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Jyske Bank evaluated on the basis of stress test and asset quality review

In connection with this corporate announcement, Anders Dam, CEO and Managing Director states:

"We note the results of the most recent stress test and asset quality review (AQR).

The stress test confirms the solid capital position and structure of the Jyske Bank Group. The stress test demonstrates a Common Equity Tier 1 capital ratio of 18.6% under the baseline scenario and of 13.6% under the stress scenario at end-2016. Both under the baseline and the stress scenarios, a considerable excess solvency was seen relative to the EBA's threshold values of 8.0% and 5.5%, respectively. Thanks to our capital structure, we can pursue our strategy and further lending growth.

In the course of 2014, we have made executive decisions as a consequence of which we have over the first nine months of 2014 recognised the full effect of the AQR, corresponding to DKK 456m before tax. The Group's pre-tax profit for the first nine months of 2014 amounts to DKK 3,404m" ends Anders Dam.

Stress test and asset quality

Following the recommendation by the European Banking Authority (EBA), the Danish Financial Supervisory Authority (FSA) has conducted a stress test of a number of banks, including Jyske Bank.

The stress test demonstrates a Common Equity Tier 1 capital ratio of 18.6% under the baseline scenario and of 13.6% under the stress scenario at end-2016. Both under the baseline and the stress scenarios, a considerable excess solvency was seen relative to the EBA's threshold values of 8.0% and 5.5%, respectively.

Also, as a consequence of its review of Jyske Bank's asset quality, it is the FSA's best estimate that the Jyske Bank Group's Common Equity Tier 1 capital included in the stress test should be revised down by DKK 344m, equalling DKK 456m before tax.

The Jyske Bank Group's pre-tax profit for the first nine months of 2014 inclusive of the full effect of the AQR

The Jyske Bank Group's pre-tax profit for the first nine months of 2014 amounted to DKK 3,404m against DKK 1,710m for the same period of 2013, and the core profit for the first nine months of 2014 amounted to DKK 3,158m against DKK 1,360m for the same period of 2013.

For the first nine months of 2014, the effect of the AQR on loan impairment charges and provisions for guarantees came to DKK 456m.

In the first nine months of 2014, a net amount of DKK 158m was, for exposures selected for the AQR, recognised as an expense in the form of ordinary loan impairment charges and provisions for guarantees. In addition, based on management's estimate, impairment charges in the amount of DKK 235m relating to personal clients were recognised in the second quarter of 2014, and in the third quarter of 2014 impairment charges of DKK 63m in relation to the AQR were recognised.

In the third quarter of 2014, loan impairment charges and provisions for guarantees were also affected by the Russia crisis, which affects, in particular, expectations of agricultural clients' ability to service debt.

Core profit was affected by loan impairment charges and provisions for guarantees totalling DKK 1,236m in the first nine months of 2014 against DKK 693m in the same period in 2013, and under core profit, loan impairment charges, and provisions for guarantees amounted to DKK 398m in the third quarter of 2014.

The Jyske Bank Group		
DKKm	Q1-Q3 2014	Q1-Q3 2013
Pre-tax profit	3,404	1,710
Equity	27,830	17,004
Capital ratio (%)	16.7	15.7
Common Equity Tier 1 capital ratio (%)	15.7	14.8

Information about determination of core profit

Based on input from analysts and investors in connection with the merger with BRFkredit, the classification has been changed in the following respects in connection with the calculation of core profit. The purpose of the changes is to increase the transparency of the Jyske Bank Group's accounting information.

- Expenses for the Guarantee Fund, etc. are recognised in core expenses. The change affects core expenses.
- Alignment of Jyske Bank's and BRFkredit's principles relating to the definition of core earnings and earnings from investment portfolios. The change affects net interest income and value adjustments under core income.

- Presentation under core profit of positive value adjustments for assets taken over. Positive value adjustments for assets taken over are recognised in loan impairment charges and provisions for guarantees. Previously positive value adjustments were recognised in net interest income in line with the statutory accounting classification. The change affects net interest income under core income and loan impairment charges and provisions for guarantees.

The above changes do not affect core profit, pre-tax profit or equity.

Below are stated the comparative figure for the first half of 2014, the five preceding quarters and 2013.

CORE PROFIT AND PROFIT FOR THE PERIOD DKKm	H1		Index 14/13						The year 2013
	2014	H1 2013		Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	
Net interest income	2,358	2,227	106	1,325	1,033	1,093	1,118	1,145	4,438
Net fee and commission income	775	859	90	351	424	505	367	424	1,731
Value adjustments	76	230	33	-107	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	6,072	3,689	165	4,343	1,729	1,815	1,701	1,859	7,205
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	3,479	1,428	244	2,935	544	680	628	801	2,736
Loan impairment charges and provisions for guarantees	838	487	172	589	249	234	209	272	930
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
Net profit or loss for the period	2,762	955	289	2,421	341	468	385	520	1,808

The changes have been incorporated in the Interim Financial Report for the first nine months of 2014 to be published on Wednesday, 29 October 2014.

Contact persons:

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Yours faithfully

Sven Buhrkall
Chairman

Anders Dam
Managing Director and CEO