

Jyske Bank
Interim Financial Report
First half of 2014

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The Jyske Bank Group

SUMMARY OF INCOME STATEMENT									
DKKkm	H1 2014	H1 2013	Index 14/13	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	The year 2013
Net interest income	2,783	2,550	109	1,625	1,158	1,232	1,236	1,353	5,018
Net fee and commission income	774	858	90	351	423	505	366	423	1,729
Value adjustments	-30	305	-	-255	225	175	61	151	541
Other income	3,014	544	554	2,851	163	179	228	247	951
Income	6,541	4,257	154	4,572	1,969	2,091	1,891	2,174	8,239
Expenses	2,744	2,428	113	1,482	1,262	1,211	1,152	1,148	4,791
Profit before loan impairment charges and provisions for guarantees	3,797	1,829	208	3,090	707	880	739	1,026	3,448
Loan impairment charges and provisions for guarantees	994	627	159	705	289	289	231	385	1,147
Pre-tax profit	2,803	1,202	233	2,385	418	591	508	641	2,301
Tax	41	247	17	-36	77	123	123	121	493
Profit for the period	2,762	955	289	2,421	341	468	385	520	1,808
of which non-controlling interests	1	0	-	1	0	0	1	0	1

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKkm									
Loans and advances	343,889	129,582	265	343,889	137,560	131,378	129,052	129,582	131,378
- of which mortgage loans	208,853	0	-	208,853	0	0	0	0	0
- of which bank loans	115,887	110,572	105	115,887	115,070	111,115	111,445	110,572	111,115
- of which repo loans	19,149	19,010	101	19,149	22,490	20,263	17,607	19,010	20,263
Bonds and shares, etc.	91,414	69,103	132	91,414	68,951	74,853	70,792	69,103	74,853
Total assets	493,577	248,285	199	493,577	257,428	262,004	250,263	248,285	262,004
Due to credit institutions and central banks	43,160	28,802	150	43,160	36,232	43,936	33,633	28,802	43,936
Deposits	148,908	126,978	117	148,908	139,396	131,424	125,167	126,978	131,424
- of which bank deposits	129,506	115,630	112	129,506	121,224	115,846	109,926	115,630	115,846
- of which repo deposits	19,402	11,348	171	19,402	13,052	10,175	10,137	11,348	10,175
Issued bonds at fair value	194,308	0	-	194,308	0	0	0	0	0
Issued bonds at amortised cost	35,517	34,458	103	35,517	26,371	27,760	32,494	34,458	27,760
Subordinated debt	1,353	1,643	82	1,353	1,347	1,649	1,643	1,643	1,649
Equity	27,274	16,599	164	27,274	17,825	17,479	17,004	16,599	17,479

SELECTED DATA AND FINANCIAL RATIOS									
Earnings per share for the period (DKK)	34.0	13.4	-	26.5	4.8	6.6	5.4	7.3	25.4
Profit for the period, per share (diluted) (DKK)	34.0	13.4	-	26.5	4.8	6.6	5.4	7.3	25.4
Pre-tax profit p.a. as a percentage of opening equity	32.1	15.4	-	54.6	9.6	15.1	13.0	16.4	14.7
Profit for the period as a pct. of av. equity	12.3	5.9	-	10.8	1.9	2.8	2.4	3.2	10.9
Expenses as a percentage of income	42.0	57.0	-	32.4	64.1	57.9	60.9	52.8	58.2
Capital ratio	16.4	15.6	-	16.4	16.2	16.0	15.7	15.6	16.0
Core Tier 1 capital (CET1%)	15.3	14.6	-	15.3	15.1	15.3	14.8	14.6	15.3
Individual solvency requirement (%)	10.4	9.9	-	10.4	10.0	9.8	10.0	9.9	9.8
Capital base (DKKkm)	28,578	17,255	-	28,578	18,928	17,831	17,597	17,255	17,831
Weighted risk exposure (DKKkm)	174,772	110,422	-	174,772	116,885	111,276	111,921	110,422	111,276
Share price at end of period (DKK)	309	216	-	309	298	293	274	216	293
Book value per share (DKK)	287	233	-	287	250	245	238	233	245
Price/book value per share (DKK)	1.1	0.9	-	1.1	1.2	1.2	1.2	0.9	1.2
No. of full-time employees at end-period	4,352	3,802	-	4,352	3,792	3,774	3,808	3,802	3,774

With effect from 2014, the capital ratio and core tier 1 capital are calculated in accordance with CRD IV/CRR. Comparative figures have not been restated accordingly.

SUMMARY

- **Profit: DKK 2,762m (1st half 2013: DKK 955m)**
- **The profit corresponded to an annualised return of 31.6% on opening equity (1st half 2013: 12.2% p.a.)**
- **Loan impairment charges and provisions for guarantees: DKK 994m (1st half 2013: DKK 627m)**
- **Loans and advances: DKK 344bn (end-2013: DKK 131bn)**
 - **Mortgage loans: DKK 209bn (end-2013: DKK 0bn)**
 - **Bank loans: DKK 116bn (end-2013: DKK 111bn)**
- **Bank deposits: DKK 130bn (end-2013: DKK 116bn)**
- **Capital ratio 16.4%, of which Core tier 1 capital of 15.3% (end-2013: 16.0% and 15.3%)**
- **Individual solvency requirement: 10.4% (end-2013: 9.8%)**

COMMENTS BY MANAGEMENT

In connection with the publication of the interim financial report for the first half of 2014, Anders Dam, CEO and Managing Director states:

"The predominant event in the first half of 2014 was the merger with BRFkredit, due to which the Jyske Bank Group gained a new position in the market place. The merger is based on expectations of growth in business volume and cost synergies. In the first half of 2014, both Jyske Bank and BRFkredit have independently and together won market shares in an otherwise weakening market. As announced in June, the process of cost reductions has begun, and at the end of the first half of the year, the merger is progressing according to plan.

On 22 May 2014, the Jyske Bank Group announced expectations of a pre-tax profit for the first half of 2014 at the level of DKK 3.0bn at unchanged market rates. Generally market rates fell in June, and the falling interest-rate level had an adverse effect on the profit, which is the most important explanation why the profit comes to DKK 2.8bn.

Today, home loans in the amount of about 16.7bn had been granted via Jyske Bank since the launch in December 2013. This is a business area involving a relatively low risk, yet also with a lower margin than those in connection with normal bank loans. Hence the Jyske Bank Group still sees continued pressure on net interest income and underlying earnings.

In first half of 2014, loan impairment charges and provisions for guarantees is affected by a management decision to adapt the methods for the calculation of impairment charges relating to private customers. Due to this decision as well as further exposures with an objective indication of impairment (OEI) and deterioration of certain existing impaired exposures, loan impairment charges and provisions for guarantees for the first half of 2014 came to DKK 994m.

At the end of the first half of 2014, the Jyske Bank Group has an overall balance of loan impairment charges and provisions for guarantees and value adjustments for assets taken over in the amount of DKK 8,456m, corresponding to 2.3% of total loans, advances and guarantees.

At the end of the first half of 2014, the capital ratio was 16.4% and the Core Tier 1 capital ratio at 15.3% against 16.0% and 15.3%, respectively, at end-2013. Jyske Bank has set a long-term goal of achieving a capital ratio of 17.5% and a Core Tier 1 capital ratio of 14.0%", concludes Anders Dam.

First half of 2014

Economic trends

At the beginning of 2014, Jyske Bank expected that the economic recovery would be very moderate and that consumption and investments would only grow modestly.

Halfway through 2014, it seems that an actual economic recovery will not take for some years. Generally the activity level and the willingness to invest are too low and private savings are still too high.

Considerable circumstances in the first half of 2014

The first half of 2014 was a historic period for the Jyske Bank Group.

The predominant event was the merger with BRFKredit, which became a reality at the end of April. The integration process will take place over the coming years, and a number of initiatives have been and will be launched to optimize and develop the potential offered by the merger. At the end of the first half of the year, it could be established that the integration process is progressing according to plan.

In the interim report for the first half of 2014, the BRFKredit Group affects the income statement for the two months of May and June, and at the end of June the balance sheet of the BRFKredit Group was fully consolidated with that of the Jyske Bank Group.

In the first half of 2014, it was decided to cut 177 full-time jobs in the Jyske Bank Group, and the aim is to reduce the number of full-time employees to about 4,000 over the coming years if the economic trends develop as expected. In addition to being motivated by the economic situation, the decision was also based on the fact that the IT conversion of the portfolio taken over from Spar Lolland had been completed and the integration with BRFKredit was started in the first half of 2014.

In mid-December 2013, Jyske Bank launched its new home loan products, and in the first half of 2014, the product range was expanded with Jyske F3 and Jyske F5 because of client demand. At the end of the first half of the year, home loans in the amount of about DKK 12bn had been granted, and today, home loans granted via Jyske Bank amounted to about DKK 16.7bn since the launch in December 2013.

Relations between Jyske Bank and Nykredit/Totalkredit and relations in the cooperation over many years were challenged by Nykredit/Totalkredit's reaction to Jyske Bank's merger with BRFKredit. Nykredit/Totalkredit have decided to take the position that the main cooperation agreement with Totalkredit has been terminated by Jyske Bank. Jyske Bank does not agree with this view, and therefore Jyske Bank has taken the initiative to refer the matter to arbitration. At this point in time, it is to be expected that the arbitration proceedings can be completed in the course of 2015.

In the first half of 2014, the Danish Financial Supervisory Authority appointed Jyske Bank a systemically important financial institution (SIFI). By 1 January 2015, Jyske Bank must meet a capital requirement in the form of a SIFI buffer requirement reflecting the systemically importance of Jyske Bank. The SIFI buffer requirement must be met in the form of Core Tier 1 capital (CET1). The requirement will be gradually introduced over the period 2015-2019, and when fully implemented it is expected that for the Jyske Bank Group it will amount to 1.5%.

Finally, in the first half of 2014, Jyske Bank sold its subsidiary Silkeborg Data. The sale was completed on 15 April 2014 and affected the profit for the first half of 2014 favourably by about DKK 300m after tax. Due to the sales, it is, all other things being equal, to be expected that income and expenses will annually fall by DKK 250m and DKK 220m, respectively.

Profit for the period

Over the first half of 2014, the Jyske Bank Group generated a pre-tax profit of DKK 2,803m. Calculated tax amounted to DKK 41m, and after tax the profit amounted to DKK 2,762m.

The profit corresponded to a return on opening equity of 31.6% p.a. against a return of 12.2% p.a. for the corresponding period of 2013.

CORE PROFIT AND PROFIT FOR THE PERIOD									The
DKKm	H1 2014	H1 2013	Index 14/13	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	year 2013
Net interest income	2,599	2,367	110	1,526	1,073	1,147	1,141	1,258	4,655
Net fee and commission income	775	859	90	351	424	505	367	424	1,731
Value adjustments	-9	230	-	-192	183	114	66	138	410
Other income	2,824	339	833	2,753	71	87	135	134	561
Income from operating lease (net)	39	34	115	21	18	16	15	18	65
Core income	6,228	3,829	163	4,459	1,769	1,869	1,724	1,972	7,422
Core expenses	2,593	2,261	115	1,408	1,185	1,135	1,073	1,058	4,469
Core profit before loan impairment charges and provisions for guarantees	3,635	1,568	232	3,051	584	734	651	914	2,953
Loan impairment charges and provisions for guarantees	994	627	159	705	289	288	232	385	1,147
Core profit	2,641	941	281	2,346	295	446	419	529	1,806
Earnings from investment portfolios	162	261	62	39	123	145	89	112	495
Pre-tax profit	2,803	1,202	233	2,385	418	591	508	641	2,301
Tax	41	247	17	-36	77	123	123	121	493
Profit for the period	2,762	955	289	2,421	341	468	385	520	1,808

The statement of core profit has been changed in connection with the merger with BRFKredit. Expenses for the Guarantee Fund, etc. will in future be included in core expenses. Comparative figures have been restated accordingly.

Core income amounted to DKK 6,228m against DKK 3,829m in the first half of 2013, and core expenses amounted to DKK 2,593m against DKK 2,261m in the first half of 2013.

Core profit amounted to DKK 2,641m against DKK 941m in the first half of 2013.

Net interest income amounted to DKK 2,599m against DKK 2,367m in the first half of 2013. Net interest income was favourably affected as discounts relating to loans and advances taken over were recognised as income in the amount of DKK 156m against DKK 140m in the first half of 2013. Net interest income was affected by falling loans and advances, exclusive of home mortgages, the low interest rate level at present, including lower reinvestment rates on the bond portfolio and pressure on the interest-rate margin.

Since the launch of Jyske Bank's own new home loan products in mid-December 2013, Jyske Bank had at the end of the first half of 2014 granted loans totalling DKK 12bn. Sales of new home loan products are still progressing satisfactorily and constitute the most important reason why loans and advances rose by 4% in the first half of 2014.

Net fee and commission income as well as other income amounted to DKK 3,599m against DKK 1,198m for the first half of 2013.

The profit for the first half of the year was also affected by Nykredit's and Totalkredit's announcements to Jyske Bank that they regard the Totalkredit cooperation as terminated in respect of Jyske Bank. As a consequence of this, Nykredit and Totalkredit have decided to release Jyske Bank's guarantees covering loans that have been granted and to stop payments of commission to Jyske Bank. If this is a rightful termination of commission payments, etc., it 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 250m-300m in 2014. For the first half of 2014, Jyske Bank did not receive full commission and therefore the normal commission payments from Totalkredit

were not recognised in the financial statements for the first half of 2014. The missing commission payment had a negative effect on net fee and commission income of about DKK 95m.

Jyske Bank's sale of its subsidiary Silkeborg Data had a positive effect on the profit for the first half of 2014 by DKK 296m after tax.

Other income in the first half of 2014 was positively affected by DKK 2,360m due to the determination of the fair value of net assets taken over from BRFKredit and due to a reversal of provisions in the amount of DKK 51m relating to the acquisition of Spar Lolland. On the other hand, the value adjustment of the shares in PRAS had a negative effect of DKK 93m. In 2013, other income was favourably affected by DKK 97m due to the determination of the fair value of net assets taken over from Spar Lolland. Adjusted for special circumstances, net fee and commission income and also other income were at a stable level.

Value adjustments amounted to DKK -9m against DKK 230m in the first half of 2013. Jyske Bank's sale of the shares in Nets, the write-down of the value of the shares in certain sector companies, buyback of hybrid core capital and changes in the method for measuring bonds issued with embedded options had a total positive effect on the pre-tax profit in the amount of DKK 170m.

Falling market rates had an adverse effect on customers' transactions relating to interest-rate hedging and resulted in a negative value adjustment of DKK 292m against the positive value adjustment of DKK 172m for the same period last year.

Core expenses amounted to DKK 2,593m against DKK 2,261m in the first half of 2013. In the first half of 2014, operating expenses were adversely affected in the amount of DKK 217m due to expenses relating to the merger with BRFKredit and reassessment of provisions. In 2013, operating income was adversely affected by DKK 79m due to integration costs relating to the acquisition of Spar Lolland. Contrary to earlier practice, expenses for payments to the Guarantee Fund, etc. are included in core expenses. The integration of Spar Lolland, including the IT conversion to Bankdata, was as planned fully completed in the first half of 2014.

The profit for the first half of the year was therefore affected by a number of special circumstance with a total net effect on the pre-tax profit of DKK 2,101m.

Special items	H1
DKK m	2014
Net interest income, interest-rate adjustment for loans and advances taken over	156
Net fee and commission income, lost fee income from Totalkredit	-95
Value adjustments,	
The sale of the ownership interest in Nets	189
Value adjustment of sector shares	-51
Buy-back of hybrid core capital	77
Changes in the method for measuring bonds issued with embedded options	-45
Value adjustment relating to customers' interest-rate hedging	-292
Other income,	
Earnings from the sale of Silkeborg Data	296
Bargain purchases from the merger with BRFKredit	2,360
Reversal of provisions relating to business combinations	51
Value adjustment of sector shares	-93
Core expenses,	
Integration expenses relating to the merger with BRFKredit	-47
Alignment of required rate of return for owner-occupied properties	-48
Reassessment of provisions	-122
Loan impairment charges and provisions for guarantees; adapting the methods for the calculation of the impairment charges relating to private customers	-235
Special items, total	2,101

Loan impairment charges and provisions for guarantees and value adjustments of acquired assets

An amount of DKK 994m was recognised as an expense under loan impairment charges and provisions for guarantees against DKK 627m in the same period in 2013. In the past five quarters, loan impairment charges and provisions for guarantees averaged DKK 380m.

In first half of 2014, loan impairment charges and provisions for guarantees are affected by a management decision to adapt the methods for the calculation of impairment charges relating to private customers. Due to this decision as well as further exposures with an objective indication of impairment (OEI) and deterioration of certain existing impaired exposures, loan impairment charges and provisions for guarantees for the first half of 2014 came to DKK 994m, of which DKK 705m can be attributed to the second quarter of 2014. The operating impact of loan impairment charges and provisions for guarantees must be read in conjunction with the recognized discount under net interest income of DKK 156m.

LOANS, ADVANCES AND GUARANTEES AS WELL AS VALUE ADJUSTMENTS OF LOANS AND ADVANCES, ETC.	H1	H1	Index	Q2	Q1	Q4	Q3	Q2	The
DKK m	2014	2013	14/13	2014	2014	2013	2013	2013	year
Loans, advances and guarantees	356,428	143,786	248	356,428	150,963	145,497	143,066	143,786	145,497
Non-performing loans and past due exposures	3,187	1,893	168	3,187	1,719	1,780	1,886	1,893	1,780
Loans and advances assessed individually:									
Loans and advances with OEI before loan impairment charges/value adjustments	17,210	11,034	156	17,210	10,508	10,749	10,588	11,034	10,749
Impairment charges/value adjustments	6,025	3,397	177	6,025	3,372	3,386	3,257	3,397	3,386
Loans and advances with OEI after impairment charges/value adjustments	11,185	7,637	146	11,185	7,136	7,363	7,331	7,637	7,363
Balance of loan impairment charges and provisions for guarantees	5,243	4,668	112	5,243	4,737	4,693	4,611	4,668	4,693
Individual impairment charges and provisions for guarantees	4,030	3,728	108	4,030	3,731	3,750	3,620	3,728	3,750
Collective impairment charges and provisions for guarantees	1,213	940	129	1,213	1,006	943	991	940	943
Value adjustments of assets taken over:									
Balance of discounts for assets taken over, beginning of period	907	0	-	748	907	1,045	1,101	1,367	0
Discounts relating to business combinations	2,717	1,398	194	2,717	0	0	0	0	1,398
Positive value adjustments (interest income)	156	140	111	116	40	54	23	113	217
Negative value adjustments (recognised as loss)	255	157	162	136	119	84	33	153	274
Balance of discounts for assets taken over, end of period	3,213	1,101	291	3,213	748	907	1,045	1,101	907
Total balance for loan impairment charges and provisions for guarantees and balance of discounts for assets taken over	8,456	5,769	147	8,456	5,485	5,600	5,656	5,769	5,600
Operational loan impairment charges and provisions for guarantees	994	627	159	705	289	274	231	385	1,132
Operational impairment charges on balances due from credit institutions	0	0	-	0	0	15	0	0	15
Operating loss	533	747	71	252	281	259	325	476	1,331

The balance of loan impairment charges and provisions for guarantees amounted to 3.9% of bank loans and guarantees at the end of the first half of 2014 against 3.1% at end-2013.

The total balance of loan impairment charges and provisions for guarantees and the balance of discounts for assets taken over amounted to 2.3% of total loans, advances and guarantees.

The portfolio of non-performing bank loans and past due exposures amounted to DKK 1,855m against DKK 1,780m at end-2013. The portfolio of past due mortgage loans amounted to DKK 1,332m at the end of the first half of 2014.

The Jyske Bank Group had one exposure exceeding 10% of the capital base against no exposures at end-2013. The exposure amounted to 10.2% of the capital base. At the end of the first half of 2014, three exposures amounted to between 7.5% and 10% of the capital base and no exposure between 5% and 7.5% of the capital base.

Earnings from investment portfolios

Earnings from investment portfolios amounted to DKK 162m against DKK 261m for the same period in 2013.

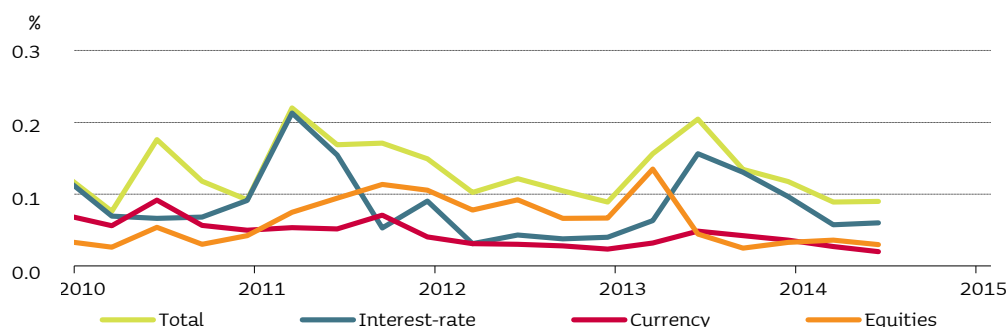
In the first half of 2014, net interest income amounted to DKK 184m against DKK 183m for the same period in 2013, and in the first half of 2014, value adjustments amounted to DKK -21m against DKK 75m in the same period in 2013.

Assessed on the basis of the risk profile chosen and the currently low interest-rate level, the investment portfolio earnings were satisfactory.

Market risk

At the end of the first half of 2014, the aggregate interest-rate, currency and equity-price risk – expressed as Value-at-Risk (VaR) – amounted to DKK 23m (calculated with a time frame of one day and 99% probability) against DKK 21m at end-2013. The interest-rate risk was dominated by exposures to Danish and foreign mortgage bonds with short and medium maturities.

Value-at-Risk as a percentage of equity



The Group's portfolio of held-to-maturity bonds amounted to DKK 11.5bn against DKK 14.8bn at end-2013. The portfolio is still dominated by low-risk securities. At the end of the first half of 2014, the market value was DKK 314m higher than the carrying amount against DKK 302m at end-2013.

Banking activities

Banking activities comprise personal advisory service in relation to financial solutions including lease and financing activities. The banking activities are aimed mainly at Danish private customers, corporate customers, public institutions as well as leasing customers.

SUMMARY OF INCOME STATEMENT									
DKKm	H1 2014	H1 2013	Index 14/13	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	The year 2013
Net interest income	1,794	1,680	107	944	850	806	796	926	3,282
Net fee and commission income	531	616	86	215	316	324	285	263	1,225
Value adjustments	-110	-4	-	-60	-50	145	73	6	214
Other income	214	305	70	104	110	97	93	116	495
Income	2,429	2,597	94	1,203	1,226	1,372	1,247	1,311	5,216
Expenses	1,913	1,968	97	962	951	896	924	952	3,788
Profit before loan impairment charges and provisions for guarantees	516	629	82	241	275	476	323	359	1,428
Loan impairment charges and provisions for guarantees	867	542	160	625	242	231	205	294	978
Pre-tax profit	-351	87	-	-384	33	245	118	65	450

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKm									
Loans and advances	104,469	102,384	102	104,469	103,282	98,974	99,530	102,384	98,974
Bonds and shares	4,060	1,228	331	4,060	1,245	1,039	988	1,228	1,039
Total assets	121,833	114,869	106	121,833	115,155	111,001	111,103	114,869	111,001
Deposits	107,526	92,605	116	107,526	102,103	99,354	92,843	92,605	99,354
Guarantees	10,910	12,710	86	10,910	11,698	12,476	12,511	12,710	12,476

Pre-tax profit

The pre-tax profit from banking activities amounted to DKK -351m against DKK 87m for the same period in 2013. The profit was particularly affected by the executive decision to adjust impairment charges relating to private customers.

The underlying net interest income was affected by keen competition in the market place, which squeezed interest rate margins. The fee and commission income was affected by the lack of earnings from the cooperation with Totalkredit. Both circumstances have not yet been fully offset by the growth in new home loan products. Fee income relating to investment products were affected by the low activity level in the financial markets, and the performance-related fees were high in the first half of 2013 compared with the first half of 2014.

Considering the special circumstances, expenses were in line with the expected level, including expenses incurred in connection with the organisational changes initiated in 2013.

Business volume

Total loans and advances in the sector are falling, and the moderate economic recovery has not yet been reflected by a general turnaround in consumption and investments. The negative volume development, excluding home loan products, lack of possibilities of margin expansion and a generally low activity level put pressure on the business volume.

Therefore growth in the business volume is primarily driven by the growth in the new home loan products and the continuing increasing balance of deposits.

At the end of the first half of 2014, growth in the new home loan products had contributed to Jyske Bank's market share of 10% for private loans and advances. With respect to corporate loans and advances, Jyske Bank's market share is also at 10%.

Mortgage credit activities

Mortgage credit activities comprise financial solutions for the financing of real property carried out through BRFKredit. The mortgage credit activities are aimed mainly at Danish private customers, corporate customers and general building and construction.

SUMMARY OF INCOME STATEMENT									
DKKm	H1 2014	H1 2013	Index 14/13	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	The year 2013
Net interest income	336	-	-	336	-	-	-	-	-
Net fee, commission and contribution income	11	-	-	11	-	-	-	-	-
Value adjustments	-120	-	-	-120	-	-	-	-	-
Other income	2	-	-	2	-	-	-	-	-
Income	229	-	-	229	-	-	-	-	-
Expenses	157	-	-	157	-	-	-	-	-
Profit before loan impairment charges and provisions for guarantees	72	-	-	72	-	-	-	-	-
Loan impairment charges and provisions for guarantees	36	-	-	36	-	-	-	-	-
Pre-tax profit	36	-	-	36	-	-	-	-	-

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKm									
Loans and advances	208,853	-	-	208,853	-	-	-	-	-
Bonds and shares	24,735	-	-	24,735	-	-	-	-	-
Total assets	240,828	-	-	240,828	-	-	-	-	-
Deposits	0	-	-	0	-	-	-	-	-
Issued bonds at fair value	194,308	-	-	194,308	-	-	-	-	-

Material circumstances in the first half of 2014

In the interim report for the first half of 2014, the BRFKredit Group affects the income statement for the two months of May and June, and at the end of June the balance sheet of the BRFKredit Group was fully consolidated with that of the Jyske Bank Group.

In June 2014, an organisational adjustment took place, cutting 47 jobs relating to mortgage credit activities.

Pre-tax profit

This is the profit for the period, where the gross increase in new loans and advances, rising contribution and fee income as well as a fall in capital costs had a positive effect on the profit. The cost of capital relating to the fulfilment of covered bonds and rating requirements fell due to the lower average holding of senior secured bonds, due to lower OC requirements from Standard & Poor's.

The expenses include integration costs of DKK 17m, primarily incurred in connection with provisions relating to organisational adjustments.

Business volume

Market share as well as the gross increase in new loans and advances show growth in respect of both private customers as well as corporate customers. For the full year 2014, it is expected that the business volume will still grow and that Jyske Bank will see further strengthening of its position in the mortgage credit market.

For further details about BRFKredit, please see BRFKredit's interim report for the first half of 2014.

Trading and investment

Trading and Investment activities target Danish and international investors and includes advice on risk management, investment advisory services and asset management including money-market transactions and trading in foreign exchange, bonds, equities, commodities and derivatives. The activities also include Jyske Bank's strategic asset-and-liability management and risk management as well as the volume of business with the Group's largest corporate customers. Finally, the Trading and Investment activities cover private-banking activities targeting international customers, including those of the international units in Gibraltar, Switzerland, the Netherlands and France.

SUMMARY OF INCOME STATEMENT									
DKKkm	H1 2014	H1 2013	Index 14/13	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	The year 2013
Net interest income	765	778	98	397	368	399	399	373	1,576
Net fee and commission income	215	219	98	108	107	124	75	144	418
Value adjustments	119	364	33	2	117	7	6	176	377
Other income	43	33	130	31	12	6	5	16	44
Income	1,142	1,394	82	538	604	536	485	709	2,415
Expenses	405	296	137	241	164	198	153	135	647
Profit before loan impairment charges and provisions for guarantees	737	1,098	67	297	440	338	332	574	1,768
Loan impairment charges and provisions for guarantees	91	85	107	44	47	58	26	91	169
Pre-tax profit	646	1,013	64	253	393	280	306	483	1,599

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKkm									
Loans and advances	27,403	25,728	107	27,403	31,953	29,895	28,253	25,728	29,895
Bonds and shares	62,378	63,981	97	62,378	60,624	72,787	64,961	63,981	72,787
Total assets	118,546	102,250	116	118,546	116,386	125,103	108,493	102,250	125,103
Deposits	40,678	33,593	121	40,678	36,599	31,354	31,598	33,593	31,354
Guarantees	774	873	89	774	1,027	1,006	897	873	1,006

Pre-tax profit

The pre-tax profit from the activities of Trading and Investment amounted to DKK 646m against DKK 1,013m for the same period in 2013. The profit was particularly affected by the generally falling and very low interest-rate level. The trend in several Trading and Investment markets is that sales levels are low and earnings margins are under pressure.

Net yields on bonds have fallen over the past year due to lower reinvestment rates, and earnings on the trading portfolio were falling.

Underlying expenses were in line with expectations. The increase in expenses in the second quarter of 2014 can be attributed to the increasing IT development.

Business volume

The financial markets have been subject to a modest positive development, but this was not caused by considerable increases in turnover. It is still expected that the business volume will be under pressure and that we will see a relatively low activity level in respect of transaction related lines of earnings.

Hence trading and investment activities were affected by the general reluctance with respect to investments and financial transactions.

Other activities

Other activities comprise a number of Group units, including Business Concepts, Business Services, Property, other staff functions and small subsidiaries. This also includes eliminations.

SUMMARY OF INCOME STATEMENT									
DKK m	H1 2014	H1 2013	Index 14/13	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	The year 2013
Net interest income	-112	92	-	-52	-60	27	41	54	160
Net fee and commission income	17	23	74	17	0	57	6	16	86
Value adjustments	81	-55	-	-77	158	23	-18	-31	-50
Other income	2,755	206	1,337	2,714	41	76	130	115	412
Income	2,741	266	1,030	2,602	139	183	159	154	608
Expenses	269	164	164	122	147	117	75	61	356
Profit before loan impairment charges and provisions for guarantees	2,472	102	2,424	2,480	-8	66	84	93	252
Loan impairment charges and provisions for guarantees	0	0	-	0	0	0	0	0	0
Pre-tax profit	2,472	102	2,424	2,480	-8	66	84	93	252

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKK m	H1 2014	H1 2013	Index 14/13	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	The year 2013
Loans and advances	3,164	1,470	215	3,164	2,415	2,509	1,269	1,470	2,509
Bonds and shares	241	3,894	6	241	7,082	1,027	4,843	3,894	1,027
Total assets	12,370	31,166	40	12,370	25,887	25,900	30,667	31,166	25,900
Deposits	704	780	90	704	694	716	726	780	716
Guarantees	322	621	52	322	678	637	606	621	637

Pre-tax profit

The pre-tax profit from other activities amounted to DKK 2,472m against DKK 102m for the same period in 2013. The profit was in particular affected by goodwill income of DKK 2,360m from the merger with BRFKredit.

Core income and earnings from investment portfolios

The pre-tax profit for the first half of 2014 broken down by core earnings and earnings on investment portfolios is stated below.

DKK m	H1 2014				H1 2013			
	Core earnings	Earnings on investment portfolios	Reclassification	Total	Core earnings	Earnings on investment portfolios	Reclassification	Total
Net interest income	2,599	184	0	2,783	2,367	183	0	2,550
Net fee and commission income	775	-1	0	774	859	-1	0	858
Value adjustments	-9	-21	0	-30	230	75	0	305
Other income	2,824	7	0	2,831	339	8	0	347
Income from operating lease	39	0	144	183	34	0	163	197
Income	6,228	169	144	6,541	3,829	265	163	4,257
Expenses	2,593	7	144	2,744	2,261	4	163	2,428
Profit before loan impairment charges and provisions for guarantees	3,635	162	0	3,797	1,568	261	0	1,829
Loan impairment charges and provisions for guarantees	994	0	0	994	627	0	0	627
Pre-tax profit	2,641	162	0	2,803	941	261	0	1,202

Capital structure and capital management

Core Tier 1 capital and capital base

At the end of the first half of 2014, Core Tier 1 capital (CET1) amounted to DKK 26,680m and 93% of the capital base against DKK 17,047m and 96% at end-2013. The Core Tier 1 capital ratio was 15.3%, in line with the level at the end of 2013.

Jyske Bank redeemed hybrid capital in the amount of DKK 308m in the first quarter of 2014.

CAPITAL AND CORE TIER 1 CAPITAL RATIOS	Q2	Q1	Q4	Q3	Q2	The year
	2014	2014	2013	2013	2013	2013
Capital ratio (%)	16.4	16.2	16.0	15.7	15.6	16.0
Core Tier 1 capital ratio incl. hybrid capital (%)	15.8	15.9	15.9	15.5	15.3	15.9
Core Tier 1 capital (CET1) (%)	15.3	15.1	15.3	14.8	14.6	15.3

The Jyske Bank Group's total risk exposure (REA) amounted to DKK 175bn at the end of the first half of 2014 against DKK 111bn at end-2013. The development of REA must be seen in the light of the merger with BRFKredit. The Jyske Bank Group's risk exposure with credit risk amounted to DKK 133bn, corresponding to 76% of the total risk exposure.

With effect from 2014, the Core Tier 1 capital and the capital base are calculated in accordance with new capital adequacy rules in CRD IV/CRR. In connection with the implementation of CRD IV/CRR, the new rules resulted in an improvement of 0.5 percentage point, made up by an increase in total risk exposure (REA) of about DKK 2.3bn and an increase in the capital base of about DKK 1.0bn.

Currently Jyske Bank meets the adopted SIFI requirements applicable as of 2019. Jyske Bank has set a long-term goal of achieving a capital ratio of 17.5% and a Core Tier 1 capital ratio of 14.0%, the capital adequacy rules being fully implemented in 2019.

Individual solvency requirement

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, the individual solvency requirement is subject to the transitional provisions pertaining to AIRB institutions.

At the end of the first half of 2014, the Jyske Bank Group calculated its individual solvency requirement to be 10.4% of the total risk exposure (REA) against 9.8% at end-2013. This development should be seen in light of the merger with BRFKredit and additional capital allowance for weak exposures.

Compared with the actual capital base of DKK 28.6bn, the capital buffer amounted at the end of the first half of 2014 to DKK 10.4bn, corresponding to 6 percentage points. The capital buffer plus earnings from operations denote the maximum loss without the need for additional capital. Jyske Bank's large proportion of Core Tier 1 capital cements the quality of the total capital.

Liquidity management

Through the merger with BRFKredit, the Jyske Bank Group's funding through deposits changed considerably due to the higher proportion of bond financing in the form of mortgage bonds. BRFKredit's mortgage loans are regulated by the principle of balance. Payments of interest and instalments on the underlying mortgage loans are matched with the payments on the issued mortgage bonds. The Jyske Bank Group focuses on improvement of the stable financing ratio, and BRFKredit's issue of the new bond type termed RTL F constitutes one of the elements in these efforts.

Capital market funding and liquidity

At the end of the first half of 2014, the Jyske Bank Group's liquidity reserve amounted to DKK 68bn against DKK 50bn at end-2013. Under a stress scenario assuming that the Jyske Bank Group is precluded from re-financing in the international financial money markets for unsecured senior debt as well as the market for the so-called senior secured bonds, the Jyske Bank Group's liquidity reserve would after a 12-month period amount to DKK 39bn, which is DKK 12bn higher than the amount at end-2013.

In the first half of 2014, Jyske Bank took advantage of the favourable market conditions to issue private placements totalling DKK 0.7bn (SEK 850m) with a time to maturity of 3 years on attractive terms under the EMTN programme as well as a public benchmark bond of EUR 500m at an interest rate corresponding to 3-month Cibur +0.28%. About 80% of the senior bonds were sold to European capital market investors outside Denmark, which underpins the diversification of the financial structure. The issue covers the Jyske Bank Group's refinancing requirements for senior unsecured funding in 2014. The growth in home loans is predominantly financed through covered bond issues through BRFKredit and does not affect the financing requirements to any noticeable degree. On 30 June 2014, Jyske Bank's total financing through BRFKredit totalled DKK 6bn.

The Jyske Bank Group's total liquidity reserve and runoff of unsecured senior debt as well as senior secured bonds issued by BRFKredit over the next 12 months appear from the table below. The development and the level relative to the end of 2013 must be seen in the light of the merger with BRFKredit.

LIQUIDITY RESERVE AND RUNOFF						The year
DKKbn	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	2013
End of period	67.7	51.3	49.9	50.3	51.3	49.9
3 months	57.4	38.2	30.1	31.7	33.7	30.1
6 months	46.8	37.5	29.5	23.2	25.3	29.5
9 months	44.2	35.1	28.2	22.5	20.7	28.2
12 months	39.2	31.8	26.9	21.3	19.5	26.9

Mortgage funding

The refinancing profile and the breakdown by various mortgage loan types appear from the table below.

BRFKREDIT'S BREAKDOWN OF MORTGAGE LOANS ACCORDING TO LOAN TYPE		Q2
%		2014
Annual refinancing, including F1 loans		24
Refinancing within 12 months, including F2-F10 loans		7
Refinancing beyond 12 months, including F2-F10 loans		30
Other types of loans, including fixed-rate loans		39
Total		100

The breakdown of the 31% of the total mortgage loans that are to be refinanced within the next 12 months appears from the below table.

BRFKREDIT'S BREKDOWN OF REFINANCING REQUIREMENTS WIHTIN 12 MONTH		Q2
DKKbn		2014
October 2014		12
January 2015		44
April 2015		7
Total		63

The Group's liquidity reserve according to S.152(1)(2) of the Danish Financial Business Act was high throughout the period. At the end of the first half of 2014, the liquidity ratio was 19.5%, corresponding to a liquidity surplus of 95%; at end-2013, the surplus was 172%. The development of liquidity ratio must be seen in the light of the merger with BRFkredit.

Other information

The supervisory diamond for Jyske Bank A/S

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.

THE SUPERVISORY DIAMOND FOR JYSKE BANK A/S	Q2	Q1	Q4	Q3	Q2	The year
	2014	2014	2013	2013	2013	2013
Sum of large exposures < 125% of the capital base	0	0%	0%	0%	0%	0%
Increase in loans and advances < 20% annually	5%	3%	5%	6%	4%	5%
Exposures to property administration and property transactions < 25% of total loans and advances	8%	7%	8%	8%	8%	8%
Stable funding < 1	0.71	0.73	0.73	0.78	0.77	0.73
Liquidity surplus > 50%	148%	184%	150%	171%	185%	150%

Jyske Bank A/S meets all the benchmarks of the Supervisory Diamond.

Report from the Danish Financial Supervisory Authority

The Danish FSA conducted an inspection of Jyske Bank, and until now in 2014 Jyske Bank received the following reports:

- Report on the inspection at Jyske Bank A/S (joint funding) The FSA conducted in November 2013 a functional inspection of joint funding. The inspection included an examination of Jyske Bank's joint funding with BRFkredit. The inspection did not give rise any comments.
- Report on order to Jyske Bank A/S concerning risk weighting of special loans to personal customers. The Danish FSA made an assessment of Jyske Bank's use of specially low risk weighting for so-called Qualifying Revolving Retail Exposures (QRRE). The inspection resulted in an enforcement order. Jyske Bank complied with the enforcement order, and the effect was incorporated in the statement of changes in equity on 30 June 2014.

The full versions of the FSA's reports are available on www.jyskebank.info.

Further information

For further information, please see www.jyskebank.info. Here you will find an interview with Anders Dam, detailed financial information as well as Jyske Bank's Annual Report 2013 and Risk and Capital Management 2013, which give further information about Jyske Bank's internal risk and capital management as well as regulatory issues, including a description of the most important risks and elements of uncertainty that may affect Jyske Bank.

Contact persons:

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Statement by the Executive and Supervisory Boards

We have today discussed and approved the Interim Financial Report of Jyske Bank A/S for the period 1 January to 30 June 2014.

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

The Interim Financial Report is unaudited and has not been reviewed.

In our opinion, the interim financial statements give a true and fair view of the Group's and the Parent's financial position at 30 June 2014 and of their financial performance and cash flows for the period 1 January to 30 June 2014.

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

Silkeborg, 19 August 2014

EXECUTIVE BOARD

ANDERS DAM
Managing Director and CEO

SVEN A. BLOMBERG
Deputy Managing Director and Chief Executive

JØRGEN CHRISTENSEN

NIELS ERIK JAKOBSEN

LEIF F. LARSEN

PER SKOVHUS

/JENS BORUM
Director, Accounting and Tax

SUPERVISORY BOARD

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KURT BLIGAARD PEDERSEN
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OLUF ENGELL

KELD NORUP

JESPER HOLBØLL
Employee Representative

HAGGAI KUNISCH
Employee Representative

MARIANNE LILLEVANG
Employee Representative

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Note	DKKm	The Jyske Bank Group			
		H1 2014	H1 2013	Q2 2014	Q2 2013
INCOME STATEMENT					
5	Interest income	4,277	3,250	2,808	1,692
6	Interest expenses	1,494	700	1,183	339
	Net interest income	2,783	2,550	1,625	1,353
7	Fees and commission income	916	977	426	490
	Fees and commission expenses	142	119	75	67
	Net interest and fee income	3,557	3,408	1,976	1,776
8	Value adjustments	-30	305	-255	151
9	Other income	3,014	544	2,851	247
10	Employee and administrative expenses	2,519	2,233	1,345	1,051
	Amortisation, depreciation and impairment charges	225	195	137	97
12	Loan impairment charges and provisions for guarantees	994	627	705	385
	Pre-tax profit	2,803	1,202	2,385	641
11	Tax	41	247	-36	121
	Profit for the period	2,762	955	2,421	520
	Attributable to:				
	Jyske Bank A/S shareholders	2,761	955	2,420	520
	Non-controlling interests	1	0	1	0
	Total	2,762	955	2,421	520
	Earnings per share for the period				
	Earnings per share for the period, DKK	34.04	13.42	26.59	7.30
	Earnings per share for the period, DKK, diluted	34.04	13.42	26.59	7.30
STATEMENT OF COMPREHENSIVE INCOME					
	Profit for the period	2,762	955	2,421	520
	Other comprehensive income:				
	Items that cannot be recycled to the income statement:				
	Effect of the change to the tax rate	0	12	0	12
	Items that can be recycled to the income statement:				
	Foreign currency translation adjustment of international units	32	-94	21	-18
	Hedge accounting of international units	-32	94	-21	18
	Tax on hedge accounting	8	-23	5	-4
	Other comprehensive income after tax	8	-11	5	8
	Comprehensive income for the period	2,770	944	2,426	528
	Attributable to:				
	Jyske Bank A/S shareholders	2,769	944	2,425	528
	Non-controlling interests	1	0	1	0
	Total	2,770	944	2,426	528

BALANCE SHEET

Note	The Jyske Bank Group			
	DKKm	30 June 2014	31 Dec. 2013	30 June 2013
BALANCE SHEET				
ASSETS				
	Cash, cash equivalents and demand deposits with central banks	2,797	2,427	2,252
	Due from credit institutions and central banks	16,198	15,143	8,113
13	Loans and advances at fair value	208,853	0	0
14	Loans and advances at amortised cost	135,036	131,378	129,582
	Bonds at fair value	76,712	57,754	51,640
	Bonds at amortised cost	11,488	14,794	15,522
	Shares, etc.	3,214	2,305	1,941
	Intangible assets	127	71	79
	Property, plant and equipment	3,658	3,237	3,437
	Tax assets	380	49	30
15	Other assets	35,114	34,846	35,689
	Total assets	493,577	262,004	248,285
EQUITY AND LIABILITIES				
Liabilities				
	Due to credit institutions and central banks	43,160	43,936	28,802
16	Deposits	148,908	131,424	126,978
17	Issued bonds at fair value	194,308	0	0
	Issued bonds at amortised cost	35,517	27,760	34,458
	Current tax liabilities	0	0	334
18	Other liabilities	41,407	38,203	37,985
19	Provisions	1,650	1,553	1,486
20	Subordinated debt	1,353	1,649	1,643
	Liabilities, total	466,303	244,525	231,686
Equity				
	Share capital	950	713	713
	Revaluation reserve	361	361	356
	Retained earnings	25,930	16,372	15,498
	Non-controlling interests	33	33	32
	Equity, total	27,274	17,479	16,599
	Equity and liabilities, total	493,577	262,004	248,285
OFF-BALANCE SHEET ITEMS				
	Guarantees, etc.	12,539	14,119	14,204
	Other contingent liabilities, etc.	2,301	1,827	2,059
21	Total guarantees and other contingent liabilities	14,840	15,946	16,263

STATEMENT OF CHANGES IN EQUITY

The Jyske Bank Group

DKKmn

	Share capital	Revaluation reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 1 January 2014	713	361	0	16,372	17,446	33	17,479
Profit for the period	0	0	0	2,761	2,761	1	2,762
Other comprehensive income:							
Foreign currency translation adjustment of international units	0	0	32	0	32	0	32
Hedge accounting of international units	0	0	-32	0	-32	0	-32
Tax on other comprehensive income	0	0	0	8	8	0	8
Other comprehensive income after tax	0	0	0	8	8	0	8
Comprehensive income for the period	0	0	0	2,769	2,769	1	2,770
Capital increase	237	0	0	6,794	7,031	0	7,031
Expenses relating to capital increase	0	0	0	-7	-7	0	-7
Acquisition of own shares	0	0	0	-803	-803	0	-803
Sale of own shares	0	0	0	805	805	0	805
Adjustment of non-controlling interests	0	0	0	0	0	-1	-1
Transactions with shareholders	237	0	0	6,789	7,026	-1	7,025
Equity at 30 June 2014	950	361	0	25,930	27,241	33	27,274
Equity at 1 January 2013	713	344	1	14,548	15,606	36	15,642
Profit for the period	0	0	-1	956	955	0	955
Other comprehensive income:							
Foreign currency translation adjustment of international units	0	0	-94	0	-94	0	-94
Hedge accounting of international units	0	0	94	0	94	0	94
Tax on other comprehensive income	0	12	0	-23	-11	0	-11
Other comprehensive income after tax	0	12	0	-23	-11	0	-11
Comprehensive income for the period	0	12	-1	933	944	0	944
Acquisition of own shares	0	0	0	-645	-645	0	-645
Sale of own shares	0	0	0	662	662	0	662
Adjustment of non-controlling interests	0	0	0	0	0	-4	-4
Transactions with shareholders	0	0	0	17	17	-4	13
Equity at 30 June 2013	713	356	0	15,498	16,567	32	16,599

CAPITAL STATEMENT

DKKm	The Jyske Bank Group		
	30 June 2014	31 Dec. 2013	30 June 2013
Equity	27,274	17,479	16,599
Revaluation reserve	0	-361	-356
Intangible assets	-127	-71	-79
Deferred tax assets relating to intangible assets	28	0	0
Cautious valuation	-205	0	0
Deferred tax assets	-290	0	0
Core Tier 1 capital	26,680	17,047	16,164
Hybrid core capital	995	1,303	1,295
Difference between expected loss and the carrying amount of impairment charges	0	-55	0
Deduction for equity investments above 10%	0	-550	-572
Other deductions	-57	-3	-1
Core capital	27,618	17,742	16,886
Subordinated loan capital	330	336	336
Revaluation reserve	0	361	356
Difference between expected loss and the carrying amount of impairment charges	563	-55	250
Collective impairment under the standard approach	67	0	0
Deduction for equity investments above 10%	0	-550	-572
Other deductions	0	-3	-1
Capital base	28,578	17,831	17,255
Weighted risk exposure involving credit risk etc.	132,613	81,106	83,911
Weighted risk exposure involving market risk	25,108	17,687	14,028
Weighted risk exposure involving operational risk	17,051	12,483	12,483
Total weighted risk exposure	174,772	111,276	110,422
Capital requirement, Pillar I	13,982	8,902	8,834
Capital requirement, transitional provisions	1,736	79	0
Capital requirement, total	15,718	8,981	8,834
Capital ratio (%)	16.4	16.0	15.6
Tier 1 capital ratio (%)	15.8	15.9	15.3
Core Tier 1 capital (%)	15.3	15.3	14.6

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). On 30 June 2014, the total risk-weighted exposure according to Basel I amounted to DKK 245,593m for the Jyske Bank Group. The capital requirement according to the transitional provisions was for 80% of the capital requirement of 8% of the total weighted risk exposure corresponding to DKK 15,718m for the Jyske Bank Group. At end-2013, the transitional provisions resulted in a capital requirement of DKK 8,981m for the Jyske Bank Group. The transitional rules applying to total weighted risk exposure will still apply in the coming years.

With effect from 2014, capital ratios are calculated in accordance with CRD IV/CRR (Basel III). The new rules result in changes in the calculation of the capital base and the total weighted risk exposure. The comparative figures for 2013 and earlier years have not been adjusted.

For the determination of individual capital requirement, please see the Risk and Capital Management Report 2013 or www.jyskebank.info.

SUMMARY OF CASH FLOW STATEMENT

DKKmn	The Jyske Bank Group	
	H1 2014	H1 2013
Profit for the period	2,762	955
Adjustment for non-cash operating items and change in working capital	-8,954	-4,897
Cash flows from operating activities	-6,192	-3,942
Acquisition of property, plant and equipment	-153	-359
Acquisition of intangible assets	-51	-1
Cash flows from investment activities	-204	-360
Capital increase	7,031	0
Acquisition of own shares	-803	-645
Sale of own shares	805	662
Additional and repayment of subordinated debt	-297	-1,092
Cash flows from financing activities	6,736	-1,075
Cash flow for the period	340	-5,377
Cash and cash equivalents, beginning of period	16,647	14,534
Cash and cash equivalents, end of period	16,987	9,157
Cash and cash equivalents, end of period, comprise:		
Cash in hand, etc.	2,797	2,252
Due from credit institutions and central banks	14,190	6,905
Cash and cash equivalents, end of period	16,987	9,157

1 Accounting Policies

The Interim Financial Report for the period 1 January to 30 June 2014 was prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. Furthermore, the Interim Financial Report was prepared in accordance with the additional Danish disclosure requirements for the interim reports of listed financial undertakings.

In connection with the preparation of the interim report for the period 1 January - 30 June 2014, the merger with BRFKredit caused the implementation of the following changes to the accounting policies:

- Loans and advances at fair value. Mortgage loans where a connection exists to the underlying bonds are recognised according to the trade date approach and classified as 'Loans and advances at fair value'. Mortgage loans are measured at fair value on initial and subsequent recognition. Index-linked loans are measured on the basis of the index value at the end of the year. The fair value is determined on the basis of the closing price at the balance sheet date of the underlying issued bonds or, if such price is not available for the past month, a price calculated on the basis of the market rate. The closing price is regarded as the best bid for the fair value of Danish mortgage bonds.

To the extent that there is an objective indication of impairment, mortgage loans are written down in relation to the value at the establishment of the loan. A review for impairment includes an assessment of the value of the mortgaged properties, the realisable value of the claim, time-on-market expenses in an estimated settlement period and sales costs. The indication of impairment is determined on the basis of a calculation of the net present value of anticipated future payments.

Mortgage loans for which no individual impairment has been provided are included in a model assessing the need to subject groups of loans to a review for impairment. The group model is a segmentation model where an initial segmentation is made with a view to dividing the portfolio into groups with similar credit characteristics. A review for impairment of the respective segments is primarily made on the basis of an 'arrears model' and, alternatively, against the background of an assessment of whether the trend in various macro-variables has provided an objective indication of impairment.

- Issued bonds at fair value. Issued mortgage bonds recognised according to the ownership-settlement approach and measured at fair value on initial and subsequent recognition. The fair value is determined on the basis of the closing price at the balance sheet date or, if such price is not available for the past month, a price calculated on the basis of the official market rate.

Mortgage bonds drawn for redemption and repayable immediately after the financial year end are, however, measured at par, whereas mortgage bonds drawn for redemption and repayable at a later repayment date are measured at a calculated market value.

The portfolio of own mortgage bonds is deducted.

- Segment information. The information is reported for business areas, and:
 - A new business area covering mortgage credit activities has been established. Mortgage credit activities comprise financial solutions for the financing of real property carried out through BRFKredit. The mortgage credit activities are aimed mainly at Danish private customers, corporate customers and general building and construction. No comparative figures are reported for the new segment as the Jyske Bank Group has not previously held any ownership of the underlying activity.
 - The segments Deposit Guarantee Fund, etc. and Banking Activities have been merged, Banking Activities being the surviving segment. This change has been incorporated in the comparative figures.
- Core profit. Expenses for the Guarantee Fund, etc. are included in core expenses. This change has been incorporated in the comparative figures.

For the sake of clarity of the interim report, the presentation has been changed, for instance, through classification and adding together of items in the Management's review as well as the interim financial statements. The changed presentation has no effect on the net profit or loss for the period, total assets or equity. The notes in the interim financial statements have been adjusted to the presentation chosen. Finally, a division has been made between the interim financial statements for the Jyske Bank Group and for Jyske Bank A/S.

With effect as of 1 January 2014, the Jyske Bank Group has implemented the following changes and new standards:

- IFRS 10 on consolidated financial statements. A new standard that changes and specifies the definition of control of another entity.
- IFRS 11 on joint ventures and similar. There is no longer freedom of choice between proportionate consolidation and the equity method.
- IFRS 12 on disclosure requirements for control etc. of subsidiaries, joint ventures and associates.
- Changes to IAS 28 on investments in associates and joint ventures.

NOTES

Note	The Jyske Bank Group
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1 **Accounting Policies, cont.**

The implementation of the above changes and new standards did not have any material impact on recognition and measurement.

Except for the implementation of the above changes and new standards, the accounting policies are unchanged compared to those applied to and described in detail in the Annual Report 2013.

- IFRS 9 on financial assets covers classification and measurement of financial assets and liabilities, impairment of financial assets as well as hedge accounting. The IASB completed the IFRS 9 in July 2014, but the standard has not been approved by the EU. It has not been possible to make a comprehensive assessment of the standard's effect on the Jyske Bank Group. The standard takes effect from 1 January 2018, but it is possible to implement it before that date.

2 **Material accounting estimates**

Measurement of the carrying value of certain assets and liabilities requires the management's estimate of the influence of future events on the value of such assets and liabilities. Estimates of material importance to the financial reporting are, among other things, based on the impairment of loans and advances, the fair value of unlisted financial instruments and provisions already made, cf. the detailed statement in the Annual Report 2013. The estimates are based on assumptions which management finds reasonable, but which are inherently uncertain. Besides, the Group is subject to risks and uncertainties which may cause results to differ from those estimates.

Note	The Jyske Bank Group	
	1H 2014	H1 2013

3 **Financial ratios and key figures**

Pre-tax profit, per share (DKK)	34.56	16.88
Earnings per share for the period (DKK)	34.04	13.42
Earnings per share for the period (diluted) (DKK)	34.04	13.42
Core profit per share (DKK)	32.56	13.21
Share price at end of period (DKK)	309	216
Book value per share (DKK)	287	233
Price/book value per share (DKK)	1.08	0.93
Outstanding shares in circulation ('000)	94,983	71,181
Average number of shares in circulation ('000)	81,122	71,215
Capital ratio (%)	16.4	15.6
Tier 1 capital ratio (%)	15.8	15.3
Core Tier 1 capital (%)	15.3	14.6
Pre-tax profit as a pct. of average equity	12.5	7.5
Profit for the period as a pct. of av. equity	12.3	5.9
Income/cost ratio (%)	1.7	1.4
Interest-rate risk (%)	0.1	1.8
Currency risk (%)	0.0	0.1
Accumulated impairment ratio (%)	1.4	3.1
Impairment ratio for the period (%)	0.3	0.4
No. of full-time employees at end-period	4,352	3,802
Average number of full-time employees in the period	3,973	3,727

NOTES

Note	The Jyske Bank Group					
	DKKm					
4	Segment information	Banking activities	Mortgage credit activities	Trading and Investment	Other	The Jyske Bank Group
	H1 2014					
	Net interest income	1,794	336	765	-112	2,783
	Net fee and commission income	531	11	215	17	774
	Value adjustments	-110	-120	119	81	-30
	Other income	214	2	43	2,755	3,014
	Income	2,429	229	1,142	2,741	6,541
	Expenses	1,913	157	405	269	2,744
	Profit before loan impairment charges and provisions for guarantees	516	72	737	2,472	3,797
	Loan impairment charges and provisions for guarantees	867	36	91	0	994
	Pre-tax profit	-351	36	646	2,472	2,803
	Internal allocation of earnings	235	0	-235	0	0
	Loans and advances	104,469	208,853	27,403	3,164	343,889
	Bonds and shares	4,060	24,735	62,378	241	91,414
	Issued bonds at fair value	0	194,308	0	0	194,308
	Deposits	107,526	0	40,678	704	148,908
	Guarantees	10,910	533	774	322	12,539
	Total assets	121,833	240,828	118,546	12,370	493,577
	Mortgage credit activities cover two months in H1 2014					
	H1 2013					
	Net interest income	1,680	0	778	92	2,550
	Net fee and commission income	616	0	219	23	858
	Value adjustments	-4	0	364	-55	305
	Other income	305	0	33	206	544
	Income	2,597	0	1,394	266	4,257
	Expenses	1,968	0	296	164	2,428
	Profit before loan impairment charges and provisions for guarantees	629	0	1,098	102	1,829
	Loan impairment charges and provisions for guarantees	542	0	85	0	627
	Pre-tax profit	87	0	1,013	102	1,202
	Internal allocation of earnings	178	0	-180	2	0
	Loans and advances	102,384	0	25,728	1,470	129,582
	Bonds and shares	1,228	0	63,981	3,894	69,103
	Issued bonds at fair value	0	0	0	0	0
	Deposits	92,605	0	33,593	780	126,978
	Guarantees	12,710	0	873	621	14,204
	Total assets	114,869	0	102,250	31,166	248,285
	There were no mortgage credit activities in the first half of 2013					

NOTES

Note	The Jyske Bank Group	
	DKKm	

4 Segment information, cont.

Turnover, broken down by country H1 2014	Turnover	Full-time employees
Denmark	8,120	4,192
Switzerland	43	45
Gibraltar	38	93
Germany	28	10
The Netherlands	7	12
Spain	0	0
Total	8,236	4,352

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

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

Activities in individual countries:

Denmark. The Jyske Bank Group has activities within banking and mortgage banking, trading and wealth management advice as well as leasing.

Switzerland. The Jyske Bank Group has activities within banking as well as trading and wealth management advice.

Gibraltar. The Jyske Bank Group has activities within banking as well as trading and wealth management advice.

Germany. The Jyske Bank Group has activities within banking.

The Netherlands. The Jyske Bank Group has activities within investment.

Spain. The Jyske Bank Group has activities within properties.

		The Jyske Bank Group	
		H1	H1
		2014	2013
	DKKm		

5 Interest income

Due from credit institutions and central banks	13	13
Loans and advances	3,278	2,447
Contribution	240	0
Bonds	650	644
Derivatives, total	93	140
Of which:		
Currency contracts	79	114
Interest-rate contracts	14	26
Other	3	6
Total	4,277	3,250

Of which interest income on reverse repos carried under:

Due from credit institutions and central banks	-1	-1
Loans and advances	8	5

6 Interest expenses

Due to credit institutions and central banks	75	68
Deposits	353	366
Issued bonds	1,040	238
Subordinated debt	26	23
Other	0	5
Total	1,494	700

Of which interest expenses on repos carried under:

Due to credit institutions and central banks	7	5
Deposits	2	0

NOTES

Note	DKKm	The Jyske Bank Group	
		H1 2014	H1 2013
7	Fees and commission income		
	Securities trading and custody services	489	520
	Money transfers and card payments	90	68
	Loan management fees	73	93
	Guarantee commission	116	164
	Other fees and commissions	148	132
	Total	916	977
8	Value adjustments		
	Loans and advances at fair value	635	0
	Bonds	200	-122
	Other investment securities	246	53
	Currency	96	190
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	-553	97
	Issued bonds	-723	80
	Other assets and liabilities	69	7
	Total	-30	305
9	Other income		
	Income on real property	34	35
	Profit from the sale of subsidiary	296	0
	Gain from a bargain purchase relating to business combinations	2,360	97
	Income from operating lease ¹	183	197
	Dividends, etc.	61	42
	Profit on investments in associates and group enterprises	-90	11
	Other income	170	162
	Total	3,014	544

¹ Expenses relating to operating leases affected the item Amortisation, depreciation and impairment charges in the amount of DKK 144m in the first half of 2014 against DKK 163m in the same period in 2013.

NOTES

Note	The Jyske Bank Group		
	H1 2014	H1 2013	
	DKKm		
10	Employee and administrative expenses		
	Employee expenses		
	Wages and salaries, etc.	1,140	1,088
	Pensions	146	146
	Social security	122	107
	Total	1,408	1,341
	Salaries and remuneration to management bodies		
	Executive Board ¹	15	12
	Supervisory Board	2	1
	Shareholders' Representatives	1	1
	Total	18	14
	¹ The Executive Board was in 2014 enlarged from five to six members.		
	Other administrative expenses		
	IT	535	478
	Other operating expenses	203	24
	Other administrative expenses	355	376
	Total	1,093	878
	Total	2,519	2,233
11	Effective tax rate		
	Corporation tax rate in Denmark	24.5	25.0
	Non-taxable income and non-deductible expenses, etc.	-23.0	-1.9
	Effect of the change to the corporation tax rate	0	-2.6
	Total	1.5	20.5

The low tax rate in the first half of 2014 can be attributed to the fact that bargain purchases in connection with business combinations as well as profits from the sale of the subsidiary and the shares in Nets are tax exempt.

NOTES

Note	The Jyske Bank Group	
	H1 2014	H1 2013
	DKKm	
12	Loan impairment charges and provisions for guarantees, incl. balance of discounts	
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period	
	5,600	4,661
	Loan impairment charges/provisions for the period	835 434
	Write-off already covered by impairment charges/provisions	-343 -480
	Discount for assets taken over in connection with business combinations	2,717 1,398
	Recognised losses covered by discounts for assets taken over	-256 -157
	Recognised discount for assets taken over	-156 -140
	Other movements	59 53
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	8,456 5,769
	Loan impairment charges	4,756 4,233
	Provisions for guarantees	487 435
	Balance of loan impairment charges and provisions, end of period	5,243 4,668
	Balance of discounts for assets taken over	3,213 1,101
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	8,456 5,769
	Loan impairment charges/provisions for the period	835 434
	Write-off not covered by loan impairment charges/provisions	190 267
	Recoveries	-31 -74
	Loan impairment charges and provisions for guarantees recognised in the income statement	994 627
	Recognised discount for assets taken over	156 140
	Net effect on the income statement	838 487
	Individual loan impairment charges, beginning of period	3,386 3,181
	Loan impairment charges for the period	532 635
	Write-off already covered by impairment charges/provisions	-337 -461
	Other movements	44 42
	Individual loan impairment charges, end of period	3,625 3,397
	Individual provisions for loss on guarantees, beginning of period	364 427
	Provisions for the period	47 -77
	Write-off already covered by provisions	-6 -19
	Individual provisions for loss on guarantees, end of period	405 331
	Collective loan impairment charges, beginning of period	863 943
	Loan impairment charges for the period	254 -118
	Other movements	14 11
	Collective loan impairment charges, end of period	1,131 836
	Collective provisions for loss on guarantees, beginning of period	80 110
	Provisions for the period	2 -6
	Collective provisions for loss on guarantees, end of period	82 104
	Impairment charges on balances due from credit institutions	
	Individual impairment charges on balances due from credit institutions, beginning of period	
	15	0
	Loan impairment charges for the period	0 0
	Individual loan impairment charges, end of period	15 0
	Loan impairment charges/provisions for the period	0 0
	Net effect on the income statement	0 0

NOTES

Note	DKKkm	The Jyske Bank Group		
		30 June 2014	31 Dec. 2013	30 June 2013
13	Loans and advances at fair value broken down by property category			
	Owner-occupied homes	89,941	0	0
	Holiday homes	5,203	0	0
	Subsidised housing	41,250	0	0
	Owner-partnership homes	14,441	0	0
	Private rental housing	25,541	0	0
	Industrial properties	2,341	0	0
	Office and business properties	27,546	0	0
	Agricultural properties	31	0	0
	Properties for social, cultural and educational purposes	2,545	0	0
	Other properties	14	0	0
	Total	208,853	0	0
14	Loans and advances at amortised cost and guarantees broken down by sector			
	Public authorities	9,304	7,896	7,870
	Agriculture, hunting, forestry, fishing	9,015	9,525	9,721
	Manufacturing, mining, etc.	7,952	7,468	7,426
	Energy supply	4,046	4,721	3,844
	Building and construction	2,839	3,130	3,239
	Commerce	8,661	8,919	8,962
	Transport, hotels and restaurants	4,438	4,433	4,306
	Information and communication	573	558	470
	Finance and insurance	28,445	26,099	29,668
	Real property	9,609	9,842	10,902
	Other sectors	7,558	8,201	8,142
	Corporate customers, total	83,136	82,896	86,680
	Private customers, total	55,135	54,705	49,236
	Total	147,575	145,497	143,786
15	Other assets			
	Positive fair value of derivatives	26,010	25,911	26,072
	Assets in pooled deposits	4,724	4,809	4,898
	Interest and commission receivable	1,388	1,155	779
	Investments in associates	589	721	788
	Assets in temporary possession	405	112	132
	Prepayments	286	235	226
	Other assets	1,712	1,903	2,794
	Total	35,114	34,846	35,689
	Netting			
	Positive fair value of derivatives, etc., gross	29,278	25,911	26,072
	Netting of positive and negative fair value	-3,268	0	0
	Total	26,010	25,911	26,072

Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing). The activity was commenced in 2014.

NOTES

Note	DKKm	The Jyske Bank Group		
		30 June 2014	31 Dec. 2013	30 June 2013
16	Deposits			
	Demand deposits	81,273	72,693	71,729
	Term deposits	9,250	8,804	9,176
	Time deposits	44,613	35,233	31,895
	Special deposits	8,840	9,291	8,928
	Pooled deposits	4,932	5,403	5,250
	Total	148,908	131,424	126,978
17	Issued bonds at fair value			
	Issued bonds at fair value, nominal value	214,662	0	0
	Adjustment to fair value	8,477	0	0
	Own mortgage bonds, fair value	-28,831	0	0
	Total	194,308	0	0
18	Other liabilities			
	Set-off entry of negative bond holdings in connection with repos/reverse repos	3,718	4,227	3,461
	Negative fair value of derivatives, etc.	26,688	26,246	26,035
	Interest and commission payable	3,364	551	1,028
	Deferred income	309	312	297
	Other liabilities	7,328	6,867	7,164
	Total	41,407	38,203	37,985
	Netting			
	Negative fair value of derivatives, etc., gross	29,956	26,246	26,035
	Netting of positive and negative fair value	-3,268	0	0
	Total	26,688	26,246	26,035
	Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing). The activity was commenced in 2014.			
19	Provisions			
	Provisions for pensions	436	440	457
	Provisions for deferred tax	370	468	323
	Provisions for guarantees	487	444	435
	Other provisions	357	201	271
	Total	1,650	1,553	1,486

NOTES

Note	The Jyske Bank Group		
	30 June 2014	31 Dec. 2013	30 June 2013
	DKKm		
20 Subordinated debt			
Supplementary capital:			
6.73% bond loan EUR 15m 2017-2026	112	112	112
Var. % bond loan EUR 10m 13.02.2023	75	75	75
5.65% bond loan EUR 10 m 27.03.2023	74	75	75
5.67% bond loan EUR 10 m 31.07.2023	74	74	74
Deposit account, Husejernes kredittkasse	2	0	0
	337	336	336
Hybrid core capital:			
Var. % bond loan EUR 72.8m Perpetual	542	727	719
Var. % bond loan EUR 60.7m Perpetual	453	576	576
	995	1,303	1,295
Subordinated debt, nominal	1,332	1,639	1,631
Hedging of interest-rate risk, fair value	21	10	12
Total	1,353	1,649	1,643
Subordinated debt included in the capital base	1,325	1,639	1,631
21 Contingent liabilities			
Guarantees			
Financial guarantees	6,995	7,080	7,352
Guarantee for losses on mortgage credits	3,613	4,240	3,936
Registration and re-mortgaging guarantees	195	490	668
Other contingent liabilities	1,736	2,309	2,248
Total	12,539	14,119	14,204
Other contingent liabilities			
Irrevocable credit commitments	2,150	1,779	2,011
Other	151	48	48
Total	2,301	1,827	2,059

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

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

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

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

Nykredit has informed Jyske Bank that they have taken the position that they regard the cooperation agreements with Nykredit regarding owner-occupied homes and holiday homes, homes outside Denmark, commercial and agricultural buildings as terminated in respect of Jyske Bank. Likewise, Nykredit and Totalkredit¹ have informed Jyske Bank that they regard the Totalkredit cooperation as terminated in respect of Jyske Bank. As a consequence of this, Nykredit and Totalkredit 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. Jyske Bank disagrees that Jyske Bank has terminated the main cooperation agreement and considers Nykredit's initiative unwarranted. Jyske Bank has taken the initiative to refer the matter to arbitration. If the main cooperation agreement has not been terminated, it still applies that Totalkredit loans channelled to Totalkredit by Jyske Bank from 2007 are subject to the right of set-off by Totalkredit against future current commission, which Totalkredit can invoke in the event of default on the loans arranged. Jyske Bank does not expect the set-off to have material influence on Jyske Bank's financial position.

DKKm

21 Contingent liabilities, cont.

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

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% of the total covered net deposits. According to Bank Package 3 and Bank Package 4, Pengeinstitutafdelingen bears the immediate losses attributable to covered net deposits and relating to the winding up of financial institutions in distress. Any losses in connection with the final winding up are covered by the Guarantee Fund's Afviklings- og Restruktureringsafdeling (settlement and restructuring fund), where Jyske Bank currently guarantees 6.88% of any losses.

Jyske Bank is a management company under Danish joint taxation. Therefore, according to the provisions of the Danish Company Taxation, Jyske Bank is liable as of the accounting year 2013 for corporation tax, etc. for the jointly taxed companies and as of 1 July 2012 for any liabilities to withhold tax on interest and dividends for the jointly taxed companies.

22 Shareholders

On 30 April 2014, BRHolding a/s, Kgs. Lyngby, Danmark informed Jyske Bank that it owns 25.00% of the share capital.
On 19 October 2012, MFS Investment Management, USA reported that it owns 5.14% of the share capital.

23 Related parties

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

Over the period, there were no unusual transactions with related parties. Please see Jyske Bank's Annual Report 2013 for a detailed description of transactions with related parties.

24 Fair value of financial assets and liabilities**Methods for measuring fair value**

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

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

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

Non-observable prices

Non-observable prices at the end of the first half of 2014 referred to unlisted shares recognised at DKK 1,633m against unlisted shares recognised at DKK 1,170m at end-2013. These are primarily sector shares. In the cases where Jyske Bank calculates the fair value on the basis of the company's expected future earnings, a required rate of return of 15% p.a. before tax is applied. A change in the required rate of return of 1% will result in a change of the fair value of about DKK 20m.

Capital gain and loss for the period on illiquid bonds and unlisted shares referred to assets held at the end of the first half of 2014. Jyske Bank finds it of little probability that the application of alternative prices in the measurement of fair value would result in a material deviation from the recognised fair value. No considerable transfers took place between the three categories in the first half of 2014.

In the Group's control environment, measurement models are validated by units that are independent of the business areas that develop the models and trade in the products in question. The purpose of the validation process is to test that the models have been implemented appropriately, i.e. whether the models are of such a quality and are sufficiently stable to be used for pricing and risk management of financial products.

NOTES

Note	The Jyske Bank Group
DKKm	

24 Fair value of financial assets and liabilities, cont.

1H 2014

	Quoted prices	Observable prices	Non- Observable prices	Fair value total	Carrying amount
FINANCIAL ASSETS					
Loans and advances at fair value	0	208,853	0	208,853	208,853
Bonds at fair value	66,768	9,944	0	76,712	76,712
Shares, etc.	1,450	131	1,633	3,214	3,214
Assets in pooled deposits	3,201	1,523	0	4,724	4,724
Derivatives	382	25,628	0	26,010	26,010
Total	71,801	246,079	1,633	319,513	319,513
FINANCIAL LIABILITIES					
Pooled deposits	0	4,932	0	4,932	4,932
Issued bonds at fair value	171,695	22,613	0	194,308	194,308
Derivatives	400	26,288	0	26,688	26,688
Total	172,095	53,833	0	225,928	225,928

H1 2013

FINANCIAL ASSETS					
Bonds at fair value	39,819	11,821	0	51,640	51,640
Shares, etc.	728	110	1,103	1,941	1,941
Assets in pooled deposits	3,690	1,208	0	4,898	4,898
Derivatives	1,062	25,010	0	26,072	26,072
Total	45,299	38,149	1,103	84,551	84,551
FINANCIAL LIABILITIES					
Pooled deposits	0	5,250	0	5,250	5,250
Derivatives	952	25,083	0	26,035	26,035
Total	952	30,333	0	31,285	31,285

	H1 2014	H1 2013
NON-OBSERVABLE PRICES		
Fair value, beginning of period	1,170	948
Capital gain and loss reflected in the income statement	161	-39
Sales or redemption	-42	-2
Purchases and additions during the period	344	196
Fair value, end of period	1,633	1,103

Note	The Jyske Bank Group
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DKKm

25 Business combination, the BRFKredit Group

On 30 April 2014, Jyske Bank took over the entire share capital of the BRFKredit a/s, which carries out mortgage banking and banking operations, against the issue of new shares in Jyske Bank in the nominal amount of DKK 237.6m as well as a cash payment of DKK 100m. The purpose of the merger of Denmark's third-largest bank and fourth-largest mortgage bank is to create a significant player in the Danish financial sector that can realise a strong potential through cross sales between the banking and mortgage banking client bases. Moreover, considerable cost synergies can be realised at a low integration risk through optimisation of IT, business processes, overlapping functions and capital. The fair value of the acquired activities, liabilities and contingency liabilities exceeded the purchase price. The difference, termed bargain purchase, came according to preliminary calculations to a total of DKK 2,360m. According to IFRS 3, the bargain purchase was recognised as income under Other operating income. Integration costs in the range of DKK 300m - 400m are expected. In connection with the acquisition, transaction costs in the amount of DKK 20m incurred and were recognised in the income statement under administrative expenses.

In addition to bargain purchases, the acquisition of BRFKredit has affected the Jyske Bank Group's pre-tax profit by DKK 53m in the first half of 2014. If the acquisition date had been 1 January 2014, the acquisition of BRFK would, in addition to bargain purchases, have affected the Jyske Bank Group's pre-tax profit by -752m in the first half of 2014.

Assets

Cash, cash equivalents and demand deposits with central banks	43
Due from credit institutions and central banks	505
Loans, advances and other receivables at fair value	202,935
Loans, advances and other receivables at amortised cost	9,803
Bonds at fair value	25,866
Shares	296
Intangible assets	65
Investment properties	4
Owner-occupied properties	472
Other property, plant and equipment	10
Current tax assets	16
Deferred tax assets	385
Assets taken over temporarily	266
Other assets	1,118
Prepayments	47
Total assets	241,831

Liabilities

Due to credit institutions and central banks	18,189
Deposits	5,246
Issued bonds at fair value	200,971
Issued bonds at amortised cost	6,080
Liabilities relating to assets taken over temporarily	11
Other liabilities	1,736
Deferred income	7
Liabilities, total	232,240

Provisions, total

98

Subordinated debt

2

Liabilities, total

232,340

Net assets acquired

9,491

Purchase price

7,131

Gain from a bargain purchase

2,360

Contingent liabilities

Guarantees	553
Other contingent liabilities	111
Total contingent liabilities	664

Note	DKKm	Jyske Bank	
		H1 2014	H1 2013
INCOME STATEMENT			
3	Interest income	2,810	3,053
4	Interest expenses	634	724
	Net interest income	2,176	2,329
	Dividends, etc.	59	42
5	Fees and commission income	763	842
	Fees and commission expenses	58	56
	Net interest and fee income	2,940	3,157
6	Value adjustments	59	286
	Other operating income	2,827	192
	Employee and administrative expenses	1,936	1,949
	Amortisation, depreciation and impairment charges	75	22
	Other operating expenses	201	24
7.8	Loan impairment charges and provisions for guarantees	967	602
	Profit on investments in associates and group enterprises	89	175
	Pre-tax profit	2,736	1,213
	Tax	-25	258
	Profit for the period	2,761	955
STATEMENT OF COMPREHENSIVE INCOME			
	Profit for the period	2,761	955
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Effect of the change to the tax rate	0	12
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	32	-94
	Hedge accounting of international units	-32	94
	Tax on hedge accounting	8	-23
	Other comprehensive income after tax	8	-11
	Comprehensive income for the period	2,769	944

Note	DKKm	30 June 2014	31 Dec. 2013	Jyske Bank 30 June 2013
BALANCE SHEET				
ASSETS				
	Cash, cash equivalents and demand deposits with central banks	2,185	2,023	1,868
	Due from credit institutions and central banks	15,223	15,338	8,361
7.8	Loans and advances at amortised cost	133,155	128,861	127,337
	Bonds at fair value	57,340	57,505	51,390
	Bonds at amortised cost	12,915	14,794	15,522
	Shares, etc.	2,864	2,253	1,880
	Investments in associates	580	715	782
	Investments in group enterprises	13,133	3,000	2,892
	Assets in pooled deposits	4,724	4,809	4,898
	Intangible assets	113	69	75
	Land and buildings, total	1,963	2,014	1,991
	of which owner-occupied properties	1,963	2,014	1,991
	Other property, plant and equipment	72	74	69
	Current tax assets	85	32	0
	Deferred tax assets	24	2	76
	Assets in temporary possession	59	60	67
	Other assets	28,076	28,595	29,256
	Prepayments	82	78	82
	Total assets	272,593	260,222	246,546
EQUITY AND LIABILITIES				
Debt and payables				
	Due to credit institutions and central banks	37,574	47,210	32,178
9	Deposits	134,472	122,321	117,751
	Pooled deposits	4,932	5,403	5,250
	Issued bonds at amortised cost	28,240	27,760	34,458
	Current tax liabilities	0	0	416
	Other liabilities	37,609	37,382	37,146
	Deferred income	19	21	22
	Total debt and payables	242,846	240,097	227,221
Provisions				
	Provisions for pensions	415	402	423
	Provisions for guarantees	480	433	427
	Other provisions	260	195	265
	Provisions, total	1,155	1,030	1,115
	Subordinated debt	1,351	1,649	1,643
Equity				
	Share capital	950	713	713
	Revaluation reserve	322	322	311
	Reserve according to the equity method	807	807	2,070
	Retained earnings	25,162	15,604	13,473
	Equity, total	27,241	17,446	16,567
	Equity and liabilities, total	272,593	260,222	246,546
OFF-BALANCE SHEET ITEMS				
	Guarantees, etc.	12,214	14,049	14,173
	Other contingent liabilities	2,196	1,827	2,059
	Total guarantees and other contingent liabilities	14,410	15,876	16,232

DKKm

STATEMENT OF CHANGES IN EQUITY

	Share capital	Revalua- tion reserve	Currency translation reserve	Reserve according to the equity method	Retained earnings	Total equity
Equity at 1 January 2014	713	322	0	807	15,604	17,446
Profit for the period	0	0	0	0	2,761	2,761
Other comprehensive income	0	0	0	0	8	8
Comprehensive income for the period	0	0	0	0	2,769	2,769
Capital increase	237	0	0	0	6,794	7,031
Expenses relating to capital increase	0	0	0	0	-7	-7
Acquisition of own shares	0	0	0	0	-803	-803
Sale of own shares	0	0	0	0	805	805
Transactions with shareholders	237	0	0	0	6,789	7,026
Equity at 30 June 2014	950	322	0	807	25,162	27,241
Equity at 1 January 2013	713	299	1	2,070	12,523	15,606
Profit for the period	0	0	-1	0	956	955
Other comprehensive income	0	12	0	0	-23	-11
Comprehensive income for the period	0	12	-1	0	933	944
Acquisition of own shares	0	0	0	0	-645	-645
Sale of own shares	0	0	0	0	662	662
Transactions with shareholders	0	0	0	0	17	17
Equity at 30 June 2013	713	311	0	2,070	13,473	16,567

DKKm	30 June 2014	31 Dec. 2013	Jyske Bank 30 June 2013
CAPITAL STATEMENT			
Equity	27,241	17,446	16,567
Revaluation reserve	0	-322	-311
Intangible assets	-113	-69	-75
Deferred tax assets relating to intangible assets	25	0	0
Cautious valuation	-153	0	0
Deferred tax assets	0	-2	-76
Core capital exclusive of hybrid core capital	27,000	17,053	16,105
Hybrid core capital	995	1,303	1,295
Difference between expected loss and the carrying amount of impairment charges	0	-7	0
Deduction for equity investments above 10%	0	-341	-341
Other deductions	-56	-18	-15
Core capital	27,939	17,990	17,044
Subordinated loan capital	328	336	336
Revaluation reserve	0	322	311
Difference between expected loss and the carrying amount of impairment charges	474	-7	332
Deduction for equity investments above 10%	0	-341	-341
Other deductions	0	-17	-14
Capital base	28,741	18,283	17,668
Weighted risk exposure involving credit risk etc.	95,459	82,929	85,222
Weighted risk exposure involving market risk	19,041	17,603	14,058
Weighted risk exposure involving operational risk	12,011	10,836	10,836
Total weighted risk exposure	126,511	111,368	110,116
Capital requirement, Pillar I	10,121	8,909	8,809
Capital requirement, transitional provisions	0	57	2
Capital requirement, total	10,121	8,966	8,811
Capital ratio (%)	22.7	16.4	16.0
Tier 1 capital ratio (%)	22.1	16.2	15.5
Core Tier 1 capital (%)	21.3	15.3	14.6

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). On 30 June 2014, the total weighted risk exposure according to Basel I amounted to DKK 150,423m for Jyske Bank. The capital requirement according to the transitional provisions was for 80% of the capital requirement of 8% of the total weighted risk exposure corresponding to DKK 9,627m for Jyske Bank. At end-2013, the transitional provisions resulted in a capital requirement of DKK 8,966m for Jyske Bank. The transitional rules applying to total weighted risk exposure will still apply in the coming years.

With effect from 2014, capital ratios are calculated in accordance with CRD IV/CRR (Basel III). The new rules result in changes in the calculation of the capital base and the total weighted risk exposure. The comparative figures for 2013 and earlier years have not been adjusted.

For the determination of individual capital requirement, please see the Risk and Capital Management Report 2013 www.jyskebank.info.

Note	Jyske Bank	
	H1 2014	H1 2013
DKKm		

NOTES
1 Accounting Policies

The interim financial statements of the parent company Jyske Bank A/S for the period 1 January -30. June 2014 is prepared in accordance with the Financial Business Act, including the Danish Executive Order on Financial Reports for Credit Institutions, etc.

The parent company's accounting policies are identical to the Jyske Bank Group's accounting practice. Reference is made to note 1 in the consolidated financial statements. Further reference is made to note 2 in consolidated financial statements relating to critical accounting estimates.

2 Financial ratios and key figures

Pre-tax profit p.a. as a percentage of opening equity	31.4	15.5
Profit for the period as a pct. of av. equity	12.4	5.9
Income/cost ratio	1.9	1.5
Capital ratio	22.7	16.0
Core Tier 1 capital (CET1%)	21.3	14.6
Individual solvency requirement (%)	14.4	9.9
Capital base (DKKm)	28,741	17,668
Total risk exposure (DKKm)	126,511	110,116
Interest-rate risk (%)	0.7	1.7
Currency risk (%)	0.0	0.1
Accumulated impairment ratio (%)	3.4	3.0
Impairment ratio for the period (%)	0.6	0.4
No. of full-time employees at end-period	3,147	3,224
Average number of full-time employees in the period	3,197	3,186

3 Interest income

Due from credit institutions and central banks	12	14
Loans and advances	2,117	2,253
Bonds	592	641
Derivatives, total	88	140
Of which currency contracts	79	114
Of which interest-rate contracts	9	26
Other	1	5
Total	2,810	3,053

4 Interest expenses

Due to credit institutions and central banks	87	93
Deposits	338	366
Issued bonds	183	238
Subordinated debt	26	23
Other	0	4
Total	634	724

Note	Jyske Bank	
	H1 2014	H1 2013
DKKm		
NOTES		
5 Fees and commission income		
Securities trading and custody services	436	465
Money transfers and card payments	79	58
Loan management fees	21	68
Guarantee commission	114	163
Other fees and commissions	113	88
Total	763	842
6 Value adjustments		
Bonds	218	-119
Shares, etc.	244	45
Currency	84	177
Currency, interest-rate, share, commodity and other contracts as well as other derivatives	-405	96
Assets in pooled deposits	168	161
Pooled deposits	-168	-161
Other assets	2	0
Issued bonds	-151	80
Other liabilities	67	7
Total	59	286

Note	Jyske Bank	
	H1 2014	H1 2013
DKKm		
Notes		
7	Loan impairment charges and provisions for guarantees, incl. balance of discounts	
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period	
	5,398	4,467
Loan impairment charges/provisions for the period	838	380
Write-off already covered by impairment charges/provisions	-320	-469
Discount for assets taken over in connection with business combinations	0	1,398
Recognised losses covered by discounts for assets taken over	-239	-157
Recognised discount for assets taken over	-156	-140
Other movements	60	53
	5,581	5,532
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	
Loan impairment charges	4,589	4,004
Provisions for guarantees	480	427
	5,069	4,431
	Balance of loan impairment charges and provisions, end of period	
Balance of discounts for assets taken over	512	1,101
	5,581	5,532
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	
Loan impairment charges/provisions for the period	838	380
Write-off not covered by loan impairment charges/provisions	159	294
Recoveries	-30	-72
	967	602
	Loan impairment charges and provisions for guarantees recognised in the income statement	
Recognised discount for assets taken over	156	140
	811	462
	Net effect on the income statement	
	Individual loan impairment charges, beginning of period	
	3,204	2,985
Loan impairment charges for the period	529	596
Write-off already covered by impairment charges/provisions	-312	-447
Other movements	46	42
	3,467	3,176
	Individual loan impairment charges, end of period	
	Individual provisions for loss on guarantees, beginning of period	
	354	439
Provisions for the period	52	-93
Write-off already covered by provisions	-8	-22
	398	324
	Individual provisions for loss on guarantees, end of period	
	Collective loan impairment charges, beginning of period	
	854	902
Loan impairment charges for the period	254	-85
Other movements	14	11
	1,122	828
	Collective loan impairment charges, end of period	
	Collective provisions for loss on guarantees, beginning of period	
	79	141
Provisions for the period	3	-38
	82	103
	Collective provisions for loss on guarantees, end of period	
	Impairment charges on balances due from credit institutions	
	Individual impairment charges on balances due from credit institutions, beginning of period	
	15	0
Loan impairment charges for the period	0	0
	15	0
	Individual loan impairment charges, end of period	
Loan impairment charges/provisions for the period	0	0
	0	0
	Net effect on the income statement	
	0	0

Note	Jyske Bank
DKKm	

Notes

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

Sector	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees		Loan impairment charges and provisions for guarantees for the period		Loss for the period	
	30 June 2014	End-2013	30 June 2014	End-2013	H1 2014	H1 2013	H1 2014	H1 2013
Public authorities	9,285	7,871	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing	7,838	8,394	674	568	204	126	118	127
Fishing	2,238	2,426	1	1	0	5	0	35
Milk producers	1,370	1,472	381	334	76	81	36	47
Plant farming	1,282	1,322	12	17	1	-3	6	6
Pig breeding	1,790	1,838	243	194	111	39	73	9
Other agriculture	1,158	1,336	37	22	16	4	3	30
Manufacturing, mining, etc.	6,815	6,425	147	132	34	61	22	114
Energy supply	3,910	4,595	18	22	-4	8	0	0
Building and construction	2,082	2,232	70	77	7	5	15	32
Commerce	7,231	7,436	221	211	49	58	44	76
Transport, hotels and restaurants	2,917	2,868	46	61	-7	37	8	26
Information and communication	475	475	13	16	4	10	7	11
Finance and insurance	39,858	41,751	765	690	124	109	60	103
Real property	9,751	10,072	1,125	1,150	56	152	86	98
Lease of real property	8,359	8,038	858	850	76	92	75	75
Buying and selling of real property	788	982	105	165	-45	57	10	19
Other real property	604	1,052	162	135	25	3	1	4
Other sectors	5,208	5,323	130	54	86	-13	17	42
Corporate customers, individually assessed, total	86,085	89,571	3,209	2,981	553	553	377	629
Corporate customers, collective impairment charges			716	659	53	-27	0	2
Private customers, individually assessed	49,999	45,468	657	576	166	78	101	122
Private customers, collective impairment charges			487	275	195	-2	0	10
Total	145,369	142,910	5,069	4,491	967	602	478	763

	Jyske Bank		
DKKm	30 June 2014	31 Dec. 2013	30 June 2013

Notes

8 **Deposits**

Demand deposits	73,886	69,082	68,094
Term deposits	9,242	8,804	8,834
Time deposits	42,580	35,144	31,895
Special deposits	8,764	9,291	8,928
Total	134,472	122,321	117,751

THE JYSKE BANK GROUP - OVERVIEW

30 June 2014	Acti- vity*	Cur- rency	Share capital 1.000 units	Owner- ship share (%)	Voting share (%)	Assets, end- 2013 (DKKkm)	Liabilitie s, end- 2013 (DKKkm)	Equity, end- 2013 (DKKkm)	Earnings 2013 (DKKkm)	Profit, 2013 (DKKkm)
Jyske Bank A/S	a	DKK	950,400			260,222	241,127	17,446	7,036	1,807
Consolidated subsidiaries										
BRFKredit a/s, Kgs. Lyngby	h	DKK	1,306,480	100	100	228,653	218,291	10,362	1,761	306
BRFKredit Bank a/s, Kgs. Lyngby	a	DKK	425,000	100	100	6,928	5,859	1,069	124	-58
Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S, Aarhus	e	DKK	4,600	100	100	88	11	77	6	3
Ejendomsselskabet Nørregaardsvej, 37-41, 2800 Kgs. Lyngby A/S, Kgs. Lyngby	e	DKK	2,600	100	100	6	0	6	0	0
Jyske Bank (Gibraltar) Ltd.	a	GBP	26,500	100	100	3,999	3,366	633	123	2
Jyske Bank (Gibraltar) Nominees Ltd.	d	GBP	0	100	100	0	0	0	0	0
Jyske Bank (Gibraltar) Management Ltd.	d	GBP	0	100	100	0	0	0	0	0
Jyske Bank (Gibraltar) Secretaries Ltd.	d	GBP	0	100	100	0	0	0	0	0
Trendsetter, S.L., Spain	e	EUR	706	100	100	10	0	10	0	0
Jyske Bank Nominees Ltd., London	d	GBP	0	100	100	0	0	0	0	0
Jyske Bank (Schweiz) AG	a	CHF	60,000	100	100	2,134	1,500	634	107	1
Berben's Effectenkantoor B.V., The Netherlands	b	EUR	45	60	60	87	4	83	19	2
Inmobiliaria Saroesma S.L., Spain	e	EUR	773	100	100	67	51	16	2	-7
Jyske Finans A/S	c	DKK	100,000	100	100	14,161	12,909	1,252	741	249
Gl. Skovridergaard A/S	e	DKK	16,000	100	100	27	11	16	20	-1
Sundbyvesterhus A/S	e	DKK	518	100	100	81	12	69	5	2
Jyske Global Asset Management ¹										
Fondsmæglerselskab A/S in liquidation, Copenhagen	b	DKK	15,500	100	100	44	5	39	22	8
Basis PFS A/S, Copenhagen	c	DKK	11,629	97	97	13	0	13	0	-28

¹ The activities of the company have been sold.

* Activity:

- a: Bank
- b: Portfolio Management
- c: Leasing, financing and factoring
- d: Investment and financing
- e: Properties and course activities
- f: IT
- g: Other
- h: Mortgage credit

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