

Jyske Bank
Interim Financial Report
First half of 2017

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The Jyske Bank Group

CORE PROFIT AND PROFIT FOR THE PERIOD			Index						The year
DKKm	H1 2017	H1 2016	17/16	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	2016
Net interest income	2,756	2,898	95	1,386	1,370	1,457	1,393	1,448	5,748
Net fee and commission income	867	667	130	420	447	501	363	343	1,531
Value adjustments	443	379	117	97	346	232	170	169	781
Other income	207	130	159	147	60	79	48	73	257
Income from operating lease (net)	-5	50	-	-21	16	-27	21	28	44
Core income	4,268	4,124	103	2,029	2,239	2,242	1,995	2,061	8,361
Core expenses	2,778	2,498	111	1,388	1,390	1,335	1,275	1,230	5,108
Core profit before loan impairment charges	1,490	1,626	92	641	849	907	720	831	3,253
Loan impairment charges	-120	67	-	-75	-45	-293	77	-105	-149
Core profit	1,610	1,559	103	716	894	1,200	643	936	3,402
Investment portfolio earnings	457	-57	-	108	349	303	258	88	504
Pre-tax profit	2,067	1,502	138	824	1,243	1,503	901	1,024	3,906
Tax	452	309	146	185	267	301	180	215	790
Net profit or loss for the period	1,615	1,193	135	639	976	1,202	721	809	3,116

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKm									
Loans and advances	434,988	406,910	107	434,988	424,914	422,445	410,328	406,910	422,445
- of which mortgage loans	295,770	267,568	111	295,770	287,380	277,016	275,267	267,568	277,016
- of which bank loans, traditional bank loans	98,575	96,454	102	98,575	96,298	94,151	93,984	96,454	94,151
- of which bank loans, new home loans	11,722	11,369	103	11,722	14,227	17,427	13,917	11,369	17,427
- of which repo loans	28,921	31,519	92	28,921	27,009	33,851	27,160	31,519	33,851
Bonds and shares, etc.	75,984	76,771	99	75,984	84,359	89,929	88,868	76,771	89,929
Total assets	579,856	564,450	103	579,856	570,198	586,703	562,477	564,450	586,703
Due to credit institutions and central banks	13,700	30,350	45	13,700	15,260	19,941	10,690	30,350	19,941
Deposits	157,230	147,921	106	157,230	155,461	154,648	152,592	147,921	154,648
- of which bank deposits	134,153	128,769	104	134,153	132,468	134,194	132,384	128,769	134,194
- of which repo deposits and tri-party deposits	23,077	19,152	121	23,077	22,993	20,454	20,208	19,152	20,454
Issued bonds at fair value	285,494	256,357	111	285,494	276,502	271,212	264,793	256,357	271,212
Issued bonds at amortised cost	42,032	45,674	92	42,032	45,738	51,028	50,564	45,674	51,028
Subordinated debt	4,332	2,146	202	4,332	2,133	2,131	2,134	2,146	2,131
Holder of hybrid core capital	1,468	0	-	1,468	1,479	1,476	1,471	0	1,476
Shareholders' equity	31,306	30,091	104	31,306	31,405	31,038	30,404	30,091	31,038

SELECTED DATA AND FINANCIAL RATIOS									
Earnings per share for the period (DKK)*	17.8	12.7		7.0	10.7	13.1	7.8	8.7	33.5
Profit for the period, per share (diluted) (DKK)	17.8	12.7		7.0	10.7	13.1	7.8	8.7	33.5
Pre-tax profit p.a. as a percentage of opening equity*	13.1	10.0		10.4	15.8	19.8	12.0	13.6	13.0
Profit for the period as a pct. of opening equity*	10.2	7.9		8.0	12.3	15.7	9.6	10.8	10.3
Expenses as a percentage of income	65.1	60.6		68.4	62.1	59.5	63.9	59.7	61.1
Capital ratio (%)	19.4	17.0		19.4	17.6	18.3	17.8	17.0	18.3
Common Equity Tier 1 capital ratio (CET1 %)	16.5	15.8		16.5	15.8	16.5	15.9	15.8	16.5
Individual solvency requirement (%)	10.0	10.3		10.0	9.9	10.0	10.1	10.3	10.0
Capital base (DKKm)	35,849	30,883		35,849	32,284	33,354	32,403	30,883	33,354
Weighted risk exposure (DKKm)	184,452	182,071		184,452	183,278	182,195	181,887	182,071	182,195
Share price at end of period (DKK)	377	253		377	353	337	309	253	337
Book value per share (DKK)	355	326		355	353	348	334	326	348
Price/book value per share (DKK)	1.1	0.8		1.1	1.0	1.0	0.93	0.8	1.0
No. of full-time employees at end-period	3,988	3,977		3,988	4,024	3,981	3,993	3,977	3,981

Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 23 appear from page 17 in the Management's review.

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

SUMMARY

- **Pre-tax profit: DKK 2,067m (H1 2016: DKK 1,502m) corresponding to a return of 13.1% p.a. on opening equity (H1 2016: 10.0% p.a.)**
- **Post-tax profit: DKK 1,615m (H1 2016: DKK 1,193m) corresponding to a return of 10.2% p.a. on opening equity (H1 2016: 7.9% p.a.)**
- **Core profit: DKK 1,610m (H1 2016: DKK 1,559m)**
- **Underlying core expenses increased by 1.7%**
- **Reversal of loan impairment charges and provisions for guarantees under core profit: DKK 120m (H1 2016: impairment charge of DKK 67m were recognised as an expense)**
- **Capital ratio: 19.4%, of which the Common Equity Tier 1 capital ratio was 16.5% (end of 2016: 18.3% and 16.5%)**
- **The current share buy-back programme is increased by DKK 1,000m and is at the same time extended until 28 March 2018 from previously 29 September 2017**

COMMENTS BY MANAGEMENT

In connection with the publication of the interim financial report for the first half of 2017, Anders Dam, CEO and Managing Director states:

"The net profit for the period came to DKK 1,615m after tax, corresponding to a return on equity of 10.2% in the first half of 2017 in line with the target of 8-12%, which is considered satisfactory given the low interest-rate level as well as a reduction of the bond portfolio by about DKK 15bn since the end of 2016.

Since 2011, Jyske Bank has taken part in the consolidation of the Danish banking and mortgage credit sector, which is very evident in the Group's market share and socio-economic importance among banks and mortgage credit institutions subject to supervision by the Danish Financial Supervisory Authority.

	2012	2013	2014	2015	2016
Total assets (% of GDP)	14.1	14.1	28.2	27.4	28.5
Loans and advances (market share)	3.0	3.4	9.4	10.4	11.6
Deposits (market share)	8.2	8.9	10.1	10.0	12.8

Source: The Danish Financial Supervisory Authority

Both new and existing clients express great interest in the Group's products. Due to the inflow of new bank mortgage loans, currently at DKK 90.3bn, over merely 3½ years, it is still possible to attain a level of DKK 100bn in the course of the first half of 2018.

Also, considerable interest is expressed in regular mortgage products for personal as well as corporate purposes. Also within private banking, capital markets and leasing, clients are expressing great interest.

Due to the solid growth, the satisfactory earnings as well as the gradual adjustment of the capital structure, the Supervisory Board has decided to raise the existing share buy-back programme by DKK 1bn until 28 March 2018", ends Anders Dam.

First half of 2017

Material circumstances

In early May 2017, the Jyske Bank Group implemented a new client-focused organisation. This implementation took place to accommodate various types of clients' wishes, needs and requirements and to achieve the most simple and efficient client service and production. This entailed the following material changes:

- Three client-oriented units was established: Personal Clients, Corporate Clients and Private Banking Denmark.
- The client-oriented functions in the branch network of BRFkredit and Jyske Bank were merged.
- Administrative tasks related to client service were gathered in one Group unit.

As a result of the changes, about 60 jobs were cut. In the second quarter of 2017, DKK 22m were recognised as severance costs under Mortgage activities.

The adjustment of the capital structure continued in the first half of the year through the issue of a subordinated loan in the amount of EUR 300m. At the end of the first half of 2017, subordinated debt had been issued corresponding to 3.0% of the total weighted risk exposure. In line with the long-term capital management objective, the objective is to have issues corresponding to 3.5% of the total weighted risk exposure, which is expected to be achieved at the latest in the first half of 2018.

The Group Supervisory Board has decided that the current share buy-back programme of DKK 500m, which runs for the period 1 March to 29 September 2017, is to be raised by DKK 1,000m and also to be extended until 28 March 2018. As at today's date, Jyske Bank has bought back 1,073,700 shares under the programme. Since 9 November 2015, a total of 7.32% of the share capital has been bought back.

On 31 March 2017, Jyske Bank took over the administration company Jyske Invest Fund Management A/S. Jyske Invest Fund Management continues as a 100% owned subsidiary of the Jyske Bank Group. The takeover increased the number of full-time employees of the Jyske Bank Group by 27. In the second quarter of 2017, the takeover resulted in an increase in core expenses under Banking activities by about DKK 7m. The increase is offset by a corresponding increase in other fee income.

On 17 May 2017, a court in Gibraltar delivered its judgement in favour of the plaintiffs in the lawsuit filed against Jyske Bank Gibraltar by 16 former clients of the law firm of Marrache & Co. The judge concluded that the bank is liable to pay damages. The bank disagrees with the judge's conclusions and has appealed against the judgement. It is expected that the outcome of the appeal case will be known before the end of 2017. In the second quarter of 2017, provisions were made in the amount of DKK 105m to cover any damages. The provision was recognised as an expense under Other provisions.

Net profit or loss for the period

In the first half of 2017, the Jyske Bank Group generated a pre-tax profit of DKK 2,067m. Calculated tax amounted to DKK 452m, and after tax the profit amounted to DKK 1,615m.

Post-tax profit corresponded to a return on opening equity of 10.2% p.a. against 7.9% p.a. for the corresponding period of 2016.

CORE PROFIT AND PROFIT FOR THE PERIOD	Index								The year
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Net interest income	2,756	2,898	95	1,386	1,370	1,457	1,393	1,448	5,748
Net fee and commission income	867	667	130	420	447	501	363	343	1,531
Value adjustments	443	379	117	97	346	232	170	169	781
Other income	207	130	159	147	60	79	48	73	257
Income from operating lease (net)	-5	50	-	-21	16	-27	21	28	44
Core income	4,268	4,124	103	2,029	2,239	2,242	1,995	2,061	8,361
Core expenses	2,778	2,498	111	1,388	1,390	1,335	1,275	1,230	5,108
Core profit before loan impairment charges	1,490	1,626	92	641	849	907	720	831	3,253
Loan impairment charges	-120	67	-	-75	-45	-293	77	-105	-149
Core profit	1,610	1,559	103	716	894	1,200	643	936	3,402
Investment portfolio earnings	457	-57	-	108	349	303	258	88	504
Pre-tax profit	2,067	1,502	138	824	1,243	1,503	901	1,024	3,906
Tax	452	309	146	185	267	301	180	215	790
Net profit or loss for the period	1,615	1,193	135	639	976	1,202	721	809	3,116

Core profit rose by 3% to DKK 1,610m against DKK 1,559m for the corresponding period in 2016.

Net interest income for the first half of 2017 fell by 5% compared to the same period in 2016. Net interest income was favourably affected by growth in the new home loans and the introduction of negative deposit rates on demand deposits for corporate clients. To some extent, these circumstances offset the continued pressure on the margins, particularly on bank loans and advances to corporate clients, as well as the lower coupon income primarily due to lower reinvestment rates and secondarily the reduction of the bond holdings. Compared with the first half of 2016, net interest income also includes additional interest expense of about DKK 20m for supplementary (Tier 2) capital issued in June 2016 and April 2017.

Net fee and commission income amounted to DKK 867m against DKK 667m in the first half of 2016, i.e. an increase by 30%. The increase can be attributed to a favourable development in the financial markets, which resulted in performance fees (DKK 39m against DKK 0m for the same period last year) and a higher level within capital market activities as well as home loans and mortgage activities.

Value adjustments amounted to DKK 443m against DKK 379m in the first half of 2016. In the first half of 2017, clients' transactions relating to interest-rate hedging had a positive effect in the amount of DKK 123m - of which DKK 27m in the second quarter of 2017 - due to rising long-term market rates and the clients' improved credit quality. In addition, the continued narrowing of credit spreads on Danish mortgage bonds, particularly in the first quarter of 2017, had a significant, positive effect.

Other income for the first half of 2017 amounted to DKK 207m against DKK 130m in the first half of 2016. The increase in the second quarter of 2017 can be attributed to an income of DKK 96m relating to the sale of an owner-occupied property.

In the first half of 2017, core expenses amounted to DKK 2,778m, corresponding to an increase by 11% compared with the same period of 2016. Disregarding one-off expenses, core expenses rose by 1.7% compared with the first half of 2016. One-off expenses totalling DKK 237m were recognised as an expense, of which DKK 110m in the first quarter of 2017 relating to impairment charges on intangible assets and expenses for Jyske Bank's 50th anniversary activities, including DKK 32m for shares to the employees, and DKK 127m in the second quarter 2017 with DKK 105m as provisions to cover any damages following the court case in Gibraltar, and DKK 22m as severance costs following the organisational adjustment announced

in early May 2017. The latter amount was recognised as an expense under Mortgage activities, while the other amounts were recognised as an expense under Banking activities.

Under core profit, impairment charges in the amount of DKK 120m were reversed in the first half of 2017 against the recognition as an expense of impairment charges of DKK 67m in the corresponding period of last year. For a more detailed description of impairment charges, please see page 9.

Business volume and financial position

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm	Index								The year 2016
	H1 2017	H1 2016	17/16	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	
Loans and advances	434,988	406,910	107	434,988	424,914	422,445	410,328	406,910	422,445
- of which mortgage loans	295,770	267,568	111	295,770	287,380	277,016	275,267	267,568	277,016
- of which loans and advances, traditional loans and advances	98,575	96,454	102	98,575	96,298	94,151	93,984	96,454	94,151
- of which loans and advances, new home loans	11,722	11,369	103	11,722	14,227	17,427	13,917	11,369	17,427
- of which repo loans	28,921	31,519	92	28,921	27,009	33,851	27,160	31,519	33,851
Bonds and shares, etc.	75,984	76,771	99	75,984	84,359	89,929	88,868	76,771	89,929
Total assets	579,856	564,450	103	579,856	570,198	586,703	562,477	564,450	586,703
Due to credit institutions and central banks	13,700	30,350	45	13,700	15,260	19,941	10,690	30,350	19,941
Deposits	157,230	147,921	106	157,230	155,461	154,648	152,592	147,921	154,648
- of which bank deposits	134,153	128,769	104	134,153	132,468	134,194	132,384	128,769	134,194
- of which repo deposits and tri-party deposits	23,077	19,152	121	23,077	22,993	20,454	20,208	19,152	20,454
Issued bonds at fair value	285,494	256,357	111	285,494	276,502	271,212	264,793	256,357	271,212
Issued bonds at amortised cost	42,032	45,674	92	42,032	45,738	51,028	50,564	45,674	51,028
Subordinated debt	4,332	2,146	202	4,332	2,133	2,131	2,134	2,146	2,131
Holders of hybrid core capital	1,468	0	-	1,468	1,479	1,476	1,471	0	1,476
Shareholders' equity	31,306	30,091	104	31,306	31,405	31,038	30,404	30,091	31,038

Mortgage loans amounted to DKK 296bn at the end of the first half of 2017, corresponding to an increase of DKK 19bn relative to the level at the end of 2016. As at today's date, new home loans have been granted in the amount of DKK 90.3bn. At the end of 2016, new home loans had been granted in the amount of DKK 79.5bn.

The objective is still to increase the Group's housing-related loans by DKK 100bn relative to the level at the beginning of 2014. In respect of corporate clients, the objective is that mortgage loans increase by DKK 20bn over a 5-year period. Since the beginning of 2014, the increase amounts to DKK 15.8bn, of which DKK 3.4m in the first half of 2017.

Traditional bank loans and advances had increased to DKK 99bn at the end of the first half of 2017 against DKK 94bn at the end of 2016. The increase can chiefly be attributed to commercial loans.

At the end of the first half of 2017, bank deposits exclusive of repo deposits amounted to DKK 134bn, which is in line with the level at the end of 2016. The composition of bank deposits exclusive of repo deposits was unchanged. Demand deposits amounted to about 77%.

At the end of the first half of 2017, the business volume within asset management amounted to DKK 130bn against DKK 127bn at the end of 2016.

At the end of the first half of 2017, shareholders' equity amounted to DKK 31.3bn against DKK 31.0bn at the end of 2016.

Loan impairment charges and provisions for guarantees and value adjustments of acquired loans and advances

Under core profit, an amount of DKK 120m was reversed under loan impairment charges and provisions for guarantees against and expense of DKK 67m for the same period in 2016. In the statutory reporting format, an amount of DKK 17m was reversed under loan impairment charges and provisions for guarantees. The difference relative to impairment charges under core profit can be attributed to redesignation relating to impairment charges for impaired loans and advances.

The addition of new impaired exposures continued to be at a low level for both corporate and personal clients, and a lower indication of impairment was seen for existing non-performing loans. For corporate clients, the improvements are broadly based across lines of business. In the first half of 2017, net reversals of DKK 87m were made for agricultural clients. In connection with corporate clients within mortgage activities, impairment charges were characterised by increases in impairment charges for a few hard-to-sell mortgaged properties.

In the first half of 2017, recoveries in the amount of DKK 230m were recognised, against DKK 116m for the same period last year.

At the end of the first half of 2017, management's estimates amounted to DKK 488m, of which DKK 120m related to agricultural clients against DKK 471m and DKK 235m, respectively, at the end of 2016.

LOANS, ADVANCES AND GUARANTEES AS WELL AS VALUE ADJUSTMENTS OF LOANS AND ADVANCES, ETC. DKKm	Index								The year
	H1 2017	H1 2016	17/16	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	2016
Loans, advances and guarantees	453,525	422,554	107	453,525	441,940	438,592	426,124	422,554	438,592
Balance of loan impairment charges etc.	5,710	6,716	85	5,710	5,790	5,937	6,482	6,716	5,937
Individual impairment charges etc.	4,461	5,107	87	4,461	4,518	4,640	4,806	5,107	4,640
Collective impairment charges etc.	1,249	1,609	78	1,249	1,272	1,297	1,676	1,609	1,297
Value adjustments of acquired loans:									
Balance of discounts for acquired loans and advances, beginning of period	879	1,548	57	782	879	1,145	1,238	1,420	1,548
Positive value adjustments (interest income)	103	159	65	31	72	100	91	97	350
Negative value adjustments (loss)	62	151	41	37	25	166	2	85	319
Balance of discounts for acquired loans and advances, end of period	714	1,238	58	714	782	879	1,145	1,238	879
Total balance for loan impairment charges and provisions for guarantees and balance of discounts for acquired loans and advances	6,424	7,954	81	6,424	6,572	6,816	7,627	7,954	6,816
Non-performing loans and guarantees:									
Loans and advances before impairment charges and provisions, inclusive of discounts	20,647	24,939	83	20,647	21,966	22,936	22,747	24,939	22,936
Impairment charges and provisions	5,384	6,290	86	5,384	5,561	5,730	6,048	6,290	5,730
Discounts on acquired loans	664	1,203	55	664	730	857	1,118	1,203	857
Loans, advances and guarantees after impairment charges	14,599	17,446	84	14,599	15,675	16,349	15,581	17,446	16,349
NPL ratio	3.2%	4.1%		3.2%	3.5%	3.7%	3.6%	4.1%	3.7%
NPL contribution ratio	29.3%	30.0%		29.3%	28.6%	28.7%	31.5%	30.0%	28.7%
Non-accrual loans and past due exposures	2,220	2,835	78	2,220	2,187	2,281	2,841	2,835	2,281
Operational loan impairment charges etc.	-17	226	-	-44	27	-193	168	-8	201
Operating loss	494	395	125	173	321	445	456	269	1,296

BALANCE OF LOAN IMPAIRMENT CHARGES AND PROVISIONS FOR GUARANTEES / LOANS, ADVANCES AND GUARANTEES							The Jyske Bank Group	
DKKm / %	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees		Impairment ratio			
	Q2 2017	Q4 2016	Q2 2017	Q4 2016	Q2 2017	Q4 2016		
Dairy farmers	805	889	616	722	43%	45%		
Pig farming	1,180	1,237	376	431	24%	26%		
Total	1,985	2,126	992	1,153	33%	35%		

At the end of the first half of 2017, the Jyske Bank Group's total impairment ratio for dairy farmers and pig farming amounted to 33% of loans, advances and guarantees against 35% at the end of 2016. For dairy farmers and pig farming, the impairment ratios were 43% and 24%, respectively. At the end of the first half of 2017, the settlement prices for both milk and pigs were considerably above the historically low price levels in the summer of 2016. Based on the low prices in 2015 and 2016 and the ensuing large losses, it is expected that the situation for the weakest dairy farmers and pig farmers will still deteriorate. Despite the price increases, in particular for pig products, some of the farmers will still need liquidity due to the losses in 2016. Due to the high level of debt, which to an extensive degree has variable interest rates, many farmers are still quite sensitive to interest rate changes.

The total balance of loan impairment charges and provisions for guarantees and discounts for loans taken over amounted to 1.4% of total loans, advances and guarantees. In the first half of 2017, DKK 494m were recognised as losses, which contributed to a reduction of the balance of impairment charges. In the first half of 2016, an amount of DKK 395m was recognised as losses.

In certain situation, the Group has to ease terms and conditions agreed for clients in financial problems to minimise the Group's loss (forbearance). Irrespective of the client's subsequent compliance with the terms and conditions, the client will be subject to forbearance for at least two years. The definition of forbearance is based on the EBA's technical standards. At the end of the second quarter 2017, loans and advances subject to forbearance amounted to 4.3% against 4.7% at the end of 2016.

Non-performing loans comprise exposures with individually assessed impairment charges and exposures with high or full risk as well as past due exposures. If the criteria for non-performing exposures are no longer met, and if previously credit easing measures have been granted, clients are still subject to the criterion for non-performing exposures for at least a year after the credit easing was granted. The definition of non-performing exposures is based on the EBA's technical standards. At the end of the second quarter 2017, non-performing loans and advances amounted to 3.2% against 3.7% at the end of 2016.

At the end of the first half of 2017, the Group had no exposures amounting to more than 10% of the adjusted capital base. The Group had three exposures amounting to between 5% and 7.5% of the adjusted capital base and one exposure between 7.5% and 10% of the adjusted capital base. The same situation was seen at the end of the first half of 2016.

Investment portfolio earnings

INVESTMENT PORTFOLIO EARNINGS DKKm	H1 2017	H1 2016	Index 17/16	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	The year 2016
Net interest income	192	221	87	94	98	91	105	107	417
Net fee and commission income	0	-2	-	0	0	0	-1	-1	-3
Value adjustments	238	-287	-	16	222	217	157	-20	87
Other income	43	26	165	6	37	1	3	10	30
Income	473	-42	-	116	357	309	264	96	531
Expenses	16	15	107	8	8	6	6	8	27
Investment portfolio earnings before loan impairment charges	457	-57	-	108	349	303	258	88	504
Loan impairment charges	0	0	-	0	0	0	0	0	0
Investment portfolio earnings	457	-57	-	108	349	303	258	88	504

For the first half of 2017, investment portfolio earnings amounted to DKK 457m against DKK -57m for the corresponding period in 2016. Seen in isolation for the second quarter, investment portfolio earnings came to DKK 108m against DKK 88m in the second quarter of 2016.

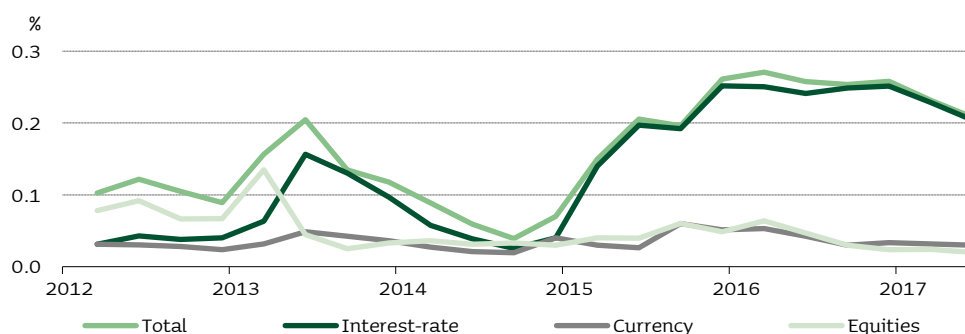
The narrowing of credit spreads resulted in material positive value adjustments relating to the portfolio of Danish mortgage bonds. In addition, yet, to a lesser degree, positive value adjustments relating to the bank's portfolio of securitisations had an effect.

Net interest income was lower compared to the first half of 2016. This can primarily be attributed to smaller bond holdings.

Market risk

At the end of the second quarter of 2017, the aggregate interest-rate, currency and equity-price risk – expressed as Value-at-Risk (VaR) – was calculated at DKK 62m (calculated with a time frame of one day and 99% probability) against DKK 77m at the end of 2016. The total VaR was reduced in line with the bank's strategy to reduce the risk level, and the portfolio of mortgage bonds was generally reduced over the first half of 2017, which contributed to a DKK 14m reduction of interest-rate risk expressed as VaR over the first two quarters.

Value-at-Risk as a percentage of equity



Segment information

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

Banking activities

SUMMARY OF INCOME STATEMENT			Index						The year
DKKm	H1 2017	H1 2016	17/16	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	2016
Net interest income	1,604	1,810	89	800	804	841	838	886	3,489
Net fee and commission income	805	645	125	393	412	451	318	339	1,414
Value adjustments	424	347	122	82	342	228	160	153	735
Other income	183	96	191	136	47	66	31	55	193
Core income	3,016	2,898	104	1,411	1,605	1,586	1,347	1,433	5,831
Core expenses	2,253	2,015	112	1,117	1,136	1,073	1,015	988	4,103
Core profit before loan impairment charges	763	883	86	294	469	513	332	445	1,728
Loan impairment charges	-256	80	-	-113	-143	-276	74	-125	-122
Core profit	1,019	803	127	407	612	789	258	570	1,850
Investment portfolio earnings	393	-79	-	88	305	267	236	57	424
Pre-tax profit	1,412	724	195	495	917	1,056	494	627	2,274

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKm									
Loans and advances	123,484	125,036	99	123,484	122,224	130,564	120,573	125,036	130,564
- of which traditional bank loans	82,841	82,148	101	82,841	80,988	79,286	79,496	82,148	79,286
- of which new home loans	11,722	11,369	103	11,722	14,227	17,427	13,917	11,369	17,427
- of which repo loans	28,921	31,519	92	28,921	27,009	33,851	27,160	31,519	33,851
Total assets	242,937	253,883	96	242,937	244,613	262,151	240,577	253,883	262,151
Deposits	157,024	147,495	106	157,024	155,252	154,428	152,164	147,495	154,428
- of which bank deposits	133,947	128,343	104	133,947	132,259	133,974	131,956	128,343	133,974
- of which repo deposits and tri-party deposits	23,077	19,152	121	23,077	22,993	20,454	20,208	19,152	20,454
Issued bonds	38,317	41,964	91	38,317	42,024	49,016	46,846	41,964	49,016

Pre-tax profit

Core profit for banking activities amounted to DKK 1,019m, corresponding to an increase of 27% compared to the same period of 2016.

Net interest income amounted to DKK 1,604m and was 11% below the level in the first half of 2016. The primary reasons for the reduction were falling interest rate margins on bank loans and advances for corporate clients and lower reinvestment rates on the liquidity portfolio. The liquidity portfolio amounts to about DKK 45bn and forms part of the strategic balance sheet and risk management and is primarily invested in Danish mortgage bonds with a fairly short duration. The strategic balance sheet and risk management also involves the use of derivatives for hedging. On the whole the strategic balance sheet and risk management affected the net interest income in the first half of 2017 by DKK 152m against DKK 221m in the same period last year. A reduction of the trading portfolio of bonds also affected the development of the net interest income.

The increasing volume of the new home loans and the introduction of negative deposit rates on demand deposits of corporate clients made a positive contribution to the net interest income and compensated to some extent for the above. In the first half of 2017, DKK 2m were recognised as income relating to fixed-rate home loans issued at a discount against DKK 24m in the first half of 2016. Due to the issues in June 2016 and April 2017, net interest income for the first half of

2017 included additional interest expenses of about DKK 20m for supplementary (Tier 2) capital compared to the first half of 2016.

Net fee and commission income increased by 25% relative to the first half of 2016. The increase can primarily be attributed to investment-related income due to the favourable development in the financial markets, particularly in the first quarter of 2017. Investment-related fee income was also affected positively by about DKK 15m because the switch to new products caused payment of product fees to be advanced. Otherwise these payments would have been settled in the fourth quarter of 2017. Loan application fees still increased and amounted to DKK 78m against DKK 33m for the corresponding period in 2016. The increase can chiefly be attributed to fees on home loans.

Value adjustments amounted to DKK 424m against DKK 347m in the first half of 2016. In the first half of 2017, clients' transactions relating to interest-rate hedging had a positive effect in the amount of DKK 123m - of which DKK 27m in the second quarter of 2017. Increasing long-term market rates as well as the improved credit quality of the clients made positive contributions. The same period last year saw a positive effect by DKK 68m. To a considerable extent, narrowing of credit spreads on Danish mortgage bonds had a positive effect on value adjustments of bond holdings, including the liquidity portfolio. On the whole, strategic balance sheet and risk management affected value adjustments negatively by DKK 14m in the first half of 2017 against a negative effect of DKK 95m in the same period last year. Adding the net interest income, the strategic balance sheet and risk management had a net effect on core income in the amount of DKK 138m in the first half of 2017 and DKK 126m in the first half of 2016.

Other income amounted to DKK 183m against DKK 96m in the first half of 2016. The increase can be attributed to a gain of DKK 96m relating to the sale of an owner-occupied property in the second quarter of 2017.

For the first half of 2017, core expenses amounted to DKK 2,253m against DKK 2,015m for the corresponding period in 2016. The increase can primarily be attributed to one-off expenses totalling DKK 215m, of which DKK 110m relating to impairment charges on intangible assets and expenses for activities relating to Jyske Bank's 50th anniversary in the first quarter of 2017, and DKK 105m relating to provisions to cover any damages following the court case in Gibraltar in the second quarter of 2017. Adjusted for one-off expenses, core expenses rose by 1%.

Business volume

Traditional bank loans and advances amounted to DKK 83bn against DKK 79bn at the end of 2016. The improvement can be attributed to corporate clients. Bank deposits exclusive of repo deposits amounted to DKK 134m, corresponding to the level at the end of 2016.

Mortgage activities

SUMMARY OF INCOME STATEMENT									The year
DKKm	H1 2017	H1 2016	Index 17/16	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	2016
Contribution income, etc. ¹	932	878	106	474	458	456	451	444	1,785
Other net interest income	-34	-22	155	-19	-15	-15	-16	0	-53
Net fee and commission income	116	62	187	53	63	79	66	27	207
Value adjustments	5	20	25	2	3	4	10	4	34
Other income	17	27	63	8	9	11	14	15	52
Core income	1,036	965	107	518	518	535	525	490	2,025
Core expenses	437	401	109	225	212	217	219	198	837
Core profit before loan impairment charges	599	564	106	293	306	318	306	292	1,188
Loan impairment charges	120	-19	-	28	92	-12	-1	16	-32
Core profit	479	583	82	265	214	330	307	276	1,220
Investment portfolio earnings	64	22	291	20	44	36	22	31	80
Pre-tax profit	543	605	90	285	258	366	329	307	1,300

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

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKm	H1 2017	H1 2016	Index 17/16	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	2016
Mortgage loans	295,770	267,568	111	295,770	287,380	277,016	275,267	267,568	277,016
Total assets	318,099	293,633	108	318,099	307,496	307,037	304,664	293,633	307,037
Issued bonds	289,209	260,067	111	289,209	280,216	273,224	268,511	260,067	273,224

Pre-tax profit

The pre-tax profit from mortgage activities amounted to DKK 543m against DKK 605m for the same period in 2016.

Contribution income amounted to DKK 932m in the first half of 2017 against DKK 878m in the first half of 2016. The increase can primarily be attributed to a larger portfolio, particularly within the Personal client area.

Other net interest income amounted to a negative amount of DKK 34m against the negative amount of DKK 22m in the first half of 2016. The increase in interest expenses can be attributed to the increasingly negative interest rate causing the internal interest rate on the portfolio of securities to fall. The item consists primarily of interest expenses for senior debt incurred in order to comply with SDO and rating requirements (issued senior loans, etc.), internal interest on the portfolio of securities as well as various interest income, among others, from other loans and advances.

In the first half of 2017, net fee and commission income amounted to DKK 116m against DKK 62m in the first half of 2016. The increase can be attributed, among other things, to increasing lending activity and the end to discounts on fees in connection with refinancing of existing loans to loans with BRFKredit in early 2017.

Value adjustments, etc. amounted to an income of DKK 5m against an income of DKK 20m in the first half of 2016. The difference of DKK 15m can be attributed to a large value adjustment of the core portfolio of bonds in the first half of 2016.

Core expenses amounted to DKK 437m in the first half of 2017 against DKK 401m in the first half of 2016. The difference was caused by severance costs of DKK 22m in connection with the organisational adjustment in May 2017 and higher expenses for IT.

In the first half of 2017, core profit before loan impairment charges and provisions for guarantees amounted to DKK 599m against DKK 564m in the first half of 2016.

Total loan impairment charges and provisions for guarantees for the first half of 2017 amounted to an expense of DKK 120m against an income of DKK 19m in the first half of 2016. For the first half of 2017, the effect on the income statement can be broken down into an expense of DKK 53m (2016: an expense of DKK 121m) on personal clients and an expense of DKK 67m (2016: an income of DKK 140m) on corporate clients. The increase can primarily be attributed to reassessment of the value of a few hard-to-sell mortgaged properties in the first quarter of 2017.

Relative to total loans, the effect from the impairment charges on the income statement amounted to 0.04% in the first half of 2017 against -0.01% in the first half of 2016.

In the first half of 2017, investment portfolio earnings amounted to an income of DKK 64m against an income of DKK 22m in the first half of 2016. Investment portfolio earnings were satisfactory considering the low interest-rate level.

The securities portfolio, which predominantly consisted of interest-bearing instruments, was mainly in the form of mortgage bonds with a short duration and a limited interest rate sensitivity as well as financial instruments for risk hedging.

Business volume

The positive trend in the business volume of mortgage activities continued in the first half of 2017 as the volume grew from DKK 277.0bn at the end of 2016 to DKK 295.8bn, corresponding to 6.8% growth.

The development can primarily be attributed to personal clients, including the Group's home loan products.

Leasing activities

SUMMARY OF INCOME STATEMENT									The
DKKm	H1 2017	H1 2016	Index	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	year
			17/16						2016
Net interest income	254	232	109	131	123	175	120	118	527
Net fee and commission income	-54	-40	135	-26	-28	-29	-21	-23	-90
Value adjustments	14	12	117	13	1	0	0	12	12
Other income	7	7	100	3	4	2	3	3	12
Income from operating lease (net)	-5	50	-	-21	16	-27	21	28	44
Core income	216	261	83	100	116	121	123	138	505
Core expenses	88	82	107	46	42	45	41	44	168
Core profit before loan impairment charges	128	179	72	54	74	76	82	94	337
Loan impairment charges	16	6	267	10	6	-5	4	4	5
Pre-tax profit	112	173	65	44	68	81	78	90	332

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKm									
Loans and advances	15,734	14,306	110	15,734	15,310	14,865	14,488	14,306	14,865
Total assets	18,820	16,934	111	18,820	18,089	17,515	17,236	16,934	17,515
Deposits	206	426	48	206	209	220	428	426	220

Pre-tax profit

The segment Leasing still developed in a positive direction, fuelled by higher loans and advances. The high level of activity was reflected in both net interest income and net fee and commission income.

In the second quarter of 2017, net interest income was positively affected by DKK 8m due to a change in management's estimates for actual contractual maturities affecting the accrual of up-front fees.

The income from operating lease agreements was adversely affected by an increased indication of impairment for the portfolio due to the increased imbalance between the residual values determined and the realised as well as expected market values for individual models.

On the basis of the above, core income has fallen by 17% relative to the same period last year.

Compared to the same period last year, core expenses increased by 7%, which can be attributed to increased capacity requirements.

At DKK 16m, year-to-date, the level of impairment charges is acceptable.

Business volume

Loans and advances grew by 10% relative to the same period last year, and this increase was achieved due to a large volume of new sales. A positive development of the volume of loans and advances is still expected for the coming period.

Core profit and investment portfolio earnings

The pre-tax profit for the first half of 2017 broken down by core earnings and investment portfolio earnings is stated below:

BREAKDOWN OF THE PERIOD'S PROFIT DKKm	H1 2017				H1 2016			
	Core profit	Investment portfolio earnings	Reclassification	Total	Core profit	Investment portfolio earnings	Reclassification	Total
Net interest income	2,756	192	101	3,049	2,898	221	141	3,260
Net fee and commission income	867	0	0	867	667	-2	0	665
Value adjustments	443	238	2	683	379	-287	18	110
Other income	207	43	0	250	130	26	0	156
Income from operating lease (net)	-5	0	272	267	50	0	204	254
Income	4,268	473	375	5,116	4,124	-42	363	4,445
Expenses	2,778	16	272	3,066	2,498	15	204	2,717
Profit before loan impairment charges	1,490	457	103	2,050	1,626	-57	159	1,728
Loan impairment charges	-120	0	103	-17	67	0	159	226
Pre-tax profit	1,610	457	0	2,067	1,559	-57	0	1,502

Alternative performance targets

The alternative performance targets applied in the management's review constitute valuable information for readers of financial statements as they provide a more uniform basis for comparison of accounting periods. No adjusting entries are made, and therefore the net profit or loss for the period will be the same in the alternative performance targets of the management's review and in the IFRS financial statements.

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

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

The above table illustrates relationships between income statement items under 'The Jyske Bank Group' (key financial data), page 3, and income statement items in the IFRS financial statements, page 23.

Reclassification relates to the following:

- Income of DKK 103m (first half of 2016: DKK 159m) from impaired loans and advances taken over is reclassified from interest income to loan impairment charges.
- Expenses of DKK 2m (first half of 2016: expenses of DKK 18m) due to value adjustments relating to the balance principle at BRFKredit are reclassified from value adjustments to interest income.
- Depreciation and amortisation of DKK 272m (first half of 2016: DKK 204m) 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 3.

"Earnings per share", "Earnings per share (diluted)", "Pre-tax profit as a percentage of opening equity" and "Net profit as a percentage of opening equity" are calculated as if hybrid core capital was recognised as a liability. In the numerator, the profit is less interest expenses for hybrid core capital, and the denominator is calculated as equity exclusive of hybrid core capital.

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

Capital structure and capital management

Contrary to the first quarter of 2017, the current profit is again, as at 30 June 2017, recognised in the capital base. As no dividend policy is in existence, it is a requirement that recognition takes place less any expected dividend based on the dividend over the past three years. In 2014, no dividend was distributed. In 2015 and 2016, dividend was distributed, corresponding to a dividend yield of 20% and 16%, respectively. 16% is deducted before recognition of the current profit.

CAPITAL AND CORE CAPITAL RATIOS	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	End of 2016
Capital ratio (%)	19.4	17.6	18.3	17.8	17.0	18.3
Core capital ratio incl. hybrid capital (%)	17.6	17.0	17.7	17.1	16.2	17.7
Common Equity Tier 1 capital ratio (CET 1) (%)	16.5	15.8	16.5	15.9	15.8	16.5

The Jyske Bank Group's total weighted risk exposure amounted to DKK 184bn at the end of the first half of 2017 against DKK 182bn at the end of 2016. The Jyske Bank Group's total weighted risk exposure with credit risk amounted to DKK 146bn, corresponding to 79% of the total weighted risk exposure. An increase by DKK 5.3bn in the total weighted risk exposure with credit risk can chiefly be attributed to the increase in new home loans and bank loans and advances to corporate clients.

Capital policy

With the issue of supplementary Tier 2 capital in the amount of EUR 300m in the second quarter of 2017, Jyske Bank continued, in line with previous announcements, its adjustment of the capital structure. After the issue, the sum of Jyske Bank's hybrid core capital and Tier 2 capital amounted to DKK 5.7bn, corresponding to 3.0% of the weighted risk exposure at the end of the first half of 2017. In line with the long-term capital management objective, the objective is to have issues corresponding to 3.5% of the total weighted risk exposure, which is expected to be achieved at the latest in the first half of 2018, and therefore Jyske Bank is on an on-going basis exploring the possibilities in the market for issuance of capital instruments.

The current share buy-back programme in the amount of DKK 500m runs over the period 1 March to 29 September 2017. As at today's date, Jyske Bank has bought back 1,073,700 shares under the programme. The Supervisory Board has decided to raise the share buy-back programme by DKK 1,000m to DKK 1.5bn. This increase takes place concurrently with an extension of the programme to 28 March 2018.

Individual solvency requirement and capital buffer

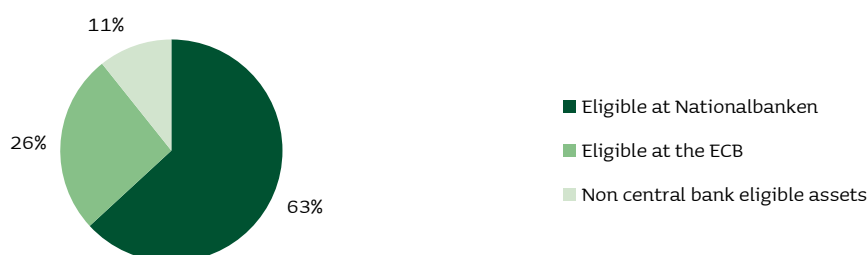
At the end of the first half of 2017, the Jyske Bank Group calculated its individual solvency requirement to be 10.0% of the total weighted risk exposure against 10.0% at the end of 2016. To this must be added a SIFI requirement of 0.9% and a capital conservation buffer of 1.3% at the end of the first half of 2017.

Compared with the actual capital base of DKK 35.8bn, the capital buffer amounted at the end of the first half of 2017 to DKK 13.4bn, corresponding to 7.2%. At the end of 2016, the capital buffer was at DKK 12.8bn, corresponding to 7.0%.

Liquidity management

The Group's liquidity buffer

At the end of the first half of 2017, the Jyske Bank Group's liquidity reserve amounted to DKK 72bn against DKK 77bn at the end of 2016. The reserve consisted mainly of Danish mortgage bonds and covered bonds. Of this, an amount of DKK 64bn, equalling 89%, is eligible at either the Danish central bank or the ECB. In the chart, cash deposits with the Danish central bank and the ECB are stated as eligible for repo transactions with the relevant central banks, but the due to the characteristics of the deposits, they are globally applicable. The proportion of the liquidity buffer eligible for repo transactions with the ECB increased due to the fact that the proceeds from the reduction of the mortgage bond portfolio were to a great extent deposited as cash with the ECB.



The robustness of the liquidity buffer can be determined by measuring it dynamically in a stress scenario presuming that the Group will be precluded from re-financing in the international financial money markets for unsecured senior debt. Under such a scenario, the buffer will after a 12-month period amount to DKK 38.5bn and after a 24-month period to DKK 37.7bn.

LIQUIDITY RESERVE AND RUN-OFF						
DKKbn	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	End of 2016
End of period	72.1	71.6	76.9	74.8	71.3	76.9
3 mths.	63.6	52.9	55.1	55.2	52.3	55.1
6 mths.	55.3	47.3	45.5	43.1	48.2	45.5
9 mths.	42.8	42.0	42.3	36.3	41.4	42.3
12 mths.	38.5	29.7	37.3	33.8	34.6	37.3

Liquidity Coverage Ratio

On 30 June 2017, the Group's Liquidity Coverage Ratio was at 295% against 193% at the end of 2016. The Group's internal guideline points to a LCR for the Group of at least 150% compared to the statutory requirement of 100%.

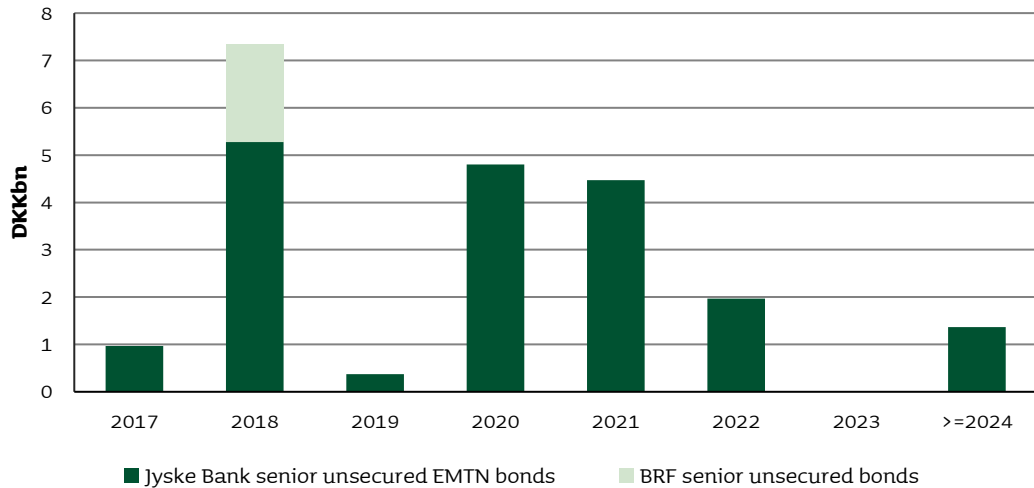
International capital market funding via loan programmes

At the end of the first half of 2017, the volume of outstanding bonds issued under the CP programme amounted to DKK 21.7bn against DKK 27.5bn at the end of 2016. At the end of the first half of 2017, issues of long-term senior debt under Jyske Bank's EMTN programme amounted to DKK 16.8bn against DKK 18.3bn at the end of 2016.

The first half of 2017 saw short periods of geopolitical volatility. However, the ECB's monetary policy and programme of bond purchases still offer a large amount of liquidity to the market, and these factors in combination with the limited issue of new bonds have supported a positive dynamic development in the credit markets. The credit spreads on EUR-denominated covered bonds and senior debt reached the lowest levels in the first part of the period, but at the end of the first half of 2017 they were still at a low level. The most extensive narrowing of the credit spreads were seen for the asset classes supplementary capital (Tier 2) and hybrid core capital (AT1), and the first half of 2017 saw the lowest credit spreads since 2007.

In the first half of 2017, the Group issued supplementary Tier 2 capital in the amount of EUR 300m and senior debt in the amount of EUR 500m. The Tier 2 bond is a 12-year bond with the possibility of early repayment after 7 years. The senior bond is a 3-year floating-rate bond.

The run-off profile for the Group's senior debt determined at the end of the first half of 2017 is illustrated by the below chart:

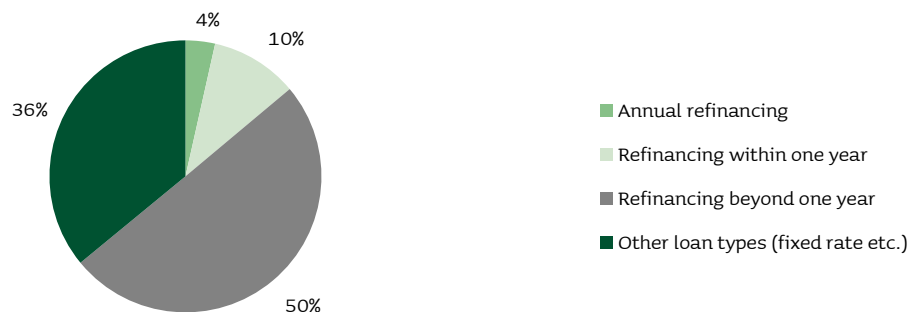


In the course of the ordinary management of the run-off profile, Jyske Bank had, at the end of first half of 2017, bought back EMTN issues with a shorter time to maturity in the amount of DKK 1.7bn.

Refinancing in mortgage activities

The primary impact on the Group's liquidity profile from BRFkredit can be attributed to the refinancing risk. The Group's refinancing risk from mortgage activities has been reduced markedly over the past year, among other things due to the spreading out of the refinancing dates over the year and also, not least, through BRFkredit's issues in EUR (EUR covered bonds), which are used for the funding of the jointly funded home loan products from Jyske Bank. In 2016, the Group issued three EUR covered benchmark issues through BRFkredit and one more EUR covered benchmark issue has been planned for the second half of 2017.

Breakdown of BRFkredit's loan portfolio by loan type



Other information

The supervisory diamond for Jyske Bank A/S

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 are shown on the next page.

THE SUPERVISORY DIAMOND FOR JYSKE BANK A/S	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	End of 2016
Sum of large exposures < 125% of the adjusted capital base	0%	0%	0%	0%	0%	0%
Increase in loans and advances < 20% annually	3%	5%	6%	-1%	-4%	6%
Exposures to property administration and property transactions < 25% of total loans and advances	9%	9%	8%	8%	8%	8%
Stable funding < 1	0.57	0.58	0.58	0.60	0.65	0.58
Liquidity surplus > 50%	223%	227%	213%	228%	194%	213%

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

The supervisory diamond BRFkredit a/s

The supervisory diamond defines a number of special risk areas including specified limits that financial institutions should generally not exceed. The supervisory diamond takes effect in 2018 and 2020, respectively. The supervisory diamond limits applicable to BRFkredit a/s are shown below.

THE SUPERVISORY DIAMOND FOR BRFkredit a/s	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	End of 2016
Concentration risk < 100%	60.5%	63.2%	65.3%	65.0%	77.8%	65.3%
Increase in loans and advances < 15% annually in the segment:						
Owner-occupied homes and vacation homes	14.4%	15.8%	15.7%	16.4%	20.3%	15.7%
Residential rental property	9.9%	6.7%	6.7%	9.4%	6.3%	6.7%
Agriculture	-	-	-	-	-	-
Other sectors	3.6%	6.7%	6.7%	6.0%	8.5%	6.7%
Borrower's interest-rate risk < 25%						
Residential property	22.0%	23.3%	24.2%	24.4%	23.6%	24.2%
Interest-only schemes < 10%						
Owner-occupied homes and vacation homes	8.3%	8.4%	8.3%	9.8%	10.2%	8.3%
Loans with frequent interest-rate fixing:						
Refinancing (annually) < 25%	20.7%	17.2%	16.2%	20.5%	21.9%	16.2%
Refinancing (quarterly) < 12.5%	4.0%	4.7%	10.3%	2.7%	0.0%	10.3%

BRFkredit a/s meets all the benchmarks of the supervisory diamond.

Additional information

For further information, please see www.jyskebank.info. Here you will find an interview with Anders Dam, CEO and Managing Director, detailed financial information as well as Jyske Bank's Annual Report 2016 and Risk and Capital Management 2016, which give further information about Jyske Bank's internal risk and capital management as well as regulatory issues, including a description of the most important risks and elements of uncertainty that may affect Jyske Bank.

Also, please see www.brf.dk. BRFkredit's interim financial report for the first half of 2017, the Annual Report for 2016 and detailed financial information about BRFkredit are available on that website.

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Statement by the Executive and Supervisory Boards

We have today discussed and approved the Interim Financial Report of Jyske Bank A/S for the period 1 January to 30 June 2017.

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

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

In our opinion, the Interim Financial Statements give a true and fair view of the Group's and the Parent's financial position at 30 June 2017 and also of their financial performance as well as the cash flows of the Group for the period 1 January to 30 June 2017.

In our opinion, the Management's Review gives a fair presentation of the development in the Group's and the Parent's performance and financial position, the profit for the period and the Group's and the Parent's financial position as a whole as well as a description of the most material risks and elements of uncertainty that may affect the Group and the Parent.

Silkeborg, 22 August 2017

EXECUTIVE BOARD

ANDERS DAM
Managing Director and CEO

NIELS ERIK JAKOBSEN

LEIF F. LARSEN

PER SKOVHUS

/JENS BORUM
Director, Finance

SUPERVISORY BOARD

SVEN BUHRKALL
Chairman

KURT BLIGAARD PEDERSEN
Deputy Chairman

RINA ASMUSSEN

PHILIP BARUCH

JENS A. BORUP

KELD NORUP

HAGGAI KUNISCH
Employee Representative

MARIANNE LILLEVANG
Employee Representative

CHRISTINA LYKKE MUNK
Employee Representative

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Note	DKKm	The Jyske Bank Group			
		H1 2017	H1 2016	Q2 2017	Q2 2016
INCOME STATEMENT					
5	Interest income	5,402	5,848	2,698	2,918
6	Interest expenses	2,353	2,588	1,179	1,271
	Net interest income	3,049	3,260	1,519	1,647
7	Fees and commission income	1,084	883	534	455
	Fees and commission expenses	217	218	114	113
	Net interest and fee income	3,916	3,925	1,939	1,989
8	Value adjustments	683	110	105	154
9	Other income	517	410	287	216
10	Employee and administrative expenses	2,694	2,472	1,370	1,217
	Amortisation, depreciation and impairment charges	372	245	181	126
12	Loan impairment charges and provisions for guarantees	-17	226	-44	-8
	Pre-tax profit	2,067	1,502	824	1,024
11	Tax	452	309	185	215
	Net profit or loss for the period	1,615	1,193	639	809
Distributed to:					
	Jyske Bank A/S shareholders	1,577	1,193	620	809
	Holders of hybrid core capital	38	0	19	0
	Total	1,615	1,193	639	809
Earnings per share for the period					
	Earnings per share for the period, DKK	17.75	12.72	7.01	8.69
	Earnings per share for the period, DKK, diluted	17.75	12.72	7.01	8.69
STATEMENT OF COMPREHENSIVE INCOME					
	Net profit or loss for the period	1,615	1,193	639	809
Other comprehensive income:					
Items that can be recycled to the income statement:					
	Foreign currency translation adjustment of international units	-14	-91	-15	-30
	Hedge accounting of international units	14	88	15	28
	Tax on hedge accounting	-3	-19	-3	-6
	Other comprehensive income after tax	-3	-22	-3	-8
	Comprehensive income for the period	1,612	1,171	636	801
Distributed to:					
	Jyske Bank A/S shareholders	1,574	1,171	617	801
	Holders of hybrid core capital	38	0	19	0
	Total	1,612	1,171	636	801

BALANCE SHEET

Note	DKKm	The Jyske Bank Group		
		30 June 2017	31 Dec. 2016	30 June 2016
BALANCE SHEET				
ASSETS				
	Cash balance and demand deposits with central banks	15,891	2,068	3,372
	Due from credit institutions and central banks	10,480	18,018	26,004
13,14	Loans and advances at fair value	305,298	292,049	276,030
15	Loans and advances at amortised cost	129,690	130,396	130,880
	Bonds at fair value	66,882	81,770	68,705
	Bonds at amortised cost	4,272	3,949	4,063
	Shares, etc.	4,830	4,210	4,003
	Intangible assets	22	71	80
	Property, plant and equipment	5,230	5,186	4,635
	Current tax assets	533	22	613
16	Other assets	36,728	48,964	46,065
	Total assets	579,856	586,703	564,450
EQUITY AND LIABILITIES				
Liabilities				
	Due to credit institutions and central banks	13,700	19,941	30,350
17	Deposits	157,230	154,648	147,921
18	Issued bonds at fair value	285,494	271,212	256,357
	Issued bonds at amortised cost	42,032	51,028	45,674
19	Other liabilities	42,526	53,504	50,169
20	Provisions	1,768	1,725	1,742
21	Subordinated debt	4,332	2,131	2,146
	Liabilities, total	547,082	554,189	534,359
Equity				
	Share capital	950	950	950
	Revaluation reserve	538	538	499
	Currency translation reserve	0	-2	-3
	Retained profit	29,818	29,053	28,645
	Proposed dividend	0	499	0
	Jyske Bank A/S shareholders	31,306	31,038	30,091
	Holder of hybrid core capital	1,468	1,476	0
	Equity, total	32,774	32,514	30,091
	Total equity and liabilities	579,856	586,703	564,450
OFF-BALANCE SHEET ITEMS				
	Guarantees, etc.	18,537	16,147	15,644
	Other contingent liabilities, etc.	22,135	22,627	23,261
22	Total guarantees and other contingent liabilities	40,672	38,774	38,905

STATEMENT OF CHANGES IN EQUITY

The Jyske Bank Group

DKKm

	Share capital	Revaluation reserve	Currency translation reserve	Retained profit	Proposed dividend	Shareholders of Jyske Bank A/S	Hybrid core capital*	Total equity
Equity at 1 January 2017	950	538	-2	29,053	499	31,038	1,476	32,514
Net profit or loss for the period	0	0	2	1,575	0	1,577	38	1,615
Other comprehensive income:								
Foreign currency translation for international units	0	0	-14	0	0	-14	0	-14
Hedge of international units	0	0	14	0	0	14	0	14
Tax on other comprehensive income	0	0	0	-3	0	-3	0	-3
Other comprehensive income after tax	0	0	0	-3	0	-3	0	-3
Comprehensive income for the period	0	0	2	1,572	0	1,574	38	1,612
Interest paid on hybrid capital	0	0	0	0	0	0	-38	-38
Currency translation adjustment	0	0	0	8	0	8	-8	0
Tax	0	0	0	6	0	6	0	6
Proposed dividend	0	0	0	-532	532	0	0	0
Dividends paid	0	0	0	0	-1,031	-1,031	0	-1,031
Dividends, own shares	0	0	0	69	0	69	0	69
Acquisition of own shares	0	0	0	-1,291	0	-1,291	0	-1,291
Sale of own shares	0	0	0	933	0	933	0	933
Transactions with owners	0	0	0	-807	-499	-1,306	-46	-1,352
Equity at 30 June 2017	950	538	0	29,818	0	31,306	1,468	32,774
Equity at 1 January 2016	950	499	0	28,092	499	30,040	0	30,040
Net profit or loss for the period	0	0	0	1,193	0	1,193	0	1,193
Other comprehensive income:								
Foreign currency translation for international units	0	0	-91	0	0	-91	0	-91
Hedge of international units	0	0	88	0	0	88	0	88
Tax on other comprehensive income	0	0	0	-19	0	-19	0	-19
Other comprehensive income after tax	0	0	-3	-19	0	-22	0	-22
Comprehensive income for the period	0	0	-3	1,174	0	1,171	0	1,171
Dividends paid	0	0	0	0	-499	-499	0	-499
Dividends, own shares	0	0	0	5	0	5	0	5
Acquisition of own shares	0	0	0	-1,418	0	-1,418	0	-1,418
Sale of own shares	0	0	0	792	0	792	0	792
Transactions with owners	0	0	0	-621	-499	-1,120	0	-1,120
Equity at 30 June 2016	950	499	-3	28,645	0	30,091	0	30,091

*Hybrid core capital has no maturity. Payment of interest and repayment of principal are voluntary. Therefore hybrid core capital (additional Tier 1 Capital) is recognised as equity. In September 2016, Jyske Bank made an issue amounting to SEK 1.25bn and DKK 500m with the possibility of early redemption in September 2021 at the earliest. The interest rates applicable to the hybrid core capital until September 2021 are STIBOR+5.80% and CIBOR+5.30%, respectively. If the Common Equity Tier 1 capital of Jyske Bank A/S or the Jyske Bank Group falls below 7%, the loan will be written down.

CAPITAL STATEMENT

DKKm	The Jyske Bank Group		
	30 June 2017	31 Dec. 2016	30 June 2016
Shareholders' equity	31,306	31,038	30,091
Share buy-back programme, non-utilised limit	-174	0	-500
Expected/proposed dividend	-252	-499	-239
Intangible assets	-22	-71	-80
Deferred tax liabilities relating to intangible assets	5	15	18
Prudent valuation	-244	-268	-372
Difference between expected loss and the carrying amount of impairment charges	-140	-89	0
Other deductions	-114	-31	-78
Common Equity Tier 1 capital	30,365	30,095	28,840
Additional Tier 1 Capital after reduction	2,112	2,250	777
Other deductions	-27	-69	-69
Core capital	32,450	32,276	29,548
Subordinated loan capital after reduction	3,647	1,298	1,315
Difference between expected loss and the carrying amount of impairment charges	0	0	240
Other deductions	-248	-220	-220
Capital base	35,849	33,354	30,883
Weighted risk exposure involving credit risk etc.	145,875	140,577	143,301
Weighted risk exposure involving market risk	21,840	24,586	21,738
Weighted risk exposure involving operational risk	16,737	17,032	17,032
Total weighted risk exposure	184,452	182,195	182,071
Capital requirement, Pillar I	14,756	14,576	14,566
Capital requirement, transitional provisions	3,938	3,995	3,129
Capital requirement, total	18,694	18,571	17,695
Capital ratio (%)	19.4	18.3	17.0
Core Tier 1 Capital ratio (%)	17.6	17.7	16.2
Common Equity Tier 1 capital ratio (%)	16.5	16.5	15.8

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). On 30 June 2017, the total weighted risk exposure according to Basel I amounted to DKK 292,088m for the Jyske Bank Group. The capital requirement according to the transitional provisions was for 80% of the capital requirement of 8% of the total weighted risk exposure corresponding to DKK 18,694m for the Jyske Bank Group. At the end of 2016, the transitional provisions resulted in a capital requirement of DKK 18,571m for the Jyske Bank Group. The transitional rules applying to total weighted risk exposure will still apply in the coming years.

For a statement of the individual solvency requirement, please see Risk and Capital Management 2016 or investor.jyskebank.com/investorrelations/capitalstructure.

SUMMARY OF CASH FLOW STATEMENT

DKKm	The Jyske Bank Group	
	H1 2017	H1 2016
Net profit or loss for the period	1,615	1,193
Adjustment for non-cash operating items and change in working capital	4,243	6,564
Cash flows from operating activities	5,858	7,757
Acquisition of property, plant and equipment	-360	-511
Acquisition of intangible assets	-7	0
Cash flows from investment activities	-367	-511
Additional subordinated debt	2,212	0
Dividends paid	-1,031	-499
Dividends, own shares	69	5
Acquisition of own shares	-1,291	-1,418
Sale of own shares	933	792
Cash flows from financing activities	892	-1,120
Cash flow for the period	6,383	6,126
Cash and cash equivalents, beginning of period	19,988	23,250
Cash and cash equivalents, end of period	26,371	29,376
Cash and cash equivalents, end of period, comprise:		
Cash in hand, etc.	15,891	3,372
Due from credit institutions and central banks	10,480	26,004
Cash and cash equivalents, end of period	26,371	29,376

1 Accounting Policies

The Interim Financial Report for the period 1 January to 30 June 2017 was prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. Furthermore, the Interim Financial Report was prepared in accordance with the additional Danish disclosure requirements for the interim reports of listed financial undertakings.

As from 01 January 2017, the Jyske Bank Group has implemented the standards and interpretations that take effect in the EU for 2017. The implementation of these standards and interpretations did not have any material impact on recognition and measurement.

Moreover, the accounting policies are identical to those applied to and described in detail in the Annual Report 2016.

At the time of publication of this Interim Financial Report, a number of new or amended standards and interpretations had not come into force or been approved for use in the EU. In the following are set out the standards which are expected to have a material effect on the financial reporting of the Jyske Bank Group.

- IFRS 9 on financial assets covers classification and measurement of financial assets and liabilities, impairment of financial assets as well as hedge accounting. The IASB completed the IFRS 9 in July 2014, and subsequently the standard has been approved by the EU.

Compared to the current standard, IFRS 9 will, among other things, entail earlier recognition of loan impairment charges at amortised cost, as already at the time of the first recognition, impairment charges corresponding to the expected credit loss over 12 months must be recognised. If, subsequently, the probability of loss on the loan increases materially, the expected credit loss over the term must under certain circumstances be recognised. IFRS 9 replaces IAS 39 and will take effect on 1 January 2018.

Development efforts are made in the Jyske Bank Group with a view to developing a joint impairment model for all entities in the Group. The model will be based on the Jyske Bank Group's approved advanced risk management set-up, adjusted to IFRS 9 in a number of specific areas.

It is not possible at this point in time to make a reasonable assessment of the accounting outcome of the first application of IFRS 9 as regards the rules on impairment. However, it is generally expected that the new rules on impairment will on the whole result in higher impairment charges and hence a larger provisions account as all loans and advances, etc. will be given an impairment amount corresponding to the expected credit loss over 12 months or the expected credit loss over the remaining life of the asset in the event of a material increase in the probability of loss on the asset.

2 Material accounting estimates

Measurement of the carrying value of certain assets and liabilities requires the management's estimate of the influence of future events on the value of such assets and liabilities. Estimates of material importance to the financial reporting are, among other things, based on the impairment of loans and advances, the fair value of unlisted financial instruments and provisions already made, cf. the detailed statement in the Annual Report 2016. 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.

3 Key figures and ratios, five quarters

Summary of Income Statement

Net interest income	1,519	1,530	1,716	1,597	1,647
Net fee and commission income	420	447	501	362	342
Value adjustments	105	578	381	319	154
Other income	287	230	223	184	216
Income	2,331	2,785	2,821	2,462	2,359
Expenses	1,551	1,515	1,511	1,393	1,343
Profit or loss before loan impairment charges	780	1,270	1,310	1,069	1,016
Loan impairment charges and provisions for guarantees	-44	27	-193	168	-8
Pre-tax profit	824	1,243	1,503	901	1,024
Tax	185	267	301	180	215
Net profit or loss for the period	639	976	1,202	721	809

Financial ratios and key figures

Pre-tax profit, per share (DKK)*	9.1	13.7	16.5	9.8	11.0
Earnings per share for the period (DKK)*	7.0	10.7	13.1	7.8	8.7
Earnings per share for the period (diluted) (DKK)*	7.0	10.7	13.1	7.8	8.7
Core profit per share (DKK)*	7.9	9.8	13.1	7.0	10.0
Share price at end of period (DKK)	377	353	337	309	253
Book value per share (DKK)*	355	353	348	334	326
Price/book value per share (DKK)*	1.1	1.0	1.0	0.9	0.8
Outstanding shares in circulation ('000)	88,198	88,854	89,200	91,082	92,431
Average number of shares in circulation ('000)	88,496	89,102	90,135	91,851	93,200
Capital ratio (%)	19.4	17.6	18.3	17.8	17.0
Core Tier 1 Capital ratio (%)	17.6	17.0	17.7	17.1	16.2
Common Equity Tier 1 capital ratio (%)	16.5	15.8	16.5	15.9	15.8
Pre-tax profit as a pct. of average equity	2.6	3.9	4.9	3.0	3.4
Profit for the period as a pct. of av. equity*	2.0	3.1	3.9	2.4	2.7
Income/cost ratio (%)	1.5	1.8	2.1	1.6	1.8
Interest-rate risk (%)	0.7	0.8	1.0	0.2	0.5
Currency risk (%)	0.1	0.1	0.0	0.1	0.1
Accumulated impairment ratio (%)	1.2	1.3	1.3	1.5	1.6
Impairment ratio for the period (%)	0.0	0.0	0.0	0.0	0.0
No. of full-time employees at end-period	3,988	4,024	3,981	3,993	3,977
Average number of full-time employees in the period	4,006	4,003	3,987	3,985	3,995

* Financial ratios are calculated as if hybrid core capital is recognised as a liability

NOTES

Note	The Jyske Bank Group				
	DKKm				
4	Segment information	Banking activities	Mortgage activities	Leasing activities	The Jyske Bank Group*
	H1 2017				
	Net interest income	1,604	898	254	2,756
	Net fee and commission income	805	116	-54	867
	Value adjustments	424	5	14	443
	Other income	183	17	7	207
	Income from operating lease (net)	0	0	-5	-5
	Core income	3,016	1,036	216	4,268
	Core expenses	2,253	437	88	2,778
	Core profit before loan impairment charges and provisions for guarantees	763	599	128	1,490
	Loan impairment charges and provisions for guarantees	-256	120	16	-120
	Core profit	1,019	479	112	1,610
	Investment portfolio earnings	393	64	0	457
	Pre-tax profit	1,412	543	112	2,067
	Loans and advances	123,484	295,770	15,734	434,988
	- of which mortgage loans	0	295,770	0	295,770
	- of which bank loans	94,563	0	15,734	110,297
	- of which repo loans	28,921	0	0	28,921
	Total assets	242,937	318,099	18,820	579,856
	Deposits	157,024	0	206	157,230
	- of which bank deposits	133,947	0	206	134,153
	- of which repo deposits and tri-party deposits	23,077	0	0	23,077
	Issued bonds	38,317	289,209	0	327,526
	H1 2016				
	Net interest income	1,810	856	232	2,898
	Net fee and commission income	645	62	-40	667
	Value adjustments	347	20	12	379
	Other income	96	27	7	130
	Income from operating lease (net)	0	0	50	50
	Core income	2,898	965	261	4,124
	Core expenses	2,015	401	82	2,498
	Core profit before loan impairment charges and provisions for guarantees	883	564	179	1,626
	Loan impairment charges and provisions for guarantees	80	-19	6	67
	Core profit	803	583	173	1,559
	Investment portfolio earnings	-79	22	0	-57
	Pre-tax profit	724	605	173	1,502
	Loans and advances	125,036	267,568	14,306	406,910
	- of which mortgage loans	0	267,568	0	267,568
	- of which bank loans	93,517	0	14,306	107,823
	- of which repo loans	31,519	0	0	31,519
	Total assets	253,883	293,633	16,934	564,450
	Deposits	147,495	0	426	147,921
	- of which bank deposits	128,343	0	426	128,769
	- of which repo deposits	19,152	0	0	19,152
	Issued bonds	41,964	260,067	0	302,031

* Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 23 appear from page 17 in the Management's review.

NOTES

Note	The Jyske Bank Group	
	H1 2017	H1 2016

DKKkm

4 Segment information, cont.

Revenue by country	Revenue	Full-time employees, end of period	Revenue	Full-time employees, end of period
Denmark	6,858	3,874	6,970	3,875
Switzerland	0	0	0	2
Gibraltar	68	104	76	92
Germany	4	10	20	8
Spain	0	0	0	0
Total	6,930	3,988	7,066	3,977

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.

Switzerland: The Jyske Bank Group has activities within banking as well as trading and wealth management advice. The activities were discontinued at the end of 2015.

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.

DKKkm	The Jyske Bank Group	
	H1 2017	H1 2016

5 Interest income

Due from credit institutions and central banks	-2	-12
Loans and advances	4,124	4,535
Contribution	833	801
Bonds	501	683
Derivatives, total	118	60
Of which:		
Currency contracts	56	116
Interest-rate contracts	62	-56
Other	1	1
Interest income before offsetting of interest against own mortgage bonds	5,575	6,068
Interest on own bonds, set off against interest on issued bonds	173	220
Total	5,402	5,848

6 Interest expenses

Due to credit institutions and central banks	26	-10
Deposits	-6	96
Issued bonds	2,445	2,674
Subordinated debt	36	16
Other	25	32
Interest expenses before offsetting of interest on own mortgage bonds	2,526	2,808
Interest on own bonds, set off against interest on issued bonds	173	220
Total	2,353	2,588

NOTES

Note	DKKm	The Jyske Bank Group	
		H1 2017	H1 2016
7	Fees and commission income		
	Securities trading and custody services	641	496
	Money transfers and card payments	92	118
	Loan application fees	176	134
	Guarantee commission	38	57
	Other fees and commissions	137	78
	Total	1,084	883
8	Value adjustments		
	Loans and advances at fair value	1,258	3,870
	Bonds	79	476
	Other investment securities	251	-85
	Currency	89	206
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	2	-344
	Issued bonds	-1,012	-4,029
	Other assets and liabilities	16	16
	Total	683	110
9	Other income		
	Income on real property	34	36
	Profit on the sale of property, plant and equipment	98	7
	Income from operating lease ¹	267	254
	Dividends, etc.	69	72
	Profit on investments in associates and group enterprises	3	3
	Other income	46	38
	Total	517	410

¹) Expenses relating to operating lease affected the item Amortisation, depreciation and impairment charges in the amount of DKK 272m in the first half of 2017 against DKK 204m in the same period of 2016.

NOTES

Note	DKKm	The Jyske Bank Group	
		H1 2017	H1 2016
10	Employee and administrative expenses		
	Employee expenses		
	Wages and salaries, etc.	1,228	1,181
	Pensions	158	161
	Social security	157	159
	Total	1,543	1,501
	Salaries and remuneration to management bodies		
	Executive Board ¹	16	15
	Supervisory Board	2	2
	Shareholders' Representatives	2	2
	Total	20	19
	¹ I The Executive Board had an average of 5.0 members in the first half of 2017 in line with the same period of 2016.		
	Other administrative expenses		
	IT	606	594
	Other operating expenses	225	105
	Other administrative expenses	300	253
	Total	1,131	952
	Total	2,694	2,472
11	Effective tax rate		
	Corporation tax rate in Denmark	22.0	22.0
	Non-taxable income and non-deductible expenses, etc.	-0.1	-1.4
	Total	21.9	20.6

NOTES

Note	The Jyske Bank Group	
DKKm	H1 2017	H1 2016
12	Loan impairment charges and provisions for guarantees, incl. balance of discounts	
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period	
	6,816	8,261
	Loan impairment charges/provisions for the period	
	115	212
	Recognised as a loss, covered by impairment charges/provisions	
	-381	-265
	Recognised losses covered by discounts for acquired loans	
	-62	-151
	Recognised discount for acquired loans	
	-103	-159
	Other movements	
	39	56
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	
	6,424	7,954
	Loan impairment charges	
	5,306	6,181
	Provisions for guarantees	
	404	535
	Balance of loan impairment charges and provisions, end of period	
	5,710	6,716
	Balance of discounts for acquired loans	
	714	1,238
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	
	6,424	7,954
	Loan impairment charges/provisions for the period	
	115	212
	Impairment charges on balances due from credit institutions	
	-15	0
	Recognised as a loss, not covered by loan impairment charges/provisions	
	113	130
	Recoveries	
	-230	-116
	Loan impairment charges and provisions for guarantees recognised in the income statement	
	-17	226
	Recognised discount for acquired loans	
	-103	-159
	Net effect on income statement	
	-120	67
	Individual loan impairment charges, beginning of period	
	4,276	4,551
	Loan impairment charges for the period	
	189	308
	Recognised as a loss, covered by impairment charges/provisions	
	-381	-261
	Other movements	
	30	44
	Individual loan impairment charges, end of period	
	4,114	4,642
	Individual provisions for loss on guarantees, beginning of period	
	364	383
	Provisions for the period	
	-17	86
	Recognised as a loss, covered by provisions	
	0	-4
	Individual provisions for loss on guarantees, end of period	
	347	465
	Collective loan impairment charges, beginning of period	
	1,227	1,687
	Loan impairment charges for the period	
	-44	-160
	Other movements	
	9	12
	Collective loan impairment charges, end of period	
	1,192	1,539
	Collective provisions for loss on guarantees, beginning of period	
	70	92
	Provisions for the period	
	-13	-22
	Collective provisions for loss on guarantees, end of period	
	57	70
	Impairment charges on balances due from credit institutions	
	Individual impairment charges on balances due from credit institutions, beginning of period	
	15	15
	Loan impairment charges for the period	
	-15	0
	Individual impairment charges on balances due from credit institutions, end of period	
	0	15

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

NOTES

Note	DKKm	The Jyske Bank Group		
		30 June 2017	31 Dec. 2016	30 June 2016
13	Loans and advances at fair value			
	Mortgage loans, nominal value	288,952	271,299	260,724
	Adjustment for interest-rate risk, etc.	7,430	6,171	7,559
	Adjustment for credit risk ¹	-1,151	-1,076	-1,398
	Mortgage loans at fair value, total	295,231	276,394	266,885
	Arrears and outlays, total	66	97	166
	Other loans and advances	10,001	15,558	8,979
	Loans and advances at fair value, total	305,298	292,049	276,030
¹ Adjustment for credit risk is calculate so it allows for objective evidence whether loans and advances are impaired compared to the time of the establishment of the loans and advances.				
14	Loans and advances at fair value broken down by property category			
	Owner-occupied homes	161,306	152,597	141,490
	Vacation homes	7,451	6,920	6,804
	Subsidised housing (rental housing)	49,342	48,754	47,398
	Cooperative Housing	15,652	15,371	15,325
	Private rental properties (rental housing)	34,158	32,108	29,547
	Industrial properties	1,229	1,260	1,353
	Office and business properties	32,312	31,481	31,009
	Agricultural properties	55	46	50
	Properties for social, cultural and educational purposes	3,724	3,437	2,982
	Other properties	69	75	72
	Total	305,298	292,049	276,030
15	Loans and advances at amortised cost and guarantees broken down by sector			
	Public authorities	6,458	6,149	7,124
	Agriculture, hunting, forestry, fishing	6,574	6,827	7,412
	Manufacturing, mining, etc.	9,765	9,759	8,806
	Energy supply	3,662	4,066	3,647
	Building and construction	3,700	3,681	3,484
	Commerce	14,131	8,998	9,163
	Transport, hotels and restaurants	3,931	3,534	3,985
	Information and communication	877	609	849
	Finance and insurance	35,447	40,565	39,751
	Real property	12,711	11,914	10,640
	Other sectors	7,300	6,519	6,496
	Corporates, total	98,098	96,472	94,233
	Personal clients, total	43,671	43,922	45,167
	Total	148,227	146,543	146,524

NOTES

Note	DKKm	The Jyske Bank Group		
		30 June 2017	31 Dec. 2016	30 June 2016
16 Other assets				
Positive fair value of derivatives		29,588	41,325	38,904
Assets in pooled deposits		4,126	4,397	4,314
Interest and commission receivable		369	583	515
Investments in associates		412	344	343
Assets held temporarily		632	635	534
Deferred income		340	283	351
Investment properties		29	32	32
Other assets		1,232	1,365	1,072
Total		36,728	48,964	46,065
Netting				
Positive fair value of derivatives, etc., gross		35,842	48,068	46,927
Netting of positive and negative fair value		6,254	6,743	8,023
Total		29,588	41,325	38,904
Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).				
17 Deposits				
Demand deposits		102,701	99,009	102,137
Term deposits		3,381	3,617	2,842
Time deposits		39,319	40,227	31,122
Special deposits		7,483	7,284	7,431
Pooled deposits		4,346	4,511	4,389
Total		157,230	154,648	147,921
18 Issued bonds at fair value				
Issued bonds at fair value, nominal value		315,996	327,401	277,950
Adjustment to fair value		7,249	6,357	7,730
Own mortgage bonds offset, fair value		-37,751	-62,546	-29,323
Total		285,494	271,212	256,357
19 Other liabilities				
Set-off entry of negative bond holdings in connection with repos / reverse repos		3,240	3,966	1,961
Negative fair value of derivatives, etc.		31,199	40,612	38,529
Interest and commission payable		1,836	2,490	1,964
Deferred income		138	137	371
Other liabilities		6,113	6,299	7,344
Total		42,526	53,504	50,169
Netting				
Negative fair value of derivatives, etc., gross		37,453	47,355	46,552
Netting of positive and negative fair value		6,254	6,743	8,023
Total		31,199	40,612	38,529
Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).				
20 Provisions				
Provisions for pensions and similar liabilities		569	562	552
Provisions for deferred tax		528	434	468
Provisions for guarantees		404	529	535
Other provisions		267	200	187
Total		1,768	1,725	1,742

NOTES

Note	The Jyske Bank Group		
	30 June 2017	31 Dec. 2016	30 June 2016
	DKKm		
21 Subordinated debt			
Supplementary capital:			
Var. % bond loan EUR 300m 05.04.2029	2,231	0	0
Var.% bond loan SEK 600m 19.05.2026	463	467	473
3.25% bond loan SEK 400m 19.05.2026	309	311	315
6.73% bond loan EUR 15m 2017-2026	100	112	112
Var. % bond loan EUR 10m 13.02.2023	75	75	75
5.65% bond loan EUR 10 m 27.03.2023	74	74	74
5.67% bond loan EUR 10 m 31.07.2023	74	74	74
	3,326	1,113	1,123
Hybrid core capital:			
Var.% bond loan EUR 72.8m Perpetual	541	541	541
Var. % bond loan EUR 60.7m Perpetual	451	451	452
	992	992	993
Subordinated debt, nominal	4,318	2,105	2,116
Hedging of interest-rate risk, fair value	14	26	30
Total	4,332	2,131	2,146
Subordinated debt included in the capital base	4,295	2,062	2,077

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.

22 Contingent liabilities

Guarantees

Financial guarantees	13,774	11,108	11,011
Guarantee for losses on mortgage credits	1,793	1,880	1,941
Registration and refinancing guarantees	827	1,098	766
Other contingent liabilities	2,143	2,061	1,926
Total	18,537	16,147	15,644

Other contingent liabilities

Irrevocable credit commitments	22,021	22,531	23,151
Other	114	96	110
Total	22,135	22,627	23,261

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.

Note	The Jyske Bank Group
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DKKm

22 Contingent liabilities, cont.

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

Because of its statutory participation in the deposit guarantee scheme, the sector has paid an annual contribution of 2.5% of the covered net deposits until the assets of Pengeinstitutafdelingen (the financial institution fund) exceed 1% of the total net deposits covered, which level has been reached. According to Bank Package 3 and Bank Package 4, Pengeinstitutafdelingen bears the immediate losses attributable to covered net deposits and relating to the winding up of financial institutions in distress. Any losses in connection with the final winding up are covered by the Guarantee Fund's Afviklings- og Restruktureringsafdeling (settlement and restructuring fund), where Jyske Bank currently guarantees 7.91% 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 a 10-year period.

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.

23 Shareholders

On 03 November 2016, BRFFholding a/s, Kgs. Lyngby, Danmark informed Jyske Bank that it owns 24.00% of the share capital.

On 19 October 2012, MFS Investment Management, USA reported that it owns 5.14% of the share capital.

According to Jyske Bank's Articles of Association, BRFFholding a/s and MFS Investment Management have 4,000 votes each.

24 Related parties

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

Over the period, there were no unusual transactions with related parties. Please see Jyske Bank's Annual Report 2016 for a detailed description of transactions with related parties.

25 Bonds provided as security

The Jyske Bank Group has deposited bonds with central banks and at clearing houses, etc. in connection with clearing and settlement of securities and currency transactions totalling a market value of DKK 23,585m (end of 2016: DKK 29,467m).

Repo transactions involve an arrangement where bonds are provided as collateral for the amount borrowed. Repo transactions amounted to DKK 7,581m (end of 2016: DKK 12,462m).

26 **Notes on fair value****Methods for measuring fair value**

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

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

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

Specific details on methods for measuring fair value

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

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

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

Derivatives are measured on the basis of the following measurement techniques.

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

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

Information about differences between recognised value and measurement of fair value

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

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

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

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

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

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26 **Notes on fair value, cont.****Information about changes in credit risk on derivatives with positive fair value.**

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

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

In addition to CVA, also an adjustment is made of the fair value of derivatives that have an expected future negative fair value. This takes place to allow for changes in the counterparties' credit risk against the Jyske Bank Group (debt valuation adjustment - DVA). The DVA takes place according to the same principles that apply to the CVA, yet PD for Jyske Bank is determined on the basis of Jyske Bank's external rating by Standard & Poor's. At the end of the first half of 2017, CVA and DVA accumulated amounted net to DKK 42m, which amount was recognised as an expense under value adjustment against DKK 62m at the end of 2016.

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

The recognised value and fair value of assets classified as held-for-trading amounted to DKK 137.6bn at the end of the first half of 2017 against DKK 169.9bn at the end of 2016. The recognised value and fair value of liabilities classified as trading portfolio amounted to DKK 38.8bn at the end of the first half of 2017 against DKK 53.1bn at the end of 2016. The recognised value and fair value of assets classified as held-to-maturity amounted to DKK 4.3bn and DKK 4.3bn, respectively, at the end of the first half of 2017 against DKK 3.9bn and 4.1bn, respectively, at the end of 2016. The Group does not hold any assets classified as available-for-sale. The table shows the fair value of financial assets and liabilities and the carrying amounts. The re-statement at fair value of financial assets and liabilities shows a total non-recognised unrealised gain of DKK 75m at the end of the first half of 2017 against DKK 367m at the end of 2016.

	30 June 2017		31 December 2016	
	Carrying amount	Fair Value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash balance and demand deposits with central banks	15,891	15,891	2,068	2,068
Due from credit institutions and central banks	10,480	10,479	18,018	18,020
Loans and advances at fair value	305,298	305,298	292,049	292,049
Loans and advances at amortised cost	129,690	129,821	130,396	130,563
Bonds at fair value	66,882	66,882	81,770	81,770
Bonds at amortised cost	4,272	4,347	3,949	4,051
Shares, etc.	4,830	4,830	4,210	4,210
Assets in pooled deposits	4,126	4,126	4,397	4,397
Derivatives	29,588	29,588	41,325	41,325
Total	571,057	571,262	578,182	578,453
FINANCIAL LIABILITIES				
Due to credit institutions and central banks	13,700	13,723	19,941	19,974
Deposits	152,884	152,897	150,137	150,170
Pooled deposits	4,346	4,346	4,511	4,511
Issued bonds at fair value	285,494	285,494	271,212	271,212
Issued bonds at amortised cost	42,032	42,339	51,028	51,201
Subordinated debt	4,332	4,119	2,131	1,796
Derivatives	31,199	31,199	40,612	40,612
Total	533,987	534,117	539,572	539,476

NOTES

Note

The Jyske Bank Group

DKK m

28 The fair value hierarchy

	Quoted prices	Observable prices	Non-observable prices	Fair value total	Carrying amount
30 June 2017					
Financial assets					
Loans and advances at fair value	0	305,298	0	305,298	305,298
Bonds at fair value	54,666	12,216	0	66,882	66,882
Shares, etc.	2,492	166	2,172	4,830	4,830
Assets in pooled deposits	3,230	896	0	4,126	4,126
Derivatives	308	29,280	0	29,588	29,588
Total	60,696	347,856	2,172	410,724	410,724
Financial liabilities					
Pooled deposits	0	4,346	0	4,346	4,346
Issued bonds at fair value	270,234	15,260	0	285,494	285,494
Derivatives	344	30,855	0	31,199	31,199
Total	270,578	50,461	0	321,039	321,039
31 December 2016					
Financial assets					
Loans and advances at fair value	0	292,049	0	292,049	292,049
Bonds at fair value	68,147	13,623	0	81,770	81,770
Shares, etc.	2,186	0	2,024	4,210	4,210
Assets in pooled deposits	2,880	1,517	0	4,397	4,397
Derivatives	260	41,065	0	41,325	41,325
Total	73,473	348,254	2,024	423,751	423,751
Financial liabilities					
Pooled deposits	0	4,511	0	4,511	4,511
Issued bonds at fair value	258,614	12,598	0	271,212	271,212
Derivatives	247	40,365	0	40,612	40,612
Total	258,861	57,474	0	316,335	316,335

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 are not updated for two days, transfers will take place between the categories quoted prices and observable prices.

NON-OBSERVABLE PRICES

	H1 2017	2016
Fair value, beginning of period	2,024	1,794
Transfers for the period	-73	135
Capital gain and loss for the period reflected in the income statement under value adjustments	62	46
Sales or redemptions	16	69
Purchases	175	118
Fair value, end of period	2,172	2,024

Non-observable prices

Non-observable prices at the end of the first half of 2017 referred to unlisted shares recognised at DKK 2,172m against unlisted shares recognised at DKK 2,024m at the end of 2016. 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 as well as own assumptions and extrapolations, etc. In the cases where Jyske Bank calculates the fair value on the basis of the company's expected future earnings, a required rate of return of 15% p.a. before tax is applied. A change in the required rate of return of 1% will result in a change of the fair value of about DKK 35m. Capital gain and loss for the period on illiquid bonds and unlisted shares referred to assets held at the end of the first half of 2017. 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 29m (end of 2016: DKK 32m). Fair value belongs to the category of non-observable prices calculated on the basis of a required rate of return of 7% (end of 2016: 7%)

Assets held temporarily comprise repossessed properties, equity investments and cars, etc. Assets held temporarily are recognised at the lower of cost and fair value less costs of sale. Assets held temporarily were recognised at DKK 632m (end of 2016: DKK 635m). Fair value belongs to the category of non-observable prices.

NOTES

Note	The Jyske Bank Group									
DKKm										

29 The Jyske Bank Group - overview

30 June 2017	Acti- vity*	Cur- rency	Share capital 1.000 units	Owner- ship share (%)	Voting share %	Assets (DKKm) end of 2016	Liabi- lities DKKm at the end of 2016	Equity DKKm, at the end of 2016	Ear- nings (DKKm) 2016	Profit, DKKm 2016
Jyske Bank A/S	a	DKK	950,400			318,452	285,938	32,514	6,283	3,116
Subsidiaries										
BRFkredit a/s, Kgs. Lyngby	b	DKK	1,306,480	100	100	307,037	294,225	12,812	2,105	1,015
Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S, Silkeborg	e	DKK	4,600	100	100	99	6	93	5	3
Ejendomsselskabet Nørgaardsvej, 37-41, 2800 Lyngby A/S, Silkeborg	e	DKK	2,600	100	100	7	0	7	0	1
Jyske Bank (Gibraltar) Ltd.	a	GBP	26,500	100	100	5,596	4,983	613	169	44
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	15	0	15	0	0
Jyske Bank Nominees Ltd., London	d	GBP	0	100	100	0	0	0	0	0
Jyske Verwaltung AG, Schweiz	d	CHF	1,000	100	100	29	12	17	0	-9
Inmobiliaria Saroesma S.L., Spain	e	EUR	803	100	100	74	68	6	-1	-8
Jyske Finans A/S, Silkeborg	c	DKK	100,000	100	100	17,389	16,119	1,270	992	297
Gl. Skovridergaard A/S, Silkeborg	e	DKK	500	100	100	32	25	7	19	-2
Sundbyvesterhus A/S, Silkeborg	e	DKK	518	100	100	108	17	91	6	3
Ejendomsselskabet af 1.10.2015 ApS, Silkeborg	c	DKK	500	100	100	126	124	2	2	1
Jyske Invest Fund Management Bytorv Horsens ApS, Gentofte	d	DKK	76,000	100	100	88	8	80	26	0
(temporarily acquired)	e	DKK	1,080	100	100	286	423	-137	11	-62
Gallerierne Hillerød A/S, Lyngby (temporarily acquired)	e	DKK	550	100	100	109	78	31	9	298

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

* Activity:

a: Bank

b: Mortgage credit

c: Leasing, financing and factoring

d: Investment and financing

e: Properties and course activities

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

Note	DKKm	Jyske Bank	
		H1 2017	H1 2016
INCOME STATEMENT			
3	Interest income	1,780	2,068
4	Interest expenses	151	234
	Net interest income	1,629	1,834
	Dividends, etc.	67	65
5	Fees and commission income	942	757
	Fees and commission expenses	60	63
	Net interest and fee income	2,578	2,593
6	Value adjustments	657	106
	Other operating income	199	93
	Employee and administrative expenses	2,020	1,964
	Amortisation, depreciation and impairment charges	72	30
	Other operating expenses	21	6
7,8	Loan impairment charges and provisions for guarantees	-197	131
	Profit on investments in associates and group enterprises	407	676
	Pre-tax profit	1,925	1,337
	Tax	310	144
	Net profit or loss for the period	1,615	1,193
	Distributed to:		
	Jyske Bank A/S shareholders	1,577	1,193
	Holders of hybrid core capital	38	0
	Total	1,615	1,193
STATEMENT OF COMPREHENSIVE INCOME			
	Net profit or loss for the period	1,615	1,193
	Other comprehensive income:		
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	-14	-91
	Hedge accounting of international units	14	88
	Tax on hedge accounting	-3	-19
	Other comprehensive income after tax	-3	-22
	Comprehensive income for the period	1,612	1,171

Note	DKKm	30 June 2017	31 Dec. 2016	Jyske Bank 30 June 2016
BALANCE SHEET				
ASSETS				
	Cash balance and demand deposits with central banks	15,778	1,903	3,254
	Due from credit institutions and central banks	10,568	16,787	24,632
8	Loans and advances at fair value	9,528	15,033	8,462
7,8	Loans and advances at amortised cost	131,706	132,208	132,516
	Bonds at fair value	61,980	78,620	71,927
	Bonds at amortised cost	5,669	5,351	5,470
	Shares, etc.	4,530	3,927	3,708
	Investments in associates	401	333	331
	Equity investments in group enterprises	15,412	14,733	14,218
	Assets in pooled deposits	4,126	4,397	4,314
	Intangible assets	6	40	44
	Owner-occupied properties	1,979	2,122	2,131
	Other property, plant and equipment	145	143	97
	Current tax assets	960	305	778
	Assets held temporarily	51	60	60
	Other assets	30,649	42,412	39,726
	Deferred income	113	78	110
	Total assets	293,601	318,452	311,778
EQUITY AND LIABILITIES				
Debt and payables				
	Due to credit institutions and central banks	24,817	35,615	47,939
9	Deposits	147,672	145,273	138,332
	Pooled deposits	4,346	4,511	4,389
	Issued bonds at amortised cost	38,611	47,619	40,511
	Other liabilities	39,920	49,633	47,144
	Deferred income	18	19	19
	Total debt	255,384	282,670	278,334
Provisions				
	Provisions for pensions and similar liabilities	534	528	521
	Provisions for deferred tax	31	31	30
	Provisions for guarantees	399	429	530
	Other provisions	147	149	126
	Provisions, total	1,111	1,137	1,207
	Subordinated debt	4,332	2,131	2,146
Equity				
	Share capital	950	950	950
	Revaluation reserve	400	400	381
	Currency translation reserve	0	-2	-3
	Reserve according to the equity method	2,964	2,964	2,170
	Retained profit	26,992	26,227	26,593
	Proposed dividend	0	499	0
	Jyske Bank A/S shareholders	31,306	31,038	30,091
	Holders of hybrid core capital	1,468	1,476	0
	Equity, total	32,774	32,514	30,091
	Total equity and liabilities	293,601	318,452	311,778
OFF-BALANCE SHEET ITEMS				
	Guarantees, etc.	18,610	18,201	17,730
	Other contingent liabilities	2,703	3,340	2,806
	Total guarantees and other contingent liabilities	21,313	21,541	20,536

DKKm

STATEMENT OF CHANGES IN EQUITY	Share capital	Revalua- tion reserve	Currency trans- lation reserve	Reserve accor- ding to the equity method	Retained profit	Proposed dividend	Share- holders of Jyske Bank A/S	Hybrid core capital*	Total equity
Equity at 1 January 2017	950	400	-2	2,964	26,227	499	31,038	1,476	32,514
Net profit or loss for the period	0	0	2	0	1,575	0	1,577	38	1,615
Other comprehensive income	0	0	0	0	-3	0	-3	0	-3
Comprehensive income for the period	0	0	2	0	1,572	0	1,574	38	1,612
Interest paid on hybrid capital	0	0	0	0	0	0	0	-38	-38
Currency translation adjustment	0	0	0	0	8	0	8	-8	0
Tax	0	0	0	0	6	0	6	0	6
Proposed dividend	0	0	0	0	-532	532	0	0	0
Dividends paid	0	0	0	0	0	-1,031	-1,031	0	-1,031
Dividends, own shares	0	0	0	0	69	0	69	0	69
Acquisition of own shares	0	0	0	0	-1,291	0	-1,291	0	-1,291
Sale of own shares	0	0	0	0	933	0	933	0	933
Transactions with owners	0	0	0	0	-807	-499	-1,306	-46	-1,352
Equity at 30 June 2017	950	400	0	2,964	26,992	0	31,306	1,468	32,774
Equity at 1 January 2016	950	381	0	2,170	26,040	499	30,040	0	30,040
Net profit or loss for the period	0	0	0	0	1,193	0	1,193	0	1,193
Other comprehensive income	0	0	-3	0	-19	0	-22	0	-22
Comprehensive income for the period	0	0	-3	0	1,174	0	1,171	0	1,171
Dividends paid	0	0	0	0	0	-499	-499	0	-499
Dividends, own shares	0	0	0	0	5	0	5	0	5
Acquisition of own shares	0	0	0	0	-1,418	0	-1,418	0	-1,418
Sale of own shares	0	0	0	0	792	0	792	0	792
Transactions with owners	0	0	0	0	-621	-499	-1,120	0	-1,120
Equity at 30 June 2016	950	381	-3	2,170	26,593	0	30,091	0	30,091

*Hybrid core capital has no maturity. Payment of interest and repayment of principal are voluntary. Therefore hybrid core capital (additional Tier 1 Capital) is recognised as equity. In September 2016, Jyske Bank made an issue amounting to SEK 1.25bn and DKK 500m with the possibility of early redemption in September 2021 at the earliest. The interest rates applicable to the hybrid core capital until September 2021 are STIBOR+5.80% and CIBOR+5.30%, respectively. If the Common Equity Tier 1 capital of Jyske Bank A/S or the Jyske Bank Group falls below 7%, the loan will be written down.

DKKm	30 June 2017	31 Dec. 2016	Jyske Bank 30 June 2016
CAPITAL STATEMENT			
Shareholders' equity	31,306	31,038	30,091
Share buy-back programme, non-utilised limit	-174	0	-500
Expected/proposed dividend	-252	-499	-239
Intangible assets	-6	-40	-44
Deferred tax liabilities relating to intangible assets	1	9	10
Prudent valuation	-223	-251	-274
Other deductions	-113	-30	-78
Common Equity Tier 1 capital	30,539	30,227	28,966
Additional Tier 1 Capital after reduction	2,112	2,250	777
Other deductions	-27	-69	-69
Core capital	32,624	32,408	29,674
Subordinated loan capital after reduction	3,647	1,298	1,315
Difference between expected loss and the carrying amount of impairment charges	84	203	412
Other deductions	-247	-220	-220
Capital base	36,108	33,689	31,181
Weighted risk exposure involving credit risk etc.	97,898	97,297	98,661
Weighted risk exposure involving market risk	20,807	25,658	22,641
Weighted risk exposure involving operational risk	11,400	11,870	11,870
Total weighted risk exposure	130,105	134,825	133,172
Capital requirement, Pillar I	10,408	10,786	10,654
Capital requirement, transitional provisions	4	277	0
Capital requirement, total	10,412	11,063	10,654
Capital ratio (%)	27.8	25.0	23.4
Core Tier 1 Capital ratio (%)	25.1	24.0	22.3
Common Equity Tier 1 capital ratio (%)	23.5	22.4	21.8

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). On 30 June 2017, the total weighted risk exposure according to Basel I amounted to DKK 162,685m for Jyske Bank. The capital requirement according to the transitional provisions was for 80% of the capital requirement of 8% of the total weighted risk exposure corresponding to DKK 10,412m for Jyske Bank. At the end of 2016, the transitional provisions resulted in a capital requirement of DKK 11,063m for Jyske Bank. The transitional rules applying to total weighted risk exposure will still apply in the coming years.

For a statement of the individual solvency requirement, please see Risk and Capital Management 2016 or investor.jyskebank.com/investorrelations/capitalstructure.

Note	Jyske Bank	
DKKm	H1 2017	H1 2016

NOTES
1 Accounting Policies

The Interim Financial Report of the parent company Jyske Bank A/S for the period 1 January to 30 June 2017 was prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Stockbrokers, etc.

The rules applying to recognition and measurement at Jyske Bank A/S are consistent with IFRS.

With respect to classification and extent, the preparation for Jyske Bank A/S differs from the preparation for the Group. Please see the full description of accounting policies in note 73 of the annual report 2016.

Figures in the financial statements are in Danish kroner, rounded to the nearest million in Danish kroner.

Changes to accounting policies

The accounting policies are identical to those applied to and described in the financial statements 2016.

Financial situation and risk information

Jyske Bank A/S is affected by the financial situation and the risk factors that are described in the management's review for the Group and reference is made to this.

2 Financial ratios and key figures

Pre-tax profit p.a. as a percentage of opening equity *	12.2	8.9
Profit for the period as a pct. of av. equity*	5.1	4.0
Income/cost ratio (%)	2.0	1.6
Capital ratio (%)	27.8	23.4
Common Equity Tier 1 capital ratio (CET1 %)	23.5	21.8
Individual solvency requirement (%)	10.9	14.3
Capital base (DKKm)	36,108	31,181
Total risk exposure (DKKm)	130,105	133,172
Interest-rate risk (%)	0.4	0.2
Currency risk (%)	0.1	0.1
Accumulated impairment ratio (%)	2.9	3.6
Impairment ratio for the period (%)	-0.1	0.1
No. of full-time employees at end-period	3,021	2,997
Average number of full-time employees in the period	3,001	3,009

* Financial ratios are calculated as if hybrid core capital is recognised as a liability

3 Interest income

Due from credit institutions and central banks	6	5
Loans and advances	1,324	1,469
Bonds	382	540
Derivatives, total	67	53
Of which currency contracts	55	116
Of which interest-rate contracts	12	-63
Other	1	1
Total	1,780	2,068

Of which interest income on reverse repos carried under:

Due from credit institutions and central banks	-9	-8
Loans and advances	-46	-46

Note	Jyske Bank	
DKKm	H1 2017	H1 2016
NOTES		
4 Interest expenses		
Due to credit institutions and central banks	44	14
Deposits	-10	98
Issued bonds	82	105
Subordinated debt	35	17
Total	151	234
Of which interest expenses on reverse repos carried under:		
Due to credit institutions and central banks	-22	-53
Deposits	-6	-26
5 Fees and commission income		
Securities trading and custody services	520	418
Money transfers and card payments	83	83
Loan application fees	78	33
Guarantee commission	37	56
Other fees and commissions	224	167
Total	942	757
6 Value adjustments		
Loans and advances at fair value	25	58
Bonds	29	413
Shares, etc.	236	-100
Currency	77	199
Currency, interest-rate, share, commodity and other contracts as well as other derivatives	224	-401
Assets in pooled deposits	73	-90
Pooled deposits	-73	90
Other assets	0	22
Issued bonds	50	-80
Other liabilities	16	-5
Total	657	106

Notes

7 Loan impairment charges and provisions for guarantees, incl. balance of discounts

Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period	5,514	6,703
Loan impairment charges/provisions for the period	-83	107
Recognised as a loss, covered by impairment charges/provisions	-305	-255
Recognised losses covered by discounts for acquired loans	-51	-150
Recognised discount for acquired loans	-75	-48
Other movements	42	57
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	5,042	6,414
Loan impairment charges	4,318	5,329
Provisions for guarantees	399	530
Balance of loan impairment charges and provisions, end of period	4,717	5,859
Balance of discounts for acquired loans	325	555
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	5,042	6,414
Loan impairment charges/provisions for the period	-83	107
Impairment charges on balances due from credit institutions in the period	-15	0
Recognised as a loss, not covered by loan impairment charges/provisions	54	89
Recoveries	-153	-65
Loan impairment charges and provisions for guarantees recognised in the income statement	-197	131
Recognised discount for acquired loans	-75	-48
Net effect on income statement	-272	83
Individual loan impairment charges, beginning of period	3,531	4,157
Loan impairment charges for the period	76	178
Recognised as a loss, covered by impairment charges/provisions	-304	-251
Other movements	32	45
Individual loan impairment charges, end of period	3,335	4,129
Individual provisions for loss on guarantees, beginning of period	359	377
Provisions for the period	-17	87
Recognised as a loss, covered by provisions	-1	-4
Individual provisions for loss on guarantees, end of period	341	460
Collective loan impairment charges, beginning of period	1,103	1,325
Loan impairment charges for the period	-130	-137
Other movements	10	12
Collective loan impairment charges, end of period	983	1,200
Collective provisions for loss on guarantees, beginning of period	70	91
Provisions for the period	-12	-21
Collective provisions for loss on guarantees, end of period	58	70
Impairment charges on balances due from credit institutions		
Individual impairment charges on balances due from credit institutions, beginning of period	15	15
Loan impairment charges for the period	-15	0
Individual impairment charges on balances due from credit institutions, end of period	0	15

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

DKKm

Notes

8 Loans, advances and guarantees as well as loan impairment charges and provisions for guarantees by sector

Sector	Loans, advances and guarantees				Balance of loan impairment charges and provisions for guarantees		Loan impairment charges and provisions for guarantees for the period		Loss for the period	
	H1	End of	H1	End of	H1	End of	H1	H1	H1	H1
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Public authorities	4	4	6,446	6,134	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing	3	4	5,548	5,787	1,205	1,375	-87	273	136	173
Fishing	1	1	1,274	1,297	1	4	-3	-1	0	0
Milk producers	0	0	715	794	615	721	-39	117	94	55
Plant farming	1	1	1,368	1,483	101	118	-13	36	4	3
Pig farming	0	1	1,082	1,133	376	431	-51	80	26	96
Other agriculture	1	1	1,109	1,080	112	101	19	41	12	19
Manufacturing, mining, etc.	5	5	8,209	8,254	244	199	33	-49	10	21
Energy supply	2	2	3,461	3,860	30	30	0	-1	0	0
Building and construction	2	2	2,486	2,502	101	116	2	27	21	28
Commerce	8	4	12,138	7,245	145	154	5	-30	20	13
Transport, hotels and restaurants	2	1	2,185	1,896	78	89	-2	3	12	1
Information and communication	1	0	787	514	41	68	-27	-10	0	0
Finance and insurance	32	33	51,549	55,078	688	769	-119	-55	17	3
Real property	8	8	12,993	12,243	942	966	13	-86	58	33
Lease of real property	5	5	8,497	8,017	772	771	44	-32	58	30
Buying and selling of real property	1	1	1,506	1,337	49	60	-16	-51	0	0
Other real property	2	2	2,990	2,889	121	135	-15	-3	0	3
Other sectors	3	4	5,498	6,675	162	177	-30	-23	7	8
Corporate clients	66	63	104,854	104,054	3,636	3,943	-212	49	281	280
Private individuals	30	33	48,544	55,254	1,081	1,120	15	82	78	64
Total	100	100	159,844	165,442	4,717	5,063	-197	131	359	344

Impairment charges in the first half of 2017 included a reversed impairment charge of DKK 15m on balances due from credit institutions.

DKKm

30 June
2017

31 Dec.
2016

Jyske Bank
30 June
2016

Notes

9 Deposits

Demand deposits	98,036	94,462	97,227
Term deposits	3,381	3,617	2,842
Time deposits	38,772	39,910	30,832
Special deposits	7,483	7,284	7,431
Total	147,672	145,273	138,332