2014
Annual Report

JYSKE BANK

Annual Report 2014

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SUMMARY OF INCOME STATEMENT DKKm	2014	2013	Index 14/13	2012	2011	2010
Net interest income	6,615	5,018	132	4,879	4,742	4,723
Net fee and commission income	1,759	1,729	102	1,650	1,307	1,320
Value adjustments	-653	541	-	269	-31	431
Other income	3,453	951	363	718	655	425
Income	**11,174**	**8,239**	**136**	**7,516**	**6,673**	**6,899**
Expenses	5,533	4,791	115	4,827	4,562	4,089
Profit before loan impairment charges and provisions for guarantees	**5,641**	**3,448**	**164**	**2,689**	**2,111**	**2,810**
Loan impairment charges and provisions for guarantees	2,538	1,147	221	1,840	1,480	1,798
Pre-tax profit	**3,103**	**2,301**	**135**	**849**	**631**	**1,012**
Tax	14	493	3	254	115	248
Profit for the year	**3,089**	**1,808**	**171**	**595**	**516**	**764**
of which non-controlling interests	1	1	100	3	3	0

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm						
Loans and advances	361,799	131,378	275	118,554	124,494	114,023
- of which mortgage loans	218,864	0	-	0	0	0
- of which bank loans	120,423	111,115	108	105,947	108,546	105,742
- of which repo loans	22,512	20,263	111	12,607	15,948	8,281
Bonds and shares, etc.	92,309	74,853	123	78,195	74,543	68,326
Total assets	541,679	262,004	207	258,247	270,220	244,114
Due to credit institutions and central banks	49,885	43,936	114	38,818	45,713	32,475
Deposits	152,693	131,424	116	120,977	127,338	115,776
- of which bank deposits	133,198	115,846	115	103,015	110,243	111,193
- of which repo deposits	19,495	10,175	192	17,962	17,095	4,583
Issued bonds at fair value	208,539	0	-	0	0	0
Issued bonds at amortised cost	43,413	27,760	156	34,921	37,482	45,383
Subordinated debt	1,355	1,649	82	2,742	2,720	3,257
Equity	27,561	17,479	158	15,642	13,846	13,352

SELECTED DATA AND FINANCIAL RATIOS						
Earnings per share (DKK)	35.1	25.4	-	8.5	8.0	11.8
Profit for the year, per share (diluted) (DKK)	35.1	25.4	-	8.5	8.0	11.8
Pre-tax profit as a percentage of opening equity	17.8	14.7	-	6.1	4.7	8.1
Net profit as a percentage of average equity	13.7	10.9	-	4.0	3.8	5.9
Expenses as a percentage of income	49.5	58.2	-	64.2	68.4	59.3
Capital ratio (%)	16.4	16.0	-	17.3	14.7	15.8
Common Equity Tier 1 capital ratio (CET1 %)	15.3	15.3	-	14.2	12.1	12.5
Individual solvency requirement (%)	10.9	9.8	-	10.2	10.0	9.4
Capital base (DKKm)	28,990	17,831	-	18,603	15,983	16,071
Weighted risk exposure (DKKm)	176,433	111,276	-	107,636	108,637	101,572
Share price at end of period (DKK)	313	293	-	157	141	259
Book value per share (DKK)	290	245	-	220	214	206
Price/book value per share (DKK)	1.1	1.2	-	0.7	0.7	1.3
Number of full-time employees, year-end	4,191	3,774	-	3,574	3,809	3,847

With effect from 2014, the capital ratio and Common Equity Tier 1 capital ratio are calculated in accordance with CRD IV/CRR. Comparative figures have not been restated accordingly.
BRFkredit is included in the income statement for the period 1 May to 31 December 2014 and in the balance sheet at the end of 2014.

Summary

SUMMARY

- **Pre-tax profit: DKK 3,103m (2013: DKK 2,301m)**
- **The pre-tax profit corresponded to an annualised return of 17.8% on opening equity (2013: 14.7%)**
- **BRFkredit's pre-tax profit for the period 1 May to 31 December 2014 amounted to DKK 457m**
- **Value adjustments DKK -653m (2013: DKK 541m)**
    - **Of which relating to customers interest-rate hedging DKK -541m (2013: DKK 249m)**
- **Loan impairment charges and provisions for guarantees: DKK 2,538m (2013: DKK 1,147m)**
    - **Of which management's estimate, primarily relating to agriculture: DKK 350m (2013: DKK 0m)**
    - **At end-2014, the overall impairment ratio for milk producers and pig farming amounted to 36%**
    - **Recognised losses DKK 1,139m (2013: DKK 1,331m)**
- **Loans and advances: DKK 362bn (2013: DKK 131bn)**
    - **Mortgage loans: DKK 219bn (2013: DKK 0bn)**
    - **Bank loans and advances: DKK 120bn (2013: DKK 111bn)**
        - **Of which new home loan products: DKK 18bn (2013: DKK 0.4bn)**
- **Bank deposits: DKK 133bn (2013: DKK 116bn)**
- **Capital ratio 16.4%, of which Common Equity Tier 1 capital ratio of 15.3% (2013: 16.0% and 15.3%)**
- **Individual solvency requirement: 10.9% (2013: 9.8%)**

COMMENTS BY MANAGEMENT

In connection with the publication of Jyske Bank's Annual Report 2014, Anders Dam, Jyske Bank's CEO and Managing Director states:
"A profit of DKK 3.1bn is - seen in isolation - satisfactory, and compared with the results of previous years, this is a historically high profit for the Group. The year 2014 was historic for the Group, where the merger with BRFkredit was beyond all comparison the all-important event and the greatest, strategic initiative in the Group for many years. The first eight months after the merger confirmed to us that the Group offers considerable growth potential, and that the expected possibilities of synergies still exist. Also, the merger with BRFkredit resulted in Jyske Bank's exit from the Totalkredit cooperation, and the terms and conditions relating to this were finally agreed in February 2015 after the end of the financial year, and therefore the Group can now fully optimise the processes relating to its mortgage activities.

Our new home loan products, and the reception that the products enjoyed among clients, were very satisfactory, and lending growth in the amount of DKK 32bn relating to these products created a solid basis for the development in the lending volume in a market that is otherwise under pressure, and with the sector as a whole being characterised by setbacks. Per today there has been granted new home loan products for DKK 37bn.

The profit was favourably affected by the merger with BRFkredit, including bargain purchases DKK 2,360m and the pre-tax profit of DKK 457m over eight months. The low and falling level of interest rates, the limited activity level in some parts of the Group, the outcome of the European Asset Quality Review (AQR) and management's estimates primarily in respect of agricultural clients, on the other hand, had a negative effect on the profit. Loan impairment charges and provisions for guarantees totalling DKK 2,538m were recognised as an expense compared to DKK 1,147m in 2013, and losses in the amount of DKK 1,139m were recognised against DKK 1,331m in 2013. Finally, DKK 541m for clients' transactions relating to interest-rate hedging were recognised as an expense against an income of DKK 249m in 2013.

At the end of 2014, the capital ratio was 16.4% and the Common Equity Tier 1 capital ratio was 15.3% against 16.0% and 15.3%, respectively, at end-2013. The individual solvency requirement was calculated at 10.9% and the capital buffer was at 5.5%. The Group's capital structure offers a satisfactory basis for continued growth, especially in respect of mortgage activities and home loans in 2015," concludes Anders Dam.

The year 2014

Economic trends
The year 2014 saw progress in the global economy. Yet, it was a varied picture, where in the Danish economy by itself only modest progress was recorded, and GDP growth of less than 1% is expected for 2014.

In 2014, the US and the UK reported the strongest economic growth among Denmark's most important trading partners. The global economy is growing slowly, but the activity level and economic growth are affected by geopolitical circumstances and important buy-back programmes of government and mortgage bond implemented by the US, the Japanese and the European central banks as well as a very low and still falling interest rate level.

The European economy in particular, but also the Danish economy, is fragile and in 2014 it was characterised by uncertainty and lack of indications of actual progress. Political challenges, for instance in the form of lack of implementation of reforms in major European economies, a continuing high level of debts, the conflict with Russia and the circumstances relating to the Ukraine are factors that throughout 2014 put a damper on an actual economic recovery in the European as well as the Danish economies.

An increase in private-sector employment, rising housing prices in some parts of the country as well as falling oil prices were stabilising factors with a positive effect on the Danish economy. However, for several years, the Danish economy has been affected by moderate growth, and in 2014 growth could primarily be attributed to public spending and, to a lesser degree, to exports, while consumer spending and investments are still at a very low level, as has been the case since 2008.

The Danish banking and mortgage credit sector
The Danish financial sector was characterised by the following general trends in 2014:

- For the sixth year in a row, financial institutions' lending to corporates and private individuals fell.
- For the eighth year in a row, mortgage credit institutions' lending to corporates and private individuals increased.
- Margins in the banking sector are under pressure due to the generally low level of interest rates, competition and the wish to attract and retain clients and business volumes.
- Due to on-going implementation of new and future liquidity and capital adequacy rules, considerable portfolios of government and mortgage bonds are being adjusted, which will have a not insignificant pressure on net interest income.
- In 2014, and particularly at the end of 2014, the situation of Danish agriculture resulted in renewed focus on related loan impairment charges and provisions for guarantees.

The Jyske Bank Group
The Jyske Bank Group (the Group) comprises the financial institutions Jyske Bank and BRFkredit Bank, the mortgage credit institution BRFkredit, the leasing company Jyske Finans, as well as international activities in the form of a branch in Hamburg and rendering of investment advice to international private banking clients in Zurich, Gibraltar, Cannes and Copenhagen.

At end-2014, the Jyske Bank Group had 4,191 full-time employees, about 208,000 shareholders and an equity amounting to DKK 27.6bn.

Jyske Bank was established in 1967 and is domiciled in Silkeborg. The primary objective of Jyske Bank is to supply private clients and small and medium-sized enterprises with financial solutions. In Denmark, Jyske Bank's banking operations take place from 101 personal client branches, 31 corporate client branches and 9 private banking centres. Leasing activities are gathered at the subsidiary Jyske Finans.

Jyske Bank is the third largest bank in the Danish market and the second largest Danish-owned bank.

BRFkredit's activities date back to the establishment of Byggeriets Realkreditfond as a provider of mortgage financing in 1959.

In 1975, BRFkredit merged with the oldest mortgage credit institution in Denmark, Husejernes Kreditkasse, which was founded by wealthy citizens in Copenhagen following the great fire in 1795.

The main activity of BRFkredit is mortgage lending secured against real property in Denmark. Less than 1% of the loans in the portfolio is secured against real property outside Denmark. BRFkredit's total loans and other receivables amounted to DKK 231bn as at 31 December 2014.

BRFkredit offers three types of mortgage loans: adjustable-rate loans, fixed-rate loans and floating-rate loans. BRFkredit is divided into four different business areas:

- Personal clients
- Corporate clients
- Publicly subsidised construction
- Joint funding

In addition to the above-mentioned companies and activities, the Group comprises small subsidiaries, including investment and property companies.

Strategy

The Group's strategy and business foundation are to render advice about and deliver products that meet clients' requirements in relation to financial assets and liabilities as well as the associated cash flows and risks.

The strategy is to focus on the core business, which comprises retail and commercial banking, trading activities based on client transactions, asset management and international private banking activities as well as mortgage activities.

The Group's strategy involves strategic partnerships in key areas, including life insurance products through PFA Pension, mortgage products within agriculture through DLR Kredit as well as credit cards via SEB. Similarly, the Group is a member of Foreningen Bankdata, which delivers essential parts of Jyske Bank's IT development and IT solutions, and Jyske Bank's IT operations are performed at JN Data. It is expected that in 2015, IT operations for BRFkredit will also be delivered by JN Data.

The strategic initiatives in recent years focused on strengthening of the income base through selective acquisitions and cost reductions. In 2014, the strategic focus was on the financing of real property by means of new home loan products and direct mortgage activities.

Strategic acquisitions

On 24 February 2014, Jyske Bank announced that the Bank had entered into an agreement with BRFkredit on the merger of the two companies, and on 30 April 2014, Jyske Bank announced that all conditions for the merger had been met, and BRFkredit became part of the Group. BRFkredit became a subsidiary subject to Danish mortgage legislation.

One consequence of the merger was that a capital increase took place at Jyske Bank, and in connection with this, BRFholding became a major shareholder with an equity interest of 25%.

The capital increase was in the form of 23,760,000 new shares each of a nominal value of DKK 10, totalling DKK 237.6m, and the capital increase took place as a direct issue to BRFholding.

The purchase price for all shares in BRFkredit was determined at DKK 7.1bn, of which DKK 100m were paid in cash and the rest in shares.

The merger of BRFkredit and Jyske Bank is a proactive merger of two strong and financially secure financial groups that strategically and commercially supplement each other and create a fully integrated banking and mortgage credit group in Denmark.

BRFkredit and Jyske Bank are a good match for several reasons:

- The merger of Denmark's third-largest bank and fourth-largest mortgage credit institution creates a significant player in the Danish financial sector.
- The combination of the business models of the two enterprises establishes a full-range supplier of comprehensive financial products to all client segments.
- Cross sales between the banking and mortgage client bases offer growth potential.
- Considerable cost synergies can be realised at a low integration risk through optimisation of IT, business processes, overlapping functions and capital.
- Improved diversification of the balance sheet, lower risk profile for the total earnings as well as a strong capital base are gains from the merger.

The distribution strength and the extended client base will offer good opportunities of stronger organic growth during a period of time when the general demand for loans is still on the decline.

The integration project has proceeded according to plan, and the most important benchmarks were met within the expected time frame. The integration of the two enterprises will continue in 2015, among other things, with plans for integration and conversion of BRFkredit Bank to Jyske Bank in the second quarter of 2015. In 2014, the cost synergies were fuelled particularly by a reduction in the number of employees from 4,444 at the merger on 30 April 2014 to 4,191 at end-2014. It is expected that the target of 4,000 employees will be realised in the course of 2015 and 2016.

The merger with BRFkredit has made positive contributions to the Group's results in 2014, and BRFkredit delivered satisfactory results.

On 10 October 2014, Jyske Bank announced that Jyske Bank had acquired shares in the amount of DKK 255m in DLR Kredit. Hence Jyske Bank holds a direct equity interest of 12.61% of the total share capital in DLR Kredit.

Through this acquisition, Jyske Bank signals continued commitment to and faith in the business model of DLR Kredit, with which Jyske Bank has had long-lasting and strong relations.

Strategic divestments
In 2014 the following strategic divestments took place.

On 24 February 2014, Jyske Bank announced that it had sold all its shares in the subsidiary Silkeborg Data A/S to the Danish capital fund Axcel. The sale was finalised on 15 April 2014.

Silkeborg Data is a leading provider of payroll and staff administration systems to the public sector, and in recent years it has generated considerable growth and shown a very satisfactory profit development. It is assessed that a new owner can strengthen the company's possibilities of realising the plans of further growth in new markets and client segments.

Over the years, the IT area has offered substantial synergies for Silkeborg Data and Jyske Bank, but these synergies do no longer exist to the same extent after Jyske Bank's IT conversion to Bankdata in 2012.

In 2014, the sale of the shares in Silkeborg Data had a positive effect of DKK 296m after tax on the profit of the Group. Due to the sale, it is, all other things being equal, to be expected that income and expenses will annually fall by DKK 250m and DKK 220m, respectively.

On 2 December 2014, it was announced that Jyske Bank sold its 60% stake in the investment company Berben's Effectenkantoor B.V. in the Netherlands.

In 2004, Jyske Bank acquired 60% of the share capital in Berben's Effectenkantoor, and throughout the years the company offered investment products to affluent private individuals in the Netherlands and Belgium. The company has 11 employees. However, the market development has had the result that the earnings from the company no longer did meet or in future will not meet Jyske Bank's required rate of return from the invested capital. During a transition phase Jyske Bank will continue to have a close relationship with the new company.

The sale did not have any effect on the profit of the Group.

Product development
In mid-December 2013, Jyske Bank launched its new home loan products, and in 2014, the product range was enlarged with Jyske F3, Jyske F5 and Jyske L30 because of client demand.

At the end of 2014, the Group had granted new home loan products of approx. DKK 32bn, of which DKK 18bn are recognised under bank loans and advances.

Cooperation with Nykredit and Totalkredit
In March 2014, Nykredit/Totalkredit informed Jyske Bank that they regarded the Totalkredit cooperation as terminated in respect of Jyske Bank. As a consequence of this, Nykredit/Totalkredit decided to release Jyske Bank's guarantees covering loans that had been granted and to stop payments of commission to Jyske Bank.

Jyske Bank did not agree with this view, and therefore Jyske Bank took the initiative to refer the matter to arbitration.

In February 2015, Jyske Bank and Nykredit/Totalkredit entered into an agreement to settle the pending arbitration case. The settlement contains the specific terms and conditions for Jyske Bank's exit from the Totalkredit cooperation, and also, the parties have clarified a number of outstanding issues in other areas where the parties have co-operative relations.

Jyske Bank and Nykredit/Totalkredit agreed that, in 2015, Jyske Bank receives a one-off commission in the amount of DKK 83.6m. Moreover, Nykredit's payment of commission on corporate loans referred will continue without changes, which will amount to a commission of approx. DKK 2m annually to Jyske Bank.

The Nykredit Group buys Jyske Bank's shares in PRAS A/S, which amount to about 22% of the share capital in PRAS A/S, at a price of about DKK 420m, equalling a price/book value of 1. PRAS A/S is a company that owns shares in Nykredit Holding A/S and DLR Kredit A/S. The transaction did not have any significant effect on the profit.

Profit for the year

CORE PROFIT AND NET PROFIT FOR THE YEAR DKKm	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net interest income	5,315	4,438	120	1,428	1,529	1,325	1,033	1,093
Net fee and commission income	1,761	1,731	102	626	360	351	424	505
Value adjustments	-42	410	-	-250	132	-107	183	114
Other income	3,074	561	548	78	172	2,753	71	87
Income from operating lease (net)	78	65	120	20	19	21	18	16
Core income	**10,186**	**7,205**	**141**	**1,902**	**2,212**	**4,343**	**1,729**	**1,815**
Core expenses	5,231	4,469	117	1,341	1,297	1,408	1,185	1,135
Core profit before loan impairment charges and provisions for guarantees	**4,955**	**2,736**	**181**	**561**	**915**	**2,935**	**544**	**680**
Loan impairment charges and provisions for guarantees	1,953	930	210	717	398	589	249	234
Core profit	**3,002**	**1,806**	**166**	**-156**	**517**	**2,346**	**295**	**446**
Investment portfolio earnings	101	495	20	-145	84	39	123	145
Pre-tax profit	**3,103**	**2,301**	**135**	**-301**	**601**	**2,385**	**418**	**591**
Tax	14	493	3	-80	53	-36	77	123
Profit for the year	**3,089**	**1,808**	**171**	**-221**	**548**	**2,421**	**341**	**468**

Classification changes

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 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 acquired assets. Positive value adjustments of acquired assets 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 were incorporated in the comparative figures above, and the changes did not affect pre-tax profit, nor equity.

Recognition of BRFkredit

BRFkredit has been recognized in the annual report and the financial statements for the period 1 May to 31 December 2014, and hence users of financial statements must be aware that the development in the items were affected by eight months' operations of BRFkredit. BRFkredit is fully recognised in the balance sheet at end-2014.

Profit for the year

The Group realised a pre-tax profit of DKK 3,103m. Calculated tax amounted to DKK 14m, and the profit for the year amounted to DKK 3,089m. The pre-tax profit corresponded to a return of 17.8% on opening equity against 14.7% in 2013. Net profit as a percentage of average equity corresponded to a return of 13,7% against 10,9% in 2013.

The profit for the year was affected by a very low tax expense. The low tax rate of 0.5% can be attributed to tax-free income from bargain purchases from the merger with BRFkredit, profit from the sale of Silkeborg Data and Nets as well as tax-free value adjustments of sector shares.

Core profit

Core profit amounted to DKK 3,002m against DKK 1,806m in 2013.

Investment portfolio earnings representing the Group's return on its own securities portfolio after financing cost amounted to DKK 101m against DKK 495m in 2013.

Core profit before loan impairment charges and provisions for guarantees amounted to DKK 4,955m against DKK 2,736m for 2013.

Net interest income under core income amounted to DKK 5,315m, seen in isolation an increase by 20%. Net interest income was affected by the continuing low interest rate level, the slow development in bank loans and advances due to the economic trends, the general pressure on interest rate margins and lower reinvestment rates in the liquidity portfolio. To some extent the development of the new home loan products offset the lack of net interest income from traditional bank loans and advances and the lost fee income from Totalkredit.

Net fee and commission income rose by 2% to DKK 1,761m against DKK 1,731m in 2013. Fee income was favourably affected by an increase in performance-related commissions following the favourable trends in the financial markets. Net fee and commission income was adversely affected by the lack of commission from the cooperation with Totalkredit.

FEE AND COMMISSION INCOME DKKm	2014	2013
Securities trading and custody services	1,199	1,022
Money transfers and card payments	177	159
Loan management fees	260	198
Guarantee commission	178	360
Other fees and commissions	288	241
Total	**2,102**	**1,980**

Value adjustments under core profit amounted to DKK -42m against DKK 410m in 2013. The sale of the shares in Nets, the adjustment of the value of the shares in the sector companies, buyback of hybrid core capital and changes in measuring bonds issued with embedded options had a total positive effect on the pre-tax profit in the amount of DKK 531m. The falling long-term market rates had a negative effect on transactions relating to clients' interest-rate hedging where the unrealised losses on such client transactions affected the Group's credit risk. The falling level of interest rates caused a negative value adjustment of DKK 541m against a positive value adjustment of DKK 249m in 2013.

Other income 2014 was positively affected by DKK 2,360m due to the determination of the fair value of net acquired assets from BRFkredit and due to a reversal of provisions in the amount of DKK 72m relating to the acquisition of Spar Lolland. Finally, Jyske Bank's sale of its subsidiary Silkeborg Data had a positive effect on other income in the amount of DKK 296m after tax. In 2013, other income was favourably affected by DKK 97m due to the determination of the fair value of net acquired assets from Spar Lolland.

Core expenses amounted to DKK 5,231m against DKK 4,469m in 2013. Operating expenses were affected in the amount of DKK 213m 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. Expenses to the Guarantee Fund for Depositors and Investors came to DKK 147m, against DKK 149m in 2013.

OPERATING EXPENSES AND DEPRECIATION AND AMORTISATON DKKm	2014	2013
Employee expenses	3,009	2,617
IT	1,100	973
Rent, etc.	127	138
Amortisation, depreciation and impairment	133	76
Other operating expenses	862	665
Total	**5,231**	**4,469**

In terms of full-time jobs, the number of employees rose in 2014 by 417, and at end-2014 the Group had 4,191 full-time employees. This development must be viewed in the light of the merger with BRFkredit, where, at the time of the merger, 847 full-time employees were added to the Group, and the sale of Silkeborg Data where 199 full-time employees left the Group.

Due to the expected development of the Group's activity level and also its realisation of the cost synergies relating to the merger of BRFkredit and Jyske Bank, the aim is to reduce the number of full-time employees to approx. 4,000 in the course of 2015 and 2016.

For 2014, payroll tax amounted to DKK 259m against DKK 191m in 2013.

Status of the merger with BRFkredit

The Group still anticipates synergies in the amount of at least DKK 600m a year to take effect as of 2018 at the latest.

The realisation of earnings synergies proceeded according to plan due to sales of home loan products in the amount of DKK 32bn at end-2014, which will only have their full earnings-related effect in 2015; a decline in cost of capital at BRFkredit in the amount of DKK 113m in 2014; and also minor cross sales between banking and mortgage activities that are expected to increase in 2015.

In 2014, the cost synergies were fuelled particularly by a reduction in the number of employees from 4,444 at the merger on 30 April 2014 to 4,191 at end-2014. To this must be added the migration of BRFkredit's IT operations to JN Data in 2015 as well as the planned conversion of BRFkredit Bank.

It is expected that integration costs will be lower than the previously announced range of DKK 300-400m.

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Loans and advances	361,799	131,378	275	361,799	358,638	343,889	137,560	131,378
- of which mortgage loans	218,864	0	-	218,864	215,998	208,853	0	0
- of which loans and advances, traditional loans and advances	102,331	110,667	93	102,331	105,577	107,592	108,778	110,667
- of which loans and advances, new home loan products	18,092	448	-	18,092	11,957	8,295	6,292	448
- of which repo loans	22,512	20,263	111	22,512	25,106	19,149	22,490	20,263
Bonds and shares, etc.	92,309	74,853	123	92,309	89,155	91,414	68,951	74,853
Total assets	541,679	262,004	207	541,679	521,140	493,577	257,428	262,004
Deposits	152,693	131,424	116	152,693	148,103	148,908	139,396	131,424
- of which bank deposits	133,198	115,846	115	133,198	128,476	129,506	121,224	115,846
- of which repo deposits	19,495	10,175	192	19,495	19,627	19,402	13,052	10,175
Issued bonds at fair value	208,539	0	-	208,539	198,099	194,308	0	0
Issued bonds at amortised cost	43,413	27,760	156	43,413	37,750	35,517	26,371	27,760
Equity	27,561	17,479	158	27,561	27,830	27,274	17,825	17,479

Business volume and financial position

In 2014, the merger with BRFkredit had a material and positive effect on the Group's business volume and financial position. In connection with the merger BRFkredit added mortgage loans in the amount of DKK 203bn, issued bonds in the amount of about DKK 207bn and equity of about DKK 9.7bn. At end-2014, mortgage loans amounted to DKK 219bn and issued bonds to DKK 209bn.

Due to the moderate economic growth in 2014, financial institutions as a whole saw yet another year of falling loans and advances for both corporate and personal clients. On the other hand, the mortgage credit sector saw growing lending activities.

In 2014, the Group saw increases in bank loans and advances of DKK 9.3bn and in bank deposits of DKK 17bn, corresponding to 8.4% and 15%, respectively. The increase in bank loans and advances covered two conflicting movements. Traditional bank loans and advances fell by about DKK 8bn, which amount in the balance sheet is more than offset by the increase in the new home loan products, which were at DKK 18bn in 2014.

At end 2014, bank deposits amounted to about DKK 13bn more than bank loans and advances, corresponding to about 10%. This development is a consequence of the economic focus of society on savings rather than consumption and investments.

At end-2014, the business volume within asset management amounted to DKK 94bn against DKK 88bn at end-2013. The year 2014 saw a positive development due to the inflow of new funds as well as the favourable development in the financial markets. The positive development was generated in a competitive market.

At end-2014, assets under management by Jyske Invest, of which Jyske Bank is the custodian bank, amounted to DKK 61bn against DKK 60bn at end-2013. Increases in market value were offset by dividend distributed to the members and net outflow of invested funds.

In 2014, a capital increase of DKK 7.0bn took place in connection with the merger with BRFkredit. After the capital increase and the strengthening over the year, the Group's equity amounted to DKK 27.6bn at the end of the year against DKK 17.5bn at end-2013.

The capital base amounted to DKK 29.0bn against DKK 17.8bn at end-2013, and the capital ratio and the Common Equity Tier 1 capital ratio amounted to 16.4% and 15.3%, respectively, at the end of the year against 16.0% and 15.3%, respectively, at end-2013.

At the end of the year, the Group calculated its individual solvency requirement at 10.9% against 9.8% at end-2013.

Overall, the Jyske Bank Group's financial position is robust and satisfactory.

The Group's subsidiaries

In 2014, BRFkredit and Jyske Finans, being the largest domestic subsidiaries, strengthened further their strong market positions in the mortgage credit market and the leasing market.

The pre-tax profit of the BRFkredit Group recognised in the Jyske Bank Group amounted to DKK 457m for the period 1 May to 31 December 2014.

In 2014, the BRFkredit Group generated a pre-tax loss of DKK 348m against a pre-tax profit of DKK 413m in 2013. The 2014 profit was adversely affected by the FSA's new guidelines on individual impairment charges and provisions published in March 2014. BRFkredit Group interpreted and implemented the new guidelines in the first quarter of 2014, which together with the reassessment and alignment of the accounting estimates of Jyske Bank caused a negative effect on the result of DKK 822m at the BRFkredit Group in the first quarter of 2014.

At end-2014, BRFkredit's balance sheet amounted to DKK 261bn against 234bn at end-2013. BRFkredit's mortgage loans amounted nominally to DKK 213bn against DKK 195bn at end-2013. BRFkredit's total loans and advances amounted to a carrying amount of DKK 223bn. In June 2014, share capital of DKK 1.0bn was added to BRFkredit, and after the strengthening over the year and the capital increase, equity amounted to DKK 11.1bn at end-2014 against DKK 10.4bn at end-2013.

For further information about the development and activities as well as the financial situation at BRFkredit, please refer to the 2014 annual report of BRFkredit.

In 2014, Jyske Finans generated a pre-tax profit of DKK 332m against DKK 266m in 2013. The profit for 2014 was favourably affected by a higher portfolio margin and lower loan impairment charges and provisions for guarantees.

The total business volume of Jyske Finans rose by DKK 0.5bn. This increase can primarily be attributed to the improvement in the leasing cooperation between Jyske Bank and Jyske Finans as well as a positive development in leasing and loans to the private client segment.

The results generated by Jyske Bank's foreign subsidiaries, Jyske Bank (Gibraltar), Jyske Bank (Schweiz) and Berben's Effectenkantoor (the Netherlands), which latter company was sold in December 2014 and was therefore included for 11 months, were in 2014 still affected by the general international slowdown in private banking activities and the continued low interest rate level. Overall, in 2014 the subsidiaries generated a pre-tax profit of almost DKK 6m against breakeven results in 2013.

Special items in 2014

The 2014 profit was affected by a number of special items, which had a positive net effect on the pre-tax profit by DKK 2,300m, of which bargain purchases from the merger with BRFkredit amounted to DKK 2,360m.

SPECIAL ITEMS DKKm	2014
Net interest income, amortisation of fair value adjustment of assets and liabilities taken over	85
Net fee and commission income, estimated lost fee income from Totalkredit	-227
Value adjustments,	
The sale of the ownership interest in Nets	189
Value adjustment of sector shares	217
Buy-back of hybrid core capital	77
Changes in measuring bonds issued with embedded options	-45
Value adjustment relating to clients' interest-ratehedging	-541
Changed measurement of CVA etc.	51
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	72
Value adjustment of sector shares	42
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	-118
Loan impairment charges and provisions for guarantees;	
Adjustment of the methods for calculation of impairment charges relating to personal clients	-235
Recognition of the results of the AQR as well as earlier events relating to agriculture	-413
Interest-rate adjustment for acquired loans and advances	585
Special items, total	**2,300**

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

LOANS, ADVANCES AND GUARANTEES AS WELL AS VALUE ADJUSTMENTS OF LOANS AND ADVANCES, ETC. DKKm	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Loans, advances and guarantees	375,017	145,497	258	375,017	371,669	356,428	150,963	145,497
Non-performing loans and past due exposures	3,795	1,780	213	3,795	3,084	3,187	1,719	1,780
Loans and advances assessed individually:								
Loans and advances with OEI before loan impairment charges	31,659	10,749	295	31,659	31,740	30,697	10,508	10,749
Impairment charges	4,233	3,386	125	4,233	3,778	3,625	3,372	3,386
Loans and advances with OEI after loan impairment charges	27,426	7,363	372	27,426	27,962	27,072	7,136	7,363
Balance of loan impairment charges and provisions for guarantees	6,360	4,693	136	6,360	5,545	5,243	4,737	4,693
Individual impairment charges and provisions for guarantees	4,706	3,750	125	4,706	4,250	4,030	3,731	3,750
Collective impairment charges and provisions for guarantees	1,654	943	175	1,654	1,295	1,213	1,006	943
Value adjustments of acquired assets:								
Balance of discounts for acquired assets, beginning of period	907	0	-	3,024	3,213	748	907	1,045
Discounts relating to business combinations	2,717	1,398	194	0	0	2,717	0	0
Positive value adjustments (interest income)	585	217	270	332	97	116	40	54
Negative value adjustments (recognised as loss)	414	274	151	67	92	136	119	84
Balance of discounts for acquired assets, end of period	2,625	907	289	2,625	3,024	3,213	748	907
Total balance of loan impairment charges and provisions for guarantees and balance of discounts for acquired assets	8,985	5,600	160	8,985	8,569	8,456	5,485	5,600
Loan impairment charges and provisions for guarantees	2,538	1,132	224	1,049	495	705	289	274
Impairment charges on balances due from credit institutions	0	15	-	0	0	0	0	15
Recognised loss	1,139	1,331	86	344	262	252	281	259

Loan impairment charges and provisions for guarantees totalling DKK 2,538m were recognised as an expense compared to DKK 1,147m in 2013, and losses in the amount of 1,139m were recognised against DKK 1,331m in 2013.

Net loan impairment charges and provisions for guarantees in the amount of DKK 1,953m were recognised as an expense under core profit against DKK 930m in 2013.

In 2014, loan impairment charges and provisions for guarantees were particularly affected by management's estimate of expectations of the current crisis in agriculture and the outcome of the AQR.

The Group's balance of loan impairment charges and provisions for guarantees amounted to 1.7% of loans, advances and guarantees at the end of the year against 3.1% at end-2013.

The Group's total balance of loan impairment charges and provisions amounted to DKK 8,985m, against DKK 5,600m at end-2013, corresponding to 2.4% and 3.8% of the total balance of loans, advances and guarantees. The percentage fall is to be seen in the light of the relatively lower credit risk on the portfolio of mortgage loans of DKK 219bn.

Seen in isolation, the balance of loan impairment charges and provisions for guarantees amounted to 4.8% at end-2014 against 3.7% at end-2013.

The Group's balance of individual loan impairment charges and provisions for guarantees increased by 25% in 2014 against the increase of 4% in 2013. The Group's collective balance of loan impairment charges and provisions for guarantees rose by 75% in 2014 after a fall by 10% in 2013. The majority of the increase can be attributed to management's estimates for agricultural and personal clients.

Agriculture, hunting, forestry and fishing make up the most risky sector for the Group in terms of impairment charges as a percentage of loans and advances. Particularly the segments milk producers and pig farming faced challenges, and the situation for the segments deteriorated further due to falling settlement prices and the trade boycott imposed by Russia.

At end-2014, the individual balance of loan impairment charges and provisions for guarantees relating to milk producers amounted to 31% of loans, advances and guarantees, and 19% related to pig farming.

To this must be added management's estimates regarding agriculture in the amount of DKK 350m under collective impairment charges. At end-2014, the total impairment ratio for milk producers and pig farming, inclusive of collective impairment charges, came to 36%.

INDIVIDUAL BALANCE OF LOAN IMPAIRMENT CHARGES AND PROVISIONS FOR GUARANTEES/LOANS, ADVANCES AND GUARANTEES

	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees		Impairment ratio	
DKKm/%	2014	2013	2014	2013	2014	2013
Milk producers	1,354	1,472	422	334	31%	23%
Pig farming	1,682	1,838	320	194	19%	11%
Total	**3,036**	**3,310**	**742**	**528**	**24%**	**16%**

Real property accounts for the biggest absolute impairment charges. The impairment charges were, among other things, caused by falling prices of business properties throughout the crisis, and no considerable improvement has yet been seen.

At the end of the year, the Group had registered collateral totalling DKK 300.7bn against DKK 75.8bn at end-2013, and measured in relation to loans, advances and guarantees, the value of the collateral had increased. The improvement could primarily be attributed to the merger with BRFkredit and Jyske Bank's introduction of new home loan products, as it is characteristic of mortgage loans and the new home loan products that they are to a high degree secured against real property and hence involve a lower risk.

Loans and advances with objective evidence of impairment (OEI) cover loans and advances in connection with which financial challenges have occurred and been recognised, and where such financial challenges may lead to uncertainty about future payments. Loans and advances with OEI increased in connection with the merger with BRFkredit.

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

DISTRIBUTION	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees	
DKKm	2014	2013	2014	2013
Ratings 1-5	179.861	67,310	1	3
Ratings 6-11	129.750	48,810	29	53
Ratings 12-14	32.042	12,133	861	716
Default	16.718	6,817	4,750	3,639
Other	16.646	10,427	719	282
Total	**375.017**	**145,497**	**6,360**	**4,693**

Rating: Credit rating where 1 reflects the highest rating.

The category "Other" comprises clients for which no credit rating had been established.

At end-2014, the Group had one exposure that amounted to more than 10% of the adjusted capital base in line with 2013. This was an exposure to one large Danish financial group and amounted to 10.7%.

At end-2014, two exposures amounted to between 7.5% and 10% and one exposure between 5% and 7.5% of the adjusted capital base, compared to four exposures and one exposure, respectively, at end-2013.

Investment portfolio earnings

INVESTMENT PORTFOLIO EARNINGS DKKm	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net interest income	715	363	197	213	235	182	85	85
Net fee and commission income	-2	-2	100	0	-1	0	-1	0
Value adjustments	-611	131	-	-357	-150	-146	42	61
Other income	10	11	91	1	2	6	1	2
Income	**112**	**503**	**22**	**-143**	**86**	**42**	**127**	**148**
Expenses	11	8	138	2	2	3	4	2
Investment portfolio earnings before loan impairment charges and provisions for guarantees	**101**	**495**	**20**	**-145**	**84**	**39**	**123**	**146**
Loan impairment charges and provisions for guarantees	0	0	-	0	0	0	0	1
Investment portfolio earnings	**101**	**495**	**20**	**-145**	**84**	**39**	**123**	**145**

Investment portfolio earnings, which amounted to DKK 101m against DKK 495m in 2013, were in 2014 affected by the generally low and falling level of interest rates and fluctuations in the pricing of particularly mortgage bonds at end-2014. Assessed on the basis of the chosen risk profile, earnings from investment portfolios were acceptable in 2014.

The investment policy applied to the Group's own securities portfolio rests on a long-term view of risk-return and takes into account the total risk positions with special focus on stabilisation of the Group's total earnings.

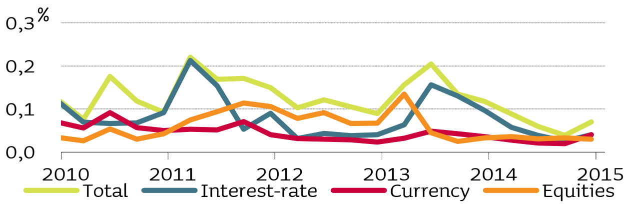
The merger with BRFkredit did not have any material effect on the investment policy applied to the Group's own securities portfolio. The reason is partly that BRFkredit's market risk profile is limited to fixed income products, and partly that efforts are made to ensure that, due to match funding, the Group's lending activities for mortgage products are neutral to general interest-rate changes.

Market risk

In terms of Value-at-Risk (VaR), Jyske Bank's market risk came to DKK 19m at end-2014 against DKK 21m at end-2013, and therefore, overall, the exposure decreased marginally in 2014.

Volatility in the FX markets, in particular, rose considerably in the fourth quarter of 2014, which caused VaR to rise to the level seen at the beginning of the year.

Value-at-Risk as a percentage of equity



The Group's net interest-rate risk fell in the course of 2014. The development was affected by several conflicting circumstances, of which growth in the new home loan products, among other things, increased the interest-rate risk. The on-going hedging and strategic adjustment of the market risk strategy, on the other hand, had the opposite effect.

In addition to the core business in the form of deposits and loans and advances, the interest-rate risk was dominated by exposures to Danish and international mortgage bonds as well as covered bonds with short and medium maturities. The merger with BRFkredit strengthened this profile due to an investment portfolio concentrated on Danish mortgage bonds. The Group's exposure to yield spreads relating to mortgage bonds was primarily increased in the short-term interest-rate segments, which affected the investment portfolio earnings adversely as Danish mortgage bonds were affected by widening yield spreads in the fourth quarter of 2014.

Throughout 2014, the Group's exposure to equity and foreign currency risks was slightly increasing and almost unchanged, respectively. The underlying equity portfolio as well as the currency portfolio were characterised by being well-diversified, and at end-2014 these market risks were at moderate levels relative to the Group's desired risk profile.

In 2012, a small strategic commodity portfolio was established and this was closed in the course of 2014.

In 2014, the market for securitisations was attractive and in the course of the year, the Group increased the exposure primarily through investment in US and European CLOs with high credit quality and senior status.

Credit risk relating to securities

Exposure to credit risk on financial instruments relates to the Group's bond holdings.

A significant narrowing of credit spreads was characteristic of the fourth quarter of 2014. The Group's positions in securities with low to moderate credit risk were maintained more or less throughout the year. Hence the positions were still dominated by particularly Danish but also European mortgage bonds and banks' senior issues with shorter maturities.

The overall credit portfolio developed favourably in 2014 and yielded therefore a satisfactory return.

The Group's portfolio of hold-to-maturity bonds amounted to DKK 6.9bn against DKK 14.8bn in 2013. The portfolio is still dominated by highly rated and highly liquid securities. At end-2014, the fair value was DKK 246m higher than the recognised carrying amount, against DKK 302m at end-2013. This development should be seen in the light of the merger with BRFkredit, among other things.

Banking activities

SUMMARY OF INCOME STATEMENT DKKm	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net interest income	3,366	3,065	110	838	890	828	810	752
Net fee and commission income	1,169	1,225	95	485	200	215	269	324
Value adjustments	-297	214	-	-119	-68	-60	-50	145
Other income	402	495	81	98	90	104	110	97
Core income	**4,640**	**4,999**	**93**	**1,302**	**1,112**	**1,087**	**1,139**	**1,318**
Expenses	3,742	3,788	99	956	873	962	951	896
Core profit before loan impairment charges and provisions for guarantees	**898**	**1,211**	**74**	**346**	**239**	**125**	**188**	**422**
Loan impairment charges and provisions for guarantees	1,729	761	227	634	384	509	202	177
Core profit	**-831**	**450**	**-**	**-288**	**-145**	**-384**	**-14**	**245**

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm								
Loans and advances	112,913	98,974	114	112,913	109,630	104,469	103,282	98,974
Bonds and shares	2,043	1,039	197	2,043	72	4,060	1,245	1,039
Total assets	121,596	111,001	110	121,596	124,975	121,833	115,155	111,001
Deposits, exclusive of pooled deposits	101,817	99,951	108	101,817	106,288	107,526	102,103	99,951
Guarantees	12,135	12,476	97	12,135	11,894	10,910	11,698	12,476

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

In 2014, efforts continued to improve the initiatives targeting the clients in the form of adjustments in the branch network, for instance branch mergers. The objective is to create critical mass through focus on groups of clients with uniform requirements so the competences of the employees can be retained and improved to the benefit of clients, employees and shareholders.

Core profit

Core profit from banking activities came to DKK -831m against DKK 450m in 2013. The profit for 2014 was in particular affected by the management's estimate regarding impairment charges relating to agricultural and personal clients and also the AQR.

The underlying net interest income was affected by the keen competition in respect of margins, falling volumes for traditional loans and advances, exclusive of the new home loan products, and the generally low and falling level of interest rates. Fee and commission income was affected by the lack of commissions from the cooperation with Totalkredit. Earnings on the new home loan products compensate for the fall in earnings from traditional bank loans and advances and the lack of earnings from the Totalkredit cooperation. The falling long-term market rates had a negative effect on transactions relating to clients' interest-rate hedging where unrealised losses on such client transactions affected value adjustments by about DKK -270m.

Underlying expenses developed in line with expectations considering the initiatives taken in the course of the year to achieve higher efficiency and implement rationalisations.

Business volume

Due to the economic slowdown and the limited economic growth, there are still no indications of a general turnaround in consumption and investments, and therefore the business volume in respect of traditional bank loans is under pressure. The increase in the new home loan products made up for the decline in traditional bank loans and advances, and, overall, bank loans and advances increased by 5%.

Outlook 2015

It is expected that we will see modest economic growth over the coming years. Provided that the financial markets will see continued stabilisation, Jyske Bank will, on the whole, expect a stable development of the business volume in 2015. It is still expected that earnings will be challenged by the increasingly keen competition and the low level of interest rates.

Mortgage activities

SUMMARY OF INCOME STATEMENT DKKm	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net interest income	1,008	-	-	388	371	249	-	-
Net fee and commission income	151	-	-	110	30	11	-	-
Value adjustments	-39	-	-	36	-38	-37	-	-
Other income	15	-	-	7	6	2	-	-
Core income	**1,135**	**-**	**-**	**541**	**369**	**225**	**-**	**-**
Expenses	559	-	-	222	180	157	-	-
Core profit before loan impairment charges and provisions for guarantees	**576**	**-**	**-**	**319**	**189**	**68**	**-**	**-**
Loan impairment charges and provisions for guarantees	109	-	-	49	24	36	-	-
Core profit	**467**	**-**	**-**	**270**	**165**	**32**	**-**	**-**

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm								
Loans and advances	218,864	-	-	218,864	215,998	208,853	-	-
Bonds and shares	13,363	-	-	13,363	4,380	2,094	-	-
Total assets	238,776	-	-	238,776	226,426	218,187	-	-
Issued bonds at fair value	208,539	-	-	208,539	198,099	194,308	-	-

Mortgage activities comprise financial solutions for the financing of real property carried out through BRFkredit. Mortgage activities are aimed mainly at Danish personal clients, corporate clients and general building and construction. Earnings from investment portfolios in BRFkredit are allocated to Trading and Investment.

Material circumstances in 2014

In the Annual Report for 2014, the BRFkredit Group affected the income statement for eight months, and as of the end of June, the BRFkredit Group's balance sheet was fully consolidated into the Jyske Bank Group.

In June 2014, the organisation was adjusted which resulted in the 47 job cuts at BRFkredit, including a number of jobs in overlapping staff and support functions at BRFkredit and Jyske Bank.

Pre-tax profit

Core profit from mortgage activities amounted to DKK 467m and was affected by rising gross new lending, rising contribution and fee income, especially in the fourth quarter where the level of refinancing activities was high. Efforts are still being made to reduce expenses relating to overcollateralization in connection with compliance with SDO and rating requirements, which can be attributed to a lower issue of Senior Secured Bonds due to a reduction in Standard & Poor's requirement of additional collateral at BRFkredit's capital centres.

Expenses include one-off expenses of DKK 17m relating to the job cuts at BRFkredit in June 2014.

Business volume

Mortgage activities are still seeing a positive trend, and since the merger with BRFkredit, mortgage activities increased from nominally DKK 203,250m to nominally DKK 212,719m at the end of 2014, corresponding to an increase of 4.7%. For the full year 2014, BRFkredit accounted for 53.2% of the total growth in the market. The proportion of this growth was particularly high in the fourth quarter of 2014. The growth can in particular be attributed to the increase in jointly funded bank home loans.

Outlook 2015

For 2015, continued improvement in core earnings as a result of a substantial portfolio growth following the merger with Jyske Bank and a high conversion activity. The overall result will in addition be dependent on the level of losses and changes in the securities markets.

For further details about BRFkredit, please see BRFkredit's annual report for 2014.

Trading and investment

SUMMARY OF INCOME STATEMENT DKKm	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net interest income	1,833	1,576	116	505	476	484	368	399
Net fee and commission income	371	418	89	41	115	108	107	124
Value adjustments	-877	377	-	-800	-113	-81	117	7
Other income	4	44	9	-53	14	31	12	6
Income	**1,331**	**2,415**	**55**	**-307**	**492**	**542**	**604**	**536**
Expenses	737	647	114	174	158	241	164	198
Profit before loan impairment charges and provisions for guarantees	**594**	**1,768**	**34**	**-481**	**334**	**301**	**440**	**338**
Loan impairment charges and provisions for guarantees	115	169	68	34	-10	44	47	58
Pre-tax profit	**479**	**1,599**	**30**	**-515**	**344**	**257**	**393**	**280**

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm								
Loans and advances	28,676	29,895	96	28,676	29,819	27,403	31,953	29,895
Bonds and shares	76,197	72,787	105	76,197	84,078	85,019	60,624	72,787
Total assets	148,573	125,103	119	148,573	131,678	141,187	116,386	125,103
Deposits	45,280	31,354	144	45,280	41,116	40,678	36,599	31,354
Guarantees	1,044	1,006	104	1,044	913	774	1,027	1,006

Trading and investment activities target Danish and international investors and include 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 the volume of business with the Group's largest corporate clients. Finally, the Trading and investment activities cover private-banking activities targeting international clients, including those of the international units in Gibraltar, Switzerland and France. Jyske Bank's strategic asset-and-liability management and risk management and earnings from investment portfolios as well as earnings from investment portfolios in BRFkredit are allocated to Trading and investment.

Pre-tax profit

The pre-tax profit from the activities of Trading and Investment amounted to DKK 479m against DKK 1,599m for the same period in 2013. The profit war particularly affected by the generally falling and very low interest-rate level, which has resulted in negative value adjustments as, on the whole, the positions of Trading and Investment had a negative interest-rate risk. The composition and the development of Trading and investment are to be seen in the light of the recognition of earnings from investment portfolios from BRFkredit over eight months. BRFkredit's earnings from investment portfolios had a positive effect on net interest income and a negative effect on value adjustments.

Net interest income on bonds fell over the past year due to lower reinvestment rates, and earnings on the trading portfolio were falling. Value adjustments amounted to DKK -877m partly due to the falling long-term market rates which has had a negative effect on transactions relating to clients' interest-rate hedging where unrealised losses on such client transactions affected value adjustments by about DKK -270m. Underlying expenses were in line with expectations.

Business volume

The generally falling level of activity in the primary market areas was offset by a higher market share in other product areas. In respect of asset-management activities, the development in asset and profit were positive in 2014, partly due to inflow of clients, and partly due to the positive return on most asset classes in the course of the year.

Outlook 2015

It is to be expected that global as well as European economic growth will be weak in 2015. It is expected that the many monetary policy and fiscal stimuli will suffice to avoid an outright decline in economic activity, particularly in Europe. The financial markets are expected to be jittery with fairly wide fluctuations in the course of the year. The phasing in of a number of regulatory measures in 2015 may reduce market liquidity and result in wider fluctuations in the market.

Other activities

SUMMARY OF INCOME STATEMENT DKKm	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Net interest income	-177	160	-	-89	24	-52	-60	27
Net fee and commission income	68	86	79	-10	14	17	47	57
Value adjustments	560	-50	-	276	203	-77	158	23
Other income	3,032	412	736	121	156	2,714	41	76
Income	**3,483**	**608**	**573**	**298**	**397**	**2,602**	**186**	**183**
Expenses	495	624	79	66	160	122	147	117
Profit before loan impairment charges and provisions for guarantees	**2,988**	**-16**	**-**	**232**	**237**	**2,480**	**39**	**66**
Loan impairment charges and provisions for guarantees	0	0	-	0	0	0	0	0
Pre-tax profit	**2,988**	**-16**	**-**	**232**	**237**	**2,480**	**39**	**66**

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm								
Loans and advances	1,346	2,509	59	1,346	3,191	3,164	2,415	2,509
Bonds and shares	706	1,027	69	706	625	241	7,082	1,027
Total assets	32,734	25,900	126	32,734	38,061	12,370	25,887	25,900
Deposits	706	716	99	706	699	704	694	716
Guarantees	0	637	0	0	182	322	678	637

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

Pre-tax profit

The pre-tax profit from the activities under Other activities amounted to DKK 2,988m against DKK -16m for the same period in 2013. The profit was particularly affected by income from bargain purchases in the amount of DKK 2,360m due to the merger with BRFkredit.

Value adjustments amounted to DKK 560m against DKK -50m in 2013, and adjustments are in part affected by the sale of the stake in the Nets and adjustments of sector shares.

Capital structure and capital management

CAPITAL AND CORE CAPITAL RATIOS	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Capital ratio (%)	16.4	16.0	103	16.4	16.7	16.4	16.2	16.0
Core capital ratio incl. hybrid capital (%)	15.8	15.9	99	15.8	16.2	15.8	15.9	15.9
Common Equity Tier 1 capital ratio (CET 1) (%)	15.3	15.3	100	15.3	15.7	15.3	15.1	15.3

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

Capital management objective and capital structure
On 1 January 2014, the capital requirement regulation, CRR, replaced the former capital adequacy rules. The CRR means the phasing in of tighter capital requirements over the coming years. The table below shows the phasing in of the capital requirements.

CAPITAL REQUIREMENTS %	2015	2016	2017	2018	2019
Common Equity Tier 1 capital	4.5	4.5	4.5	4.5	4.5
Hybrid core capital	1.5	1.5	1.5	1.5	1.5
Supplementary capital	2.0	2.0	2.0	2.0	2.0
SIFI	0.3	0.6	0.9	1.2	1.5
Pillar II	2.5	2.5	2.5	2.5	2.5
Capital conservation buffer	0.0	0.6	1.3	1.9	2.5
Countercyclical buffer	0.5	1.0	1.5	2.0	2.5
Total	**11.3**	**12.7**	**14.2**	**15.6**	**17.0**

In 2014, Jyske Bank and hence the Group was designated a systemically important financial institution (SIFI). The designation entails the phasing in of a SIFI supplement to the capital requirement that reflects the Group's systemic importance. When fully phased in, the requirement will amount to 1.5% for the Group, cf. the table.

The Pillar II requirement of 2.5% is not statutory but institution specific. The Group estimates that the requirement will be in the range of 1.5 to 3.0% over the coming years.

The countercyclical buffer is stated in the form of the highest possible requirement. For 2015 and 2016, the Danish Ministry of Business and Growth has set a countercyclical buffer of 0%.

The Group's capital-management objective as well as its risk appetite is to reach a solvency ratio sufficient for the Group to continue its lending activities during a period of difficult business conditions. Solvency adequacy is assessed on the basis of both internal and statutory capital requirements.

The Group's long-term capital management objective is a capital ratio of 17.5% and a Common Equity Tier 1 capital ratio of 14%. At these levels, the Group will have a safe distance to the capital requirements and will at the same time have the required strategic scope in respect of its capital structure.

At end-2014, the Group met both of these targets due to its Common Equity Tier 1 capital ratio of 15.3% and a capital ratio of 16.4% in the light of the current weak economic situation not included a countercyclical buffer of 2.5% in the capital target.

The development of the capital ratio over the year was affected, among other things, by buybacks of hybrid capital in the amount of DKK 308m, the merger with BRFkredit, including the capital increase in DKK 7.0bn, and an increase in the weighted risk exposure, changes in the relationship between expected losses and carrying amount of impairment charges and the positive strengthening over the year.

Capital base

CAPITAL BASE AND WEIGHTED RISK EXPOSURE DKKm	2014	2013
Equity	27,561	17,479
Revaluation reserve	0	-361
Intangible assets	-113	-71
Deferred tax liabilities relating to intangible assets	26	0
Cautious valuation	-256	0
Deferred tax assets	-198	0
Other deductions	-64	0
Common Equity Tier 1 capital	**26,956**	**17,047**
Hybrid core capital	993	1,303
Diff. between expected losses and impairment charges	0	-55
Deduction for equity investments above 10%	0	-550
Other deductions	-57	-3
Core capital	**27,892**	**17,742**
Subordinated loan capital	324	336
Revaluation reserve	0	361
Diff. between expected losses and impairment charges	709	-55
Collective impairment under the standardised approach	65	0
Deduction for equity investments above 10%	0	-550
Other deductions	0	-3
Capital base	**28,990**	**17,831**
Weighted risk exposure	**176,433**	**111,276**

At end-2014, the Common Equity Tier 1 capital amounted to 93% of the capital base against 96% at end-2013. The continued high proportion of Common Equity Tier 1 capital in the capital base is in line with the Group's wish to achieve the highest quality possible of its capital base.

Capital requirement

The statement expresses the regulatory capital requirements and rests on the risk types credit, market and operational risk. Jyske Bank and BRFkredit have been approved to apply the advanced internal rating-based approach (AIRB) when determining credit risk. The approval extends to the application of advanced methods for calculation of the capital requirement for the main part of the Group's credit portfolio.

The capital requirement for market risk and operational risk is stated according to the standardised approaches.

The development of the capital requirements for credit risk, market risk and operational risk is outlined in the table below. The capital requirement account for 8% of the total weighted risk exposures.

CAPITAL REQUIREMENT BY RISK TYPE DKKm	2014	2013
Credit risk	11,038	6,488
Market risk	1,713	1,415
Operational risk	1,364	999
Minimum capital requirement, Pillar I	**14,115**	**8,902**
Capital requirement, transitional provisions	2,111	79
Total minimum capital requirement	**16,226**	**8,981**

Due to the transitional rules that are still applicable and that relate to the former capital adequacy rules, the capital requirement increased by DKK 2,111m in 2014 due to the portfolio mix after the merger with BRFkredit.

Leverage ratio

A high leverage may cause the Group to be exposed to risks linked to sudden changes in market conditions and significant price falls on assets with ensuing losses. The CRR introduces the leverage ratio, which is a risk-neutral measure for the maximum extent of the balance-sheet leverage.

The leverage ratio is calculated as core capital relative to the Group's total non-weighted exposures.

At this point in time, no statutory requirement has been established based on the leverage ratio, but the decision on such a requirement must be taken by the end of 2016. A requirement of a maximum leverage ratio will, if necessary, be introduced to take effect as of 2018. So far, an indicative benchmark of 3% has been indicated, corresponding to a maximum leverage of 33 times the Group's core capital.

The Group Supervisory Board has adopted a policy for maximum leverage. To ensure a satisfactory development of the balance sheet, the Group's balance sheet is considered in two sub-portfolios as it is assessed that the Group's banking and mortgage activities have different adequate leverage levels. The banking activities of the Group involve a higher risk in respect of liquidity and capital than do the Group's mortgage activities, and therefore a higher acceptable leverage is applied to the mortgage activities than to the banking activities.

The Group monitors the leverage with a view to avoiding excessive leverage risk. The development of the leverage ratio is determined monthly and any adjusting actions are discussed with due regard to the Group's strategy and capital structure. The development of the levels of leverage in the Group is reported on a quarterly basis to the Group Supervisory Board and the Group Risk Committee.

At end-2014, the leverage ratio for the Group was at 5.0%. The calculation of the leverage ratio was made according to current guidelines in the CRR at the end of 2014 and was based on end-of-year figures.

Due to the strategic focus on home loans, the leverage ratio in the Group has been on the decrease over the past year. There is, however, still a satisfactory distance to the Group's lower limit for the leverage ratio.

ICAAP and individual solvency requirement

ICAAP (Internal Capital Adequacy Assessment Process) forms the basis of the assessment of the Group's capital structure and hence the determination of the Group's adequate capital base as well as its individual solvency requirement. The assessment is based on the current relation between the Group's risk profile and capital structure as well as forward-looking considerations that may affect this.

Stress tests are used to model the micro- and macroeconomic factors to which the Group is exposed.

Internally calculated adequate capital base

The internally calculated adequate capital base expresses the Group's own assessment of the capital requirement given the Group's risk profile. Measurement of the internally calculated adequate capital base rests on the Group's internal models for measuring economic capital, which comprise the risk types for which the Group wishes to set capital aside: credit risk, market risk, operational risk and business risk. In this way, the Group's own data, experience and management are reflected.

Throughout the ICAAP, analyses are carried out for each risk type addressing qualitative as well as quantitative elements with regard to monitoring and on-going quality assurance, including extensive evaluation of model assumptions. The analyses cover relevant risk factors within each risk type in accordance with current legislation.

Based on the calculation of economic capital, it is also assessed whether any considerable circumstances have not been addressed by the calculation model or for which, by way of precaution, funding is desirable. In that case, additional capital will be set aside. The additional capital addresses the uncertainty relating to specific circumstances and the model setup.

In respect of credit risk, a precautionary addition will be made in connection with weak exposures. This addition is calculated on the basis of an extra cautious assessment of elements forming part of the measurement of these exposures. In connection with the agricultural portfolio an addition will be made to allow for the uncertainty in sales conditions due to the Russian embargo.

To cover any potential future CVA losses, capital additions are made for future deterioration of credit among counterparties as this issue is not covered by the economic capital model.

As the fair value of the held-to-maturity bonds exceeds the amount recognised, a deduction is calculated in the internally calculated adequate capital base.

According to the CRR, the difference between the accounting-related provisions and value adjustments, on the one hand, and the expected loss on the IRB portfolio calculated by the model, on the other, is added. The currently positive difference can primarily be ascribed to the clarification of the impairment rules resulting in an increase in the indication of impairment. However, the rules have not per se affected the Group's risk, but as the Group's solvency should take the current accounting principles into consideration, corrections are made for this in the internally calculated adequate capital base.

Capital additions are made for the uncertainty relating to the determination of maturities for corporate clients with poor credit quality.
The capital additions for market risk relate to circumstances that are not addressed by the applicable model as well as circumstances addressing the uncertainty in the model.
Capital additions are made to allow for additional expenses relating to the provision of unsecured capital market funding and money market funding from professional counterparties under a stress scenario.

Capital additions are made for the uncertainty relating to the outcome of pending court cases.

As a forerunner to the CRR counter-cyclical buffer, capital additions are made in good times and are applied in bad times. The capital addition is phased out as the capital requirement counter-cyclical buffer is phased in.

Moreover, the Group's statement also includes a capital addition for BRFkredit, which has not yet been implemented in economic capital. The capital addition is identical to BRFkredit's solvency requirement adjusted for inter-company eliminations. BRFkredit applies the 8+ method when determining the institution's solvency requirement.

A precautionary addition is made to allow for uncertainty in the general assessment of the adequate capital base.

Finally, the Group's ability to generate a profit is also considered when assessing the internally calculated adequate capital base. The reason is that the on-going earnings is the first safeguard against investors suffering losses.

On the whole, the internally calculated adequate capital base mirrors the negative retained earnings/profit in a most extreme situation.

Adequate capital base according to the 8+ method

The FSA assesses an institution's adequate capital base on the basis of the so-called 8+ method. This approach is based on the assumption that the minimum requirement of 8% of the risk exposure will cover the institute's ordinary risks. In a number of respects, benchmarks are defined for the assessment of whether additional capital in excess of 8% is necessary, and also in some respects methods are stated for the calculation of the additional capital.

As a supplement to the internally calculated adequate capital base, the adequate capital base according to the 8+ method is calculated. The calculation is shown below.

ADEQUATE CAPITAL BASE ACCORDING TO THE 8+ METHOD

DKKm/%	2014	% of risk exposure	2013	% of risk exposure
Credit risk	15,051	8.5	8,350	7.5
Market risk	1,813	1.0	1,515	1.4
Operational risk	1,364	0.8	999	0.9
Other	313	0.2	89	0.1
Total	**18,541**	**10.5**	**10,953**	**9.8**

It appears from the table that capital additions corresponding to 2.5% of the total risk exposure have been made. The table below shows which capital additions have been made.

CAPITAL ADDITIONS ACCORDING TO THE 8+ METHOD

Capital additions:

Credit risk

- Credit risk for clients with financial problems
- Excessive impairment charges relative to expected loss
- CVA risk (non-financial counterparties)
- Credit risk concentration on individual exposures
- Credit risk concentration on adjustable-rate loans
- Model uncertainty

Market risk

- Volatility addition

Liquidity risk

- Funding in a stress situation

Other

- Lending growth

Individual solvency requirement and capital buffer

The individual solvency requirement for the Group is determined as the higher one of the requirements based on the internally calculated adequate capital base, the adequate capital base according to the FSA's 8+ method as well as statutory limits. At end-2014, the Group determined an individual solvency requirement of 10.9%, equalling the solvency requirement according to the method of internal calculation.

The table shows the contributions of the individual risk types to the adequate capital base.

INDIVIDUAL SOLVENCY REQUIREMENT

DKKm/%	2014	%	2013	%
Credit risk	15,587	8.8	8,894	8.0
Market risk	1,674	0.9	770	0.7
Operational risk	981	0.6	506	0.4
Other	1,062	0.6	783	0.7
Total	**19,304**	**10.9**	**10,953**	**9.8**

The capital buffer denotes the maximum sustainable loss without the need for additional capital. The Group's large proportion of Common Equity Tier 1 capital cements the quality of the total capital, and the capital buffer of 5.5% offers a satisfactory basis for continuing growth.

Capital buffer

DKKm/%	2014	%	2013	%
Capital base	28,990	16.4	17,831	16.0
a) Core capital	27,892	15.8	17,742	15.9
of which hybrid capital	993	0.6	1,303	1.2
of which hybrid capital less deductions	936	0.5	695	0.6
b) Supplementary capital less deductions	1,098	0.6	89	0.1
Individual solvency requirement	19,304	10.9	10,953	9.8
Capital buffer	**9,686**	**5.5**	**6,878**	**6.2**

Internal stress tests
Stress testing is an important element in the approach to projecting the adequate capital base and individually calculated solvency requirements. Moreover, stress tests are suitable to assess the Group's capital-management objective in a future perspective.

Stress testing is used in a number of respects. Stress testing characterised as sensitivity analyses of the impact on the risk measurement from various parameters is applied as is extensive scenario-based stress-testing of the importance of cyclical changes. Furthermore, reverse stress testing is carried out with a view to testing the Group's capacity for loss.

An objective of the stress-test analyses is to gauge whether the future risk level of a certain scenario can be covered by capital, given the Group's earnings, capital policy and management objective as well as its risk profile. The results of the stress-test analyses are also used, for instance, to assess whether the capital level and the quality of the capital suffice and consequently whether it is necessary to implement the Group's capital contingency plan. It is therefore crucial to determine the circumstances against which the Group wishes to hold capital. Another objective is to estimate the individually calculated solvency requirement. In accordance with regulation, the estimate must at the least be made following stress tests based on a mild recession scenario.

External stress testing
Stress testing of financial enterprises is used to an increasing degree, both nationally as well as internationally. In addition to the stress testing applied internally, the Group also participates in stress testing facilitated by the FSA, the EBA and the International Monetary Fund.

In 2014, Jyske Bank participated in the most comprehensive EBA stress test so far. In addition to the actual stress test, this test also included an assessment of the quality of Jyske Bank's assets.

As expected, the Danish banks that participated in the stress test did well. In terms of core capital ratio in the stress scenario, Jyske Bank took the lead among the Danish participants, which confirms the Group's sound capital structure.

New legislation
In 2014, the new capital requirements regulation, CRD IV/CRR took effect. CRR is a comprehensive set of rules that implements the Basel III rules in Europe, and it includes a large number of clarifications and tightening of the former capital adequacy rules. The general purpose of CRR is to strengthen the capital structure of the European credit institutions. Even though the rules include a large number of transitional provisions in effect until 2022, Jyske Bank does already today meet all material new requirements. In addition to Basel III, the Bank for International Settlements in Basel continues its work to ensure further strengthening of the capital structure of the institutions. At this point in time, Jyske Bank is cognisant of the following material initiatives:

- Liquidity Coverage Ratio is a new minimum requirement to be used when determining the ratio between short-term assets and equity and liabilities in order to secure a satisfactory liquidity ratio.

- Net Stable Funding Ratio or the requirement for stable funding is a new key ratio with the purpose of ensuring that the credit institutions meet certain minimum requirements in connection with their long-term provision of liquidity.

- MREL (minimum requirement for own funds and eligible liabilities) and TLAC (Total Loss Absorbency Capacity) are both concepts introduced to ensure that financial institutions in crisis can be wound up without losses for the tax payers. Both concepts imply that financial institutions must have sufficient equity and liabilities that can be converted into new share capital in the event of a situation where the institution cannot survive without a new capital injection. Hence, in such a bail-in situation, senior lenders will have their loans converted to new shares in the credit institution. Depending on the wording of the new requirements, they may result in minor changes to Jyske Bank's capital and funding structure.

- A debt buffer of 2% of the total non-weighted loans will mid-2015 be a requirement for mortgage credit institutions, however with a phase-in period until 2020. The debt buffer requirement will ensure better possibilities for a mortgage credit institution to handle crises. The requirement will be met through Common Equity Tier 1 capital, Additional Tier 1 Capital, Tier 2 Capital and unsecured senior debt that has not already been applied to meet the requirement of the capital base, the individual solvency requirement or the combined capital buffer requirement.

- Several proposals have gone out for consultation regarding the new method for the calculation of market risk, but it is still premature to know which proposals will be adopted and which effects these will then have for Jyske Bank.

- A new standardised approach for the determination of credit risk. The Bank for International Settlements has submitted for consultation a first draft for a new standardised approach for the determination of credit risk. The new approach will only be of indirect importance to Jyske Bank, which is approved to use the advanced approach, as the so-called Basel I floor, which is a minimum capital requirement applying to all advanced banks, must in future be calculated on the basis of the new standardised approach. As the new standardised approach has only just been submitted for consultation, it is still too early to know to which extent it will increase Jyske Bank's capital requirement.

Already today, the Group meets the majority of the known new initiatives and needless to say it follows closely the work to complete further initiatives so that the Group can take due care to adjust its liquidity and capital structure to new future requirements and hence also in future meet all requirements.

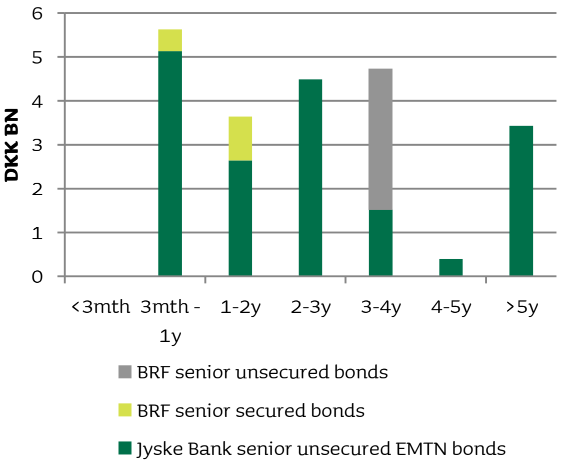
Risk and Capital Management 2014
Additional information about the Group's internal risk and capital management procedures and the regulatory capital requirements is available in the report 'Risk and Capital Management 2014', available on www.jyskebank.dk/risiko2014.

Liquidity management

LIQUIDITY RESERVE AND RUN-OFF DKKbn	2014	2013	Index 14/13	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
End of period	55.1	49.9	110	55.1	52.4	54.3	51.3	49.9
3 months	48.2	30.1	160	48.2	38.1	44.0	38.2	30.1
6 months	42.4	29.5	144	42.4	32.0	33.5	37.5	29.5
9 months	39.7	28.2	141	39.7	27.7	30.9	35.1	28.2
12 months	30.3	26.9	113	30.3	25.2	25.8	31.8	26.9

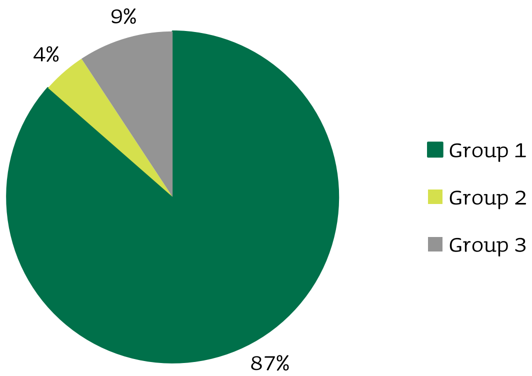
The Group's funding profile
The funding profile of the Group changed after the merger with BRFkredit as the merger changed the Group's balance sheet structure and key ratios and led to a higher dependence on capital market funding on SDO basis. The portfolio of pure bank loans and advances is more than fully financed by bank deposits.
Mortgage loans are financed through the issue of mortgage bonds, and therefore the Group's issued bonds have increased considerably in connection with the merger with BRFkredit.

The run-off profile of the Group's senior debt as well as senior secured issues through BRFkredit's capital centre is illustrated by the chart below.



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

At end-2014, Jyske Bank had a definite overweight of ultra-liquid assets, as illustrated by the chart, where group 1 consists of ultra-liquid assets in DKK that can be applied in repo transactions with Danmarks Nationalbank, the central bank of Denmark, group 2 consists of very liquid assets that can be applied in repo transactions with the European Central Bank, and group 3 consists of assets on which loans cannot be raised with central banks.



At end-2014, the Group's liquidity reserve amounted to DKK 55bn against DKK 50bn at end-2013. Under a stress scenario assuming that the 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 Group's liquidity reserve would after a 12-month period amount to DKK 30bn, which is DKK 3bn higher than the amount at end-2013.

The liquidity reserve according to S.152(1)(2) of the Danish Financial Business Act was high throughout the period. At end-2014, the liquidity ratio was 24.4%, corresponding to a liquidity surplus of 144%; at end-2013 the surplus was 151%.

Capital market funding
To manage the long-term strategic risk profile, two different capital market programmes are utilised to ensure

maximum flexibility with regard to maturity, currency, interest rate (fixed/floating) and investor base.

CAPITAL MARKET PROGRAMMES	Limit
French commercial Paper (CP)	EUR 5bn
European Medium Term Note (EMTN)	USD 8bn

The French-regulated CP programme ensures diversification and depth in the Group's short- and medium-term liquidity management so as to comply with the limit structure of the Group. Funding under the programme may have a maturity of up to one year, but will typically have a maturity of three months.

At end-2014, the outstanding's under the CP programme amounted to DKK 20.6bn (EUR 2.8bn) against DKK 10.7bn (EUR 1.4bn) at end-2013. Moreover, the very low interest-rate level has boosted French and other Continental-European investors' interest in the Group's A-2 rated CP considerably.

For long-term funding in the international capital markets, the Group has utilised a Euro Medium Term Note Programme (EMTN) since 1999. The typical maturity of senior debt is between two and ten years. At end-2014, bonds issued under the programme amounted to DKK 15.6bn against DKK 18.5bn at end-2013.

In 2014, the capital markets continued to be attractive. Despite the increasing political unrest and volatility in the second half of 2014, the credit spreads for senior debt remained low, particularly in respect of Scandinavian banks.

Jyske Bank took advantage of the attractive market conditions to issue a 3-year public benchmark bond in the amount of EUR 500m in June 2014 and distribution shows that Jyske Bank has built up strong access to the European investor base. Over the past four years, Jyske Bank has had on-going activities in the SEK market, and in 2014 Jyske Bank raised SEK 1.25bn in private placements under the EMTN programme. At end-2014, in the course of the ordinary management of the run-off profile, Jyske Bank bought back EMTN issues with a shorter time to maturity in the amount of DKK 840m.

At end-2013, Jyske Bank launched new home loan products. In the course of 2014, the product range was extended with Jyske F3, Jyske F5 and Jyske L30 due to demand on the part of clients. The majority of the Group's new bank loan products are funded under the joint funding agreement. At end-2014, under the joint funding agreement, funding amounted to DKK 14.1bn, against DKK 4.7bn at end-2013.

PLANNED RE-FINANCING AND BREAKDOWN OF PRINCIPAL STILL OWED
DKKbn

Repayment dates	Planned re-financing amount (amount offered)	Funding: Maturities per re-financing dates	Funding: Maturities per re-financing dates + 2 years (RTL F)	Loan: F1	Loan: F3	Loan: F5	Loan: Other
Apr. 15	7.4	7.4	0.0	6.7	0.5	0.0	0.1
Oct. 15	11.3	3.6	7.6	7.6	1.6	0.8	1.2
Jan. 16	45.9	12.1	33.8	33.8	5.0	4.0	3.1
Other 2016	8.8	8.8	0.0	1.3	2.1	2.0	3.4
2017	27.2	27.2	0.0	0.0	7.7	7.2	12.2
2018	23.8	23.8	0.0	0.0	6.0	14.2	3.6
2019	11.9	11.9	0.0	0.0	0.0	10.4	1.5
2020	2.1	2.1	0.0	0.0	0.0	1.5	0.6

Liquidity flow from mortgage activities

The liquidity flow at BRFkredit takes place predominantly in a closed circuit linked to the balance principle and the statutory protection of SDOs. The clients' choices of mortgage loans determine which bonds BRFkredit issues. The balance principle means that the borrower's payments of interest and instalments match the payments on the bonds issued to fund the mortgage loan.

The dates on which the borrower pays interest, instalment and contributions have been planned in such a way that, when paid on time, BRFkredit receives the funds at the latest concurrently with the dates on which bond investors receive their payments. In this way liquidity risk will generally not occur in connection with the continuous servicing of bond investors. Moreover, BRFkredit may give notice of changes to the contribution that clients pay according to BRFkredit's general terms and conditions.

It applies that for the proportion of Jyske Bank's loans that are covered by joint funding at BRFkredit, there is a similar match of borrowers' incoming payments and the outgoing payments on the bonds issued. This part of the balance sheet is covered by the mortgage credit balance principle in line with the Group's other mortgage loans.

Refinancing risk in mortgage activities

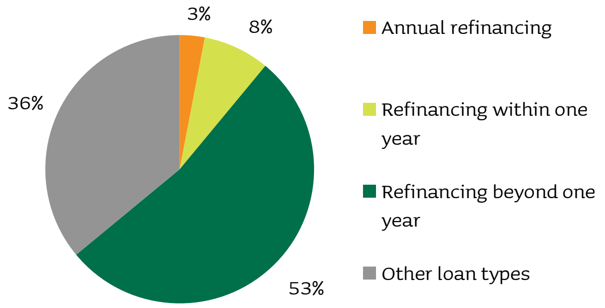
The greatest liquidity effect from BRFkredit on the Group's liquidity risk is the refinancing risk. To reduce this refinancing risk, refinancing has been spread out over three annual settling periods, and with the intention that the individual series must be so large that they can be included in the credit institutions' liquidity buffers in the upcoming LCR requirements (Liquidity Coverage Ratio).

Moreover, in the course of 2014, BRFkredit financed and re-financed the so-called F1 loans and joint funding bank loans through a new type of bonds RTL F (pre-financed),

The RTL F bonds are fixed-rate, callable bonds with an original time to maturity of 3 years against 1 year for traditional short-term RTL bonds. After 1 year, new bonds are offered. If the bonds issued are sold in the market, the proceeds will be used for prepayment of old RTL F bonds at par. If the bonds issued are not sold in the market, the old RTL F bonds will not be prepaid at par but will continue with unchanged coupon.

The table above gives a comprehensive overview of both planned re-financing of mortgage bonds as well as the breakdown of the principal still owed by type of mortgage loan.

Breakdown of BRFkredit's loan portfolio by loan type



The change in funding means that the re-financing risk will continuously be postponed by 2-3 years and that, in a scenario without sufficient sales of bonds offered, BRFkredit will still have at least 2 years to renew the funding without having to extend the maturity of the bonds according to the Danish Refinancing Act. If, within this 2-year period, there are still no buyers for the bonds issued, the maturities of the old RTL F bonds are to be extended by 12 months at a time according to the Re-

Financing Act. This extension of maturities shall provide additional statutory protection against re-financing risk and prevent suspension of payments.

The supervisory diamond for mortgage credit institutions

The new supervisory diamond for mortgage credit institutions, CRR's expected future key figure Net Stable Funding Ratio (NSFR) and also S&P's Stable Funding Ratio (SFR) all indicate the same and on the whole they necessitate a reduction in the quarterly supply of bonds behind loans with long-term credit commitments with the Danish mortgage credit institutions in the coming years.

The benchmark of the supervisory diamond relating to loans with short-term funding must be met as of 2020. The benchmark does not consider future re-financing risk, but is determined backwards based on actually completed bond issues per quarter, including re-financing completed well in advance of the maturity of the old bonds. To comply with this, the proportion of loans that are re-financed per quarter must be less than 12.5% of the total loan portfolio, and annually the proportion must amount to less than 25% of the loan portfolio. The time of the auction determines the time when refinancing is considered as taking place, and the cash debt outstanding is measured. The benchmark can be met both by reducing the volume of loans with frequent re-financing and by spreading the re-financing auctions over the year.

At Group level, there is strong focus on a reduction of the proportion of short-term adjustable-rate loans and an increase of the maturity of BRFkredit's issues of mortgage bonds. A change in the structure of contributions and implementation of larger and more differentiated spreads between market prices and clients' prices are the most important initiatives that the Group has taken at present in its attempts to comply with these key figures and statutory benchmarks in future.

The price changes will give clients the incentive to raise loans with instalments and longer financing and a fixed-rate period, for instance, in the form of 30-year fixed-rate bond loans, 3- or 5-year fixed-rate periods for adjustable-rate loans or floating-rate bond loans based on longer-term Cita or Cibor bonds. Also, the current trend in interest rates, with still falling long-term interest rates, will most likely entice clients to select products with re-financing at longer intervals and increase the proportion of fixed-rate mortgage loans with long maturities.

Senior as well as senior unsecured at BRFkredit

During the years prior to the merger, BRFkredit issued Senior Secured Bonds and raised senior debt to be used for supplementary collateral and compliance with the over-collateralization requirements (OC requirements) of S&P at the capital centres. Over the past couple of years, the OC requirement of S&P has fallen considerably. After the merger, the group responsibility for issuing bonds in the capital market (senior debt as well as capital base) has been centralized in Treasury in the Group, which can then, when necessary, distribute liquidity or capital to BRFkredit.

BRFkredit may need to have liquidity injected into its capital centres from Jyske Bank. This may be the case if a continued high surplus is required at the maturity of outstanding senior or senior secured bonds at BRFkredit's capital centres.

Credit ratings

The Group's credit ratings are material to the price of funding and capital as well as to the funding flexibility in the form of access to a broad investor base.

The Group is being rated by Standard & Poor's (S&P). Jyske Bank's S&P senior rating was unchanged at A-/A-2 with "stable outlook" throughout 2014. After the merger with Jyske Bank, BRFkredit 'inherits' Jyske Bank's rating and therefore it saw a shift from negative outlook to stable outlook in 2014.

Despite S&P's announcement of expected abolishment of government aid as of end-2015, Jyske Bank and BRFkredit are still given 'stable outlook' in connection with their ratings. S&P finds it very likely that the end to the one notch government aid for the Group's long-term senior rating will be offset by a one-notch upgrade of the individual financial strength ratings. The current credit ratings of the Group are stated below.

STANDARD & POOR'S CREDIT RATINGS

Issuer	Long term	Short term	Individual
Jyske Bank	A-	A-2	BBB+
BRFkredit	A-	A-2	BBB+
Capital centre E, covered bonds (SDO)	AAA	-	-
Capital centre B, Mortgage bonds	AAA	-	-
General Capital Centre, Mortgage bonds	AAA	-	-

New liquidity legislation

The CRR requirement, Liquidity Coverage Ratio (LCR), will take effect as of 1 October 2015. LCR is a short-term (30 days) stress scenario. Run-off of deposits is weaker than in the Group's internal stress scenario, but LCR's calibration of the liquidity buffer differs from the Group's own internal calibration of the liquidity buffer where the basic criteria was that the majority of the buffer must consist of assets on which loans can be raised with central banks. In the wake of the implementation of the LCR as a statutory requirement, the plan is that the stress scenario shall in the long term be replaced by an adjusted version of LCR on a daily basis with the aim of achieving unambiguous management and limits.

Being a Danish SIFI, the Group must 100% meet the LCR requirement as of 1 October 2015. If all mortgage bonds could be recognised in the so-called high-quality group (Level 1a), Jyske Bank would in 2014 have been able to meet the LCR requirement with a satisfactory surplus. The final calibration in autumn 2014 had the result that the LCR requirement must be met by at least 30% government bonds. The rest of the reserve may consist of mortgage bonds, of which the most liquid ones in 'Level 1b' are included with a haircut of 7%.

At end-2014, the Group's liquidity buffer consisted predominantly of mortgage bonds, and therefore at end-2014, the Group was not able to meet LCR. The non-compliance with the LCR requirement can solely be ascribed to the composition of the liquidity buffer as the sum of LCR eligible reserves resulted in a LCR considerably above the statutory requirement.

In 2015, the Group will gradually increase the holding of Level 1a assets to ensure that the Group will be able to comply with the LCR requirement as at 1 October 2015. As the average maturity on the Group's holdings of mortgage bonds is short, a conversion will take place gradually and be completed well in advance of the deadline, 1 October 2015.

BRFkredit will, by itself, not have any major challenges meeting the LCR requirement as the re-financing of issued mortgage bonds is scheduled at more than 30 days before the due date.

It is still the Group's policy to focus on the overall holding of Level 1 and Level 2 assets in the LCR liquidity buffer on which loans can be raised with central banks. The total volume of these LCR assets must be so that they result in an satisfactory pro forma surplus of the LCR requirement.

It has still not been clarified whether Net Stable Funding Ratio will be a statutory requirement as of 2018. If the Group is to comply with NSFR as of 2018, it will most likely require a slight increase in volume and maturity of the senior issues from Jyske Bank in the years 2016-2017. It is expected that the mortgage activities will become NSFR conform through funding of short-term fixed income products with longer-term RTL F, Cita and Cibor bonds.

The Jyske Bank share

At end-2014, the share capital amounted to the nominal amount of DKK 950m. It consisted of 95.0 million shares at a nominal value of DKK 10 in one class of shares.

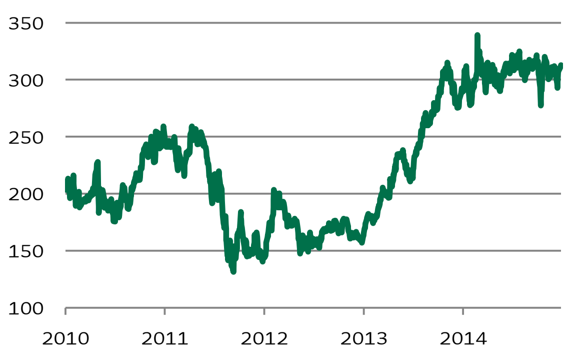
All the shares are listed on NASDAQ OMX Copenhagen A/S. The shares are freely transferable, always provided that the transfer of shares to an acquirer who holds or by the acquisition obtains 10% or more of the Bank's share capital shall require the consent of the Bank, cf. Art.3 of Jyske Bank's Articles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

Each share represents one vote. No shareholder can cast more than 4,000 votes on his own behalf. Subject to a resolution passed at the Annual General Meeting, Jyske Bank's Supervisory Board is authorised to acquire Jyske Bank shares for a sum not exceeding 1/10 of the share capital.

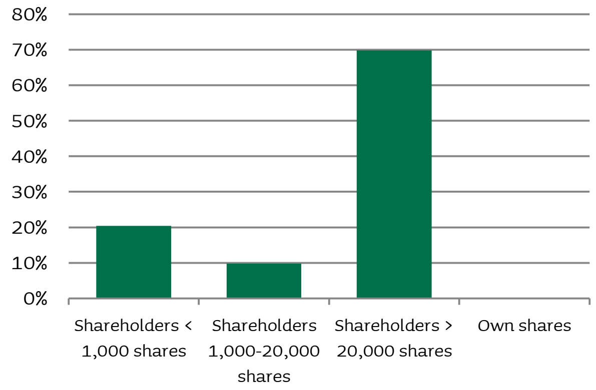
The Jyske Bank share	2014	2013
Share capital (DKKm)	950	713
Share price end of period (DKK per share)	313	293
Market value, end of period (DKKbn)	29.7	20.8
Earnings per share (DKK)	35.1	25.4
Book value per share (DKK)	290	245
Price/book value per share (DKK)	1.1	1.2

At end-2014 the number of shareholders was 208,039. It is characteristic of the Jyske Bank shares that they are distributed among many shareholders, including many Jyske Bank clients.

Price development



Breakdown of share capital



At end-2014, the Bank held 52,133 of its own shares corresponding to a market value of DKK 16m.

On 30 April 2014, BRFholding a/s, Kgs. Lyngby, Denmark informed Jyske Bank that it owns 25.00% of the share capital.

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

On 26 January 2015, Baillie Gifford & Co. Ltd, the UK informed Jyske Bank that it owns 5.06% of the share capital.

Dividend

In 2014, Jyske Bank did not buy back own shares with a view to reducing the share capital.

At the Annual General Meeting, the Supervisory Board will propose a dividend of 0% for 2014.

The Annual General Meeting of Jyske Bank will be held in Silkeborg on Tuesday 24 March 2015.

Other information

The Danish Financial Supervisory Authority's reports

The Danish FSA conducted inspections of Jyske Bank, and in 2014 Jyske Bank received the following reports of which the full versions are available at www.jyskebank.dk:

- Report on inspection of Jyske Bank A/S (Asset quality review and stress testing). At the request of the European Banking Authority (EBA), the FSA carried out, over the first nine months of 2014, an Asset Quality Review (AQR) and stress test of Jyske Bank. At the inspection, the FSA examined, for a number of loan exposures to corporate and personal clients, impairment charges and contributions to the solvency requirements as at end-2013. As a consequence of its review of Jyske Bank's asset quality, the FSA' best estimate is 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. In the course of the first nine months of 2014, the full effect of the AQR was recognised in the income statement and reflected in equity and the capital base as at 30 September 2014. Moreover, the inspection resulted in three enforcement orders.
- 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 enforcement order to Jyske Bank A/S concerning risk weighting of special loans to personal clients. The Danish FSA made an assessment of Jyske Bank's use of especially 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.

Supervisory Diamond

The supervisory diamond defines a number of special risk areas including specified limits that institutions should generally not exceed. The supervisory diamond limits applicable to Jyske Bank A/S and BRFkredit a/s are shown below.

The supervisory diamond for Jyske Bank A/S	2014	2013
Sum of large exposures < 125% of the adjusted capital base	0%	0%
Increase in loans and advances < 20% annually	9%	5%
Exposures to property administration and property transactions < 25% of total loans and advances	7%	8%
Stable funding < 1	0.72	0.73
Liquidity surplus > 50%	129%	150%

As at 31 December 2014, Jyske Bank A/S met all the benchmarks of the supervisory diamond.

The supervisory diamond for BRFkredit a/s	2014	2013
Concentration risk < 100%	76.4%	88.1%
Increase in loans and advances < 15% annually in the segment		
Owner-occupied home and holiday homes	9.1%	0.2%
Residential rental property	4.0%	1.3%
Agriculture	-6.9%	0.0%
Other sectors	2.7%	4.85
Borrower's interest-rate risk < 25%		
Residential property	27.0%	27.2%
Interest-only schemes < 10%		
Owner-occupied home and holiday homes	11.5%	11.5%
Loans with frequent interest-rate fixing:		
Refinancing (annually) < 25%	27.5%	27.4%
Refinancing (quarterly) < 12.5%	19.4%	18.9%

As at 31 December 2014, BRFkredit a/s met the supervisory diamond's benchmarks for lending growth and concentration risk. As a whole, the sector exceeds the mean value for the three benchmarks mentioned last. On an on-going basis, BRFkredit a/s reviews the institution's positions relative to the benchmarks before they take effect in 2018 and 2020.

Additional information

For further information, please see www.jyskebank.info. Here you will find an interview with Anders Dam, detailed financial information as well as the Group's Annual Report 2014 and Risk and Capital Management 2014, which give further information about the Group's internal risk and capital management as well as regulatory issues, including a description of the most important risks and elements of uncertainty that may affect the Group.

Also, please see www.brf.dk. BRFkredit's Annual report 2014 and detailed financial information about BRFkredit are available on that website.

Events after the balance sheet date

After the end of the financial year, Jyske Bank and Nykredit/Totalkredit entered into an agreement to settle the pending arbitration case.

The settlement contains the specific terms and conditions for Jyske Bank's exit from the Totalkredit cooperation, and also, the parties have clarified a number of outstanding issues in other areas where the parties have co-operative relations.

The settlement did not have any material effect on the Group's financial position in 2014, nor will it have so in 2015.

In addition to the above, after the end of the financial year, no material events have been established that are assessed to effect the financial statement user's view of the annual report 2014.

Outlook

The Group expects 2015 to be yet another year with a moderate economic recovery where consumer spending and investments will still take the backseat to saving and consolidation.

It is anticipated that the low level of interest rates and activity will affect the earnings capacity of the Group, and in 2015 there will therefore still be focus on organic growth through the merger of Jyske Bank and BRFkredit, including optimisation of processes, business procedures and realisation of the full sales potential in the Group. It is expected that organic growth will primarily be generated by new home loan products and mortgage products.

In 2015 the Group will continue to focus on business units in the core business and seek to optimise the use of costs and capital.

It is still the aim of the Group to realise a long-term, competitive return for its shareholders.

Considering the economic situation, including and in particular the generally very low level of interest rates and the currently negative interest rate on certificates of deposit with Danmarks Nationalbank, the Group's current objective of a return on equity before tax of 10 to 15% will be challenged in 2015.

Organisation and management

The organisation and management of Jyske Bank reflect the general requirements under the Danish legislation governing financial markets and companies as well as the special requirements ensuing from financial legislation and Jyske Bank's Articles of Association.

Management is undertaken by
- the Annual General Meeting
- the Shareholders' Representatives
- the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board are independent of each other and no person is a member of both the Supervisory Board and the Executive Board. The Supervisory Board and the Executive Board are accountable to the shareholders of Jyske Bank, but they seek also to consider the interests of clients and employees as well. The directorships of the Supervisory Board and the Executive Board are stated on pages 113 to 116. The legal structure of the Group is described in note 71.

Annual General Meeting
Shareholders' right to pass resolutions shall be exercised at the Annual General Meetings which shall be held in Silkeborg or
at some other location in the Central Jutland Region. The Supervisory Board shall convene the Annual General Meeting at a notice of no more than five weeks and no less than three weeks. The notice convening the Annual General Meeting shall be sent to the NASDAQ OMX Copenhagen A/S and be announced on Jyske Bank's website. Notice of the Annual General Meeting shall be given in writing to all registered shareholders who have so requested.

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

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

Every year, the Shareholders' Representatives shall choose its Chairman and Deputy Chairman. Members can be re-elected.

To ensure coordination in the Bank's management, the Chairman of the Shareholders' Representatives should, if possible, be a member of the Supervisory Board. The Shareholders' Representatives shall hold not fewer than one meeting annually and as often as the Chairman thinks fit or as requested by one fourth of the Representatives or by the Supervisory Board. Each Shareholders' Representative shall receive remuneration as determined by the members in general meeting. In addition, Shareholders' Representatives shall receive an allowance for attending meetings.

The task of the Shareholders' Representatives in general and each Representative in particular shall be to work for the prosperity and positive development of Jyske Bank and each individual branch - in accordance with Jyske Bank's values and views. The Shareholders' Representatives shall prepare written business procedures. The meetings of the Shareholders' Representatives shall be attended by the members of the Shareholders' Representatives, the Supervisory Board and the Executive Board. Only the members of the Shareholders' Representatives shall have voting rights.

Supervisory Board

The Supervisory Board consists of

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

Members of the Supervisory Board elected by the Shareholders' Representatives shall be elected for terms of three years. Members can be re-elected.

The Supervisory Board elects its Chairman and Deputy Chairman.

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

The Supervisory Board shall employ the Executive Board and appoint the CEO and Managing Director. Also, the Supervisory Board shall define the salary and pension terms of the Executive Board. Moreover, the Supervisory Board shall employ the Head of the internal Audit Division.

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

The Supervisory Board shall in written business procedures lay down provisions on the execution of its office and guidelines concerning Jyske Bank's essential activities as well as the distribution of work between the Supervisory Board and the Executive Board. The meetings of the Supervisory Board shall be presided over by its Chairman and in his absence the Deputy Chairman.

The Supervisory Board shall be a quorum where more than half of its members participate in discussions. Matters dealt with shall be determined by a simple majority of votes. In the case of an equality of votes, the Chairman's vote shall be decisive.

To ensure independence and objectivity, members of the Supervisory Board shall not participate in the discussions where questions concerning the member personally are discussed.

According to the Danish Companies Act, the employees of Jyske Bank A/S elect three employee representatives for a period of four years. In addition to electing their members of the Supervisory Board directly, the employees of Jyske Bank A/S will also elect the same number of alternate members for the same period. The members of the Supervisory Board elected by the employees shall have the same rights, duties and responsibilities as the members elected by the shareholders.

The Supervisory Board will hold at least ten physical meetings a year. In addition, the Supervisory Board generally holds teleconferences every second week. In 2014, the Supervisory Board held 41 meeting, of which 11 physical meetings, and of these two lasted more than one day, 28 teleconferences and two electronic meetings.

The Supervisory Board receives a regular cash payment, which is fixed by the Shareholders' Representatives of Jyske Bank. No member of the Supervisory Board is entitled to any kind of remuneration when he or she resigns from the Supervisory Board. The remuneration to the Supervisory Board was most recently reassessed in 2013.

Committees under the Supervisory Board

The Supervisory Board has established four committees to supervise certain fields or prepare cases to be decided on subsequently by the entire Supervisory Board.

The Nomination Committee shall support the Supervisory Board in solving tasks ensuing from statutory requirements relating to the Supervisory Board's knowledge and experience, including the composition of the Supervisory Board, and the committee shall support the Supervisory Board in connection with nominations of candidates for the Supervisory Board and the Shareholders' Representatives, and the committee shall be responsible for overseeing that the Supervisory Board is evaluated. The Nomination Committee had three meetings in 2014. Sven Buhrkall (Chair), Kurt Bligaard Pedersen, Philip Baruch and Jens A. Borup are members of the committee.

The Remuneration Committee is commissioned on behalf of the Supervisory Board to determine the pay and pension conditions of the Executive Board and the Head of Internal Audit, and the Remuneration Committee is the only committee to which the Supervisory Board has delegated decision-making competence. The Remuneration Committee prepares the Group's pay policy and submits it for adoption by the Annual General Meeting.

The Remuneration Committee had two meetings in 2014. Sven Buhrkall, Kurt Bligaard Pedersen and Haggai Kunisch are members of the committee.

The Audit Committee established under current legislation supervises the financial reporting and internal control and risk-management systems; it also checks the independence of the auditors as well as their qualifications. The Supervisory Board considers its chairman Kurt Bligaard Pedersen, the independent member of the committee as he possesses qualifications within accounting. The Audit Committee had seven meetings in 2014. Kurt Bligaard (Chair), Sven Buhrkall Keld Norup and Marianne Lillevang are members of the committee.

The Risk Committee carries out the preliminary consideration of risk-related issues before the final consideration by the Supervisory Board. At quarterly meetings, subjects with relation to the following are discussed: regulatory requirements for capital-adequacy calculation,
the Group's capital base, individual solvency requirement, and capital and liquidity buffer, material changes of the model set-up for risk management, and the annual re-estimate and validation of models. The Group Risk Committee had four meetings in 2014. Rina Asmussen (Chair), Sven Buhrkall, Jens A. Borup, Oluf Engell and Haggai Kunisch are members of the committee.

Executive Board

The Executive Board has five members. The number of members is determined by the Supervisory Board.

The Executive Board undertakes the day-to-day management of the Group. The Executive Board strives continuously to ensure that the Group has efficient procedures and a clear organisational structure with a well-defined, transparent and consistent distribution of responsibilities.
Without having the right to vote, the Executive Board attends the meetings of the Shareholders' Representatives and the Supervisory Board. To ensure independence and objectivity, members of the Executive Board shall not participate in the discussions of questions concerning any of the members personally.

Management's remuneration and remuneration policy

The Supervisory Board has decided on a remuneration policy and had it adopted most recently at the Annual General Meeting in March 2013. It is the responsibility of the Supervisory Board to adjust and present anew the remuneration policy to the Annual General Meeting. The management receives a fixed remuneration and is not covered by incentive programmes.

The remuneration that members of the Executive Board receive in their capacity as board members flows to the Group.

Duty to disclose information about remuneration

DKKm	2014	2013
Remuneration of the Supervisory Board		
Sven Buhrkall	0.8	0.6
Kurt Bligaard Pedersen (joined on 05.05.2014)	0.3	-
Rina Asmussen (joined on 05.05.2014)	0.3	-
Philip Baruch	0.5	0.3
Jens A. Borup	0.4	0.3
Oluf Engell (joined on 05.05.2014)	0.2	-
Keld Norup	0.4	0.4
Jesper Holbøll (joined on 19.03.2014)	0.2	-
Haggai Kunisch	0.3	0.1
Marianne Lillevang	0.3	0.2
John Egebjerg-Johansen (resigned on 05.05.2014)	0.3	0.4
Gerner Wolff-Sneedorff (resigned on 05.05.2014)	0.2	0.3
Steen Snedker (resigned on 19.03.2014)	0.0	0.1
Per Skovhus (joined on 20.03.2013 and resigned on 31.08.2013)	-	0.1
Total	**4.2**	**2.8**

In addition to the fixed remuneration, the members of the committees under the Supervisory Board receive a committee remuneration. Of the total remuneration to the Supervisory Board, committee remuneration and Shareholders' Representatives' remuneration totalled DKK 1.7m in 2014 against DKK 1.3m in 2013, which amount is included in the above amounts.

Remuneration of the Executive Board		
Anders Dam	6.7	6.7
Sven A. Blomberg (joined on 05.05.2014)	4.3	-
Niels Erik Jakobsen	5.6	5.6
Leif F. Larsen	5.6	5.6
Per Skovhus (joined on 1 September 2013)	5.5	1.8
Jørgen Christensen (took retirement on 31.08.2014)	4.0	5.6

To this must be added company cars and also separation allowances for Sven A. Blomberg and Per Skovhus.

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives, cf. notes 38 and 67.

Further information about the Group's work on management's remuneration and remuneration policy is available at www. investor.jyskebank.com/investor-relations/governance.

Corporate governance

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

According to NASDAQ OMX Copenhagen A/S' "Rules for issuers" paragraph 4.3, Jyske Bank is under the obligation to give an account of Jyske Bank's and hence the Group's view of the Recommendations for good corporate governance issued by the Committee for good corporate governance. The Group's Supervisory Board has assessed and monitors the development in the Recommendations for good corporate governance. Further information about the Group's work on corporate governance is available at www. investor.jyskebank.com/investorrelations/governance.

Equal opportunities and diversity policy

In 2013, pursuant to new legislation, the Group adopted an equal opportunities policy entailing an annual follow up on gender representation in managerial positions. Moreover, the Group follows the recommendation from the Committee on Corporate Governance to discuss annually activities to ensure diversity relevant for the company, for instance, in respect of age and gender at the managerial levels in the Group. Further information about the Group's work on equal opportunities and diversity policy is available at www. investor.jyskebank.com/investorrelations/governance.

Corporate social responsibility

The Group is aware of the financial sector's general importance to society, including importance in respect of financial stability, and in accordance with legislation and business circumstances, the Group fulfils its role in this respect.

In all respects, the Group strives to operate an honest, fair and responsible business in respect of the Group's values and views as well as in a way that upholds the balance between shareholders, clients and employees.

In 2014, the Group implemented specific policies on social, ethical and environmental issues. In actual practice, the responsibility materialises as a natural ingredient of the Group's policies on all relevant areas and will always be based on relevant current legislation and specific business circumstances.

In the opinion of the Group, satisfactory results were achieved in 2014 from its work with corporate social responsibility. It is expected that this work will continue in 2015. Further information about the Group's work on corporate social responsibility is available at www. investor.jyskebank.com/investorrelations/governance.

Internal control and risk-management systems

The overall responsibility for the Group's internal control and risk-management systems in connection with the presentation of the accounts rests with the Supervisory Board and the Executive Board. The process has been planned with a view to presenting an annual report in agreement with the regulatory requirements as well as presenting an annual report that is free from material misstatement, whether due to fraud or error.

Recognition and measurement

Recognition and measurement of certain assets and liabilities require an estimate of the influence of future events on the value of such assets and liabilities at the balance sheet date. Estimates of material importance to the presentation of the accounts are, among other things, based on the impairment of loans and advances, the fair value of unlisted financial instruments and provisions already made.

The estimates are based on assumptions which management finds reasonable, but which are inherently uncertain. It is the assessment of management that assets and liabilities offer a true and fair view of the financial position and that the control environment relating to the assessments made is satisfactory.

Control environment

The most important elements in the control environment are an expedient organisation, including separation of functions, as well as internal policies and business procedures.

The Supervisory Board, the Executive Board and the organisation involved in the presentation of the accounts have been organised in such a way that relevant competencies in respect of risk management and assessment of internal controls in relation to the presentation of the accounts have been established and work independently of each other.

The Supervisory Board has set up an Audit Committee which continuously monitors that the Group's internal controls are sufficient and assesses material risks in connection with the process relating to the presentation of the accounts, including the risk that fraud or error may result in material misstatement in the annual report.

Risk assessment

The details given in the annual report are continuously assessed with respect to risk and with a view to identifying elements associated with heightened risk because they are based on estimates and / or generated through complex or manual processes.

The Audit Committee is continuously informed about the assessment of the Group risks, including risks affecting the process relating to the presentation of the accounts. The Audit Committee and the Executive Board decide at least once a year whether new internal controls are to be initiated to counter identified risks. The Audit Committee examines, also at least once a year, particularly risky fields, including recognition and measurement of material assets and liabilities as well as any changes to accounting policies.

Control activities

Control activities have been set up with the purpose of preventing, detecting and correcting any errors and omissions in the data that form the basis of the accounts preparation. The activities include, among other things, certification, authorisation, approval, reconciliation, analyses of results, control of separation of functions, general IT controls and controls regarding IT applications.

Monitoring and reporting

The Group employs systems and manual resources for the monitoring of the data that form the basis of the accounts preparation. Any weaknesses and errors are corrected and reported on a continuous basis.

Reporting from subsidiaries is controlled continuously, and procedures have been established to ensure that any errors and omissions in data reported are communicated to and are rectified by the subsidiaries.

In connection with the accounts preparation further analyses and control activities are carried out to ensure that the presentation of the accounts takes place in compliance with legislation. The Audit Committee will follow up to ensure that established and reported weaknesses in the internal controls as well as material errors and omissions in the Parent's financial statements are rectified.

Statement by the Executive and Supervisory Boards

We have today discussed and approved the Annual Report of Jyske Bank A/S for the accounting year 1 January to 31 December 2014.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent's financial statements have been prepared in accordance with the Danish Financial Business Act. Further, the Annual Report has been prepared in accordance with the additional Danish disclosure requirements for listed financial companies.

In our opinion, the consolidated financial statements and the Parent's financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2014 and of their financial performance and cash flows for the financial year 1 January to 31 December 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 year and the Group's and the Parent's financial position as a whole as well as a description of the most material risks and elements of uncertainty that may affect the Group and the Parent.

The Annual Report is recommended for adoption at the Annual General Meeting.

Silkeborg, 24 February 2015

EXECUTIVE BOARD

ANDERS DAM
Managing Director and CEO

SVEN A. BLOMBERG
Deputy Managing Director and Chief Executive

NIELS ERIK JAKOBSEN

LEIF F. LARSEN

PER SKOVHUS

/JENS BORUM
Director, Accounting and Tax

SUPERVISORY BOARD

SVEN BUHRKALL
Chairman

KURT BLIGAARD PEDERSEN
Deputy Chairman

RINA ASMUSSEN

PHILIP BARUCH

JENS A. BORUP

OLUF ENGELL

KELD NORUP

JESPER HOLBØLL
Employee Representative

HAGGAI KUNISCH
Employee Representative

MARIANNE LILLEVANG
Employee Representative

Internal Auditors' Report

To the management of Jyske Bank A/S
We have audited the consolidated financial statements and Parent's financial statements of Jyske Bank A/S for the financial year 1 January to 31 December 2014, which comprises the income statement and the statement of comprehensive income, balance sheet, statement of changes in equity, capital statement as well as notes, for the Group as well as the Parent and the consolidated cash flow statement for the Group. The Consolidated Financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent's financial statements have been prepared in accordance with the Danish Financial Business Act. Further, the consolidated financial statements and the Parent's financial statements have been prepared in accordance with additional Danish disclosure requirements for listed financial companies.

Management's responsibility for the consolidated financial statements and Parent's financial statements
Management is responsible for the preparation as well as the true and fair presentation of consolidated financial statements and financial statements in accordance with International Financial Reporting Standards as adopted by the EU in respect of the consolidated financial statements and in accordance with the Danish Financial Business Act in respect of the Parent's financial statements as well as additional Danish disclosure requirements for listed financial companies.

The responsibility of the Internal Audit Department and the audit performed
Our responsibility is to express an opinion on these consolidated financial statements and Parent's financial statements based on our audit. We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Enterprises, etc. and Financial Groups and in accordance with International Auditing Standards.

Our audit was planned and performed with the object of obtaining a high level of assurance and audit evidence that the consolidated financial statements and the Parent's financial statements are free of material misstatements, whether or not due to fraud or error. From an assessment of the internal control procedures relevant for the preparation and presentation of consolidated financial statements and financial statements, and the risk of material misstatement in consolidated financial statements and financial statements, we have on a test basis verified amounts and other information in the consolidated financial statements and the Parent's financial statements. The audit comprised all material and risky fields and also included assessing whether the accounting policies adopted by management and whether the estimates made by management are reasonable, as well as an evaluation of the overall presentation in the consolidated financial statements and the Parent's financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Audit opinion
In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2014 and of its financial performance and cash flows for the financial year 1 January to 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies.

In addition, in our opinion, the financial statements give a true and fair view of the Parent's financial position at 31 December 2014 and of its financial performance for the financial year 1 January to 31 December 2014 in accordance with the Danish Financial Business Act.

Statement on the Management's Review
Management is responsible for preparing a management's review that contains a fair review in accordance with the Danish Financial Business Act.

Our audit did not include the Management's Review, but we have read it pursuant to the Danish Financial Business Act. We did not perform any procedures other than those performed during the audit of the consolidated financial statements and the Parent's financial statements.

Based on this, we believe that the disclosures in the Management's Review are consistent with the consolidated financial statements and the Parent's financial statements.

Silkeborg, 24 February 2015

Henning Sørensen
Head of the Audit Division

Independent Auditors' Opinion

To the shareholders of Jyske Bank A/S
Report on the consolidated financial statements and Parent's financial statements

We have audited the consolidated financial statements and Parent's financial statements of Jyske Bank A/S for the financial year 1 January to 31 December 2014, comprising the income statement and the statement of comprehensive income, balance sheet, statement of changes in equity, capital statement as well as notes for both the Group and the Parent, and the consolidated cash flow statement for the Group. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies. The financial statements have been prepared in accordance with the Danish Financial Business Act.

Management's responsibility for the consolidated financial statements and Parent's financial statements

Management is responsible for the preparation of consolidated financial statements that offer a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and in accordance with Danish disclosure requirements for listed financial companies as well as the preparation of financial statements that offer a true and fair view according to the Danish Financial Business Act. Moreover, management is responsible for the internal control that management finds necessary to prepare consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

The responsibility of the audit

Our responsibility is to express an opinion on these consolidated financial statements and Parent's financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing and further requirements according to Danish act on auditing. According to these standards and requirements, we must plan and perform our audit with a view to obtaining a high degree of certainty that the consolidated financial statements and the financial statements do not contain any material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and Parent's financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and Parent's financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of consolidated financial statements and Parent's financial statements. The purpose of this is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the company's internal control. Moreover, an audit comprises an assessment whether the accounting policies adopted by management are appropriate and whether the estimates made by management are reasonable, as well as an evaluation of the overall presentation in the consolidated financial statements and the Parent's financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Audit opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2014 and of its financial performance and cash flows for the financial year 1 January to 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies.

In addition, in our opinion, the financial statements give a true and fair view of the Parent's financial position at 31 December 2014 and of its financial performance for the financial year 1 January to 31 December 2014 in accordance with the Danish Financial Business Act.

Statement on the Management's Review

We have read the Management's Review pursuant to the Danish Financial Business Act. We did not perform any procedures other than those performed during the audit of the consolidated financial statements and the Parent's financial statements.

Based on this, we believe that the disclosures in the Management's Review are consistent with the consolidated financial statements and the Parent's financial statements.

Silkeborg, 24 February 2015
Deloitte
Statsautoriseret Revisionspartnerselskab

Klaus Skovsen
State-Authorised Public Accountant

Henrik A. Laursen
State-Authorised Public Accountant

Contents

Income statement and statement of comprehensive income

Note	DKKm	The Jyske Bank Group 2014	2013
	INCOME STATEMENT		
6, 7	Interest income	**11,268**	6,373
6, 8	Interest expenses	**4,653**	1,355
	Net interest income	**6,615**	5,018
9	Fees and commission income	**2,102**	1,980
	Fees and commission expenses	**343**	251
	Net interest and fee income	**8,374**	6,747
10	Value adjustments	**-653**	541
11	Other income	**3,453**	951
12	Employee and administrative expenses	**5,109**	4,401
31, 32	Amortisation, depreciation and impairment charges	**424**	390
14	Loan impairment charges and provisions for guarantees	**2,538**	1,147
	Pre-tax profit	**3,103**	2,301
15	Tax	**14**	493
	Profit for the year	**3,089**	1,808
	Attributable to:		
	Jyske Bank A/S shareholders	**3,088**	1,807
	Non-controlling interests	**1**	1
	Total	**3,089**	1,808
	Earnings per share for the year		
16	Earnings per share, DKK	**35.07**	25.38
16	Earnings per share for the year, DKK, diluted	**35.07**	25.38
	STATEMENT OF COMPREHENSIVE INCOME		
	Profit for the year	**3,089**	1,808
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Revaluation of real property	**21**	8
	Tax on property revaluations over the year	**-2**	-4
	Effect of the change to the tax rate	**0**	13
	Actuarial losses and gains	**-41**	14
	Tax on actuarial losses and gains	**9**	-3
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	**53**	-73
	Hedge accounting of international units	**-53**	73
	Tax on hedge accounting	**12**	-18
	Other comprehensive income after tax	**-1**	10
	Comprehensive income for the year	**3,088**	1,818
	Attributable to:		
	Jyske Bank A/S shareholders	**3,087**	1,817
	Non-controlling interests	**1**	1
	Total	**3,088**	1,818

Balance sheet at 31 December

Note	DKKm	The Jyske Bank Group 2014	2013
	BALANCE SHEET		
	ASSETS		
	Cash, cash equivalents and demand deposits with central banks	**1,850**	2,427
18	Due from credit institutions and central banks	**30,882**	15,143
19, 20	Loans and advances at fair value	**218,864**	0
21	Loans and advances at amortised cost	**142,935**	131,378
25	Bonds at fair value	**82,459**	57,754
26	Bonds at amortised cost	**6,878**	14,794
28	Shares, etc.	**2,972**	2,305
31	Intangible assets	**113**	71
32	Property, plant and equipment	**3,788**	3,204
	Tax assets	**495**	49
33	Other assets	**50,443**	34,879
	Total assets	**541,679**	262,004
	EQUITY AND LIABILITIES		
	Liabilities		
34	Due to credit institutions and central banks	**49,885**	43,936
35	Deposits	**152,693**	131,424
36	Issued bonds at fair value	**208,539**	0
	Issued bonds at amortised cost	**43,413**	27,760
37	Other liabilities	**56,628**	38,203
38	Provisions	**1,605**	1,553
39	Subordinated debt	**1,355**	1,649
	Liabilities, total	**514,118**	244,525
	Equity		
40	Share capital	**950**	713
	Revaluation reserve	**380**	361
	Retained profit	**26,231**	16,372
	Non-controlling interests	**0**	33
	Equity, total	**27,561**	17,479
	Equity and liabilities, total	**541,679**	262,004
	OFF-BALANCE SHEET ITEMS		
42	Guarantees, etc.	**13,218**	14,119
43	Other contingent liabilities, etc.	**14,636**	1,827
	Total guarantees and other contingent liabilities	**27,854**	15,946

Certain prior year figures have been reclassified for consistency with current period presentation.

The Jyske Bank Group

DKKm	Share capital	Revaluation reserve	Currency translation reserve	Retained profit	Total	Non-controlling interests	Total equity
Equity at 1 January 2014	713	361	0	16,372	17,446	33	17,479
Profit for the year	0	0	0	3,088	3,088	1	3,089
Other comprehensive income:							
Foreign currency translation adjustment of international units	0	0	53	0	53	0	53
Hedge accounting of international units	0	0	-53	0	-53	0	-53
Revaluation of real property	0	21	0	0	21	0	21
Actuarial losses and gains	0	0	0	-41	-41	0	-41
Tax on other comprehensive income	0	-2	0	21	19	0	19
Other comprehensive income after tax	0	19	0	-20	-1	0	-1
Comprehensive income for the year	0	19	0	3,068	3,087	1	3,088
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	-1,366	-1,366	0	-1,366
Sale of own shares	0	0	0	1,370	1,370	0	1,370
Reduction of non-controlling interests	0	0	0	0	0	-34	-34
Transactions with shareholders	237	0	0	6,791	7,028	-34	6,994
Equity at 31 December 2014	**950**	**380**	**0**	**26,231**	**27,561**	**0**	**27,561**

Equity at 1 January 2013	713	344	1	14,548	15,606	36	15,642
Profit for the year	0	0	-1	1,808	1,807	1	1,808
Other comprehensive income:							
Foreign currency translation adjustment of international units	0	0	-73	0	-73	0	-73
Hedge accounting of international units	0	0	73	0	73	0	73
Revaluation of real property	0	8	0	0	8	0	8
Actuarial losses and gains	0	0	0	14	14	0	14
Tax on other comprehensive income	0	9	0	-21	-12	0	-12
Other comprehensive income after tax	0	17	0	-7	10	0	10
Comprehensive income for the year	0	17	-1	1,801	1,817	1	1,818
Acquisition of own shares	0	0	0	-1,148	-1,148	0	-1,148
Sale of own shares	0	0	0	1,171	1,171	0	1,171
Reduction of non-controlling interests	0	0	0	0	0	-4	-4
Transactions with shareholders	0	0	0	23	23	-4	19
Equity at 31 December 2013	713	361	0	16,372	17,446	33	17,479

Capital statement

DKKm	The Jyske Bank Group 2014	2013
Equity	**27,561**	17,479
Revaluation reserve	**0**	-361
Intangible assets	**-113**	-71
Deferred tax liabilities relating to intangible assets	**26**	0
Cautious valuation	**-256**	0
Deferred tax assets	**-198**	0
Other deductions	**-64**	0
Common Equity Tier 1 capital	**26,956**	17,047
Hybrid core capital	**993**	1,303
Difference between expected loss and the carrying amount of impairment charges	**0**	-55
Deduction for equity investments above 10%	**0**	-550
Other deductions	**-57**	-3
Core capital	**27,892**	17,742
Subordinated loan capital	**324**	336
Revaluation reserve	**0**	361
Difference between expected loss and the carrying amount of impairment charges *	**709**	-55
Collective impairment under the standard approach	**65**	0
Deduction for equity investments above 10%	**0**	-550
Other deductions	**0**	-3
Capital base	**28,990**	17,831
Weighted risk exposure involving credit risk etc.	**137,973**	81,106
Weighted risk exposure involving market risk	**21,409**	17,687
Weighted risk exposure involving operational risk	**17,051**	12,483
Total weighted risk exposure	**176,433**	111,276
Capital requirement, Pillar I	**14,115**	8,902
Capital requirement, transitional provisions	**2,111**	79
Capital requirement, total	**16,226**	8,981
Capital ratio (%)	**16.4**	16.0
Core capital ratio (%)	**15.8**	15.9
Common Equity Tier 1 capital ratio (%)	**15.3**	15.3

*) Accounting impairments exceed the expected loss of DKK 1,097m end-2014, but a limitation rule cause that only DKK 709m can be included in the capital base.

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). As at On 31 December 2014, the total risk-weighted exposure according to Basel I amounted to DKK 253,526m 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 16,226m 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 solvency requirement, please see the Risk and Capital Management Report 2014 or www.investor.jyskebank.com/investorrelations/capitalstructure.

The determination of individual solvency requirement was not covered by the audit.

DKKm	The Jyske Bank Group 2014	2013
Profit for the year	**3,089**	1,808
Adjustment for non-cash operating items, etc.		
Loan impairment charges and provisions for guarantees	**2,538**	1,147
Amortisation, depreciation and impairment charges	**424**	390
Unrealised value adjustment of securities	**-376**	419
Unrealised value adjustment of investments	**-52**	-6
Interest, not paid	**2,914**	185
Gain from a bargain purchase	**-2,360**	-97
Other outstanding operating items	**194**	-246
Dividend received	**-81**	-52
Tax charged to the income statement	**14**	493
Tax paid	**-255**	-517
Total	**6,049**	3,524
Change in working capital		
Loans and advances	**-20,221**	-7,718
Deposits	**16,023**	993
Issued bonds	**17,141**	-7,862
Due from credit institutions	**1,223**	337
Due to credit institutions	**-12,247**	4,050
Other assets and liabilities	**8,701**	10,147
Total	**10,620**	-53
Cash flows from operating activities	**16,669**	3,471
Acquisition of enterprise	**-100**	0
Dividend received	**81**	52
Acquisition of property, plant and equipment	**-479**	-335
Acquisition of intangible assets	**1**	-5
Cash flows from investment activities	**-497**	-288
Acquisition of own shares	**-1,366**	-1,148
Sale of own shares	**1,370**	1,171
Additional and repayment of subordinated debt	**-296**	-1,093
Cash flows from financing activities	**-292**	-1,070
Cash flow for the year	**15,880**	2,113
Cash and cash equivalents, beginning of period	**16,647**	14,534
Cash and cash equivalents, end of period	**32,527**	16,647
Cash and cash equivalents, end of period, comprise:		
Cash in hand, etc.	**1,850**	2,427
Due in less than three months from credit institutions and central banks	**30,677**	14,220
Cash and cash equivalents, end of period	**32,527**	16,647

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Note		2014	2013	2012	2011	2010
		The Jyske Bank Group				
1	**Financial ratios and key figures**					
	Pre-tax profit, per share (DKK)	**35.25**	32.30	12.17	9.77	15.65
	Earnings per share (DKK)	**35.07**	25.38	8.48	7.95	11.82
	Earnings per share (diluted) (DKK)	**35.07**	25.38	8.48	7.95	11.82
	Core profit per share (DKK)	**34.09**	27.45	4.96	7.07	16.58
	Share price at end of period (DKK)	**313**	293	157	141	259
	Book value per share (DKK)	**290**	245	220	214	206
	Price/book value per share (DKK)	**1.08**	1.19	0.71	0.66	1.26
	Price/earnings per share	**8.9**	11.5	18.5	17.7	21.9
	Outstanding shares in circulation ('000)	**94,988**	71,214	71,000	64,550	64,666
	Average number of shares in circulation ('000)	**88,053**	71,220	69,777	64,584	64,672
	Capital ratio (%)	**16.4**	16.0	17.3	14.7	15.8
	Core capital ratio (%)	**15.8**	15.9	15.3	13.3	14.1
	Common Equity Tier 1 capital ratio (%)	**15.3**	15.3	14.2	12.1	12.5
	Pre-tax profit as a pct. of average equity	**13.8**	13.9	5.8	4.6	7.8
	Net profit as a percentage of average equity	**13.7**	10.9	4.0	3.8	5.9
	Income/cost ratio (%)	**1.4**	1.4	1.1	1.1	1.2
	Interest-rate risk (%)	**-0.5**	1.9	1.1	1.0	1.5
	Currency risk (%)	**0.0**	0.1	0.0	0.2	0.2
	Excess liquidity (%)	**144.3**	151.1	127.1	98.3	179.8
	Total large exposures (%)	**10.7**	10.1	0.0	0.0	32.5
	Accumulated impairment ratio (%)	**1.7**	3.1	3.4	2.8	3.3
	Impairment ratio for the year (%)	**0.7**	0.8	1.4	1.1	1.4
	Increase in loans and advances for the year, excl. repo loans (%)	**205.3**	4.9	-2.4	2.7	1.4
	Loans and advances in relation to deposits	**2.4**	1.0	1.0	1.0	1.0
	Loans and advances relative to equity	**13.1**	7.5	7.6	9.0	8.5
	Return on capital employed	**0.8**	0.7	0.2	0.2	0.3
	Number of full-time employees, year-end	**4,191**	3,774	3,574	3,809	3,847
	Average number of full-time employees in year	**4,147**	3,796	3,728	3,802	3,886

Reference is made to the definitions of financial ratios and key figures. See note 74.

Note	DKKm						The Jyske Bank Group
2	**Segmental financial statements**	**Banking activities**	**Mortgage activities**	**Trading and investment**	**Other**	**Reclassification**	**The Jyske Bank Group**
	2014						
	Net interest income	3,366	1,008	1,833	-177	585	6,615
	Net fee and commission income	1,169	151	371	68	0	1,759
	Value adjustments	-297	-39	-877	560	0	-653
	Other income	402	15	4	3,032	0	3,453
	Income	**4,640**	**1,135**	**1,331**	**3,483**	**585**	**11,174**
	Expenses	3,742	559	737	495	0	5,533
	Profit before loan impairment charges and provisions for guarantees	**898**	**576**	**594**	**2,988**	**585**	**5,641**
	Loan impairment charges and provisions for guarantees	1,729	109	115	0	585	2,538
	Pre-tax profit	**-831**	**467**	**479**	**2,988**	**0**	**3,103**
	Internal allocation of earnings	488	-7	-483	2	0	**0**
	Loans and advances	112,913	218,864	28,676	1,346	0	**361,799**
	Bonds and shares	2,043	13,363	76,197	706	0	**92,309**
	Total assets	121,596	238,776	148,573	32,734	0	**541,679**
	Issued bonds at fair value	0	208,539	0	0	0	**208,539**
	Deposits, exclusive of pooled deposits	101,817	0	45,280	706	0	**147,803**
	Guarantees	12,135	39	1,044	0	0	**13,218**
	Mortgage activities cover eight months in 2014						
	2013						
	Net interest income	3,065	0	1,576	160	217	5,018
	Net fee and commission income	1,225	0	418	86	0	1,729
	Value adjustments	214	0	377	-50	0	541
	Other income	495	0	44	412	0	951
	Income	4,999	0	2,415	608	217	8,239
	Expenses	3,788	0	647	356	0	4,791
	Profit before loan impairment charges and provisions for guarantees	1,211	0	1,768	252	217	3,448
	Loan impairment charges and provisions for guarantees	761	0	169	0	217	1,147
	Pre-tax profit	450	0	1,599	252	0	2,301
	Internal allocation of earnings	374	0	-378	0	4	0
	Loans and advances	98,974	0	29,895	2,509	0	131,378
	Bonds and shares	1,039	0	72,787	1,027	0	74,853
	Total assets	111,001	0	125,103	25,900	0	262,004
	Deposits, exclusive of pooled deposits	93,951	0	31,354	716	0	126,021
	Guarantees	12,476	0	1,006	637	0	14,119
	There were no mortgage activities in 2013						

Note	DKKm	The Jyske Bank Group

2 **Segmental financial statements, cont.**

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 personal clients, corporate clients, public institutions as well as leasing clients.

Mortgage activities

Mortgage activities comprise financial solutions for the financing of real property carried out through BRFkredit. Mortgage activities are aimed mainly at Danish personal clients, corporate clients and general building and construction. Earnings from investment portfolios in BRFkredit are allocated to Trading and Investment, and BRFkredit Bank is allocated to Banking activities.

Trading and investment

Trading and Investment targets Danish and international investors and includes investment advisory service 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 clients. Finally, Trading and Investment covers private-banking activities targeting international clients, including those of the international units in Gibraltar, Switzerland and France. Investment portfolio earnings in BRFkredit are allocated to Trading and Investment.

Other

These include Group functions, including Business Concepts, Business Development, Business Services, Property, Finance and Risk Management and other staff functions and small subsidiaries. Other business units also include eliminations.

Internal allocation

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

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

		The Jyske Bank Group	
	DKKm	**2014**	2013
3	**Segment information, income by product**		
	Corporates	**2,408**	2,351
	Private clients	**2,678**	2,020
	Trading income	**1,698**	2,399
	Leases	**795**	741
	Other	**3,595**	728
	Total	**11,174**	8,239

The item Corporate clients consists of interest and fee income from activities with corporate clients. The item Private clients consists of interest and fee income from activities with private clients. Trading income consists of earnings from interest-rate and currency products as well as brokerage. Leasing consists of earnings from finance and operating leases with personal and corporate clients. Leasing activities refer mainly to rolling stock, equipment for contractors and capital equipment.

Other comprises bargain purchases in connection with business combination.

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

Note	DKKm	The Jyske Bank Group

4 **Segmental financial statements, geographical[1]**

2014	**Denmark[2]**	**Interna-tional[3]**	**The Jyske Bank Group**
Net interest income	6,552	63	6,615
Net fee and commission income	1,627	132	1,759
Value adjustments	-679	26	-653
Other income	3,452	1	3,453
Income	**10,952**	**222**	**11,174**
Expenses	5,308	225	5,533
Profit before loan impairment charges and provisions for guarantees	**5,644**	**-3**	**5,641**
Loan impairment charges and provisions for guarantees	2,543	-5	2,538
Pre-tax profit	**3,101**	**2**	**3,103**
Loans and advances	359,861	1,938	**361,799**
Bonds and shares	92,302	7	**92,309**
Total assets	535,379	6,300	**541,679**
Issued bonds at fair value	208,539	0	**208,539**
Deposits, exclusive of pooled deposits	143,136	4,667	**147,803**
Guarantees	12,909	309	**13,218**
2013			
Net interest income	4,945	73	5,018
Net fee and commission income	1,552	177	1,729
Value adjustments	520	21	541
Other income	938	13	951
Income	7,955	284	8,239
Expenses	4,556	235	4,791
Profit before loan impairment charges and provisions for guarantees	3,399	49	3,448
Loan impairment charges and provisions for guarantees	1,115	32	1,147
Pre-tax profit	2,284	17	2,301
Loans and advances	129,357	2,021	131,378
Bonds and shares	74,632	221	74,853
Total assets	255,673	6,331	262,004
Deposits, exclusive of pooled deposits	121,635	4,386	126,021
Guarantees	13,769	350	14,119

1) Geographical segments are listed according to where transactions are booked.

2) Intra-group income statements, assets and liabilities are eliminated under the respective segments.

3) Outstanding accounts with zone-A countries cover 99% of the Jyske Bank Group's overall outstanding accounts.

Note		The Jyske Bank Group
	DKKm	

5 **Segment information, revenue by country**

2014	Revenue	Pre-tax profit	Tax	Net profit for the year	Public subsidies	Full-time employ-ees, end of period
Denmark	16,463	3,100	12	3,088	0	4,055
Switzerland	85	-1	0	-1	0	38
Gibraltar	74	3	1	2	0	89
Germany	56	1	0	1	0	9
The Netherlands	13	4	1	3	0	0
Spain	0	-4	0	-4	0	0
Total	**16,691**	**3,103**	**14**	**3,089**	**0**	**4,191**

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 had activities within investment.
Spain. The Jyske Bank Group has activities within properties.

Note	DKKm						The Jyske Bank Group
6	**Net interest income and value adjustments**	**Interest income**	**Interest expenses**	**Net interest income**	**Dividends**	**Value adjustments**	**Total**
	2014						
	Financial portfolios at amortised cost						
	Due from and to credit institutions and central banks	32	106	-74	0	-426	**-500**
	Loans, advances and deposits	4,525	724	3,801	0	-247	**3,554**
	Bonds	235	0	235	0	-115	**120**
	Issued bonds	0	362	-362	0	-98	**-459**
	Subordinated debt	0	39	-39	0	63	**25**
	Other financial instruments	13	1	12	0	0	**12**
	Total	4,805	1,232	3,573	0	-823	**2,751**
	Financial portfolios at fair value						
	Loans and advances	5,009	0	5,009	0	829	**5,838**
	Bonds	1,199	0	1,199	0	501	**1,701**
	Shares, etc.	0	0	0	81	879	**960**
	Issued bonds	0	3,335	-3,335	0	-813	**-4,148**
	Derivative financial instruments	255	86	169	0	-1,227	**-1,058**
	Total	6,463	3,421	3,042	81	170	**3,292**
	Total net interest income and value adjustments	**11,268**	**4,653**	**6,615**	**81**	**-653**	**6,042**
	2013						
	Financial portfolios at amortised cost						
	Due from and to credit institutions and central banks	24	139	-115	0	-336	-451
	Loans, advances and deposits	4,834	723	4,111	0	192	4,303
	Bonds	295	0	295	0	-23	272
	Issued bonds	0	441	-441	0	370	-71
	Subordinated debt	0	46	-46	0	8	-38
	Other financial instruments	14	6	8	0	0	8
	Total	5,167	1,355	3,812	0	211	4,023
	Financial portfolios at fair value						
	Bonds	971	0	971	0	181	1,152
	Shares, etc.	0	0	0	52	466	518
	Derivative financial instruments	235	0	235	0	-317	-82
	Total	1,206	0	1,206	52	330	1,588
	Total net interest income and value adjustments	6,373	1,355	5,018	52	541	5,611

Under Value adjustments, foreign exchange adjustment has been distributed on asset and liability classes. All asset and liability classes form part of day-to-day management of currency risk. Currency translation adjustments, inclusive of trading income, for 2014 amounted to DKK 267m (2013: DKK 241m).

Note	DKKm	The Jyske Bank Group 2014	2013
7	**Interest income**		
	Due from credit institutions and central banks	**32**	24
	Loans and advances	**8,569**	4,834
	Contribution	**965**	0
	Bonds	**1,913**	1,266
	Derivatives, total	**255**	235
	Of which currency contracts	**185**	198
	Of which interest-rate contracts	**70**	37
	Other	**13**	14
	Total	**11,747**	6,373
	Interest on own mortgage bonds, set off against interest on issued bonds	**479**	0
	Interest income, total	**11,268**	6,373
8	**Interest expenses**		
	Due to credit institutions and central banks	**106**	139
	Deposits	**724**	723
	Issued bonds	**4,176**	441
	Subordinated debt	**39**	46
	Other	**87**	6
	Total	**5,132**	1,355
	Interest on own mortgage bonds, set off against interest on issued bonds	**479**	0
	Interest expenses, total	**4,653**	1,355
9	**Fees and commission income**		
	Securities trading and custody services	**1,199**	1,022
	Money transfers and card payments	**177**	159
	Loan management fees	**260**	198
	Guarantee commission	**178**	360
	Other fees and commissions	**288**	241
	Total	**2,102**	1,980
10	**Value adjustments**		
	Loans and advances at fair value	**829**	0
	Bonds	**-291**	-133
	Other investment securities	**526**	261
	Currency	**267**	241
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	**-1,026**	60
	Issued bonds	**-1,020**	103
	Other assets and liabilities	**62**	9
	Total	**-653**	541
11	**Other income**		
	Income on real property	**70**	70
	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]	**369**	379
	Dividends, etc.	**81**	52
	Profit on investments in associates and group enterprises	**52**	6
	Other income	**225**	347
	Total	**3,453**	951

[1]) Expenses relating to operating leases affected the item Amortisation, depreciation and impairment charges in the amount of DKK 291m in 2014 against DKK 314m in 2013.

Note	DKKm	The Jyske Bank Group 2014	2013
12	**Employee and administrative expenses**		
	Employee expenses		
	Wages and salaries, etc.	**2,387**	2,122
	Pensions	**313**	260
	Social security	**282**	211
	Total	**2,982**	2,593
	Salaries and remuneration to management bodies		
	Executive Board	**31**	25
	Supervisory Board	**4**	3
	Shareholders' Representatives	**3**	4
	Total	**38**	32
	Other administrative expenses		
	IT	**1,100**	973
	Other operating expenses	**428**	297
	Other administrative expenses	**561**	506
	Total	**2,089**	1,776
	Employee and administrative expenses, total	**5,109**	4,401
	Average number of employees for the financial year (full-time employees)	**4,147**	3,796
	Average number of members of the Executive Board	**5.3**	4.3
	Average number of members of the Supervisory Board	**9.0**	9.0

For remuneration and pension liabilities to the Executive Board we refer to notes 38 and 67. Remuneration for the Supervisory Board includes remuneration due to the individual members in their capacity as Shareholders' Representatives. The Supervisory Board and the Executive Board did not receive variable salary. Information about management's remuneration appears from the Management's Review, page 36.

		2014	2013
	Specification of wages and salaries, etc.		
	Wages and salaries and other short-term employee benefits	**2,382**	2,117
	Other long-term employee benefits	**5**	5
	Total	**2,387**	2,122
	Remuneration to risk takers		
	Number of members	**131**	48
	Contractual remuneration	**115**	49
	Variable remuneration	**1**	1
	Pension	**9**	6
	Pension obligation	**4**	1

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

		2014	2013
13	**Audit fees**		
	Total fees to Jyske Bank A/S's auditors elected at the Annual General Meeting and to auditors in the subsidiaries in and outside Denmark	**10**	7
	Breakdown of audit fees:		
	Fee for statutory audit of the financial statements	**5**	4
	Fee for other assurance services	**1**	1
	Fee for tax advice	**1**	1
	Fee for other services	**3**	1

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

Note	DKKm	The Jyske Bank Group 2014	2013
14	**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/provisions for the year	**2,068**	751
	Recognised as a loss, covered by impairment charges/provisions	**-571**	-822
	Discount for acquired assets in connection with business combinations	**2,717**	1,398
	Recognised losses covered by discounts for acquired assets	**-414**	-274
	Recognised discount for acquired assets	**-585**	-217
	Other movements	**170**	103
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	**8,985**	5,600
	Loan impairment charges	**5,802**	4,249
	Provisions for guarantees	**558**	444
	Balance of loan impairment charges and provisions, end of period	**6,360**	4,693
	Balance of discounts for acquired assets	**2,625**	907
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	**8,985**	5,600
	Loan impairment/provisions for the year	**2,068**	751
	Recognised as a loss, not covered by loan impairment charges/provisions	**568**	509
	Recoveries	**-98**	-128
	Loan impairment charges and provisions for guarantees recognised in the income statement	**2,538**	1,132
	Recognised discount for acquired assets	**585**	217
	Net effect on income statement	**1,953**	915
	Individual loan impairment charges, beginning of period	**3,386**	3,181
	Loan impairment for the year	**1,263**	917
	Recognised as a loss, covered by impairment charges/provisions	**-546**	-793
	Other movements	**129**	81
	Individual loan impairment charges, end of period	**4,232**	3,386
	Individual provisions for loss on guarantees, beginning of period	**364**	427
	Provisions for the year	**135**	-34
	Recognised as a loss, covered by provisions	**-25**	-29
	Individual provisions for loss on guarantees, end of period	**474**	364
	Collective loan impairment charges, beginning of period	**863**	943
	Loan impairment for the year	**666**	-102
	Other movements	**41**	22
	Collective loan impairment charges, end of period	**1,570**	863
	Collective provisions for loss on guarantees, beginning of period	**80**	110
	Provisions for the year	**4**	-30
	Collective provisions for loss on guarantees, end of period	**84**	80
	Impairment charges on balances due from credit institutions		
	Individual impairment charges on balances due from credit institutions, beginning of period	**15**	0
	Loan impairment for the year	**0**	15
	Individual impairment charges on balances due from credit institutions, end of period	**15**	15
	Loan impairment/provisions for the year	**0**	15
	Net effect on income statement	**0**	15

The regulatory impairment and provisions are exclusive discount balance of acquired loans.

Note	DKKm	The Jyske Bank Group 2014	2013
15	**Tax**		
	Current tax	**8**	428
	Change in deferred tax	**5**	86
	Adjustment of tax for previous years	**1**	-21
	Total	**14**	493
	Effective tax rate		
	Danish tax rate	**24.5**	25.0
	Adjustments as regards previous years	**0.0**	-0.9
	Non-taxable income and non-deductible expenses, etc.	**-24.2**	-2.1
	Effect of the change to the corporation tax rate	**0.0**	-0.6
	Other	**0.2**	0.0
	Effective tax rate	**0.5**	21.4

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

Note	DKKm	2014	2013
16	**Earnings per share**		
	Profit for the year	**3,089**	1,808
	Of which non-controlling interests	**-1**	-1
	Proportion attributable to shareholders of Jyske Bank A/S	**3,088**	1,807
	Average number of shares, 1,000 shares	**88,110**	71,280
	Average number of own shares, 1,000 shares	**-57**	-60
	Average number of shares in circulation, 1,000 shares	**88,053**	71,220
	Number of shares in circulation at end of period, 1000 shares	**94,988**	71,214
	Earnings per share (EPS) DKK	**35.07**	25.38
	Earnings per share diluted (EPS-D) DKK	**35.07**	25.38
	Core earnings per share		
	Core profit	**3,002**	1,955
	Average number of shares in circulation, 1,000 shares	**88,053**	71,220
	Core earnings (DKK) per share	**34.09**	27.45

Note	DKKm						The Jyske Bank Group
17	**Contractual time to maturity, 2014**	**On demand**	**Up to 3 months**	**3 months 1 years**	**1-5 years**	**Over 5 years**	**Total**
	Assets						
	Due from credit institutions and central banks						
	Fixed rate	0	28,400	0	0	51	28,451
	Floating rate	1,234	1,043	147	6	1	2,431
	Total	**1,234**	**29,443**	**147**	**6**	**52**	**30,882**
	Loans and advances at fair value						
	Fixed rate	0	496	2,090	9,119	56,209	67,914
	Floating rate	0	1,198	2,578	19,847	127,327	150,950
	Total	**0**	**1,694**	**4,668**	**28,966**	**183,536**	**218,864**
	Loans and advances at amortised cost						
	Fixed rate	61	33,774	2,314	3,322	6,181	45,652
	Floating rate	210	22,936	27,313	19,997	26,827	97,283
	Total	**271**	**56,710**	**29,627**	**23,319**	**33,008**	**142,935**
	Bonds at fair value						
	Fixed rate	0	5,496	10,585	30,599	8,669	55,349
	Floating rate	0	448	3,965	16,458	6,239	27,110
	Total	**0**	**5,944**	**14,550**	**47,057**	**14,908**	**82,459**
	Bonds at amortised cost						
	Fixed rate	0	1,665	387	1,335	425	3,812
	Floating rate	0	0	0	2,346	720	3,066
	Total	**0**	**1,665**	**387**	**3,681**	**1,145**	**6,878**
	Liabilities						
	Due to credit institutions and central banks						
	Fixed rate	105	43,035	383	0	0	43,523
	Floating rate	5,820	509	15	18	0	6,362
	Total	**5,925**	**43,544**	**398**	**18**	**0**	**49,885**
	Deposits, exclusive of pooled deposits						
	Fixed rate	47	33,948	8,896	4,911	75	47,877
	Floating rate	81,150	1,007	8,278	4,806	4,685	99,926
	Total	**81,197**	**34,955**	**17,174**	**9,717**	**4,760**	**147,803**
	Issued bonds at fair value						
	Fixed rate	0	6,489	11,693	111,465	60,133	189,780
	Floating rate	0	1,046	0	9,652	8,061	18,759
	Total	**0**	**7,535**	**11,693**	**121,117**	**68,194**	**208,539**
	Issued bonds at amortised cost						
	Fixed rate	0	6,139	5,102	4,084	2,521	17,846
	Floating rate	0	8,470	5,929	10,422	746	25,567
	Total	**0**	**14,609**	**11,031**	**14,506**	**3,267**	**43,413**
	Subordinated debt						
	Fixed rate	0	0	0	33	227	260
	Floating rate	0	0	0	0	1,095	1,095
	Total	**0**	**0**	**0**	**33**	**1,322**	**1,355**

The above amounts are exclusive of interest.

Note	DKKm						The Jyske Bank Group
17	**Contractual time to maturity, cont., 2013**	**On demand**	**Up to 3 months**	**3 months 1 year**	**1-5 years**	**Over 5 years**	**Total**
	Assets						
	Due from credit institutions and central banks						
	Fixed rate	0	11,915	15	0	7	11,937
	Floating rate	0	3,132	74	0	0	3,206
	Total	0	15,047	89	0	7	15,143
	Loans and advances at fair value						
	Fixed rate	0	0	0	0	0	0
	Floating rate	0	0	0	0	0	0
	Total	0	0	0	0	0	0
	Loans and advances at amortised cost						
	Fixed rate	0	31,103	969	3,595	1,950	37,617
	Floating rate	382	31,186	26,835	17,087	18,271	93,761
	Total	382	62,289	27,804	20,682	20,221	131,378
	Bonds at fair value						
	Fixed rate	0	1,694	4,204	14,365	8,858	29,121
	Floating rate	0	124	2,586	19,359	6,564	28,633
	Total	0	1,818	6,790	33,724	15,422	57,754
	Bonds at amortised cost						
	Fixed rate	0	1,151	395	8,744	521	10,811
	Floating rate	0	110	65	2,562	1,246	3,983
	Total	0	1,261	460	11,306	1,767	14,794
	Liabilities						
	Due to credit institutions and central banks						
	Fixed rate	0	27,548	378	380	0	28,306
	Floating rate	4,633	6,641	9	2,902	1,445	15,630
	Total	4,633	34,189	387	3,282	1,445	43,936
	Deposits, exclusive of pooled deposits						
	Fixed rate	10	25,725	10,144	664	14	36,557
	Floating rate	69,757	483	9,290	4,604	5,330	89,464
	Total	69,767	26,208	19,434	5,268	5,344	126,021
	Issued bonds at fair value						
	Fixed rate	0	0	0	0	0	0
	Floating rate	0	0	0	0	0	0
	Total	0	0	0	0	0	0
	Issued bonds at amortised cost						
	Fixed rate	0	2,668	2,288	445	1,866	7,267
	Floating rate	0	12,154	1,388	6,854	97	20,493
	Total	0	14,822	3,676	7,299	1,963	27,760
	Subordinated debt						
	Fixed rate	0	0	0	0	261	261
	Floating rate	0	0	0	0	1,388	1,388
	Total	0	0	0	0	1,649	1,649

The above amounts are exclusive of interest.

Note	The Jyske Bank Group

17 **Contractual time to maturity – cont.**

Standard terms

Private clients

Jyske Bank can call in floating-rate loans and credit facilities with a reasonable or usual notice of termination according to the rules on good business practice. Fixed-rate loans are non-callable. Clients can terminate their commitment with Jyske Bank without notice or, in the case of fixed-rate credit facilities, at two business days' notice. In case of default, Jyske Bank can terminate an agreement without notice.

As a main rule, the debtor undertakes to disclose financial information. Jyske Bank may dispense with such undertaking where other information on the commitment, the repayment record and the collateral provided is deemed adequate to assess the credit risk.

Small and medium-sized corporate clients

Jyske Bank can call in floating-rate loans and credit facilities without notice. In respect of old agreements, a term of notice of four weeks may apply on the part of Jyske Bank. Fixed-rate loans are non-callable. In case of default, a client relationship can be terminated without notice.

Unless collateral has been provided in full, the borrower is obliged to submit financial information to the Bank.

It is Jyske Bank’s policy that the majority shareholder personally guarantees commitments in part or in full.

Large corporate clients

Terms of notice are agreed upon on an individual basis and may correspond to the standard notice applicable to other corporate clients. For facilities that cannot be terminated at short notice, covenants regarding financial ratios and material changes in the position of the client are standard.

Generally, financial information is submitted quarterly.

Typically, close-out netting agreements, negative pledge or pari passu agreements are entered into.

Note	DKKm	The Jyske Bank Group **2014**	2013
18	**Due from credit institutions and central banks**		
	At notice with central banks	**11,500**	5,200
	Due from credit institutions	**19,382**	9,943
	Total	**30,882**	15,143

Note	DKKm	The Jyske Bank Group 2014	2013
19	**Loans and advances at fair value**		
	Mortgage loans, nominal value	**211,355**	0
	Adjustment for interest-rate risk, etc.	**8,474**	0
	Adjustment for credit risk[1]	**-1,544**	0
	Mortgage loans at fair value, total	**218,285**	0
	Arrears before loan impairment charges	**74**	0
	Outlays before loan impairment charges	**4**	0
	Impairment charges for arrears and outlays	**-18**	0
	Arrears and outlays, total	**60**	0
	Other loans and advances	**519**	0
	Loans and advances at fair value, total	**218,864**	0

[1] Adjustment for credit risk is calculate so it allows for objective evidence whether loans and advances are impaired compared to the time of the establishment of the loans and advances.

Note	DKKm	2014	2013
20	**Loans and advances at fair value broken down by property category**		
	Owner-occupied homes	**96,995**	0
	Holiday homes	**5,507**	0
	Subsidised housing	**44,503**	0
	Private rental housing	**39,409**	0
	Industrial properties	**1,451**	0
	Office and business properties	**28,432**	0
	Agricultural properties	**29**	0
	Properties for social, cultural and educational purposes	**2,513**	0
	Other properties	**25**	0
	Total	**218,864**	0

Note	DKKm	The Jyske Bank Group 2014	2013
21	**Loans and advances at amortised cost and guarantees broken down by sector**		
	Public authorities	**10,040**	7,896
	Agriculture, hunting, forestry, fishing	**8,874**	9,525
	Manufacturing, mining, etc.	**6,774**	7,468
	Energy supply	**4,539**	4,721
	Building and construction	**2,676**	3,130
	Commerce	**8,455**	8,919
	Transport, hotels and restaurants	**4,304**	4,433
	Information and communication	**560**	558
	Finance and insurance	**30,745**	26,099
	Real property	**9,451**	9,842
	Other sectors	**7,273**	8,201
	Corporates, total	**83,651**	82,896
	Personal clients, total	**62,462**	54,705
	Total	**156,153**	145,497

Note	DKKm	2014	2013
22	**Loans and advances showing objective evidence of impairment**		
	Individually-assessed loans and advances before loan impairment charges	**31,659**	10,749
	Individually-assessed loans and advances recognised at nil	**646**	509
	Total of individually assessed loans and advances before loan impairment charges (less loans and advances recognised at nil)	**31,013**	10,240
	Loan impairment charges for individually-assessed loans and advances:		
	Total impairment charges for loans and advances assessed individually	**4,233**	3,386
	Loan impairment charges for individually-assessed loans and advances recognised at nil	**646**	509
	Total impairment charges for loans and advances assessed individually (less loans and advances recognised at nil)	**3,587**	2,877
	Carrying value of individually-assessed loans and advances which show objective evidence of impairment	**27,426**	7,363
	Impairment charges on individually assessed loans to individually assessed loans	**13%**	32%

As at 31 December 2014, loans and advances assessed collectively for impairment amounted to DKK 20,733m before impairment charges and DKK 19,164m after impairment charges against DKK 17,618m and DKK 16,755m in 2013.. The impairment ratio at 31 December 2014 was 7.6% and 4.9% at end-2013.

Non-performing loans and advances accounted for DKK 1,985m against DKK 1,708m at end-2013.

Non-performing loans and past due exposures accounted for DKK 3,795m against DKK 1,780m at end-2013.

Interest on loans and advances assessed individually and collectively was DKK 1,688m against DKK 1,228m for 2013.

Note	DKKm	The Jyske Bank Group 2014	2013
23	**Value of securities realised during the financial year**		
	Real property, residential	**117**	113
	Real property, commercial	**360**	153
	Movable property, cars and rolling stock	**52**	58
	Other movable property	**137**	208
	Other collateral	**76**	86
	Amounts received under guarantees	**103**	69
	Total	**845**	687

Conditions for satisfaction by repossession

Failing an agreement to enforce realisation, the client is given adequate notice in the event of default – typically at least eight days – unless there is a risk of irretrievable impairment. Where collateral has been provided for loans and credit facilities whose proceeds are invested in securities, individual limits are agreed upon for the provision of additional collateral or for a forced sale of assets. Typically a forced sale will be made where the market value of the collateral amounts to 105%-110% of the credit risk. The Group's strategy is to convert repossessed assets into cash as soon as possible.

Note	DKKm	2014	2013
24	**Collateral for loans and advances and guarantees**		
	Cash balances	**3,128**	2,999
	Securities	**7,983**	8,662
	Guarantees made out directly to the Group	**24,482**	4,181
	Real property, residential	**142,290**	26,699
	Real property, commercial	**106,686**	15,462
	Movable property, cars and rolling stock	**6,751**	6,655
	Other movable property	**6,274**	6,483
	Other collateral	**556**	1,370
	Guarantees whereby the guarantors assume primary liability	**2,563**	3,310
	Total	**300,713**	75,821
	Collateral has been received for loans and advances under a number of other guarantee types.	**2,060**	2,156

The type of collateral are ranked with the most liquid types at the top. The collateral values have been reduced in order of priority according to liquidity if the collateral values exceed loans, advances and guarantees at client level. Collateral values are recognised according to the following principles:

Real property, residential

The collateral value of a charge on real property is calculated on the basis of the market value of the property less sales costs and any senior mortgages. The value of real property is regularly assessed on the basis of the price trend of comparable real property. Collateral values are assessed individually depending on the characteristics of the real property in question, inter alia, the type of property in question, its location and size less expenses for realisation.

Real property, commercial

The collateral value of a charge on real property is calculated on the basis of the market value of the property less sales costs and any senior mortgages. The value of real property is regularly assessed on the basis of the price trend of comparable real property. Collateral values are assessed individually depending on the characteristics of the real property in question, inter alia, the type of property in question, or by an independent assessment or the public land assessment.

Movable property

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

Highly liquid securities

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

Guarantees

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

Note	DKKm	The Jyske Bank Group 2014	2013
25	**Bonds, total, at fair value**		
	Own mortgage bonds	**80,247**	0
	Other mortgage bonds	**80,719**	66,138
	Government bonds	**1,348**	1,609
	Other bonds	**7,517**	5,103
	Total before offsetting of own mortgage bonds	**169,831**	72,850
	Own mortgage bonds offset against issued bonds	**80,247**	0
	Bonds, total, at fair value	**89,584**	72,850
26	**Bonds at amortised cost**		
	Carrying amount of bonds at amortised cost	**6,878**	14,794
	Fair value of portfolio of held-to-maturity bonds	**7,124**	15,096
	Fair value of bonds at amortised cost difference to carrying amount	**246**	302

Owing to a considerable distortion of the pricing of a number of bonds, bonds of a fair value of DKK 4,464m were reclassified in 2008 from the trading portfolio to held-to-maturity. No reclassifications were made in the period 2009-2014. At end-2014, the reclassified portfolio was recognised in the balance sheet at DKK 1,020m (2013: DKK 1,162m), the fair value being DKK 1,095m (2013: DKK 1,249m). If the reclassification had not been made, profit before tax for 2014 would have been DKK 12m lower (2013: DKK 8m). The effective yield on the reclassified portfolio and the expected cash flow from the portfolio from the time of reclassification were 6% and DKK 7,637m, respectively.

Fair value of the "held-to-maturity portfolio" was higher than the carrying amount by DKK 246m against a fair value of DKK 302m above the carrying amount at end-2013.

Note	DKKm	2014	2013
27	**Bonds provided as security**		
	Bonds deposited with central banks and at clearing houses, etc. in connection with clearing and settlement of securities and currency transactions (fair value)	**26,618**	18,702
28	**Shares, etc.**		
	Shares/investment fund units listed on NASDAQ OMX Copenhagen A/S	**961**	743
	Shares/mutual fund certificates listed on other exchanges	**335**	319
	Unlisted shares are stated at fair value.	**1,676**	1,243
	Total	**2,972**	2,305

Note	DKKm	The Jyske Bank Group 2014	2013
29	**Portfolio of own shares**		
	Own shares ('000)	**52**	66
	Nominal value of own shares	**521**	660
	Portfolio of own shares as a percentage of the share capital	**0.06**	0.09
	Acquisition of own shares		
	Own shares ('000)	**4,446**	5,125
	Nominal value of own shares	**44,461**	51,249
	Portfolio of acquired own shares as a percentage of the share capital	**4.68**	7.19
	Sale of own shares		
	Own shares ('000)	**4,460**	5,239
	Nominal value of own shares	**44,601**	52,389
	Portfolio of sold own shares as a percentage of the share capital	**4.69**	7.35
	Total purchase price	**1,366**	1,148
	Total selling price	**1,370**	1,171

The acquisition of own shares is primarily explained by transactions involving customers and other investors wishing to trade Jyske Bank shares.

Note	DKKm	2014	2013
30	**Subordinated receivables**		
	Loans and advances	**385**	304
	Bonds	**286**	150
	Total	**671**	454
31	**Intangible assets**		
	Total cost, beginning of period	**254**	202
	Additions	**65**	52
	Disposals	**18**	0
	Total cost, end of period	**301**	254
	Amortisation and impairment charges, beginning of period	**183**	162
	Amortisation for the year	**22**	21
	Reversed amortisation and impairment charges	**17**	0
	Amortisation and impairment charges, end of period	**188**	183
	Carrying amount, end of period	**113**	71

Note	DKKm	The Jyske Bank Group 2014	2013
32	**Property, plant and equipment**		
	Total cost, beginning of period	**4,178**	4,004
	Currency translation adjustment	**4**	-2
	Additions	**1,342**	666
	Disposals	**696**	490
	Total cost, end of period	**4,828**	4,178
	Revaluations, beginning of period	**449**	444
	Currency translation adjustment	**0**	0
	Revaluations for the year	**26**	24
	Reversed revaluations for the year	**6**	19
	Revaluations, end of period	**469**	449
	Amortisation and impairment charges, beginning of period	**1,423**	1,256
	Currency translation adjustment	**0**	-1
	Amortisation for the year	**347**	346
	Impairment charges for the year	**58**	10
	Reversed amortisation and impairment charges	**319**	188
	Amortisation and impairment charges, end of period	**1,509**	1,423
	Carrying amount, end of period	**3,788**	3,204
	Specification of property, plant and equipment, owner-occupied property		
	Restated value, beginning of period	**2,150**	2,121
	Currency translation adjustment	**4**	-2
	Additions during the year, including improvements	**541**	47
	Disposals for the year	**7**	9
	Depreciation	**13**	10
	Positive changes in values recognised in other comprehensive income in the course of the year	**28**	24
	Negative changes in values recognised in other comprehensive income in the course of the year	**5**	16
	Positive changes in value recognised directly in the income statement during the year	**3**	1
	Negative changes in value recognised directly in the income statement during the year	**56**	6
	Restated value, end of period	**2,645**	2,150
	Cost less accumulated depreciation and impairment charges	**2,198**	1,733
	For mortgage credit institutions, collateral has been provided in land and buildings, the carrying amount of which is	**0**	1,880
	Required rate of return	**3.75%-10%**	3.75%-10.0%
	Weighted average return applied	**6.31%**	6.25%
	Specification of property, plant and equipment, other property, plant and equipment		
	Total cost, beginning of period	**2,269**	2,131
	Additions	**801**	620
	Disposals	**689**	482
	Total cost, end of period	**2,381**	2,269
	Depreciation and impairment charges, beginning of period	**1,215**	1,061
	Depreciation for the year	**335**	336
	Impairment charges for the year	**3**	5
	Reversed depreciation and impairment charges	**315**	187
	Depreciation and impairment charges, end of period	**1,238**	1,215
	Carrying amount, end of period	**1,143**	1,054

Note	DKKm	The Jyske Bank Group 2014	2013
32	**Property, plant and equipment, cont.**		
	Specification of property, plant and equipment, other property, plant and equipment		
	Other property, plant and equipment consists of equipment and leasehold improvements.		
	Operating lease activities are recognised at	**1,050**	974
	Breakdown of minimum lease payments on lease terms		
	0-1 year	**413**	385
	1-5 years	**637**	589
	Total	**1,050**	974

Leases for which the Group acts as the lessor have been entered for machinery and equipment, including cars, vans and lorries.

Note	DKKm	2014	2013
33	**Other assets**		
	Positive fair value of derivatives	**40,542**	25,911
	Assets in pooled deposits	**4,656**	4,809
	Interest and commission receivable	**1,888**	1,155
	Investments in associates	**753**	721
	Assets in temporary possession	**376**	112
	Prepayments	**281**	235
	Investment properties	**27**	33
	Other assets	**1,920**	1,903
	Total	**50,443**	34,879
	Netting		
	Positive fair value of derivatives, etc., gross	**45,616**	25,911
	Netting of positive and negative fair value	**5,074**	0
	Total	**40,542**	25,911

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

		2014	2013
	Specification of other assets, assets in pooled deposits		
	Cash	**234**	595
	Bonds	**1,728**	1,533
	Equity	**1,488**	1,959
	Investment fund certificates	**1,406**	1,274
	Other assets	**34**	43
	Assets	**4,890**	5,404
	Elimination of cash	**-234**	-595
	Total assets	**4,656**	4,809
	Specification of other assets, investments in associates		
	Total cost, beginning of period	**832**	841
	Additions	**7**	62
	Disposals	**293**	71
	Total cost, end of period	**546**	832
	Revaluations and impairment charges, beginning of period	**-111**	-119
	Revaluations and impairment charges for the year	**65**	6
	Reversed revaluations and impairment charges	**253**	2
	Revaluations and impairment charges, end of period	**207**	-111
	Carrying amount, end of period	**753**	721

See The Jyske Bank Group – overview, note 71.

Note	DKKm	The Jyske Bank Group 2014	2013
34	**Due to credit institutions and central banks**		
	Due to central banks	**26,165**	14,143
	Due to credit institutions	**23,720**	29,793
	Total	**49,885**	43,936
35	**Deposits**		
	Demand deposits	**84,287**	72,693
	Term deposits	**8,265**	8,804
	Time deposits	**47,090**	35,233
	Special deposits	**8,161**	9,291
	Pooled deposits	**4,890**	5,403
	Total	**152,693**	131,424
36	**Issued bonds at fair value**		
	Issued bonds at fair value, nominal value	**280,051**	0
	Adjustment to fair value	**10,311**	0
	Own mortgage bonds, fair value	**-81,823**	0
	Total	**208,539**	0
	Pre-issued	**53,483**	0
	Drawn for redemption or maturing at next repayment date	**54,064**	0
37	**Other liabilities**		
	Set-off entry of negative bond holdings in connection with repos/reverse repos	**3,956**	4,227
	Negative fair value of derivatives, etc.	**41,577**	26,246
	Interest and commission payable	**4,177**	551
	Deferred income	**311**	312
	Other liabilities	**6,607**	6,867
	Total	**56,628**	38,203
	Netting		
	Negative fair value of derivatives, etc., gross	**46,651**	26,246
	Netting of positive and negative fair value	**5,074**	0
	Total	**41,577**	26,246

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

Note	DKKm	2014	2013
38	**Provisions**		
	Provisions for pensions and similar liabilities	**505**	440
	Provisions for guarantees	**558**	444
	Other provisions	**262**	201
	Provisions for deferred tax	**280**	468
	Total	**1,605**	1,553

Note	DKKm	The Jyske Bank Group 2014	2013
38	**Provisions, cont.**		
	Specification of provisions for pensions and similar liabilities		
	Provisions for pensions and similar liabilities		
	Provisions for defined benefit plans	**454**	398
	Provisions for long-term employee benefits	**51**	42
	Recognised in the balance sheet, end of period	**505**	440
	Provisions for defined benefit plans		
	Present value of pension plan obligations	**565**	511
	Fair value of pension plan assets	**111**	113
	Net liability recognised in the balance sheet	**454**	398
	Change in provisions for defined benefit plans		
	Provisions, beginning of period	**511**	504
	Disposals relating to divestment of enterprises	**-16**	0
	Costs for the current financial year	**32**	23
	Calculated interest expenses	**17**	20
	Actuarial losses/gains	**44**	-10
	Pension payments	**-23**	-26
	Provisions, end of period	**565**	511
	Change in the fair value of pension plan assets		
	Assets, beginning of period	**113**	97
	Calculated interest on assets	**4**	4
	Return ex calculated interest on assets	**3**	4
	Contributions, etc.	**0**	12
	Pension payments	**-9**	-4
	Assets, end of period	**111**	113
	Pension costs recognised in the income statement		
	Costs for the current financial year	**32**	23
	Calculated interest related to liabilities	**17**	20
	Calculated interest on assets	**-4**	-4
	Total recognised defined benefit plans	**45**	39
	Total recognised defined contribution plans	**268**	221
	Recognised in the income statement	**313**	260

The expense is recognised under Employee and administrative expenses.

		2014	2013
	Pension plan assets:		
	Bonds	**60**	65
	Cash and cash equivalents	**51**	47
	Other	**0**	1
	Pension plan assets, total	**111**	113

Measurement of all pension assets is based on quoted prices in an active market.

Note	DKKm	2014	2013	2012	2011	2010
					The Jyske Bank Group	
38	**Provisions, cont.**					
	Specification of provisions for pensions and similar liabilities, cont.					
	The Group's pension plan liabilities					
	Present value of pension plan obligations	**565**	511	504	493	490
	Fair value of pension plan assets	**111**	113	97	101	108
	Surplus/deficit	**454**	398	407	392	382
	Actuarial assumptions					
	Defined benefit plans					
	Retirement remuneration					
	Discount rate	**3.25%**	4.00%	3.75%	4.50%	5.00%
	Future rate of wage increase	**2.00%**	2.00%	2.00%	3.00%	3.00%
	Jyske Banks Pensionstilskudsfond					
	Discount rate	**3.25%**	4.00%	3.75%	4.50%	5.00%
	Future rate of wage increase	**2.00%**	2.00%	2.00%	3.00%	3.00%
	Calculated interest on pension plan assets	**3.25%**	4.00%	5.00%	5.00%	5.00%
	Long-term employee benefits					
	Discount rate	**3.25%**	4.00%	3.75%	4.50%	5.00%
	Future rate of wage increase	**2.00%**	2.00%	2.00%	3.00%	3.00%

The most important actuarial assumptions in the calculation of pension liabilities relate to interest rate level and wage increases. If the discount rate fall by 0.25% to 3.00%, the pension provisions increase by DKK 10m. If the rate of wage increases rise by 0.25% to 2.25%, the pension provisions increase by DKK 10m.

For 2015, payments to defined contribution and defined benefit pension plans are expected to be DKK 274m for the Group (2013: DKK 265m).

Defined contribution pension plans

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

Defined benefit plans

Retirement remuneration equalling a maximum of one year's salary is paid to employees on retirement. In 2014, a total of DKK 422m (2013: DKK 383m) was recognised in the balance sheet, this being the present value of the overall liability relating to the employees' term of employment with the Group. Employees recruited not later than on 31 August 2005 are offered participation in the retirement remuneration plan.

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. At year-end 2014, provisions amounting to DKK 32m (2013: DKK 15m) were recognised, this being the present value of liabilities, DKK 143m (2013: DKK 128m), less the fair value of assets, DKK 111m (2013: DKK 113m).

Long-term employee benefits

An anniversary bonus equalling one month's salary is paid when an employee has worked for the Group for 25 years and 40 years. At year-end 2014, provisions amounted to DKK 44m (2013: DKK 34m), this being the present value of the aggregate liability.

Other long-term employee benefits relate to other salary- and pension-related benefits paid to employees on retirement. Total provisions amounted to DKK 7m (2013: DKK 8m).

Note	DKKm	The Jyske Bank Group 2014	2013
38	**Provisions, cont.**		

Specification of provisions for guarantees

	2014	2013
Individual provisions for guarantees	**474**	364
Collective provisions for guarantees	**84**	80
Total	**558**	444

Specification of other provisions	2014	2013
Provisions, beginning of period	**201**	382
Additions	**142**	29
Addition at business combination	**101**	98
Disposals inclusive of consumption	**94**	262
Disposals exclusive of consumption	**88**	46
Provisions, end of period	**262**	201

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

Specification of deferred tax

Deferred tax	2014	2013
Deferred tax assets	**198**	0
Deferred tax liabilities	**280**	468
Net deferred tax	**82**	468

Change in deferred tax 2014	**Beginning of period**	**Recognised in the net profit for the year**	**Recognised in other comprehen-sive income**	**Other adjust-ments**	**End of**
Bonds at amortised cost	-66	4	0	0	-62
Intangible assets	14	-3	0	12	23
Property, plant and equipment	243	14	2	0	259
Loans and advances, etc.	380	-10	0	-35	335
Issued bonds at amortised cost	0	16	0	-46	-30
Provisions for pensions	-95	-8	-9	4	-108
Tax loss	0	-15	0	-306	-321
Other	-8	7	-13	0	-14
Total	**468**	**5**	**-20**	**-371**	**82**
Change in deferred tax 2013					
Bonds at amortised cost	-86	20	0	0	-66
Intangible assets	7	7	0	0	14
Property, plant and equipment	279	-27	-9	0	243
Loans and advances, etc.	355	24	0	1	380
Provisions for pensions	-111	13	3	0	-95
Other	-55	49	0	-2	-8
Total	389	86	-6	-1	468

By the capitalized deferred tax of DKK 198M represents DKK 321m the value of tax losses that can be carried forward to coming years. The value of the tax loss is activated when the expected taxable income in the years in which the tax losses can be offset.

Of the tax loss is expected that DKK 189m realised within 12 months, while DKK 132m expected realised law within 5 years.

Note	DKKm	The Jyske Bank Group 2014	2013
39	**Subordinated debt**		
	Supplementary capital:		
	6.73% bond loan EUR 15m 2017-2026	**112**	112
	Var. % bond loan EUR 10m 13.02.2023	**75**	75
	5.65% bond loan EUR 10 m 27.03.2023	**74**	75
	5.67% bond loan EUR 10 m 31.07.2023	**74**	74
		335	336
	Hybrid core capital:		
	Var. % bond loan EUR 72.8m Perpetual	**541**	727
	Var. % bond loan EUR 60.7m Perpetual	**452**	576
		993	1,303
	Subordinated debt, nominal	**1,328**	1,639
	Hedging of interest-rate risk, fair value	**27**	10
	Total	**1,355**	1,649
	Subordinated debt included in the capital base	**1,317**	1,639

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

Note	DKKm	2014	2013
40	**Share capital**		
	Opening share capital, 1000 shares.	**71,280**	71,280
	Capital increase by issue, number 1,000 shares	**23,760**	0
	Closing share capital, 1000 shares	**95,040**	71,280

Note	DKKm	2014	2013
41	**Transferred financial assets still recognised in the balance sheet**		
	Carrying amount of transferred financial assets		
	Bonds in repo transactions	**37,715**	22,214
	Loans and advances in joint financing	**0**	4,348
	Transferred financial assets, total	**37,715**	26,562
	Carrying amount of transferred financial liabilities		
	Debt to credit institutions in repo transactions	**18,346**	12,039
	Debt to credit institutions in joint funding	**0**	4,348
	Deposits and other debts in repo transactions	**19,495**	10,175
	Transferred financial liabilities, total	**37,841**	26,562
	Net positions	**-126**	0

Jyske Bank enters into transactions transferring the ownership to financial assets to the counterparty, yet Jyske Bank maintains the material part of the risks on the assets in question. When the most material risks are maintained, the asset is still recognised in Jyske Bank's balance sheet. Such transactions include repo transactions and joint funding of mortgage lending through covered bonds issued by BRFkredit's capital centre. Repo transactions are sales of bonds where at the time of a sale an agreement is made on the repurchase at some later point in time at a certain price. Mortgage lending financed through covered bonds (SDO) issued from BRFkredit's capital centre comprises transferred loans, where Jyske Bank has committed itself to pay interest, drawing and redemption amounts to BRFkredit, which will transfer the payments to the bond investors. After the merger with BRFkredit in 2014, the Group no longer has loans and advances in joint funding due to group eliminations.

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

Note	DKKm		The Jyske Bank Group

42 **Contingent liabilities**

General
The Group's credit review of the guarantee applicant takes into consideration the risk on the guarantee. For about 77% of the Jyske Bank Group's guarantees, the contractual term is below one year; for about 10%, the contractual terms is between 1 and 5 years; and for about 13%, the contractual term is above 5 years compared to 70%, 15% and 2013, respectively, in 2013.

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

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

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

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

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

Following Jyske Bank's announcement of the merger with BRFkredit, Nykredit informed Jyske Bank that it took the position that Nykredit regarded 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. Also, Nykredit and Totalkredit' informed Jyske Bank that they regarded the Totalkredit cooperation as terminated in respect of Jyske Bank. Nykredit and Totalkredit 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 disagreed that Jyske Bank had terminated the main cooperation agreement and considered Nykredit's initiative unwarranted. Jyske Bank took the initiative to refer the matter to arbitration. After the end of the financial year, on 5 February 2015, the parties agreed to settle the arbitration case that had been filed. The settlement did not have any material effect on the Group's consolidated financial statements in 2014, nor will it have so in 2015.

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 Restrukturering-safdeling (settlement and restructuring fund), where Jyske Bank currently guarantees 6.81% 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.

		2014	2013
	Guarantees		
	Financial guarantees	**6,994**	7,080
	Guarantee for losses on mortgage credits	**3,806**	4,240
	Registration and refinancing guarantees	**828**	490
	Other contingent liabilities	**1,590**	2,309
	Total	**13,218**	14,119
43	**Other contingent liabilities**		
	Irrevocable credit commitments	**14,474**	1,779
	Other	**162**	48
	Total	**14,636**	1,827

Note		The Jyske Bank Group
	DKKm	

44 **Offsetting**

2014	**Carrying amount before offsetting**	**Financial instruments offset**	**Carrying amount after offsetting**	**Further offsetting, master netting agreement**	**Provision of collateral**	**Net value**
Financial assets						
Derivatives with positive fair value	45,616	5,074	40,542	27,855	5,368	7,319
Reverse repo transactions	29,746	0	29,746	0	29,746	0
Total	**75,362**	**5,074**	**70,288**	**27,855**	**35,114**	**7,319**
Financial liabilities						
Derivatives with negative fair value	46,651	5,074	41,577	27,855	12,491	1,231
Repo transactions	37,840	0	37,840	0	37,840	0
Total	**84,491**	**5,074**	**79,417**	**27,855**	**50,331**	**1,231**
2013						
Financial assets						
Derivatives with positive fair value	25,911	0	25,911	20,236	1,686	3,989
Reverse repo transactions	21,186	0	21,186	0	21,186	0
Total	47,097	0	47,097	20,236	22,872	3,989
Financial liabilities						
Derivatives with negative fair value	26,246	0	26,246	20,236	6,010	0
Repo transactions	22,214	0	22,214	0	22,214	0
Total	48,460	0	48,460	20,236	28,224	0

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

Financial assets and liabilities are offset on the balance sheet when the Group and the counterparty has a legal right to offset and have also agreed to settle net or realise the asset and the liability at the same time. Positive and negative fair values of derivative financial instruments with the same counterparty are offset if net settlement of the contractual payments has been agreed and daily cash payments or provision of collateral for changes in the fair value take place. The Group's netting of positive and negative fair values of derivative financial instruments can be referred to clearing through a central clearing house (CCP clearing). This activity was commenced in 2014.

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

Note	The Jyske Bank Group

45 **Notes on fair value**

Methods for measuring fair value

Fair value is the price that would be obtained by selling an asset or paid to transfer a liability in a normal transaction between market participants at the measurement date. 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 (category "Quoted prices"). Where no price is quoted, a different official price is used which is taken to reflect most closely the fair value (category "Observable prices"). Financial assets and liabilities, whose quoted prices or other official prices are not available or are not taken to reflect the fair value, are measured at fair value according to other evaluation techniques and other observable market information. In those cases where observable prices based on market information are not available or are not taken to be useful for measuring fair value, the fair value is measured by recognised techniques, including discounted future cash flows, and our own expertise (category "Non-observable prices"). The basis of the measurement may be recent transactions involving comparable assets or liabilities, interest rates, exchange rates, volatility, credit spreads, etc. The Group's unlisted shares are placed in this category.

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

Specific details on methods for measuring fair value

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

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

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

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

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

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

Information about differences between recognised value and measurement of fair value

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

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

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

Balances with credit institutions are recognised at amortised cost. The difference to fair value is assumed to be the interest-rate dependent value adjustment calculated by comparing current market rates with market rates at the time when the transactions were established. Changes in the credit quality of balances with credit institutions are assumed to be included under impairment charges for loans, advances, and receivables. Changes in the fair values of balances due to credit institutions because of changes in Jyske Bank's own credit rating are not taken into account.
The fair values of financial assets and liabilities carried at amortized cost is essentially not observable prices (Level 3) in the fair value hierarchy.

Note		The Jyske Bank Group
	DKKm	

45 **Notes on fair value, cont.**

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

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

In addition to CVA, also an adjustment is made of the fair value of derivatives that have an expected future negative market value. This takes place to allow for changes in the counterparties' credit risk against the Jyske Bank Group (debt valuation adjustment - DVA). The DVA takes place according to the same principles that apply to the CVA, yet PD for Jyske Bank is determined on the basis of Jyske Bank's external rating by Standard & Poor's. At end-2014, CVA and DVA amounted net to DKK 65m, which amount was recognised as an expense under value adjustment.

46 **Fair value of financial assets and liabilities**
The recognised value and fair value of assets classified as held-for-trading amounted to DKK 160.4bn at end-2014; at end-2013 the figure was DKK 112.0bn. The recognised value and fair value of liabilities classified as trading portfolio amounted to DKK 79.4bn at end-2014: at end-2013 the figure was DKK 48.5bn. The recognised value and fair value of assets classified as held-to-maturity amounted to DKK 6.9bn and at DKK 7.1bn at end-2014 against DKK 14.8bn and 15.1bn at end-2013. The Group does not hold any assets classified as available-for-sale. The table shows the fair value of financial assets and liabilities and the carrying amounts.
The re-statement at fair value of financial assets and liabilities shows a total non-recognised unrealised loss of DKK 404m at end-2014 against a gain of DKK 248m at end-2013. Unrealised gains and losses caused by changes in the fair values of shares in sector-owned undertakings are recognised in the income statement by use of the fair value option. The recognised amount of those shares in the balance sheet end-2014 amounted to DKK 1,295m (2013: DKK 1,088m), and the recognised amount in the income statement amounted to DKK 418m (2013: DKK 18m).

		2014		2013
	Carrying amount	**Fair value**	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash, cash equivalents and demand deposits with central banks	**1,850**	**1,850**	2,427	2,427
Due from credit institutions and central banks	**30,882**	**30,883**	15,143	15,144
Loans and advances at fair value	**218,864**	**218,864**	0	0
Loans and advances at amortised cost	**142,935**	**143,005**	131,378	131,420
Bonds at fair value	**82,459**	**82,459**	57,754	57,754
Bonds at amortised cost	**6,878**	**7,124**	14,794	15,096
Shares, etc.	**2,972**	**2,972**	2,305	2,305
Assets in pooled deposits	**4,656**	**4,656**	4,809	4,809
Derivative financial instruments	**40,542**	**40,542**	25,911	25,911
Total	**532,038**	**532,355**	254,521	254,866
FINANCIAL LIABILITIES				
Due to credit institutions and central banks	**49,885**	**49,921**	43,936	43,928
Deposits	**147,803**	**147,951**	126,021	126,207
Pooled deposits	**4,890**	**4,890**	5,403	5,403
Issued bonds at fair value	**208,539**	**208,539**	0	0
Issued bonds at amortised cost	**43,413**	**44,266**	27,760	28,098
Subordinated debt	**1,355**	**1,039**	1,649	1,230
Derivative financial instruments	**41,577**	**41,577**	26,246	26,246
Total	**497,462**	**498,183**	231,015	231,112

Note	DKKm	The Jyske Bank Group

47 **The fair value hierarchy**

2014			**Non-**		
Financial assets	**Quoted prices**	**Observable prices**	**observable prices**	**Fair value total**	**Carrying amount**
Loans and advances at fair value	0	218,864	0	218,864	218,864
Bonds at fair value	71,106	11,353	0	82,459	82,459
Shares, etc.	1,315	26	1,631	2,972	2,972
Assets in pooled deposits	3,187	1,469	0	4,656	4,656
Derivative financial instruments	209	40,333	0	40,542	40,542
Total	**75,817**	**272,045**	**1,631**	**349,493**	**349,493**
Financial liabilities					
Pooled deposits	0	4,890	0	4,890	4,890
Issued bonds at fair value	190,221	18,318	0	208,539	208,539
Derivative financial instruments	346	41,231	0	41,577	41,577
Total	**190,567**	**64,439**	**0**	**255,006**	**255,006**
2013					
Financial assets					
Bonds at fair value	40,358	17,396	0	57,754	57,754
Shares, etc.	953	182	1,170	2,305	2,305
Assets in pooled deposits	3,300	1,509	0	4,809	4,809
Derivative financial instruments	254	25,657	0	25,911	25,911
Total	44,865	44,744	1,170	90,779	90,779
Financial liabilities					
Pooled deposits	0	5,403	0	5,403	5,403
Derivative financial instruments	251	25,995	0	26,246	26,246
Total	251	31,398	0	31,649	31,649

The above table indicates the fair value hierarchy of financial assets and liabilities measured at fair value.

The Group has a practice that, should update of prices does not occur for two days, this will lead to transfers between the categories quoted prices and observable prices. There have been no significant transfers between the three categories in 2014 and in 2013.

NON-OBSERVABLE PRICES	**2014**	2013
Fair value, beginning of period	**1,170**	948
Capital gain and loss reflected in the income statement in value adjustments	**430**	-30
Capital gain and loss reflected in other comprehensive income	**0**	0
Sales	**581**	0
Purchases and additions during the year	**612**	252
Fair value, end of period	**1,631**	1,170

Non-observable prices

Non-observable prices at end-2014 referred to unlisted shares recognised at DKK 1,631m against unlisted shares recognised at DKK 1,170m in 2013. These are primarily sector shares. The valuation, which is subject to some uncertainty, is based on the equity method, market transactions, and own assumptions and extrapolations etc. In the cases where Jyske Bank calculates the fair value on the basis of the company's expected future earnings, a required rate of return of 15% p.a. before tax is applied. A change in the required rate of return of 1% will result in a change of the fair value of about DKK 28m.

Capital gain and loss for the year on illiquid bonds and unlisted shares referred to assets held at end-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.

48 **Risk exposure**

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

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

Moreover, Jyske Bank assumes market risks when a return matching the involved risk can be rendered probable. The Group's market risk consists chiefly of interest-rate risk. Market risks are managed on the basis of a portfolio approach across instruments and types of risk and hence in consideration of the correlation or lack of correlation for which there is empirical evidence and that is expressed through the risk measurement Value at Risk (VaR). To a lesser degree, the Group assumes financial option risks. During periods with high market volatility, positions involving market risk are reduced so the stated VaR will still be at an acceptable level.

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

In addition to credit, market, operational and liquidity risks, the Group's activities also involve business risks. Business risks are linked to the volatility in the Group's earnings capacity.

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

49 **Risk management and risk organisation**

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

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

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

- presentation of risk policies and risk-management principles to the Group Executive Board and the Group Supervisory Board;
- implementation of risk management principles and policies in order to improve risk management on an on-going basis;
- quantification of the Group's risk exposure as well as monitoring and reporting to ascertain that the Group's risk exposure does not exceed the limits defined by the Group Supervisory Board;
- recognition, measurement and financial reporting in the Group as well as the implementation of adviser-oriented financial and risk-management tools.

To achieve efficient risk management close to the mortgage-credit business, the Group has chosen to appoint a risk officer at BRFkredit. The risk officer and his employees form an integral part of the unit Finance and Risk Management to ensure that the group chief risk officer has a complete overview of the entire Group's risks. Day-to-day management of credit risk is undertaken by account managers as well as the Credit Division with due regard to credit policies and credit instructions.

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

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

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

Note	The Jyske Bank Group

50 **Credit risk**

Credit risk is managed on the basis of the Group's credit risk models which include PD, LGD and EAD modelling. The models are used for various purposes, for instance, in connection with the advisory services offered to Jyske Bank's clients, and in management reporting.

Credit policy and responsibility

The Group Supervisory Board lays down the overall guidelines for credit granting within the Group, and the largest exposures are presented to the Group Supervisory Board for approval. The Group Supervisory Board delegates limits to the members of the Group Executive Board.

Credit risk is managed through the credit policy, of which the objective is to keep Group risk at an acceptable level in relation to the capital base and business volume of the Group, given the general trend in the Danish economy. Client transactions with the Group must generate a satisfactory long-term return according to RAROC principles.

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

Credit risk is managed on the basis of the Group's credit risk models which are used for various purposes, for instance in connection with the advisory services offered to the Group's clients, and in management reporting.

Limits and authorisation

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

Limits are delegated to account managers individually on the basis of perceived competence and need. Decisions about applications over and above the limits delegated to account managers are made by the unit Credit. Credit-related decisions relating to Credit's limits are made by the Group Executive Board for credit cases at Jyske Bank, whereas the Supervisory Boards for the individual subsidiaries authorise cases involving clients of the subsidiaries, including and primarily BRFkredit and Jyske Finans.

The credit process and monitoring

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

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

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

The provision of collateral is a material element in credit granting in order to minimise the Group's future losses. In respect of mortgage loans, real property is always mortgaged.

All the Group's credit risk positions are monitored by two departments, Capital and Risk as well as Credit Risk Supervision. Both of these are departments separate from client-oriented functions. The exposure of the Group by size, sector and geographical area is monitored and analysed on an on-going basis with a view to reducing the risk associated with specific high-risk sectors and geographical areas and ensuring satisfactory diversification of the portfolio.

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

Note | The Jyske Bank Group

50 **Credit risk, cont.**

Credit assessment and PD
Credit procedures are adjusted to match the level of risk on individual exposures. The key element is the client's credit quality, referred to as credit rating at Jyske Bank and rating at BRFkredit, as this expresses the probability of the client defaulting over the coming year (PD). 'Default' occurs when an obligor is considered unlikely to meet his obligations to the Group. By far, most clients are awarded a PD on the basis of statistical credit scoring models developed internally in the Group. Very large enterprises and enterprises within special sectors are, however, awarded a PD on the basis of an assessment by an independent expert. Examples are financing companies, financial institutions and central governments. In those cases, external ratings, if available, will primarily form the basis in the internal credit rating of the client.

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

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

PD-level adjustments relative to the actual development of the default rate are made quarterly. The adjustment is made partially relative to the long-term average, which method is termed a PD hybrid model.

At BRFkredit, the PD is translated into 9 rating classes, where rating class 9 designates clients in default. Work is undergoing to harmonise the number of rating classes in the Group.

Below is shown the mapping between credit ratings, BRF rating, PD as well as external ratings at end-2014.

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

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

INTERNAL RATINGS AND PD BAND

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

1) BRF rating 8 may include PDs above 20%.

Note	The Jyske Bank Group

50 **Credit risk, cont.**

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

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

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

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

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

Collateral
With the objective of limiting credit risk, the need to demand collateral will be considered for each exposure on its merits. As a main rule, clients are required to provide full or partial collateral for their exposures. The Group's mortgage loans are always secured by mortgages on immovable property, and also in a large number of cases, guarantees are provided by third parties in connection with cooperation with other financial institutions. In connection with loans for social housing, guarantees are provided by municipalities and the state.

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

The modelling of LGD at the Group is divided into two main areas: The part of the account that is secured by collateral and the unsecured part. With unsecured debt, the proportion of a customer's unsecured debt which the Group will be able to collect is estimated. Client-specific circumstances and other circumstances with regard to the commitment are decisive for LGD. For the secured debt, the expected proceeds from liquidation of collateral are estimated. Here the type of collateral held by Jyske Bank is decisive as well as the liquidity of the assets. With comparatively rare assets an expert estimate of the proceeds is obtained, whereas statistical estimates are used for more frequent asset classes such as vehicles, real property and securities. Also, on-going adjustments are taking place of the risk models for calculation of the expected proceeds on the basis of business requirements or due to new statutory requirements.

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

In the calculation of the capital requirement, LGD estimates are used which reflect the expected loss rates of the Group in the event of an economic slowdown. The levels of loss have been calibrated to the period at the end of the 1980s and the beginning of the 1990s. LGD estimates are calculated on the value of the collateral applied to lower credit risk.

Note	The Jyske Bank Group

50 **Credit risk, cont.**

Risk categories
At Jyske Bank (exclusive of BRFkredit), exposures with objective evidence of impairment are divided into three categories: exposures with low, high and full risk. The latter two risk categories consist of defaulted clients.

At BRFkredit, exposures with objective evidence of impairment are divided into two categories: exposures with low and high risk, where the latter risk category consists of defaulted clients.

Loan impairment charges and provisions for guarantees
The Group recognises impairment of loans and advances where events indicate objective evidence of impairment which will affect the size of anticipated future payments.

On an on-going basis, and at least quarterly, account managers assess whether objective evidence of impairment charges relating to the Group's clients have emerged. Where easier conditions have been granted to clients with financial problems, this will be regarded as individual objective evidence of impairment and impairment charges will be recognised.

At the Group, all loans and advances are assessed for impairment. Objective evidence of impairment exists if one or more of the following events have occurred:

- The borrower is facing considerable financial difficulties;
- The borrower is in breach of contract;
- The borrower is granted easier terms that would not be considered if the borrower was not facing financial difficulties;
- The borrower will go bankrupt or undergo some other financial restructuring.

Note	DKKm	The Jyske Bank Group 2014	2013
51	**Maximum credit exposure**		
	Demand deposits at central banks	**1,185**	1,090
	Due from credit institutions and central banks	**30,882**	15,143
	Loans and advances at fair value	**218,864**	0
	Loans and advances at amortised cost	**142,935**	131,378
	Bonds at fair value	**82,459**	57,754
	Bonds at amortised cost	**6,878**	14,794
	Positive market values of derivatives	**40,542**	25,911
	Guarantees	**13,218**	14,119
	Irrevocable credit commitments	**14,474**	2,529
	Total	**551,437**	262,718

Note		2014	2013
52	**Impaired credit exposures, individual impairment charges and provisions**		
	Balance before impairment charges:		
	Loans and advances	**13,938**	7,781
	Guarantees	**1,147**	953
	Total	**15,085**	8,734
	Collateral (not specified separately for loans, advances and guarantees)		
	Cash balances	**67**	55
	Highly liquid securities	**123**	237
	Guarantees made out directly to the Group	**9**	19
	Real property, residential	**517**	421
	Real property, commercial	**4,319**	1,509
	Movable property, cars and rolling stock	**54**	77
	Other movable property	**434**	298
	Other collateral	**256**	389
	Guarantees whereby the guarantor assumes primary liability	**148**	154
	Total collateral	**5,927**	3,159

Note	**Maturity matrix, irrevocable credit commitments, floating rate**	**Up to 3 months**	**3 months – 1 year**	**1-5 years**	**Over 5 years**	**Total**
53	**2014**					
	Due from credit institutions and central banks	0	0	400	0	400
	Loans and advances at fair value	5,956	5,528	0	0	11,484
	Loans and advances at amortised cost	220	0	1,968	402	2,590
	Total	**6,176**	**5,528**	**2,368**	**402**	**14,474**
	2013					
	Due from credit institutions and central banks	0	250	100	0	350
	Loans and advances at fair value	0	0	0	0	0
	Loans and advances at amortised cost	0	500	1,679	0	2,179
	Total	0	750	1,779	0	2,529

Note	DKKm				The Jyske Bank Group

Note	Credit quality of exposures that are neither overdue nor impaired by rating	Ratings 1-5	Ratings 6-11	Ratings 12-14	Other
54	**2014**				
	Loans and advances	168.084	121.725	28.757	12.111
	Guarantees	4.501	4.689	606	1.271
	Total	**172.585**	**126.414**	**29.363**	**13.382**
	2013				
	Loans and advances	58,682	49,178	7,122	9,011
	Guarantees	5,657	4,412	486	1,041
	Total	64,339	53,590	7,608	10,052

The carrying amount of credit exposures which would have been overdue or impaired if the attached terms and conditions had not been renegotiated, amounted to DKK 343m (2013: DKK 412m).

Note	Overdue but not impaired credit exposures	Ratings 1-5	Ratings 6-11	Ratings 12-14	Other
55	**2014**				
	Overdue 0-90 days	283	335	101	179
	Overdue > 90 days	0	0	1	46
	Overdue, total	**283**	**335**	**102**	**225**
	Collateral				
	Cash balances	3	1	0	2
	Securities	0	3	1	1
	Guarantees made out directly to Jyske Bank	0	0	0	0
	Real property, residential	11	10	3	27
	Real property, commercial	1	17	6	38
	Movable property, cars and rolling stock	0	0	0	0
	Other movable property	0	1	4	0
	Other collateral	0	0	0	0
	Guarantees whereby the guarantors assume primary liability	0	1	3	0
	Total collateral	**15**	**33**	**17**	**68**
	2013				
	Overdue 0-90 days	172	444	113	180
	Overdue > 90 days	0	1	1	133
	Overdue, total	172	445	114	313
	Collateral				
	Cash balances	21	8	6	5
	Securities	22	5	1	7
	Guarantees made out directly to Jyske Bank	0	0	0	0
	Real property, residential	5	5	2	80
	Real property, commercial	3	10	2	6
	Movable property, cars and rolling stock	0	0	0	0
	Other movable property	0	2	3	1
	Other collateral	0	18	1	1
	Guarantees whereby the guarantors assume primary liability	0	5	1	1
	Total collateral	51	53	16	101

Note	%				The Jyske Bank Group
56	**Loans and guarantee debtors by country and client segment**	**Clients**	**Banks**	**Central govts, etc.**	**Total**
	2014				
	Denmark	88	51	100	84
	The EU	11	47	0	15
	Rest of Europe	1	0	0	0
	USA + Canada	0	1	0	0
	Other zone-A countries	0	0	0	0
	South America	0	0	0	1
	Rest of the world	0	1	0	0
	Total	**100**	**100**	**100**	**100**
	2013				
	Denmark	90	24	100	86
	The EU	8	69	0	11
	Rest of Europe	1	1	0	1
	USA + Canada	0	5	0	0
	Other zone-A countries	0	0	0	0
	South America	0	0	0	1
	Rest of the world	1	1	0	1
	Total	100	100	100	100

Note	DKKm	The Jyske Bank Group

57 **Market risk**

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

Sensitivity analyses

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

The sensitivity analysis for 2014 reflected essentially the previously described development of Jyske Bank's market risk, and the merger with BRFkredit only affected the total interest-rate risk to a modest degree as the activities of BRFkredit are close to being interest-rate risk neutral due to match funding of mortgage loans and an interest-risk averse investment strategy. Jyske Bank's net interest-rate risk fell in the course of 2014. The development was affected by several conflicting circumstances, of which the growth in Jyske Bank's home loans increased the interest-rate risk. The on-going hedging and strategic adjustment of the market risk strategy, on the other hand, had the opposite effect.

Sensitivity analyses – effect on Income Statement	**2014**	**2013**
A 1 percentage-point increase in interest rates	**-150**	-337
A negative 0.5 percentage-point change in interest rates	**-365**	-306
A general fall of 10% in equity prices	**-55**	-40
A negative 2% change in equity prices	**-53**	-39
A negative 5% change in commodity prices	**0**	-1
A negative 5% change in exchange rates*	**-71**	-78

Note: This is a mild stress scenario. "Negative" means that the prices of long positions fall, while those of short positions rise. All calculated per currency. Equity risk was calculated for the trading portfolio. The impact on equity is as outlined above, yet less tax.

*EUR is not included in the calculation

Note	DKKm						The Jyske Bank Group

58 **Interest-rate risk by currency and duration**

	<= 1 year	2 years	5 years	>= 10 years	Total	Of which interest-rate risk outside trading portfolio
2014						
BRL	0	0	0	5	5	0
DKK	45	106	-65	106	192	137
EUR	-29	-1	-126	-219	-375	-156
GBP	4	0	2	11	17	2
SEK	-4	-2	-3	2	-7	-10
USD	-3	4	-17	30	14	3
Other	3	0	2	-1	4	0
Total	**16**	**107**	**-207**	**-66**	**-150**	**-24**
2013						
BRL	0	0	0	5	5	0
DKK	103	104	202	23	432	-1
EUR	-16	7	-63	-33	-105	-11
JPY	-2	0	0	-9	-11	1
MXN	0	1	0	4	5	0
NOK	8	-1	0	0	7	0
Other	-5	5	-4	7	3	-1
Total	88	116	135	-3	336	-12

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

2014						
Assets						
Due from credit institutions and central banks	12	0	0	0	12	12
Loans and advances	-2	126	56	227	407	407
Bonds	321	505	127	159	1,112	52
Liabilities						
Due to credit institutions and central banks	-60	0	0	0	-60	-60
Deposits	-116	-76	-3	5	-190	-190
Issued bonds	-34	-133	-56	-242	-465	-465
Subordinated debt	-3	-1	-1	-21	-26	-26
Derivative financial instruments						
Interest-rate and currency swaps	-79	-187	-211	-26	-503	246
Other derivatives	19	-7	3	1	16	0
Futures	-42	-120	-122	-169	-453	0
Total	**16**	**107**	**-207**	**-66**	**-150**	**-24**
2013						
Assets						
Due from credit institutions and central banks	11	0	0	0	11	11
Loans and advances	31	59	18	5	113	113
Bonds	279	238	205	209	931	189
Liabilities						
Due to credit institutions and central banks	-72	0	0	0	-72	-72
Deposits	-93	-58	-8	6	-153	-153
Issued bonds	7	-25	-55	-226	-299	-299
Subordinated debt	-2	-1	-1	-20	-24	-24
Derivative financial instruments						
Interest-rate and currency swaps	-92	-20	-13	101	-24	223
Other derivatives	13	5	1	5	24	0
Futures	6	-82	-12	-83	-171	0
Total	88	116	135	-3	336	-12

Note	DKKm	The Jyske Bank Group 2014	2013
60	**Currency risk**		
	Total foreign-currency assets	**52,589**	52,635
	Total foreign-currency liabilities	**71,698**	62,700
	Currency-exposure indicator 1	**2,480**	1,109
	Currency-exposure indicator 1 as a percentage of core capital	**8.9**	6.3
	Exposure by currency		
	EUR	**-2,133**	-611
	SEK	**158**	-2
	CAD	**-1**	-7
	GBP	**-46**	-58
	JPY	**1**	-40
	CHF	**-206**	-217
	NOK	**333**	289
	USD	**113**	347
	Other, long	**414**	404
	Other, short	**-96**	-133
	Total	**-1,463**	-28
61	**Equity risks**		
	Equity risk A		
	Listed shares and derivatives	**29**	28
	Unlisted shares	**237**	193
	Total	**266**	221
	Equity risk B		
	Listed shares and derivatives	**193**	165
	Unlisted shares	**237**	193
	Total	**430**	358

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

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

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

Note	DKKm	The Jyske Bank Group 2014	2013
62	**Hedge accounting**		
	Issued bonds		
	Amortised / Nominal value	**2,677**	2,573
	Carrying amount	**2,941**	2,631
	Subordinated debt		
	Amortised / Nominal value	**149**	149
	Carrying amount	**177**	159
	Hedging, financial instruments - swaps		
	Nominal value	**2,826**	2,722
	Carrying amount	**339**	128
	Profit/loss for the year on hedging instruments	**211**	-152
	Profit/loss for the year on hedged items	**-224**	130

Interest-rate risk

Jyske Bank applies the rules for hedge accounting of fair value. The hedging instruments used are typically interest-rate swaps, which are used for hedging against changes in the interest-rate level. Only interest rates are hedged and therefore not credit margins, etc. These items are subject to hedging:

Hedge accounting of currency risk on investments in subsidiaries

Jyske Bank hedges the currency risk on net investments in international subsidiaries. The risk is hedged using forward exchange contracts. In 2014, revaluation of the contracts amounted to DKK -53m (2013: DKK 73m) which was recognised in other comprehensive income. At end-2014, the fair value of the open forward exchange contracts applied amounted to DKK 10m (2013: DKK -5m).

Note | DKKm | The Jyske Bank Group

63 **Derivative financial instruments**

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

2014	**Net fair value**				**Gross fair value**			**Principal amounts, total**
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Positive	Negative	Net	Nominal value
Currency contracts								
Forwards/futures, bought	623	136	1,239	0	8,294	6,296	1,998	427,670
Forwards/futures, sold	-250	-372	41	0	4,268	4,849	-581	313,086
Swaps	-34	-115	-860	6	679	1,682	-1,003	69,475
Options, acquired	28	12	2	0	42	0	42	3,130
Options, issued	-29	-28	-2	0	0	59	-59	3,510
Total	**338**	**-367**	**420**	**6**	**13,283**	**12,886**	**397**	**816,871**
Interest-rate contracts								
Forwards/futures, bought	22	0	4	0	26	0	26	12,439
Forwards/futures, sold	2	-5	-6	-1	40	50	-10	49,184
Forward Rate Agreements, bought	0	0	0	0	4	4	0	26,120
Forward Rate Agreements, sold	1	0	0	0	5	4	1	21,800
Swaps	-745	19	-515	172	31,980	33,049	-1,069	787,926
Options, acquired	1	0	131	-49	84	1	83	17,479
Options, issued	-84	1	-132	-89	2	306	-304	17,882
Total	**-803**	**15**	**-518**	**33**	**32,141**	**33,414**	**-1,273**	**932,830**
Share contracts								
Forwards/futures, bought	11	0	0	0	12	1	11	648
Forwards/futures, sold	-31	0	0	0	3	34	-31	1,179
Options, acquired	30	0	0	0	30	0	30	2,836
Options, issued	-30	0	0	0	0	30	-30	2,836
Total	**-20**	**0**	**0**	**0**	**45**	**65**	**-20**	**7,499**
Commodity contracts								
Forwards/futures, bought	-2	-24	-2	0	22	50	-28	1,050
Forwards/futures, sold	2	22	2	0	51	25	26	1,049
Options, acquired	-5	-1	-19	0	0	25	-25	88
Options, issued	5	1	19	0	25	0	25	93
Total	**0**	**-2**	**0**	**0**	**98**	**100**	**-2**	**2,280**
Total	**-485**	**-354**	**-98**	**39**	**45,567**	**46,465**	**-898**	**1,759,480**
Outstanding spot transactions					**55**	**186**	**-131**	**71,757**
CCP netting					**-5,074**	**-5,074**	**0**	**0**
Total after CCP netting					**40,548**	**41,577**	**-1,029**	**1,831,237**

Note	DKKm								The Jyske Bank Group

63 **Derivatives Instruments, cont.**

2013	Net fair value				Gross fair value			Principal amounts, total
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Positive	Nega-tive	Net	Nominal value
Currency contracts								
Forwards/futures, bought	-533	179	44	0	2,894	3,204	-310	400,372
Forwards/futures, sold	669	-151	-40	0	2,618	2,140	478	314,012
Swaps	4	-77	125	-20	554	522	32	56,142
Options, acquired	17	29	4	0	50	0	50	4,037
Options, issued	-14	-29	-4	0	0	47	-47	3,537
Total	143	-49	129	-20	6,116	5,913	203	778,100
Interest-rate contracts								
Forwards/futures, bought	-36	1	7	0	16	44	-28	9,333
Forwards/futures, sold	54	-4	-6	-1	49	6	43	33,171
Forward Rate Agreements, bought	0	11	3	0	17	3	14	27,836
Forward Rate Agreements, sold	6	-19	3	0	4	14	-10	35,841
Swaps	-220	-24	-293	17	19,357	19,877	-520	536,239
Options, acquired	2	0	68	43	113	0	113	17,091
Options, issued	-1	0	-68	-49	0	118	-118	13,216
Total	-195	-35	-286	10	19,556	20,062	-506	672,727
Share contracts								
Forwards/futures, bought	84	0	0	0	84	0	84	2,120
Forwards/futures, sold	-80	0	0	0	0	80	-80	2,276
Options, acquired	16	40	12	0	68	0	68	1,328
Options, issued	-16	-40	-12	0	0	68	-68	1,327
Total	4	0	0	0	152	148	4	7,051
Commodity contracts								
Forwards/futures, bought	-3	-2	-3	0	10	18	-8	918
Forwards/futures, sold	2	2	3	0	18	11	7	916
Options, acquired	1	2	0	0	3	0	3	49
Options, issued	-1	-1	0	0	0	2	-2	49
Total	-1	1	0	0	31	31	0	1,932
Total	-49	-83	-157	-10	25,855	26,154	-299	1,459,810
Outstanding spot transactions					77	92	-15	52,584
CCP netting					0	0	0	0
Total after CCP netting					25,932	26,246	-314	1,512,394

Note | **The Jyske Bank Group**

64 **Liquidity risk**

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

Objective and overall setup

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

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

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

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

Management and monitoring

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

The effect on liquidity from the limited amount of 'free' liquidity flows at BRFkredit is not included in the group internal control at Jyske Bank, Treasury. BRFkredit is subject to liquidity-related restrictions in respect of investment profile in the securities portfolio, repo lending as well as money-market placements away from the parent company to ensure that transactions af BRFkredit are in line with statutory requirements and also BRFkredit's and the Group's risk profile.

These restrictions have been coordinated with the department Jyske Bank, Market Risk and entered into BRFkredit's liquidity instructions.

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

Short-term liquidity management

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

Note	The Jyske Bank Group

64 **Liquidity risk, cont.**

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

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

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

- **Scenario 1** is a severe Jyske Bank-specific stress scenario which is monitored daily and is included as the key ratio in the limit structure. The scenario is a severe stress scenario with a short critical survival horizon of 35 days: the Group must hold a sufficient liquidity buffer to be able to withstand non-market access to a broad part of its price- and credit-sensitive funding sources. In addition to failure to obtain refinancing in the capital markets through inter-bank loans, CP and EMTN issues (senior issues as well as senior secured), run-off of all large demand and term deposits from the corporate and retail client segments is assumed.

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

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

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

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

In 2014, Jyske Bank had a very high degree of excess coverage in respect of the stress-based internally delegated limits and guidelines.

Note | **The Jyske Bank Group**

64 **Liquidity risk, cont.**

The Group's liquidity buffer

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

Jyske Bank's holding of securities is divided into three groups in order of liquidity:

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

Jyske Bank has adopted a general policy for the size and quality of its liquidity buffer, which is adjusted to suit the Group's balance sheet composition and risk profile. In practice, the liquidity buffer policy implies that the liquidity buffer consists predominantly of assets from liquidity groups 1 and 2. It is thus Jyske Bank's policy that it must be able to meet the limit of the survival horizon of stress scenario 1 merely by freeing assets from liquidity groups 1 and 2.

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

Asset encumbrance

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

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

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

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

The Group does not wish to be structurally dependent on funding of its activities from central banks. On the other hand, periodically Jyske Bank raises loans with Danmarks Nationalbank, the central bank of Denmark, and the ECB to level out sector drawings and other large and short-term shifts in the liquidity position.

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

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

Note	The Jyske Bank Group

65 **Operational risk**

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

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

Objective and overall setup

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

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

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

Management and monitoring

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

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

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

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

If the Group's operational risks change materially, this is reported immediately to the Group Executive Board. Transgressions of defined risk targets are also reported to the Group Executive Board and the Group Supervisory Board.

66 **Business risk**

The Group applies an own-developed model for calculation of economic capital for business risk. The model is based on past earnings capacity and provides a picture of risk on the basis of the environment that the Group operates in at the given time. The model involves risk factors that are presumed to affect the general business conditions in the sector and at the same time it allows for the possibility that the Group’s position in the market may change.

Note	DKKm	The Jyske Bank Group 2014	2013
67	**Transactions involving related parties**		
	Transactions with associates		
	Other liabilities	**132**	127
	Employee and administrative expenses	**525**	492
	Transactions with joint ventures		
	Loans and advances	**335**	322
	Deposits	**116**	142
	Interest income	**23**	22
	Interest expenses	**1**	1
	Other operating income	**20**	18
	Employee and administrative expenses	**131**	94

	Supervisory Board and related parties 2014	Supervisory Board and related parties 2013	Executive Board and related parties 2014	Executive Board and related parties 2013
Short-term consideration	**4**	3	**31**	25
Guarantees provided	**2**	18	**0**	0
Collaterals received	**25**	24	**10**	6
Debt of the Jyske Bank Group	**39**	29	**19**	29
Account receivable, the Jyske Bank Group, amount drawn down	**29**	27	**10**	6
Account receivable, the Jyske Bank Group, credit facility	**35**	56	**10**	6
Interest income of the Jyske Bank Group	**0**	1	**0**	0
Changes in the present value of the pension liability			**12**	1
Interest rates for loans and advances (%)	**0.7-7.7**	1.2-8.4	**0.7-1.3**	1.3-1.8

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

Jyske Bank’s Executive Board and Supervisory Board as well as their related parties are also considered related parties.

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

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

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. Pension liabilities are actuarial items based on a number of assumptions, cf. Note 38. Therefore changes in pension liabilities cannot meaningfully be added to the annual remuneration.

The members of the Executive Board are not offered any incentive programmes. No member of the Executive Board or the Supervisory Board is specifically remunerated as a member of the board in any associated undertaking or group enterprise. The Executive Board as well as Jyske Bank can terminate employment with a term of notice of six months. However, for Sven A. Blomberg, 12 months and 24 months, respectively. In addition, where Jyske Bank terminates the employment a severance pay equalling two years’ pay will be given. At the termination of his employment, Sven A. Blomberg shall receive a severance pay corresponding to 1 year's salary.

For Jyske Bank A/S' related party transactions, please see note 36 in Jyske Bank' A/S' financial statements.

Note		The Jyske Bank Group 2014	2013
68	**Operating leases**		
	Jyske Bank holds a number of operating leases. The leases are primarily on premises, equipment, tools and equipment and are not recognised in Jyske Bank's balance sheet.		
	Operating lease commitments		
	0-1 year	**26**	29
	1-5 years	**30**	40
	> 5 years	**7**	12
	Total	**63**	81
	The minimum lease payment is recognised in the net profit for the year	**33**	35
69	**Finance leases by remaining contractual term**		
	Finance leases, gross investments		
	Lease term of less than 1 year	**2,459**	2,574
	Lease term of 1-5 years	**4,480**	4,304
	Lease term of more than 5 years	**288**	260
	Total	**7,227**	7,138
	of which un-earned, future financial income	**478**	503
	Finance leases, net investment	**6,749**	6,635
	Finance leases, net investment		
	Lease term of less than 1 year	**2,264**	2,366
	Lease term of 1-5 years	**4,206**	4,016
	Lease term of more than 5 years	**279**	253
	Total	**6,749**	6,635
	Finance leasing is recognised under loans and advances.		
	Of the net investment, the non-guaranteed residual value, which accrues to the Group, amounts to (open residual value)	**0**	0
	Impairment charge, finance leases	**69**	103

Leases for which the Group acts as the lessor have mainly been contracted for equipment and to a lesser extent for commercial real property. Cars and lorries are the main object types, and the non-guaranteed residual value stated refers to those agreements. To a certain extent, agreements have been entered into through the agency of distributors who guarantee the residual value.

Note	DKKm	The Jyske Bank Group

70 **Business combination**

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 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, partly because of higher return requirements in banking than in the mortgage business. The difference, termed bargain purchase, has been calculated at DKK 2,360m. According to IFRS 3, the bargain purchase was recognised as income under Other operating income. It is expected that integration costs will be lower than the previously announced range of DKK 300-400m. In connection with the acquisition, transaction costs in the amount of DKK 20m incurred and were recognised in the income statement under administrative expenses. Jyske Bank took over loans and advances as well as other receivables at fair value of nominally DKK 196.9bn, and the expected loss at the time of the takeover was DKK 1.7bn.
Jyske Bank took over loans and advances as well as other receivables at amortised cost of nominally DKK 10.8bn, and the expected loss at the time of the takeover was DKK 1.0bn. In addition to bargain purchases, the acquisition of BRFkredit affected the Group's turnover by DKK 5,353m and pre-tax profit by DKK 457m in 2014. If the acquisition date had been 1 January 2014, the acquisition would, in addition to bargain purchases, have affected the Group's turnover by DKK 7,853m and pre-tax profit by DKK -348m in 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, etc.	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 held temporarily	266
Other assets	1,118
Prepayments	47
Total assets	**241,831**
Liabilities	
Due to credit institutions and central banks	18,189
Deposits and other debt	5,246
Issued bonds at fair value	200,971
Issued bonds at amortised cost	6,080
Liabilities relating to assets held 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 | The Jyske Bank Group

71 **The Jyske Bank Group - overview**

31 December 2014	Activity *	Currency	Share capital 1.000 units	Ownership share (%)	Voting share (%)	Assets (DKKm)	Liabilities DKKm	Equity (DKKm)	Earnings (DKKm)	Profit, DKKm
Jyske Bank A/S	a	DKK	950,400			316,258	288,697	27,561	8,491	3,088
Consolidated subsidiaries										
BRFkredit a/s, Kgs. Lyngby	b	DKK	1,306,480	100	100	256,145	245,061	11,084	2,690	-287
BRFkredit Bank a/s, Kgs. Lyngby	a	DKK	425,000	100	100	6,256	5,369	887	183	-171
Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S, Aarhus	e	DKK	4,600	100	100	89	6	83	5	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	4,412	3,733	679	113	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	1,807	1,162	645	92	-1
Inmobiliaria Saroesma S.L., Spain	e	EUR	773	100	100	81	69	12	0	-4
Jyske Finans A/S, Silkeborg	c	DKK	100,000	100	100	14,078	12,806	1,272	795	268
Gl. Skovridergaard A/S, Silkeborg	e	DKK	16,000	100	100	26	11	15	21	-1
Sundbyvesterhus A/S, Silkeborg	e	DKK	518	100	100	88	13	75	5	2

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

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

Associates**	Activity *	Currency	Share capital 1.000 units	Ownership share (%)	Voting share (%)	Assets (DKKm)	Liabilities DKKm	Equity (DKKm)	Earnings (DKKm)	Profit, DKKm
PRAS A/S, Copenhagen	-	DKK	548,625	22	9	3,178	1,301	1,877	65	91
Foreningen Bankdata, Fredericia	-	DKK	482,214	41	41	649	140	509	1,153	25
JN Data A/S, Silkeborg	-	DKK	97,500	50	50	739	542	197	1,669	5
Biovision A/S, Hørsholm	-	DKK	600	33	33	2	1	1	0	0
CAPNOVA A/S, Aarhus	-	DKK	5,000	21	21	23	6	17	18	-4
JSNA Holding A/S, Aalborg	-	DKK	2,000	33	33	4	0	4	0	0
Semler Bilfinans A/S, Brøndby	-	DKK	4,600	25	32	50	13	37	11	6

From associates, the Jyske Bank Group recognised a total of DKK 335m (2013: DKK 322m) under assets, DKK 248m (2013: DKK 269m) under liabilities, DKK 43m (2013: DKK 40m) under income, and DKK 656m (2013: DKK 587m) under expenses.

** Accounting figures according to the latest published Annual Report.

Note		The Jyske Bank Group
	DKKm	

72 **Investments in associates and jointly controlled enterprises**

	Associated enterprises				Jointly controlled enterprises	
	PRAS A/S		Foreningen Bankdata		JN Data A/S	
	2014	2013	**2014**	2013	**2014**	2013
Equity interest	**22**	20	**41**	40	**50**	50
Dividend recieved	**0**	0	**0**	0	**0**	0
Income statement and comprehensive income						
Revenue	**65**	87	**1,153**	1,097	**1,669**	1,713
Expenses	**1**	1	**1,045**	1,027	**1,454**	1,502
Amortisation, depreciation and impairment	**0**	0	**80**	65	**208**	203
Financial income	**117**	44	**0**	0	**1**	1
Financial expenses	**89**	44	**1**	1	**2**	4
Tax on profit for the year	**1**	0	**2**	2	**1**	1
Profit for the year	**91**	86	**25**	2	**5**	4
Other comprehensive income	**0**	0	**0**	0	**0**	0
Total income	**91**	86	**25**	2	**5**	4
Balance sheet						
Property, plant and equipment	**0**	0	**171**	185	**339**	378
Intangible assets	**0**	0	**0**	0	**41**	32
Investments	**3,176**	3,122	**182**	0	**0**	0
Cash and cash equivalents	**1**	60	**146**	138	**128**	189
Current assets	**2**	61	**296**	522	**359**	417
Total assets	**3,178**	3,183	**649**	707	**739**	827
Equity	**1,877**	1,883	**509**	485	**197**	191
Long-term liabilities	**0**	1,300	**23**	70	**290**	292
Short-term liabilities	**1,301**	0	**117**	152	**252**	344
Equity and liabilities, total	**3,178**	3,183	**649**	707	**739**	827

Financial information for the Jyske Bank Group's individual material associates and jointly controlled enterprises. The amounts stated are the latest published total accounting figures of the individual associates' and jointly controlled enterprises.

The Group's strategy includes strategic partnerships in key areas, including IT development through the Association Bankdata and IT-operations through JN Data A/S. JN Data A/S owns 50% of Jyske Bank and 50% of Nykredit and the company jointly run by the owners, why the company is considered jointly controlled.

In February 2015, Jyske Bank and Nykredit/Totalkredit entered into an agreement to the effect that the Nykredit Group buys Jyske Bank's shares in PRAS A/S, which at end-2014 amounted to about 22% of the share capital in PRAS A/S.

Information concerning non significant associates	**Book value by the equity method**	**Profit from continuing operations**	**Results discontinuing operation**	**Other comprehensive income**	**Total Income**
According to the group's stake in each company in 2014	**15**	**1**	**0**	**0**	**1**
According to 100% of the individual companies in 2014	**60**	**2**	**0**	**0**	**2**

Financial figures according to the latest published annual report.

Note	The Jyske Bank Group

73 **Accounting Policies**

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

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

The rules applying to recognition and measurement within the Parent are consistent with IFRS with the exception of the measurement of the book value of associates and group enterprises, where IFRS stipulates measurement at cost or fair value.

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

Changes to accounting policies
The merger with BRFkredit caused the implementation of the following changes to the accounting policies compared to the annual report 2013.

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 fair 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 activities has been established. Mortgage activities comprise financial solutions for the financing of real property carried out through BRFkredit. Mortgage activities are aimed mainly at Danish personal clients, corporate clients 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
Classification has been changed in the following respects in connection with the calculation of core profit.

- 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 acquired assets. Positive value adjustments of acquired assets 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 were incorporated in the comparative figures, and the changes did not affect pre-tax profit, nor equity.

73 **Accounting Policies, cont.**

Core profit, cont.
For the sake of clarity of the annual report, the presentation has been changed, for instance, through classification and adding together of items in the Management's review as well as the financial statements. The changed presentation has no effect on the net profit or loss, total assets or equity. The notes in the financial statements have been adjusted to the presentation chosen. Finally, a division has been made between the financial statements for the Group and for Jyske Bank A/S. Furthermore, the amounts and qualitative information that are considered unimportant for accounting user is omitted.

New and changed standards and interpretations
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. In relation to control there are focus on whether the Group has controlling influence over another company is exposed to or has the right to variable returns from its investment and is able to use its control to achieve this return.
- 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.
- Amendments to IFRS 10, 12 and IAS 27 Separate Financial Statements.
- Amendments to IAS 32 on offsetting financial assets and financial liabilities, which resulted in a clarification of the rules on offsetting.
- Amendments to IAS 39 on financial instruments. The change has resulted in the replacement of counterparty on a hedging instrument under certain conditions, not to be regarded as the expiration or termination of the instrument, where appropriate, would lead to cessation of hedge accounting.

The implementation of the above changes and new standards do not have any material impact on recognition and measurement in 2014.

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.

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

- IFRS 9 on financial assets covers classification and measurement of financial assets and liabilities, impairment of financial assets as well as hedge accounting. The IASB completed the IFRS 9 in July 2014, but the standard has not been approved by the EU. Compared to the current standard IFRS 9 results in a previous recognition of impairment losses on loans and advances at amortized cost, since at the time of initial recognition, an impairment equivalent to 12 months of expected credit losses shall be recognised. If there is subsequently a significant increase in loan loss probabilities, under certain circumstances, be made recognition of expected credit losses over the term. IFRS 9 provisions for loan losses do not include loans, including mortgage loans, which are measured at fair value, and are not expected to immediately result in material changes associated with the process and the method of valuation of loans at fair value. It has not been possible to make a comprehensive assessment of the standard's effect on the Jyske Bank Group. The standard are expected to have effect from 1 January 2018, but it is possible to implement it before that date.

Recognition and measurement
Assets under the control of the Jyske Bank Group as a result of past events are recognised in the balance sheet when it is deemed probable that future economic benefits will flow to the Group and the asset value can be measured reliably. Liabilities as a result of past events are recognised in the balance sheet when it is deemed that redemption will result in the relinquishment of future economic benefits and the amount of the liability can be measured reliably.
At initial recognition, assets and liabilities are measured at fair value. Subsequently, assets and liabilities are measured as described for each item below.

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

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

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

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

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

Note	The Jyske Bank Group

73 **Accounting Policies, cont.**

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

Loan impairment charges and provisions for guarantees are subject to significant estimates as regards the quantification of the risk that future payments may not all be received. Where it is established that not all future payments will be received, anticipated payments, including the estimated realisable value of security provided and anticipated dividend payments by estates are also subject to significant estimates.

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

The measurement of the fair value of acquired enterprises and activities is subject to significant estimates. Management makes estimates of future cash flows from the acquired enterprise and activity. The present value of future cash flows is subject to a number of factors, including the discount rate applied, the real-economic development, development and behaviour of clients. All identifiable assets and liabilities are measured at fair value at the time of acquisition. Fair value is determined, among other things, on the basis of market value, present value, estimates or the amount that an independent third party would pay or demand as remuneration.

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

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

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

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

The consolidated financial statements
The consolidated financial statements comprise the financial statements of Jyske Bank A/S ad the undertakings which it controls. Control is achieved when Jyske Bank A/S:

- has the power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

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

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

Note | The Jyske Bank Group

73 **Accounting Policies, cont.**

Foreign currency transactions
Transactions in currencies other than Danish kroner are translated at the official exchange rates on the day of the transactions. Unsettled monetary transactions in foreign currencies on the balance-sheet date are translated at the official exchange rates on the balance sheet date. The Danish central bank's official rates are applied where possible. For unquoted currencies are used estimated rates of exchange.

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

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

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

Leases
Leases are classified as finance leases when substantially all risks and rewards of ownership of an asset are transferred to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases, the Group being the lessor, are recognised as advances equal to the Group's net investment in the leases. Income from finance leases is recognised regularly over the term of a lease to reflect a continual periodic return on the Group's outstanding net investment in the leases.

Leased assets under operating leases where the Group acts as the lessor are recognised under equipment and depreciated along with the Group's other equipment. Income from operational leases is recognised on a straight-line basis over the relevant leasing period under Other operating income.

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

Tax comprises calculated tax and any change in deferred tax as well as the readjustment of tax for previous years. Calculated tax is based on the year's taxable income. Deferred tax is recognised and measured in accordance with the balance-sheet liability method on the basis of the differences between the carrying amounts and tax values of assets and liabilities. Overall, deferred tax liabilities are recognised on the basis of temporary differences, and deferred tax assets are recognised to the extent that it is deemed probable that taxable income exists against which deductible temporary differences

may be offset. Such assets and liabilities are not recognised where the temporary difference is due to goodwill. Provisions are not made in the balance sheet for tax payable on the sale of an investment in subsidiaries or associates, if the investment is not expected to be disposed of within a short period of time, or if a sale is planned so that there is no tax liability.

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

Financial guarantees
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.
Financial guarantee liabilities are initially recognized at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount or the present value of any expected payment (when a payment under the guarantee has become probable).

73 **Accounting Policies, cont.**

Balance sheet

Due from credit institutions and central banks

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

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.

Loans and advances at amortised cost

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

All loans and advances are assessed for impairment. Objective evidence of impairment exists if one or more of the following events have occurred:

- the borrower is facing considerable financial difficulties;
- the borrower is in breach of contract;
- Jyske Bank grants the borrower easier terms that would not be considered if the borrower was not facing financial difficulties;
- the borrower will go bankrupt or undergo some other financial restructuring.

Significant loans and advances as well as loans and advances for which loss has been identified are assessed individually for impairment, and other loans and advances subject to uniform characteristics (credit quality) are reviewed collectively. Where on the basis of actual events, objective evidence of impairment is found, and those events affect the size of anticipated future payments, an impairment charge is made.

If the borrower cannot or only to a limited extent is able to make payments on the loan independently of the assets that have been provided as collateral for the loan, the impairment charge is recognised as the difference between the carrying amount of the loan and the fair value of the collateral less all expenses.

In respect of other clients, impairment is recognised as the difference between the carrying amount of the loan and the present value of anticipated future payments. The estimated future cash flow is based on an assessment of the likely outcome. Probability weightings are updated regularly so that they reflect, at every financial reporting date, the estimated loss to the Group of individual commitments, and the time horizon of the risk is estimated. The probability weightings are distributed on a number of scenarios and are determined on the basis of an expert opinion which, in addition to the risk profile, also estimates the influence of various future events on the risk.

Subsequent changes of amounts and timing of anticipated future payments compared with previous assessments are recognised under impairment charges for loans and advances, and provisions. Where a loan or advance is deemed to be uncollectible or is cancelled in part or in full, the uncollectible part of it is written off.

Bonds at fair value

Bonds are recognised at fair value, which is the amount at which the bonds can be bought or sold in a transaction between independent parties. In an active market, the fair value is expressed in the form of a listed price. In a less active or inactive market, the fair value is determined on the basis of a value calculated by a model based on observable market data and recognised models, alternatively on the basis of the management's estimate corresponding to this.

Bonds at amortised cost, held-to-maturity investments

Held-to-maturity investments include investments whose prices are listed in an active market and which were acquired with the object of earning a return until maturity. Held-to-maturity investments are measured the first time at fair value corresponding to the sum paid plus directly attributable transaction costs and are subsequently measured at amortised cost.

Impairment charges are made in the same way as for loans and advances. If impairment charges cannot be measured reliably, fair value in the form of an observed market price is chosen.

Held-to-maturity investments include both a reclassified trading portfolio at 1 July 2008 and investments made after 1 July 2008.

73 **Accounting Policies, cont.**

Repos and reverse repos
Securities sold under repurchase agreements (repos) remain in the balance sheet under securities, carry interest and are subject to value adjustment. Amounts received are recognised as balances due to or from credit institutions.

Securities bought under reverse repurchase agreements (reverse repos) are recognised as loans and advances or balances due from credit institutions, and interest income and dividends are recognised under interest income.

Financial instruments, trading portfolio
Financial instruments included in the trading portfolio are instruments which have been acquired with a view to generating a profit from short-term price or margin fluctuations, or instruments included in a portfolio characterised by short-term profit-taking. Assets in the trading portfolio comprise money-market instruments, other instruments of debt including acquired loans and equity instruments held by the Group. Liabilities in the trading portfolio comprise liabilities to deliver money market instruments, other debt instruments and equity instruments sold short by the Group to a third party. Upon initial recognition, financial instruments are measured at fair value with subsequent value adjustment in the income statement.

For initial and subsequent recognition, shares in sector-owned companies are measured at fair value. In compliance with the Group's investment strategy, unrealised gains and losses caused by changes in fair values are recognised at fair value in the income statement in accordance with the IAS 39 fair value option.

Financial instruments, trading portfolio, cont.
Shares whose fair value cannot be reliably measured are recognised at cost less any impairment. Gains and losses upon disposal or repayment and unrealised gains and losses are recognised in the income statement.

Derivatives are recognised initially and subsequently at fair value. The positive and negative fair value of derivatives is recognised under Other assets/Other liabilities. The fair value of derivatives is calculated on the basis of market data and generally accepted valuation models. Certain contracts are subject to terms and conditions similar to those of derivatives. Such embedded derivatives are under specific assumptions recognised separately at fair value.

Shares, etc.
Upon initial as well as subsequent recognition, shares are recognised at fair value, which is the amount at which the shares can be bought or sold in a transaction between independent parties.

In an active market, the fair value is expressed in the form of a listed price. In a less active or inactive market, the fair value is determined on the basis of a value calculated by a model based on observable market data and recognised models, alternatively on the basis of the management's estimate corresponding to this.

The fair value of unlisted shares and other equity investments is calculated on the basis of available information about transactions, expected cash flows, etc. If a reliable fair value cannot be determined, shares will be recognised at cost less any impairment.

Investments in associates
An associate is an enterprise in which the Group holds a significant but not controlling interest, by participating in the company's financial and operational decision-making process, and which does not qualify as a subsidiary. Enterprises in which the Group holds between 20% and 50% of the voting rights are regarded as associates.

Equity investments in associates are recognised and measured in the consolidated accounts and the accounts of the parent company according to the equity method. Accordingly, the equity investments are measured at the pro rata share of the associates' equity value calculated in accordance with the Group's accounting policies with deduction or addition of unrealised intra-group profits and losses, respectively, and with the addition of the carrying amount of goodwill.

The pro rata share of the associates' results after tax and elimination of unrealised intra-group profit and loss less write-down for impairment of goodwill is recognised in the income statement. The pro rata share of all transactions and events recognised in the equity of the relevant associate is recognised in Group's and parent company's other comprehensive income.

Investments in group enterprises
A group enterprise is an enterprise in which the Group holds a controlling interest, cf. the paragraph on the consolidated financial statements.

Investments in group enterprises are recognised in the parent company's financial statements according to the equity method. A positive difference between cost and the fair value of net assets at the time of acquisition of a group enterprise is recognised as goodwill under intangible assets.

Investments in joint ventures
A joint venture is a contractual relationship whereby the Group and other interested parties undertake a commercial activity of which they have joint control.

Investments in associates are recognised and measured in the consolidated accounts and the financial statements of the parent company according to the equity method, cf. the section on investments in associates.

Where the Group trades with a joint venture, any unrealised gains and losses compared with the Group's interest in the relevant joint venture are eliminated, except in the event that unrealised losses reflect an impairment of the assets transferred.

Assets in pooled deposits
Assets linked to pooled deposits comprise the assets in which the customers' deposits are invested. The assets are recognised at fair value according to the principles described under bonds recognised at fair value and shares.

73 **Accounting Policies, cont.**

Intangible assets
Goodwill is the amount by which the cost of an acquired enterprise or joint venture exceeds the Group's share of the fair value of identifiable assets, liabilities and contingent liabilities at the time of acquisition. Goodwill is recognised at cost less accumulated impairment at the recoverable amount.

Goodwill is recognised as an asset and allocated to cash flow-generating units corresponding to the level at which management monitors the relevant investment. Goodwill is not amortised, but is tested for impairment at least once annually. Goodwill is written down to the recoverable amount. Write-downs are recognised in the income statement and are not reversed later.

Goodwill in connection with the acquisition of an associate is included in the carrying amount of the relevant associate. Upon the sale of a subsidiary, associate or joint venture, the carrying amount of goodwill is included in gain or loss.

IT development costs are recognised at cost less accumulated amortisation and impairment. Amortisation is provided on a straight-line basis over an estimated useful life of maximum three years.

Identifiable intangible assets acquired in connection with acquisitions are recognised at fair value at the time of acquisition and subsequently amortised over the expected useful life, typically 3 to 10 years.

Other internally generated intangible assets are charged in the year of acquisition, as the conditions for capitalisation are not deemed to be fulfilled.

Land and buildings
Investment properties
Investment properties held for rental income and/or capital gain are recognised at fair value on the balance sheet date. Gains and losses attributable to changes in the fair value of investment properties are included in the result for the period during which they arise. Fair value is measured on the basis of the return method, where the measurement of fair value is carried out with the assistance of external experts.

Owner-occupied properties
Land and buildings for own use are recognised in the balance sheet at the restated value corresponding to the fair value on the date of the revaluation less subsequent depreciation and impairment. Revaluation is made at a frequency deemed adequate to ensure that the carrying amount is not materially different from the presumed fair value on the balance sheet date. A reduction in the carrying amount as a result of the revaluation of land and buildings is charged to the income statement to the extent that the amount exceeds revaluation reserves under equity attributable to past revaluation of the asset. Any increase in value at revaluation of land and buildings is included in other comprehensive income, unless the increase offsets an impairment charge made earlier for the same asset which was previously recognised as an expense.

The valuation of selected land and buildings is carried out with the assistance of external experts. At the regular valuation of land and buildings, the value of a building is recognised on the basis of the return method in accordance with generally accepted standards. The value of the building is recognised at cash value before interest and depreciation. The operating income from the property includes rental income less maintenance costs, administrative costs and other operating costs. The required rate of return on a property is determined to best reflect the transactions undertaken until the date of valuation, and allowances are made for the individual property's location and level of maintenance as well as sales efforts within a reasonable time horizon. The required rate of return on property is discussed with local and national estate agents.

Once a year, spot checks are made of a number of properties with the assistance of an external appraiser.

The depreciation of revalued buildings is recognised in the income statement. Upon the subsequent sale of a revalued building,

any relevant revaluation reserves are transferred to Retained earnings.
Owner-occupied properties are depreciated on a straight-line basis over the estimated useful lives of the assets to the estimated residual value. Land is not depreciated. The following depreciation periods apply:

Buildings	max. 50 years
Residual value of buildings	max. 75%

Methods of depreciation, useful lives, residual values and indication of impairment are reviewed annually.

Other property, plant and equipment
Operating equipment, cars, tools and equipment and leasehold improvements are recognised at cost less accumulated impairment and depreciation. Depreciation is provided on a straight-line basis over an estimated useful life of typically three years. Leasehold improvements are depreciated over the lease term, yet not more than five years.

Methods of depreciation, useful lives, residual values and indication of impairment are reviewed annually. In the event of indications of impairment, depreciation is provided at the recoverable amount, which is the higher of that asset's value in use and its selling price.

Assets in temporary possession
Assets held temporarily comprise repossessed real estate and cars, etc. intended for sale shortly, a sale being very likely.

Assets held temporarily are recognised at the lower of carrying amount and fair value less costs of sale. No depreciation is recognised on the assets from the time when they are classified as assets held temporarily.

Other assets
Other assets comprise assets not recognised under other asset items, including positive fair values of derivatives as well as interest and commission receivable, etc.

73 **Accounting Policies, cont.**

Due to credit institutions and central banks
Balances due to credit institutions and central banks are recognised at fair value equal to payments received less directly attributable transaction costs incurred. Subsequently, the item is measured at amortised cost according to the effective interest method.

Deposits
Deposits comprise amounts received, including liabilities relating to genuine repos from counterparties who are not credit institutions or central banks. Deposits are recognised at fair value equal to payments received less directly attributable transaction costs incurred. Subsequently, deposits are measured at amortised cost according to the effective interest method.

Issued bonds at fair value
Issued mortgage bonds 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 fair value.

The portfolio of own mortgage bonds is deducted.

Issued bonds and subordinated debt at amortised cost
Issued bonds and subordinated debt are recognised at fair value equal to payments received less directly attributable transaction costs incurred. Subsequently, issued bonds and subordinated debt are measured at amortised cost according to the effective interest method. When the interest-rate risk on fixed-rate issued bonds and subordinated debt has been hedged efficiently through derivatives, the amortised cost is supplemented with the fair value of the hedged interest-rate risk.

Other liabilities
Other liabilities comprise liabilities not recognised under other items under equity and liabilities, including liabilities from finance leases with lessees, acceptance of long-term letters of credit, negative fair value of derivatives as well as interest and commission payable, etc.

Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, where resources embodying financial benefits are required to settle an obligation, and where a reliable estimate of the obligation can be made.

Provisions are measured as the best estimates of the cost of meeting liabilities on the balance sheet date. Provisions for debt expected to be payable later than 12 months after the balance sheet date are measured at present value, if of material importance, otherwise at cost.

Provisions for pension liabilities and the like are based on the actuarial present value of the expected benefit payments. The present value is calculated, among other things, on the basis of expected employee turnover, discount rate and rate of wage increase as well as the return on associated assets. The difference between the expected and the actual development in pension benefits will generate actuarial loss and gain which will be recognised under other comprehensive income.

Equity
Share capital is classified as equity where there is no obligation to transfer cash or other assets.

A proposed dividend is recognised as a liability when the motion has been approved at the Annual General Meeting. Dividend for the year is stated separately under equity.

The currency translation reserve includes translation differences which are the result of translating results and net investments in foreign units into Danish kroner. It also includes the foreign currency translation adjustment of financial liabilities for the hedging of net investments in international units.

The revaluation reserve relates to the revaluation of property, plant and equipment less deferred tax on the revaluation. A reserve is dissolved once the assets are sold or lapse.

Reserves according to the equity method include value adjustment of investments in associates and group enterprises. The reserve is reduced by the distribution of dividend to the parent company and by other changes in equity in associates and group enterprises.

Retained earnings include non-distributed dividends from previous years.

Own shares
Acquisition costs, consideration and dividend on own shares are recognised in retained earnings under equity. Capital reduction by cancellation of own shares reduces the share capital by an amount equal to the nominal value of the cancelled shares at the time of the registration of the capital reduction.

Contingent assets and contingent liabilities
Contingent assets and contingent liabilities comprise possible assets and liabilities originating from past events and the existence of which depends on the occurrence of future uncertain events not entirely within the control of the Jyske Bank Group.

Contingency assets are disclosed when the occurrence of an economic benefit is likely.

Contingency liabilities that can but most likely will not require a drain on the resources of the Jyske Bank Group are disclosed. Moreover, current liabilities that are not recognised as they are unlikely to cause a drain on the resources of the Jyske Bank Group or the extent of the liability cannot be measured reliably are disclosed.

Note	The Jyske Bank Group

73 **Accounting Policies, cont.**

Income statement

Interest income and interest expenses
Interest income and expenses on all interest-bearing instruments are recognised in the income statement according to the accruals principle at the effective interest rate based on the expected useful life of the relevant financial instrument. For floating-rate assets and liabilities the rate of interest applied is the rate that applies until the next interest-fixing date.

Interest includes amortised fees which are an integral part of the effective return on a financial instrument, including front-end fees.

Interest income includes management fees from mortgage loans.

Loans and advances are written down to the recoverable amount, and interest income is then recognised in proportion to the rate of interest at which future cash flows were discounted for the purpose of measuring the recoverable amount.

Fees received and paid
Income related to services rendered over a given period of time accrues over the service period. This includes guarantee commission and portfolio management fees. Other fees are recognised in the income statement once the transaction has been completed. This includes securities transaction and safe-custody fees as well as money transfer fees.

Value adjustments
All realised and unrealised value adjustments of assets, liabilities and derivatives measured at fair value as well as value adjustments of assets in held-to-maturity investments are recognised under value adjustments. Exceptions are value adjustments for credit risk of loans at fair value are recognized under loan impairment. Furthermore the earnings impact of exchange rate adjustments and hedge accounting of fair value is recognised.

Other operating income
Other income not attributable to other income statement items, inclusive of income relating to operational leases, selling price obtained when selling leased assets and bargain purchases arisen in connection with business combinations, is recognised under Other operating income.

Employee and administrative expenses
Salaries and remuneration, etc. to employees and management as well as administrative expenses, including rent for leased premises, are recognised under Employee and administrative expenses. The expenses comprise among other things salaries, holiday payments and retirement remuneration, anniversary bonuses, pension plans and other long-term employee benefits.

Pension plans and other long-term employee benefits
The Group has entered into defined contribution pension plans with the majority of its employees.

Under defined contribution pension plans, the Group makes fixed contributions to an independent pension fund, etc. The Group is under no obligation to make further contributions. Contributions are included in the income statement over the vesting period.

Under defined benefit pension plans, the Group is obliged to pay a certain benefit when an employee retires. Liabilities in connection with defined benefit plans are automatically calculated

by actuarially discounting pension liabilities to present value. The present value is calculated on the basis of assumptions relating to the future trend in interest rates, inflation, mortality and disablement.

Anniversary bonuses are recognised as the present value of the part of the overall liability which relates to the term during which the employees have been employed with the Group. Due consideration is paid to staff turnover, etc. The liability is recognised under Provisions for pensions.

Other operating expenses
Other expenses not attributable to other income statement items, inclusive of Jyske Bank's proportionate share of statutory expenses for the Guarantee Fund for Depositors and Investors, are recognised under Other operating expenses.

Earnings per share
This ratio is calculated by dividing the profit for the year exclusive of minority shareholders' interests by the weighted average number of shares in circulation during the financial year.

Diluted earnings per share are calculated in the same manner as earnings per share, but the decisive factors are adjusted to reflect the effect of all diluted share capital.

Comprehensive income
Comprehensive income comprises the profit for the period plus other comprehensive income relating to currency translation and hedge accounting of international units, property revaluations, actuarial loss and gain and tax adjustments.

Segment information
Information is stated for business sectors identified on the basis of internal management reports and accounting policies in accordance with IFRS 8. The segment information is based on the information used by the Group's highest-ranking decision-making officer for assessing results and allocating resources. Internal management reporting comprises the segments Banking activities, Mortgage activities, Trading and Investment and Other. Jyske Bank operates in the following geographical areas: Denmark, Germany, Switzerland, France and Gibraltar. The geographical areas are divided into Denmark and International.

Core profit
Core profit is defined as the pre-tax profit exclusive of earnings from investment portfolios.

Investment portfolio earnings
Investment portfolio earnings are defined as the return on the Group's portfolio of shares, bonds, derivative financial instruments and equity investments. Investment portfolio earnings are calculated after expenses for funding and directly attributable costs.

Note | The Jyske Bank Group

73 **Accounting Policies, cont.**

Cash flow statement
The cash flow statement shows Group cash flows relating to operating, investing and financing activities for the year, changes in cash and cash equivalents for the financial year, and cash and cash equivalents at the beginning and end of the year. The Cash Flow Statement is presented in accordance with the indirect method based on the profit for the year.

Cash flows derived from operating activities are calculated as the profit for the year adjusted for non-cash operating items, changes in operating capital and paid corporate tax. Cash flows relating to investing activities include the purchase and sale of enterprises and non-current assets. Cash flows relating to financing activities include distribution and movements in equity and subordinated debt.

Cash and cash equivalents include cash and free balances due from credit institutions and central banks with an original time to maturity of less than three months.

74 **Definition of financial ratios**

Financial ratios and key figures	**Definition**
Pre-tax profit, per share (DKK)	Pre-tax profit divided by the average number of outstanding shares during the year
Earnings per share (DKK)	Profit for the year divided by the average number of shares outstanding during the year
Profit for the year, per share (diluted) (DKK)	Profit for the year divided by the average number of shares outstanding during the year adjusted for the dilution effect of share options and conditional shares under share-based payment
Core profit per share (DKK)	Pre-tax profit exclusive of expenses for the Guarantee Fund as well as investment portfolio earnings divided by the average number of shares outstanding during the year
Share price at year-end (DKK)	The closing price of the Jyske Bank share at year-end
Book value per share (DKK)	Equity at year-end exclusive of non-controlling interests divided by the number of shares outstanding at year-end
Price/book value per share (DKK)	The closing price of the Jyske Bank share at year-end divided by the book value per share at year-end.
Price/earnings	The closing price of the Jyske Bank share at year-end divided by the earnings per share at year-end
Capital ratio (%)	Capital base divided by weighted risk exposure
Core capital ratio (%)	Core capital including hybrid core capital after deductions divided by weighted risk exposure.
Common Equity Tier 1 capital ratio (%)	Core capital excluding hybrid core capital after deductions divided by weighted risk exposure.
Pre-tax profit as a pct. of average equity	Pre-tax profit divided by average equity during the year
Net profit as a percentage of average equity	Net profit divided by average equity during the year
Income/cost ratio (%)	Income divided by expenses inclusive of loan impairment charges and provisions for loss on guarantees
Interest-rate risk (%)	Interest-rate risk at year-end divided by core capital at year-end
Foreign-currency position (%)	Currency exposure indicator 1 at year-end divided by core capital after deductions at year-end
Currency risk (%)	Currency exposure indicator 2 at year-end divided by core capital after deductions at year-end
Excess liquidity (%)	The excess liquidity over and above the 10% liquidity requirement at year-end divided by the 10% liquidity requirement at year-end
Total large exposures (%)	The sum of exposures at year-end, each of which exceeds 10% of the capital base, divided by the capital base at year-end
Accumulated impairment ratio (%)	Total of loan impairment charges and provisions for loss on guarantees at year-end divided by total loans, advances, guarantees, provisions and impairment charges at year-end Discount for acquired loans and advances is not included.
Impairment ratio for the year (%)	The year's loan impairments charges and provisions for loss on guarantees divided by total loans, advances, guarantees, provisions and impairment charges at year-end
Increase in loans and advances for the year, excl. repo loans (%)	The increase in loans and advances divided by opening loans and advances. Recognised exclusive of repo loans.
Loans and advances in relation to deposits	Total loans and advances divided by total deposits.
Loans and advances relative to equity	Loans and advances at year-end divided by equity at year-end
Return on capital employed	Net profit for the year divided by average total average assets
Number of full-time employees, year-end	The number of full-time employees (part-time employees translated into full-time employees) at year-end.
Number of full-time employees, average for the year	The average number of full-time employees (part-time employees translated into full-time employees) determined on the basis of the end-of-quarter statements.

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority.

Directorships held by members of the Supervisory Board in other commercial enterprises at 31 December 2014

Svend Buhrkall, Managing Director, Rødding
- Chairman of the supervisory board, Hedorf Holding A/S
- Board member of I/S Nørrekobel 52
- Board member of H.P. Therkelsen A/S
- Board member, HKS Invest Sønderborg A/S
- Board member, Fonden for H.K. Samuelsen Shipping og International Spedition, Sønderborg
- Board member, Generalkonsulinde Anna Hedorf og generalkonsul Frode Hedorfs Fond, Vallensbæk
- Board member, Hirtshals Havn, Fond/selvejende institution
- Board member, Aage og Yelva Nimbs Fond
- Board member, FDE Fonden, Lyren 1, 6630 Padborg
- Board member, ApS Gram Færdig-beton, Holger Kudsk Invest
- Managing Director, SBConsulting

Kurt Bligaard Pedersen, Managing Director, London
- Board member (deputy chairman), BRFholding A/S
- Board member (deputy chairman), Copenhagen Zoo
- Board member, BRFfonden
- Board member, NKT Holding A/S
- Board member, Noordgastransport B.V.
- Board member and Managing Director, Gazprom Marketing and Trading Retail Limited
- Managing Director, Bligaard Consult v/Kurt Bligaard

Rina Asmussen, Partner, Klampenborg
- Board member, PFA Invest
- Board member, BRFholding a/s
- Director, RA-Consulting

Philip Baruch, Lawyer, Charlottenlund
- Chairman of the supervisory board, Scanax International A/S
- Chairman of the supervisory board, Zimmer Group A/S
- Chairman of the supervisory board, Ottensten A/S
- Chairman of the supervisory board, Scanax Holding A/S
- Board member, Futura København A/S
- Board member, Melitek A/S

Jens A. Borup, Master of a ship, Skagen
- Chairman of the supervisory board, Handels Kompagniet Fiskerne A/S
- Chairman of the supervisory board, Hanstholm Fiskemelsfabrik A/S
- Chairman of the supervisory board, FF Skagen A/S
- Board member, FF Skagen Fond
- Board member, Fiskeafgiftsfonden
- Board member, Skagen Skipper- og Interesseforening
- Board member, SWEDAN Seafood, Sweden
- Managing director, Starholm Holding ApS, Skagen

Oluf Engell, Lawyer, Skodsborg
- Chairman of the supervisory board, Aktieselskabet Einar Willumsen
- Chairman of the supervisory board, BRFholding a/s
- Chairman of the supervisory board, Fabrikant Einar Willumsens Mindelegat
- Chairman of the supervisory board, Aase og Ejnar Danielsens Fond
- Board member (deputy chairman), Fonden af 28. maj 1948
- Board member, Dades A/S
- Board member, Haldor Topsøe Holding A/S
- Board member, Haldor Topsøe A/S
- Board member, Kong Frederik VII Stiftelse på Jægerspris

Directorships held by members of the Supervisory Board in other commercial enterprises at 31 December 2014

Keld Norup, Lawyer, Vejle

- Chairman of the supervisory board, Holmskov & Co. A/S
- Chairman of the supervisory board, Holmskov Invest A/S
- Chairman of the supervisory board, Holmskov Finans A/S
- Chairman of the supervisory board, Skov Advokat Advokataktieselskab
- Chairman of the supervisory board, VAC Holding ApS
- Chairman of the supervisory board, VHF Holding ApS
- Chairman of the supervisory board, GV-Holding A/S
- Chairman of the supervisory board, Murermester Ove Larsen A/S
- Chairman of the supervisory board, Rødkilde Gymnasium
- Board member, FAM Ejendomme A/S
- Board member, Olaf Ryes Holding A/S
- Board member, Bøje & Brøchner A/S
- Board member, CMC Holding Vejle A/S
- Board member, Heede Bolcher A/S
- Board member, Sole Minkfoder A/S
- Board member, Sole Ejendomme A/S
- Board member, Sole Minkfarm A/S
- Board member, Sole Holding ApS
- Board member, Vesterby Minkfarm A/S
- Board member, Ejendomsselskabet Tværvej A/S
- Board member, H & P Frugtimport A/S
- Board member, Kollund Minkfarm A/S
- Board member, Hedensted Kontorhotel A/S
- Board member, Solskov Minkfarm A/S
- Board member, Hølgaard Ejendomme ApS
- Board member, Ibæk Strandvej 11, Vejle Smbh
- Board member, Intergrønt ApS
- Board member, Jørgen G. Pedersen Holding ApS
- Board member, L.S. International ApS
- Board member, Tage Pedersen Holding ApS
- Board member, Thyra Mink af 1996 ApS
- Board member, Thyra Mink Holding ApS
- Board member, Solbjerg Ejendomme A/S
- Board member and Managing Director, Ejendomsaktieselskabet Centrum
- Managing director, Keld Norup Holding ApS

Jesper Holbøll, Silkeborg

- Board member, Fonden Visit Silkeborg

Haggai Kunisch, Viborg

- Board member, Bank/Pension
- Board member, Finansforbundet
- Board member, BP Livsforsikringsselskab A/S

Marianne Lillevang, Odder

- No other directorships

Directorships held by members of the Executive Board in other commercial enterprises at 31 December 2014

Anders Dam

- Chairman of the supervisory board, Jyske Banks Almennyttige Fond
- Chairman of the supervisory board, Jyske Banks Almennyttige Fonds Holdingselskab A/S
- Board member (deputy chairman), DLR Kredit A/S
- Board member (deputy chairman), Foreningen Bankdata F.m.b.a.
- Board member, the Danish Bankers Association
- Board member, Danish Regional Bankers' Association
- Board member, Jyske Banks Pensionstilskudsfond
- Member of the assembly of representatives of the Danish Contingency Committee for winding up and transfer of banks, savings banks

Sven A. Blomberg

- Chairman of the supervisory board, BRFkredit a/s
- Chairman of the supervisory board, BRFkredit Bank a/s
- Chairman of the supervisory board, Ejendomsselskabet Nørgaardsvej 37-41, 2800 Lyngby A/S
- Board member (deputy chairman), Realkreditrådet
- Board member, Jyske Bank (Schweiz) AG
- Board member, Jyske Bank (Gibraltar) Ltd.
- Board member, BRFkredits Understøttelsesfond
- Board member, Fonden til støtte for soldater og pårørende i internationale militære missioner
- Chairman of Virksomhedsforum for Social Ansvar

Niels Erik Jakobsen

- Chairman of the supervisory board, Bank//Pension
- Chairman of the supervisory board, BP Livsforsikringsselskab A/S
- Chairman of the supervisory board, Jyske Finans A/S
- Board member (deputy chairman), Letpension A/S
- Board member, BRFkredit a/s
- Chairman of the supervisory board, BI Asset Management Fondsmæglerselskab A/S
- Board member, BI Holding A/S
- Board member, Jyske Banks Pensionstilskudsfond

Leif F. Larsen

- Chairman of the supervisory board, Gl. Skovridergaard A/S
- Chairman of the supervisory board, Jyske Banks Medarbejderfonds Holdingselskab A/S
- Chairman of the supervisory board, Jyske Banks Medarbejderfond
- Chairman of the supervisory board, Sundbyvesterhus A/S
- Chairman of the supervisory board, JN Data A/S
- Chairman of the supervisory board, Fabrikant Carl Commichaus Fond
- Board member, Bankernes Kontantservice A/S
- Board member, Jyske Banks Pensionstilskudsfond

Per Skovhus

- Board member (deputy chairman), BRFkredit a/s
- Board member, Jyske Finans A/S
- Board member, JSNA Holding A/S
- Board member, Jyske Banks Pensionstilskudsfond

Directorships

Members of the Supervisory Board at 31 December 2014

Name	Age	Appointed a Board member	Expiry of term of office	Audit committee	Nomination committee	Remuneration committee	Risk committee
Sven Buhrkall, Chairman	65 years	1998	2016	Member	Chairman	Member	Member
Kurt Bligaard Pedersen, Deputy Chairman	55 years	2014	2017	Chairman	Member	Member	
Rina Asmussen	55 years	2014	2015				Chairman
Philip Baruch	61 years	2006	2015		Member		
Jens A. Borup	59 years	2005	2017		Member		Member
Oluf Engell	69 years	2014	2016				Member
Keld Norup	61 years	2007	2016	Member			
Employee representatives:							
Jesper Holbøll	46 years	2014	2018				
Haggai Kunisch	63 years	2002	2018			Member	Member
Marianne Lillevang	49 years	2006	2018	Member			

	Number of Jyske Bank shares		Participation and number of meetings 2014				
Name	End-2014	End- 2013	Board meeting	Audit committee	Nomination committee	Remuneration committee	Risk committee
Sven Buhrkall, Chairman	**1,980**	1,980	40/41	7/7	3/3	2/2	4/4
Kurt Bligaard Pedersen, Deputy Chairman	**1,150**	-	24/26	3/3	3/3	2/2	
Rina Asmussen	**611**	-	24/26				2/2
Philip Baruch	**2,893**	3,245	37/41		3/3		
Jens A. Borup	**4,093**	2,329	37/41		2/3		1/2
Oluf Engell	**200**	-	19/26				2/2
Keld Norup	**974**	974	39/41	7/7			
John Egebjerg-Johansen	**-**	776	15/15	4/4			2/2
Gerner Wolff-Sneedorff	**-**	620	14/15				2/2
Employee representatives:							
Jesper Holbøll	**562**	-	25/26				
Haggai Kunisch	**2,967**	2,967	39/41			2/2	
Marianne Lillevang	**2,328**	2,328	38/41	7/7			
Steen Snedker	**-**	5,393	15/15				

The board members' participation in meetings appear above. The Supervisory Board considers the seven board members elected by the shareholders to be independent, and the three board members elected by the employees to be non-independent.

The maximum of six members who are elected by and among the Shareholders' Representatives are elected for a three-year period. Additional members elected by members in general meeting to meet the requirements of the FSA in respect of relevant knowledge and experience of supervisory board members are elected for a one-year period. Members can be re-elected. Supervisory Board members elected by the Shareholders' Representatives must, however, retire at the next elections of Shareholders Representatives after the calendar year when such member has attained the age of 70. Employee-elected members of the Supervisory board are elected for a term of four years.

The Supervisory Board of Jyske Bank considers Kurt Bligaard Pedersen the independent member of the committee as he possesses qualifications within accounting. This assessment is based on the following:

- For the period 2010-2014, Kurt Bligaard Pedersen chaired BRFkredit's Audit Committee, and he was by BRFkredit considered an independent member of the Audit Committee possessing qualifications within accounting.
- In his capacity as CEO of DONG Naturgas A/S over the period 2003 - 2012, Kurt Bligaard Pedersen prepared and presented financial statements according to the International Financial Reporting Standards (IFRS) and as a member of the DONG Energy group's risk committee over the period 2006 - 2012, he has experience of many years planning and preparing audit work.
- Moreover, through his membership of the supervisory board of the listed company NKT Holding A/S, Kurt Bligaard Pedersen has experience in respect of other companies' financial reporting according to the International Financial Reporting Standards (IFRS) as well as the Danish disclosure requirements for listed companies.
- Kurt Bligaard Pedersen was elected to Jyske Banks Supervisory Board in 2014 and does not have any other relation to the management of the bank.

Jyske Bank A/S

DKKm						Jyske Bank
SUMMARY OF INCOME STATEMENT	**2014**	**2013**	**Index 14/13**	**2012**	**2011**	**2010**
Net interest income	**4,187**	4,565	92	4,383	4,276	4,295
Dividends, etc.	**77**	52	148	30	28	23
Net fee and commission income	**1,524**	1,587	96	1,454	1,117	1,140
Net interest and fee income	**5,788**	**6,204**	**93**	**5,867**	**5,421**	**5,458**
Value adjustments	**-242**	512	-	198	-17	414
Other operating income	**2,945**	320	920	222	355	194
Operating expenses, depreciation and amortisation	**4,218**	3,926	107	4,045	3,931	3,575
Of which staff and administrative expenses	**3,881**	3,779	103	3,606	3,475	3,185
Loan impairment charges and provisions for guarantees	**2,095**	1,114	188	1,805	1,451	1,703
Profit on investments in associates and group enterprises	**732**	283	259	338	227	179
Pre-tax profit	**2,910**	**2,279**	**128**	**775**	**604**	**967**
Tax	**-178**	472	-	183	91	203
Profit for the year	**3,088**	**1,807**	**171**	**592**	**513**	**764**
BALANCE SHEET, END OF PERIOD						
Loans and advances	**140,780**	128,861	109	116,040	110,671	97,916
- bank loans	**118,268**	108,598	109	103,433	94,723	89,635
- repo loans	**22,512**	20,263	111	12,607	15,948	8,281
Deposits	**142,828**	127,724	112	116,800	122,953	111,252
- bank deposits	**118,443**	112,146	106	93,255	96,779	88,913
- repo deposits	**19,495**	10,175	192	17,962	17,095	4,583
- pooled deposits	**4,890**	5,403	91	5,583	9,079	17,756
Issued bonds	**36,682**	27,760	132	34,921	37,482	45,383
Subordinated debt	**1,355**	1,649	82	2,742	2,720	3,257
Equity	**27,561**	17,446	158	15,606	13,813	13,320
Total assets	**316,258**	260,222	122	258,242	270,021	243,797
SELECTED DATA AND FINANCIAL RATIOS						
Pre-tax profit, per share (DKK)	**33.04**	32.00	-	11.11	9.35	14.95
Earnings per share (DKK)	**35.07**	25.38	-	8.48	7.95	11.82
Earnings per share (diluted) (DKK)	**35.07**	25.38	-	8.48	7.95	11.82
Core profit per share (DKK)	**34.09**	27.45	-	4.96	7.07	16.58
Share price at end of period (DKK)	**313**	293	-	157	141	259
Book value per share (DKK)	**290**	245	-	220	214	206
Price/book value per share (DKK)	**1.08**	1.19	-	0.71	0.66	1.26
Price/earnings per share (DKK)	**8.9**	11.5	-	18.5	17.7	21.9
Capital ratio (%)	**21.5**	16.4	-	16.9	14.1	14.9
Core capital ratio (%)	**21.0**	16.2	-	15.0	12.7	13.3
Common Equity Tier 1 capital ratio (%)	**20.3**	15.3	-	13.8	11.5	11.8
Pre-tax profit as a pct. of average equity	**12.9**	13.8	-	5.3	4.4	7.5
Net profit as a percentage of average equity	**13.7**	10.9	-	4.0	3.8	5.9
Income/cost ratio (%)	**1.5**	1.5	-	1.1	1.1	1.2
Interest-rate risk (%)	**0.6**	1.8	-	1.0	0.7	1.4
Foreign-currency position (%)	**4.7**	6.1	-	6.3	6.6	7.5
Currency risk (%)	**0.0**	0.1	-	0.0	0.2	0.2
Excess liquidity (%)	**129.3**	149.9	-	122.4	86.5	163.3
Total large exposures (%)	**0.0**	0.0	-	0.0	0.0	32.9
Accumulated impairment ratio (%)	**3.6**	3.0	-	3.3	2.6	3.2
Impairment ratio for the year (%)	**1.3**	0.8	-	1.3	1.1	1.3
Increase in loans and advances for the year, excl. repo loans (%)	**8.9**	5.0	-	9.2	5.7	0.1
Loans and advances in relation to deposits	**1.0**	1.0	-	1.0	0.9	0.9
Loans and advances relative to equity	**5.1**	7.4	-	7.4	8.0	7.4
Return on capital employed	**1.0**	0.7	-	0.2	0.2	0.3
Number of full-time employees, year-end	**3,075**	3,223	-	3,060	3,294	3,421
Average number of full-time employees in year	**3,141**	3,234	-	3,221	3,336	3,421

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority. Reference is made to note 74 in the consolidated financial statements.

Note	DKKm	Jyske Bank 2014	2013
	INCOME STATEMENT		
2	Interest income	**5,410**	5,956
3	Interest expenses	**1,223**	1,391
	Net interest income	**4,187**	4,565
	Dividends, etc.	**77**	52
4	Fees and commission income	**1,646**	1,718
	Fees and commission expenses	**122**	131
	Net interest and fee income	**5,788**	6,204
5	Value adjustments	**-242**	512
6	Other operating income	**2,945**	320
7	Employee and administrative expenses	**3,881**	3,779
22-24	Amortisation, depreciation and impairment charges	**111**	57
	Other operating expenses	**226**	90
9	Loan impairment charges and provisions for guarantees	**2,095**	1,114
12	Profit on investments in associates and group enterprises	**732**	283
	Pre-tax profit	**2,910**	2,279
13	Tax	**-178**	472
	Profit for the year	**3,088**	1,807
	Proposal for distribution of profit for the year		
	Proposed dividends	**0**	0
	Total appropriation to capital and reserves	**3,088**	1,807
	Total	**3,088**	1,807
	STATEMENT OF COMPREHENSIVE INCOME		
	Profit for the year	**3,088**	1,807
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Revaluation of real property	**21**	8
	Tax on property revaluations over the year	**-2**	-4
	Effect of the change to the tax rate	**0**	13
	Actuarial losses and gains	**-41**	14
	Tax on actuarial losses and gains	**9**	-3
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	**53**	-73
	Hedge accounting of international units	**-53**	73
	Tax on hedge accounting	**12**	-18
	Other comprehensive income after tax	**-1**	10
	Comprehensive income for the year	**3,087**	1,817

Note	DKKm	Jyske Bank 2014	2013
	BALANCE SHEET AT 31 DECEMBER		
	ASSETS		
	Cash, cash equivalents and demand deposits with central banks	**646**	2,023
16	Due from credit institutions and central banks	**31,665**	15,338
10	Loans and advances at amortised cost	**140,780**	128,861
17	Bonds at fair value	**67,348**	57,505
17	Bonds at amortised cost	**8,300**	14,794
19	Shares, etc.	**2,679**	2,253
20	Investments in associates	**744**	715
21	Investments in group enterprises	**13,608**	3,000
	Assets in pooled deposits	**4,656**	4,809
22	Intangible assets	**58**	69
	Land and buildings, total	**2,006**	2,014
23	of which owner-occupied properties	**2,006**	2,014
24	Other property, plant and equipment	**79**	74
	Current tax assets	**257**	32
	Deferred tax assets	**205**	2
	Assets in temporary possession	**57**	60
25	Other assets	**43,095**	28,595
	Prepayments	**75**	78
	Total assets	**316,258**	260,222
	EQUITY AND LIABILITIES		
	Debt and payables		
26	Due to credit institutions and central banks	**54,834**	47,210
27	Deposits	**137,938**	122,321
	Pooled deposits	**4,890**	5,403
	Issued bonds at amortised cost	**36,682**	27,760
28	Other liabilities	**51,785**	37,382
	Deferred income	**18**	21
	Total debt and payables	**286,147**	240,097
	Provisions		
29	Provisions for pensions	**473**	402
30	Provisions for guarantees	**552**	433
31	Other provisions	**170**	195
	Provisions, total	**1,195**	1,030
33	**Subordinated debt**	**1,355**	1,649
	Equity		
	Share capital	**950**	713
	Revaluation reserve	**325**	322
	Reserve according to the equity method	**1,559**	807
	Retained profit	**24,727**	15,604
	Equity, total	**27,561**	17,446
	Equity and liabilities, total	**316,258**	260,222
	OFF-BALANCE SHEET ITEMS		
34	Guarantees, etc.	**15,605**	14,049
35	Other contingent liabilities	**2,216**	1,827
	Total guarantees and other contingent liabilities	**17,821**	15,876

Jyske Bank

DKKm

STATEMENT OF CHANGES IN EQUITY

	Share capital	Revalua-tion reserve	Currency translation reserve	Reserve according to the equity method	Retained profit	Total equity
Equity at 1 January 2014	713	322	0	807	15,604	17,446
Profit for the year	0	0	0	736	2,352	3,088
Other comprehensive income	0	3	0	16	-20	-1
Comprehensive income for the year	0	3	0	752	2,332	3,087
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	-1,366	-1,366
Sale of own shares	0	0	0	0	1,370	1,370
Transactions with shareholders	237	0	0	0	6,791	7,028
Equity at 31 December 2014	**950**	**325**	**0**	**1,559**	**24,727**	**27,561**

Equity at 1 January 2013	713	299	1	2,070	12,523	15,606
Profit for the year	0	0	-1	-1,258	3,066	1,807
Other comprehensive income	0	23	0	-5	-8	10
Comprehensive income for the year	0	23	-1	-1,263	3,058	1,817
Acquisition of own shares	0	0	0	0	-1,148	-1,148
Sale of own shares	0	0	0	0	1,171	1,171
Transactions with shareholders	0	0	0	0	23	23
Equity at 31 December 2013	713	322	0	807	15,604	17,446

DKKm	2014	Jyske Bank 2013
CAPITAL STATEMENT		
Equity	**27,561**	17,446
Revaluation reserve	**0**	-322
Intangible assets	**-58**	-69
Deferred tax liabilities relating to intangible assets	**13**	0
Cautious valuation	**-190**	0
Deferred tax assets	**-205**	-2
Other deductions	**-64**	0
Common Equity Tier 1 capital	**27,057**	17,053
Hybrid core capital	**993**	1,303
Difference between expected loss and the carrying amount of impairment charges	**0**	-7
Deduction for equity investments above 10%	**0**	-341
Other deductions	**-56**	-18
Core capital	**27,994**	17,990
Subordinated loan capital	**324**	336
Revaluation reserve	**0**	322
Difference between expected loss and the carrying amount of impairment charges *	**433**	-7
Deduction for equity investments above 10%	**0**	-341
Other deductions	**0**	-17
Capital base	**28,751**	18,283
Weighted risk exposure involving credit risk etc.	**100,619**	82,929
Weighted risk exposure involving market risk	**20,805**	17,603
Weighted risk exposure involving operational risk	**12,011**	10,836
Total weighted risk exposure	**133,435**	111,368
Capital requirement, Pillar I	**10,675**	8,909
Capital requirement, transitional provisions	**0**	57
Capital requirement, total	**10,675**	8,966
Capital ratio (%)	**21.5**	16.4
Core capital ratio (%)	**21.0**	16.2
Common Equity Tier 1 capital ratio (%)	**20.3**	15.3

*) Accounting impairments exceed the expected loss of DKK 1,139m end-2014, but a limitation rule cause that only DKK 433m can be included in the capital base.

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). As at On 31 December 2014, the total weighted risk exposure according to Basel I amounted to DKK 162,681m for Jyske Bank. The capital requirement according to the transitional provisions was for 80% of the capital requirement of 8% of the total weighted risk exposure corresponding to DKK 10,412m for Jyske Bank. At 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 solvency requirement, please see the Risk and Capital Management Report 2014 or www.investor.jyskebank.com/investorrelations/capitalstructure.

The determination of individual solvency requirement was not covered by the audit.

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Note		2014	Jyske Bank 2013
	NOTES		

1 **Accounting Policies**

Basis of accounting
The financial statements of Jyske Bank A/S have been prepared in accordance with the Danish Financial Business Act, including the Danish Executive Order on Financial Reports for Credit Institutions, Stockbrokers, etc.

The rules applying to recognition and measurement at Jyske Bank A/S are consistent with IFRS with the exception of the measurement of the book value of associates and group enterprises, where IFRS stipulates measurement at cost or fair value.
With respect to classification and extent, the preparation for Jyske Bank A/S differs from the preparation for the Group. Please thee the full description of accounting policies in note 73.

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

Changes to accounting policies
The accounting policies are identical to those applied to and described in the financial statements 2013.

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

Note		2014	2013
2	**Interest income**		
	Due from credit institutions and central banks	**21**	26
	Loans and advances	**4,023**	4,421
	Bonds	**1,204**	1,260
	Derivatives, total	**159**	235
	Of which currency contracts	**185**	198
	Of which interest-rate contracts	**-26**	37
	Other	**3**	14
	Total	**5,410**	5,956
	Of which interest income on reverse repos carried under:		
	Due from credit institutions and central banks	**0**	-2
	Loans and advances	**21**	12
3	**Interest expenses**		
	Due to credit institutions and central banks	**148**	176
	Deposits	**674**	722
	Issued bonds	**361**	441
	Subordinated debt	**39**	46
	Other	**1**	6
	Total	**1,223**	1,391
	Of which interest income on reverse repos carried under:		
	Due to credit institutions and central banks	**7**	8
	Deposits	**10**	3
4	**Fees and commission income**		
	Securities trading and custody services	**973**	918
	Money transfers and card payments	**154**	139
	Loan management fees	**75**	141
	Guarantee commission	**174**	359
	Other fees and commissions	**270**	161
	Total	**1,646**	1,718

Note	DKKm	Jyske Bank 2014	2013
	NOTES		
5	**Value adjustments**		
	Bonds	**-70**	-127
	Shares, etc.	**533**	252
	Currency	**247**	216
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	**-809**	59
	Assets in pooled deposits	**410**	473
	Pooled deposits	**-410**	-473
	Other assets	**3**	1
	Issued bonds	**-207**	103
	Other liabilities	**61**	8
	Total	**-242**	512
6	**Other operating income**		
	Income on real property	**69**	70
	Profit on the sale of property, plant and equipment	**4**	2
	Profit from the sale of subsidiary	**296**	5
	Gain from a bargain purchase relating to business combinations	**2,360**	97
	Other ordinary income	**216**	146
	Total	**2,945**	320
7	**Employee and administrative expenses**		
	Employee expenses		
	Wages and salaries, etc.	**1,809**	1,821
	Pensions	**248**	226
	Social security	**216**	202
	Total	**2,273**	2,249
	Salaries and remuneration to management bodies		
	Executive Board	**31**	25
	Supervisory Board	**4**	3
	Shareholders' Representatives	**3**	4
	Total	**38**	32

For information about and remuneration to the Supervisory Board and the Executive Board, please see note 12 in the consolidated financial statements.

		Jyske Bank 2014	2013
	Other administrative expenses		
	IT	**985**	909
	Other operating expenses	**163**	184
	Other administrative expenses	**422**	405
	Total	**1,570**	1,498
	Total	**3,881**	3,779
	Wages and salaries, etc.		
	Wages and salaries and other short-term employee benefits	**1,804**	1,816
	Other long-term employee benefits	**5**	5
	Total	**1,809**	1,821
	Number of employees		
	Average number of employees for the financial year (full-time employees)	**3,141**	3,234

Note	DKKm	Jyske Bank 2014	Jyske Bank 2013

NOTES

Note		2014	2013
7	**Employee and administrative expenses, cont.**		
	Remuneration to risk takers		
	Number of members	**79**	44
	Contractual remuneration	**59**	46
	Variable remuneration	**1**	1
	Pension	**7**	5
	Pension obligation	**4**	1

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

Note		2014	2013
8	**Audit fees**		
	Total fee to Jyske Bank A/S's auditors elected at the Annual General Meeting	**5**	4
	Breakdown of audit fees:		
	Fee for statutory audit of the financial statements	**2**	2
	Fee for other assurance services	**0**	0
	Fee for tax advice	**1**	1
	Fee for other services	**2**	1

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

Note	DKKm	2014	Jyske Bank 2013
	NOTES		
9	**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/provisions for the year	**1,786**	693
	Recognised as a loss, covered by impairment charges/provisions	**-525**	-772
	Discount for acquired assets in connection with business combinations	**0**	1,398
	Recognised losses covered by discounts for acquired assets	**-291**	-274
	Recognised discount for acquired assets	**-208**	-217
	Other movements	**157**	103
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	**6,317**	5,398
	Loan impairment charges	**5,357**	4,058
	Provisions for guarantees	**552**	433
	Balance of loan impairment charges and provisions, end of period	**5,909**	4,491
	Balance of discounts for acquired assets	**408**	907
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	**6,317**	5,398
	Loan impairment/provisions for the year	**1,786**	693
	Recognised as a loss, not covered by loan impairment charges/provisions	**391**	530
	Recoveries	**-82**	-124
	Loan impairment charges and provisions for guarantees recognised in the income statement	**2,095**	1,099
	Recognised discount for acquired assets	**208**	217
	Net effect on income statement	**1,887**	882
	Individual loan impairment charges, beginning of period	**3,204**	2,985
	Loan impairment for the year	**1,072**	878
	Recognised as a loss, covered by impairment charges/provisions	**-500**	-740
	Other movements	**116**	81
	Individual loan impairment charges, end of period	**3,892**	3,204
	Individual provisions for loss on guarantees, beginning of period	**354**	439
	Provisions for the year	**139**	-53
	Recognised as a loss, covered by provisions	**-25**	-32
	Individual provisions for loss on guarantees, end of period	**468**	354
	Collective loan impairment charges, beginning of period	**854**	902
	Loan impairment for the year	**570**	-70
	Other movements	**41**	22
	Collective loan impairment charges, end of period	**1,465**	854
	Collective provisions for loss on guarantees, beginning of period	**79**	141
	Provisions for the year	**5**	-62
	Collective provisions for loss on guarantees, end of period	**84**	79
	Impairment charges on balances due from credit institutions		
	Individual impairment charges on balances due from credit institutions, beginning of period	**15**	0
	Loan impairment for the year	**0**	15
	Individual impairment charges on balances due from credit institutions, end of period	**15**	15
	Loan impairment/provisions for the year	**0**	15
	Net effect on income statement	**0**	15

The regulatory impairment and provisions are exclusive discount balance of acquired loans.

Note	DKKm	Jyske Bank 2014	2013
	NOTES		
10	**Loans and advances showing objective evidence of impairment**		
	Individually-assessed loans and advances before loan impairment charges	**11,491**	9,713
	Individually-assessed loans and advances recognised at nil	**582**	430
	Total of individually assessed loans and advances before loan impairment charges (less loans and advances recognised at nil)	**10,909**	9,283
	Loan impairment charges for individually-assessed loans and advances:		
	Total impairment charges for loans and advances assessed individually	**3,892**	3,204
	Loan impairment charges for individually-assessed loans and advances recognised at nil	**582**	430
	Total impairment charges for loans and advances assessed individually (less loans and advances recognised at nil)	**7,599**	2,774
	Carrying value of individually-assessed loans and advances which show objective evidence of impairment	**7,599**	6,509
	Impairment charges on individually assessed loans to individually assessed loans	**34%**	33%

Note		Jyske Bank	
	DKKm	**2014**	2013

NOTES

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

Sector	**Loans, advances and guarantees**				**Balance of loan impairment charges and provisions for guarantees**		**Loan impairment charges and provisions for guarantees for the year**		**Losses for the year**	
	% 2014	% 2013	**End of 2014**	End-2013	**End of 2014**	End-2013	**2014**	2013	**2014**	2013
Public authorities	**6**	6	**10,027**	7,871	**0**	0	**0**	0	**0**	0
Agriculture, hunting, forestry, fishing	**5**	6	**7,328**	8,394	**810**	568	**359**	177	**159**	259
Fishing	***1***	*2*	***1,423***	*2,426*	***1***	*1*	***1***	*4*	***0***	*44*
Milk producers	***1***	*1*	***1,354***	*1,472*	***422***	*334*	***141***	*111*	***70***	*86*
Plant farming	***1***	*1*	***1,652***	*1,322*	***17***	*17*	***5***	*7*	***6***	*16*
Pig farming	***1***	*1*	***1,682***	*1,838*	***320***	*194*	***185***	*49*	***79***	*74*
Other agriculture	***1***	*1*	***1,217***	*1,336*	***50***	*22*	***27***	*6*	***4***	*39*
Manufacturing, mining, etc.	**4**	4	**5,565**	6,425	**177**	132	**72**	68	**35**	121
Energy supply	**3**	3	**4,379**	4,595	**24**	22	**1**	8	**0**	0
Building and construction	**1**	2	**1,871**	2,232	**75**	77	**16**	44	**19**	48
Commerce	**4**	5	**6,923**	7,436	**250**	211	**118**	114	**93**	164
Transport, hotels and restaurants	**2**	2	**2,797**	2,868	**66**	61	**12**	52	**10**	37
Information and communication	**0**	0	**434**	475	**19**	16	**10**	19	**7**	12
Finance and insurance	**27**	29	**41,932**	41,751	**755**	690	**191**	181	**148**	135
Real property	**6**	7	**9,435**	10,072	**1,256**	1,150	**280**	257	**205**	204
Lease of real property	***5***	*5*	***8,112***	*8,038*	***1,006***	*850*	***269***	*149*	***143***	*148*
Buying and selling of real property	***1***	*1*	***742***	*982*	***101***	*165*	***-12***	*81*	***51***	*23*
Other real property	***0***	*1*	***581***	*1,052*	***149***	*135*	***23***	*27*	***11***	*33*
Other sectors	**4**	4	**6,814**	5,323	**183**	54	**161**	-21	**50**	85
Corporate clients, individually assessed, total	**56**	62	**87,478**	89,571	**3,615**	2,981	**1,220**	899	**726**	1,065
Corporate clients, collective impairment charges					**1,219**	659	**504**	-49	**0**	0
Personal clients, individually assessed	**38**	32	**58,880**	45,468	**737**	576	**313**	239	**190**	237
Personal clients, collective impairment charges					**338**	275	**58**	10	**0**	0
Total	**100**	100	**156,385**	142,910	**5,909**	4,491	**2,095**	1,099	**916**	1,302

Note	DKKm	Jyske Bank 2014	2013
	NOTES		
12	**Profit on investments in associates and group enterprises**		
	Profit/loss on investments in associates	**62**	2
	Profit/loss on investments in group enterprises	**670**	281
	Total	**732**	283
13	**Tax**		
	Current tax	**2**	403
	Change in deferred tax	**-181**	90
	Adjustment of tax for previous years	**1**	-21
	Total	**-178**	472
	Effective tax rate		
	Danish tax rate	**24.5**	25.0
	Adjustments as regards previous years	**0.0**	-0.9
	Non-taxable income and non-deductible expenses, etc.	**-25.1**	-1.1
	Effect of the change to the corporation tax rate	**0.0**	0.5
	Other	**-5.5**	-2.8
	Effective tax rate	**-6.1**	20.7

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

Note	DKKm	2014	2013
14	**Earnings per share**		
	Profit for the year	**3,088**	1,807
	Average number of shares, 1,000 shares	**88,110**	71,280
	Average number of own shares, 1,000 shares	**-57**	-60
	Average number of shares in circulation, 1,000 shares	**88,053**	71,220
	Number of shares in circulation at end of period, 1000 shares	**94,988**	71,214
	Earnings per share (EPS) DKK	**35.07**	25.38
	Earnings per share diluted (EPS-D) DKK	**35.07**	25.38
	Core earnings per share		
	Core profit	**3,002**	1,955
	Core earnings (DKK) per share	**34.09**	27.45

Note	DKKm						Jyske Bank

NOTES

15	**Contractual time to maturity**	**On demand**	**Up to 3 months**	**3 months 1 year**	**1-5 years**	**Over 5 years**	**Total**
	2014						
	Assets						
	Due from credit institutions and central banks						
	Fixed rate	0	30,740	10	0	51	30,801
	Floating rate	0	864	0	0	0	864
	Total	**0**	**31,604**	**10**	**0**	**51**	**31,665**
	Loans and advances at amortised cost						
	Fixed rate	36	39,823	1,562	1,298	5,511	48,230
	Floating rate	89	22,104	27,430	14,746	28,181	92,550
	Total	**125**	**61,927**	**28,992**	**16,044**	**33,692**	**140,780**
	Bonds at fair value						
	Fixed rate	0	490	7,228	22,463	8,743	38,924
	Floating rate	0	443	3,720	16,684	7,577	28,424
	Total	**0**	**933**	**10,948**	**39,147**	**16,320**	**67,348**
	Bonds at amortised cost						
	Fixed rate	0	1,665	387	2,756	426	5,234
	Floating rate	0	0	0	2,346	720	3,066
	Total	**0**	**1,665**	**387**	**5,102**	**1,146**	**8,300**
	Liabilities						
	Due to credit institutions and central banks						
	Fixed rate	0	45,922	1,361	510	0	47,793
	Floating rate	6,535	481	7	18	0	7,041
	Total	**6,535**	**46,403**	**1,368**	**528**	**0**	**54,834**
	Deposits						
	Fixed rate	48	33,359	8,501	4,355	75	46,338
	Floating rate	77,540	998	3,637	4,792	4,633	91,600
	Total	**77,588**	**34,357**	**12,138**	**9,147**	**4,708**	**137,938**
	Issued bonds						
	Fixed rate	0	6,140	5,103	380	2,521	14,144
	Floating rate	0	8,470	5,429	7,894	745	22,538
	Total	**0**	**14,610**	**10,532**	**8,274**	**3,266**	**36,682**
	Subordinated debt						
	Fixed rate	0	0	0	33	228	261
	Floating rate	0	0	0	0	1,094	1,094
	Total	**0**	**0**	**0**	**33**	**1,322**	**1,355**

The above amounts are exclusive of interest.

Note	DKKm						Jyske Bank

NOTES

	Contractual time to maturity – cont.	On de-mand	Up to 3 months	3 months 1 year	1-5 years	Over 5 years	Total
15							
	2013						
	Assets						
	Due from credit institutions and central banks						
	Fixed rate	0	11,983	210	0	7	12,200
	Floating rate	0	3,138	0	0	0	3,138
	Total	0	15,121	210	0	7	15,338
	Loans and advances at amortised cost						
	Fixed rate	0	34,221	1,984	2,908	1,414	40,527
	Floating rate	301	30,313	27,581	12,479	17,660	88,334
	Total	301	64,534	29,565	15,387	19,074	128,861
	Bonds at fair value						
	Fixed rate	0	1,695	4,203	14,365	8,858	29,121
	Floating rate	0	123	2,587	19,359	6,315	28,384
	Total	0	1,818	6,790	33,724	15,173	57,505
	Bonds at amortised cost						
	Fixed rate	0	1,151	395	8,744	521	10,811
	Floating rate	0	110	65	2,562	1,246	3,983
	Total	0	1,261	460	11,306	1,767	14,794
	Liabilities						
	Due to credit institutions and central banks						
	Fixed rate	0	28,749	1,324	863	0	30,936
	Floating rate	5,329	6,598	0	2,902	1,445	16,274
	Total	5,329	35,347	1,324	3,765	1,445	47,210
	Deposits						
	Fixed rate	10	25,687	10,079	660	14	36,450
	Floating rate	70,701	483	4,754	4,603	5,330	85,871
	Total	70,711	26,170	14,833	5,263	5,344	122,321
	Issued bonds						
	Fixed rate	0	2,668	2,288	445	1,866	7,267
	Floating rate	0	12,154	1,388	6,854	97	20,493
	Total	0	14,822	3,676	7,299	1,963	27,760
	Subordinated debt						
	Fixed rate	0	0	0	0	261	261
	Floating rate	0	0	0	0	1,388	1,388
	Total	0	0	0	0	1,649	1,649

The above amounts are exclusive of interest.

Note	DKKm	Jyske Bank 2014	2013
	NOTES		
16	**Due from credit institutions and central banks**		
	At notice with central banks	**11,500**	5,200
	Due from credit institutions	**20,165**	10,138
	Total	**31,665**	15,338
17	**Bonds, total, at fair value**		
	Mortgage credit bonds	**67,365**	66,138
	Government bonds	**1,341**	1,554
	Other bonds	**7,229**	4,909
	Total	**75,935**	72,601
	Of which recognised at amortised cost.	**8,300**	14,794
18	**Bonds provided as security**		
	Bonds deposited at central banks and at clearing houses, etc. in connection with clearing and settlement of securities and currency transactions (fair value)	**26,618**	18,702
19	**Shares, etc.**		
	Shares/investment fund units listed on NASDAQ OMX Copenhagen A/S	**961**	743
	Shares/mutual fund certificates listed on other exchanges	**335**	319
	Unlisted shares are stated at fair value.	**1,383**	1,191
	Total	**2,679**	2,253

Note	DKKm	2014	Jyske Bank 2013
	NOTES		
20	**Investments in associates**		
	Total cost, beginning of period	**829**	838
	Additions	**7**	62
	Disposals	**293**	71
	Total cost, end of period	**543**	829
	Revaluations and impairment charges, beginning of period	**-114**	-120
	Revaluations and impairment charges for the year	**62**	2
	Reversed revaluations and impairment charges	**253**	4
	Revaluations and impairment charges, end of period	**201**	-114
	Carrying amount, end of period	**744**	715
	of which credit institutions	**0**	0
21	**Investments in group enterprises**		
	Total cost, beginning of period	**2,641**	2,658
	Currency translation adjustment	**65**	-36
	Additions	**10,490**	34
	Disposals	**406**	15
	Total cost, end of period	**12,790**	2,641
	Revaluations and impairment charges, beginning of period	**359**	1,669
	Currency translation adjustment	**-12**	-36
	Profit/loss	**670**	281
	Dividend	**297**	1,550
	Other capital movements	**15**	-5
	Reversed revaluations and impairment charges	**83**	0
	Revaluations and impairment charges, end of period	**818**	359
	Carrying amount, end of period	**13,608**	3,000
	of which credit institutions	**12,234**	1,267

Note	DKKm	2014	Jyske Bank 2013
	NOTES		
22	**Intangible assets**		
	Total cost, beginning of period	**228**	181
	Additions	**0**	47
	Total cost, end of period	**228**	228
	Amortisation and impairment charges, beginning of period	**159**	148
	Amortisation for the year	**11**	11
	Amortisation and impairment charges, end of period	**170**	159
	Carrying amount, end of period	**58**	69
23	**Owner-occupied properties**		
	Restated value, beginning of period	**2,014**	1,977
	Currency translation adjustment	**0**	-1
	Additions during the year, including improvements	**56**	44
	Disposals for the year	**7**	5
	Depreciation	**10**	9
	Positive changes in values recognised in other comprehensive income in the course of the year	**10**	20
	Negative changes in values recognised in other comprehensive income in the course of the year	**5**	7
	Positive changes in value recognised directly in the income statement during the year	**3**	1
	Negative changes in value recognised directly in the income statement during the year	**55**	6
	Restated value, end of period	**2,006**	2,014
	Cost less accumulated depreciation and impairment charges	**1,603**	1,614
	For mortgage credit institutions, collateral has been provided in land and buildings, the carrying amount of which is	**1,880**	1,880
	Required rate of return	**3.75%-10%**	3.75%-10%
	Weighted average return applied	**6.44%**	6.25%
24	**Other property, plant and equipment**		
	Total cost, beginning of period	**693**	651
	Additions	**45**	46
	Disposals	**2**	4
	Total cost, end of period	**736**	693
	Depreciation and impairment charges, beginning of period	**619**	591
	Depreciation for the year	**39**	31
	Impairment charges for the year	**0**	0
	Reversed depreciation and impairment charges	**1**	3
	Depreciation and impairment charges, end of period	**657**	619
	Carrying amount, end of period	**79**	74

Note	DKKm	2014	Jyske Bank 2013
	NOTES		
25	**Other assets**		
	Positive fair value of derivatives	**40,343**	25,869
	Interest and commission receivable	**1,542**	1,208
	Other assets	**1,210**	1,518
	Total	**43,095**	28,595
	Netting		
	Positive fair value of derivatives, etc., gross	**45,417**	25,911
	Netting of positive and negative fair value	**5,074**	0
	Total	**40,343**	25,911

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

Note	DKKm	2014	2013
26	**Due to credit institutions and central banks**		
	Due to central banks	**26,165**	14,143
	Due to credit institutions	**28,669**	33,067
	Total	**54,834**	47,210
27	**Deposits**		
	Demand deposits	**76,010**	69,082
	Term deposits	**8,256**	8,804
	Time deposits	**45,586**	35,144
	Special deposits	**8,086**	9,291
	Total	**137,938**	122,321
28	**Other liabilities**		
	Set-off entry of negative bond holdings in connection with repos/reverse repos	**3,956**	4,227
	Negative fair value of derivatives	**41,256**	26,207
	Interest and commission payable	**838**	557
	Other liabilities	**5,735**	6,391
	Total	**51,785**	37,382
	Netting		
	Negative fair value of derivatives, etc., gross	**46,330**	26,246
	Netting of positive and negative fair value	**5,074**	0
	Total	**41,256**	26,246

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

Note	DKKm	Jyske Bank 2014	2013
	NOTES		
29	**Provisions for pensions and similar liabilities**		
	Provisions for pensions and similar liabilities		
	Provisions for defined benefit plans	**435**	367
	Provisions for long-term employee benefits	**38**	35
	Recognised in the balance sheet, end of period	**473**	402
	Provisions for defined benefit plans		
	Present value of pension plan obligations	**546**	480
	Fair value of pension plan assets	**111**	113
	Net liability recognised in the balance sheet	**435**	367
	Change in provisions for defined benefit plans		
	Provisions, beginning of period	**480**	476
	Costs for the current financial year	**29**	21
	Calculated interest expenses	**16**	19
	Actuarial losses/gains	**44**	-10
	Pension payments	**-23**	-26
	Provisions, end of period	**546**	480
	Change in the fair value of pension plan assets		
	Assets, beginning of period	**113**	97
	Calculated interest on assets	**4**	4
	Return ex calculated interest on assets	**3**	4
	Contributions, etc.	**0**	12
	Pension payments	**-9**	-4
	Assets, end of period	**111**	113
	Pension costs recognised in the income statement		
	Costs for the current financial year	**29**	21
	Calculated interest related to liabilities	**16**	19
	Calculated interest on assets	**-4**	-4
	Total recognised defined benefit plans	**41**	36
	Total recognised defined contribution plans	**207**	190
	Recognised in the income statement	**248**	226

The expense is recognised under Employee and administrative expenses.

	Pension plan assets:		
	Bonds	**60**	65
	Cash and cash equivalents	**51**	47
	Other	**0**	1
	Pension plan assets, total	**111**	113

Measurement of all pension assets is based on quoted prices in an active market.

For further details, please see note 38 in the consolidated financial statements.

Note	DKKm	2014	Jyske Bank 2013

NOTES

30 Provisions for guarantees

	2014	2013
Individual provisions for guarantees	**467**	354
Collective provisions for guarantees	**85**	79
Total	**552**	433

31 Other provisions

	2014	2013
Provisions for litigation, beginning of period	**195**	376
Additions	**133**	127
Disposals inclusive of consumption	**73**	262
Disposals exclusive of consumption	**85**	46
Provisions for litigation, end of period	**170**	195

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

32 Provisions for deferred tax

Deferred tax	2014	2013
Deferred tax assets	**205**	2
Deferred tax liabilities	**0**	0
Net deferred tax	**205**	2

Change in deferred tax 2014	**Beginning of period**	**Recognised in the net profit for the year**	**Recognised in other compre-hensive income**	**End of**
Bonds at amortised cost	-66	3	0	-63
Intangible assets	15	-2	0	13
Property, plant and equipment	197	9	1	207
Loans and advances, etc.	-30	-2	0	-32
Provisions for pensions	-88	-7	-9	-104
Tax loss	0	-195	0	-195
Other	-30	13	-14	-31
Total	**-2**	**-181**	**-22**	**-205**
Change in deferred tax 2013				
Bonds at amortised cost	-86	20	0	-66
Intangible assets	6	9	0	15
Property, plant and equipment	211	-5	-9	197
Loans and advances, etc.	-34	4	0	-30
Provisions for pensions	-103	12	3	-88
Other	-80	50	0	-30
Total	-86	90	-6	-2

Note	DKKm			Jyske Bank 2014	2013
	NOTES				
33	**Subordinated debt**				
	Supplementary capital:				
	6.73% bond loan	EUR 15m	2017-2026	**112**	112
	Var. % bond loan	EUR 10m	13.02.2023	**75**	75
	5.65% bond loan	EUR 10 m	27.03.2023	**74**	75
	5.67% bond loan	EUR 10 m	31.07.2023	**74**	74
				335	336
	Hybrid core capital:				
	Var. % bond loan	EUR 72.8m	Perpetual	**541**	727
	Var. % bond loan	EUR 60.7m	Perpetual	**452**	576
				993	1,303
	Subordinated debt, nominal			**1,328**	1,639
	Hedging of interest-rate risk, fair value			**27**	10
	Total			**1,355**	1,649
	Subordinated debt included in the capital base			**1,317**	1,639

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

Note	Jyske Bank
	DKKm

NOTES

34 **Contingent liabilities**

General
Jyske Bank's credit review of the guarantee applicant takes into consideration the risk on the guarantee. For about 77% of Jyske Bank's guarantees, the contractual term is below one year; for about 10%, the contractual terms is between 1 and 5 years; and for about 13%, the contractual term is above 5 years.

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

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

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

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

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

Following Jyske Bank's announcement of the merger with BRFkredit, Nykredit informed Jyske Bank that it took the position that Nykredit regarded 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. Also, Nykredit and Totalkredit' informed Jyske Bank that they regarded the Totalkredit cooperation as terminated in respect of Jyske Bank. Nykredit and Totalkredit 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 disagreed that Jyske Bank had terminated the main cooperation agreement and considered Nykredit's initiative unwarranted. Jyske Bank took the initiative to refer the matter to arbitration. After the end of the financial year, on 5 February 2015, the parties agreed to settle the arbitration case that had been filed. The settlement did not have any material effect on Jyske Bank's financial statements in 2014, nor will it have so in 2015.

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 6.81% 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.

	2014	2013
Guarantees		
Financial guarantees	**8,466**	7,010
Guarantee for losses on mortgage credits	**4,789**	4,240
Registration and refinancing guarantees	**828**	490
Other contingent liabilities	**1,522**	2,309
Total	**15,605**	14,049

35 **Other contingent liabilities**

Irrevocable credit commitments	**2,168**	1,779
Other	**48**	48
Total	**2,216**	1,827

Note DKKm		Jyske Bank 2014	2013
	NOTES		
36	**Transactions involving related parties**		
	Transactions with group enterprises and associates		
	Guarantees provided	**3,022**	64
	Due from credit institutions	**3,777**	308
	Loans and advances	**11,387**	11,513
	Bonds	**13,850**	0
	Due to credit institutions	**9,874**	3,326
	Deposits	**88**	973
	Other liabilities	**141**	134
	Derivatives	**58**	56
	Interest income	**299**	190
	Interest expenses	**42**	37
	Fee income	**47**	0
	Fee expenses	**18**	9
	Other operating income	**105**	105
	Employee and administrative expenses	**525**	493
	Transactions with joint ventures		
	Loans and advances	**335**	322
	Deposits	**116**	142
	Interest income	**23**	22
	Interest expenses	**1**	1
	Other operating income	**20**	18
	Employee and administrative expenses	**131**	94

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

Jyske Bank's Executive Board and Supervisory Board as well as their related parties are also considered related parties.

Jyske Bank is the banker of a number of related parties, and Jyske Bank is part of a joint funding cooperation scheme with BRFkredit a/s. Transactions between related parties are characterised as ordinary financial transactions and services of an operational nature.

Transactions between Jyske Bank and group enterprises and associates as well as joint ventures are entered into on an arm's length or at cost.

Transactions between Jyske Bank and other related parties were executed on an arm's length basis. This also holds for the rates of interest and commission charges.

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. Pension liabilities are actuarial items based on a number of assumptions, cf. Note 38 in the consolidated financial statemetns. Therefore changes in pension liabilities cannot meaningfully be added to the annual remuneration.

The members of the Executive Board are not offered any incentive programmes. No member of the Executive Board or the Supervisory Board is specifically remunerated as a member of the board in any associated undertaking or group enterprise. The Executive Board as well as Jyske Bank can terminate employment with a term of notice of six months. However, for Sven A. Blomberg, 12 months and 24 months, respectively. In addition, where Jyske Bank terminates the employment a severance pay equalling two years' pay will be given. At the termination of his employment, Sven A. Blomberg shall receive a severance pay corresponding to 1 year's salary.

For transactions with management, please see note 67 in the consolidated financial statements.

Note	DKKm	Jyske Bank 2014	2013
	NOTES		
37	**Hedge accounting**		
	Issued bonds		
	Amortised / Nominal value	**2,677**	2,573
	Carrying amount	**2,941**	2,631
	Subordinated debt		
	Amortised / Nominal value	**149**	149
	Carrying amount	**177**	159
	Hedging, financial instruments - swaps		
	Nominal value	**2,826**	2,722
	Carrying amount	**339**	128
	Profit/loss for the year on hedging instruments	**211**	-152
	Profit/loss for the year on hedged items	**-224**	130

Interest-rate risk
Jyske Bank applies the rules for hedge accounting of fair value. The hedging instruments used are typically interest-rate swaps, which are used for hedging against changes in the interest-rate level. Only interest rates are hedged and therefore not credit margins, etc. These items are subject to hedging:

Hedge accounting of currency risk on investments in subsidiaries
Jyske Bank hedges the currency risk on net investments in international subsidiaries. The risk is hedged using forward exchange contracts. In 2014, revaluation of the contracts amounted to DKK -53m (2013: DKK 73m) which was recognised in other comprehensive income. At end-2014, the fair value of the forward exchange contracts applied amounted to DKK 10m (2013: DKK -5m).

Note		Jyske Bank
	DKKm	

NOTES

38 **Notes to derivative financial instruments**

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

Derivative financial instruments	Net fair value				Gross fair value			Principal amounts, total
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Positive	Nega-tive	Net	Nominal value
2014								
Currency contracts	344	-363	443	6	13,277	12,847	430	812,685
Interest-rate contracts	-835	15	-422	67	31,958	33,133	-1,175	907,581
Share contracts	-20	0	0	0	45	65	-20	7,499
Commodity contracts	0	-2	0	0	98	100	-2	2,280
Total	**-511**	**-350**	**21**	**73**	**45,378**	**46,145**	**-767**	**1,730,045**
Outstanding spot transactions					**55**	**185**	**-130**	**71,606**
CCP netting					**-5,074**	**-5,074**	**0**	**0**
Total after CCP netting					**40,359**	**41,256**	**-897**	**1,801,651**
2013								
Currency contracts	145	-54	129	-20	6,074	5,874	200	776,692
Interest-rate contracts	-195	-35	-286	10	19,556	20,062	-506	672,727
Share contracts	4	0	0	0	152	148	4	7,051
Commodity contracts	-1	1	0	0	31	31	0	1,932
Total	-47	-88	-157	-10	25,813	26,115	-302	1,458,402
Outstanding spot transactions					77	92	-15	52,584
CCP netting					0	0	0	0
Total after CCP netting					25,890	26,207	-317	1,510,986