loans, advances and guarantees – by sector (DKKbn)

	Loans, advances and guarantees		Balance of impairment charges	
	2019	2018	2019	2018
Public authorities	8.7	9.1	0.0	0.0
Agriculture, hunting, forestry and fishing	7.3	8.0	0.8	1.1
Manufacturing industry and mining	8.6	8.5	0.2	0.3
Energy supply	4.9	5.0	0.0	0.1
Construction	7.7	6.2	0.1	0.1
Commerce	13.4	13.9	0.2	0.3
Transport, hotels and restaurants	6.9	6.5	0.1	0.1
Information and communication	0.8	1.1	0.3	0.0
Finance and insurance	46.8	33.4	0.7	0.6
Real property	152.4	145.7	0.8	0.8
Other sectors	17.7	18.4	0.2	0.2
Corporate clients	266.5	246.7	3.4	3.6
Personal clients	222.6	225.8	1.7	1.9
Total	497.8	481.6	5.1	5.5

Total loans, advances and guarantees increased by 3% in 2019. Corporate clients accounted for 53%, personal clients for 45% and public authorities for 2% of total loans, advances and guarantees. Compared to 2018, the proportion of loans and guarantees for corporate clients increased due to the increase in repo loans.

The balance of impairment charges for personal and corporate clients fell. At sector level, small increases were seen only for Financing and insurance as well as Information and communication.

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

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

	Loans, advances and guarantees		Balance of impairment charges	
	2019	2018	2019	2018
Stage 1	468.4	449.1	0.7	0.6
Stage 2	23.5	26.0	1.1	1.3
Stage 3	5.9	6.5	3.3	3.6
Total	497.8	481.6	5.1	5.5

Assessed on the basis of the breakdown by internal rating, the credit quality of the portfolio is still satisfactory, and at the end of 2019, 43% was categorised as STY 1-5 (Jyske Bank rating) compared to 44% at the end of 2018.

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

	Loans, advances and guarantees		Balance of impairment charges	
	2019	2018	2019	2018
Ratings 1-5	215.4	213.2	0.2	0.2
Ratings 6-11	252.1	235.2	0.6	0.6
Ratings 12-14	19.9	20.3	0.8	1.0
Others	3.7	5.6	0.1	0.0
Non performing loans	6.7	7.3	3.4	3.7
Total	497.8	481.6	5.1	5.5

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

Non-performing loans comprise exposures with individually assessed impairment charges and exposures with high or full risk as well as 90 days past due exposures. At the end of 2019, non-performing loans and advances amounted to 1.4% of total loans, advances and guarantees against 1.5% at the end of 2018. The decline reflects an improvement of the loan portfolio.

Non-performing loans and advances (DKK bn)		
	2019	2018
Loans, advances and guarantees	497.8	481.6
Non-performing loans and guarantees	10.3	11.2
Impairment charges and provisions	3.4	3.7
Loans, advances and guarantees after impairment charges	6.9	7.5
NPL ratio	1.4%	1.5%
NPL coverage ratio	33.4%	33.4%

At the end of 2019, Jyske Bank had registered assets provided as collateral in the amount of DKK 403 bn compared to DKK 396 bn at the end of 2018. The development reflects the business development of rising loans, advances and guarantees.

At the end of 2019, loans and advances subject to forbearance amounted to 2.0% against 2.5% at the end of 2018.

Agriculture

In 2019, settlement prices of slaughter pigs rose significantly due to African swine fever outside Denmark, while the settlement price of milk saw a stable development. This added to improving the credit quality of loans and advances to agricultural clients.

At the end of 2019, the management's estimate relating to agricultural clients amounted to DKK 180m compared with DKK 275m at the end of 2018. On the one hand, the development reflects that the consequences of the drought in 2018 and lower fur prices had been recognised in the ordinary impairment charges. On the other hand, trades involving agricultural land still indicate a low rate of turnover, and prices of agricultural assets that are realised by forced sale are lower than expected, which increases the risk of falling asset prices.

Loans, advances and guarantees for agriculture exclusive of fishing amounted to 1.1% of Jyske Bank's total loans and advances and to 14.8% of total impairment charges.

At the end of 2019, the overall impairment ratio relating to dairy farmers amounted to 34% of loans, advances and guarantees, and 11% related to pig farming.

The total impairment ratio for agriculture, exclusive of fishing, amounted to 12% compared to 15% at the end of 2018.

Loans, advances and guarantees for agriculture, exclusive of fishing, fell by 11% in 2019. The decline can be attributed to repayment of debt, among other things.

Agriculture exclusive of fishing (DKKm/%)	Loans, advances and guarantees		Balance of impairment charges		Impairment ratio	
	2019	2018	2019	2018	2019	2018
Milk	613	848	312	437	34%	34%
Pigs	1,380	1,616	178	264	11%	14%
Plant producton	2,039	2,050	98	122	5%	6%
Fur farming	115	186	42	108	27%	37%
Other agriculture	1,243	1,384	124	132	9%	9%
Total	**5,390**	**6,084**	**754**	**1,063**	**12%**	**15%**

Recognition and measurement uncertainty

Measurement of certain assets and liabilities is based on accounting estimates made by the Group management.

The areas that involve assumptions and estimates that are material for the financial statements include loan impairment charges, fair value of unlisted financial instruments and provisions and are described in detail under Accounting Policies (note 68), to which reference is made.

Special circumstances

The FSA has audited Jyske Bank's Annual Report 2019, and in its audit, the FSA focused on the new disclosure requirements of IFRS 7 on disclosure of financial instruments. The FSA found some deviations and ordered Jyske Bank to rectify these issues, which the FSA assessed on the whole to be of a material nature. The issues related only to notes, and hence they do not affect the Group's profit, balance sheet, equity, capital ratios and financial ratios, etc. Reference is made to note 68, which contains a list of the issues and a reference to where the issues have been rectified.

Events after the end of the accounting period

No events have taken place during the period prior to the publication of the Annual Report 2019 that have any material effect on the financial position of Jyske Bank.

Capital and Liquidity Management

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

Jyske Bank's objective is to achieve a capital ratio of 20%-22% and a CET1 ratio of 15%-17% for the next 2-3 years. At these levels, Jyske Bank can comfortably meet capital requirements and has at the same time the required strategic scope.

At the end of 2019, Jyske Bank had a capital ratio of 21.5% and a CET1 ratio of 17.4%.

Capital ratios (%)

	2019	2018	Change 19/18
Capital ratio	21.5	20.0	1.5
CET1 capital ratio	17.4	16.4	1.0

S&P's decision to review the "Economic Risk" score for Denmark resulted in a significant boost to Jyske Bank's risk-adjusted capital ratio (RAC). At the end of 2019, RAC was calculated at 12.1% compared to 10.3% at the end of 2018.

After the structural boost, S&P's RAC will only to a minor degree be restrictive as regards capital management, as Jyske Bank will be able to keep the rating 'strong' in the category of 'capital and earnings' with S&P as long as RAC is above 10%.

Capital requirement

The requirements of the total capital base consists of the Pillar 1 requirement of 8% of the risk-weighted exposure with a capital addition for above-normal risk under Pillar 2 and buffers.

At the end of 2019, the institution-specific Pillar 2 requirement was 3.2% against 2.8% at the end of 2018. The increase is mainly due to capital add-ons relating to model uncertainty and interest-rate risk due to the increasingly conservative assumptions about the development over the coming period. To this must be added that Jyske Bank's risk-weighted assets have been reduced significantly, among other things due to the reduced banking business volume and sale of DLR shares. Jyske Bank assesses that the Pillar 2 requirement will be fairly stable in 2020, and it is expected that the Pillar 2 requirement will fall when Basel IV is phased in at the beginning of 2022.

Capital requirement (%)

	Capital ratio		Common Equity Tier 1 capital ratio	
	2019	2020	2019	2020
Pillar I	8.0	8.0	4.5	4.5
Pillar II	3.2	3.2	1.8	1.8
SIFI	1.5	1.5	1.5	1.5
Capital conservation buffer	2.5	2.5	2.5	2.5
Countercyclical buffer	1.0	2.0	1.0	2.0
Overall capital requirement	16.2	17.2	11.3	12.3
Current level	21.5	-	17.4	-

Jyske Bank has been designated a systemically important financial institution (SIFI), and therefore it is subject to an additional capital requirement of 1.5% in 2020. The capital requirement is unchanged from 2019.

The Danish Ministry of Industry, Business and Financial Affairs has defined the countercyclical buffer at 1.5% with effect as of 30 June 2020 and at 2.0% with effect as of 30 December 2020. Moreover, Jyske Bank is subject to countercyclical buffers in the countries in which the Group has exposures. Due to the limited loans and advances granted outside Denmark, the contributions from these to the counter-cyclical buffer are insignificant.

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

Likewise, external stress testing of financial institutions is becoming an increasingly important aspect of both national and international authorities' efforts to ensure stability in the financial markets. Jyske Bank participates in external stress tests initiated by both the Danish Financial Supervisory Authority and the EBA. The FSA conducts annual macroeconomic stress tests, while the EBA's stress test takes place at least every second year.

The capital requirements are specified further in the report Jyske Bank Risk and Capital Management 2019 on investor.jyskebank.com/investorrelations/capitalstructure.

Capital buffer
The capital buffer denotes the maximum sustainable loss without the need for additional capital. The capital buffer amounted to 5.3 percentage points, corresponding to DKK 9.6 bn.

Capital buffer (%)

	2019	2018
Capital ratio	21.5	20.0
Overall capital requirement	16.2	13.9
Capital buffer	5.3	6.1

Capital
Jyske Bank initiated share buy-back programmes totalling DKK 2 bn in 2019 and cancelled 7,391,286 shares that were bought back, corresponding to 8.7% of the outstanding shares at the end of 2018.

Distribution (DKKbn)

	2019	2018
Dividends paid	0.0	1.0
Share buy-back (announced)	2.0	1.0
Capital distribution	2.0	2.0

Under the current share buy-back programme totalling DKK 1,000m, own shares in the amount of DKK 596m had been bought back at the end of 2019. Jyske Bank raises the current share buy-back programme by DKK 500m and extends the programme until 31 July 2020. It is the intention of the Supervisory Board that, at the Annual General Meeting in March 2020, a motion be made for the distribution of ordinary dividend of DKK 0 per share and for the cancellation of 3,651,372 shares, each at a nominal value of DKK 10.

In 2019, Jyske Bank sold DLR Kredit shares totalling DKK 588m.

Capital markets and issuance activity
In the course of 2019, Jyske Bank carried out three issues, cf. the table below.

Issuance

	Maturity	Credit spread
EUR 500m CB (value date 12.03.2019)	01.04.2025	3M CIBOR + 7 bp
SEK 1 bn AT1 (value date 09.04.2019)	Perpetual (call 2024)	3M CIBOR + 470 bp
EUR 500m NPS (value date 20.06.2019)	20.06.2024 (call 2023)	3M CIBOR + 83 bp

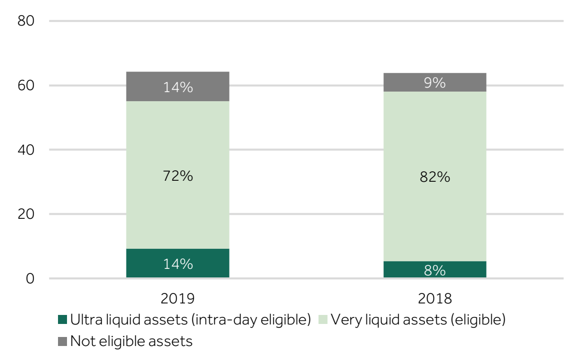
In additon, the Group is on an on-going basis active in the French CP market. At the end of 2019, the outstanding volume under the CP programme amounted to DKK 15.6 bn against DKK 15.4 bn at the end of 2018.

Liquidity management
Jyske Bank's biggest source of funding was covered bonds (SDO) and mortgage bonds, which amounted to DKK 357 bn and 55% of the balance sheet at the end of 2019. The second-largest source is client deposits, of which a high proportion consists of deposits from small and medium-sized enterprises as well as personal clients.

The strong deposit base ensures long-term stability in the Group's funding of bank loans and advances, which supports the maintenance of a strong profile both in respect of statutory financial ratios and internally delegated limits and guidelines.

Liquidity reserve
At the end of 2019, the Group's liquidity buffer amounted to DKK 64 bn, which is an unchanged level compared with the end of 2018.

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.

Liquidity buffer and run-off (DKKbn)

	2019	2018	Index 19/18
End of period	64.3	63.9	101
3 mths.	56.5	52.0	109
6 mths.	48.8	46.1	106
9 mths.	44.2	41.7	106
12 mths.	42.2	39.4	107

Under a stress scenario assuming that Jyske Bank 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 42 bn and after a 24-month period to 34 bn.

MREL

For Jyske Bank, the FSA has stipulated the minimum requirement for own funds and eligible liabilities (MREL) at twice the level of the current capital requirement for the banking activities of the Group and with special treatment of the mortgage activities of the Group. The requirement was defined at 13.7% of Jyske Bank's total liabilities and consolidated capital base, corresponding to 30.7% of the adjusted risk exposure amount.

The MREL requirement must be met through non-preferred senior debt (NPS), however, unsecured senior debt issued before 1 January 2018 with time to maturity above 12 months may be included in the period up to and including 1 January 2022. At the end of 2019, Jyske Bank met the MREL

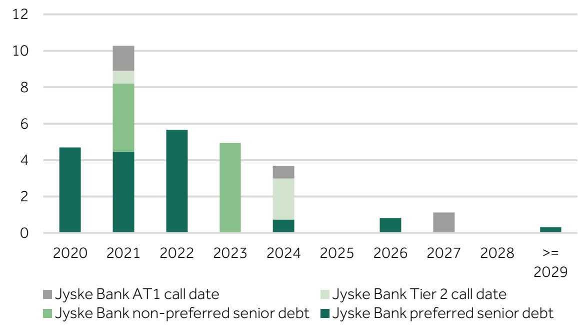
The gradual replacement of Jyske Bank's current outstanding unsecured senior debt with NPS will continue over the period until the end of 2021, so that, as of the beginning of 2022, Jyske Bank will meet the MREL requirement through NPS.

Mortgage credit institutions are exempt from MREL but must instead hold capital for a debt buffer of 2% of their total unweighted loans. The debt buffer will be fully phased in over the summer of 2020. At the end of 2019, Jyske Realkredit fully met the debt buffer requirement.

Refinancing profile

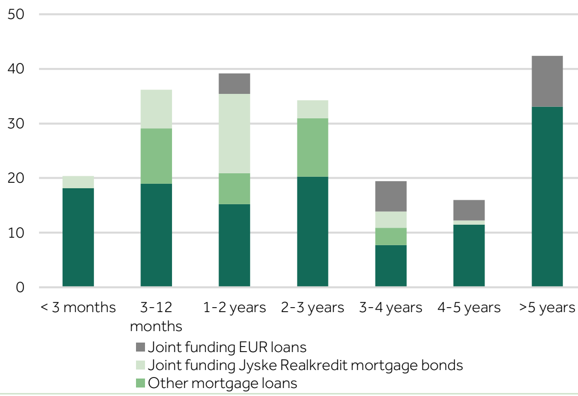
At the end of 2019, outstanding unsecured senior debt and Tier 2 capital under the Group's EMTN programme amounted to DKK 23.3 bn and DKK 3.3 bn, respectively, against DKK 19.6 bn and DKK 3.3 bn, respectively, at the end of 2018.

Run-off and call date profile (DKKbn)



The run-off profile for the Group's unsecured senior debt, etc. determined at the end of 2019 is illustrated by the below chart.

Run-off profile SDO (DKKbn)



At the end of 2019, covered bond issues with a refinancing risk amounted to DKK 207.8 bn, and the run-off profile of the underlying mortgage loans is illustrated in the chart above.

Funding plans

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

Generally, the Group's funding plan implemented in the international capital markets will include an annual NPS benchmark bond (EUR 500m) as one of the most important elements. It is expected that the next NPS benchmark bond in EUR will be issued in the course of the first half of 2020. In addition, it is to be expected that Jyske Realkredit will on a recurring basis be active in the EUR covered bond market in order to ensure continuous access to funding in EUR. The issue activity will primarily relate to refinancing of already outstanding EUR SDOs (covered bonds).

Liquidity Coverage Ratio (LCR)

At the end of 2019, Jyske Bank's LCR was 253%, compared with 219% at the end of 2018. The Group strives to maintain a LCR of at least 150%. Being a Danish a systemically important financial institution, Jyske Bank must meet a modified LCR requirement in EUR. At the end of 2019, Jyske Bank met the requirement in full with a significant buffer.

The Group's LCR buffer after haircuts at the end of 2019 is shown in the table below.

Jyske Bank's LCR buffer		
	DKKbn	%
Level 1a assets	43.5	48.4
Level 1b assets	43.3	48.2
Level 2a + 2b assets	3.1	3.4
Total	89.9	100

Credit rating

Jyske Bank is rated by Standard & Poor's (S&P). Jyske Realkredit has the same credit rating as Jyske Bank.

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

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

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

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

S&P anticipates that Jyske Bank's growth ambitions and dividend policy will not have a deteriorating effect on the Group's strong capitalisation and that Jyske Bank will be able to maintain its current market position and sound credit quality.

At the end of 2019, the capital base requirement from S&P totalled DKK 11.6 bn against DKK 10.8 bn at the end of 2018.

Upcoming legislation

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

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

New capital adequacy rules from the EU

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

In 2019, the CRR was revised. Changes include, among other things, the introduction of fundamentally revised requirements for the calculation of capital requirements in the trading book (FRTB). Parts of the revised CRR have already been implemented, but the main part will not be applied until the summer of 2021. The new FRTB requirements are expected to take effect as of the beginning of 2022.

Leverage ratio
The EU has adopted a binding leverage ratio requirement (core capital relative to Jyske Bank's total unweighted exposures) of at least 3% applicable as of 28 June 2021. At the end of 2019, the leverage ratio for the Group was 5.3% , which is unchanged from the end of 2018.

New recommendations from Basel (BIS)
In December 2017, the Bank for International Settlements (BIS) completed what is often referred to as the new Basel IV recommendations. Future discussions in the EU about the implementation of Basel IV will be significant to the effect of the new rules on the future capital requirements of Jyske Bank.

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

The supervisory diamond for Jyske Bank A/S

	2019	2018
Sum of large exposures <175% of Common Equity Tier 1 capital	84%	76%
Increase in loans and advances <20% annually	-7%	-4%
Exposures to property administration and property transactions <25% of total loans and advances	10%	10%
Funding ratio <1	0.52	0.55
Liquidity benchmark >100%	188%	171%

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

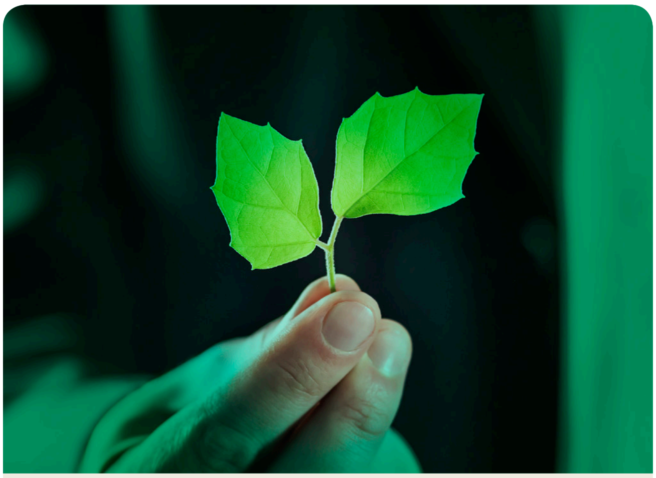
The supervisory diamond for Jyske Realkredit A/S

	2019	2018
Concentration risk <100%	47.9%	46.2%
Increase in loans and advances <15% annually in the segment:		
Owner-occupied homes and vacation homes	2.4%	6.3%
Residential rental property	0.2%	2.6%
Other sectors	6.1%	4.0%
Borrower's interest-rate risk <25%		
Residential property	17.8%	19.7%
Interest-only schemes <10%		
Owner-occupied homes and vacation homes	6.4%	7.3%
Loans with frequent interest-rate fixing:		
Refinancing (annually) <25%	15.0%	14.7%
Refinancing (quarterly) <12.5%	1.7%	3.1%

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

Risk and Capital Management 2019
Additional information about Jyske Bank's internal risk and capital management as well as the regulatory capital requirements is available in the report 'Risk and Capital Management 2019', available on investor.jyskebank.com/investorrelations/capitalstructure.

Corporate social responsibility & sustainability



Jyske Bank identifies sustainable lending areas

Being a financial services group, we can make the biggest difference through our advice and product range. Therefore we now launch our Green Finance Framework with loans from the Jyske Bank Group that make contributions to a green and sustainable transition in society.

Jyske Bank's objective and initiatives for selected sustainable lending areas

Jyske Bank will finance production of additional 2 TWh renewable energy in 2025 - corresponding to 6% of the production in Denmark in 2018.

Jyske Bank will develop products that assist and motivate clients to undertake energy renovation of their properties.

In 2025, 40% of new financing of vehicles will finance low-emission vehicles.

ESG fact book 2019

Comprehensive information of the Group in relation to climate and environment as well as social and governance issues.

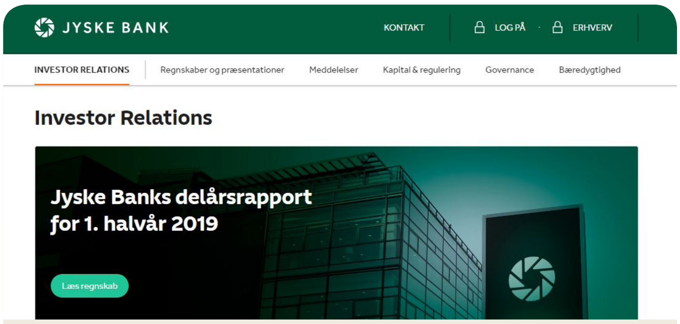
investor.jyskebank.com/investorrelations/governance/esg-data

Tax

Jyske is an important corporation tax payer in Denmark.

The Jyske Bank Group's tax payments (DKKm)

	2015	2016	2017	2018	2019
Corporation tax	342	745	833	640	937
Payroll tax	263	296	312	297	314
VAT	123	119	128	123	116
Real property tax	16	17	16	15	11
Tot	**744**	**1.177**	**1.289**	**1.075**	**1.378**



New website for IR and Sustainability

www.jyskebank.dk/ir

(in Danish)

Objective of carbon-neutral power consumption

- Carbon-neutral power consumption, inclusive of the bank's share of JN Data's and Bankdata's power consumption, through own production of renewable energy as from 2021, rather than through the current carbon compensation obtained through purchases of green power certificates.
- Jyske Bank has obtained permission from the FSA to acquire a land-based wind turbine capable of producing about 16 GWh a year.

Corporate social responsibility and sustainability

Jyske Bank's vision is to "make a difference", and that also goes for a sustainable development. Jyske Bank wishes to operate a business that acts responsibly and advocates sustainability in accordance with Jyske Bank's values and with regard to clients, employees and shareholders.

By signing the Paris Climate Change Agreement and the UN 2030 Agenda for Sustainable Development, the world leaders defined global targets for a joint sustainable development. The future EU rules for Sustainable Finance reflect that the role of the financial sector in social developments will change to support the agenda of global sustainability.

Being one of the largest financial institutions in Denmark, Jyske Bank can and will be a significant player in respect of supporting and facilitating a sustainable development of society. This implies the incorporation of climate and environmental considerations as well social considerations, respect of human rights and financial responsibility in Jyske Bank's business activities.

Therefore, endeavours are specifically made:

- to further sustainable financing and investment
- to reduce the Group's negative impact on the climate and environment
- to create a workplace that ensures job satisfaction and equal rights for our employees
- to assume corporate social responsibility through social initiatives focusing particularly on the 'built-up area'.

For detailed information on corporate social responsibility and sustainability, please see investor.jyskebank.com/investorrelations/governance. Here you also find the 2019 Corporate Social Responsibility Report, which covers completed activities and results in 2019 as well as activities planned for 2020.

Among others, Jyske Bank supports the following international organisations and initiatives:

- UN Principles for Responsible Banking
- UN Global Compact
- UN Principles for Responsible Investment
- UN Environment Programme Finance Initiatives
- Dansif

The Sustainability Programme

The purpose of Jyske Bank's Sustainability Programme is to develop and coordinate strategic initiatives for sustainability at Jyske Bank. Over time, the initiatives of the programme will affect all parts of the Group's activities.

Improvement of the Group's external ESG reporting was a focus area in 2019. In connection with the annual reporting, an updated Danish version of Investors Relations' website will be launched, where sustainability and corporate social responsibility have been integrated with the purpose of securing clear communication of these issues to the Group's stakeholders. An ESG Fact Book is available on investor.jyskebank.com/investorrelations/governance/esg-data.

UN Principles for Responsible Banking

In the autumn of 2019, Jyske Bank signed the UN Principles for Responsible Banking, PRB.

The principles support an alignment of the bank's business strategy and accelerates its contribution to reach society's goals as expressed in the UN's 17 Sustainable Development Goals. For Jyske Bank this is a natural consequence of Jyske Bank's work - since the bank signed the Global Compact in 2016 - on selected Sustainable Development Goals in connection with social projects and its carbon footprint relating to the Group's own activities. Read more about the latter in the 2019 Corporate Social Responsibility report that can be downloaded on investor.jyskebank.com/investorrelations/governance.

Due to the PRB, focus is now on the impact that Jyske Bank makes due to its client-oriented activities, primarily loans and investments. Hence, by signing the PRB, Jyske Bank has committed itself to carrying out a number of activities over the coming years with a view to making further contributions to the achievement of the UN's 17 Sustainable Development Goals.

One of the first PRB commitments is that, within the first 18 months after signing the principles, the Group should have performed an impact analysis of the Group's areas of business activity from a perspective of sustainability. The purpose of the analysis is to identify the three or four most important challenging areas of activity (so-called 'negative impacts') and, on the other hand, also to identify the three or four most important sustainable areas of activity ('positive impacts').

Jyske Bank has conducted a preliminary impact analysis of the Group's indirect impact on greenhouse gas emission due to the composition of the Group's current business volumes.

The analysis illustrated that a positive impact on greenhouse gas emission is today generated primarily through Jyske Bank's financing of and investments in:

1. Sustainable properties (construction of new properties and renovation of existing properties)
2. Renewable energy
3. Sustainable means of transportation

The negative areas of activity in which the potential of contributing to our clients' reduction of greenhouse gas emission is biggest are properties, transportation, and agriculture. Jyske Bank can contribute to a reduction by:

1. Rendering advice on and financing energy-efficient properties (both owner-occupied houses and commercial properties)
2. Contributing to the financing of a transformation of production processes, and increasingly greenhouse gas-optimal land use and operations, etc. within agriculture and forestry
3. Rendering advice on and financing the transformation to increasingly sustainable means of transportation

Jyske Bank now launches a framework, "Jyske Bank Green Finance Framework", which identifies green and sustainable lending areas at Jyske Bank. Focus is not solely on carbon emission, but also on sectors with sustainable initiatives. Currently, specific targets have been defined for Renewable energy and Clean transportation. The framework will be dynamic in order to follow the development of the sustainability agenda. Jyske Bank's definition of sustainable financing, targets and initiatives will therefore be updated on an ongoing basis.

For more detailed information on the PRB analysis and Jyske Bank Green Finance Framework, please see investor.jyskebank.com/investorrelations/governance/esg-data.

Organisation

Organisationally, activities relating to corporate social responsibility and sustainability are embedded in the department IR and Sustainability. Moreover, the department is responsible for the Group's Sustainability Programme with the Group CEO and Managing Director as the programme owner.

The steering group of the Sustainability Programme consists of eight members of the group management and is responsible for the development and coordination of strategic initiatives for sustainability at Jyske Bank. The implementation of the initiatives under the programme takes place in the various business units.

Corporate governance

Organisation and management

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

Annual General Meeting

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

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

Shareholders' Representatives

The Shareholders' Representatives elect six members of the Group Supervisory Board based on the recommendation from the Nomination Committee.

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

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

Supervisory Board

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

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

The Supervisory Board consists of

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

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

Executive Board

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

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

Corporate governance

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

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

Reports

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

The Jyske Bank share

At the end of 2019, the share capital amounted to the nominal amount of DKK 776m. It consisted of 77.6 million shares at a nominal value of DKK 10 in one class of shares. At the end of 2018, the number of shares was 84.9 million.

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

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

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

According to Art. 4(2) and (3), and Art. 5(1) and (2), the Supervisory Board may increase the Group's share capital by no more than a nominal amount of DKK 200m (20 million shares of a face value of DKK 10).

The Jyske Bank share

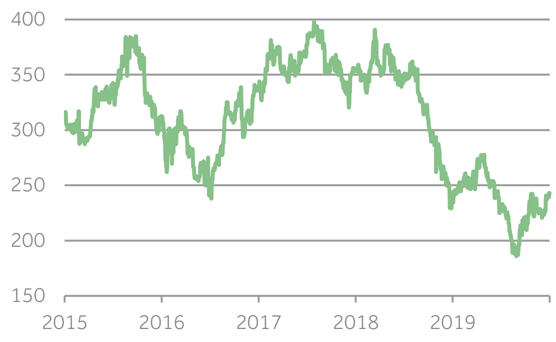
	2019	2018
Share capital (DKKm)	776	849
Share price end of period (DKK per share)	243	235
Market value, end of period (DKKbn)	18.9	20.0
Earnings per share (DKK)	29.0	28.2
Book value per share (DKK)	434	390
Price/book value per share (DKK)	0.6	0.6

Price development and return

In 2019, the price of the Jyske Bank share rose from DKK 235 to DKK 243, i.e. an increase of 3%. In 2019, share buy-backs in the amount of DKK 2 bn were announced, of which DKK 1.6 bn were distributed to shareholders in the form of shares bought back. No dividend was distributed.

The share is listed on Nasdaq Copenhagen and is included in the OMX Copenhagen 25 index. At the end of 2019, the Jyske Bank share was covered by 10 analysts.

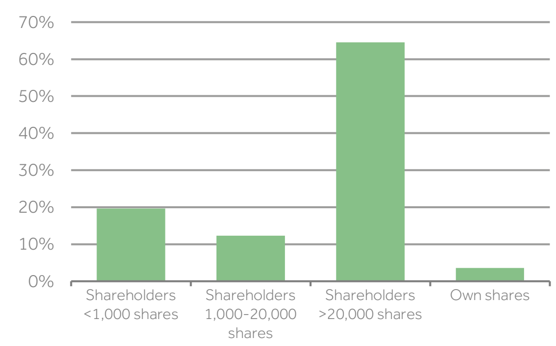
Price development of the Jyske Bank share



Breakdown of share capital

At the end of 2019, the number of shareholders was almost 172,000. It is characteristic of Jyske Bank shares that they are distributed among many shareholders, including many Jyske Bank clients. About two thirds of the share capital is held by Danish investors.

Shareholders by number of shares



One shareholder informed Jyske Bank that they own more than 5% of the share capital:

BRFholding a/s, Kgs. Lyngby, Denmark owns 23.28% of the share capital (BRFholding A/S is a fully owned subsidiary of BRFfonden).

Annual General Meeting

The Annual General Meeting of Jyske Bank will be held in Silkeborg on Tuesday 24 March 2020.

Other Information

For further information, please see investor.jyskebank.com/investorrelations. Here you will find an interview with Anders Dam, detailed financial information as well as the Jyske Bank's Annual Report 2019 and Risk and Capital Management 2019, which give further information about the Group's internal risk and capital management as well as regulatory issues, including a description of the most important risks and elements of uncertainty that may affect the Group.

Also, please see jyskerealkredit.com. Jyske Realkredit's Annual Report 2019 and detailed financial information about Jyske Realkredit are available on that website.

Financial calendar 2020

Jyske Bank anticipates releasing financial statements on the following dates in 2020:

Financial calendar 2020	
5 May	Interim Financial Report, Q1 2020
18 August	Interim Financial Report, H1 2020
3 November	Interim Financial Report, Q1 - Q3 2020

Banking Activities

Summary of income statement (DKKm)	2019	2018	Index 19/18	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net interest income	2,301	3,091	74	550	568	590	593	725
Net fee and commission income	2,968	1,706	174	802	816	721	629	454
Value adjustments	329	61	539	256	-63	-37	173	-23
Other income	120	223	54	34	-12	61	37	10
Core income	**5,718**	**5,081**	**113**	**1,642**	**1,309**	**1,335**	**1,432**	**1,166**
Core expenses	4,530	3,983	114	1,089	1,150	1,131	1,160	1,006
Core profit before loan impairment charges	**1,188**	**1,098**	**108**	**553**	**159**	**204**	**272**	**160**
Loan impairment charges	-138	32	-	-99	-33	-19	13	80
Core profit	**1,326**	**1,066**	**124**	**652**	**192**	**223**	**259**	**80**
Investment portfolio earnings	-53	505	-	144	-136	-50	-11	-11
Pre-tax profit	**1,273**	**1,571**	**81**	**796**	**56**	**173**	**248**	**69**

Summary of balance sheet, end of period (DKKbn)	2019	2018	Index 19/18	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Loans and advances	128.7	118.4	109	128.7	125.7	123.8	118.8	118.4
- of which traditional bank loans and advances	79.0	86.0	93	79.0	82.3	84.1	85.8	86.0
- of which new home loans	3.4	6.3	54	3.4	4.0	4.7	4.9	6.3
- of which repo loans	46.3	26.1	177	46.3	39.4	35.0	28.1	26.1
Total assets	242.6	225.8	107	242.6	248.8	244.4	242.4	225.8
Deposits	140.0	148.5	94	140.0	157.6	152.5	153.9	148.5
- of which bank deposits	126.7	135.5	94	126.7	137.9	139.2	140.7	135.5
- of which repo deposits and tri-party deposits	13.3	13.0	102	13.3	19.7	13.3	13.2	13.0
Issued bonds	38.6	35.0	110	38.6	39.4	38.4	38.2	35.0

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

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

Core profit

In 2019, core profit for Banking activities amounted to DKK 1,326m, i.e. an increase by 24% compared with 2018.

The profit for 2019 was favourably affected by the new intra-group settlement model between Jyske Bank and Jyske Realkredit. As a result of the change, the distribution fee increased by DKK 1,223m, which more than compensated for the decline in net interest income by DKK 356m and the increase in core expenses by DKK 386m. The agreement is described in detail in the section Mortgage Activities.

Adjusted for the new settlement model and effects from property sales and employee-related provisions, core profit increased by 29% in 2019, primarily caused by higher value adjustments.

Core income

Net interest income amounted to DKK 2,301m. Adjusted for the new settlement model, net interest income fell relative to 2018 by DKK 434m, of which DKK 109m could be attributed to lower net interest income from the strategic balance sheet and risk management. The remaining part of the decline in net interest income was caused by the flagging demand for loans from both personal clients and corporate clients as well as lower margins, particularly on bank loans and advances to corporate clients. Returns on deposits remained under pressure due to the low interest-rate environment, but improvement was seen towards the end of 2019. Finally, funding costs rose due to the minimum requirement for own funds and eligible liabilities (MREL).

Net fee and commission income amounted to DKK 2,968m in 2019. Adjusted for the new intra-group settlement agreement, net fee and commission income rose by 2% relative to 2018. The development was supported by performance fees and positive financial markets. Loan application fees were adversely affected as, since the introduction of one joint product range in the third quarter of 2018, most of the home loans have been disbursed through Jyske Realkredit.

Value adjustments amounted to DKK 329m against DKK 61m in 2018. Value adjustments were favourably affected by rising equity prices and the narrowing of credit spreads on Danish mortgage bonds, primarily in the first quarter of 2019. On the other hand, falling long-term market rates and the flattening yield curve had a negative effect in the period. Value adjustments of clients' transactions involving interest-rate hedging had an effect amounting to DKK -16m compared with DKK -6m in 2018.

Value adjustment of sector shares affected value adjustments positively by DKK 120m against DKK 144m in 2018.

Strategic balance sheet and risk management affected net interest income positively by DKK 133m, and value adjustments negatively by DKK 1m. In 2018, the positive effect on net interest income came to DKK 242m, whereas value adjustments had a negative effect by DKK 125m.

Strategic balance sheet and risk management covers a portfolio consisting predominantly of interest-bearing instruments, of which the liquidity portfolio, by far, accounts for the largest proportion. The liquidity portfolio is mainly invested in short-term Danish mortgage bonds. In addition to the liquidity portfolio, derivatives are used for hedging. On the whole, the portfolio has limited interest rate sensitivity. At the end of 2019, the liquidity portfolio amounted to DKK 41.9 bn.

Other income amounted to DKK 120m against DKK 223m in 2018. The decline was primarily caused by lower gains from property sales in 2019.

Core expenses

In 2019, core expenses amounted to DKK 4,530m. Adjusted for the new intra-group service agreement and one-off items, core expenses were close the being at an unchanged level relative to 2018. Hence, the underlying development reflects that the lower number of employees compensated for the upward pressure on employee costs due to the increase in salaries prescribed by the collective agreement and higher payroll taxes.

Impairment charges

Loan impairment charges and provisions for guarantees amounted to an income of DKK 138m against an expense of DKK 32m in 2018. Generally, the level of new impaired exposures was at a low level for both corporate and personal clients.

Investment portfolio earnings

Investment portfolio earnings amounted to DKK -53m against DKK 505m in 2018. Adjusted for value adjustments and dividends of DKK 544m from the holding of Nordjyske Bank shares in 2018, the investment portfolio earnings were close to being unchanged.

Investment portfolio earnings were adversely affected by the flatter yield curve in 2019. On the other hand, the results from other activities relating to the investment portfolio were positive, primarily due to the narrowing credit spreads.

Business volume

The volume of traditional bank loans and advances fell by DKK 7 bn relative to the end of 2018. DKK 1.4 bn of the decline can be attributed to the reclassification of the loan portfolio of Jyske Bank (Gibraltar) Ltd. to 'assets held temporarily'. The remaining part of the decline can in particular be attributed to the low demand for loans and willingness to invest on the part of corporate clients as well as the continuing decline in bank loans and advances to personal clients. New home loans fell by DKK 2.9 bn due to transfers to Jyske Realkredit.

Bank deposits fell by DKK 8.8 bn relative to the level at the end of 2018. To some extent, the decline was caused by the reclassification of deposits in the amount of DKK 4.0 bn from Jyske Bank (Gibraltar) Ltd. to 'liabilities in disposal groups'. Adjusted for the reclassification, bank deposits fell by DKK 7.2 bn in the fourth quarter of 2019.

The combination of a positive net inflow from most client segments and the favourable development in the financial markets caused the business volume within asset management to increase to DKK 171 bn from DKK 141 bn at the end of 2018.

Q4 2019 compared to Q3 2019

Pre-tax profit rose to DKK 796m in the fourth quarter of 2019 from DKK 56m in the third quarter.

Net interest income fell by 3% in the fourth quarter, which was caused primarily by the lower volume of bank loans and advances. Lower contributions from trading activities as well as margin pressure added to the pressure on net interest income. On the other hand, the contribution from the strategic balance sheet and risk management increased, while towards the end of the quarter the margin pressure was countered by an improvement of the deposit margin.

Net fee and commission income fell by 2% in the fourth quarter. Hence, lower distribution fees from mortgage activities more than offset the positive effect from annual investment-related product and custody fees as well as performance fees in the amount of DKK 33m.

In the fourth quarter, value adjustments rose to DKK 256m from DKK -63m. To a material extent, the increase could be attributed to higher long-term market rates and a steeper yield curve. Value adjustments relating to clients' transactions relating to interest-rate hedging resulted in an income of DKK 33m.

Other income rose to DKK 34m from DKK -12m in the third quarter, which was adversely affected by a value adjustment of equities.

Core expenses fell by 5% compared to the third quarter. The decline could be attributed to the fact that the other Bankdata member banks chose to participate in the development of a new digital relationship bank, to lower provisions for court cases and to an adjustment of employee-related provisions. On the whole, these circumstances resulted in a positive effect of DKK 114m.

In the fourth quarter, impairment charges in the amount of DKK 99m were reversed against DKK 33m in the preceding quarter. To some extent the development was caused by lower impairment charges in connection with management's estimates for agricultural clients. The underlying credit quality remained at a satisfactory level.

Investment portfolio earnings rose to DKK 144m from DKK -136m in the third quarter, among other things, due to a steeper yield curve and currency positions.

Mortgage Activities

Summary of Income Statement (DKKm)

	2019	2018	Index 19/18	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Administration margin income, etc.[1]	2,334	1,896	123	590	586	582	576	483
Other net interest income	58	77	75	15	10	21	12	16
Net fee and commission income	-641	256	-	-144	-200	-165	-132	74
Value adjustments	5	-94	-	-21	-23	23	26	-23
Other income	22	229	10	4	17	1	0	21
Core income	**1,778**	**2,364**	**75**	**444**	**390**	**462**	**482**	**571**
Core expenses	310	730	42	77	76	78	79	178
Core profit before loan impairment charges	**1,468**	**1,634**	**90**	**367**	**314**	**384**	**403**	**393**
Loan impairment charges	35	369	9	41	-23	43	-26	-82
Pre-tax profit	**1,433**	**1,265**	**113**	**326**	**337**	**341**	**429**	**475**

[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	337.5	326.3	103	337.5	338.7	336.9	333.3	326.3
Total assets	384.9	353.3	109	384.9	391.6	380.2	363.9	353.3
Issued bonds	357.0	324.7	110	357.0	359.5	350.7	334.4	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.

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

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

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

Profit

In 2019, pre-tax profit from mortgage activities amounted to DKK 1,433m against DKK 1,265m in 2018. The profit for 2018 was affected by the implementation of the IFRS 9-derived impairment rules, which resulted in a one-off adjustment of impairment charges by DKK 407m and also by the sale of property, which resulted in a gain of DKK 185m. The pre-tax profit for 2018 exclusive of these special items amounted to DKK 1,487m.

Core income

Core income amounted to DKK 1,778m against DKK 2,364m in 2018. The decline can primarily be attributed to the introduction of a new intra-group settlement model, which took effect at the beginning of2019.

In 2019, administration margin income, etc. amounted to DKK 2,334m against DKK 1,896m in 2018. A significant part of 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 (DKKm)	2019	2018	Index 19/18
Administration margin income, etc. according to new settlement model	2,334	2,256	103

In 2019, administration margin income, etc. amounted to DKK 2,334m against pro forma DKK 2,256m in 2018, corresponding to an increase by 3%. Mortgage loans stated at nominal value also grew by 3% over the same period. Hence administration margin income was supported by rising loans for both personal and corporate clients. Also, the average administration margin rates fell slightly. Hence, the net inflow of loans and advances to personal clients relates typically to fixed rate products, where the administration margin/risk is lower, which resulted in a small decline in the average administration margin.

Other net interest income consists of interest on the portfolio of securities as well as various interest income and amounted to DKK 58m in 2019 against DKK 77m in 2018.

Net fee and commission income, amounted to an expense of DKK 641m in 2019 against an income of DKK 256m in 2018. The difference can primarily be attributed to the new agreement on distribution fees relating to mortgage loans, etc. to Jyske Bank, which amounted to DKK 1,223m in 2019. On the other hand, underlying net fee and commission income rose from DKK 256m in 2018 to DKK 582m in 2019, which increase can chiefly be attributed to the extensive refinancing activity in 2019.

Value adjustments, amounted to an income of DKK 5m against an expense of DKK 94m in 2018. The difference of DKK 99m can be attributed, among other things, to positive value adjustments on bonds relating to core operations driven by the extensive refinancing activity.

In 2019, other income amounted to DKK 22m against DKK 229m in 2018. The decline of DKK 207m could primarily be attributed to the recognition in 2018 of a gain of DKK 185m from the sale of Jyske Realkredit's owner-occupied property.

Core expenses

In 2019, core expenses amounted to DKK 310m against DKK 730m in 2018. Of the decline of DKK 420m, DKK 386m can be attributed to the implementation of a new intra-group service agreement, according to which, as of 2019, only the employees' direct work for Jyske Realkredit is paid for. The remaining savings related primarily to costs incurred in connection with a number of work functions performed by Jyske Bank and settled as part of the distribution fee.

Impairment charges

Impairment charges and provisions for guarantees amounted to an expense of DKK 35m in 2019 against an expense of DKK 369m in 2018, of which DKK 407m related to effects derived from IFRS 9. Exclusive of the effects derived from IFRS 9, impairment charges then amounted to an income of DKK 38m in 2018.

Relative to total loans, impairment charges amounted to 1 bp in 2019 against -1 bp, exclusive of effects derived from IFRS 9, in 2018.

The total balance of impairment charges amounted to DKK 1,330m, corresponding to 0.4% of total loans and advances at the end of 2019 against DKK 1,380m, corresponding to 0.4% of total loans and advances at the end of 2018.

Business volume

The positive performance in the business volume of mortgage activities continued in 2019, as loans at fair value grew to DKK 337.5 bn at the end of 2019, corresponding to an increase by 3.4%. A part of this increase could, however, be attributed to rising bond prices, and hence growth in nominal mortgage loans came to DKK 9.6 bn, corresponding to 3.0%.

Of the increase in nominal loans, DKK 4.4 bn related to the personal client area and DKK 5.2 bn to the corporate client area.

For further details about Jyske Realkredit, please see Jyske Realkredit's annual report for 2019, which is available on jyskerealkredit.com.

Q4 2019 compared to Q3 2019

In the fourth quarter, pre-tax profit amounted to DKK 326m against DKK 337m in the third quarter.

Administration margin income etc. rose to DKK 590m from DKK 586m in the third quarter. The increase could primarily be attributed to lending growth. Other net interest income increased to DKK 15m from DKK 10m.

Net fee and commission income amounted to an expense of DKK 144m in the fourth quarter against an expense of DKK 200m in the third quarter. Distribution fees to Jyske Bank fell to DKK 311m from DKK 400m due to lower fee income and because higher recognised losses were set off against the distribution fees. Underlying net fee and commission income fell to DKK 166m from DKK 201m, primarily due to lower refinancing activity.

Value adjustments amounted to an expense of DKK 21m against an expense of DKK 23m in the third quarter. In the fourth quarter, the negative value adjustments from the strategic balance sheet and risk management were reduced, but on the other hand, value adjustment of bonds relating to core operations fell. Hence, total value adjustments were almost unchanged in the fourth quarter.

Other income amounted to DKK 4m against DKK 17m in the third quarter. The difference can be attributed to dividend received on a share holding in third quarter.

Core expenses amounted to DKK 77m in the fourth quarter relative to DKK 76m in the third quarter.

Impairment charges amounted to an expense of DKK 41m against an income of DKK 23m in the third quarter. Impairment charges were adversely affected by the expected effects from future regulation.

Leasing Activities

Summary of Income Statement (DKKm)	2019	2018	Index 19/18	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Net interest income	459	441	104	115	115	116	113	117
Net fee and commission income	-16	11	-	-5	-5	-2	-4	8
Value adjustments	8	10	80	17	-9	6	-6	-3
Other income	12	11	109	3	2	-3	10	1
Income from operating lease (net)	101	81	125	15	28	34	24	8
Core income	**564**	**554**	**102**	**145**	**131**	**151**	**137**	**131**
Core expenses	189	183	103	47	49	47	46	48
Core profit before loan impairment charges	**375**	**371**	**101**	**98**	**82**	**104**	**91**	**83**
Loan impairment charges	2	67	3	-6	26	-15	-3	31
Pre-tax profit	**373**	**304**	**123**	**104**	**56**	**119**	**94**	**52**

Summary of balance sheet, end of period (DKKbn)	2019	2018	Index 19/18	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Loans and advances	19.7	18.1	109	19.7	19.4	19.2	18.5	18.1
Total assets	22.1	20.8	106	22.1	22.1	21.9	21.2	20.8
Deposits	0.2	0.2	-	0.2	0.2	0.2	0.2	0.2

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

Pre-tax profit

In 2019, core income amounted to DKK 564m, corresponding to a increase of 2% relative to 2018.

Net interest income rose by 4% to DKK 459m. The progress was caused by increased lending.

In 2019, net fee and commission income was affected negatively by a high level of activity.

Income from operating lease rose in 2019 due to adjustments of residual values of parts of the balance of loans and advances.

Business volume

In 2019, loans and advances rose by 6% to DKK 19.7 bn. A positive development of loans and advances is still expected for 2020.

Q4 2019 compared to Q3 2019

In the fourth quarter, core income rose to DKK 145m from DKK 131m in the third quarter. The increase can be attributed to positive value adjustments and an increase in the business volume.

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

Profit before tax amounted to DKK 104m against DKK 56m in the third quarter of 2019. The fourth quarter of 2019 was characterised by a lower level of of impairment charges relating to financial leases. Hence, in the fourth quarter, impairment charges of DKK 6m were reversed against an indication of impairment of DKK 26m in the third quarter.

The Jyske Bank Group

Note		The Jyske Bank Group	
	DKKm	2019	2018
	Income statement		
6, 7	Interest income calculated according to the effective interest method	3,032	3,856
6, 7	Other interest income	7,006	6,811
6, 8	Interest expenses	4,727	5,070
	Net interest income	5,311	5,597
9	Fees and commission income	2,734	2,325
9	Fees and commission expenses	423	352
	Net interest and fee income	7,622	7,570
10	Value adjustments	160	367
11	Other income	691	1,086
12	Employee and administrative expenses	4,924	4,858
30, 31	Amortisation, depreciation and impairment charges	571	557
14	Loan impairment charges and provisions for guarantees	-101	468
	Pre-tax profit	3,079	3,140
15	Tax	639	640
	Profit for the year	2,440	2,500
	Distributed to:		
	Jyske Bank A/S shareholders	2,284	2,373
	Holders of Additional Tier 1 Capital (AT1)	156	127
	Total	2,440	2,500
	Earnings per share for the year		
16	Earnings per share, DKK	29.00	28.15
16	Earnings per share for the year, DKK, diluted	29.00	28.15
	Proposed dividend per share, DKK	0	6.12
	Statement of Comprehensive Income		
	Profit for the year	2,440	2,500
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Revaluation of real property	-15	148
	Tax on property revaluations over the year	1	-29
	Actuarial losses and gains	-55	-7
	Tax on actuarial losses and gains	12	2
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	38	-9
	Hedge accounting of international units	-38	9
	Tax on hedge accounting	8	-2
	Other comprehensive income after tax	-49	112
	Comprehensive income for the year	2,391	2,612
	Distributed to:		
	Jyske Bank A/S shareholders	2,235	2,485
	Holders of Additional Tier 1 Capital (AT1)	156	127
	Total	2,391	2,612

Note		The Jyske Bank Group	
	DKKm	2019	2018
	BALANCE SHEET		
	ASSETS		
	Cash balance and demand deposits with central banks	9,889	6,081
18	Due from credit institutions and central banks	23,392	13,181
14.19, 20	Loans and advances at fair value	339,906	330,975
14, 21	Loans and advances at amortised cost	145,994	131,822
24	Bonds at fair value	78,333	72,267
25	Bonds at amortised cost	11,136	7,517
27	Shares, etc.	2,422	3,426
30	Intangible assets	1	5
31	Property, plant and equipment	4,530	4,218
	Current tax assets	168	285
32	Assets held temporarily with a view to sale	2,476	580
33	Other assets	31,491	29,590
	Total assets	649,738	599,947
	PASSIVER		
	Liabilities		
34	Due to credit institutions and central banks	29,278	16,309
35	Deposits	140,235	148,701
36	Issued bonds at fair value	357,037	324,724
	Issued bonds at amortised cost	38,556	35,039
32	Liabilities in disposal group with a view to sale	4,037	0
37	Other liabilities	39,189	34,842
38	Provisions	1,369	1,681
39	Subordinated debt	4,327	4,319
	Liabilities, total	614,028	565,615
	Equity		
40	Share capital	776	849
	Revaluation reserve	205	316
	Currency translation reserve	0	0
	Retained profit	31,472	30,101
	Proposed dividend	0	520
	Jyske Bank A/S shareholders	32,453	31,786
	Holders of Additional Tier 1 Capital (AT1)	3,257	2,546
	Total equity	35,710	34,332
	Total equity and liabilities	649,738	599,947

DKKm

Statement of changes in equity

	Share capital	Revaluation reserves	Currency transla-tion re-serve	Retained profit	Pro-posed dividend	Jyske Bank A/S share-holders	AT1 capital*	Total equity capital
Equity at January 2019	849	316	0	30,101	520	31,786	2,546	34,332
Profit for the year	0	0	0	2,284	0	2,284	156	2,440
Other comprehensive income:								
Foreign currency translation for interna-tional units	0	0	38	0	0	38	0	38
Hedge of international units	0	0	-38	0	0	-38	0	-38
Property revaluations for the year	0	-15	0	0	0	-15	0	-15
Realised property revaluations	0	-97	0	97	0	0	0	0
Actuarial losses and gains	0	0	0	-55	0	-55	0	-55
Tax on other comprehensive income	0	1	0	20	0	21	0	21
Other comprehensive income after tax	0	-111	0	62	0	-49	0	-49
Comprehensive income for the year	0	-111	0	2,346	0	2,235	156	2,391
AT1 capital issue	0	0	0	0	0	0	716	716
Transaction costs	0	0	0	-7	0	-7	0	-7
Interest paid on Additional Tier 1 Capital	0	0	0	0	0	0	-147	-147
Currency translation adjustment	0	0	0	14	0	14	-14	0
Dividends paid	0	0	0	0	0	0	0	0
Dividends, own shares	0	0	0	0	0	0	0	0
Proposed dividend reversed	0	0	0	520	-520	0	0	0
Reduction of share capital	-73	0	0	73	0	0	0	0
Acquisition of own shares	0	0	0	-2,592	0	-2,592	0	-2,592
Sale of own shares	0	0	0	1,017	0	1,017	0	1,017
Transactions with owners	-73	0	0	-975	-520	-1,568	555	-1,013
			0					
Equity at 31 December 2019	**776**	**205**	**0**	**31,472**	**0**	**32,453**	**3,257**	**35,710**

*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 for the bank of early redemption in September 2021 at the earliest. The interest rates applicable to the issue until September 2021 are STIBOR+5.80% and CIBOR+5.30%, respectively. In September 2017, Jyske Bank made an issue amounting to EUR 150m, AT1, with the possibility for the bank of early redemption in September 2027 at the earliest. The issue has a coupon of 4.75% until September 2027. 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 reserves	Currency translation reserve	Retained profit	Proposed dividend	Jyske Bank A/S shareholders	AT1 capital	Total equity capital
Equity at January 2018	892	516	0	30,093	522	32,023	2,581	34,604
Changes to accounting policies, IFRS 9	0	0	0	-628	0	-628	0	-628
Tax effect, IFRS 9	0	0	0	137	0	137	0	137
Adjusted equity, 1 January 2018	892	516	0	29,602	522	31,532	2,581	34,113
Profit for the year	0	0	0	2,373	0	2,373	127	2,500
Other comprehensive income:								
Foreign currency translation for international units	0	0	-9	0	0	-9	0	-9
Hedge of international units	0	0	9	0	0	9	0	9
Property revaluation for the year	0	148	0	0	0	148	0	148
Realised property revaluations	0	-319	0	319	0	0	0	0
Actuarial losses and gains	0	0	0	-7	0	-7	0	-7
Tax on other comprehensive income	0	-29	0	0	0	-29	0	-29
Other comprehensive income after tax	0	-200	0	312	0	112	0	112
Comprehensive income for the year	0	-200	0	2,685	0	2,485	127	2,612
Interest paid on AT1 capital	0	0	0	0	0	0	-128	-128
Currency translation adjustment	0	0	0	34	0	34	-34	0
Tax	0	0	0	20	0	20	0	20
Dividends paid	0	0	0	-525	-522	-1,047	0	-1,047
Dividends, own shares	0	0	0	49	0	49	0	49
Proposed dividend	0	0	0	-520	520	0	0	0
Reduction of share capital	-43	0	0	43	0	0	0	0
Acquisition of own shares	0	0	0	-2,637	0	-2,637	0	-2,637
Sale of own shares	0	0	0	1,350	0	1,350	0	1,350
Transactions with owners	-43	0	0	-2,186	-2	-2,231	-162	-2,393
Equity at 31 December 2018	**849**	**316**	**0**	**30,101**	**520**	**31,786**	**2,546**	**34,332**

The Jyske Bank Group		
DKKm	2019	2018
Capital Statement		
Shareholders' equity	32,453	31,786
Share buy-back programme, non-utilised limit	-404	0
Proposed dividend	0	-520
Intangible assets	-1	-5
Deferred tax liabilities relating to intangible assets	0	1
Prudent valuation	-366	-296
Other deductions	-27	-18
Common Equity Tier 1 capital	31,655	30,948
Additional Tier 1 Capital (AT1) after reduction	3,619	3,047
Core capital	35,274	33,995
Subordinated loan capital after reduction	3,763	3,699
Capital base	39,037	37,694
Weighted risk exposure involving credit risk etc.	153,912	158,390
Weighted risk exposure involving market risk	11,606	13,156
Weighted risk exposure involving operational risk	15,930	16,887
Total weighted risk exposure	181,448	188,433
Capital requirement, Pillar I	14,516	15,075
Capital ratio (%)	21.5	20.0
Tier 1 Capital ratio (%)	19.4	18.0
Common Equity Tier 1 capital ratio (%)	17.4	16.4

For a statement of the individual solvency requirement, please see Risk and Capital Management 2019 or investor.jyskebank.com/investorrelations/capitalstructure and investor.jyskebank.com/investorrelations/debt.

Risk and Capital Management 2019 was not covered by the audit.

	The Jyske Bank Group	
Cash flow statement (DKKm).	2019	2018
Profit for the year	2,440	2,500
Adjustment for non-cash operating items, etc.		
Loan impairment charges and provisions for guarantees	-101	468
Amortisation, depreciation and impairment charges	571	557
Unrealised value adjustment of securities	-107	89
Unrealised value adjustment of investments	41	15
Interest not paid and received	-218	-257
Other outstanding operating items	245	-516
Tax charged to the income statement	639	640
Tax paid	-815	-567
Total	2,695	2,929
Change in working capital		
Loans and advances	-23,002	-15,592
Deposits	-8,466	-11,322
Issued bonds	35,830	18,242
Due from credit institutions	33	100
Due to credit institutions	12,969	-1,650
Other assets and liabilities	-4,442	-3,943
Total	12,922	-14,165
Cash flows from operating activities	15,617	-11,236
Dividend received	57	134
Acquisition of property, plant and equipment	-1,595	-982
Sale of property, plant and equipment	1,066	1,477
Acquisition of intangible assets	0	0
Cash flows from investment activities	-472	629
AT1 capital issue	709	0
Interest paid on Additional Tier 1 Capital	-147	-128
Dividends paid	0	-1,047
Dividends, own shares	0	49
Acquisition of own shares	-2,592	-2,637
Sale of own shares	1,017	1,350
Addition and repayment of subordinated debt	-11	-11
Repayment on lease commitment	-69	0
Cash flows from financing activities	-1,093	-2,424
Cash flow for the year	14,052	-13,031
Cash and cash equivalents, beginning of period	19,224	32,255
Cash and cash equivalents, end of period	33,276	19,224
Cash and cash equivalents, end of period, comprise:		
Cash in hand, etc.	9,889	6,081
Due in less than three months from credit institutions and central banks, cf. Note 18	23,387	13,143
Cash and cash equivalents, end of period	33,276	19,224

Liabilities due to financing activities*	Subordinated debt	
Carrying amount, beginning of period	4,319	4,323
Change in exchange rates	-10	-20
Change in fair value of the hedged interest-rate risk	29	27
Cash flow from repayments	-11	-11
Recognised value, end of period	4,327	4,319

*Lease commitment due to financing acitvities, beginning of 2019: DKK 429m, interest for the year: DKK 9m, repayments for the year: DKK 69m, lease commitment at the end of 2019: DKK 369m.

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Note					The Jyske Bank Group
	2019	2018	2017	2016	2015
1 **Financial ratios and key figures**					
Pre-tax profit, per share (DKK)*	**37.11**	35.74	44.42	42.04	33.74
Earnings per share (DKK)*	**29.00**	28.15	34.66	33.49	26.07
Earnings per share (diluted) (DKK)*	**29.00**	28.15	34.66	33.49	26.07
Core profit per share (DKK)*	**37.79**	29.76	38.03	36.58	29.11
Share price at end of period (DKK)	**243**	235	353	337	312
Book value per share (DKK)*	**434**	390	374	348	317
Price/book value per share (DKK)*	**0.56**	0.60	0.95	0.97	0.98
Price/earnings per share*	**8.4**	8.4	10.2	10.1	12.0
Proposed dividend per share (DKK)	**0**	6.12	5.85	5.25	5.25
Distributed dividend per share (DKK)	**0**	11.74	10.85	5.25	0
Outstanding shares in circulation ('000)	**74,841**	81,536	85,705	89,200	94,669
Average number of shares in circulation ('000)	**78,771**	84,282	88,010	92,388	94,958
Capital ratio (%)	**21.5**	20.0	19.8	18.3	17.0
Tier 1 Capital ratio (%)	**19.5**	18.0	18.0	17.7	16.5
Common Equity Tier 1 capital ratio (%)	**17.4**	16.4	16.4	16.5	16.1
Pre-tax profit as a pct. of average equity	**9.1**	9.5	12.4	12.7	11.1
Net profit as a percentage of average equity*	**7.1**	7.6	9.7	10.1	8.6
Income/cost ratio (%)	**1.6**	1.5	1.7	1.7	1.5
Interest-rate risk (%)	**0.5**	1.0	0.8	1.0	1.4
Currency position	**12.8**	8.2	4.6	4.0	5.4
Currency risk (%)	**0.0**	0.1	0.1	0.0	0.1
Liquidity Coverage Ratio (LCR) (%)	**253**	219	189	193	149
Total large exposures (%) **	**95.1**	86.2	-	-	-
Accumulated impairment ratio (%)	**1.0**	1.1	1.1	1.3	1.6
Impairment ratio for the year (%)	**0.0**	0.1	0.0	0.0	0.3
Increase in loans and advances for the year, excl. repo loans (%)	**0.7**	3.9	8.1	9.6	4.5
Loans and advances in relation to deposits	**3.5**	3.1	2.8	2.8	2.8
Loans and advances relative to equity	**13.6**	13.5	12.9	13.0	13.2
Return on capital employed	**0.4**	0.4	0.5	0.6	0.5
Number of full-time employees, year-end	**3,614**	3,723	3,971	3,981	4,021
Average number of full-time employees in year	**3,690**	3,838	3,993	3,997	4,119

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

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

** Statement of sum of total large exposures was changed in 2018. Comparative figures for 2015-2017 have not been calculated.

Note					The Jyske Bank Group
	DKKm				
2	Segmental financial statements	Banking activities	Mortgage activities	Leasing activities	Jyske Bank Group*
	2019				
	Net interest income	2,301	2,392	459	5,152
	Net fee and commission income	2,968	-641	-16	2,311
	Value adjustments	329	5	8	342
	Other income	120	22	12	154
	Income from operating lease (net)	0	0	101	101
	Core income	**5,718**	**1,778**	**564**	**8,060**
	Core expenses	4,530	310	189	5,029
	Core profit before loan impairment charges and provisions for guarantees	**1,188**	**1,468**	**375**	**3,031**
	Loan impairment charges	-138	35	2	-101
	Core profit	**1,326**	**1,433**	**373**	**3,132**
	Investment portfolio earnings	-53	0	0	-53
	Pre-tax profit	**1,273**	**1,433**	**373**	**3,079**
	Loans and advances	128,700	337,549	19,651	485,900
	- of which mortgage loans	0	337,549	0	337,549
	- of which bank loans	82,437	0	19,651	102,088
	- of which repo loans	46,263	0	0	46,263
	Total assets	242,583	384,899	22,256	649,738
	Deposits	140,007	0	228	140,235
	- of which bank deposits	126,711	0	228	126,939
	- of which repo deposits and tri-party deposits	13,296	0	0	13,296
	Issued bonds	38,555	357,038	0	395,593
	2018				
	Net interest income	3,091	1,973	441	5,505
	Net fee and commission income	1,706	256	11	1,973
	Value adjustments	61	-94	10	-23
	Other income	223	229	11	463
	Income from operating lease (net)	0	0	81	81
	Core income	**5,081**	**2,364**	**554**	**7,999**
	Core expenses	3,983	730	183	4,896
	Core profit before loan impairment charges and provisions for guarantees	**1,098**	**1,634**	**371**	**3,103**
	Loan impairment charges	32	369	67	468
	Core profit	**1,066**	**1,265**	**304**	**2,635**
	Investment portfolio earnings	505	0	0	505
	Pre-tax profit	**1,571**	**1,265**	**304**	**3,140**
	Loans and advances	118,353	326,300	18,144	462,797
	- of which mortgage loans	0	326,300	0	326,300
	- of which bank loans	92,240	0	18,144	110,384
	- of which repo loans	26,113	0	0	26,113
	Total assets	225,805	353,289	20,853	599,947
	Deposits	148,484	0	217	148,701
	- of which bank deposits	135,519	0	217	135,736
	- of which repo deposits and tri-party deposits	12,965	0	0	12,965
	Issued bonds	35,039	324,724	0	359,763

* The relationship between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 35 appears from the next page.

DKKm

2 **Segmental financial statements, cont.**

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

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

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

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

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

Core profit and investment portfolio earnings
The pre-tax profit for 2019 broken down by core earnings and investment portfolio earnings is stated below:

Breakdown of the profit for the year

DKKm	2019				2018			
	Core profit	Investment portfolio earnings	Reclassification	IFRS total	Core profit	Investment portfolio earnings	Reclassification	IFRS total
Net interest income	5,152	101	58	**5,311**	5,505	105	-13	**5,597**
Net fee and commission income	2,311	0	0	**2,311**	1,973	0	0	**1,973**
Value adjustments	342	-124	-58	**160**	-23	377	13	**367**
Other income	154	2	19	**175**	463	55	32	**550**
Income from operating lease (net)	101	0	415	**516**	81	0	455	**536**
Income	**8,060**	**-21**	**434**	**8,473**	**7,999**	**537**	**487**	**9,023**
Expenses	5,029	32	434	**5,495**	4,896	32	487	**5,415**
Profit before loan impairment charges	**3,031**	**-53**	**0**	**2,978**	**3,103**	**505**	**0**	**3,608**
Loan impairment charges	-101	0	0	**-101**	468	0	0	**468**
Pre-tax profit	**3,132**	**-53**	**0**	**3,079**	**2,635**	**505**	**0**	**3,140**

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

2 **Segmental financial statements, cont.**

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

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

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

The above table illustrates relationships between income statement items under 'The Jyske Bank Group' (key financial data), page 2, and income statement items in the IFRS financial statements, page 35.

Reclassification relates to the following:

- Expenses of DKK 58m (2018: income of DKK 13m) due to value adjustments relating to the balance principle at Jyske Realkredit was reclassified from value adjustments to interest income.
- Income of DKK 19m (2018: 32m) from external sales was reclassified from income to offsetting against expenses.
- Depreciation and amortisation of DKK 415m (2018: DKK 455m) were reclassified from expenses to income from operating lease (net).

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

"Earnings per share", "Earnings per share (diluted)", "Pre-tax profit as a percentage of average equity" and "Net profit as a percentage of average equity" are calculated as if Additional Tier 1 Capital (AT1) is recognised as a liability. In the numerator, the profit is less interest expenses of DKK 156m (2018: DKK 127m) for AT1 capital, and the denominator is calculated as equity exclusive of Additional Tier 1 Capital (AT1) at DKK 3,257m (2018: DKK 2,546m).

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

"Book value per share" and "Price/book value per share" are calculated as if Additional Tier 1 Capital (AT1) is accounted for as a liability. Book value was calculated exclusive of Additional Tier 1 Capital (AT1) of DKK 3,257m (2018: DKK 2,546m).

Note		The Jyske Bank Group	
	DKKm	2019	2018
3	Segment information, income by product		
	Corporate clients	2,970	3,030
	Private clients	2,197	2,183
	Trading income	1,757	2,036
	Others	1,590	1,774
	Total	8,514	9,023

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

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

4 Segment information, income by geography

The Group's sum of net interest and fee income and value adjustments amounted to DKK 7,782m (2018: DKK 7,937m), which is distributed with DKK 7,649m (2018; DKK 7,785m) for Denmark and DKK 133m (2018: DKK 152m) internationally.

Geographical segments are listed according to where transactions are booked.

DKKm

5 Segment information, revenue by country

2019	Revenue	Pre-tax profit	Tax	Profit for the year	Public subsidies	Full-time employees end of period
Denmark	13,311	3,043	636	2,407	0	3,524
Gibraltar	131	35	3	32	0	81
Germany	5	1	0	1	0	9
Spain	0	0	0	0	0	0
Total	**13,447**	**3,079**	**639**	**2,440**	**0**	**3,614**
2018						
Denmark	13,909	2,993	625	2,368	0	3,621
Gibraltar	148	145	15	130	0	94
Germany	5	2	0	2	0	8
Spain	0	0	0	0	0	0
Total	14,062	3,140	640	2,500	0	3,723

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

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

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

DKKm

6 Net interest income and value adjustments

	Interest income	Interest expenses	Net interest income	Dividends	Value adjustments	Total
2019						
Financial portfolios at amortised cost						
Due from and to credit institutions and central banks	-3	82	-85	0	311	226
Loans, advances and deposits	2,410	-31	2,441	0	-340	2,101
Bonds	113	0	113	0	66	179
Issued bonds	0	185	-185	0	-19	-204
Subordinated debt	0	96	-96	0	23	-73
Other financial instruments	2	8	-6	0	0	-6
Total	2,522	340	2,182	0	41	2,223
Financial portfolios at fair value through profit or loss						
Bonds	413	0	413	0	311	724
Shares, etc.	0	0	0	57	639	696
Derivatives	379	-37	416	0	-439	-23
Total	792	-37	829	57	511	1,397
Financial portfolios designated at fair value margins through profit						
Loans and advances	5,854	0	5,854	0	1,634	7,488
Issued bonds	0	3,554	-3,554	0	-2,026	-5,580
Total	5,854	3,554	2,300	0	-392	1,908
Total net interest income and value adjustments	**9,168**	**3,857**	**5,311**	**57**	**160**	**5,528**
2018						
Financial portfolios at amortised cost						
Due from and to credit institutions and central banks	18	95	-77	0	504	427
Loans, advances and deposits	3,093	-61	3,154	0	-361	2,793
Bonds	84	0	84	0	-117	-33
Issued bonds	0	118	-118	0	-79	-197
Subordinated debt	0	101	-101	0	22	-79
Other financial instruments	1	0	1	0	0	1
Total	3,196	253	2,943	0	-31	2,912
Financial portfolios at fair value						
Bonds	449	0	449	0	-251	198
Shares, etc.	0	0	0	134	1,044	1,178
Derivatives	316	87	229	0	-268	-39
Total	765	87	678	134	525	1,337
Financial portfolios designated at fair value margins through profit						
Loans and advances	5,999	0	5,999	0	-378	5,621
Issued bonds	0	4,023	-4,023	0	251	-3,772
Total	5,999	4,023	1,976	0	-127	1,849
Total net interest income and value adjustments	**9,960**	**4,363**	**5,597**	**134**	**367**	**6,098**

Interest income and interest expenses were calculated before adjustment of negative interest, cf. notes 7 and 8.
Under Value adjustments, foreign exchange adjustment has been distributed on asset and liability classes. All asset and liability classes form part of day-to-day management of currency risk. Currency translation adjustments, inclusive of trading income, for 2019 amounted to DKK 156m (2018: DKK 162m).

Note		The Jyske Bank Group	
	DKKm	2019	2018
7	**Interest income**		
	Due from credit institutions and central banks	-3	18
	Loans and advances	6,490	7,437
	Administration margin	1,774	1,655
	Bonds	704	786
	Derivatives, total	379	316
	Of which currency contracts	509	229
	Of which interest-rate contracts	-130	87
	Others	2	1
	Total	9,346	10,213
	Interest on own mortgage bonds, set off against interest on issued bonds	178	253
	Total after offsetting of negative interest income	9,168	9,960
	Negative interest income set off against interest income	346	206
	Negative interest expenses set off against interest expenses	524	501
	Total before offsetting of negative interest income	10,038	10,667

Negative interest income amounted to DKK 346m (2018: DKK 206m) 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.

		2019	2018
8	**Interest expenses**		
	Due to credit institutions and central banks	82	95
	Deposits	-31	-61
	Issued bonds	3,917	4,394
	Subordinated debt	96	101
	Other	-29	87
	Total	4,035	4,616
	Interest on own mortgage bonds, set off against interest on issued bonds	178	253
	Total after offsetting of negative interest expenses	3,857	4,363
	Negative interest expenses set off against interest expenses	524	501
	Negative interest income set off against interest income	346	206
	Total before offsetting of negative interest income	4,727	5,070

Negative interest expenses amounted to DKK 524m (2018: DKK 501m) and related primarily to repo transactions as well as deposits and issued bonds. 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.

		2019	2018
9	**Fees and commission income**		
	Securities trading and custody services	1,454	1,225
	Money transfers and card payments	212	213
	Loan application fees	503	371
	Guarantee commission	114	108
	Other fees and commissions	451	408
	Fees and commissions received, total	2,734	2,325
	Fees and commissions paid, total	423	352
	Fee and commission income, net	2,311	1,973

Jyske Bank's fee and commission income was finally calculated at the end of the year, when the bank's obligation to deliver had been fulfilled and also the client's payment had been effected. Hence there remains no material balances for contractual assets and liabilities.
The fee income for the year amounting to DKK 2,734m less fees and commissions paid for the year of DKK 423m constitute the net fee and commission income for the year in the amount of DKK 2,311m (2018: DKK 1,973m). These are recognised in the segmental financial statements for the bank's three business areas, cf. note 2.
Loan application fees received relating to financial instruments measured at amortised cost amounted to DKK 216m (2018: DKK 266m).
Fee and commission income from from asset-management activities and other activities entrusted to the bank that entail management or investment of assets on behalf of individuals, funds, pension funds and other institutions amounted to DKK 742m (2018: DKK 718m).

Note		The Jyske Bank Group	
	DKKm	2019	2018
10	**Value adjustments**		
	Loans and advances at fair value	1,634	-378
	Bonds	-63	-646
	Other investment securities	274	559
	Currency	156	162
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	166	436
	Issued bonds	-2,002	260
	Other assets and liabilities	-5	-26
	Total	160	367
11	**Other income**		
	Income on real property	47	64
	Profit on the sale of property, plant and equipment	35	299
	Income from operating lease[1]	516	536
	Dividends, etc.	57	134
	Profit on investments in associates and group enterprises	-41	-15
	Other income	77	68
	Total	691	1,086

[1]) Expenses relating to operating leases affected the item Amortisation, depreciation and impairment charges in the amount of DKK 415m in 2019 against DKK 455m in 2018.

Note		The Jyske Bank Group	
	DKKm	2019	2018
12	**Employee and administrative expenses**		
	Employee expenses		
	Wages and salaries, etc.	2,410	2,353
	Pensions	272	280
	Social security	338	313
	Total	3,020	2,946
	Salaries and remuneration to management bodies		
	Executive Board *	35	37
	Supervisory Board	8	6
	Shareholders' Representatives	3	3
	Total	46	46

*Salaries and remuneration to the Executive Board include value of company car, etc. as well as the retirement remuneration earned over the year in the amount of DKK 1.4m (2018: DKK 1.4m), cf. subsequent information in the note. Variable remuneration to the Executive Board totalled DKK 0.0m (2018: DKK 0.4m).

Remuneration of the Supervisory Board	2019	2018
Sven Buhrkall	1.7	1.5
Kurt Bligaard Pedersen	1.0	0.9
Rina Asmussen	0.7	0.6
Philip Baruch	0.7	0.6
Jens A. Borup	0.8	0.8
Anker Laden-Andersen (joined on 26.03.2019)	0.4	0.0
Keld Norup	0.6	0.6
Per Schnack (joined on 26.03.2019)	0.4	0.0
Johnny Christensen (joined on 20.03.2018)	0.4	0.3
Marianne Lillevang	0.6	0.5
Christina Lykke Munk	0.5	0.4
Haggai Kunisch (resigned on 20.03.2018)	0.0	0.1
Total	7.8	6.3

In addition to the fixed remuneration, the members of the committees under the Supervisory Board receive a committee remuneration. Of the total remuneration to the Supervisory Board, committee remuneration and Shareholders' Representatives' remuneration totalled DKK 3.2m in 2019 against DKK 2.6m in 2018, which amount is included in the above amounts Amount.
The Supervisory Board does not receive variable remuneration

Remuneration paid to the Executive Board	2019	2018
Anders Dam	9.9	9.8
Niels Erik Jakobsen	7.8	7.7
Peter Schleidt	8.1	7.7
Per Skovhus	7.9	7.9
Leif F. Larsen (resigned on 30.04.2018)	0.0	3.1
Total	33.7	36.2

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

In 2019, the Executive Board earned further retirement remuneration from Jyske Bank's Pensionstilskudsfond, which will be paid out upon retirement.

DKKm

12 **Employee and administrative expenses, cont.**

Total remuneration of the Executive Board

2019	Anders Dam	Niels Erik Jakobsen	Peter Schleidt	Per Skovhus	Leif F. Larsen	Total
Remuneration paid	9.9	7.8	8.1	7.9	0.0	33.7
Retirement remuneration earned over the year	0.1	0.1	0.6	0.6	0.0	1.4
Total	**10.0**	**7.9**	**8.7**	**8.5**	**0.0**	**35.1**
2018						
Remuneration paid	9.8	7.7	7.7	7.9	3.1	36.2
Retirement remuneration earned over the year	0.1	0.1	0.6	0.6	0.0	1.4
Total	9.9	7.8	8.3	8.5	3.1	37.6

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

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

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

Jyske Bank's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of the Executive Board and their surviving relatives, if any. Payment will commence upon the resignation of the individual member of the Executive Board. Since 1 January 2011, members of the Executive Board do not qualify for any further rights to pension supplements from Jyske Bank's Pensionstilskudfond apart from a one-off payment in the form of a seniority-dependent retirement remuneration not exceeding 83.33% of the annual salary at the time of resignation, cf. the above table showing the total remuneration of the Executive Board. The retirement remuneration will be maximised when a member reaches 25 years of seniority, however, as regards Peter Schleidt and Per Skovhus when they reach 10 years of seniority. In the event of lower seniority at the time of resignation, the retirement remuneration will be reduced proportionally according to the shorter seniority. The pension liabilities of Jyske Bank's Pensionstilskudsfond are calculated actuarially and based on a number of assumptions. To the extent the value of Jyske Bank's Pensionstilskudsfond's assets does not match the net present value of the liabilities, the remaining amount has been recognised as a liability in the financial statements. See notes 37 and 63 for further details.

Note	DKKm	2019	2018
12	**Employee and administrative expenses, cont.**		
	Other administrative expenses		
	IT	1,296	1,323
	Other operating expenses	125	125
	Other administrative expenses	440	418
	Total	1,861	1,866
	Employee and administrative expenses, total	4,924	4,858
	Average number of employees for the financial year (full-time employees)	3,690	3,838
	Average number of members of the Executive Board	4.0	4.3
	Average number of members of the Supervisory Board	10.5	9.0
	Specification of wages and salaries, etc.		
	Wages and salaries and other short-term employee benefits	2,405	2,349
	Other long-term employee benefits	5	4
	Total	2,410	2,353
	Remuneration of risk takers		
	Number of members over the year	116	113
	Number of members at year-end	92	101
	Contractual remuneration	120	142
	Variable remuneration	3	2
	Pension	12	15
	Pension obligation	5	3

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

Note		2019	2018
13	**Audit fees**		
	Total fees to Jyske Bank A/S's auditors elected at the Annual General Meeting and to auditors in the subsidiaries in and outside Denmark	8	5
	Breakdown of audit fees:		
	Fee for statutory audit of the financial statements	3	3
	Fee for other assurance services	2	1
	Fee for tax advice	1	0
	Fee for other services	2	1

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

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

Note			The Jyske Bank Group
	DKKm	2019	2018
14	**Loan impairment charges and provisions for guarantees**		
	Loan impairment charges and provisions for guarantees recognised in the income statement		
	Loan impairment charges and provisions for guarantees for the year	-50	374
	Impairment charges on balances due from credit institutions for the year	1	2
	Provisions for loan commitments and unutilised credit lines in the year	-7	-10
	Recognised as a loss, not covered by loan impairment charges and provisions	302	480
	Recoveries	-269	-239
	Loan impairment charges and provisions for guarantees, exclusive of discount recognised as income	-23	607
	Recognised discount for acquired loans*	78	139
	Loan impairment charges and provisions for guarantees recognised in the income statement	-101	468
	Earnings impact exclusive of loans and advances at fair value and discount balance	-58	238
	Balance of loan impairment charges and provisions for guarantees		
	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 year	-56	366
	Recognised as a loss, covered by loan impairment charges and provisions	-396	-626
	Other movements	72	82
	Balance of loan impairment charges and provisions, end of period	5,227	5,607
	Loan impairment charges and provisions for guarantees at amortised cost	3,660	4,078
	Loan impairment charges at fair value	1,194	1,166
	Provisions for guarantees	233	216
	Provisions for credit commitments and unutilised credit lines	140	147
	Balance of loan impairment charges and provisions, end of period	5,227	5,607

* The discount balance for loans and advances taken over amounts to the expected credit losses recognised initially at fair value. Subsequent positive changes to the expected credit losses during the term are recognise as income and stated under loan impairment charges and provisions for guarantees.

The discount balance for loans and advances taken over is not included in the balance of loan impairment charges and provisions for guarantees.

The contractual balances outstanding for financial assets that were written off as losses in 2019 and that are still attempted to be recovered amounted to DKK 698m (2018: DKK 1,106m).

Note	The Jyske Bank Group

DKKm

14 **Loan impairment charges and provisions for guarantees , cont.**

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	333	-240	-93	0
Transfer of impairment charges at beginning of period to stage 2	-40	166	-126	0
Transfer of impairment charges at beginning of period to stage 3	-3	-116	119	0
Impairment charges on new loans, etc.	245	189	159	593
Impairment charges on discontinued loans and provisions for guarantees	-168	-271	-444	-883
Effect from recalculation	-300	166	440	306
Previously recognized as impairment charges, now final loss	-2	-7	-387	-396
Balance of loan impairment charges and provisions for guarantees, end of 2019)	705	1,193	3,329	5,227

Loan impairment charges and provisions for guarantees

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	270	-163	-107	0
Transfer of impairment charges at beginning of period to stage 2	-39	163	-124	0
Transfer of impairment charges at beginning of period to stage 3	-6	-140	146	0
Impairment charges on new loans, etc.	271	264	569	1,104
Impairment charges on discontinued loans and provisions for guarantees	-221	-307	-837	-1,365
Effect from recalculation	-259	159	402	302
Previously recognized as impairment charges, now final loss	-21	-22	-583	-626
Balance of loan impairment charges and provisions for guarantees, end of 2018)	640	1,306	3,661	5,607

Generally the year saw reversals of impairment charges due the improvement of the credit risk. This goes for both the bank and the mortgage credit portfolio. The items of new loans and advances, etc. and discontinued loans and advances, etc. were affected by natural refinancing and re-mortgaging of loans and advances. The size of the item recalculation was affected by the changed credit risk at each stage. The period only saw minor model adjustments.

In 2019, gross loans increased. This can in particular be attributed to an increase in repo loans and the mortgage credit portfolio. The falling gross loans in stages 2 and 3 were the main reasons why impairment charges fell in stages 2 and 3 in 2019. Write-offs of losses were at a low level in 2019, and the development of gross loans in stages 2 and 3 could be attributed primarily to instalments on the exposure and, to a lesser degree, to the fact that gross loans were transferred to stages 2 and 3.

DKKm

14 Loan impairment charges and provisions for guarantees, cont.

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	157	-103	-54	0
Transfer of impairment charges at beginning of period to stage 2	-29	97	-68	0
Transfer of impairment charges at beginning of period to stage 3	-2	-87	89	0
Impairment charges on new loans, etc.	89	46	121	**256**
Impairment charges on discontinued loans and provisions for guarantees	-56	-123	-323	**-502**
Effect from recalculation	-154	86	261	**193**
Previously recognized as impairment charges, now final loss	-2	-1	-362	**-365**
Balance of loan impairment charges and provisions, end of 2019	**325**	**505**	**2,830**	**3,660**

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	149	-80	-69	0
Transfer of impairment charges at beginning of period to stage 2	-32	90	-58	0
Transfer of impairment charges at beginning of period to stage 3	-5	-98	103	0
Impairment charges on new loans, etc.	110	85	440	**635**
Impairment charges on discontinued loans and provisions for guarantees	-63	-140	-601	**-804**
Effect from recalculation	-140	102	411	**373**
Previously recognized as impairment charges, now final loss	-20	-10	-527	**-557**
Balance of loan impairment charges and provisions, end of 2018	**322**	**590**	**3,166**	**4,078**

DKKm

Loan impairment charges and provisions for guarantees, cont.

14 Breakdown of balance of impairment charges by stage– loans at fair value	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	249	634	283	1,166
Transfer of impairment charges at beginning of period to stage 1	157	-122	-35	0
Transfer of impairment charges at beginning of period to stage 2	-8	65	-57	0
Transfer of impairment charges at beginning of period to stage 3	-1	-27	28	0
Impairment charges on new loans, etc.	130	130	21	281
Impairment charges on discontinued loans and provisions for guarantees	-78	-108	-65	-251
Effect from recalculation	-126	56	91	21
Previously recognized as impairment charges, now final loss	0	-5	-18	-23
Balance of loan impairment charges and provisions, end of 2019	323	623	248	1,194

Breakdown of balance of impairment charges by stage– loans at fair value	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of 2018				923
Transitional effect, IFRS 9, incl. derived effect on loans at fair value				407
Total, beginning of 2018	253	651	426	1,330
Transfer of impairment charges at beginning of period to stage 1	109	-73	-36	0
Transfer of impairment charges at beginning of period to stage 2	-5	67	-62	0
Transfer of impairment charges at beginning of period to stage 3	-1	-39	40	0
Impairment charges on new loans, etc.	129	150	101	380
Impairment charges on discontinued loans and provisions for guarantees	-122	-152	-156	-430
Effect from recalculation	-113	41	17	-55
Previously recognized as impairment charges, now final loss	-1	-11	-47	-59
Balance of loan impairment charges and provisions, end of 2018	249	634	283	1,166

DKKm

Loan impairment charges and provisions for guarantees, cont.

14 Breakdown of provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	69	82	212	363
Transfer of impairment charges at beginning of period to stage 1	19	-15	-4	0
Transfer of impairment charges at beginning of period to stage 2	-2	5	-3	0
Transfer of impairment charges at beginning of period to stage 3	0	-3	3	0
Impairment charges on new loans, etc.	25	13	18	56
Impairment charges on discontinued loans and provisions for guarantees	-35	-40	-55	-130
Effect from recalculation	-19	24	87	92
Previously recognized as impairment charges, now final loss	0	-1	-7	-8
Balance of loan impairment charges and provisions, end of 2019	57	65	251	373

Breakdown of provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of 2018				342
Transitional effect, IFRS 9				89
Total, beginning of 2018	69	60	302	431
Transfer of impairment charges at beginning of period to stage 1	12	-10	-2	0
Transfer of impairment charges at beginning of period to stage 2	-2	6	-4	0
Transfer of impairment charges at beginning of period to stage 3	0	-3	3	0
Impairment charges on new loans, etc.	32	29	28	89
Impairment charges on discontinued loans and provisions for guarantees	-36	-15	-80	-131
Effect from recalculation	-6	16	-26	-16
Previously recognized as impairment charges, now final loss	0	-1	-9	-10
Balance of loan impairment charges and provisions, end of 2018	69	82	212	363

Gross loans, advances and guarantees by stage	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 1 January 2019	449,690	27,305	10,049	487,044
Transfer of loans, advances and guarantees to stage 1	12,813	-12,411	-402	0
Transfer of loans, advances and guarantees to stage 2	-7,982	8,517	-535	0
Transfer of loans, advances and guarantees to stage 3	-673	-1,412	2,085	0
Other movements	15,245	2,609	-1,980	15,874
Gross loans, advances and guarantees, 31 December 2019	469,093	24,608	9,217	502,918
Loan impairment charges and provisions for guarantees, total	663	1,151	3,272	5,086
Net loans, advances and guarantees, 31 December 2019	468,430	23,457	5,945	497,832

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

Note							The Jyske Bank Group
	DKKm						
14	Loan impairment charges and provisions for guarantees, cont.		2019				2018

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	40,911	146	0	**41,057**	43,589
2	0.10 - 0.15	10,681	10	0	**10,691**	16,077
3	0.15 - 0.22	33,375	44	0	**33,419**	27,759
4	0.22 - 0.33	37,757	70	0	**37,827**	34,684
5	0.33 - 0.48	92,040	521	0	**92,561**	91,231
Ratings 1- 5		214,764	791	0	**215,555**	213,340
6	0.48 - 0.70	81,787	517	0	**82,304**	82,236
7	0.70 - 1.02	70,205	988	0	**71,193**	63,590
8	1.02 - 1.48	44,242	1,470	0	**45,712**	38,104
9	1.48 - 2.15	29,302	2,141	0	**31,443**	31,538
10	2.15 - 3.13	10,411	1,607	0	**12,018**	11,070
11	3.13 - 4.59	7,399	2,642	0	**10,041**	9,238
Ratings 6 – 11		243,346	9,365	0	**252,711**	235,776
12	4.59 - 6.79	3,556	2,660	0	**6,216**	5,940
13	6.79 - 10.21	2,018	3,304	0	**5,322**	6,631
14	10.21 - 25.0	1,460	7,685	0	**9,145**	8,743
Ratings 12-14		7,034	13,649	0	**20,683**	21,314
Others		3,743	110	0	**3,853**	5,599
Non performing loans		207	691	9,218	**10,116**	11,015
Total		**469,094**	**24,606**	**9,218**	**502,918**	487,044

Irrevocable credit commitments of DKK 18,770m (end of 2018: DKK 18,175m) are all in stage 1 and are distributed according to internal ratings in this way: Rating 1: DKK 2,565m, Rating 2: DKK 520m, Rating 3: DKK 473m, Rating 4: DKK 784m, Rating 7: DKK 5,543m, Rating 9: DKK 1,886m and Rating 11: DKK 6,999m.
(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).

Loan impairment charges and provisions for guarantees by stage and internal rating		2019				2018
		Stage 1	Stage 2	Stage 3	Total	Total
Performing	PD band (%)					
1	0.00 - 0.10	16	1	0	**17**	9
2	0.10 - 0.15	10	0	0	**10**	6
3	0.15 - 0.22	31	0	0	**31**	15
4	0.22 - 0.33	28	1	0	**29**	30
5	0.33 - 0.48	90	2	0	**92**	92
Ratings 1- 5		175	4	0	**179**	152
6	0.48 - 0.70	82	4	0	**86**	102
7	0.70 - 1.02	93	9	0	**102**	87
8	1.02 - 1.48	96	13	0	**109**	116
9	1.48 - 2.15	76	33	0	**109**	104
10	2.15 - 3.13	27	38	0	**65**	86
11	3.13 - 4.59	50	61	0	**111**	111
Ratings 6 – 11		424	158	0	**582**	606
12	4.59 - 6.79	15	75	0	**90**	103
13	6.79 - 10.21	13	123	0	**136**	166
14	10.21 - 25.0	8	567	0	**575**	700
Ratings 12-14		36	765	0	**801**	969
Others		27	115	0	**142**	49
Non performing loans		1	108	3,272	**3,381**	3,684
Total		663	1,151	3,272	**5,086**	5,460

Note		The Jyske Bank Group	
	DKKm	2019	2018
14	**Loan impairment charges and provisions for guarantees, cont.**		
	Security provided for assets credit-impaired on the balance sheet date		
	Cash deposits	85	144
	Highly liquid securities	53	85
	Bank guarantees	24	4
	Real property, residential	2,818	2,844
	Real property, commercial	2,678	3,347
	Movable property, cars, rolling stock	97	61
	Other movable property	297	333
	Other collateral	12	0
	Guarantees (financial institutions)	137	84
	Total	6,201	6,902

Note		The Jyske Bank Group	
	DKKm	2019	2018
15	**Tax**		
	Current tax	946	623
	Change in deferred tax	-301	-5
	Adjustment of tax for previous years	-6	22
	Total	639	640
	Effective tax rate		
	Danish tax rate	22.0	22.0
	Adjustments as regards previous years	-0.2	0.6
	Non-taxable income and non-deductible expenses, etc.	0.0	-2.7
	Other	-1.0	0.5
	Effective tax rate	20.8	20.4
16	**Earnings per share**		
	Profit for the year	2,440	2,500
	Holders of Additional Tier 1 Capital	156	127
	Proportion attributable to shareholders of Jyske Bank A/S	2,284	2,373
	Average number of shares, 1,000 shares	82,962	87,930
	Average number of own shares, 1,000 shares	-4,191	-3,648
	Average number of shares in circulation, 1,000 shares	78,771	84,282
	Average number of shares in circulation at end of period, 1,000 shares	74,841	81,536
	Earnings per share (EPS) DKK	29.00	28.15
	Earnings per share diluted (EPS-D) DKK	29.00	28.15
	Core earnings per share		
	Core profit	3,132	2,635
	Holders of Additional Tier 1 Capital	156	127
	Core profit ex holders of AT1 capital	2,976	2,508
	Average number of shares in circulation, 1,000 shares	78,771	84,282
	Core earnings (DKK) per share	37.79	29.76

DKKm

17 **Contractual time to maturity, 2019**

	On demand	Up to 3 months	3 months 1 year	1-5 years	Over 5 years	Total
Assets						
Due from credit institutions and central banks	1,286	22,101	0	0	5	23,392
Loans and advances at fair value	0	2,087	7,052	39,741	291,026	339,906
Loans and advances at amortised cost	132	76,737	28,784	28,148	12,193	145,994
Bonds at fair value	0	6,059	22,003	40,403	9,868	78,333
Bonds at amortised cost	0	0	2,593	4,744	3,799	11,136
Liabilities						
Due to credit institutions and central banks	2,053	23,793	920	1,741	771	29,278
Deposits, exclusive of pooled deposits	108,392	17,517	4,423	1,168	4,533	136,033
Issued bonds at fair value	0	24,656	54,829	132,910	144,642	357,037
Issued bonds at amortised cost	0	6,148	14,160	18,120	128	38,556
Subordinated debt	0	0	11	2,796	1,520	4,327
Off-balance sheet items						
Guarantees, etc.	3,705	2,575	1,881	2,942	829	11,932
Irrevocable credit commitments	0	7,130	5,596	6,044	0	18,770

Contractual time to maturity, 2018

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

The above amounts are exclusive of interest.

17 Contractual time to maturity – cont.

Standard terms

Personal clients
Jyske Bank can call in floating-rate loans and credit facilities with a reasonable or usual notice of termination according to the rules on good business practice. Fixed-rate loans are non-callable. Clients can terminate their commitment with Jyske Bank without notice or, in the case of fixed-rate credit facilities, at two business days' notice. In case of default, Jyske Bank can terminate an agreement without notice.
As a main rule, the debtor undertakes to disclose financial information. Jyske Bank may dispense with such undertaking where other information on the commitment, the repayment record and the collateral provided is deemed adequate to assess the credit risk.

Small and medium-sized corporate clients
Jyske Bank can call in floating-rate loans and credit facilities without notice. In respect of old agreements, a term of notice of four weeks may apply on the part of Jyske Bank. Fixed-rate loans are non-callable. In case of default, a client relationship can be terminated without notice.
Unless collateral has been provided in full, the borrower is obliged to submit financial information to the Bank.
It is Jyske Bank's policy that the majority shareholder personally guarantees commitments in part or in full.

Large corporate clients
Terms of notice are agreed upon on an individual basis and may correspond to the standard notice applicable to other corporate clients. For facilities that cannot be terminated at short notice, covenants regarding financial ratios and material changes in the position of the client are standard.
Generally, financial information is submitted quarterly.
Typically, close-out netting agreements, negative pledge or pari passu agreements are entered into.

	DKKm	2019	2018
18	Due from credit institutions and central banks		
	At notice with central banks	10,348	300
	Due from credit institutions	13,044	12,881
	Total	23,392	13,181

Note		The Jyske Bank Group	
	DKKm	2019	2018
19	**Loans and advances at fair value**		
	Mortgage loans, nominal value	327,926	318,351
	Adjustment for interest-rate risk, etc.	10,410	8,762
	Adjustment for credit risk[1]	-1,286	-1,317
	Mortgage loans at fair value, total	337,050	325,796
	Arrears and outlays, total	148	97
	Other loans and advances	2,708	5,082
	Loans and advances at fair value, total	339,906	330,975

[1]Adjustment for credit risk is determined on whether there is an objective indication of impairment in relation to the value at the establishment of the loan.

Note	DKKm	2019	2018
20	**Loans and advances at fair value broken down by property category**		
	Owner-occupied homes	170,836	168,947
	Vacation homes	8,285	8,136
	Subsidised housing (rental housing)	53,989	53,116
	Cooperative housing	14,820	16,300
	Private rental properties (rental housing)	49,366	44,219
	Industrial properties	2,630	1,783
	Office and business properties	34,365	33,780
	Agricultural properties, etc.	63	83
	Properties for social, cultural and educational purposes	5,415	4,508
	Other properties	137	103
	Total	339,906	330,975

Note		The Jyske Bank Group	
	DKKm	2019	2018
21	Loans and advances at amortised cost and guarantees broken down by sector		
	Public authorities	8,255	8,571
	Agriculture, hunting, forestry, fishing	7,083	8,947
	Manufacturing, mining, etc.	8,114	8,348
	Energy supply	4,029	4,509
	Building and construction	4,265	4,051
	Commerce	11,187	12,499
	Transport, hotels and restaurants	6,044	6,369
	Information and communication	706	1,093
	Finance and insurance	44,079	28,568
	Real property	17,083	15,472
	Other sectors	7,348	7,526
	Corporates, total	109,938	97,382
	Personal clients, total	39,733	44,656
	Total	157,926	150,609

Note		The Jyske Bank Group	
	DKKm	2019	2018
22	**Fair value of collateral for loans, advances and guarantees**		
	Cash balances	2,343	2,606
	Securities	7,653	7,376
	Guarantees made out directly to the Group	40,355	37,882
	Real property, residential	191,241	191,924
	Real property, commercial	135,133	131,324
	Movable property, cars and rolling stock	9,902	9,695
	Other movable property	8,480	7,833
	Other collateral	335	1,579
	Guarantees whereby the guarantors assume primary liability	2,527	2,501
	Total	397,969	392,720
	Collateral has been received for loans and advances under a number of other guarantee types.	5,075	3,032

For accounting purposes, the Jyske Bank Group has, for the financial year 2019, adjusted the disclosures in the notes about collateral provided for loans. Hence the collateral values represent the values applied as risk reduction in the statement of the basic scenario for the statement of impairment charges. Relative to previous financial years, this means an overall change to the collateral values of less than about 1%. Mortgages that account for the most important collateral values fell on the whole (by about 1%) due to increased haircuts for clients without OEI, as this part of the portfolio is subject to the longest model projections without any physical inspection and hence the largest risk of actual value corrections.

The Jyske Bank Group has not seen significant changes to the quality of the collateral or other credit protection due to deterioration or changes to the company's policy on provision of collateral during the accounting period. Also, 2019 was characterised by stable economic conditions, which secures fairly stable collateral values in the Group.

For both 2019 and 2018, the types of collateral are ranked with the most liquid types at the top. The collateral values have been reduced in order of priority according to liquidity if the collateral values exceed loans, advances and guarantees at fair value, loans and advances at amortised cost, guarantees and unutilised loan commitments at client level. Consequently, surplus collateral values from exposures that have been fully guaranteed are not included in the above note. For clients with fully guaranteed exposures in all impairment scenarios, the calculated indication of impairment will generally be DKK 0. This may be the case with exposures with a high surplus of fixed-value collateral such as cash, securities and properties. Therefore, exposure categories with a calculated indication of impairment of DKK 0 are typically mortgage loans, home loans, cooperative unit loans and investment credit facilities.

Collateral values are recognised according to the following principles:

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

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

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

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

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

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

Note		The Jyske Bank Group	
	DKKm	2019	2018
23	**Bonds at fair value and amortised cost, total, measured at fair value**		
	Own mortgage bonds	19,527	26,068
	Other mortgage bonds	73,292	67,267
	Government bonds	2,396	2,371
	Other bonds	13,890	10,205
	Total before offsetting of own mortgage bonds	109,105	105,911
	Own mortgage bonds offset against issued bonds	19,527	26,068
	Bonds, total, at fair value	89,578	79,843

24	**Bonds at amortised cost**		
	Carrying amount of bonds at amortised cost	11,136	7,517
	Fair value of bonds at amortised cost,	11,245	7,576
	Fair value of bonds at amortised cost relative to carrying amount	109	59

Fair value of the "held-to-maturity portfolio" was higher than the carrying amount by DKK 109m against a fair value of DKK 59m above the carrying amount at the end of 2018.

Note		The Jyske Bank Group	
	DKKm	2019	2018

25 **Security**

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

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

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

The Jyske Bank Group has deposited bonds with central banks and clearing houses, etc. in connection with clearing and settlement of securities and currency transactions as well as tri-party repo transactions totalling a market value of DKK 23,743m at the end of 2019 (2018: DKK 11,533m).

In addition, the Jyske Bank Group has provided cash collateral in connection with CSA agreement in the amount of DKK 6,544m (2018: DKK 7,290m) as well as bonds in the amount of DKK 1,677m (2018: 359m).

Due to repo transactions, i.e. sale of securities involving agreements to repurchase them at a later point in time, bonds in the amount of DKK 10,058m (2018: DKK 11,006m) were at the end of 2019 provided as security for the amount that was borrowed. See note 40 for further details.

Mortgage loans in the amount of DKK 337,050m (2018: DKK 325,796m) and other assets of DKK 38,495m (2018: 20,842m) were at the end of 2019 registered as collateral for issued mortgage bonds, including covered bonds. According to the Danish mortgage legislation, the issued mortgage bonds, including covered bonds, are secured against the underlying mortgage loans.

Due to reverse repos, i.e. purchase of securities involving agreements to resell them at a later point in time, the Jyske Bank Group received the sold bonds as security for the amounts that was lent. At the end of 2019, reverse repos amounted to DKK 50,765m (2018: DKK 30,175m).

In addition, the Jyske Bank Group has received cash collateral in connection with CSA agreements in the amount of DKK 1,668m (2018: DKK 1,143m) as well as bonds in the amount of DKK 826m (2018: 1,432m).

Please see note 22 on collateral received for loans, advances and guarantees.

26 **Shares, etc.**

	2019	2018
Shares/investment fund units listed on Nasdaq Copenhagen A/S	578	610
Shares/mutual fund certificates listed on other exchanges	44	121
Unlisted shares are stated at fair value.	1,800	2,695
Total	2,422	3,426

Note		The Jyske Bank Group	
	DKKm	2019	2018
27	**Portfolio of own shares**		
	Own shares ('000)	2,713	3,409
	Nominal value of own shares	27,132	34,091
	Portfolio of own shares as a percentage of the share capital	3.50	4.01
	Acquisition of own shares		
	Own shares ('000)	11,091	8,311
	Nominal value of own shares	110,914	83,106
	Portfolio of acquired own shares as a percentage of the share capital	14.30	9.78
	Sale of own shares		
	Own shares ('000)	4,396	4,142
	Nominal value of own shares	43,960	41,414
	Portfolio of sold own shares as a percentage of the share capital	5.67	4.87
	Cancellation of own shares		
	Own shares ('000)	7,391	4,214
	Nominal value of own shares	73,913	42,140
	Total purchase price	2,592	2,637
	Total selling price	1,017	1,350

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

28	**Subordinated receivables**		
	Loans and advances	38	39
	Bonds	876	1,031
	Total	914	1,070

Subordinated receivables consist materially of listed subordinated and hybrid bonds issued by European SIFI institutions and Danish institutions. These are recognised in the balance sheet under bonds at fair value.

29	**Intangible assets**		
	Total cost, beginning of period	75	305
	Additions	0	0
	Disposals	1	230
	Total cost, end of period	74	75
	Amortisation, depreciation and impairment charges, beginning of period	70	292
	Amortisation for the year	4	8
	Reversed amortisation, depreciation and impairment	1	230
	Amortisation, depreciation and impairment charges, end of period	73	70
	Recognised value, end of period	1	5

Note		The Jyske Bank Group	
	DKKm	2019	2018
30	**Property, plant and equipment**		
	Owner-occupied properties	1,776	1,901
	Owner-occupied properties, leasing	360	0
	Other property, plant and equipment	2,394	2,317
	Total	4,530	4,218
	Specification of property, plant and equipment, owner-occupied properties, exclusive of leasing		
	Restated value, beginning of period	1,901	2,657
	Currency translation adjustment	0	-1
	Additions during the year, including improvements	11	13
	Disposals for the year	125	878
	Depreciation	10	10
	Positive changes in values recognised in other comprehensive income in the course of the year	8	125
	Negative changes in values recognised in other comprehensive income in the course of the year	9	4
	Positive changes in value recognised directly in the income statement during the year	1	2
	Negative changes in value recognised directly in the income statement during the year	1	3
	Restated value, end of period	1,776	1,901
	Cost less accumulated amortisation, depreciation and impairment charges	1,556	1,640
	For mortgage credit institutions, collateral has been provided in land and buildings, the carrying amount of which is	0	0
	Required rate of return	4.5%-12%	4.0%-10%
	Weighted average return applied	6.44%	6.32%
	Specification of property, plant and equipment, other property, plant and equipment		
	Total cost, beginning of period	4,374	4,347
	Currency translation adjustment	-8	-21
	Additions	1,155	969
	Disposals	1,066	921
	Total cost, end of period	4,455	4,374
	Amortisation, depreciation and impairment charges, beginning of period	2,057	1,890
	Amortisation for the year	537	559
	Impairment charges for the year	41	19
	Reversed amortisation, depreciation and impairment	574	411
	Amortisation, depreciation and impairment charges, end of period	2,061	2,057
	Recognised value, end of period	2,394	2,317

Note		The Jyske Bank Group	
	DKKm	2019	2018

30 **Property, plant and equipment, cont.**

Leases for which the Group acts as the lessor have been entered for machinery and equipment, including cars, vans and lorries. These are recognised in the amount of DKK 2,323m under other property, plant and equipment (2018: DKK 2,216m). Reference is made to note 65.

Jyske Bank is the lessee under a number of lease agreements, which as of 2019 are recognised in Jyske Bank's balance sheet as leased assets under Property, plant and equipment in the amount of DKK 360m (2018: DKK 0) under owner-occupied properties in the amount of DKK 5m (2018: DKK 0m) under other property, plant and equipment. The lease commitment is recognised under Other liabilities in the amount of DKK 369m (2018: DKK 0m).
Reference is made to note 64.

31 **Assets held temporarily**

	2019	2018
Assets in disposal group with a view to sale	2,344	0
Properties acquired through foreclosure	117	268
Subsidiary held temporarily	0	195
Properties held for sale	0	106
Leased assets acquired through foreclosure	15	11
Total	2,476	580

Attempts are make to sell, in the best possible way and within 12 months, assets held temporarily
The assets are recognised under the business segments in the following way: DKK 2,354m (2018: DKK 184m) under Banking activities; DKK 107m (2018: DKK 385m) under Mortgage activities; and DKK 15m (2018: DKK 11m) under Leasing activities.

In 2019, Jyske Bank entered into an agreement to sell Jyske Bank (Gibraltar) Ltd. The sale is conditional on the approval by relevant authorities, which is expected to be given in the first quarter of 2020. Assets and liabilities in the company are presented as disposal groups with a view to sale, i.e. total assets and total liabilities in the company are presented in the balance sheet under Assets held temporarily with a view to sale and under Liabilities in disposal groups with a view to sale, respectively.

Assets of DKK 2,344m in disposal group with a view to sale (2018: DKK 0m) include loans and advances in the amount of DKK 1,404m, bonds in the amount of DKK 570m, properties in the amount of DKK 109m 261m.and other assets in the amount of DKK

Liabilities of DKK 4,037m in disposal group with a view to sale (2018: DKK 0m) include deposits of DKK 4,003m.

Liabilities in disposal groups exceed assets in disposal groups, as an intercompany balance of DKK 2,486 has been eliminated.

Note		The Jyske Bank Group	
	DKKm	2019	2018
32	**Other assets**		
	Positive fair value of derivatives	24,911	23,101
	Assets in pooled deposits	4,128	3,655
	Interest and commission receivable	280	405
	Investments in associates and joint ventures	257	293
	Prepayments	370	607
	Investment properties	28	28
	Other assets	1,517	1,501
	Total	31,491	29,590
	Netting		
	Positive fair value of derivatives, etc., gross	37,138	30,046
	Netting of positive and negative fair value	12,227	6,945
	Total	24,911	23,101

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

	2019	2018
Specification of other assets, assets in pooled deposits		
Cash	74	163
Shares	0	1,363
Investment fund certificates	4,127	2,292
Other assets	1	0
Assets	4,202	3,818
Elimination of cash	-74	-163
Total assets	4,128	3,655

	2019	2018
Specification of other assets, investments in associates ventures and joint ventures		
Total cost, beginning of period	273	368
Additions	5	0
Disposals	0	95
Total cost, end of period	278	273
Revaluations and impairment charges, beginning of period	20	49
Dividend	0	17
Revaluations and impairment charges for the year	-41	-15
Reversed revaluations and impairment charges	0	3
Revaluations and impairment charges, end of period	-21	20
Recognised value, end of period	257	293
Of which joint ventures, at end of period	5	0

See The Jyske Bank Group – overview, note 66.

Note		The Jyske Bank Group	
	DKKm	2019	2018
33	**Due to credit institutions and central banks**		
	Due to central banks	3,405	1,956
	Due to credit institutions	25,873	14,353
	Total	29,278	16,309
34	**Deposits**		
	Demand deposits	106,481	109,740
	Term deposits	1,777	3,003
	Time deposits	21,405	25,299
	Special deposits	6,370	6,853
	Pooled deposits	4,202	3,806
	Total	140,235	148,701
35	**Issued bonds at fair value**		
	Issued bonds at fair value, nominal value	365,561	341,859
	Adjustment to fair value	11,003	8,933
	Own mortgage bonds, fair value	-19,527	-26,068
	Total	357,037	324,724
	Pre-issued	6,962	11,700
	Drawn for redemption at next repayment date	30,224	17,264

On a daily basis, the Jyske Bank Group issues and redeems a large number of mortgage bonds. Consequently to some extent the change in the fair value of the issued mortgage bonds attributable to the change in credit risk can only be stated subject to some estimation. The model applied performs the calculation on the basis of the change in the option-adjusted spread (OAS) relative to the swap curve. The calculation allows for, among other things, the maturity of the issued bonds as well as the nominal holding at the beginning and at the end of the year, and also adjustments are made for the Jyske Bank Group's own holding of Jyske Realkredit bonds, which are offset.

The change in the fair value of issued mortgage bonds that can be attributed to credit risk is then calculated so it implies a decrease in the fair value of DKK 0.3 bn in 2019 (2018: a decrease of DKK 1.3 bn). Since the issue, the accumulated change in fair value of the issued mortgage bonds at the end of 2019 attributable to credit risk is estimated at an increase of DKK 2.0 bn. (2018: an increase of DKK 3.6 bn)

The change in fair value of the issued mortgage bonds that can be attributed to credit risk can also be stated relative to corresponding mortgage bonds with the same rating (AAA) from other Danish issuers. In recent years these bonds have been traded at prices showing no measurable price differences between the various issuers' bonds with similar characteristics. Stated according to this method, no changes have taken place to the fair value that can be attributed to credit risk, neither in the course of the year, nor since issue.

Net profit for the year or equity was not affected by the change, since the value of mortgage loans changed correspondingly

The difference between the fair value of the issued bonds in the amount of DKK 357 bn (2018: DKK 325 bn) and the nominal value of the issued bonds of DKK 347 bn (2018: DKK 317 bn), which corresponds to the value that is to be paid back at drawing and/or maturity of the bonds, amounts to DKK 10 bn (2018: DKK 8 bn).

Note		The Jyske Bank Group	
	DKKm	2019	2018
36	**Other liabilities**		
	Set-off entry of negative bond holdings in connection with repos/reverse repos	3,988	3,294
	Negative fair value of derivatives, etc.	26,882	24,340
	Interest and commission payable	1,562	1,905
	Prepayments	139	121
	Lease commitment	369	0
	Other liabilities	6,249	5,182
	Total	39,189	34,842
	Netting		
	Negative fair value of derivatives, etc., gross	39,109	31,285
	Netting of positive and negative fair value	12,227	6,945
	Total	26,882	24,340

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

Note		2019	2018
37	**Provisions**		
	Provisions for pensions and similar liabilities	639	588
	Provisions for guarantees	233	216
	Provisions for losses on loan commitments and unutilised credit lines	140	147
	Provisions for deferred tax	241	581
	Other provisions	116	149
	Total	1,369	1,681

Please see note 14 for provisions for losses on guarantees as well loan commitment and unused loan commitments

Note		The Jyske Bank Group	
	DKKm	2019	2018
37	**Provisions, cont.**		
	Specification of provisions for pensions and similar liabilities		
	Provisions for pensions and similar liabilities		
	Provisions for defined benefit plans	585	537
	Provisions for long-term employee benefits	54	51
	Recognised in the balance sheet, end of period	639	588
	Provisions for defined benefit plans		
	Present value of pension plan obligations	672	629
	Fair value of pension plan assets	87	92
	Net liability recognised in the balance sheet	585	537
	Change in provisions for defined benefit plans		
	Provisions, beginning of period	629	657
	Costs for the current financial year	22	-18
	Calculated interest expenses	3	13
	Actuarial losses/gains	51	0
	Pension payments	-33	-23
	Provisions, end of period	672	629
	Change in the fair value of pension plan assets		
	Assets, beginning of period	92	105
	Calculated interest on assets	2	2
	Return ex calculated interest on assets	0	-7
	Contributions, etc.	0	3
	Pension payments	-7	-11
	Assets, end of period	87	92
	Pension costs recognised in the income statement		
	Costs for the current financial year	22	-18
	Calculated interest related to liabilities	4	13
	Calculated interest on assets	-2	-2
	Total recognised defined benefit plans	24	-7
	Total recognised defined contribution plans	248	287
	Recognised in the income statement	272	280

The expense is recognised under Employee and administrative expenses.

	Pension plan assets:		
	Equities	9	9
	Bonds	42	42
	Liquidity, etc.	36	41
	Pension plan assets, total	87	92

Pension plan assets include 40,000 Jyske Bank A/S shares (2018: 40,000 shares).
Measurement of all pension assets is based on quoted prices in an active market.

Note					The Jyske Bank Group
	DKKm	2019	2018	2017	2016	2015

Note	DKKm	2019	2018	2017	2016	2015
37	Provisions, cont.					
	Specification of provisions for pensions and similar liabilities, cont.					
	The Group's pension plan liabilities					
	Present value of pension plan obligations	672	629	657	617	595
	Fair value of pension plan assets	87	92	105	106	107
	Surplus/deficit	585	537	552	511	488
	Actuarial assumptions					
	Defined benefit plans					
	Retirement remuneration					
	Discount rate	0.50%	2.00%	2.00%	2.25%	2.75%
	Future rate of wage increase	1.85%	2.00%	2.00%	2.00%	2.00%
	Jyske Banks Pensionstilskudsfond					
	Discount rate	0.50%	2.00%	2.00%	2.25%	2.75%
	Future rate of wage increase	1.85%	2.00%	2.00%	2.00%	2.00%
	Calculated interest on pension plan assets	2.00%	2.00%	2.00%	2.25%	2.75%
	Long-term employee benefits					
	Discount rate	0.50%	2.00%	2.00%	2.25%	2.75%
	Future rate of wage increase	1.85%	2.00%	2.00%	2.00%	2.00%

The most important actuarial assumptions in the calculation of pension liabilities relate to interest rate level and the rate of wage increases. If the discount rate fall by 0.25% to 0.25%, the pension provisions increase by DKK 10m. If the rate of wage increases rise by 0.25% to 2.10%, the pension provisions increase by DKK 10m.

For 2020, payments to defined contribution and defined benefit pension plans are expected to be DKK 277m.

Defined contribution pension plans

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

Defined benefit plans

Retirement remuneration equalling a maximum of one year's salary is paid to employees on retirement. In 2019, a total of DKK 528m (2018: DKK 492m) was recognised in the balance sheet, this being the present value of the overall liability relating to the employees' term of employment with the Group. Employees recruited not later than on 31 August 2005 are offered participation in the retirement remuneration plan. Please see note 12 for details on the terms and conditions for retirement remuneration for the Executive Board.

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. At the end of 2019, provisions amounting to DKK 57m (2018: DKK 45m) were recognised, this being the present value of liabilities, DKK 144m (2018: DKK 137m), less the fair value of the assets, DKK 87m (2018: DKK 92m).

Long-term employee benefits

An anniversary bonus equalling one month's salary is paid when an employee has worked for the Group for 25 years and 40 years. At the end of 2019, provisions amounted to DKK 51m (2018: DKK 48m), this being the present value of the expected future anniversary bonus payments.

Other long-term employee benefits relate to other salary- and pension-related benefits paid to employees on retirement. Total provisions amounted to DKK 2m (2018: DKK 3m).

DKKm	2019	2018

37 **Provisions, cont.**

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

Specification of other provisions	2019	2018
Provisions, beginning of period	149	252
Additions	23	27
Disposals inclusive of consumption	3	20
Disposals exclusive of consumption	53	110
Provisions, end of period	116	149

Other provisions relate to lawsuits.

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

Specification of deferred tax

Deferred tax	2019	2018
Deferred tax assets, recognised under tax assets	0	0
Deferred tax liabilities	241	581
Net deferred tax	241	581

Change in deferred tax 2019	Beginning of period	Recognised in the profit for the year	Recognised in other comprehensive income	Other adjustments	End of period
Bonds at amortised cost	-13	-11	0	0	-24
Intangible assets	0	-2	0	0	-2
Property, plant and equipment	311	-31	-1	-20	259
Loans and advances, etc.	444	-271	0	0	173
Provisions for pensions	-129	2	-12	-1	-140
Tax loss	0	0	0	0	0
Other	-32	12	0	-5	-25
Total	581	-301	-13	-26	241
Change in deferred tax 2018					
Bonds at amortised cost	-14	1	0	0	-13
Intangible assets	2	-2	0	0	0
Property, plant and equipment	346	-57	23	-1	311
Loans and advances, etc.	408	36	0	0	444
Provisions for pensions	-132	5	-2	0	-129
Tax loss	-10	10	0	0	0
Other	-34	2	0	0	-32
Total	566	-5	21	-1	581

Note		The Jyske Bank Group	
	DKKm	2019	2018
38	**Subordinated debt**		
	Supplementary capital:		
	2.25% bond loan EUR 300m 05.04.2029	2,241	2,240
	Var. % bond loan SEK 600m 19.05.2026	429	436
	3.25% bond loan SEK 400m 19.05.2026	286	290
	6.73% bond loan EUR 10.5m 2020-2026	78	90
	Var. % bond loan EUR 10m 13.02.2023	75	75
	5.65% bond loan EUR 10 m 27.03.2023	75	75
	5.67% bond loan EUR 10 m 31.07.2023	75	75
		3,259	3,281
	Additional tier 1 capital:		
	Var. % bond loan EUR 72.8m Perpetual	544	543
	Var. % bond loan EUR 60.7m Perpetual	453	453
		997	996
	Subordinated debt, nominal	4,256	4,277
	Hedging of interest-rate risk, fair value	71	42
	Total	4,327	4,319
	Subordinated debt included in the capital base	4,151	4,217

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

The above issues of additional tier 1 capital have no contractual maturity date. Subject to the approval of the Danish Financial Supervisory Authority, the notes may be redeemed by Jyske Bank, but not earlier than ten years after the date of issue. The holders have no right to call for the redemption of the notes. Interest payments will cease in the event that the issuer does not meet the solvency requirements. Under such circumstances, dividend payments and buy-back of issued shares are subject to certain restrictions. The rate of interest is floating, but capped at 9% per annum for the EUR 72.8m loan and at 8% per annum for the EUR 60.7m loan. The rate is calculated as EUR CMS10 + 0.15% per annum.

Note		2019	2018
39	**Share capital**		
	Opening share capital, 1,000 shares.	84,945	89,159
	Capital reduction through cancellation of own shares	-7,391	-4,214
	Closing share capital, 1,000 shares	77,554	84,945

Note		2019	2018
40	**Transferred financial assets still recognised in the balance sheet**		
	Carrying amount of transferred financial assets		
	Bonds in repo transactions	9,962	10,943
	Transferred financial assets, total	9,962	10,943
	Repo transactions are included in the following liability items as follows:		
	Debt to credit institutions in repo transactions	8,836	9,348
	Deposits and other debts in repo transactions	1,222	1,658
	Total	10,058	11,006
	Net positions	-96	-63

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

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

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

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

DKKm

41 **Contingent liabilities**

General
Jyske Bank's credit review of guarantee applicant takes into consideration the risk on guarantees. For about 68% of the Jyske Bank Group's guarantees, the contractual term is below one year; for about 25%, the contractual terms is between 1 and 5 years; and for about 7%, the contractual term is above 5 years, compared to 84%, 12% and 4%, respectively, in 2018.

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

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

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

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

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

Because of its 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 0.8% 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 8.70% 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.

Due to Jyske Bank's membership of the association Bankdata, the bank is - in the event of its withdrawal - under the obligation to pay an exit charge to Bankdata.

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.

		2019	2018
	Guarantees		
	Financial guarantees	9,141	13,970
	Guarantee for losses on mortgage credits	1,157	1,423
	Registration and refinancing guarantees	143	1,680
	Other contingent liabilities	1,491	1,714
	Total	11,932	18,787
42	**Other contingent liabilities**		
	Irrevocable credit commitments	18,770	18,175
	Others	76	83
	Total	18,846	18,258

DKKm

43 Offsetting

2019	Carrying amount before offsetting	Financial instruments offset	Carrying amount after offsetting	Further offsetting, master netting agreement	Collateral	Net value
Financial assets						
Derivatives with positive fair value	37,138	12,227	24,911	18,098	1,585	5,228
Reverse repo transactions	50,765	0	50,765	0	50,765	0
Total	**87,903**	**12,227**	**75,676**	**18,098**	**52,350**	**5,228**
Financial liabilities						
Derivatives with negative fair value	39,109	12,227	26,882	18,098	6,692	2,092
Repo transactions	10,058	0	10,058	0	10,058	0
Total	**49,167**	**12,227**	**36,940**	**18,098**	**16,750**	**2,092**

2018						
Financial assets						
Derivatives with positive fair value	30,046	6,945	23,101	16,415	1,909	4,777
Reverse repo transactions	30,175	0	30,175	0	30,175	0
Total	60,221	6,945	53,276	16,415	32,084	4,777
Financial liabilities						
Derivatives with negative fair value	31,285	6,945	24,340	16,415	6,339	1,586
Repo transactions	11,006	0	11,006	0	11,006	0
Total	42,291	6,945	35,346	16,415	17,345	1,586

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

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

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

DKKm

44 Classification of financial instruments

2019	Amor-tised cost	Fair value through profit and loss	Designated at fair value through profit and loss	Total
Financial assets				
Cash balance and demand deposits with central banks	9,889	0	0	**9,889**
Due from credit institutions and central banks	23,392	0	0	**23,392**
Loans and advances at fair value	0	0	339,906	**339,906**
Loans and advances at amortised cost	145,994	0	0	**145,994**
Bonds at fair value	0	78,333	0	**78,333**
Bonds at amortised cost	11,136	0	0	**11,136**
Shares, etc.	0	2,422	0	**2,422**
Derivatives (Other assets)	0	24,911	0	**24,911**
Total	190,411	105,666	339,906	635,983
Financial liabilities				
Due to credit institutions and central banks	29,278	0	0	**29,278**
Deposits	140,235	0	0	**140,235**
Issued bonds at fair value	0	0	357,037	**357,037**
Issued bonds at amortised cost	38,556	0	0	**38,556**
Subordinated debt	4,327	0	0	**4,327**
Derivatives (Other liabilities)	0	26,882	0	**26,882**
Total	212,396	26,882	357,037	596,315

2018	Amor-tised cost	Fair value through profit and loss	Designated at fair value through profit and loss	Total
Financial assets				
Cash balance and demand deposits with central banks	6,081	0	0	**6,081**
Due from credit institutions and central banks	13,181	0	0	**13,181**
Loans and advances at fair value	0	0	330,975	**330,975**
Loans and advances at amortised cost	131,822	0	0	**131,822**
Bonds at fair value	0	72,267	0	**72,267**
Bonds at amortised cost	7,517	0	0	**7,517**
Shares, etc.	0	3,426	0	**3,426**
Derivatives (Other assets)	0	23,101	0	**23,101**
Total	158,601	98,794	330,975	588,370
Financial liabilities				
Due to credit institutions and central banks	16,309	0	0	**16,309**
Deposits	148,701	0	0	**148,701**
Issued bonds at fair value	0	0	324,724	**324,724**
Issued bonds at amortised cost	35,039	0	0	**35,039**
Subordinated debt	4,319	0	0	**4,319**
Derivatives (Other liabilities)	0	24,340	0	**24,340**
Total	204,368	24,340	324,724	553,432

45 Notes on fair value

Methods for measuring fair value

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

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

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

Specific details on methods for measuring fair value

Loans at fair value are predominantly mortgage loans and generally measured at prices of the underlying bonds quoted on a recognised stock exchange. If such a market price is not available for the preceding 7 days, a calculated price based on the official market rate will be applied for determining the value. If derivatives are part of the funding of the mortgage loans, the value of these will be integrated in the valuation of the loans. The fair value is reduced by the calculated impairment charge, which for loans at fair value is measured according to the same principles that apply to impairments of loans and advances at amortised cost, to which reference is made in note 68.

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

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

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

Derivatives are measured on the basis of the following measurement techniques.
- Forward exchange transactions are measured on the basis of yield curves as well as exchange rates obtained.
- Interest-rate and currency swaps are measured on the basis of exchange rates, interest points, interpolation between these, as well as correction of credit risk (CVA 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 fees and commission received, costs defrayed in connection with lending, plus interest-rate-dependent value adjustment calculated by comparing current market rates with market rates at the time when the loans and advances were established. Changes in credit quality are assumed to be included under impairment charges both for carrying amounts and fair values.

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

DKKm

45 Notes on fair value, cont.

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

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

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

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

For any given counterparty's total portfolio of derivatives, CVA is a function of the probability of the counterparty's probability of default (PD), the expected positive exposure (EPE) as well as the loss given default (LGD). Jyske Bank applies risk-neutral PDs calculated on the basis of IRB PDs. The IRB PDs are adjusted through the correlation to the observable price of risk in the market, calculated on the basis of the OMX C25 index.
By using this method, PDs are generated that correspond to PDs that can be observed in the market. Another way of seeing market-observable PDs is er to infer them from Credit Default Swap (CDS) spreads. However, Jyske Bank enters primarily into derivatives transactions with unlisted Danish counterparties, for which there only to a most limited extent exist CDS or CDS proxy spreads, and therefore the former method is used instead. 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 Standard & Poor's. 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 2019, CVA and DVA amounted net to DKK 73m, which accumulated amount was recognised as an expense under value adjustment against an accumulated amount of DKK 63m at the end of 2018.

DKKm

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

The table shows the fair value of financial assets and liabilities and the carrying amounts. The Group has non-financial assets at fair value through Other comprehensive income.
The re-statement at fair value of financial assets and liabilities shows a total non-recognised unrealised loss of DKK 136m at the end of 2019 against a gain of DKK 278m at the end of 2018. Unrealised gains and losses caused by changes in the fair values of shares in sector-owned undertakings are recognised in the income statement. The recognised amount of those shares in the balance sheet at the end of 2019 amounted to DKK 1,182m (2018: DKK 1,694m), and the recognised value adjustment in the income statement amounted to DKK 120m (2018: DKK 144m).

	Recognised value	2019 Fair value	Recognised amount	2018 Fair value
FINANCIAL ASSETS				
Cash balance and demand deposits with central banks	9,889	9,889	6,081	6,081
Due from credit institutions and central banks	23,392	23,397	13,181	13,181
Loans and advances at fair value	339,906	339,906	330,975	330,975
Loans and advances at amortised cost	145,994	146,033	131,822	132,026
Bonds at fair value	78,333	78,333	72,267	72,267
Bonds at amortised cost	11,136	11,245	7,517	7,576
Shares, etc.	2,422	2,422	3,426	3,426
Assets in pooled deposits	4,128	4,128	3,655	3,655
Derivatives	24,911	24,911	23,101	23,101
Total	640,111	640,264	592,025	592,288
FINANCIAL LIABILITIES				
Due to credit institutions and central banks	29,278	29,315	16,309	16,329
Deposits	136,033	136,042	144,895	144,907
Pooled deposits	4,202	4,202	3,806	3,806
Issued bonds at fair value	357,037	357,037	324,724	324,724
Issued bonds at amortised cost	38,556	38,887	35,039	35,227
Subordinated debt	4,327	4,239	4,319	4,084
Set-off entry of negative bond holdings	3,988	3,988	3,294	3,294
Derivatives	26,882	26,882	24,340	24,340
Total	600,303	600,592	556,726	556,711

DKKm

47 The fair value hierarchy

2019 Financial assets	Quoted prices	Observable prices	Non-observable prices	Fair value total	Recognised amount
Loans and advances at fair value	0	339,906	0	339,906	339,906
Bonds at fair value	60,178	18,155	0	78,333	78,333
Shares, etc.	418	474	1,530	2,422	2,422
Assets in pooled deposits	1	4,127	0	4,128	4,128
Derivatives	375	24,536	0	24,911	24,911
Total	60,972	387,198	1,530	449,700	449,700
Financial liabilities					
Pooled deposits	0	4,202	0	4,202	4,202
Issued bonds at fair value	272,829	84,208	0	357,037	357,037
Set-off entry of negative bond holdings	3,677	311	0	3,988	3,988
Derivatives	302	26,580	0	26,882	26,882
Total	276,808	115,301	0	392,109	392,109
2018 Financial assets					
Loans and advances at fair value	0	330,975	0	330,975	330,975
Bonds at fair value	55,020	17,247	0	72,267	72,267
Shares, etc.	543	831	2,052	3,426	3,426
Assets in pooled deposits	1,358	2,297	0	3,655	3,655
Derivatives	410	22,691	0	23,101	23,101
Total	57,331	374,041	2,052	433,424	433,424
Financial liabilities					
Pooled deposits	0	3,806	0	3,806	3,806
Issued bonds at fair value	264,699	60,025	0	324,724	324,724
Set-off entry of negative bond holdings	3,225	69	0	3,294	3,294
Derivatives	241	24,099	0	24,340	24,340
Total	268,165	87,999	0	356,164	356,164

The above table shows the fair value hierarchy for financial assets and liabilities recognised at fair value.
It is the practice of the Group that if prices of Danish bonds are not updated for two days, transfers will take place between the categories quoted prices and observable prices. This did not result in material transfers in 2019 and 2018.

NON-OBSERVABLE PRICES	2019	2018
Fair value, beginning of period	2,052	2,255
Transfers for the year	0	36
Capital gain and loss for the year reflected in the income statement under value adjustments	111	149
Sales or redemptions for the year	633	389
Purchases made over the year	0	1
Fair value, end of year	1,530	2,052

47 Fair value hierarchy, cont.

Non-observable prices
Non-observable prices at the end of 2019 referred to unlisted shares recognised at DKK 1,530m 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. If it is assumed that the actual market price will deviate by +/-10% relative to the calculated fair value, the effect on the income statement would amount to DKK 153m on 31 December 2019 (0.48% of the shareholders' equity at the end of 2019). For 2018, the effect on the income statement is estimated at DKK 205m (0.64% of the shareholders' equity at the end of 2018). Capital gain and loss for the year on unlisted shares recognised in the income statement is attributable to assets held at the end 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.

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

Assets held temporarily comprise assets in disposal group with a view to sale, 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 2,476m (2018: DKK 580m). Fair value belongs to the category of non-observable prices, except for bonds in the amount of DKK 570m (2018: DKK 0m).

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 6.44% (2018: 6.32%) Owner-occupied properties, exclusive of leased properties, were recognised at DKK 1,776m (2018: DKK 1,901m). See note 30 for further details. The revalued amount belongs to the category of non-observable prices.

48 **Risk exposure**

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

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

Moreover, Jyske Bank assumes market risks when a return matching the involved risk can be rendered probable. The Group's market risk consists chiefly of interest-rate risk. Trading-related market risks occur mainly due to client-related transactions. The Group has a very limited strategic trading-market risk position. The market risk profile is characterised by differentiated portfolios, where interest rate and currency risks are the most importing trading-related market risks. Balance sheet management drives the market risk, which does not relate to trading, where interest-rate exposures are based on the bank’s core activities, mortgage activities as well as liquidity management.

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

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

49 **Risk management and risk organisation**

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

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

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

- presentation of risk policies and risk-management principles to the Group Executive Board and the Group Supervisory Board;
- presentation of a comprehensive picture of risk for the decision-makers;
- implementation of risk management principles and policies in order to improve risk management on an on-going basis;
- quantification of the Group’s risk exposure as well as monitoring and reporting to ascertain that the Group's risk exposure does not exceed the limits defined by the Group Supervisory Board;

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

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

49 Risk management and risk organisation, cont.

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

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

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

50 Credit risk

Credit risk is managed, among other things, on the basis of the Group's approved advanced credit risk models, The models are used for various purposes, from advisory services offered to the Jyske Bank Group's clients to determination of risk and for management reporting.

Credit policy and responsibility
The Group Supervisory Board determines the general framework for the granting of credit in the Group. The authority structure relating to the granting of credit in the Group is determined by the Group Supervisory Board, which is the granting authority in connection with the largest exposures. Granting authority in connection with other exposures has been delegated to the Group Executive Board.

Credit risk is managed through the credit policy, which defines objectives and framework for the credit risk of the Group with the objective of keeping the Group's risk at a satisfactory level in respect of the capital base and business volume of the Group as well as the general trend in the Danish economy. Clients' transactions with the Group must for the long term generate a satisfactory risk-adjusted return

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

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

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

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

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

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

The provision of collateral is a material element in credit granting in order to minimise the Group's future losses. In respect of mortgage loans, real property is always mortgaged, and in respect of leasing, the financed asset has always been provided as security.

50 Credit risk, cont.

Monitoring of the Group's credit risk is performed by the department Risk Management, which is fully independent of business processes and has no business responsibility. Risk Management is responsible for the ongoing monitoring and analysis of the exposures of the Group, by size, sector, type and geographical area with the main focus on reducing the risk and ensuring satisfactory diversification of the portfolio in accordance with the Group's risk targets. Monitoring takes place through quantitative models at portfolio level.

Furthermore, Risk Management is responsible for monitoring the credit quality of the portfolio, which is based on several approaches (client groups, sectors, product groups, etc.). Moreover, risk monitoring includes qualitative as well as quantitative control, for instance, of data and risk categories.

Credit assessment and PD
Credit procedures are adjusted to match the level of risk on individual exposures. One of the key elements is the ranking of the client's credit quality through credit rating at Jyske Bank and Jyske Finans as well as rating at Jyske Realkredit, The credit rating expresses the probability of the client defaulting over the coming year (Probability of Default (PD)). A client in default is defined as a client who is not expected to meet his obligations in full to the Group. By far, most clients are awarded a PD on the basis of statistical credit scoring models developed internally in the Group. Very large companies and companies within special sectors are awarded a PD on the basis of an assessment by an independent expert. Examples are financing companies, financial institutions and central governments. In those cases, external ratings, if available, will primarily form the basis of the internal credit rating of the client.

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

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

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

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

50 Credit risk, cont.

Below is shown the mapping between credit ratings, the Jyske Realkredit rating, PD as well as external ratings at the end of 2019 for clients that are not in default.

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

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

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

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

50 Credit risk, cont.

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

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

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

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

Collateral
As a main rule, clients are required to provide full or partial collateral for their commitments with a view to limiting the credit risk and ensuring an adequate balance between risk and earnings. The Group's mortgage loans are always secured by mortgages on immovable property, and also in a large number of cases, guarantees are provided by third parties in connection with cooperation with other financial institutions. In connection with loans for social housing, guarantees are provided by municipalities and the state.

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

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

The calculation of impairment charges and solvency requirement uses LGD estimates which reflect the Group's expected loss rates. The loss levels for impairment purposes have been calibrated for the current expectations of loss given default, while LGD for solvency purposes have been calibrated for the period at the end of the 1980s and the beginning of the 1990s.

50 Credit risk, cont.

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

The Jyske Bank Group's definition of default is defined as clients with a high or full risk (unlikely to pay) and clients past due more than 90 days on payment of contractual interest and instalments. The definition of default is based on the requirements set forth in Article 178 of the EU Regulation No. 575/2013. For instance, clients are considered associated with high or full risk (defaulted clients) in the event of bankruptcy, suspension of payments, debt rescheduling, indication of current or expected future challenges establishing balance between income and expenditure, etc. The principles and the definitions of the risk classification have been applied for many years and are assessed to be a well-defined and robust element in the Group's risk management practice.

The classification of risk is reassessed on an ongoing basis by account managers and/or credit specialists and at least once a year for sound accounts and at least once a quarter for weak accounts. The same requirement as to being updated applies to changes of the risk classification in the event of deterioration and improvement. This ensures a high level of assurance that the Group's statement of indication of impairment is true and fair, and that the solvency requirement has not been determined on an imprudent basis.

There is close correlation between the Group's risk classification principles and credit management in the business, reflected, among other things, in the credit policy and credit-related business procedures. Depending on the client's risk classification, for instance requirements of frequency of credit follow-up, requirements of degree of collateral and requirements of pricing are made. The principles are generally applicable to the entire Group and apply to all categories of loans and client segments.

There are only minor differences between the definition of default and the accounting treatment of credit-impaired loans and advances (stage 3), as account managers and/or credit specialists - following a specific assessment of the client's financial circumstances - may reclassify clients past due more than 90 days (default) to stage 2, if it is documented that the reason why the client is in arrears is not financial difficulties. Hence, to a high degree, the accounting treatment of the loan reflects the current financial assessments of the client's circumstances.

In connection with the Group's implementation of the new default guidelines (EBA/GL/2016/07) issued by the EBA, it is the aim of the Group to align the entry criteria for default, stage 3 and non-performing. Various periods of quarantine apply to the individual concepts, and therefore the exit criteria vary.

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

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

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

In the Jyske Bank Group, all loans are assessed for objective evidence of impairment. Objective evidence of impairment exists if one or more of the following events have occurred:
- The borrower is facing considerable financial difficulties;
- The borrower is in serious breach of contract, for instance by failing to observe its liability to pay instalments and interest.
- The borrower is granted easier terms that would not be considered if the borrower was not facing financial difficulties;
- The borrower will go bankrupt or undergo some other financial restructuring.

Note		The Jyske Bank Group	
	DKKm	2019	2018
51	**Maximum credit exposure**		
	Loans and advances at fair value	339,906	330,975
	Loans and advances at amortised cost	145,994	131,822
	Guarantees	11,932	18,787
	Irrevocable credit commitments	18,770	18,175
	Loans, advances and guarantees, etc.	516,602	499,759
	Demand deposits at central banks	9,425	5,530
	Due from credit institutions and central banks	23,392	13,181
	Bonds at fair value	78,333	72,267
	Bonds at amortised cost	11,136	7,517
	Positive fair value of derivatives	24,911	23,101
	Total	663,799	621,355

	Maturity matrix, irrevocable credit commitments, floating rate	Up to 3 months	3 months - 1 year	1-5 years	Over 5 years	Total
52						
	2019					
	Loans and advances at fair value	7,130	5,596	1,825	0	14,551
	Loans and advances at amortised cost	0	0	4,219	0	4,219
	Total	7,130	5,596	6,044	0	18,770
	2018					
	Loans and advances at fair value	4,265	7,981	3,159	0	15,405
	Loans and advances at amortised cost	0	0	2,770	0	2,770
	Total	4,265	7,981	5,929	0	18,175

%

53 Loans and guarantees by country and client segment	Clients	Banks	Central govts, etc.	Total
2019				
Denmark	87	25	100	84
EU	9	59	0	12
Rest of Europe	4	0	0	3
USA + Canada	0	14	0	1
Other zone-A countries	0	0	0	0
South America	0	0	0	0
Rest of the world	0	2	0	0
Total	100	100	100	100
2018				
Denmark	91	33	100	87
The EU	7	48	0	10
Rest of Europe	2	2	0	2
USA + Canada	0	16	0	1
Other zone-A countries	0	0	0	0
South America	0	0	0	0
Rest of the world	0	1	0	0
Total	100	100	100	100

DKKm

54 **Market risk**

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

Sensitivity analyses

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

In 2019, lower interest rates dominated the management of the Group's risk, and primary focus was on the implementation of negative interest rates. The Group has still assumed a considerable interest-rate risk from deposits without contractual expiry, and on the whole the risk has increased the course of 2019 due to falling interest rates and the reduced degree of hedging relative to 2018.

Sensitivity analyses – effect on Income Statement	2019	2018
A 0.5 percentage-point increase in interest rates *	349	365
A 0.5 percentage-point decrease in interest rates *	-896	-566
A general fall of 10% in equity prices	-10	-81
A negative 2% change in equity prices	-26	-38
A negative 5% change in commodity prices	0	0
A negative 5% change in exchange rates**	-81	-110

* Determined in the event of the Group's present value of both the trading portfolio and the banking book being under stress.
** EUR is not included in the calculation
Equity risk was calculated for the trading portfolio
"Negative" means that the prices of long positions fall, while those of short positions rise.
The impact on equity is as outlined above, yet less tax.

DKKm

55 Interest-rate risk by currency and duration

	<= 1 year	2 year	5 year	>= 10 years	Total	Of which interest-rate risk outside trading portfolio
2019						
CHF	4	-1	3	0	6	5
DKK	232	-377	-934	-60	-1,139	-1,182
EUR	-88	2	97	-200	-189	-193
JPY	1	0	-3	8	6	0
SEK	8	-1	7	0	14	5
USD	-21	29	0	11	19	9
Others	10	17	-20	-2	5	-1
Total	**146**	**-331**	**-850**	**-243**	**-1,278**	**-1,357**
2018						
CHF	5	-3	3	0	5	3
DKK	-27	-156	-555	-84	-822	-910
EUR	-103	13	-157	10	-237	-192
GBP	-1	7	-6	-12	-12	2
SEK	0	3	-14	9	-2	1
USD	-16	-6	49	-2	25	8
Others	3	1	2	9	15	0
Total	-139	-141	-678	-70	-1,028	-1,088

The comparative figures for 2018 have been adjusted to a new method of accounting relating to loans and advances as well as deposits.

Note	The Jyske Bank Group

DKKm

56 **Interest-rate risk by product and duration**

	<= 1 year	2 year	5 year	>= 10 years	Total	Of which interest-rate risk outside trading portfolio
2019						
Assets						
Due from credit institutions and central banks	-35	-85	130	-1	9	9
Loans and advances	285	411	439	63	1,198	1,195
Bonds	282	89	392	441	1,204	745
Liabilities						
Due to credit institutions and central banks	-14	-25	0	0	-39	-39
Deposits	-76	-489	-1,206	-25	-1,796	-1,796
Issued bonds	-44	-98	-273	-164	-579	-579
Subordinated debt	-4	0	-77	0	-81	-81
Joint funding	-128	-116	-265	-37	-546	-545
Derivatives						
Interest-rate and currency swaps	-140	-16	33	-484	-607	-276
Other derivatives	10	-3	-6	-57	-56	7
Futures	10	1	-17	21	15	3
Total	**146**	**-331**	**-850**	**-243**	**-1,278**	**-1,357**
2018						
Assets						
Due from credit institutions and central banks	-29	-87	120	7	11	11
Loans and advances	273	376	520	1,065	2,234	2,233
Bonds	226	140	456	431	1,253	755
Liabilities						
Due to credit institutions and central banks	-9	-18	-18	0	-45	-45
Deposits	-246	-477	-962	-29	-1,714	-1,715
Issued bonds	-19	-5	-398	-147	-569	-569
Subordinated debt	-4	0	-24	-57	-85	-85
Joint funding	-93	-65	-429	-937	-1,524	-1,524
Derivatives						
Interest-rate and currency swaps	-260	-8	57	-250	-461	-105
Other derivatives	18	0	29	-70	-23	-8
Futures	4	3	-29	-83	-105	-36
Total	-139	-141	-678	-70	-1,028	-1,088

The comparative figures for 2018 have been adjusted to a new method of accounting relating to loans and advances as well as deposits.

Note		The Jyske Bank Group	
	DKKm	2019	2018
57	Currency risk		
	Total foreign-currency assets	56,164	44,127
	Total foreign-currency liabilities	106,071	86,040
	Currency-exposure indicator 1	4,505	2,784
	Currency-exposure indicator 1 as a percentage of core capital	12.8	8.2
	Exchange rate indicators are calculated according to FSA guidelines.		
	Exposure by currency		
	EUR	-4,187	-4,177
	SEK	384	516
	CAD	57	52
	PLN	71	-
	MXN	139	-
	CHF	-84	-44
	NOK	475	636
	USD	-166	-197
	Other, long	177	555
	Other, short	-68	-82
	Total	-3,202	-2,741

Note		2019	2018
58	Equity risks		
	Equity risk A		
	Listed shares and derivatives	-6	12
	Unlisted shares	173	227
	Total	167	239
	Equity risk B		
	Listed shares and derivatives	112	117
	Unlisted shares	173	227
	Total	285	344

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

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

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

Note		The Jyske Bank Group	
	DKKm	2019	2018
59	Hedge accounting		
	Interest-rate risk on fixed-rate liabilities		
	Issued bonds at amortised cost		
	Amortised / Nominal value	14,564	10,836
	Carrying amount	14,677	10,985
	Accumulated hedge accounting fair value adjustment	-113	-149
	Subordinated debt		
	Amortised / Nominal value	2,677	2,680
	Carrying amount	2,747	2,722
	Accumulated hedge accounting fair value adjustment	-70	-42
	Due to credit institutions		
	Amortised / Nominal value	747	0
	Carrying amount	760	0
	Accumulated hedge accounting fair value adjustment	-13	0
	Swaps		
	Swaps related to issued bonds		
	Nominal value	14,564	10,836
	Carrying amount	114	141
	Accumulated hedge accounting fair value adjustment	114	141
	Swaps related to subordinated debt		
	Nominal value	2,676	2,680
	Carrying amount	79	49
	Accumulated hedge accounting fair value adjustment	79	49
	Swaps related to debt to credit institutions		
	Nominal value	747	0
	Carrying amount	13	0
	Accumulated hedge accounting fair value adjustment	13	0
	Profit/loss for the year		
	Profit/loss for the year on hedging instruments , swaps that hedge issued bonds at amortised cost	-27	-14
	Profit/loss for the year on hedging instruments , swaps that hedge subordinated debt	30	28
	Profit/loss for the year on hedging instruments , swaps that hedge debt due to credit institutions	13	0
	Profit/loss for the year on hedged items, issued bonds at amortised cost	36	10
	Profit/loss for the year on hedged items, subordinated debt	-28	-27
	Profit/loss for the year on hedged items, debt to credit institutions	-13	0

59 Hedge accounting, cont.

Interest-rate risk

Jyske Bank applies the rules for hedge accounting of fair value for certain fixed-rate issued bonds at amortised cost, subordinated debt and debt to credit institutions.

The purpose is to avoid asymmetric fluctuations in the financial statements as both the hedging instruments as well as the hedged items will then be adjusted to market value in the income statement in the event of changes to the interest-rate level. The hedging instruments used are interest-rate swaps, which are used for hedging against changes in the interest-rate level. The interest rate is the only material element of risk that is hedged in the hedged items, and not credit margins or similar.

For each bond issued, subordinated debt or debt to credit institutions, an interest-rate swap is entered into with the same reference rate, same time to maturity and same nominal amount, and therefore the hedging relationship is 1:1.
The fixed interest rate on the hedged items are hedged directly on the fixed rate of of the hedging instruments, which are swapped into a floating 3- to 6-month CIBOR rate, which is included in the bank's normal risk management. The carrying amount of the hedging instruments is included in the balance sheet as market value under other assets, as the market value of the individual transactions is positive.

The hedge effectiveness is determined by comparing the interest element of the total fair value of the hedging instruments with the interest element of the total fair value of the hedged items. Moreover, the hedge effectiveness is calculated each month and quarter for the hedging instruments against the hedged items for gain/loss on the element of interest of the fair value.

The current portfolio of hedged items will mature over the decade with the last transaction in 2030. The largest number of instruments will mature in 2021 (about DKK 8 bn) and in 2022-2024 (about DKK 8.6 bn), which is, by far, the largest part of the hedging. Two of the hedged items have a break clause maturing in 2020, and the utilisation of this will to a lesser degree affect the timing mentioned.

A lesser degree of inefficiency can be attributed to differences in the discount curves used as well as the ongoing recognition of the value of the hedged items at the beginning of the portfolio in 2010 (DKK -210m at the end of 2019 are remaining amortisation of this DKK -11m). In addition, inefficiency may occur when the recognised carrying amounts are very low. The hedge effectiveness recognised in the profit amounted to DKK 12m as the gain for the year on hedging instruments amounted to DKK 17m (2018: DKK 14m) and the loss for the year on hedged items at amortised cost was DKK -5m (2018: DKK -17m).

Hedge accounting of currency risk on investments in subsidiaries

Jyske Bank hedges the currency risk on net investments in international subsidiaries. The risk is hedged using forward exchange contracts. The hedged foreign-currency risk is the only element of risk of importance for the accounting fair value of the hedged items. Adjustment of the hedging takes place quarterly and will take place when the profit of the subsidiary is known. At the end of 2019, the gross value of the forward exchange contracts amounted to DKK 706m (2018: DKK 626m).

In 2019, foreign currency translation adjustment of the contracts amounted to DKK -38m (2018: DKK 9m), which was recognised under other comprehensive income together with the foreign currency translation adjustment of the hedged items. In 2019, the hedging was 100% effective and was determined by comparing the exchange rate adjustment for the year at DKK 38m (2018: DKK -9m) of the hedged items with the value adjustment of the year at DKK -38m (2018: DKK 9m) of the hedging instruments. At the end of 2019, the fair value of the open forward exchange contracts amounted to DKK -4m (2018: DKK -11m).

DKKm

60 **Derivatives**

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

2019	Net fair value				Fair value			Principal amount total
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Assets	Liabili-ties	Net	Nominal value
Currency contracts								
Forwards/futures, bought	2,493	623	52	0	3,170	2	3,168	370,862
Forwards/futures, sold	-2,372	-703	-689	-2	3	3,769	-3,766	402,772
Swaps	-26	-92	-195	-22	558	893	-335	129,367
Options, acquired	21	5	0	0	26	0	26	3,224
Options, issued	-7	-4	0	0	0	11	-11	1,685
Total	**109**	**-171**	**-832**	**-24**	**3,757**	**4,675**	**-918**	**907,910**
Interest-rate contracts								
Forwards/futures, bought	0	1	5	0	138	132	6	26,752
Forwards/futures, sold	7	2	-1	0	23	15	8	25,526
Forward Rate Agreements, bought	0	0	0	0	0	0	0	0
Forward Rate Agreements, sold	0	0	0	0	0	0	0	0
Swaps	-404	34	-2	-763	32,788	33,923	-1,135	1,181,289
Options, acquired	6	132	-8	0	140	10	130	1,606
Options, issued	0	-132	8	0	9	133	-124	986
Total	**-391**	**37**	**2**	**-763**	**33,098**	**34,213**	**-1,115**	**1,236,159**
Share contracts								
Forwards/futures, bought	4	0	0	0	5	1	4	442
Forwards/futures, sold	-7	0	0	0	2	9	-7	993
Options, acquired	4	2	0	0	6	0	6	0
Options, issued	-4	-2	0	0	0	6	-6	0
Total	**-3**	**0**	**0**	**0**	**13**	**16**	**-3**	**1,435**
Commodity contracts								
Forwards/futures, bought	83	38	1	0	130	8	122	2,709
Forwards/futures, sold	-40	-38	0	0	9	87	-78	2,710
Options, acquired	3	14	17	0	49	15	34	5
Options, issued	-2	-12	-16	0	14	44	-30	5
Total	**44**	**2**	**2**	**0**	**202**	**154**	**48**	**5,429**
		-						
Total	**-241**	**-132**	**-828**	**-787**	**37,070**	**39,058**	**-1,988**	**2,150,933**
Outstanding spot transactions					69	51	18	35,884
CCP netting					-12,227	-12,227	0	0
Total after CCP netting					**24,912**	**26,882**	**-1,970**	**2,186,817**

DKKm

60 Derivatives - cont.	Net fair value				Fair value			Principal amounts, total
2018	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Assets	Liabili-ties	Net	Nominal value
Currency contracts								
Forwards/futures, bought	943	239	-81	0	3,102	2,001	1,101	487,033
Forwards/futures, sold	-888	-425	-284	-44	1,207	2,848	-1,641	312,969
Swaps	201	-43	-256	55	1,001	1,044	-43	159,551
Options, acquired	6	155	3	0	164	0	164	5,935
Options, issued	-10	-86	0	0	0	96	-96	3,774
Total	252	-160	-618	11	5,474	5,989	-515	969,262
Interest-rate contracts								
Forwards/futures, bought	25	0	5	11	63	22	41	27,800
Forwards/futures, sold	9	-4	0	0	21	16	5	30,758
Forward Rate Agreements, bought	0	0	0	0	0	0	0	0
Forward Rate Agreements, sold	0	0	0	0	0	0	0	0
Swaps	-355	-34	-67	-441	23,853	24,750	-897	1,158,218
Options, acquired	1	0	155	0	160	4	156	18,268
Options, issued	-1	0	-155	0	2	158	-156	10,268
Total	-321	-38	-62	-430	24,099	24,950	-851	1,245,312
Share contracts								
Forwards/futures, bought	-11	0	0	0	0	11	-11	565
Forwards/futures, sold	27	0	0	0	27	0	27	1,082
Options, acquired	2	13	0	0	15	0	15	83
Options, issued	-2	-13	0	0	0	15	-15	83
Total	16	0	0	0	42	26	16	1,813
Commodity contracts								
Forwards/futures, bought	-53	-22	15	0	59	119	-60	2,808
Forwards/futures, sold	65	24	-14	0	124	49	75	2,823
Options, acquired	-10	-44	-17	0	29	100	-71	990
Options, issued	10	46	19	0	103	28	75	994
Total	12	4	3	0	315	296	19	7,615
Total	-41	-194	-677	-419	29,930	31,261	-1,331	2,224,002
Outstanding spot transactions					116	24	92	33,538
CCP netting					-6,945	-6,945	0	0
Total after CCP netting					23,101	24,340	-1,239	2,257,540

61 Liquidity risk

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

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

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

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

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

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

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

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

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

61 Liquidity risk, cont.

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

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

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

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

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

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

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

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

In 2019, Jyske Bank had a very high degree of excess coverage in respect of the stress-based internally delegated limits and guidelines.

61 Liquidity risk, cont.

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

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

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

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

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

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

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

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

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

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

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

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

62 Operational risk

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

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

Objective and overall setup

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

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

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

Management and monitoring

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

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

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

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

Note		The Jyske Bank Group	
	DKKm	2019	2018
63	**Transactions involving related parties**		
	Transactions with associates		
	Loans and advances	36	99
	Deposits	3	7
	Other liabilities	32	60
	Interest income	1	2
	Employee and administrative expenses	626	655
	Transactions with joint ventures		
	Loans and advances	28	-
	Deposits	0	-
	Interest income	1	-1
	Other operating income	0	20
	Employee and administrative expenses	0	148

	Supervisory Board and related parties		Executive Board and related parties	
	2019	2018	2019	2018
Short-term consideration	8	6	34	36
Guarantees provided	-	14	0	0
Collaterals received	25	35	14	14
Debt of the Jyske Bank Group	34	44	19	16
Account receivable, the Jyske Bank Group, amount drawn down	27	26	14	14
Account receivable, the Jyske Bank Group, credit facility	34	46	14	14
Interest income of the Jyske Bank Group	0	0	0	0
Changes in the present value of the pension liability	-	-	4	2
Interest rates for loans and advances (%)	0.4-6.9	0.3-3.9	0.4-1.0	0.3-1.0

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

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

Jyske Bank does not consider the Shareholders' Representatives a restricted management body.

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

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

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. Pension liabilities are actuarial items based on a number of assumptions, cf. also note 37 on pension provisions. At an unchanged discount rate, Jyske Bank's Executive Board earned additional retirement remuneration of DKK 1m in 2019 (2018: DKK 1m), cf. note 12.

For Jyske Bank A/S' related party transactions, please see note 33 in Jyske Bank' A/S' financial statements.

DKKm	2019	2018

64 **Leasing as lessee**

Jyske Bank holds a number of leases.
The contracts cover primarily rent of properties, and as of 2019 they are recognised in Jyske Bank's balance sheet as leased assets and lease liability.

Leased assets

	Real property	Cars	Total
Effect at the transition to IFRS 16, beginning of period	389	5	394
Additions	0	3	3
Remeasurement of lease liability	40	0	40
Amortisation for the year	-69	-3	-72
Recognised value, end of period	360	5	365

Lease commitments

	2019	2018
Termination of lease liabilities		
0-1 year	75	
1-5 years	250	
Over 5 years	68	
Non-discounted lease liability, end of period	393	
Recognised value, end of period	369	

Amounts recognised in income statement as lessee

	2019	2018
Interest expenses relating to lease liabilities	9	
Variable lease payments not recognised as part of the lease liability	0	
Costs relating to short-term leased assets (less than 12 months) and for leased assets with a low value	0	

65 **Leasing as lessor**

Income from finance and operating lease

	2019	2018
Finance income from finance leasing	203	199
Gain from sale of leased assets	12	12
Lease income from finance lease	215	211
Lease income from operating lease	578	576
Total	793	787

In addition to the above, fee income, etc. relating to finance lease agreements is recognised under fee and commission income, and fee and commission income, etc. relating to operating lease agreements is recognised under other income.

No income from variable lease payments for finance leasing is included in the measurement of the net investment.

No variable lease payments from operating lease depend on an index or an interest rate.

As was the case in previous years, the main activity was object financing, which primarily includes capital investment in plant and equipment/movable property as well as certain loan purposes and secondarily administration and financing tasks for third parties relating to such investments, including finance arrangements under a third party's own brand.

Financing and leasing are primarily offered to Danish personal clients, companies registered in Denmark and foreign private individuals or companies against commitment provided by a Danish company.

Note		The Jyske Bank Group	
	DKKm	2019	2018
65	Leasing as lessor, cont.		
	Amortisation, depreciation and impairment charges on operating leased assets		
	Depreciation on property, plant and equipment	472	479
	Reversed impairment charges on property, plant and equipment	60	27
	Recognised losses attributed to non-current assets	3	3
	Total	415	455
	Operating leased assets		
	Cost, beginning of period	3,322	3,341
	Currency translation adjustment	-8	-22
	Additions	1,119	920
	Disposals	1,038	917
	Cost, end of period	3,395	3,322
	Depreciation and amortisation, beginning of period	963	847
	Currency translation adjustment	0	1
	Depreciation and amortisation for the year	472	479
	Reversal of amortisation and depreciation on assets disposed of	445	364
	Depreciation and amortisation, end of period	990	963
	Depreciation and amortisation, beginning of period	143	170
	Currency translation adjustment	0	0
	Impairment charges for the year	40	18
	Reversal of impairment charges in previous years	101	45
	Depreciation and amortisation, end of period	82	143
	Carrying amount, end of period	2,323	2,216
	Maturity analysis leased assets		
	Present value of future minimum lease payments that fall due as follows:		
	Fall due within 1 year	405	421
	Fall due within 1-2 years	261	247
	Fall due within 2-3 years	106	89
	Fall due within 3-4 years	7	9
	Fall due within 4-5 years	1	2
	Fall due after 5 years	0	0
	Total	780	768

In addition, there are non-guaranteed residual values related to operating leased assets that are not included in the lessee's minimum lease payments.

Operating leased assets consist mainly of vehicles.

Leased assets include repossessed assets totalling DKK 120m. It is expected that the assets will be sold within the next 12 months or alternatively leased again to new clients.

Note		The Jyske Bank Group
	DKKm	2019	2018

65 Leasing as lessor, cont.

Description of risks and uncertainty relating to estimation of residual values

The Group has assumed risks relating to the residual value of its holding of operating lease agreements.

The measurement of the Group's property, plant and equipment relating to operating lease agreements is subject to some uncertainty, which can be attributed to a number of external market effects as well as the Group's own estimates of future circumstances. This is in particular related to the expected cash flows from the lease agreements in connection with the assets, and in particular cash flows from the subsequent sale of the assets and the circumstances related to this.

The accounting residual values are set at the market value at which the object is expected to have at the expiry of the agreement. The actual market value is, however, not finally known until the time of sale, and therefore, to a great extent, the establishment of residual values relies on professional estimates based on experience, market trends, etc. Sales prices of the objects are strongly affected by the supply / demand situation in the Danish and European car market, including industry trends as regards fuel preferences, bodywork, level of equipment, etc.

In addition, the expected net sales price is affected by prepayment patterns for the Group's private lease agreements in Denmark, as expectations of these contribute to deciding the experted time of sale. Moreover, the net sales price is also affected by the rate of turnover measured from the time of the return of the object to the sale and possibly other future income as well as expenses relating to the realisation/contract expiry, etc.

Risk management strategy

The Group monitors continuously whether the established residual values of the contracts in progress match the estimated realisation price, and whether other circumstances also indicate indication of impairment. This takes place in close connection with the ongoing pricing of new campaigns, and whether the residual values established for running campaigns are still appropriate and correct.

The above task has been assigned dedicated employee and management resources and also IT applications that assists in the ongoing monitoring of the picture of risk.

In addition to the above, the Group also works continuously to build new sales channels and also to enhance the logistics, preparation and repair set-up with a view to obtaining the best possible net sales prices.

Financial Lease Agreements

DKKm	2019	2018
Cost at the beginning of period	8,346	8,334
Additions	5,325	3,986
Disposals	4,583	3,974
Cost, end of period	**9,088**	**8,346**
Depreciation and amortisation, beginning of period	157	157
Changed accounting policies	0	67
Impairment charges for the year	73	32
Reversal of impairment charges in previous years	91	99
Depreciation and amortisation, end of period	**139**	**157**
Carrying amount, end of period	**8,949**	**8,189**

Maturity analysis

Nominal value of future lease payments

Note		The Jyske Bank Group	
	DKKm	2019	2018
65	**Leasing as lessor, cont.**		
	Fall due within 1 year	2,232	1,974
	Fall due within 1-2 years	1,649	1,546
	Fall due within 2-3 years	1,254	1,161
	Fall due within 3-4 years	855	781
	Fall due within 4-5 years	453	439
	Fall due after 5 years	293	267
	Total	6,736	6,168
	Correlation between maturity analysis and net investment		
	Nominal value of future minimum lease payments, cf. above	6,736	6,168
	Of which unrecognised interest income (at the current interest-rate level) included in the minimum lease payments	423	420
	Net present value of guaranteed residual values at expiry of the agreements	2,775	2,598
	Net present value of non-guaranteed residual values at expiry of the agreements	0	0
	Total	9,088	8,346

Carrying amount of finance leasing is affected by inflow of new agreements, extensions, repayments as well as regulation of impairment charges for expected credit loss.

66 Group overview

31 December 2019	*	Cur-rency	Share capital 1.000 units	Own-ership share (%)	Vot-ing share %	Assets (DKKm)	Liabilities DKKm	Total equity (DKKm)	Earn-ings (DKK m)	Profit or loss, DKKm
Jyske Bank A/S	a	DKK	775,538			304,100	268,390	35,710	6,228	2,440
Subsidiaries										
Jyske Realkredit, Kgs. Lyngby	b	DKK	4,306,480	100	100	384,899	366,038	18,861	6,666	1,117
Jyske Bank (Gibraltar) Ltd.	a	GBP	26,500	100	100	4,789	4,103	686	147	32
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	18	0	18	1	0
Jyske Bank Nominees Ltd., London	d	GBP	0	100	100	0	0	0	0	0
Inmobiliaria Saroesma S.L., Spain	e	EUR	853	100	100	47	41	6	1	-10
Jyske Finans A/S, Silkeborg	c	DKK	100,000	100	100	22,150	20,790	1,360	1,227	294
Ejendomsselskabet af 01.11.2017 A/S, Silkeborg	e	DKK	500	100	100	45	44	1	2	1
Gl. Skovridergaard A/S, Silkeborg	e	DKK	500	100	100	30	27	3	19	0
Ejendomsselskabet af 1.10.2015 ApS, Silkeborg	c	DKK	500	100	100	114	113	1	1	1
Jyske Invest Fund Management A/S, Silkeborg	d	DKK	76,000	100	100	397	73	324	134	24

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

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

	Cur-rency	Share capital 1.000 units	Own-ership share (%)	Vot-ing share %
Associates**				
Foreningen Bankdata, Fredericia	DKK	472,047	41	41
Sanistål A/S, Aalborg	DKK	11,924	12	12
CAPNOVA A/S, Aarhus	DKK	7,386	30	30
Jointly controlled enterprises				
Netto Biler A/S	DKK	5,000	50	50

From associated and jointly controlled companies, the Jyske Bank Group recognised a total of DKK 37m (2018: DKK 99m) under assets, DKK 35m (2018: DKK 67m) under liabilities, DKK 0m (2018: DKK 21m) under income, and DKK 626m (2018: DKK 803m) under expenses.
** Accounting figures according to the latest published Annual Report.

DKKm

67 Investments in associates and jointly controlled companies

	Associated enterprises			
	Foreningen Bankdata		Sanistål A/S	
	2019	2018	2019	2018
Equity interest	41	40	12	12
Dividend received	0	0	0	0
Income statement and comprehensive income				
Revenue	1,694	1,433	4,638	4,523
Expenses	1,573	1,423	4,513	4,361
Amortisation, depreciation and impairment	84	13	294	54
Financial income	0	0	2	5
Financial expenses	5	2	23	22
Tax on profit for the year	0	2	-42	18
Profit or loss from discontinuing activities	0	0	-20	-19
Profit for the year	32	-7	-168	54
Other comprehensive income	0	0	0	2
Comprehensive income	32	-7	-168	56
Balance Sheet				
Property, plant and equipment	177	168	188	581
Intangible assets	531	359	326	328
Other long-term assets	93	182	75	33
Cash and cash equivalents	309	1	4	5
Other short-term assets	217	216	1,717	1,449
Total assets	1,327	926	2,310	2,396
Equity	531	503	803	976
Long-term liabilities	443	0	22	25
Short-term liabilities	353	423	1,485	1,395
Total equity and liabilities	1,327	926	2,310	2,396

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

The Group's strategy includes strategic partnerships in key areas, including IT development through the Association Bankdata.

Information on non-material associates and jointly controlled companies

	Carrying amount according to the equity method	Profit or loss continuing operation	Profit or loss discontinued operation	Other comprehensive income	Comprehensive income
According to the Group's equity interest in the individual companies in 2019	13	-3	0	0	-3
According to 100% in the individual companies in 2019	48	-16	0	0	-16
According to the Group's equity interest in the individual companies in 2018	21	1	0	0	1
According to 100% in the individual companies in 2018	93	5	0	0	5

Accounting figures according to the latest published Annual Report.

68 Accounting policies

Basis of accounting

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

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

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

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

Except for the implementation of the below new standard, IFRS 16, and the changed standard, IFRS 12, the accounting policies are unchanged compared to those applied to the Annual Report 2018.

IFRS 16, Leases

IFRS 16 is a new standard that has been approved for use in the EU and took effect on 1 January 2019. IFRS 16 replaces IAS 17, Lease contracts.

Jyske Bank has implemented the new leasing standard by using the modified retrospective transition method, and therefore no adjustment of comparative figures has taken place, and these are therefore still presented in accordance with IAS 17.

In contrast to previous practice, practically all lease agreements must be recognised in the balance sheet of the lessee's financial statements in the form of a lease liability, measured at the present value of the future lease liabilities, and an asset representing the lessee's right of use of the underlying asset. The accounting treatment of leasing in the lessor's financial statements is practically unchanged.

In accordance with the transition provisions of IFRS 16, Jyske Bank has chosen:

- not to recognise lease agreements with a term under 12 months
- not to reassess whether a contract is or includes a lease agreement
- to set a discount rate on a portfolio of lease agreements with uniform characteristics.

In connection with the implementation of IFRS 16, Jyske Bank has recognised a leased asset of DKK 394m from rent and cars and a lease liability in the amount of DKK 394m. Hence the effect on equity amounts to DKK 0.

When measuring the lease liabilities, Jyske Bank has applied an average interest rate on loans at 2% for discounting future lease payments.

	DKKm
Operating lease liabilities, 31 December 2018 (IAS 17):	300
Discounted 1 January 2019	287
Lease payments for payments during extension periods that, with reasonable certainty, are expected to be utilised	107
Lease liabilities recognised on 1 January 2019 (IFRS 16)	394

The income statement for 2019 recognises depreciation of leased assets in the amount of DKK 71m and an interest expense on the lease commitment of DKK 9m against a previous rental expense. The effect on the net profit for the year is insignificant.

IAS 12, Income tax

IAS 12 has been changed as part of an annual improvement project with effect as of 1 January 2019. Due to the change, the tax value of the deduction of interest on hybrid capital (AT 1) must be charged to the income statement and not to equity. Compared with the current practice the effect on net profit for the year will be insignificant, and therefore the comparative figures have not been adjusted.

Reclassification

In order to present a more correct composition of income from leasing activities, reclassification of certain fees paid has taken place. Due to the reclassification, interest income has been reduced by DKK 123m and fees paid have been reduced by DKK 123m against the corresponding amount of DKK 119m in 2018. Comparative figures have been restated accordingly. The reclassification affects neither the profit for the year nor equity.

For the statement of negative interest income and negative interest expenses, a new method has been applied. Comparative figures have been restated accordingly. The reclassification does not affect net interest income.

Supervision of accounts

The FSA has audited Jyske Bank's Annual Report 2018, and in its audit, the FSA focused on the new disclosure requirements of IFRS 7 on disclosure of financial instruments. The FSA found some deviations and ordered Jyske Bank to rectify these issues, which the FSA assessed on the whole to be of a material nature and to constitute defects. The issues related only to notes, and hence they do not affect the bank's profit, balance sheet, equity, capital ratios and financial ratios, etc.

The issues are stated in the below list (in italics), and reference is made to where the issues have been rectified.

Lack of information about fee and commission income from asset-management activities and other activities entrusted to the bank that entail management or investment of assets on behalf of individuals, funds, pension funds and other institutions.

The information is incorporated in note 9 on Fees and commission income.

Lack of information about the size in terms of value of the change to own credit risk on issued bonds, etc.

68 Accounting Policies, cont.

The information is incorporated in note 35 on Issued bonds at fair value

Lack of information about hedge accounting

The information is incorporated in note 59 on Hedge accounting

Lack of information about the bank's reasons for the definition of default chosen by the bank.

The information is incorporated in note 50 in the section in risk classification on page 94 and in note 68 on Accounting Policies on page 121.

Presentation of impairment charges that are not the bank's own impairment charges in the same tables, headlines, etc. where the banks own impairment charges are presented.

The presentation is rectified in note 14 of the consolidated financial statements and in note 9 in the company's separate financial statements.

Lack of information about financial instruments for which the bank did not recognise a provision for losses due to the collateral.

The information is incorporated in note 22 on Fair value of collaterals for loans, advances and guarantees.

Future standards and interpretations
At the time of publication of this Financial Report, a number of new or amended standards and interpretations had been adopted yet not come into force or been approved for use in the EU. It is not expected that these will have any material impact on Jyske Bank's financial reporting.

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

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

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

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

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

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

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

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

Loan impairment charges and provisions for guarantees are subject to significant estimates as regards the quantification of the risk that future payments may not all be received. Where it is established that not all future payments will be received, the determination of the extent of anticipated payments, including specification of scenarios, risk classification, realisable values of security provided and anticipated dividend payments by estates, will also be subject to significant estimates. After the implementation of IFRS 9, the division of loans and advances, etc. into stages 1, 2 or 3 is subject to significant estimates, which is decisive when determining whether a loss expected in the 12-month term or an expected loss in the entire term of the loan is to be recognised. In a number of instances, it is necessary to supplement the model-calculated impairment charges in stages 1, 2 and 3 with a management's estimate. This will typically be the case when social events are assessed to affect the level of impairment, yet these events have not yet been picked up by the Group's credit models.

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

68 Accounting Policies, cont.

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

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

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

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

The consolidated financial statements
The consolidated financial statements cover the financial statements for Jyske Bank A/S and the companies controlled by Jyske Bank A/S. Control is achieved when Jyske Bank A/S
- has control of another company
- has the possibility of or the has the right to a variable return on its investment, and
- is able to use its control to obtain such return.

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

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

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

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

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

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

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

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

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

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

68 Accounting Policies, cont.

Lease agreements applicable as of 1 January 2019
A leased asset and a lease liability is recognised in the balance sheet when , according to a lease agreement entered into, a leased asset is made available to the Group for a lease period, and when the Group has the right of practically all the economic benefits from the use of the identified asset and the right to decide on the use of this.

Lease liabilities are measured at the initial recognition at the net present value of the future leasing payments discounted at an alternative interest rate, which will amount to the cost relating externally financing of a corresponding asset. Subsequently, the lease liability is measured at amortised cost in accordance with the effective interest method. The lease liability is recalculated when changes take place in the underlying contractual cash flows, if changes take place in the estimate of the residual value guarantee, or if the Group changes its assessment of whether it is reasonably certain that an option to purchase, extend or cancel is expected to be utilised.

At initial recognition, the leased asset is measured at cost, which corresponds to the value of the lease liability adjusted for prepaid leasing payments plus directly related costs. Subsequently, the leased asset is measured at cost less accumulated impairment and depreciation. Leased assets are depreciated over the shorter of the leasing period or the useful life of the leased asset. The depreciation is recognised in the income statement by the straight line method. Leased assets are adjusted for changes in the lease liability due to changes in the terms and conditions of the lease agreement or changes in the cash flows of the contract.

Leased assets are depreciated by the straight-line method over the expected lease period, which amounts to:

Properties	5-10 years
Cars	3-5 years

The leased asset and the lease liability are stated in the notes.

The Group does not recognise short-term lease agreements in the balance sheet. Instead lease payments relating to such lease agreements are recognised in the income statement by the straight-line method.

Assets that are leased at financial lease terms and conditions are recognised, measured and presented as loans and advances.

Hence assets that are leased at operating lease terms and conditions are recognised and presented like the Group's other assets of a similar type. Income from operating lease agreements is recognised by the straight-line method over the relevant leasing period under Other operating income.

Lease agreements in force before 1 January 2019
Lease agreements are classified as financial and operating lease liabilities. A lease agreement is classified as financial when the most important risks and advantages of owning the leased asset are transferred to the lessee. Other lease agreements are classified as operating. Lease payments relating to operating lease agreements are recognised over the leasing period by the straight-line method in the income statement.

Assets that are leased at financial lease terms and conditions are recognised, measured and presented as loans and advances.

Assets that are leased at operating lease terms and conditions are recognised and presented like the Group's other assets of a similar type. Income from operational lease agreements is recognised by the straight-line method over the relevant leasing period under Other operating income.

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

Tax comprises calculated tax and any change in deferred tax as well as the readjustment of tax for previous years. Calculated tax is based on the year's taxable income. Deferred tax is recognised and measured in accordance with the balance-sheet liability method on the basis of the differences between the carrying amounts and tax values of assets and liabilities. Overall, deferred tax liabilities are recognised on the basis of temporary differences, and deferred tax assets are recognised to the extent that it is deemed probable that taxable income exists against which deductible temporary differences may be offset. Such assets and liabilities are not recognised where the temporary difference is due to goodwill.

Provisions are not made in the balance sheet for tax payable on the sale of an investment in subsidiaries or associates, if the investment is not expected to be disposed of within a short period of time, or if a sale is planned so that there is no tax liability.

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

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

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

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

68 Accounting Policies, cont.

Balance Sheet

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

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

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

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

Jyske Bank has no financial assets that fall under the measurement category with recognition of financial assets at fair value through Other comprehensive income. Instead, Jyske Bank's bond portfolio is measured at fair value through the income statement either because they are included in a trading portfolio, or because they are used by a risk management system or an investment strategy based on fair values and are, on this basis, included in the bank's internal management reporting, except for a minor holding of bonds that is held under a business model where the bonds will be measured at amortised cost.

Due from credit institutions and central banks

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

Loans and advances at fair value

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

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

Loans and advances at amortised cost

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

Stages for development of credit risk

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

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

For loans in stage 1, impairment charges corresponding to the expected loss over the following 12 months are recognised, while for loans in stages 2 and 3, impairment charges corresponding to expected losses over the remaining life of the exposures are recognised. At the initial recognition, the individual loans are generally placed in stage 1, which means that impairment charges corresponding to the expected losses over the following 12 months are recognised.
Loans with a very low probability of default (PD below 0.2%) and without any other indications of significant increases in the credit risk are considered having a low credit risk and are placed in stage 1 regardless of the probability of default since the initial recognition.

68 Accounting Policies, cont.

For loans and advances in stage 2, an expected loss over the remaining term of the loan is calculated. Assessment of whether the credit risk has increased for individual loans and advances, the ranking of loans and advances into stages and the statement of expected take place on a quarterly basis.

The ranking in the various stages will affect the calculation method applied, and it is determined, among other things, on the basis of the change in the probability of default (PD) over the expected remaining life of the loans. Loans and advances in stage 3 are considered credit-impaired and are classified with risk code 2 or 3, as, under the most likely scenario, a loss is expected. There are only minor differences between the definition of default and the accounting treatment of credit-impaired loans and advances (stage 3), as account managers and/or credit specialists - following a specific assessment of the client's financial circumstances - may reclassify clients past due more than 90 days (default) to stage 2, if it is documented that the reason why the client is in arrears is not financial difficulties. Hence, to a high degree, the accounting treatment of the loan reflects the current financial assessments of the client’s circumstances.

In connection with the Group’s implementation of the new default guidelines (EBA/GL/2016/07) issued by the EBA, it is the aim of the Group to align the entry criteria for default, stage 3 and non-performing. Various waiting periods apply to the individual concepts, and therefore the exit criteria vary.

For detailed definitions of default, credit deterioration and risk classifications applied, please see note 50, the section on risk classifications on page 90.

Assessment of significant increase in credit risk
In the event of a significant increase in credit risk, loans and advances will be transferred to stage 2. Assessment of whether any significant increase in credit risk has taken place since the initial recognition is based on the following circumstances:

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

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

c) Loans in arrears by 30 days or more.

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

Clients for which the credit risk has increased significantly and with a probability of default (PD above 5%) will be placed in the weak part of stage 2 together with loans and advances that have been classified with risk code 1 and with objective evidence of impairment. For loans and advances subject to objective evidence of impairment in stage 2, impairment charges will be calculated according to the principles applicable to loans and advances in stage 3.

If the Group’s most likely scenario points to losses, the client is considered credit-impaired and will be ranked in stage 3.

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

Statement of expected losses
The expected future loss is calculated on the basis of the probability of default (PD), the exposure at default (EaD) and the loss given default (LGD). These parameters rest on the Group's advanced IRB set-up, which is based on the bank's experience of loss history and early repayment, among other things. These parameters are adjusted to IFRS 9 in a number of specific areas. The purpose of the adjustments is to ensure that the parameters reflect a current as well as true and fair picture that comprises available information and expectations of the future, including the Group’s expectations of the real economy trends in GDP, unemployment, house prices, etc. Hence the parameters are adjusted to cover a longer time horizon. The projection allows for client-specific circumstances such as client segment, credit rating, industry, etc. Advanced quantitative credit models are applied to all clients in stages 1 and 2 for which there is not evidence of credit impairment.

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

Macro-economic scenarios and event probability are reviewed at least once a year. At the review in 2019, the macro-economic scenarios showed slightly more negative expectations of the economic development than in 2018. In addition, the event probability under the scenarios has increased as regards the negative scenarios. On the whole, due to the scenario calculation, this results in additional impairment charges of DKK 110m (DKK 35m in 2018).

	2019		2018	
Scenario	Probability	Weighted additional impairment charges	Probability	Weighted additional impairment charges
Good	20%	-16	25%	-64
Base	40%	-2	50%	-11
Weak	30%	28	20%	42
Hard	10%	100	5%	68
Total	100%	110	100%	35

68 Accounting Policies, cont.

For most loans, the expected time to maturity is limited to the contractual time to maturity. However, for mortgage loans, allowances are made for expected early repayment. For revolving credit facilities, the expected remaining term is based on analyses of the term for credit-impaired clients. If a loan is secured in full in all scenarios, the impairment charge will generally be zero. This will typically be the case with exposures with a high overcollateralisation and/or fixed-value collaterals such as cash fixed properties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

68 Accounting Policies, cont.

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

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

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

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

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

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

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

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

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

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

Land and buildings

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

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

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

Initially, leased owner-occupied properties are recognised at the net present value of the lease liability inclusive of costs. Subsequently, leased owner-occupied properties are measured at cost less accumulated depreciation, amortisation and impairment.

Once a year, spot checks are made of a number of properties with the assistance of an external appraiser.
The depreciation of revalued buildings is recognised in the income statement. Upon the subsequent sale of a revalued building, any relevant revaluation reserves are transferred to Retained earnings.

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

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

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

68 Accounting Policies, cont.

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

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

Assets held temporarily with a view to sale
Assets held temporarily with a view to sale comprise properties acquired through foreclosure, equity investment and cars, etc. intended for sale shortly, as a sale is considered very likely. The item also covers owner-occupied properties, subsidiaries and disposal groups of assets, intended for sale shortly, and where a sale is very likely.

Assets held temporarily with a view to sale are recognised at the lower amount of the carrying amount at the time of the classification as assets held temporarily or the fair value less sales costs. No depreciation is recognised on the assets from the time when they are classified as assets held temporarily.

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

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

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

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

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

The portfolio of own mortgage bonds is deducted.

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

Liabilities in disposal group with a view to sale
Liabilities in disposal groups are recognised at fair value and comprise the liabilities that are closely linked to disposal groups of assets awaiting sale within a short period of time and where a sale is very likely.

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

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

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

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

For provisions for guarantees, loan commitments and unutilised loan commitments, reference is made to the section on financial guarantees and the section on loans and advances at amortised cost.

For provisions for deferred tax, reference is made to the section on tax.

68 Accounting Policies, cont.

Equity

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

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

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

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

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

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

Retained earnings include non-distributed dividends from previous years.

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

Own shares

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

Contingent assets and contingent liabilities

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

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

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

Income statement

Interest income and interest expenses

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

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

Interest income includes administrative contributions from mortgage loans.

Interest on mortgage loans and issued mortgage bonds that are governed by the specific balance principle is recognised at the nominal rate of interest on the outstanding bond debt.

Interest on mortgage loans, issued mortgage bonds and relating derivatives that are governed by the general balance principle is recognised at the yield to maturity. Interest relating to the related derivatives is presented together with the interest on the issued mortgage bonds so that the net interest expenses on these are recognised as a whole under Interest expenses.

Negative interest income is recognised under interest expenses, while negative interest expenses are recognised under interest income. In the notes to interest income and interest expenses, negative interest is initially recognised under the original note item and is then transferred net between interest income and interest expenses at the bottom of the notes.

Fees received and paid

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

Value adjustments

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

68 Accounting Policies, cont.

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

Under defined contribution pension plans, the Group makes fixed contributions to an independent pension fund, etc. The Group is under no obligation to make further contributions. Contributions are included in the income statement over the vesting period.

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

Pension plans and other long-term employee benefits
The Group has entered into defined contribution pension plans with the majority of its employees.

Under defined benefit pension plans, the Group is obliged to pay a certain benefit when an employee retires. Liabilities in connection with defined benefit plans are automatically calculated by actuarially discounting pension liabilities to present value. The present value is calculated on the basis of assumptions relating to the future trend in interest rates, inflation, mortality and disablement.

Anniversary bonuses are recognised as the present value of the part of the overall liability which relates to the term during which the employees have been employed with the Group. Due consideration is paid to staff turnover, etc. The liability is recognised under Provisions for pensions and similar liabilities.

Other operating expenses
Other expenses not attributable to other income statement items, inclusive of Jyske Bank's proportionate share of statutory expenses for the Guarantee Fund for Depositors and Investors as well as the Resolution Fund, are recognised under Other operating expenses.

Earnings per share
Earnings per share is calculated by dividing the profit for the year exclusive of interest for Additional Tier 1 Capital (AT1) by the weighted average number of shares in circulation during the financial year.

Diluted earnings per share are calculated in the same manner as earnings per share, but the decisive factors are adjusted to reflect the effect of all diluted share capital.

Comprehensive income
Comprehensive income comprises the profit for the period plus other comprehensive income relating to currency translation and hedge accounting of international units, property revaluations, actuarial loss and gain and tax adjustments.

Segment information
Information is stated for business sectors identified on the basis of internal management reports and accounting policies in accordance with IFRS 8. The segment information is based on the information used by the Group's highest-ranking decision-making officer for assessing results and allocating resources. Internal management reporting comprises the segments Banking activities, Mortgage activities, Leasing activities. Jyske Bank operates in the following geographical areas: Denmark, Germany, Spain and Gibraltar. The geographical areas are divided into Denmark and International.

Core profit
Core profit is defined as the pre-tax profit exclusive of earnings from investment portfolios.

Investment portfolio earnings
The investment portfolio earnings consist of the return on the Group's own securities portfolio of tactical market risk positions (primarily interest-rate and currency risk risk exposures) and a smaller amount of bond investments. Investment portfolio earnings are calculated after expenses for funding and directly attributable costs.

Cash flow statement
The cash flow statement shows Group cash flows relating to operating, investing and financing activities for the year, changes in cash and cash equivalents for the financial year, and cash and cash equivalents at the beginning and end of the year. The Cash Flow Statement is presented in accordance with the indirect method based on the profit for the year.

Cash flows derived from operating activities are calculated as the profit for the year adjusted for non-cash operating items, changes in operating capital and paid corporate tax. Cash flows relating to investing activities include the purchase and sale of enterprises and non-current assets. Cash flows relating to financing activities include distribution and movements in equity and subordinated debt.

Cash and cash equivalents include cash and free balances due from credit institutions and central banks with an original time to maturity of less than three months.

69 Definition of financial ratios

Financial ratios and key figures	Definition
Pre-tax profit, per share (DKK)	Pre-tax profit divided by the average number of outstanding shares during the year
Earnings per share (DKK)	Profit for the year divided by the average number of shares outstanding during the year
Profit for the year, per share (diluted) (DKK)	Profit for the year divided by the average number of shares outstanding during the year adjusted for the dilution effect of share options and conditional shares under share-based payment
Core profit per share (DKK)	Pre-tax profit, exclusive of the investment portfolio earnings, divided by the average number of outstanding shares during the year
Share price at year-end (DKK)	The closing price of the Jyske Bank share at year-end
Book value per share (DKK)	Equity at year-end exclusive of non-controlling interests divided by the number of shares outstanding at year-end
Price/book value per share (DKK)	The closing price of the Jyske Bank share at year-end divided by the book value per share at year-end.
Price/earnings per share	The closing price of the Jyske Bank share at year-end divided by the earnings per share at year-end
Proposed dividend per share (DKK)	Proposed dividend divided by number of shares, year-end
Distributed dividend per share (DKK)	Distributed dividend divided by number of shares, year-end
Capital ratio	Capital base divided by weighted risk exposure
Core Tier 1 Capital ratio (%)	Core capital including additional tier 1 capital after deductions divided by weighted risk exposure.
Common Equity Tier 1 capital ratio (%)	Core capital excluding additional tier 1 capital after deductions divided by weighted risk exposure.
Pre-tax profit as a pct. of average equity	Pre-tax profit divided by average equity during the year
Net profit as a percentage of average equity	Net profit divided by average equity during the year
Income/cost ratio (%)	Income divided by expenses inclusive of loan impairment charges and provisions for loss on guarantees
Interest-rate risk (%)	Interest-rate risk at year-end divided by core capital at year-end
Foreign-currency position (%)	Currency exposure indicator 1 at year-end divided by core capital after deductions at year-end
Currency risk (%)	Currency exposure indicator 2 at year-end divided by core capital after deductions at year-end
Liquidity Coverage Ratio (LCR) (%)	Liquid assets as a percentage of the net value of incoming and outgoing cash flows over a 30-day period in a stress situation.
Total large exposures (%)	The sum of the 20 largest exposures at year-end divided by the Common Equity Tier 1 capital at year-end.
Accumulated impairment ratio (%)	Total of loan impairment charges and provisions for loss on guarantees at year-end divided by total loans, advances, guarantees, provisions and impairment charges at year-end Discount for acquired loans and advances is not included
Impairment ratio for the year (%)	The year's loan impairments charges and provisions for loss on guarantees divided by total loans, advances, guarantees, provisions and impairment charges at year-end
Increase in loans and advances for the year, excl. repo loans (%)	The increase in loans and advances divided by opening loans and advances. Recognised exclusive of repo loans
Loans and advances in relation to deposits	Total loans and advances at year-end divided by total deposits at year-end
Loans and advances relative to equity	Loans and advances at year-end divided by equity at year-end
Return on capital employed	Net profit for the year divided by average total average assets
Number of full-time employees, year-end	The number of full-time employees (part-time employees translated into full-time employees) at year-end.
Number of full-time employees, average for the year	The average number of full-time employees (part-time employees translated into full-time employees) determined on the basis of the end-of-quarter statements

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority. Ratios are calculated as if Additional Tier 1 Capital (AT1) is recognised as a liability.

Jyske Bank A/S

Note		Jyske Bank	
	DKKm	2019	2018
	Income statement		
2	Interest income	3,363	3,571
3	Interest expenses	1,006	786
	Net interest income	2,357	2,785
	Dividends, etc.	36	107
4	Fees and commission income	2,948	2,010
	Fees and commission expenses	139	116
	Net interest and fee income	5,202	4,786
5	Value adjustments	176	426
6	Other operating income	395	882
7	Employee and administrative expenses	4,542	4,532
21-23	Amortisation, depreciation and impairment charges	139	86
	Other operating expenses	2	21
9	Loan impairment charges and provisions for guarantees	-123	32
11	Profit on investments in associates and group enterprises	1,453	1,374
	Pre-tax profit	2,666	2,797
12	Tax	226	297
	Profit for the year	2,440	2,500
	Proposal for the distribution of profit for the year		
	Proposed dividend	0	520
	Total appropriation to shareholders' equity	2,284	1,853
	Holders of Additional Tier 1 Capital (AT1)	156	127
	Total	2,440	2,500
	Statement of Comprehensive Income		
	Profit for the year	2,440	2,500
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Revaluation of real property	-15	148
	Tax on property revaluations over the year	1	-29
	Actuarial losses and gains	-55	-7
	Tax on actuarial losses and gains	12	2
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	38	-9
	Hedge accounting of international units	-38	9
	Tax on hedge accounting	8	-2
	Other comprehensive income after tax	-49	112
	Comprehensive income for the year	2,391	2,612

Note		Jyske Bank	
	DKKm	2019	2018
	Balance sheet at 31 December		
	ASSETS		
	Cash balance and demand deposits with central banks	9,848	5,980
15	Due from credit institutions and central banks	11,846	12,939
9	Loans and advances at fair value	2,357	4,675
9, 10	Loans and advances at amortised cost	147,040	132,157
16	Bonds at fair value	64,021	61,285
16	Bonds at amortised cost	11,887	7,517
18	Shares, etc.	2,137	3,116
19	Investments in associates	252	293
20	Equity investments in group enterprises	20,534	20,037
	Assets in pooled deposits	4,128	3,655
21	Intangible assets	0	0
	Land and buildings, total	2,119	1,771
22	Of which owner-occupied properties	1,759	1,771
22	Of which owner-occupied properties, leasing	360	0
23	Other property, plant and equipment	70	97
	Current tax assets	880	538
	Deferred tax assets	24	9
	Assets held temporarily	696	24
24	Other assets	25,929	24,134
	Prepayments	332	343
	Total assets	304,100	278,570

Note		Jyske Bank	
	DKKm	2019	2018
	Balance sheet at 31 December		
	EQUITY AND LIABILITIES		
	Debt and payables		
25	Due to credit institutions and central banks	47,188	27,847
26	Deposits	135,838	139,773
	Pooled deposits	4,202	3,806
	Issued bonds at amortised cost	38,556	35,039
27	Other liabilities	37,158	32,380
	Prepayments	20	17
	Total debt	262,962	238,862
	Provisions		
28	Provisions for pensions and similar liabilities	603	555
	Provisions for deferred tax	0	0
9	Provisions for guarantees	247	213
9	Provisions for credit commitments and unutilised credit lines	138	142
29	Other provisions	113	147
	Provisions, total	1,101	1,057
31	Subordinated debt	4,327	4,319
	Equity		
	Share capital	776	849
	Revaluation reserve	205	214
	Currency translation reserve	0	0
	Reserve according to the equity method	6,703	5,612
	Retained profit	24,769	24,591
	Proposed dividend	0	520
	Jyske Bank A/S shareholders	32,453	31,786
	Holders of Additional Tier 1 Capital (AT1)	3,257	2,546
	Total equity	35,710	34,332
	Total equity and liabilities	304,100	278,570
	OFF-BALANCE SHEET ITEMS		
9, 32	Guarantees, etc.	20,260	19,248
33	Other contingent liabilities	4,397	2,824
	Total guarantees and other contingent liabilities	24,657	22,072

DKKm

Statement of changes in equity	Share capital	Revalua-tion re-serves	Cur-rency transla-tion reserve	Reserve according to the equity method	Re-tained profit	Pro-posed dividend	Jyske Bank A/S share-holders	AT1 capital*	Total equity
Equity at January 2019	849	214	0	5,612	24,591	520	31,786	2,546	34,332
Profit for the year	0	-8	0	1,105	1,187	0	2,284	156	2,440
Other comprehensive income	0	-1	0	-14	-34	0	-49	0	-49
Comprehensive income for the year	0	-9	0	1,091	1,153	0	2,235	156	2,391
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 Additional Tier 1 Capital	0	0	0	0	0	0	0	-147	-147
Currency translation adjustment	0	0	0	0	14	0	14	-14	0
Tax	0	0	0	0	0	0	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
Proposed dividend	0	0	0	0	520	-520	0	0	0
Reduction of share capital	-73	0	0	0	73	0	0	0	0
Acquisition of own shares	0	0	0	0	-2,592	0	-2,592	0	-2,592
Sale of own shares	0	0	0	0	1,017	0	1,017	0	1,017
Transactions with owners	-73	0	0	0	-975	-520	-1,568	555	-1,013
Equity at 31 December 2019	**776**	**205**	**0**	**6,703**	**24,769**	**0**	**32,453**	**3,257**	**35,710**

*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 for the bank of early redemption in September 2021 at the earliest. The interest rates applicable to the issue until September 2021 are STIBOR+5.80% and CIBOR+5.30%, respectively. In September 2017, Jyske Bank made an issue amounting to EUR 150bn, AT1, with the possibility for the bank of early redemption in September 2027 at the earliest. The issue has a coupon of 4.75% until September 2027. 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 reserves	Currency translation reserve	Reserve according to the equity method	Retained profit	Proposed dividend	Jyske Bank A/S shareholders	AT1 capital	Total equity
Equity at January 2018	892	339	0	4,406	25,864	522	32,023	2,581	34,604
Changes to accounting policies, IFRS 9	0	0	0	-117	-511	0	-628	0	-628
Tax effect, IFRS 9	0	0	0	25	112	0	137	0	137
Adjusted equity, 1 January 2018	892	339	0	4,314	25,465	522	31,532	2,581	34,113
Profit for the year	0	0	0	1,262	1,111	0	2,373	127	2,500
Other comprehensive income	0	-125	0	36	201	0	112	0	112
Comprehensive income for the year	0	-125	0	1,298	1,312	0	2,485	127	2,612
Interest paid on hybrid capital	0	0	0	0	0	0	0	-128	-128
Currency translation adjustment	0	0	0	0	34	0	34	-34	0
Tax	0	0	0	0	20	0	20	0	20
Dividends paid	0	0	0	0	-525	-522	-1,047	0	-1,047
Dividends, own shares	0	0	0	0	49	0	49	0	49
Proposed dividend	0	0	0	0	-520	520	0	0	0
Reduction of share capital	-43	0	0	0	43	0	0	0	0
Acquisition of own shares	0	0	0	0	-2,637	0	-2,637	0	-2,637
Sale of own shares	0	0	0	0	1,350	0	1,350	0	1,350
Transactions with owners	-43	0	0	0	-2,186	-2	-2,231	-162	-2,393
Equity at 31 December 2018	**849**	**214**	**0**	**5,612**	**24,591**	**520**	**31,786**	**2,546**	**34,332**

Jyske Bank		
DKKm	2019	2018
Capital Statement		
Shareholders' equity	32,453	31,786
Share buy-back programme, non-utilised limit	-404	0
Proposed dividend	0	-520
Deferred tax assets	-24	-9
Prudent valuation	-349	-272
Other deductions	-27	-18
Common Equity Tier 1 capital	31,649	30,967
Additional Tier 1 Capital (AT1) after reduction	3,619	3,047
Core capital	35,268	34,014
Subordinated loan capital after reduction	3,763	3,699
Capital base	39,031	37,713
Weighted risk exposure involving credit risk etc.	100,706	103,306
Weighted risk exposure involving market risk	11,850	13,940
Weighted risk exposure involving operational risk	11,478	11,936
Total weighted risk exposure	124,034	129,182
Capital requirement, Pillar I	9,923	10,335
Capital ratio (%)	31.5	29.2
Tier 1 Capital ratio (%)	28.4	26.3
Common Equity Tier 1 capital ratio (%)	25.5	24.0

For a statement of the individual solvency requirement, please see Risk and Capital Management 2019 or investor.jyskebank.com/investorrelations/capitalstructure and Investor.jyskebank.com/investorrelations/debt.

Risk and Capital Management 2019 was not covered by the audit.

Table of contents, notes section

Note		Jyske Bank

DKKm	2019	2018

1 **Accounting Policies**

Basis of accounting
The financial statements of Jyske Bank A/S have been prepared in accordance with the Danish Financial Business Act, including the Danish Executive Order on Financial Reports for Credit Institutions, Stockbrokers, etc. The rules applying to recognition and measurement at Jyske Bank A/S are consistent with IFRS.
With respect to classification and extent, the preparation for Jyske Bank A/S differs from the preparation for the Group. Please thee the full description of accounting policies in note 68.

Figures in the financial statements are in Danish kroner, rounded to the nearest million in Danish kroner.

For a 5-year summary of financial ratios and key figures, please see pages 160-161.

Changes to accounting policies
The Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. was changed with effect from 1 January 2019 as the derived effects from a new standard IFRS 16 Leasing have been incorporated in the executive order.
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 lease liabilities 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 in the lessor's financial statements is practically unchanged. For Jyske Bank, activation consists of rent and cars and at the same time the establishment of a corresponding liability. Assets and liabilities rose by almost DKK 0.4 bn. So far, rental expenses were recognised as administration expenses in the income statement. In future, the rental expenses will instead be recognised as depreciation of the leased assets and an interest expense on the lease commitment. Compared with the current practice the effect on net profit for the year will be insignificant. Comparative figures have not been restated accordingly.

IFRS 12, Income tax 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 year for will be insignificant, and therefore the comparative figures have not been adjusted.

Financial situation and risk information
Jyske Bank A/S is affected by the financial situation and the risk factors that are described in the management's review for the Group and reference is made to this.

2 **Interest income**

	2019	2018
Due from credit institutions and central banks	35	21
Loans and advances	1,919	2,267
Bonds	550	578
Derivatives, total	167	170
Of which currency contracts	297	229
Of which interest-rate contracts	-130	-59
Others	2	1
Total after offsetting of negative interest income	2,673	3,037
Negative interest income set off against interest income	269	184
Negative interest expenses set off against interest expenses	421	350
Total before offsetting of negative interest income	3,363	3,571

Of which interest income on reverse repos carried under:		
Due from credit institutions and central banks	-16	-22
Loans and advances	-164	-99

Negative interest income amounted to DKK 269m (2018: DKK 184m) and related primarily to repo transactions. In the above table, negative interest income is set off against interest income. In the income statement, negative interest income is listed as interest expenses, and negative interest expenses are listed as interest income.

Note		Jyske Bank	
	DKKm	2019	2018
3	**Interest expenses**		
	Due to credit institutions and central banks	78	114
	Deposits	-52	-81
	Issued bonds	185	118
	Subordinated debt	96	101
	Others	9	0
	Total after offsetting of negative interest	316	252
	Negative interest expenses set off against interest expenses	421	350
	Negative interest income set off against interest income	269	184
	Total before offsetting of negative interest income	1,006	786
	Of which expenses on reverse repos carried under:		
	Due to credit institutions and central banks	-83	-53
	Deposits	-20	-21

Negative interest expenses amounted to DKK 421m (2018: DKK 350m) and related primarily to repo and tri-party transactions. In the above table, negative interest expenses are set off against interest expenses. In the income statement, negative interest expenses are listed as interest income, and negative interest income is listed as interest expenses.

Note		2019	2018
4	**Fees and commission income**		
	Securities trading and custody services	1,023	978
	Money transfers and card payments	201	200
	Loan application fees	117	134
	Guarantee commission	112	107
	Other fees and commissions	1,495	591
	Total	2,948	2,010

Note		2019	2018
5	**Value adjustments**		
	Loans and advances at fair value	3	55
	Bonds	-87	-490
	Shares, etc.	278	547
	Currency	156	148
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	-178	182
	Assets in pooled deposits	603	-308
	Pooled deposits	-603	308
	Other assets	10	3
	Issued bonds	23	10
	Other liabilities	-29	-29
	Total	176	426

Note		2019	2018
6	**Other operating income**		
	Income on real property	51	60
	Profit on the sale of property, plant and equipment	2	103
	Other ordinary income	342	719
	Total	395	882

Note			Jyske Bank
	DKKm	2019	2018
7	**Employee and administrative expenses**		
	Employee expenses		
	Wages and salaries, etc.	2,202	2,142
	Pensions	251	256
	Social security	317	288
	Total	2,770	2,686
	Salaries and remuneration to management bodies		
	Executive Board	35	37
	Supervisory Board	8	6
	Shareholders' Representatives	3	3
	Total	46	46

For further details on and remuneration to the Supervisory Board and the Executive Board, please see note 12 in the consolidated financial statements, including the comments on the retirement remuneration for the Executive Board earned over the year.

Other administrative expenses		
IT	1,231	1,249
Other operating expenses	93	161
Other administrative expenses	405	390
Total	1,729	1,800
Total	4,542	4,532
Wages and salaries, etc.		
Wages and salaries and other short-term employee benefits	2,197	2,138
Other long-term employee benefits	5	4
Total	2,202	2,142
Number of employees		
Average number of employees for the financial year (full-time employees)	3,353	3,444
Remuneration of risk takers		
Number of members	89	92
Number of members at year-end	69	80
Contractual remuneration	93	109
Variable remuneration	2	2
Pension	10	12
Pension obligation	4	3

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

8	**Audit fees**		
	Total fee to Jyske Bank A/S's auditors elected at the Annual General Meeting	5	4
	Breakdown of audit fees:		
	Fee for statutory audit of the financial statements	1	2
	Fee for other assurance services	2	1
	Fee for tax advice	0	0
	Fee for other services	2	1

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

Note		Jyske Bank	
	DKKm	2019	2018

8 **Audit fee, cont.**

Fees for non-audit services rendered by Deloitte Statsautoriseret Revisionspartnerselskab cover review in connection with continuous recognition of profit, submission of various statutory declarations as well as declaration in connection with EMTN issues as well as advisory services relating to a divestment.

9 **Loan impairment charges and provisions for guarantees**

Loan impairment charges and provisions for guarantees recognised in the income statement

	2019	2018
Loan impairment charges and provisions for guarantees for the year	-36	2
Impairment charges on balances due from credit institutions for the year	1	2
Provisions for loan commitments and unutilised credit lines in the year	-5	-10
Recognised as a loss, not covered by loan impairment charges and provisions	132	248
Recoveries	-200	-163
Loan impairment charges and provisions for guarantees, exclusive of discount recognised as income	-108	79
Recognised discount for acquired loans*	15	47
Loan impairment charges and provisions for guarantees recognised in the income statement	-123	32

Balance of loan impairment charges and provisions for guarantees

	2019	2018
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period	4,118	4,096
Implementation of IFRS 9 and adjustments to the standard	0	507
Loan impairment charges and provisions for the year	-42	-8
Recognised as a loss, covered by loan impairment charges and provisions	-347	-554
Other movements	72	77
Balance of loan impairment charges and provisions, end of period	3,801	4,118
Loan impairment charges at amortised cost	3,416	3,761
Loan impairment charges at fair value	1	2
Provisions for guarantees	247	213
Provisions for credit commitments and unutilised credit lines	137	142
Balance of loan impairment charges and provisions, end of period	3,801	4,118

* The discount balance for loans and advances taken over amounts to the expected credit losses recognised initially at fair value. Subsequent positive changes to the expected credit losses during the term are recognise as income and stated under loan impairment charges and provisions for guarantees.

The discount balance for loans and advances taken over is not included in the balance of loan impairment charges and provisions for guarantees.

DKKm

9 **Loan impairment charges and provisions for guarantees, cont.**

Balance of loan impairment charges and provisions for guarantees broken down by stage – total	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	320	603	3,195	**4,118**
Transfer of impairment charges at beginning of period to stage 1	146	-90	-56	**0**
Transfer of impairment charges at beginning of period to stage 2	-28	93	-65	**0**
Transfer of impairment charges at beginning of period to stage 3	-1	-84	85	**0**
Impairment charges on new loans, etc.	97	38	108	**243**
Impairment charges on discontinued loans and provisions for guarantees	-81	-150	-322	**-553**
Effect from recalculation	-116	105	351	**340**
Previously recognized as impairment charges, now final loss	-2	-2	-343	**-347**
Balance of loan impairment charges and provisions for guarantees, end of 2019	335	513	2,953	**3,801**

Balance of loan impairment charges and provisions for guarantees broken down by stage – total	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of 2018				**4,096**
Transitional effect, IFRS 9				**507**
Total, beginning of 2018	325	637	3,641	**4,603**
Transfer of impairment charges at beginning of period to stage 1	147	-79	-68	**0**
Transfer of impairment charges at beginning of period to stage 2	-27	84	-57	**0**
Transfer of impairment charges at beginning of period to stage 3	-4	-98	102	**0**
Impairment charges on new loans, etc.	93	84	424	**601**
Impairment charges on discontinued loans and provisions for guarantees	-86	-126	-657	**-869**
Effect from recalculation	-108	111	334	**337**
Previously recognized as impairment charges, now final loss	-20	-10	-524	**-554**
Balance of loan impairment charges and provisions for guarantees, end of 2018	320	603	3,195	**4,118**

Generally the year saw reversals of impairment charges due the improvement of the credit risk. The items of new loans and advances, etc. were affected by natural refinancing and re-mortgaging of loans and advances. The extent of recalculation was affected by the changed credit risk at each stage. The period only saw minor model adjustments.

In 2019, gross loans increased, which can in particular be attributed to an increase in repo loans. Loan write-offs were at a low level in 2019, and the development of gross loans in stages 2 and 3 could be attributed primarily to instalments on the exposure and, to a lesser degree, to the fact that the gross loans were transferred to stages 1 or 2.

DKKm

9 **Loan impairment charges and provisions for guarantees, cont.**

Breakdown of balance of impairment charges by stage – loans at amortised cost	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	253	522	2,986	**3,761**
Transfer of impairment charges at beginning of period to stage 1	127	-76	-51	**0**
Transfer of impairment charges at beginning of period to stage 2	-26	89	-63	**0**
Transfer of impairment charges at beginning of period to stage 3	-1	-81	82	**0**
Impairment charges on new loans, etc.	64	22	90	**176**
Impairment charges on discontinued loans and provisions for guarantees	-48	-111	-270	**-429**
Effect from recalculation	-98	81	264	**247**
Previously recognized as impairment charges, now final loss	-2	-1	-336	**-339**
Balance of loan impairment charges and provisions for guarantees, end of 2019	269	445	2,702	**3,416**

Breakdown of balance of impairment charges by stage – loans at amortised cost	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of 2018				**3,758**
Transitional effect, IFRS 9				**421**
Total, beginning of 2018	257	578	3,344	**4,179**
Transfer of impairment charges at beginning of period to stage 1	135	-69	-66	**0**
Transfer of impairment charges at beginning of period to stage 2	-25	78	-53	**0**
Transfer of impairment charges at beginning of period to stage 3	-4	-95	99	**0**
Impairment charges on new loans, etc.	63	57	397	**517**
Impairment charges on discontinued loans and provisions for guarantees	-51	-112	-579	**-742**
Effect from recalculation	-102	94	359	**351**
Previously recognized as impairment charges, now final loss	-20	-9	-515	**-544**
Balance of loan impairment charges and provisions for guarantees, end of 2018	253	522	2,986	**3,761**

DKKm

9 **Loan impairment charges and provisions for guarantees, cont.**

Breakdown of balance of impairment charges by stage– loans at fair value	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	1	1	0	2
Transfer of impairment charges at beginning of period to stage 1	0	0	0	0
Transfer of impairment charges at beginning of period to stage 2	0	0	0	0
Transfer of impairment charges at beginning of period to stage 3	0	0	0	0
Impairment charges on new loans, etc.	0	0	0	0
Impairment charges on discontinued loans and provisions for guarantees	-1	0	0	-1
Effect from recalculation	0	0	0	0
Previously recognized as impairment charges, now final loss	0	0	0	0
Balance of loan impairment charges and provisions for guarantees, end of 2019	0	1	0	1

Breakdown of balance of impairment charges by stage– loans at fair value	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of 2018				0
Transitional effect, IFRS 9, incl. derived effect on loans at fair value				2
Total, beginning of 2018	2	0	0	2
Transfer of impairment charges at beginning of period to stage 1	0	0	0	0
Transfer of impairment charges at beginning of period to stage 2	0	0	0	0
Transfer of impairment charges at beginning of period to stage 3	0	0	0	0
Impairment charges on new loans, etc.	1	0	0	1
Impairment charges on discontinued loans and provisions for guarantees	-2	0	0	-2
Effect from recalculation	0	1	0	1
Previously recognized as impairment charges, now final loss	0	0	0	0
Balance of loan impairment charges and provisions for guarantees, end of 2018	1	1	0	2

DKKm

9 **Loan impairment charges and provisions for guarantees, cont.**

Breakdown provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	66	80	209	355
Transfer of impairment charges at beginning of period to stage 1	18	-14	-4	0
Transfer of impairment charges at beginning of period to stage 2	-2	5	-3	0
Transfer of impairment charges at beginning of period to stage 3	0	-3	3	0
Impairment charges on new loans, etc.	32	16	18	66
Impairment charges on discontinued loans and provisions for guarantees	-31	-39	-52	-122
Effect from recalculation	-18	24	87	93
Previously recognized as impairment charges, now final loss	0	-1	-7	-8
Balance of loan impairment charges for guarantees, end of 2019	65	68	251	384

Breakdown provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of period				338
Transitional effect, IFRS 9				84
Total, beginning of 2018	66	59	297	422
Transfer of impairment charges at beginning of period to stage 1	12	-10	-2	0
Transfer of impairment charges at beginning of period to stage 2	-2	6	-4	0
Transfer of impairment charges at beginning of period to stage 3	0	-3	3	0
Impairment charges on new loans, etc.	29	27	27	83
Impairment charges on discontinued loans and provisions for guarantees	-33	-14	-78	-125
Effect from recalculation	-6	16	-25	-15
Previously recognized as impairment charges, now final loss	0	-1	-9	-10
Balance of loan impairment charges for guarantees, end of 2018	66	80	209	355

Gross loans, advances and guarantees by stage	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 1 January 2019	143,725	9,840	6,491	160,056
Transfer of loans, advances and guarantees to stage 1	5,810	-5,507	-303	0
Transfer of loans, advances and guarantees to stage 2	-4,039	4,231	-192	0
Transfer of loans, advances and guarantees to stage 3	-244	-946	1,190	0
Other movements	13,977	594	-1,306	13,265
Gross loans, advances and guarantees, 31 December 2019	159,229	8,212	5,880	173,321
Loan impairment charges and provisions for guarantees, total	294	472	2,898	3,664
Net loans, advances and guarantees, 31 December 2019	158,935	7,740	2,982	169,657

Gross loans, advances and guarantees by stage	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 1 January 2018	148,183	10,282	7,596	166,061
Transfer of loans, advances and guarantees to stage 1	1,347	-910	-437	0
Transfer of loans, advances and guarantees to stage 2	-5,594	5,832	-238	0
Transfer of loans, advances and guarantees to stage 3	-605	-692	1,297	0
Other movements	394	-4,672	-1,727	6,005
Gross loans, advances and guarantees, 31 December 2018	143,725	9,840	6,491	160,056
Loan impairment charges and provisions for guarantees, total	272	568	3,136	3,976
Net loans, advances and guarantees, 31 December 2018	143,453	9,272	3,355	156,080

Note		Jyske Bank

DKKm

9 Loan impairment charges and provisions for guarantees, cont.

Loans, advances and guarantees by stage and internal rating		2019				2018
		Stage 1	Stage 2	Stage 3	Total	Total
Performing	PD band (%)					
1	0.00 - 0.10	51,259	86	0	51,345	46,631
2	0.10 - 0.15	9,784	3	0	9,787	15,225
3	0.15 - 0.22	14,532	13	0	14,545	10,500
4	0.22 - 0.33	16,677	20	0	16,697	9,183
5	0.33 - 0.48	14,305	125	0	14,430	13,139
Ratings 1- 5		106,557	247	0	106,804	94,678
6	0.48 - 0.70	17,737	323	0	18,060	16,598
7	0.70 - 1.02	9,215	517	0	9,732	12,405
8	1.02 - 1.48	8,322	835	0	9,157	8,451
9	1.48 - 2.15	10,318	1,068	0	11,386	8,440
10	2.15 - 3.13	3,518	905	0	4,423	4,511
11	3.13 - 4.59	1,788	512	0	2,300	1,737
Ratings 6 – 11		50,898	4,160	0	55,058	52,142
12	4.59 - 6.79	469	787	0	1,256	1,719
13	6.79 - 10.21	174	685	0	859	561
14	10.21 - 25.0	29	2,162	0	2,191	2,774
Ratings 12-14		672	3,634	0	4,306	5,054
Others		1,086	103	0	1,189	1,573
Non performing loans		17	67	5,880	5,964	6,609
Total		159,229	8,212	5,880	173,321	160,056

Irrevocable credit commitments of DKK 4,343m are all in stage 1 and are distributed according to internal rating in this way: Rating 1: DKK 2,565m, Rating 2: DKK 520m, Rating 3: DKK 473 million and Rating 4: DKK 785 million (End of 2018: Rating 1: DKK 1,843m, Rating 2: DKK 500m, Rating 3: DKK 427m)

Loan impairment charges and provisions for guarantees by stage and internal rating		2019				2018
		Stage 1	Stage 2	Stage 3	Total	Total
Performing	PD band (%)					
1	0.00 - 0.10	6	1	0	7	9
2	0.10 - 0.15	10	0	0	10	6
3	0.15 - 0.22	20	0	0	20	15
4	0.22 - 0.33	20	1	0	21	22
5	0.33 - 0.48	28	1	0	29	32
Ratings 1- 5		84	3	0	87	84
6	0.48 - 0.70	28	4	0	32	40
7	0.70 - 1.02	44	8	0	52	56
8	1.02 - 1.48	36	12	0	48	57
9	1.48 - 2.15	41	26	0	67	60
10	2.15 - 3.13	17	26	0	43	57
11	3.13 - 4.59	32	19	0	51	42
Ratings 6 – 11		198	95	0	293	312
12	4.59 - 6.79	5	41	0	46	51
13	6.79 - 10.21	2	33	0	35	24
14	10.21 - 25.0	2	286	0	288	338
Ratings 12-14		9	360	0	369	413
Others		3	11	0	14	30
Non performing loans		0	3	2,898	2,901	3,137
Total		294	472	2,898	3,664	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 year		Losses for the year	
	% 2019	% 2018	End of 2019	End of 2018	End of 2019	End of 2018	2019	2018	2019	2018
Public authorities	5	6	8,244	8,560	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing	4	4	6,250	7,027	740	1,046	-150	7	196	210
Fishing	*1*	*1*	*1,780*	*1,821*	*1*	*1*	*0*	*0*	0	0
Dairy farmers	*0*	*0*	*538*	*781*	*310*	*435*	*-94*	*-95*	65	92
Plant production	*1*	*1*	*1,759*	*1,808*	*97*	*120*	*14*	*26*	49	14
Pig farming	*1*	*1*	*1,278*	*1,536*	*176*	*261*	*-18*	*-36*	44	68
Other agriculture	*1*	*1*	*895*	*1,081*	*156*	*229*	*-52*	*112*	38	36
Manufacturing, mining, etc.	4	4	6,502	6,684	180	243	-75	168	34	175
Energy supply	2	3	3,717	4,217	38	64	-23	15	3	0
Building and construction	2	2	3,190	2,930	105	64	45	-11	9	15
Commerce	5	6	8,958	9,837	173	230	-42	34	26	30
Transport, hotels and restaurants	2	3	4,044	4,345	81	104	-5	15	20	0
Information and communication	0	1	652	962	267	46	216	12	5	4
Finance and insurance	43	34	72,806	52,254	649	613	16	-83	46	59
Real property	10	9	16,960	14,641	339	391	-31	-129	16	146
Lease of real property	*6*	*5*	*9,362*	*8,310*	*269*	*329*	*-31*	*-93*	18	139
Buying and selling of real property	*1*	*2*	*2,638*	*2,420*	*40*	*33*	*2*	*-11*	-2	6
Other real property	*3*	*2*	*4,960*	*3,911*	*30*	*29*	*-2*	*-25*	0	1
Other sectors	3	3	4,789	4,978	146	157	-11	31	16	57
Corporate clients	75	69	127,868	107,875	2,718	2,958	-59	59	371	696
Personal clients	20	25	33,545	39,645	946	1,018	-59	-17	108	106
Unutilised credit lines and loan commitments				-	137	142	-5	-10	-	-
Total	100	100	169,657	156,080	3,801	4,118	-123	32	479	802

Under loans and advances, reverse repo transactions amount to DKK 46,263m (2018: DKK 26,113m).

Note		Jyske Bank	
	DKKm	2019	2018
11	**Profit on investments in associates and group enterprises**		
	Profit/loss on investments in associates	-41	-15
	Profit/loss on investments in group enterprises	1,494	1,389
	Total	1,453	1,374

12	Tax		
	Current tax	230	330
	Change in deferred tax	2	-50
	Adjustment of tax for previous years	-6	17
	Total	226	297
	Effective tax rate		
	Danish tax rate	22.0	22.0
	Adjustments as regards previous years	-0.2	0.6
	Non-taxable income and non-deductible expenses, etc.	0.1	0.8
	Other	-1.1	-1.9
	Effective tax rate	20.8	21.5
	Proportion included in income from subsidiaries	-12.3	-10.9
	Total	8.5	10.6

13	**Earnings per share**		
	Profit for the year	2,440	2,500
	Holders of Additional Tier 1 Capital	156	127
	Proportion attributable to shareholders of Jyske Bank A/S	2,284	2,373
	Average number of shares, 1,000 shares	82,962	87,930
	Average number of own shares, 1,000 shares	-4,191	-3,648
	Average number of shares in circulation, 1,000 shares	78,771	84,282
	Average number of shares in circulation at end of period, 1,000 shares	74,841	81,536
	Earnings per share (EPS) DKK	29.00	28.15
	Earnings per share diluted (EPS-D) DKK	29.00	28.15
	Core earnings per share		
	Core profit	3,132	2,635
	Holders of Additional Tier 1 Capital	156	127
	Core profit ex holders of AT1 capital	2,976	2,508
	Average number of shares in circulation, 1,000 shares	78,771	84,282
	Core earnings (DKK) per share	37.79	29.76

DKKm

14 Contractual time to maturity, 2019

	On demand	Up to 3 months	3 months 1 year	1-5 years	More than 5 years	Total
Assets						
Due from credit institutions and central banks	581	11,260	0	0	5	11,846
Loans and advances at fair value	0	11	33	188	2,125	2,357
Loans and advances at amortised cost	132	74,491	45,685	15,371	11,361	147,040
Bonds at fair value	0	4,799	12,334	34,588	12,300	64,021
Bonds at amortised cost	0	0	2,593	5,494	3,800	11,887
Liabilities						
Due to credit institutions and central banks	5,981	37,912	783	1,741	771	47,188
Deposits	108,392	17,517	4,228	1,168	4,533	135,838
Issued bonds	0	6,148	14,160	18,120	128	38,556
Subordinated debt	0	0	11	2,796	1,520	4,327

Contractual time to maturity, 2018

	On demand	Up to 3 months	3 months 1 year	1-5 years	More than 5 years	Total
Assets						
Due from credit institutions and central banks	0	12,901	1	0	37	12,939
Loans and advances at fair value	0	22	65	373	4,215	4,675
Loans and advances at amortised cost	236	71,723	30,455	16,313	13,430	132,157
Bonds at fair value	0	757	14,307	35,646	10,575	61,285
Bonds at amortised cost	0	209	1,756	4,148	1,404	7,517
Liabilities						
Due to credit institutions and central banks	0	24,796	1,252	1,027	772	27,847
Deposits	108,839	12,395	12,505	1,268	4,766	139,773
Issued bonds	0	2,595	12,842	19,108	494	35,039
Subordinated debt	0	0	11	559	3,749	4,319

The above amounts are exclusive of interest.

Note		Jyske Bank

	DKKm	2019	2018
15	**Due from credit institutions and central banks**		
	At notice with central banks	538	300
	Due from credit institutions	11,308	12,639
	Total	11,846	12,939
	Of which reverse repo transactions	2,926	4,062
16	**Bonds at fair value and amortised cost, total measured at fair value**		
	Mortgage credit bonds	59,730	57,178
	Government bonds	2,396	1,810
	Other bonds	13,890	9,873
	Total	76,016	68,861
	Of which recognised at amortised cost.	11,887	7,517
	Fair value of bonds recognised at amortised cost,	11,996	7,576

17 **Security**

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

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

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

Jyske Bank has deposited bonds with central banks and clearing houses, etc. in connection with clearing and settlement of securities and currency transactions as well as tri-party repo transactions totalling a market value of DKK 23,743m at the end of 2019 (2018: DKK 11,533m).

In addition, Jyske Bank has provided cash collateral in connection with CSA agreement in the amount of DKK 7,013m (2018: DKK 7,183m) as well as bonds in the amount of DKK 1,677m (2018: 359m).

At the end of 2019, due to repo transactions, i.e. sale of securities involving agreements to repurchase them at a later point in time, bonds with a market value of DKK 23,078m (2018: DKK 11,006m) were provided as security for the amount that was borrowed.

Jyske Bank funds certain mortgage loans with Jyske Realkredit. The loans are still recognised in Jyske Bank's balance sheet, but in actual fact they are provided as collateral for the funding, which is recognised under Due to credit institutions. At the end of 2019, the funded mortgage loans amounted to DKK 1,076m (2018: DKK 1,332m).

Jyske Bank's land and buildings, the carrying amount of which is DKK 1,495m (2018: 1,499m), have been mortgaged with Jyske Realkredit.

Due to reverse repos, i.e. purchase of securities involving agreements to resell them at a later point in time, Jyske Bank received the sold bonds as security for the amounts that was lent. At the end of 2019, reverse repos amounted to DKK 49,189m (2018: DKK 30,175m).

In addition, Jyske Bank received cash collateral in connection with CSA agreements in the amount of DKK 1,569m (2018: DKK 1,124m) as well as bonds in the amount of DKK 826m (2018: 1,432m).

Note	DKKm	Jyske Bank 2019	2018
18	**Shares, etc.**		
	Shares/investment fund units listed on Nasdaq Copenhagen A/S	578	610
	Shares/mutual fund certificates listed on other exchanges	44	121
	Unlisted shares are stated at fair value.	1,515	2,385
	Total	2,137	3,116
19	**Investments in associates and jointly controlled companies**		
	Total cost, beginning of period	273	366
	Additions	0	0
	Disposals	0	93
	Total cost, end of period	273	273
	Revaluations and impairment charges, beginning of period	20	41
	Dividend	0	17
	Revaluations and impairment charges for the year	-41	-15
	Reversed revaluations and impairment charges	0	11
	Revaluations and impairment charges, end of period	-21	20
	Recognised value, end of period	252	293
	of which credit institutions	0	0
20	**Equity investments in group enterprises**		
	Total cost, beginning of period	15,124	14,134
	Currency translation adjustment	43	-10
	Additions	19	1,000
	Disposals	770	0
	Total cost, end of period	14,416	15,124
	Revaluations and impairment charges, beginning of period	4,913	3,597
	Currency translation adjustment	-4	1
	Profit	1,494	1,389
	Dividend	245	35
	Other capital movements	-40	-39
	Reversed revaluations and impairment charges	0	0
	Revaluations and impairment charges, end of period	6,118	4,913
	Recognised value, end of period	20,534	20,037
	of which credit institutions	18,839	18,336

Note			Jyske Bank
	DKKm	2019	2018
21	**Owner-occupied properties, exclusive of leasing**		
	Restated value, beginning of period	1,771	2,020
	Additions during the year, including improvements	8	8
	Disposals for the year	10	353
	Depreciation	9	9
	Positive changes in values recognised in other comprehensive income in the course of the year	8	110
	Negative changes in values recognised in other comprehensive income in the course of the year	9	4
	Positive changes in value recognised directly in the income statement during the year	1	2
	Negative changes in value recognised directly in the income statement during the year	1	3
	Restated value, end of period	1,759	1,771
	Cost less accumulated amortisation, depreciation and impairment charges	1,510	1,511
	For mortgage credit institutions, collateral has been provided in land and buildings, the carrying amount of which is	1,495	1,499
	Required rate of return	4.5%-12%	4.0%-10%
	Weighted average return applied	6.44%	6.32%

Owner-occupied properties, leasing, were recognised at DKK 360m (2018: DKK 0m).
Reference is made to note 64 of the consolidated financial statements.

		2019	2018
22	**Other property, plant and equipment**		
	Total cost, beginning of period	990	945
	Additions	35	48
	Disposals	2	3
	Total cost, end of period	1,023	990
	Amortisation, depreciation and impairment charges, beginning of period	893	819
	Amortisation for the year	61	75
	Reversed amortisation, depreciation and impairment	1	1
	Amortisation, depreciation and impairment charges, end of period	953	893
	Recognised value, end of period	70	97

Note		Jyske Bank	
	DKKm	2019	2018
23	**Other assets**		
	Positive fair value of derivatives	24,892	23,230
	Interest and commission receivable	325	354
	Other assets	712	550
	Total	25,929	24,134
	Netting		
	Positive fair value of derivatives, etc., gross	37,119	30,175
	Netting of positive and negative fair value	12,227	6,945
	Total	24,892	23,230

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

Note		2019	2018
24	**Due to credit institutions and central banks**		
	Due to central banks	3,405	1,956
	Due to credit institutions	43,783	25,891
	Total	47,188	27,847
	Of which repo transactions	21,985	9,348
25	**Deposits**		
	Demand deposits	106,286	105,344
	Term deposits	1,777	3,003
	Time deposits	21,405	24,573
	Special deposits	6,370	6,853
	Total	135,838	139,773
	Of which repo transactions	1,222	1,658
26	**Other liabilities**		
	Set-off entry of negative bond holdings in connection with repos/reverse repos	3,988	3,294
	Negative fair value of derivatives	27,211	24,383
	Lease commitment	369	0
	Other liabilities	5,590	4,703
	Total	37,158	32,380
	Netting		
	Negative fair value of derivatives, etc., gross	39,438	31,328
	Netting of positive and negative fair value	12,227	6,945
	Total	27,211	24,383

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

DKKm	2019	2018

27 **Provisions for pensions and similar liabilities**

	2019	2018
Provisions for pensions and similar liabilities		
Provisions for defined benefit plans	552	508
Provisions for long-term employee benefits	51	47
Recognised in the balance sheet, end of period	603	555
Provisions for defined benefit plans		
Present value of pension plan obligations	639	600
Fair value of pension plan assets	87	92
Net liability recognised in the balance sheet	552	508
Change in provisions for defined benefit plans		
Provisions, beginning of period	600	628
Costs for the current financial year	21	-17
Calculated interest expenses	4	12
Actuarial losses/gains	47	0
Pension payments	-33	-23
Provisions, end of period	639	600
Change in the fair value of pension plan assets		
Assets, beginning of period	92	105
Calculated interest on assets	2	2
Return ex calculated interest on assets	0	-7
Contributions, etc.	0	3
Pension payments	-7	-11
Assets, end of period	87	92
Pension costs recognised in the income statement		
Costs for the current financial year	21	-17
Calculated interest related to liabilities	4	12
Calculated interest on assets	-2	-2
Total recognised defined benefit plans	23	-7
Total recognised defined contribution plans	228	263
Recognised in the income statement	251	256

The expense is recognised under Employee and administrative expenses.

	2019	2018
Pension plan assets:		
Equities	9	9
Bonds	42	42
Cash and cash equivalents	36	41
Pension plan assets, total	87	92

Pension plan assets include 40,000 Jyske Bank shares (2018: 40,000 shares).
Measurement of all pension assets is based on quoted prices in an active market.

For further details, please see note 37 in the consolidated financial statements.

Note			Jyske Bank
	DKKm	2019	2018
28	**Other provisions**		
	Provisions for litigation, beginning of period	147	153
	Additions	22	27
	Disposals inclusive of consumption	3	20
	Disposals exclusive of consumption	53	13
	Provisions for litigation, end of period	113	147

Other provisions relate to lawsuits.

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

Note		2019	2018
29	**Provisions for deferred tax**		
	Deferred tax		
	Deferred tax assets	24	9
	Deferred tax liabilities	0	0
	Net deferred tax	-24	-9

Change in deferred tax 2019	Beginning of period	Recognised in Profit/loss	Recognised in other comprehen-sive income	Other adjust-ments	End of year
Bonds at amortised cost	-13	-11	0	0	-24
Intangible assets	0	-2	0	0	-2
Property, plant and equipment	179	1	0	0	180
Loans and advances, etc.	-21	1	0	0	-20
Provisions for pensions	-122	1	-12	0	-133
Other	-32	12	0	-5	-25
Total	-9	2	-12	-5	-24
Change in deferred tax 2018					
Bonds at amortised cost	-14	1	0	0	-13
Intangible assets	0	0	0	0	0
Property, plant and equipment	221	-65	23	0	179
Loans and advances, etc.	-23	2	0	0	-21
Provisions for pensions	-125	5	-2	0	-122
Other	-34	7	0	-5	-32
Total	25	-50	21	-5	-9

Note			Jyske Bank
	DKKm	2019	2018
30	**Subordinated debt**		
	Supplementary capital:		
	2.25% bond loan EUR 300m 05.04.2029	2,241	2,240
	Var. % bond loan SEK 600m 19.05.2026	429	436
	3.25% bond loan SEK 400m 19.05.2026	286	290
	6.73% bond loan EUR 10.5m 2020-2026	78	90
	Var. % bond loan EUR 10m 13.02.2023	75	75
	5.65% bond loan EUR 10 m 27.03.2023	75	75
	5.67% bond loan EUR 10 m 31.07.2023	75	75
		3,259	3,281
	Additional tier 1 capital:		
	Var. % bond loan EUR 72.8m Perpetual	544	543
	Var. % bond loan EUR 60.7m Perpetual	453	453
		997	996
	Subordinated debt, nominal	4,256	4,277
	Hedging of interest-rate risk, fair value	71	42
	Total	4,327	4,319
	Subordinated debt included in the capital base	4,151	4,217

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

The above issues of AT1 capital have no contractual maturity date. Subject to the approval of the Danish Financial Supervisory Authority, the notes may be redeemed by Jyske Bank, but not earlier than ten years after the date of issue. The holders have no right to call for the redemption of the notes. Interest payments will cease in the event that the issuer does not meet the solvency requirements. Under such circumstances, dividend payments and buy-back of issued shares are subject to certain restrictions. The rate of interest is floating, but capped at 9% p.a. for the EUR 72.8m loan and at 8% p.a. for the EUR 60.7m loan. The rate is calculated as EUR CMS10 + 0.15% per annum.

DKKm

31 **Contingent liabilities**

General
Jyske Bank's credit review of guarantee applicant takes into consideration the risk on guarantees. For about 75% of Jyske Bank's guarantees, the contractual term is below one year; for about 19%, the contractual terms is between 1 and 5 years; and for about 6%, the contractual term is above 5 years, compared to 82%, 12% and 6%, respectively, in 2018.

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

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

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

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

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

Because of its 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 0.8% 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 8.70% of any losses.

The statutory participation in the resolution financing arrangements (Resolution Fund) as of June 2015 entailed that credit institutions pay an annual contribution over a 10-year period to a Danish national fund with a target size totalling 1% of the covered deposits. Credit institutions are to contribute according to their relative sizes and risk in Denmark, and the first contributions to the Resolution Fund were paid at the end of 2015. Jyske Bank expects having to pay a total of about DKK 300m over the 10-year period 2015 - 2025.

Due to Jyske Bank's membership of the association Bankdata, the bank is, in the event of its withdrawal, under the obligation to pay en exit charge to Bankdata.

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.

	2019	2018
Guarantees		
Financial guarantees	15,695	14,101
Guarantee for losses on mortgage credits	1,486	1,753
Registration and refinancing guarantees	1,588	1,680
Other contingent liabilities	1,491	1,714
Total	20,260	19,248

32 **Other contingent liabilities**

	2019	2018
Irrevocable credit commitments	4,343	2,770
Others	54	54
Total	4,397	2,824

Note	DKKm	Jyske Bank 2019	2018
33	**Transactions involving related parties**		
	Transactions with group enterprises		
	Guarantees provided	473	467
	Due from credit institutions	1,049	80
	Loans and advances	19,618	18,374
	Bonds	5,100	8,231
	Due to credit institutions	3,856	10,284
	Deposits	243	26
	Other liabilities	3	13
	Derivatives, fair value	576	607
	Interest income	127	-152
	Interest expenses	40	49
	Fee income	1,903	371
	Fee expenses	7	45
	Other operating income	283	360
	Transactions with associates		
	Loans and advances	36	99
	Deposits	3	7
	Other liabilities	32	60
	Interest income	1	2
	Employee and administrative expenses	626	655
	Transactions with joint ventures		
	Loans and advances	0	0
	Interest income	0	-1
	Other operating income	0	20
	Employee and administrative expenses	0	148

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

Jyske Bank's Executive Board and Supervisory Board as well as their related parties are also considered related parties.

Jyske Bank does not consider the Shareholders' Representatives a restricted management body.

Jyske Bank is the banker of a number of related parties, and Jyske Bank is part of a joint funding cooperation scheme with Jyske Realkredit. Other transactions between related parties are characterised as ordinary financial transactions and services of an operational nature.

Transactions between Jyske Bank and group enterprises and associates as well as joint ventures are entered into on an arm's length or at cost.

Transactions between Jyske Bank and other related parties were executed on an arm's length basis. This also holds for the rates of interest and commission charges.

Note		The Jyske Bank Group	
	DKKm	2019	2018
34	Hedge accounting		
	Interest-rate risk on fixed-rate liabilities		
	Issued bonds at amortised cost		
	Amortised / Nominal value	14,564	10,836
	Carrying amount	14,677	10,985
	Accumulated hedge accounting fair value adjustment	-113	-149
	Subordinated debt		
	Amortised / Nominal value	2,677	2,680
	Carrying amount	2,747	2,722
	Accumulated hedge accounting fair value adjustment	-70	-42
	Due to credit institutions		
	Amortised / Nominal value	747	0
	Carrying amount	760	0
	Accumulated hedge accounting fair value adjustment	-13	0
	Swaps		
	Swaps related to issued bonds		
	Nominal value	14,564	10,836
	Carrying amount	114	141
	Accumulated hedge accounting fair value adjustment	114	141
	Swaps related to subordinated debt		
	Nominal value	2,676	2,680
	Carrying amount	79	49
	Accumulated hedge accounting fair value adjustment	79	49
	Swaps related to debt to credit institutions		
	Nominal value	747	0
	Carrying amount	13	0
	Accumulated hedge accounting fair value adjustment	13	0
	Profit/loss for the year		
	Profit/loss for the year on hedging instruments , swaps that hedge issued bonds at amortised cost	-27	-14
	Profit/loss for the year on hedging instruments , swaps that hedge subordinated debt	30	28
	Profit/loss for the year on hedging instruments , swaps that hedge debt due to credit institutions	13	0
	Profit/loss for the year on hedged items, issued bonds at amortised cost	36	10
	Profit/loss for the year on hedged items, subordinated debt	-28	-27
	Profit/loss for the year on hedged items, debt to credit institutions	-13	0

34 **Hedge accounting, cont.**

Interest-rate risk

Jyske Bank applies the rules for hedge accounting of fair value for selected fixed-rate issued bonds at amortised cost, subordinated debt and debt to credit institutions. The purpose is to avoid asymmetric fluctuations in the financial statements as both the hedging instruments as well as the hedged items will then be adjusted to market value in the income statement in the event of changes to the interest-rate level. The hedging instruments used are interest-rate swaps, which are used for hedging against changes in the interest-rate level. The interest rate is the only material element of risk that is hedged in the hedged items, and not credit margins or similar.

For each bond issued, subordinated debt or debt to credit institutions, an interest-rate swap is entered into with the same reference rate, same time to maturity and same nominal amount, and therefore the hedging relationship is 1:1.
The fixed interest rate on the hedged items are hedged directly on the fixed rate of of the hedging instruments, which are swapped into a floating 3- to 6-month Cibor rate, which is included in the bank's normal risk management. The carrying amount of the hedging instruments are included in the balance sheet as market value under other assets, as the market value of the individual transactions is positive.

The hedge effectiveness is determined by comparing the interest element of the total fair value of the hedging instruments with the interest element of the total fair value of the hedged items. Moreover, the hedge effectiveness is calculated each month and quarter for the hedging instruments against the hedged items for gain/loss on the element of interest of the fair value.

The current portfolio of hedged items will mature over the decade with the last transaction in 2030. The largest number of instruments will mature in 2021 (about DKK 8 bn) and in 2022-2024 (about DKK 8.6 bn), which is, by far, the largest part of the hedging. Two of the hedged items have a break clause maturing in 2020, and the utilisation of this will to a lesser degree affect the timing mentioned.

A lesser degree of inefficiency can be attributed to differences in the discount curves used as well as the ongoing recognition of the value of the hedged items at the beginning of the portfolio in 2010 (DKK -210m at the end of 2019 are remaining amortisation of this DKK -11m). In addition, inefficiency may occur when the recognised carrying amounts are very low. The hedge effectiveness recognised in the profit amounted to DKK 12m as the gain for the year on hedging instruments amounted to DKK 17m (2018: DKK 14m) and the loss for the year on hedged items at amortised cost was DKK -5m (2018: DKK -17m).

Hedge accounting of currency risk on investments in subsidiaries

Jyske Bank hedges the currency risk on net investments in international subsidiaries. The risk is hedged using forward exchange contracts. The hedged foreign-currency risk is the only element of risk of importance for the accounting fair value of the hedged items. Adjustment of the hedging takes place quarterly and will take place when the profit of the subsidiary is known. At the end of 2019, the gross value of the forward exchange contracts amounted to DKK 706m (2018: DKK 626m).

In 2019, foreign currency translation adjustment of the contracts amounted to DKK -38m (2018: DKK 9m), which was recognised under other comprehensive income together with the foreign currency translation adjustment of the hedged items. In 2019, the hedging was 100% effective and was determined by comparing the exchange rate adjustment for the year at DKK 38m (2018: DKK -9m) of the hedged items with the value adjustment of the year at DKK -38m (2018: DKK 9m) of the hedging instruments. At the end of 2019, the fair value of the open forward exchange contracts amounted to DKK -4m (2018: DKK -11m).

DKKm

35 Note on derivatives

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

Derivatives	Net fair value				Fair value			Principal amount total
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Assets	Liabilities	Net	Nominal value
2019								
Currency contracts	109	-171	-890	-40	3,746	4,738	-992	919,179
Interest-rate contracts	-390	22	-72	-948	33,091	34,479	-1,388	1,223,365
Share contracts	-3	0	0	0	13	16	-3	1,435
Commodity contracts	44	2	2	0	202	154	48	5,429
Total	**-240**	**-147**	**-960**	**-988**	**37,052**	**39,387**	**-2,335**	**2,149,408**
Outstanding spot transactions					**67**	**51**	**16**	**36,480**
CCP netting					**-12,227**	**-12,227**	**0**	**0**
Total after CCP netting					**24,892**	**27,211**	**-2,319**	**2,185,888**
2018								
Currency contracts	252	-158	-674	-35	5,476	6,091	-615	988,966
Interest-rate contracts	-320	3	-26	-311	24,225	24,879	-654	1,294,681
Share contracts	16	0	0	0	42	26	16	1,813
Commodity contracts	12	4	3	0	315	296	19	7,615
Total	-40	-151	-697	-346	30,058	31,292	-1,234	2,293,075
Outstanding spot transactions					117	36	81	26,127
CCP netting					-6,945	-6,945	0	0
Total after CCP netting					23,230	24,383	-1,153	2,319,202

DKKm

36 SUMMARY OF INCOME STATEMENT

	2019	2018	Index 19/18	2017	2016	2015
Net interest income	2,357	2,785	85	3,343	3,600	4,446
Dividends, etc.	36	107	34	72	71	69
Net fee and commission income	2,809	1,894	148	1,912	1,526	1,661
Net interest and fee income	5,202	4,786	109	5,327	5,197	6,176
Value adjustments	176	426	41	822	857	270
Other operating income	395	882	45	455	229	209
Operating expenses, depreciation and amortisation	4,683	4,639	101	4,391	4,068	4,069
Of which staff and administrative expenses	4,542	4,532	100	4,227	3,937	3,809
Loan impairment charges	-123	32	-	-536	26	703
Profit on investments in associates and group enterprises	1,453	1,374	106	976	1,377	1,048
Pre-tax profit	2,666	2,797	95	3,725	3,566	2,931
Tax	226	297	76	582	450	455
Profit for the year	2,440	2,500	98	3,143	3,116	2,476

BALANCE SHEET, END OF PERIOD						
Loans and advances	149,397	136,832	109	142,739	147,241	148,093
- bank loans	103,134	110,719	93	115,320	113,390	106,567
- repo loans	46,263	26,113	177	27,419	33,851	41,526
Deposits	140,040	143,579	98	154,303	149,784	139,893
- bank deposits	122,542	126,808	97	129,884	124,819	119,359
- repo deposits and tri-party deposits	13,296	12,965	103	20,051	20,454	15,925
- pooled deposits	4,202	3,806	110	4,368	4,511	4,609
Issued bonds	38,556	35,039	110	35,776	47,619	42,023
Subordinated debt	4,327	4,319	100	4,323	2,131	1,354
Holders of Additional Tier 1 Capital	3,257	2,546	128	2,581	1,476	0
Shareholders' equity	32,453	31,786	102	32,023	31,038	30,040
Total assets	304,100	278,570	109	295,738	318,452	309,928

Note					Jyske Bank

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SELECTED DATA AND FINANCIAL RATIOS	2019	2018	2017	2016	2015
Pre-tax profit, per share (DKK)*	**31.87**	31.67	41.64	38.36	30.87
Earnings per share (DKK)*	**29.00**	28.15	34.66	33.49	26.07
Earnings per share (diluted) (DKK)*	**29.00**	28.15	34.66	33.49	26.07
Core profit per share (DKK)*	**37.79**	29.76	38.03	36.58	29.11
Share price at end of period (DKK)	**243**	235	353	337	312
Book value per share (DKK)*	**434**	390	374	348	317
Price/book value per share (DKK)*	**0.56**	0.60	0.95	0.97	0.98
Price/earnings per share (DKK)*	**8.4**	8.4	10.2	10.1	12.0
Proposed dividend per share (DKK)	**0**	6.12	5.85	5.25	5.25
Distributed dividend per share (DKK)	**0**	11.74	10.85	5.25	0
Capital ratio (%)	**31.5**	29.2	28.6	25.0	22.2
Tier 1 Capital ratio (%)	**28.4**	26.3	26.0	24.0	21.7
Common Equity Tier 1 capital ratio (%)	**25.5**	24.0	23.5	22.4	21.1
Pre-tax profit as a pct. of average equity	**7.8**	8.4	11.5	11.6	10.2
Net profit as a percentage of average equity*	**7.1**	7.6	9.7	10.1	8.6
Income/cost ratio (%)	**1.6**	1.6	2.0	1.9	1.6
Interest-rate risk (%)	**0.4**	0.8	0.8	0.8	1.1
Foreign-currency position (%)	**13.1**	8.6	5.3	4.0	7.3
Currency risk (%)	**0.0**	0.1	0.1	0.0	0.1
Liquidity Coverage Ratio (LCR) (%) **	**241**	171	-	-	-
Total large exposures (%)***	**84**	76	72	-	-
Accumulated impairment ratio (%)	**2.1**	2.5	2.5	3.0	3.5
Impairment ratio for the year (%)	**-0.1**	0.0	-0.3	0.0	0.4
Increase in loans and advances for the year, excl. repo loans (%)	**-6.8**	-4.0	1.7	6.4	-9.9
Loans and advances in relation to deposits	**1.1**	1.0	0.9	1.0	1.1
Loans and advances relative to equity	**4.2**	4.0	4.1	4.5	4.9
Return on capital employed	**0.8**	0.9	1.1	1.0	0.8
Number of full-time employees, year-end	**3,300**	3,372	3,388	2,982	3,018
Average number of full-time employees in year	**3,353**	3,444	3,167	3,003	3,056

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority, cf. note 69 to the consolidated financial statements.
* Ratios are calculated as if Additional Tier 1 Capital (AT1) is recognised as a liability.
** Statement of liquidity ratios was changed in 2018. Comparative figures for 2015-2017 have not been calculated.
*** Statement of the sum of total large exposures was changed in 2018. Comparative figures for 2015-2016 have not been calculated.

Statement by the Management and Supervisory Boards on the Annual Report

We have today discussed and approved the Annual Report of Jyske Bank A/S for the accounting year 1 January to 31 December 2019.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent's financial statements have been prepared in accordance with the Danish Financial Business Act. Further, the Annual Report has been prepared in accordance with the additional Danish disclosure requirements for listed financial companies.

In our opinion, the consolidated financial statements and the Parent's financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2019 and of their financial performance and cash flows for the financial year 1 January to 31 December 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 net profit or loss for the year and the Group's and the Parent's financial position as a whole as well as a description of the most material risks and elements of uncertainty that may affect the Group and the Parent.

The Annual Report is recommended for adoption at the Annual General Meeting.

Silkeborg, 25 February 2020

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

Internal Auditors' Report

Audit opinion
In our opinion, the consolidated financial statements and the Parent's financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2019 and of the Group's and the Parent's financial performance and the Group's cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies in regard to the consolidated financial statements and in accordance with the Danish Financial Business Act in regard to the Parent's financial statements.

Basis of opinion
We have audited the consolidated financial statements and the financial statements of Jyske Bank A/S for the financial year 1 January - 31 December 2019. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies. The financial statements have been prepared in accordance with the Danish Financial Business Act.

We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Enterprises, etc. as well as Financial Groups and in accordance with international auditing standards on planning and performance of the audit.

We have planned and performed our audit with a view to obtaining a high degree of certainty that the consolidated financial statements and the Parent's financial statements do not contain any material misstatements. We participated in the audit of significant and risky areas.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Statement on the Management's Review
We have read the Management's Review pursuant to the Danish Financial Business Act. We did not perform any procedures other than those performed during the audit of the consolidated financial statements and the Parent's financial statements.

Based on this, we believe that the Management's Review has been prepared in accordance with the Danish Financial Business Act and the disclosures in the Management's Review are consistent with the consolidated financial statements and the Parent's financial statements.

Silkeborg, 25 February 2020

Henning Sørensen
Head of the Audit Division

Independent Auditors' Report

To the shareholders of Jyske Bank A/S

Audit opinion

We have audited the consolidated financial statements and the financial statements of Jyske Bank A/S for the financial year 1 January to 31 December 2019 comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, capital statement and notes, including accounting policies for the Group as well as the Parent and the consolidated cash flow statement for the Group. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the EU and also in accordance with additional Danish disclosure requirements for listed financial companies, and the Parent's financial statements were prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2019 and of its financial performance and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies.

In addition, in our opinion, the financial statements give a true and fair view of the Parent's financial position at 31 December 2019 and of the company's financial performance for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Business Act.

Our audit opinion is in line with our long-form audit report to the Audit Committee and the Supervisory Board.

Basis of the audit opinion

We conducted our audit in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibility according to these standards and requirements are described in detail in the auditors' report under the heading "The auditor's responsibility for the audit of the consolidated financial statements and the Parent's financial statements". We are independent of the Group in accordance with the code of ethics of the International Ethics Standard Board for Accountants (IESBA) and also in accordance with the additional requirements applicable in Denmark; also, we have met our ethical obligations according to this code of ethics and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the best of our knowledge, no prohibited non-audit services as stated in Art. 5(1) of Regulation (EU) No. 537/2014, have been performed.

We were elected auditors of Jyske Bank A/S for the first time in 1995. We have been re-elected annually by the annual general meeting for a total continuous task period of more than 24 years until an including the financial year 2019.

Key audit matters

Key audit matters are the matters that in our professional opinion were the most important ones in connection with our audit of the consolidated financial statements and the Parent's financial statements for the financial year 1 January – 31 December 2019. These matters were discussed in the course of our audit of the consolidated financial statements and the Parent's financial statements as a whole and the preparation of our audit opinion. We do not issue a separate audit opinion about these matters.

Loan impairment charges

For the Jyske Bank Group, loans and advances amounted to DKK 485,900m on 31 December 2019 (DKK 462,797m on 31 December 2018), and impairment charges on these amounted to DKK 4,854m on 31 December 2019 (DKK 4,815m on 31 December 2018).

Determination of the indication of loan impairment is associated with considerable uncertainty and to some extent based on management's estimates. Due to the materiality of these estimates and the volume of lending, including loans to corporate and agricultural clients, the audit of loan impairment charges is a key audit matter.

The principles for the determination of the indication of impairment is described in detail under accounting policies, and the management has described the handling of credit risks as well as the assessment of the indication of impairment in notes 50-53 of the consolidated financial statements.

Lending issues that involve the most extensive estimation and therefore require most attention during the auditing are:

- Identification of exposures that are credit-impaired relative to initial recognition
- Parameters and management's estimates in the calculation model applied for the determination of the expected losses in stages 1 and 2.
- Measurement of securities and future cash flows, including management's estimates in connection with the determination of expected losses in stage 3.
- Identification and determination of management's additions to the model

The audit has dealt with the matter in this way
Based on our risk assessment, the audit included an examination of the Group's relevant business procedures for loans, tests of relevant controls and analysis of the development of the credit quality of loans and advances, etc., including the extent of the impairment charges.

Our audit procedure consisted of tests of design and implementation as well as tests of the operational efficiency of relevant controls relating to:

- On-going assessment of the credit risk
- Assessment and validation of input and assumptions used when calculating the impairment charges
- Determination of management's estimates in the model's calculation of loan impairment charges in stages 1 and 2 as well as the individual measurement of loans in stage 3.

Our audit procedures also included:

- Examination by random sampling of exposures for the assessment of credit impairment
- Challenge of the material assumptions in the calculation model applied with special focus on objectivity and the data used
- Test of input applied for the calculation of the impairment charges with focus on security values in stages 1 and 2
- For loans and advances classified for stage 3, we have through sampling tested whether the established indication of impairment is in line with the guidelines of the legislation as well as those of the Group. This included tests of security values and scenario determination.
- Challenge of management's additions to the model, including an examination of the documentation of this.

Statement on the Management's Review

The management is responsible for the Management's Review.

Our audit opinion on the consolidated financial statements and the Parent's financial statements does not cover the Management's Review, and we do not express any kind of unmodified audit opinion on the Management's Review.

In connection with our audit of the consolidated financial statements and the Parent's financial statements, it is our responsibility to read the Management's Review and in that connection consider whether the Management's Review is materially inconsistent with the consolidated financial statements or the Parent's financial statements or our knowledge attained through the audit or in other ways seems to contain any material misstatement.

In addition, it is our responsibility to consider whether the Management's Review contains the required information according to the Danish Financial Business Act.

Based on the work performed, we believe that the Management's Review is consistent with the consolidated financial statements and the Parent's financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not find any material misstatement in the Management's Review.

Management's responsibility for the consolidated financial statements and the Parent's financial statements

Management is responsible for the preparation of consolidated financial statements that offer a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and in accordance with the additional Danish disclosure requirements for listed financial companies as well as the preparation of the Parent's financial statements that offer a true and fair view according to the Danish Financial Business Act. Moreover, management is responsible for the internal control that management finds necessary to prepare consolidated financial statements and the Parent's financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements and the Parent's financial statements, management is responsible for assessing the Group's and the Parent's ability to continue operations, and for disclosing circumstances relating to the continued operations, where relevant, and to prepare the consolidated financial statements and the Parent's financial statements on the basis of the accounting principle on continued operations, unless management intends to wind up the Group or the Parent, discontinue operations or does not have any other realistic alternative than doing so.

The auditor's responsibility for the audit of the consolidated financial statements and the Parent's financial statements

The objective of our audit is that of obtaining a high level of assurance and audit evidence that the consolidated financial statements and the Parent's financial statements are free of material misstatements, whether or not due to fraud or error. A high level of assurance is a high level of assurance, but no guarantee that an audit performed in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark will reveal any material misstatement if such misstatement has been made. Misstatements can also be given due to fraud or error and can be considered material if it is reasonable to assume that such misstatements will individually or collectively affect the financial decisions that financial statement users make on the basis of the consolidated financial statements and the Parent's financial statements.

In the course of the audit that is performed in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark, we make professional assessments with an attitude of professional scepticism during the audit. In addition:

- We identify and assess the risk of material misstatements in the consolidated financial statements and the Parent's financial statements, whether or not such misstatements are due to fraud or error; we design and perform audit procedures in reaction to these risks and also obtain audit evidence sufficient and suitable for the basis of our audit opinion. The risk of not detecting any material misstatement due to fraud is higher than that in connection with material misstatements caused by error, as fraud may comprise conspiracy, forgery, conscious omissions, misrepresentation or disregard of internal control.
- We gain an understanding of the internal control relevant for the audit in order to prepare audit procedures that are appropriate under the circumstances, but not to express an audit opinion on the efficiency of the Group's and the Parent's internal control.
- We make a decision wither the accounting policies applied by management are suitable, and whether the accounting estimates and relevant information that management has prepared are reasonable.
- We determine whether management's preparation of the consolidated financial statements and the Parent's financial statements on the basis the of accounting principle on going concern is suitable, as well as whether, on the basis of the audit evidence obtained, there is any material uncertainty linked to events or circumstances that may result in considerable doubt as to the Group's or the Parent's ability to continue operations. If we determine that there is material uncertainty, we must in our auditors' report draw attention to information of this in the consolidated financial statements and the Parent's financial statements, or if such information is not sufficient modify our audit opinion. Our audit opinion is based on the audit evidence that is obtained until the date of our auditors' report. However, future events or circumstances may result in the Group and the Parent not being able to continue operations any longer.
- We decide on the overall presentation, structure and contents of the consolidated financial statements and the Parent's financial statements, including disclosures in the notes, and whether the consolidated financial statements and the Parent's financial statements reflect the underlying transactions and events in such a way that they render a true and fair view of these.
- We obtain a sufficient and suitable audit evidence of the financial information in the companies or the business activities in the Group to express an audit opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the consolidated financial

statements audit. We are solely responsible for the audit opinion.

We communicate with senior management, among other things, on the planned extent and the timing of the audit as well as considerable audit observations, including any considerable shortcomings in the internal control that we identify during our audit.

We also make a statement to senior management to the effect that we comply with relevant ethical requirements as to independence and disclose to senior management all relations and other circumstances that may reasonably affect our independence and, where relevant, related security measures.

Based on the circumstances communicated to senior management, we establish the circumstances that were of greatest importance during our audit of the consolidated financial statements and the Parent's financial statements covering the relevant period and therefore constituted key audit matters. We describe these circumstances in our auditors' report, unless acts of law or other regulation preclude publication of the circumstance, or in the most rare cases where we establish that the circumstance is not to be communicated in our auditors' report because the negative consequences from this could reasonably be expected to carry a heavier weight than the benefit from such communication that would be in the public interest.

Silkeborg, 25 February 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Reg. No. 33 96 35 56

Hans Trærup
State-Authorised Public Accountant
Identification No. (MNE) 10648

Kasper Bruhn Udam
State-Authorised Public Accountant
Identification No. (MNE) 29421

Directorships held by members of the Supervisory Board in other commercial enterprises at 31 December 2019

Sven Buhrkall, Consultant, Fanø, Chairman
- Board member of H.P. Therkelsen A/S, Padborg
- Board member, Hirtshals Havn, (foundation/independent institution)
- Chairman of the supervisory board, Fonden for H.K. Samuelsen Shipping og International Spedition, Sønderborg, and on the board of two fully owned subsidiaries
- Board member, Generalkonsulinde Anna Hedorf og generalkonsul Frode Hedorfs Fond, Vallensbæk, and chairman of the supervisory board of a fully owned subsidiary
- Board member, FDE Fonden
- Director of Sven Buhrkall Consulting

Kurt Bligaard Pedersen, Director, London, deputy chairman
- Board member, BRFfonden and on the board of a fully owned subsidiary
- General manager and board member, Gazprom Marketing & Trading Retail Ltd., Great Britain
- CEO of Bligaard Consult

Rina Asmussen, Consultant, Klampenborg
- Board member, PFA Invest
- Board member and Deputy Chairman, BRFfonden, and on the board of a fully owned subsidiary
- Board member, HUMAN UNIVERZ Partner byHeart Aps
- Director, RA-Consulting

Philip Baruch, Skodsborg
- Chairman of the supervisory board, BCG-SHG af 15. marts 2019 A/S
- Chairman of the supervisory board, Ottensten A/S
- Chairman of the supervisory board, Seniorshop Aps
- Board member, Melitek A/S and on the board of a fully owned subsidiary

Jens A. Borup, former Fishing Vessel Master, Skagen
- Board member/chairman, FF Skagen-gruppen including
    - Board member, FF Skagen Fond
    - Chairman of the supervisory board, FF Skagen A/S, and also on the board of two fully owned subsidiaries
    - Chairman of the supervisory board, Scandic Pelagic A/S
    - Board member, Scandic Pelagic AB, Sweden, and on the board of two fully owned subsidiaries
    - Managing director of Hirtshals Tanklager ApS, FF Handelsafdeling ApS and H.F. Industrifiskehandel Aps
- Managing director, Starholm Holding ApS, Skagen

Keld Norup, Vejle
- Chairman of the supervisory board/board member, Holmskov-gruppen, Vejle including
    - Chairman of the supervisory board, Holmskov & Co. A/S
    - Chairman of the supervisory board, Holmskov Finans A/S
    - Chairman of the supervisory board, Holmskov Invest A/S
    - Board member, H & P Frugtimport A/S
- Chairman of the supervisory board, Clausen-gruppen, Vejle including
    - Chairman of the supervisory board, GV-Holding A/S
    - Chairman of the supervisory board, VAC Holding ApS
    - Chairman of the supervisory board, VHF Holding ApS
- Board member, Sole-gruppen, Vejle, including
    - Board member, Sole Holding ApS, Vejle, and also on the board of five fully owned subsidiaries
    - Board member, Sole Invest Aps, Hedensted and also on the board of a fully owned subsidiary
    - Board member, TP Family ApS and on the board of a fully owned subsidiary
    - Board member, Hølgaard Ejendomme ApS
    - Board member, Solbjerg Ejendomme A/S
    - Board member, JGP Family ApS and on the board of a fully owned subsidiary
    - Board member, Vesterby Minkfarm A/S
    - Board member, Solskov Minkfarm A/S
- Chairman of the supervisory board, Skov Advokater Advokataktieselskab
- Managing director, Keld Norup Holding Aps

Anker Laden-Andersen, Attorney-at-Law, Frederikshavn
- Chairman of the supervisory board of Gisselfeld Kloster

- Chairman of the supervisory board of Hirtshals Havn A/S and on the board of a fully owned subsidiary
- Chairman of the supervisory board of DEN GREVELIGE OBERBECH-CLAUSEN-PEANSKE FAMILIEFOND (Voergaard Slot)
- Chairman of the supervisory board of Hjerl Fonden
- Chairman of the supervisory board of Grøngas Partner A/S as well as two fully owned subsidiaries
- Board member of Marine Exhaust Tecnology A/S and a fully owned subsidiary
- Board member of Thoraso Aps
- Board member of Aktieselskabet Sæby Fiske-Industri
- Board member, Corps Consulaire
- Board member and CEO of Melsen Holding A/S
- CEO of ALA Advokatanpartsselskab

Directorships held by members of the Executive Board in other commercial enterprises at 31 December 2019

Anders Dam
- Chairman of the Supervisory Board of Jyske Banks Almennyttige Fond as well as the fully owned subsidiary Jyske Banks Almennyttige Fonds Holdingselskab
- Board member (deputy chairman), Foreningen Bankdata F.m.b.a.
- Board member, FR I af 16. september 2015 A/S

Niels Erik Jakobsen
- Board member (deputy chairmen), Letpension A/S
- Board member, BI Holding A/S as well as the fully owned BI Asset Management Fondsmæglerselskab A/S

Peter Schleidt
- Board member (deputy chairman), JN Data A/S
- Board member (deputy chairman), VP Securities A/S

Members of the Supervisory Board at 31 December 2019

Name	Age	Appointed a Board member	Expiry of term of office	Audit committee	Nomination committee	Remuneration Committee	Risk committee	Digitization & Technology Committee
Sven Buhrkall, Consultant, Chairman	70 years	1998	2022	Member	Chairman	Chairman	Member	Member
Kurt Bligaard Pedersen, Managing Director, Deputy Chairman	60 years	2014	2020	Chairman	Member	Member		
Rina Asmussen, Consultant	60 years	2014	2020				Chairman	Chairman
Philip Baruch	66 years	2006	2021		Member			
Jens A. Borup, former Fishing Vessel Master	64 years	2005	2020	Member	Member		Member	
Anker Laden- Andersen, Attorney-at-Law	63 years	2019	2022	Member				
Keld Norup	66 years	2007	2022	Member				
Per Schnack, Consultant	58 years	2019	2020	Member				
Employee representatives:								
District Chairman Marianne Lillevang	54 years	2006	2022			Member	Member	
Portfolio Management Adviser Christina Lykke Munk	41 years	2016	2022	Member				
Deputy District Chairman Johnny Christensen	57 years	2018	2022					Member

	Number of Jyske Bank shares		Participation and number of meetings 2019					
Name	End-2019	End-2018	Board meeting	Audit committee	Nomination committee	Remuneration Committee	Risk committee	Digitization & Technology Committee
Sven Buhrkall, Consultant, Chairman	**2,580**	2,580	36/36	8/8	3/3	2/2	7/8	4/4
Kurt Bligaard Pedersen, Managing Director, Deputy Chairman	**1,150**	1,150	32/36	8/8	3/3	2/2		
Rina Asmussen, Consultant	**1,715**	927	33/36				8/8	4/4
Philip Baruch, Attorney-at-Law	**2,893**	2,893	33/36		2/3			
Jens A. Borup, former Fishing Vessel Master	**3,970**	3,970	33/36	8/8	3/3		8/8	
Anker Laden Andersen, Attorney-at-Law	**2,715**	-	27/28	5/5				
Keld Norup, Attorney-at-Law	**1,100**	1,100	35/36	8/8				
Per Schnack	**2,268**	-	28/28	5/5				
Employee representatives:								
District Chairman Marianne Lillevang	**2,611**	2,456	34/36			2/2	7/8	
Portfolio Management Adviser Christina Lykke Munk	**279**	279	33/36	8/8				
Deputy District Chairman Johnny Christensen	**327**	327	31/36					4/4

The board members' participation in meetings appear above.