PROSPECTUS Dated 30 April 2014

Jyske Bank A/S

(a public company incorporated with limited liability under the laws of Denmark, company reg. (CVR) no. 1761 6617)

Admission to trading and official listing on NASDAQ OMX Copenhagen A/S ("NASDAQ OMX Copenhagen") of 23,760,000 new shares (the "New Shares") in Jyske Bank A/S (the "Bank" or "Jyske Bank") of DKK 10 nominal value each.

This Prospectus (the "Prospectus") has been prepared for the purpose of admission to trading and official listing on NASDAQ OMX Copenhagen of the New Shares issued on 30 April 2014 as consideration to BRFholding in connection with a merger between Jyske Bank and BRFkredit a/s (the "Merger").

The New Shares have been subscribed for by BRFholding a/s by its contribution in kind of the entire share capital in BRFkredit a/s (the "Mortgage Institution" or "BRFkredit") at a subscription price of DKK 295.9 per New Share. The New Shares have been issued in the ISIN DK0010307958 on 30 April 2014.

As of the date of this Prospectus (the "Prospectus Date"), Jyske Bank A/S's registered share capital including the New Shares, is DKK 950,399,990 nominal value and consists of 95,039,999 shares of DKK 10 nominal value each, all of which are fully paid up (the "Shares").

Any investors in shares issued by Jyske Bank A/S should be aware that an investment in such shares involves a high degree of risk. Investors should carefully consider the information presented in this Prospectus before making any decision to invest in any shares issued by Jyske Bank A/S. See "Risk Factors" beginning on page 43 for a discussion of material factors investors should consider before investing in the shares issued by Jyske Bank A/S.

Jyske Bank's Shares (save for the New Shares) (the "Existing Shares") are listed on NASDAQ OMX Copenhagen under the symbol JYSK.

Application has been made for the New Shares to be admitted to trading and official listing on NASDAQ OMX Copenhagen under the permanent ISIN code for the Existing Shares (ISIN DK0010307958). The New Shares will be admitted for trading and official listing effective as of 2 May 2014.

This Prospectus has been prepared in compliance with the standards and requirements of Danish law. No public offering of shares issued by Jyske Bank A/S is made in connection with the publication of this Prospectus.

General information

The Prospectus has been prepared for the purposes of admission to trading and official listing of the New Shares on NASDAQ OMX Copenhagen. This Prospectus has been prepared in order to comply with the standards and conditions applicable under Danish law. The Merger was subject to Danish law.

The New Shares have all been subscribed for by BRFholding a/s on 30 April 2014. The Prospectus does not constitute an offer or invitation to sell, buy or subscribe for New Shares or other shares and securities in any jurisdiction. This Prospectus has been prepared solely for purposes of admitting the New Shares for trading and official listing on NASDAQ OMX Copenhagen. No public market exists for the New Shares.

The distribution of this Prospectus is, in certain jurisdictions, restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer of or an invitation to subscribe for New Shares in any jurisdiction. Persons into whose possession this Prospectus comes shall inform themselves of and observe all such restrictions. The Bank accepts no legal responsibility for any violation of these restrictions by any person.

This Prospectus may not be distributed or otherwise made available in the USA, Canada, Australia or Japan unless such distribution, is permitted under applicable laws of the relevant jurisdiction, and the Bank receives satisfactory documentation to that effect.

The Merger and the New Shares have not been registered under the US Securities Act, and the Merger shall under no circumstances be considered an offering into the USA, in any of its territories or possessions thereof, or a solicitation to any person subject thereto. The Prospectus may not be distributed or otherwise made available, unless such distribution is permitted under applicable laws of the relevant jurisdiction. The Bank may require receipt of satisfactory documentation to that effect.

Jyske Bank and other sources identified herein have provided the information contained in this Prospectus. Information on BRFkredit, BRFkredit Bank and the BRFkredit Group has been provided by BRFkredit, and information on BRFholding has been provided by BRFholding.

No person is authorised to give any information or to make any representation in connection with the Merger other than as contained in this Prospectus and any amendments thereto, and if given or made, such information or representation must not be relied upon as having been made or authorised by the Bank.

The delivery of this Prospectus shall not create any implication that there have been no changes in the business of Jyske Bank or BRFkredit, their assets and liabilities or any other affairs since the Prospectus Date, or that the information contained in the Prospectus is correct as at any time subsequent to the Prospectus date. In the event of any material changes to the information reproduced in this Prospectus during the period from the Prospectus Date to the first day of trading in and official listing of the New Shares, such changes will be announced as a supplement pursuant to applicable laws, rules and regulations.

Market and industry information

This Prospectus contains market data. This information has been obtained from a variety of sources, including professional data suppliers, company websites and other publicly available information as well as the Bank's and the Mortgage Institution's knowledge of the markets. The information is deemed to be reliable and the Bank believes that no facts have been omitted that would render the information provided inaccurate or misleading in all material respects, but the information has not been verified. The Bank and the Mortgage Institution do not make any representation as to the accuracy of such information. Thus, developments in the New Group's activities may deviate from the market developments stated in this Prospectus. The Bank does not assume any obligation to update such information. If information has been obtained from third parties, the Bank and the Mortgage Institution confirm that such information has been accurately reproduced and to the best of the Bank's and the Mortgage Institution's knowledge and belief, and in so far as can be ascertained from the information published by such third party, no facts have been omitted which would render the information provided inaccurate or misleading in all material respects.

Market statistics are inherently subject to uncertainty and are not necessarily reflective of actual market conditions. Such statistics are based on market research which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market or market segment definitions.

Presentation of financial and certain other information

The audited consolidated financial statements of the Jyske Bank Group and the BRFkredit Group for the years 2011, 2012 and 2013, included by reference in this Prospectus, have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the EU and the additional Danish disclosure requirements for consolidated financial statements.

Financial information set forth in a number of tables in this Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

In this Prospectus all references to “Danish Kroner”, “kroner”, or “DKK” are to the currency of the Kingdom of Denmark and all references to “euro” or “EUR” are to the currency introduced from the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, all references to “USD” are to the currency of the USA, as amended.

Special notice regarding forward-looking statements

This Prospectus contains certain forward-looking statements, including statements on Jyske Bank’s objectives. In addition to statements that are forward-looking by nature or by virtue of the context, forward-looking statements are identified by terminology such as “would”, “assess”, “target”, “expect”, “intend”, “should”, “plan”, “estimate”, “deem”, “wish”, “may”, “conviction”, “opinion” and similar expressions. Such forward-looking statements are based on information, assumptions and beliefs deemed reasonable by the Bank and the Mortgage Institution. They may change or be changed due to uncertainty relating to the economic, financial, competitive or regulatory environment.

Forward-looking statements speak only as of the Prospectus Date. Jyske Bank expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statement contained in this Prospectus to reflect any change in the New Group’s expectations with regard thereto or any change in events, conditions or circumstances on which the forward-looking statements contained in this Prospectus are based.

Forward-looking statements and objectives in this Prospectus may be affected by known and unknown risks, uncertainties and other factors which may cause the New Group’s future results of operations, development and performance to be materially different from the prospects stated or implied. Such factors include changes in the financial or commercial conditions and legislation as well as factors stated in this Prospectus. See “4. Risk factors” in the Share Registration Document.

Contents

Responsible

Jyske Bank A/S is responsible for the information contained in this Prospectus under Danish law.

We hereby declare that we have taken all reasonable care to ensure that the information contained in the Prospectus to the best of our knowledge and belief, is in accordance with the facts and contains no omissions likely to affect the import hereof.

Silkeborg 30 April 2014

Executive Board

Anders Dam
CEO and Managing Director

Jørgen Christensen Managing Director	Niels Erik Jakobsen Managing Director
Leif F. Larsen Managing Director	Per Skovhus Managing Director

Supervisory Board

Sven Buhrkall Chairman	Jens A. Borup Deputy Chairman	
Philip Baruch Member	John Egebjerg-Johansen Member	
Keld Norup Member	Gerner Wolff-Sneedorff Member	
Haggai Kunisch Employee Representative	Marianne Lillevang Employee Representative	Jesper Holbøll Employee Representative

Sven Buhrkall; Independent consultancy and professional member of supervisory boards
Jens A. Borup; General manager of Starholm Holding
Philip Baruch; Supreme Court Attorney and partner in Lund Elmer Sandager Advokatpartnerselskab
John Egebjerg-Johansen; Managing director Herningsholm Erhvervsskole
Keld Norup; Supreme Court Attorney and managing partner in SKOV Advokater
Gerner Wolff-Sneedorff; Managing director Engelholm Gods
Haggai Kunisch; Employee Jyske Bank
Marianne Lillevang; Employee Jyske Bank
Jesper Holbøll; Employee Jyske Bank

Resumé

Resumé

Resuméer består af oplysningskrav der benævnes "elementer". De enkelte elementer er nummererede og opdelt i 5 afsnit nummereret i rækkefølgen A– E (A.1- E.7). Dette resumé indeholder alle de elementer, der skal være indeholdt i et resumé for denne type værdipapirer og udsteder iht. Prospektforordning nr. 486/2012, med senere ændringe. Da enkelte elementer ikke skal medtages, kan der forekomme huller i nummereringen af elementerne. Selv om et element skal indsættes i resuméet, på grund af typen af værdipapirer og udsteder, er det muligt, at der ikke kan gives nogen relevante oplysninger om elementet. I så fald indeholder resuméet en kort beskrivelse af elementet med angivelsen "ikke relevant".

Dette resumé er en dansk oversættelse af det engelsksprogede resumé. I tilfælde af forskelle mellem det danske og det engelsksprogede resumé er det engelsksprogede resumé det gældende.

AFSNIT A – INDLEDNING OG ADVARSLER		
A.1	**Indledning og advarsler**	Dette resumé bør læses som en introduktion til Prospektet. Ved enhver beslutning om investering i Aktier udstedt af Jyske Bank bør Prospektet i sin helhed tages i betragtning. Hvis et krav vedrørende oplysningerne i Prospektet indbringes for en domstol, kan den sagsøgende investor i henhold til Medlemsstaternes nationale lovgivning skulle betale omkostningerne til oversættelse af Prospektet, inden retssagen indledes. Kun de personer, som har indgivet resuméet, herunder eventuelle oversættelser heraf, kan ifalde et civilretligt erstatningsansvar, men kun såfremt resuméet er misvisende, ukorrekt eller uoverensstemmende, når det læses sammen med de andre dele af Prospektet, eller ikke, når det læses sammen med Prospektets andre dele, indeholder nøgleoplysninger, således at investorerne lettere kan tage stilling til, om de vil investere i Aktier udstedt af Jyske Bank.
A.2	**Anvendelse af Prospektet ved videresalg eller endelig placering af værdipapirer via finansielle formidlere**	Ikke relevant. Udsteder er ikke indforstået med, at Prospektet anvendes ved videresalg eller endelig placering af værdipapirer via finansielle formidlere.

AFSNIT B - UDSTEDER		
B.1	**Juridisk navn og binavne**	Udsteders navn er Jyske Bank A/S. Udstederen driver tillige virksomhed under følgende binavne: Bank of Jutland Jütländische Bank Banque Du Jutland Banco de Jutlandia A/S Banken for Brædstrup og Omegn A/S Handels- og Landbrugsbanken i Silkeborg A/S Hjørring Diskontobank A/S Holstebro Bank A/S Kjellerup Bank A/S Kjellerup Handels- & Landbrugsbank A/S Nordjyllands Bank A/S Odder Landbobank A/S Samsø Bank A/S Silkeborg Bank A/S Vendelbobanken Jysk Garanti A/S A/S Jyske Bank – Min Bank A/S FinansNetbanken
B.2	**Domicil og retlige form, lovgivning samt indregistre-ringsland**	***Hjemsted og registreringsadresse:*** Vestergade 8-16 DK-8600 Silkeborg, Denmark Jyske Bank er et aktieselskab og underlagt selskabsloven. Jyske Bank's Eksisterende Aktier er optaget til handel og officiel notering på NASDAQ OMX Copenhagen, og Jyske Bank er således underlagt gældende dansk lovgivning for børsnoterede selskaber. Jyske Bank har tilladelse fra Finanstilsynet til at drive bankvirksomhed i henhold til lov om finansiel virksomhed samt tilladelse til bl.a. at udøve værdipapirhandel.
B.3	**Virksom-heds-beskrivelse**	***Overblik over og virksomheds beskrivelse for Jyske Bank-koncernen*** Jyske Bank er den tredjestørste uafhængige bankkoncern på det danske marked (målt på balancesummen før Transaktionen) med samlede aktiver på DKK 257 mia. pr. 31. marts 2014. Jyske Bank har en markedsandel i Danmark på ca. 7 procent på udlån til privatkunder og ca. 8 procent på totale bankindlån . Pr 31. marts 2014 havde koncernen 104 privatkundeafdelinger, 34 erhvervskundeafdelinger og ni private banking-centre over hele Danmark og 3.792 heltidsmedarbejdere. Jyske Bank-koncernens forretningsgrundlag bygger på rådgivning om og levering af produkter, der imødekommer kundernes behov i relation til finansielle aktiver og passiver og de betalingsstrømme og risici, der udspringer heraf. Strategien er at fokusere på kerneforretningen, som omfatter almindelige bankforretninger, handelsaktiviteter baseret på kundetransaktioner, kapitalforvaltning og internationale private banking-aktiviteter. Koncernen har bevidst fravalgt at engagere sig i skadesforsikringsaktiviteter eller at tilbyde ejendomsmæglerydelser. De seneste års strategiske tiltag har haft fokus på omkostningsreduktioner og styrkelse af indtægtsgrundlaget via selektive opkøb. Jyske Bank har desuden styrket kapitalgrundlaget to gange i løbet af krisen via aktieemissioner i 2009 i form af en fortegningsemission og i marts 2012 via en accellereret bookbuilding process.

Koncernen omfatter en række datterselskaber i Danmark hvor Jyske Finans A/S (finansielle leasingkontrakter og finansiering, særligt bilfinansiering) er det væsentligste.

Koncernen omfatter datterselskaber og filialer i Europa, som hovedsageligt har til formål at understøtte Bankens private banking-aktiviteter: Jyske Bank (Schweiz) AG, Jyske Bank (Gibraltar) Ltd. og det 60 procent ejede datterselskab Berben's Effectenkantoor B.V. (Holland). Koncernen har endvidere en private banking filial i Cannes (Frankrig). Derudover har Koncernen en filial i Hamborg, som fokuserer på danske erhvervskunders bankbehov i Tyskland.

Jyske Bank-koncernen driver primært virksomhed under det fælles brand "Jyske". Koncernen omfatter følgende hovedforretningsområder:

- Bankaktiviteter
- Handels- og investeringsaktiviteter

Jyske Banks vision er at "gøre en forskel" ved at yde personlig rådgivning af høj kvalitet i uformelle omgivelser. Det strategiske koncept "Jyske Forskelle 2. Generation" understøtter kommunikationen mellem kunden og banken, via en interaktiv præsentation af bankens produkter gennem bankens egen tv-kanal og omfattende IT-udstyr i afdelingerne.

Bankaktiviteter
Bankaktiviteter er primært rettet mod danske privatkunder og private banking kunder, erhvervskunder samt offentlige institutioner. Bankaktiviteterne omfatter personlig rådgivning i forbindelse med finansielle løsninger herunder leasing- og finansieringsaktiviteter

Handels- og investeringsaktiviteter
Handels- og investeringsaktiviteterne er rettet mod danske og internationale investorer delvis via aktiviteterne i Jyske Markets, delvis via Private Banking enhederne. Handels- og investeringsaktiviteterne omfatter investeringsrådgivning og kapitalforvaltning, herunder handel med renteprodukter, valuta, obligationer, aktier, råvarer og derivater. I et organisatorisk område, der er uafhængigt af kundetransaktioner, omfatter aktiviteterne i Jyske Markets også den strategiske styring af bankens balance og egenbeholdning, herunder strategisk likviditetsstyring og positionstagning.

Risiko og kapitalstyring
Siden 2001 har Jyske Bank koncernen investeret i udviklingen af advancerede, integrerede risikostyringsværktøjer til identifikation, modellering, overvågning og styring af risici, og til vurdering af Jyske Bank koncernens kapitalbehov. Den økonomiske styring har siden 2002 været baseret på RAROC-principper (Risk Adjusted Return On Capital – risikojusteret kapitalafkast), og siden 2006 er disse principper blevet anvendt på alle niveauer i hele organisationen. I november 2007 godkendte Finanstilsynet Jyske Bank som avanceret bank i henhold til kapitaldækningsdirektivet (Capital Requirement Directive, "CRD"). Jyske Bank anvender den avancerede interne ratingbaserede (Advanced Internal Ratings Based, "AIRB") metode til beregning af kreditrisiko og den standardiserede metode til markedsrisiko og operationel risiko i henhold til CRD.

Kapital planlægning og kapitalmålsætninger
Jyske Bank koncernens overordnede kapitalmålsætning tager udgangspunkt i et solvensgrundlag, der er tilstrækkeligt til, at Jyske Bank koncernen kan fortsætte sin udlånsvirksomhed i en periode med vanskelige forretningsbetingelser. Således skal basiskapitalen både sikre, at lovmæssige kapitalkrav kan opfyldes i en sådan situation samt kunne modstå store uventede tab. Dette sikres ved at

have en større basiskapital, end der kræves lovmæssigt. I oktober 2013 blev Jyske Bank foreslået klassificeret som en systemisk vigtig finansiel institution ("SIFI") i Danmark. På nuværende tidspunkt sigter Jyske Bank i sin kapitalpolitik mod en kerne egenkapital (”CET1”) procent på over 12 procent. Kapitalplanlægningen tager dog også hensyn til den gradvise implementering af de fremtidige kapitalkrav i både den danske SIFI lovgivning og det 4. Kapitalkravsdirektiv (“CRD IV”) og Kapitalkravsforordningen (“CRR”). Jyske Bank-koncernens regulatoriske solvensprocent beregnes i overensstemmelse med kravene i lov om finansiel virksomhed, og var pr. 31 marts 2014 16,2 procent ift. 16,0 procent pr. 31. december 2013, 17,3 procent pr. 31. december 2012 og 14,7 procent pr. 31. december 2011. Kerneegenkapital (CET1) procenten var pr. 31 marts 2014 15,1 procent, ift. 15,3 procent ultimo 2013, 14,2 procent ultimo 2012 og 12,1 procent ultimo 2011.

Proforma opgørelser viser at Transaktionen vil forøge Jyske Bank koncernens egenkapital og kapitalgrundlag med DKK 9,7 mia. Baseret på Jyske Bank koncernens solvens procent pr. 31. december 2013 vil Transaktionen derfor medføre en stigning i kernekapitalprocenten (CET1) fra 15,3 procent til 16,1 procent, i den samlede tier 1 procent inkl. hybrid kapital fra 15,9 procent til 16,3 procent, og i den samlede solvensprocent fra 16,0 procent til 16,3 procent.

Overblik over og virksomheds beskrivelse for BRFkredit koncernen

BRFkredit var før Transaktionen et uafhængigt dansk realkreditinstitut, der yder lån imod sikkerhed i helårsejerboliger, ferieboliger, erhvervsejendomme og offentligt støttet byggeri, finansieret via udstedelse af realkreditobligationer. Ultimo 2013 havde BRFkredit en samlet udlånsbalance på DKK 209 mia. svarende til en markedsandel på ca. 7 procent målt på andelen af cirkulerende obligationer, hvilket gør BRFkredit til Danmarks fjerde største realkreditinstitut. BRFkredit er velkapitaliseret med en solvensprocent på 16,6 procent pr. 31. december 2013, og BRFkredit har en AAA-rating hos S&P på obligationer til finansiering af fast ejendom.

BRFkredits aktiviteter kan dateres tilbage til etableringen af Byggeriets Realkreditfond (BRFkredit), som en udbyder af realkreditfinansiering i 1959.

I 1975 fusionerede BRFkredit med Danmarks ældste realkreditinstitut, Husejernes Kreditkasse, der blev grundlagt af velhavende indbyggerere i København som følge af den store brand i 1795.

I 1995 grundlagde BRFkredit BRFkredit Bank, der på basis af en banklicens skulle understøtte BRFkredits realkreditudlånsforretning ved at tilbyde produkter relateret til realkreditudlån. Efterfølgende har BRFkredit Bank udviklet sig til også at tilbyde almindelige bankprodukter, der dog fra og med 2009 primært henvender sig til privatkunder.

Realkreditudlån

BRFkredits hovedaktivitet er realkreditudlån mod pant i fast ejendom i Danmark. Mindre end 1 procent af udlånsporteføljen er ydet mod sikkerhed i fast ejendom uden for Danmark. BRFkredits samlede udlån og andre tilgodehavender, udgjorde DKK 209 mia pr. 31. december 2013.

Helt overordnet tilbyder BRFkredit tre forskellige typer realkeditudlån: rentetilpasningslån (ARMs), fastforrentede lån, samt capped eller ratched-capped og variabelt forrentede lån.

Forretningsenheder
BRFkredit er opdelt i fire forskellige forretningsenheder:

- Privat kunder
- Erhvervskunder
- Offentligt støttet byggeri
- Fælles funding

Privat kunder
Forretningsenheden er BRFkredits største og omfatter udlån til helårsboliger og ferieboliger. Ifølge realkreditrådets kapitalmarkedsstatistik stod forretningsenhedens udlån for 7 procent af det totale udlån i realkreditsektoren til privatboliger i 2013 målt på bruttonyudlån. Privatkundeenheden udstedte samlet set lån for ca. DKK 12,9 mia i 2013 fordelt på ca. 12.277 lån.

Erhvervskunder
På erhvervsområdet har BRFkredit valgt at fokusere på udlån til kontor- og forretningsejendomme samt til boligudlejningsejendomme og andelsboligforeninger. Ifølge realkreditrådets kapitalmarkedsstatistik stod forretningsenhedens udlån for 8 procent af det totale udlån i realkreditsektoren til erhvervskunder i 2013. Erhvervskundeenheden udstedte samlet set lån for ca. DKK 6,9 mia i 2013 fordelt på ca. 632 lån.

BRFkredits erhvervskundeenhed har også et realtivt stort udlån til andelsboligforeninger. Størstedelen af disse lån er fastrente lån eller flex-lån med lange perioder mellem rentefastsættelserne.

Offentligt støttet byggeri
Ifølge realkreditrådets kapitalmarkedsstatistik stod forretningsenhedens udlån for 33,5 procent af det totale udlån i realkreditsektoren til offentligt støttet byggeri i 2013. Forretningsenheden udstedte samlet set lån for ca. DKK 7,8 mia i 2013 fordelt på ca. 425 lån.

Fælles funding
Forretningsenheden omfatter finansiering af bankudlån ydet af Jyske Bank, Sydbank, Ringkjøbing Landbobank og Arbejdernes Landsbank, der finansieres via BRFkredit's udstedelse af SDOer iht. samarbejdsaftaler fra 2012 omkring fælles funding.

Risiko og kapitalstyring
Risici relateret til BRFkredits virksomhed omfatter hovedsagelig kreditrisici på udlån, samt risici i BRFkredits egenbeholdning i form af renterisiko og markedsrisiko.

Siden 1. januar 2007 har dansk lovgivning tilladt brugen af statistiske modeller til beregning af kapitalkravet for kreditrisiko. Siden 4. kvartal 2008 har BRFkredit anvendt den avancerede interne rating ("AIRB") metode til at beregne kapitalkravet for kreditrisiko, bortset fra eksponeringer mod statsobligationer , finansielle modparter og kreditrisici i BRFkredit Bank. Kapitalkravet for kreditrisici i de to sidstnævnte porteføljer beregnes fortsat vha. det danske Finanstilsyns standardmetode.

Brugen af AIRB metoden betyder, at BRFkredit opgør kreditrisikoen for den enkelte kunde baseret på internt udviklede kreditmodeller. Disse modeller estimerer kundens sandsynlighed for misligholdelse (PD), den forventede tabsprocent givet misligholdelse (LGD), samt den forventede eksponering mod kunden i tilfælde af misligholdelse (EAD). Produktet af risikoparametrene PD, LGD og EAD udtrykker det forventede tab på en given kunde . Estimeringen af risikoparametre foretages for både private og erhvervskunder. For privatkunder er den statistisk beregnede PD anvendt, men for erhvervskunder bliver forretningsgrundlaget, herunder nøgletal, ledelse og branche også taget med i betragtning. PD-estimater anvendes til forretningsmæssige dispositioner, herunder bevilling af lån. Det er en betingelse for beregning af kapitalkravet, at PD-estimaterne afspejler en hel konjunkturcyklus, derfor bliver de statistisk beregnede PD estimater justeret med et tillæg.

Kapitalplanlægning og kapitalmålsætninger
Siden tilbagebetalingen af statslig hybrid kernekapital ("AT1") i november 2012, består BRFkredits basiskapital udelukkende af tier 1 kapital ("CET1").

Solvensprocenten i BRFkredit er baseret på de lovpligtige basis solvenskrav, fastsat i lov om dansk finansiel virksomhed . Det danske minimumskapitalkrav er 8 procent af de risikovægtede aktiver (”RWA”).

Pr. 31. december 2013 var BRFkredits basiskapital DKK 9,8 mia. Med risikovægtede aktiver på DKK 59,2mia. udgjorde BRFkredits solvensprocent 16,6 mod et individuelt solvensbehov på 10,5 procent, hvilket svarer til en overdækning på DKK 3,6 mia. i forhold til det individuelle solvensbehov, og en overdækning på DKK 5,1 mia. i forhold til minimumskapitalkravet. BRFkredits kernekapital procent (CET1) var 16,6 procent pr. 31 december 2013.

For realkreditinstitutter er den største risikokomponent kreditrisiko. Pr. 31. december 2013 udgjorde solvensbehovet for kreditrisiko DKK 3,7 mia. Desuden har BRFkredit afsat DKK 0,6 mia. til dækning af yderligere kreditrisici.

Overblik over og virksomheds beskrivelse for den nye Koncern og Transaktionen

Transaktionen og betaling
Ved Transaktionen sammenlægges Jyske Bank med BRFkredit.

Den gældende finansielle regulering indebærer, at Transaktionen ikke kan gennemføres som en selskabsretlig fusion. Transaktionen er derfor struktureret som et apportindskud af samtlige aktier i BRFkredit a/s, bestående af nominelt DKK 56.480.000 A-aktier og nominelt DKK 250.000.000 B-aktier, fra BRFholding a/s til Jyske Bank mod Jyske Banks udstedelse af de Nye aktier og betaling af et kontant vederlag på DKK 100m.

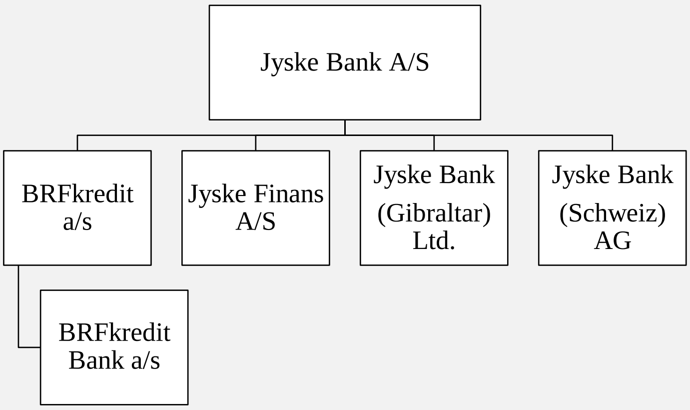
Transaktionen blev gennemført den 30. april 2014 ved udveksling af alle aktierne i BRFkredit mod 23.760.000 Nye Aktier i Jyske Bank samt et kontant vederlag på DKK 100 mio. De Nye Aktier udgør 25 procent af aktiekapitalen i Jyske Bank pr. Prospektdagen.

De Nye Aktier er sidestillet med de eksisterende aktier (“Existerende Aktier”) i Jyske Bank. De Nye Aktier blev tegnet af og udstedt til BRFholding a/s den 30. april 2014.

De Nye Aktier forventes optaget til handel og officel notering på NASDAQ OMX Copenhagen ("OMX") den 2. maj 2014.

Den Nye Koncern
Jyske Bank A/S vil være moderselskab i den Nye Koncern. BRFkredit a/s bliver et 100 procent ejet datterselskab og BRFkredit a/s vil fortsat være moderselskab for den fortsættende BRFkredit koncern, der vil bestå af BRFkredit a/s og BRFkredit’s nuværendede datterselskaber.

Selskabsstrukturen i “New Group” med de mest betydningsfulde 100 procent ejede datterselskaber er vist nedenfor.

		
B.4a	**Væsent-ligste nyere tendenser**	**Dansk økonomi** Jyske Bank forventer, at den danske økonomi vil fortsætte med at vise forbedring i 2014. Boligmarkedet er stærkere, forbrugertillid øget, og der er også stærkere nøgletal. På grund af en mulig fortsættelse af den private sektors opsparing, både i Danmark og i udlandet, forventes vendingen i økonomien over de kommende år dog at blive relativt langsom ift. tidligere vendinger i økonomien. Finanspolitikken forventes at ville have en neutral effekt på den økonomiske aktivitet i 2014, og overordnet set er den danske økonomi fortsat strukturelt stærk med store nettoaktiver i udlandet, et stort betalingsbalanceoverskud og en lav offentlig gæld. **Den danske banksektor** Pr. Prospektdatoen er der en øget konkurrence for at bevare og potentielt vinde markedsandele blandt de stærkere institutioner, det er derfor pt. ikke muligt at fortsætte den øgning af udlånsmarginalerne, der blev gennemført over perioden 2011-2012. Da konkurrencen om indlån stadig er stærk og renteniveauet lavt, er det sandsynligt, at der fortsat vil være pres på rentemarginalerne i den danske banksektor i de kommende år. De sidste fem års finansielle krise og økonomiske lavkonjunktur har medført en betydelig reduktion i antallet af banker på det danske marked, og det forventes, at tendensen i retning af færre, men større banker vil fortsætte i de kommende år, primært drevet af øgede kapitalkrav som følge af CRD IV og CRR og pres på indtjeningen.
B.5	**Beskriv-else af koncernen og udsteders plads i koncernen**	Udstederen Jyske Bank A/S er moderselskab i Jyske Bank-koncernen og den Nye Koncern, der omfatter en en række datterselskaber i Danmark, hvoraf Jyske Finans A/S (finansielle leasingkontrakter og finansiering, særligt bilfinansiering), er det største. Jyske Bank koncernen omfatter også datterselskaber og filialer i Europa, som hovedsageligt har til formål at understøtte Bankens private banking-aktiviteter: Jyske Bank (Schweiz) AG, Jyske Bank (Gibraltar) Ltd. og det 60 procent ejede datterselskab Berben's Effectenkantoor B.V. (Holland). Koncernen har endvidere en private banking filial i Cannes (Frankrig). Derudover har Koncernen en filial i Hamborg, som fokuserer på danske erhvervskunders bankbehov i Tyskland. Den nye selskabsstruktur efter gennemførslen af Transaktionen er illustreret under punkt B.3 ovenfor.
B.6	**Større aktionær-er**	De følgende aktionærer ("Større Aktionærer") har meddelt Jyske Bank, at de besidder eller har rådighed over mere end 5 procent af Jyske Banks registrerede aktiekapital:

BRFholding a/s, Denmark, 25 procent.

Jyske Bank har kun én aktieklasse, og alle aktier har samme stemmerettigheder.

Jyske Bank er ikke bekendt med aftaler, som senere kan resultere i at kontrollen af banken overtages af andre.

B.7 **Udvalgte vigtige historiske regnskabs-oplys-ninger**

Udvalgte regnskabsoplysninger for Jyske Bank-koncernen

De udvalgte konsoliderede regnskabsoplysninger for regnskabsperioderne 1. kvartal 2014 og 1. kvartal 2013 er uddraget fra de ikke reviderede delårsrapporter for Jyske Bank-koncernen. De udvalgte konsoliderede regnskabsoplysninger for regnskabsårene 2011, 2012 og 2013 for Jyske Bank-koncernen er uddraget fra de reviderede koncernregnskaber for regnskabsårene 2011, 2012 og 2013. Koncernregnskaberne, som er indarbejdet via henvisning andetsteds i Prospektet, blev revideret af Jyske Banks uafhængige revisorer, Deloitte, Statsautoriseret Revisionspartnerselskab.

De udvalgte konsoliderede regnskabsoplysninger er udarbejdet i overensstemmelse med International Financial Reporting Standards (IFRS) som godkendt af EU og yderligere danske oplysningskrav for børsnoterede finansielle selskaber.

Nedenstående oplysninger bør læses i sammenhæng med de ikke reviderede delårsrapporter og de reviderede koncernregnskaber, de dertil knyttede noter, “9 Operating and Financial Review” i ” I. Share Registration Document” and ”Annex F” i dette Prospekt.

RESULTATOPGØRELSE I SAMMENDRAG					
DKKm	**2013**	**2012**	**2011**	**1. kvt. 2014**	**1. kvt. 2013**
Netto renteindtægter	5.018	4.879	4.742	1.158	1.197
Udbytte af aktier mv.	52	30	28	25	14
Gebyr- og provisionsindtægter (netto)	1.729	1.650	1.307	423	435
Netto rente- og gebyrindtægter	**6.799**	**6.559**	**6.077**	**1.606**	**1.646**
Kursreguleringer	541	269	-31	225	154
Andre driftsindtægter	893	676	634	231	282
Driftsudgifter og driftsafskrivninger	4.791	4.827	4.562	1.262	1.280
Nedskrivninger på udlån mv.	1.147	1.840	1.480	289	242
Resultat af kapitalandele i associerede og tilknyttede virksomheder	6	12	-7	-93	1
Resultat før skat	**2.301**	**849**	**631**	**418**	**561**
Skat	493	254	115	77	126
Årets resultat	**1.808**	**595**	**516**	**341**	**435**
Heraf minoritetsinteressers andel	1	3	3	0	0

BALANCE I SAMMENDRAG					
DKKm	**2013**	**2012**	**2011**	**1. kvt. 2014**	**1. kvt. 2013**
Udlån	131.378	118.554	124.494	137.560	128.969
- bankudlån	111.115	105.947	108.546	115.070	111.613
- repoudlån	20.263	12.607	15.948	22.490	17.356
Indlån	131.424	120.977	127.338	139.396	124.088
- bankindlån	115.846	97.432	101.164	121.224	109.540
- repoindlån	10.175	17.962	17.095	13.052	9.147
- puljeindlån	5.403	5.583	9.079	5.120	5.401
Udstedte obligationer	27.760	34.921	37.482	26.371	38.045
Efterstillede kapitalindskud	1.649	2.742	2.720	1.347	2.738
Egenkapital	17.479	15.642	13.846	17.825	16.086
Aktiver i alt	262.004	258.247	270.220	257.428	260.797

UDVALGTE NØGLETAL	2013	2012	2011	1. kvt. 2014	1. kvt. 2013
Resultat før skat pr. aktie (DKK)	32,30	12,17	9,77	5,86	7,88
Resultat pr. aktie (DKK)	25,38	8,48	7,95	4,79	6,11
Resultat (udvandet) pr. aktie (DKK)	25,38	8,48	7,95	4,79	6,11
Basisindtjening pr. aktie (DKK)	27,45	4,96	7,07	4,63	6,57
Ultimokurs pr. aktie (DKK)	293	157	141	298	198
Indre værdi pr. aktie (DKK)	245	220	214	250	225
Børskurs/indre værdi pr. aktie (DKK)	1,19	0,71	0,66	1,19	0,88
Børskurs/resultat	11,5	18,5	17,7	-	-
Solvensprocent	16,0	17,3	14,7	16,2	15,0
Kernekapitalprocent inkl. hybrid kapital	15,9	15,3	13,3	15,9	14,3
Kernekapitalprocent ekskl. hybrid capital	15,3	14,2	12,1	15,1	13,7
Resultat før skat i pct. af gns. egenkapital	13,9	5,8	4,6	2,4	3,5
Periodens resultat i pct. af gns. egenkapital	10,9	4,0	3,8	1,9	2,7
Indtjening pr. omkostningskrone	1,4	1,1	1,1	1,3	1,4
Renterisiko (%)	1,9	1,1	1,0	1,5	0,8
Valutaposition (%)	6,3	6,4	6,5	-	-
Valutarisiko (%)	0,1	0,0	0,2	0,1	0,0
Regulatorisk likviditetsopgørelse (%)	151,1	127,1	98,3	-	-
Summen af store engagementer (%)	10,1	0,0	0,0	-	-
Akkumuleret nedskrivningsprocent	3,1	3,4	2,8	3,0	3,2
Periodens nedskrivningsprocent	0,8	1,4	1,1	0,2	0,2
Årets udlånsvækst eksklusiv repoudlån (%)	4,9	-2,4	2,7	-	-
Udlån i forhold til indlån	1,0	1,0	1,0	-	-
Udlån i forhold til egenkapital	7,5	7,6	9,0	-	-
Antal heltidsmedarbejdere ultimo perioden	3.774	3.574	3.809	3.792	3.806

Nøgletallene er baseret på Finanstilsynets definitioner og vejledning. Sammenligningstal for 2011-2012 er tilpasset ny regnskabspraksis.

Ud over resultaterne for årene 2011, 2012, 2013 og resultatet for perioden 1. januar 2014 til Prospektdagen, en kapitalforhøjelse i 2012 på DKK 1,1 mia. og transaktionen med BRFkredit i 2014, er der ikke indtruffet væsentlige begivenheder siden 1. januar 2011 som påvirker den finansielle stilling.

Udvalgte regnskabsoplysninger for BRFkredit-koncernen

De udvalgte konsoliderede regnskabsoplysninger for regnskabsårene 2011, 2012 og 2013 for BRFkredit-koncernen er uddraget fra de reviderede koncernregnskaber for regnskabsårene 2011, 2012 og 2013. Koncernregnskaberne, som er indarbejdet via henvisning andetsteds i Prospektet, blev revideret af BRFkredits uafhængige revisorer, PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab.

De udvalgte konsoliderede regnskabsoplysninger for regnskabsårene 2011, 2012 og 2013 er udarbejdet i overensstemmelse med International Financial Reporting Standards (IFRS) som godkendt af EU og yderligere danske oplysningskrav for udstedere af børsnoterede obligationer. Nedenstående oplysninger bør læses i sammenhæng med de reviderede koncernregnskaber, de dertil knyttede noter, "9 Operating and Financial Review" i " I. Share Registration Document" and "Annex F" i dette Prospekt.

RESULTATOPGØRELSE I SAMMENDRAG DKKm	2013	2012	2011
Netto renteindtægter	1.987	1.653	1.685
Udbytte af aktier mv.	6	10	5
Gebyr- og provisionsindtægter (netto)	105	30	-73
Netto rente- og gebyrindtægter	**2.098**	**1.693**	**1.617**
Kursreguleringer	-235	-36	-104
Andre driftsindtægter	8	2	5
Driftsudgifter og driftsafskrivninger	953	910	929
Nedskrivninger på udlån mv.	505	493	459
Resultat af kapitalandele i associerede og tilknyttede virksomheder	0	-3	-2
Resultat før skat	**413**	**252**	**127**
Skat	111	66	33
Årets resultat	**302**	**185**	**95**

BALANCE I SAMMENDRAG DKKm	2013	2012	2011
Udlån	209.018	207.631	205.469
Obligationer og aktier mv.	20.870	15.848	5.231
Øvrige aktiver	3.882	5.740	10.170
Udstedte obligationer	201.967	203.873	194.387
Øvrige passiver	21.439	15.295	14.401
Efterstillede kapitalindskud	2	3	2.223
Egenkapital	10.362	10.048	9.859
Aktiver i alt	233.770	229.219	220.870

NØGLETAL I SAMMENDRAG	2013	2012	2011
Indtjening pr. omkostningskrone (DKK)	1,28	1,18	1,09
Driftsomkostninger og afskrivninger i pct. af gns. udlånsportefølje	0,48	0,46	0,44
Årets tabs- og nedskrivningsprocent	0,2	0,2	0,2
Egenkapitalforrentning før skat (%)	4,0	2,5	1,3
Egenkapitalforrentning efter skat (%)	3,0	1,9	1,0
Solvensprocent	16,6	15,2	16,0
Kernekapitalprocent	16,6	15,2	16,0
Basiskapital, mio. kr.	9.815	9.297	11.402
Antal heltidsmedarbejdere gns. året	844	806	758

Der er ikke indtruffet væsentlige begivenheder siden 1. januar 2011 som påvirker den finansielle stilling. Den finansielle stilling er påvirket af resultaterne for årene 2011, 2012, 2013 og resultatet for perioden 1. januar 2014 til Prospektdagen.

B.8 **Udvalgte vigtige proforma-regnskabs-oplys-ninger**

Proforma regnskabsoplysninger

I nedenstående tabel vises udvalgte ureviderede regnskabsoplysninger for regnskabsåret 2013 for en sammenlægning af Jyske Bank og BRFkredit.
Proforma regnskabsoplysningerne er udarbejdet på grundlag af nedenstående forudsætninger og efter International Financial Reporting Standards (IFRS) som godkendt af EU.

Den ureviderede proforma resultatopgørelse for 2013 og ureviderede proforma balance pr. 31. december 2013 er udarbejdet, som om transaktionen var gennemført den 1. januar 2013.

Resultatopgørelser for perioden 1. januar 2013 – 31. december 2013 og balancer pr. 31. december 2013 for Jyske Bank og BRFkredit er udledt af henholdsvis det reviderede regnskab for 2013 for Jyske Bank og det reviderede regnskab for 2013 for BRFkredit. Proforma regnskabsoplysningerne er hverken revideret eller reviewet.

Det understreges, at proforma regnskabsoplysningerne udelukkende fremlægges med vejledende formål, og proforma regnskabsoplysninger omhandler en hypotetisk situation og afspejler derfor ikke den reelle finansielle stilling eller resultat på de givne tidspunkter.

Proforma resultatopgørelse for 2013 for den Nye Koncern

RESULTATOPGØRELSE I SAMMENDRAG DKKm	2013
Netto renteindtægter	6.995
Udbytte af aktier mv.	58
Gebyr- og provisionsindtægter (netto)	1.834
Netto rente- og gebyrindtægter	**8.887**
Kursreguleringer	316
Andre driftsindtægter	901
Driftsudgifter og driftsafskrivninger	5.749
Nedskrivninger på udlån mv.	1.652
Resultat af kapitalandele i associerede og tilknyttede virksomheder	6
Resultat før skat	**2.709**
Skat	603
Årets resultat	**2.106**

Proforma balance ultimo 2013 for den Nye Koncern

BALANCE I SAMMENDRAG DKKm	2013
Udlån til amortiseret kostpris	135.746
Udlån til dagsværdi	198.900
Obligationer til dagsværdi	70.772
Obligationer til amortiseret kostpris	13.358
Andre aktiver	29.595
Indlån	136.767
Udstedte obligationer til dagsværdi	184.159
Udstedte obligationer til amortiseret kostpris	36.580
Andre passive	41.229
Efterstillede kapitalindskud	1.651
Egenkapital	27.776
Aktiver i alt	480.467

Proforma data og nøgletal for 2013 for den Nye Koncern

UDVALGTE NØGLETAL	2013
Solvensprocent	16,3
Kernekapitalprocent inkl. hybrid kapital	16,3
Kernekapitalprocent ekskl. hybrid kapital	16,1
Resultat før skat i procent af primo egenkapital	10,6
Resultat før skat i procent af gns. egenkapital	10,3
Årets resultat i procent af gns. egenkapital	8,0
Indtjening pr. omkostningskrone	1,4
Udlån i forhold til egenkapital	12,0
Antal heltidsmedarbejdere ultimo året	4.643

B.9	**Resultat-forvent-ninger**	Afhængig af udviklingen i den globale og i særdeleshed den nationale samfundsøkonomi er den langsigtede målsætning for den Nye Koncern, at resultat før skat kan forrente primoegenkapitalen med 10-15 procent p.a.
B.10	**Arten af eventuelle forbehold i revisions-rapporten om de historiske regnskabs-oplysnin-ger**	Ikke relevant. Årsrapporterne for 2011, 2012 og 2013 er alle revideret af Jyske Banks og BRFkredits uafhængige revisorer uden forbehold eller supplerende oplysninger.
B.11	**Udsteders arbejds-kapital**	Ikke relevant. Pr. datoen for dette Prospekt er Udsteder er af den opfattelse, at arbejdskapitalen er tilstrækkelig til Bankens nuværende krav for de næste 12 måneder

AFSNIT C – VÆRDIPAPIRER		
C.1	**Type og klasse værdipa-pirer, herunder ISIN kode**	Transaktionen omfatter udstedelse af DKK 237.600.000 Nye Aktier til BRFholding a/s. De Eksisterende Aktiers ISIN kode er: ISIN DK001037958 De Nye Aktier vil ikke blive noteret på NASDAQ OMX Copenhagen, før registrering af kapitalforhøjelsen er effektueret hos Erhvervsstyrelsen. Optagelse til handel af de Nye Aktier finder sted den 2. maj 2014 under ISIN koden for de Eksisterende Aktier.
C.2	**Valuta**	De Nye Aktier er udstedt i og handles i danske kroner.
C.3	**Antal aktier og pålydende værdi**	Pr. Prospektdagen udgør Jyske Bank A/Ss registrerede aktiekapital DKK 950,4 mio. bestående af 95.039.999 aktier a nominelt DKK 10, som alle er fuldt indbetalt.
C.4	**Rettigheder knyttet til værdi-papirerne**	Jyske Banks aktier er optaget til handel og officiel notering på NASDAQ OMX København A/S. Aktionærernes ret til at træffe beslutning udøves på generalforsamlingen, som afholdes i Silkeborg eller et andet sted i Region Midtjylland. Enhver aktionær, der senest 3 dage før generalforsamlingen har løst adgangskort, har ret til at møde på generalforsamlingen. Enhver aktionær har ret til at få et bestemt emne behandlet på generalforsamlingen, såfremt aktionæren skriftligt fremsætter krav herom til banken senest 6 uger før generalforsamlingen, jf. endvidere sel-skabslovens § 90. Hver Aktie af nominelt DKK 10 giver ret til én stemme. En aktionær kan maksimalt afgive 4.000 stemmer på egne vegne. Ingen aktier har særlige rettigheder. Aktierne er frit omsættelige, idet en aktionær dog ikke må erhverve 10 procent eller mere af aktiekapitalen uden Jyske Banks samtykke, jf. Jyske Banks vedtægter § 3.

		Ved enhver kontant forhøjelse af aktiekapitalen har aktionærerne ret til forholdsmæssig tegning af nye aktier, medmindre andet følger af lovgivning eller vedtægter. De Nye Aktier har samme rettigheder som de Eksisterende Aktier. De Nye Aktier er af samme klasse som de Eksisterende Aktier. BRFholding er også omfattet af begrænsningen af stemmeret, hvilket betyder, at ingen aktionær kan stemme med mere end 4.000 stemmer på generalforsamlingen. Der er givet konkret samtykke til, at BRFholding kan eje mere end 10 procent af Jyske Banks aktiekapital.
C.5	**Eventuelle indskrænk-ninger i værdi-papirernes omsættelig-hed**	De Nye Aktier samt de Eksisterende Aktier er frit omsættelige omsætningsværdipapirer. Enhver overdragelse af aktier til en erhverver, der har eller ved overførsel opnår 10 procent eller mere af aktiekapitalen i banken, kræver dog samtykke fra banken i henhold til vedtægternes artikel 3. BRFholding har i perioden fra og med den 30. april 2014 til og med den 29. april 2019 påtaget sig at afstå fra direkte eller indirekte at: • overdrage til eje (herunder ved fusion, spaltning, likvidation, udlodning) eller sikkerhed nogen Aktier eller værdipapirer, der kan ombyttes eller konverteres til eller udnyttes til Aktier; eller • overdrage nogen økonomiske eller forvaltningsmæssige rettigheder knyttet til Aktierne helt eller delvist. Uanset ovenstående er BRFholding berettiget til at foretage følgende dispositioner i Lock-Up perioden: • I perioden fra og med den 30. april 2015 til og med den 29. april 2016 er BRFholding berettiget til frit at disponere over nominelt DKK 9.504.000 Aktier. • I perioden fra og med den 30. april 2016 til og med den 29. april 2017 er BRFholding berettiget til frit at disponere over nominelt DKK 9.504.000 Aktier. • I perioden fra og med den 30. april 2017 til og med den 29. april 2018 er BRFholding berettiget til frit at disponere over nominelt DKK 47.520.000 Aktier. • I perioden fra og med den 30. april 2018 til og med den 29. april 2019 er BRFholding berettiget til frit at disponere over nominelt DKK 47.520.000 Aktier. Uanset ovenstående er BRFholding berettiget til at sælge alle de Nye Aktier, hvis BRFholding på noget tidspunkt ikke er repræsenteret i Jyske Banks bestyrelse. Ingen yderligere lock-up aftaler er blevet indgået.
C.6	**Optagelse til omsætning på et reguleret marked**	De Nye Aktier vil blive noteret på NASDAQ OMX Copenhagen forventeligt den 2. maj 2014 og vil ske under ISIN-koden for de Eksisterende Aktier DK0010307958.
C.7	**Udbytte-politik**	De Nye Aktier har samme rettigheder som de Eksisterende Aktier. Jyske Bank har ikke udbetalt udbytte siden 2000.

AFSNIT D – RISICI		
D.1	**De vigtigste risici for udstederen drift eller dennes branche**	• Risici relateret til de aktuelle globale og regionale makroøkonomiske vilkår og forretningsbetingelser • Risici relateret til den globale finansielle krise og gældskrisen i Euro – zonen • Risici vedrørende Danmark • Risici i forbindelse med den Nye Koncerns kreditportefølje • Under de nuværende makroøkonomiske forhold er nedskrivninger og hensættelser på garantier måske ikke tilstrækkelige til at dække tab på udlån og garantier, i takt med at de opstår • Et fald i værdien eller likviditeten i de aktiver, der stilles til sikkerhed for den Nye Koncerns udlån, kan medføre, at den Nye Koncern må øge sine nedskrivninger på udlån og hensættelser på garantier • En forringelse i låntagernes kreditkvalitet kan resultere i højere risikovægtede aktiver • Koncentration af kreditrisiko • Specifikke kreditrisici relateret til realkreditudlån • Risici vedrørende kapitalkrav i kapitalcentre • Markedsrisici relateret til den Nye Koncern • Finansierings- og likviditetsrisici i den Nye Koncern • Specifikke finansierings- og likviditetsrisici vedrørende bankudlån • Specifikke finansierings- og likviditetsrisici vedrørende realkreditudlån • Risici vedrørende Jyske Banks kreditvurderinger • Risici vedrørende BRFKredits kreditvurderinger • Risici vedrørende kreditvurderinger af SDO og SDRO udstedt i BRFkredit's kapitalcentre • Risici forbundet med Jyske Banks likviditetsreserve og strukturerede kreditpositioner • Risici i forbindelse med derivatpositioner • Risici forbundet med behov for yderligere kapital • Risici i forbindelse med de risikostyringsmetoder, der anvendes i Jyske Bank • Risici i forbindelse med de risikostyringsmetoder , der anvendes i BRFkredit • Risiko i forbindelse med brug af risikomodeller i den Nye Koncern • Risici i forbindelse med lovgivning og regulering i den finansielle sektor, samt Tilsynsmyndigheders indgriben og inspektion • Risici forbundet med CRD IV, CRR og den danske SIFI regulering • Risici forbundet med det foreslåede "Recovery and Resolution" direktiv • Risici i forbindelse med den Nye Koncerns medlemskab af Indskydergarantifonden • Risici i forbindelse med ændringer i skattelovgivningen og fortolkning heraf • Risici forbundet med at yde investeringsrådgivning • Risici i forbindelse med retssager og andre lovgivningsmæssige risici • Risici i forbindelse med konkurrencesituationen på markedet for bankudlån • Risici i forbindelse med konkurrencesituationen på markedet for realkreditudlån • Risici relateret til systemisk risiko • Risici vedrørende operationelle risici, samt forretnings - og omdømmerisiko • Risici forbundet med afhængighed af højt kvalificerede personer og ledelsen • Risici i forbindelse med informationsteknologi og IT systemer • Risici i forbindelse med den Nye Koncerns forsikringsdækning • Risici i forbindelse med katastrofale begivenheder, terrorangreb, krigshandlinger eller andre fjendtligheder • Risici relateret til et eventuel ophør af hovedsamarbejdsaftalen med Totalkredit

		• Risiko for manglende succes med at integrere BRFkredit i Jyske Bank-koncernen
D.3	**De vigtigste risici, der er specifikke for værdi-papirerne**	• Risiko for at aktiekursen kan blive negativt påvirket af et eventuelt salg af større blokke af de Nye Aktier • Markedskursen på Aktierne kan være meget svingende • Banken er et aktieselskab registreret i henhold til dansk lov, hvilket kan gøre det svært for aktionærer bosiddende udenfor Danmark at udnytte eller håndhæve visse rettigheder • Aktionærer bosiddende uden for Danmark er udsat for valutarisici

AFSNIT E – UDBUD		
E.1	**Samlet nettoprovenu og et estimat over de samlede udgifter ved Transaktionen**	De Nye Aktier repræsenterer en stigning i aktiekapitalen i Jyske Bank på DKK 237,6 mio. Provenuet fra Transaktionen udgør DKK 10.262 mio., svarende til den pr. 31. december 2013 bogførte værdi af BRFkredit fratrukket kontantvederlaget på DKK 100 mio. Banken modtog ikke noget kontantprovenu i forbindelse med Transaktionen. BRFholding blev ikke pålagt udgifter eller gebyrer i forbindelse med udstedelsen af de Nye Aktier.
E.2a	**Årsag til Transaktionen og anvendelsen af provenuet**	De Nye aktier blev udstedt til BRFholding a/s i forbindelse med Transaktionen af Jyske Bank og BRFkredit. Transaktionen var struktureret som et apportindskud af samtlige aktier i BRFkredit, bestående af nominelt DKK 56.480.000 A-aktier og nominlet DKK 250.000.000 B-aktier, fra BRFholding til Jyske Bank mod Jyske Banks udstedelse af de Nye Aktier og et kontant vederlag på DKK 100 mio. Provenuet fra Transaktionen udgør DKK 10.262 mio., svarende til den pr. 31. december 2013 bogførte værdi af BRFkredit fratrukket kontantvederlaget på DKK 100 mio. Banken modtog ikke noget kontantprovenu i forbindelse med Transaktionen.
E.3	**Udbuddets vilkår og betingelser**	Transaktionen er gennemført iht. dansk ret. Enhver tvist, der måtte opstå som følge af optagelse til notering, skal indbringes for de danske domstole, idet Jyske Bank, BRFkredit og BRFholding dog afgør eventuelle tvister ved voldgift. Der er udstedt i alt 23.760.000 Nye Aktier a nominelt DKK 10. De Nye Aktier er udstedt til kurs 295,9 pr. Ny Aktie med en nominel værdi på DKK 10, franko. Optagelse til handel af de Nye Aktier finder sted den 2. maj 2014 under ISIN-koden for de Eksisterende Aaktier (ISIN DK0010307958). Symbol på NASDAQ OMX Copenhagen: JYSK Hver Ny Aktie giver ret til én stemme på alle spørgsmål, der forelægges til afstemning på bankens generalforsamlinger. Dog kan ingen aktionær afgive mere end 4.000 stemmer på egne vegne.
E.4	**Eventuelle interesser, som er væsentlige for Transaktionen**	Ikke relevant. Jyske Bank er ikke bekendt med, at fysiske eller juridiske personer har interesse i, eller at der foreligger interessekonflikter, der er væsentlige for Transaktionen.
E.5	**Navnet på udstederen og fastfrysningsaftaler**	De Nye Aktier er udstedt af Jyske Bank A/S, CVR nr. 17616617. BRFholding har i perioden fra og med den 30. april 2014 til og med den 29. april 2019 påtaget sig at afstå fra direkte eller indirekte at: • overdrage til eje (herunder ved fusion, spaltning, likvidation, udlodning) eller sikkerhed nogen Aktier eller værdipapirer, der kan ombyttes eller konverteres til eller udnyttes til Aktier; eller • overdrage nogen økonomiske eller forvaltningsmæssige rettigheder knyttet til Aktierne helt eller delvist.

		Uanset ovenstående er BRFholding berettiget til at foretage følgende dispositioner i Lock-Up perioden: • I perioden fra og med den 30. april 2015 til og med den 29. april 2016 er BRFholding berettiget til frit at disponere over nominelt DKK 9.504.000 Aktier. • I perioden fra og med den 30. april 2016 til og med den 29. april 2017 er BRFholding berettiget til frit at disponere over nominelt DKK 9.504.000 Aktier. • I perioden fra og med den 30. april 2017 til og med den 29. april 2018 er BRFholding berettiget til frit at disponere over nominelt DKK 47.520.000 Aktier. • I perioden fra og med den 30. april 2018 til og med den 29. april 2019 er BRFholding berettiget til frit at disponere over nominelt DKK 47.520.000 Aktier. Uanset ovenstående er BRFholding berettiget til at sælge alle de Nye Aktier, hvis BRFholding på noget tidspunkt ikke er repræsenteret i Jyske Banks bestyrelse. Ingen yderligere lock-up aftaler er blevet indgået.
E.6	**Udvanding som følge af Trans-aktionen**	Forud for Transaktionen udgjorde bankens aktiekapital DKK 712,8 mio. nominelt opdelt i 71.279.999 Aktier a nominelt DKK 10, som er blevet optaget til handel og officiel notering på NASDAQ OMX Copenhagen. Som følge af udstedelsen af 23.760.000 Nye Aktier a nominelt DKK 10, har bankens eksisterende aktionærer oplevet en 33 procent udvanding af deres ejerandel i banken. Pr. 31. December 2013 udgjorde Jyske Banks egenkapital DKK 17.479 mio., svarende til DKK 245 pr. aktie, og pr. 31. December 2013 udgjorde BRFkredits egenkapital DKK 10.362 mio. Pr. 31 December 2013 udgjorde proforma egenkapital i den Nye Koncern DKK 27.841 mio., svarende til DKK 293 pr. aktie.
E.7	**Anslåede udgifter, som investor pålægges af udbyder eller udsteder**	Ikke relevant. BRFholding blev ikke pålagt udgifter eller gebyrer i forbindelse med udstedelsen af de Nye Aktier.

Summary

Summary

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A– E (A.1- E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer under the Prospectus Regulation no. 486/2012, as amended. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	**Introduction and warnings**	This summary should be read as an introduction to the Prospectus. Any decision to invest in Shares issued by Jyske Bank should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in Shares issued by Jyske Bank.
A.2	**Use of the Prospectus for subsequent resale or final placement of securities by financial inter-mediaries**	Not applicable. The Issuer does not consent to use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

SECTION B - ISSUER		
B.1	**Legal name and secondary names**	The issuer's name is Jyske Bank A/S The issuer also carries on business under the following secondary names: Bank of Jutland Jütländische Bank Banque Du Jutland Banco de Jutlandia A/S Banken for Brædstrup og Omegn A/S Handels- og Landbrugsbanken i Silkeborg A/S Hjørring Diskontobank A/S Holstebro Bank A/S Kjellerup Bank A/S Kjellerup Handels- & Landbrugsbank A/S Nordjyllands Bank A/S Odder Landbobank A/S Samsø Bank A/S Silkeborg Bank A/S Vendelbobanken Jysk Garanti A/S A/S Jyske Bank – Min Bank A/S FinansNetbanken
B.2	**Domicile and legal form, legislation and country of incor-poration**	***Domicile adress and registered office:*** Vestergade 8-16 DK-8600 Silkeborg, Denmark Jyske Bank A/S is a public limited liability company and governed by the Danish Companies Act. Jyske Bank's Existing Shares are listed on NASDAQ OMX Copenhagen, and Jyske Bank is subject to applicable Danish law regarding listed companies. Jyske Bank has been granted a licence from the Danish FSA to conduct banking business under the Danish Financial Business Act as well as, inter alia, a licence to carry out securities business.
B.3	**Business description**	***Overview and business description of the Jyske Bank Group*** Measured by total assets the Jyske Bank Group is Denmark's third largest independent banking group, with total assets prior to the Merger of DKK 257bn as at 31 March 2013. In Danish retail banking, Jyske Bank has nationwide presence with a market share of approximately 7 per cent of total bank lending to customers and approximately 8 per cent of total bank deposits. As at 31 March 2014, the Jyske Bank Group had 104 branches with focus on retail clients, 34 branches specialized in SME and corporate clients and 9 Private Banking branches throughout Denmark and a total of 3,792 full-time employees. The mission statement of the Jyske Bank Group is to provide customer service and to distribute products that meet customer needs concerning cash flows and risks related to assets and liabilities. The strategy of the Group is to remain focused on its core business, which comprises commercial banking, trading based on customer transactions, asset management and international private banking activities. The Jyske Bank Group has made a deliberate choice not to enter non-life insurance activities or to offer real estate agent services. Strategic initiatives during recent years have been targeted at cost reductions and strengthening of the revenue base via selective acquisitions. Jyske Bank has furthermore strengthened the capital base raising core equity twice during the

crisis, in 2009 via a Rights Issue and in March 2012 via an accelerated book building process.

The Jyske Bank Group comprises a number of subsidiaries in Denmark of which Jyske Finans A/S (finance leases and asset financing, in particular car finance) is the most significant one. The Jyske Bank Group comprises subsidiaries and branches in Europe, mainly to support private banking activities: Jyske Bank (Switzerland) AG, Jyske Bank (Gibraltar) Ltd. and the 60 per cent owned subsidiary Berben's Effectenkantoor B.V. (The Netherlands), operates a private banking branch in Cannes (France), and has a branch in Hamburg that focuses on Danish commercial customers' banking needs in Germany.

The Jyske Bank Group operates mainly under one brand, the "Jyske" brand, and comprises the following major business lines:

- Banking activities
- Trading and investment activities

Jyske Bank pursues the vision of "making a difference" and providing high standard personal advice in an informal setting, and the strategic concept "Jyske Forskelle Second Generation" supports communication between the customer and the Bank, presenting the Bank's products interactively through the Bank's own TV channel and comprehensive it equipment in the branches.

Banking activities

Banking activities focus primarily on Danish retail and domestic private banking customers, corporate businesses and public institutions. Banking activities comprise personal advice in connection with financial solutions, including leasing and financing activities.

Trading and investment activities

The trading and investment activities are aimed at national and international investors, partly through the activities in Jyske Markets, partly through Private Banking. The trading and investment activities comprise investment advice and asset management services, including trading in fixed-income products, foreign currency, bonds, shares, commodities and derivatives. The activities in Jyske Markets also comprise strategic management of the Bank's balance sheet and treasury portfolio, including strategic liquidity management and position-taking in an organisational area independent of customer transactions.

Risk and capital management

The Jyske Bank Group has since 2001 invested in developing advanced and integrated risk management tools for the identification, modelling, monitoring and control of the Jyske Bank Group's risks and for assessing the Jyske Bank Group's capital requirements. Since 2002, the management of capital has been based on the principles of RAROC (Risk Adjusted Return On Capital), and by 2006 these principles were applied at all levels throughout the organisation. In November 2007, the Danish Financial Supervisory Authority ("Danish FSA") approved Jyske Bank as an advanced financial institution under the Capital Requirement Directive (the "CRD"). Jyske Bank uses the Advanced Internal Ratings-Based ("AIRB") approach for the calculation of credit risk, and the standardised approach for market risk and operational risk under CRD.

Capital planning and targets

The Jyske Bank Group's capital management objective is a solvency ratio sufficient for the Jyske Bank Group to continue its lending activities during a period of difficult business conditions. The available capital must be such that regulatory capital requirements are met during such a situation, and it must be possible to weather heavy unexpected losses. The Jyske Bank Group seeks to ensure this by maintaining prudent capital ratios well above the statutory requirements. In October 2013 Jyske Bank was proposed classified as a systemically important financial institution ("SIFI") in Denmark. At present Jyske Bank aims at a Common Equity Tier 1 ("CET1") ratio above 12 per cent. Moreover, the capital planning takes into account the future capital requirements to be introduced gradually as part of both the Danish SIFI regulation and the implementation of the Capital Requirement Directive IV ("CRD IV") and the Capital Requirement Regulation (the "CRR"). The regulatory solvency ratio of the Jyske Bank Group is calculated in accordance with the requirements of The Danish Financial Business Act, and as at 31 March 2014 the total solvency ratio of the Jyske Bank Group was 16.2 per cent compared to 16.0 per cent end of December 2013, 17.3 per cent as at 31 December 2012 and 14.7 per cent as at end of December 2011. The CET1 ratio as at 31 March 2014 was 15.1 per cent compared to 15.3 per cent end of December 2013, and 14.2 per cent as at 31 December 2012 and 12.1 per cent as at end of December 2011.

Pro Forma financial information for the New Group indicates that the Merger will increase Jyske Bank Group's capital base by DKK 9.7bn. Therefore based on the solvency ratio of Jyske Bank Group as per 31 December 2013, the Merger will lead to an increase in the CET1 ratio of the New Group from 15.3 per cent to 16.1 per cent, in the total tier 1 ratio incl. hybrid capital from 15.9 per cent to 16.3 per cent and in the total solvency ratio from 16.0 per cent to 16.3 per cent.

Overview and business description of the BRFkredit Group

BRFkredit is an independent mortgage institution offering loans against collateral on owner-occupied homes, holiday houses, commercial properties and subsidised housing financed through the issuance of Mortgage Bonds. At end 2013 BRFkredit had a total loan balance of DKK 209bn representing a market share of approx. 7 per cent as measured by the proportion of bonds in circulation, making BRFkredit to Denmark's fourth-largest mortgage institution. BRFkredit is well capitalized with a capital adequacy ratio of 16.6 percent at 31 December 2013 and BRFkredit has a AAA rating by S&P on bonds to finance real property.

The activities of BRFkredit date back to 1959 when Byggeriets Realkreditfond (BRFkredit) was established as an institution providing mortgage credit activities.

In 1975 BRFkredit merged with Husejernes Kreditkasse, Denmark's oldest mortgage institution founded in 1797 by wealthy citizens of Copenhagen as a response to the great fire of 1795.

In 1995 BRFkredit founded BRFkredit Bank, a licenced bank for the purpose of supporting BRFkredit's mortgage lending business by offering products related to mortgage lending. Since then, BRFkredit Bank has developed into an institution that also offers ordinary banking products, however from 2009 primarily to customers in the private segment.

Mortgage lending activity

The main activity of BRFkredit is mortgage lending against collateral in real property in Denmark. Less than 1 per cent of the loan portfolio is granted against collateral in real property outside Denmark. BRFkredit's total loans and other receivables amounted to DKK 209bn as at 31 December 2013.

Generally speaking, BRFkredit offers three types of mortgage loans - adjustable rate mortgages (ARMs), fixed rate loans, and capped or ratched-capped and floating rate loans.

Business units
BRFkredit is organised into four business units:

- Private customers
- Corporate customers
- Subsidised housing
- Joint funding

Private customers
The private customer area comprises lending for owner occupied homes and vacation homes and is BRFkredit's largest business area. According to the mortgage council's capital market statistics, the private customer area accounted for 7 per cent of Denmark's total market for lending from Danish mortgage credit institutions to private homeowners in 2013. The private customer area issued loans in 2013 for an aggregate value of approximately DKK 12.9bn, distributed over approximately 12,277 loans.

Corporate customers
Corporate mortgage lending is concentrated around lending to office and business premises, private rental housing and cooperative housing. According to the mortgage council's capital market statistics, BRFkredit's corporate customer area accounted for 8 per cent of Denmark's total market for corporate lending from mortgage credit institutions in 2013. The corporate customer area issued loan offers in 2013 for an aggregate value of approximately DKK 6.9bn, distributed over approximately 632 loans.

BRFkredit's corporate customers unit also has a relatively large loan portfolio in cooperative housing. Most of these loans are fixed rate loans or have a long fixed rate period.

Subsidised housing
According to the mortgage council's capital market statistics, BRFkredit's subsidised housing portfolio accounted for 33.5 per cent of Denmark's total market for lending to subsidised housing from mortgage credit institutions in 2013. The subsidised housing area issued loans in 2013 for an aggregate value of approximately DKK 7.8bn, distributed over approximately 425 loans.

Joint funding
The joint funding area comprises financing of loans provided by Jyske Bank, Sydbank, Ringkjøbing Landbobank and Arbejdernes Landsbank to their customers financed by SDOs issued by BRFkredit in accordance with the cooperation agreements entered into in 2012.

Risk and capital management
The risks involved in BRFkredit's activities are mainly associated with credit risks on loans granted and risks inherent in BRFkredit's securities portfolio in the form of interest rate risk and market risk.

Since 1 January 2007, Danish legislation has permitted the use of statistical models in the calculation of the capital requirement for credit risk. Since Q4 2008, BRFkredit has used the advanced internal ratings based (AIRB) method to calculate the capital requirement for credit risk, except for government bond exposure, financial counterparty exposure and exposures in BRFkredit Bank. The portfolios of the latter two are still calculated by means of the Danish FSA's standard method.

The use of the AIRB method means that BRFkredit calculates credit risk for each individual customer based on internally developed credit models. These models estimate the customer's probability of default (PD), the anticipated loss rate given payment default (LGD), as well as the anticipated exposure of the customer in the event of default (EAD). The product of the risk parameters PD, LGD and EAD express the anticipated loss on a given customer. The estimation of the risk parameters is made for both private and corporate customers. For private customers, the statistically calculated PD is used, but for corporate customers the business situation, including financial ratios, management and line of business are taken into consideration. [BRF to review above sentence] The PD estimates calculated are used for business dispositions, including loan granting process. It is a condition for the calculation of the capital requirement that the PD estimates reflect a full business cycle, and so the statistically calculated PD estimates are adjusted with a supplement.

Capital planning and targets

Since repayment of government hybrid core capital ("AT 1") in November 2012, BRFkredit's capital base consists solely of common equity tier 1 capital ("CET 1").

The solvency ratio of BRFkredit is based on the statutory based solvency requirements set forth in the Danish Financial Business Act. Under Danish law the minimum capital requirement is 8 per cent of the risk weighted asset (RWA).

As of 31 December 2013, BRFkredit had an actual capital base of DKK 9.8bn and risk weighted assets of DKK 59.2bn. BRFkredit of the risk weighted assets 16.6 per cent against an individual solvency requirement of 10.5 per cent and the minimum capital requirement of 8.0 per cent, corresponding to an excess cover of DKK 3.6bn to the capital adequacy requirement and DKK 5.1bn to the minimum capital requirement. BRFkredit's core capital (Tier 1) ratio amounted to 16.6 per cent.

For mortgage institutions the main risk is the credit risk. As of 31 December 2013, the solvency requirements for credit risk amounted to DKK 3.7bn. In addition BRFkredit has allocated DKK 0.6bn to cover additional credit risks.

Overview and business description of the New Group and the Merger

The Merger and consideration

The reason for the issuance of the New Shares is Jyske Bank's acquisition of 100 per cent of the shares in BRFkredit.

The Danish financial regulation applicable to Jyske Bank and BRFkredit entails that the Merger of Jyske Bank and BRFkredit could not be structured as a corporate law merger under the Companies Act. Consequently, the Merger was structured as a contribution in kind of the entire share capital of BRFkredit a/s, nominally DKK 56,480,000 A-shares and nominally DKK 250,000,000 B-shares, by BRFholding a/s to Jyske Bank against Jyske Bank's issuance of the New Shares and payment of a cash consideration of DKK 100m.

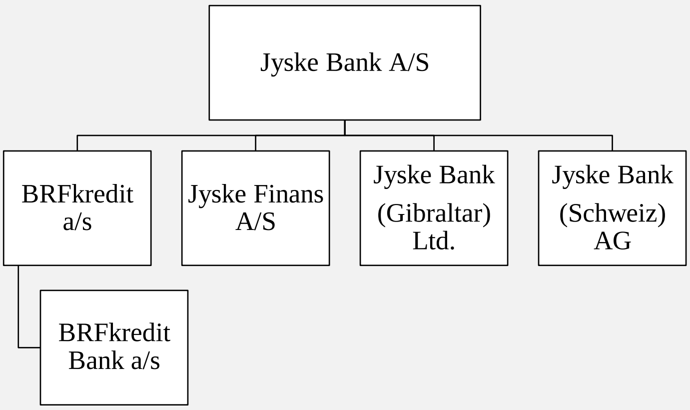
The Merger was completed on 30 April 2014 through the exchange of all the shares in BRFkredit against 23,760,000 New Shares in Jyske Bank as well as a cash consideration of DKK 100m. The New Shares amount to 25 per cent of the share capital of the Jyske Bank Group as at the Prospectus Date.

The New Shares rank pari passu with the existing shares in Jyske Bank. The New Shares were subscribed by and issued to BRFholding a/s on 30 April 2014.

The New Shares are expected to be admitted to trading and official listing on NASDAQ OMX Copenhagen ("OMX") on 2 May 2014.

The New Group
Jyske Bank A/S will be the parent company of the New Group. BRFkredit a/s will become a 100 per cent owned subsidiary of Jyske Bank A/S and BRFkredit a/s will continue to be the parent company of the continuing BRFkredit Group consisting of current subsidiaries to BRFkredit a/s.

The New Group's structure with the most significant 100 per cent owned subsidiaries is shown below.



B.4a **Significant recent trends**

The Danish Economy
Jyske Bank expects the Danish economy to continue to show improvement in 2014. The housing market is stronger, consumer sentiment has improved, and there are also stronger ”hard” figures. However, due to possible continued private sector savings, both domestic and foreign, the turnaround over the next years is expected to be relatively slow compared to previous turnarounds. Fiscal policy will have a neutral effect on economic activity in 2014, and the overall structural features of the Danish economy continue to look strong with large net foreign assets, a large current account surplus and a low public debt level.

The Danish Banking Sector
At the Prospectus date, there is an increased competition to maintain and potentially gain market share among the stronger institutions, and as a result, the repricing exercise of the years 2011-2012 has been put on hold. As competition for deposits is still strong and the interest rate level low, it is likely that the Danish banking sector will face continued pressure on net interest margins in the coming years.

The last five years of financial crisis and economic downturn have reduced the number of banks on the Danish market significantly and it is expected that the trend towards fewer but larger banks will continue in the coming years driven especially by enhanced capital requirements arising from CRD IV and the CRR and pressure on earnings.

B.5 **Corporate Structure**

The issuer Jyske Bank A/S is the parent company of the Jyske Bank Group which comprises a number of subsidiaries in Denmark of which Jyske Finans A/S (finance leases and asset financing, in particular car finance) is the most significant one. The Jyske Bank Group also comprises subsidiaries and branches in Europe, mainly to support private banking activities: Jyske Bank (Switzerland) AG, Jyske Bank (Gibraltar) Ltd. and the 60 per cent owned subsidiary Berben’s Effectenkantoor B.V. (The Netherlands), operates a private banking branch in Cannes (France), and has a branch in Hamburg that focuses on Danish commercial customers’ banking in Germany.

The new corporate structure after completion of the Merger is illustrated in B.3 above.

B.6	**Major share-holders**	The following Shareholder ("Major Shareholder") has notified Jyske Bank that they hold, or have at their disposal, more than 5 per cent of Jyske Bank's registered share capital: BRFholding a/s, Denmark, 25 per cent. Jyske Bank has only one share class, and all Shares carry the same voting rights. The Bank is not aware of any agreements that could later result in any parties taking over the control of the Bank.
B.7	**Selected historical key financial information**	***Selected consolidated financial information for the Jyske Bank Group*** The selected consolidated financial information for the accounting periods first quarter of 2014 and first quarter of 2013 has been extracted from the unaudited interim financial statements for the Jyske Bank Group. The selected consolidated financial information for the financial years 2011, 2012 and 2013 was extracted from the audited consolidated financial statements for the financial years 2011, 2012 and 2013. The consolidated financial statements are included by reference elsewhere in this Prospectus and were audited by Jyske Bank's independent auditors, Deloitte, Statsautoriseret Revisionspartnerselskab. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for financial statements of listed financial enterprises. The below information should also be read in conjunction with the unaudited interim financial statements as well as the audited consolidated financial statements and the related notes included by reference in Annex F of this Prospectus; and "9 Operating and Financial Review" in the Share Registration Document.

SUMMARY OF INCOME STATEMENT

DKKm	**2013**	**2012**	**2011**	**Q1 2014**	**Q1 2013**
Net interest income	5,018	4,879	4,742	1,158	1,197
Dividends, etc.	52	30	28	25	14
Net fee and commission income	1,729	1,650	1,307	423	435
Net interest and fee income	**6,799**	**6,559**	**6,077**	**1,606**	**1,646**
Value adjustments	541	269	-31	225	154
Other operating income	893	676	634	231	282
Operating expenses, depreciation and amortisation	4,791	4,827	4,562	1,262	1,280
Loan impairment charges and provisions for guarantees	1,147	1,840	1,480	289	242
Profit on investments in associates and group enterprises	6	12	-7	-93	1
Pre-tax profit	**2,301**	**849**	**631**	**418**	**561**
Tax	493	254	115	77	126
Profit for the year	**1,808**	**595**	**516**	**341**	**435**
of which non-controlling interests	1	3	3	0	0

SUMMARY OF BALANCE SHEET					
DKKm	2013	2012	2011	Q1 2014	Q1 2013
Loans and advances	131,378	118,554	124,494	137,560	128,969
- bank loans	111,115	105,947	108,546	115,070	111,613
- repo loans	20,263	12,607	15,948	22,490	17,356
Deposits	131,424	120,977	127,338	139,396	124,088
- bank deposits	115,846	97,432	101,164	121,224	109,540
- repo deposits	10,175	17,962	17,095	13,052	9,147
- pooled deposits	5,403	5,583	9,079	5,120	5,401
Issued bonds	27,760	34,921	37,482	26,371	38,045
Subordinated debt	1,649	2,742	2,720	1,347	2,738
Equity	17,479	15,642	13,846	17,825	16,086
Total assets	262,004	258,247	270,220	257,428	260,797

SELECTED DATA AND FINANCIAL RATIOS					
	2013	2012	2011	Q1 2014	Q1 2013
Pre-tax earnings per share (DKK)	32.30	12.17	9.77	5.86	7.88
Earnings per share (DKK)	25.38	8.48	7.95	4.79	6.11
Earnings per share (diluted) (DKK)	25.38	8.48	7.95	4.79	6.11
Core earnings per share (DKK)	27.45	4.96	7.07	4.63	6.57
Share price at end of period (DKK)	293	157	141	298	198
Book value per share (DKK)	245	220	214	250	225
Share price/book value per share (DKK)	1.19	0.71	0.66	1.19	0.88
Share price/earnings	11.5	18.5	17.7	-	-
Solvency ratio	16.0	17.3	14.7	16.2	15.0
Core Tier 1 capital ratio incl. hybrid capital	15.9	15.3	13.3	15.9	14.3
Core Tier 1 capital ratio excl. hybrid capital	15.3	14.2	12.1	15.1	13.7
Pre-tax profit as a percentage of average equity	13.9	5.8	4.6	2.4	3.5
Net profit as a percentage of average equity	10.9	4.0	3.8	1.9	2.7
Income/cost ratio	1.4	1.1	1.1	1.3	1.4
Interest-rate risk (%)	1.9	1.1	1.0	1.5	0.8
Currency position (%)	6.3	6.4	6.5	-	-
Currency risk (%)	0.1	0.0	0.2	0.1	0.0
Excess liquidity (%)	151.1	127.1	98.3	-	-
Total large exposures (%)	10.1	0.0	0.0	-	-
Accumulated impairment ratio	3.1	3.4	2.8	3.0	3.2
Impairment ratio for the year (%)	0.8	1.4	1.1	0.2	0.2
Increase in loans and advances for the year, excl. repo loans (%)	4.9	-2.4	2.7	-	-
Loans and advances in relation to deposits	1.0	1.0	1.0	-	-
Loans and advances in relation to equity	7.5	7.6	9.0	-	-
Number of FTE's at year-end	3,774	3,574	3,809	3,792	3,806

The financial ratios are based on the definitions and guidelines laid down by the Danish FSA. Comparable figures for 2011-2012 have been adjusted to new accounting policies.

In addition to the profit for the years 2011, 2012, 2013 and profit for the period 1 January 2014 to the Prospectus Date, a capital increase in 2012 of EUR 1.1bn and the transaction with BRFkredit in 2014, there were no significant events since 1 January 2011 which affect the financial position.

Selected consolidated financial information for the BRFkredit Group

The selected consolidated financial information for the financial years 2011, 2012 and 2013 was extracted from the audited consolidated financial statements for the financial years 2011, 2012 and 2013. The consolidated financial statements are included by reference elsewhere in this Prospectus and were audited by BRFkredit's independent auditors, PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab.

The consolidated financial statements for the financial years 2011, 2012 and 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for financial statements of issuers of listed bonds. The below information should also be read in conjunction with the audited consolidated financial statements and the related notes included by reference in Annex F of this Prospectus; and "9 Operating and Financial Review" in the Share Registration Document and Annex F of this Prospectus.

SUMMARY OF INCOME STATEMENT			
DKKm	**2013**	**2012**	**2011**
Net interest income	1,987	1,653	1,685
Dividends, etc.	6	10	5
Net fee and commission income	105	30	-73
Net interest and fee income	**2,098**	**1,693**	**1,617**
Value adjustments	-235	-36	-104
Other operating income	8	2	5
Operating expenses, depreciation and amortisation	953	910	929
Loan impairment charges and provisions for guarantees	505	493	459
Profit on investments in associates and group enterprises	0	-3	-2
Pre-tax profit	**413**	**252**	**127**
Tax	111	66	33
Profit for the year	**302**	**185**	**95**

SUMMARY OF BALANCE SHEET			
DKKm	**2013**	**2012**	**2011**
Lending	209,018	207,631	205,469
Bonds and shares etc.	20,570	15,848	5,231
Other assets	3,882	5,740	10,170
Issued bonds	201,967	203,873	194,387
Other liabilities	21,439	15,295	14,401
Subordinated debt	2	3	2,223
Equity	10,362	10,048	9,859
Total assets	233,770	229,219	220,870

SELECTED DATA AND FINANCIAL RATIOS			
	2013	**2012**	**2011**
Income-cost ratio, (DKK)	1.28	1.18	1.09
Operating expenses, depreciation and amortisation as per cent of average loan portfolio	0.48	0.46	0.44
Loss and Impairment ratio for the year	0.2	0.2	0.2
Return on equity before tax	4.0	2.5	1.3
Return on equity after tax	3.0	1.9	1.0
Solvency ratio	16.6	15.2	16.0
Core capital ratio	16.6	15.2	16.0
Own funds (tier 1 + tier 2)	9,815	9,297	11,402
Avg. number of FTE'sduring the year	844	806	758

No significant changes have occurred since 1 January 2011 which affect the financial position. The financial position is affected by the profit for the years 2011, 2012, 2013 and profit for the period 1 January 2014 to the Prospectus Date.

B.8	Selected key pro forma financial information	

Selected key pro forma financial information

The following table presents selected unaudited financial information for the year 2013 for the merger of Jyske Bank and BRFkredit.

The pro forma financial information has been prepared on the basis of the below mentioned assumptions and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The unaudited pro forma income statement for 2013 and unaudited pro forma balance sheet at 31 December 2013 have been prepared as if the transaction was completed on 1 January 2013.

The income statements for the period 1 January 2013 to 31 December 2013, the balance sheets at 31 December 2013 for Jyske Bank and BRFkredit have been derived from the audited consolidated financial statements for the financial year 2013 for Jyske Bank and the audited consolidated financial statements for the financial year 2013 for BRFkredit respectively. Pro forma financial information has not been audited or reviewed.

It is emphasized that the pro forma financial information is provided solely for illustrative purposes and the pro forma financial information addresses a hypothetical situation and therefore does not reflect the actual financial position or results.

Pro forma Income statement 2013 for the New Group

SUMMARY OF INCOME STATEMENT	
DKKm	**2013**
Net interest income	6,995
Dividends, etc.	58
Net fee and commission income	1,834
Net interest and fee income	**8,887**
Value adjustments	316
Other operating income	901
Operating expenses, depreciation and amortisation	5,749
Loan impairment charges and provisions for guarantees	1,652
Profit on investments in associates and group enterprises	6
Pre-tax profit	**2,709**
Tax	603
Profit for the year	**2,106**

Pro forma Balance sheet 2013 for the New Group

SUMMARY OF BALANCE SHEET	
DKKm	**2013**
Loans and advances at amortised cost	135,746
Loans and advances at fair value	198,900
Bonds at fair value	70,772
Bonds at amortised cost	13,358
Other assets	29,595
Deposits	136,767
Issued bonds at fair value	184,159
Issued bonds at fair amortised cost	36,580
Other liabilities	41,229
Subordinated debt	1,651
Equity	27,776
Total assets	480,467

		Pro forma data og financial ratios for 2013 for the New Group

SELECTED DATA AND FINANCIAL RATIOS	2013
Solvency ratio	16.3
Core Tier 1 capital ratio incl. hybrid capital	16.3
Core Tier 1 capital ratio excl. hybrid capital	16.1
Pre-tax profit as a percentage of opening equity	10.6
Pre-tax profit as a percentage of average equity	10.3
Net profit as a percentage of average equity	8.0
Income/cost ratio	1.4
Loans and advances in relation to equity	12.0
Number of full-time employees, end year	4,643

B.9	**Profit forecast**	Depending on developments in the global economy and especially the Danish economy the New Group has an unchanged long term target of a pre-tax return on opening equity (ROE) of 10-15 per cent per annum.
B.10	**Nature of audit report on historical financial information**	Not applicable. The annual reports for 2011, 2012 and 2013 are all audited by Jyske Bank's and BRFkredit's independent auditors without any qualification or additional information.
B.11	**Working capital**	Not applicable. As of the date of this Prospectus, the Bank is of the opinion that the working capital is sufficient for the Bank's present requirements for the next 12 months.

SECTION C – SECURITIES

C.1	**Type of securities and ISIN codes**	At completion of the Placement comprises issuance of nominally DKK 237,760,000 New Shares were issued to BRFholding a/s. ISIN code of the Existing Shares: ISIN code DK001037958 The New Shares have been admitted for trading and official listing and will be listed on NASDAQ OMX Copenhagen expected to take place on 2 May 2014 under the ISIN code of the Existing Shares.
C.2	**Currency**	The New Shares are denominated in Danish kroner.
C.3	**Number of Shares and par value**	As of the Prospectus Date, Jyske Bank A/S's registered share capital was DKK 950.4m nominal value divided into 95.039.999 Shares of DKK 10 nominal value each, all of which are fully paid up.
C.4	**Rights attached to the Shares**	Jyske Bank shares are admitted to trading and official listing on NASDAQ OMX Copenhagen A/S. Shareholders' right to pass resolutions shall be exercised at the General Meetings which are held in Silkeborg or at some other location in the Central Jutland region. Any shareholder who has acquired an admission card not later than three days prior to the General Meeting shall be entitled to attend the General Meeting. Any shareholder shall be entitled to have specified business transacted at the General Meeting provided that he submits a written request thereof to the Bank not later than six weeks before the General Meeting, cf. S.90 of the Danish

		Companies Act. Each Share of nominal DKK 10 entitles its holder to one vote. No shareholder can cast more than 4,000 votes on his own behalf. No special rights shall attach to any share. The shares are freely negotiable, but no single shareholder is allowed to acquire 10 per cent or more of the share capital without the consent of Jyske Bank, cf. Art. 3 of Jyske Bank's Articles of Association. Upon any new issue of shares for cash, existing shareholders shall be entitled to proportional subscriptions of new shares, unless otherwise provided by legislation or the Articles of Association. The New Shares rank pari passu with the Existing Shares . The New Shares are of the same class as the Existing Shares. BRFholding is also encompassed by the restriction on voting rights, which means that no Shareholder can vote at the General Meeting with more than 4,000 votes. Specific approval has been made for BRFholding holding more than 10 per cent of Jyske Bank's share capital.
C.5	**Restrictions on the free transfera-bility of the securities**	The New Shares as well as the Existing Shares are freely transferable negotiable instruments. However, any transfer of Shares to a transferee who has or through the transfer obtains 10 per cent or more of the share capital of the Bank requires the consent of the Bank pursuant to Article 3 of the Articles of Association. Jyske Bank and BRFholding agree that stability in the New Group's ownership helps to ensure the best conditions for business operations and success in the coming years. BRFholding wants to act as a long-term strategic shareholder in Jyske Bank and has entered into the Lock-Up Agreement in respect of the New Shares. The Lock-Up Agreement imposes BRFholding a restriction in selling the New Shares for a period of 1 year after completion of the Merger and other restrictions in relation to Seller's ability to sell some of the New Shares for a period of 5 years after the completion of the Merger. BRFholding refrains during the period ("Lock-up period") from and including 30 April 2014 up to 29 April 2019 from directly or indirectly: • transferring of ownership (including mergers, liquidation, distribution) or collateral of any Shares or securities exchangeable or convertible into or exercised into Shares, or • assigning any financial or administrative rights attaching to the Shares in whole or in part. Whatever above, BRFholding is authorized to make the following transactions in the lock-up period: • In the period from and including 30 April 2015 and the 29 April 2016 BRFholding is entitled to freely dispose of nominally DKK 9,504,000 Shares. • In the period from and including 30 April 2016 and the 29 April 2017 BRFholding is entitled to freely dispose of nominally DKK 9,504,000 Shares. • In the period from and including 30 April 2017 and the 29 April 2018

		BRFholding is entitled to freely dispose of nominally DKK 47,520,000 Shares. • In the period from and including 30 April 2018 and the 29 April 2019 BRFholding is entitled to freely dispose of nominally DKK 47,520,000 Shares. Notwithstanding the above, BRFholding is entitled to sell all of the New Shares, if BRFholding at any point in time is not represented at the Supervisory Board. No additional lock-up agreements have been entered into.
C.6	**Admission to trading**	The New Shares will be listed on NASDAQ OMX Copenhagen. The listing is expected to take place on 2 May 2014 under the ISIN code of the Existing Shares DK0010307958.
C.7	**Dividend policy**	The New Shares rank pari passu with the Existing Shares. Jyske Bank has not declared any dividend since 2000.

SECTION D – RISKS		
D.1	**Risks relating to the New Group's operations**	• Risks relating to current global and regional macroeconomic conditions and business conditions • Risks relating to the global financial crisis and the Euro-zone debt crisis • Risks relating to Denmark • Risks relating to the New Group's credit portfolio • In the current economic environment, loan impairment charges and provisions for guarantees may not be sufficient to cover loan losses as they occur • Decline in the value or liquidity of collateral securing the New Group's loans could require the New Group to increase its loan impairment charges and provisions for guarantees • Deterioration in borrowers' credit quality may result in higher risk-weighted assets • Concentration of credit risk • Specific credit risk issues related to mortgage lending • Risks relating to capital requirements in capital centres • Market risks relating to the New Group • Funding and liquidity risks relating to the New Group • Specific funding and liquidity risks relating to bank lending • Specific funding and liquidity risks relating to mortgage lending • Risks relating to the credit ratings of Jyske Bank • Risks relating to the credit ratings of BRFkredit • Risks relating to the credit ratings of SDO and SDRO issued out of a BRFkredit capital centre • Risks relating to the liquidity reserve and structured credit in Jyske Bank • Risks relating to derivatives positions • Risks relating to additional capital required • Risks relating to the risk management methods used in Jyske Bank • Risks relating to the risk management methods used in BRFkredit • Risk in connection with the use of risk models in the New Group • Risks relating to financial services laws and regulations and actions of supervisory authorities • Risks related to the CRD IV, the CRR and the Danish SIFI regulation • Risks related to the proposed Recovery and Resolution Directive • Risks relating to the New Group's participation in the Deposit Guarantee Fund • Risks relating to changes in tax legislation and interpretation

		• Risks relating to providing investment advice • Risks relating to litigation and other regulatory risks • Risks relating to competitive forces, bank activities • Risks relating to competitive forces, mortgage activities • Risks relating to systemic risk • Risks relating to operational, business and reputational risks • Risks relating to dependence on highly skilled individuals and management • Risks relating to information technology and systems • Risks relating to the scope of the New Group's insurance coverage • Risks relating to catastrophic events, terrorist attacks, acts of war or other hostilities • Risks relating to a possible termination of the Totalkredit Main Cooperation Agreement • Risk of failure to successfully integrate BRFkredit in the Jyske Bank Group
D.3	**Risks relating to the Merger and the Shares**	• Risk of negative share price effects in connection with the potential sale of larger blocks of the New Shares • The market price of Shares may be highly volatile • The Bank is a public limited company registered under Danish law, which may make it difficult for shareholders resident outside Denmark to exercise or enforce certain rights • Shareholders resident outside Denmark are subject to exchange rate risk

SECTION E –OFFER		
E.1	**Total net proceeds and an estimate of the total expenses of the Merger**	The New Shares represent an increase in the share capital of Jyske Bank of DKK 237.6m. The proceeds in the Merger amount to DKK 10,262m, corresponding to the booked value of BRFkredit as per 31 December 2013 less the DKK 100m cash compensation paid by Jyske Bank. The Bank did not receive any cash proceeds in connection with the Merger. No expenses and fees were charged to BRFholding in connection with the issuance of the New Shares.
E.2a	**Reasons for the Merger and use of proceeds**	The New Shares have been issued to BRFholding a/s in connection with the Merger of Jyske Bank and BRFkredit. The Merger was structured as a contribution in kind of the entire share capital of BRFkredit a/s, nominally DKK 56,480,000 A shares and nominally DKK 250,000,000 B shares, by BRFholding a/s to Jyske Bank against Jyske Bank's issuance of the New Shares and payment of a cash consideration in the amount of DKK 100m. The proceeds in the Merger amount to DKK 10,262m, corresponding to the booked value of BRFkredit as per 31 December 2013 less the DKK 100m cash compensation paid by Jyske Bank. The Bank did not receive any cash proceeds in connection with the Merger.
E.3	**Terms and conditions of the Merger**	The Merger was subject to Danish law. Any dispute which may arise as a result of the admission for trading shall be brought before the Danish courts of law, however, Jyske Bank, BRFkredit and BRFholding have agreed to solve any disputes by arbitration. A total of 23,760,000 New Shares with a nominal value of DKK 10 each have been issued. The New Shares have been issued at DKK 295.9 per New Share with a nominal value of DKK 10 each, free of brokerage fees. Admission to trading of the New Shares is expected to take place on 2 May 2014 under the ISIN code of the Existing Shares DK0010307958. Symbol on NASDAQ OMX Copenhagen: JYSK Each New Share confers the right on the holder to one vote on all matters submitted to a vote at the Bank's General Meetings. However, no Shareholder can cast more than 4,000 votes on his own behalf.
E.4	**Any interest material to the Merger including conflicting interests**	Not applicable. Jyske Bank is not aware of any natural or legal persons having any interests or conflicts of interest in connection with the Merger that are material to the Bank.
E.5	**Name of the issuing entity and any lock-up agreements**	The New Shares are issued by Jyske Bank A/S, CVR no. 17616617. BRFholding refrains during the period ("Lock-up period") from and including 30 April 2014 up to 29 April 2019 from directly or indirectly: • transferring of ownership (including mergers, liquidation, distribution) or collateral of any Shares or securities exchangeable or convertible into or exercised into Shares, or • assigning any financial or administrative rights attaching to the Shares in

		whole or in part. Whatever above, BRFholding is authorized to make the following transactions in the lock-up period: • In the period from and including 30 April 2015 and the 29 April 2016 BRFholding is entitled to freely dispose of nominally DKK 9,504,000 Shares. • In the period from and including 30 April 2016 and the 29 April 2017 BRFholding is entitled to freely dispose of nominally DKK 9,504,000 Shares. • In the period from and including 30 April 2017 and the 29 April 2018 BRFholding is entitled to freely dispose of nominally DKK 47,520,000 Shares. • In the period from and including 30 April 2018 and the 29 April 2019 BRFholding is entitled to freely dispose of nominally DKK 47,520,000 Shares. Notwithstanding the above, BRFholding is entitled to sell all of the New Shares, if BRFholding at any point in time is not represented at the Supervisory Board. No additional lock-up agreements have been entered into.
E.6	**Dilution resulting from the Merger**	Prior to the Merger, the Bank's share capital was DKK 712.8m nominal value divided into 71,279,999 Shares of DKK 10 nominal value each, which have been admitted to trading and official listing on NASDAQ OMX Copenhagen. As a result of the issuance of the 23,760,000 New Shares with a nominal value of DKK 10 each, the Bank's existing shareholders have experienced 33 per cent dilution of their ownership in the Bank. At 31 December 2013, Jyske Bank's equity was DKK 17,479m, corresponding to DKK 245 per Share, and at 31 December 2013, BRFkredit's equity was DKK 10,362m. At 31 December 2013, Pro forma equity in the New Group was DKK 27,841m, corresponding to DKK 293 per Share.
E.7	**Estimated expenses charged to the subscriber of the New Shares in the Merger**	Not applicable. No expenses and fees were charged to BRFholding in connection with the issuance of the New Shares.

Risk factors

Risk factors

An investment in shares issued by Jyske Bank A/S involves significant risks. Prospective investors should carefully consider the risks set forth below, which Jyske Bank considers material, and the other information contained in this Prospectus prior to making any investment decision with respect to shares issued by Jyske Bank.

If any of the risks highlighted below occur, it could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on shares issued by Jyske Bank A/S. In such event, investors could lose all or part of the money invested to acquire shares issued by Jyske Bank A/S.

The risk factors described below are not the only risks the New Group faces. There may be other risks not presently known to the New Group or that the New Group currently deems immaterial. These risks may also have an adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have an adverse effect on shares issued by Jyske Bank A/S and could also ultimately lead to investors losing all or part of the money invested to acquire shares issued by Jyske Bank A/S.

The risk factors set out below are not listed in any order of priority with regard to significance or probability. It is not possible to quantify the significance to the New Group, or to shares issued by Jyske Bank A/S of each individual risk factor, as each of the risk factors set out below may materialise to a greater or lesser degree and could have unforeseen consequences.

Risks relating to the New Group's operations

Risks relating to current global and regional macroeconomic conditions and business conditions

In general, the financial services industry prospers in conditions of economic growth, stable geopolitical conditions, transparent, liquid and buoyant capital markets, and positive investor sentiment. In recent years, there has been significant volatility in the financial markets around the world. The financial turbulence since 2008 and its after-effects on the wider economy have led to generally more difficult earnings conditions for the financial sector and resulted in the failures of a large number of financial institutions both globally as well as in Denmark, as economic growth declined, unemployment rose and asset values decreased rapidly especially during 2009.

Adverse economic developments of the kind experienced during the peak years of the financial crisis implied deterioration in market conditions, including changes in the liquidity of the global financial markets, the level and volatility of equity and fixed income prices, exchange rates, inflation, commodity prices and interest rates, property markets and the availability and cost of credit and have affected Jyske Bank's and BRFkredit's business in a number of ways, including the income, wealth, liquidity, business and/or financial position of both the Bank's and the Mortgage Institution's customers, which in turn reduced the quality of their credit portfolios and the demand for their financial products and services, as well as it led to a deterioration of the their income from the securities portfolio. A set-back in the global economy causing a return to any or all of the conditions described above or failure to monitor and address these risks could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to the Global Financial Crisis and the Euro-zone Debt Crisis

The financial stability has from 2008 until today been supported by unprecedented action by governmental authorities, regulators, central banks and governments. As a result, concerns about credit risk, including that of sovereigns and the Euro-zone crisis intensified during the years 2011-2012, and the large sovereign debts and/or fiscal deficits of a number of European countries and the US do still raise concerns regarding the financial condition of financial institutions, insurers and other corporates: (i) located in these countries; (ii) that have direct or indirect exposure to these countries; and/or (iii) whose banks, counterparties, custodians, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which the New Group operates and the businesses and economic condition and prospects of the New Group's counterparties, customers, suppliers or creditors, directly or indirectly, in ways which it is difficult to predict. The impact of these conditions could be detrimental to the New Group and could adversely affect its business, operations and profitability which in turn could have a material adverse effect on the market price of the Shares.

The New Group has direct and indirect exposure to European sovereigns and to financial institutions, governmental entities, counterparties, custodians, customers and service providers within the European Union. These exposures may, in the future, be affected by restructuring of their terms, principal, interest and maturity. As a consequence, this may impact the ability of the New Group to access the funding it needs, or may increase the cost of such funding, which may cause it to suffer liquidity stress, which could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to Denmark

The New Group's performance is significantly influenced by the general economic conditions in the countries in which it operates, in particular in Denmark, as the New Group offers a broad range of financial services and products with the predominating focus on Denmark. The Danish economy is a small open economy that is closely linked to the global economy and especially the macroeconomic conditions in the Euro-zone countries. The economic situation in Denmark has, over the recent years, been adversely affected by the weak economic conditions and the turmoil in the global financial markets. During most of 2009, Denmark experienced negative economic growth, increasing unemployment as well as declining asset values, in particular in the real estate market, following a radical correction in 2008. The economy bottomed out in mid 2009. During 2010-2012 the economy was on a weak and non-straight line recovery. During 2011-2013 economic development affected both the Bank and the Mortgage Institution in a number of ways including, among others, lower demand for banking products and services, increased cost of funding, volatile fair value of the securities holdings, increasing loan impairment charges and payments to the Danish Banking Schemes and the Deposit Guarantee Scheme (see "11.1 The Danish Banking Sector"), all of which resulted in lower profitability or losses.

The macroeconomic backdrop in 2013 has improved, with weak but positive growth rates, improvement in house prices, stronger consumer confidence and stable to slightly declining unemployment. However, overall the global economy as well as the Euro-zone countries and Denmark continue to face an environment characterised by low growth. The operations, financial condition and prospects of the New Group could be materially adversely impacted by a weaker or longer than expected recovery in the Danish economy driven by either lack of improvement in domestic demand or a weaker or longer than anticipated recovery in the global economy, especially the Euro-zone countries. Any such adverse development could lead to lower than expected revenues, caused by further declines in net interest margins, widening of credit spreads, continued negative loan portfolio growth, persistent high or even increasing loan impairment charges for the New Group due to deteriorating credit quality, as well as further corrections in prices of real estate and other property held as collateral for loans, which may also lead to additional loan impairment charges, putting pressure on the New Group's business, results of operations, financial position or prospects, all of which could have a material adverse effect on the market price of the Shares.

Risks relating to the New Group's credit portfolio

Credit risk is the risk of loss caused by borrowers or counterparties failing to fulfil their obligations to the New Group and the risk of such parties' credit quality deteriorating. Credit risk is also the risk that the New Group may be unable to assess the credit risk of potential borrowers and may provide loan and advances or mortgage loans to customers that increase the New Group's credit risk exposure more than intended. Credit risk is an inherent part of the New Groups business. Credit risk arises primarily from the New Group's direct bank and mortgage lending activities, but also from credit investments in Treasury and trading and hedging activities in Jyske Markets. Ordinary credit risk arises from Jyske Bank's loan portfolio, mortgage lending in BRFkredit's Capital Centers and from credit lines, guarantees and investments. Market-related counterparty credit risk arises from financial instruments including fixed income, equity and other investments that the New Group owns or is in another way exposed to. Settlement and payment risk arises from securities transactions, derivates transactions and other transactions where payment is remitted before it can be confirmed that the payment has been made to the New Group.

Failure by the New Group to manage these risks could have a material adverse effect on the New Group’s business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

In the current economic environment loan impairment charges and provisions for guarantees may not be sufficient to cover loan losses as they occur

The New Group recognises loan impairment charges and provisions for guarantees in accordance with IFRS as adopted by the EU; however, such provisions are based on available information, estimates and assumptions and are subject to uncertainty and there can be no assurance that they will be sufficient to cover the amount of loan losses as they occur. The current economic situation, which is a result of the precedent years of financial crisis, has made it more difficult to assess the value of assets as the creditworthiness of customers is difficult to capture by statistical modelling in a volatile environment. Actual loan losses vary over the business cycle, and additional loan losses may occur at a rate higher than experienced in the past due to the prevailing market conditions. Adverse changes in the credit quality of the New Group’s borrowers and counterparties or a fall in collateral values, caused by a slower than anticipated recovery or even worse at setback to the macroeconomic conditions of 2009-2011 with further general deterioration in the Danish or global economic conditions, or arising from systemic risks in the financial systems, could affect the value of the New Group’s assets and require an increase in the New Group’s loan impairment charges and provisions for guarantees. Even though efforts are made to manage such risks diligently, there can be no assurance that these risks will not materialise, which could result in a material adverse effect on the New Group’s business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Decline in the value or liquidity of collateral securing the New Group’s loans could require the New Group to increase its loan impairment charges and provisions for guarantees

The New Group’s loans to customers are partly secured by collateral. The New Group’s collateral primarily includes real estate, land, vessels, vehicles and production equipment as well as shares and debt securities. Downturns in the relevant markets or a general deterioration of economic conditions in the industries in which these customers operate, in Denmark or in the markets in which the collateral is located, may result in illiquidity and declines in the value of the collateral securing these loans. The value of collateral may decline to levels below the principals of the relevant loans. In the case of shares serving as collateral, such shares are often unlisted and illiquid and the value of such securities is closely linked to the business performance of the customers compared to other types of collateral described above. A decline in the value of collateral securing these loans or the inability to obtain additional collateral may, in some cases, require the New Group to reclassify the relevant loans and increase its loan impairment charges and provisions for guarantees. In addition, failure to recover the expected value of collateral in the case of foreclosure may also expose the New Group to losses. Any such illiquidity or loss could have a material adverse effect on the New Group’s business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Deterioration in borrowers’ credit quality may result in higher risk-weighted assets

The New Group is required to maintain regulatory solvency levels calculated as a percentage of its risk weighted assets (“RWA”) in accordance with the EU Capital Requirement Directive (“CRD”). The RWA consist of the New Group’s balance sheet, off-balance sheet items and market and operational risk positions, measured and risk-weighted according to regulatory criteria. The risk profile of the New Group’s loan portfolio is a significant driver of the level of RWA. The New Group uses the Advanced Internal Ratings Based Approach (“AIRB”) for credit risk management and calculation of the minimum capital requirement for credit risk. If a borrower’s repayment capacity and creditworthiness decline, the New Group lowers the borrower’s internal rating, which results in an increase in the RWA. Furthermore, substantial market volatility, widening of credit spreads, a change in the regulatory treatment of specific positions or changes in the value of collateral resulting in lower collateral ratios due to further deterioration of the economic environment could among other things result in an increase in the RWA and reduce the New Group’s capital base ratio. If the New Group was to experience a reduction in its capital base ratio and subsequently not be able to raise further capital, in the form of equity or tier 1 hybrid capital instruments or subordinated tier 2 debt securities, or was not able to raise further senior debt, it could imply that the New Group would have to reduce its lending and other operational activities. Any of the foregoing could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Concentration of credit risk
The majority of the amount of the New Group's credit, guarantee and other exposure relate to Danish corporate, small and medium enterprises ("SME") and retail customers.

Jyske Bank's total exposure also includes relatively large customer-specific credit risk concentrations. Large customer exposures include individual commitments which exceed 10 per cent of the Bank's capital base. As at 31 March 2014, Jyske Bank had no commitment just exceeding 10 per cent of Jyske Bank's tier 1 capital base. Jyske Bank has one commitment that exceeds 7.5 per cent of the tier 1 capital base but is below 10 per cent, and four commitments below 7.5 per cent but above 5 per cent of the tier 1 capital base as at 31 March 2014.

BRFkredit's total exposure also includes relatively large customer-specific credit risk concentrations. Large customer exposures include individual commitments which exceed 10 per cent of the BRFkredit's capital base. As at 31 December 2013, the sum of these commitments corresponded to 69 per cent of BRFkredit's tier 1 capital base. BRFkredit has 36 per cent that exceed 7.5 per cent of the tier 1 capital base but are below 10 per cent, and 25 per cent below 7.5 per cent but above 5 per cent of the tier 1 capital base as at 31 December 2013.

However, more than by the industry-specific concentration, the New Group's business, results of operations and financial condition may be adversely affected by the geographical risk concentration in Denmark. The New Group's level of credit loss provisions and credit losses may increase if economic conditions in Denmark deteriorate further or if large borrowers become unable to perform their obligations. Should such events materialise, it could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

The New Group has lending exposure to the Danish property sector, which is a sector that has experienced particular difficulties during the financial crisis. It is likely that the New Group will continue to experience losses above long term average in relation to lending to the property sector over the next few years. This could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Specific credit risk issues related to mortgage lending
Given that the mortgage loans are backed by mortgages against real property, the credit risk is linked to the state of the real estate and housing market in Denmark. Should the prices of real property and the housing market substantially decline, this could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

The mortgage loans are granted for Residential Properties and for office and business premises with loans for Residential Properties constituting a majority of the total loan portfolio. A general decline in the prices of either type of real property could have a material adverse effect on New Group's business, results of operations, financial position or prospects which in turn could have a material adverse effect on the market price of the Shares.

In the event of a borrower being unable to repay a loan, the New Group's collateral rests with the value of the mortgaged property and ultimately with the borrower debt repayment ability, or for office and business premises with the additional collateral provided by the borrower. With respect to loans granted for subsidised housing, such loans are backed by guarantees issued by public authorities. Similarly, loans granted through a financial institution acting as intermediary or through joint funding arrangements, are backed by guarantees issued by the relevant financial institution. However, there can be no guarantees regarding the future development of the value of the collateral and the New Group may have to realise the value of the collateral at a time when or in a manner where the value of such collateral is less than the amount outstanding under a mortgaged loan, resulting in a loss on the loan granted. Further, if the real estate markets have experienced an overall decline in property values, the value of the assets of the New Group could be reduced correspondingly and trigger a requirement for additional capital in the relevant Capital Centres of BRFkredit, either based on regulatory requirements or demands from rating agencies. These factors could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Further, there are other circumstances that affect the level of credit loss and the ability of borrowers to service their loans, such as changes in the economic climate, both nationally and internationally, and changes regarding taxation, interest rate developments, inflation and/or the political environment. Borrowers may default on their loans as a result of interest rate increases or as a result of adverse developments in their circumstances. For example, some borrowers have adjustable rate mortgage loans ("ARM") where the interest rate is adjusted at certain intervals and it is the borrower who carries the full interest rate risk on the loans. Similarly, borrowers may be exposed to increases in the loan margin. In case of an increase in the interest rates, a borrower's ability to pay interest and principal may be negatively affected, which may in turn result in impairment charges and losses and further requirements for the New Group's capital base. An increase in defaults by borrowers in general could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to capital requirements in Capital Centres

The capital base requirement of section 124 of the Danish Financial Business Act applies to mortgage-credit institutions at Capital Centre levels and at the level of the institution in general. Each Capital Centre must therefore at all times fulfil that statutory capital base requirement, which is 8 per cent of the risk-weighted assets of the relevant BRFkredit Capital Centre. In the event that a Capital Centre fails to meet the capital adequacy requirement set out by the Danish legislation, funds must be transferred from the institution in general to the relevant Capital Centre, except if this means that the institution in general would fail to meet its capital adequacy requirement.

Specifically in relation to Capital Centers which have issued SDOs (or SDRO's), the mortgage institution is under an obligation to provide supplementary security if, e.g., the Loan to Value of the loans in a Capital Center at any time falls below the statutory lending limits. Supplemental security may be provided through the funds available at the mortgage institution, typically equity capital. But it may also be provided through issuance of, e.g., senior unsecured bonds and senior secured bonds (i.e. junior covered bonds). In a declining real estate market the mortgage institution may be unable to issue such bonds for a sufficient amount or the interest may be very high. Further, such debt instruments typically have shorter maturities than the underlying SDOs and there is therefore also a risk associated with the repayment and/or refinancing of such debt instruments.

In case of capital adequacy problems in Capital Centres less assets may be available for the fulfilment of obligations vis-a-vis unsecured creditors. If a Capital Centre of BRFkredit fails to meet its capital adequacy requirement and it results in a winding-up, liquidation or similar action being taken, BRFkredit will also have to be liquidated. Problems in one Capital Centre thus pose risks to the viability of BRFkredit as such, which could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Market risks relating to the New Group

Market risk is defined as the risk of loss arising from adverse developments in market values resulting from fluctuations in interest rates, pricing of credit, foreign currency exchange rates and equity and commodity prices. The performance of financial markets may cause changes in the value of the New Group's investment and trading portfolios as well as affect other areas of the operations such as the availability of funding. A significant part of the New Group's market risk derives from changes in the value of the securities portfolio.

The New Group faces market risks as an integrated part of its business. Market risk policy limits are in place to ensure that the New Group's market risks are at a moderate level, and the ongoing close monitoring of market risks, combined with a short decision-making path, means that a strategy to reduce market risks can and will be implemented quickly.

The market risks associated with the mortgage lending activities in BRFkredit's Capital Centers are at a moderate level, as a result of the balance principle and the close link between lending and funding in mortgage lending.

The New Group's interest rate risk arises from the impact of interest rate changes on the New Group's assets and liabilities. Changes in interest rate levels, yield curves and yield spreads may affect the interest rate margin realised between lending and borrowing. A major portion of Jyske Bank's assets and liabilities are exposed to change in interest rates in one way or another. Therefore, The New Group has a significant interest rate risk exposure.

The New Group's currency risk arises from the impact of foreign exchange rate changes on the value of the New Group's assets and liabilities that are denominated in foreign currencies, and it may also affect income from foreign exchange dealing. As of the date of this Prospectus, by far the largest part of the New Group's assets and liabilities is denominated in Danish Kroner ("DKK"), the currency used in the Kingdom of Denmark, and therefore the structural currency risk of the New Group is relatively limited. Non-structural currency risk is to some extent an integrated part of the trading activities at Jyske Markets and of Treasury's positions.

The New Group's equity risk arises from changes in equity price levels that impact the value of the New Group's equity portfolio. The New Group's equity risk arises primarily from the trading activities at Jyske Markets and from Treasury positions and to a very limited extent from changes in the value of subsidiaries and associated undertakings.

The New Group's fixed income risk arises from changes in the prices of fixed income instruments, such as corporate bonds and other structured credit that impact the value of the New Group's treasury and liquidity portfolio.

The years 2008-2011 were characterised by unprecedented volatility. During 2013 volatility has returned to more moderate, but still historical high levels. Despite the comprehensive management of market risk at the New Group it has become more difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects such changes could have on the New Group's results of operations and business activities. Any fluctuations in interest rates, foreign currency exchange rates and equity prices could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

In addition to the changes in market prices, the illiquidity of certain markets, such as structured products, private equity investments or real estate markets, or the decreased liquidity of the financial markets in general may lead to the New Group either being unable to sell certain assets or it may be required to sell certain assets at a reduced price, which could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Funding and liquidity risks relating to the New Group

The situation on the international capital markets has improved significantly since the peak years of the financial crisis, the period of 2009-2011. After a general improvement of credit markets throughout 2012 due to the liquidity providing facilities of central banks, the tightening of credit spreads accelerated throughout 2013 due to a) very low yield environment b) a supply demand imbalance in favour of issuers of bank debt due to the deleverage of balance sheets of banks.

During the second half of 2013, credit spreads reached the lowest level seen since the escalation of the financial crisis in second quarter of 2008. The present improvement of market conditions might, however, not be sustainable. Central banks in the USA, the Euro-zone countries and other advanced economies have maintained highly accommodative policies that have helped to support demand for fixed income products such as bank senior debt at a time of very pronounced fiscal tightening and balance sheet repair.

During the next few years, a combination of anticipated recovery in private sector demand and a reduced pace of fiscal austerity in Europe and the USA is likely to result in a return by central banks towards more conventional monetary policies. Decreasing monetary support by central banks in response to any recovery (or anticipated recovery) in demand could have a further adverse impact on volatility in the financial markets and on credit spreads. Thus the situation may adversely change, with market conditions getting worse, with a risk that the New Group's cost of funding will be adversely affected by illiquid money and senior bond markets and wider credit spreads.

Renewed turbulence in the global financial markets and the world economy may also adversely affect the New Group's liquidity position and the willingness of counterparties to do business with the New Group. Furthermore continued or even enhanced competition on retails and wholesale deposits may have an adverse effect on the New Group's funding costs.

All or any of the risks described above may have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Specific funding and liquidity risks relating to bank lending

Being a financial intermediate, liquidity risk is an integrated and unavoidable part of Jyske Bank's and BRFkredit Bank's banking operations. Liquidity risk arises from funding mismatches in the balance sheet as the average duration of a bank's loan portfolio is generally longer than the average duration of a bank's funding sources. Furthermore, most retail banks receive a high portion of their funding from customer deposits, and therefore they are also subject to the risk that depositors could withdraw their funds at a rate faster than the rate at which borrowers repay their loans, thus causing liquidity strains. Ready access to funds are essential to any banking business, including Jyske Bank and BRFkredit Bank**.** If Jyske Bank and BRFkredit Bank is unable to access funds or to access the markets from which Jyske Bank and BRFkredit Bank raises funds, it could have an adverse effect on Jyske Bank's and BRFkredit Bank's ability to meet its obligations as they fall due and impede Jyske Bank's and BRFkredit Bank's possibilities of financing its operations adequately. These and other factors could also lead creditors to form a negative view of Jyske Bank's and BRFkredit Bank's liquidity, which could result in higher borrowing costs and decreased access to various funding sources.

Jyske Bank's largest source of funding is customer deposits which as at 31 March 2014 cover 105 per cent of the bank lending portfolio. BRFkredit Bank's comparable numbers as at 31 December 2013 was 163 per cent.

Due to disintermediation and growth in lending activities especially during the years 2005-2008, and rating agencies' requirement of banks to maintain access to diversified funding sources and markets, Jyske Bank's dependence on other funding sources such as interbank loans, commercial paper ("CP") and senior bonds (European Medium Term Notes ("EMTN") has increased. During 2009 there was a significant risk reduction in the balance sheet causing a decline in the lending portfolio while deposits remained stable and the funding gap was reduced. During the years 2009-2013 the loan portfolio has been stable around the level DKK 105-110bn. The underlying organic growth has been zero to slightly negative whereas select acquisitions have supported the total volume of the bank lending book. With a deposit to loan ratio around the 100 per cent in Jyske Bank A/S, the capital market funding issued by the Bank has become an instrument to ensure a prudent funding profile of the Bank's liquidity buffer to unpin compliance with internal limits and guidelines of survival horizons in stress scenarios.

Specific funding and liquidity risks relating to mortgage lending

Pursuant to the "balance principle" set out in the Danish Executive Order on the Issuance of Bonds, Balance Principle and Risk Management, BRFkredit is subject to limits on its exposure to liquidity risk. BRFkredit's mortgage borrowers shall make their mortgage payments no later than the day before the date on which coupon payments on the Mortgage Bonds are due. Liquidity risk relating to Mortgage Bonds is therefore only incurred on late payments.

In case of considerable non-payment by borrowers lasting for longer periods of time, BRFkredit may not be able to pay holders of Mortgage Bonds in full, and as a consequence this could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

In addition, liquidity risk may occur in connection with refinancing of "ARM" loans to the extent that refinancing is not available in the market in which case BRFkredit may not be able to pay holders of Mortgage Bonds in full, and as a consequence this could have a material adverse effect on the New

Group’s business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to the credit ratings of Jyske Bank

Jyske Bank’s credit ratings have an impact on Jyske Bank’s funding costs, its ability to access the international capital markets, and on the number of counterparties willing to enter into transactions with Jyske Bank.

Following the announcement of the Merger on the 24th February 2014, Standard & Poor’s confirmed the rating of the New Group as A- (long term), A-2 (short term) and a Stand Alone Credit Profile (“SACP) of BBB+, all with stable outlook. Standard & Poor’s considers the strategic position of the enlarged Jyske Bank Group to be strengthened based on the prospects for cross sales activity and furthermore notes, that the New Group through the more diversified retained earnings has the potential to achieve a stable RAC-ratio above 10 per cent which can lead to an upgrade. The New Group will through the subsidiary BRFkredit face increased dependence on short term funding (1 year ARM mortgage loans), but Standard & Poor’s relies on Jyske Banks commitment to reduce the New Group’s dependence on short term funding over the coming quarters in order to ensure that also the New Group will comply with the Standard & Poor’s stable funding ratio (“SFR”).

As at 31 December 2013, Jyske Bank’s Standard & Poor’s ratings were a Bank Strength Assessment (“BSA”) of BBB+, a long-term rating of A-, and a short-term rating of A-2. The outlook of the ratings was stable.

As at 31 December 2012, Jyske Bank’s credit ratings from Moody’s were a Bank Financial Strength Rating (“BFSR”) of C, a long-term senior rating of Baa1 and a short-term rating of P-2, all with a stable outlook. The rating was affirmed in May 2013 with stable outlook, but in August 2013 Jyske Bank decided to terminate the rating agreement with Moody’s rating agency, based on a business decision.

As at 31 March 2014, Jyske Bank thus solely has a rating agreement with Standard & Poor’s rating agency, and any senior debt or capital notes issued by Jyske Bank will only be rated by Standard & Poor’s.

Moody’s rating agency has informed Jyske Bank that they have decided to continue rating Jyske Bank on an unsolicited basis, based only on publicly available information, due to Jyske Bank’s systemic importance in Denmark. Moody’s sector reports on the Danish financial sector in general and specific reports on the Danish banking sector will thus include an unsolicited rating of Jyske Bank.

Any reduction in the credit rating of Jyske Bank by S&P or even potentially a change in the unsolicited shadow rating by Moody’s, could potentially cause a deterioration in the capital market’s perception of Jyske Bank’s financial resilience, which could significantly increase its borrowing costs, limit Jyske Bank’s access to the capital markets. Therefore, any further reduction in solicited or unsolicited credit ratings or deterioration of market perception could materially adversely affect Jyske Bank’s access to liquidity and competitive position, increase its funding costs and, hence, have a material adverse effect on Jyske Bank’s business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to the credit ratings of BRFkredit

Following the announcement of the Merger on 24th February 2014, Standard & Poor’s confirmed that subject to approval of the merger of Jyske Bank and BRFkredit, Standard & Poor’s expected to consider BRFkredit a core subsidiary of Jyske Bank and that the issuer rating and outlook of BRFkredit was therefore aligned with the A-/A-2 with stable outlook of Jyske Bank.

A credit rating reduction of BRFkredit or a rated issue of a BRFkredit Capital Centre may affect investors' general appraisal of the creditworthiness of BRFkredit. A reduction in, or a placing on credit watch of the rating, if any, accorded to BRFkredit by a rating agency could affect the access to funding or refinancing as the case may be, and may result in less favourable terms and condition of the issued bonds which could have a material adverse effect on BRFkredit’s business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to the credit ratings of SDO and SDRO issued out of a BRFkredit Capital Centre
In addition to any general effects of a downgrade or a rated issue of SDO or SDRO from a BRFkredit Capital Centre, Standard & Poor's may require further collaterisation of a Capital Centre issuing SDO or SDRO. BRFkredit may raise such further collaterisation by, inter alia, issuing junior covered bonds or senior secured bonds in accordance with section 15 of the Danish Mortgage-Credit Act, which could have a material adverse effect on BRFkredit's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares. Please see below regarding risks relating to additional capital required.

Risks relating to the liquidity reserve and structured credit Jyske Bank
In order to manage liquidity risk and secure access to liquidity even in the event of stress Jyske Bank maintains a liquidity reserve which as at 31 December 2013 amounted to DKK 50bn. The vast majority of Jyske Bank's liquidity reserve consists of DKK denominated assets which can be used in repo transactions with the Danish Central Bank such as certificates of deposit with the Danish Central Bank, Danish government and mortgage bonds and covered bonds and EUR denominated assets which can be used in repo transactions with the European Central Bank such as European mortgage bonds, government bonds and senior financial bonds. A minor part of the liquidity reserve consists of European and U.S. collateralised loan obligations (CLO, Collateralised Loan Obligations). The value of this part of the liquidity reserve weakened significantly during 2008 and the beginning of 2009, mainly due to the widening of credit risk margins. During the last few years the market has improved but a greater impairment risk is attached to the collateralised debt and loan obligations, as some of these instruments are illiquid and market prices can differ considerably from theoretical prices as a consequence of, among others, the limited number of buyers of these assets and wide bid-offer spreads. The fair values of European and U.S. collateralised CLOs may in the future deteriorate, which can have an adverse effect on Jyske Bank's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Jyske Bank has part of the liquidity reserve classified in a Held to Maturity ("HTM") class, based on the European Commission's Regulation (EC) No. 1004/2008 of 15 October 2008. Subsequently, a change in fair values of the notes and bonds classified into the HTM class is not recorded through the profit and loss account, as the notes and bonds are measured at amortised cost. In periods, the fair value of the HTM portfolio therefore risk being lower than the amortised cost value which could have a material adverse effect on the market price of the Shares.

Risks relating to derivatives positions
The New Group is engaged in derivatives business both for its customers and for its own account by trading in derivatives instruments, such as forwards, futures, swap agreements and options. In recent years, derivatives business has grown and the variety of derivatives products offered has increased. The value of derivatives contracts depends on changes in the value of the contract's underlying asset, price fluctuations, changes in interest rate levels, maturity date of the contract or other factors affecting the value of the derivative. Further, a risk related to the derivatives business is that the derivative counterparty has not understood the liabilities created for it by the contract or cannot perform its obligations, that the collateral possibly set by the contract counterparty to the New Group proves to be inadequate. The operative risks related to the derivatives business include, for example, failure in assessing the fair value of the underlying asset or the securities, and the risk that the New Group is unable to realise the derivative position on favourable terms or at all, due to market conditions. The materialisation of the aforementioned risks could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risk management has a central role in the derivatives business and both Jyske Bank and BRFkredit continuously develop their risk management related to their derivatives business. The growth in derivatives business places increasing demands on risk management. There can be no assurance that the New Group's risk management is currently, or will be in the future, able to completely manage all risks related to the New Group's derivatives business, due to, for example, possible inadequacies in systems or human errors. Despite continuous development of risk management, the New Group's risk management may be insufficient to effectively manage risks related to a larger volume and more complicated instruments. Should the New Group's risk management prove to be inadequate, this could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to additional capital required

The New Group's operating licences are dependent upon the fulfilment of capital adequacy requirements in accordance with the applicable regulations at any given time. The New Group's capital adequacy calculations show the ratio of capital in relation to risk-weighted assets. The amount of capital is affected by, for example, the profit after tax, the distribution of dividend, goodwill, as well as the difference between impairments and expected credit losses. RWA are affected by, for example, the amount of lending and the credit ratings of the loans and other receivables and assets as well as market and operational risks. If the recovery in the Danish economy weakens or in case there is a significant deteriorating in the market environment, there is a significant risk of decreases in credit ratings for the New Group's customers which due to the AIRB model (see "6.1.4 Risk and Capital Management" and "6.2.6 Risk and Capital Management") will increase the amount of RWA under the CRD IV.

To pursue the nonorganic growth strategy, the New Group may require additional equity or subordinated capital in the future, which may not be available or may only be available on unfavourable terms.

The New Group's future capital requirements depend on many factors, including the future growth of the New Group, the development in the loan portfolio and the ability of the New Group to access alternative financing sources, etc. If the funds currently available to Jyske Bank or BRFkredit are insufficient to fund and meet future operating or regulatory requirements, the New Group may need to raise additional capital or curtail its growth and/or reduce its assets. Since second half of 2011, Jyske Bank has, due to the shrinking market for bank lending in Denmark, pursued a growth strategy of selected acquisitions of assets and/or banks to increase profitability, business position and market share. If the New Group was to engage in larger acquisitions over a shorter period of time, the compliance with the internal capital targets well above the regulatory requirements arising from CRR/CRD IV and the SIFI requirements could necessitate access to raising equity or subordinated debt in the capital markets. Such capital may, if available at all, not be on terms that are favourable to the New Group.

If the New Group requires and cannot obtain adequate capital on favourable terms, or at all, it may have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to the risk management methods used in Jyske Bank

Since 2001, Jyske Bank has devoted significant resources to developing risk management policies, procedures and assessment methods and considers risk management one of its core competences and a critical prerequisite for proper banking operations and prudent bank management. Nonetheless, the risk management techniques and strategies to be applied by the New Group may not be fully effective in mitigating risk exposure in all economic market environments or against all types of risk, including risks that the New Group fails to identify or anticipate. Jyske Bank seeks to mitigate risks related to risk management methods via regular review and validation of the risk management methods and models used, see "6.1.4.4 Model Uncertainty and Validation".

The New Group applies statistical and other tools and uses specific predictions to arrive at quantifications of risk exposures. Some of the qualitative tools and methods used for managing risk are based upon use of observed historic market behaviour as well as future predictions. The qualitative tools and methods may fail to predict or may incorrectly predict future risk exposures, and the New Group's losses could thus be significantly greater than such models would indicate. In addition, the risk management methods used by the New Group may not take all risks into account and could prove insufficient. If prices move in a way that the New Group's risk modelling has not anticipated, the New Group may experience significant losses consisting of credit losses or loss of business volume. Assets that are not traded on public trading markets, such as derivative contracts between banks, may be assigned values that are calculated by the New Group using mathematical models. Monitoring the deterioration of assets like these can be difficult and may lead to losses that the New Group has not anticipated. Other risk management methods depend upon the assessment of information about markets, customers or other matters that is publicly available or otherwise accessible. This information may not always be accurate, up-to-date or properly assessed. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and the New Group's policies and procedures may not be fully effective. For example, the availability of accurate and comprehensive financial information and general credit information on which to base credit decisions is more limited for SME than for large corporate customers, and is even more limited for individuals. In spite of any credit risk determination procedures which the New Group has in place, it may be unable to correctly assess the current financial position of each prospective borrower and, in the case of SME, to determine their long-term financial viability.

Inability of the New Group to successfully identify, adapt, implement and adhere to effective risk management methods, including to accurately assess the credit risk of its customers, could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to the risk management methods used in BRFkredit

The risk management techniques and strategies applied by BRFkredit may not be fully effective in hedging risk exposure in all economic market environments or against all types of risk, including risks that BRFkredit fails to identify or anticipate. Some of the qualitative tools and metrics used for managing risk are based upon the use of observed historical market behavior as well as future predictions. BRFkredit applies statistical and other tools to these observations and predictions to arrive at quantifications of risk exposures. These tools and metrics may fail to predict or predict incorrectly future risk exposures and the losses could therefore be significantly greater than such measures would indicate. In addition, the risk management methods do not take all risks into account and could prove insufficient and as a consequence, BRFkredit may experience significant losses.

The inability of BRFkredit to successfully implement and adhere to effective risk management methods, including the inability to accurately assess the credit risk of its customers, could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risk in connection with the use of risk models in the New Group

Both Jyske Bank and BRFkredit use internal credit risk models based on the Internal Ratings Based (IRB) method to calculate the risk-weighted assets.

Both Jyske Bank and BRFkredit use internal credit risk models based on the AIRB method to calculate the risk-weighted assets. Jyske Bank has a number of advanced quantitative models for credit risk which were approved in 2007. There is an ongoing dialogue with the Danish FSA regarding model changes and calibration. However, changes in Danish FSA's view on model requirements, documentation, data coverage or usage of the models can lead to changes in the parameters and therefore in the RWA. At the time of the announcement of the merger between Jyske Bank and BRFkredit, the Danish FSA had received a number of model changes for approval. Disapproval of the models may lead to higher RWA for the New Group which in turn could have a material adverse effect on the market price of the Shares.

Despite the applied IRB models in both Jyske Bank and BRFkredit being approved by the Danish FSA, the models may change further in the future due to a number of factors including international or national changes in regulation, changes in the Danish FSA's interpretation of the national regulation regarding internal models and validation of the models. Any changes to the models could raise the capital requirement and adequate own funds of the New Group and thereby reduce the size of the excess cover available to meet the regulatory capital requirements which could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to financial services laws and regulation and actions of supervisory authorities

The New Group conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations and policies in Denmark and the other countries in which the New Group operates. The New Group is subject to supervision by the Danish FSA and Danish regulations regarding, among other things, solvency and capital adequacy requirements, including capital ratios and liquidity rules. The New Group is also subject to the supervision of local supervisory authorities in other countries in which the New Group operates, and the New Group is also subject to EU regulations with direct applicability and EU directives which are implemented through local laws. The New Group's operations are contingent upon licenses issued by financial authorities. Violations of rules and regulations, whether intentional or unintentional, could lead to disciplinary action, the imposition of fines and/or the withdrawal of the New Group's licenses or civil liability, and any of these events could have a material adverse effect on the New Group's business, financial position, results of operations and the market price of the Shares.

The regulation of financial markets has changed as a result of the unprecedented levels of government intervention during the financial crisis, as the general perception is that one of the causes of the financial crisis is attributable in part to the failure of regulatory structures in the banking sector. The New Group therefore expects to face even greater regulation in the future, but the New Group is unable to predict what regulatory changes may be imposed or estimate, with accuracy, the impact that any currently proposed regulatory changes may have on its business, the products and services it offers and the values of its assets. Changes in the financial services laws and regulation could also result in further revision of regulations applicable to the New Group. For example, in the first half of 2012, Jyske Bank implemented the Danish FSA's more stringent guidelines for loan impairment charges and provisions for guarantees etc. and, in particular, these guidelines resulted in a higher impairment ratio for loans for asset financing. As a consequence, the loan impairment charges and provisions for guarantees etc. were increased extraordinarily by DKK 900m, especially in respect of real estate customers. BRFkredit is mainly recognising loans at fair value but in general using the same criteria for determining whether there is objective evidence of impairment as is used in banks where loans are recognised at amortized cost. On 18 March 2014 the Danish FSA published a guidance note for the guidelines on loan impairment charges and provisions which came into operation on 1 April 2012. The New Group does not expect the subject to have a material influence on the New Group's financial position, but it can have a potential extraordinary effect up to 1.5 per cent of the New Group's equity. The result of the initiatives to strengthen the regulation of banks or mortgage institutions could have a material adverse effect on the New Group's results of operations, financial position and the market price of the Shares.

The New Group's banking activities, like those of other financial services companies, have been the subject of regulatory scrutiny from time to time. For example, the Danish FSA has tightened the supervision of compliance with the rules on prevention of money laundering and terrorist financing. In relation to this, the Danish FSA has carried out inspections in a number of Danish banks to examine whether the banks' procedures are in accordance with applicable money laundering laws and since January 2011, the Danish FSA is obliged to publish orders on money laundering and terrorist financing if the Danish FSA believes such order to be essential. The Danish FSA conducted an anti money laundering inspection in Jyske Bank in September 2013 and although the Danish FSA in general assessed Jyske Bank to meet the current requirements regarding risk-limiting measures in respect of money laundering there can be no assurance that future regulatory scrutiny will not give rise to adverse publicity or a fine which could have an adverse effect on the reputation of the New Group which could have a material adverse effect on the New Group's results of operations, financial position and the market price of the Shares.

Risks related to the CRD IV, the CRR and the Danish SIFI regulation

The New Group will face enhanced capital and liquidity requirements from Implementation of CRD IV and the CRR and Denmark's regulation of SIFI (see "11.1.5 Systemically Important Financial Institutions"). The final versions of CRR and CRD IV adopted in June 2013 have entered into force by 1 January 2014 hence 31 march 2014. The requirements will be gradually implemented in Denmark and other EU member states from 2014 until 2019, permitting a transitional period for certain of the enhanced capital requirements and certain other measures. The CRD IV requirements adopted in Denmark may however change, whether as a result of further changes to CRD IV agreed by EU legislators, binding regulatory technical standards to be developed by the EBA or changes to the way in which the Danish FSA interprets and implements these requirements in Denmark. Such changes, either individually and/or in aggregate, may lead to further unexpected enhanced requirements in relation to the New Group's CRD IV capital, leverage, RWA, liquidity and funding ratios or alter the way such ratios are calculated.

Under CRD IV the minimum capital requirement for CET1 capital will be phased in gradually from the current 2 per cent of RWA up to 9.5 per cent of RWA over the years 2014 until 2019 (see "11.1.6 CRD IV & CRR"). CRD IV also implies stricter requirements for the calculation of RWA. The effect of CRD IV and CRR is an improvement of 0.5 percentage point in the capital base by an increase in RWA of approx. DKK 2.3bn and an increase in own funds of approx. DKK 1.0bn. BRFkredit foresees a reduction of their CET1 ratio as at 31 December 2013 in the region of 0.4-0.8 percentage point. However, some uncertainty still exists in relation to the European Banking Authority (the "EBA") technical standards for the implementation of the new rules that are to be finalised by the end of 2016. Given the uncertainty of the exact wording of the technical standards, they could potentially lead to a reduction in the Capital or an increase in the Risk Weighted Assets of the Jyske Bank Group. Furthermore, the Capital Requirement Directive 2013/36/EU contains rules which enable the competent authorities to increase capital requirement to unforeseen levels which potentially could limit the Jyske Bank Group's ability to fulfil the present strategy leading to lower than expected earnings and/or higher than expected RWA. This could in turn have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

The CRR encompasses grandfathering rules for additional Tier 1 ("AT1") and additional tier 2 ("AT2") instruments issued before 31 December 2011 (see "11.1.6 CRD IV & CRR"). The phasing out of old AT1 and AT2 capital instruments eligible for grandfathering will be based on a stepwise reduction of 20 per cent as per 2014 and subsequently 10 per cent annually until 2022 when the old capital instruments will have been completely phased out. It is therefore not unlikely that Jyske Bank will have a need to issue new capital structures that are CRD IV compliant in the coming years. CRD IV compliant AT1 structures or Danish Pillar II compliant AT2 structures have an embedded conversion factor (see "11.1.6 CRD IV & CRR") and in case the trigger points are met in a situation of severe stress leading to a deterioration of the New Group's financial profitability and capital position, investors in the Shares risk being diluted or completely written down.

The final calibration of the assets to be included in the Level 1 buffer in the Liquidity Coverage Ratio ("LCR") is expected during 2014. The EBA has recommend to the European Commission that covered bonds are not to be accepted as Level 1 assets for the calculation of the LCR and that only covered bonds with a minimum issue size of EUR 250m should be included as level 2 assets. If the European Commission decides to follow the EBA recommendations, and keep the current Basel III proposal of the LCR asset calibration, it will create a need for significant changes in the New Group's composition of its liquidity buffer. Based on the Bank's current estimate, meeting the demands in the current proposal of Basel III would be achievable, but it would demand a significant change in the composition of the liquidity buffer leading to a substantial reduction in the return on the New Group's liquidity buffer.

The CRR rules also plan to implement a new ratio called the Net Stable Funding Ratio (NSFR). The NSFR aims at reducing the maturity mismatch in the balance sheet of credit institutions by requiring that a credit institution maintains a stable funding profile matched to the liquidity characteristics and residual maturities of its assets. The NSFR is defined as the amount of available stable funding ("ASF") relative to the amount of required stable funding ("RSF"). This ratio should be equal to at least 100 per cent on an ongoing basis, and the ASF refers to the capital and liabilities expected to be stable over the time horizon of 12 months. Standard & Poor's will also introduce a similar funding measure called "SFR".

On 11 March 2014, Act No. 244 of 19 March 2014 ("the Act") was passed. The Act ensures that the maturity of adjustable rate mortgage bonds1 ("ARM") will be prolonged by one year in case of failed auctions or significant interest rate hikes (see "11.1.6.2 Liquidity requirements"). This far, Standard & Poor's has not confirmed that the Act is sufficient to ensure that short dated 1 year ARMs can be considered stable funding in the SFR, their view may or may not change in the future. In addition at the Prospectus date it is not clear whether the Act will ensure that short dated 1 year ARM bonds will be considered ASF in the NSFR.

Investor demand in bonds issued by BRFkredit may be affected by the introduction of the NSFR, the SFR and the LCR, as well as by the above mentioned regulatory proposal. This could have a significant negative effect on Danish mortgage bonds in terms of higher interest rates as demand for such bonds would decrease in the market. This would, in turn, place pressure on property prices and subsequently have a negative effect on the financial circumstances of the New Group's customers and thus put pressure on asset quality, which could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

[1] ARM bonds are Danish covered bonds where the maturity of the underlying mortgage loans does not match the bonds issued to finance the loans. The ARM loans typically have short refinancing horizons of 1-5 years, but some also have a 10 year horizon. The largest volume is, however, concentrated on 1 year bonds ("F1") and secondly 3 and 5 year bonds ("F3" and "F5").

Risks related to the proposed Recovery and Resolution Directive
There continues to be strong regulatory focus on resolvability of financial institutions from regulators. On 6 June 2012, the European Commission published a legislative proposal for a new EU Directive to establish an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "RRD"). The aim of this new regime is to provide authorities with the tools to intervene sufficiently early and quickly in an distressed or failing institution so as to ensure the continuity of the institution or firm's critical financial and economic functions while minimizing the impact of its failure on the financial system and minimize taxpayers exposure to losses. The regime is also intended to ensure that shareholders bear losses first and that creditors bear losses after shareholders, provided that no creditor should incur greater losses than it would have incurred if the institution had been wound up under normal insolvency proceedings. In many ways, the proposal resembles the Danish Bank Package III (see "11.1.1 The Banking Scheem III ").

The powers suggested provided to the relevant resolution authorities in the RRD include, among others, statutory "write down and conversion" the so called "bail-in" powers. These mechanisms would in the case of an institution being at or approaching the point of non-viability give the relevant resolution authority power to cancel existing shares and/or dilute existing shareholders by converting relevant capital instruments such as AT1 and AT2 capital or eligible senior liabilities into shares of the surviving entity before any resolution action is taken. A prerequisite for the RRD is thus that financial institutions hold a specified minimum amount of liabilities in the form of subordinated debt and senior debt that can be subject to bail-in in the form of either a write down in full on a permanent basis, or conversion into CET1 instruments. The draft RRD currently provides that a write down/conversion resulting from the use of the bail-in tool should, follow the ordinary allocation of losses and ranking in an insolvency of the relevant institution.

Timingwise, the draft RRD contemplates that it will be implemented in EU Member States by 31 December 2014, with the RRD Non-Viability Loss Absorption provisions (*inter alia*) becoming effective as of 1 January 2015.

If the New Group were to be at or approaching the point of non-viability such as to require regulatory intervention, any exercise of any resolution regime powers by the relevant Danish resolution authority may result in Shareholders losing all or a part of their shareholdings and/or in the rights of Shareholders being adversely affected, including by the dilution of their percentage ownership of Jyske Bank's share capital. Furthermore, the powers currently proposed in the RRD to be granted to the relevant resolution authority include the power, to direct the sale of a bank and/or to transfer all or part of a bank to a "bridge bank" (a publicly controlled entity) in each case without requiring the consent of the shareholders and/or the power to transfer the problem assets of the relevant financial institution to an asset management vehicle to allow them to be managed over time.

Accordingly, there remains significant uncertainty regarding the ultimate nature and scope of these powers and it is not yet possible to assess the full impact of the draft RRD on the New Group, but it may when finally agreed and to be interpreted and implemented by national regulators have a number of consequences, which may have an adverse impact on the New Group's profitability, operating flexibility, flexibility of deployment of capital and funding, return on equity, ability to pay dividends and/or financial condition which could have a material adverse effect on the rights or interests of the Shareholders, including a material adverse effect on the market price of the Shares.

Risks relating to the New Group's participation in the Deposit Guarantee Fund
In Denmark and other jurisdictions, deposit guarantee schemes and similar funds ("Deposit Guarantee Schemes") have been implemented from which compensation for deposits may become payable in the event that a financial services firm is unable to pay, or unlikely to pay, claims against it. In Denmark, the Deposit Guarantee Scheme is funded by the banking sector itself.

As a statutory participant in the Danish Guarantee Fund for Depositors and Investors (the "Guarantee Fund"), the New Group is obliged to pay its proportionate share of any losses incurred by the Guarantee Fund in case a bank in distress is unwinded either under the auspices of the Danish Banking Scheme III ("BS III"), also known as the Danish resolution regime, which came into effect on 1 October 2010 replacing the general state guarantee which ended on 30 September 2010, or via the Extended Compensation Scheme, the Danish Banking Scheme IV ("BS IV") which is the result of a political agreement dated 25 August 2011 (see “11.1.2 The Banking Scheme IV – The Consolidation Scheme”).

The current Danish banking schemes do not contain any provisions that contemplate a statutory write down (or other similar impairment) of subordinated bank liabilities. The schemes, however, allow, *inter alia*, the Danish government to establish a new bank as a subsidiary of the state owned winding up company Finansiel Stabilitet, to take over all the assets and liabilities after the initial haircut, if applicable, from failing banks, excluding the failing bank’s equity and subordinated capital, before initiating bankruptcy proceedings against the failing bank.

As part of Banking Scheme IV, a new bill was passed in 2012 redefining the Danish Deposit Guarantee Scheme as a premium based scheme such that the participating banks’ payments to the scheme are relatively stable every year in profit and loss terms. The premium payments will stop when a target level of 1 per cent of covered deposits has been reached (see “11.1.3 The Danish Deposit Guarantee Fund”). As at the end of 2013, Jyske Bank’s annual payments are estimated to be approximately DKK 145m in each year and the payments of BRFkredit Bank to be approximately DKK 12m in each year.

The future target level of funds to be accumulated in Deposit Guarantee Schemes and resolution funds across different EU countries may exceed the minimum target levels provided for in the RRD, the proposal for a repeal and recast of Directive 94/19/EC (the “revised Deposit Guarantee Schemes Directive”) and in discussions on a single resolution fund according to the proposal for a regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund published by the European Commission on 10 July 2013 (the “SRM”) (the latter of which will be relevant should Denmark choose to participate in the Single Resolution Mechanism). The final texts of the RRD, the revised Deposit Guarantee Schemes Directive and the SRM are anticipated to be published in the first half of 2014, to be followed by entry into force of each of those proposals and the transposition into national legislation of the RRD and the revised Deposit Guarantee Schemes Directive.

It is still unclear whether Denmark, despite being outside the Eurozone will join the European Banking union and thus be part of the SRM, and therefore it remains unclear which costs the New Jyske Bank Group will incur in the coming year in relation to payments to deposit guarantee funds and/or resolution funds on a national or potentially, if Denmark joins the European Banking Union, on a European scale. Consequently, it is also currently unclear whether one or both of the Danish Schemes for unwinding of non SIFI banks will be replaced (in whole or in part) by the proposals outlined in the draft RRD and the SRM. Based on the broad party agreement on Danish SIFIs and CRD IV implementation from October 2013, it is, however, clear that Danish SIFIs are to be resolved according to the future RRD framework to provide a level playing field with other banks in the European Union.

Risks relating to changes in tax legislation and interpretation

The New Group’s activities are subject to tax at various rates in the jurisdictions in which it operates, computed in accordance with local legislation and practice. Although the Danish government has recently reduced corporate tax rates, actions by Danish or other governments to increase tax rates or to impose additional taxes would reduce the New Group’s results of operations and adversely affect its financial position or prospects. Revisions to tax legislation or its interpretation might also affect the New Group’s financial position in the future.

Risks relating to providing investment advice

As a part of its banking and investment management activities, Jyske Bank provides its customers with investment advice access to internally as well as externally managed funds and serves as custodian of third-party funds. In the event of losses incurred by its customers due to investment advice from Jyske Bank, or the misconduct or fraudulent actions of external fund managers, Jyske Bank’s customers may seek compensation from Jyske Bank. Such compensation might be sought even if Jyske Bank has no direct exposure to such risks, or has not recommended such counterparties to its customers. Any claims in this respect could have a material adverse effect on the New Group’s business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to litigation and other regulatory risks

The New Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result, the New Group is and may become involved in various disputes and legal proceedings in Denmark and other jurisdictions, including litigation and regulatory investigations. Such disputes and legal proceedings are subject to many uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation.

An association has brought a class action against Jyske Bank claiming compensation for losses incurred through investment in Jyske Invest Hedge Markedsneutral - Obligationer. The expiry of applicable statutory period of limitation may have a significant impact on the expenditure for Jyske Bank. Provisions for legal disputes are recognised where a legal or constructive obligation has incurred as a result of past events and it is probable that there will be an outflow of resources that can be reliably estimated. In this case, Jyske Bank arrives at an estimate on the basis of an evaluation of the most likely outcome. Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation that reflects the risks specific to the obligation. The New Group does not expect the subject of known claims to have a material influence on the New Group’s financial position, but it can have a potential effect of 0.0 to 1.5 per cent of the New Group’s equity.

Following Jyske Bank's advice and sale of interest-rate swaps claims have been brought against Jyske Bank for compensation for losses incurred. Provisions for legal disputes are recognised where a legal or constructive obligation has incurred as a result of past events and it is probable that there will be an outflow of resources that can be reliably estimated. In this case, Jyske Bank arrives at an estimate on the basis of an evaluation of the most likely outcome. Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation that reflects the risks specific to the obligation. The New Group does not expect the subject of known claims to have a material influence on the New Group’s financial position, but it can have a potential effect of 0.0 to 0.3 per cent of the New Group’s equity.

The New Group is a party to a number of legal disputes arising from its business activities. Provisions for legal disputes are recognised where a legal or constructive obligation has incurred as a result of past events and it is probable that there will be an outflow of resources that can be reliably estimated. In this case, the New Group arrives at an estimate on the basis of an evaluation of the most likely outcome. Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation that reflects the risks specific to the obligation. The New Group does not expect the subject to have a material influence on the New Group’s financial position, but it can have a potential effect of 0.0 to 0.3 per cent of the New Group’s equity.

For specific legal risks see reference in “Legal and arbitration proceedings” in “20 Financial information concerning Jyske Bank’s assets and liabilities, financial position and profits and losses”. Result of various disputes and legal proceedings could have a material adverse effect on the New Group’s results of operations, financial position and the market price of the Shares.

Risks relating to competitive forces, bank activities

The New Group faces competition from other domestic banks, and in some market segments from foreign banks.

There is substantial competition in Denmark for banking services and other products and services that the New Group provides. The New Group is the third largest Danish banking group. However, there is no assurance that this competitive position will be sustained. Following the financial crisis there has been a significant reduction in the number of banks in Denmark and the stronger banks have over the last 1-2 years been positioning themselves to defend and potentially gain market shares in a low growth environment characterised by declining lending balances in the banking sector. It must be expected, that the competitive landscape will change to even fewer players within the coming years. The New Group will seek to grow mainly by selective acquisitions but also by maintaining customer loyalty by retaining customers that can be influenced by factors such as service levels, the prices and attributes of products and services and financial strength. If the New Group is unable to succeed with adding value via the acquisition strategy or compete with attractive product and service offerings that are profitable, it may lose market share or incur losses on some or all of its activities.

The financial services industry is affected by a number of factors including changes in customer demands, technology, distribution channels and regulation at national and international levels in the markets in which the New Group operates or has a strategy to operate. These and other factors affect the competition faced by the New Group.

Competitive pressures could also result in increased pricing pressures on the New Group's products and services, particularly as competitors seek to win market share, and may harm the New Group's ability to maintain or increase its results of operations.

Failure by the New Group to manage these competition risks could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to competitive forces, mortgage activities
The mortgage loan business in Denmark is very competitive. Both traditional and new lenders advertise extensively and use targeted marketing and loyalty schemes in an effort to expand their presence in, or to facilitate their entry into, the market and compete for customers. Increased competition may adversely impact BRFkredit's position in the market for mortgage business, which could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to systemic risk
Payment defaults, bank runs or other types of financial distress or difficulties in a domestic or foreign bank or other company offering financial services may lead to liquidity problems, losses and payment and other difficulties in other companies operating in the financial sector, since the domestic and global financial systems and capital markets are interconnected. If one company offering financial services experiences difficulties, it could have spillover effects on others in the financial sector through, for example, lending, trading, clearing and other connections between providers of financial services. This risk is called a systemic risk and it can have a material adverse effect on markets in which the New Group operates on a daily basis. The materialisation of a systemic risk could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to operational, business and reputational risks
The nature of the New Group's business entails operational risks, including the risk of fraud by management, employees or outsiders, clerical or record keeping errors, errors resulting from failures in information technology ("IT") or telecommunications systems, failure to obtain proper internal authorisation, failure to comply with regulatory requirements and codes of conduct or adverse effects of external events that may affect the operations and reputation of The New Group. Although The New Group has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures and training staff, it is not possible to implement procedures which are fully effective in controlling each of the operational risks.

Business risk is the risk of losses caused by changes in external circumstances or events that harm the New Group's image or operational performance. Business risk includes strategic risk and reputational risk, which encompasses risks that regulatory authorities may demand that the New Group adequately cover in the future, for example in connection with new capital adequacy rules.

Failure by the New Group to identify and manage these risks could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to dependence on highly skilled individuals and management
The New Group's performance is largely dependent on the talents and efforts of highly skilled individuals. The New Group's continued ability to compete effectively in its businesses depends on the New Group's ability to attract new employees and to retain and motivate its existing employees. If the New Group is unable to attract and retain qualified employees, it may impact the New Group's ability to take advantage of business opportunities or potential efficiencies.

Risks relating to information technology and systems

The New Group's activities are increasingly dependent on highly sophisticated IT systems. IT systems are vulnerable to a number of situations, such as computer virus infection, malicious hacking, physical damage to vital IT centres and software or hardware malfunctions. In addition, since a large part of the operation of Jyske Bank's IT systems operations and BRFkredit's IT system, operations are outsourced to four strategic business partners, Bankdata, JN Data, IBM and Bankernes EDB Central ("BEC"), the New Group faces risks relating to the failure of the strategic business partners to fulfil there obligations towards the New Group.

Any other failure in the New Group's IT solutions, particularly with regard to retail products and services, or higher-than-expected costs for its IT solutions (or delays in connection with their development and implementation) could significantly affect the operations and the quality of the New Group's customer service and could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to the scope of the New Group's insurance coverage

The New Group has insured its business operations with customary property and liability insurance policies which the New Group believes correspond with the standard practice in the industry. However, the existing insurance coverage may not be adequate in all circumstances. Moreover, insurance companies may, in part or in full, reject the New Group's claims or ultimately not be able to fulfil their obligations in a manner stipulated in the insurance policy. Accidents in the New Group's business locations and inadequacy of the New Group's insurance coverage may have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to catastrophic events, terrorist attacks, acts of war or other hostilities

Catastrophic events, terrorist attacks, acts of war or other hostilities, and responses to those events or acts, may create economic and political uncertainties that could have a negative impact on economic conditions in the areas in which the New Group operates and, more specifically, could interrupt the New Group's business and result in substantial losses. Such events or acts and resulting losses are difficult to predict and may relate to property, financial assets, trading positions or key employees. If the business continuity plans of the New Group do not fully address such events or cannot be implemented under the circumstances, such losses may increase. Unforeseeable events can also lead to additional operating costs, such as higher insurance premiums and the need for redundant systems. They may also make insurance coverage for certain risks unavailable, and thus increase the risk to which the New Group is exposed.

Inability of the New Group to effectively manage these risks could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risks relating to a possible termination of the Totalkredit Main Cooperation Agreement

Nykredit has informed Jyske Bank that they have taken the position that they consider the cooperation about Nykredit mortgage finance for residential homes and industrial, commercial and agricultural properties terminated in relation to Jyske Bank. Furthermore, In March 2014 Nykredit and Totalkredit have informed Jyske Bank that they have taken the position that they consider the cooperation about Totalkredit terminated in relation to Jyske Bank.

In a letter of 25 March 2014, Nykredit and Totalkredit have announced that, as a consequence of this, they have decided, among other things, to release Jyske Bank's guarantees covering loans that have been granted and to stop payments of commission to Jyske Bank.

Rightful termination of commission payments, etc. will, all other things being equal, have a negative impact on Jyske Bank's pre-tax profit by an amount in the range of DKK 225m-250m in 2014.

Jyske Bank disagrees that Jyske Bank has terminated the main cooperation agreement and considers Nykredit and Totalkredit's initiative unwarranted.

Risk of failure to successfully integrate BRFkredit in the Jyske Bank Group

The success of the Merger of BRFkredit and Jyske Bank is primarily based on integrating the processes, management principles, competencies and culture given the market conditions and the strategy of the New Group.

Jyske Bank and BRFkredit currently operate and will continue to operate as two separate businesses. The Merger will lead to the integration of these two businesses and the success of the New Group will depend, in part, on the effectiveness of the integration process and the ability of the New Group to realise the anticipated benefits and cost savings from combining the respective businesses.

Some of the potential challenges in combining the businesses may not become known until some time after completion of the integration processes.

The key potential difficulties of combining the businesses include the following:

- co-ordinating and consolidating services and operations
- integrating the business areas of BRFkredit in which Jyske Bank has little or no previous experience
- consolidating infrastructure, procedures, systems, accounting and risk functions and policies compensation structures and other policies
- integrating the management and retaining and incentivising key employees
- co-ordinating and communicating with a larger workforce and maintaining employee morale
- operating and consolidating a larger number of different technology platforms and systems

Failure of one or several of these elements may jeopardize the expected return on equity and could have a material adverse effect on the New Group's business, results of operations, financial position or prospects, which in turn could have a material adverse effect on the market price of the Shares.

Risk of negative share price effects in connection with the potential sale of larger blocks of the New Shares

After completion of the Merger, BRFholding a/s is restricted in its dealing with the New Shares until 5 years past the Prospectus date. See "7 Securities holders who wish to sell and lock-up agreements" of the Share Securities Note for a more detailed description of the agreements, including any exceptions thereto. After expiry of the lock-up period, BRFholding a/s will be free to sell all of their New Shares.

Any sale of a larger amount of the New Shares by BRFholding a/s may have an adverse effect on the market price of the Shares.

The market price of Shares may be highly volatile

The market price of the Shares may be highly volatile and subject to significant fluctuations caused by various factors, some or many of which are beyond the Bank's control and not necessarily related to the New Group's business, operations or prospects. These factors include changes in market valuations of companies in the financial services industry, variations in the New Group's quarterly operating results; fluctuations in stock market prices and volumes; perceived systemic risk in Denmark; the addition or departure of key personnel; changes in the shareholder structure; changes in financial estimates or recommendations by analysts regarding the Bank or its Shares; issuances of shares or other securities in the future; announcements by the the New Group or its competitors of new services or technology, acquisitions, or joint ventures. In addition, the equity market has generally been exposed to significant fluctuations in prices which may be unrelated to or disproportionately high in relation to the results of operations of the companies in question. Such general market factors may have an adverse affect on the market price of the Shares, irrespective of the New Group's results of operations.

The Bank is a public limited company registered under Danish law, which may make it difficult for shareholders resident outside Denmark to exercise or enforce certain rights

Jyske Bank A/S is a public limited company registered under the laws of Denmark, which may make it difficult for shareholders of the Bank resident outside Denmark to exercise or enforce certain rights. The rights of holders of Shares are governed by Danish law and by the Articles of Association. These rights may differ from the typical rights of shareholders in other jurisdictions. As a result, it may not be possible for investors to effect service of process upon the Bank outside Denmark or to enforce against the Bank judgments obtained in courts outside Denmark based upon applicable laws in jurisdictions outside Denmark. Also, shareholders outside Denmark may not be entitled to exercise their voting rights.

Shareholders resident outside Denmark are subject to exchange rate risk

The Shares are priced in Danish Kroner. Accordingly, the value of the Shares is likely to fluctuate in line with any fluctuation of the exchange rate between the local currency of the country in which an investor outside Denmark is based and the Danish Krone. If the value of Danish Kroner depreciates against the local currency of the country in which an investor outside Denmark is based, the value of the Shares will decrease.

Information on the New Group and the Merger

Information on the New Group and the Merger

Introduction

On 24 February 2014, it was announced that the Supervisory Board of Jyske Bank on behalf of Jyske Bank and the Supervisory Board of BRFkredit on behalf of BRFkredit had entered into an agreement on the merger of Jyske Bank and BRFkredit (the "Merger Agreement") with the ambition of creating a financially strong, Danish-anchored financial institution with strong product expertise, a significant customer base and potential for profitable organic growth and participation in the ongoing consolidation of the Danish financial sector. The New Group will have a continued strong focus on creating shareholder value and customer and employee satisfaction. The Supervisory Board of BRFholding a/s on behalf of BRFholding a/s acceded to the Merger Agreement on 24 February 2014.

The Merger Agreement of 24 February 2014 has been amended and restated by a agreement of 10 April 2014, which among other things contains an intension of Jyske Bank, acting loyally, to seek, propose and recommend a representation of BRFholding in the Supervisory Board and the Shareholders' Representatives of Jyske Bank. For further information we refer to "22. Material Contracts".

The Merger

The Danish financial regulation applicable to Jyske Bank and BRFkredit entails that the Merger of Jyske Bank and BRFkredit could not be structured as a corporate law merger under the Danish Companies Act. Consequently, the Merger was structured as a contribution in kind of the entire share capital of BRFkredit a/s, nominally DKK 56,480,000 A shares and nominally DKK 250,000,000 B shares, by BRFholding a/s to Jyske Bank against Jyske Bank's issuance of the New Shares and payment of a cash consideration of DKK 100m.

The Merger was completed on 30 April 2014 through the exchange of all the shares in BRFkredit against 23,760,000 New Shares in Jyske Bank as well as a cash consideration of DKK 100m. The New Shares amounts to 25 per cent of the share capital of the Jyske Bank as at the Prospectus Date.

The New Shares rank pari passu with the Existing Shares. Each New Share confers the right on the holder to one vote on all matters submitted to a vote at the Bank's General Meetings. However, no Shareholder can cast more than 4,000 votes on his own behalf.

The rationale for the Merger

The Merger creates the New Group. The basis, potentials and objectives for the New Group are:

- It is based on a "great match" between BRFkredit and Jyske Bank
- It creates a leading Danish financial institution by combining the 3rd largest bank and the 4th largest mortgage-credit institution
- It combines two highly complementary business models and the New Group offers a full range of products and services to all customer segments
- It contains a high growth potential from cross-selling between combined banking and mortgage customer base
- It contains significant cost synergies stemming from optimising IT, business processes, overlapping functions and capital, with low integration risk
- It contains a diversified balance sheet and de-risked earnings profile together with strong capitalisation
- It will be well positioned to participate further in the ongoing consolidation of the Danish financial sector

The Merger is based on a "great match" between BRFkredit and Jyske Bank. Jyske Bank revised its strategy in 2011 and supplemented the organic growth strategy with non-organic activities. BRFkredit and Jyske Bank both want to be the pivotal point for further consolidation in the financial sector. The potential for further acquisitions in the banking sector is limited. The market for banking services is shrinking for the fifth consecutive year in 2013 and mortgage lending is steadily growing. Jyske Bank has reshaped the organization to focus even more on customers during 2013. Jyske Bank has launched mortgage related products in 2013. BRFkredit lacks a nationwide distribution channel. BRFkredit has above average representation in large cities (Copenhagen and Aarhus). BRFkredit and Jyske Bank both have capacity to enlarge business activities. Therefore BRFkredit and Jyske Bank are two well managed, profitable institutions with equal market share in the sectors running an AIRB setup and both expected to be officially appointed as SIFI institutions in 2014.

The Merger creates the fourth fully integrated banking and mortgage services group in Denmark, and the New Group will be offering all financial products and be able to service all financial customer segments with the primary focus on service to retail and small- and medium-sized enterprises.

The distribution force and customer base provide good opportunities for organic growth via access to new potential bank and mortgage products and customers via a common customer base. Jyske Bank's distribution capacity will be used to grow BRFkredit in the mortgage market and Jyske Bank will gain access to an attractive customer portfolio through BRFkredit to grow in the banking market. The BRFkredit mortgage portfolio is over-represented in major cities and in the household segment, and the portfolio is therefore attractive from a demographic and urbanization point of view.

The challenge from the shrinking banking market and the capacity in both institutions to grow the activities are fully addressed and it provides opportunities for cost efficiencies. The New Group is also less sensitive to structural changes in demand for banking and mortgage services.

The credit portfolio and the risk profile will be highly diversified with a high possibility of stable earnings due to the inherent low risk profile in mortgage products and the well distributed credit portfolio across all industries.

Jyske Bank and BRFkredit both have a solid capital position by the end of 2013 and are well prepared for the CRR and CRD IV requirements as well as the new domestic SIFI regulation. Both institutions have a solid rating and full access to the markets for capital and liquidity instruments.

The strength of the new Group related to the capital position, the liquidity position and the employee skills facilitates the focus on and participation in the ongoing consolidation in the financial sector in Denmark.

Expected return on equity of the New Group

Depending on developments in the global economy and especially the Danish economy, the New Group has an unchanged long term target of a pre-tax return on opening equity (ROE) of 10-15 per cent per annum. The reasons for the expectation are as follows:

- Total run rate synergies of minimum DKK 600m per annum, of which approximately DKK 300m from cost synergies and DKK 300m from revenue synergies
- The mix of synergies between cost and revenue depends on market conditions
- Cost synergies expected to be achieved by 2017 and revenue synergies by 2018
- Integration costs are estimated at DKK 300-400m covering IT, business processes, employees, properties, external advisers etc.
- Full utilisation of distribution platforms and customer bases provide attractive opportunities for organic growth
- Increased scale economies provide opportunities for cost efficiencies
- Lower earnings volatility from diversified credit portfolio and overall risk profile
- Well capitalised combined Group supporting existing rating
- Combined platform well positioned to benefit from structural changes in demand between banking and mortgage services
- Well positioned in a changing regulatory environment
- Cross-selling opportunity of banking and mortgage-related products
- Further diversified funding platform, with good split between bond, deposit and interbank funding
- Direct access to the Danish covered bond market

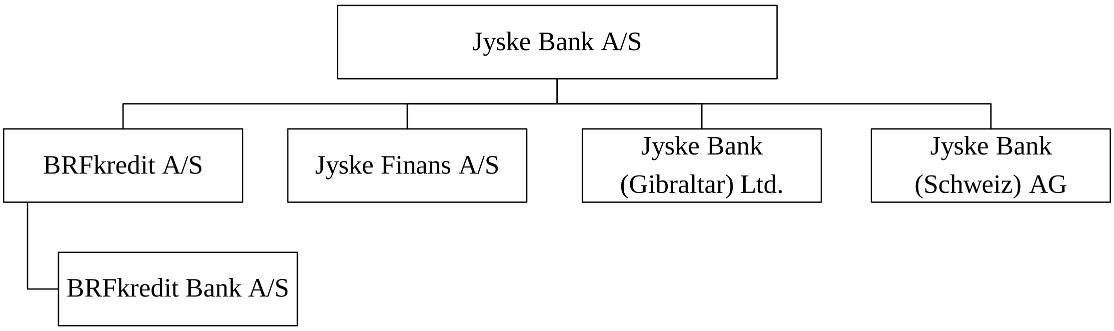
However, no statement in this Prospectus should be interpreted as a indication that the future ROE of the New Group will necessarily match or exceed the expected long term target of 10-15 per cent per annum.

Information on the New Group
Jyske Bank A/S will continue to be the parent company of the Jyske Bank Group.

The New Group’s banking products will be marketed under the Jyske Bank brand and the mortgage lending products and bonds will be marketed under the BRFkredit brand.

BRFkredit remains a separate legal entity with its own name, logo, website, etc. BRFkredit is a 100 per cent owned subsidiary of Jyske Bank and BRFkredit remains the parent company of the continuing BRFkredit group consisting of current subsidiaries to BRFkredit. BRFkredit Bank a/s is not expected to continue as an independent bank.

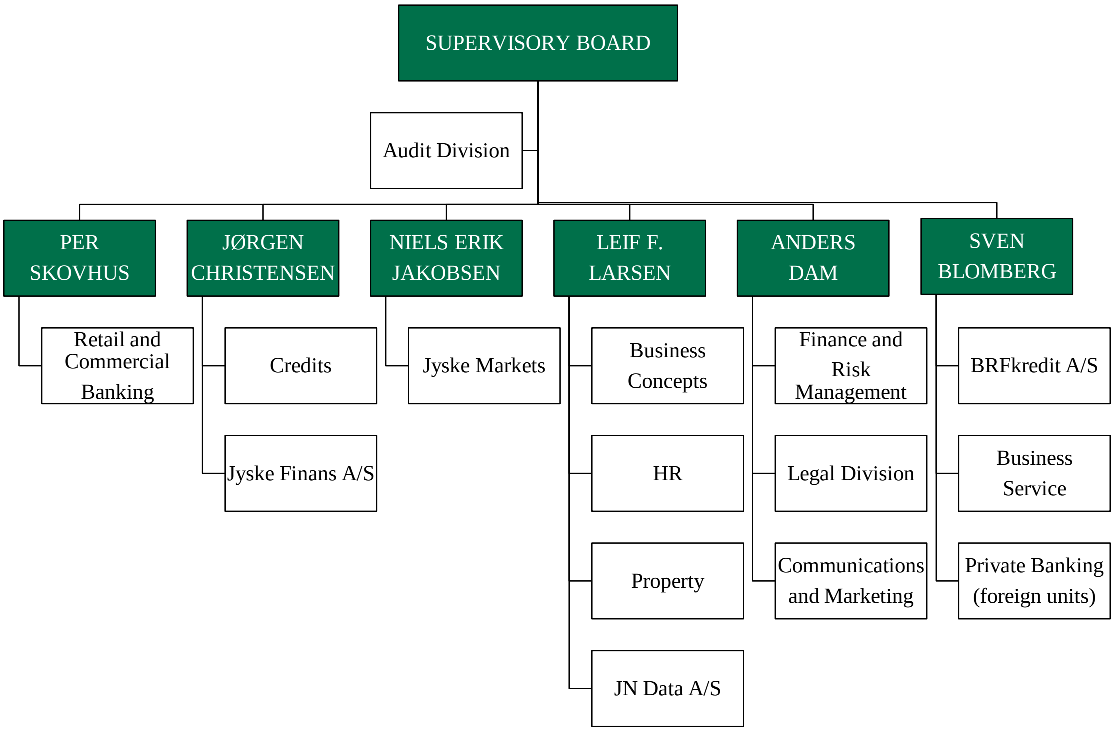
The New Group's structure with the most significant 100 per cent owned subsidiaries is shown below.



The domicile address of the New Group will be at Jyske Bank’s domicile located at Vestergade 8-16, DK-8600 Silkeborg. The domicile address for the mortgage institution activities of the New Group will be at BRFkredit’s domicile located at Klampenborgvej 205, DK-2800 Kongens Lyngby.

Management of the New Group

The organigram below shows the organisational structure of the New Group after completion of the Merger.



The Supervisory Board of the New Group is expected to include the following members:

Name	Year of birth	Supervisory Board member since	Term expires	
Sven Buhrkall	1949	1998	2016	Chairman
Kurt Bligaard Pedersen**	1959	2014	2017	Deputy Chairman
Oluf Engell**	1945	2014	2017	Member of the Supervisory Board
Jens A. Borup	1955	2005	2017	Member of the Supervisory Board
Rina Asmussen*	1959	2014	2015	Member of the Supervisory Board
Philip Baruch	1953	2006	2015	Member of the Supervisory Board
Keld Norup	1953	2007	2016	Member of the Supervisory Board
Haggai Kunisch	1951	2002	2018	Employee representative
Marianne Lillevang	1965	2006	2018	Employee representative
Jesper Holbøll	1968	2014	2018	Employee representative

* The member was elected as a member of the Shareholder's Representatives on 10 April 2014 and is expected to be elected for the Supervisory Board at the Extraordinary General Meeting of the Bank on 5 May 2014.

** The member was elected as a member of the Shareholder's Representatives on 10 April 2014 and is expected to be elected for the Supervisory Board at an extraordinary meeting of the Shareholder's Representatives on 5 May 2014.

For further information we refer to "22. Material Contracts".

The Executive Board of the New Group is expected to include the following members:

Name	Year of birth	Executive Board member since	
Anders Dam	1956	1995	CEO and Managing Director
Sven Blomberg*	1950	2014	Deputy CEO and Managing Director
Jørgen Christensen	1950	2005	Managing Director
Leif F. Larsen	1952	1996	Managing Director
Niels Erik Jakobsen	1958	2009	Managing Director
Per Skovhus	1959	2013	Managing Director

* The member will join the Executive Board on 5 May 2014.

Following the Merger the Supervisory Board of BRFkredit is expected to consist of Sven A. Blomberg (Chairman), Niels Erik Jakobsen, Per Skovhus and Jørgen Christensen.

Following the Merger the Executive Board of BRFkredit is expected to consist of Carsten Tirsbæk Madsen, CEO and Managing Director and Lars Waalen Sandberg, Managing Director.

Information on Jyske Bank
See "6.1. Jyske Bank" of this Prospectus which contains a comprehensive description of Jyske Bank.

Information on BRFkredit
See "6.2. BRFkredit" of this Prospectus which contains a comprehensive description of BRFkredit.

Pro forma financial information for the New Group
As the Merger described in the section "Information on the New Group and the Merger" results in significant gross changes in the certain financial key figures of the Jyske Bank Group, the Commission Regulation (EC) No 809/2004 requires a description of how the Merger might have affected the assets and liabilities and earnings of the Jyske Bank Group, had the Merger been undertaken at the commencement of the financial year 2013.

The unaudited pro forma financial information set out below has been prepared for illustrative purposes only in accordance with Annex II of the Commission Regulation (EC) No 809/2004.

Because of its nature, the pro forma financial information addresses a hypothetical situation and does not, therefore, represent the New Group's actual financial position or results. Actual future financial results may be materially different. Management gives no assurance that the actual financial result and financial position, if the Merger had been accomplished on 1 January 2013, would have been as indicated.

Description of the pro forma adjustments and assumptions for these
The unaudited pro forma financial information set out in section 20.2.5 "Unaudited pro forma financial information for 2013 for the New Group" has been prepared in accordance with Annex II of the Prospective Directive Regulation and present how the Merger might have affected the assets and liabilities and earnings of New Group, had the transaction been undertaken at the commencement of the financial year 2013.

The unaudited pro forma financial information is based on the information presently available and certain assumptions considered reasonable.

The pro forma financial information has been prepared by combining items of a uniform accounting policy as regards the recognition and measurement and by such consolidation and elimination of all significant intra Group balances and transactions in the period 1 January to 31 December 2013 and as at 31 December 2013 between Jyske Bank and BRFkredit has been made.

For Jyske Bank, the financial information has been extracted, without material adjustment, from the audited consolidated financial statement for 2013, as included by reference in Annex F of this Prospectus. For BRFkredit, the financial information has been extracted, without material adjustment, from the audited consolidated financial statement for 2013, as included by reference in Annex F of this Prospectus.

Pro forma Income statement 2013 for the New Group

Income statement 2013 DKKm	Jyske Bank Group	BRFkredit Group	Pro forma adjust-ments	Pro forma the New Group
Interest income	6,373	7,314	-207	13,480
Interest expenses	1,355	5,327	-197	6,485
Net interest income	**5,018**	**1,987**	**-10**	**6,995**
Dividends, etc.	52	6	0	58
Fees and commission income	1,980	237	0	2,217
Fees and commission expenses	251	132	0	383
Net interest and fee income	**6,799**	**2,098**	**-10**	**8,887**
Value adjustments	541	-235	10	316
Other operating income	893	8	0	901
Employee and administrative expenses	4,309	920	0	5,229
Amortisation, depreciation and impairment charges	390	19	5	414
Other operating expenses	92	14	0	106
Loan impairment charges and provisions for guarantees	1,147	505	0	1,652
Profit on investments in associates and group enterprises	6	0	0	6
Pre-tax profit	**2,301**	**413**	**-5**	**2,709**
Tax	493	111	-1	603
Profit for the year	**1,808**	**302**	**-4**	**2,106**

Pro forma Balance sheet 2013 for the New Group

Balance sheet, at 31 December 2013 DKKm	Jyske Bank Group	BRFkredit Group	Pro forma adjust-ments	Pro forma the New Group
ASSETS				
Cash, cash equivalents and demand deposits with central banks	2,427	90	-100	2,417
Due from credit institutions and central banks	15,143	2,099	-422	16,820
Loans and advances at amortised cost	131,378	8,716	-4,348	135,746
Loans and advances at fair value	0	200,302	-1,402	198,900
Bonds at fair value	57,754	20,570	-7,552	70,772
Bonds at amortised cost	14,794	0	-1,436	13,358
Shares	2,305	300	0	2,605
Investments in associates	721	0	0	721
Assets in pooled deposits	4,809	0	0	4,809
Intangible assets	71	16	45	132
Land and buildings, total	2,183	477	0	2,660
of which investment property	33	4	0	37
of which owner-occupied properties	2,150	473	0	2,623
Other property, plant and equipment	1,054	11	0	1,065
Current tax assets	49	0	0	49
Deferred tax assets	0	140	0	140
Assets in temporary possession	112	301	0	413
Other assets	28,969	718	-92	29,595
Prepayments	235	30	0	265
Total assets	**262,004**	**233,770**	**-15,307**	**480,467**
EQUITY AND LIABILITIES				
Debt and payables				
Due to credit institutions and central banks	43,936	12,442	-6,172	50,206
Deposits	126,021	5,343	0	131,364
Pooled deposits	5,403	0	0	5,403
Issued bonds at fair value	0	193,147	-8,988	184,159
Issued bonds at fair amortised cost	27,760	8,820	0	36,580
Current tax liabilities	0	2	-1	1
Liabilities relating to assets in temporary possession	0	13	0	13
Other liabilities	37,891	3,430	-92	41,229
Deferred income	312	2	0	314
Total debt and payables	**241,323**	**223,199**	**-15,253**	**449,269**
Provisions				
Provisions for pensions	440	0	0	440
Provisions for deferred tax	468	0	11	479
Provisions for guarantees	444	0	0	444
Other provisions	201	207	0	408
Provisions, total	**1,553**	**207**	**11**	**1,771**
Subordinated debt	**1,649**	**2**	**0**	**1,651**
Equity				
Share capital	713	306	-69	950
Proforma effect on other reserve	0	0	-4	-4
Other reserve	16,766	10,056	8	26,830
Equity, total	**17,479**	**10,362**	**-65**	**27,776**
Equity and liabilities, total	**262,004**	**233,770**	**-15,307**	**480,467**

Pro forma data and key ratios 2013 for the New Group

The New Group is well consolidated with a capital base ratio of 16.3 per cent and a Core Tier 1 ratio excl. hybrid capital of 15.8 per cent as at 31 December 2013 against a solvency requirement of 10.1 per cent, representing a solid capital buffer of 6.2 percentage points in relation to the total capital base and 5.7 percentage points in relation to Core Tier 1 excl. hybrid capital. The capital levels and the high proportion of Core Tier 1 capital are beneficial in fulfilling the new requirements according to CRR and CRD IV.

The New Group therefore is well prepared to pursue both organic and acquisitions–based growth strategies.

Selected data and financial ratios 2013	**Jyske Bank Group**	**BRFkredit Group**	**Pro forma the New Group**
Solvency ratio	16.0	16.6	16.3
Core Tier 1 capital ratio incl. hybrid capital	15.9	16.6	16.3
Core Tier 1 capital ratio excl. hybrid capital	15.3	16.6	16.1
Pre-tax profit as a percentage of opening equity	14.7	4.1	10.6
Pre-tax profit as a percentage of average equity	13.9	4.0	10.3
Net profit as a percentage of average equity	10.9	3.0	8.0
Income/cost ratio	1.4	1.3	1.4
Loans and advances in relation to equity	7.5	20.2	12.0
Number of full-time employees, end year	3,774	869	4,643

Pro forma Solvency and core capital ratios 2013 for the New Group

Balance sheet, at 31 December 2013 DKKm	**Jyske Bank Group**	**BRFkredit Group**	**Pro forma adjust-ments**	**Pro forma the New Group**
Equity	17,479	10,362	-65	27,776
Intangible assets	-71	-16	-45	-132
Deferred tax assets	0	-140	0	-140
Revaluation reserve	-361	-26	0	-387
Core capital exclusive of hybrid core capital	**17,047**	**10,180**	**-110**	**27,117**
Hybrid core capital	1,303	0	0	1,303
Deduction for equity investments above 10%	-550	0	0	-550
Difference between expected loss and the carrying amount of impairment charges	-55	-197	0	-252
Excess deductions which cannot be offset against supplementary capital	0	-169	80	-89
Other deductions	-3	0	0	-3
Core capital	**17,742**	**9,814**	**-30**	**27,526**
Subordinated loan capital	336	2	0	338
Revaluation reserve	361	26	0	387
Deduction for equity investments above 10%	-550	0	0	-550
Difference between expected loss and the carrying amount of impairment charges	-55	-197	0	-252
Offsetting of excess deductions	0	169	-89	80
Other deductions	-3	0	0	-3
Capital base	**17,831**	**9,814**	**-119**	**27,526**
Weigthed assets involving credit risk etc.	81,105	47,627	-135	128,597
Weigthed assets involving operational risk	12,483	2,826	0	15,309
Weigthed assets involving market risk	17,687	8,774	-1,799	24,662
Total weighted assets	**111,276**	**59,227**	**-1,934**	**168,568**

Financial effects of the Merger

IFRS 3 Business Combinations defines the accounting principles relating to the Merger including conditions for recognition and measurement of the identifiable assets and liabilities.

According to preliminary calculations, the net fair value of the acquired assets and liabilities is expected to significantly exceed the purchase consideration and the difference, so-called bargain purchase gain, will be recognized in the income statement immediately after completion of the Merger.

As at 31 March 2014, the market price of the Jyske Bank share was DKK 297.8. The purchase consideration was calculated at DKK 7,176m and the preliminary calculation of the net fair value of the acquired assets and liabilities as per 31 December 2013 was DKK 10,401m. The preliminary calculation of bargain purchase gain amounted to DKK 3,225m.

Changes in the market price of the Jyske Bank share between 31 March 2014 and completion of the Merger as well as changes in booked values in the balance sheet of BRFkredit will lead to a change in the calculation above.

Continuity provisions

To ensure continuity in the New Group, Jyske Bank has undertaken not to make material changes in certain matters of the New Group without prior consent from BRFholding for a period of 36 months following completion of the Merger.

The matters requiring consent from BRFholding include materal changes in:

- the domicile addresses for the New Group,
- the continued branding of mortgage lending products under the BRFkredit name and logo,
- the overall business model for the New Group,
- the members of the Executive Board of BRFkredit; and
- the position of the deputy CEO and Managing Director of Jyske Bank

Lock-Up Agreement

Jyske Bank and BRFholding agree that stability in the New Group's ownership helps to ensure the best conditions for business operation and success in the coming years. BRFholding wants to act as a long-term strategic shareholder in Jyske Bank and has entered into the Lock-Up Agreement in respect of the New Shares.

The Lock-Up Agreement imposes BRFholding a restriction in selling the New Shares for a period of 1 year after completion of the Merger and other restrictions in relation to Seller’s ability to sell some of the New Shares for a period of 5 years after the completion of the Merger.

BRFholding refrains during the period (“Lock-up period”) from and including 30 April 2014 up to 29 April 2019 from directly or indirectly:

- transfer of ownership (including mergers, liquidation, distribution) or collateral of any Shares or securities exchangeable or convertible into or exercised into Shares, or
- assigning any financial or administrative rights attaching to the Shares in whole or in part.

Whatever above BRFholding is authorized to make the following transactions in the lock-up period:

- In the period from and including 30 April 2015 and the 29 April 2016 BRFholding is entitled to freely dispose of nominally DKK 9,504,000 Shares.
- In the period from and including 30 April 2016 and the 29 April 2017 BRFholding is entitled to freely dispose of nominally DKK 9,504,000 Shares.
- In the period from and including 30 April 2017 and the 29 April 2018 BRFholding is entitled to freely dispose of nominally DKK 47,520,000 Shares.
- In the period from and including 30 April 2018 and the 29 April 2019 BRFholding is entitled to freely dispose of nominally DKK 47,520,000 Shares.

Notwithstanding the above, BRFholding is entitled to sell all of the New Shares, if BRFholding at any point of time is not represented in the Supervisory Board.

Timeline of the Merger

Since the public announcement of the Merger Agreement on 24 February 2014 a number of events have occurred, which satisfy the conditions precedent of the agreement and facility the completion thereof. This includes amongst other things:

Publication of the Merger of BRFkredit and Jyske Bank	24 February 2014
Annual General Meeting BRFkredit	19 March 2014
Annual General Meeting Jyske Bank	19 March 2014
Extraordinary General Meeting Jyske Bank	10 April 2014
Closing Date and registration of the New Shares with the Danish Business Authority	30 April 2014
First trading day for the New Shares	2 May 2014
Extraordinary General Meeting Jyske Bank	5 May 2014

Financial calendar for the New Group

Interim report for Jyske Bank for the three months ended 31 March 2014	30 April 2014
Interim report for BRFkredit for the three months ended 31 March 2014	22 May 2014
Interim report for the six months ended 30 June 2014	19 August 2014
Interim report for the nine months ended 30 September 2014	29 October 2014

I. Share registration document

1. PERSONS RESPONSIBLE

For persons responsible for the information included in this Prospectus, see "Responsible".

2. STATUTORY AUDITORS

2.1 Auditors for Jyske Bank

Jyske Bank's independent auditors are:

Deloitte
Statsautoriseret Revisionspartnerselskab
Papirfabrikken 26
DK-8600 Silkeborg

The consolidated financial statements for the financial year ended 31 December 2011, 31 December 2012 and 31 December 2013 were audited by Deloitte Statsautoriseret Revisionspartnerselskab, represented by state authorised public accountants Hans Trærup and Henrik A. Laursen.

The auditors in charge are members of the Institute of State Authorized Public Accountants in Denmark.

2.2 Auditors for BRFkredit

BRFkredit's independent auditors are:

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

The consolidated financial statement for the financial year ended 31 December 2013 were audited by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, represented by state authorised public accountants Lars Holtug.

The consolidated financial statement for the financial year ended 31 December 2012 were audited by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, represented by state authorised public accountants Lars Holtug and Vibeke Bak Solok.

The consolidated financial statement for the financial year ended 31 December 2011 were audited by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab, represented by state authorised public accountants Lars Holtug and Jesper Edelbo.

The auditors in charge are members of the Institute of State Authorized Public Accountants in Denmark.

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab has been represented by the state authorised public accountant Lars Holtug in the years 2011, 2012 and 2013. Lars Holtug has been the leading auditor. There has been a change in the co-signatory auditor due to rotation and change in job position.

PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab is expected to assist in the audit of the financial statement for BRFkredit for the financial year ending 31 December 2014, subject, however, to the legislation and rules applicable to the audit of Jyske Bank at group level.

3. SELECTED FINANCIAL INFORMATION

3.1 Selected financial information for the Jyske Bank Group

Set forth below is selected consolidated financial information for the Jyske Bank Group, prior to the Merger, including some key figures for the accounting periods first quarter of 2014 and first quarter of 2013 as well as the financial years 2011, 2012 and 2013. The selected financial information has been extracted from the unaudited interim financial statements for the accounting periods first quarter of 2014 and first quarter of 2013 as well as the audited consolidated financial statements for the financial years 2011, 2012 and 2013.

The Jyske Bank Group's consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU. Moreover, the consolidated financial statements have been prepared in accordance with Danish disclosure requirements for financial statements of listed financial companies.

The following information should be read in conjunction with the Jyske Bank Group's unaudited interim financial statements for the accounting periods first quarter of 2014 and first quarter of 2013 as well as the audited consolidated financial statements for the financial years 2011, 2012 and 2013 and associated notes included by reference in Annex F of this Prospectus, and “9 Operating and Financial Review".

Accounting policies are the same for the accounting periods first quarter of 2014 and first quarter of 2013 as well as the financial years 2011, 2012 and 2013 except for certain changes incorporated as a result of either:

- new, or changes and amendment to existing, International Financial Reporting Standards as adopted by the EU or
- new executive order issued by the Danish FSA

as set out in the consolidated financial statements every single period.

Incorporation of above mentioned changes are a normal procedure of the accounting closing processes in Jyske Bank. Adjustments to comparative figures are made if incorporation of above mentioned changes is made.

Financial highlights for the Jyske Bank Group

SUMMARY OF INCOME STATEMENT DKKm	2013	2012	2011	Q1 2014	Q1 2013
Net interest income	5,018	4,879	4,742	1,158	1,197
Dividends, etc.	52	30	28	25	14
Net fee and commission income	1,729	1,650	1,307	423	435
Net interest and fee income	**6,799**	**6,559**	**6,077**	**1,606**	**1,646**
Value adjustments	541	269	-31	225	154
Other operating income	893	676	634	231	282
Operating expenses, depreciation and amortisation	4,791	4,827	4,562	1,262	1,280
Loan impairment charges and provisions for guarantees	1,147	1,840	1,480	289	242
Profit on investments in associates and group enterprises	6	12	-7	-93	1
Pre-tax profit	**2,301**	**849**	**631**	**418**	**561**
Tax	493	254	115	77	126
Profit for the year	**1,808**	**595**	**516**	**341**	**435**
of which non-controlling interests	1	3	3	0	0

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm	2013	2012	2011	Q1 2014	Q1 2013
Loans and advances	131,378	118,554	124,494	137,560	128,969
- bank loans	111,115	105,947	108,546	115,070	111,613
- repo loans	20,263	12,607	15,948	22,490	17,356
Deposits	131,424	120,977	127,338	139,396	124,088
- bank deposits	115,846	97,432	101,164	121,224	109,540
- repo deposits	10,175	17,962	17,095	13,052	9,147
- pooled deposits	5,403	5,583	9,079	5,120	5,401
Issued bonds	27,760	34,921	37,482	26,371	38,045
Subordinated debt	1,649	2,742	2,720	1,347	2,738
Equity	17,479	15,642	13,846	17,825	16,086
Total assets	262,004	258,247	270,220	257,428	260,797

SELECTED KEY FIGURES AND FINANCIAL RATIOS	2013	2012	2011	Q1 2014	Q1 2013
Pre-tax earnings per share (DKK)	32.30	12.17	9.77	5.86	7.88
Earnings per share (DKK)	25.38	8.48	7.95	4.79	6.11
Earnings per share (diluted) (DKK)	25.38	8.48	7.95	4.79	6.11
Core earnings per share (DKK)	27.45	4.96	7.07	4.63	6.57
Share price at end of period (DKK)	293	157	141	298	198
Book value per share (DKK)	245	220	214	250	225
Share price/book value per share (DKK)	1.19	0.71	0.66	1.19	0.88
Share price/earnings	11.5	18.5	17.7	-	-
Solvency ratio	16.0	17.3	14.7	16.2	15.0
Core Tier 1 capital ratio incl. hybrid capital	15.9	15.3	13.3	15.9	14.3
Core Tier 1 capital ratio excl. hybrid capital	15.3	14.2	12.1	15.1	13.7
Pre-tax profit as a percentage of average equity	13.9	5.8	4.6	2.4	3.5
Net profit as a percentage of average equity	10.9	4.0	3.8	1.9	2.7
Income/cost ratio	1.4	1.1	1.1	1.3	1.4
Interest-rate risk (%)	1.9	1.1	1.0	1.5	0.8
Currency position (%)	6.3	6.4	6.5	-	-
Currency risk (%)	0.1	0.0	0.2	0.1	0.0
Excess liquidity (%)	151.1	127.1	98.3	-	-
Total large exposures (%)	10.1	0.0	0.0	-	-
Accumulated impairment ratio	3.1	3.4	2.8	3.0	3.2
Impairment ratio for the year	0.8	1.4	1.1	0.2	0.2
Increase in loans and advances for the year, excl. repo loans (%)	4.9	-2.4	2.7	-	-
Loans and advances in relation to deposits	1.0	1.0	1.0	-	-
Loans and advances in relation to equity	7.5	7.6	9.0	-	-
Number of full-time employees at year-end	3,774	3,574	3,809	3,792	3,806

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority. Comparable figures for 2011-2012 have been adjusted to new accounting policies.

3.2 Selected financial information for the BRFkredit Group

Set forth below is selected financial information for the BRFkredit Group, including some key figures for the financial years 2011, 2012 and 2013. The selected financial information has been extracted from the audited consolidated financial statements for the financial years 2011, 2012 and 2013.

The BRFkredit Group's audited consolidated financial statements for the financial years 2011, 2012 and 2013 have been prepared in accordance with IFRS as adopted by the EU. Moreover, the consolidated financial statements for the financial years 2011, 2012 and 2013 have been prepared in accordance with additional Danish disclosure requirements for financial statements of issuers of listed bonds.

The following information should be read in conjunction with the BRFkredit Group's audited consolidated financial statements for the financial years 2011, 2012 and 2013 and associated notes included by reference in Annex F of this Prospectus, and “9 Operating and Financial Review".

Accounting policies are the same for the financial years 2011, 2012 and 2013 except for certain changes incorporated as a result of either:

- new, or changes and amendment to existing, International Financial Reporting Standards as adopted by the EU or
- new executive order issued by the Danish FSA

as set out in the consolidated financial statements every single year.

Incorporation of above mentioned changes is a normal procedure of the accounting closing processes in BRFkredit. Adjustments to comparative figures are made if incorporation of above mentioned changes is made.

Financial highlights for 2011, 2012 and 2013 for the BRFkredit Group

SUMMARY OF INCOME STATEMENT DKKm	2013	2012	2011
Net interest income	1,987	1,653	1,685
Dividends, etc.	6	10	5
Net fee and commission income	105	30	-73
Net interest and fee income	**2,098**	**1,693**	**1,617**
Value adjustments	-235	-36	-104
Other operating income	8	2	5
Operating expenses, depreciation and amortisation	953	910	929
Loan impairment charges and provisions for guarantees	505	493	459
Profit on investments in associates and group enterprises	0	-3	-2
Pre-tax profit	**413**	**252**	**127**
Tax	111	66	33
Profit for the year	**302**	**185**	**95**

SUMMARY BALANCE SHEET, END OF PERIOD DKKm	2013	2012	2011
Lending	209,018	207,631	205,469
Bonds and shares etc.	20,570	15,848	5,231
Other assets	3,882	5,740	10,170
Issued bonds	201,967	203,873	194,387
Other liabilities	21,439	15,295	14,401
Subordinated debt	2	3	2,223
Equity	10,362	10,048	9,859
Total assets	233,770	229,219	220,870

SELECTED KEY FIGURES AND FINANCIAL RATIOS	2013	2012	2011
Income-cost ratio, (DKK)	1.28	1.18	1.09
Operating expenses, depreciation and amortisation as per cent of average loan portfolio	0.48	0.46	0.44
Loss and Impairment ratio for the year	0.2	0.2	0.2
Return on equity before tax	4.0	2.5	1.3
Return on equity after tax	3.0	1.9	1.0
Solvency ratio	16.6	15.2	16.0
Core capital ratio	16.6	15.2	16.0
Own funds (tier 1 + tier 2), (DKKm)	9,815	9,297	11,402
Avg. number of full-time employees during the year	844	806	758

4. RISK FACTORS

Please refer to the section ”Risk factors” on page 43-63.

5. INFORMATION ABOUT THE ISSUER

5.1 General information about Jyske Bank

Legal name, registered office etc.
Jyske Bank A/S
Company registration No.: 17 61 66 17
Vestergade 8-16
DK-8600 Silkeborg, Denmark

Phone.:	+45 89 89 89 89
Fax:	+45 89 89 19 99
E-mail:	jyskebank@jyskebank.dk
Website:	www.jyskebank.dk

Jyske Bank’s place of registration is Silkeborg, Denmark, and Jyske Bank is registered with the Danish Business Authority under company registration no. (CVR-no.) 17 61 66 17.

Jyske Bank also carries on business under the following secondary names:

Bank of Jutland
Jütländische Bank
Banque Du Jutland
Banco de Jutlandia
A/S Banken for Brædstrup og Omegn
A/S Handels og Landbrugsbanken I Silkeborg
A/S Hjørring Diskontobank
A/S Holstebro Bank
A/S Kjellerup Bank
A/S Kjellerup Handels- & Landbrugsbank
A/S Nordjyllands Bank
A/S Odder Landbobank
A/S Samsø Bank
A/S Silkeborg Bank
A/S Vendelbobanken
Jysk Garanti A/S
A/S Jyske Bank – Min Bank
A/S FinansNetbanken

Securities identification code
Jyske Bank’s Existing Shares are listed on NASDAQ OMX Copenhagen under the securities identification code ISIN DK0010307958.

Issuing agent and registrar
Jyske Bank A/S
Reg.no. (CVR) 1761 6617
Vestergade 8-16
DK-8600 Silkeborg, Denmark

Legal form, date of incorporation and legislation
Jyske Bank, which was established on 7 July 1967, is governed by the Danish Companies Act. Since Jyske Bank is listed on NASDAQ OMX Copenhagen, the Bank is also subject to applicable Danish law regarding listed companies.

Jyske Bank A/S is a public limited liability company and has been granted a licence from the Danish FSA to conduct banking business under the Danish Financial Business Act as well as, inter alia, a licence to carry out securities business.

Jyske Bank and the Bank's subsidiaries are subject to substantial regulation in all markets in which the Bank conducts its business.

Jyske Bank (Gibraltar) Ltd. is a wholly-owned subsidiary of Jyske Bank A/S. Jyske Bank (Gibraltar) Ltd. is authorised to conduct investment service business and is regulated by the Gibraltar Financial Services Commission. Jyske Bank (Gibraltar) Ltd. is covered by the Gibraltar Investor Compensation Scheme which meets EU requirements.

Jyske Bank (Schweiz) AG is a wholly-owned subsidiary of Jyske Bank A/S and is regulated by the Swiss Financial Market Supervisory Authority.

Berben's Effectenkantoor B.V. (The Netherlands) is 60 per cent owned by Jyske Bank A/S and supports Jyske Bank's private banking activities together with Jyske Bank (Gibraltar) Ltd., Jyske Bank (Schweiz) and the private banking branch in Cannes (France). In addition, the Jyske Bank Group has a branch in Hamburg that focuses on Danish commercial customers' banking needs in Germany.

Financial year and financial reporting
Jyske Bank's financial year runs from 1 January to 31 December. Jyske Bank publishes interim reports for the first, second and third quarters of the financial year as well as a full-year report.

Financial calendar for Jyske Bank and the New Group

Interim report for Jyske Bank for the three months ended 31 March 2014	30 April 2014
Interim report for BRFkredit for the three months ended 31 March 2014	22 May 2014
Interim report for the six months ended 30 June 2014	19 August 2014
Interim report for the nine months ended 30 September 2014	29 October 2014

Jyske Bank's objectives
According to article 1 of Jyske Bank's Articles of Association, the objective of Jyske Bank is, as an independent bank and as the parent company, to carry on banking business and other activities permissible under applicable law, including business as a mortgage institution through BRFkredit.

Most recent General Meeting
The most recent General Meeting of Jyske Bank was held on 10 April 2014. The most recent annual General Meeting was held on 19 March 2014. .

The Bank has called for an Extraordinary General Meeting to be held on 5 May 2014 for the purpose of electing Rina Asmussen for the Supervisory Board as the board member who meets the special requirements of the Danish FSA.

5.1.1 Jyske Bank's history and development

The Jyske Bank Group is the third largest banking group in Denmark with total assets of DKK 257bn as at 31 March 2014. Jyske Bank has a nationwide market presence with a market share of around 7 per cent in terms of total bank lending to customers, and around 8 per cent, in terms of total bank deposits from customers as at 31 March 2014. As at 31 December 2013, the Group had 104 branches with focus on retail clients, 34 branches specialized in SME and corporate clients and 9 Private Banking branches throughout Denmark and a total of 3,774 full-time employees.

The Bank was established as a public limited company on 7 July 1967 and is registered under CVR-no. 17616617. The Bank's incorporation followed the merger of four banks based in the towns of Kjellerup and Silkeborg in central Jutland. These banks had their roots in the 1850s. Three other local banks subsequently merged with the Bank: Banken for Brædstrup og Omegn in 1968, Samsø Bank in 1970 and Odder Landbobank in 1971. With the acquisition of Finansbanken in 1980, Jyske Bank achieved nationwide retail branch coverage. It expanded further by acquiring VendelboBanken (based in northern Jutland) in 1983 and Holstebro Bank (based in western Jutland) in 1989.

In 1990, Jyske Bank was an active player in the establishment of Totalkredit (a Danish mortgage credit institution), which was a revival of *Provinsbankernes Reallånefond*. In 2000, Totalkredit was incorporated as a public limited liability company, and Jyske Bank's interest was converted into shares in the mortgage credit company. Jyske Bank was the largest shareholder in Totalkredit. The distribution of mortgage credit products turned out to be a very profitable business for Jyske Bank and the other banks in the co-operation. In 2003, 2004 and 2006, Jyske Bank sold its shares in Totalkredit to Nykredit. Inclusive of the adjustment in March 2008 of the original sales price, the sale generated a pre-tax profit of DKK 1,525m (DKK 1,413m after tax).

In 2002, Jyske Bank and Nykredit formed JN Data A/S (IT processing and services) ("JN Data") pursuant to a strategic co-operation agreement. JN Data was formed by merging parts of Nykredit's and Jyske Bank's IT operations. JN Data offers IT support. Nykredit and Jyske Bank hold 50 per cent, each of JN Data.

On 1 September 2010, Bankdata and Jyske Bank announced plans for IT co-operation and, on 17 December 2010, the Danish Competition and Consumer Authority approved Bankdata's takeover of Jyske Bank's IT development unit and JN Data's takeover of Bankdata's unit for the delivery of IT operations and services. After the conversion, the co-operation will result in a doubling of the free development resources at Bankdata. Furthermore, the cooperation will strengthen Jyske Bank's relations to Bankdata's members and facilitate business and strategic opportunities. Jyske Bank became a member of the association, Bankdata, in the first quarter of 2011, and the IT conversion was successfully accomplished at the end of October 2012.

On 22 September 2011, Jyske Bank's subsidiary Jyske Finans A/S, one of the leading car lease companies in Denmark, entered into an agreement with the Spar Nord Group regarding acquisition of the leasing activities of Finans Nord A/S and Easyfleet A/S. On 1 October 2011, Jyske Finans A/S took over the administration of the existing leasing portfolio and the activities of Finans Nord going forward. Moreover, Jyske Finans acquired the car-leasing company Easyfleet. Jyske Finans took over a total of 82 employees. These acquisitions strengthened Jyske Finans' activities and growth strategy within the area of car financing, commercial leasing and wholesale activities aimed at other banks.

On 30 September 2011, Jyske Bank announced that it had signed an agreement with the Financial Stability Corporation concerning the purchase of the healthy parts of Fjordbank Mors of 2011. On 31 October 2011, Jyske Bank took over a customer portfolio of 43,600 customers representing total lending of DKK 2.3bn and total deposits of DKK 3.5bn. Furthermore, Jyske Bank took over two domicile buildings and 59 employees. Through the acquisition, Jyske Bank achieved a key market position on the island of Mors.

The two acquisitions of selected asset portfolios in 2011 are to be seen as part of Jyske Bank's strategic shift during the third quarter of 2011 from focusing exclusively on organic growth to a more broadly defined growth strategy to be combined with selective acquisitions. In early 2013, Jyske Bank took the next step forward with its acquisition strategy. On 25 January 2013, Jyske Bank entered into an agreement with Sparekassen Lolland A/S to take over all Sparekassen Lolland's banking activities, including the 45,000 customers of Sparekassen Lolland's branches and 70,000 customers of FinansNetbanken, as well as employees and branches, as Sparekassen Lolland came in breach with the solvency requirements of the Danish FSA following an inspection of their credit portfolio. Jyske Bank took over all assets and liabilities, except for subordinated debt and equity. The total loans and advances as well as deposits involved in the transaction were calculated at DKK 7.1bn and DKK 9.7bn, respectively.

In February 2012, Jyske Bank and BRFkredit signed an agreement on joint funding. The agreement gives Jyske Bank access to cost efficient long-term financing of the residential loan products Jyske Prioritet that are granted on the basis of collateral in a homeowners house, through the issue of CDOs by BRFkredit. Under this agreement, there is legal transfer of title of the Jyske Prioritet residential housing loans to BRFkredit, and BRFkredit issues AAA covered bonds from an existing Capital Centre. The agreement originally was related only to all new loans originated from February 2012 and based on collateral within the 60 per cent LTV. Subsequently after approval was received from the Dansh FSA, in relation to the sale of parts of the stock of Jyske Prioritet loans (total stock approximately DKK 13bn) that are eligible for covered bond issuance to BRFkredit, the agreement was amended to also include transfer of covered bond eligible stock. The BRFkredit funding agreement thus is part of the future long-term funding strategy and will underpin long-term net interest income and strengthen Jyske Bank's competitiveness in respect of residential loans and other loans secured against real property.

On 24 February 2014, it was announced that Jyske Bank and BRFkredit had entered into the Merger Agreement in respect of the Merger of Jyske Bank and BRFkredit with the ambition of creating a financially strong, Danish-anchored financial institution with strong product expertise, a significant customer base and potential for profitable organic growth and participation in the ongoing consolidation of the Danish financial sector. The New Group will have a continued strong focus on creating shareholder value and customer and employee satisfaction.

In March 2014, Nykredit and Totalkredit informed Jyske Bank that they had taken the position that they consider the cooperation about Totalkredit terminated in relation to Jyske Bank. Jyske Bank disagrees that Jyske Bank has terminated the main cooperation agreement and considers Nykredit's and Totalkredit's initiative unwarranted.

In April 2014, it was announced that the sale of Silkeborg Data was complete and after completion of the sale, Silkeborg Data is no longer a part of the Jyske Bank Group.

5.1.2 Investments

Jyske Bank invested in "Jyske Differences Second Generation" ("JF2G"), Letpension and the IT migration to and the membership of Bankdata in the years 2011 to 2013.

Furthermore, in the years 2011 to 2013 Jyske Bank acquired activites from Finans Nord, Easyfleet, Fjordbank Mors and Spar Lolland.

The cash flows from investments activities in the financial years 2011, 2012 and 2013 were DKK 1.067m, DKK -346m and DKK -288m.

Finally, in 2014 Jyske Bank made an investment in the entire share capital of BRFkredit a/s.

Jyske Bank has at present no existing commitments to make significant investments and no current plans for any significant investments in 2014 or 2015.

5.2 General information about BRFkredit

Legal name, registered office etc.

BRFkredit a/s
Company registration no.: 13 40 98 38
Klampenborgvej 205
DK-2800 Kgs. Lyngby, Denmark

Phone.:	+45 45 93 45 93
Fax:	+45 45 93 45 22
E-mail:	brfkredit@brf.dk
Website:	www. brf.dk

BRFkredit's place of registration is Lyngby-Taarbæk, Denmark, and BRFkredit is registered with the Danish Business Authority under company registration no. (CVR-no.) 13 40 98 38.

Legal form, incorporation and legislation

BRFkredit was incorporated on 1 August 1989 as a public limited company under the laws of Denmark. BRFkredit is subject to the Danish Companies Act.

BRFkredit is licenced by the Danish FSA as a mortgage credit institution pursuant to section 8(1) and annex 3 in the Danish Financial Business Act and to carry out activities as a securities dealer in connection with its mortgage credit activities in pursuance of section 9(1) and annex 4, paragraph A, of the Danish Financial Business Act.

BRFkredit Bank is wholly owned by BRFkredit and is subject to the Danish Companies Act. BRFkredit Bank is licenced by the Danish FSA as a bank pursuant to section 7 and annex 1 of the Danish Financial Business Act.

BRFkredit and BRFkredit Bank may also carry out related activities in accordance with sections 24 to 26 of the Danish Financial Business Act.

Financial year and financial reporting
BRFkredit's financial year runs from 1 January to 31 December. BRFkredit publishes interim reports for the first, second and third quarters of the financial year as well as a full-year report.

Financial calendar
Reference is made to the financial calendar for Jyske Bank and the New Group section 5.1.

BRFkredit's objectives
Under section 2 of BRFkredit's articles of association its objectives are to carry on mortgage lending business and other business, which is allowed under the laws regulating mortgage institutions.

Last General Meeting of the shareholders
The last General Meeting of the shareholders in BRFkredit was held on 19 March 2014.

5.2.1 BRFkredit's history and development

BRFkredit is an independent mortgage institution offering loans against collateral on owner-occupied homes, holiday houses, commercial properties and subsidised housing financed through the issuance of Mortgage Bonds.

In 2011-2013 BRFkredit had a gross market share of around 4, 6 and 8 per cent, respectively, of the Danish mortgage market (measured by the share of issued bonds before repayments and disposals), and is Denmark's fourth largest mortgage institution.

The activities of BRFkredit date back to 1959 when Byggeriets Realkreditfond (BRFkredit) was established as an institution providing mortgage credit lending.

In 1975 BRFkredit merged with Husejernes Kreditkasse, Denmark's oldest mortgage institution founded in 1797 by wealthy citizens of Copenhagen as a response to the great fire of 1795.

As a consequence of structural changes to the Danish mortgage credit business introduced by the Danish Mortgage Credit Act in 1989, all mortgage credit activities undertaken by Byggeriets Realkreditfond were transferred to a newly founded private limited company, BRFkredit a/s. At the same time, Byggeriets Realkreditfond changed its name to BRFfonden, a Danish commercial foundation and a holding company, BRFholding, was established. BRFkredit is a wholly owned subsidiary of BRFholding, which is in turn wholly owned by BRFfonden.

In 1995 BRFkredit Bank was founded, a licenced bank for the purpose of supporting BRFkredit's mortgage lending business by offering products related to mortgage lending. Since then, BRFkredit Bank has developed into an institution that also offers ordinary banking products with no relation to mortgage funding.

In 2011 BRFkredit's distribution agreement with the Danish realtor chain EDC was dissolved.

In 2012 BRFkredit entered into the joint funding area comprising loans provided by Jyske Bank, Sydbank, Arbejdernes Landsbank and Ringkjøbing Landbobank to their customers financed by SDOs issued by BRFkredit.

On 24 February 2014, it was announced that Jyske Bank and BRFkredit had entered into the Merger Agreement in respect of the Merger of Jyske Bank and BRFkredit with the ambition of creating a financially strong, Danish-anchored financial institution with strong product expertise, a significant customer base and potential for profitable organic growth and participation in the ongoing consolidation of the Danish financial sector. The New Group will have continued strong focus on creating shareholder value and customer and employee satisfaction.

5.2.2 Investments

BRFkredit made no individually significant investments in the financial years 2011, 2012 and 2013.

The cash flows from investments activities in the financial years 2011, 2012 and 2013 were DKK -14m, DKK -33m and DKK 17m.

6. BUSINESS OVERVIEW

6.1 Jyske Bank

Introduction

The Jyske Bank Group is the third largest banking group in Denmark with total assets of DKK 257bn as at 31 March 2014. Jyske Bank has a nationwide market presence with a market share of around 7 per cent[2] in terms of total bank lending to customers, and around 8[3] per cent, in terms of total bank deposits from customers as at end of March 2014. As at 31 March 2014, the Group had 104 branches with focus on retail clients, 34 branches specialized in SME and corporate clients and 9 Private Banking branches throughout Denmark and as at 31 March 2014, the Group had a total of 3,792 full-time employees.

The mission statement of the Jyske Bank is to provide customer service and to distribute products that meet customer needs concerning cash flows and risks related to assets and liabilities. The strategy of the Group is to remain focused on its core business, which comprises commercial banking, trading based on customer transactions, asset management and international private banking activities. The Jyske Bank Group has made a deliberate choice not to enter non-life insurance activities or to offer real estate agent services.

Jyske Banks strategic initiatives during the recent years of the financial crisis and economic downturn have been targeted at cost reductions, strengthening of the revenue base and further improvement of the already conservative funding structure via access to covered bond funding of residential housing loans through BRFkredit. Jyske Bank has furthermore strengthened the capital base raising core equity twice during the crisis, in 2009 via a Rights Issue and in March 2012 via an Accelerated Book Building process. Jyske Bank is thus well positioned as a strong player in the consolidation of the Danish banking sector, supplementing organic growth with selected acquisitions while maintaining prudent capital ratios in excess of CRR/CRD IV and SIFI requirements. Under the current economic conditions, it is most likely that acquisitions will be the primary means to achieve the growth target.

The Jyske Bank Group comprises a number of subsidiaries in Denmark of which Jyske Finans A/S (finance leases and asset financing, in particular car finance) is the most significant. The Jyske Bank Group comprises subsidiaries and branches in Europe, mainly to support private banking activities: Jyske Bank (Switzerland), Jyske Bank (Gibraltar) Ltd. and the 60 per cent owned subsidiary Berben's Effectenkantoor B.V. (The Netherlands). The Jyske Bank Group also operates a private banking branch in Cannes (France). In addition, the Jyske Bank Group has a branch in Hamburg that focuses on Danish commercial customers' banking needs in Germany.

The Jyske Bank Group operates mainly under one brand, the "Jyske" brand and comprises the following major business lines:

- Banking activities
- Trading and investment activities

[2] According to own calculations based on statistics from the Danish Central Bank ("Nationalbanken") .

[3] According to own calculations based on statistics from the Danish Central Bank ("Nationalbanken") and Jyske Bank A/S contribution to the Danish Deposit Guarantee Fund which is based on the market share of insured deposits. .

6.1.1 The Danish Banking Sector

6.1.1.1 Overview
As at the end of March 2014, there were a total of 83[4] banks regulated by the Danish FSA present on the Danish market for bank lending. The Danish banking sector is both highly concentrated and fragmented and consists of several different types of banks.

The first-tier banks are the two financial conglomerates, Danske Bank and Nordea, which are both pan-Nordic banks. Together they hold around 50 per cent of the Danish bank lending market, excluding mortgage lending via mortgage credit institutions. Danske Bank's market share of bank lending is around 28 per cent[5] and it is the largest financial conglomerate in Denmark. Nordea's market share of bank lending is around 20 per cent[6] and it is the largest financial conglomerate in the Nordic region, with Danske Bank being the second largest.

The second-tier Danish banks are Jyske Bank, Sydbank, Handelsbanken (subsidiary of Svenska Handelsbanken) and Nykredit Bank. All have single-digit market shares of Danish bank lending. Jyske Bank and Sydbank both have their historical roots in Jutland but have built up strong national presence throughout Denmark. Nykredit Bank was established as a subsidiary of Nykredit Realkredit, the mortgage institution, in 1994. Until the purchase of Forstaedernes Bank in 2008, which enlarged the branch network, Nykredit Bank was to a large extent purely an internet bank. With a bank loan portfolio of DKK 111bn[7], Jyske Bank is the third largest bank in the Danish market representing a market share of around 7 per cent of bank lending, whereas Sydbank as the fourth largest Danish bank has a bank loan portfolio of DKK 67bn[8.] With a bank loan portfolio of DKK 59bn[10], Handelsbanken has, since the acquisition of the Jutland based regional bank Midtbank back in 2001, obtained a position as the fifth largest bank on the Danish market for bank lending, Nykredit Bank is with a bank loan portfolio of DKK 47bn[11] the sixth largest bank in Denmark.

The third-tier banks are the specialised lender, Finance for Danish Industry ("FIH"), mainly focusing on medium to long-term asset financing to corporate customers and SMEs with a bank loan portfolio of DKK 11bn[12] and the largest regional bank Spar Nord with a relatively large national presence and a bank loan portfolio of DKK 34bn[13]. The rest of the market for bank lending, representing a market share of approximately 25[14] per cent, is split between the remaining banks and it is thus highly fragmented, comprising many small and medium-sized regional banks with strong local franchises and niche strategies, and market shares around or significantly below 1 per cent of total bank lending.

Foreign competition in the Danish banking market is primarily from Svenska Handelsbanken via the branch Handelsbanken and Skandinaviska Enskilda Banken ("SEB").

The Danish banking market includes niche players engaged in specialised lending such as KommuneKredit and Danish Ship Finance. The members are jointly and severally liable for the obligations of KommuneKredit, which is a non-profit organisation. Danish Ship Finance's main product lines comprise long-term ship financing provided to Danish ship owners and to customers of Danish ship-yards, financing of vessels built abroad and refinancing of vessels.

In June 2007, the Danish Parliament passed a Covered Bond Act. The Act softened the very strict Danish balance principle, giving both banks and mortgage institutions the option of issuing covered bonds. The mortgage institutions are permitted to continue to operate with the former strict balance principle. Under the Act, the mortgage institutions have to put additional security into the pool of loans supporting the particular covered bond issue if the loan-to-value of the existing pool of loans exceeds a

[4] All Group 1-4 banks exclusive of FS and Saxo Privatbank (part of Saxo Bank) Source http://www.finanstilsynet.dk
[5] As at 31 December 2013 according to annual report for the company.
[6] Source: NORDEA Factbook Q4 2013.
[7] As at 31 December 2013 according to annual report.
[8] As at 31 December 2013 according to annual report.
[10] As at 31 December 2013 according to annual report.
[11] As at 31 December 2013 according to annual report.
[12] As at 31 December 2013 according to annual report.
[13] As at 31 December 2013 according to annual report.
[14] Based on deducting from 100 per cent the published market shares of Danske Bank and Nordea, in the respective Q4 2013 Factbook and/or 2013 annual report and Jyske Banks own estimates of the market shares of Jyske Bank, Sydbank, Nykredit Bank, Handelsbanken, Spar Nord and FIH.

certain percentage. The risk of having to add additional security to the pool of loans is borne by the issuing institution. The crisis in the financial sector has delayed the effect of the implementation of the Act. At year-end 2013, Danske Bank was the only bank that had used the option to issue covered bonds off the bank's mixed mortgage loan book.

In February 2012, Jyske Bank and Sydbank used the legal framework detailed in the Covered Bond Act to enter into an agreement with BRFkredit to undertake joint covered bond funding via one of BRFkredit's Capital Centres. This agreement has been approved by the Danish FSA and subsequently Ringkjøbing Landbobank and Arbejdernes Landsbank have also entered into similar agreements with BRFkredit.

6.1.1.2 Recent developments in the Danish banking sector

Despite the dominance of the two market leaders, Nordea and Danske, there has been strong competition in the Danish banking sector. The fragmented part of the industry, which comprises national and small local banks, added to the competitiveness of the market between 2004 and 2007 during benign economic conditions and a booming housing market. In addition, the entrance of foreign competitors intensified competition and resulted in a period of decreasing lending margins. During 2008, Denmark entered a housing-related, end-of-business-cycle downturn that was exacerbated by the global financial crisis. After years of uninterrupted growth, the Danish real property market was affected, and the real estate "bubble" burst. Smaller regional banks and savings banks which had lent large sums for major real property projects were particularly affected as they encountered severe asset quality problems, leading to solvency pressure. Eight smaller distressed banks were wound up under the Banking Scheme I framework (see "11.1 The Danish Banking Sector") in the period from 1 October 2008 to 30 September 2010.

In general, the financial crisis and the Danish economic downturn made it more difficult to carry out banking business in Denmark, and from 2008 to mid 2012, the strong competition for lending weakened, as many banks focused on risk reduction. During this period, lending margins in the banking industry gradually widened for the first time in years. The wider lending margins were, however, despite the very low interest rate environment, under pressure from increased funding costs especially during the years 2008-2010 following the "flight to price" competitive landscape of the market for customer deposits, caused by the Danish Banking Scheme I ("BS I") unlimited guarantee on all senior debt and bank deposits. Furthermore, due to the financial crisis, banks encountered increasing spread requirements on capital markets funding. The Danish Banking Scheme I expired on 30 September 2010, but banks and mortgage institutions facing liquidity and funding difficulties used the individual "pay as you go" state guarantees under the Transition Scheme of the Financial Stability Act to issue state guaranteed debt of a total of DKK 189.1bn[15]. Furthermore, the Banking Scheme II of 3 February 2009 – the "Credit Act" strengthened the capital position of the Danish financial sector by hybrid Tier 1 capital injections from the Danish state totalling DKK 45.7bn. [16]

During the first half year of 2011, two regional banks Amagerbanken (with total assets of DKK 33bn as at 30 September 2010) and Fjordbank Mors (with total assets of DKK 11.9bn as at 30 June 2011), were unable to meet the individual solvency requirements of the Danish FSA, and were wound up under the new Banking Scheme III ("BS III") legislation that was passed during the summer of 2010. The BS III model was quickly named "Danish bail-in & resolution regime" as it implied imposing losses on senior creditors. The handling of the two bank failures via the BS III had a negative effect on the funding costs of Danish banks and closed market access to senior unsecured bond markets for all but the largest Danish banks who, however, saw significant widening of their credit spreads. During 2011 competition for bank deposits in Denmark was therefore further intensified. To remedy the negative impact of distressed banks being wound up pursuant the BS III, a political agreement was reached in the Danish Parliament on Banking Scheme IV ("BS IV") – the extended compensation scheme on 25 August 2011 (see "11.1.2 Banking Scheme IV – The Consolidation Package"). The BS IV was used for the first time later in the autumn of 2011 when the regional bank Max Bank (with total assets of DKK 7.1bn) breached the solvency requirements of the Danish FSA. Later during spring of 2012, the failure to meet solvency requirements for the two small regional banks, Sparekassen

15 Source: Originally from the web site of Finansiel Stabilitet https://www.finansielstabilitet.dk, ,
but the information can no longer be found as all individual state guarantees from BS II have been repaid.

16 Source: http://www.evm.dk/~/media/oem/pdf/2013/2013-nyheder/25-01-13-oekonomisk-status-bp-januar-2013.ashx

Østjylland and Spar Salling was also resolved with support from the BS IV framework ensuring that no depositors or senior creditors were exposed to losses.

As part of BS IV, a new bill was passed in 2012 for the banking sector to accumulate in the Danish Deposit Guarantee Fund ("the Guarantee Fund"), a sum equal to 1 per cent, of the total deposits covered by the Guarantee Fund (see "11.1.3 The Danish Deposit Guarantee Fund") by annual payments by the member institutions reflecting their proportionate share of covered deposits. The new set-up should make the annual payments to unwind banks under Banking Schemes III or IV less volatile.

Apart from the bank failures addressed pursuant to the BS I, III and IV, there has been a parallel consolidation process taking place in the banking sector, especially among smaller savings banks. Underpinned by the possibility of extending state guarantees on senior debt in a merger pursuant to Banking Scheme IV, Vestjysk Bank (total assets of approximately DKK 29bn) and Aarhus Lokalbank (total assets of approximately DKK 5bn) announced merger plans in January 2012. The merger and extension of the state guarantees was conditional on the conversion of state hybrid Tier 1 capital to share capital and a subsequent injection of Tier 2 capital from the larger Danish banks, among other things, and the merger was completed during 2012. The first large merger without any support from Banking Scheme IV was the merger announced in September 2012 and accomplished in November 2012 of Spar Nord bank with the significantly smaller Jutland based regional bank Sparbank (total assets of approximately DKK 13bn). In late November 2012 and in early 2013, the first defaults of banks were resolved without support of any banking schemes. In November 2012, the small regional bank, Tønder Bank, based in the south of Jutland failed to meet the solvency requirements of the Danish FSA, Sydbank subsequently took over all assets and liabilities, except for equity and supplementary capital, and in January 2013 Jyske Bank stepped in to take over all assets and liabilities except for supplementary capital and equity as the regional bank Spar Lolland (total assets of approximately DKK 13bn) also came in breach with solvency requirements. In November 2013, Sydbank made an offer to take over the Zealand based Diba Bank, and the offer was accepted by more than 90 per cent of the shareholders in December 2013. Apart from the above mentioned mergers, a total of 54 mergers have been carried out among small regional banks from 2008 until end of March 2014 indicating that there has been a total reduction in the number of Danish banks of 59 from end of 2007 until today.

During 2011 and first half of 2012, the Danish banking sector in general focused on repricing of the loan books. The repricing was carried out to offset the significant floor risk arising from the low interest environment and to reflect higher funding costs and enhanced capital and liquidity requirements to be implemented via CRR/CRD IV and higher credit risk. From second half of 2012, the competitive environment, however, changed. At present, there is an increased competition to maintain and potentially gain market share among the stronger institutions, where some also use attractive saving products as a tool to broaden the customer base. As a result, the repricing exercise currently seems to be put on hold and net interest income is expected to continue to be under pressure during 2014 as interest rates remain very low.

Following the report published on 14 March 2013 by the Committee on Systemically Important Financial Institutions in Denmark ("Danish SIFI") as part of Banking Scheme IV, a broad cross party agreement was reached in October 2013. In 2014 it is expected that Danske Bank, Nordea DK, Nykredit, Jyske Bank, BRFkredit, Sydbank and DLR will officially be appointed as Danish SIFIs and also comprised determination of institution specific SIFI buffers and timing of implementation of various aspects of the CRD IV regulation (see "11.1.5 Systemically Important Financial Institutions"). The institutions are expected to be designated as SIFI's in 2014.

Due to the very fragmented market structure in the Danish banking sector, it is expected that the trend towards fewer but larger banks will continue in the coming years. The consolidation process will be further enhanced by i) CRR/CRD IV and other potential new legislation, which will place onerous obligations on smaller institutions, ii) the redemption of the state capital injections iii) expiry of non CRD IV compliant capital instruments iv) general solvency pressure in a small proportion of approximately 3 per cent[17] of the Danish banking sector which is currently encountering a decline in solvency buffers arising from deteriorating asset quality and decreasing net interest margins in a

[17] Source: Danish FSA

environment of enhanced competition. However, due to the reduction of balance sheets, liquidity is no longer a driver of consolidation in the Danish banking sector.

6.1.2 Description of Jyske Bank

Measured by total assets the Jyske Bank Group is Denmark's third largest independent banking group, with total assets prior to the Merger of DKK 257bn as at 31 March 2014. In Danish retail banking, Jyske Bank has a market share of approximately 7 per cent[18]. The Bank has 104 branches with focus on retail clients, 34 branches specialized in SME and corporate clients and 9 Private Banking branches in Denmark. As at 31 March 2014, the Jyske Bank Group had a total of 3,792 full-time employees.

Life insurance products are offered on the basis of sourcing collaborations supporting the Jyske Bank Group with a complete product range. Sourcing products from third parties enhances the Jyske Bank Group's ability to fulfil customer needs and simultaneously streamline its own production. Jyske Bank has formalised agreements with PFA concerning the supply of life insurance and pension products. Mortgage products are offered via sourcing agreements with Nykredit Realkredit A/S, Totalkredit, BRFkredit and DLR Kredit.

In March 2014 Nykredit and Totalkredit informed Jyske Bank that they had taken the position that they consider the cooperation about Totalkredit terminated in relation to Jyske Bank. Jyske Bank disagrees that Jyske Bank has terminated the main cooperation agreement and considers Nykredit and Totalkredit's initiative unwarranted.

Jyske Bank has entered into an agreement with SEB Kort to distribute "MasterCard" credit cards to Jyske Bank customers. Jyske Bank commenced the marketing of MasterCard in early 2005. The cards are sourced from SEB Kort, which is the creditor to the cardholders. The business portfolio of the Jyske Bank Group reflects its focused strategy.

Jyske Bank owns 20.46 per cent, of Pengeinstitutternes Realkreditselskab A/S ("PRAS"). In accordance with a shareholders' agreement, this proportion is fixed. PRAS owns 2.25 per cent, of the shares in Nykredit Holding A/S. Consequently, 0.5 per cent, of Nykredit Holding's results accrue to the Jyske Bank Group.

Jyske Bank owns 50 per cent, of JN Data (IT processing and services) which was formed by merging parts of Nykredit's and Jyske Bank's IT operations in 2002. JN Data offers IT support, handling IT operations and services as well as technical infrastructure for Nykredit, Bankdata, BEC and Skandinavisk Datacenter ("SDC").

Jyske Bank owns 40 per cent of Foreningen Bankdata (IT development services). Bankdata runs IT development for Jyske Bank, Sydbank and a substantial number of the smaller Danish local banks.

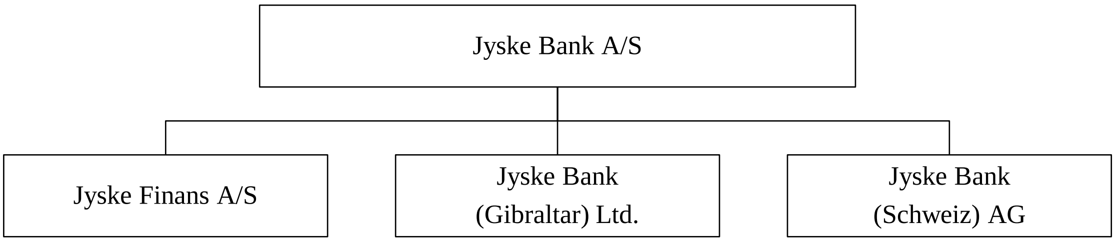
Letpension is a supplier of advisory services and a distributor of life insurance and pension products sourced from PFA. Jyske Bank is one of the major shareholders of Letpension with an ownership share of 26 per cent.

For a complete list of Jyske Bank's consolidated subsidiaries as at 31 December 2013, please see "7 Organisational structure".

[18] According to own calculations based on statistics from the Danish Central Bank ("Nationalbanken")

6.1.2.1 The Jyske Bank Group structure

Jyske Bank A/S will continue to be the parent company of the Jyske Bank Group. The overall corporate structure of the Jyske Bank Group with the most significant 100 per cent owned subsidiaries are shown below.



6.1.2.2 Strategy

The mission statement of the Jyske Bank Group is to provide customer service and to distribute products that meet customer needs concerning cash flows and risks related to assets and liabilities. The strategy of the Jyske Bank Group is to remain focused on its core business, which comprises commercial banking, trading based on customer transactions, asset management and international private banking activities. The Jyske Bank Group has made a deliberate choice not to enter areas such as non-life insurance activities or to offer real estate agent services.

6.1.2.3 Core business areas

Jyske Bank operates mainly under the brand "Jyske", and comprises the following major business lines:

- Banking activities
- Trading and investment activities

SEGMENTAL FINANCIAL STATEMENTS ACTIVITIES DKKm	**2013**	**2012**	**2011**	**Q1 2014**	**Q1 2013**
Banking activities					
Gross earnings	5,214	4,686	4,548	1,226	1,286
Pre-tax profit	867	-43	274	68	77
Loans and advances	98,974	95,711	85,652	103,282	101,775
Deposits	93,951	78,396	77,995	96,983	88,109
Total assets	111,001	109,327	88,910	115,155	115,645
Trading and investment activities					
Gross earnings	2,415	2,373	1,652	604	685
Pre-tax profit	1,599	1,264	798	393	530
Loans and advances	29,895	21,473	37,172	31,953	25,650
Deposits	31,354	36,298	39,664	36,599	29,867
Total assets	125,103	142,424	167,250	116,386	108,298

Banking activities

Banking activities focus primarily on Danish retail customers, corporate customers and public institutions. Banking activities comprise personal advice in connection with financial solutions, including leasing and financing activities.

The vision is to be Denmark's most customer-oriented bank. Jyske Bank accomplishes this by providing high standard personal financial advice and taking a genuine interest in its customers. The strategy is to position Jyske Bank as a visible and distinct alternative to more traditional providers of financial services, with regard to distribution channels, products, branch layout and communication forms. This strategic approach is branded "Jyske Differences".

Retail banking is based on a multi-channel distribution system. The main channels are a nationwide retail network and two internet banks, one for personal customers and another for corporate customers, providing a broad range of financial solutions. Furthermore, a mobile phone bank called “Jyske Mobilbank” for mobil devices was launched in 2011, which provides services in line with the internet bank.

Jyske Bank values its retail franchise network, which is based on service, financial advice and personal contact, as the cornerstone of its distribution strategy. The retail franchise is national in scope and comprises 104 branches for private customers, 34 branches for corporate customers and nine branches for private banking customers. During 2006, Jyske Bank completed an update of the service excellence strategy “Jyske Differences” under the name “Jyske Differences 2nd Generation”. The update of the strategic concept included refurbishment of the branches and launching of jyskebank.tv. Among other things, the branches are equipped with extensive IT equipment to introduce the full range of products offered to customers in an interactive way. Jyskebank.tv is a web-based financial television station, and every day jyskebank.tv brings unfiltered financial news and in-depth features on economic issues. Jyske Netbank Privat and Jyske Netbank Erhverv are Jyske Bank’s internet-based home banking systems, which encourages customers to perform various banking transactions via the internet. The launch of Jyske Mobilbank in 2011 and the continued development of Jyske Mobilbank during 2012 further enhances Jyske Bank’s non-branch distribution platforms.

Jyske Finans is the Jyske Bank Group’s lease and asset financing entity. The activities of Jyske Finans are carried out in close co-operation with Jyske Bank’s activities with respect to Jyske Bank’s customers as well as from Jyske Finans’ own sales outlets in Copenhagen, Silkeborg, Aalborg and Kolding. The major areas of activity are administration, leases and loans for cars and vehicles and production equipment for selected industries. Jyske Finans is the largest car financing company in Denmark, and it has agreements with most leading car dealers in Denmark. Business equipment finance is active with lease and asset finance in different industries.

Trading and investment activities

Jyske Bank’s trading and investment activities are aimed at Danish and international investors. The trading and investment activities comprise investment advice and asset management services, including trading in fixed-income products, foreign currency, bonds, shares, commodities and derivatives.

Jyske Markets is the trading unit of the Jyske Bank Group. Furthermore, Jyske Markets is responsible for activities related to asset management for Danish residents. The trading-related departments of Jyske Markets have positions on a small scale in order to support customer-driven trading. Jyske Market’s activities comprise services and trading in foreign exchange, Danish and foreign bonds and equities as well as commodities and derivatives. Jyske Bank is an active member of NASDAQ OMX Copenhagen, NASDAQ OMX (Stockholm) and NASDAQ OMX (Iceland).

The vision of Jyske Markets is to be an effective and efficient marketplace, anticipating customer needs with higher precision and greater speed than its competitors. The mission statement is to meet customer needs for service and trading in the areas of risk management, portfolio management and debt management. Jyske Markets aims to be the market leader in selected niche areas, such as electronic trading in foreign exchange and money markets, commodities trading and trading of Danish mortgage bonds.

The Jyske Bank Group favours decentralised customer service; however, institutional customers and certain larger corporate customers are best serviced through Jyske Markets direct. The branch network services retail customers (private and corporate customers and certain institutional customers) in respect of advice, financial risk management services and trading. Jyske Markets offers support to the branch network as well as handling the trading flow from such customers. Jyske Markets is also the main sourcing area for Jyske Bank Private Banking.

Jyske Markets provides services and trading in international markets. This provides Jyske Markets with real-time access to information material for the assessment of price fluctuations across financial markets.

Jyske Bank's management of strategic market risk positions, its strategic liquidity and balance sheet management is placed in Jyske Markets as an area that is independent of customer operations under the name "Treasury".

Jyske Bank Private Banking provides investment advice and asset management services to international non-resident private investors. The vision of Jyske Bank Private Banking is to be recognised among customers and stakeholders as the most attractive private banking partner in the market. The mission statement is to build lasting customer relationships, to offer investment service and to grant low-risk credit facilities to affluent international private individuals. Jyske Bank Private Banking offers investors a wide range of products, which may be used as building blocks in individual portfolios. The product mix comprises international investment opportunities and asset management products which can be customised. Jyske Bank Private Banking is able to evaluate and fulfil the financial needs and requirements of individual investors. Products offered include deposit accounts in various currencies, individual securities and capital-guaranteed savings products. Jyske Bank Private Banking has operations in Copenhagen, Zurich, Gibraltar, Cannes and Weert.

Jyske Bank owns 60 per cent of the shares in the Dutch brokerage company Berben's Effectenkantoor B.V. ("Berben"). Berben provides asset management to affluent customers mainly in The Netherlands and Belgium and strengthens Jyske Bank Private Banking's presence in Europe.

SEGMENTAL FINANCIAL STATEMENTS PRODUCT DKKm	**2013**	**2012**	**2011**
Corporate customers	2,351	2,474	2,104
Personal customers	2,020	1,540	1,588
Trading income	2,399	2,158	1,911
Leases	741	663	437
Other	722	669	640
Total	**8,233**	**7,504**	**6,680**

SEGMENTAL FINANCIAL STATEMENTS GEOGRAPHICAL DKKm	**2013**	**2012**	**2011**
Denmark			
Gross earnings	7,949	7,112	6,309
Pre-tax profit	2,284	673	502
Loans and advances	129,357	116,302	110,860
Deposits	121,635	110,699	113,461
Total assets	255,673	249,890	250,252
International			
Gross earnings	284	392	371
Pre-tax profit	17	176	99
Loans and advances	2,021	2,252	13,634
Deposits	4,386	4,695	4,798
Total assets	6,331	8,357	19,968

6.1.3 Ratings

Since the start of the economic downturn in 2009, bank ratings, and thus also the ratings of Jyske Bank, have been under pressure. Jyske Bank's credit ratings are material to the price of funding and capital as well as to the funding flexibility in the form of access to a broad investor base for both longer dated senior unsecured funding, the issuance of short dated commercial paper and the access to subordinated capital. It is therefore a high priority of the Jyske Bank Group that its issuer credit rating is on a high and competitive level.

Moody's confirmed their latest rating of Jyske Bank on 29th April 2013 as Baa1 (long term) , P-2 (short term), C- (BFSR) all with a stable outlook, but in August 2013 Jyske Bank decided to terminate the business relationship with Moody's rating agency. Jyske Bank had been rated by Moody's since the early 1990'ies, but over recent years, Moody's fundamental rating methodology and their long held view of Denmark as a risky area, substantially reduced the perceived benefit from their rating services. A credit rating is only valuable for Jyske Bank if it is "through the cycle" and truly forward looking, whereas the past few years revealed, that Moody's to a high degree uses historical information to forecast the future, which tends to increase the rating volatility and results in strongly pro cyclical ratings. Moody's latest sector report of the Danish Financial Sector ("Banking System Outlook Denmark", 18 July 2013) did not give reason to anticipate a change in this angle of approach to ratings, and as a consequence Jyske Bank's management decided that the time had come to terminate the rating agreement with Moody's Investor Service.

Jyske Bank remains rated by Standard & Poor's, and at year-end 2013, the Jyske Bank Group had an A- (long term), A-2 (short term) and a Stand Alone Credit Profile ("SACP) of BBB+, all with stable outlook.

In 2011, Standard & Poor's revised its BICRA model and thereby the outlook for the banking sector in Denmark, lowering the BICRA from 2 to 3, representing a downgrade of the average Danish bank from A- to BBB+. The downgrade reflected the negative effects on the performance and profitability of the Danish banking sector due to the global economic downturn, over-investment in commercial real estate and agriculture, increasing household leverage, and weak lending practices and underwriting standards in some parts of the Danish banking sector, which, together, has led to a high number of bank defaults since 2008. Following these revisions to Standard & Poor's BICRA model, Jyske Bank was granted one notch of systemic support. Jyske Bank's long-term rating was set at A-, representing a downgrade of one notch from A to A-. Jyske Bank's short-term rating was downgraded from A-1 to A-2. However, the outlook for Jyske Bank was changed from negative to stable.

In November 2012, Standard & Poor's confirmed its rating of Jyske Bank with stable outlook, emphasising in their rating report that in respect of personal as well as corporate customers, Jyske Bank holds a strong position in the market. Furthermore Standard & Poor's had a positive view of Jyske Bank's capital structure, funding profile and liquidity management.

In the most recent published rating report of 19th July 2013 based on S&P's funding reassessment of Scandinavian banks and mortgage institutions, Jyske Banks rating was affirmed based on a funding and liquidity profile that compares favorably with that of international and domestic peers. In the view of S&P[19], "Jyske Bank is less reliant on short-term funding, and has a smaller maturity mismatch between assets and liabilities than international peers". At year-end 2012, Jyske Bank's broad liquid assets represented 1.16x its short-term wholesale funding, and the funding ratio was stable at 102.2 per cent. Both ratios have been steadily improving over the past three years and compare favorably with those of domestic and international peers. We believe they reflect that the bank has sufficient short-term funds to meet payments due over the subsequent 12 months and stable funding resources beyond that time frame."

Following the announcement of the Merger on the 24th February 2014, Standard & Poor's confirmed the rating of the New Group as A- (long term), A-2 (short term) and a Stand Alone Credit Profile ("SACP) of BBB+, all with stable outlook. Standard & Poor's considers the strategic position of the enlarged Jyske Bank Group to be strengthened based on the prospects for cross sales activity and furthermore notes, that the New Group through the more diversified retained earnings has the potential to achieve a stable RAC-ratio above 10 per cent which can lead to an upgrade. The New Group will through the subsidiary BRFkredit face increased dependence on short term funding (1 year ARM mortgage loans), but Standard & Poor's relies on Jyske Bank's commitment to reduce the New Group's dependence on short term funding over the coming quarters in order to ensure that also the New Group will comply with the Standard & Poor's stable funding ratio ("SFR").

[19] Standard & Poor's rating report on Jyske Bank published 19 July 2013

The historical development in Jyske Banks ratings:

Moody's	Year	Long-term	Short-term	Individual
	2001	A1 (stable outlook)	P-1	B-
	2007	Aa2 (stable outlook)	P-1	B-
	2008	Aa2 (stable outlook)	P-1	B-
	2009	A1 (stable outlook)	P-1	C+ (negative outlook)
	2010	A1 (stable outlook)	P-1	C+ (negative outlook)
	2011	A2 (stable outlook)	P-1	C (stable outlook)
	2012	Baa1 (stable outlook)	P-2	C- (stable outlook)
	2013	Rating agreement terminated		

Standard & Poor's	Year	Long-term	Short-term	Individual
	2006	A (positive outlook)	A-1	-
	2007	A+ (stable outlook)	A-1	-
	2008	A+ (stable outlook)	A-1	-
	2009	A (negative outlook)	A-1	-
	2010	A (negative outlook)	A-1	-
	2011	A- (stable outlook)	A-2	BBB+ (stable outlook)
	2012	A- (stable outlook)	A-2	BBB+ (stable outlook)
	2013	A- (stable outlook)	A-2	BBB+ (stable outlook)

6.1.4 Risk and Capital Management

6.1.4.1 Risk Management

In 2000 Jyske Bank made a strategic decision to take its internal risk management to an advanced level.

As a consequence, the Jyske Bank Group has since 2001 invested in developing new risk management tools for the modelling, monitoring and control of risks. The Jyske Bank Group operates advanced and integrated solutions for the identification and management of group risks and for the assessment of capital requirements. Since 2002, the management of capital has been based on the principles of RAROC (Risk Adjusted Return On Capital), and by 2006 these principles were applied at all levels throughout the organisation.

In November 2007, the Danish FSA approved Jyske Bank as an advanced financial institution under the Capital Requirement Directive ("CRD"). Jyske Bank uses the Advanced Internal Ratings-Based ("AIRB") approach for the calculation of credit risk, and the standardised approach for market risk and operational risk under CRD.

6.1.4.2 Risk Management Organisation

Based on specific strategic targets, the Supervisory Board lays down risk policies and guidelines as well as principles for risk and capital management. The Executive Board is responsible for the day-to-day risk management and management of the Group. On an ongoing basis, the Supervisory Board and the Executive Board receive reports on the exposure and utilisation of allocated risk limits.

The unit "Finance and Risk Management" is in charge of the overall risk management as well as optimisation of capital allocation. The director of the unit has been appointed chief risk officer of Jyske Bank.

The unit is responsible for:

- presentation of risk policies and risk management principles to the Executive Board and the Supervisory Board;
- the implementation of risk management principles and policies in order to improve risk management and internal risk capital allocation;
- quantification of the Group's risk exposure as well as monitoring and reporting to ascertain that the Group's risk exposure does not exceed the limits defined by the Supervisory Board; and

- recognition, measurement and financial reporting, including external reporting, as well as the implementation of adviser-oriented financial and risk management tools.

The unit “Finance and Risk Management” is independent of business-oriented activities.

Day-to-day management of credit risk is undertaken by account managers as well as the central credit department. The management of market risk – including liquidity risk – is undertaken by Treasury. Investments are generally based on macroeconomic principles and are therefore of a long-term nature. The short-term operational liquidity is managed in Markets. The day-to-day management of operational risk is undertaken by the individual units of the Jyske Bank Group.

The Supervisory Board and The Executive Board have set up committees that are responsible for the ongoing management of the Jyske Bank Group's risks and process risk-related issues.

The Audit Committee

The Audit Committee is mandatory and set up in accordance with the rules of procedure of the Supervisory Board. The members of the Committee, including the Chairman, are appointed by and among the members of the Supervisory Board. One of the members of the Committee is independent of Jyske Bank and has specific experience with IFRS accounting standards. The Committee consists of a minimum of three members of the Supervisory Board. The tasks of the Audit Committee include monitoring and assessing the efficiency of the Jyske Bank Group’s internal control and risk management systems, reviewing accounting, auditing and security matters that the Supervisory Board, the Committee itself, and the independent or internal auditors may wish to be examined. The Committee also reviews the internal control and risk management systems of Jyske Bank. These tasks are carried out, amongst other things, through written and oral reporting to the committee as well as the committee’s consideration of the relevant audit reports.

The Group Risk Committee

The Group Risk Committee carries out the preliminary consideration of risk-related issues before the final consideration by the Supervisory Board. At quarterly meetings, subjects relating to the following are discussed:

- regulatory requirements for capital-adequacy calculation;
- internal procedures for risk measurement and management;
- the Jyske Bank Group’s capital base, individual solvency requirement, and capital and liquidity buffer (and related contingency plans);
- allocation of risk capital to business units and risk types; and
- material changes of the model set-up for risk management, and the annual re-estimation and validation of models.

In addition, the Group Risk Committee is a reference point for the risk committees in subsidiaries and is responsible for the Jyske Bank Group's relations with international credit rating agencies.

Group Treasury Committee

The main task of the Group Treasury Committee is to ensure that the Jyske Bank Group’s actual market risk profile is in line with the assessment of market expectations and the intended risk profile.

Group Balance Sheet Committee

The Jyske Bank Group’s liquidity risk profile, balance-sheet development and financial structure are assessed by the Group Balance Sheet Committee, which at its quarterly meetings ensures a continuously adequate liquidity risk profile and balance-sheet structure according to the general guidelines. Reporting in writing to the Executive Board takes place monthly and additional meetings are called when needed.

Internal audit

In compliance with the Danish FSA’s Executive Order No. 1024 of 21 August 2013 on Auditing Financial Undertakings and Financial Groups, the Jyske Bank Group has an internal audit function. The internal audit function carries out audits in accordance with generally accepted auditing practice and in accordance with an audit agreement between the independent auditors and the chief internal auditor. The internal audit function prepares and maintains audit book comments to be used by the Supervisory Board. The audit book comments provide an account of the audit executed during the year and an account of the audit executed on the annual financial statements. The audit book comments are presented at all board meetings. The chief internal auditor prepares an audit opinion on the annual financial statements, the consolidated financial statements and the annual financial statements of subsidiaries registered in Denmark.

Compliance

Jyske Bank has a group-wide, independent compliance department. The overall purpose of the department is to identify and minimise Jyske Bank's risk of violating relevant legislation, rules and codes of good conduct.

The compliance department is organised as prescribed in EU and national regulations, including the Executive Order No. 428 of May 2007 regarding the organisational requirements and conditions for an undertaking's operation as a securities dealer, and the Executive Order No. 1325 of December 2010, regarding the management and control of banks (each issued under the Financial Business Act).

6.1.4.3 RAROC and Economic Capital

Calculation of economic capital and RAROC at division and business unit level forms an integral part of the reporting to the Group Risk Committee and to the management of business units, who determine activities for follow-up and any initiatives to reduce risk.

RAROC has been the Jyske Bank Group's primary financial performance measurement tool since 2002. It is a performance measurement and management method for measuring risk-adjusted financial performance. The different risks associated with the Jyske Bank Group's business areas have different determinants and therefore require different methodologies for risk quantification. However, their risk can be quantified in one common dimension, which is economic capital. RAROC is applied to provide a consistent risk-adjusted view of profitability across banking activities which may differ in risk profiles and risk types. The implementation of RAROC has strengthened the Jyske Bank Group's risk management discipline by explicitly charging the cost of risk linked to different activities. Jyske Bank applies RAROC-based methodology at all levels. RAROC is applied at customer and product level to measure results and to assess profitability, as well as for pricing new loans. RAROC calculations and the facilities for pricing are made available in profitability systems where employees and managers have access to current risk-adjusted profitability calculations at various levels. The profitability systems take into account the composition of the Group's credit portfolio, which means that concentration effects and diversification effects are reflected directly in the profitability calculations of new loans and developments in the general credit quality of the portfolio, concentration risk, collateral values etc. are also assessed carefully in this regard. If the Jyske Bank Group grants loans to customers in sectors which are already strongly represented in the Jyske Bank Group's credit portfolio, a higher economic capital and therefore lower profitability will, other things being equal, be assigned. Moreover, the systems incorporate fixed and variable costs as well as funding costs.

Economic capital is a key element in the management of the Jyske Bank Group's risk and capital structure as well as in the day-to-day financial management. Economic capital plays an important role in connection with regulatory capital, as economic capital is one of the cornerstones of Jyske Bank's Internal Capital Adequacy Assessment Process ("ICAAP"). Economic capital is the minimum capital required to support the current level of risk over a 12-month horizon expressed as the capital required to cover the Group's unexpected loss one year into the future. For the calculation of economic capital, a number of internal models based on statistical loss distributions and other models comprising quantification of risk across risk categories are applied. The models are based on a VaR setup (over a one-year horizon) for those risk types to which the Jyske Bank Group wishes to apply quantitative modelling: credit risk, market risk, operational risk and business risk. The risks already included in the capital are tested and validated to ensure that risk is at all times reflected accurately.

Each main type comprises various other risk types. Credit risk includes concentration risk, migration risk as well as counterparty risk, among other things, and market risk covers interest rate, currency, commodity and equity risk. Under operational risk, control risks are dealt with, and in addition to the Jyske Bank Group's business and strategic risks, the business risk deals with the Jyske Bank Group's reputational risk. One of the benefits of economic capital is the fact that it comes up with an aggregate figure for all risk types, products and business units. It thus produces one unified risk measurement expressed in a single unit of value, and the capital will at any time reflect the Jyske Bank Group's risk for the next year. Jyske Bank has decided that the economic capital must cover unexpected losses over a 12-month period. For the internal management, a confidence level of 99.9 per cent inclusive of diversification effects (correlation between the risk types) is applied, while for the calculation of the adequate capital base a confidence level of 99.9 per cent exclusive of diversification effects is applied in accordance with the regulatory requirements.

Economic Capital by Risk Type (99.9 per cent, non-diversified)

	2013		**2012**		**2011**	
	DKKm	Per cent	DKKm	Per cent	DKKm	Per cent
Credit risk	6,257	75	6,101	75	6,046	71
Market risk	826	10	706	9	1,051	12
Operational risk	556	7	562	7	676	8
Business risk	751	9	772	9	712	8
Total	**8,390**	**100**	**8,141**	**100**	**8,485**	**100**

At 31 December 2013 the Jyske Bank Group’s economic capital was calculated at DKK 8.4bn compared to DKK 8.1bn at 31 December 2012, and DKK 8.5bn at the end of 2011.

Economic capital for credit risk is by far the largest component in the total economic capital. As from 2011 the economic capital for credit risk reached a high level, primarily due to the general deterioration of credit quality driven by the persistent downturn in the Danish economy, but the 2011 re-estimation of the statistic models and expert defined parameters to calculate economic capital for credit risk also incorporated extraordinary adjustments, which led to a significant increase due to negative migration in the credit ratings of the Groups AIRB rated customers. Furthermore, as from 2011, economic capital for credit risk included the risk of loss due to Jyske Bank’s participation in the Guarantee Fund in relation to obligations incurred by unwinding distressed Danish banks under BS III or BS IV.

During 2012, the credit risk increased slightly. Following the continued deterioration of the credit quality in the first half of the year, the second half of 2012 saw stabilisation in respect of domestic customers, but collateral values declined slightly due to falling property values. The exposures of Jyske Markets were reduced over the year, hence lowering credit risk and the foreign private-banking units saw a decline in business volume, however combined with a deterioration in credit quality due to the adverse development in the Southern European property markets.

During 2013 economic capital for credit risk increased moderately. Overall the economic capital for domestic credit exposures was slightly reduced. An increase in residential housing loans towards the end of the year, combined with the inclusing of the Fjordbank Mors loan portfolio in the AIRB portfolio, had a driving effect on the level of economic capital for credit risk, but on the other hand the rising interest rates during 2013 reduced the exposures of interest rate swaps. Furthermore over the year collateral values increased at the same rate as the exposures, however with a shift towards customers in the best rating classes. Measured as the probability of a customer defaulting (PD), the overall credit quality of the domestic credit exposures improved during 2013. A change in the composition of the credit portfolio in Treasury towards higher rated bonds caused a reduction in economic capital for credit risk, whereas an increase in business volume in Jyske Finans increased the economic capital for credit risk. As for the private banking activities economic capital remained unchanged as a reduction in business volume neutralized the effect of a general deterioration in the real estate financing portfolio in Southern Europe. The acquisition of Spar Lolland prompted an increase in Jyske Bank’s obligations towards the Guarantee Fund and the economic capital for credit risk. Finally an increase in the trading portfolio of Jyske Markets increased the economic capital for credit risk.

The level of economic capital for market risk in 2011 reached a high level driven by the high volatilities in the financial markets caused by the escalation of the European government debt crisis. Market risk was reduced in 2012. To a considerable extent, the reduction in market risk took place in the form of a reduction of the equity risk on financial-sector shares due to a different calculation method. In addition to its trading portfolio, Jyske Bank holds a number of equity portfolios primarily relating to financial-sector shares within mortgage institutions, financial infrastructure and payment services. As of end-2012, the economic capital for these positions has been calculated according to a method analogue to the PD/LGD method, known from the AIRB capital requirement rules. Moreover, market risk fell to a modest degree as the exposure, particularly in respect of the interest-rate portfolio, was still kept at a very modest level. Economic capital for market risk increased during 2013 partly due to rising interest rate risk as a result of a reorganization in the interest rate portfolio (portfolio of products with af fixed income) and partly due to acquisitions and revaluations of the portfolio of financial sector shares.

Economic capital for operational risk was in 2011 influenced by the process of moving large parts of Jyske Bank's IT development to Bankdata. After the successful conversion and migration to Bankdata's IT platform, the Jyske Bank Group's operational risks were in 2012 reduced to the level before the migration and conversion was initiated, and during 2013 economic capital for operational risks stabilized as the employees have gradually become accustomed to the new IT systems and processes.

As of 2011 Jyske Bank applied a new model for the calculation of economic capital for business risk. The new model was assessed to be an improvement in respect of giving a true and fair view of the Group's capital requirements for business risk. Furthermore Jyske Bank's participation in the Guarantee Fund was recognized as a credit risk rather than a business risk from 2011, which caused a small decline in business risk. However, rising margins on loans and advances in the second half of 2011 caused earnings to become more vulnerable to fluctuations in the business volume and increased the risk. The rising business earnings in 2012 caused an increase in the business risk, which in particular could be attributed to the considerable increase in the Jyske Bank Group's fee income, as a result of which earnings became more vulnerable to falling trading activity, falling asset values, etc. On the other hand, reductions in parts of the balance of loans and advances with a strong effect on business risk resulted in a moderate decrease in business risk as Jyske Bank's interest margin sensitivity was reduced. Economic capital for business risk was reduced by almost 3 per cent during 2013, as a smaller proportion of net fee income now comes from market-related fees, which historically have proved highly sensitive to declining market values and declining market activity, furthermore a slight decrease in the balance of corporate loans, has reduced Jyske Bank's sensitivity to unexpected declines in lending margins.

As the assets were not yet converted to Jyske Bank's IT platform allowing use of the AIRB model, the calculation of economic capital at year end 2011 and 2012 did not take into account the effects from the acquisition of parts of Fjordbank Mors, nor did the calculation as at year end 2013 take the acquisition of Sparekassen Lolland into account. Instead, an addition to the adequate capital base was made for the acquired assets.

6.1.4.4 Model Uncertainty and Validation

The calculation of economic capital and Jyske Bank's risk management in general is based on statistical modelling and supported by a number of quantitative models for the quantification and structuring of various risk types. The models are used intensively for many purposes, from management reporting to providing an advisory service to Jyske Bank's customers. It is therefore important that Jyske Bank is confident of the quality of those models at all times and that those models at all time comply with the standards given from the Danish FSA.

Management considers itself to be cautious and conservative in applying models and assumptions to risk and capital modelling. Nonetheless, statistical modelling involves various degrees of uncertainty, depending on the assumptions underpinning them. Furthermore, the accuracy of statistical modelling is highly dependent on the quality of the data input.

The models are reviewed at least once a year and validated with the purpose of updating them with respect to the latest data and to reveal any problems that need attending to. Validation generally involves an assessment of model stability, back-testing and benchmarking. The result of this work is documented in re-estimation and validation documentation which are used as a background for information and possibly for application to Jyske Bank's Group Risk Committee. Existing models are improved, and new models implemented on a continuing basis.

Responsibility for the supervision and review of the above-mentioned validation and re-estimation processes is vested in the department "Capital and Risk", which acts as a credit risk control unit ("CRCU") in relation to the CRD.

6.1.4.5 Credit Risk

Credit risk is the risk of loss caused by borrowers, bond obligors or counterparties failing to fulfil their obligations to Jyske Bank, and the risk of such parties' credit quality deteriorating. Credit risk is also the risk that Jyske Bank may be unable to assess the credit risk of potential borrowers and may provide advances to customers that increase the Bank's credit risk exposure more than intended.

Credit risk arises primarily from Jyske Bank's direct lending activities and, to a lesser extent, from credit investments in Treasury and trading and hedging activities in Jyske Markets. Ordinary credit risk arises from Jyske Bank's loan portfolio, credit lines, guarantees and investments. Market-related counterparty credit risk arises from financial instruments and equity investments that have a positive net present value to Jyske Bank. Settlement and payment risk arises from securities transactions, derivatives transactions and other transactions where payment is remitted before it can be confirmed that the payment has been made to Jyske Bank.

Credit risk is calculated on the basis of an advanced internal credit portfolio model. The model incorporates probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"). In accordance with the CRD, the parameters from the advanced credit portfolio model are also used in the credit approval process throughout the Danish branch network.

Credit risk policy

Jyske Bank's credit policy seeks to maintain group losses at an acceptable level in relation to the capital base and business volume of the Group, given the general trend in the Danish economy. Customer transactions with Jyske Bank must generate a satisfactory long-term return in accordance with RAROC principles.

Risk diversification is a key consideration. A single commitment or a group of related commitments must not be of a size such that their default can materially affect Jyske Bank's financial situation. The risk associated with all significant commitments is closely monitored to ensure that the risk involved and the total gross commitments are maintained at a comfortable level.

The Jyske Bank Group's commitments by sector and regional areas in Denmark are constantly monitored and analysed with a view to reducing the risk associated with specific high-risk sectors and regional areas.

Jyske Bank adopts a risk-based approach when mitigating counterparty risk and has thus negotiated netting rights and entered into credit support annex agreements ("CSA") and/or ISDA agreements (International Swaps and Derivatives Association) and/or other netting agreements with the majority of its counterparties. The different risk mitigating precautions depend on a variety of factors, including credit rating/financial strength of the counterparties, potential risk/exposure on the financial products based on volume/frequency/size of the transactions and cross-default regulations. All of these factors are adopted in Jyske Bank's risk mitigation procedures to ensure that Jyske Bank is comfortable with the real exposure to the counterparty.

To mitigate settlement risk arising from settlement of derivatives, Jyske Bank participates in the Continuous Linked Settlement Collaboration ("CLS"), which requires that payments are netted out before net payment in each currency is made. By doing so, CLS should facilitate a reduction of settlement risk.

Assessing the environmental risk of borrowers' activities is an integral part of the credit approval process. It is the intention not to lend to projects which are hazardous to the environment under the environmental regulations in force.

Specific credit policies have been formulated for all areas in which the Jyske Bank Group assumes credit risks. These policies define risk levels and undesirable transaction types. The main risks are posed by the customer segments corporate and private customers. The central element in the assessment of the creditworthiness of corporate customers is their ability to service debt out of cash flow from operations in conjunction with their financial strength. For private customers, factors like net income, expenses and assets are important. In addition, credit procedures ensure that credit exposures are adequately covered by collateral.

The policies are regularly adjusted to meet current requirements and adapted to the management tools available to account managers and the supervisory functions.

Credit risk organisation and infrastructure

Jyske Bank attaches great importance to its credit-granting process. Lending limits have been delegated to account managers so that the majority of decisions are made on a level as close as possible to the customer. The risk framework combines centralised policy, limit setting and control, with decentralised execution. Limits are delegated individually on the basis of perceived requirement and competence. Decisions about commitments exceeding the limits granted to account managers are made centrally by the Credit Division.

Jyske Bank's Supervisory Board lays down the overall guidelines for credit granting within the Group, and the largest exposures are presented to the Supervisory Board for approval. The Supervisory Board delegates limits to the members of the Executive Board that have the highest credit authority in the Group. Quantitative limits for granting credit facilities are delegated to the Head of the Central Credit Division and account managers throughout the organisation.

The amount of credit applied for the applicant's rating determines the organisational level at which the application is considered. Furthermore, in order to optimise credit approval procedures for retail customers, the amount of analytical work applied to the credit approval process for each borrower is determined by the rating category, the amount applied for and the collateral coverage provided. A central element in the assessment of the creditworthiness of corporate customers is their ability to service debt out of cash flow from operations in combination with their financial strength. For personal customers, factors such as net income, expenses and assets are important.

All the Group's credit risk positions are monitored by two departments, Capital & Risk as well as Credit Risk Supervision, which are separate from customer-oriented functions. The exposure of the Jyske Bank Group by size, sector and geographical area is constantly monitored and analysed with a view to reducing the risk associated with specific high-risk sectors and geographical areas and ensuring satisfactory diversification of the portfolio.

Monitoring is executed by means of quantitative models: the credit quality of each department is monitored, and selected large commitments are reviewed. Moreover, risk monitoring includes qualitative as well as quantitative control of data used in risk and RAROC calculations.

The internal auditors of the Jyske Bank Group carry out audits to obtain reasonable assurance that policies and procedures are adhered to continuously. The internal auditors also monitor that segregation of duties is observed. Furthermore, the internal auditors regularly ensure that the work performed in the Risk Management departments is satisfactory.

Credit risk measurement

Since 2002, the Jyske Bank Group has used a model-based methodology to quantify credit risk across customer categories. Credit risk is measured and managed through a framework that quantifies expected loss. It comprises three estimated variables: PD, expected EAD and LGD.

Modelling is based on a long period of Jyske Bank's own historical data covering an entire business cycle. Different models are tailored to different categories of similar borrowers in order to capture the underlying risk drivers. This technique provides an estimate of expected losses on the current credit portfolio for the year ahead. Risk characteristics are based on the current credit portfolio and thus do not account for future growth or future changes in risk characteristics of the credit portfolio (stable portfolio assumption).

Credit rating

The credit risk management process includes an assessment of the PD. Such PDs are expressed in ratings, which are an important element in the credit quality assessment of each borrower.

Based on the PDs, credit commitments are divided into 14 non-default rating categories. Each rating category consists of an interval of established default probabilities. Consequently, each internal rating corresponds to the statistical probability of a borrower defaulting within a 12-month horizon. The rating category comprising the range of lowest default probabilities is category number 1, and the one spanning the highest default probabilities is category number 14. Rating categories 1-5 equate to “investment grade” ratings with the international rating agencies.

Credit ratings are primarily assigned on the basis of statistical models. The models use elements such as financial information, customer characteristics, account history and a qualitative assessment.

Corporate and private customers are automatically rated using Jyske Bank’s credit scoring models developed internally in the Group. The rating of corporate customers is based on accounting information as well as a qualitative assessment of corporate strategy, management, outlook and industry conditions. The rating of retail customers is based on objective measurement of customer characteristics, as well as their track record as borrowers and includes information on the income, expenses, assets and liabilities of retail customers. Very large enterprises and enterprises within special sectors are, however, awarded a PD on the basis of an assessment by an independent expert. Examples are real property companies, financing companies, financial institutions and central governments. In those cases, external ratings, if available, will primarily form the basis in the internal credit rating of the customer.

Information on customer distribution on rating categories is used proactively in Jyske Bank’s customer advisory process. For decentralised as well as centralised credit management, the system is an important tool aimed at monitoring and assessing potential negative trends for individual customers and for Jyske Bank’s overall credit portfolio.

Credit ratings are reviewed on an ongoing basis, and qualitative elements are reviewed at least once a year at the account manager’s initiative, as well as in connection with all material credit decisions, since the credit rating is an important parameter for the granting of loans and for the terms quoted to individual customers.

Credit risk categories
Customers with increased risk are broken down into three categories and assigned a specific risk code: low risk (risk code 1), medium risk (risk code 2) and high risk (risk code 3). Customers in the two last-mentioned risk categories are not assigned a credit rating, since they are considered “default customers” no longer deemed likely to be capable of meeting their obligations towards Jyske Bank in full. The assignment of risk codes in combination with objective evidence of impairment (“OEI”) is the foundation for Jyske Bank’s process of impairment calculations.

Exposure at default
In Jyske Bank’s credit risk models, credit risk exposures are measured as EAD. EAD is material to the calculation of credit risk according to the principles of RAROC and the CRD. EAD reflects the exposure at default in the event of the customer defaulting in the course of the next twelve months. Not all facilities may be fully utilised at default; others may include unauthorised overdraft. Such facilities include drawing rights and other variable credit commitments with an authorised maximum. For derivative contracts, exposure at default represents the Jyske Bank Group’s costs of replacing derivative contracts that have a positive present value. A customer’s overall EAD depends on customer-specific factors and the specific products held by the customer. For most product types, EAD is calculated on the basis of statistical models, while a few product types are based on expert models.

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

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

Loss given default

LGD is an estimate based on historical loss data of the part of the Group's total exposure to a customer that the Jyske Bank Group expects to lose in the event of the customer defaulting within the next twelve months. A customer’s LGD depends on specific factors concerning the customer, but also on the commitment and the collateral provided are also key components. Overall, LGD also depends on Jyske Bank’s ability to collect receivables and liquidate collateral. When default occurs, Jyske Bank does not always lose the entire exposure; in fact, sometimes a borrower recovers and is capable of discharging his or her entire obligation towards Jyske Bank.

Collateral

Collateral is used for credit risk mitigation. The Bank pursues the general policy that full or part collateral must be provided for the exposure, depending on the customer’s creditworthiness. The Bank also endeavours to ensure that the collateral cover as a minimum equals that used by other lenders.

Collateral is another vital part of calculating credit losses as collateral received is a main element of the Group’s assessment of LGD. The value of collateral is estimated on a forced-sale-assumption. Forced-sale-assumptions are primarily model calculations based on data, including the Group’s own historical loss experiences. For collateral such as real estate, adjustments are made for repossession costs and fluctuations in market prices. For vehicles, adjustments are made for a drop in value and for depreciation. For certain assets used as collateral, such as vessels, ships, aircraft and other high-value assets, models are not applied, but such assets are valued manually by an expert assessment which has no business line responsibilities. Collateral value is deducted from the EAD before the expected credit loss is estimated.

Development in credit risk

The development in credit ratings of the Jyske Bank Group’s SME and corporate customers and the personal customers during the last three years has reflected the state of the Danish economy and the economic outlook. During 2010, the economy started a slow recovery from the recession in 2008 and 2009 and the development of credit ratings reflected the generally positive economic developments and led to a polarisation of the quality of Jyske Bank’s credit portfolio, where strong customers became stronger while weak customers became weaker, leading to an increase in both the proportion with a credit rating of 1 and credit ratings in the range of 11 to 14. During the second half of 2011, the economy fell back into a more negative downturn mode with low growth due to the acceleration of the EU debt crisis and this led to a continued negative trend in the ratings of especially corporate and SME customers. Furthermore, the annual re-estimation of the AIRB model in 2011 included extraordinary adjustments, such as adding an additional economic downturn year and adjusting the PDs to be more accurately reflecting the realised default ratios. All together, this led to a further negative migration in the credit ratings of the portfolio of SME, corporate and, to some extent, also personal customers during 2011. The persistent weak macro-economic outlook and the negative economic growth both in Denmark and the Eurozone in general during 2012 continued to put pressure on the credit quality of loans and advances to corporate and SME customers. The polarisation in the loan portfolio continued during 2013, and the slightly improved macroeconomic backdrop in Denmark underpinned the stabilization in the performance of the stronger part of the loan portfolio. However, other factors influenced the shifts in the distribution of credit ratings during 2013. First of all, the Fjordbank Mors loan portfolios were converted to Bankdata during 2013 and thus included in the AIRB portfolio. New clients, including the acquired customers from Fjordbank Mors, are mainly placed in the middle part of the AIRB rating scale, which for retail primarily is tantamount to a credit rating of 5 as not many retail clients are placed in the weakest rating classes. Furthermore, the model set-up for estimation of PD for exposures with Risk Code 1 was recalibrated to improve the ranking of the exposures according to whether the exposures had OEI or not. The Danish FSA’s credit inspection in the autumn of 2013 prompted some shifts in the rating class distribution as the Danish FSA urged Jyske Bank to place all OEI clients in either rating class 14 or default classes. The process was completed during first quarter of 2014 and let to a further decline in the medium to weak rating classes and an increase in rating class 14. The increase in rating class 14 is net of exposures deteriorating further and moving into default.

The following table presents the distribution of EAD[20] by rating category of the credit portfolio of corporate, SME and personal customers at year-end 2011, 2012 , 2013 and as at end of March 2014.

[20] The distribution by EAD is based on Jyske Bank’s internal distribution of credit exposures used in the ICAAP process for estimation of the adequate capital base.

Distribution of EAD by rating category

Rating Categories	Total	1	2	3	4	5	6	7	8	9	10	11	12	13	14
31.03.2014	100.0	15.6	6.1	10.2	8.5	1.6	9.7	8.1	5.6	5.3	3.1	2.6	1.7	0.9	6.6
31.12.2013	100.0	15.2	6.3	9.2	7.9	15.9	9.6	7.4	6.6	5.8	3.4	3.1	2.0	1.8	5.7
31.12.2012	100.0	11.6	7.1	9.0	7.3	12.5	10.1	8.9	7.0	6.5	6.7	3.6	3.3	2.4	4.1
31.12.2011	100.0	10.7	7.3	9.9	12.3	11.3	8.1	9.1	7.8	5.3	4.9	3.8	3.3	1.9	4.3

The chart is for Jyske Bank A/S and is exclusive of exposures to banks and central governments, whose rating is typically 1 or 2. EAD for defaulted customers classified by Jyske Bank as representing high or full risk is not distributed on the 14 rating classes.

As at 31 March 2014, the average credit rating of customers, excluding banks and sovereign states, was 5.6 compared to 5.8 at year end 2013, 6.2 at year-end 2012 and 6.0 at year-end 2011.

Advances as per cent of total advances	31.12.2013	31.12.2012	Rating 1-5 31.12.2011	31.03.2014	31.03.2013
SME and corporate customers	42.7	34.5	40.6	44.8	36.4
Personal customers	64.0	60.6	62.5	64.1	58.9
Total	**49.8**	**43.3**	**47.9**	**51.8**	**49.8**

Advances as per cent of total advances	31.12.2013	31.12.2012	Rating 12-14 31.12.2011	31.03.2014	31.03.2013
SME and corporate customers	11.4	11.3	11.3	11.1	11.1
Personal customers	3.5	4.0	3.7	3.7	3.8
Total	**8.7**	**8.9**	**8.8**	**8.4**	**8.7**

Rating categories 12 to 14 among performing customers comprise customers associated with the highest risk of loss to the Bank. During 2011, there was still a negative net migration into these high-risk rating classes. The migration was primarily related to loans and advances to the corporate and SME customer segment which was also the first to be affected by the downturn in the economy back in 2009. The level of high risk exposures in rating class 12-14 seemed to have somewhat stabilised during 2012, although still at a very high level compared to the pre-crisis years. The numbers reflect customers migrating into these low performing customer rating classes while exposures that are categorised as default (Risk Code 2 and Risk Code 3) are no longer included in the rating class 12-14. During 2013 as well as during first quarter of 2014 the proportion of clients in rating class 12-14 declined, as on an aggregate level the net migration into this group was slightly negative due to clients being categorized as default outnumbering new negative credit migration into the group

Diversification of credit risk

The following table divides the credit portfolio into industry segments.

Loans and guarantees by sector [21]

Loans and guarantee debtors by sector, share in per cent	2013	2012	2011	Q1 2014	Q1 2013
Public authorities	**6**	**5**	**4**	**6**	**5**
Agriculture, hunting, forestry, fishing	6	6	6	5	6
Manufacturing, mining, etc.	4	5	6	5	5
Energy supply	3	2	2	3	2
Building and construction	2	2	2	1	2
Commerce	5	6	5	5	6
Transport, hotels and restaurants	2	2	2	2	2
Information and communication	0	0	0	0	0
Finance and insurance	29	27	29	29	28
Real property	7	8	8	7	8
Other sectors	4	4	3	3	4
Corporate customers, total	**62**	**62**	**63**	**60**	**63**
Personal customers	**32**	**33**	**33**	**34**	**32**
Total	**100**	**100**	**100**	**100**	**100**

The Financial Business Act limits the size of any individual credit commitment to a maximum of 25 per cent of the Jyske Bank Group's capital base. The sum of individual commitments exceeding 10 per cent of the consolidated capital base was 0 per cent as at 31 March 2014, compared to 10.1 per cent, at year-end 2013, versus 0 per cent, at year-end 2012 and 0 per cent, at year-end 2011.

As at end of year 2013, approximately 86 per cent of Jyske Bank's loans and advances were granted to Danish customers, 11 per cent were granted to customers within the EU region and approximately 2 per cent were granted to customers outside the EU and the OECD.

IFRS

The Jyske Bank Group complies with the IFRS framework as adopted by the EU.

At each balance sheet date, it is assessed whether there is OEI. Credit loss is measured as the difference between the carrying amount and the present value (using the internal rate of return) of estimated future cash flows, taking into consideration the possible incurred loss situation. There are significant differences between the IFRS methodology and Jyske Bank's internal methodology for measuring credit risk. Impairment calculations under the IFRS regime are based on an incurred loss model, whereas Jyske Bank's internal credit modelling is based on an expected loss model.

Impairment under IFRS requires observable data indicating that there is a measurable decrease in the estimated cash flows. Consequently, under IFRS, impairment calculations must not be based on expectations because such expectations do not qualify as objective evidence.

The methodology for estimating credit loss expenses

Total credit loss expenses are the amount charged to the financial statement under the item "impairment charges". The item is composed of increases in and reversals of the loan impairment balance, increases in provisions for guarantees and financial instruments, and write-offs. The assessment is based on a review of the total loan portfolio to determine whether there is OEI either on individual loans or on groups of loans. If an OEI affects the future expected cash flows, the loan or group of loans will be written down to the net present value of the future expected cash flows. Loans are recorded in the balance sheet at amortised cost.

Steps in measuring credit loss expenses

Risk exposures are broken down into three categories: low-, medium- and high-risk exposures. The two last-mentioned risk categories represent defaulted customers who are no longer deemed capable of meeting their payment obligations towards the Jyske Bank Group in full. The risk categories are used in the Group's process for assessing impairment.

[21] Calculated for Jyske Bank A/S

For IFRS compliance, the treatment of impairment of advances etc. is based on a two-step methodology. The first step is impairment of individual loans with OEI and the second step is collective impairment of all the loans and commitments with OEI that are not impaired individually.

Account managers assess the need for impairment on each individual customer on an ongoing basis. The assessment is made at least once a quarter by a risk code as and when required and potentially stating any OEI. On the basis of the assessments of the account managers, the Credit Risk Supervision department calculates the impairments of the loan portfolio.

Impairment of individual loans
Impairment of individual loans with OEI is divided into two categories: impairment of significant credit exposures and impairment of non-significant credit exposures. Impairment is recognised as the difference between the carrying amount before impairment and the present value of anticipated future payments.

Measuring credit loss expenses for significant credit exposures
Each significant borrower is monitored individually to establish whether there is OEI or an incurred loss.

In the event that OEI is identified by objective evidence or a loss has been incurred, the influence of the obligor's default on the Jyske Bank Group's expected future cash flows is estimated. Estimating future cash flows takes into account the possible value of collateral after deduction of realisation expenditures and the expected dividend in case of bankruptcy and is based on an assessment of the likely outcome.

Measuring credit loss expenses for non-significant credit exposures
Smaller advances and receivables where a loss has been incurred, or with respect to which OEI has been identified, are also handled individually.

Such advances are depreciated by the difference between the carrying amount and the present value of the expected future cash flows based on historical loss experiences and on individual assessment.

Collective impairment charges
Collective loan impairment is calculated in a rating-based impairment set-up, where all customers not treated individually are grouped for collective impairment on the basis of their credit ratings and the risk categories they belong to. Jyske Bank's models for calculating collective impairment use adjusted loss parameters developed for use in the Jyske Bank Group's economic-capital model. For the purpose of calculating impairment, the parameters have been adjusted in a number of respects to comply with IFRS.

In connection with exposures, for which indications of objective evidence of impairment have been established, the calculation of impairment is based on the experience from the individually calculated impairment.

For other exposures, the calculation of impairment is based on the net deterioration of the credit quality at portfolio level since the time of establishment of the relevant commitments. The net increase is used in the calculation of collective impairment at Jyske Bank, and for each impairment group, impairment is calculated on the basis of the net decrease in future cash flows since establishment.

OEI is deemed present when data is observed for a group which indicates a decline in the future payments from that group due to an increase in the PD caused by negative net rating migration. In those cases, collective impairment is calculated as the discounted expected net loss on that group. No impairment charge is made for groups of commitments where no objective evidence of a decline in future payments is observed.

Provisions for losses on guarantees and other liabilities
Jyske Bank's provisions for losses on guarantees and other liabilities include guarantees in favour of business partners or customers of Jyske Bank, financial instruments and unutilised credit commitments.

A provision is made when it is deemed likely that a commitment will cause a drain on Jyske Bank's resources, and the liability can be measured reliably.

On the basis of historical loss experience, Jyske Bank makes an estimate of the expected costs involved in meeting claims under guarantees or costs caused by customers defaulting on their obligations under transactions involving financial instruments. The estimate includes an assessment of the risk associated with relevant types of guarantees and the current risk of loss on uniform segments of customers. Provisions are made for the estimated loss.

Write-off
An estimated loss is recognised immediately after a loss has been deemed unavoidable.

Loans and impairment charges etc. DKKm	**2013**	**2012**	**2011**	**Q1 2014**	**Q1 2013**
Individual loan impairment charges					
Significant loans and advances	2,692	2,490	2,203	2,677	2,457
Non-significant loans and advances	694	691	710	695	804
Total individual loan impairment charges	**3,386**	**3,181**	**2,913**	**3,372**	**3,262**
Collective loan impairment charges	863	943	571	922	926
Total loan impairment charges	**4,249**	**4,124**	**3,484**	**4,294**	**4,188**
Provision for guarantees	444	537	387	443	490
Total loan impairment charges and provisions for guarantees	**4,693**	**4,661**	**3,871**	**4,737**	**4,678**

Loss, recoveries and provisions DKKm	**2013**	**2012**	**2011**	**Q1 2014**	**Q1 2013**
Loss on loans, advances, guarantees etc.	1,331	1,227	2,206	281	271
Recoveries of claims previously written off	-128	-61	-130	-10	-20
Interest adjustment	-103	-116	-59	-26	-26
Total	**1,100**	**1,050**	**2,017**	**245**	**225**
Change in balance of loan impairment charges	32	790	-537	44	17
Net effect on the income statement	**1,132**	**1,840**	**1,480**	**289**	**242**

Development of the loan impairment balance
For 2011, total impairment charges amounted to DKK 1,480m, corresponding to an impairment ratio of 1.1 per cent, whereas losses as expected were influenced by an amount of DKK 530m being written off in relation to Banking Scheme I (see "The Danish Banking Sector – Previous government schemes"). The 2011 level remained above the long-term average and reflected the economic challenges of the slowdown in economic growth. During 2011, impairment charges and losses continued to be primarily driven by the corporate customer segment. At year-end in 2011, 83 per cent of the balance of loan impairment charges and provisions for guarantees related to loans and advances to Jyske Bank's corporate customers especially related to the following sectors: agriculture, construction, real property and, to a lesser degree, trading companies. Despite falling property and asset prices, a decrease in collateral values was offset by an increase in the volumes of collateral.

For 2012, net loan impairment charges and provisions for guarantees increased to DKK 1,840m reflecting an impairment ratio of 1.4 per cent due to the implementation of the FSA's more stringent guidelines for loan impairment charges and provisions for guarantees leading to a one-time effect of DKK 543m. With losses of DKK 1,227m the development was as expected. At the end of 2012, the Group's balance of loan impairment charges and provisions for guarantees amounted to 3.4 per cent of loans, advances and guarantees. The credit quality of loans and advances to corporate customers and SMEs was in 2012 still affected by the crisis and the negative growth in Denmark and the Euro-zone in general. Many companies were under pressure due to limited earnings capacity and had already exhausted the possibilities for cost-cutting initiatives.

During 2013, loan impairment charges and provisions for guarantees decreased to DKK 1,147m, reflecting an impairment ratio of 0.8 per cent, a level much lower than the previous years but still above the long-term normal. Losses increased to DKK 1,331m. Exposures to the corporate segment continued to be the driver of loan impairment charges representing 81 per cent of the total balance of loan impairment charges and provisions for guarantees as at end of 2013. The development over the year 2013 reflected a stabilization in the overall quality of the loan portfolio as a consequence of the slightly improved macroeconomic backdrop in Denmark. Generally, the negative migration in the loan portfolio slowed down, but the polarization in the portfolio continued. The credit quality of the strongest clients improved while the weakest clients migrated further into default driving the increase in realized losses over the year.

During first quarter of 2014, loan impairment charges and provisions for guarantees amountd to DKK 289m compared to DKK 242m during first quarter of 2013. The increase of 19 per cent compared to Q1 2013 is assessed to be within the normal fluctuations that may occur from quarter to quarter. There continues to be a moderate increase in new weak exposures.

Jyske Bank has since the third quarter of 2011 been active in selective acquisitions. Loan portfolios taken over by Jyske Bank at fair value will in subsequent accounting years have an influence on two different items in the income statement: Loans that appreciate, indicating ex post that they have been taken over at a discount, must according to IFRS standards be added as interest income, whereas loans that impair must be recorded as loan impairment charges. During 2012, 2013 and Q1 2014 DKK 58m, DKK 217m and DKK 40m, respectively, were recorded as interest income due to appreciation of previously acquired portfolios, while amounts of around the same levels attributable to impairment of previously acquired loan portfolios were included in the total loan impairment charges.

As one of the largest Danish banks Jyske Bank is inspected by the Danish FSA on regular intervals. The most recent credit inspection in Jyske Bank was conducted in the third quarter of 2013 with the objective to assess the Bank's credit management, use of ratings, impairment charges and AIRB models. The inspection included credits for the Bank's large corporate clients. The FSA concluded that generally, the Bank's AIRB models worked satisfactorily. Furthermore, the credit management was good, and in respect of the accounts inspected, the Bank established OEI and made impairment charges according to the rules. Therefore, the Danish FSA[22] concluded that Jyske Banks impairment charges were sufficient, and had no substantive comments to the Bank's solvency statement.

6.1.4.6 Market Risk

Market risk arises from Jyske Bank’s open positions in the financial markets such as interest rate, currency, equity and commodity positions. Market risk is defined as the risk of loss arising from adverse developments in market values resulting from fluctuations in interest rates, foreign currency exchange rates and equity and commodity prices.

Jyske Bank’s interest rate risk arises from the impact of interest rate changes on Jyske Bank’s assets and liabilities. Changes in interest rate levels, yield curves and yield spreads may affect the interest rate margin realised between lending and borrowing. Jyske Bank’s currency risk arises from the impact of foreign exchange rate changes on the proportion of Jyske Bank’s assets and liabilities that are denominated in foreign currencies and it may also affect income from foreign exchange dealing. Jyske Bank’s equity risk arises from risks from the impact of changes in Jyske Bank’s equity portfolio as a result of changes in the market value of equities. Jyske Bank’s equity risk arises from the trading activities at Jyske Markets and Treasury positions and, to a limited extent, from changes in the value of subsidiaries and associated undertakings.

In assessing, managing and controlling market risk, the Jyske Bank Group has adopted a fully integrated approach comprising both Treasury and the trading portfolio in Jyske Markets.

[22] For the full report from the Danish FSA see: http://www.finanstilsynet.dk/da/Tal-og-fakta/Vurderinger-af-finansielle-virksomheder/2013/VU-Jyske-Bank-AS-kreditomraadet.aspx

Jyske Bank's market positions may derive from two sources:

- Risks in connection with customer-related positions. Liquidity conditions in the market may cause timing mismatches in Jyske Bank's cover of customer positions. These market risks are vested in the trading-related departments of Jyske Markets; and
- Jyske Bank's own positions opened for the purpose of benefiting from assessed imbalances in the financial markets. These market risks are vested in Treasury.

Policies and procedures for market risk management

Jyske Bank has developed policies and procedures for the management of market risk. These policies relate to the identification and measurement of various categories of market risk and define specific limits for the market risk acceptable to the Group. The risk management database allows Jyske Bank to generate detailed risk reports of group positions.

Jyske Bank has implemented a three-level approach to define the acceptable level of market risk. The first level reflects the limits of overall group market risk. The limits are defined by the Supervisory Board and delegated to the Executive Board. The second level consists of maximum risk limits delegated by the Executive Board to the heads of Jyske Markets and Treasury which are the sole units of Jyske Bank authorised to assume significant market risk. The third level reflects the further delegation of lines by the heads of Jyske Markets and Treasury to staff at Jyske Markets and Treasury.

The Jyske Bank Group measures market risk using advanced risk management software which covers all the major financial products traded. The risk management database is comprehensive, and it enables the Jyske Bank Group to generate detailed risk reports.

Market risk management organisation

The Jyske Bank Group has centralised market risk management. Treasury is in charge of the day-to-day management of the balance sheet in accordance with principles and targets laid down by the Group Treasury Committee ("GTC"). The positions of Jyske Markets and Treasury are reported to the GTC prior to a monthly committee meeting. GTC is headed by the CEO and includes members from the Executive Board and Jyske Markets, including Treasury.

The Market Risk department is independent of position-taking. The Market Risk department is in charge of defining risk measurement methodologies and of constructing and updating databases to support company-wide risk measurement based on both regulatory requirements and more comprehensive internal risk measures. In addition, the Market Risk department is in charge of company-wide monitoring of positions and has specific procedures for reporting directly to the Executive Board if positions exceed pre-authorised limits. If positions exceed the overall authority of the Executive Board, the Supervisory Board and Internal Audit are notified immediately. The limits granted to Jyske Markets and Treasury are reviewed on a monthly basis. The Supervisory Board and the Executive Board receive monthly reports about the utilisation of limits. The internal auditors of the Jyske Bank Group carry out independent audits to obtain reasonable assurance that policies and procedures are adhered to continuously. The internal auditors also monitor that segregation of duties is observed.

Calculation of market risk

The Jyske Bank Group does not believe that one specific risk measurement method is sufficient to capture all aspects of market risk. Consequently, the calculation of market risk and internal limit-settings involve different measures across products.

Value at Risk

Jyske Bank has developed a Value-At-Risk ("VaR"). model for the measurement and monitoring of market risk. VaR expresses the maximum risk of loss in a portfolio over given period with a given probability (confidence level) under normal market conditions based on historical price and correlation developments of individual business types. Risk limits for VaR have been defined and delegated.

The model is a parametric VaR based on an enhanced Risk Metrics model. Volatilities and covariances in the model are estimated on the basis of data going back six months. The data is weighted so that the latest observations carry the highest weight. Jyske Bank's VaR model does not include commodity positions or the credit element in market positions, e.g. CLOs.

The model is used as input for the calculation of Jyske Bank's economic capital as well as adequate capital base, including Jyske Bank's individual solvency requirement. Moreover, the model is used in the day-to-day risk management of market risk that is limited by risk limits.

Risk limits for market risk are based on a daily holding period, with a 99 per cent probability, and are defined as Daily Earnings at Risk ("DEaR"). A DEaR of 99 per cent, indicates a 1 per cent, probability of a day's actual market value adjustments exceeding DEaR. In other words, there ought to be two to three days in the course of the year when Jyske Bank's market value adjustments exceed the DEaR estimated by the VaR model. Such an occurrence is defined as an "outlier".

Back-testing
To assess the accuracy of the VaR model, daily back-testing of the model is conducted against actual daily value adjustment of market-risk related positions. Back-testing is conducted and reported for 99 per cent DEaR.

Scenario-based stress testing
As an integrated part of GTC reporting, scenario-based stress testing of positions is performed each month as part of the work performed by Treasury. These tests do not have any direct influence on the calculation of the economic capital and are not applied directly in the limit structure.

Economic capital for market risk
The economic capital calculation for market risk is based on the Value-at-Risk framework. The risk level is normalised from the 99 per cent, confidence level DEaR to a 99.97 per cent, confidence level and to a horizon of one year.

Interest rate risk
Interest rate risk is measured daily on the basis of duration. Interest rate risk is defined as a general one percentage point increase in interest rates (interest rate risk 1). Interest rate risk 1 therefore denotes a percentage gain or loss if all rates of interest (across all currencies and all interest rate curves) simultaneously rise by one percentage point. The calculation is based on the entire portfolio of interest rate-related instruments of both Treasury and Jyske Markets.

Because of Jyske Bank's exposure to Danish mortgage bonds, interest rate risk management models have been developed to take into account the embedded prepayment option. As Danish mortgage bonds are to a large extent issued with an embedded right of prepayment at par, standard risk indicators such as duration cannot be applied unless they are adjusted for this prepayment right. Risk management includes the calculation of, and limits to, OAS positions (Option-Adjusted Spreads).

Interest rate risk is calculated on the basis of agreed payments. The customer and Jyske Bank are assumed to fulfil the agreed contractual payments, although certain fixed-rate loans may be prepaid. Interest rate risk 1 is adjusted for this option element. Jyske Bank has no fixed-rate balances without an agreed due date.

In addition to the common interest rate risk 1, Jyske Bank calculates a specific interest rate risk 2. This is because interest rate risk 1 is in several respects too simplistic. For instance, interest rate risk 1 does not take into account risk attached to spread transactions involving interest rate positions in various instruments and currencies. Interest rate risk 2 is calculated as interest rate risk 1 plus an addition for yield curve risks, volatility risks, country risks and basis risks.

Currency risk
Currency risk is calculated in accordance with the rules on capital adequacy set out by the Danish FSA. Currency indicator 1 is calculated as the sum of the numerically higher of long or short positions in each currency, translated into DKK.

Exposures in respect of currency indicator 1 are reported to the authorities on a quarterly basis.

In the daily internal measurement and control of currency risk the Jyske Bank Group applies two indicators. The first is an extension of currency indicator 1. It weighs the numerical value of all currency positions according to their volatility in order to give more weight to the most volatile and illiquid currencies. The individual currencies are given a weighting of 100 per cent to 250 per cent which is multiplied by the nominal currency position. Subsequently, the weighted currency positions are added to form a ‘weighted currency indicator 1’, which better measures risk than the unweighted currency indicator 1. The second indicator used for internal risk management is calculated on the basis of a Value-at-Risk with a time frame of one day and a 99 per cent, probability taking into account the correlation between currency positions and the volatility of individual currencies.

Equity risk
Equity risk is calculated as a risk A and a risk B.

Equity risk A is calculated as 10 per cent of net equity exposure; net exposure is calculated as positive exposure less negative exposure. Equity risk A is therefore an indication of the loss/gain in the event of a 10 per cent fall in global equity prices.

Equity risk B is calculated as 10 per cent of the numerical equity exposure. This risk measure thus expresses the gross exposure, as it shows the loss at a 10 per cent negative price change on all positive positions and a 10 per cent positive price change on all negative positions.

Jyske Bank shares and other strategic equity investments are not included in the calculation of equity risks A and B.

Commodity risk
Both Jyske Markets and Treasury hold commodity positions. Commodity risk is measured as a risk “a” and a risk “b”. Commodity risk “a” is calculated as the net commodity exposure, net exposure being calculated as positive exposure less negative exposure. There is thus a right of set-off across commodity types and due dates. Commodity risk “b” is measured as the aggregate numerical commodity exposure. This risk measurement thus states gross exposure, the right of set-off applying only to contracts for the same underlying commodity with the same due date.

Exposure to credit risk on financial instruments
Exposure to credit risk on financial instruments relates to the Group’s bond holdings. The credit element is not reflected in the interest risk measurements and must therefore be managed separately. Jyske Bank manages its exposure to credit risk on financial instruments by limiting concentration risk expressed as the credit quality of the instruments as defined by ratings awarded by recognised international rating agencies. On the basis of the credit quality of the instruments, concentration risk is calculated for rating classes and bond types. This means that there are different limits depending on whether the instrument is a government bond, a corporate bond or a CLO. Finally, a concentration risk limit has been defined geographically and for individual exposures.

Securitisations
Jyske Bank’s activities within securitisation are linked to investment in tranches issued by other institutions and legal entities. Thus, the Jyske Bank Group neither acts as an issuer nor as an exposure provider.

Investment exposure is concentrated on the European continent and is mainly made in traditional securitisations and distributed on the following securitisation types:

- RMBS (Residential Mortgage Backed Securities): consist primarily of AAA-rated senior tranches; and
- CLOs: consist primarily of senior tranches rated AAA or AA

Both the AIRB method for credit risk and the standard method for market risk are used for determining the minimum capital requirement for the portfolio of securitisations, because the portfolio breaks down into an investment portfolio and a trading portfolio.

Other risk measures
Jyske Bank calculates risk in connection with non-linear derivatives such as options – primarily interest rate and currency options. Risk calculations and risk limitation include delta, gamma and vega risks. The same risk measurements are applied to structured products which involve options such as Danish mortgage bonds.

Also, limits have been defined for individual bond and equity positions so as to limit concentration risk.

Derivatives
The use of derivatives plays an important role in market risk management, both to Jyske Bank's customers and Jyske Bank itself. Market risk on derivatives is included in Jyske Bank's calculation of market risks. Credit risk in connection with derivatives is calculated for each counterparty and is included in Jyske Bank's overall credit risk management. Subject to specific bilateral agreement, netting of the credit risk associated with derivatives is undertaken for each counterparty. Moreover, Jyske Bank has entered into CSA agreements with a number of large counterparties. Under those agreements, Jyske Bank will receive cash payment or securities if the market value of transactions is in Jyske Bank's favour. On the other hand, Jyske Bank must make payment to the counterparty in cash or securities, if the market value of transactions is in favour of the counterparty.

In 2013, Jyske Bank focused on compliance with the new requirements in the European Market Infrastructure Regulation (EMIR) in respect of risk reduction, including

- Clearing obligations in respect of OTC contracts
- Portfolio adjustment and statement of market values
- Reporting to Trade Repositories

In 2013, Jyske Bank met the statutory requirements for trading a number of OTC products for which the clearing obligation commences on 1 July 2014 via a central counterparty clearing house (CCP). Jyske Bank will be clearing the OTC derivatives through an indirect membership of London Clearing House (LCH). The clearing service is provided by Barclays and HSBC who will act as clearing brokers on behalf of Jyske Bank. Counterparty risk and settlement risk are mitigated on cleared trades, due to full netting of exposures and margin, and netting of product cash flows. Furthermore, there are no minimum transfer amounts or thresholds on margin on cleared trades, which reduce the overall exposure to the clearing house. The risk is further reduced by a daily settlement of margin payments. Jyske Bank expects that in the first quarter of 2014 it will clear a larger proportion of the Group's existing portfolio of clearing-qualified interest-rate swaps via the CCP and in this way achieve a capital reduction.

Jyske Bank has acceded to the ISDA protocol ”Portfolio Reconciliation and Dispute Resolution”, as a ”Sending Entity”. This means that Jyske Bank is under the obligation to send portfolio statements to the Group's counterparties. Jyske Bank daily calculates new market values for all trades, and for small clients these statements are available electronically. Hence, Jyske Bank is ready to comply with the new EMIR requirements.

For its transactions involving derivatives, the Jyske Bank Group endeavours to reduce risk by means of:

- ISDA, GMRA or other agreements which give the Jyske Bank Group the right of netting market values of derivatives trades;
- GMRA, CSA or other agreements which entitle Jyske Bank to additional collateral, should the negative market value of the counterparty (debt to Jyske Bank) exceed an agreed maximum; or
- CLS, in which case settlement risk is eliminated, clearing being effected through a third party which guarantees settlement.

Agreements with financial counterparties and large corporate customers will most often be bilateral, which means that Jyske Bank must put up a margin for the counterparty if the market value in favour of the counterparty exceeds an agreed limit. Where only short-term derivatives are traded (terms up to six months), agreement about additional margin may be waived after individual assessment.

Development in market risk
Jyske Bank's market risk expressed as VaR (calculated with a time frame of one day and 99 per cent probability) was DKK 21m at the end of 2013 compared to DKK 14m at the end of 2012 and DKK 21m at year-end-2011. Throughout 2012, the level fluctuated in the range of DKK 14m to DKK 21m, and the changes towards year end 2012 primarily related to adjustment of the interest-rate risk and a limited reduction of the currency exposure. During the course of 2013 there was a shift in the dominant risk factors. In the first quarter of 2013, market risk was dominated by volatilities especially on the Danish equity market, whereas an active position taking in the fixed income markets accounted for

Jyske Bank's market risk profile for the remainder of 2013. Part of the increase in the second quarter of 2013 can be attributed to a change in Jyske Bank's mortgage model to reflect the contribution rates of mortgage institutions. From a historical perspective, the increase in the exposure in 2013 merely indicated that the exposure had been brought back to average levels whereas the exposure in 2012 was fairly low.

Market risk at year-end DKKm	**2013**	**2012**	**2011**
Currency risk			
Value-at-Risk (DEaR)	6	4	8
Interest rate exposure			
Interest-rate indicator 1, total exposure	344	163	102
Interest-rate indicator 1, domestic exposure	448	209	202
Interest-rate indicator 1, foreign exposure	-104	-46	-100
Stock market risk			
Stock market risk A	18	34	18
Value-at-risk (DEaR)			
DEaR 99% total market risk portfolio	21	14	21
DEaR 99% interest rate risk	17	6	16

Development in interest rate risk

Interest-rate risk is Jyske Bank’s principal market risk and VaR for the interest-rate portfolio has historically dominated in market risk. The acceptable level of the Jyske Bank Group’s global interest rate is determined on the basis of an assessment of the economic prospects. In addition to the core business in the form of deposits and loans, the interest-rate risk is dominated by exposures to Danish and international mortgage bonds as well as covered bonds with short and medium maturities.

As at end of December 2013, the interest rate risk amounted to 1.9 per cent of equity. During 2013 Jyske Bank used the development in interest rates and yield curves actively to adjust the portfolio resulting in an increased interest-rate risk, which, however, remained within the desired risk profile of the Bank. The portfolio adjustments during 2013 were not fully reflected in the calculation of VaR, as it was the interest rate risk in the shorter end of the yield curve, which increased primarily due to an increased exposure to Danish mortgage bonds. The interest-rate risk was kept at a most modest level during 2012, amounting to 1.1 per cent of equity as at year end 2012. In the first quarter of 2011, Value-at-Risk was subject to a strong impact from volatility levels and an increase in interest-rate risk. As market rates fell generally in 2011, the interest-rate risk was falling, and, at year-end in 2011, the interest-rate risk amounted to 1 per cent, of equity. The Group’s interest-rate risk has been planned on the central premise that the very high debt level in the western world would put a damper on growth and therefore most likely cause the interest-rate level to be low over the coming years.

Development in equity risk

During 2013, Jyske Bank’s equity risk remained at a low level. The exposure was well diversified and consisted primarily of Danish as well as global equity positions. The majority of the positions have on an ongoing basis been hedged by liquid futures contracts. Throughout 2012, Jyske Bank’s equity portfolio dominated the VaR exposure. The increase late in the year could be attributed to an increasing need for larger holdings in markets due to rising demand from customers. The reason why the equity exposure became the dominant contributor to the VaR exposure was the low exposure within interest-rate risk-affecting holdings rather than a change in strategy with respect to equities. In 2012, the positions were composed with a preference for equities in growth countries as well as to some extent Japan, which seemed to be undervalued. During 2011, the equity positions were composed with a preference for equities in growth countries as well as commodity equities. Although still low, the equity risk increased throughout 2011, primarily due to the volatility in the equity markets which were at a high level for most of 2011, and, secondarily, due to a modest increase in the portfolio. Although at moderate levels relative to Jyske Bank’s desired risk profile, the equity portfolio thus dominated the development of VaR in 2011. The underlying equity portfolio was well diversified and only increased modestly in 2011.

Development in currency risk

As at end of 2013, Jyske Bank's currency positions remained well diversified and the overall currency risk was moderate. The portfolio consisted primarily of long positions in USD and emerging market currencies, offset by short positions in EUR and CHF. Compared to 2012, the short position in yen was reduced considerably. Jyske Bank's currency exposure fell slightly during 2012. At the end of the year, the position-taking was characterised by long positions in emerging-market currencies, which were offset by short positions in JPY and CHF. During 2011, the currency portfolio was at moderate levels relative to Jyske Bank's desired risk profile, and the position-taking was characterised by long positions in emerging markets.

Development in commodity risk

Treasury has limited lines to engage in strategic positions in commodities. During the latest years, the utilization of this line has been insignificant.

Credit risk relating to securities holdings in the Treasury portfolio

The year of 2013 was overall a year of benign credit conditions. The first half of the year was characterized by some volatility due primarily to uncertainty about the economic and political development. As the year progressed, market confidence about political will and renewed economic growth in Europe grew, which resulted in a clear trend towards tighter credit spreads. Treasury's portfolio of European covered bonds, senior financial bonds and the portfolio of government bonds in peripheral european countries (Portugal, Ireland, Italy, Greece and Spain - jointly referred to as "PIIGS") performed quite well in this environment. The investment focus during 2013 was especially on bonds, in the form of mortgage bonds and residential mortgage-backed securities ("RMBS"), and Jyske Bank increased the exposure primarily to highly rated European covered bonds and RMBS'.

During 2012, the deep financial and economic crisis in the southern European countries, together with the general economic crisis in Europe, resulted in falling credit quality for especially governments and banks whereas corporate bonds and securitisations showed much more stable credit quality. Throughout 2012, the credit spreads were fairly volatile, which Jyske Bank benefited from through ongoing adjustments of the portfolio. Therefore at the end of 2012, Jyske Bank's exposure to credit risk on financial instruments was at a higher level than at the end of 2011. The year 2011 was also affected by turmoil and nervousness in the corporate and mortgage bond market; and the debt crisis affected the international financial markets. Throughout the year, Jyske Bank decreased to a moderate degree its holdings of European mortgage bonds and short-term senior financial instruments, but the overall credit portfolio developed favourably in 2011 and yielded a satisfactory return.

The portfolio of Credit Default Swaps ("CDS") was increased marginally during 2012 as the overall nominal exposure was reduced from DKK 1.4bn at the end of 2011 to DKK 1.1bn at the end of 2012 and this exposure was further reduced to DKK 0.6bn at end of 2013 due to profit taking.

At 31 March 2014, Jyske Bank's total portfolio of hold-to-maturity bonds amounted to DKK 13.3bn compared to DKK 14.8bn as at year end 2013, DKK 18.7bn at year-end 2012 and DKK 18.9bn as at year-end 2011. The portfolio remains dominated by low-risk securities. At 31 March 2014, the market value was DKK 334m higher than the carrying amount compared to 302m higher as at year end 2013, DKK 345m higher at year-end 2012 and DKK 7m below at year-end 2011.

6.1.4.7 Liquidity Risk and Funding

Liquidity risk is the risk of Jyske Bank not being able to generate or obtain sufficient liquidity at a reasonable price to meet its payment obligations or ultimately being unable to meet its commitments as they fall due. Liquidity risk arises from funding mismatches in the balance sheet, as the average duration of a bank's loan portfolio is generally longer than the average duration of a bank's funding sources. The Supervisory Board determines Jyske Bank's liquidity risk profile, expressed as the balance between the risk level and Jyske Bank's costs of managing liquidity risk.

The overall objective of Jyske Bank's liquidity management is to ensure adequate liquidity for the timely fulfilment of Jyske Bank's payment obligations at reasonable funding costs.

The fulfilment of this overall objective is ensured by compliance with the following sub-objectives and policies:

1. a strong and stable deposit base;
2. high credit ratings at international rating agencies;
3. active participation in the international money markets and access to international capital markets by means of borrowing programmes; and
4. maintenance of a considerable buffer of highly liquid securities.

In line with the guidelines of the Basel Committee, Jyske Bank's liquidity management is built on:

- gap analysis of future cash flows;
- integration of stress tests in the limit structure; and
- liquidity contingency plan.

The Supervisory Board has adopted a liquidity policy which defines a specific critical survival horizon for the Bank during an adverse stress scenario. On the basis of the pre-set limits, the Executive Board has defined the specific operational limits for the organisational unit Treasury and the Money Market Desk at Jyske Markets. The Money Market Desk is responsible for managing liquidity on a daily basis in compliance with the delegated limits and guidelines which ensure that the liquidity policy and risk profile adopted are observed. In addition, Treasury must ensure that specific guidelines and limits governing the liquidity of assets are adhered to and that the Jyske Bank Group's sources of funding are diversified.

Liquidity positions are monitored on a daily basis by the Market Risk department for observance of the delegated limits. Liquidity positions that exceed authorised limits are promptly reported to the Executive Board by the Market Risk department.

Short-term liquidity management

Short-term liquidity management is undertaken by the Money Market Desk at Jyske Markets, which is an active player in the international money markets of all major currencies and related derivatives and a market maker in Scandinavian inter-bank money markets. The Money Market Desk has been granted specific limits for the maximum placement of longer-term deposits in the same markets. Short-term funding in these markets form part of the overall Group limits for short-term funding within strategic liquidity management (as part of scenario 1 described in the section "Scenario 1 – severe Jyske Bank-specific stress scenario which is monitored daily" below).

Strategic liquidity management

Treasury undertakes strategic liquidity management. Strategic management rests on measurements of Jyske Bank's liquidity position in three stress scenarios. The measurements are based on gap analyses of each individual payment. The financial asset side of the liquidity balance is broken down and grouped in order of liquidity, whereas the financial liabilities side is grouped according to expected run-off risk in various scenarios. Allowance is made for the fact that the actual maturity of part of the balance deviates from the contractual maturities. The gap analyses therefore apply scenario-specific expectations of customer behaviour in those cases where the contractual maturity is not considered to give a true and fair view of the actual maturity of deposits or loans. In relevant stress scenarios, the liquidity reserves are used as a buffer to cover negative payment gaps.

The purpose of integrating stress scenarios into the limit structure is to ensure that Jyske Bank can at all times meet its obligations and pursue its operations for a specific time horizon, in case a crisis should occur during which Jyske Bank is unable to access a material part of its normal funding sources.

Treasury is responsible for ensuring that Jyske Bank can at all times meet the "critical survival horizon" in the three stress scenarios used in strategic management.

Scenario 1 – severe Jyske Bank-specific stress scenario which is monitored daily

A severe Jyske Bank-specific stress scenario with a short critical survival horizon of 35 days: the Jyske Bank Group must hold sufficient reserves to be able to withstand non-market access to a broad part of its price and credit sensitive funding sources. In addition to failure to obtain refinancing in the money and capital markets (the inter-bank market, CP and EMTN issues), the Bank assumes run-off of all large demand and term deposits made by the corporate and retail customer segments.

Scenario 2 – broad sector stress scenario which is monitored on a regular basis
A broad general capital and money market crisis which to a certain extent affects retail and corporate customers and results in drawdown by large corporate customers of unutilised lines and commitments. At the same time, growth in deposits is assumed to stagnate and the possibilities of obtaining refinancing in the money and capital markets to dry out. The target is a horizon of six months, during which time basic banking activities must be maintained.

Scenario 3 – mild sector stress scenario which is monitored on a regular basis ("the Capital market scenario")
A mild non-Jyske Bank-specific capital market crisis with a survival horizon of at least one year. The Jyske Bank Group must be able to withstand run-off of money market and capital market funding. Based on the scenario of low economic growth in Denmark resulting in higher private sector savings, an unchanged volume of deposits as well as loans is presumed.

Liquidity contingency plan
The liquidity contingency plan comes into force if Jyske Bank can only meet the internally delegated limits at very high costs or ultimately is unable to do so within the critical horizons. The contingency plan stipulates a detailed set of management reports, and it describes a broad range of initiatives that might be resorted to in order to strengthen Jyske Bank's liquidity position.

Jyske Bank's liquidity reserve
Jyske Bank's total holding of securities consists of a trading portfolio and a portfolio of securities held by Treasury. The trading portfolio is a function of the customer-related business of Jyske Markets and ultra short operational liquidity management. Treasury's holding of securities consists of a portfolio of securities with market risk positions and a strategic portfolio of liquid securities. The liquidity portfolio is to ensure that Jyske Bank's strategic liquidity risk profile is observed.

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

Jyske Bank's holding of securities is divided into three groups in order of liquidity:
1. ultra liquid assets (DKK denominated assets which can be used in repo transactions with the Danish Central Bank): certificates of deposit with the Danish Central Bank, Danish government and mortgage bonds and covered bonds;
2. very liquid assets (EUR denominated assets which can be used in repo transactions with the European Central Bank): European mortgage bonds, government bonds and senior financial instruments;
3. assets that cannot be used in repo transactions with central banks: some are of the same characteristics as very liquid assets, but denominated in currencies other than EUR, but the group also includes emerging market bonds, corporate and structured finance bonds, and shares.

Jyske Bank has adopted a general policy for the size and quality of its liquidity reserve, which is adjusted to suit Jyske Bank's balance sheet composition and risk profile.

In practice, the liquidity reserve policy implies that the reserve predominantly consists of assets from liquidity group 1 and group 2. It is thus Jyske Bank's policy that it must be able to meet the minimum limit of the survival horizon of stress scenario 1 merely by freeing assets from liquidity groups 1 and 2.

Funding
Jyske Bank's primary source of funding is customer deposits. Other funding sources include the inter-bank market, the wholesale fixed-term market, bilateral agreements and the CP and EMTN markets.

Funding via the inter-bank and wholesale fixed-term market is obtained through Jyske Markets as part of the short-term operational liquidity management. In addition, Jyske Markets funds its own wholesale-related activities by taking up unsecured loans in the wholesale fixed-term and inter-bank markets. Continued activity in the above-mentioned markets enhances the possibility of refinancing short-term positions and is a natural part of Jyske Markets' business.

Capital market funding through capital market programmes

Treasury is responsible for Jyske Bank's long-term structural liquidity risk profile, which includes the management of Jyske Bank's overall balance sheet structure. Jyske Bank's balance sheet is monitored on an ongoing basis by Treasury. So as to meet both the delegated internal limits and the longer term strategic guidelines, monitoring aims to prevent a build-up of excessive funding mismatches in the balance sheet. To manage the long-term strategic risk profile, two capital market programmes are utilised which ensure flexibility with regard to term, currency, interest rate (fixed/floating) and investor base.

The French-regulated CP programme was established in September 2006 to strengthen diversification and the depth of short- and medium-term liquidity management in relation to the implementation of new liquidity management principles. Funding under the facility will typically have a term of three months. The maximum term is one year. The CP programme has a limit of EUR 5bn.

For long-term funding in the international capital markets, Jyske Bank has utilised an EMTN Programme since 1999. The limit of the programme has been USD 8bn since March 2008.

Joint covered bond funding via BRFkredit

In February 2012, Jyske Bank and BRFkredit signed an agreement on joint funding. The agreement gives Jyske Bank access to cost efficient long-term financing of the residential loan products (Jyske Prioritet) granted on the basis of collateral in homeowners' properties. Under this agreement, there will be transfer of title of the Jyske Prioritet residential housing loans to BRFkredit and BRFkredit will subsequently issue AAA rated Covered Bonds from an existing Capital Centre. The agreement further diversified Jyske Bank's funding structure and reduces the maturity mismatch in the balance sheet The agreement relates to both all new loans originated from February 2012 within the 80 per cent LTV range as well as the part of Jyske Bank's existing mortgage lending that meets the requirements of covered bond financing. At end of 2013, financing under this framework agreement with BRFkredit amounted to DKK 4.7bn through the issue of covered bonds with maturities between 5 and 30 years.

Development in liquidity risk and funding

Jyske Bank has a sound and well-diversified deposit base. As at 31 March 2014, deposits funded 105 per cent of the loan portfolio (excluding pooled deposits) compared to 104 per cent at year-end 2013, 92 per cent, at year-end 2012 and 93 per cent, at year-end 2011.

At 31 March 2014 Jyske Bank's liquidity reserve amounted to DKK 51bn compared to DKK 50bn as at end of December 2013, DKK 43bn as at 31 December 2012 and DKK 38bn as at 31 December 2011. The liquidity reserve consists mainly of highly liquid Danish mortgage bonds and covered bonds.

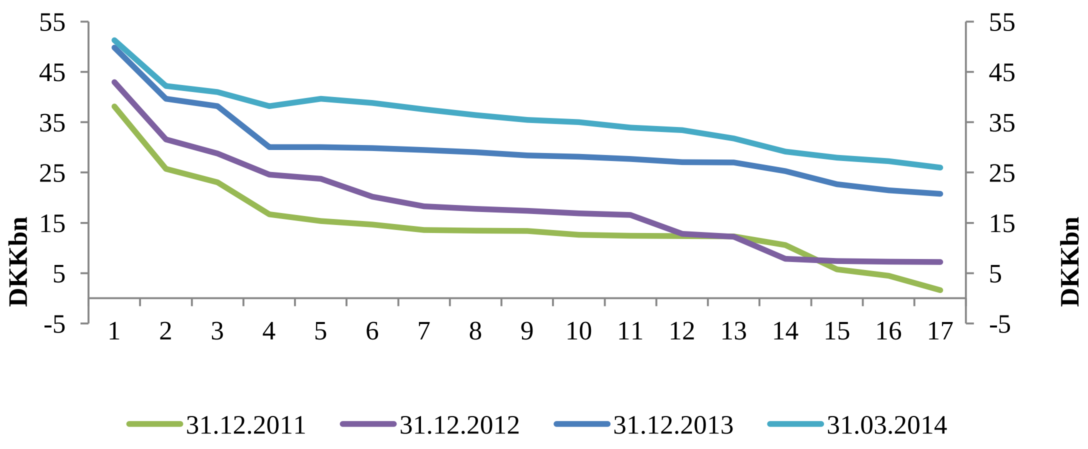
Under the EMTN programme, Jyske Bank had issued bonds totalling DKK 13.5bn (USD 2.4bn) as at end of March 2014 compared to DKK 18.5bn (USD 3.4bn) as at 31 December 2013. The utilisation of the programme at year-end 2012 was DKK 26.8bn (USD 4.8bn) compared to DKK 25.0bn (USD 4.6bn) at year-end 2011. Jyske Bank is active in the private placement market on a ongoing basis and issues public EUR benchmark bonds with regular intervals to underpin the access to debt capital markets and improve investor recognition which is a key priority. Jyske Bank made a successful re-entry to the public markets in May 2011 with a 2.5 year EUR 500m floating rate bond, and in November 2012, Jyske Bank took advantage of a more favourable market window and issued another EUR 500m 2.5 year floating rate note. Moreover during 2011 and 2012, EUR 483m and EUR 400m were issued through private placements with a weighted average duration of 3.3 years and 2.7 years, respectively. During 2013 Jyske Bank remained active in the private placement market issuing EUR 440m with an average weighted maturity of 4 years. During first quarter of 2014, Jyske Bank issued SEK 800m (EUR 90m) 3-year floating rate notes

At 31 March 2014, funds drawn under the CP programme amounted to DKK 12.9bn (EUR 1.7bn) compared to DKK 10.7bn (EUR 1.4bn) at year-end 2013, DKK 10.9bn (EUR 1.5bn) at year-end 2012 and DKK 13bn (EUR 1.7bn) at year-end 2011.

Jyske Bank has at no time during the last six years of financial turmoil (which led to reduced liquidity and unprecedented increase in credit spreads) had any difficulties in meeting the stress-based internally delegated limits and guidelines. Compared to the benign years ahead of the financial crisis, Jyske Bank's cost of funding, like that of other financial institutions increased during the period of 2008-2011 which was characterised by very high spread volatility including periods of closed markets and 'open market windows'. Despite the continued challenges related to the European government debt crisis, spreads did however tighten significantly during 2012 due to the stimuli from the ECB's LTRO operations, and the second half of 2012 was characterised by a renewed positive sentiment and reduced spread volatility. Positive supply demand dynamics and very low interest rate levels have underpinned a further tightening of credit spreads during 2013 and credit spreads have during second half of 2013 reached the lowest levels seen in the market since mid-2008. During first quarter of 2014, credit spreads remained stable.

The figure below illustrates the development in Jyske Bank's liquidity position under scenario 3 as at 31 December 2013, 2012 and 2011. The liquidity outflow consists of maturing interbank positions and bonds under the CP and EMTN programmes. Both at end of March 2013 as well as at year-end 2013, 2012 and 2011, the size and quality of Jyske Bank's liquidity buffer has been more than sufficient to withstand not having access to refinancing in the interbank, CP and EMTN markets over a 12-month horizon.

Liquidity position and run-off (DKKbn)



New liquidity risk legislation

Since 2007, Jyske Bank's internal liquidity risk management has been based on stress scenarios that were considerably stricter than the statutory liquidity requirements. In 2010, the Basel Committee issued proposals for new liquidity risk ratios, which were revised in January 2013, see more info in "11.1.7.2 Liquidity requirements". The Liquidity Coverage Ratio ("LCR") models a seriously stressed liquidity scenario with a survival horizon of 30 days. In many ways, the LCR resembles Jyske Bank's internal "Stress scenario 1". The LCR is to be implemented gradually over the period from 2015 to 2019. However, following the SIFI agreement of October 2013 Danish SIFIs must comply fully with the LCR requirements from 1 January 2015, conditional on Danish Mortgage Bonds/Covered Bonds being accepted in the Level 1 buffer in the LCR. Based on the current composition of the liquidity buffer, Jyske Bank is compliant with the LCR conditional on Danish Mortgage Bonds/Covered Bonds being accepted in the Level 1 buffer.

The preliminary findings of the quantitative analysis of asset class liquidity by EBA in 2013 suggest that European AAA (Aaa) rated covered bonds with a minimum issue size of EUR 500m and subject to additional conditions relating to the regulations incl. of Danish mortgage bonds (RO-bonds, covered bonds and covered mortgage bonds) are as liquid as government bonds. Despite the quantitatively based conclusion of the EBA results being supportive of covered bonds in the Level 1 buffer, EBA has recommended to the European Commission that covered bonds are not to be accepted as Level 1 assets for the calculation of the LCR. Furthermore, the EBA has recommend that only covered bonds with a minimum issue size of EUR 250m should be included as level 2 assets. The final decision of the

Commission is due during 2014. For more info see “11.1.7.2 Liquidity requirements”. Based on the Bank’s current estimate, meeting the demands in the current proposal of Basel III not accepting the most liquid series of Danish Mortgage Bonds/Covered Bonds in the Level 1 buffer would be achievable, but it would demand a significant change in the composition of the liquidity buffer leading to a substantial reduction in the return on the Bank’s treasury portfolio and liquidity buffer.

The Net Stable Funding Ratio (“NSFR”) is intended to ensure a sound funding structure by promoting an increase in long-dated funding. The NSFR stipulates that at all times banks must have stable funding equal to the amount of their illiquid assets for one year ahead. The Basel Committee published a revised version of the 2010 proposal of the NSFR on 12 January 2014 with a consultation period running until 12 April 2014. At present, it is not clear if the implementation of the NSFR will follow the original schedule of reassessing the calibration and time frame for implementation in 2016, with implementation to follow from 2018, but more clarification should be expected during 2014. Internal calculations indicate that the NSFR is currently below the potential future statutory level. Most likely the current level will improve over the coming years due to the ongoing strengthening of earnings and equity. The financing of mortgage lending via BRFkredit will also reduce the duration mismatch in the balance sheets in the coming years, and therefore, all other things being equal, the Bank’s NSFR will improve.

6.1.4.8 Operational Risk

Operational risk is inherent in all Jyske Bank’s processes and is defined as the potential loss as the result of operational errors or events caused by human beings, processes, systems or external events. Risk may arise in a number of ways, including from the inappropriate behaviour of employees, breakdown of IT systems, breach of policies, legal risks, the failure to comply with statutory regulations, etc.

Jyske Bank uses the standardized approach for calculating capital requirement in compliance. Jyske Bank monitors and actively manages operational risk to reduce the risk of operational events resulting in material loss. Focus is mainly on the Group’s largest exposures involving high potential losses.

Risk identification and assessment

For internal risk management and calculation of economic capital, Jyske Bank has chosen to apply a scenario-based method of analysis. Scenario-based methods of analysis chart the Jyske Bank Group’s largest operational risks by analysing central processes and events that could cause loss. An assessment of the effectiveness of the control environment will reveal risks that are insufficiently covered by existing controls. Scenario-based analysis can be used to propose ways in which operational risks can be reduced, and they are therefore efficient tools which management and the responsible units can use in risk management.

All risk scenarios which may cause direct or indirect loss of more than DKK 5m or which could materially damage the Jyske Bank Group’s reputation are analysed. The scenarios are identified in co-operation with management, with reference to internal and external events.

Currently 40-45 scenarios have been defined, which cover all the Jyske Bank Group’s business areas. The scenarios cover a broad range of risks such as the provision of incorrect advice, trading errors, errors in models or in internal and external reporting. Also the risk of fraud is analysed. Operational risks at important business partners are included in the scenario analysis, including errors in IT development or IT failure.

Management and monitoring

Developments in operational risk are monitored to ensure the best possible basis for risk management.

Monitoring rests on the following elements:

- on-going dialogue with management to ensure that all the material operational risks of the Jyske Bank Group are reflected in the risk scenarios;
- evaluation of existing risk scenarios, risk exposure and control environments in co-operation with experts from the business units; and
- losses exceeding DKK 5,000 caused by operational errors or events are registered, monitored, analysed and reported regularly for the purpose of optimising processes and reducing future losses.

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

Every year, the Executive Board and the Supervisory Board receive a comprehensive report that describes the development of the Jyske Bank Group’s operational risks accompanied by error statistics from the error registry.

6.1.4.9 Other Information

Jyske Bank has not launched any significant new products or services.

The information provided in this chapter has not been influenced by any form of extraordinary conditions.

6.2 BRFkredit

6.2.1 The Danish Mortgage Lending Sector

In Denmark, mortgage lending, as carried out by licensed mortgage institutions, consists primarily of granting loans against security in a mortgage on real property funded by issuance of Mortgage Bonds.

In the Danish mortgage system loans granted and bonds issued are closely matched, which means that there at all times is complete transparency in the system as well as very limited liquidity risk.

Mortgage lending is limited to certain loan-to-value (“LTV”) ratios, which along with the unlimited personal liability of the lender mitigate credit risk.

The Danish mortgage lending market is the biggest lending market in Denmark with total mortgage lending of DKK 2,514bn as of 31 December 2013, which is nearly twice as much as the total lending of Danish commercial banks[23].

Mortgage lending is primarily used for financing Residential Properties, and this segment accounts for 57.8 per cent of all mortgage loans in Denmark as of 31 December 2013. Other segments include commercial properties for residential use and agriculture which together account for 21.5 per cent of mortgage loans and rental properties which account for 10 per cent of the loans[24].

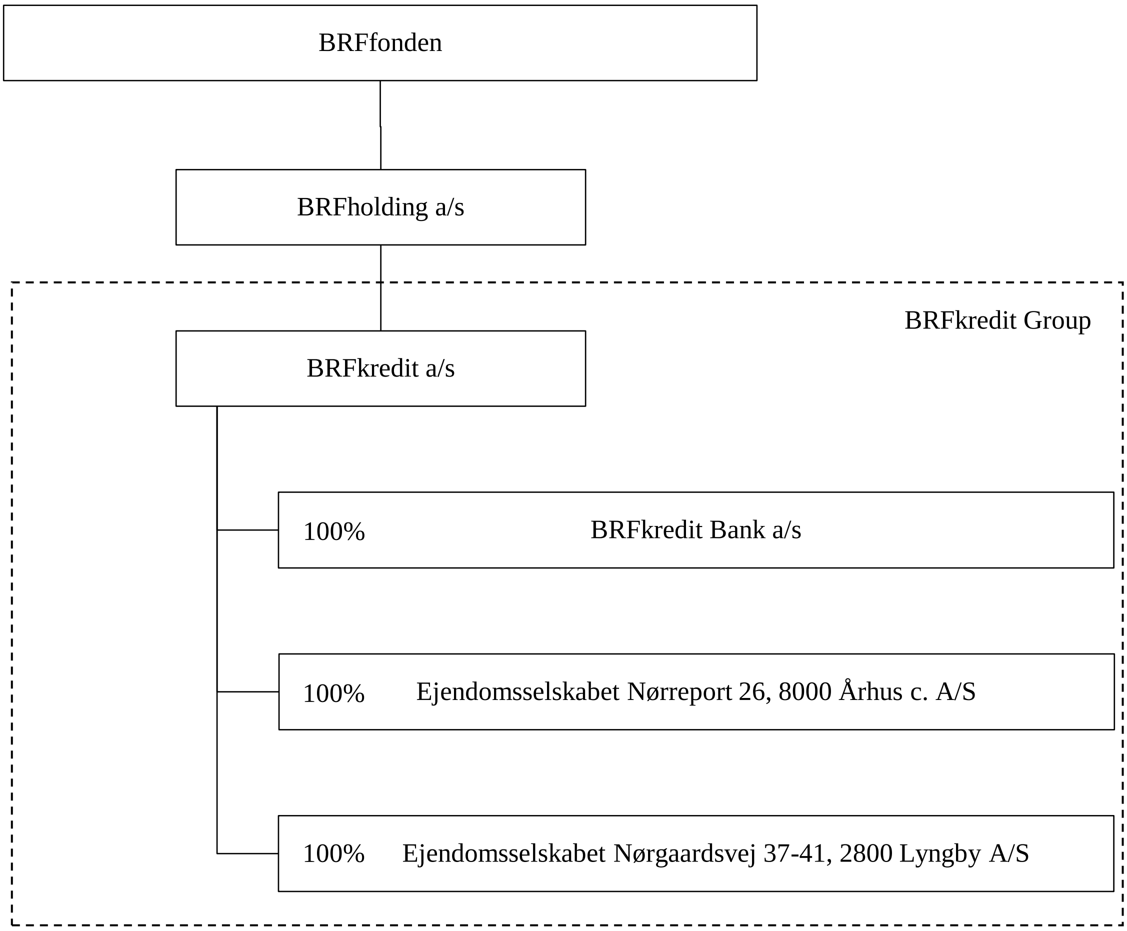
The Danish mortgage lending market is a concentrated market with only five substantial mortgage institutions, being Nykredit including Totalkredit, Realkredit Danmark, Nordea Kredit, BRFkredit and DLR Kredit. Furthermore, SDOs are issued by Danske Bank. As of 31 December 2013, BRFkredit was the fourth largest mortgage institution with a market share (loan portfolio) of 8 per cent while the three largest mortgage institutions have a joint market share of 87 per cent[25].

[23] Source: The Danish Financial Supervisory Authority
[24] Source: The Danish Financial Supervisory Authority
[25] Source: The Danish Financial Supervisory Authority

6.2.2 Description of BRFkredit

6.2.2.1 The BRFkredit Group Structure
The overall corporate structure of the BRFkredit Group is illustrated below.

BRFkredit Group diagram



Following completion of the Merger, the BRFkredit Group will form part of the Jyske Bank Group.

The BRFkredit Group comprises the parent company BRFkredit and the wholly-owned subsidiaries BRFkredit Bank and certain minor real estate companies holding the domicile properties.

The core lending and funding activities of the BRFkredit Group are carried out by BRFkredit.

The other significant company in the BRFkredit Group is BRFkredit Bank, a bank licensed by the Danish FSA. The primary purpose of BRFkredit Bank at its foundation in 1995 was to support the mortgage credit lending by BRFkredit by offering products related to mortgage funding. Since then BRFkredit Bank has developed into an institution that also offers ordinary banking products with no relation to mortgage funding, however since 2009 primarily to private customers.

The BRFkredit Group has its head office at Kongens Lyngby and a regional office in Aarhus. It also operates through a team of advisors, who advise clients in their homes or in regional meeting centres in Ringsted, Kolding and Aalborg.

6.2.2.2 Systemically Important Financial Institutions and CRR Rules
In 2014, BRFkredit is expected to be appointed as a systemically important financial institution and will consequently be subject to the regulation of SIFI.

As described in the risk factor “Risks relating to banking and financial services laws and regulations, tax laws and actions of supervisory authorities”, a systemic-risk buffer for SIFIs will be introduced over the period 2016-2019. The buffer amounts to 0 to 2.5 per cent depending on the cyclical development and is to be determined by the European Systemic Risk Council.

As a mortgage institution, BRFkredit will be subject to the new CRR rules regarding LCR when these take effect. BRFkredit has taken initiatives to ensure that it will be able to comply with these rules, regardless of whether or not mortgage bonds will be considered Level 1 or Level 2 assets.

6.2.2.3 Business activities

The main activity of BRFkredit is mortgage lending against collateral in real property in Denmark (less than 1 per cent of the loan portfolio is granted against collateral in real property outside Denmark). BRFkredit’s total loans and other receivables measured at fair value amounted to DKK 209bn as at 31 December 2013.

BRFkredit focuses on granting loans for Residential Properties and for office and business premises. Loans for Residential Properties constitute the largest portion of BRFkredit's total loan portfolio, 65 per cent of its total mortgage lending, whereas loans for office and business premises account for 35 per cent.

Per cent of total mortgage lending	2013	2012	2011
Owner-occupied and vacation homes	45	46	47
Subsidised housing	20	19	17
Private rental housing	19	19	20
Cooperative housing	1	1	1
Office and business	14	14	14
Manufacturing and manual industries	1	1	1
Other	0	0	0

BRFkredit’s loan portfolio is concentrated on loans of less than ten years of age (years since disbursement) with only 10 per cent of the total mortgage lending being more than 10 years old.

Per cent of total mortgage lending	2013	2012	2011
Up to 1 year	2	2	2
1 to 5 years	13	6	6
5 to over 10 years	85	92	92

The loan portfolio consists primarily of long term loans, with approx 85 per cent having a maturity of more than 5 years.

Per cent of total mortgage lending	2013	2012	2011
On demand	0	0	0
Up to 3 months	1	1	1
3 to 12 months	2	2	2
1 to 5 year(s)	13	6	6
Over 5 years	84	91	91

6.2.2.4 Business units

BRFkredit is organised into four business units – private customers, corporate customers, subsidised housing and joint funding.

Private customers

The private customer area comprises lending for owner-occupied homes and vacation homes and is BRFkredit's largest business area. According to the mortgage council's capital market statistics, BRFkredit's private customer area accounted for 7 per cent of Denmark's total market for lending from Danish mortgage credit institutions to private homeowners in 2013. BRFkredit's private customer area issued loans in 2013 for an aggregate value of approximately DKK 12.9bn, distributed over approximately 12.277 loans.

Corporate customers
BRFkredit's corporate mortgage lending is concentrated around lending to office and business premises, private rental housing and cooperative housing. According to the mortgage council's capital market statistics, BRFkredit's corporate customer area accounted for 7.8 per cent of Denmark's total market for corporate lending from mortgage credit institutions in 2013. The corporate customer area issued loans in 2013 for an aggregate value of approximately DKK 6.9bn, distributed over approximately 632 loans.

BRFkredit's corporate customers unit also has a relatively large loan portfolio in cooperative housing. Most of these loans are fixed-rate loans or have a long fixed-rate period.

Subsidised housing
According to the mortgage council's capital market statistics, BRFkredit's subsidised housing portfolio accounted for 33.5 per cent of Denmark's total market for lending to subsidised housing from mortgage credit institutions in 2013. The subsidised housing area issued loans in 2013 for an aggregate value of approximately DKK 7.8bn, distributed over approximately 425 loans.

Joint funding
The joint funding area comprises loans provided by Jyske Bank, Sydbank, Ringkjøbing Landbobank and Arbejdernes Landsbank to their customers financed by SDOs issued by BRFkredit in accordance with the cooperation agreements entered into in 2012.

6.2.2.5 Products
Generally speaking BRFkredit offers three types of mortgage loans - adjustable rate mortgages (ARMs), fixed-rate loans, and capped or ratched-capped and floating-rate loans.

Per cent of total mortgage lending DKKm	**2013**	**2012**	**2011**
Adjustable-rate mortgages (ARM)			
Amortising	22	24	22
Interest only	39	41	39
Fixed-rate mortgages			
Amortising	19	16	17
Interest only	3	3	4
Capped, ratched-capped and floating-rate loans			
Amortising	3	3	3
Interest only	8	6	8
Index-linked loans	6	7	7
Other loan types	0	1	1
Total	**100**	**100**	**100**

Loans are normally serviced quarterly and the quarterly payments are made up of the amortised repayment, interest payment and an administration fee.

Generally, loans are amortised over no more than 30 years, and may include an interest-only option for a period of up to 10 years.

BRFkredit has not introduced any significant new products and/or services in recent times up to the Prospectus Date.

Adjustable rate mortgages
For ARMs, the interest rate is generally reset at a frequency of 1 to 6 years. The interest rate is reset when the underlying Mortgage Bonds are replaced by new bonds. The yield of the new Mortgage Bonds determines the interest rate for the period until the next interest rate reset.

An ARM may be prepaid at a price of 100 at the time of each interest rate reset. Alternatively, the borrower may prepay the loan by purchasing the Mortgage Bonds on market terms.

Fixed-rate loans
The fixed-rate, callable loan is the most traditional mortgage loan, where interest rate and payments are fixed for the entire term of the loan.

The long-term fixed-rate mortgage loan has a prepayment option, which may be exercised in three ways:

- Borrower may prepay loan at a price of 100 (par).
- Borrower may purchase the underlying Mortgage Bonds in the financial markets and deliver them to BRFkredit.
- Borrower may makle a cash redemption at current market value

In practice, BRFkredit purchases the Mortgage Bonds on behalf of borrower.

Capped, ratched-capped and floating-rate loans
Capped loans with floating-rate bonds share their main characteristic with the addition of an interest rate hedge in the form of a cap. The cap may be either a traditional cap structure, in which interest rates are floating for the entire term of the loan, although they are maximised at the cap rate, or a ratchet where interest rates become fixed at the cap rate if the cap is triggered.

Prepayment of capped loans
The traditional capped loan as well as the ratched-capped loans can be prepayed either by prepaying the loan at 105 (5 per cent Garantilån), 100 (6per cent Garantilån) or 102 (ratched capped, 100 from September 2016) or by paying the cash value of the bonds or delivering the underlying bonds to BRFkredit.

Floating-rate loans change loan rates at a shorter frequency – generally three or six months – than the ARMs. In addition, the loan type differs from ARMs in that this interest rate depends on a reference rate, ie. an interest rate determined in another market. The reference rate of DKK-denominated loans is normally CIBOR (Copenhagen Interbank Offered Rate).

A floating-rate loan may be prepaid under the same terms as an ARM or at an agreed price above par.

Index-linked loans and other loan types
Index-linked loans are generally indexed according to rules specified in the terms and conditions of bond series issued and term and conditions of the loans. Due to the balance principle the index rules closely match between bonds and loans. BRFkredit does not currently offer new index loans. Other loan types exist but only contribute marginally to the loan balance.

Banking products
Through BRFkredit Bank the BRFkredit Group offers a variety of banking products, including traditional bank financing of the part of real properties above the loan-to-value (LTV) limits that apply to mortgage lending in Denmark.

6.2.2.6 Geographical distribution of loans
Almost half of the loans provided by BRFkredit are made against a mortgage on real property situated in the Copenhagen region (Region Hovedstaden) of Denmark. The table below illustrates the geographical distribution by location of the property of the total loan portfolio of BRFkredit:

Per cent of total mortgage lending DKKm	**2013**	**2012**	**2011**
Capital Region of Denmark			
Region Zealand	61	62	63
Region of Southern Denmark	16	16	16
Central Denmark Region	16	16	15
North Denmark Region	6	5	5
Outside Denmark	1	1	1
Total	**100**	**100**	**100**

6.2.2.7 Origination of loans

BRFkredit's mortgage loans are provided via a number of sales channels and partnerships with selected financial institutions and realtor chains.

BRFkredit’s channels for origination of loans in the private customer area have consisted of a combination of regional meeting centres with BRFkredit's own national network of advisers and supplemented by various referral agreements regarding mortgage loans. BRFkredit also co-operates with a number of banks in Denmark regarding mortgage loans. Loan leads also come from other advisers, via BRFkredit's website and via direct sale by BRFkredit.

Lending to the corporate segment and to subsidised housing is primarily originated by BRFkredit directly. Furthermore, BRFkredit has had an origination agreement with FIH and currently has an origination agreement with SEB for loans to corporate customers in Denmark. According to the arrangement agreements, FIH and SEB can pass on corporate customers to BRFkredit in preparation for mortgage lending, if the customers fulfil certain criteria regarding creditworthiness. The passed-on loans will become part of BRFkredit's loan portfolio and BRFkredit will receive interest and fees paid by the customer. Loans issued in accordance with the origination agreement with FIH are backed by a guarantee from FIH.

6.2.2.8 Joint funding

In 2012, BRFkredit also entered into strategic cooperation agreements with some of the largest regional banks in Denmark; Jyske Bank, Sydbank, Ringkjøbing Landbobank and Arbejdernes Landsbank with regard to joint funding under sections 16b to 16g of the Danish Financial Business Act, which allows a bank or mortgage credit institution to provide loans to its customers financed by SDO issued by another mortgage credit institution, provided, inter alia, that the loan mortgage on the customer’s real property is assigned to the covered bond issuing entity. The customers will continue servicing their loans through payments to their own bank and the bank is under an obligation to keep all funds received separate from its own funds in order to secure the covered bond issuing entity’s secured right to the funds in case of the bank’s bankruptcy.

The arrangements with the above mentioned banks are approved by the Danish FSA. The agreements give the banks in question the possibility to fund bank-based residential loans through BRFkredit’s SDO Capital Centre E against payment to BRFkredit of a margin in addition to the interest payable by BRFkredit on the underlying SDO. Under the agreements, the loans shall be assigned to BRFkredit and a number of requirements must be fulfilled, e.g., that the loans are granted in observance of BRFkredit's own credit policy and all legal requirements, and that the loans are secured against a registered mortgage on the property. The loan mortgages are transferred to BRFkredit and become assets of BRFkredit Capital Centre E. The joint funding agreements expand and diversify the portfolio of loans which are funded by SDO issued by BRFkredit. The banks participating in the joint funding arrangements also offer a loan loss guarantee to BRFkredit for loans which exceed an agreed LTV level at the time of transfer or offer a general guarantee up to pre-defined amounts or percentages.

6.2.3 Rating

BRFkredit as such and all issues of SDRO and SDO made from BRFkredit Capital Centres E and B and the institution in general are rated by Standard & Poor’s.

BRFkredit has been rated by Standard & Poor’s since October 2011, when BRFkredit was assigned an issuer rating of A- (long term), A-2 (short term) and BBB+ (SACP) all with stable outlook. BRFkredit’s rating and the outlook remained unchanged until S&P’s funding reassessment of Scandinavian banks and mortgage institutions on 19th July 2013, when the issuer rating was affirmed, but the outlook changed from stable to negative. The changed outlook was based on Standard & Poor’s assessment of the funding profiles of Danish banks and mortgage institutions in general being weak, partly due to high reliance on wholesale funding related to the Danish mortgage market, but primarily due to a high proportion of ARM bonds that create large gaps between the maturities of assets and liabilities. Standard & Poor’s notes that a large domestic investor base supports the mortgage market and reckons that the weaknesses of the system are partly offset by Denmark's well-developed and resilient bond market, which remained open and functioning through the 2008 to 2009 crisis.

Furthermore, they view the Danish government as willing and able to provide support to banks, ensuring liquidity at all times. However, Standard & Poor’s does not see this as a sign of structural strength, but rather an effect of favorable cyclical factors, such as global authorities' expansionary monetary policy in response to the crisis and Denmark's sound government budget balances.

Following the announcement of the Merger on 24th February 2014, Standard & Poor’s confirmed that subject to approval of the merger of Jyske Bank and BRFkredit, Standard & Poor’s expected to consider BRFkredit a core subsidiary of Jyske Bank and that the issuer rating and outlook of BRFkredit was therefore aligned with those of Jyske Bank so that BRFkredit’s current issuer rating is A- (long term), A-2 (short term) and BBB+ (SACP) all with stable outlook.

BRFkredit’s issuer rating relates to issuance of senior unsecured notes and senior secured notes and senior debt in general. However, Danish mortgage credit legislation makes it possible for mortgage credit institutions to issue mortgage bonds from Capital Centers. A Capital Center is a bond series or a group of bond series that share the same cover pool and reserve fund. Capital Centers are statutory ring fenced units with their own profit and loss account, balance sheet, capital base (series reserves fund), and capital adequacy requirements. Each Capital Centre must comply with the statutory capital adequacy requirements applicable from time to time. BRFkredit’s assets and liabilities are divided into 11 individual BRFkredit Capital Centres and the institution in general which comprises BRFkredit’s remaining assets and liabilities. Until 31 December 2002, the Issuer granted mortgage loans out of the institution in general. On 1 January 2003, the Issuer opened a new BRFkredit Capital Centre B, and all new issues of mortgage bonds have since then been made from BRFkredit Capital Centre B. On 13 December 2007, the Issuer opened a new BRFkredit Capital Centre E, and all new issues of covered bonds are made from BRFkredit Capital Centre E.

In November 2011, bonds issued by the Capital Centres E and B were assigned an AAA rating and BRFkredit's General Capital Centre, the institution in general, was in March 2012 assigned an AA-rating. In July 2013, Standard & Poor’s confirmed BRFkredit’s rating A- with a negative outlook. Finally, in December 2013 BRFkredit Capital Centre E, BRFkredit Capital Centre B and the institution’s mortgage credit bonds in general were assigned an AAA rating from Standard & Poor’s.

Set out below are the long-term ratings assigned by Standard & Poor’s Credit Market Services Europe Limited.

Standard & Poor’s	**Rating**	**Outlook**	**Last changed**
BRFkredit (long-term issuer rating)	A-	Stable	24 February
BRFkredit (short-term issuer rating)	A-2	Stable	24 February
BRFkredit Capital Centre E, covered bonds (SDO)	AAA	Stable	17 October 2011
BRFkredit Capital Centre B, mortgage credit bonds (RO)	AAA	Stable	17 October 2011
The institution in general, mortgage credit bonds (RO)	AAA	Stable	27 December 2013
EMTN Programme	A-	Stable	4 December 2012

Until 2011, BRFkredit was rated by Moody’s Investor Service. BRFkredit terminated the agreement with Moody’s on 10 October 2011 and Moody’s ceased to rate BRFkredit and BRFkredit’s bonds consequently shortly after (hence first downgrading BRFkredit).

The termination of the cooperation with Moody’s was a consequence of prolonged disagreements about Moody’s requirement of a commitment which would result in an inappropriate and binding capital structure in BRFkredit. Furthermore, Moody’s required that they could not be replaced by another internationally acknowledged rating agency. The consequence of that was that BRFkredit would be tied to Moody’s indefinitely. Also that was inacceptable to BRFkredit.

All other Danish covered bond issuers, except for Nordea Kredit, have either before or after BRFkredit’s termination of the cooperation with Moody’s done the same.

BRFkredit Bank, BRFfonden and BRFholding are not rated.

6.2.4 Risk & Capital Management

6.2.4.1 Risk Management
The risks involved in BRFkredit's activities are mainly associated with credit risks on loans granted and risks inherent in BRFkredit's securities portfolio in the form of interest rate risk and market risk.

The Danish Financial Business Act and the Danish Executive Order on the Issuance of Bonds, Balance Principle and Risk Management provide the overall framework for managing credit risk, market risk, liquidity risk and operational risks. BRFkredit's Supervisory Board and the Executive Board have overall responsibility for establishing the BRFkredit Group's risk profile, including the type and size of the risks which the BRFkredit Group is willing to accept exposure to. The Supervisory Board and the Executive Board have established a risk organisation and adopted a number of policies, guidelines and procedures in order to ensure that:

- the financial resources are adequate at all times and that BRFkredit has sufficient liquidity compared to legal requirements;
- BRFkredit has an adequate base capital compared to legal requirements;
- BRFkredit has adequate risk management and internal control procedures for assessing and maintaining a base capital, the size, type and allocation of which is adequate as cover to the risks of BRFkredit.

The risk profiles of BRFkredit comprise various quantitative measures of solvency requirement, earnings and selected risk targets. Through a broad range of policies, including credit policy and market risk policy, BRFkredit's Supervisory Board determines the acceptable risk exposure, for instance by considering the size of the risks. Together with the Executive Board, the Supervisory Board approves all significant aspects of the risk management processes used for calculating risks and determining the BRFkredit Group's capital requirements.

6.2.4.2 Risk management organisation
BRFkredit's Supervisory Board is responsible for ensuring, together with the Executive Board, that the BRFkredit Group has an organisation structure that complies with statutory requirements, secures a clear division of responsibilities and contains an appropriate separation of functions between developing, operating and monitoring units in the daily monitoring and management of group risks.

Compliance with BRFkredit's risk policies has been delegated to the Executive Board, which is in charge of the day-to-day management of BRFkredit.

BRFkredit's Executive Board has designated a risk manager to assume responsibility for adequate risk management in the BRFkredit Group, for instance to provide an overview of the group's risks and the complete risk landscape.

The ongoing monitoring and control of risk in the BRFkredit Group is handled by committees and subcommittees. The committees are generally led by BRFkredit's Executive Board and staffed by experienced employees.

BRFkredit's All Risk Committee has the responsibility to monitor and control group risk and capital requirements on an ongoing basis. Under the guidance of BRFkredit's Executive Board, the All Risk Committee discusses policies, instructions, group risk, and capital requirements prior to these issues being discussed by BRFkredit's Supervisory Board. Furthermore, it is the task of the All Risk Committee to approve general principles and processes for the measuring, control and reporting of risk and capital requirements as well as to monitor and control that the rating system functions as intended, including the approval of major changes to the system.

BRFkredit's Credit Committee serves as a decision-making forum operating within the authority area delegated to the committee by the Supervisory Board. The Credit Committee is led by BRFkredit's Executive Board and aims to ensure that the credit policies agreed by BRFkredit's Supervisory Board are observed. The Credit Committee will monitor the credit risk incurred by BRFkredit on an ongoing basis, and the committee will make recommendations to BRFkredit's Executive Board and Supervisory Board of possible amendments to guidelines, policies and instructions to handle credit risk.

Commitments recommended for approval by BRFkredit's Supervisory Board must be discussed in the Credit Committee first. In addition, the Credit Committee also deals with provisions, quality and control reports and valuation models.

The IRB Committee has the task of ensuring the continuous prudent application of BRFkredit's internal rating system (AIRB models) used to rank BRFkredit's customers on a scale from 1 (most creditworthy customers) to 8 (least creditworthy customers). The BIS Coordination Committee functions as a forum where various aspects of the rating system will be discussed before they may be referred to the All Risk Committee for discussion.

The Early Warning Committee has the task of monitoring the property market with a view to identifying areas or properties that require particular monitoring.

The Credit Forum is a committee that focuses on credit decisions within the private customer area.

6.2.4.3 Credit risk

Credit risks on mortgage lending are subject to statutory restrictions on loan-to-value (LTV) and are managed in accordance with instructions by BRFkredit's Supervisory Board which determines the overall limits for lending, approves BRFkredit's credit policies and decides on certain larger loan commitments. The responsibility for the ongoing control and monitoring of BRFkredit's credit risks is vested in BRFkredit's Executive Board and handled by a central credit and quality division which reports directly to the Executive Board.

The underwriting structure in BRFkredit follows a hierarchy, which indicates clearly for each level the circumstances under which – and within what amounts and segments – the levels in question have granting competence.

In connection with the granting of credit, the BRFkredit Group has established a series of credit processes aimed at ensuring that the granting of credit is based on responsible risk-taking in regard to each individual case. Also, the credit processes have been established to make sure that any loss is minimised.

The starting point for any granting of credit in BRFkredit is the customer's expected ability to repay the loan, the value of the real property in question and the LTV.

The assessment of a credit application from a customer is carried out on the basis of the financial strength of the applicant and the value of the property. The analyses will vary from case to case. The basic principle is that the higher the potential complexity and risk in the case, the more detailed analyses and investigations are required to ensure a sufficient basis for a decision.

Models are used in the credit-granting process to risk classify customers and real properties in connection with credit to business properties and subsidised properties. Important parameters of these models are information about financial statements, financial ratios, property information as well as information about family and jobs as well as historical behaviour (payment history, arrears history, loan history etc.).

The correct valuation of the property is a significant factor to safeguard BRFkredit from future losses. For the individual property, the value is determined on the basis of location, marketability, condition and a number of other, property-specific factors. Apart from the valuation of the properties when a loan is allocated, BRFkredit closely monitors the value of the mortgaged properties.

BRFkredit values properties as follows:

Private segment

Physical evaluation in change of ownership and new lending to new customers are conducted. Evaluations are conducted by experienced employees. Second mortgage can be granted on the basis of a statistical model approved by the Danish FSA if the property is suitable for such evaluation. For peaks and presumed less risky evaluations BRFkredit has also authorized real estate brokers to conduct evaluations. In all cases, BRFkredit's credit department is controlling between 5 and 10 per cent of all evaluations.

Jointly funded loans
Properties with jointly funded loans are evaluated by the underwriting bank and statistically controlled by BRFkredit. Additionally between 5 and 10 per cent of all evaluations are controlled by BRFkredits credit department.

Commercial
Properties are always physically evaluated. Evaluations are conducted by experienced employees in a separate function in the credit organisation.

BRFkredit has established a special monitoring forum – the Early Warning Committee – which consists of experienced staff. This forum monitors market conditions and will point out areas and properties that require separate monitoring, and will also propose adjustments to the statistical models and policies and initiate the updating of valuations.

Apart from the mortgage itself, a number of loans are also secured (in part) by guarantees from public authorities or financial institutions and in certain instances by other forms of security. The public authority guarantees are made in connection with the payment of loans granted under the Danish Act on Subsidised Housing etc. or the Danish Act on Urban Development. As a main rule, subsidised housing loans will usually be comprised by a guarantee for that part of the loan which exceeds 60 per cent LTV if the loan is funded with SDO or SDRO. The credit risk for this property category is thus further limited. Loans covered by a public authority guarantee account for 42 per cent of the total loan portfolio. In addition, in connection with loan-origination through financial institutions, BRFkredit receives a guarantee, which will – typically – cover loss up to 20 per cent of the remaining debt. These guarantees thus cover the lowest-ranking and most risky part of the lending. The guarantees will typically run for eight years but may be prolonged. Also loans financed under joint funding arrangements may be backed by a guarantee if the LTV exceeds a certain level. Measured as a share of the total loan portfolio, loans backed by guarantees from financial institutions account for around 11 per cent of the total loan portfolio.

Credit risk models
Since 1 January 2007, Danish legislation has permitted the use of statistical models in the calculation of the capital requirement for credit risk. Since fourth quarter 2008, BRFkredit has used the advanced internal ratings based (AIRB) method to calculate the capital requirement for credit risk, except for government bond exposure, financial counterparty exposure and exposures in BRFkredit Bank. The portfolios of the latter two are still calculated by means of the Danish FSA’s standard method.

The use of the AIRB method means that BRFkredit calculates credit risk for each individual customer based on internally developed credit models. These models estimate the customer's PD, the anticipated LGD, as well as the anticipated exposure of the customer in the EAD. The product of the risk parameters PD, LGD and EAD express the anticipated loss on a given customer. The estimation of the risk parameters is made for both private and corporate customers. For private customers, the statistically calculated PD is used, but for corporate customers the business situation, including financial ratios, management and line of business will also be taken into consideration. The PD estimates calculated are used for business dispositions, including loan granting process. It is a condition for the calculation of the capital requirement that the PD estimates reflect a full business cycle, and so the statistically calculated PD estimates are adjusted with a supplement.

For both private and corporate customers, the calculation of the LGD takes place via an estimate of the likelihood of default and the loss rate in the event of default. The product of these two estimates expresses the anticipated loss rate in the event of customer default. For private customers, the statistically calculated LGD is used, while BRFkredit's experts confirm the LGD of its corporate customers based on the use of the property and its location. These LGD estimates are used in the loan granting process and the monitoring of risk. Under the model currently in place BRFkredit’s AIRB method is stress tested against LGD levels during the recession that took place in the early 1990s. BRFkredit has applied the Danish FSA for approval to adjust the model in order to apply more recent LGD levels.

The customers are ranked according to their estimated PD in rating classes defined on fixed probability of default intervals. BRFkredit operates with nine rating classes, where rating class 1 contains the most creditworthy customers and rating class 8 contains the least creditworthy customers. Rating class 9 contains all customers with a history of default, i.e. commitments where it is either considered unlikely that the customer will fully meet all debt obligations or where the customer has been in arrears with a significant amount for a period exceeding 90 days. In addition, rating class 8 contains customers with a fragile financial position, but who have so far been able to meet their obligations towards BRFkredit. Correspondingly, properties are divided into 10 rating classes based on their estimated LGD. Properties with the lowest loss rates are placed in rating class 1, whereas the properties with the highest loss rates are rating class 10.

Each rating class is defined as an interval, and so the shifts between rating classes express whether the trend in the loan portfolio is moving towards increasing or decreasing risk. When the business cycle improves, the trend will normally be that an increasing number of customers will be moving towards the best rating classes.

6.2.4.4 Market risk

The primary market risks are associated with BRFkredit's securities portfolio where interest rate and price risks on the bond portfolio are significant risks. BRFkredit has insignificant exposure to foreign exchange risk. Market risks associated with other balance sheet items are moderate as a result of the balance principle and the close link between lending and funding. Legislation and market risk policy limits ensure that BRFkredit's market risks are at a moderate level, and the ongoing close monitoring of these risks, combined with short decision-making processes at BRFkredit, means that a reduction of market risks can be implemented quickly.

The Danish Financial Business Act and the Danish Executive Order on Bond Issuance, Balance Principle and Risk Management determine the general framework for the acceptable interest rate, volatility and currency risk of BRFkredit's assets and liabilities. BRFkredit's Supervisory Board uses the market risk policy and the Executive Board instructions to determine a series of frameworks and limitations. Within the framework determined by BRFkredit’s Supervisory Board, the Executive Board will specify the further framework within which BRFkredit’s securities division may operate; the framework relates to interest rate risk within specific maturities, limits to spread risk and convexity. The purpose of the BRFkredit framework is to limit absolute risk and to ensure a sufficient degree of diversification on asset types and counterparties.

BRFkredit’s Executive Board receives a daily update on the observance of the most significant risk frames and a more detailed report is prepared for the Executive Board each month and for the Supervisory Board each quarter. The observance of the framework is monitored independently of the divisions that carry out securities investments. Any breach of the limits is reported to BRFkredit’s Executive Board, and for the breach of the limits laid down by the Supervisory Board, a report is sent to the Supervisory Board.

6.2.4.5 Liquidity risk

Liquidity risk in BRFkredit is highly limited, since the BRFkredit Group's primary lending activities – mortgage credit lending – is match funded. Match funding means that the characteristics of the lending provided are matched with the characteristics of the underlying Mortgage Bonds, and this principle as a main rule has the following characteristics:

- the Mortgage Bonds that fund the lending are issued on a daily basis;
- fixed-interest Mortgage Loans have fixed funding throughout the maturity of the loan, i.e. a 30-year loan is funded by means of a 30–year bond;
- adjustable rate mortgage (“ARM”) loans without fixed funding are funded by means of Mortgage Bonds with maturities up to 10 years. The repayment terms of the customer will change upon refinancing, corresponding to the price of the bonds sold in connection with the refinancing and the debtor loan rate is reset to the rate resolving from the refinancing;
- repayment of loans takes place through repurchases or drawing by Mortgage Bonds matching the loan. Non-callable ARM loans are repaid through purchases of the Mortgage Bonds in the market or by the borrower giving notice of prepayment at the expiry date. Callable loans are repayable at a maximum price, e.g. 100 or 105 per cent. Alternatively, these loans may be pre- or repaid through purchases of the underlying Mortgage Bonds in the market;

- payment dates for interest and repayment amounts by the borrower are fixed so that upon timely payment, BRFkredit receives the funds on the day preceding the day when the matching payments to the bondholders fall due.

6.2.4.6 Operational risk

As a natural part of its business procedures, BRFkredit has focus on identifying and controlling operational risk, including the risk of loss due to system failure, a break-down in IT systems, procedural error, fraud and human error. BRFkredit updates its business and work processes on an ongoing basis and emergency plans and safety procedures have been established to ensure rapid resumption of operations in the event of failure, break-down in IT systems or the like.

In order to counter operational risk, the Executive Board has approved guidelines for the drawing-up of process descriptions. The purpose of the process descriptions is to make sure that the BRFkredit Group will at all times have written work instructions for all significant procedures, and the process descriptions must at all times indicate the allocation of responsibility in the work assignments in regard to departments, department heads and employees. The responsibility for the preparation and professional content of the individual process descriptions lies with the persons responsible for the individual areas, who will give a semi-annual status report to the central control unit.

The risk management function within BRFkredit reviews the BRFkredit Group on an annual basis with a view to identifying operational risk; this is done in collaboration with the individual departments in the group. The risk management function focuses on operational risk larger than DKK 25m per year. In the assessment of materiality, uniform groups of operational risk will be grouped in such a way that types of operational risk, which occurs with high probability or high correlation but small losses, are taken into account as are rare events with greater impact. The Supervisory Board receives an consolidated financial statement of significant operational risk.

6.2.4.7 Litigation

There are no governmental, legal or arbitration proceedings including any such proceedings which are pending or threatened of which BRFkredit is aware during the period covering the previous twelve months which may have or have had in the recent past, significant effects on BRFkredit and/or the BRFkredit Group's financial position or profitability.

6.2.4.8 Other Information

BRFkredit has not launched any significant new products or services.

The information provided in this chapter has not been influenced by any form of extraordinary conditions.

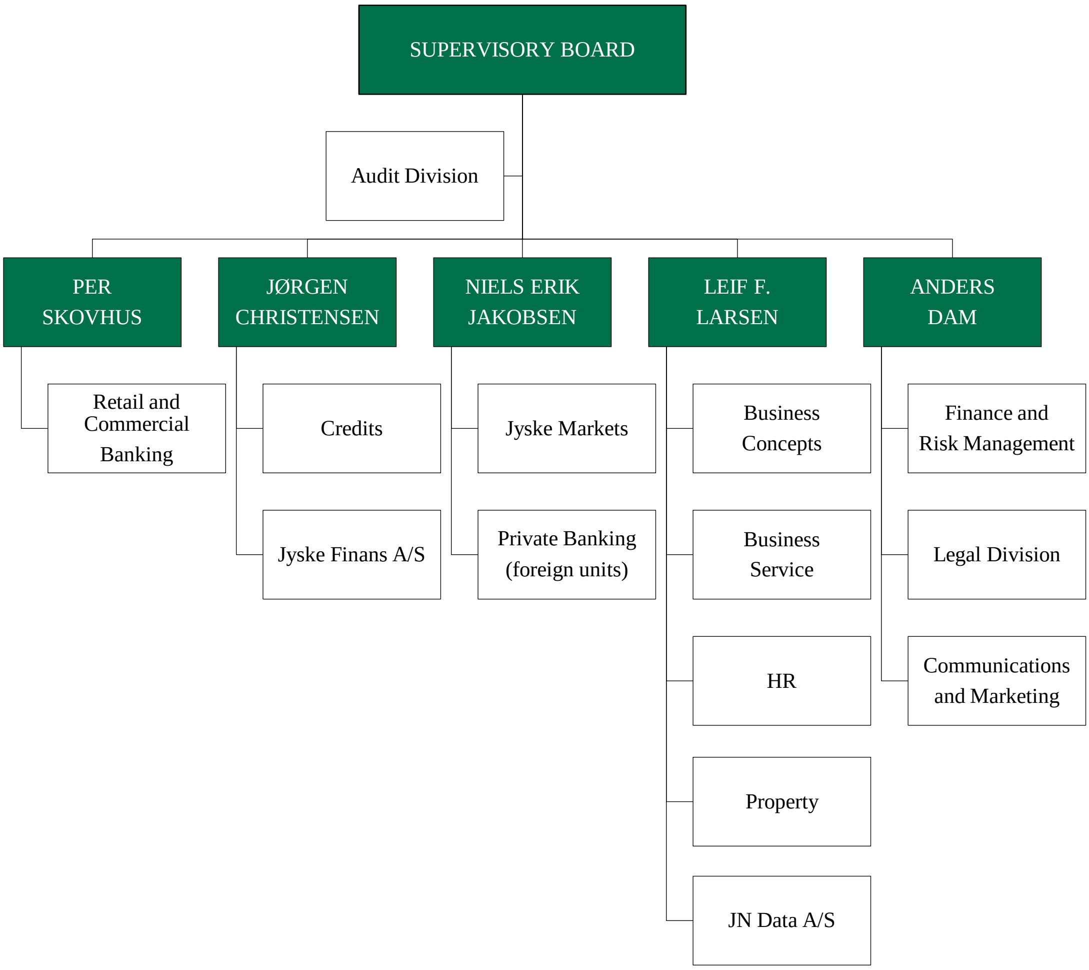
7. ORGANISATIONAL STRUCTURE

The issuer's name is Jyske Bank A/S. Jyske Bank A/S is the parent company of the Jyske Bank Group.

Jyske Bank's domicile address and registered office:
Vestergade 8-16
DK-8600 Silkeborg, Denmark

Jyske Bank is registered with the Danish Business Authority under company registration no. (CVR-no.) 17 61 66 17.

The organigram below shows the organisational structure of Jyske Bank.



The table below gives a survey of Jyske Bank's consolidated subsidiaries as at 31 December 2013.

The Jyske Bank Group

	Activity*	Cur-rency	Share capital 1,000 units	Equity, end of period DKKm	Owner-ship share %	Voting share %	Profit 2013 DKKm
Jyske Bank A/S	a	DKK	712,800	17,446			1,807
Consolidated subsidiaries							
Jyske Bank (Gibraltar) Ltd.	a	GBP	26,500	633	100	100	2
Jyske Bank (Gibraltar) Nominees Ltd.	d	GBP	0	0	100	100	0
Jyske Bank (Gibraltar) Management Ltd.	d	GBP	0	0	100	100	0
Jyske Bank (Gibraltar) Secretaries Ltd.	d	GBP	0	0	100	100	0
Trendsetter, S.L., Spain	e	EUR	706	10	100	100	0
Jyske Bank Nominees Ltd., London, United Kingdom	d	GBP	0	0	100	100	0
Jyske Bank (Schweiz) AG, Switzerland	a	CHF	60,000	634	100	100	1
Berben´s Effectenkantoor B.V, The Netherlands	b	EUR	45	83	60	60	2
Inmobiliaria Saroesma S.L., Spain	e	EUR	773	16	100	100	-7
Jyske Finans A/S	c	DKK	100,000	1,252	100	100	249
Gl. Skovridergaard A/S	e	DKK	16,000	16	100	100	-1
Sundbyvesterhus A/S	e	DKK	518	69	100	100	2
Silkeborg Data A/S**	f	DKK	50,000	277	100	100	22
Jyske Global Asset Management Fondsmæglerselskab A/S i likvidation, Copenhagen***	b	DKK	15,500	39	100	100	8
Basis PFS A/S, Copenhagen,	d	DKK	11,629	13	96	96	-28

* Activity:
a: Bank
b: Portfolio Management
c: Leasing, financing and factoring
d: Investment and financing
e: Properties and course activities
f: IT
g: Other collateral

**) In December 2013 Jyske Bank has entered into a sales agreement on the sale of the entire share capital in Silkeborg Data A/S.
***) The entity entered into liquidation on 19 February 2014.

	Share capital DKK 1,000	Owner-ship share %	Voting share %	Assets DKKm	Liabi-lities DKKm	Equity DKKm	Earnings 2013 DKKm	Profit 2013 DKKm
Associates**								
PRAS A/S, Copenhagen	577,500	20	9	3,183	1,300	1,883	87	86
JN Data A/S	97,500	50	50	824	632	192	1,713	4
Letpension A/S, Copenhagen	140,000	26	26	151	9	142	45	-12
Biovision A/S, Hørsholm	600	33	33	2	1	1	0	0
Østjysk Innovation A/S, Aarhus	17,129	29	29	27	3	24	16	2
JSNA Holding A/S, Aalborg	2,000	33	33	4	0	4	0	0
Semler Bilfinans A/S, Brøndby	4,600	25	32	50	19	31	20	13
Foreningen Bankdata, Fredericia	483,445	40	40	707	222	485	1,097	2

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

** Accounting figures according to the latest published Consolidated financial statement.

The table below gives a survey of BRFkredit's consolidated subsidiaries as at 31 December 2013.

The BRFkredit Group

	Activity*	Cur- rency	Share capital 1,000 units	Equity, end of period DKKm	Owner- ship share %	Voting share %	Profit 2013 DKKm
BRFkredit a/s	a	DKK	306	10,362			306
Consolidated subsidiaries							
BRFkredit Bank a/s	b	DKK	425	1,070	100	100	-58
Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S	c	DKK	5	77	100	100	3
Ejendomsselskabet Nørgaardsvej 37-41, 2800 Lyngby A/S	c	DKK	3	6	100	100	0

* Activity:
a: Mortgage lending
b: Bank
c: Properties and course activities

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

8. PROPERTY, PLANTS AND EQUIPMENT

8.1 Jyske Bank

8.1.1 Real property

Jyske Bank holds domicile property at a restated value of DKK 2,150m and Jyske Bank holds investment property at a restated value of DKK 33m as at 31 December 2013.

Jyske Bank holds assets in temporary possession, which primarily consists of property, at a restated value of DKK 112m as at 31 December 2013.

Jyske Bank has entered into certain tenancy agreements in relations to business locations in Denmark. Jyske Bank is not aware of any significant encumbrances thereon.

Apart from this, Jyske Bank has no material current or planned investments in property, including leased properties, plant and equipment.

8.1.2 Insurance

Management believes that Jyske Bank’s insurance policies cover the overall insurance requirements and provide insurance cover for the general and standard risk exposure in relation to known risks relating to property damage, personal injury and liability.

Management believes that Jyske Bank has taken out insurance type, as is normal in the banking sector where the companies operate and at a sufficient level.

8.1.3 Environment

There are no significant environmental issues associated with Jyske Bank's properties.

8.2 BRFkredit

8.2.1 Real property

BRFkredit holds domicile property at a restated value of DKK 473m and BRFkredit holds investment property at a restated value of DKK 4m as at 31 December 2013.

BRFkredit holds assets in temporary possession, which primarily consist of property, at a restated value of DKK 301m as at 31 December 2013.

BRFkredit is not aware of any significant encumbrances on properties.

Apart from this, BRFkredit has no material current or planned investments in property, including leased properties, plant and equipment.

8.2.2 Insurance

Management believes that BRFkredit’s insurance policies cover the overall insurance requirements and provide insurance cover for the general and standard risk exposure in relation to known risks relating to property damage, personal injury and liability.

Management believes that BRFkredit has taken out insurance type, as is normal in the mortgage sector where the companies operate and at a sufficient level.

8.2.3 Environment

There are no significant environmental issues associated with BRFkredit's properties.

9. OPERATING AND FINANCIAL REVIEW

9.1 Jyske Bank

The following is a review of the Jyske Bank Group’s financial condition and results of operations for the accounting periods first quarter of 2014 and first quarter of 2013 as well as the financial years 2011, 2012 and 2013.

The selected financial information has been extracted from the unaudited interim financial statements for the accounting periods first quarter of 2014 and first quarter of 2013 as well as the audited consolidated financial statements for the financial years 2011, 2012 and 2013.

The Jyske Bank Group's consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU. Moreover, the consolidated financial statements have been prepared in accordance with Danish disclosure requirements for financial statements of listed financial companies.

The following information should be read in conjunction with the Jyske Bank Group's unaudited interim financial statements for the accounting periods first quarter of 2014 and first quarter of 2013 as well as the audited consolidated financial statements for the financial years 2011, 2012 and 2013 and associated notes included by reference in Annex F of this Prospectus.

Financial highlights for the Jyske Bank Group

SUMMARY OF INCOME STATEMENT DKKm	2013	2012	2011	Q1 2014	Q1 2013
Net interest income	5,018	4,879	4,742	1,158	1,197
Dividends, etc.	52	30	28	25	14
Net fee and commission income	1,729	1,650	1,307	423	435
Net interest and fee income	**6,799**	**6,559**	**6,077**	**1,606**	**1,646**
Value adjustments	541	269	-31	225	154
Other operating income	893	676	634	231	282
Operating expenses, depreciation and amortisation	4,791	4,827	4,562	1,262	1,280
Loan impairment charges and provisions for guarantees	1,147	1,840	1,480	289	242
Profit on investments in associates and group enterprises	6	12	-7	-93	1
Pre-tax profit	**2,301**	**849**	**631**	**418**	**561**
Tax	493	254	115	77	126
Profit for the year	**1,808**	**595**	**516**	**341**	**435**
of which non-controlling interests	1	3	3	0	0

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm	2013	2012	2011	Q1 2014	Q1 2013
Loans and advances	131,378	118,554	124,494	137,560	128,969
- bank loans	111,115	105,947	108,546	115,070	111,613
- repo loans	20,263	12,607	15,948	22,490	17,356
Deposits	131,424	120,977	127,338	139,396	124,088
- bank deposits	115,846	97,432	101,164	121,224	109,540
- repo deposits	10,175	17,962	17,095	13,052	9,147
- pooled deposits	5,403	5,583	9,079	5,120	5,401
Issued bonds	27,760	34,921	37,482	26,371	38,045
Subordinated debt	1,649	2,742	2,720	1,347	2,738
Equity	17,479	15,642	13,846	17,825	16,086
Total assets	262,004	258,247	270,220	257,428	260,797

SELECTED KEY FIGURES AND FINANCIAL RATIOS	2013	2012	2011	Q1 2014	Q1 2013
Pre-tax earnings per share (DKK)	32.30	12.17	9.77	5.86	7.88
Earnings per share (DKK)	25.38	8.48	7.95	4.79	6.11
Earnings per share (diluted) (DKK)	25.38	8.48	7.95	4.79	6.11
Core earnings per share (DKK)	27.45	4.96	7.07	4.63	6.57
Share price at end of period (DKK)	293	157	141	298	198
Book value per share (DKK)	245	220	214	250	225
Share price/book value per share (DKK)	1.19	0.71	0.66	1.19	0.88
Share price/earnings	11.5	18.5	17.7	-	-
Solvency ratio	16.0	17.3	14.7	16.2	15.0
Core Tier 1 capital ratio incl. hybrid capital	15.9	15.3	13.3	15.9	14.3
Core Tier 1 capital ratio excl. hybrid capital	15.3	14.2	12.1	15.1	13.7
Pre-tax profit as a percentage of average equity	13.9	5.8	4.6	2.4	3.5
Net profit as a percentage of average equity	10.9	4.0	3.8	1.9	2.7
Income/cost ratio	1.4	1.1	1.1	1.3	1.4
Interest-rate risk (%)	1.9	1.1	1.0	1.5	0.8
Currency position (%)	6.3	6.4	6.5	-	-
Currency risk (%)	0.1	0.0	0.2	0.1	0.0
Excess liquidity (%)	151.1	127.1	98.3	-	-
Total large exposures (%)	10.1	0.0	0.0	-	-
Accumulated impairment ratio	3.1	3.4	2.8	3.0	3.2
Impairment ratio for the year	0.8	1.4	1.1	0.2	0.2
Increase in loans and advances for the year, excl. repo loans (%)	4.9	-2.4	2.7	-	-
Loans and advances in relation to deposits	1.0	1.0	1.0	-	-
Loans and advances in relation to equity	7.5	7.6	9.0	-	-
Number of full-time employees at year-end	3,774	3,574	3,809	3,792	3,806

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority. Comparable figures for 2011-2012 have been adjusted to new accounting policies.

9.1.1 Critical accounting policies

Basis of accounting
The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. Furthermore, the Consolidated financial statement was prepared in accordance with the Danish disclosure requirements for consolidated financial statements of listed financial institutions.

Additional Danish reporting requirements for the consolidated financial statements are laid down in the executive order on IFRS relating to financial institutions in accordance with the Danish Financial Business Act and the rules laid down by NASDAQ OMX Copenhagen.

Jyske Bank's accounting policies are included by reference elsewhere in this Prospectus.

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

At initial recognition, assets and liabilities are measured at fair value.

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

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

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

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

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

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

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

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

The measurement of the fair value of acquired enterprises and activities is subject to significant estimates. Management makes estimates of future cash flows from the acquired enterprise and activity. The present value of future cash flows is subject to a number of factors, including the discount rate applied, the real-economic development, development and behaviour of customers. All identifiable assets and liabilities are measured at fair value at the time of acquisition. Fair value is determined, among other things, on the basis of market value, present value, estimates or the amount that an independent third party would pay or demand as remuneration.

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

In connection with the allocation of disclosures in the notes relating to loans, advances and deposits, including contractual time to maturity, collateral by type, credit exposures, sectors and countries, some estimates have been carried out in respect of the acquired activities from Fjordbank Mors and Spar Lolland. The allocation applied is assessed to give a true and fair view and is without importance to the carrying amount of assets and liabilities.

The specific risks to which the Jyske Bank Group is exposed are stated in "4 Risk factors". Estimates and assessments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events that are believed to be reasonable under the circumstances. Jyske Bank's critical accounting policies are determined by its Supervisory and Executive Boards. Although Jyske Bank believes that its judgements and estimates are appropriate, actual results may differ from these estimates under different assumptions or conditions. If actual results differ significantly from the estimates and projections, this could have material adverse effect on the Bank's financial statements.

9.1.2 Factors influencing the results of operations

Jyske Bank's results of operations for the years 2011-2013 as well as the first three months of 2014 were influenced by a number of factors, some of which were specific to Jyske Bank and some of which were beyond Jyske Bank's control. Jyske Bank's results of operations are affected by the general economic and macroeconomic conditions in the countries in which it operates, meaning that especially the state of the Danish economy has an impact on Jyske Bank's results of operations. The weak macroeconomic backdrop following the peak of the financial crisis, one-off extraordinary items, contributions to sector solutions in the Danish banking sector and new regulation put pressure on earnings in 2011 and 2012 compared to 2013 which has been influenced by a slightly more positive macroeconomic outlook and no unexpected cost items or new regulation. However investment appetite remains weak and demand for credit subdued while very high private sector savings have closed funding gaps in most banks.

The following is an overview and comment on certain factors which Jyske Bank considers have had a significant influence on Jyske Bank's results of operations during the years 2011-2013, and the first three months of 2014:

2011 Financial Results

- GDP growth of 1.1 per cent in Denmark compared to 1.5 per cent in the Euro-zone countries
- Aggravation of the Euro-zone sovereign debt crisis
- Negative development in consumer and business confidence indicators
- Negative growth in private consumption, low consumer spending and low investments in the SME & corporate sector
- Continued focus on consolidation and reduction of debt in the private sector
- Political uncertainty before and around the Danish general election in October 2011
- Low interest rate environment
- Increased job uncertainty
- Residential housing market in a deadlock situation
- Continued contribution to the Guarantee Fund

2011 turned out to be a challenging and turbulent year for the economy, the financial sector and for Jyske Bank, which experienced a decline in activity level, stagnating earnings and rising costs. The escalation of the Euro-zone debt crisis caused increased turmoil in the financial markets, a significant widening of credit spreads and a slowdown in financial activity. Furthermore it aggravated the already fierce competition on deposits leading to a rise in funding costs. The renewed downturn in the economy caused a pickup in loan impairment charges from the second quarter of 2011. The increased uncertainty around a potential Greek national bankruptcy prompted Jyske Bank to recognise the entire portfolio of Greek government bonds amounting to a nominal value of DKK 503m at market price, leading to a negative value adjustment in the amount of DKK 299m. In addition Jyske Bank decided to make provisions of DKK 229m, in light of the development in the JIHMO Hedge case, to cover a potential liability which Jyske Bank may have to pay as a result of lawsuits. The 2011 results were thus influenced by several non ordinary one-off items for a total amount of DKK -497m.

In the autumn of 2011 Jyske Bank took prudent action and launched an adaption strategy to strengthen the earnings and reduce the costs to adapt the business model to the current weak macroeconomic backdrop, the new market situation and competitive landscape and upcoming regulatory framework with enhanced capital requirements. The adaption strategy included optimization of the capital structure and a series of interest rate hikes. As a consequence of the shrinking market for bank lending the adaption strategy also included a strategic shift from a focus on “organic growth only” to a focus on selective acquisitions combined with an adjustment of the number of employees and branches towards a less branch extensive distribution platform, underpinned by the web and mobile banking platforms. The first selective acquisitions were effectuated in September 2011 as Jyske Bank acquired the healthy parts of Fjordbank Mors (see section 6.1.1.2 “Recent developments in the Danish Banking Sector”) and the leasing activities of Finans Nord A/S and Easyfleet A/S from the Spar Nord. The select acquisitions were the primary drivers of the increase of approximately 10 per cent in general business volume in terms of number of personal and corporate customers during 2011. Furthermore the interest rate hikes implemented as part of the adaption strategy during the second half of 2011 caused a rise in net interest margins, especially during the fourth quarter of 2011.

2012 Financial Results

- Negative GDP growth of minus 0.6 per cent in Denmark compared to minus 0.5 per cent in the Euro-zone countries.
- Danish export affected by the slowdown in the Euro-zone especially the weakening of the largest export markets Germany and Sweden
- ECBs long term tender operations (“LTRO”) injected high amounts of liquidity into the financial markets
- Slightly increased consumer and business confidence from the all time lows in 2011
- Low but positive private consumption growth
- Continued focus on consolidation, saving and reduction of debt in the private sector
- High job uncertainty but unemployment seeming to stabilise
- Low interest rate environment
- Continued subdued housing market
- Increased competition on lending
- New more stringent guidelines on loan impairment charges introduced by the Danish FSA

2012 was yet another challenging and turbulent year for the economy, the financial sector and Jyske Bank. Improved sentiment in financial markets slightly reduced money market and capital market funding costs, but despite the declining lending balances in the aggregate banking sector reducing funding gaps[26], the competition for deposits remained high. Following the interest rate increases in 2011 Jyske Bank continued the repricing of the loan portfolio during first half of 2012 to maintain a satisfactory net interest income in the low interest environment. Due to the increased competition on bank lending the repricing exercise was, however, put on hold from second half of 2012. Jyske Bank's lending fell to a lesser degree than that of the market in 2012 and Jyske Bank generated satisfactory organic growth seeing a net inflow of more than 12,000 customers, both corporate as well as personal customers. Combined with the implemented interest rate hikes net interest income increased moderately during 2012.

In October 2012, Jyske Bank completed the successful conversion and migration of its IT systems to Bankdata's platform. The conversion project was carried out according to schedule and within the defined cost limits.

The dominating factor influencing the 2012 net results was the Danish FSA's new and more stringent guidelines for loan impairment charges that were implemented in the second quarter of 2012. The new FSA guidelines relate to the impairment of OEI (objective evidence of impairment) customers in asset financing, thus especially having an impact on exposure to the real property sector. Jyske Bank rapidly implemented the guidelines which isolated had a negative effect of DKK 900m on the pre-tax results broken down to i) Increased loan impairment charges and provisions for guarantees of DKK 543m ii) DKK 357m of value adjustments relating to customers' interest-rate hedging, representing counterparty credit risk of OEI customers in asset financing in the real property sector. The negative value adjustments related hereto had been increasing due to the decline in interest rates during second quarter of 2012.

Due to pressure on the business model in Berben's Effectenkantoor and the regulatory changes, it is expected that the future earnings of Berben's Effectenkantoor will fall. In consequence of these anticipations, and due to the goodwill impairment test conducted in relation to the company, goodwill write-off of DKK 216m were recognised and hence activated goodwill is now recognised at nil in 2012.

2013 Financial results

- Slightly improved macroeconomic backdrop with positive growth rates in Denmark of 0.4 per cent compared to -0.4 per cent in the Euro-zone
- Danish export sector regained its position as growth driver
- Private consumption remained subdued
- Improved capital market sentiment and a significant tightening of credit spreads
- Renewed confidence in perifpheral Euro-zone countries as austerity measures seemed to be on track
- Improvement in housing market, especially flats
- Unemployment growth turned positive contributing to a slight decrease in unemployment rates
- Sentiment indicators on the rise
- Decline in bankruptcy rates
- Negative growth in aggregate bank lending balances of 5 per cent
- Persistent high savings but growth in aggregate bank deposits slowed down to 1 per cent
- Enhanced competition pressure on net interest income

During 2013 the Danish economy seemed to break the stalemate, albeit modestly, and the general sentiment in financial markets also improved significantly. 2013 was the year where Jyske Bank's profitability returned to pre-crisis levels, as Jyske Bank realized the best financial results since 2007. During 2013 Jyske Bank continued supplementing organic growth with selective acquisitions and made a number of strategic divestitures of non core activites optimizing the business model to be well positioned for future challenges. With a CET1 ratio of 15.3 per cent as at the end of 2013, Jyske Bank

[26] The difference between bank loans and bank deposits. A funding gap signifies that the portfolio of bank loans is larger than the bank deposit base.

was very well positioned to meet the enhanced capital requirements of the CRD IV, the CRR and the Danish SIFI regulation to be implemented gradually from 2014.

In January 2013 Jyske Bank took a larger step forward on the non organic growth path acquiring the regional bank Spar Lolland, as the bank came in breach with the minimum solvency reqirement of 8 per cent following an FSA inspection. Jyske Bank took over all its banking activities, including customers, employees and branches, and the take-over included all assets and liabilities, except for share capital and subordinated capital. The fair value loan portfolio of Spar Lolland amounted to DKK 6.3bn and deposits amounted to DKK 9.4bn. Spar Lolland consisted of two separate business activities: the 45,000 customers in the Spar Lolland branches (the retail bank), which was a solid player in the local community and fitted perfectly into Jyske Bank's business model, and the 70,000 customers of Finansnetbanken (the former EIK Bank DK). The final integration and harvesting of synergies of the Spar Lolland acquisition awaits the conversion to the Bankdata IT platform during the spring 2014, but already during first quarter of 2013 most branches were closed or merged with existing Jyske Bank branches and the number of branch employees as well as headquarter staff was reduced significantly. During 2013 the conversion of the Fjord Bank Mors activities acquired in 2011, and consisting of total loans at fair value of DKK 2.2bn and bank deposits of DKK 3.5bn, to the Bankdata IT platform was completed. Furthermore, the IT conversion of the leasing activites taken over by Jyske Finans A/S from Spar Nord in 2011 was fully completed during 2013 and these activities are now an integrated part of Jyske Finans A/S. The IT conversions are important milestones in terms of realizing the last synergies of the acquisitions.

The primary driver of the improved earnings in 2013 was lower loan impairment charges, but a controlled and on track development in costs, improved financial market sentiment, and a combination of the effect of the interest rate hikes of the previous years and added volume from the acquisitions underpinned the positive development in the 2013 financial results. In addition hereto the 2013 results benefitted from positive value adjustments related to unrealized credit losses on OEI customers' interest rate hedging positions.

In addition to the acquired activities Jyske Bank also gained market share via organic growth during 2013. Excl. of the activities acquired from Spar Lolland the bank lending portfolio remained unchanged, whereas the aggregate bank lending in the sector declined 5 per cent, and bank deposits increased by 9 per cent compared to a deposit growth rate in the sector of 1 per cent.

Q1 2014 Financial results

- Allthough private consumption growth overall remains subdued, it seems to be picking up a little during first quarter 2014
- Exports show a little weakness after having regained the position as growth driver in 2013
- Sentiment indicators are at higher levels than in recent years and still signal (slow) recovery
- Forced sales of houses have fallen to the lowest level since 2009
- Bankruptcies are trending down, and recent levels are the lowest since 2008

GDP dropped sharply in Q4 2013. During first quarter of 2014 the recovery may be going through a minor setback, despite a continued underlying improvement, which the volatile GDP figures may easily miss out.

Contribution to the Danish Deposit Guarantee Fund

As a statutory participant in the Guarantee Fund Jyske Bank is obliged to pay a proportionate share of the losses incurred by covering guaranteed deposits in banks that are wound up pursuant to the Banking Scheme III legislation, as well as the proportionate share of the compensation granted by the Guarantee Fund as part of Banking Scheme IV. Jyske Banks share of these costs amounted to DKK 172m in 2011 and DKK 109m in 2012. From 2013 the payment to the Guarantee Fund changed to a more insurance like set-up where banks pay an annual contribution according to their market share of covered deposits. Jyske Banks payment hereto in 2013 amounted to DKK 149m and based on Jyske Banks share of covered deposits as per end of 2013. It is estimated that the annual payments will be in the region of DKK 145m. For more information on the Guarantee Fund and the Banking Schemes III and IV see "11.1 The Danish Banking Sector".

Other than the above, Jyske Bank is not aware of any initiatives that could have material direct or indirect influence on the issuer's business.

Government, economic, fiscal, monetary or political initiatives that materially affect Jyske Bank's operations
In addition to the Prospectus previously mentioned factors, Jyske Bank has not identified any current government, economic, fiscal, monetary or political initiatives that materially affect Jyske Bank's operations.

9.1.3 Review of pre-tax profit and development in the balance sheet

9.1.3.1 Development in pre-tax profit and comment on income statement items

The following section comments on the development in Jyske Bank's profit before tax during the periods 2011, 2012 and 2013 as well as the first three months of 2014. The section will focus on the development in the drivers of core earnings. Core earnings are the Jyske Bank Group's earnings on customer-driven transactions, equating to the profit exclusive of profit on investment portfolios and the contribution to the Deposit Guarantee Fund. The main drivers of core earnings are net interest income and net fee and commission income. Core earnings are furthermore dependent on the level of operating expenses and depreciation plus loan impairment charges and provisions for guarantees.

Development in pre-tax profit and core earnings for the Jyske Bank Group

CORE EARNINGS DKKm	**2013**	**2012**	**2011**	**Q1 2014**	**Q1 2013**
Core net interest income	4,655	4,471	4,410	1,073	1,109
Dividends, etc.	41	20	17	24	13
Net fee and commission income	1,731	1,652	1,310	424	435
Core net interest and fee income	**6,427**	**6,143**	**5,737**	**1,521**	**1,557**
Core value adjustments	410	66	-44	183	92
Other operating income	514	370	469	140	191
Income from operating lease (net)	65	58	27	18	16
Gross earnings	**7,416**	**6,637**	**6,189**	**1,862**	**1,856**
Core operating expenses, depreciation and amortisation	4,320	4,461	4,247	1,150	1,147
Profit from equity investments	6	12	-7	-93	1
Core earnings before loan impairment charges and provisions for guarantees	**3,102**	**2,188**	**1,935**	**619**	**710**
Loan impairment charges and provisions for guarantees	1,147	1,842	1,478	289	242
Core earnings	**1,955**	**346**	**457**	**330**	**468**
Earnings from investment portfolios	495	612	346	123	149
Profit before contribution to the Guarantee Fund, etc.	**2,450**	**958**	**803**	**453**	**617**
The Guarantee Fund, etc.	-149	-109	-172	-35	-56
Pre-tax profit	**2,301**	**849**	**631**	**418**	**561**
Tax	493	254	115	77	126
Profit for the year	**1,808**	**595**	**516**	**341**	**435**

Drivers of core income

Core net interest income
The level of interest rates is one of the key drivers of core net interest income, as in general core net interest income will increase if interest rates rise and decrease if interest rates fall, due to the fact that in a low interest rate environment a decrease in interest rates cannot be fully applied to deposits as deposit rates cannot be negative ("floor risk"). The core net interest spread which is the difference between the average interest earned on Jyske Bank's interest bearing assets and the average interest paid on Jyske Bank's interest bearing liabilities is also an important key driver of net interest income. The core net interest margin is dependent on the product mix of assets and funding structure of liabilities, and the level of interest rates. Finally, the volume of interest earning assets and interest bearing liabilities of Jyske Bank is a key driver of core net interest income.

Core net fee and commission income
Core net fee and commission income is largely dependent on the conditions in the financial and real estate markets. Equity and real property prices influence customer wealth and investment appetite and thereby have an impact on asset management and investment activities as well as the volume of

activities in the securities and foreign exchange markets and the number of cash management agreements.

Core operating expenses, depreciation and amortisation

Out of core operating expenses the largest single item is employee expenses comprising of wages and salaries, pension and social security costs. Other operating expenses are IT, property and other administrative expenses.

Loan impairment charges and provisions for guarantees

Loan impairment charges and provisions for guarantees consist of loan impairment/provisions for the year, actual losses incurred during the year that have not already been covered by impairment charges/provisions in previous years and interest adjustments minus recognised losses that have already been covered by impairment charges/provision in previous years. Loan impairment charges and provisions are very cyclical and therefore highly influenced by global macroeconomic factors and in the case of Jyske Bank especially the state of the Danish Economy. For a more comprehensive description of Jyske bank's credit risk management and the methods applied in estimating loan impairment charges and provisions for guarantees see section "6.1.4.5 Credit risk".

Development in Jyske Bank's pre-tax profit from 2011 to 2012

The pre-tax profit for 2012 amounted to DKK 849m, an increase of 35 per cent, from DKK 631m in 2011. The pre-tax profit was influenced by the following key factors:

- An increase in core earnings before loan impairment charges and provisions for guarantees of 13 per cent, from DKK 1,935m in 2011 to DKK 2,188m in 2012.
- Loan impairment charges and provisions for guarantees of DKK 1,842m in 2012 under core income compared to DKK 1,478m in 2011.
- A profit on the treasury portfolio of DKK 612m net of funding costs in 2012 compared to DKK 346m in 2011.
- Contribution to the Guarantee Fund of DKK 109m in 2012, compared to a total of DKK 172m in 2011.

Breakdown of core income drivers

During 2012, core net interest income increased by 1 per cent, from DKK 4,410m in 2011 to DKK 4,471m in 2012. The development was influenced by different factors. Further interest-rate hikes were implemented during 2012 contributing to maintenance of core net interest income. The Fjordbank Mors assets and the Spar Nord leasing activities acquired during 2011 also had a positive impact. On the other hand, the existent low interest-rate environment was a significant constraint causing floor risk which in combination with a declining balance of loans and advances put pressure on net interest income.

During 2012, core net fee and commission income together with other operating income increased by 13.7 per cent, from DKK 1,779m in 2011 to DKK 2,022m in 2012. The increase can be attributed to rising activity within investments as well as earnings relating to clients refinancing their mortgages.

During 2012, core value adjustments amounted to DKK 66m, compared to a negative adjustment of DKK 44m in 2011. Value adjustments were adversely affected by DKK 357m in relation to the implementation of the more stringent guidelines on loan impairment charges which were introduced by the Danish FSA as at 1 April 2012, see "9.1.2 "Factors influencing the results of operations". Apart from this negative effect, the underlying development in value adjustments was positive during 2012.

During 2012, core expenses increased by 5 per cent, from DKK 4,247m in 2011 to DKK 4,461m in 2012. Operating expenses were adversely affected by goodwill write-off of DKK 216m of Berben's Effectenkantoor leading to activated goodwill now being recognised at nil. The write down was based on a goodwill impairment test arising from pressure on Berbens business model and regulatory changes, leading to an expectation of declining future earnings in Berben's Effectenkantoor.

During 2012, loan impairment charges of DKK 1,842m were expensed under core earnings, compared to DKK 1,478m in 2011. The primary reason for the increase was the implementation of the Danish FSA's more stringent guidelines for loan impairment charges and provisions for guarantees leading to a one-off effect of DKK 543m when implemented during second quarter of 2012.

Development in Jyske Bank's pre-tax profit from 2012 to 2013

The pre-tax profit for 2013 amounted to DKK 2,301m, an increase of 171 per cent, from DKK 849m in 2012. The pre-tax profit was influenced by the following key factors:

- An increase in core earnings before loan impairment charges and provisions for guarantees of 42 per cent, from DKK 2,188m in 2012 to DKK 3,102m in 2013.
- A decline in loan impairment charges and provisions for guarantees under core income of 38 per cent from DKK 1,842m in 2012 to DKK 1,147m in 2013.
- A profit on the treasury portfolio of DKK 495m net of funding costs in 2013 compared to DKK 612m in 2012.
- Contribution to the Guarantee Fund of DKK 149m in 2013, compared to a total of DKK 109m in 2012.

Breakdown of core income drivers

During 2013, core net interest income increased by 4 per cent from DKK 4,471m in 2012 to 4,655m in 2013. Excl. of the DKK 217m and DKK 58m that were recognized as income in 2013 and 2012, respectively, in relation to acquired loan portfolios that have subsequently appreciated, indicating ex post that they have been taken over at a discount (see also 6.1.4.5 "Credit Risk), growth in the net interest income amounted to shy of 1 per cent. The flattish development in net interest income reflects the intensified competition on the market for bank lending, putting pressure on margins, despite the repricing exercises of 2011 and 2012. Furthermore, there is still competition for deposits, continued strong floor risk due to the very low interest rate environment and a significantly lower reinvestment yield on the treasury portfolio. To some extend these negative effects were offset by the narrowing of credit spreads on senior bond issuance, as well as the decline in short term money market rates, which altogether reduced debt capital market funding costs as well as the absolute level of interest cost on parts of the deposit base. The most important factor underpinning net interest income during 2013 was however the added volume from the acquisition of Spar Lolland.

During 2013, core net fee and commission income together with other operating income increased by 11 per cent from DKK 2,022m in 2012 to DKK 2,245m in 2013. The increase in net fee and commission income can primarily be attributed to a higher level of investment activity, growth in funds under management and an increase in performance related provisions due to the favorable development in financial markets. Other operating income was positively affected by recognition of bargain purchase gain of DKK 97m in relation to acquired activities, a profit of DKK 20m from divestitures of non core activities (Jyske Global Asset Management and Krone Kapital) and a reversal of provisions of DKK 40m in relation to the acquisition of Spar Lolland.

During 2013, core value adjustments amounted to DKK 410m, compared to DKK 66m in 2012. During 2012 core value adjustments in general benefitted from a significant decline in interest rates, eg., in relation to holdings of high coupon bonds in the treasury portfolio. The positive effect was, however, almost offset by the effect of the Danish FSA's more stringent guidelines for loan impairment charges related to the unrealized credit losses of OEI customers' interest rate hedge transactions, see 9.1.2 "Factors influencing the results of operations". The new FSA guidelines made value adjustments quite sensitive to movements in long term yield curves, The rising long term yield curves during 2013 had a negative effect on the general value adjustments, but on the other hand it caused a positive value adjustment of DKKm 249m related to the unrealized credit losses of OEI customers' interest rate hedge transactions as the market value of the transactions decreased, which led to a partial reversal of the negative effect of DKK 357m in 2012.

During 2012, core expenses decreased 3 per cent, from DKK 4,461m in 2012 to DKK 4,320m in 2013. Excl. of expenses associated with the acquisition and integration of the Spar Lolland activities, the expenses amounted to DKK 4bn which was in line with the expense guidance of DKK 4.0-4.1bn provided in the annual report of 2012.

During 2013, loan impairment charges of DKK 1,147m were expensed under core earnings, compared to DKK 1,842m in 2012. The significant decline during 2013 can partly be explained by the 2012 level being affected by the one-off effect of DKK 543m caused by the implementation of the FSA's more stringent guidelines for loan impairment charges and provisions for guarantees. Loan impairment charges are influenced by the development in previously acquired activities that have been valued at fair value at the time of the acquisition (see also 6.1.4.5 "Credit Risk"). During 2012 and 2013, DKK

58m and DKK 217m, respectively, were recorded as interest income due to appreciation of previously acquired portfolios while amounts of around the same levels of the total loan impairment charges for the years 2012 and 2013 were attributable to impairment of previously acquired loan portfolios. Although the level of loan impairment charges is still high in a historical perspective, the underlying development during 2013, and the significant decline in loan impairment charges excl. of the adjustments of the acquired portfolios, clearly reflects the improved macroeconomic backdrop in Denmark and an overall improved credit quality.

Development in Jyske Bank's pre-tax profit from Q1 2013 to Q1 2014

The pre-tax profit for Q1 2014 amounted to DKK 418m, a decrease of 25 per cent, from DKK 561m in Q1 2013. The pre-tax profit was influenced by the following key factors:

- A decrease in core earnings before loan impairment charges and provisions for guarantees of 13 per cent, from DKK 710m in Q1 2013 to DKK 619m in Q1 2014.
- Loan impairment charges and provisions for guarantees of DKK 289m in Q1 2014 under core income compared to DKK 242m in Q1 2013.
- A profit on the treasury portfolio of DKK 123m net of funding costs in Q1 2014 compared to DKK 149m in Q1 2013.
- Contribution to the Guarantee Fund of DKK 35m in Q1 2014, compared to a total of DKK 56m in Q1 2013.

Breakdown of core income drivers

During Q1 2014, net interest income decreased 3 per cent to 1,073m from DKK 1,109m in Q1 2013. As net interest income was positively impacted by DKK 40m from appreciation of previously acquired portfolios, the underlying net interest income thus continues to be negatively affected by the lack of growth in lending excl. of the new residential house loan products, the current low interest rate levels and the competitive pressure on lending margins.

During Q1 2014, core net fee and commission income together with other operating income decreased 10 per cent to DKK 564m from DKK 626m in Q1 2013. Q1 2014 was positively affected by the reversal of provisions of approx. DKK 50m in connection with the acquisition of Spar Lolland, and negatively impacted by approx. DKK 15m, due to the lack of commission payment from Nykredit and Totalkredit, whereas during Q1 2013, other operating income was positively impacted by a bargain purchase gain of DKK 97m recognised as income in connection with fair value adjustments of the acquired net assets from Spar Lolland. Adjusted for the special items net fee and commission income together with other operating income remain stable from Q1 2013 until Q1 2014.

During Q1 2014, core value adjustments amounted to DKK 183m compared to DKK 92m in Q1 2013. The increase was, however, driven by special one-of items such as the sale of Jyske Bank's shares in NETS, depreciation of the value of Jyske Bank's shares in PRAS and a buyback of Tier 1 capital instruments with an overall positive effect on value adjustments of DKK 175m. The underlying development in value adjustments from Q1 2013 to Q1 2014 was negative due to declining long term yield curves. Unrealized potential losses relating to OEI customers' interest-rate hedging positions represent counterparty credit risk. The implementation of the new FSA guidelines in Q2 2012 prompted recognition of potential credit losses in the businesses fair value. The negative value adjustments of 2012 were partly reversed in 2013 due to rising yield curves but during Q1 2014 the renewed decline in long term yield curves led to a negative value adjustment end of Q1 2014 of DKK 128m compared to a positive adjustment in Q1 2013 of DKK 59m.

During Q1 2014 core expenses showed a controlled development amounting to DKK 1,150m compared to DKK 1,147m in Q1 2013. During Q1 2014 core expenses were negatively impacted by approx. DKK 75m in relation to expected costs of the merger with BRFkredit and provisions for potential claims in litigation. In Q1 2013, core expenses were negatively impacted by DKK 79m of integration costs associated with the acquisition of Spar Lolland.

During Q1 2014, loan impairment charges amounted to DKK 289m, an increase of 19 per cent from DKK 242m in Q1 2013. The increase is assessed to be within the normal quarterly fluctuations and should also be seen in the light of the adjustments of previously acquired loan portfolios where depreciations are categorized as loan impairment charges whereas appreciation is categorized as net interest income.

9.1.3.2 Development in balance sheet items

As at 31 December 2012, the Jyske Bank Group's total assets amounted to DKK 258bn, a decrease of 4.4 per cent, from DKK 270bn as at 31 December 2011. As at 31 December 2013, the Jyske Bank Group's total assets amounted to DKK 262bn, an increase of 1 per cent relative to 31 December 2012. As at end of March 2014 the Jyske Bank Group's total assets amounted to DKK 257bn a decrease of 1 per cent relative to end of March 2013. The following section will comment on the development in the balance sheet during the years 2011 to 2013 as well as during the first three months of 2014, mainly focusing on the items that have been the most significant volume drivers.

Development in selected balance sheet items

SUMMARY OF BALANCE SHEET, END OF PERIOD					
DKKm	2013	2012	2011	Q1 2014	Q1 2013
Loans and advances	131,378	118,554	124,494	137,560	128,969
- bank loans	111,115	105,947	108,546	115,070	111,613
- repo loans	20,263	12,607	15,948	22,490	17,356
Deposits	131,424	120,977	127,338	139,396	124,088
- bank deposits	115,846	97,432	101,164	121,224	109,540
- repo deposits	10,175	17,962	17,095	13,052	9,147
- pooled deposits	5,403	5,583	9,079	5,120	5,401
Issued bonds	27,760	34,921	37,482	26,371	38,045
Subordinated debt	1,649	2,742	2,720	1,347	2,738
Equity	17,479	15,642	13,846	17,825	16,086
Total assets	262,004	258,247	270,220	257,428	260,797

Development in loans and advances from 2011 to end of March 2014

During 2012, Jyske Bank generated satisfactory organic growth seeing a net inflow of both corporate as well as personal customers. Bank lending declined slightly but the declines are to be viewed in the light of the economic conditions causing an overall reduced credit appetite in the private sector. The fact that total lending in the banking sector fell significantly more than the decline in Jyske Banks loan portfolio indicates that Jyske Bank won market share in 2012. The acquisition of Spar Lolland in January 2013 was the driver of the 5 per cent increase in bank lending during 2013. Excl. of the Spar Lolland loan portfolio growth of Jyske Bank's loan portfolio would have been marginal, but compared to the 5 per cent set-back in aggregate bank lending during 2013, Jyske Bank would still have improved its market share. Jyske Bank launched a new product line of residential housing loans at the end of 2013, sales have been progressing well with DKK 6.4bn of new loans since the launch. The new products are the main reason for the 4 per cent increase in bank lending from end of year 2013 until end of Q1 2014.

Development in deposits from 2011 to end of March 2014

For years, Jyske Bank has maintained a very stable deposit base. Since the expiry of Banking Scheme I ("BS I") on 30 September 2010 the deposit market has been bifurcated, with one market for small deposits covered by the Guarantee Fund, and a second market for larger wholesale deposits that are unguaranteed. The expiry of BS I did not dampen the fierce competition. Jyske Bank has made a deliberate choice not to be an aggressive player on the Danish market for fixed term deposits but in line with other institutions Jyske Bank offers higher-yielding interest savings accounts to the core customer base. From mid 2011 the price competition in combination with the low interest environment led to negative margins on the deposit base. During 2012, bank deposits decreased from DKK 101bn at year-end 2011 to DKK 97bn at year-end 2012, a decrease of 4 per cent. During 2013 deposits increased 20 per cent to DKK 116bn. The increase was primarily driven by the Spar Lolland acquisition, and secondly by a higher volume of fixed term deposits. During Q1 2014 deposits increased further to DKK 121bn an increase of 5 per cent from end of year 2013. The increase was primarily driven by a higher level of fixed term deposits.

Development in issued bonds from 2011 to end of March 2014

Issued bonds in total decreased from DKK 37bn at year-end 2011 to DKK 35bn as at year-end 2012. The amount of issued EMTNs remaining stable the decrease can be attributed to a decline in the outstandings under the French CP programme following the downgrade of Jyske Bank's short-term rating from A-1 to A-2 by Standard & Poor's in early December 2011. As at year-end 2012, the total volume issued under the French CP programme was DKK 11bn compared to DKK 13bn as at year-end

2011. Due to a further reduction in the funding gap[27] during 2013 all maturing bonds were not replaced by new senior unsecured issuance. At year end 2013 the total amount of issued bonds therefore decreased further to DKK 28bn. The outstandings under the CP program remained stable at DKK 11bn as at the end of 2013. During first quarter of 2014 issued bonds amounted to DKK 26bn, a decrease of 5 per cent from year end 2013 driven by redemption of a maturing benchmark bond, a new private placement of SEK bonds and a slight increase in the outstandings under the CP program which amounted to DKK 12.9bn as per end of Q1 2014. For more info see "6.1.4.7 "Liquidity risk and funding".

Development in subordinated debt from 2011 to end of March 2014

In 2011, Jyske Bank bought back EUR 50m of AT1 capital in a tender exercise to offer a liquidity option to holders of these perpetual capital instruments. Changes in the subordinated debt in 2012 and 2013 were due to the call on a EUR 25m AT2 capital issue in spring 2012 and subsequently the call on the Jyske Bank Groups largest AT2 bond of EUR 150m was exercised in May 2013. Changes in subordinated capital during Q1 2014 were due to Jyske Bank's tender exercise on the two outstanding AT1 bonds resulting in a buyback and subsequent cancellation of EUR 41.5m of AT1 capital.

Development in equity from 2011 to end of March 2014

At year end 2012, the equity of the Jyske Bank Group amounted to DKK 15.6bn, an increase of 13 per cent from DKK 13.8bn at year end 2011. The high increase was primarily due to capital increase of net DKK 1.1bn in March 2012. At year end 2013, the Jyske Bank Group's equity amounted to DKK 17.5bn, an increase of 12 per cent compared to year-end 2012. The increase was driven by positive consolidation during 2013. At end of Q1 2014 the Jyske Bank Group's equity amounted to DKK 17.8bn and the increase of 2 per cent compared to year end 2013 was driven by positive consolidation.

9.2 BRFkredit

The following is a review of the BRFkredit Group's financial condition and results of operations for the financial years ended 31 December 2011, 2012 and 2013.

The selected consolidated financial information for the financial years 2011, 2012 and 2013 was extracted from the audited consolidated financial statements for the financial years 2011, 2012 and 2013. The consolidated financial statements are included by reference elsewhere in this Prospectus and were audited by BRFkredit's independent auditors, PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab.

The consolidated financial statements for the financial years 2011, 2012 and 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for financial statements of issuers of listed bonds.

The below information should also be read in conjunction with the audited consolidated financial statements and the related notes included by reference in Annex F of this Prospectus.

Financial highlights for 2011, 2012 and 2013 for the BRFkredit Group

SUMMARY OF INCOME STATEMENT DKKm	2013	2012	2011
Net interest income	1,987	1,653	1,685
Dividends, etc.	6	10	5
Net fee and commission income	105	30	-73
Net interest and fee income	**2,098**	**1,693**	**1,617**
Value adjustments	-235	-36	-104
Other operating income	8	2	5
Operating expenses, depreciation and amortisation	953	910	929
Loan impairment charges and provisions for guarantees	505	493	459
Profit on investments in associates and group enterprises	0	-3	-2
Pre-tax profit	**413**	**252**	**127**
Tax	111	66	33
Profit for the year	**302**	**185**	**95**

SUMMARY BALANCE SHEET, END OF PERIOD DKKm	2013	2012	2011
Lending	209,018	207,631	205,469
Bonds and shares etc.	20,570	15,848	5,231
Other assets	3,882	5,740	10,170
Issued bonds	201,967	203,873	194,387
Other liabilities	21,439	15,295	14,401
Subordinated debt	2	3	2,223
Equity	10,362	10,048	9,859
Total assets	233,770	229,219	220,870

SELECTED KEY FIGURES AND FINANCIAL RATIOS	2013	2012	2011
Income-cost ratio, (DKK)	1.28	1.18	1.09
Operating expenses, depreciation and amortisation as per cent of average loan portfolio	0.48	0.46	0.44
Loss and Impairment ratio for the year	0.2	0.2	0.2
Return on equity before tax	4.0	2.5	1.3
Return on equity after tax	3.0	1.9	1.0
Solvency ratio	16.6	15.2	16.0
Core capital ratio	16.6	15.2	16.0
Own funds (tier 1 + tier 2)	9,815	9,297	11,402
Avg. number of full-time employees during the year	844	806	758

9.2.1 Critical accounting policies

The preparation of the BRFkredit Group's financial statements requires that management makes judgments, estimates and assumptions that affect the amounts reported in the BRFkredit Group's financial statements and the notes thereto. The BRFkredit Group's principal accounting policies are set out in the consolidated financial statements included by reference in Annex F to this Prospectus. Some elements of the BRFkredit Group's accounting policies are inherently subject to estimates, valuation assumptions and other subjective assessments.

Management bases its estimates on experience and various other assumptions considered reasonable and relevant by management under the given circumstances. However, such assumptions are inherently uncertain. Furthermore, the BRFkredit Group is subject to risks and uncertainties that may cause actual results to differ from these estimates. The specific risks are outlined in the section "4 Risk Factors". Management of the BRFkredit Group considers the following estimates and related assessments to be material to the preparation of the consolidated financial statements:

Mortgage loans

Mortgage loans are the BRFkredit Group's most important asset. The asset is measured at fair value, which is determined on the basis of the market price of the issued Mortgage Bonds to finance loans. Despite a difference in the credit risk of the above-mentioned asset items and liabilities and equity items, the opinion is that the additional earnings on mortgage loans in the form of commissions have been determined in an efficient market and cover the higher credit risk in relation to the issued

Mortgage Bonds, administrative expenses, capital adequacy costs and an appropriate profit. Consequently, management is of the opinion that the method applied gives a true and fair view.

Impairment
Mortgage loans and other loans for which an objective indication of impairment exists are impaired in accordance with guidelines from the Danish FSA. Individually impaired loans are subject to significant uncertainty as regards the value that the mortgaged property might realise in the event of a forced sale, meaning that the impairment in such cases is subjectively estimated. A review for impairment includes an estimate of the values of the mortgaged properties, the value of the claim, time-on-market expenses in an estimated settlement period and sales costs. The valuation is made by internal valuers specialised in assessing properties. Loans subjected to collective impairment are based on an assumption that the probability that loans in arrears at the balance sheet date will turn into bad loans can be estimated on the basis of historical payment data (1-2 years old). In compliance with the general recommendations to the financial sector from the Danish FSA, an additional impairment charge has been made in the form of a management judgement.

Assets in temporary possession
Assets in temporary possession comprise properties that have been acquired through foreclosure and which the BRFkredit Group actively endeavours to sell within the next 12 months. There is significant uncertainty over the value these properties might fetch in the event of a sale, as the valuation of such assets is subjectively estimated, see the description under ‘Impairment’ above.

9.2.2 Factors influencing the results of operations

The BRFkredit Group's operating results for 2011-2013 were affected by a number of factors, some of which have been special for the BRFkredit Group and others have been outside the BRFkredit Group's influence. The BRFkredit Group's operating results are affected by the general economic and macro-economic conditions in the Danish economy. The rapidly changing macro-economic environment and the financial market conditions in the wake of the global financial crisis led to more volatility in the income in 2011, 2012 and 2013 compared to 2006 and 2007 when the global economic situation remained favorable and the boom in the property markets supported global wealth and investment appetite. The following is a summary and a description of certain factors which have had a significant influence on the operating results in the years 2011-2013.

2011:

- Financial markets still affected by the debt crisis
- Danish economy also affected by the crisis
- Property market characterized by low activity
- Deadlock on the residential housing market

Also in 2011, the financial markets focused on government debt and the government budget imbalances, particularly in southern Europe and the US. Countries, which were downgraded by rating agencies, were confronted with rising interest rates in connection with the refinancing of government debt. The crisis in the international economy also filtered through to Denmark. GDP growth was limited, resulting in growing unemployment and a savings ratio at an all-time high. Hence, consumer spending did not contribute to economic growth. The property market was also characterised by low activity. Relatively few property transactions were concluded in 2011 compared with the historical averages. Low trading activity and falling property prices caused very weak growth in mortgage lending during 2011. Thus, total mortgage lending in Denmark increased by a mere DKK 42.5bn, which was the lowest level since 1996.

2012:

- Negative GDP growth in Denmark
- Economic slowdown in the Euro-zone
- Activity in the property market still affected by economic stagnation
- Mortgage market affected by weak growth in the Danish economy

Beginning growth in the economy was observed in early 2012. Growth rates across Europe fell short of expectations, however, the main reason being the continued debt crisis in primarily southern Europe. Denmark’s GDP growth was negative in 2012. It was notably the continued consolidation process, falling real earnings and increased savings that severely dampened demand from households and businesses. The housing market was hit by falling activity throughout 2012. The economic setback contributed to exerting stronger pressure on the labour market, which increasingly filtered through to the housing market. The low activity level in 2012 left an impact on the mortgage market. Growth in new lending increased marginally over the year, whereas refinancing activity was substantially higher in response to extremely low short term interest rates. Overall, the year was marked by an upward trend in gross new lending, whereas net new lending was somewhat more moderate.

2013:

- Modest economic growth affected the mortgage market
- Continued consolidation in both retail and commercial sectors
- Rebound of house prices (apartments 8 per cent, single family homes 2 per cent) but still vulnerable

Although economic growth returned in 2013, it was modest. Growth was driven by the export industry and stock investments whereas private consumption and commercial investments continued to be slow. Hence consolidation in both the retail sector and the commercial sector has continued also in 2013. Although an even lower interest rate occurred for Danish borrowers due to the continued Euro-zone crisis the lending activity in the mortgage sector in general has been historical low. Overall 2013 showed a decrease in gross new lending compared to 2012, which was affected by huge loan refinancing activity. New lending, however, showed modest improvements.

Other than the above, BRFkredit is not aware of any initiatives that could have material direct or indirect influence on the issuer’s business.

Government, economic, fiscal, monetary or political initiatives that materially affect BRFkredit’s operations

In addition to the Prospectus previously mentioned factors BRFkredit has not identified any current government, economic, fiscal, monetary or political initiatives that materially affect BRFkredit’s operations.

9.2.3 Review of pre-tax profit and development in balance sheet

9.2.3.1 Development in pre-tax profit and comments on income statement items

This section describes the evolution of the BRFkredit Group's profit before tax for the periods 2011, 2012 and 2013. It focuses on the development of the factors that drive core earnings. Core earnings are the BRFkredit Group’s earnings from lending operations and securities. The main factors driving the core earnings from lending operations are commissions and brokerage, fees and charges from mortgage finance business as well as income from bank lending. The core earnings from securities are primarily driven by a risk-free return on the investment portfolio and the item “Other interest income, etc.”.

CORE EARNINGS FOR THE YEAR DKKm	2013	2012	2011
Core income from lending operations etc.	1,732	1,512	1,389
Core income from securities	56	69	195
Total core income	**1,788**	**1,581**	**1,583**
Operating expenses, depreciation and amortisation	949	910	916
Core earnings before loan losses and impairment charges etc.	**839**	**671**	**667**
Loan losses and impairment charges etc.	505	493	459
Core earnings before cost of capital	**335**	**177**	**208**
Hybrid core capital	0	193	210
Senior secured bonds	113	115	63
Senior unsecured bonds	137	38	92
Core earnings	**85**	**-169**	**-157**
Earnings from investment portfolios	328	421	285
Profit or loss before tax	**413**	**252**	**127**
Tax (- signifies an income)	110	66	33
Net profit or loss	**302**	**185**	**95**

Drivers of core earnings

Core income from lending operations, etc.

Core income from lending operations, etc. consists of commissions and brokerage, fees and charges and income from bank lending.

Commissions are the primary factor of BRFkredit’s core income from lending operations etc. and are generally calculated as a percentage of the outstanding debt. The commission rate depends on the loan-to-value ratio and the loan type including whether or not the loan is an interest only loan. Consequently, income from commissions is inter alia affected by the size of the loan portfolio and property prices.

Core income from securities

Core income from securities consists of a risk-free return on the treasury investment portfolio and other interest income, etc. The risk-free return on the treasury investment portfolio is determined on the basis of a short-term money market rate and will fluctuate in accordance with the development in the short-term interest rates.

Operating expenses, including depreciation and amortisation

The BRFkredit Group’s main operating expense is staff costs and administrative expenses which include wages and salaries, defined-contribution pensions and social security costs. Other operating expenses include amortisation, depreciation and impairment of intangible and tangible assets.

Loan losses and impairment charges etc.

This item includes the year’s value adjustments of loans and receivables resulting from an objective indication of impairment in relation to the value at the establishment of a loan. Loan losses and impairments are very cyclical and therefore strongly influenced by global macroeconomic factors and as regards the BRFkredit Group, particularly of the state of the Danish economy. For a detailed description of the BRFkredit Group’s credit risk see "6.2.4.3 Credit risk".

Development in the BRFkredit Group’s profit before tax from 2011 to 2012

Core income was DKK 1,581m in 2012, against DKK 1,583m in 2011. Core income from lending operations was up from DKK 1,389m in 2011 to DKK 1,512m in 2012. The increase was attributable to increased refinancing activity in 2012, which resulted in higher fees and charges etc., whereas commission income declined in response to the smaller portfolio. Core income from securities fell as a result of a lower risk-free rate of return in 2012 compared with 2011. In 2012 BRFkredit entered into agreements on joint funding of loans with Jyske Bank, Sydbank, Rinkjøbing Landbobank and Arbejdernes Landsbank. Over a number of years, BRFkredit expects to increase the issuance of bonds considerably in response to the joint funding alliances. Further, on 13 November 2012, BRFkredit repaid the AT1capital of DKK 2.2bn injected by the Danish government in 2009. The repayment will reduce the future cost of capital and the CET1 ratio.

Breakdown of core income drivers

Core income from lending operations, which consists of income from commissions and brokerage, fees and charges from mortgage finance business as well as income from bank lending, amounted to DKK 1,512m in 2012, against DKK 1,389m in 2011. Brokerage, fees and charges were up by DKK 125m to a net income of DKK 119m, primarily as a result of refinancing activity in 2012 and income from fees and charges in connection with refinancing.

Income from commissions came to DKK 1,241m in 2012, down from DKK 1,284m in 2011. The fall from 2011 could be ascribed to the declining portfolio in response to the consolidation.

Core income from securities, which primarily comprises a risk-free return on the treasury investment portfolio and the item ’Other interest income etc.’, amounted to DKK 69m in 2012, against DKK 195m in 2011. The decline in core income from securities was attributable partly to a lower risk-free rate of return in 2012 compared with 2011, partly to the fact that risk hedging of base portfolios generated higher returns in 2011 than in 2012.

Development in the BRFkredit Group’s profit before tax from 2012 to 2013

Core income from lending operations, which consists of income from commissions and brokerage, fees and charges from mortgage finance business as well as income from bank lending, amounted to DKK 1,732m in 2013, against DKK 1,512m in 2012.

Contribution income came to DKK 1,382m in 2013, against DKK 1,241m in 2012. The raise from 2012 is mainly due to increasing contribution rates. Brokerage, fees and charges as well as net interest income from banking business came to DKK 350m in 2013, against DKK 271m in 2012.

Core income from securities, which primarily comprises a risk-free return on the treasury investment portfolio and the item ’Other interest income etc.’, amounted to DKK 56m in 2013 against DKK 69m in 2012. The decline in core income from securities was attributable partly to a lower risk-free rate of return in 2013 compared with 2012.

9.2.3.2 Development in balance sheet items

BRFkredit had a balance sheet total of DKK 233.8bn at 31 December 2013, against DKK 229.2bn at end of 2012. BRFkredit's mortgage lending (including jointly funded mortgage loans) represented a nominal amount of DKK 200.5bn in 2013. BRFkredit’s total lending measured at carrying amount was DKK 209.0bn at 31 December 2013. Equity grew by the net profit for the year of DKK 302m and by DKK 12m recognised in other comprehensive income. Following these changes, equity at 31 December 2013 was DKK 10.3bn.

SUMMARY BALANCE SHEET, END OF PERIOD DKKm	**2013**	**2012**	**2011**
Lending	209,018	207,631	205,469
Bonds and shares etc.	20,570	15,848	5,231
Other assets	3,882	5,740	10,170
Issued bonds	201,967	203,873	194,387
Other liabilities	21,439	15,295	14,401
Subordinated debt	2	3	2,223
Equity	10,362	10,048	9,859
Total assets	233,770	229,219	220,870

10. CAPITAL RESOURCES

10.1 Jyske Bank

10.1.1 Capital management objective and planning

Jyske Bank's activities generate a requirement for capital. The requirement is determined partly by the Bank's capital management objective and partly by regulation. The objective of capital management is to manage the Bank's aggregate risk in relation to the capital resources available to the Bank, thus optimizing the Bank's capital structure given the adopted risk profile. The requirement for capital and the capital available to the Bank, i.e., the capital base, are balanced and matched in the capital planning of the Bank.

Jyske Bank's capital-management objective as well as its risk appetite is to reach a base capital ratio sufficient for the Jyske Bank Group to continue its lending activities during a period of difficult business conditions. The available capital must be such that regulatory and internal capital requirements are met during such a period, and it must be possible to weather heavy unexpected losses.

Jyske Bank's capital planning aims in the long term at meeting the requirements for obtaining an AA rating, and the Bank regards a rating of at least the A level to be essential and focuses therefore on initiatives supporting the achievement of such a rating.

The capital planning is subject to two overall considerations:

- optimisation of the Bank's risk and maximisation of earnings;
- taking advantage of the situation in the market to acquire portfolios with an acceptable risk.

In October 2013 Jyske Bank was suggested classified as a Danish SIFI, when a broad cross party agreement was reached in the Danish parliament on the appointment of SIFI, and the enhanced capital requirements to be fulfilled by SIFI. At present Jyske Bank aims at a CET1 ratio above 12 per cent, but the long term capital planning takes into account the enhanced capital requirements of CRD IV and the Danish SIFI requirements to be implemented gradually from 2014 until 2019. In 2014, The New Group, Jyske Bank and BRFkredit are expected to be officially designated a systemically important financial institution (SIFI). Among other things, this entails a requirement of an additional capital buffer, which fully phased in by 2019 will amount to 1.5 percentage points. Just as the SIFI requirements are phased in gradually until 2019, a number of the new capital buffers will, in connection with CRR, gradually be introduced until 2019.

Supervisory Diamond

The Supervisory Diamond defines a number of special risk areas including specified limits that banks should generally not exceed. The Supervisory Diamond limits applicable to Jyske Bank A/S are shown below.

SUPERVISORY DIAMOND	2013	2012	Q1 2014	Q1 2013
Sum of large exposures < 125% of the capital base	0%	0%	0%	0%
Increase in loans and advances < 20% annually	5%	9%	3%	16%
Exposures to property administration and property transactions < 25% of total loans and advances	8%	8%	7%	9%
Stable funding < 1	0.73	0.79	0.73	0.72
Liquidity surplus > 50%	150%	122%	184%	158%

As at 31 March 2014, Jyske Bank A/S met all the benchmarks of the Supervisory Diamond.

10.1.2 Development in solvency and core capital ratios

The development in the Bank's solvency and core capital ratios is shown in the table below. The CET1 capital ratios improved throughout 2012 as well as 2013 and at end March 2014 they are at a most adequate level relative to Jyske Bank's capital-management objective.

SOLVENCY AND CORE CAPITAL RATIOS	2013	2012	2011	Q1 2014	Q1 2013
CET1 ratio	15.3	14.2	12.1	15.1	13.7
AT1	0.6	1.1	1.2	0.8	0.6
Total T1	**15.9**	**15.3**	**13.3**	**15.9**	**14.3**
AT2	0.1	2.0	1.4	0.3	0.7
Total solvency	**16.0**	**17.3**	**14.7**	**16.2**	**15.0**
Individual solvency requirements (Pillar II)	9.8	10.2	10.0	10.0	9.7
Capital buffer	6.2	7.1	4.7	6.2	5.3
CET1 capital buffer	5.5	4.0	2.1	5.1	4.0

10.1.3 Development in the capital base

At year end 2013, CET 1 capital amounted to 96 per cent of the capital base compared to 82 per cent at year end 2012, which was in line with the level at year end-2011. The high proportion of CET 1 capital in the capital base is consistent with Jyske Bank's wish to achieve the highest quality possible of its capital base. During the years 2011-2013 as well as during the first quarter of 2014 capital planning was characterized by consolidation and optimisation of RWA with due regard for the business strategy. Over the years 2011-2012 the increase in core equity capital was partly due to positive consolidation, but also a capital increase in March 2012 resulting in net proceeds of DKK 1.1bn strengthened the core equity capital base significantly. During 2013 and the first quarter of 2014 the increase in core equity was solely related to positive consolidation.

CAPITAL BASE DKKm	2013	2012	2011	Q1 2014	Q1 2013
Equity	17,479	15,642	13,846	17,825	16,086
Revaluation and currency reserve	-361	-345	-310	0	-344
Intangible assets	-71	-40	-261	-68	-83
Deferred tax in relation to intangible assets	-	-	-	16	-
Prudent valuation	-	-	-	-151	-
Core capital exclusive of hybrid core capital	**17,047**	**15,257**	**13,275**	**17,622**	**15,659**
Hybrid core capital (AT1)	1,303	1,296	1,292	995	1,294
Difference between expected losses and impairment charges	-55	0	-132	0	0
Deduction for equity investments above 10%	-550	-27	0	0	-566
Other deductions	-3	-45	-26	-57	0
Core capital	**17,742**	**16,481**	**14,409**	**18,560**	**16,387**
Subordinated debt (AT2) exclusive of hybrid core capital	336	1,428	1,423	336	608
Revaluation reserve	361	344	310	0	344
Difference between expected losses and impairment charges	-55	422	-132	32	373
Deduction for equity investments above 10%	-550	-27	0	0	-566
Other deductions	-3	-45	-27	0	0
Capital base	**17,831**	**18,603**	**15,983**	**18,928**	**17,146**
Risk weighted assets	**111,276**	**107,636**	**108,637**	**116,885**	**114,640**

10.1.4 The minimum capital requirement

Determination of the minimum capital requirement expresses the regulatory capital requirements and rests on the risk types credit risk, market risk and operational risk. Jyske Bank has been approved to apply the AIRB approach to the measurement of credit risk. The approval extends to the application of advanced methods for determining the minimum capital requirement for the main part of the Bank's credit portfolio. The minimum capital for market risk is measured according to the standard approach and operational risk according to the standardized approach.

MINIMUM CAPITAL REQUIREMNETS BY RISK TYPE DKKm	2013	2012	2011
Credit risk	6,488	6,558	6,635
Market risk	1,415	1,079	1,127
Operational risk	999	974	929
Minimum capital requirement, tier 1	**8,902**	**8,611**	**8,691**
Capital requirement due to transitional rules	79	0	85
Total minimum capital requirement	**8,981**	**8,611**	**8,776**

10.1.5 ICAAP and individual solvency requirement (Pillar II)

Jyske Bank's ICAAP forms the basis of the assessment of Jyske Bank's capital structure and hence the determination of the Bank's adequate capital base as well as its individual capital requirement. The assessment is based on the current relation between the Bank's risk profile and capital structure as well as forward-looking considerations that may affect this. Stress tests are used to model the micro- and macroeconomic factors to which Jyske Bank is exposed.

10.1.5.1 Adequate capital base according to internal method

The adequate capital base expresses Jyske Bank's own assessment of the capital requirement given the Bank's risk profile. The measurement of the adequate capital base is based on Jyske Bank's internal models for measuring economic capital, which comprise the risk types for which the Bank wishes to set capital aside: credit risk, market risk, operational risk and business risk. By using internal models as a basis, the measurement of the adequate capital base reflects the Bank's own data, experience and management.

Throughout the ICAAP, analyses are carried out for each risk type addressing qualitative as well as quantitative elements with regard to monitoring and ongoing quality assurance, including extensive evaluation of model assumptions. The analyses also address the regulatory items required according to the Danish Executive Order on capital adequacy.

Based on the calculation of economic capital, it is also assessed whether any considerable circumstances have not been addressed by the calculation model or for which, by way of precaution, additional capital is desirable. In that case, additional capital will be set aside. The additional capital addresses the uncertainty relating to individual circumstances and the model setup.

In respect of credit risk, a precautionary buffer will be added in connection with weak exposures. This buffer is calculated on the basis of an extra cautious assessment of elements forming part of the measurement of these exposures. The additional capital for market risk relates to circumstances which are not addressed by the applicable model. Additional capital due to other circumstances relates to issues specific to Jyske Bank and issues which generally apply to the banking sector, such as a counter-cyclical buffer. Counter-cyclical buffers are accumulated in good times and are applied in bad times. Furthermore, Jyske Bank's ability to generate a profit is considered when assessing the adequate capital base as the adequate capital base mirrors the negative retained earnings/profit in an extreme situation.

10.1.5.2 Adequate capital base according to 8+ approach

In 2012, the Danish FSA issued guidelines on the calculation of the adequate capital base and solvency requirement specifying that from 2013 the Danish FSA assess an institute's adequate capital base through the so-called 8+ approach. This approach is based on the assumption that the minimum requirement of 8 per cent of RWA will cover the institute's ordinary risks. In a number of respects, the guidelines define benchmarks for the assessment of whether additional capital in excess of 8 per cent is necessary, and also in some respects methods are stated for the calculation of the additional capital.

Simultaneously with its application of the 8+ approach, the FSA introduced a higher degree of tolerance in respect of enforcement of the solvency rules, as the solvency requirement is now a 'soft' requirement whereas the minimum capital requirement of 8 per cent is an absolute requirement. With a view to assessing the future implications of Jyske Bank's adequate capital base calculated on the basis of Jyske Bank's models, Jyske Bank has in accordance with the guidelines calculated the capital base using the 8+ approach already at year end 2012, where the approach prompted additions in respect of the credit risk on major customers with financial problems as well as minor additions relating to the concentration of credits relating to individual accounts, market risk as well as liquidity risk.

10.1.5.3 Individual solvency requirement and capital buffer

The individual solvency requirement for Jyske Bank is determined as the higher one of the requirements based on Jyske Bank's internal method, the FSA's 8+ approach as well as statutory limits. In addition to the minimum capital requirement (a solvency ratio of 8 per cent), the individual solvency requirement is subject to the interim rules pertaining to AIRB institutions. At the end of March 2014, the Bank calculated an individual solvency requirement of 10.0 per cent compared to 9.8 per cent at year end 2013 and 10.2 per cent at year end 2012 and 10.0 per cent at year end 2011.

The table below shows the contribution from the individual types of risk to the adequate capital base and the individual solvency requirement.

	2013		**2012**		**2011**	
	DKKm	% of RWA	DKKm	% of RWA	DKKm	% of RWA
Credit risk	8,894	8.0	8,404	7.8	7,829	7.2
Market risk	770	0.7	735	0.7	982	0.9
Operational risk	506	0.4	554	0.5	573	0.5
Other	783	0.7	1,273	1.2	1,478	1.4
Total	**10,953**	**9.8**	**10,966**	**10.2**	**10,862**	**10.0**

The capital buffer plus earnings from operations denote the maximum sustainable loss capacity without adding additional capital. Jyske Bank's large proportion of CET1 capital underlines the high quality of the total capital.

	2013		**2012**		**2011**	
	DKKm	% of RWA	DKKm	% of RWA	DKKm	% of RWA
Capital base	17,831	16.0	18,603	17.3	15,983	14,7
a) Core capital (CET1 and AT1)	17,742	15.9	16,481	15.3	14,409	13,3
Of which hybrid capital(AT1)	*695*	*0.6*	*1,224*	*1.1*	*1,292*	*1,2*
b) Tier 2 capital (AT2)	89	0.1	2,122	2.0	1,574	1,4
Adequate capital base	10,953	9.8	10,966	10.2	10,862	10,0
Capital buffer	**6,878**	**6.2**	**7,637**	**7.1**	**5,121**	**4,7**

10.1.5.4 Solvency requirement, Jyske Bank A/S

The adequate capital base of Jyske Bank A/S is conservatively set to be identical to that of the Jyske Bank Group, when the parent company is liable for all the risks of the subsidiaries. Calculations made to determine any requirement of additional economic capital revealed that there was no requirement of additional capital for the subsidiaries

10.1.6 Stress test

Stress testing has proved a useful capital management tool, and it is therefore an important element in Jyske Bank's approach to projecting the adequate capital base and individual solvency requirement. Moreover, stress tests are suitable to assess the Bank's capital-management objective in a future perspective.

Stress testing is used in a number of respects. Stress testing characterised as sensitivity analyses of the impact on the risk measurement of various parameters is applied as well as extensive scenario-based stress-testing of the importance of cyclical changes. Furthermore, reverse stress testing is carried out with a view to testing the Bank's loss capacity.

An objective of the stress-test analyses is to gauge whether the future risk level of a certain scenario can be covered by capital, given the Bank's earnings, capital policy and management objective as well as its risk measurement. The results of the stress-test analyses are also used, for instance, to assess whether the capital level and the quality of the capital suffice and consequently whether it is necessary to implement the Bank's capital emergency plan.

10.1.6.1 External stress testing

In addition to the stress testing applied internally, Jyske Bank also participates in the stress testing facilitated by the Danish FSA on a regular basis and the EBA's recent stress tests. The last European testing was a follow-up to the capital test in 2011; this follow-up took place in June 2012. Once again Jyske Bank's position among the best capitalised banks in the test was confirmed. Jyske Bank participated in the EBA Transparency Exercise published in December 2013, and as an expected Danish SIFI Jyske Bank will also participate in the upcoming Asset Quality Review ("AQR") and EBA stress test.

10.1.7 New capital adequacy rules CRD IV

The CRD IV Directive comes into force through implementation in the Danish Financial Business Act, whereas the CRR applies immediately without implementation in national law. The main purpose of the rules is to strengthen the general resilience of the banks, thus enabling them to tolerate crisis situations. Together with the rest of the Danish banking sector, Jyske Bank has actively participated in the ongoing hearing of the new rules. The rules strongly emphasise harmonisation (*single rule book*) across the EU countries, which is a shift relative to the previous extensive application of national options. A key element of the CRD IV is that banks will be required to hold more capital for various risks, which will be achieved through these measures, among others:

- improvement of the banks' capital by increasing the proportion of equity in the capital base;
- higher capital requirements in relation to counterparty risk; and
- introduction of capital buffers that are to be accumulated in good times and function as buffers in bad times.

EBA has proposed detailed rules through binding technical standards during the second-half of 2013 and will continue in 2014 for many areas including, inter alia, liquidity requirements and certain aspects of capital requirements.

Under the CRD IV framework, the minimum capital requirement for CET1 capital will be phased in gradually from the 2013 requirement of 2 per cent of RWA to up to 9.5 per cent of RWA in 2019, incl. of the CET 1 capital conservation buffer, and the countercyclical buffer. For more details see section 11.1.6 "CRD IV & CRR". For each SIFI there will be an additional capital requirement on top of the minimum requirements, the SIFI buffer, which is set individually on a national level according to the systemic importance of the bank, must also be of CET1. For Jyske Bank the SIFI buffer is set at 1.5 per cent. The three buffers altogether are defined as the "combined buffer".

CRD IV distinguishes between Pillar I and Pillar II capital requirements. The Pillar I capital requirement is to be fully implemented by 2015 and set at 8 per cent of RWA, consisting of the minimum of 4.5 per cent CET1, up to 1.5 per cent AT1 capital and up to 2 per cent of AT2 capital. The Pillar II requirement is the difference between an institution's individual solvency requirement and the 8 per cent Pillar I requirement. In Denmark the Danish FSA pile the Pillar II requirement up on top of the Pillar I requirement of 8 per cent as a cushion below the combined buffer. Furthermore the Danish FSA has confirmed that the Pillar II requirement can be fulfilled via issuance of AT2 with certain features allowing for a conversion into equity at a trigger point of a CET1 ratio of 7 per cent.

10.1.7.1 Compliance with the new CRD IV capital requirements

In the past couple of years, Jyske Bank has taken part in a large number of tests, e.g. the European quantitative impact study (QIS) and a number of national and international stress tests, which demonstrate that already now Jyske Bank is well prepared in meeting the new requirements. As per 31 March 2014 the CRD IV effect on Jyske Bank's capital ratios is fully implemented. The effect of CRD IV and CRR is an improvement of 0.5 percentage point in the capital base by an increase in RWA of approx. DKK 2.3bn and an increase in own funds of approx. DKK 1.0bn.

CRD IV and the CRR have much stricter criteria for the quality of capital that may count as AT1 and AT2 capital. AT1 capital must be converted into CET1 at a trigger point of 5.125 per cent CET1, and AT2 must have no incentives to redeem before the contractual maturity, consequently step up structures are not accepted as AT2 under CRD IV.

The CRR encompasses grandfathering rules for AT1 and AT2 instruments issued before 31 December 2011. The phasing out of old AT1 and AT2 capital instruments eligible for grandfathering will be based on a stepwise reduction of 20 per cent as per 2014 and subsequently 10 per cent annually until 2022 when the old capital instruments will have been completely phased out. The grandfathering bucket for each of the years 2014 until 2021 is calculated based on the total nominal amount of outstanding and grandfathering compliant AT1 and AT2 as per 31 December 2012. Jyske Bank's two AT1 CMS structures issued in 2004 and 2005, respectively, will be subject to the AT1 grandfathering as from 2014, which will lead to a gradual reduction in Jyske Bank's AT1 ratio. According to article 63 of the CRR the AT1 CMS structures will not only be gradually transferred from the AT1 bucket to the AT2 grandfathering bucket, but obtain permanent AT2 status under the CRR. Thus Jyske Bank will be able to fully take advantage of the capital instruments in the AT2 capital bucket irrespectively of the decline in the grandfathering cap over the period 2014-2021.

Jyske Bank will continue to safeguard a high proportion of CET1 capital in the capital structure, but it is likely that it will be optimal for Jyske Bank from an economic rationale to issue new capital structures that are CRD IV compliant in the coming years.

10.1.8 Capital structure and redemption profile of subordinated debt

Jyske Bank's capital structure is considered to be comfortable. The next redemption of AT2 capital is in 2017. However there are call options on the two AT1 capital bonds, perpetual CMS structures with no step-up prior to that date, in July 2014 and September 2015, respectively. As the two CMS structures fulfill all the requirements for permanent AT2 specified in article 63 of the CRR there is no economic incentive to call the bonds.To provide investors a liquidity option on the bonds Jyske Bank conducted a tender exercise on the bonds during March 2014 with a final outcome of EUR 41.5m that have been bought back at price of 75 per cent of nominal value and subsequently cancelled. The tender generated a pre-tax profit of approx. DKK 75m.

Subordinated debt at 31 March 2014

SUPPLEMENTARY CAPITAL (AT2)	EURm	DATE
Var. % bond loan..	10	13.02.2023
5.65% bond loan..	10	27.03.2023
5.67% bond loan..	10	31.07.2023
6.73% bond loan..	15	2017-2026

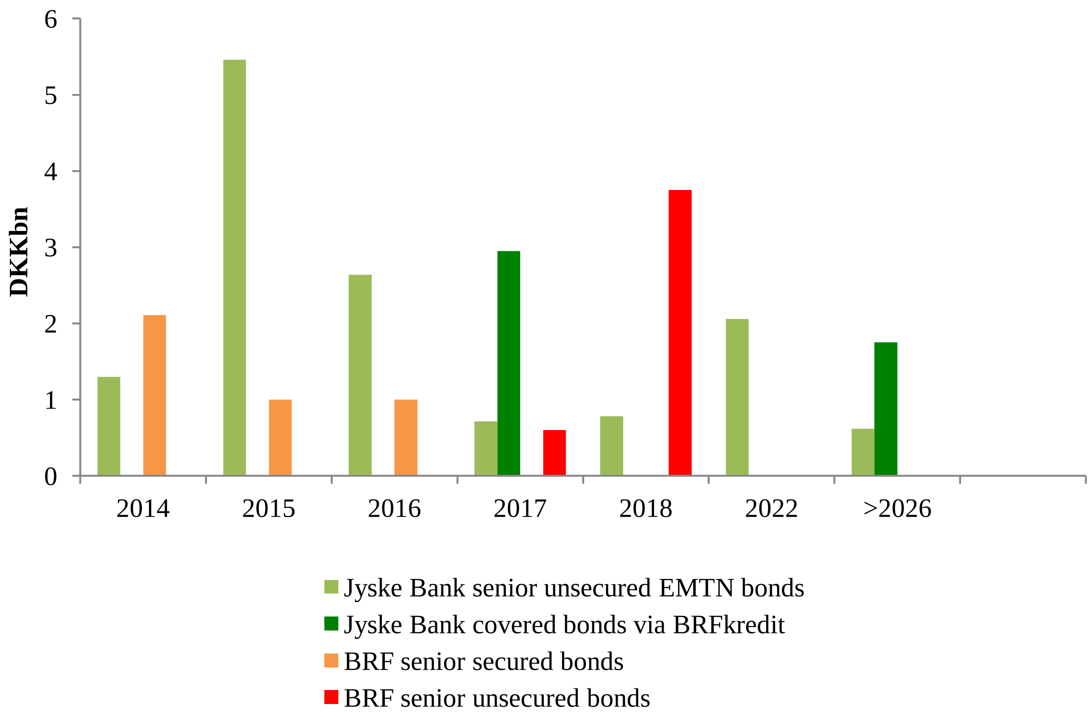
HYBRID CORE CAPITAL (AT1)	EURm		DATE
Var. % bond loan..	72.8	Perpetual	Callable 05.07.2014, no step up
Var. % bond loan..	60.7	Perpetual	Callable 16.09.2015, no step up

10.1.9 Funding requirements and funding structure

Jyske Bank has a strong liquidity risk profile and funding structure. As at 31 March 2014 bank deposits excl. deposits in pension pools covered 105 per cent of bank loans and advances. Jyske Bank has throughout the years 2011-2013 and the first three months of 2014 been active in the private placement market and has a substantial amount of longer dated bonds outstanding in the market with residual maturities between 1 to 16 years. In public benchmark format one bond is outstanding in the market as at 31 March 2013,and the bond has a residual maturity longer than 1 year.

The redemption profile for the total volume of outstanding senior debt as per 31 March 2014 and the amount of covered bonds issued via BRF are illustrated below:

Redemption profile as per 31 March 2014



Weighted average residual maturity of Jyske Bank's outstanding senior unsecured bonds as per 31 March 2014 is 3.4 years.

Jyske Bank has relatively modest funding requirements in the EMTN markets for the next 12-15 months, as the liquidity buffer at 31 December 2013 is able to cover more than 2 years of non-debt capital market access. Redemption of Jyske Bank's 7-year senior benchmark bond of EUR 750m in March 2014 was pre-funded by the strong liquidity reserves of the Bank and the issuance of private placements of EUR 440m senior unsecured bonds during 2013. The funding requirements for Jyske Bank in the senior unsecured markets during the remainder of 2014 and 2015 are estimated to around EUR 1-1.5bn. The estimate is based on a flattish balance sheet development, apart from a moderate increase in residential loans granted on the basis of collateral in the homeowners house. These products will to a large extent be funded via covered bond issuance from BRFkredit.

For a more comprehensive description of Jyske Bank's liquidity risk management and funding structure, see "6.1.4.7 Liquidity risk and funding".

10.1.10 Cash flow statement

Jyske Bank's cash flow statements for the years ended 31 December 2011, 2012 and 2013 are included by reference elsewhere in this Prospectus and were audited by the Group's independent auditors, Deloitte.

The cash flow statement shows the Jyske Bank Group's cash flows relating to operating, investing and financing activities for the year, changes in cash and cash equivalents for the financial year, and cash and cash equivalents at the beginning and end of the year. The cash flow statement is presented in accordance with the indirect method based on the profit for the year.

Cash flows derived from operating activities are calculated as the profit for the year adjusted for non-cash operating items, changes in operating capital and paid corporate tax. Cash flows relating to investing activities include the purchase and sale of enterprises and non-current assets. Cash flows relating to financing activities include distribution and movements in equity and subordinated debt.

Cash and cash equivalents include cash and free balances due from credit institutions and central banks with an original time to maturity of less than three months.

The Jyske Bank Group's activities in all generated cash flows of DKK -1,632m in first quarter of 2014, DKK 2,113m in 2013, DKK -7,750m in 2012 and DKK 6,766m in 2011.

The Jyske Bank Group's operating activities generated cash flows of DKK -1,253m in first quarter of 2014, DKK 3,471m in 2013, DKK -8,567m in 2012 and DKK 6,262m in 2011.

Investing activities generated cash flows of DKK -73m in first quarter of 2014, DKK -288m in 2013, DKK -346m in 2012 and DKK 1,067m in 2011.

Finally financing activities generated cash flows of DKK -306m in first quarter of 2014, DKK -1,070m in 2013, DKK 1,163m in 2012 and DKK -563m in 2011.

10.2 BRFkredit

10.2.1 Capital Base and Solvency Ratio

The capital base is BRFkredit's capital resources for meeting the regulatory capital requirements.

Supervisory Diamond

The Supervisory Diamond defines a number of special risk areas including specified limits that banks should generally not exceed. The Supervisory Diamond limits applicable to BRFkredit Bank a/s are shown below.

SUPERVISORY DIAMOND	2013	2012	2011
Sum of large exposures < 125% of the capital base	46.2%	29.2%	33.4%
Increase in loans and advances < 20% annually	-7%	0%	-24%
Exposures to property administration and property transactions < 25% of total loans and advances	32%	34%	34%
Stable funding < 1	0.5	0.5	0.5
Liquidity surplus > 50%	448%	543%	719%

As at 31 December 2013, BRFkredit a/s met four of the benchmarks of the Supervisory Diamond.

Since repayment of government hybrid AT1 capital in November 2012, BRFkredit's capital base consists solely of CET1 capital.

The solvency ratio of BRFkredit is based on the statutory base solvency requirements set forth in the Danish Financial Business Act. Under Danish law the minimum capital requirement is 8 per cent of the risk weighted asset (RWA). The table below shows the capital structure, the core capital rate and the solvency rate of BRFkredit at the end of each financial year.

CAPITAL STRUCTURE DKKm / per cent	2013	2012	2011
Common equity tier 1	10,362	10,048	9,859
Deductions from CET 1	-182	-242	-280
Additional/Hybrid core capital	0	0	2,219
Tier 1 capital including AT 1 capital	**10,180**	**9,806**	**11,798**
Supplementary capital	0	0	0
Deductions from supplementary capital	-197	-265	-206
Additional deductions from core capital	-169	-244	-190
Tier 1 capital incl. AT 1 capital after ddcts.	**9,815**	**9,297**	**11,402**
Capital base	9,815	9,297	11,402
Risk-weighted assets	59,227	61,045	71,297
Tier 1 capital ratio	16.6	15.2	16.0
Solvency ratio	16.6	15.2	16.0

10.2.2 The Individual Solvency Need

In addition to the minimum capital requirement of 8 per cent, BRFkredit is obliged to assess its individual solvency need (Pillar II). The individual solvency need is the Supervisory Board's assessment of BRFkredit's total risk, including an assessment of future earnings capacity and risk of losses.

The calculation of the individual solvency need for BRFkredit is based on the 8+ method, i.e., the minimum capital requirement of 8 per cent is used as a starting point with addition for further risks which are estimated not to be covered by the minimum requirement. The individual solvency need is determined as the capital in percentage of RWA that is estimated to be adequate to meet BRFkredit's risk in a stress scenario.

The capital adequacy requirement for BRFkredit was as of 31 December 2013 determined to DKK 6.2bn, equivalent to an individual solvency need of 10.5 per cent. The table below shows the capital adequacy requirement and individual solvency need.

CAPITAL REQUIREMENT DKKbn / per cent	**Capital base requiremt**	**Capital base requiremt**	**Capital buffer**
Capital requirement (without transitional rules)	4.7	8.0%	5.1
Capital requirement (with transitional rules)	6.9	11.6%	3.0
Capital adequacy requirement	6.2	10.5%	3.6

As at 31 December 2013, BRFkredit had an actual capital base of DKK 9.8bn and RWA of DKK 59.2bn. BRFkredit's actual solvency ratio was 16.6 per cent against an individual solvency need of 10.5 per cent and the minimum capital requirement of 8.0 per cent, corresponding to an excess cover of DKK 3.6bn to the capital adequacy requirement and DKK 5.1bn to the minimum capital requirement. BRFkredit's core capital ratio amounted to 16.6.

For mortgage institutions the main risk is the credit risk. As at 31 December 2013 the solvency requirements for credit risk amounted to DKK 3.8bn. In addition BRFkredit has allocated DKK 0.8bn to cover additional credit risks.

The table below shows the adequate capital base for credit risk per exposure category.

RISK WEIGHTED ASSETS AND CAPITAL REQUIREMENT	Risk weighted assets	Capital requiremt	Risk weighted assets	Capital requiremt	Risk weighted assets	Capital requiremt
DKKm	**2013**	**2013**	**2012**	**2012**	**2011**	**2011**
Use of Standard Method under IRB-method	**4,911**		**4,805**		**6,462**	
- government exposure	0		0		0	
- financial institution exposure	1,902		1,398		3,235	
- commercial undertaking exposure	1,195		1,538		1,493	
- retail exposure	1,814		1,869		1,734	
- share exposure	0		0		0	
IRB-method	**42,784**		**43,428**		**53,978**	
- government exposure	0		0		0	
- financial institution exposure	0		0		0	
- commercial undertaking exposure	25,854		29,327		36,885	
- retail exposure with mortgage on real property	15,898		12,817		15,416	
- qualified revolving retail exposure	0		0		0	
- other retail exposure	0		0		0	
- share exposure	0		0		0	
- assets without counterparts	1,032		1,284		1,677	
- delivery risks	0		0		0	
Securitization Positions - Standard Method	**0**		**0**		**0**	
Securitization Positions - IRB-method	**0**		**0**		**0**	
Credit risk before group-wise provisions etc.	**47,695**	**3,816**	**48,233**	**3,859**	**60,440**	**4,835**
Group-wise provisions under the Standard Method	-69	-5	-78	-6	-93	-7
Credit Risk etc.	**47,626**	**3,811**	**48,155**	**3,853**	**60,347**	**4,828**

10.2.3 BRFkredit Capital Centres

Danish mortgage lending legislation makes it possible for mortgage lending institutions to establish Capital Centres. A Capital Centre is a bond series or a group of bond series that share the same cover pool and reserve fund. Capital Centres are statutory ring fenced units with their own profit and loss account, balance sheet, capital base (series reserves fund), and capital adequacy requirements. Each Capital Centre must comply with the statutory capital adequacy requirements applicable from time to time. A Capital Centre is not an independent legal entity, separated from BRFkredit as such.

BRFkredit's assets and liabilities are divided into 8 individual BRFkredit Capital Centres and the institution in general which comprises BRFkredit's remaining assets and liabilities.

The general principle for the capitalization of the 8 Capital Centres is that the Capital Centres are capitalized up until the point at which the Capital Centres comply with the minimum capital requirement of 8 per cent of the RWA. Capital Centres E and B are further capitalized [by transfer of equity from the institution in general and/or issue of senior secured bonds/junior covered bonds] in order to maintain their AAA rating.

The institution in general is under an obligation to contribute capital to the Capital Centres if they are otherwise unable to meet the statutory capital adequacy requirement of at least 8 per cent. This obligation will cease, when the institution in general itself is not able to meet its statutory capital adequacy requirement.

BRFkredit continuously re-distributes capital between the Capital Centres in connection with the preparation of the annual financial statements. Excess capital, if any, in the Capital Centres is transferred to the institution in general. If a Capital Centre requires additional capital to meet the solvency requirements, the SDO requirements or to maintain the actual rating, such additional capital is to the extent possible under Danish law transferred to the relevant Capital Centre provided that the solvency ratio of the institution in general does not fall below the statutory capital adequacy requirements.

BRFkredit granted mortgage loans out of the institution in general until 31 December 2002. As of 31 December 2013, these loans totalled DKK 6.7bn at fair value. It is still possible to grant mortgage loans from the institution in general, but since the establishment of BRFkredit Capital Centre B (see further below) the institution in general has not been used for this purpose.

The institution in general does not have a separate reserve fund. According to the Danish Mortgage-Credit Act, RO-Bonds (RO) issued by the institution in general are secured by an amount that cannot exceed the nominal value of the mortgages plus an amount corresponding to 8 per cent of the risk-weighted value of said mortgages.

BRFkredit opened Capital Centre B on 1 January 2003. All new issues of ROs have since that date been made from the Capital Centre B. As of 31 December 2013 the total loan portfolio in Capital Centre B was DKK 45.4bn at fair value.

Further, BRFkredit opened the new Capital Centre E on 13 December 2007. All new issues of SDO are made from Capital Centre E. As of 31 December 2013, the total loan portfolio in Capital Centre E was DKK 143.6bn at fair value.

11. LEGISLATIVE AND REGULATORY REVIEW

11.1 The Danish Banking Sector

As a response to the financial crisis and the impact it had on the funding of the Danish banking sector, the Danish government passed a Financial Stability Act in October 2008, the Danish Banking Scheme I ("BS I"). Under BS I the Danish State unconditionally guaranteed all unsubordinated creditors' claims against losses until 30 September 2010. In February 2009, a transition scheme (the "Transition Scheme") was established granting individual state guarantee on senior bond issuance on a pay as you go basis to ensure the capital market access of Danish Banks during the period of 2009 to 2010, and at the same time, a Credit Act ("BS II") was passed to underpin the capitalisation of the Danish banking sector via state funded hybrid AT1 capital injections. As at the Prospectus date the relevant and still effective Banking Schemes in relation to handling of distressed banks remain the so-called resolution scheme "Banking Scheme III" ("BS III") and the extended compensation scheme "Banking Scheme IV" ("BS IV"), furthermore the Banking Scheme VI ("BS VI") is in principle still valid and during 2013 the first broad party agreement on Danish SIFIs was agreed in Parliament.

In line with other European banks Danish banks must also comply with the CRD IV Directive and the CRR. The final versions of CRR and the CRD IV Directive adopted in June 2013 entered into force on 1 January 2014 hence 31 March 2014. The CRD IV Directive comes into force through implementation in the Danish Financial Business Act, whereas the CRR applies immediately without implementation in national law. The phase-in of the capital requirements is expected to follow the path in the CRR until 2019 unless already required in applicable Danish legislation. The CRR and CRD IV framework implements among other things the Basel Committee on Banking Supervision's proposals imposing stricter capital and liquidity requirements upon banks ("Basel III") in the EU covering a wide range of prudent requirements including capital requirements, stricter and aligned definitions of capital, RWA, leverage ratio, large exposure framework and liquidity and funding requirements. The CRD IV Directive covers the overall supervisory framework for banks (including the individual Pillar II risk assessment) and other measures such as the combined capital buffer requirements, SIFI definition, governance and remuneration requirements. EBA has proposed detailed rules through binding technical standards during the second-half of 2013 and will continue in 2014 for many areas including, *inter alia*, liquidity requirements and certain aspects of capital requirements.

11.1.1 The "Banking Scheme III"

BS III with effect from 1 October 2010 builds on the Act on Financial Stability (Chapter 4a of the Danish Act No. 1003 of 10 October 2008 on Financial Stability, as amended by Consolidated Act No. 875 of 15 September 2009, Act No. 516 of 12 June 2009, Act No. 1273 of 16 December 2009, Act No. 721 of 25 June 2010, Act No. 1556 of 21 December 2010 and Act No. 619 of 14 June 2011, Act No. 273 of 27 March 2012, Act No. 1231 of 18 December 2012 and Act No. 1287 of 19 December 2012, and as further amended from time to time (the "Act on Financial Stability")). Following the expiration of the general state guarantee in BS I on 30 September 2010, it was no longer mandatory that a distressed bank must be wound up by the state-owned Financial Stability Corporation. The BS III amendment of the Act on Financial Stability allows for a continued controlled voluntary winding-up of a distressed bank through the Financial Stability Corporation. The BP III is voluntary and each bank must decide whether it will use the controlled winding-up procedure or will go through the traditional bankruptcy procedure as established under Danish law. Each Danish bank was required by law, at its first General Meeting after 30 September 2010, to present the question to the General Meeting as to whether the bank, if the situation arises, will use the controlled winding-up procedure, will not use the procedure or will not make a decision either way.

The intention of the winding-up procedure is to wind up a distressed bank faster than under the traditional bankruptcy procedure. Furthermore, the procedure allows customers to operate their accounts and credit cards from Monday morning in a new bank established as a subsidiary of the Financial Stability Corporation over the weekend, and which has taken over all assets and some liabilities of the distressed bank. Deposits covered by the Guarantee Fund will be recorded on the customer's accounts in the continuing bank. Deposits that are not covered by the Guarantee Fund or paid by way of dividend will be registered as claims in the bankruptcy estate of the defaulted bank. Other creditors in the distressed bank in question, including lenders of subordinated loans and other subordinated debt, must direct their claims towards the estate in bankruptcy. Thus the procedures do not alter the risk for the creditors, which is that under both BS III and the traditional bankruptcy procedures, the creditors, incl. of senior bondholders and depositors above the limit guaranteed by the Deposit Guarantee Fund, may lose all or part of their claims.

As a part of BS III, the Guarantee Fund is to provide a loss guarantee to the Financial Stability Corporation if a distressed bank is subject to the controlled winding-up through the Financial Stability Corporation. The loss guarantee will cover the Financial Stability Corporation’s losses arising as a result of the funding and liquidity which the Financial Stability Corporation provided for the purpose of winding up the distressed bank under the new controlled winding-up procedure.

11.1.2 The “Banking Scheme IV” – The Consolidation Package

To remedy the negative impact on the Danish banking sector in general of distressed banks being wound up pursuant the BS III, a broad cross party political agreement was reached in the Danish Parliament on BS IV on 25 August 2011. The existing compensation scheme in connection with takeovers of distressed banks was strengthened via BS IV to create greater incentives for sound banks to wholly or partly take over a bank in distress by allowing for both the Deposit Guarantee Fund and the Danish government represented by the Financial Stability Cooperation to contribute with a financial inducement in the form of a compensation to encourage another bank to take over all activities of a distressed bank including all unsubordinated and unsecured claims ensuring that no unsubordinated and unsecured senior creditors will suffer any loss if BS IV is applied. BP IV provides for the Danish state to contribute in the compensation scheme with an amount up to the expected government loss (haircuts on government-guaranteed funding when a bank collapses under Banking Scheme III).

Apart from the extended compensation scheme, the BS IV encompassed a) Possibilities to extend state guarantees on senior funding in the case of mergers; b) A more balanced funding of the Danish Deposit Guarantee Scheme (see below under “The Danish Deposit Guarantee Scheme”); c) Establishment during 2012 of a SIFI Committee to give recommendations on appointment of and regulation of Danish SIFI.

The new Act entered into force on 30 March 2012.

11.1.3 Banking Scheme V – The Development Package

The Danish Banking Scheme V (“Banking Scheme V”) is the result of a political agreement dated 2 March 2012 regarding initiatives to promote the financing of small and medium sized businesses. The package focuses on three areas: 1) A divestment of FIH, whereby its real estate loans were transferred to a new subsidiary, which was subsequently sold to the Financial Stability Corporation, with an unlimited loss guarantee from the parent company of FIH. Any losses resulting from the winding up of FIH’s real estate portfolio will be borne by the FIH Group and not by the banking sector. Other banks in a similar situation may, on a case by case basis, enter into similar agreements with the Financial Stability Corporation; 2) The establishment of an agriculture finance institution, with the aim of contributing to better financing of new business development and growth for viable farms; and 3) A strengthening of growth and export financing.

11.1.4 The Danish Deposit Guarantee Fund

Following the expiry of BS I on 30 September 2010, the coverage from the Danish Guarantee Fund for Depositors and Investors (the “Guarantee Fund”) was increased to the DKK-equivalent of EUR 100,000 as from 1 October 2010. The Guarantee Fund is a private independent institution established by an Act of Parliament. The rules of the Guarantee Fund apply to both private individuals and business enterprises that have deposits with Danish financial institutions. The Guarantee Fund covers net deposits of up to the DKK equivalent of EUR 100,000 under a specific name in certain Danish financial institutions. Certain specific deposits will be fully covered.

As a statutory participant in the Guarantee Fund, Jyske Bank is obliged to pay a proportionate share of the losses incurred by covering guaranteed deposits in banks that are wound up pursuant to the BS III legislation, as well as the proportionate share of the compensation granted by the Guarantee Fund as part of BS IV. Furthermore, as a statutory participant in the Guarantee Fund, Jyske Bank is obliged to pay and guarantee its proportionate share of any potential loss incurred by the Financial Stability Corporation in the process of winding up distressed banks under both BS III and IV. Jyske Bank's share of the aggregate cost incurred by the Guarantee Fund is currently 6.88 per cent (based on Jyske Bank's proportionate share of covered bank deposits), representing a total cost of DKK 149m during 2013.

As part of BS IV, a new bill was passed in 2012 for the banking sector to deposit into the Guarantee Fund a sum equal to 1 per cent of the total deposits covered by the Guarantee Fund. The new set-up was to give a more balanced and less volatile approach and it was introduced with a funded solution of an annual fee, to reduce future one-off payments. Banking institutions are required to make annual payments corresponding to 0.25 per cent of the institutions total deposits covered by the Guarantee Fund during the preceding year. As at early 2013, this was equivalent to accumulating approximately DKK 1.8bn per year, reaching a total of DKK 7.5bn over a period of approximately four years. If compensation payments made by the Guarantee Fund under BS III or IV in any given year exceed DKK 1.8bn, additional payments are likely to be required or the accumulation period to be extended beyond four years, as the fund must always represent 1 per cent of total covered deposits. Based on the amount of deposits covered by the Guarantee Fund as at the end of 2013, the New Group's annual payments are estimated to be approximately DKK 160m annually.

11.1.5 Danish Systemically Important Financial Institutions

On 14 March 2013, the SIFI Committee submitted their report to the Danish Minister for Business and Growth. The report gave recommendations on criteria to be used by which banks and credit institutions should be identified as being Danish SIFI, requirements that these Danish SIFI should meet, and how Danish SIFI in distress should be handled.

In October 2013, a broad cross party agreement was reached which suggested appointing Danske Bank, Nordea DK, Nykredit, Jyske Bank, BRFkredit, Sydbank and DLR as Danish SIFI. In 2014 these institutions are expected to be officially designated as SIFI's. The agreement comprised determination of institution specific SIFI buffers between 1-3 per cent according to quantitative SIFI criteria to be phased in gradually from 2015 to 2019 and also timing of implementation of various aspects of the CRD IV regulation. The additional CET1 requirement of Jyske Bank beyond the CRD IV requirement was set at 1.5 per cent. The agreement aims at ensuring that the final capital requirements imposed on Danish SIFI will be on a par with the requirements set in other comparable European countries. Consequently the final level of the Danish SIFI capital requirements will be assessed no later than 2017 after evaluating a basket of comparable European countries' final SIFI requirements. To assure a level playing field crisis management of Danish SIFIs and other banks and mortgage-credit institutions was not part of the agreement. It will await clarification on the forthcoming common EU crisis management regulations, in particular the agreement on the RRD and SRM proposals, including whether there should be additional requirements for Danish banks to issue debt that can be bailed in. However, the October 2013 SIFI agreement specifically states that it is not the intention that Danish SIFI shall be resolved pursuant to BS III.

11.1.6 CRD IV & CRR

11.1.6.1 Capital requirements

Under CRD IV and the CRR, the minimum capital requirement for core tier 1 capital ("CET1") will be phased in gradually from the current 2 per cent of RWA up to 9.5 per cent of RWA over the years 2014 until 2019. The 9.5 per cent requirement includes a capital conservation buffer requirement of 2.5 per cent and a countercyclical buffer requirement of up to 2.5 per cent in addition to the minimum requirement of 4.5 per cent. The countercyclical buffer requirement will apply in periods of excess lending growth in the economy and can vary for each jurisdiction. If a bank does not maintain these buffers in excess of the 4.5 per cent CET1 minimum requirement, restrictions will be placed on its ability to pay dividends and make other payments.

For each SIFI there will be an additional CET1 capital requirement, a so-called SIFI buffer on top of the minimum requirements. The SIFI buffer is set individually on a national level according to the systemic importance of the bank. Apart from the breakdown of capital into the min. CET1 requirement of 4.5 per cent and the combined buffers (capital conservation, countercyclical and SIFI buffer) CRD IV distinguishes between Pillar I and Pillar II capital requirements. The Pillar I capital requirement is to be fully implemented by 2015 and set at 8 per cent of RWA, consisting of the minimum of 4.5 per cent CET1, up to 1.5 per cent AT1 capital and up to 2 per cent of AT2 capital. The Pillar II requirement is the difference between an institution's individual solvency requirement and the 8 per cent Pillar I requirement. In Denmark the Danish FSA piles the Pillar II requirement up on top of the Pillar I requirement of 8 per cent as a cushion below the capital conservation buffer, the SIFI buffer and the countercyclical buffer. Furthermore the Danish FSA has confirmed that the Pillar II requirement can be fulfilled via issuance of subordinated debt with certain features allowing for a conversion into equity at a trigger point of a CET1 ratio of 7 per cent.

In addition to the higher capital requirements CRD IV has much stricter criteria for the quality of capital that may count as AT1 and AT2 capital. AT1 capital must be converted into CET1 at a trigger point of 5.125 per cent CET1, and AT2 must have no incentives to redeem before the contractual maturity, that is step up structures are not accepted as AT2 under CRD IV. Furthermore CRD IV also implies stricter requirements for the calculation of RWA.

The CRR encompasses grandfathering rules for AT1 and AT2 instruments issued before 31 December 2011. Non CRR compliant AT1 or AT2 instruments issued after 31 December 2011 will not be eligible for grandfathering under the CRR. The phasing out of old AT1 and AT2 capital instruments eligible for grandfathering will be based on a stepwise reduction of 20 per cent as per 2014 and subsequently 10 per cent annually until 2022 when the old capital instruments will have been completely phased out. The grandfathering bucket for each of the years 2014 until 2021 is calculated based on the total nominal amount of outstanding and grandfathering compliant AT1 and AT2 as per 31 December 2012.

11.1.6.2 Liquidity requirements

In January 2013, the Basel Committee issued revisions to its guideline for the LCR. The revisions included a phasing-in of the minimum requirement in which it will be set at 60 per cent in 2015 and rise in equal annual steps to 100 per cent on 1 January 2019. The revisions also included an expansion of the pool of Level 2 liquid assets that can be counted in the liquidity buffer and a reduction of the weights assigned to certain liquidity outflows.

In Denmark the focus in relation to the implementation of the LCR are on the European Commission's decision in 2014 on the final clarification of which assets can be used in the liquidity buffer to comply with the LCR requirement, in particular whether Danish covered bonds/mortgage bonds can be used on par with Danish government bonds in the Level 1 buffer. The requirement of Danish SIFI to be at an LCR of 100 per cent from 2015 is conditional on Danish mortgage bonds being accepted in the Level 1 buffer in the LCR.

The preliminary findings of the quantitative analysis of asset class liquidity by EBA in 2013 suggest that European AAA (Aaa) rated covered bonds with a minimum issue size of EUR 500m and subject to additional conditions relating to the regulations incl. of Danish mortgage bonds (RO-bonds, covered bonds and covered mortgage bonds) are as liquid as government bonds. Despite the quantitatively based conclusion of the EBA results being supportive of covered bonds in the Level 1 buffer, EBA has recommended to the European Commission that coved bonds are not to be accepted as Level 1 assets for the calculation of the LCR. Furthermore the EBA has recommended that only covered bonds with a minimum issue size of EUR 250m should be included as level 2 assets.

If the Commission decides to follow the EBA recommendations, and keep the current Basel III proposal of the LCR asset calibration, not accepting any covered bonds in the Level 1 buffer, it will create a need for significant changes in the composition of the liquidity buffers of most Danish financial institutions. The main reason will be the limited opportunity for including covered bonds in the liquidity buffer, as it can only be up to a certain limit of the total liquidity buffer. Covered bonds, such as mortgage bonds and other Level 2 assets, will then only be able to count up to 40 percent of the total liquidity buffer in the LCR, whereas government bonds and other Level 1 assets must account for at least 60 percent of the liquidity buffer. The requirement is fundamentally different from the structure of the current DKK fixed-income market which is highly dominated by mortgage bonds.

The Net Stable Funding Ratio ("NSFR") is intended to ensure a sound funding structure by promoting an increase in long-dated funding of financial institutions. The NSFR stipulates that at all times financial institutions must have stable funding equal to the amount of their illiquid assets for one year ahead. The focus of the NSFR is to minimize the duration mismatch in the balance sheets. The Basel

Committee published a revised version of the 2010 proposal of the NSFR on 12 January 2014 with a consultation period running until 12 April 2014. At present it is not clear if the implementation of the NSFR will follow the original schedule of reassessing the calibration and time frame for implementation in 2016, with implementation to follow from 2018, but more clarification should be expected during 2014.

On 11 March 2014 Act No. 244 of 19 March 2014 ("the Act") was passed in Parliament. The Act ensures that the maturity of adjustable rate mortgage bonds[28] ("ARM") will be prolonged with one year, if due to market disruptions a refinancing auction of a series of any ARM loans series fails, or in the case of ARM loans with an original maturity of a maximum of 24 months, the interest rate has increased by more than five per cent since the previous auction.The Danish mortgage institutions currently issue a large amount of short dated ARM bond series. As at the Prospectus date it is not clear whether the Act will ensure that short dated 1 year ARM bonds will be considered ASF in the NSFR.

11.2 The Danish Mortgage Sector

11.2.1 Danish Mortgage Sector

Mortgage lending institutions are in general governed by the Danish Financial Business Act, the Danish Mortgage-Credit Act and related executive orders.

Mortgage lending institutions are licensed by and under supervision from the Danish FSA.

Mortgage lending institutions are licensed to carry out mortgage lending activities, which in essence are to

- grant loans against registered mortgages on real property, unsecured loans to public authorities or loans guaranteed by public authorities, funded by the issue of RO-Bonds, or
- grant loans against registered mortgages on real property, unsecured loans to public authorities or loans guaranteed by public authorities, funded by the issue of Covered Mortgage Bonds, or
- grant loans against registered mortgages on real property, unsecured loans to public authorities, loans guaranteed by public authorities or other unsubordinated claims against and guarantees issued by credit institutions, funded by the issue of Covered Bonds.

The Danish Mortgage-Credit Act prescribes rules governing, inter alia, mortgage lending, institutions' lending, limits on LTV ratios, disbursement against guarantees, valuation of properties, granting of loans, supplementary security, lending outside of Denmark and issuance of Mortgage Bonds.

11.2.2 Mortgages on Real Property

Mortgage lending institutions are required to carry out valuations and grant loans in connection with lending against mortgages on real property pursuant to the provisions of the Danish Mortgage-Credit Act and the executive orders issued pursuant thereto. Generally, mortgage lending against mortgages on real property may not exceed the value of such property subject to the statutory maximum LTV ratios.

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[28] ARM bonds are Danish covered bonds where the maturity of the underlying mortgage loans does not match the bonds issued to finance the loans. The ARM loans typically have short refinancing horizons of 1-5 years, but some also have a 10 year horizon. The largest volume is however concentrated on 1 year bonds ("F1") and secondly 3 and 5 year bonds ("F3" and "F5"). See also "6.2.2.5 Products"

The table below sets out the statutory maximum LTV ratios for loans funded by the issue of ROs.

Statutory Maximum LTV Ratios by property category	Per cent
Owner-occupied dwelling for all-year habitation Private housing society dwellings Private rental housing properties Subsidised housing Youth dwellings Senior dwellings Properties used for social, cultural and educational purposes	80
Agricultural and forestry properties, market gardens, etc	70
Holiday homes Office and retail properties Industrial and trade properties Utilities	60
Other properties - including undeveloped land	40

Mortgage lending institutions shall provide supplementary collateral in the form of eligible assets, if the fixed LTV ratios of loans granted against mortgages on real property funded through the issuance of SDO or SDRO have been exceeded during the term of the loan. Conversely a mortgage lending institution shall not provide supplementary security if the fixed LTV ratios on loans funded through the issuance of RO have been exceeded.

11.2.2.1 Restriction on maturity and amortisation
The term of a loan is generally subject to a limit of 30 years.

Loans granted for owner-occupied dwellings, for all-year habitation and holiday homes may not be amortised over a period longer than 30 years with repayments constituting a fixed percentage of the principal (annuity loan). Within the term of the loan, the amortisation may be suspended for a period of up to 10 years (through an interest-only option).

The 30-year limit does not apply in the following situations:

- If lending is granted on the basis of public subsidy commitments made in accordance with the Danish Act on Subsidised Housing etc., loans for subsidised housing, youth dwellings and private housing society dwellings the loan may have a term of up to 40 years.

- If LTV ratios do not exceed 75 per cent, the above requirements relating to maximum term, amortisation and maximum length of interest-only periods do not apply to loans based on the issuance of SDO and SDRO granted for owner-occupied dwellings for all-year habitation, private housing society dwellings, private rental housing properties, subsidised housing, youth and senior dwellings, and properties used for social, cultural and educational purposes. The term of these loans may be markedly longer and these loans may even be granted with an indefinite term. However, BRFkredit does not issue loans with a non-amortization term exceeding 10 years.

11.2.2.2 SDO, SDROs and ROs
When issuing SDO, SDRO and RO, mortgage credit institutions are obliged to ensure that the Loan To Value (LTV) complies with the statutory lending limits at the time of disbursement of the loans. For SDO and SDRO these LTV-limits must also be kept throughout the maturity of the bonds issued on a loan-by-loan basis. Otherwise the mortgage lending institution must add supplementary security to the SDO or SDRO issuing Capital Centre.

In order to fund supplementary collateral eligible as cover for the SDO and SDRO, mortgage lending institutions are allowed to raise loans, including by issuing bonds (senior secured bonds/junior covered bonds) pursuant to section 15 of the Danish Mortgage-Credit Act. Further, mortgage lending institutions are allowed to raise loans including issuing bonds pursuant to section 15 of the Danish Mortgage-Credit Act for further collaterisation of a Capital Centre issuing Mortgage Bonds.

The proceeds from the loans and senior secured bonds/ junior covered bonds must be placed in certain specified eligible assets according to section 15(3) of the Danish Mortgage-Credit Act such as mortgages on real property, government bonds and claims against credit institutions, and in separate cash accounts, in separate custody accounts dedicated to the Capital Centre or otherwise marked as deriving from the loan in question until the assets are to serve as supplementary security, if necessary. Details of the senior debt instruments and use of proceeds can be found in the relevant prospectus material.

11.2.3 Status of Claims in BRFkredit and the BRFkredit Capital Centres

11.2.3.1 The BRFkredit Capital Centres

The holders of bonds issued out of a BRFkredit Capital Centre and certain counterparties of derivative financial instruments have a primary preferential right to all assets in the relevant BRFkredit Capital Centre in the event of bankruptcy. The exact priority of payments in a BRFkredit Capital Centre is as follows:

- payment of costs of processing the insolvent estate, including, *inter alia*, the costs for the appointment of the liquidator;
- payment of claims of holders of all present and future Mortgage Bonds (and any refinancing bonds issued to refinance such bonds) (including claims submitted for interest accrued from the time of pronouncement of bankruptcy on said claims) and payment of obligations to counterparties under derivative financial instruments entered into to hedge risks in relation to all such Mortgage Bonds (and any refinancing bonds issued to refinance such bonds) (including claims submitted for interest accrued from the time of pronouncement of bankruptcy on said claims);
- payment of borrowers' potential claim for a part of the reserve fund; and
- payment of claims of holders of senior secured notes/junior covered bonds and other obligations of the relevant BRFkredit Capital Centre issued pursuant to sections 15 of the Danish Mortgage-Credit Act or as those sections may be amended or replaced from time to time.

If a creditor is not covered by the assets of the relevant BRFkredit Capital Centre (or by proceeds from the issue of senior secured bonds/junior covered bonds not yet allocated to a BRFkredit Capital Centre), the residual claim shall be paid out of the assets available for distribution. Similarly any excess capital will be part of the assets available for distribution.

The residual claims will constitute unsubordinated and unsecured obligations of BRFkredit and will rank pari passu with the claims of all other unsubordinated and unsecured creditors of BRFkredit (other than those preferred by law). To the extent the claims in relation to Mortgage Bonds (and any refinancing bonds issued to refinance such bonds) and the derivative financial instruments entered into to hedge risks in relation to mortgage lending under the balance principle (and any refinancing bonds issued to refinance such bonds) are not met out of the assets of the relevant BRFkredit Capital Centre or the institution in general, the residual claims will, on a pari passu basis with residual claims in relation to Mortgage Bonds, any refinancing bonds issued to refinance such bonds and derivative financial instruments entered into to hedge risks in relation to Mortgage Bonds issued out of BRFkredit Capital Centres or out of the institution in general, rank junior to Section 96 (of the Danish Bankruptcy Act) claims but senior to section 97 claims, including claims from lenders of loans granted or holders of bonds issued pursuant to section 15 of the Danish Mortgage-Credit Act.

11.2.3.2 The institution in general

In the event of bankruptcy, the priority of payments in the institution in general is as follows:

- payment of costs of the processing the insolvent estate, including, *inter alia*, the costs for the appointment of the liquidator; and then
- payment of claims of holders of RO-Bonds, however, only for an amount not exceeding the nominal value of the mortgage plus 8 per cent of the risk-weighted value of said mortgage.

If a creditor is not covered by the assets of the institution in general, the residual claim shall be paid out of the assets available for distribution. Similarly any excess capital will be part of the assets available for distribution, see under section 11.1.3.1.

11.2.4 The Balance Principle

The Danish Mortgage-Credit Act and the Danish Executive Order on the Issuance of Bonds, Balance Principle and Risk Management issued pursuant thereto require that mortgage institutions observe a balance principle and a set of risk management rules in connection with the issuance of Mortgage Bonds as specified in the said executive order.

The balance principle describes in general terms how lending and funding shall be matched. In Danish mortgage lending there is a close connection between the terms and conditions of the loans and the corresponding terms of the bond issued to fund the loan.

In practice the balance principle is carried out by matching payments on the mortgage loan with the mortgage lending institution's payments under the Mortgage Bonds. The Danish Executive Order on the Issuance of Bonds, Balance Principle and Risk Management provides limits to the scope of differences allowed between the interest and principal payments from borrowers secured against mortgages on real property, unsecured loans to public authorities or secured by public authority guarantees, other investments in eligible assets for example, other unsubordinated claims against, and guarantees issued by, credit institutions, derivative financial instruments to hedge cash flow differences and investments pursuant to section 4(5) of the executive order on the one hand, and payments of interest and principal to the holders of the issued Mortgage Bonds, other securities issued by mortgage institutions conferring a preferential right on the holder and financial derivative instruments to hedge cash flow differences on the other hand. A balance is deemed to exist when the present value of the assets eligible to cover the Mortgage Bonds exceeds the present value of the liabilities relating to the issued Mortgage Bonds at all times. Off-balance instruments may be used to hedge the risks arising due to imbalances between the loans and the Mortgage Bonds. For mortgage institutions, the balance principle is applicable at the level of each individual Capital Centre and the institute in general.

The Danish Executive Order on the Issuance of Bonds, Balance Principle and Risk Management sets forth limits on the interest rate, foreign exchange, option and liquidity risk that follow from cash flow differences in the balance sheet. The Danish Executive Order on the Issuance of Bonds, Balance Principle and Risk Management also contains a number of other provisions limiting other financial risks.

12. TREND INFORMATION

This section sums up information on known commitments and economic trends that are reasonably likely to have an impact on the financial prospects or operations of the New Group for at least the next 12 months.

12.1 The current economic situation in Denmark and expected future trends in the Danish economy

The Danish economic indicators clearly signal that the economy has started to perform slightly better in 2013. Both sentiment indicators and the hard figures have improved, but still the turnaround remains fragile and very much dependant on a general European turnaround. So far exports are driving growth while private spending remains at a standstill.

- The national accounts for Q4 2013 showed a decrease in GDP of 0.6 per cent, after an increase of 1 per cent in Q2 2013 and 0.3 per cent in Q3 2013. All together it is our clear impression that the Danish economy is slowly improving and on its way to best period since 2010 with exports as the most important driver. As inventory accumulation and a stop of the teachers' conflict in spring 2013 have had a positive impact on the Q3 2013 numbers the underlying figures are still not too convincing, also keeping in mind that private consumption growth has been negative throughout Q2 2013-Q4 2013.

- Employment was on the rise during Q2-Q4 2013 in the national accounts (0.5 per cent in Q2 2013, 0.2 per cent in Q3 2013 and 0.1 per cent in Q4 2013), and it seems that the labour market is also slowly improving.

- Sentiment indicators are still at a higher level than early in the year. The latest indicators for service, construction and industry seem to have stabilized in the beginning of the year after trending up during 2013.

- Consumer confidence has generally been very stable over the second half of 2013, but there are still no signs of improving sub-indicators which specifically focus on purchases. Retail sales posted a large monthly increase of 0.6 per cent in February 2014, but have been falling in the months before. There is still no solid indication of a rising willingness to buy.

- The most negative aspect in the national accounts for Q4 2013 was a slowdown in exports, which have otherwise been the growth engine so far. Exports will hopefully remain the growth engine in the coming period.

- House prices rose by 1.4 per cent in January 2013, and overall prices are up by 2.1 per cent over the last year. However, the trend is at most pointing to a stabilization.

- Bankruptcies continued their downward trend in 2013 and declined further in January 2014. In February 2014, the number of bankruptcies fell to the lowest level since 2008. The trend for forced sales was also declining during 2013 and decreased further in January reaching the lowest level since 2009 in February.

Jyske Bank expects the Danish economy to continue to show improvement in 2014, as the Danish economic indicators this far and as at the Prospectus date have been showing promising trends. The Industry indicator rose to its highest level since 2007, the services and construction data and the consumer confidence indicators are also at present on the highest level in several years, and the employment situation has improved further and is currently on the lowest level in four years. In addition hereto the housing market is stronger. However, due to possible continued private sector savings, both domestic and foreign, the turnaround over the next years is expected to be relatively slow compared to previous turnarounds. Fiscal policy will have a neutral effect on economic activity in 2014, and the overall structural features of the Danish economy continue to look strong with large net foreign assets, a large current account surplus, and a low public debt level.

12.2 Current trends in the Danish Banking Sector

At the Prospectus date there is an increased competition to maintain and potentially gain market share among the stronger institutions, and as a result, the repricing exercise of the years 2011-2012 has been put on hold. As competition for deposits is still strong and the interest rate level low it is likely that the Danish banking sector will face continued pressure on net interest margins in the coming years.

The last five years of financial crisis and economic downturn have reduced the number of banks on the Danish market significantly and it is expected that the trend towards fewer but larger banks will continue in the coming years driven especially by pressure on earnings, new legislation and regulation and enhanced capital requirements arising from CRD IV. (See "6.1.1.2 Recent developments in the Danish banking sector" for more details).

Being one of the four largest financial institutions in Denmark, the New Group is strongly positioned in the market and has the financial strength to grow both organically and via selective acquisitions.

12.2.1 Membership of the Deposit Guarantee Fund

Jyske Bank and BRFkredit Bank are statutory participants in the Guarantee Fund and therefore obliged to pay an annual contribution to the Fund according to the market share of covered deposits and any extra upfront payment potentially required to pay the share of the losses incurred by the Guarantee Fund in winding up banks under the BS III legislation, as well as the proportionate share of the compensation granted by the Guarantee Fund as part of a BS IV solution. For more info see section "11.1. The Danish Banking Sector".

12.3 Current trends in the Danish Mortgage Sector

The total new gross lending of the Danish Mortgage Credit sector amounted to DKK 330bn in 2013 down from DKK 482bn in 2012. New net lending which is the growth in the total mortgage lending stock was DKK 31bn in 2013 compared to DKK 51bn in 2012. The lending activities of the mortgage credit sector is closely related to the overall economic health of Denmark. When the private and commercial sectors are consolidating, as has been the case the last years, the lending activity will normally be low. The national political discussions on refinancing risks and the concern about the amount of interest only loans have led to both institute vice and political initiatives to mitigate both risks. Most of the mortgage credit institutions have changed the pricing of loans with interest only profiles just as they have done it for ARMs. Additionally more institutions have introduced new products with the aim of moving customers away from the RTL1 product, and the refinancing of ARM loans has been spread during the year. On 11 March 2014 Act No. 244 of 19 March 2014 ("the Act") was passed in Parliament (see "11.1.6.2 Liquidity requirements") ensuring prolongation with one year, if due to market disruptions a refinancing auction of a series of any ARM loans series fails, or in the case of ARM loans with an original maturity of a maximum of 24 months, the interest rate has increased by more than five per cent since the previous auction.

As all financial institutions the mortgage credit industry is currently dealing with a tsunami of financial regulation and spending immense energy to implement CRR/CRD IV. Most important regarding the international regulation is whether the most liquid Danish covered bonds will be classified as Level 1 assets in LCR. The European Commission will be ruling on that in June 2014.

13. PROFIT FORECASTS OR ESTIMATES

13.1 Statement by Management on the targeted pre-tax return on opening equity

In the following, Management has prepared and presented the targeted pre-tax return on opening equity for the year ending 31 December 2014 and a long term target, including the principal assumptions.

The targeted pre-tax return on opening equity has been prepared in accordance with the accounting policies of Jyske Bank set out in the consolidated financial statements for 2013.

Management believes that the targeted pre-tax return on opening equity has been properly prepared and that it has in all material respects been prepared in accordance with and presented on the basis of the criteria stated in the Jyske Bank Group's accounting policies set out in the consolidated financial statements for 2013.

It is the Management's opinion, that the principal assumptions upon which the targeted pre-tax return on opening equity is based, are described under "Assumptions" below. Some of the assumptions used in preparing this information are outside Management control or influence. The targeted pre-tax return on opening equity represents the best estimates of the Management as at the date of this Prospectus. It should be noted that the targeted pre-tax return on opening equity is depending on expectations as future developments may deviate substantially from actual developments, and the actual results of operations are likely to deviate, and may deviate materially, from the target provided.

Silkeborg 30 April 2014

Executive Board

Anders Dam
CEO and Managing Director

Jørgen Christensen Managing Director	Niels Erik Jakobsen Managing Director
Leif F. Larsen Managing Director	Per Skovhus Managing Director

Supervisory Board

Sven Buhrkall Chairman	Jens A. Borup Deputy Chairman	
Philip Baruch Member	John Egebjerg-Johansen Member	
Keld Norup Member	Gerner Wolff-Sneedorff Member	
Haggai Kunisch Employee Representative	Marianne Lillevang Employee Representative	Jesper Holbøll Employee Representative

13.2 The independent auditors' report on the targeted pre-tax return on opening equity

To the reader of the Prospectus

We have examined the targeted pre-tax return on equity for 2014 as contained in section 13.4 "The targeted pre-tax return on opening equity 2014" of the Prospectus.

This report has been prepared solely for shareholders and investors in connection with this Prospectus.

Management's responsibility

Management is responsible for the targeted pre-tax return on equity for 2014 on the basis of the significant assumptions disclosed under section 13.3 "Methodology and assumptions", and in accordance with the accounting policies of the Company in respect of recognition and measurement as described under section 13.3 "Methodology and assumptions". In addition, management is responsible for the assumptions underlying the consolidated prospective financial information.

Auditor's responsibilities

Our responsibility is to express an opinion on the targeted pre-tax return on equity for 2014 based on our examinations. We conducted our examinations in accordance with the International Standard on Assurance Engagements (ISAE 3000) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and additional requirements under Danish audit regulation to obtain reasonable assurance about whether the targeted pre-tax return on equity for 2014 has been prepared, in all material respects, on the basis of the assumptions disclosed and consistently with the accounting policies of the Bank. As part of our examinations we tested whether the targeted pre-tax return on equity for 2014 was prepared on the basis of the assumptions disclosed and the accounting policies of the Bank.

We believe that our examinations provide a reasonable basis for our opinion.

Opinion

In our opinion, the targeted pre-tax return on equity for 2014 has been prepared, in all material respects, on the basis of the assumptions disclosed under section 13.3 "Assumptions" and in accordance with the accounting policies of the Bank in respect to recognition and measurement.

Actual results are likely to be different from the targeted pre-tax return on equity for 2014 since anticipated events frequently do not occur as expected and the variation could be material. Our examinations did not include an assessment as to whether the assumptions applied are valid, or whether the targeted pre-tax return on equity for 2014 is realisable, and, accordingly, we do not express an opinion in this respect.

Silkeborg 30 April 2014

Deloitte
Statsautoriseret Revisionspartnerselskab

Hans Trærup	Klaus Skovsen
State Authorised	State Authorised
Public Accountant	Public Accountant

13.3 Methodology and assumptions

The targeted pre-tax return on opening equity reflects estimates and assumptions concerning the New Group performance through 2014 and in the coming years. The targeted outlook statement has been prepared on the basis of the Jyske Bank Group's accounting policies in respect of recognition and measurement, which are in accordance with IFRS in all material respects with those set forth in the consolidated financial statements for 2013.

Opening equity consist of equity as per 31 December 2013 in BRFkredit and Jyske Bank. The opening equity for 2014 has been calculated as if the transactions had taken place. Accordingly, bargain purchase gain has been recognised in the opening equity of Jyske Bank for 2014.

Pre-tax profit as a per cent of opening equity is calculated by dividing targeted pre-tax profit for the year with expected equity beginning of the year.

The targeted pre-tax return on opening equity has been prepared on the basis of a large number of assumptions and estimates, which are subject to numerous and significant uncertainties. Certain important assumptions and estimates are set forth below. In addition to these assumptions and estimates, actual results of operations could deviate materially from the forecasts as a result of other factors, including, but not limited to, those described in the section "Risk factors".

In preparing the targeted pre-tax return on opening equity, it is in general assumed that there will be no changes in at Prospectus date existing and known political, legal, fiscal, market or economic conditions or in applicable legislation, regulations or rules (including, but not limited to, accounting), which, individually or in the aggregate, are material to the result of operations of the New Group; and that the New Group will not become party to any at Prospectus date not known litigation or administrative proceedings that may have a material impact on the New Group.

In general Jyske Bank expects that the economic recovery will be very moderate in 2014. Consumer spending and investments will only grow modestly and, also, exports will be affected by the slowdown in growth in the Euro-zone. On the whole, it is expected that the period of low growth will continue, and GDP growth in 2014 is expected to be about 1.5 per cent. In 2014 it is therefore not expected that the economic development will contribute to growth of the business volume to any noticeable degree.

It is expected that there will be a modest economic growth over the coming years and therefore growth in earnings will still be challenging.

The assumptions on which Management has based the consolidated prospective financial information for the New Group, and which Management can influence, include the following:

- The New Group ability to grow business activities and to gain market share in both banking and mortgage market
- The ability to measure credit risk as a very important decision parameter
- The ability to strengthening the New Group operations efficiency and to achieve synergies from the Merger and a stable level in the underlying cost
- Nykredit and Totalkredit have informed Jyske Bank that they have taken the position that they consider the cooperation about Totalkredit terminated in relation to Jyske Bank. Nykredit and Totalkredit have announced that, as a consequence of this, they have decided, among other things, to release Jyske Bank's guarantees covering loans that have been granted and to stop payments of commission to Jyske Bank. Rightful termination of commission payments, etc. will, all other things being equal, have a negative impact on Jyske Bank's pre-tax profit.

The assumptions that may also be affected by external factors beyond Management's influence include the following:

- Development in the global economy and especially the Danish economy
- Development in private consumption
- Development in bank lending and mortgage lending
- Development in unemployment rates
- Development in house prices and the turnover in the market for residential property
- Changes in the level of international and domestic interest rates

13.4 The targeted pre-tax return on opening equity 2014

The targeted pre-tax return on opening equity for 2014 is a part of the long term targeted pre-tax return on opening equity of 10-15 per cent per annum.

The targeted pre-tax return on opening equity for 2014 is expected to be significantly affected by the Merger, including non-recurring items (income and costs) in relation to the Merger and other non-recurring items.

The most significant items and non-recurring items are:

- Positive impact on the pre-tax profit from earnings from new home loan products on the balance sheet of Jyske Bank (recurring)
- Negative impact on the pre-tax profit as a consequence of Nykredit and Totalkredit's decision to stop payments of commission and the write-down of the value of PRAS shares (recurring and non-recurring)
- Positive impact on the pre-tax profit as a consequence of bargain purchase gain from the Merger (non-recurring)
- Negative impact on the pre-tax profit from integration costs (non-recurring)
- Positive impact on the pre-tax profit as a consequence of the sale of Silkeborg Data and the ownership interest in Nets (non-recurring)
- Positive impact on the pre-tax profit as a consequence of the buy-back of hybrid core capital (non-recurring)
- Negative impact on the pre-tax profit from new more stringent guidelines on loan impairment charges introduced by the Danish FSA regarding mortgage institutions and alignment of Accounting policies in the New Group (non-recurring)

Negative impact on the pre-tax profit from any provisions for litigation (non-recurring)
The targeted pre-tax return on opening equity for 2014 is mainly due to non-recurring items expected to be in the upper end of or above the range of 10-15 per cent.

13.5 The long term targeted pre-tax return on opening equity

In relation to the Merger and the company announcement it is stated that, depending on developments in the global economy and especially the Danish economy, the New Group has an unchanged long term target of a pre-tax return on opening equity of 10-15 per cent per annum.

14. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMNENT

14.1 The Supervisory Board

The Bank is managed by the Supervisory Board which holds the overall managerial responsibility for the Bank and the Executive Board which undertakes the day-to-day management of the Bank. The Supervisory Board and the Executive Board make up the management of the Jyske Bank Group. The business address of the Supervisory Board is: Jyske Bank A/S, Vestergade 8-16, 8600 Silkeborg, Denmark.

Pursuant to the Articles of Association of Jyske Bank A/S, the Supervisory Board shall consist of six members elected by and among the Bank's shareholder-elected Shareholders' Representatives, up to two members proposed by the Supervisory Board for election at the General Meeting who meet the requirements of the Danish FSA in respect of relevant knowledge and experience of supervisory board members of banks in addition to any representatives elected by the employees pursuant to statutory provisions.

The Supervisory Board shall elect a new Chairman/Deputy Chairman when the Chairman/Deputy Chairman have been up for election or have resigned. The Supervisory Board generally holds 8 to 10 meetings per year involving personal attendance. In addition, the Supervisory Board holds conference calls every other week. The Supervisory Board has set up four working committees: The Nomination Committee, The Remuneration Committee, the Audit Committee and the Group Risk Committee.

The Nomination Committee

The Nomination Committee supports the Supervisory Board in solving tasks arising from statutory requirements relating to the Supervisory Board's knowledge and experience, including the composition of the Supervisory Board, and the committee supports the Supervisory Board in connection with nominations of candidates for the Supervisory Board and the Shareholders' Representatives, and the committee is responsible for conducting the evaluation of the Supervisory Board.

The Remuneration Committee

The Remuneration Committee, which is the only committee to have been delegated decision-making powers by the Supervisory Board, consists of Sven Buhrkall and Jens A. Borup. The Remuneration Committee has been assigned the task of determining the remuneration and pension of the Executive Board and of the head of internal audit on behalf of the Supervisory Board.

The Audit Committee

The Audit Committee, which has been set up pursuant to current legislation, consists of Sven Buhrkall (Chairman), John Egebjerg-Johansen, Keld Norup and Marianne Lillevang. The committee monitors the financial reporting and controls the independence and qualifications of the auditors.

The Group Risk Committee

The Group Risk Committee monitors the development of the Group's risk management models, including the Group's individual solvency need assessment. The Group Risk Committee consists of Sven Buhrkall (Chairman), John Egebjerg-Johansen and Gerner Wolff-Sneedorff.

Neither the Audit Committee, Nomination Committee nor the Group Risk Committee has any decision-making powers.

The Supervisory Board

The Supervisory Board currently consists of six members elected by and among the Shareholders' Representatives, one member proposed by the Supervisory Board and elected at the General Meeting, who meets the special requirements of the Danish FSA in respect of knowledge and experience from another relevant financial institution as well as three employee-elected members.

The employee-elected Board members have the same rights, duties and responsibilities as the shareholder-elected Board members.

Name	Year of birth	Supervisory Board member since	Term expires		Number of shares in Jyske Bank A/S at 31.03.2014
Sven Buhrkall	1949	1998	2016	Chairman	1,980
Jens A. Borup	1955	2005	2017	Deputy Chairman	3,829
Philip Baruch	1953	2006	2015	Member of the Supervisory Board	3,245
John Egebjerg-Johansen	1947	2011	2014	Member of the Supervisory Board	205
Keld Norup	1953	2007	2016	Member of the Supervisory Board	974
Gerner Wolff-Sneedorff	1952	2012	2015	Member of the Supervisory Board	620
Haggai Kunisch	1951	2002	2018	Employee representative	2,967
Marianne Lillevang	1965	2006	2018	Employee representative	2,328
Jesper Holbøll	1968	2014	2018	Employee representative	562

Sven Buhrkall

Sven Buhrkall has been on the Supervisory Board since 1998 and the Chairman of the Supervisory Board since 2004. Moreover, Sven Buhrkall chaired Jyske Bank’s former Audit Committee from 2004 to 2009, and he has since then headed the Bank’s new Audit Committee. Sven Buhrkall has chaired Jyske Bank’s Group Risk Committee since it was established in 2006 and chaired Jyske Banks Nomination committee since it was established in 2012..

Currently, Sven Buhrkall is also the Chairman of the Supervisory Board of Jyske Bank’s Pensionstilskudsfond, Hedorf Holding A/S as well as a member of the Supervisory Boards of the following companies/foundations: Fonden for H.K. Samuelsen Shipping og International Spedition, Generalkonsulinde Anna Hedorf og Generalkonsul Frode Hedorfs Fond, ApS Gram Færdig-beton, Holger Kudsk Invest, H P Therkelsen A/S, Hirtshals Havn, HKS Invest Sønderborg A/S, I/S Nørrekobbel 52 as well as Aage og Yelva Nimbs Fond.

Previously Sven Buhrkall was chairman of the Supervisory Board of Fonden for Institut for Transportstudier and member of CALT - Center for Anvendelsesorienteret Logistik og Transport. During the years 2001-2005, Sven Buhrkall was a member of Folketinget, the Danish Parliament, representing the party Venstre, Denmark's Liberal Party. During the years in Parliament he was the spokesman of the Liberal Party on issues relating to among others, the financial sector. Over the period 1993-1997 and 2004-2006 Sven Buhrkall was a national chairman of Dansk Speditørforening, during the latter period Sven Buhrkall also held the position as President of Nordic Freight Forwarders Association. Moreover, Sven Buhrkall was the chairman of Center for Anvendt Logistik og Transportforsyning 2001-2002. Sven Buhrkall was also on the Supervisory Board of Transportøkonomisk Forening during the years 1998-2001.

Since 1998, Sven Buhrkall has operated an independent consultancy business with focus on finance, organisational issues, management and logistics. Prior to the establishment of the independent consultancy business Sven Buhrkall was general manager of EHJ Transport & Spedition A/S during 1994 after having been the general manager of Spetra A/S as well as Gasa-spedition over the period 1988-94. Over the years 1982-1988, Sven Buhrkall was the deputy president of Foreningen af Danske Eksportvognmænd (FDE) after having been a training manager with Danmarks Sparekasseforening over the years 1981-1982 as well as a financial consultant at De Samvirkende Landboforeninger over the period 1980-1981. Finally, since 1986 Sven Buhrkall has been a part-time lecturer at the University of Southern Denmark. Sven Buhrkall graduated as an MSc in Economics in 1980 from the University of Aarhus.

Jens A. Borup

Jens A. Borup has been a member of the Supervisory Board since 2005, and the Deputy Chairman of the Supervisory Board since 2011 and member of the Bank’s Nomination committee since 2012. Jens A. Borup served as a member of the Bank’s Audit Committee during 2009-2011.

Currently, Jens A. Borup is the chairman of the Supervisory Boards of FF Skagen A/S (previously Fiskernes Fiskeindustri AmbA), FF Skagen Fond, and Handelskompagniet Fiskerne A/S. Jens A. Borup is a member of the Supervisory Boards of Jyske Banks Pensionstilskudsfond, SWEDAN Seafoodas well as Skagen Skipper- og Interesseforening. Finally Jens A. Borup is the general manager of Starholm Holding ApS and on the Supervisory Board of representatives at ENV.

Previously Jens A. Borup was on the Supervisory Board of Skagen Lossekompagni ApS (resigned in 2013), Scandinavian Fish Protein A/S (wound up in 2012). Jens A. Borup has as well been a member of the town council of Skagen during the years 2001 – 2006. Jens A. Borup holds a certificate of competency as master of a fishing vessel and has owned his own fishing vessel since 1980.

Philip Baruch
Philip Baruch has been a member of the Supervisory Board since 2006 and member of the Bank's Nomination committee since 2012. Philip Baruch served as a member of the Bank's Audit Committee in 2009-2012. Furthermore, Philip Baruch has been the Chairman of Jyske Bank's Shareholders' Representatives since 2012.

Currently Philip Baruch is also the chairman of the Supervisory Boards of Ottensten A/S, Scanax International A/S and Zimmer Group A/S, and he is on the Supervisory Boards of Futura København A/S, Melitek A/S as well as OutCom A/S Ledelses og kommunikationsrådgivning.

Philip Baruch was previously on the Supervisory Boards of Det Danske Madhus A/S (resigned in 2013), Multi Trans A/S (resigned in 2013), Distributions Service A/S (resigned in 2013), Atlantis Denmark A/S (resigned in 2011), HK Tools A/S (resigned in 2010), Ottensten Holding A/S (resigned in 2010) and NRG Scandinavia A/S (resigned in 2009).

Philip Baruch is a Supreme Court Attorney and a partner in the law firm Lund Elmer Sandager Advokatpartnerselskab. Philip Baruch is primarily active within general business consultancy, including issues pertaining to majority shareholders, purchases and sales of businesses as well as arbitration proceedings. Philip Baruch was an assistant judge in 1978-1981, an employee at the law firm of Paul Kurzenberger, High Court Attorney, 1981, where he became partner in 1983. Philip Baruch was co-founder of the law firm of Advokatfirmaet Thyregod & Elmer in 1989 and co-founder of the law firm of Lund Elmer Sandager in 1999. Philip Baruch earned his Master of Laws from the University of Copenhagen in 1978.

John Egebjerg-Johansen
John Egebjerg-Johansen has been on the Supervisory Board since 2011 and a member of the Audit Committee of the Supervisory Board since 2012. Furthermore John Egebjerg-Johansen has been a member of the Bank's Nomination committee and Group Risk Committee since 2013. John Egebjerg was originally elected to Jyske Bank's Shareholder's Representatives in 2002.

John Egebjerg-Johansen is the director of Herningsholm Erhvervskole (since 1996). He is a trained engineer from Ingeniørhøjskolen i Aarhus (1971) and holds a Master's Degree from University of Southern Denmark (2004). John Egebjerg-Johansen has worked for a shipbuilding and shipping business.

Keld Norup
Keld Norup has been a member of the Supervisory Board since 2007 and a member of the Bank's Audit Committee since 2012.

Currently Keld Norup is the chairman of the Supervisory Boards of Byggefirmaet af 2.1.2007, GV-Holding A/S, Holmskov & Co. A/S, Holmskov Finans A/S, Holmskov Invest A/S, L.S. International ApS, Murermester Ove Larsen A/S, Olaf Ryes Holding A/S, Rødkilde Gymnasium, VAC Holding ApS, VHF Holding ApS. Keld Norup is a Supervisory Board member of Ejendomsaktieselskabet Centrum, Keld Norup Holding ApS, Bøje & Brøchner A/S, Claus Heede Holding A/S, Ejendomsselskabet Tværvej A/S, FAM Ejendomme A/S, Hedensted Kontorhotel A/S, H & P Frugtimport A/S, Heede Bolcher A/S, Hølgaard Ejendomme ApS, Ibæk Strandvej 11, Vejl Smba, Intergrønt ApS, Jørgen G. Pedersen Holding ApS, Kollund Minkfarm A/S, Solbjerg Ejendomme A/S, Sole Ejendomme A/S, Sole Holding ApS, Sole Minkfarm A/S, Sole Minkfoder A/S, Solskov Minkfarm A/S, Tage Pedersen Holding ApS, Thyra Mink af 1996 ApS, Thyra Mink Holding ApS, and Vesterby Minkfarm A/S.

Previously Keld Norup was the chairman of the Supervisory Boards of Coldstar ApS (resigned in 2010), Stejlbjerg Holding A/S (resigned in 2010), DTC Frost ApS (resigned in 2010), Fru T. Brøchners Fond (resigned in 2012), Vejle Bryghus A/S (previously Mølleåens Bryghus A/S) (resigned in 2011), PED Invest A/S (resigned in 2009), Sevenoaks A/S (resigned 2011). Furthermore Keld Norup has been a Supervisory Board member of C.P. Test A/S (resigned in 2009), Centrum Pæle A/S (resigned in 2011), David Super-Light A/S (resigned in 2014), E.J. Badekabiner A/S (resigned in 2009), E.J. Badekabiner Holding A/S (resigned in 2009), ETS Holding A/S (resigned in 2011), Frederik Andersens Maskinfabrik A/S (resigned in 2010), Henrik Frimodt Pedersen A/S (resigned in 2014), H & P International ApS (resigned in 2012), Niels Sandahl Sørensen ApS (resigned in 2010) and Stejlbjerg Holding A/S (resigned in 2010).

Keld Norup is a Supreme Court Attorney, partner in and chairman of the Supervisory Board of the law firm of SKOV Advokater (previously Bent Skov & Partnere Advokataktieselskab). Keld Norup was employed by the law firm in 1980 and has been a partner in the company since 1983. Currently Keld Norup primary career is being a member of various Supervisory Boards, but in addition hereto he is active within commercial law as well as in matters related to transfer of businesses. Keld Norup earned his Master of Laws from the University of Aarhus in 1981.

Gerner Wolff-Sneedorff
Gerner Wolff-Sneedorff has been on the Supervisory Board since 2012 and a member of the Bank's Group Risk Committee since 2013. Furthermore, Gerner Wolff-Sneedorff is deputy chairman of Jyske Bank's Shareholders' Representatives since 2012. Gerner Wolff-Sneedorff was originally elected to Jyske Bank's Shareholders' Representatives in 2006.

Gerner Wolff-Sneedorff is an agrarian economist and has since 1973 owned and run the estate of Engelholm acquired through a family transaction with his paternal uncle.

Gerner Wolff-Sneedorff has over the years held various agriculturally-related honorary offices, including a member of the boards of various estates, assisted with generation planning, farming outs, mechanization and operations planning etc. Gerner Wolff-Sneedorff was from 1987 to 2005 an estate evaluation inspector for DLR and has since 1986 been on the board of what is today known as Gartneri, Land og Skovbrugets Arbejdsgivere (GLS-A) of which Gerner Wolff-Sneedorff has also been the chairman since 2001. In addition, Gerner Wolff-Sneedorff has been the co-founder of various companies spanning from cancer research, real-estate companies to the sale of clothing, wholesale and retail.

Haggai Kunisch
Haggai Kunisch has since 2002 been a member of the Supervisory Board elected by the Bank's employees and since 2013 he has also been a member of Jyske Bank's Nomination Committee. From 2009-2012 Haggai Kunisch served as a member of Jyske Bank's Audit Committee.

Currently Haggai Kunisch is a Supervisory Board member of Bank//Pension, BP Livsforsikringsselskab A/S, Finansforbundet and the Chairman of Jyske Bank Kreds.

Haggai Kunisch has previously been a Supervisory Board member of FTF-A, an unemployment insurance fund (resigned in 2007) and Kobæk Strand A/S (resigned in 2009). Haggai Kunisch is a senior bank clerk. In 1986 Haggai Kunisch completed his training as an assistant data programmer and since 1989 he has been in charge of various functions in the Jyske Bank Group.

Marianne Lillevang
Marianne Lillevang has since 2006 been a member of the Supervisory Board elected by the Bank's employees and since 2012 she has also been a member of Jyske Bank's Audit Committee.

Currently, Marianne Lillevang is the vice chairman of the Jyske Bank Kreds. Previously Marianne Lillevang was a Supervisory Board member of Rathlouskolen (resigned in 2011). Marianne Lillevang is a senior bank clerk. Marianne Lillevang completed her training as a banker in 1987 and since then she has been in charge of various functions at Jyske Bank.

Jesper Holbøll
Jesper Holbøll is a member of Jyske Bank's Supervisory Board elected by the Bank's employees. Jesper Holbøll has been through comprehensive banking training and has worked in the sector since 1988. Jesper Holbøll joined Jyske Bank in 2006. Jesper Holbøll has been granted power of procuration and his client portfolio consists of private-banking and investment-service clients.

14.2 Shareholders' Representatives

In addition to electing members to the Supervisory Board of the Bank, the Shareholders' Representatives determine the fees of the Supervisory Board. The Shareholders' Representatives have no supervisory function. Apart from the above, the Shareholders' Representatives is only an advisory assembly for the Supervisory Board and thereby the Executive Board, and each Shareholders' Representative can advise the local day-to-day management of the branches of Jyske Bank on local market conditions.

The Shareholders' Representatives are divided into three electoral regions: North, South and East. Each year it is possible to make new and re-elected in each electoral district, except each Shareholders' Representative is elected for a three year term. The Shareholders' Representatives are eligible for re-election, but not if the representative has reached the age of 70 years in the preceding calendar year.

14.3 The Executive Board

Name	Year of birth	Executive Board member since		Number of shares in Jyske Bank A/S at 31.03.2014
Anders Dam	1956	1995	CEO and Managing Director	21.176
Jørgen Christensen	1950	2005	Managing Director	11.920
Leif F. Larsen	1952	1996	Managing Director	18.273
Niels Erik Jakobsen	1958	2009	Managing Director	11.666
Per Skovhus	1959	2013	Managing Director	100

The address of the Executive Board
Vestergade 8-16
DK-8600 Silkeborg, Denmark

Anders Dam
Anders Dam has been Managing Director since 1995 and CEO since 1997 with Business Supervision as his area of responsibility including Finance and Risk Management, Legal Devision and Communications and Marketing.

Currently, Anders Dam is a member of the Supervisory Board of Jyske Banks Pensionstilskudsfond, Finansrådet (The Danish Bankers Association), Regionalbankernes Forening, as well as the vice chairman of Foreningen Bankdata F.m.b.a. and DLR Kredit A/S. Anders Dam is chairman of the Supervisory Board of Jyske Banks Almennyttige Fond, Jyske Banks Almennyttige Fonds Holdingselskab A/S and an alternate member of Finanssektorens Arbejdsgiverforening (Danish Employers' Association for the Financial Sector) and a member of the Supervisory Board of representatives of the Danish Contingency Committee for Winding Up and Transfer of Banks, Savings Banks and Cooperative Savings Banks in Financial Distress.

Anders Dam has previously been a member of the Supervisory Boards of PRAS A/S (resigned in 2014).

Prior to his appointment as Managing Director in Jyske Bank, Anders Dam was the general manager of Stibo Datagrafikgruppen over the period 1992-1995, but Anders Dam started his career in Jyske Bank already in 1987 as a chief economist. He held this position until 1990, when he was appointed Assistant Managing Director of Jyske Bank, with responsibility for Development and Planning over the years 1990-1992. From 1982-1987 Anders Dam was employed by Håndværksrådet (The Danish Federation of Small and Medium-Sized Enterprises) and from 1985 until 1987 he held the position as their chief economist. Anders Dam completed his Master's Degree in Economics and Management from Aarhus University in 1981.

Jørgen Christensen
Jørgen Christensen has since 2005 been Managing Director primarily in charge of Credit as well as the subsidiary Jyske Finans.

Currently, Jørgen Christensen is also the Chairman of the Supervisory Board of Jyske Finans A/S and a member of the Supervisory Board JSNFA Holding A/S as well as Jyske Banks Pensionstilskudsfond. Moreover, Jørgen Christensen is a member of the credit committee of The Danish Contingency Committee for Winding Up and Transfer of Banks, Savings Banks and Cooperative Savings Banks in Financial Distress.

Before being appointed Managing Director in Jyske Bank, Jørgen Christensen was Functional Manager, Credits, at Jyske Bank's Divisional Centre South over the period 1997-2005, and a Deputy Regional Manager in that same area from the time he joined Jyske Bank in 1986. Jørgen Christensen started his banker's training in 1968 in Danske Bank where he worked in various functions, and ended holding the position as a Branch Manager. Concurrently with his job, Jørgen Christensen supplemented his original banker's training by earning a Master of Law from Aarhus University in 1991.

Leif F. Larsen
Leif F. Larsen has been Managing Director since 1996 in charge of Business Support including Business Concepts, Business Service, HR, Property and JN Data A/S.

Currently, Leif F. Larsen is also Chairman of the Supervisory Board of Gl. Skovridergaard A/S, JN Data A/S, Jyske Banks Medarbejderfonds Holdingselskab A/S, Jyske Banks Medarbejderfond, Sundbyvesterhus A/S, as well as Commichaus Legat. Moreover, Leif F. Larsen is a a Supervisory Board member of Bankernes Kontantservice A/S and Jyske Banks Pensionstilskudsfond. Leif F. Larsen is an alternate member of Bank//Pension.

Prior to his appointment as Managing Director, Leif F. Larsen was a deputy manager in charge of Jyske Bank's IT area, buildings, organisation and purchases during the years 1990 – 1996. From 1987 – 1990, Leif F. Larsen was the Managing Director of Jyske Bank's subsidiary Silkeborg Datacentral and an Assisting Managing Director of Jyske Bank in charge of IT. Leif F. Larsen is a trained banker and commenced his banker's training with Vendelbobanken in 1970, from 1973 in the Organisation and HR department which he headed from 1977 – 1983. Following the merger of Vendelbobanken and Jyske Bank in 1983, Leif F. Larsen became head of Organisation of the Northern Division and subsequently the IT manager of Jyske Bank from 1983 – 1987. Leif F. Larsen is a Bachelor of Management Accounting.

Leif F. Larsen has previously been a member of the Supervisory Boards of Silkeborg Data A/S (resigned in 2014), Finanssektorens Uddannelsescenter (resigned in 2013) and Finanssektorens Arbejdsgiverforening (resigned in 2013).

Niels Erik Jakobsen
Niels Erik Jakobsen has been Managing Director since 2009 and is currently in charge of Jyske Markets and Private Banking.

Niels Erik Jakobsen is currently the Chairman of the Supervisory Boards of Bank//Pension and BP Livsforsikringsselskab and a member and vice chairman of Letpension A/S. In addition hereto Niels Erik Jakobsen is a member of the Supervisory Boards of Jyske Finans A/S, BI Asset Management Fondsmæglerselskab A/S, BI Holding A/S, Jyske Bank (Schweiz) AG, Jyske Bank (Gibraltar) B.V, Berben's Effectenkantoor and Jyske Banks Pensionstilskudsfond. He previously served on the Supervisory Board of Bil & Sejler Finans A/S.

Before his appointment as Managing Director, Niels Erik Jakobsen was the director of the unit Treasury, Finance & Risk Management over the period 2007-2009. Prior to holding this position he worked in the Bank's Treasury Division from 1993, as head of department from 1994 and as head of the division from 1999. Niels Erik Jakobsen joined Jyske Bank in 1987 as an analyst with the Bank's Economic Reseach Department. Over the period 1986-1987, Niels Erik Jakobsen worked as an economist for Regionalbankernes Sekretariat. Niels Erik Jakobsen completed his training as a banker with Skive Sparekasse in 1980 and completed a Master of Science in Economics and Business (finance) from the Aarhus School of Business.

Per Skovhus

Per Skovhus has been Managing Director since September 2013 and is currently in charge of Retail and Commercial Banking.

Currently, Per Skovhus is a Supervisory Board member of Jyske Finans A/S as well as Jyske Banks Pensionstilskudsfond. Furthermore Per Skovhus is an alternate member of Finansrådet, Regionale Bankers Forening and Finanssektorens Arbejdsgiverforening

Per Skovhus has been a member of the Supervisory Boards of Uni-tankers A/S (resigned in 2013), A/S United Shipping & Trading Company (resigned in 2013), Sampo Bank (resigned in 2012), Realkredit Danmark (resigned in 2012) and Northern Bank (2012)

Prior to his appointment as Managing Director and until June 2012, Per Skovhus had a 33-year long career as a banker at Danske Bank where Per Skovhus was originally trained. From 2006 he served as the Head of Group Credit and a member of Danske Bank's Executive Board (Managing Director). During his employment with Danske Bank, Per Skovhus obtained thorough knowledge of Danish trade and industry and large international experience. Per Skovhus has also served on the Supervisory Boards of a number of financial institutions, including Realkredit Danmark and Danmarks Skibskredit A/S. Concurrently with his job, Per Skovhus supplemented his original banker’s training by earning his Master’s of Law from the University of Copenhagen.

Per Skovhus has previously been a member of a member of the Supervisory Board of representatives of the Danish Contingency Committee for Winding Up and Transfer of Banks, Savings Banks and Cooperative Savings Banks in Financial Distress (resigned in 2014).

Other key employees

Jyske Bank assesses that the Bank does not have any irreplaceable key employees.

Statement of past activities of the Supervisory Board and the Executive Board

None of the members of the Supervisory Board or Executive Board have been convicted in relation to fraudulent offences in the past five years at least. Similarly, none of the Supervisory Board or Executive Board members have been subject to an official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer, or from acting in the management or conduct of the affairs of any issuer for at least the past five years.

Further, none of the Supervisory Board or Executive Board members have in the past five years been associated with companies which have gone into bankruptcies, receiverships or liquidation with the exception of Philip Baruch, member of the Supervisory Board, who until 2010 was member of HK Tools A/S that went into insolvent liquidation in 2012.

Statement on potential conflicts of interest

No current or potential conflicts of interest exist between the duties and tasks to be performed by the Supervisory Board and Executive Board and their private interests or other duties.

There are no family relations between the Bank’s Supervisory Board and Executive Board members. The Bank is not aware of any members of the Supervisory Board or of the Executive Board having been appointed pursuant to an agreement or understanding with the Bank’s major Shareholders, customers or other stakeholders.

15. REMUNERATION AND BENEFITS

15.1 Remuneration of the Supervisory Board

The Supervisory Board receives a regular cash payment, which is fixed by the Shareholders' Representatives of Jyske Bank.

Remuneration for the Supervisory Board includes remuneration to the individual members in their capacity as Shareholders' Representatives and the Supervisory Board does not receive variable salary.

In addition to the fixed remuneration, the members of the committees under the Supervisory Board receive a committee remuneration. Of the total remuneration to the Supervisory Board, committee remuneration and Shareholders' Representatives' remuneration totalled DKK 1.3m in 2013 against DKK 1.1m in 2012 and 2011, which amount is included in the amounts below.

No member of the Supervisory Board is entitled to any kind of remuneration when he or she resigns from the Supervisory Board and no member of the Supervisory Board is specifically remunerated as a member of the board in any associated undertaking or group enterprise.

The remuneration to the Supervisory Board was most recently reassessed in 2012.

Remuneration of the Supervisory Board DKKm	**2013**	**2012**	**2011**
Sven Buhrkall	0.6	0.6	0.6
Jens A. Borup	0.3	0.3	0.3
Philip Baruch	0.3	0.3	0.4
John Egebjerg-Johansen	0.4	0.3	0.2
Keld Norup	0.4	0.3	0.3
Per Skovhus (joined on 20 March 2013 and resigned on 31 August 2013)	0.1	0.0	0.0
Gerner Wolff-Sneedorff	0.3	0.2	0.0
Haggai Kunisch	0.1	0.2	0.2
Marianne Lillevang	0.2	0.2	0.1
Jesper Holbøll (joined on 19 March 2014)	-	-	-
Steen Snedker (resigned on 19 March 2014)	0.1	0.1	0.1
Kurt Brusgaard (resigned on 20 March 2012)	0.0	0.1	0.3
Niels Erik Carstens (resigned on 22 March 2011)	0.0	0.0	0.1

15.2 Remuneration of the Executive Board

In the financial year ended 31 December 2013, the remuneration of the Executive Board consisted of fixed salary, including usual benefits such as company car, telephone, etc. In addition to the fixed remuneration, Niels Erik Jakobsen received in 2012 an anniversary bonus of DKK 0.4m. Likewise, in 2011, Jørgen Christensen received an anniversary bonus of DKK 0.4m.

The Executive Board did not receive pension in 2011, 2012 and 2013.

Remuneration of the Executive Board DKKm	**2013**	**2012**	**2011**
Anders Dam	6.7	6.5	6.5
Jørgen Christensen	5.6	5.5	5.4
Niels Erik Jakobsen	5.6	5.5	5.3
Leif F. Larsen	5.6	5.5	5.4
Per Skovhus (joined on 1 September 2013)	1.8	-	-

After retiring from the Bank, a member of the Executive Board is covered by various pension agreements, which are primarily fulfilled by Jyske Banks Pensionstilskudsfond, to which Jyske Bank makes ongoing contributions. The pension obligations of the Bank as well as Jyske Banks Pensionstilskudsfond are calculated in actuarial terms and on an ongoing basis, and the necessary provisions for such obligations have been made in the financial statements of the Bank.

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. At year-end 2013, provisions amounting to DKK 15m (2012: DKK 32m and 2011: DKK 27m) were recognised, this being the present value of liabilities, DKK 128m (2012: DKK 129m and 2011: DKK 128m), less the fair value of assets, DKK 113m (2012: DKK 97m and 2011: DKK 101m).

The members of the Executive Board are not offered any incentive programmes. No member of the Executive Board is specifically remunerated as a member of the board in any associated undertaking or group enterprise. The Executive Board members as well as Jyske Bank can terminate employment with a term of notice of six months. In addition, where Jyske Bank terminates the employment a severance pay equalling two years' pay will be given.

15.3 Incentive schemes

No special incentive schemes exist for the Supervisory Board or for the Executive Board. On an equal footing with the other employees of the Bank, the Executive Board has a number of options within the framework of the gross of tax payment arrangement of the Bank.

16. BOARD PRACTICES

As a Danish registered company with the Shares listed on NASDAQ OMX Copenhagen, Jyske Bank is obliged to comply with Danish securities law and stock exchange rules. The stock exchange rules require listed companies to take a position on corporate governance recommendations on a "comply or explain" basis.

Election, structure and procedures
The Supervisory Board shall consist of:

- six members elected by and of the body of the Shareholders' Representatives based on the recommendation of the Supervisory Board;
- up to two members proposed by the Supervisory Board for election at the General Meeting who meet the requirements of the Danish FSA in respect of relevant knowledge and experience of supervisory board members of banks, and
- any additional members as required by Danish legislation on employee representatives.

Each electoral region into which the Shareholders' Representatives are divided is entitled to appoint one member of the Supervisory Board. Further three members are elected by and of the body of the Shareholders' Representatives based on the recommendation of the Supervisory Board. For information about the Shareholders' Representatives and their tasks, see 14 "Supervisory Board and Executive Board".

Where the number of Supervisory Board members elected by the Shareholders' Representatives falls below six, but not below four, the Shareholders' Representatives shall hold new elections to the Supervisory Board at the next following statutory meeting. Where the number of Supervisory Board members elected by the Shareholders' Representatives falls below four, an extraordinary meeting of the Shareholders' Representatives shall be called in order to hold by-elections.
Any member retiring from the Shareholders' Representatives shall also retire from the Supervisory Board.

The Supervisory Board elects a chairman and one deputy chairmen.

For information about the terms for the individual members of the Supervisory Board, see 14 "Supervisory Board and Executive Board".

Function
The Supervisory Board is in charge of the overall management of the Bank. It employs the Executive Board and appoints the Chief Executive Officer & Managing Director (Chairman of the Executive Board). The Supervisory Board determines the terms of remuneration and pension of the Executive Board.

The Supervisory Board has in business procedures laid down detailed provisions on the execution of its office and guidelines concerning the Bank's essential activities including the distribution of work between the Supervisory Board and the Executive Board. Meetings of the Supervisory Board shall be presided over by the Chairman and in his absence the Deputy Chairman. As a rule meetings are held 8 to 10 times every year where the members of the Supervisory Board are present. In addition conference calls are held every second week as a rule. If necessary, additional meetings are held.

The Supervisory Board makes decisions by a simple majority of votes, and it forms a quorum when more than half of its members participate in the discussions. In the event of an equality of votes, the Chairman shall have the casting vote.

Where questions concerning any of the members of the Supervisory Board personally are discussed, such member shall not participate in the discussions.

Corporate Governance
Jyske Bank meets the requirements in the good corporate governance regime on a “comply or explain” basis. The explanations below are provided in respect of exceptions divided into the eight main sections about corporate governance:

I. The role of the shareholders and their interaction with the Supervisory Board

- Where a take-over bid is presented, Jyske Bank’s Supervisory Board reserves its legal right to make such arrangements as it deems appropriate under current legislation and the Bank's Articles of Association to defend the Bank’s goal of remaining an independent bank domiciled in Silkeborg, Denmark.

IV. The composition of the Supervisory Board and its organisation

- Six members of the Supervisory Board are elected by the Shareholders' Representatives, who are elected at the Annual General Meeting. The Shareholders' Representatives elect members of the Supervisory Board from amongst themselves and therefore know the profiles and competences of the candidates for election to the Supervisory Board.
- Members of the Supervisory Board are elected on the basis of the competences of the candidates and their attitude for taking part in the duties of the Supervisory Board. Gender and age will not be explicitly considered.
- Supervisory Board members elected by the Shareholders’ Representatives are elected for a term of three years, and employee representatives for a term of four years. Supervisory Board members elected at the General Meeting are elected for a term of one year.
- The Supervisory Board has set up a nomination committee for the purpose of ensuring that the Supervisory Boards members meet the requirements by Danish FSA.
- The Supervisory Board has set up a remuneration committee for the purpose of determining the remuneration and pension terms of the Executive Board.
- Jyske Bank does not disclose the procesures for committees as they are considered to be internal guidelines.

IV. Remuneration of the members of the Supervisory Board and the Executive Board

- The remuneration of the members of the Supervisory Board is determined by the Shareholders’ Representatives, whose remuneration is determined by the shareholders at the annual General Meeting. Jyske Bank does not operate any incentive or bonus schemes or the like for the Executive Board or others.

17. EMPLOYEES

17.1 Jyske Bank

The Jyske Bank Group had pre the Merger 3.780 full-time employees at Prospectus date, and 3,774 at end year 2013, 3,574 at end year 2012 and 3,809 at end year 2011.

In Denmark agreements are regularly made between the Jyske Bank Group and the Finance Sector Union. In International units agreements are regularly made between the unit and the relevant local employers and employee organizations. Jyske Bank evaluates that the Jyske Bank Group has a good relationship with employees and the unions that represent them.

The employees as well as the members of the Executive Board were until 2012 offered salary packages whereby they had the opportunity of participating in schemes where they could buy employee shares where the purchase price is deducted from the gross salaries according to the rules in Danish tax legislation.

These schemes offered the opportunities of buying Shares at a discount (“Discount Shares”) and free of charge (“Free Shares”).

“Discount Shares” were sold by the end of every quarter for 10 DKK per Share (cash payment) whereas the rest of the purchase price (which is the actual price at the date where the Shares are allocated to the employee) was deducted from the gross salary. The price of the Shares thus depended on the marginal tax rate paid by the employee. The employee cannot sell the Shares until 5 years after having bought them.

“Free Shares” were offered by the end of every quarter at the actual price at the date where the Shares were allocated to the employee and were paid for by a deduction from the gross salary. Accordingly the price of the Shares also depended on the marginal tax rate paid by the employee. The employee cannot sell the Shares until 7 years after having bought them.

The number of Shares that the members of the Supervisory Board and Executive Board hold are listed in 14 “Supervisory Board and Executive Board”.

The salary packages also offer the employees the opportunity of receiving broadband internet access, telephone, health check-ups and paid transportation between home and work etc. Further the employees are offered free fruit every day, favourable terms of banking business, the opportunity of having 5 or 6 weeks’ vacation every year, an extra holiday allowance and pension.

The Supervisory Board and Executive Board find it important that the Bank has a good reputation as being an attractive place to work and emphasises that the working environment is productive, trustful and informal. Currently a psychologist is in charge of the daily work with the working environment. The Bank offers its employees good opportunities of further education and strives towards long-lasting terms of employment.

For a number of years, the Bank has made grants to Jyske Banks Medarbejderfond and Jyske Banks Almennyttige Fond on an ongoing basis. Jyske Bank has resolved not to make any grants to Jyske Banks Medarbejderfond or Jyske Banks Almennyttige Fond from 2009 to 2013.

17.2 BRFkredit

The BRFkredit Group had an average of 844 full-time employees in 2013, 806 in 2012 and 758 in 2011.

No member of BRFkredit’s Supervisory Board or Executive Board owns shares issued by BRFkredit or has any option to purchase such shares.

There are no arrangements for involving the employees of BRFkredit in its capital.

18. MAJOR SHAREHOLDERS

At the Prospectus Date, Jyske Bank has recorded approx. 220,000 Shareholders in the register of shareholders, corresponding to 100 per cent of the share capital.

Jyske Bank has one share class. Each share amount of DKK 10 shall give one vote, provided always that 4,000 votes are the highest number of votes any Shareholder may cast on his own behalf. Transfer of Shares to an acquirer holding or by the acquisition obtaining 10 per cent or more of Jyske Bank’s share capital shall require the consent of the Bank. Such consent shall and must be granted 1) where such acquisition forms part of the transfer of the Shares to a holding company as part of a change of structure effected and approved by the Bank or as part of a reconstruction of the Bank acknowledged by the Danish Financial Supervisory Authority following the loss of capital and 2) in general, where the acquirer – in view of the voting and capital circumstances at the Bank’s previous General Meetings – cannot reasonably be assumed to be able to hinder any adoption of a capital increase of the Bank.

All Shares carry the same voting rights.

The Bank is not aware of any agreements that could later result in any parties taking over the control of the Bank.

The following Shareholders have notified Jyske Bank that they hold 5 per cent or more of Jyske Bank’s share capital and/or voting rights:

BRFholding a/s, Denmark as at 30 April 2014 held DKK 237,600,000 nominal shares corresponding to 25 per cent of the share capital.

Shareholders are required to notify Jyske Bank of any change in their shareholdings or voting rights that lead to certain thresholds being exceeded. See “4 Information concerning the securities to be admitted to trading and official listing” in the Securities Note. Jyske Bank will issue a company announcement if such notice is received from a Shareholder. Jyske Bank is not authorised to issue company announcements regarding major shareholdings unless Jyske Bank has received a prior notice to that effect from the Shareholder.

See the tables in 14 “Supervisory Board and Executive Board” for information about the shareholdings of the Supervisory Board and the Executive Board as at 31 December 2013.

Jyske Bank does not have knowledge of any shareholders agreements or similar having been entered into in respect of the Shares.

19. RELATED PARTY TRANSACTIONS

19.1 Jyske Bank

Under IFRS, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's financial or operational decisions as defined in IAS 24 "Related Party Disclosures”. In determining any possible relationship with a related party, the content of the relationship and not merely the legal form is to be considered.

Jyske Bank is the bank of a number of related parties, and characteristic transactions between related parties are ordinary financial transactions and services of an operational nature. From end-year 2013 to Prospectus Date there has been no changes in the type of transactions and services between the parties. The transaction amounts and balances have changed due to the characteristic of the transactions.

Transactions with related parties are settled on market terms. Transactions between Jyske Bank and members of the Supervisory Board and the Executive Board are approved by the Supervisory Board and are granted according to the normal business conditions of the Bank and on arm’s length cf. the Danish Financial Business Act. These transactions and other related party transactions are described in the consolidated financial statements for 2011, 2012 and 2013. Apart from below, no related-party transactions have been undertaken within the past three years.

Transactions with group enterprises and associates Jyske Bank Group			
DKKm	**2013**	**2012**	**2011**
Other liabilities	127	95	95
Employee and administrative expenses	492	219	95

Transactions with group enterprises and associates Jyske Bank A/S DKKm	2013	2012	2011
Guarantees provided	64	1,908	12,887
Due from credit institutions	308	672	11,971
Loans and advances	11,513	10,535	9,750
Other assets	0	1	16
Due to credit institutions	3,326	5,117	5,003
Deposits	973	309	571
Other liabilities	134	119	121
Derivatives	56	18	15
Interest income	190	282	404
Interest expenses	37	80	78
Fee expenses	9	11	4
Other operating income	105	98	111
Employee and administrative expenses	493	219	95

Transactions with joint ventures Jyske Bank Group DKKm	2013	2012	2011
Loans and advances	322	322	0
Deposits	142	203	74
Interest income	22	8	0
Interest expenses	1	1	1
Other operating income	18	18	12
Employee and administrative expenses	94	194	224

Transactions with joint ventures Jyske Bank A/S DKKm	2013	2012	2011
Loans and advances	322	322	0
Deposits	142	203	18
Interest income	22	8	0
Interest expenses	1	1	0
Other operating income	18	18	12
Employee and administrative expenses	94	194	224

Transactions with the Supervisory Board and related parties Jyske Bank Group DKKm	2013	2012	2011
Short-term consideration	3	3	3
Guarantees provided	18	24	2
Collaterals received	24	28	30
The Bank’s debt	29	28	24
The Bank’s receivables, amount drawn	27	34	28
The Bank’s receivables, credit facility	56	60	37
The Bank’s interest income	1	1	1
Interest rates for loans and advances (%)	1.2-8.4	1.0-9.3	1.4-8.5

Transactions with the Executive Board and related parties Jyske Bank Group DKKm	2013	2012	2011
Short-term consideration	25	23	23
Collaterals received	6	0	0
The Bank’s debt	29	17	15
The Bank’s receivables, amount drawn	6	0	0
The Bank’s receivables, credit facility	6	1	1
Changes in the present value of the pension liability	1	1	5
Interest rates for loans and advances (%)	1.3-1.8	6.0-7.3	6.0-7.5

19.2 BRFkredit

The company is wholly owned by BRFholding a/s, which again is wholly owned by BRFfonden, which is the ultimate parent of BRFkredit a/s.

BRFkredit's related parties comprise:

- The company's parent company and ultimate parent
- The company's subsidiaries
- The company's associates
- Companies in the Group's temporary possession
- Byggeriets Realkreditfonds Understøttelsesfond, which is a pension fund for certain employees of the company
- The company's Board of Directors and Executive Board and the parent company's Board of Directors and Executive Board

BRFkredit undertakes continuing business with all above-mentioned groups of related parties.

BRFkredit has concluded agreements on joint administrative tasks with parent companies, subsidiaries and Byggeriets Realkreditfond's Understøttelsesfond.

BRFkredit rents and leases out premises from and to subsidiaries.

One subsidiary has furnished BRFkredit with land registration guarantees and advance mortgage guarantees.

The agreements are on an arm's length basis.

The following transactions have been concluded with related parties.

2013 DKKm	Interest income	Interest expenses	Fees, charges and commis-sions paid	Value adjust-ments	Other operating income	Staff costs and admi-nistrative expences
Parent companies	-	0	-	-	0	-
Subsidiaries	6	15	3	-5	22	2
Board of Directors, Executive Board, etc.	0	0	-	-	-	14
Other related parties	-	4	-	-	0	-
Total	**6**	**19**	**3**	**-5**	**22**	**16**

2012 DKKm	Interest income	Interest expenses	Fees, charges and commis-sions paid	Value adjust-ments	Other operating income	Staff costs and admi-nistrative expences
Parent companies	-	0	-	-	0	-
Subsidiaries	9	4	3	1	28	2
Board of Directors, Executive Board, etc.	0	0	-	-	-	14
Other related parties	-	4	-	-	0	-
Total	**9**	**8**	**3**	**1**	**28**	**16**

2011 DKKm	Interest income	Interest expenses	Fees, charges and commis-sions paid	Value adjust-ments	Other operating income	Staff costs and admi-nistrative expences
Parent companies	-	1	-	-	0	-
Subsidiaries	16	12	2	-3	19	2
Board of Directors, Executive Board, etc.	0	0	-	-	-	11
Other related parties	-	4	-	-	0	-
Total	**16**	**16**	**2**	**-3**	**19**	**13**

The parent company received no dividends from an associate or from subsidiaries in 2013-2011.

The following outstanding balances with related parties existed at year-end.

2013 DKKm	Recei-vables from credit institu-tions etc.	Loans and other recei-vables	Other assets etc.	Payables to credit institu-tions etc.	Issued bonds at fair value	Issued bonds at amor-tised cost	Other liabili-ties etc.	Other provi-sions
Parent companies	-	-	-	50	-	-	-	-
Subsidiaries	47	16	1	75	-	600	47	3
Board of Directors, Executive Board, etc.	-	18	-	-	-	-	-	-
Other related parties	-	-	-	-	88	-	-	-
Total	**47**	**34**	**1**	**125**	**88**	**600**	**47**	**3**

2012 DKKm	Recei-vables from credit institu-tions etc.	Loans and other recei-vables	Other assets etc.	Payables to credit institu-tions etc.	Issued bonds at fair value	Issued bonds at amor-tised cost	Other liabili-ties etc.	Other provi-sions
Parent companies	-	-	-	50	-	-	-	-
Subsidiaries	1,432	316	2	-	18	800	78	4
Board of Directors, Executive Board, etc.	-	19	-	-	-	-	-	-
Other related parties	-	-	-	-	97	-	-	-
Total	**1,432**	**335**	**2**	**50**	**115**	**800**	**78**	**4**

2011 DKKm	Recei-vables from credit institu-tions etc.	Loans and other recei-vables	Other assets etc.	Payables to credit institu-tions etc.	Issued bonds at fair value	Issued bonds at amor-tised cost	Other liabili-ties etc.	Other provi-sions
Parent companies	-	-	-	51	-	-	-	-
Subsidiaries	200	430	2	106	97	-	26	-
Board of Directors, Executive Board, etc.	-	16	-	-	-	-	-	-
Other related parties	-	-	-	-	105	-	-	-
Total	**200**	**446**	**2**	**157**	**202**	**0**	**26**	**0**

From end-year 2013 to Prospectus Date there has been no changes in the type of transactions and services between the parties. The transaction amounts and balances have changed due to the characteristic of the transactions.

Out of receivables from subsidiaries at 31 December 2013, demand deposits with BRFkredit Bank accounted for DKK 47m (2012: DKK 55m and 2011: DKK 200m), and a reverse transaction accounted for DKK 0m (2012: DKK 1,377m and 2011: DKK 0m). Out of loans and other receivables, DKK 0m

(2012: DKK 300m and 2011: DKK 300m) are related to subordinate loan capital provided to BRFkredit Bank as a floating-rate loan. The loan was redeemed in 2013. Other receivables include a fixed-rate mortgage loan to BRFkredit Bank of DKK 11m (2012: DKK 11m and 2011: DKK 120m) and to Ejendomsselskabet Nørreport of DKK 5m (2012: DKK 5m and 2011: DKK 9m) and various other receivables of DKK 1m (2012: DKK 2m and 2011: DKK 2m).

Out of payables to credit institutions at 31 December 2013, drawdowns on credit facilities in BRFkredit Bank amounted to DKK 75m (2012: DKK 0m and 2011: DKK 106m). Other payables relate to intercompany accounts with parent companies in a total amount of DKK 50m (2012: DKK 50m and 2011: DKK 51m). In addition, BRFkredit Bank has a portfolio of bonds issued by BRFkredit of DKK 600m (2012: DKK 818m and 2011: DKK 97m), of which DKK 800m is Senior Unsecured Bonds, as well as other liabilities and provisions of DKK 50m (2012: DKK 82m and 2011: DKK 26m).

Capital increases in 2013 were effected in subsidiaries in the form of a capital increase of DKK 150m in BRFkredit Bank, of which DKK 30m was nominal share capital. No further capital increases were effected in subsidiaries in 2013-2011.

The company has granted mortgage loans to members of the Board of Directors and the parent company's Board of Directors with an outstanding loan balance of DKK 18m at 31 December 2013 (2012: DKK 19m and 2011: DKK 16m). All the loans have been granted on normal business terms and amounted to DKK 2m (2012: DKK 3m and 2011: DKK 2m) for fixed-rate loans carrying interest at 3-4 per cent (2012: 3-5 per cent and 2011: 4-5 per cent) and DKK 16m (2012: DKK 16m and 2011: DKK 14m) for floating-rate loans carrying interest at 1-4% (2012: 2-4 per cent and 2011: 2-4 per cent). Members of the Board of Directors and the parent company's Board of Directors made interest and principal payments of DKK 1m (2012: DKK 1m and 2011: DKK 1m) during the year.

The company has not provided guarantees to the Board of Directors of the company or its parent company.

The company has not granted loans or provided guarantees to the Executive Board of the company or its parent company.

At 31 December 2013, Byggeriets Realkreditfond's Understøttelsesfond had a portfolio of mortgage bonds issued by BRFkredit of DKK 88m (2012: DKK 97m and 2011: DKK 105m).

In 2013 a joint taxation contribution of DKK 74m (2012: DKK 21m and 2011: DKK 0m) was paid to BRFkredit Bank.

20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

20.1 Historical Financial information

Pursuant to paragraph 20.1 of Annex I of Commission Regulation (EC) no. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (the Prospectus Regulation), audited financial information for the past three financial years must be included in the Prospectus. In accordance with article 28 of the Prospectus Regulation and section 19 of the Prospectus Order, the following information is incorporated in the Prospectus by reference to Jyske Bank's and BRFkredit's websites;

Jyske Bank A/S's address; Vestergade 8-16, DK-8600 Silkeborg, respectively Jyske Bank A/S's website http://investor.jyskebank.com/investorrelations / financialstatements.

BRFkredit a/s's address; Klampenborgvej 205, DK-2800 Kgs. Lyngby, respectively BRFkredit a/s's website www.brf.dk / Investors.

The audited historical financial information is presented and prepared in a form consistent with the Issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.

20.1.1 Financial information concerning Jyske Bank's assets and liabilities, financial position and profits and losses

Historical financial information etc.
Reference is made to Annex F "Financial information".

Dividend policy
Jyske Bank has not made any dividend payments since 2000. Moreover, the dividend policy of the Bank must be seen in connection with its capital policy. Historically, Jyske Bank has, since 2000, on several occasions bought back Shares from its Shareholders and reduced the share capital instead of paying cash dividend. Such buy backs and capital reductions have, however, not been conducted since 2008. See 21 "Share capital – Additional information".

Legal and arbitration proceedings
The New Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. As a result, the New Group is and may become involved in various disputes and legal proceedings in Denmark and other jurisdictions, including litigation and regulatory investigations. Such disputes and legal proceedings are subject to many uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation.

Since 2008, there has been some media coverage of a matter referred to as the "JIHMO-matter". This matter concerns a class action against the Bank by a number of investors having invested in Jyske Invest Hedge Markedsneutral Obligationer ("JIHMO") fund units. The fund was launched in 2007 and the investors claimed that the Bank's advice given in connection with the sale of fund units was allegedly inadequate and misleading. In September 2012, a settlement was entered into between the Bank, the Danish Consumer Ombudsmand and an association representing some of the investors. Close to 100 per cent of the investors covered by the settlement accepted the offer from the Bank of a compensation of 80 per cent of the loss in connection with the investments in JIHMO. During 2013 the settlement amounts were paid out to these investors.

In December 2012, the Bank received a class action writ from a new group of JIHMO investors. This group of investors has been assigned free legal aid by The Appeals Permission Board. The expiry of applicable statutory period of limitation may have a significant impact on the expenditure for Jyske Bank. Provisions for legal disputes are recognised where a legal or constructive obligation has incurred as a result of past events and it is probable that there will be an outflow of resources that can be reliably estimated. In this case, Jyske Bank arrives at an estimate on the basis of an evaluation of the most likely outcome. Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation that reflects the risks specific to the obligation. The New Group does not expect the subject of known claims to have material influence on the New Group's financial position, but it can have a potential effect of 0.0 to 1.5 per cent of the New Group's equity.

Following Jyske Bank's advice and sale of interest-rate swaps claims have been brought against Jyske Bank for compensation for losses incurred. Provisions for legal disputes are recognised where a legal or constructive obligation has incurred as a result of past events and it is probable that there will be an outflow of resources that can be reliably estimated. In this case, Jyske Bank arrives at an estimate on the basis of an evaluation of the most likely outcome. Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation that reflects the risks specific to the obligation. The New Group does not expect the subject of known claims to have material influence on the New Group's financial position, but it can have a potential effect of 0.0 to 0.3 per cent of the New Group's equity.

The New Group is a party to a number of legal disputes arising from its business activities. Provisions for legal disputes are recognised where a legal or constructive obligation has incurred as a result of past events and it is probable that there will be an outflow of resources that can be reliably estimated. In this case, the New Group arrives at an estimate on the basis of an evaluation of the most likely outcome. Provisions are measured at the present value of the anticipated expenditure for settlement of the legal or constructive obligation that reflects the risks specific to the obligation. The New Group does not expect the subject to have a material influence on the New Group's financial position, but it can have a potential effect of 0.0 to 0.3 per cent of the New Group's equity.

Jyske Bank (Gibraltar) Ltd. has had administrative fines levied on it for contravening Spanish anti-money laundering regulations despite the fact that the Bank is domiciled in Gibraltar, and as such, in the opinion of the Bank, is subject to the supervision of the authorities of Gibraltar and not the Spanish authorities. The matters principally concern alleged failure to establish sufficient internal control functions and to report to the Spanish authorities, alleged failure to investigate certain transactions, reluctance to provide the Spanish authorities with information, failure to systematically report to the Spanish authorities. Reporting has been effected to the authorities of Gibraltar, but not to the Spanish authorities, as stated above. Following a ruling from the EU Court of Justice, the Spanish Supreme Court in December 2013 ruled that the decision of the authorities and the administrative fines were legitimate. Accordingly Jyske Bank (Gibraltar) Ltd. will now liaise with the Gibraltarian and Spanish authorities in order to adjust procedures and IT-systems so that the Bank will be able to live up to the demands in both countries. The administrative fines were paid by Jyske Bank (Gibraltar) Ltd.

Apart from the above, the Bank is not a party to any legal proceedings relating to direct or indirect taxes or to any governmental proceedings that could have a material adverse effect on the Bank's financial position or results of operations.

Further, the Bank is not aware of any pending or threatening litigation or disputed claims, arbitration, regulatory or supervisory cases which, in recent years, have had or which, in the opinion of the Bank, may reasonably be expected to have a material impact on the Bank's financial position or results of operations.

Significant changes in Jyske Bank's financial or trading position

No significant changes have occurred in Jyske Bank's financial and trading position since 31 March 2014.

20.1.2 Financial information concerning BRFkredit’s assets and liabilities, financial position and profits and losses

Dividend policy
Generally BRFkredit does not pay dividend to its shareholders.

Litigation and arbitration
The BRFkredit Group is party to pending lawsuits. The lawsuits relate to circumstances that are part of the BRFkredit Group's normal business and must be considered part of its day-to-day operations. The BRFkredit Group assesses the risk associated with each individual case, and necessary provisions are made.

The BRFkredit Group is not aware of any pending or anticipated litigation or disputed claims, arbitration, regulatory, supervisory or governmental matters which have recently had, or which the BRFkredit Group believes could reasonably be expected to have a material adverse effect on the BRFkredit Group’s financial position or results of operations.

Significant changes in BRFkredit Group's financial or trading position
There have been no significant changes in the BRFkredit Group's financial or trading position since 31 December 2013.

20.2 Pro Forma Financial Information for the New Group

20.2.1 Pro forma financial information for the New Group

As the Merger described in the section “Information on the New Group and the Merger” results in significant gross changes in certain financial key figures of the Jyske Bank Group the Commission Regulation (EC) No. 809/2004 requires a description of how the Merger might have affected the assets and liabilities and earnings of the Jyske Bank Group, had the Merger been undertaken at the commencement of the financial year 2013.

The unaudited pro forma financial information set out below has been prepared for illustrative purposes only in accordance with Annex II of the Commission Regulation (EC) No. 809/2004.

Because of its nature, the pro forma financial information addresses a hypothetical situation and does not, therefore, represent the New Group’s actual financial position or results. Actual future financial results may be materially different. Management gives no assurance that the actual financial result and financial position, if the Merger had been accomplished on 1 January 2013, would have been as indicated.

20.2.2 Statement by Management on the unaudited pro forma financial information for 2013

In the following, Management presents unaudited pro forma financial information, prepared on the basis of the adjustments and assumptions set out in the section 20.2.4 “Description of the pro forma adjustments and assumptions for these”, which illustrates the effects that the Merger would have had on the New Group’s income statement for the period 1 January 2013 to 31 December 2013 and the New Group’s financial position at 31 December 2013, had these transactions taken place at 1 January 2013. The pro forma financial information, prepared solely for use in this Prospectus, is unaudited.

The pro forma financial information was prepared in accordance with the accounting policies of Jyske Bank in the consolidated financial statements for 2013.

Management believes that the presented pro forma financial information has been properly compiled and that it has in all material respects been presented on the basis of the stated criteria and in accordance with the Jyske Bank Group’s accounting policies in the consolidated financial statements for 2013.

It should be noted that the pro forma financial information solely reflects an illustrative calculation of the matters set out. Actual future financial statements may differ materially from this information.

Silkeborg 30 April 2014

Executive Board

Anders Dam
CEO and Managing Director

Jørgen Christensen
Managing Director

Niels Erik Jakobsen
Managing Director

Leif F. Larsen
Managing Director

Per Skovhus
Managing Director

Supervisory Board

Sven Buhrkall
Chairman

Jens A. Borup
Deputy Chairman

Philip Baruch
Member

John Egebjerg-Johansen
Member

Keld Norup
Member

Gerner Wolff-Sneedorff
Member

Haggai Kunisch
Employee Representative

Marianne Lillevang
Employee Representative

Jesper Holbøll
Employee Representative

20.2.3 The independent auditors report on the unaudited pro forma financial information for 2013

To the reader of the Prospectus
We have completed our assurance engagement to report on the compilation of pro forma financial information of the New Group as set out in section 20.2.5 “Unaudited pro forma financial information for 2013 for the New Group”. The applicable criteria on the basis of which Jyske Bank has compiled the pro forma financial information are described in the section 20.2.4 “Description of the pro forma adjustments and assumptions for these”.

The pro forma financial information has been compiled by the Management to illustrate the impact of the Merger set out in section “Information on the New Group and the Merger” on Jyske Bank’s performance for 2013 and financial position as at 31 December 2013 as if the Merger had taken place at 1 January 2013.

As part of this process, Management has extracted information about Jyske Bank’s financial performance and financial position from Jyske Bank’s audited consolidated financial statements for 2013 and extracted information about BFRkredit’s financial performance and financial position from the BRFkredit’s audited consolidated financial statements for 2013.

Managements responsibility for the pro forma financial information
Management is responsible for compiling the pro forma financial information on the basis of the applicable criteria as set out in section 20.2.4 “Description of the pro forma adjustments and assumptions for these”, and for this basis with respect to recognition and measurement being consistent with the accounting policies of Jyske Bank.

The auditor’s responsibilities
Our responsibility is to express an opinion about whether the pro forma financial information has, in all material respects, been properly compiled by Management on the basis of the applicable criteria and whether this basis as regards recognition and measurement is consistent with the accounting policies of Jyske Bank.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and additional requirements under Danish audit regulation. This standard requires that the auditor complies with ethical requirements and plansand performs procedures to obtain reasonable assurance about whether Management has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on historical unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Merger at 1 January 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by Management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the Merger, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the historical unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the New Group, the Merger in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the pro forma financial information has, in all material respects, been properly compiled on the basis of the applicable criteria set out in section 20.2.4 "Description of the pro forma adjustments and assumptions for these" and this basis as regards recognition and measurement is consistent with the accounting policies applied by Jyske Bank for the financial year 2013.

The above opinion has been expressed only for the purpose of including in the prospectus prepared pursuant to Commission Regulation (EC) No. 809/2004.

Silkeborg 30 April 2014

Deloitte
Statsautoriseret Revisionspartnerselskab

Hans Trærup	Klaus Skovsen
State Authorised	State Authorised
Public Accountant	Public Accountant

20.2.4 Description of the pro forma adjustments and assumptions for these

The unaudited pro forma financial information set out in section 20.2.5 “Unaudited pro forma financial information for 2013 for the New Group” has been prepared in accordance with Annex II of the Prospective Directive Regulation and presents how the Merger might have affected the assets and liabilities and earnings of the New Group, had the Merger been undertaken at the commencement of the financial year 2013.

The unaudited pro forma financial information is based on the information presently available and certain assumptions considered reasonable.

The pro forma financial information has been prepared by combining items of uniform accounting policies as regards the recognition and measurement and by such consolidation and elimination of all significant intra Group balances and transactions in the period 1 January to 31 December 2013 and as at 31 December 2013 between Jyske Bank and BRFkredit has been made.

For Jyske Bank, the financial information has been extracted, without material adjustment, from the audited consolidated financial statement for 2013, as included by reference in Annex F of this Prospectus. For BRFkredit, the financial information has been extracted, without material adjustment, from the audited consolidated financial statement for 2013, as included by reference in Annex F of this Prospectus.

The consolidated financial statements for the financial year 1 January to 31 December 2013 for respectively Jyske Bank Group and BRFkredit Group have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU.

IFRS 3 Business Combinations define the accounting principles relating to the Merger, including conditions for recognition and measurement of the identifiable assets and liabilities.

According to preliminary calculations the net fair value of the acquired assets and liabilities are expected to significantly exceed the purchase consideration and the difference, so-called bargain purchase gain, will be recognized in the income statement immediately after Closing.

As at 31 March 2014 the market price of the Jyske Bank share was DKK 297.8. Based on this market price the purchase consideration was calculated at DKK 7,176m and the preliminary calculation of the net fair value of the acquired assets and liabilities as per 31 December 2013 was DKK 10,401m. The preliminary calculation of bargain purchase gain amounted to DKK 3,225m.

Changes in the market price of the Jyske Bank share between 31 March 2014 and completion of the Merger as well as changes in booked values in the balance sheet of BRFkredit will lead to a change in the calculation above.

The final calculation of the acquisition price and its allocation on the identifiable assets and liabilities of BRFkredit has not been completed. Accordingly, there can be no assurance that the final calculation does not deviate from the presented, unaudited pro forma financial information, and the variance may be material. Bargain purchase gain as well as direct acquisition costs incurred in connection with the Transactions shall in accordance with IFRS 3 be recognised in the income statement when incurred. The pro forma financial information has been prepared as if the transactions had taken place at 1 January 2013. Accordingly, no bargain purchase gain or transaction costs have been recognised in the pro forma income statement for 2013.

For a more detailed explanation of how the pro forma adjustments have been made in the unaudited pro forma financial information, see “Pro forma adjustments” below to the unaudited pro forma income statement and the unaudited pro forma balance sheet, respectively.

The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the New Group’s actual financial position or results. Actual future financial results may be materially different. Management gives no assurance that the actual financial results and financial position, if the Merger had been accomplished on 1 January 2013, would have been as indicated.

20.2.5 Unaudited pro forma financial information for 2013 for the New Group

Unaudited pro forma Income statement

Income statement 2013 DKKm	Note	Jyske Bank Group	BRF-kredit Group	Pro forma adjust-ments	Pro forma the New Group
Interest income	1/2	6,373	7,314	-207	13,480
Interest expenses	1	1,355	5,327	-197	6,485
Net interest income		**5,018**	**1,987**	**-10**	**6,995**
Dividends, etc.		52	6	0	58
Fees and commission income		1,980	237	0	2,217
Fees and commission expenses		251	132	0	383
Net interest and fee income		**6,799**	**2,098**	**-10**	**8,887**
Value adjustments	2	541	-235	10	316
Other operating income		893	8	0	901
Employee and administrative expenses		4,309	920	0	5,229
Amortisation, depreciation and impairment charges	3	390	19	5	414
Other operating expenses		92	14	0	106
Loan impairment charges and provisions for guarantees		1,147	505	0	1,652
Profit on investments in associates and group enterprises		6	0	0	6
Pre-tax profit		**2,301**	**413**	**-5**	**2,709**
Tax	4	493	111	-1	603
Profit for the year		**1,808**	**302**	**-4**	**2,106**

Adjustments of pro forma Income statement 2013 for the New Group

Note 1
Adjustments of interest income and interest expenses are made to eliminate intra-group interest transactions.

Note 2
Adjustment of interest income and value adjustments is made to eliminate mathematically calculated interest relative to market value adjustment of the bonds recognised at amortised cost.

Note 3
Adjustment of amortisation, depreciation and impairment charges is made to adjust for one year of depreciation of capitalized customer relationships.

Note 4
Adjustment of tax is made to adjust for the tax effect of one year of depreciation of capitalized customer relationships.

Unaudited pro forma Balance sheet

Balance sheet, at 31 December 2013 DKKm	Note	Jyske Bank Group	BRF-kredit Group	Pro forma adjust-ments	Pro forma the New Group
ASSETS					
Cash, cash equivalents and demand deposits with central banks	1	2,427	90	-100	2,417
Due from credit institutions and central banks	1	15,143	2,099	-422	16,820
Loans and advances at amortised cost	1	131,378	8,716	-4,348	135,746
Loans and advances at fair value	1	0	200,302	-1,402	198,900
Bonds at fair value	1	57,754	20,570	-7,552	70,772
Bonds at amortised cost	1	14,794	0	-1,436	13,358
Shares		2,305	300	0	2,605
Investments in associates		721	0	0	721
Assets in pooled deposits		4,809	0	0	4,809
Intangible assets	2	71	16	45	132
Land and buildings, total		2,183	477	0	2,660
of which investment property		33	4	0	37
of which owner-occupied properties		2,150	473	0	2,623
Other property, plant and equipment		1,054	11	0	1,065
Current tax assets		49	0	0	49
Deferred tax assets		0	140	0	140
Assets in temporary possession		112	301	0	413
Other assets	1	28,969	718	-92	29,595
Prepayments		235	30	0	265
Total assets		**262,004**	**233,770**	**-15,307**	**480,467**
EQUITY AND LIABILITIES					
Debt and payables					
Due to credit institutions and central banks	3	43,936	12,442	-6,172	50,206
Deposits		126,021	5,343	0	131,364
Pooled deposits		5,403	0	0	5,403
Issued bonds at fair value	3	0	193,147	-8,988	184,159
Issued bonds at fair amortised cost		27,760	8,820	0	36,580
Current tax liabilities	4	0	2	-1	1
Liabilities relating to assets in temporary possession		0	13	0	13
Other liabilities	3	37,891	3,430	-92	41,229
Deferred income		312	2	0	314
Total debt and payables		**241,323**	**223,199**	**-15,253**	**449,269**
Provisions					
Provisions for pensions		440	0	0	440
Provisions for deferred tax	4	468	0	11	479
Provisions for guarantees		444	0	0	444
Other provisions		201	207	0	408
Provisions, total		**1,553**	**207**	**11**	**1,771**
Subordinated debt		**1,649**	**2**	**0**	**1,651**
Equity					
Share capital		713	306	**-69**	950
Proforma effect on other reserve		0	0	**-4**	-4
Other reserve		16,766	10,056	**8**	26,830
Equity, total	**5**	**17,479**	**10,362**	**-65**	**27,776**
Equity and liabilities, total		**262,004**	**233,770**	**-15,307**	**480,467**

Adjustments of pro forma Balance sheet 2013 for the New Group

Note 1
Adjustments of assets (exclusive intangible assets) are made to eliminate intra-group balances.

Note 2
Adjustment of intangible assets is made to recognize the estimated value of identified customer relationships in BRFkredit.

Note 3
Adjustments of debt and payables (exclusive current tax liabilities) are made to eliminate intra-group balances.

Note 4
Adjustments of current tax liabilities and provisions for deferred tax are made to adjust for the tax effect customer relationships.

Note 5
Adjustments of share capital are made to account for other adjustments impact on equity, the new share capital in Jyske Bank and to eliminate the share capital of BRFkredit.

Specification of adjustments of share capital and equity:		DKKm
Existing share capital Jyske Bank A/S		713
New share capital Jyske Bank A/S following the Merger		237
Share capital Jyske Bank A/S post the Merger		**950**
Jyske Bank A/S equity prior the Merger		17,479
BRFkredit a/s equity prior the Merger		10,362
Pro forma effect on profit for the year	-4	
Cash consideration as part of the Merger	-100	
Intangible assets, customer relations following the Merger	50	
Tax matters referring to customer relations following the Merger	-11	
Net pro forma effect on equity	-65	-65
Pro forma the New Group equity after the Merger		**27,776**

Unaudited pro forma Selected data and financial ratios 2013 for the New Group

Selected data and financial ratios 2013	Jyske Bank Group	BRFkredit Group	Pro forma the New Group
Solvency ratio	16.0	16.6	16.3
Core Tier 1 capital ratio incl. hybrid capital	15.9	16.6	16.3
Core Tier 1 capital ratio excl. hybrid capital	15.3	16.6	16.1
Pre-tax profit as a percentage of opening equity	14.7	4.1	10.6
Pre-tax profit as a percentage of average equity	13.9	4.0	10.3
Net profit as a percentage of average equity	10.9	3.0	8.0
Income/cost ratio	1.4	1.3	1.4
Loans and advances in relation to equity	7.5	20.2	12.0
Number of full-time employees, end year	3,774	869	4,643

The New Group is well consolidated with a capital base ratio of 16.3 per cent and a Core Tier 1 ratio excl. hybrid capital of 16.1 per cent as at 31 December 2013 against a solvency need of 10.1 per cent, representing a solid capital buffer of 6.2 percentage points in relation to the total capital base and 6.0 percentage points in relation to Core Tier 1 excl. hybrid capital. The capital levels and the high proportion of Core Tier 1 capital is beneficial in fulfilling the new requirements according to CRR and CRD IV. The New Group therefore is well prepared to pursue both organic and acquisition–based growth strategies.

We refer to note 60 “Definition of financial ratios” in Jyske Bank Annual Report 2013.

Unaudited pro forma Solvency and capital requirements 2013 for the New Group

Solvency statement and capital requirement, at 31 December 2013 DKKm	Note	Jyske Bank Group	BRF-kredit Group	Pro forma adjust-ments	Pro forma the New Group
Equity	1	17,479	10,362	-65	27,776
Intangible assets	2	-71	-16	-45	-132
Deferred tax assets		0	-140	0	-140
Revaluation reserve		-361	-26	0	-387
Core capital exclusive of hybrid core capital		**17,047**	**10,180**	**-110**	**27,117**
Hybrid core capital		1,303	0	0	1,303
Deduction for equity investments above 10%		-550	0	0	-550
Difference between expected loss and the carrying amount of impairment charges		-55	-197	0	-252
Excess deductions which cannot be offset against supplementary capital	3	0	-169	89	-80
Other deductions		-3	0	0	-3
Core capital		**17,742**	**9,814**	**-21**	**27,535**
Subordinated loan capital		336	2	0	338
Revaluation reserve		361	26	0	387
Deduction for equity investments above 10%		-550	0	0	-550
Difference between expected loss and the carrying amount of impairment charges		-55	-197	0	-252
Offsetting of excess deductions	3	0	169	-89	80
Other deductions		-3	0	0	-3
Capital base		**17,831**	**9,814**	**-110**	**27,535**
Weigthed assets involving credit risk etc.	4	81,105	47,627	-135	128,597
Weigthed assets involving operational risk		12,483	2,826	0	15,309
Weigthed assets involving market risk	4	17,687	8,774	-1,799	24,662
Total weighted assets		**111,276**	**59,227**	**-1,935**	**168,568**

Adjustments of pro forma solvency and capital requirements 2013 for the New Group

Note 1

Adjustments of share capital are made to account for other adjustments' impact on equity, the new share capital in Jyske Bank and to eliminate the share capital of BRFkredit. We refer to note 5 in "Adjustments of pro forma Balance sheet 2013 for the New Group".

Note 2

Adjustment of intangible assets is made to recognize the value of identified customer relationships in BRFkredit.

Note 3

Adjustment of excess deductions which cannot be offset against supplementary capital and offsetting of excess deductions is made to align legislative capital positions with accounting principles.

Note 4

Adjustments of weighted assets are made to eliminate intra-group balances.

21. ADDITIONAL INFORMATION

The following is a summary of certain information concerning Jyske Bank's share capital and a summary description of certain provisions in Jyske Bank's Articles of Association.

21.1 Share capital

Issued share capital
Jyske Bank was established as a public limited company in 1917. Since 1967 when the Bank achieved its present form through a merger, the Bank has issued share capital several times, and the current registered share capital following completion of the Merger is DKK 950.4m nominal value divided into 95,039,999 Shares of DKK 10 nominal value each held by approximately 220,000 Shareholders. The nominal share value is DKK 10 per Share. Jyske Bank's entire issued share capital is fully paid up. The movements in the Bank's share capital since 1998 are shown in the following table.

Movements in Jyske Bank's share capital

Date of registration*	Nominal value per Share (DKK)	Change in share capital (shares)	Number of Shares	Share capital following change (DKKm nominal value)
1998	100		9,000,000	900.0
13.10.1999	20	Split	45,000,000	900.0
15.12.1999	20	-3,750,000	41,250,000	825.0
02.10.2000	20	-3,750,000	37,500,000	750.0
27.08.2001	20	-1,125,000	36,375,000	727.5
20.02.2002	20	-800,000	35,575,000	711.5
14.03.2002	20	+3,525,000	39,100,000	782.0
08.05.2002	20	+241,038	39,341,038	786.8
23.10.2002	20	-1,841,038	37,500,000	750.0
04.09.2003	20	-1,500,000	36,000,000	720.0
13.07.2004	20	-2,000,000	34,000,000	680.0
13.10.2004	10	Split	68,000,000	680.0
26.01.2005	10	-4,000,000	64,000,000	640.0
06.09.2005	10	-900,000	63,100,000	631.0
09.08.2006	10	-1,100,000	62,000,000	620.0
31.08.2007	10	-6,000,000	56,000,000	560.0
28.08.2008	10	-2,000,000	54,000,000	540.0
07.12.2009	10	10,800,000	64,800,000	648.0
06.03.2012	10	6,479,999	71,279,999	712.8
30.04.2014	10	23,760,000	95,039,999	950.4

* At the Danish Business Authority

Share Characteristics
As at the Prospectus Date, Jyske Bank's share capital totals a nominal value of DKK 950.4m divided into 95,039,999 Shares of DKK 10 nominal value each and multiples thereof. Jyske Bank's Shares are issued and registered in book-entry form with VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, 2300 Copenhagen S, Denmark under the name of the respective Shareholder.

Authority to the Supervisory Board to increase the share capital
According to Article 4(2) of the Articles of Association the Supervisory Board shall be authorised to increase the share capital at any time by up to DKK 100m. Such increase may be in one or several issues. The authority shall expire on 1 March 2019. Any new issue of shares may be effected without right of pre-emption for the Bank's Existing Shareholders provided always that the new shares are offered at market price. The capital increase may be effected by cash contribution or serve as consideration in connection with the Bank's acquisition of existing businesses or specific assets corresponding to the value of the Shares issued.

According to Article 4(3) of the Articles of Association the Supervisory Board shall be authorised to increase the share capital at any time by up to DKK 200m. Such increase may be in one or several issues. The authority shall expire on 1 March 2019. Any new issue of shares must be effected with a right of pre-emption for the Bank's Existing Shareholders and the shares may be offered at a price below market price. The capital increase may be effected by cash contribution or by other means.

The Shares issued under the authorisations in Articles 4(2)-(4) and 5(1)-(2) (as described below) may, however, in aggregate not exceed nominally DKK 200m, see Article 4(5).

In connection with completion of the Merger the Supervisory Board exercised an authorisation in Article 4(6) of the Articles of Association granted by the extraordinary general meeting on 10 April 2014 to increase the share capital by nominally DKK 237,600,000 shares in connection with the Merger. The Supervisory Board exercised the authorisation in full on 30 April 2014 in connection with completion of the Merger and the issuance of the New Shares to BRFholding.

Where new share capital is issued in accordance with Article 4, the Supervisory Board shall determine the terms and conditions for the subscription including the time, subscription ratio, subscription price and time for right of dividend for new Shares. To these Shares the same rules as apply to the other Shares in respect of rights, redeemability and transferability shall apply.

The new share capital will have the same rights in Jyske Bank as the existing share capital, and new Shareholders will also be encompassed by the restriction on ownership and voting rights, which means that no Shareholder can hold more than 10 per cent of Jyske Bank's share capital without Jyske Bank's consent, and no one can vote at the General Meeting with more than 4,000 votes.

Authority to the Supervisory Board to raise convertible loans
The Bank may, following resolution by the Supervisory Board, during the period specified in Article 4 above, on one or more occasions raise loans against bonds or other instruments of debt which bonds or instruments of debt shall entitle the lender to convert his claim into Shares (convertible loans). Such loans shall not exceed the amount specified in Article 4 above according to the conversion price fixed on the raising of such loans.

Where the Supervisory Board decides to raise convertible loans, the authorization to increase the share capital, cf. Article 4(2)-(4) above, shall be considered to be utilized by an amount corresponding to the maximum conversion right.

The term allowed for conversion may be fixed at a period exceeding 5 years after the raising of the convertible loan.

The Bank's Shareholders shall have a right of pre-emption to such convertible loans.

The convertible bonds or other instruments of debt may by resolution of the Supervisory Board be issued without right of pre-emption for existing Shareholders as payment upon the Bank's acquiring existing businesses or specific assets corresponding to the value of the convertible bonds or other instruments of debt.

For Shares which shall be issued on the basis of the convertible loans mentioned in this provision, the Supervisory Board shall decide – with due regard to the time of subscription or utilization of the conversion right – the time from when such new Shares shall carry a right to receive dividend and other terms and conditions of the share issue. The Shares shall be subject to the same rules as apply to the existing Shares in respect of rights and duties, including redeemability and transferability.

Stock options and warrants
Jyske Bank has no stock option or warrant programmes.

Shareholders' agreements
Jyske Bank is not aware of any shareholders' agreements relating to Jyske Bank or Jyske Bank Shares.

Treasury shares
At the Annual General Meeting held on 19 March 2014, the Supervisory Board was granted an authorisation to allow Jyske Bank to acquire up to 10 per cent of the Bank's registered share capital as treasury shares. The authorisation stipulates that the maximum price must not differ more than 10 per

cent from the closing price registered at the NASDAQ OMX Copenhagen at the time of the acquisition.

As at 31 December 2013, Jyske Bank held 65,979 own shares with a nominal value of DKK 659,790, corresponding to 0.09 per cent of the share capital. The Bank's treasury shares are recognised in equity corresponding to a book value of DKK 19,298,858.

21.2 Memorandum of Association and Articles of Association

Jyske Bank's Articles of Association are attached as Annex 1.

Objective
The objective of the Bank is, as a bank and as the parent company, to conduct banking business as well as other kinds of business permitted under Danish law, including mortgage banking through BRFkredit. See Article 1 of the Articles of Association.

Provisions regarding members of the Supervisory Board, Executive Board and supervisory body
The Shareholders in General Meeting are the Bank's supreme authority and are in charge of the management of the Bank, and the Supervisory Board and Executive Board are in charge of the general management of the Bank. In addition, the Shareholders' Representatives undertake special assignments as defined in the Articles of Association of the Bank for the main purpose of supporting the Bank's values and positions.

The Supervisory Board shall consist of six members elected by and of the body of the Shareholders' Representatives based on the recommendation of the Supervisory Board. The Supervisory Board may consist of up to further two members fulfilling the requirements of the Danish FSA in respect of relevant knowledge and experience of supervisory board members of banks elected by the Shareholders at the General Meeting. In addition, the Supervisory Board consists of members as required by Danish legislation on employee representatives. Currently, there are eight members of the Supervisory Board, six of whom have been appointed by the Shareholders' Representatives.

Each electoral region into which the Shareholders' Representatives are divided is entitled to appoint one member of the Supervisory Board. Further three members of the board are elected among and by the Shareholders' Representatives based on the recommendation of the Supervisory Board. The members of the Supervisory Board which are appointed by the Shareholders Representatives are individually elected for terms of three years and are eligible for re-election.

Any member retiring from the Shareholders' Representatives shall also retire from the Supervisory Board.

The Supervisory Board is in charge of the overall management of the Bank. The Supervisory Board appoints the Executive Board and the Chief Executive Officer & Managing Directors and determines the terms of remuneration and pension for the Executive Board.

The Supervisory Board shall choose its Chairman and Deputy Chairmen from among its number.
The Supervisory Board lays down rules of procedures for the performance of its duties in which the division of responsibilities between the Supervisory Board and Executive Board are determined. Meetings of the Supervisory Board shall be presided over by the Chairman and in his absence the Deputy Chairman.

Where questions concerning any of the members of the Supervisory Board personally are discussed, such member shall not participate in the discussions.

The Executive Board shall consist of two to six members as directed by the Supervisory Board. The Executive Board shall undertake the day-to-day management of the Bank and shall participate without voting rights in the meetings of the Shareholders' Representatives and the Supervisory Board.

Members of the Executive Board shall retire not later than at the General Meeting after the end of the financial year in which they attain the age of 70.

The Bank shall be bound in legal transactions (i) by the Chairman and a Deputy Chairman of the Supervisory Board acting together or by either of the two acting together with a member of the Supervisory Board or the Executive Board; (ii) by two members of the Executive Board acting together; or (iii) by all members of the Supervisory Board acting together.

The Shareholders' Representatives consist of members appointed by and among the Shareholders of the Bank and are currently divided into three geographical electoral regions as directed by the Supervisory Board, each of which is entitled to recommend for election between 25 and 50 representatives. The total number of Shareholders' Representatives is determined by the Supervisory Board which aims to ensure broad geographical/professional representation. The formal election of Shareholders' Representatives takes place at the Annual General Meeting of the Bank.

The Shareholders' Representatives are elected for terms of three years and are eligible for re-election. Registered shareholders being natural persons and residing in Denmark, aged between 18 and 70 years, of full legal capacity and capable of managing their own affairs are eligible for election and re-election.

Every year, the Shareholders' Representatives shall elect a chairman and a deputy chairman both of whom are eligible for re-election.

In order for the Shareholders' Representatives to make a valid decision more than half of the representatives shall be present, and the business transacted shall be decided by a simple majority of votes. In the case of an equality of votes, the Chairman's vote shall be decisive.

The Shareholders' Representatives shall elect the members of the Supervisory Board from among its number and determine the fees of the Supervisory Board. The fees to the Shareholders' Representatives are determined by the shareholders at the Annual General Meeting.

Rights and restrictions attaching to the Shares
The Shares in the Bank, including the New Shares, shall be issued to named holders and registered in the names of the holders in VP and in the register of shareholders of the Bank. No special rights shall attach to any Shares. The Shares shall be freely transferable negotiable instruments. Any transfer of Shares to a transferee who has or through the transfer obtains 10 per cent or more of the share capital of the Bank, requires the consent of the Bank pursuant to Article 3(6) of the Articles of Association.

Pursuant to Article 3(6) of the Articles of Association consent can and must be granted

- where such transfer forms part of the transfer of the Shares to a holding company as part of a change of structure effected and approved by the Bank or as part of a reconstruction of the Bank with the understanding of the Danish Financial Supervisory Authority after the loss of capital; and
- in general, where the acquirer - in view of the voting and capital circumstances at the Bank's previous General Meetings - cannot reasonably be assumed to be able to hinder any amendment concerning capital increase of the Bank.

Unless the acquirer receives notification to the contrary within five business days on the Bank having received the application, consent shall be considered as given. Any share acquired, despite not having been consented to, shall be sold immediately and shall not lead to rights in terms of administrative law in the Bank.

Each Share of DKK 10 nominal value carries one vote at General Meetings. However, a Shareholder cannot cast more than 4,000 votes on his own behalf.

It is a precondition for exercising the voting right of a Share acquired by transfer that such Share was registered in the name of the holder in the Bank's share register on the registration date which is one week before the General Meeting or that the title to such Share was duly notified and proved to the Bank by the registration date, see Article 11(2) of the Articles of Association.

The Shareholders of the Bank are not required to redeem their Shares in whole or in part save as provided in sections 70 to 73 of the Danish Companies Act.

Existing Shareholders are entitled to pro rata subscription of Shares if the Bank issues new Shares for cash, unless otherwise provided in the Articles of Association or legislation.

Measures required for changing Shareholders' rights

The Bank's General Meeting forms a quorum irrespective of the proportion of share capital represented at the General Meeting except in the event of adoption of proposals to amend the Articles of Association or to dissolve the Bank pursuant to Articles 12 and 13 of the Articles of Association.

All resolutions at General Meetings are passed by a simple majority of votes among the votes cast unless otherwise provided by the Articles of Association or legislation.

Motions to amend the Articles of Association shall only be adopted where not less than 90 per cent of the voting share capital is represented at the General Meeting and only where adopted by both three fourth of the votes cast and by three fourth of the voting share capital represented at the General Meeting.

Where less than 90 per cent of the voting share capital is represented at the General Meeting, but the said motion was adopted by three fourth of the votes cast as well as three fourth of the voting share capital represented at the General Meeting and where the resolution was moved by the Shareholders' Representatives, and/or the Supervisory Board, the said motion may be adopted at a new General Meeting by the said qualified majority irrespective of the proportion of the share capital represented.

For the adoption of resolutions to amend the Articles of Association, the Danish Companies Act requires that the motion is adopted by two thirds of the votes cast as well as two thirds of the voting share capital represented at the General Meeting unless a special majority is required pursuant to the Danish Companies Act. The special rules on adoption in the Articles of Association of the Bank are thus stricter than the general rules on adoption of Danish company law.

Where Danish banking or company legislation allows that resolutions to increase the share capital or to grant authority to the Supervisory Board to effect such increases are adopted by a simple or qualified majority of votes cast, irrespective of the proportion of the total or represented capital voting in favour, such resolutions are adoptable by the smallest possible majority allowed by current legislation at the time of adopting the resolution.

Notice convening General Meetings and extraordinary General Meetings of the Bank

The Annual General Meeting of the Bank is held in Silkeborg before the end of March.

General Meetings shall be called by the Supervisory Board at not more than five weeks' and not less than three weeks' notice. The notice convening the General Meeting shall be sent to the NASDAQ OMX Copenhagen and published at the website of Jyske Bank. Notice of the General Meeting shall be given in writing to all registered Shareholders who have so requested and to Group employees.

The notice convening the General Meeting shall state the agenda as well as the essentials of any proposals for amendments to the Articles of Association unless otherwise provided by legislation or by the Articles of Association.

Any Shareholder shall be entitled to have specified business transacted at the General Meeting provided that such Shareholder submits a request in writing to the Bank no later than 6 weeks prior to the General Meeting.

An Extraordinary General Meeting shall be held at the request of the Shareholders at the Annual General Meeting, the Shareholders' Representatives, the Supervisory Board, Shareholders holding not less than 5 per cent of the share capital (such request shall be made in writing, specifying the business to be transacted at the General Meeting) or one of the auditors appointed.

Shareholders who have obtained an admission card not later than three days prior to the General Meeting shall be entitled to attend the General Meeting. If a Shareholder wishes to attend by proxy, such Shareholder shall notify the Bank not later than three days prior to the General Meeting, or the Shareholder shall have obtained an admission card. Where a Shareholder wishes to be accompanied by an advisor, he shall notify the Bank not later than three days prior to the General Meeting. An instrument of proxy must be in writing or submitted electronically and duly dated. However, members of the Supervisory Board can only act as proxies for a specific General Meeting with an agenda that is known beforehand.

Provisions of the Articles of Association that may prevent or delay a take-over of the Bank
The Shares in the Bank, including the New Shares, shall be issued to named holders and registered in the names of the holders in VP and in the register of shareholders of the Bank. No special rights shall attach to any Shares. The Shares shall be freely transferable negotiable instruments. Any transfer of Shares to a transferee who has or through the transfer obtains 10 per cent or more of the share capital of the Bank, requires the consent of the Bank pursuant to Article 3(6) of the Articles of Association.

Pursuant to Article 3(6) of the Articles of Association consent can and must be granted

- where such transfer forms part of the transfer of the Shares to a holding company as part of a change of structure effected and approved by the Bank or as part of a reconstruction of the Bank with the understanding of the Danish Financial Supervisory Authority after the loss of capital; and
- in general, where the acquirer - in view of the voting and capital circumstances at the Bank's previous General Meetings - cannot reasonably be assumed to be able to hinder any amendment concerning capital increase of the Bank.

Unless the acquirer receives notification to the contrary within five business days on the Bank having received the application, consent shall be considered as given. Any share acquired, despite not having been consented to, shall be sold immediately and shall not lead to rights in terms of administrative law in the Bank.

Each Share of DKK 10 nominal value carries one vote at General Meetings. However, a Shareholder cannot cast more than 4,000 votes on his own behalf.

It is a precondition for exercising the voting right of a Share acquired by transfer that such Share was registered in the name of the holder in the Bank's share register on the registration date which is one week before the General Meeting or that the title to such Share was duly notified and proved to the Bank by the registration date, see Article 11(2) of the Articles of Association.

Motions to amend the Articles of Association shall only be adopted where not less than 90 per cent of the voting share capital is represented at the General Meeting and only where adopted by both three fourth of the votes cast and by three fourth of the voting share capital represented at the General Meeting.

Where less than 90 per cent of the voting share capital is represented at the General Meeting, but the said motion was adopted by three fourth of the votes cast as well as three fourth of the voting share capital represented at the General Meeting and where the resolution was moved by the Shareholders' Representatives, and/or the Supervisory Board, the said motion may be adopted at a new General Meeting by the said qualified majority irrespective of the proportion of the share capital represented.

Where Danish banking or company legislation allows that resolutions to increase the share capital or to grant authority to the Supervisory Board to effect such increases are adopted by a simple or qualified majority of votes cast, irrespective of the proportion of the total or represented capital voting in favour, such resolutions are adoptable by the smallest possible majority allowed by current legislation at the time of adopting the resolution.

According to Articles 4 and 5 of the Articles of Association, the Supervisory Board shall be authorised, until 1 March 2019, to increase the share capital at any time in one or more issues by up to DKK 100m.

Any issue of new shares at market price under the above authorisation may be effected without any right of pre-emption for the Bank’s existing Shareholders provided always that the new Shares are issued as consideration in connection with the Bank’s acquisition of existing businesses or specific assets corresponding to the value of the new shares issued.

According to Articles 4 and 5 of the Articles of Association, the Supervisory Board shall furthermore be authorised, until 1 March 2019, to increase the share capital at any time in one or more issues by up to DKK 200m with a right of pre-emption for the Bank's existing Shareholders and to raise loans against bonds or other instruments of debt, which bonds or instruments of debt shall entitle the lender to convert his claim to Shares (convertible loans).

Convertible loans may only be issued with a right of pre-emption for existing Shareholders.
When issuing Shares or convertible bonds pursuant to Articles 4 and 5 of the Articles of Association, the Supervisory Board will determine the terms of the subscription. The Shares shall be subject to the same rules as apply to the existing Shares in the company in respect of rights and duties, including negotiability and redeemability.

Each of the above-mentioned provisions of the Bank's Articles of Association may, depending on the circumstances, entail that a change of control in the Bank can be prevented or delayed.

Limits for publication of shareholdings
Pursuant to section 29 of the Danish Securities Trading Act, any person holding Shares in companies the Shares of which are admitted to trading in a regulated market, is required as soon as possible to notify the company when (i) the voting rights of the Shares represent at least 5 per cent of the voting rights of the share capital or the nominal value represents at least 5 per cent of the share capital, and (ii) a change of a holding already notified entails that the limits of 5, 10, 15, 20, 25, 50 or 90 per cent and the limits of one-third and two-thirds of the share capital's voting rights or nominal value are reached or are no longer reached, and the change entails that the limits in (i) are no longer reached. The notice must be in accordance with section 15 and 16 of the Executive Order on major shareholders (executive order no. 668 of 25 June 2012), including the identity of the Shareholder and the date of change when the limits are reached or no longer reached. Non-compliance with the duty to give notice as a major shareholder is punishable by a fine.

When the Bank receives a notice from a shareholder pursuant to section 29 of the Danish Securities Trading Act, the Bank shall publish the notice as soon as possible.

Changes in the Bank's share capital
Motions to amend the Articles of Association shall only be adopted where not less than 90 per cent of the voting share capital is represented at the General Meeting and only where adopted by both three fourth of the votes cast and by three fourth of the share capital represented at the General Meeting.

Where less than 90 per cent of the voting share capital is represented at the General Meeting, but the said motion was adopted by three fourth of the votes cast as well as three fourth of the voting share capital represented at the General Meeting and where the resolution was moved by the Shareholders' Representatives, and/or the Supervisory Board, the said motion may be adopted at a new General Meeting by the said qualified majority irrespective of the proportion of the share capital represented.

Where Danish banking or company legislation allows that resolutions to increase the share capital or to grant authority to the Supervisory Board to effect such increases are adopted by a simple or qualified majority of votes cast, irrespective of the proportion of the total or represented capital voting in favour, such resolutions are adoptable by the smallest possible majority allowed by current legislation at the time of adopting the resolution.

22. MATERIAL CONTRACTS

22.1 Jyske Bank

Merger Agreement with BRFkredit

On 24 February 2014, it was announced that the Supervisory Board of Jyske Bank on behalf of Jyske Bank and the Supervisory Board of BRFkredit on behalf of BRFkredit had entered into an agreement on the merger of Jyske Bank and BRFkredit (the "Merger Agreement") with the ambition of creating a financially strong, Danish anchored financial institution with strong product expertise, a significant customer base and potential for profitable organic growth and participation in the ongoing consolidation of the Danish financial sector. The New Group will have a continued strong focus on creating shareholder value and customer and employee satisfaction. The Supervisory Board of BRFholding a/s on behalf of BRFholding a/s acceded to the Merger Agreement on 24 February 2014.

The Merger Agreement of 24 February 2014 has been amended and restated by a agreement of 10 April 2014, which among other things, contains an intention of Jyske Bank, acting loyally, to seek, propose and recommend a representation of BRFholding in the Supervisory Board and the Shareholders' Representatives of Jyske Bank.

In the Merger Agreement Jyske Bank has agreed to act loyally towards ensuring that BRFholding will have three members of the Supervisory Board of Jyske Bank appointed among candidates proposed by BRFholding following the admission to listing and trading of the New Shares. It is the intention of Jyske Bank, acting loyally, to seek, propose and recommend a representation of BRFholding in the future entailing (1) three members of the Supervisory Board of Jyske Bank including one member of the chairmanship as long as BRFholding and BRFfonden own at least norminally DKK 118,800,000 shares in Jyske Bank; (2) two members of the Supervisory Board of Jyske Bank as long as BRFholding and BRFfonden own at least norminally DKK 59,400,000 shares in Jyske Bank and (3) one member of the Supervisory Board of Jyske Bank as long as BRFholding and BRFfonden own at least norminally DKK 29,700,000 shares in Jyske Bank.

The Danish financial regulation applicable to Jyske Bank and BRFkredit entails that the Merger of Jyske Bank and BRFkredit could not be structured as a corporate law merger under the Danish Companies Act. Consequently, the Merger was structured as a contribution in kind of the entire share capital of BRFkredit a/s, nominally DKK 56,480,000 A shares and nominally DKK 250,000,000 B shares, by BRFholding a/s to Jyske Bank against Jyske Bank's issuance of the New Shares and payment of a cash consideration of DKK 100m.

The Merger was completed on 30 April 2014 through the exchange of all the shares in BRFkredit against 23,760,000 New Shares in Jyske Bank as well as a cash consideration of DKK 100m. The New Shares amount to 25 per cent of the share capital of Jyske Bank as at the Prospectus Date.

The New Shares rank pari passu with the Existing Shares in respect of eligibility for dividends. Each New Share confers the right on the holder to one vote on all matters submitted to a vote at the Bank's General Meetings. However, no Shareholder can cast more than 4,000 votes on his own behalf.

JN Data

Jyske Bank has outsourced the development and administration of IT systems, operation of platforms and consolidation of processes and services to JN Data A/S ("JN Data"), a company jointly owned by Jyske Bank (50 per cent) and Nykredit (50 per cent) and based in Silkeborg.

The contract with JN Data governs the obligations of JN Data to supply Jyske Bank with IT services in connection with the administration, operation, production and services regarding reestablishment of the IT services in case of a breakdown along with supplying Jyske Bank with information and customer support. JN Data A/S gives Jyske Bank and Nykredit the advantages of large-scale operations of both centralised and decentralised IT operations. The extent of the services supplied by JN Data has been laid down in a number of sub-agreements.

The supervisory board of JN Data is appointed by Jyske Bank and Nykredit.

Bankdata
Jyske Bank has entered into an agreement with Bankdata regarding services related to IT development and data processing.

Jyske Bank is a member of Bankdata.

Nykredit and Totalkredit
Jyske Bank has entered into certain strategic co-operation agreements with Nykredit. In addition to the launch and operation of JN Data A/S as described above, the agreements govern the distribution of mortgage financing products from Nykredit and Totalkredit.

Nykredit and Totalkredit are obliged to supply Jyske Bank with mortgage finance for residential homes and industrial, commercial and agricultural properties on competitive terms. In exchange for this obligation to supply mortgage financing, Nykredit and Totalkredit are given the opportunity of distributing products through Jyske Bank's branches. Furthermore, Jyske Bank has the right to use the IT system (Xportalen) that supports the employees in advising and producing mortgage loans at Jyske Bank's branches.

Nykredit has informed Jyske Bank that they have taken the position that they consider the cooperation about Nykredit mortgage finance for residential homes and industrial, commercial and agricultural properties terminated in relation to Jyske Bank. Furthermore, Nykredit and Totalkredit have informed Jyske Bank that they have taken the position that they consider the cooperation about Totalkredit terminated in relation to Jyske Bank.

Jyske Bank disagrees that Jyske Bank has terminated the main cooperation agreement and considers Nykredit and Totalkredit's initiative unwarranted.

Jyske Bank holds 20.46 per cent of the shares in PRAS A/S, which holds 3.15 per cent of the shares in Nykredit Holding A/S. Nykredit Holding A/S is the holding company of Nykredit Realkredit A/S.

DLR Kredit
DLR Kredit is owned by regional and local banks and savings banks, including Jyske Bank. Jyske Bank has entered into an agreement with DLR Kredit concerning the supply of mortgage finance for agricultural properties. The agreement with DLR Kredit gives Jyske Bank the opportunity to distribute DLR mortgage loans on competitive terms in exchange for which Jyske Bank is given a fee. Further, Jyske Bank guarantees part of the loans vis-à-vis DLR Kredit and receives a fee in return from DLR Kredit. The agreement can be terminated by DLR Kredit at 3 months' notice to the end of a calendar year. The agreement cannot be terminated by Jyske Bank as long as Jyske Bank holds shares in DLR.

PFA
Jyske Bank has a co-operation with PFA Pension (PFA) concerning the supply of life insurance products to Jyske Bank's customers. The co-operation with PFA entails that Jyske Bank offers PFA's products to Jyske Bank's customers. In accordance with Danish legislation, Jyske Bank is formally registered as an insurance provider for these purposes. Jyske Bank undertakes towards PFA to provide all relevant information, insurance conditions and forms to its customers, and PFA undertakes to provide insurance coverage to the customers under the insurances selected by the customers. Jyske Bank receives a fee for the distribution of PFA's products. If an insurance claim arises and the customer has a legitimate claim under the insurance policy, such claim will be handled and covered by PFA. The agreement can be terminated by either party at 3 months' notice to the end of a calendar year.

SEB
Jyske Bank has entered into an agreement with SEB Kort Danmark, a branch of SEB Kort AB, to distribute "Master Card" credit cards to Jyske Bank's customers. The agreement gives Jyske Bank the opportunity of providing its customers with different Master Cards using JyskeMasterCard as the primary brand for retail customers. The Master Cards are offered to the customers with the possibility of achieving an additional insurance coverage. Further, the customer is given the opportunity of a customer-specific design on the front of the credit card. The agreement governs matters such as the sale, marketing and administration of the Master Card and the exchange of data between Jyske Bank

and SEB Kort Danmark. It also governs the handling of account information to customers as well as the provision of customer services and the fee structure.

22.2 BRFkredit

Bankernes EDB Central

BRFkredit and BRFkredit Bank have entered into an agreement with BEC regarding services related to data processing, such as the service to provide accounting and scheduling systems, PBS clearing, fund administration systems, depositary systems, accounting and budgeting systems, SAS etc. The parties have agreed that BRFkredit Bank will transfer all tasks regarding data processing to BEC to the extent that such tasks can be processed by the services agreed upon.

BRFkredit Bank is a service customer and not a member of BEC, but it has access to all of BEC's IT systems. Moreover, BRFkredit Bank can terminate the contract in whole or in part with 12 months' notice at the end of a month.

IBM

BRFkredit has entered into an IT services outsourcing agreement with IBM Denmark ApS regarding the operation of the BRFkredit Group's mainframe, midrange and FCP IT systems. The agreement governs IBM Denmark ApS' obligations to provide the mentioned IT services to BRF, including the price and standards for these services as well as IBM Denmark ApS' obligation to provide ongoing information and customer support to BRFkredit. By entering into the agreement, BRFkredit aims to utilize IBM Denmark ApS' experience in the area of operation of critical IT systems as well as achieve economies of scale and flexibility in regard to being able to continuously adapt BRF's IT services to BRF's business needs.

The agreement can be terminated by BRFkredit without cause from 7 September 2014, by giving six months' notice to IBM Denmark ApS and by paying any relevant termination and wind down costs to IBM Denmark ApS.

23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTE-REST

This Prospectus does not contain any expert statements or expert reports.

The Prospectus contains quotes from a rating report from Standard & Poor's, the quoted text can be found in S&P Ratings Service "Denmark's Jyske Bank 'A-/A-2' Ratings Affirmed on Funding Reassessment; Outlook Stable", 19 July 2013. Furthermore references are made to Moody's Investor Service's report "Banking System Outlook Denmark" 18 July, 2013. The Bank confirms that information sourced from third parties has been accurately reproduced and that to the best of the Bank's knowledge and belief, and so far as can be ascertained from the information published by such third party, no facts have been omitted which would render the information provided inaccurate or misleading.

24. DOCUMENTS ON DISPLAY

Jyske Bank's consolidated financial statements for 2011, 2012 and 2013, Jyske Bank's consolidated Interim Financial Report First quarter of 2014 and 2013, Jyske Bank's Articles of Association, consolidated financial statements for the Bank's subsidiaries for 2011, 2012 and 2013 are available for inspection at Jyske Bank's offices at the address below:

Jyske Bank A/S, Vestergade 8-16, DK-8600 Silkeborg, Denmark

Copies of these documents will be supplied on request to Jyske Bank.
The documents listed above, except for the consolidated financial statements of the subsidiaries and the statement by the Supervisory Board, are also available at www.jyskebank.dk. In addition, Jyske Bank's Articles of Association are set out in Annex 1.

25. INFORMATION ON HOLDINGS

See "7. Organisational structure" for information on material investments held by Jyske Bank in other companies.

II. Share Securities Note

1. PERSONS RESPONSIBLE

For an overview of the persons responsible for the Prospectus, see “1. Persons responsible” in the Share Registration Document.

2. RISK FACTORS

For a description of risk factors associated with the Merger, see “4. Risk factors” in the Share Registration Document.

3. KEY INFORMATION

Working capital statement
Jyske Bank believes that the working capital as of the Prospectus Date is adequate to cover Jyske Bank’s current requirements, for a period at least 12 months ahead.

Capitalisation and indebtedness
See Chapter 10 “Capital resources and capital management” in the Share Registration Document.

Jyske Bank believes that, at 31 March 2014, the Bank had an appropriate capital structure and adequate capital resources.

The table below shows the capitalisation and indebtedness of Jyske Bank at 31 March 2014.

Overview of Jyske Bank's capitalisation and indebtedness DKKm	**31 March 2014**
Deposits	
Due to credit institutions and central banks	36,232
Deposits	134,276
Pooled deposits	5,120
Deposits, total	**175,628**
Debt	
Issued bonds	26,371
Other liabilities	34,699
Debt, total	**61,070**
Subordinated debt	
Supplementary capital	336
Hybrid core capital	1,011
Subordinated debt, total	**1,347**
Indebtedness, total	**238,045**
Equity	
Share capital	713
Other equity	17,112
Equity, total	**17,825**
Capitalisation, total	**255,870**
Indebtedness, secured	28,904
Indebtedness, unsecured	209,141
Indebtedness, total	**238,045**

The above table should be read in conjunction with the financial statements incorporated by reference.

A part of Jyske Bank's debt to credit institutions and central banks is secured.

At 31 March 2014, Jyske Bank had deposited bonds at central banks and at clearing houses, etc. in connection with clearing and settlement of securities and currency transactions with a fair value of DKK 7,810m. Furthermore, at 31 March 2014 Jyske Bank had provided security for debt to credit institutions in the form of mortgages on owner-occupied properties with a total book value of DKK 2,148m.

Due to the participation in the compulsory Deposit Guarantee Fund, the sector pays an annual contribution of 2.5 per mille of the covered net deposits. The payment into Pengeinstitutafdelingen (the financial institution fund) will continue until the assets of Pengeinstitutafdelingen exceed 1 per cent of the total covered net deposits. According to Bank Package III and Bank Package IV, 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). Latest inventory of Jyske Bank's share of the sector's obligations to the Fund amounts to 6.88 per cent of any losses.

At 31 March 2014, Jyske Bank had deposits of DKK 139bn. Approx. 46 per cent of the deposits are covered by the Deposit Guarantee Fund, which generally covers customers' net deposits (deposits less liabilities) of up to EUR 100,000 (approx DKK 745,000).

At 31 March 2014, Jyske Bank had indirect and contingent liabilities in the form of guarantees of DKK 13,404m and irrevocable loan commitments of DKK 2,345m.

Jyske Bank's debt is not guaranteed by third parties.

Interest of natural and legal persons in the Merger
Jyske Bank is not aware of any natural or legal persons having any interests or conflicts of interest in connection with the Merger that are material to the Bank.

Reasons for the Merger and use of proceeds
The New Shares have been issued to BRFholding a/s in connection with the Merger of Jyske Bank and BRFkredit. The Merger was structured as a contribution in kind of the entire share capital of BRFkredit a/s, nominally DKK 56,480,000 A shares and nominally DKK 250,000,000 B shares, by BRFholding a/s to Jyske Bank against Jyske Bank's issuance of the New Shares and payment of a cash consideration in the amount of DKK 100m.

The proceeds in the Merger amount to DKK 10,262m, corresponding to the booked value of BRFkredit as per 31 December 2013 less the DKK 100m cash compensation paid by Jyske Bank. The Bank did not receive any cash proceeds in connection with the Merger.

4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING

Type of securities and ISIN codes

The New Shares
The capital increase related to the New Shares was registered with the Danish Business Authority on 30 April 2014. Application for admission to trading of the New Shares has been made and the New Shares are expected to be admitted for trading and official listing effective on 2 May 2014 under the ISIN code of the Existing Shares (ISIN DK0010307958).

ISIN code of the Existing Shares: ISIN DK001037958.

Applicable law and jurisdiction
The Merger was subject to and the New Shares were issued in accordance with Danish law. This Prospectus has been prepared in compliance with the standards and requirements of Danish law and the EU Prospectus Regulations. Any dispute which may arise as a result of the Merger shall be brought before the Danish courts of law.

Registration
All New Shares have been delivered in book-entry form, and the New Shares have been issued in non-certificated form and issued and registered in the name of the holder with VP and in the register of shareholders of the Bank which is kept by VP Investor Services A/S, Weidekampsgade 14, DK-2300 Copenhagen S.

Currency
The New Shares are denominated in Danish kroner.

Rights Attached to the New Shares
The New Shares are of the same class as the Existing Shares and carry the same administrative and financial rights as the Existing Shares.

Dividends
The New Shares carry the same rights to dividends as the Existing Shares as of the date of the registration of the capital increase relating to the New Shares which took place on 30 April 2014, and thus they are eligible for any and all dividends declared and payable as from the time of registration with the Danish Business Authority.

No restrictions on dividends or special procedures apply to holders of Shares who are not residing in Denmark. For a description of the tax treatment of dividends under Danish tax legislation, see "4 Information concerning the securities to be offered or admitted to trading – Taxation of shareholders".

Pursuant to the Danish Companies Act, the shareholders of Jyske Bank authorise the distribution of dividends at the Annual General Meeting on the basis of the most recently adopted consolidated financial statement. Dividends may, however, not exceed the amount recommended by the Supervisory Board.

Further, the shareholders in General Meeting may resolve to distribute interim dividends or authorise the Bank's Supervisory Board to resolve to distribute interim dividends. The Supervisory Board's resolution to distribute interim dividends shall be enclosed with an intermediate balance sheet reviewed by the Bank's auditors and showing that sufficient unrestricted funds are available for the distribution of the interim dividends, in addition to a statement by the Supervisory Board saying that the amount of interim dividends is reasonable having regard to the Bank's and the Jyske Bank Group's financial position. The Supervisory Board of the Bank does not hold such authorisation.

Dividends are paid in Danish kroner to the Shareholder's account with VP. Dividends which the Bank has been unable to transfer to the Shareholders within five years of the date of distribution owing to lacking account details, etc. are forfeited by the Shareholders pursuant to the applicable rules in Denmark and accrue to the Bank.

The Bank does not pay dividends cumulatively.

Voting rights
Each Share, including the New Shares, confers the right on the holder to one vote on all matters submitted to a vote at the Bank's General Meetings. Shareholders are entitled to one vote at General Meetings for each share amount of DKK 10 nominal value. However, no Shareholder can cast more than 4,000 votes on his own behalf, see Article 11(1) of the Bank's Articles of Association. It is a precondition for exercising the voting right attaching to a Share acquired by transfer that such Share is registered in the name of the holder in the Bank's share register not later than one week before the General Meeting or that the title to such Share was notified and proven to the Bank within that same time limit, see Article 11(2) of the Bank's Articles of Association.

Pre-emptive rights
The Shares, including the New Shares, generally have pre-emptive rights on a pro rata basis to an increase of the share capital by cash contribution.

Pursuant to article 4(2) of the Articles of Association, the Supervisory Board is authorised in the period until 1 March 2019 to increase the share capital of the Bank by up to nominally DKK 100,000,000 in one or more issues without pre-emptive rights for the existing shareholders of the Bank, provided that the share capital increase takes place by (i) cash payment at market price or (ii) by contribution in kind in connection with the Bank's acquisition of an existing business or certain assets corresponding to the value of the shares issued.

Pursuant to article 4(3) of the Articles of Association, the Supervisory Board is authorised in the period until 1 March 2019 to increase the share capital of the Bank by up to nominally DKK 200,000,000 in one or more issues with pre-emptive rights for the existing shareholders of the Bank against cash contribution or otherwise at a price that may be lower than the market price.

The Bank may, following resolution by the Supervisory Board, in the period until 1 March 2019, on one or more occasions raise loans against bonds or other instruments of debt which bonds or instruments of debt shall entitle the lender to convert his claim into Shares (convertible loans). Such loans shall not exceed the amount specified in Article 4(5) above according to the conversion price fixed on the raising of such loans, and shall not exceed one half of the share capital at the time the resolution is passed.

The Shares issued under the authorisations in Articles 4(2)-(4) and 5(1)-(2) (as described below) may, however, in aggregate not exceed nominally DKK 200m, see Article 4(5).

Where the Supervisory Board decides to raise convertible loans, the authorization to increase the share capital, cf. Article 4(2)-(3) above, shall be considered to be utilized by an amount corresponding to the maximum conversion right.

The term allowed for conversion may be fixed at a period exceeding 5 years after the raising of the convertible loan.

The Bank's Shareholders shall have a right of pre-emption to such convertible loans.

The convertible bonds or other instruments of debt may by resolution of the Supervisory Board be issued without a right of pre-emption for existing Shareholders as payment upon the Bank's acquiring existing businesses or specific assets corresponding to the value of the convertible bonds or other instruments of debt.

For Shares which shall be issued on the basis of the convertible loans mentioned in this provision, the Supervisory Board shall decide – with due regard to the time of subscription or utilization of the conversion right – the time from when such new shares shall carry a right to receive dividend and other terms and conditions of the share issue. The shares shall be subject to the same rules as apply to the Existing Shares in respect of rights and duties, including redeemability and transferability.

Rights on liquidation
In the event of liquidation of the Bank, the Shareholders are entitled to participate in the distribution of excess assets in proportion to their nominal shareholdings after the Bank's creditors have been satisfied.

Redemption provisions
No shareholder is under an obligation to have his shares redeemed in whole or in part by the Bank or any other party other than as provided in the Danish Companies Act.

Exchange provisions
The Shares of the Bank carry no conversion rights or obligations.

Issue of the New Shares
The New Shares were issued in accordance with Article 4(6)[ ] of the Articles of Association pursuant to which the Supervisory Board was authorised to increase the share capital of the Bank by up to nominally DKK 237,600,000 without pre-emption rights for the existing shareholders of the Bank against contribution in kind of the shares of BRFkredit a/s. The Supervisory Board exercised the authorisation in full on 30 April 2014 in connection with completion of the Merger and the issuance of the New Shares to BRFholding.

The New Shares were subscribed for by BRFholding, registered with the Danish Business Authority and issued in the ISIN code DK001037958 on 2 May 2014.

Negotiability of the New Shares
The Bank's Shares, including the New Shares, are negotiable instruments, and the Shares are freely transferable, provided always that transfer of Shares to a transferee who has or by the transfer acquires 10 per cent or more of the Bank's share capital requires the consent of the Bank. See Article 3(6) of the Articles of Association.

Pursuant to Article 3(6) of the Articles of Association consent can and must be granted

- where such transfer forms part of the transfer of the Shares to a holding company as part of a change of structure effected and approved by the Bank or as part of a reconstruction of the Bank with the understanding of the Danish Financial Supervisory Authority after the loss of capital; and
- in general, where the transferee - in view of the voting and capital circumstances at the Bank's previous General Meetings - cannot reasonably be assumed to be able to hinder any amendment concerning a capital increase of the Bank.

Unless the acquirer receives notification to the contrary within five banking days on the Bank having received the application, consent shall be considered given. No specific internal stipulation shall apply to notification of consent. Any such stipulation shall only be laid down through amendments to these Articles of Association. Any Shares acquired, despite not having been consented to, shall be sold immediately and shall not lead to administrative rights in the company.

For a description of the lock-up agreement signed in connection with the Merger and the agreement made between Jyske Bank and BRFholding a/s, see “7 Securities holders who wish to sell and lock-up agreements – Lock-up agreements”.

Danish legislation concerning mandatory takeover bids and redemption of Shares
The Danish Securities Trading Act includes rules concerning public bids for the acquisition of Shares. If a shareholding is transferred, directly or indirectly, in a company with one or several share classes admitted to trading on a regulated market or an alternative marketplace, to an acquirer or to persons acting in concert with such acquirer, the acquirer shall enable all Shareholders of the company to dispose of their Shares on identical terms if the acquirer gains a controlling interest as a result of the transfer.

A controlling interest exists if the acquirer, directly or indirectly, holds more than half of the voting rights in the company, unless it can be clearly proven in special cases that such ownership does not constitute a controlling interest.

An acquirer who does not hold more than half of the voting rights in a company nevertheless has a controlling interest when the acquirer has:

- control over the majority of the voting rights in the company pursuant to an agreement with other shareholders;
- the right to control the financial and operational affairs of the company according to the articles of association or agreement;
- the right to appoint or dismiss a majority of the members of the company’s supervisory board; or
- more than one third of the voting rights in the company and the actual majority of votes at the general meeting or similar body, thus having controlling influence over the company.

Warrants, call options and other potential voting rights, which may currently be exercised or converted, shall be taken into account in the assessment of whether the acquirer holds a controlling interest.

Voting rights attached to treasury shares shall be included in the calculation of voting rights.

If special conditions apply, the Danish Financial Supervisory Authority may grant an exemption from the duty to make a mandatory bid.

Compulsory redemption of Shares
Where a shareholder holds more than 90 per cent of the shares in a company and a corresponding proportion of the voting rights, such shareholder may, pursuant to the Danish Companies Act, Section 70, deem that the other shareholders have their shares redeemed by that shareholder. In this case, the other shareholders must be requested, under the rules governing notices for general meetings to transfer their shares to the shareholder within four weeks. If the redemption price cannot be agreed upon, the redemption price must be determined by an independent expert appointed by the court in the jurisdiction of the company’s registered office in accordance with the provisions of the Danish Companies Act.

Specific requirements apply to the contents of the notice to the other shareholders regarding the redemption. Any minority shareholders who have not transferred their shares to the acquiring shareholder before the expiry of the four-week period shall, pursuant to the Danish Companies Act Section 72, be requested, through notification in the Danish Business Authority’s IT system, to transfer their shares to the acquiring shareholder within a period of not less than three months.

Furthermore, where a shareholder holds more than 90 per cent of the shares in a company and a corresponding proportion of the voting rights, the other shareholders may require such shareholder to acquire their shares pursuant to Section 73 of the Danish Companies Act. If the redemption price cannot be agreed upon, the redemption price must be determined by an independent expert appointed by the court in the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act.

Major shareholdings

Pursuant to Section 29 of the Danish Securities Trading Act, a shareholder of a listed company is required to notify the listed company and the Danish FSA as soon as possible if the shareholder's stake (i) represents 5 per cent or more of the voting rights in the Company or the nominal value of its share capital, and (ii) when a change in a holding already notified entails that the limits of 5 per cent, 10 per cent, 15 per cent, 20 per cent, 25 per cent, 50 per cent or 90 per cent and the limits of one-third and two-thirds of the voting rights or the nominal value are reached or are no longer reached or the change entails that the limits stated in (i) are no longer reached. The notifications must comply with the requirements for the contents thereof set out in sections 15 and 16 of the Danish executive order on major shareholders, including the identity of the shareholder and the date when a limit is reached or is no longer reached. Failure to comply with the notification requirements is punishable by a fine. When the Bank has received such notification, it must publish the contents of such notification as soon as possible.

Furthermore, the general duty of notification pursuant to the Danish Companies Act applies.

Public takeover bids made by third parties for Jyske Bank's Shares during the past or current financial years

No takeover bids have been made by any third party in respect of the Bank's Shares during the past or current financial years.

Taxation

The following is a summary of certain Danish income tax considerations relating to an investment in the Shares. The summary is for general information only and does not purport to constitute exhaustive tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to an investment in the Shares. The summary is based solely upon the tax laws of Denmark in effect on the Prospectus Date. Danish tax laws may be subject to change, possibly with retroactive effect.

The summary does not cover investors to whom special tax rules apply, and therefore may not be relevant, for example, to investors subject to the Danish Act on Pension Investment Return Taxation (i.e. pension savings), professional investors, certain institutional investors, insurance companies, pension companies, banks, stockbrokers and investors with tax liability on return on pension investments. The summary does not cover taxation of individuals and companies who carry on a business of purchasing and selling shares. Sales are assumed to be sales to a third party.

Potential investors in the Shares are advised to consult their tax advisers regarding the applicable tax consequences of acquiring, holding and disposing of the Shares based on their particular circumstances. Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisers with respect to the tax consequences applicable to their particular circumstances as such consequences may differ significantly from those described herein.

Taxation of Danish tax resident shareholders

<u>*Sale of Shares (Individuals)*</u>

Gains from the sale of Shares are taxed as share income at a rate of 27 per cent on the first DKK 49,200 in 2014 (for cohabiting spouses, a total of DKK 98,400) and at a rate of 42 per cent on share income exceeding DKK 49,200 (for cohabiting spouses over DKK 98,400). Such amounts are subject to annual adjustments and include all share income (i.e., all capital gains and dividends derived by the individual or cohabiting spouses, respectively).

Gains and losses on the sale of listed shares are calculated as the difference between the purchase price and the sales price. The purchase price is generally determined using the average method as a proportion of the aggregate purchase price for all the shareholder's shares in the company. Losses on the sale of listed shares can only be offset against other share income deriving from listed shares, (i.e. received dividends and capital gains on the sale of listed shares). Losses not utilized will automatically be offset against a cohabiting spouse's share income deriving from listed shares and additional losses can be carried forward indefinitely and offset against future share income deriving from listed shares.

Losses on listed shares may only be set off against gains and dividends on other listed shares if the Danish Tax Authorities have received certain information concerning the ownership of the shares. This information is normally provided to the Danish Tax Authorities by the securities depositary.

Sale of Shares (Companies)
For the purpose of taxation of sales of Shares made by shareholders, a distinction is made between Subsidiary shares, Group shares and Portfolio shares:

"Subsidiary shares" is generally defined as shares owned by a shareholder holding at least 10 per cent of the nominal share capital of the issuing company.

"Group shares" is generally defined as shares in a company in which the shareholder of the company and the issuing company are subject to Danish tax consolidation or fulfil the requirements for international tax consolidation under Danish law.

"Portfolio shares" are shares that do not qualify as Subsidiary shares or Group shares.

Gains or losses on disposal of Subsidiary shares and Group shares are not included in the taxable income of the shareholder. Special rules apply in order to prevent avoidance of the 10 per cent ownership requirement through certain holding company structures. These rules will not be described in further detail.

Capital gains from the sale of listed Portfolio shares are taxable at a rate of 24.5 per cent (2014) irrespective of ownership period. Losses on such shares are deductible. The standard corporate tax rate will be reduced to 23.5 per cent in 2015 and 22 per cent in 2016.

Gains and losses on listed Portfolio shares are taxable according to the mark-to-market principle. According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the market value of the shares at the beginning and end of the tax year. Thus, taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realised. If the Portfolio shares are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the Portfolio Shares at the beginning of the income year and the value of the Portfolio shares at realisation. In the income year in which the Portfolio shares have been acquired, the taxable income of that income year equals the difference between the purchase price and the value of the Portfolio shares the value of the Portfolio shares at tax year end. If the Portfolio shares have been acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the value of the Portfolio shares at realisation.

A change of status from Subsidiary shares/Group shares to Portfolio shares (or vice versa) is for tax purposes deemed to be a disposal of the shares and a reacquisition of the shares at market value at the time of change of status.

Special transition rules apply with respect to the right to offset capital losses realised by the end of the 2009 income year against taxable gains on shares in the 2010 income year or later.

Dividends (Individuals)
Dividends paid to individuals who are tax residents of Denmark are taxed as share income, as described above.

All share income must be included when calculating whether the amounts mentioned above are exceeded. Dividends paid to individuals are generally subject to 27 per cent withholding tax.

Dividends (Companies)
Dividends paid on Portfolio shares are subject to the standard corporate tax rate of 24.5 per cent (2014) irrespective of ownership period. The effective withholding tax rate is 24.5 per cent. If the distributing

company withholds 27 per cent, the shareholder can claim a refund of the excess 2.5 per cent. The standard corporate tax rate will be reduced to 23.5 per cent in 2015 and 22 per cent in 2016.

Dividends received on Subsidiary shares and Group shares will not be subject to taxation, irrespective of ownership period.

Taxation of shareholders residing outside Denmark

Sale of shares (Individuals and Companies)
A non-resident of Denmark will normally not be subject to Danish tax on any gains realised on the sale of shares, irrespective of the holding period.

Where a non-resident of Denmark holds listed Portfolio shares which can be attributed to a permanent establishment in Denmark, such gains are, however, taxable pursuant to the rules applying to Danish tax residents as described above.

Dividends (Individuals)
Under Danish law, dividends paid in respect of shares are generally subject to Danish withholding tax at a rate of 27 per cent. If the withholding tax rate applied is higher than the applicable final tax rate for the shareholder, a request for a refund of Danish tax in excess hereof may in certain circumstances be made by the shareholder.

Dividends (Companies)
Dividends from Subsidiary shares are exempt from Danish withholding tax provided the taxation of the dividends is to be waived or reduced in accordance with the Parent-Subsidiary Directive (2011/96/EEC) or in accordance with a tax treaty with the jurisdiction in which the company investor is resident. Further, dividends from Group shares are exempt from Danish withholding tax provided the company investor is a resident of the EU or the EEA and provided the taxation of dividends should have been waived or reduced in accordance with the Parent-Subsidiary Directive (2011/96/EEC) or in accordance with a tax treaty with the country in which the company investor is resident had the shares been Subsidiary shares. It is a requirement for applicability of a reduced rate or exemption from withholding tax under double taxation treaties that the non-resident shareholder is the beneficial owner of the dividend in question.

Dividend payments on Portfolio Shares will be subject to withholding tax at a rate of 27 per cent irrespective of ownership period. If the withholding tax rate applied is higher than the applicable final tax rate for the shareholder, a request for a refund of Danish tax in excess hereof may in certain circumstances be made by the shareholder.

Existing shareholders
For Danish tax purposes the capital increase is not a taxable event or a deemed taxable event for the shareholders, i.e., the capital increase does not constitute e.g. a sale, a deemed sale, a dividend distribution or any other taxable transaction. Accordingly the capital increase does not trigger any income taxation, capital gains taxation or dividend taxation for the existing shareholders.

Shareholder of newly issued share capital
The purchaser of the shares issued in connection with the capital increase is a Danish A/S (a limited liability company). The company has become the owner of 25 per cent of the share capital of Jyske Bank. Dividends paid by Jyske Bank will be tax exempt for the purchaser. Capital gains realised by the purchaser on the sale of shares in Jyske Bank will be tax exempt. A possible capital loss is not tax deductible and cannot be set off.

5. TERMS AND CONDITIONS OF THE MERGER

23,760,000 New Shares of a nominal value of DKK 10 each were issued in conection with the completion of the Merger. The issuance of the New Shares was directed at BRFholding as part of the Merger Agreement and without pre-emption rights for the existing shareholders of the Bank.

On 30 April 2014 the New Shares were subscribed for by BRFholding by contribution in kind of the entire share capital in BRFkredit. The New Shares were issued at a price of DKK 295.9 per New Share and a cash consideration of DKK 100m payable by Jyske Bank to BRFholding.

The new Shares have been issued in the ISIN of the Existing Shares (ISIN DK0010307958) and application has been made for the New Shares to be admitted to trading and official listing on NASDAQ OMX Copenhagen effective as of 2 May 2014.

General restrictions
The New Shares are subject to transfer and reselling restrictions in certain jurisdictions. By investing in shares issued by Jyske Bank investors will be deemed to have confirmed that the Bank and their respective affiliates and other persons may rely on the accuracy of the representations, warranties, guarantees and agreements contained herein.

This Prospectus may not be distributed in or otherwise made available directly or indirectly, in the United States, Canada, Australia or Japan, unless such distribution is permitted under applicable laws in the relevant jurisdiction, and the Bank must receive satisfactory documentation to that effect. This Prospectus may not be distributed in or otherwise be made available in any jurisdiction outside Denmark unless such distribution is permitted under applicable laws in the relevant jurisdiction, and the Bank may require receipt of satisfactory documentation to that effect. The Bank makes no offer or solicitation to any person under any circumstances that may be unlawful.

Restrictions in the United States
The Prospectus has not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the USA or any other U.S. regulatory authority, nor have any of such regulatory authorities passed upon or endorsed the merits of the Prospectus or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Shares issued by Jyske Bank A/S have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws in the USA.

Restrictions in the European Economic Area
In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each a “Relevant Member State”) the New Shares have not been approved, disapproved or recommended by any securities commission in any Relevant Member State, nor have any of such authorities passed upon or endorsed the merits of the Merger or the accuracy or adequacy of this Prospectus. The term “Prospectus Directive” means Directive 2003/71/EC and includes all relevant implementation procedures in each Relevant Member State.

Restrictions on sales in Canada, Australia and Japan and any other jurisdictions outside Denmark
The New Shares have not been approved, disapproved or recommended by any foreign securities commission, nor have any of such authorities passed upon or endorsed the merits of the Merger or the accuracy or adequacy of this Prospectus.

6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

Admission to trading on NASDAQ OMX Copenhagen
The Existing Shares are listed on NASDAQ OMX Copenhagen under the ISIN code ISIN DK0010307958 and the symbol “JYSK”.

As of the Prospectus Date the New Shares are not admitted to trading and official, listing on NASDAQ OMX Copenhagen. Application has been made for admission to trading and official listing on NASDAQ OMX Copenhagen effective as of 2 May 2014.

Other regulated markets where the securities are admitted
The Bank’s Shares, including the New Shares, have not been admitted to trading in regulated markets other than NASDAQ OMX Copenhagen nor will application for such admission be filed.

Market making
Jyske Bank has not entered into any general market maker agreement.

7. SELLING SECURITIES HOLDERS

Selling securities holders
Not relevant.

Lock-up agreements in connection with the Merger
Jyske Bank and BRFholding agree that stability in the New Group's ownership helps to ensure the best conditions for business operation and success in the coming years. BRFholding want to act as a long-term strategic shareholder in Jyske Bank and has entered into the Lock-Up Agreement in respect of the New Shares.

The Lock-Up Agreement imposes BRFholding a restriction in selling the New Shares for a period of 1 year after completion of the Merger and other restrictions in relation to BRFholding’s ability to sell some of the New Shares for a period of 5 years after the completion of the Merger.

BRFholding refrains during the period (“Lock-up period”) from and including 30 April 2014
up to 29 April 2019 from directly or indirectly:
- transfer of ownership (including mergers, liquidation, distribution) or collateral of any Shares or securities exchangeable or convertible into or exercised into Shares, or
- assign any financial or administrative rights attaching to the Shares in whole or in part.

Whatever above BRFholding is authorized to make the following transactions in the lock-up period:
- In the period from and including 30 April 2015 and the 29 April 2016 BRFholding is entitled to freely dispose of nominally DKK 9,504,000 Shares.
- In the period from and including 30 April 2016 and the 29 April 2017 BRFholding is entitled to freely dispose of nominally DKK 9,504,000 Shares.
- In the period from and including 30 April 2017 and the 29 April 2018 BRFholding is entitled to freely dispose of nominally DKK 47,520,000 Shares.
- In the period from and including 30 April 2018 and the 29 April 2019 BRFholding is entitled to freely dispose of nominally DKK 47,520,000 Shares.

Notwithstanding the above BRFholding is entitled to sell all of the New Shares, if BRFholding at any point of time is not represented in the Supervisory Board.

8. EXPENSE OF THE ISSUE/OFFER

The total consideration paid by Jyske Bank to BRFholding a/s in connection with the Merger amounts to DKK 7,131m of which DKK 100m of the consideration was paid in cash and DKK 7,031m was paid contributed through the bank's issuance of 23,760,000 New Shares at a price of DKK 295.9 per New Share.

The proceeds received by the Bank in the Merger amounts to DKK 10,262m, corresponding to the book value of BRFkredit as per 31 December 2013 less the DKK 100m cash compensation paid by Jyske Bank. The Bank did not receive any cash proceeds in connection with the Merger.

The integration costs and expenses to be borne by the Bank in connection with the Merger and preparation of the Prospectus amount to DKK 300-400m.

9. DILUTION

Prior to the Merger, the Bank's share capital was DKK 712.8m nominal value divided into 71,279,999 Shares of DKK 10 nominal value each, which have been admitted to trading and official listing on NASDAQ OMX Copenhagen.

As a result of the issuance of the 23,760,000 New Shares with a nominal value of DKK 10 each, the Bank's existing shareholders have experienced 33 per cent dilution of their ownership in the Bank.

At 31 December 2013, Jyske Bank's equity was DKK 17,479m, corresponding to DKK 245 per Share, and at 31 December 2013, BRFkredit's equity was DKK 10,362m. At 31 December 2013, Pro forma equity in the New Group was DKK 27,841m, corresponding to DKK 293 per Share.

10. ADDITIONAL INFORMATION

Legal advisors to Jyske Bank
Bech-Bruun
Langelinie Allé 35
DK-2100 København Ø

Legal advisors to BRFkredit
Bruun & Hjejle
Nørregade 21
DK-1165 København K

Independent auditors to Jyske Bank
Deloitte
Statsautoriseret Revisionspartnerselskab
Papirfabrikken 26
DK-8600 Silkeborg

Independent auditors to BRFkredit
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Availability of the Prospectus
Copies of this Prospectus are available on request from:
Jyske Bank A/S
Vestergade 8-16
DK-8600 Silkeborg
+45 89 89 89 89

Expert statements
No expert statements are included in the Prospectus.

Information from third parties
This Prospectus contains market data. This information has been obtained from a variety of sources, including professional data suppliers, company websites and other publicly available information as well as the Bank's and the Mortgage Institution's knowledge of the markets.

The information is deemed to be reliable and the Bank believes that no facts have been omitted that would render the information provided inaccurate or misleading but the information has not been verified. The Bank do not make any representation as to the accuracy of such information. Thus, developments in the New Group's activities may deviate from the market developments stated in this Prospectus. The Bank does not assume any obligation to update such information. If information has been obtained from third parties, the Bank and the Mortgage Institution confirm that such information has been accurately reproduced and to the best of the Bank's and the Mortgage Institution's knowledge and belief, and in so far as can be ascertained from the information published by such third party, no facts have been omitted which would render the information provided inaccurate or misleading.

Annex

Annex 1: Articles of Association

Articles of Association
of
Jyske Bank A/S

Contents

Name, registered office and objective

1

(1):
The name of the Bank is Jyske Bank A/S.

(2):
The Bank also carries on business under the secondary names listed in Art. 22 below.

(3):
The Bank's registered office is situate in the municipality of Silkeborg, Denmark.

(4):
The Bank's objective is, as a bank and as the parent company, to carry on banking business and other activities permitted under current legislation, including the provision of mortgage-credit loans through BRFkredit.

(5):
The Bank carries on business in accordance with the rules of business ethics, good banking practice and the Bank's core values and principles.

Share capital and shares

2 - Share capital

The Bank's share capital is DKK 950,399,990 divided into 95,039,999 shares. The share capital is fully paid up.

3 - Shares

(1):
Shares shall when issued and transferred be registered in the names of their holders at the Danish Securities Centre (VP Securities) and in the Bank's register of shareholders.

(2):
The Bank’s register of shareholders shall be maintained by VP Investor Services A/S (VP services A/S), Business Reg. No. 30201183.

(3):
No special rights shall attach to any share.

(4):
Shareholders shall be under no obligation to have their shares redeemed in whole or in part.

(5):
The shares shall be negotiable instruments.

(6):
The shares shall be freely transferable, always provided that the transfer of shares to an acquirer holding or by the acquisition obtaining ten per cent or more of the Bank's share capital shall require the consent of the Bank.

Consent shall and must be granted

- where such acquisition forms part of the transfer of the shares to a holding company as part of a change of structure effected and approved by the Bank or as part of a reconstruction of the Bank with the understanding of the Danish Financial Supervisory Authority after the loss of capital; and

- in general, where the acquirer - in view of the voting and capital circumstances at the Bank's previous General Meetings - cannot reasonably be assumed to be able to hinder any amendment concerning a capital increase of the Bank.

(7):
Unless the acquirer receives notification to the contrary within five banking days on the Bank having received the application, consent shall be considered given. No specific internal stipulations shall apply to notification of consent. Any such stipulation shall only be laid down through amendments to these Articles of Association. Any share acquired, despite not having been consented to, shall be sold immediately and shall not lead to administrative rights in the company.

(8):
Dividend shall be payable in accordance with the rules laid down by VP Securities. Any dividend not

claimed within five years after its due date shall fall to the Bank.

4 – Authority, share issue

(1):
Upon any new issue of shares for cash, existing shareholders shall be entitled to proportional subscriptions of new shares, unless otherwise provided by legislation or the Articles of Association.

(2):
As specified by the Supervisory Board in respect of time and terms and conditions, the share capital can be increased through the subscription of new shares without preferential subscription rights for existing shareholders. Such increase may be in one or several issues by not more than a nominal amount of DKK 100m (10 million shares of a face value of DKK 10). The increase may be effected through cash payment or through acquisition of existing businesses or specific assets. The increase must in every case be effected not below the market price. The increase cannot be effected through part payment. The authorisation will be effective until 1 March 2019.
In case of issue and transfer, the new shares are registered in the name of the holder with VP Securities and in the Bank’s register of shareholders. The new shares are negotiable instruments, and there are no restrictions in their negotiability except for the provisions laid down in Art. 3 of the Articles of Association. Shareholders shall be under no obligation to have their shares redeemed in whole or in part.

(3):
As specified by the Supervisory Board in respect of time and terms and conditions, the share capital can be increased through the subscription of new shares with preferential subscription rights for existing shareholders. The increase may be in one or several issues by not more than a nominal amount of DKK 200m (20 million shares of a face value of DKK 10). The increase may be effected through cash payment or in any other manner. The increase may be offered at a favourable price. The increase cannot be effected through part payment. The authorisation will be effective until 1 March 2019.
In case of issue and transfer, the new shares are registered in the name of the holder with VP Securities and in the Bank’s register of shareholders. The new shares are negotiable instruments, and there are no restrictions in their negotiability except for the provisions laid down in Art. 3 of the Articles of Association. Shareholders shall be under no obligation to have their shares redeemed in whole or in part.

(4):
Where new share capital is issued in accordance with Art. 4, the Supervisory Board shall determine the terms and conditions for the subscription including the time, subscription ratio, subscription price and time for right of dividend for new shares. To these shares the same rules as apply to the existing shares in respect of rights and duties, redeemability and transferability shall apply.

(5):
When exercising the authorisation set out in Art. 4(2) and (3), and Art. 5(1) and (2), the Supervisory Board may increase the company's share capital by not more than a nominal amount of DKK 200m (20 million shares of a face value of DKK 10).

5 – Authority, convertible loans

(1):
The Bank may, following resolution by the Supervisory Board, during the period specified in Art. 4(2) and (3), on one or more occasions raise loans against bonds or other instruments of debt which bonds or instruments of debt shall entitle the lender to convert his claim into shares (convertible loans). Convertible loans can be raised with a maximum conversion right to a number of shares, corresponding to the amount specified in Art. 4(5) calculated in relation to the conversion price fixed on the raising of such loans. The Bank’s shareholders shall have a preferential subscription right to convertible loans. Where the Supervisory Board decides to raise convertible loans, the authorisation to increase the share capital, cf. Art. 4(2)-(3), shall be considered to be utilised by an amount corresponding to the maximum conversion right. The term allowed for conversion may be fixed at a period exceeding five years after the raising of the convertible loan. For shares which shall be issued

on the basis of the convertible loans mentioned in this provision, the Supervisory Board shall decide – with due regard to the time of subscription or utilisation of the conversion right – the time from when such new shares shall carry a right to receive dividend and other terms and conditions of the share issue. Shares issued on the basis of the convertible loans mentioned in this provision cannot be effected through part payment. To these shares the same rules as apply to the existing shares in respect of rights and duties, redeemability and transferability shall apply.

(2):
The Bank may, following resolution by the Supervisory Board, during the period specified in Art. 4(2) and (3), on one or more occasions raise loans against bonds or other instruments of debt which bonds or instruments of debt shall entitle the lender to convert his claim into shares (convertible loans). Convertible loans can be raised with a maximum conversion right to a number of shares, corresponding to the amount specified in Art. 4(5) calculated in relation to the conversion price fixed on the raising of such loans. The Bank’s shareholders shall not have a preferential subscription right to convertible loans which are offered at a subscription price and a conversion price to the effect that the right of conversion corresponds to the market price of the shares at the time the resolution was passed by the Supervisory Board. The convertible bonds or other instruments of debt may be issued as payment upon the Bank’s acquisition of existing businesses or specific assets corresponding to the value of the convertible bonds or other instruments of debt. Where the Supervisory Board decides to raise convertible loans, the authorisation to increase the share capital, cf. Art. 4(2)-(3), shall be considered to be utilised by an amount corresponding to the maximum conversion right. The term allowed for conversion may be fixed at a period exceeding five years after the raising of the convertible loan. For shares which shall be issued on the basis of the convertible loans mentioned in this provision, the Supervisory Board shall decide – with due regard to the time of subscription or utilisation of the conversion right – the time from when such new shares shall carry a right to receive dividend and other terms and conditions of the share issue. Shares issued on the basis of the convertible loans mentioned in this provision cannot be effected through part payment. To these shares the same rules as apply to the existing shares in respect of rights and duties, redeemability and transferability shall apply.

(3):
When exercising the authorisation set out in Art. 5(1) and (2), the Supervisory Board may raise convertible loans with a maximum conversion right to a number of shares, corresponding to the amount specified in Art. 4(5) calculated in relation to the conversion price fixed on the raising of such loans.

(4):
When exercising the authorisation set out in Art. 4(2) and (3), and Art. 5(1) and (2), the Supervisory Board may increase the company's share capital by not more than a nominal amount of DKK 200m (20 million shares of a face value of DKK 10).

Governing bodies

6

The Bank's affairs shall be managed by:

- the General Meetings which are the Bank’s supreme authority,
- the Shareholders' Representatives, which carry out specific tasks laid down in the Articles of Association and in accordance with the Bank's core values and principles,
- the Supervisory Board and the Executive Board which attend to the management of the Bank.

General Meetings

7 – General Meetings, notice

(1):
Shareholders' right to pass resolutions shall be exercised at the General Meetings which are held in

Silkeborg or at some other location in the Central Jutland region.

(2):
General Meetings shall be called by the Supervisory Board at not more than five weeks’ and not less than three weeks’ notice. The notice convening the General Meeting shall be sent to NASDAQ OMX Copenhagen A/S and announced at the Bank’s website. Notice of the General Meeting shall be given in writing to all registered shareholders who have so requested. Notice of the General Meeting shall be given to the group’s employees.

(3):
The notice convening the General Meeting shall state the time and place for the General Meeting, the agenda as well as the essentials of any proposals for amendments to the Articles of Association unless otherwise provided by legislation or by the Articles of Association. Moreover, the notice shall contain

- a description of the size of the share capital and the voting rights of the shareholders,
- a description of the procedures for shareholders’ participation in and voting at the General Meeting,
- the date of registration,
- a clear indication of where and how to obtain the agenda, the full wording of the proposed amendments to the Articles of Association, and any other documents which must be made available at the General Meeting.

(4):
Not later than three weeks before the General Meeting, the agenda and the full wording of any resolutions and - at Annual General Meetings also the annual report and the consolidated financial statements with an auditor’s report and the management’s review - shall be available at the Bank's website.

8 – Annual General Meetings, agenda

(1):
Annual General Meetings which shall be held before the end of March shall consider the following agenda:

a. Report of the Supervisory Board on Jyske Bank's operations during the preceding year.

b. Presentation of the annual report for adoption or other resolution as well as resolution as to the application of profit or cover of loss according to the financial statements adopted.

c. Motions concerning the authority of the Supervisory Board that the Bank may until the next General Meeting acquire own shares.

d. Any other motions.

e. Election of Shareholders’ Representatives, cf. Art. 14, and possibly election of 1-2 members of the Supervisory Board, cf. Art. 16.

f. Appointment of auditors.

g. Any other business.

(2):
Any shareholder shall be entitled to have specified business transacted at the General Meeting provided that he submits a written request thereof to the Bank not later than six weeks before the General Meeting, cf. S.90 of the Danish Companies Act.

9 – Extraordinary General Meetings

(1):
Extraordinary General Meetings shall be held at the request of:

- the Annual General Meeting,
- the Shareholders' Representatives,
- the Supervisory Board,

- shareholders holding not less than five per cent of the share capital. Any such request shall be made in writing and submitted to the General Meeting specifying the business to be transacted,
- one of the appointed Auditors.

(2):
Extraordinary General Meetings shall be convened and held according to the same rules as apply to Annual General Meetings unless otherwise provided by legislation or by the Articles of Association.

10 - General Meetings, procedures and admission

(1):
General Meetings shall be presided over by a chairman of the meeting appointed by the Supervisory Board.

The chairman of the meeting shall determine all questions concerning the manner in which business shall be transacted and concerning voting procedures and results.

(2):
Any shareholder who has acquired an admission card not later than three days prior to the General Meeting shall be entitled to attend the General Meeting.

Where a shareholder wishes to be represented by a proxy, he shall within the three-day limit have notified the Bank that he so wishes or have acquired an admission card. The instrument appointing the proxy and which shall be produced shall be in writing or in electronic form and duly dated. Proxy can be granted for an unlimited period. However, members of the Supervisory Board can only act as proxies for a specific general meeting with an agenda that is known beforehand. The Bank will make a written or electronic form for the appointment of proxies available to any shareholder who is entitled to vote at the general meeting.

Where a shareholder wishes to be accompanied by an adviser, he shall notify the Bank within the same three-day limit.

11 - Voting rights

(1):
Each share amount of DKK 10 shall give one vote, provided always that 4,000 votes are the highest number of votes any one shareholder may cast on his own behalf.

(2):
For the voting right of a share acquired through a transfer to be exercised, the share must be registered in the name of the holder in the Bank's register of shareholders not later than one week prior to the day scheduled for the general meeting, or the title to such share must be notified and proven to the Bank within that same time limit.

(3):
Except in respect of adoption of resolutions concerning amendments to the Articles of Association or the winding-up of the Bank, cf. Arts. 12 and 13 below, General Meetings shall form a quorum irrespective of the proportion of the share capital represented at the Meeting.

(4):
Unless otherwise provided by legislation or by the Articles of Association, resolutions shall be adopted by a simple majority of votes cast. Votes shall be in writing at the request of at least one tenth of the attending shareholders. It is in this respect of no importance whether a shareholder is also a proxy representing another shareholder.

12 - Amendments to the Articles of Association

(1):
Motions to amend the Articles of Association shall only be adopted where not less than 90 per cent of the voting share capital is represented at the General Meeting and only where adopted by both three fourth of the votes cast and by three fourth of the voting share capital represented at the General Meeting.

(2):
Where less than 90 per cent of the voting share capital is represented at the General Meeting, but the said motion obtained both three fourth of the votes cast and three fourth of the voting share capital represented at the General Meeting and where the resolution was moved by the Shareholders' Representatives, and/or the Supervisory Board, the said motion may be adopted at a new General Meeting by the said qualified majority irrespective of the proportion of the share capital represented. Such new General Meeting shall be called at the usual notice within fourteen days after the first General Meeting.

(3):
Where Danish financial business and company legislation allows that resolutions to increase the share capital or to grant authority to the Supervisory Board to effect such increases are adopted by a simple or qualified majority of votes cast, irrespective of the proportion of the total or represented capital voting in favour, such resolutions and consequent amendments to Arts. 2 and 4 above shall from the commencement of such legislation be adoptable by the smallest possible majority allowed by current legislation at the time of adopting the resolution.

13 - Winding up/Merger

Motions to voluntarily wind up the Bank or merge with other financial institutions where the Bank will not be the surviving company shall only be adopted according to the rules for the adoption of amendments to the Articles of Association, cf. Art. 12 above.

Shareholders' Representatives

14 – Shareholders’ Representatives, election, structure, procedures

(1):
Members of the Bank’s Shareholders’ Representatives shall be elected by and of the shareholders in Annual General Meeting.

(2):
According to the provisions laid down by the Supervisory Board, the Bank shall be divided into a number of geographical election regions. Each of the present three geographical election regions, North, South and East shall be guaranteed not fewer than 25 members and not more than 50 members of the body of Shareholders’ Representatives. The total number of Shareholders’ Representatives and the number of members of each geographical election region shall be determined by the Supervisory Board. The Representatives shall be elected with a view to securing the widest possible geographical as well as professional representation.

(3):
Where the number of Shareholders’ Representatives falls below 25 in any one geographical election region, the next Annual General Meeting shall make a new election to be valid for the remainder of the term of office of the particular election region.

(4):
Shareholders’ Representatives shall be elected for terms of three years. Re-elections shall be allowed. The Shareholders’ Representatives elected in each geographical election region shall stand for election alternatively every three years. The order of regional elections shall be determined by the Supervisory Board, and the present order of elections is North, East and South.

(5):
Eligible for the body of Shareholders’ Representatives shall be personally registered shareholders of the Bank who are of age and have the right of managing their estate. The shareholders must be domiciled in Denmark and shall not have attained the age of 70 or more during the preceding calendar year. The members of the Shareholders' Representatives must retire from the body of Shareholders' Representatives at the next elections of Shareholders Representatives after the calendar year when such member has attained the age of 70 no matter whether elections are held in the region where the particular person was elected.

(6):
Every year, the Shareholders' Representatives shall choose its Chairman and Deputy Chairman. Re-elections shall be allowed.

(7):
To ensure coordination in the Bank's management, the Chairman of the Shareholders' Representatives should, if possible, be a member of the Supervisory Board.

(8):
The Shareholders' Representatives shall hold not fewer than one meeting annually and as often as the Chairman thinks fit or as requested by one fourth of the Representatives or by the Supervisory Board.

(9):
Notwithstanding the provisions on the structure and election of the Shareholders' Representatives, the Shareholders' Representatives may – in connection with the Bank's merger with other banks or financial holding companies (as defined in the Danish Financial Business Act in force from time to time – currently S.5(1)) – resolve to offer members of the supervisory boards of other banks and financial holding companies to become observers in the Shareholders Representatives, or the members in general meeting may elect them to the Shareholders' Representatives at a general meeting held in connection with the merger.

(10):
Provided that such observers meet the eligibility requirements, they may be elected to the Shareholders' Representatives at a coming annual general meeting in accordance with the provisions on the structure and election of the Shareholders' Representatives always provided that the provision of Art. 14(2) on the highest number of Shareholders' Representatives of each geographical election region shall not apply. The number of Shareholders' Representatives may hence exceed the maximum 50 members in a geographical election region but shall not exceed 70 members. In addition, the provision of Art. 14(4) about alternating elections in the individual geographical election regions shall not apply to such elections to the Shareholders' Representatives. Similar deviations as mentioned above shall be possible for potential elections by members in general meeting of Shareholders' Representatives in accordance with Art. 14(9).

15 – Shareholders' Representatives, function

(1):
The duty of the Shareholders' Representatives in general and each Representative in particular shall be to work for the prosperity and positive development of each individual branch and of the Bank – in accordance with the Bank's core values and principles – and to offer advice and assistance.

(2):
The Shareholders' Representatives shall prepare written business procedures. The meetings of the Shareholders' Representatives shall be attended by the members of the Shareholders' Representatives, the Supervisory Board and the Executive Board. Only the members of the Shareholders' Representatives shall have voting rights. The meetings of the Shareholders' Representatives shall be presided over by its Chairman and in his absence the Deputy Chairman.

(3):
To make valid resolutions, not fewer than half the Shareholders' Representatives shall be present. Business transacted shall be determined by a simple majority of votes. In the case of an equality of votes, the Chairman's vote shall be decisive.

(4):
The Shareholders' Representatives shall elect six members of the Supervisory Board among them.

(5):
The Shareholders' Representatives shall determine the remuneration of all members of the Supervisory Board as well as directorships in the Shareholders Representatives.

(6):
Each Shareholders' Representative shall receive remuneration as determined by the members in

general meeting. In addition, Shareholders' Representatives shall receive an allowance for attending meetings.

The Supervisory Board

16 – The Supervisory Board, election, structure, procedures

(1):
The Supervisory Board shall consist of:

a. six members elected by and of the body of the Shareholders' Representatives,

b. up to two members for election by members in general meeting and who meet the requirements of the Danish FSA in respect of relevant knowledge and experience of supervisory board members of banks, and

c. any additional members as required by law.

(2):
Each geographical election region shall have one member of the Supervisory Board elected by the Shareholders' Representatives. The other three members of the Supervisory Board elected by the Shareholders' Representatives shall be elected across the geographical election regions. One geographical election region may therefore be represented by several members of the Supervisory Board.

(3):
Members of the Supervisory Board elected by the Shareholders' Representatives shall be elected for terms of three years. Re-elections shall be allowed. Elections by the Shareholders' Representatives of members of the Supervisory Board shall follow the elections of Shareholders' Representatives in the geographical election regions, cf. Art. 14(4) above.

(4):
Members of the Supervisory Board elected by members in general meeting shall be elected for terms of one year. Re-elections shall be allowed.

(5):
Where the number of Supervisory Board members elected by the Shareholders' Representatives in accordance with Art. 16(1)(a), falls below six but not below four, the Shareholders' Representatives shall at the coming statutory meeting hold new elections to the Supervisory Board. Where the number falls below four, an extraordinary meeting of the Shareholders' Representatives shall be called in order to hold by-elections. Elections according to this provision shall be valid for the rest of the election period of the retiring member.

(6):
In case of non-attendance of employee-elected Supervisory Board members the deputy of the member in question will be called in. In case of short-term non-attendance, no deputy will have to be called in.

(7):
Any member retiring from the Shareholders' Representatives shall cease to be a member of the Supervisory Board.

(8):
The Supervisory Board shall choose its Chairman and Deputy Chairman.

17 – The Supervisory Board, function

(1):
The Supervisory Board shall attend to the overall management of the Bank's affairs. It shall employ the Executive Board and appoint the Managing Director & Chief Executive (Chairman of the Executive Board). The Supervisory Board shall also, through a committee if it so chooses, determine the terms of salary and pension of the Executive Board.

(2):
The Supervisory Board shall in written business procedures lay down detailed provisions on the execution of its office and guidelines concerning the Bank's essential activities including the distribution of work between the Supervisory Board and the Executive Board. Meetings of the Supervisory Board shall be presided over by the Chairman and in his absence the Deputy Chairman.

(3):
The Supervisory Board shall form a quorum where more than half its members participate in discussions. Business transacted shall be determined by a simple majority of votes. In the case of an equality of votes, the Chairman's vote shall be decisive.

(4):
Where questions concerning any of the members of the Supervisory Board personally are discussed, such member shall not participate in the discussions.

Executive Board

18

(1):
The Executive Board shall consist of two to six members. The number shall be determined by the Supervisory Board.

(2):
Members of the Executive Board shall retire not later than the end of the financial year in which they attain the age of 70.

(3):
The Executive Board shall attend to the day-to-day business and affairs of the Bank.

(4):
The Executive Board shall participate - but with no voting rights - in the meetings of the Shareholders' Representatives and the Supervisory Board. Where questions concerning any of the Managing Directors personally are discussed, such Managing Director shall not participate in the discussions.

Company mandate

19

The Bank shall be bound by the signatures of:

1. the Chairman or Deputy Chairman of the Supervisory Board jointly or
    a. either of the two jointly with another member of the Supervisory Board,
    b. either of the two jointly with a member of the Executive Board,
2. two members of the Executive Board jointly,
3. all the members of the Supervisory Board.

Annual report, audit

20 - Annual report

(1):
The Bank's financial year is the calendar year.

(2):
The General Meeting shall not be authorised to determine the payment of a higher dividend than proposed by the Supervisory Board.

21 – Audit

Every year, the Annual General Meeting shall, in accordance with current legislation, appoint one or more auditors to audit the Bank's financial statements.

22 – Secondary names

The Bank also carries on business under the following secondary names:
Bank of Jutland (Jyske Bank A/S)
Jütländische Bank (Jyske Bank A/S)
Banque du Jutland (Jyske Bank A/S)
Banco de Jutlandia (Jyske Bank A/S)
A/S Banken for Brædstrup og Omegn (Jyske Bank A/S)
A/S Handels- og Landbrugsbanken i Silkeborg (Jyske Bank A/S)
A/S Hjørring Diskontobank (Jyske Bank A/S)
A/S Holstebro Bank (Jyske Bank A/S)
A/S Kjellerup Bank (Jyske Bank A/S)
A/S Kjellerup Handels- & Landbrugbank (Jyske Bank A/S)
A/S Nordjyllands Bank (Jyske Bank A/S)
A/S Odder Landbobank (Jyske Bank A/S)
A/S Samsø Bank (Jyske Bank A/S)
A/S Silkeborg Bank (Jyske Bank A/S)
A/S Vendelbobanken (Jyske Bank A/S)
Jysk Garanti A/S (Jyske Bank A/S)
A/S Jyske Bank – Min Bank (Jyske Bank A/S)
A/S FinansNetbanken (Jyske Bank A/S)

Interim provisions

23

(1):
Shares issued prior to 1 July 1988 were issued to bearer, but shall after 1 July 1988 be registered in the name of their holders, cf. Art. 3(1) above and shall subsequently not be transferable to bearer.
(2):
Dividend in respect of shares not registered at VP Securities shall only be payable subject to such registration, cf. (1) above.

(3):
Shares issued prior to 1 July 1988 may have been issued in shares of DKK 100 each or multiples thereof.

Adopted at Jyske Bank’s Extraordinary General Meeting on 10 April 2014 and amended in Art. 2 (1) on the bank's board meeting on 30 April 2014 through the exercise of authority to increase share capital.

Annex 2: List of Defined Terms

AIRB	Advanced Internal Ratings Based
Articles of Association	The current articles of association of Jyske Bank A/S dated 10 April 2014
AT1	Additional Tier 1 capital. Hybrid capital in the nature of a debt instrument, but imposed more stringent requirements, including maturity must not be fixed and that interest on the debt lapses if the bank has no free reserves. Hybrid capital is subordinated capital elsewhere classified
AT2	Additional Tier 2 capital. Supplementary capital in the nature of a debt instrument. There must be no incentive to repay the debt instrument before the contractual maturity, and the debt instrument is subordinated to senior debt.
Basel Committee	Basel Committee on Banking Supervision, c/o the Bank for International Settlement, Centralbahnplatz 2, CH-4002 Basel, Switzerland
Basel III	Basel III (or the Third Basel Accord) is a global, voluntary regulatory standard on bank capital adequacy, capital requirements, leverage ratio, stress testing and market liquidity risk
BRFfonden	BRFfonden, CVR-no.: 60 72 04 28, Klampenborgvej 205, 2800 Kgs. Lyngby, Denmark
BRFholding	BRFholding a/s, CVR-no.: 13 40 97 30, Klampenborgvej 205, 2800 Kgs. Lyngby, Denmark
BRFkredit	BRFkredit a/s, CVR-no.: 13 40 98 38, Klampenborgvej 205, 2800 Kgs. Lyngby, Denmark
BRFkredit Bank	BRFkredit Bank a/s, CVR-no.: 13 40 99 00, Klampenborgvej 205, 2800 Kgs. Lyngby, Denmark
BRFkredit Group	The group of companies comprising BRFkredit and its subsidiaries
BS I	The Bank Package was adopted on 10 October 2008 in connection with the financial crisis. The Bank Package was in place for almost 2 years and was designed to ensure confidence in Danish banks. The Bank Package provided issued the a Danish government a 2-year guarantee until 30 September 2010 for all deposits and unsecured claims against Danish banks that are members of the DPB (“Det private Bedredskab”)
BS II	The Credit Package for the Danish banking sector was adopted on 3 February 2009 and was subsequently amended on 1 May 2009. The purpose of The Credit Package was to reduce the risk to healthy firms and households not being able to obtain financing for their activities, by providing AT1 Capital to the banks
BS III	The Exit Package came into force on 1 October 2010 and meant that depositors and other creditors in case of a failing bank which is taken over by the Danish Financial Stability company is not ensured full coverage, as it was the case under The Bank Package
BS IV	The Consolidation Package was adopted by a poltical agreement in September 2011. The political agreement is enacted, extend the existing compensation scheme from June 2011. The scheme is based on two alternative models. In Model 1 a viable financial institution may acquire a distressed bank with a financial contribution from the compensation scheme. In model 2 the Financial Stability company may acquire all of a distressed bank and sell on the viable part of the acquired business
BS V	The Development Package was adopted in March 2012 in order to improve especially small- and medium-sized enterprises' access to finance. This included initiatives to establish an agricultural financial

	institution and allowed the Financial Stability to take over FIH's property portfolio
Business Day	A day on which banks are open for business in Denmark
CCP	Central Clearing Counterparty
CET1	Common Equity Tier 1
CHF or Swiss Francs	The official currency in Switzerland
CLS	Continuous Linked Settlement; an international currency settlement system
CMS	Constant maturity swap
Covered Bonds (SDO)	Covered bonds issued by a licenced mortgage institution or bank
Covered Mortgage Bonds (SDRO)	Covered mortgage bonds issued by a licenced mortgage institution
CP	Commercial Paper; debt instrument issued with a maximum maturity of 1 year.
CRD	Capital Requirement Directive.
CRD IV	Directive 2013/36/EU of the European Parliament and of the Council
CRR	Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms
CSA	Credit Support Annex Agreements
Danish Act on Subsidised Housing etc.	Consolidated act no. 1023 of 21 August 2013 as amended from time to time
Danish Act on Urban Development	Consolidated act no. 504 of 16 May 2013 as amended from time to time
Danish Bankruptcy Act	Consolidated act no. 11 of 6 January 2014 as amended from time to time
Danish Business Authority	Erhvervsstyrelsen, Langelinie Alle 17, 2100 Copenhagen Ø, Denmark
Danish Companies Act	Consolidated act no. 322 of 11 April 2011 as amended from time to time
Danish Executive Order on the Demarcation of Property Categories and Repayment of Loans for Transition to another Property Category	Executive order no. 148 of 29 February 2008
Danish Executive Order on the Issuance of Bonds, Balance Principle and Risk Management	Executive order no. 945 of 31 August 2011
Danish Financial Business Act	Consolidated act no. 948 of 2 July 2013 as amended from time to time
Danish Financial Supervisory Authority / Danish FSA	Finanstilsynet, Århusgade 110, 2100 Copenhagen Ø, Denmark
Danish Ministry of Business and Growth	Erhvervs- og Vækstministeriet, Slotsholmsgade 10-12, 1216 Copenhagen K, Denmark
Danish Mortgage-Credit Act	Consolidated act no. 1261 of 15 November 2010 as amended from time to time
DEaR	Daily Earnings at Risk
DKK or Danish kroner	The official currency in Denmark
DPB	The Private Contingency Association of Distressed Banks, Savings Banks and Cooperative Banks (or DPB) is an association formed by Finansrådet as a contingency to be / can step in if banks, savings banks and cooperative banks are "distressed" and approaching bankruptcy.
EAD	Exposure At Default
EBA	The European Banking Authority
ECB	The European Central Bank
EMTN	European Medium Term Notes
Euro / EUR	The single currency of the member states participating in the third stage of the European Economic and Monetary Union pursuant to the Treaty

	Establishing the European Community as amended from time to time
Executive Board	The executive board of Jyske Bank A/S consisting of Anders Dam (CEO and Managing Director), Jørgen Christensen (Managing Director), Niels Erik Jakobsen (Managing Director), Leif F. Larsen (Managing Director) and Per Skovhus (Managing Director).
Existing Shareholders	Any person registered as a shareholder of Jyske Bank A/S as at the Prospectus Date
Existing Shares	71,279,999 Shares with a nominal value of DKK 10 each before the Merger
Financial Stability Act	Consolidated Act no. 875 of 25 September 2009 on Finansiel Stabilitet A/S
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
Jyske Bank	Jyske Bank A/S, reg. no. 17616617
Jyske Bank Group	The group of companies comprising Jyske Bank and its subsidiaries
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
Management	The Supervisory Board and the Executive Board
Merger	The Merger of Jyske Bank and BRFkredit through a contribution in kind by BRFholding to Jyske Bank of the entire share capital of BRFkredit a/s, nominally DKK 56,480,000 A shares and nominally DKK 250,000,000 B shares, against Jyske Bank's issuance of the New Shares and a cash payment of DKK 100m.
Merger Agreement	The agreement entered into on 24 February 2014 between Jyske Bank and BRFkredit in respect of the Merger and as acceded to by BRFholding.
MiFID	Markets in Financial Instruments Directive.
Mortgage Bonds	RO-Bonds, Covered Bonds (SDO) and/or Covered Mortgage Bonds (SDRO)
NASDAQ OMX Copenhagen	NASDAQ OMX Copenhagen A/S, CVR no. 19042677.
NSFR	Net stable funding ratio
New Shares	The new shares issued in connection with the completion of the Merger
OEI	Objective evidence of impairment
PD	Probability of Default
Prospectus	This document published by Jyske Bank A/S' Management
Prospectus Date	The date of this Prospectus
Prospectus Order	Executive order on prospectuses for securities admitted to trading on a regulated market and for the public offerings of securities of more than EUR 5,000,000, Executive Order no. 643 of 19 June 2012 issued by the Danish Financial Supervisory Authority
Prospectus Regulation	Commission Regulation (EC) no. 809/2004 of 29th April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and advertisements as amended
QIS	Quantitative Impact Study
RAROC	Risk Adjusted Return On Capital
Residential Properties	Permanent owner occupied residences, holiday homes, private cooperative housing, private tenanted residential properties, subsidised housing, youth housing and senior housing etc. each as defined in the Danish Executive Order on the Demarcation of Property Categories and Repayment of Loans for Transition to another Property Category
RO-Bonds (ROs)	Mortgage bonds issued by a licenced mortgage institution
RWA	Risk-weighted assets
Securities Trading Act	Consolidating Act no.982 of 6 August 2013 as amended from time to time.
Senior bonds	Bond that is preceded by all other debt instruments

Shareholders	Any person registered as a shareholder of Jyske Bank A/S
Shares	Shares in Jyske Bank A/S, including the New Shares. The shares are issued with a nominal value of DKK 10 each
SIFI	Systemically important financial institution. Institutions are expected to be designated in 2014.
SME	Small- and medium-sized enterprises
Standard & Poor's (S&P)	Standard & Poor's Financial Services LLC, 55 Water Street, New York, New York 10041, USA
Supervisory Board	The supervisory board of Jyske Bank A/S consisting of Sven Buhrkall (Chairman), Jens A. Borup (Deputy Chairman), Philip Baruch, John Egebjerg-Johansen, Keld Norup, Gerner Wolff-Sneedorff, Haggai Kunisch, Marianne Lillevang and Jesper Holbøll
The Bank	Jyske Bank A/S, reg. no. 17616617
The Mortgage Institution	BRFkredit a/s, CVR-no.: 13 40 98 38, Klampenborgvej 205, 2800 Kgs. Lyngby, Denmark
The New Group	The Jyske Bank Group and the BRFkredit Group
U.S. Securities Act	The United States Securities Act of 1933, as amended
USA	The United States of America, including all territories and possessions, any state of the United States, the District of Columbia and all other jurisdictions
USD or US dollar	The official currency in the United States of America
VaR	Value at Risk
VP	VP Securities A/S

Annex F: Financial information

Historical financial information

The historical financial information set out in the tables below is incorporated by reference in this Prospectus. Direct and indirect references in the consolidated financial statements to other documents or websites are not incorporated in this Prospectus by reference and shall not form part of this Prospectus. The consolidated financial statements are per the date of their publication and have not been updated and in some cases become less significant and superseded by the information contained in this Prospectus. Investors should assume that the information in the Prospectus and the information that the Issuer incorporates by reference is accurate as of the date of the documents only. The respective groups' financial position, cash flows and results have changed since those dates.

Investors are encouraged to read the information included in this Prospectus by reference in the light of the circumstances described under "Forward-Looking Statements" and "Risk Factors" included elsewhere in this Prospectus.

The following information is included in the Prospectus by reference since the material is available for review at:

Jyske Bank A/S's address; Vestergade 8-16, DK-8600 Silkeborg, respectively Jyske Bank A/S's website http://investor.jyskebank.com/investorrelations/financialstatements.

BRFkredit a/s's address; Klampenborgvej 205, DK-2800 Kgs. Lyngby, respectively BRFkredit a/s's website www.brf.dk / Investors.

The respective sites are not part of this Prospectus.

Cross Reference Table: Jyske Bank Group, Annual Report

Consolidated financial statement (UK version) Elements	**2013** Pages	**2012** Pages	**2011** Pages
MANAGEMENT'S REVIEW	2-29	2-26	2-22
The Jyske Bank Group	2	2	2
Summary	3	3	3
The years 2013, 2012, 2011	4-7	4-6	4-6
Core earnings before loan impairment charges and provisions for guarantees	8-9	7	7
Loan impairment charges and provisions for guarantees	10-11	8	8
Earnings from investment portfolios	12	10	9
Other remarks	13	11	10
The Danish Financial Supervisory Authority's reports	-	-	10
Events after the balance sheet date	14	11	-
Outlook	14	12	10
Capital management	15-18	13-16	11-13
Liquidity management	19-21	17-18	14-15
Banking activities	22	19	16
Trading and Investment	23	20	17
The Jyske Bank share	24	21	18
Organisation and management	25-26	22-23	19-20
Corporate governance	27	24	21
Equal oppertunity and diversity policy	28	-	-
Corporate social responsibility	28	25	21
Internal control and risk-management systems	28	26	22
MANAGEMENT'S STATEMENT AND AUDITORS' REPORTS	30-32	27-29	24-27
Statement by management on the Consolidated financial statement	30	27	24
Internal Auditors' Report	31	28	25
Independent Auditors' opinion	32	29	26
FINANCIAL STATEMENTS	33-101	30-95	27-94
Contents	33	30	27
Accounting Policies	-	-	28-37
Income statement and statement of comprehensive income	34	31	38
Balance sheet at 31 December	35	32	39
Statement of changes in equity	36	33-34	40-41
Solvency statement and capital requirement	38	35	42
Cash flow statement	39	36	43
Notes	40-95	37-89	44-88
The Jyske Bank Group - overview	96	90	89
5-year summary of Jyske Bank A/S	97	91	90
Directorships	98-101	92-95	91-94

Cross Reference Table: Jyske Bank Group, Interim Financial Report

Cross Reference Table: BRFKredit Group

Consolidated financial statement (UK version) **Elements**	**2013** Pages	**2012** Pages	**2011** Pages
The BRFkredit Group in brief	2	2	2
Financial and operating data for BRFkredit	3	3	3
Management’s review	4	4-5	4-5
BRFkredit’s financial performance 2013, 2012, 2011	6-8	6-8	6-8
Performance against forecast	9	10	10
The mortgage market of 2013, 2012, 2011	10-11	11-12	11-12
Business areas	12-13	13-14	13-14
Bond issuance	14-17	15-17	15-17
Risk management	18-23	18-23	18-24
Human resources	24	24	25
Subsidiaries	25	25	26
Corporate Social Responsibility (CSR)	26	9	9
Corporate Governance	27	26	27
Directorships and executive positions (Board of Directors)	30-33	29-31	30-32
Directorships and executive positions (Executive Board)	34	32	33
Statement on the Group Audit Commitee	35	33	34
Statement by the Board of Directiors and Executive Board	36	34	35
Internal Auditors’ report	37	35	36
Independent Auditors’ report	38	36	37
Income statement	39	37	38
Comprehensive income	39	37	38
Balance sheet	40-41	38-39	39
Statement of changes in equity	42-44	40-42	40-42
Cash flow statement	45	43	43
Notes	46-81	44-78	44-76
Series accounts	82-83	79-80	77-79
Glossary	84	81	80