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Company statement

- Increase in estimated core earnings before impairment charges for loans and advances
- Acquisition of the underlying assets of two Structured Investment Vehicles (SIVs)
- Strong liquidity position; refinancing of owner-occupied property
- Holding of own shares

Increase in estimated core earnings before impairment charges for loans and advances

It is now evident that core earnings before impairment charges for loans and advances will be record high for 2007: the estimate is for slightly above DKK 2,600m. An earlier upgrade put the estimate at DKK 2,300m-2,500m. Estimated core earnings before impairment charges for loans and advances are more than 35%, or approx. DKK 700m, higher than in 2006 when core earnings before impairment charges for loans and advances came to DKK 1,925m.

Core earnings after impairment charges for loans and advances are estimated to be slightly below DKK 2,600m (2006: DKK 2,270m).

Acquisition of the underlying assets of two Structured Investment Vehicles (SIVs)

Since 2000 Jyske Bank has invested in a credit portfolio which includes SIV capital notes. The investment vehicle has historically been attractive because it yields a stable high return thanks to cheap financing of underlying high-rated securities in the SIVs.

Because of developments in the money market, Jyske Bank's strong liquidity situation, and the fact that the new capital adequacy directive requires lower capital for the very high-rated underlying securities of SIVs, it has become profitable for Jyske Bank to acquire the underlying securities for its own portfolio.

Jyske Bank has therefore to the widest possible extent switched out of SIVs whose funding costs have risen. Jyske Bank has acquired high-rated securities for a total of approx. DKK 1.5bn and sold SIV capital notes of approx. DKK 150m. Jyske Bank now holds SIV capital notes worth almost DKK 50m of one large SIV, which the Bank has not been able to switch out of.

Jyske Bank's total unrealised capital loss on SIVs in 2007 amounted to DKK 55m, which is expected to be recouped when the high-rated securities are redeemed at par one to five years from now.

In addition, Jyske Bank has an exposure of just over DKK 300m to Sigma Finance, whose structure is 'SIV-like' except in a number of important respects. Sigma Finance presents a much lower liquidity risk because of the relatively long time to maturity of the financing and Sigma's extensive access to repo financing. This means that Sigma Finance has consistently been able to take up funding at attractive levels, at the same time building up reserves during the fourth quarter of 2007. Therefore it has not been relevant or possible to switch out of Sigma capital notes. Sigma's senior debt is rated AAA, while the capital notes are rated A3 by Moody's.

Total earnings after funding costs on the Bank's own portfolio for 2007 amounted to about DKK -350m. Of this, credit-related products accounted for just over DKK 300m. The capital loss is unrealised, and the best part of it is expected to be recouped over coming years, although the deterioration of the US housing market has damaged the robustness of holdings relating directly to the housing market. The market price of such structured products amounted to only approx. DKK 40m at the end of 2007.

Strong liquidity position; refinancing of owner-occupied property

Jyske Bank's liquidity position was still very strong at the end of 2007. During the fourth quarter of 2007, Jyske Bank had no difficulty in obtaining funding at attractive levels in the international capital markets through the Bank's funding programmes. The Bank's strong liquidity reserves cover more than one year's outflow of funding in the money and capital markets. Inclusive of the syndicated loan facility, the Bank's liquidity reserves amount to DKK 32bn; of this certificates of deposit with the Danish central bank account for DKK 21bn. The liquidity cover is 100% above the regulatory requirement of 10%.

Under the new Danish Act on SDOs (a new type of covered bonds) which came into force on 1 January 2008, Jyske Bank will have an unutilised potential for structured funding in the form of SDOs.

In keeping with its long-term funding plans, Jyske Bank has raised liquidity against a number of its owner-occupied properties. Refinancing of those properties has showed that their collateral value has increased considerably, and Jyske Bank has obtained loan commitments of almost DKK 1,500m. Of this, almost DKK 600m was taken up before the turn of the year.

Over the past ten years, Jyske Bank has refurbished and extended owner-occupied property for more than DKK 1bn.

Holding of own shares

Our holding of own shares is currently 3,653,213 shares, which equates to 6.5% of the share capital.

Yours faithfully,

Sven Buhrkall
Chairman of the Supervisory Board

Anders Dam
Managing Director and CEO