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New capital requirements and new share buy-back programme

Long-term capital policy

Jyske Bank pursues a long-term capital policy. At least once every quarter, Jyske Bank's Supervisory Board reviews the expected long-term capital base for the Group. The review allows for expectations of earnings as well as earnings under a stress scenario, the weighted risk exposure, acquisitions and capital payments as well as regulatory initiatives and requirements on the part of Standard & Poor's. For the present, the objective is a Common Equity Tier 1 capital ratio of 14% and a capital ratio of 17.5%.

Higher capital requirements primarily financed through earnings

In the years to come, the financial sector will face significantly higher capital requirements. In recent months, the Basel Committee, among others, has published new drafts for the capital requirements, and these requirements will have considerable consequences, particularly for portfolios with low risk such as mortgage activities. These requirements will probably affect the financial sector in 2020 at the earliest. The requirements must be met through equity, but can also be met to some extent by higher subordinated debt. The requirements are introduced on top of the higher capital levels that have already been decided and which must be phased in over the period 2016 to 2019. Jyske Bank is well-capitalised and will be able to meet the total requirements, because for some years the capital policy has been adjusted to the expected requirements of the European banks, even though the extent of the requirements is still not known.

Jyske Bank expects that a significant part of its earnings in the coming years will be applied to comply with the new capital requirements. Therefore, to a great extent, capital distribution will also be governed by changes in the composition of the capital base. Following the most recent issue of supplementary Tier II capital in May 2016, hybrid capital and supplementary capital amount to 1.2% of the weighted risk exposure against the long-term target of 3.5% of the weighted risk exposure. The main part of the adjustment is expected to be completed by the end of 2017.

Preliminary calculations show that the increased capital requirement for credit risk may result in an effect of about 4 percentage points on the solvency for the Jyske Bank Group in

2020 if Jyske Bank becomes subject to a floor requirement of 70% of the standardised approach for credit risk. Also, it should be pointed out that there is still uncertainty as to the future requirements applicable to other risk types.

Jyske Bank has an objective of a return on equity after tax in the range of 8% - 12% p.a., corresponding to 10% - 15% before tax. All other things being equal, this objective implies an increase of the capital ratio by more than 1 percentage point p.a.

New DKK 500m share buy-back programme to be launched on 1 July 2016

In view of the above outline, the currently strong capital position and the Supervisory Board's recent discussion of the capital base and the expectations of this, it has been decided that, as part of the gradual capital adjustment, Jyske Bank will launch a new share buy-back programme in an amount equivalent to as much as DKK 500m. The programme will run over the period 1 July to 31 December 2016.

The programme will be carried out according to the EU Commission's regulation No. 2273/2003 of 22 December 2003. The share buybacks will be conducted through ABG Sundal Collier.

The current share buy-back programme of DKK 750m will expire on 30 June 2016 at the latest, and at present 2,155,000 shares at a value of DKK 623m have been bought.

Please direct any questions relating to this announcement to Birger K. Nielsen, CFO, (+45 89 89 64 44).

Yours sincerely,

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