

Jyske Bank
Interim Financial Report
1st half of 2016

Interim Financial Report, first half of 2016

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The Jyske Bank Group

CORE PROFIT AND PROFIT FOR THE PERIOD									
DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	The year 2015
Net interest income	2,898	2,841	102	1,448	1,450	1,567	1,478	1,452	5,886
Net fee and commission income	667	967	69	343	324	495	372	350	1,834
Value adjustments	379	498	76	169	210	112	-229	597	381
Other income	130	120	108	73	57	59	60	68	239
Income from operating lease (net)	50	46	109	28	22	25	22	27	93
Core income	4,124	4,472	92	2,061	2,063	2,258	1,703	2,494	8,433
Core expenses	2,498	2,632	95	1,230	1,268	1,369	1,321	1,294	5,322
Core profit before impairment charges	1,626	1,840	88	831	795	889	382	1,200	3,111
Loan impairment charges	67	351	19	-105	172	-34	30	24	347
Core profit	1,559	1,489	105	936	623	923	352	1,176	2,764
Investment portfolio earnings	-57	314	-	88	-145	152	-26	125	440
Pre-tax profit	1,502	1,803	83	1,024	478	1,075	326	1,301	3,204
Tax	309	414	75	215	94	238	76	305	728
Net profit or loss for the period	1,193	1,389	86	809	384	837	250	996	2,476

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	The year 2015
Loans and advances	406,910	375,184	108	406,910	410,591	396,176	380,545	375,184	396,176
- of which mortgage loans	267,568	233,700	114	267,568	257,909	249,467	242,355	233,700	249,467
- of which bank loans	107,823	113,830	95	107,823	105,031	105,183	109,915	113,830	105,183
- of which repo loans	31,519	27,654	114	31,519	47,651	41,526	28,275	27,654	41,526
Bonds and shares, etc.	76,771	87,686	88	76,771	80,933	76,527	78,836	87,686	76,527
Total assets	564,450	541,031	104	564,450	558,925	543,399	531,063	541,031	543,399
Due to credit institutions and central banks	30,350	39,865	76	30,350	43,891	39,211	31,947	39,865	39,211
Deposits	147,921	141,077	105	147,921	143,673	144,920	138,753	141,077	144,920
- of which bank deposits	128,770	129,021	100	128,770	125,416	128,995	125,481	129,021	128,995
- of which repo deposits	19,151	12,056	159	19,151	18,257	15,925	13,272	12,056	15,925
Issued bonds at fair value	256,357	229,414	112	256,357	241,095	231,167	225,944	229,414	231,167
Issued bonds at amortised cost	45,674	47,947	95	45,674	47,510	48,226	52,556	47,947	48,226
Subordinated debt	2,146	1,355	158	2,146	1,357	1,354	1,354	1,355	1,354
Equity	30,091	28,996	104	30,091	29,680	30,040	29,233	28,996	30,040

SELECTED DATA AND FINANCIAL RATIOS									
DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	The year 2015
Earnings per share for the period (DKK)	12.7	14.6		8.7	4.1	8.8	2.6	10.5	26.1
Profit for the period, per share (diluted) (DKK)	12.7	14.6		8.7	4.1	8.8	2.6	10.5	26.1
Pre-tax profit p.a. as a percentage of opening equity	10.0	13.1		13.6	6.4	15.6	4.7	18.9	11.6
Profit for the period as a pct. of av. equity	4.0	4.9		2.7	1.3	2.9	0.9	3.5	8.6
Expenses as a percentage of income	60.6	58.9		59.7	61.5	60.6	77.6	51.9	63.1
Capital ratio (%)	17.0	17.1		17.0	16.7	17.0	16.9	17.1	17.0
Common Equity Tier 1 capital ratio (CET1 %)	15.8	16.1		15.8	15.9	16.1	15.8	16.1	16.1
Individual solvency requirement (%)	10.3	11.0		10.3	10.3	10.5	10.7	11.0	10.5
Capital base (DKKm)	30,883	30,177		30,883	30,169	30,088	29,473	30,177	30,088
Weighted risk exposure (DKKm)	182,071	176,979		182,071	180,491	176,904	174,853	176,979	176,904
Share price at end of period (DKK)	253	336		253	296	312	369	336	312
Book value per share (DKK)	326	305		326	316	317	308	305	317
Price/book value per share (DKK)	0.8	1.1		0.8	0.9	1.0	1.2	1.1	1.0
No. of full-time employees at end-period	3,977	4,112		3,977	4,013	4,021	4,102	4,112	4,021

Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 26 appear from page 19 in the Management's review.

Reclassification has taken place between net interest income and value adjustments. Comparative figures have been adjusted.

SUMMARY

- **Core profit: DKK 1,559m (1H 2015: DKK 1,489m)**
- **Net profit: DKK 1,193m (1H 2015: DKK 1,389m)**
- **Profit after tax corresponded to an annualised return of 7.9% on opening equity (1H 2015: 10.1% p.a.)**
- **Loan impairment charges under core profit: DKK 67m (1H 2015: DKK 351m)**
 - **Of which impairment charges on agricultural clients amounted to DKK 273m**
- **Loans and advances: DKK 407bn (end of 2015: DKK 396bn)**
 - **Mortgage loans: DKK 268bn (end of 2015: DKK 249bn)**
 - **Traditional bank loans and advances: DKK 96bn (end of 2015: DKK 93bn)**
- **Bank deposits: DKK 129bn (end of 2015: DKK 129bn)**
- **The merger of Jyske Bank and BRFkredit**
 - **The target of synergies in the amount of at least DKK 600m annually has been achieved**
 - **Integration costs have now been finally calculated at DKK 110m against the most recent expectations of DKK 100-150m and originally anticipated DKK 300-400m**
- **Capital ratio: 17.0%, of which the CET1 capital ratio was 15.8% (end of 2015: 17.0% and 16.1%)**
 - **Capital buffer: DKK 9.9bn (end of 2015: DKK 10.9bn)**
- **The current share buy-back programme is raised by DKK 500m to DKK 1bn**

COMMENTS BY MANAGEMENT

In connection with the publication of the interim financial report for the first half of 2016, Anders Dam, CEO and Managing Director states:

"Sales of home loans continued at a satisfactory pace, and at the end of the first half of the year and as at today, they amounted to DKK 68.0bn and DKK 71.5bn, respectively, against DKK 57.5bn at the end of 2015. It is expected that sales of home loans will continue at a high pace, also in the second half of the year. The credit quality of the jointly funded loans is high, and since the joint funding programme began in 2012, only DKK 0.5m have been lost on the portfolio.

The synergies announced in connection with the merger with BRFkredit in the second quarter of 2014 have now, 18 months ahead of plans, been fully realised with an annual effect of more than DKK 600m. The integration costs have now been finally calculated at DKK 110m against the most recent announcement of DKK 100m-150m.

On that basis, in the first half of 2016, Jyske Bank generated a return on opening equity of 7.9% p.a. after tax.

The 2% increase in net interest income is to be seen on the background of the growth strategy and the early stabilisation of traditional bank loans and advances, which more than offset the continued pressure on the interest rate margins. The early stabilisation of traditional bank loans and advances marks a breakaway from the trend of falling traditional bank loans and advances seen over several years. However, the growth prospects of the Danish economy for the coming years must still be characterised as moderate.

The credit quality of the Group's loans and advances has improved and is only weighed down by the difficult conditions for agriculture, and in particular for dairy farmers. Impairment charges amounted to DKK 67m in the first half of the year, and exclusive of agriculture there was a reversal of DKK 206m. In respect of problems within agriculture, the management's estimate totals DKK 290m.

Jyske Bank continued its adjustment of the capital structure in line with previous announcements and issued subordinated debt in the amount of SEK 1bn in the second quarter. The Supervisory Board has decided to raise the new share buy-back programme launched on 1 July by DKK 500m to DKK 1bn. The previous programme in the amount of DKK 750m was, as planned, completed at the end of the second quarter. As at today's date, Jyske Bank has bought back 3.25% of the share capital, ends Anders Dam."

H1 2016

Economic trends

The Danish economy is still recovering slowly, particularly driven by increasing consumer spending. However, a strong propensity to save still puts a damper on the development. It is expected that the moderate recovery of the Danish economy will continue in the coming years with GDP growing moderately by 1.0% and 1.6% in 2016 and 2017, respectively.

Material circumstances

Just as was the case in 2015, the interest-rate markets still have a clear influence on the development. Long-term interest rates have continuously fallen throughout the first half of 2016. The downward pressure on interest rates became even stronger due to the UK's vote to discontinue its EU membership. Since it increased the rate of interest on certificates of deposit by 10 points in early January 2016, Danmarks Nationalbank, the central bank of Denmark, has maintained its rate at -0.65%, and therefore the yield spread between Danmarks Nationalbank's and the ECB's deposit rate has narrowed several times in step with the ECB's interest-rate cuts.

The long-term interest rates had a negative effect on value adjustments of clients' transactions relating to interest-rate hedging. Also, business activities relating to deposits were still adversely affected by the low market rates.

In the first half of 2016, the Group made a large and decisive step with a view to changing the diversification of and the time to maturity of the Group's long-term funding through mortgage bonds. In March 2016, BRFkredit issued a 5-year fixed-rate covered bond (SDO) in the amount of EUR 500m. The funding supports the Group's growth strategy for home loans. The EUR bonds offer the Group another tool to increase the time to maturity of BRFkredit's funding, hence also supporting the fulfilment of the supervisory diamond for mortgage credit institutions, among other things. In June 2016, BRFkredit also made another EUR issue in the form of a 7-year fixed-rate covered bond (SDO) in the amount of EUR 750m.

With the issue of subordinated debt in the amount of SEK 1bn in the second quarter of 2016, Jyske Bank continued, in line with previous announcements, its adjustment of the capital structure to the long-term target of a capital ratio of 17.5% and a Common Equity Tier 1 capital ratio of 14%. The larger part of the adjustment of the capital structure is expected to be completed by the end of 2017, and Jyske Bank is on an on-going basis exploring the possibilities in the market for issuing supplementary capital instruments.

The Supervisory Board decided to raise the new share buy-back programme launched on 1 July by DKK 500m to DKK 1bn. The previous programme in the amount of DKK 750m was, as planned, completed at the end of the second quarter. The new share buy-back programme will run over the period 1 July to 31 December 2016. As at today's date, Jyske Bank has bought back 3.25% of the share capital.

Current status of the merger of Jyske Bank and BRFkredit

At the end of the first half of 2016, the Group had realised its aim of synergies in the amount of at least DKK 600m annually.

Net interest income from the new home loans amounts to almost DKK 500m annually. To this is to be added net interest income from mortgage loans to corporate clients in the amount of DKK 40m as well as a reduction of BRFkredit's capital charges of more than DKK 100m. Less the lost fee income from Totalkredit of about DKK 300m, the earnings synergies have exceeded DKK 300m annually.

With respect to costs, synergies totalling about DKK 330m have been achieved, primarily because of lower employee costs following the reduction in the number of employees. At the end of the 1st half of 2016, the Group had 3,977 full-time employees against 4,444 full-time employees at the time of the merger.

On the whole, during the integration process, integration costs of DKK 110m were paid, namely DKK 47m in 2014 and DKK 63m in 2015. The majority of the integration costs related to severance costs. No further integration costs are expected. Therefore the total integration costs are in line with the recent announcement of expected integration costs in the range of DKK 100m-150m. In future, efforts will still be made to integrate the Group's banking and mortgage activities, including optimization of joint processes. Costs for this purpose will be regarded as operating costs.

At the end of the first half of 2016, home loans amounted to DKK 68.0bn against DKK 61.7bn at the end of the first quarter, corresponding to growth by DKK 6.3bn in the second quarter of 2016. As at today's date, home loans amount to 71.5bn. BRFkredit is experiencing increasing activities, and consequently the personal client segment at BRFkredit saw a net increase in the second quarter of 2016. This development supports expectations of growth by DKK 18bn-20bn in 2016. The objective is still to increase the Group's housing-related loans by DKK 100bn. In respect of corporate clients, the objective is that the Group will see an addition of mortgage loans in the amount of DKK 20bn over a 5-year period.

Net profit for the period

In the first half of 2016, the Jyske Bank Group generated a pre-tax profit of DKK 1,502m. Calculated tax amounted to DKK 309m, and after tax the profit amounted to DKK 1,193m.

The profit after tax corresponded to a return on opening equity of 7.9% p.a. against a return of 10.1% p.a. for the corresponding period of 2015.

CORE PROFIT AND PROFIT FOR THE PERIOD	Index								The year
DKKm	H1 2016	H1 2015	16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	2015
Net interest income	2,898	2,841	102	1,448	1,450	1,567	1,478	1,452	5,886
Net fee and commission income	667	967	69	343	324	495	372	350	1,834
Value adjustments	379	498	76	169	210	112	-229	597	381
Other income	130	120	108	73	57	59	60	68	239
Income from operating lease (net)	50	46	109	28	22	25	22	27	93
Core income	4,124	4,472	92	2,061	2,063	2,258	1,703	2,494	8,433
Core expenses	2,498	2,632	95	1,230	1,268	1,369	1,321	1,294	5,322
Core profit before loan impairment charges	1,626	1,840	88	831	795	889	382	1,200	3,111
Loan impairment charges and provisions for guarantees	67	351	19	-105	172	-34	30	24	347
Core profit	1,559	1,489	105	936	623	923	352	1,176	2,764
Investment portfolio earnings	-57	314	-	88	-145	152	-26	125	440
Pre-tax profit	1,502	1,803	83	1,024	478	1,075	326	1,301	3,204
Tax	309	414	75	215	94	238	76	305	728
Net profit or loss for the period	1,193	1,389	86	809	384	837	250	996	2,476

Reclassification has taken place between net interest income and value adjustments under core profit. The changes had no effect on core income. Due to the change, total interest income, interest expenses and value adjustments relating to the balance principle at BRFKredit will be attributed to net interest income of the Group, which is in line with the handling in the financial statements of BRFKredit. Comparative figures have been adjusted. See also further comments under segment information for Mortgage activities, page 16.

At DKK 1,559m, core profit grew by 5% compared to the first half of 2015. The increase is a product of increasing net interest income, lower core expenses and lower impairment charges, which more than offset the decline in fee and commission income and value adjustments.

Net interest income increased by 2% compared with the same period in 2015. The continued growth in home loans and early stabilisation of the volume of traditional bank loans and advances offset to some extent the pressure from the low interest-rate level, falling interest rate margins due to increased competition and lower reinvestment rates on the liquidity portfolio. The decline relative to the fourth quarter of 2015 can be attributed to the recognition in the fourth quarter of 2015 of net interest income of DKK 96m relating to fixed-rate home loans issued at a discount. In the first half of 2016, DKK 24m were recognised as income relating to fixed-rate home loans at a discount, of which DKK 10m in the second quarter of 2016. The majority of the remaining home loans are not eligible for joint funding, and therefore the remaining balance of about DKK 25m will be recognised as income over the expected term of the loans of seven years.

Net fee and commission income amounted to DKK 667m against DKK 967m in the first half of 2015. The difference can be attributed to the fact that the first half of 2015 saw a favourable development in the financial markets resulting in high performance-related fees. Furthermore, in the first quarter of 2015, an amount of DKK 84m was recognised as income. This amount was compensation received from Nykredit in connection with the exit from the Totalkredit cooperation. Also, in the first half of 2015, the refinancing activity at BRFKredit was considerably higher than in the first half of 2016. In 2016, Jyske Bank still offers transfers of home loans exempt from fees. In 2016, BRFKredit offers transfers of home loans at a fee of DKK 2,500 compared to the normal fee of DKK 7,500. Also, brokerage income was higher in the first half of 2015 than in the first half of 2016 as this period was generally characterised by a lower activity level.

A comparison of the second quarter of 2016 with the first quarter of 2016 shows a 6% increase in net fee and commission income. The increase can be attributed to a gain of DKK 65m from the sale of VISA Europe, of which DKK 25m related to fees from payment services. The remaining DKK 40m related to value adjustments.

Value adjustments amounted to DKK 379m against DKK 498m in the first half of 2015. The falling market rates in the first half of 2016 had an adverse effect of DKK 295m on clients' transactions involving interest-rate hedging against a favourable effect of DKK 296m in the same period last year. On the other hand, in the first half of 2016, the improved credit quality of the clients had a positive effect of DKK 363m. As stated previously, the sale of the card company VISA Europe in the second quarter of 2016 generated an income of DKK 65m of which DKK 40m had a positive effect on value adjustments. Finally, falling interest rates resulted in positive value adjustments on bond portfolios.

Value adjustments were also affected adversely by DKK 13m and DKK 5m in the first and second quarters, respectively, due to reclassification between net interest income and value adjustments, cf. the comment on page 8.

Until the end of 2015, the new home loans at Jyske Bank were stated at amortised cost. As of 1 January 2016, home loans are stated at fair value at the first recognition. Therefore, future issues at a discount will solely affect value adjustments.

Core expenses amounted in the first half of 2016 to DKK 2,498m, i.e. a reduction by 5% compared to the first half of 2015. This development was expected considering the lower number of employees and the lower payment to the Resolution Fund. In the first half of 2016, DKK 22m were recognised as an expense for the Resolution Fund against DKK 72m for the Guarantee Fund for Depositors and Investors in the first half of 2015. In the first half of 2015, integration costs and costs for the closing of Jyske Bank Schweiz totalling DKK 30m were recognised.

The Group's impairment charges under core profit amounted to DKK 67m in the first half of 2016 against DKK 351m in the corresponding period of last year. For further comments on impairment charges, please see page 11.

Business volume and financial position

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm	Index								The year
	H1 2016	H1 2015	16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	2015
Loans and advances	406,910	375,184	108	406,910	410,591	396,176	380,545	375,184	396,176
- of which mortgage loans	267,568	233,700	114	267,568	257,909	249,467	242,355	233,700	249,467
- of which loans and advances, traditional loans and advances	96,454	96,866	100	96,454	93,811	93,215	95,706	96,866	93,215
- of which loans and advances, new home loans	11,369	16,964	67	11,369	11,220	11,968	14,209	16,964	11,968
- of which repo loans	31,519	27,654	114	31,519	47,651	41,526	28,275	27,654	41,526
Bonds and shares, etc.	76,771	87,686	88	76,771	80,933	76,527	78,836	87,686	76,527
Total assets	564,450	541,031	104	564,450	558,925	543,399	531,063	541,031	543,399
Due to credit institutions and central banks	30,350	39,865	76	30,350	43,891	39,211	31,947	39,865	39,211
Deposits	147,921	141,077	105	147,921	143,673	144,920	138,753	141,077	144,920
- of which bank deposits	128,770	129,021	100	128,770	125,416	128,995	125,481	129,021	128,995
- of which repo deposits	19,151	12,056	159	19,151	18,257	15,925	13,272	12,056	15,925
Issued bonds at fair value	256,357	229,414	112	256,357	241,095	231,167	225,944	229,414	231,167
Issued bonds at amortised cost	45,674	47,947	95	45,674	47,510	48,226	52,556	47,947	48,226
Subordinated debt	2,146	1,355	158	2,146	1,357	1,354	1,354	1,355	1,354
Equity	30,091	28,996	104	30,091	29,680	30,040	29,233	28,996	30,040

At the end of the second quarter of 2016, new home loans in the amount of DKK 68.0bn had been granted, against DKK 61.7bn at the end of the first quarter of 2016, corresponding to an increase of DKK 6.3bn in the second quarter against DKK 4.2bn in the first quarter of 2016. Today home loans have been granted in the amount of DKK 71.5bn. At the end of the first half of 2016, an amount of DKK 66.5bn was recognised in the Group's balance sheet, against DKK 57.0bn at the end of 2015.

Traditional bank loans and advances had increased to DKK 96bn at the end of the first half of 2016 against DKK 93bn at the end of 2015. This development marked a breakaway from a trend over several years in the sector with falling volumes of traditional bank loans and advances. The increase was broadly based across client segments.

Repo loans fell by 24% compared with the level at the end of 2015. Over the same period, repo deposits rose by 20%, which is to be seen in the context of the decline of repo deposits with financial counterparties over the period. Repo deposits with financial counterparties are recognised in the balance sheet item 'Due to credit institutions and central banks'.

At the end of the first half of 2016, bank deposits (exclusive of repo deposits) amounted to DKK 129bn and were at the level at the end of 2015. Seen in isolation, an increase of DKK 4bn was recorded compared to the end of the first quarter of 2016. The increase can chiefly be attributed to the corporate client segment.

At the end of the first half of 2016, the business volume within asset management amounted to DKK 120bn against DKK 118bn at the end of 2015. Following the challenging start to the year, generally good returns were generated in the second quarter of 2016. Also, an inflow of additional funds affected the business volume positively.

At the end of the first half of the year, the Group's equity amounted to DKK 30.1bn against DKK 30.0bn at the end of 2015.

Loan impairment charges and provisions for guarantees and value adjustments of acquired loans and advances

Under core profit, an amount of DKK 67m was recognised as an expense under loan impairment charges and provisions for guarantees against DKK 351m in the same period in 2015. In the statutory reporting format, an amount of DKK 226m was recognised as an expense under loan impairment charges and provisions for guarantees. The difference from impairment charges under core profit can be attributed to reclassification relating to write-downs on impaired loans and advances from BRFkredit Bank, BRFkredit and SparLolland.

In the first half of 2016, impairment charges were affected by conflicting circumstances. Generally both corporate and personal clients experienced improvements, while the situation for many agricultural clients still deteriorated. In respect of agricultural exposures, it is still necessary to make individual impairment charges. For the first half of 2016, operational loan impairment charges relating to agricultural clients amounted to about DKK 273m. Exclusive of agricultural clients, operational loan impairment charges resulted in a reversal in the amount of DKK 206m.

At the end of the first half of 2016, management's estimates amounted to DKK 500m, of which DKK 290m related to agricultural clients against DKK 462m and DKK 285m, respectively, at the end of 2015.

LOANS, ADVANCES AND GUARANTEES AS WELL AS VALUE ADJUSTMENTS OF LOANS AND ADVANCES, ETC. DKKm	Index								The year 2015
	H1 2016	H1 2015	16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	
Loans, advances and guarantees	422,554	389,814	108	422,554	424,423	410,030	394,199	389,814	410,030
Balance of loan impairment charges and provisions for guarantees	6,716	6,780	99	6,716	6,924	6,713	6,762	6,780	6,713
Individual impairment charges and provisions for guarantees	5,107	4,965	103	5,107	5,199	4,934	4,913	4,965	4,934
Collective impairment charges and provisions for guarantees	1,609	1,815	89	1,609	1,725	1,779	1,849	1,815	1,779
Value adjustments of acquired loans:									
Balance of discounts for acquired loans and advances, beginning of period	1,548	2,625	59	1,420	1,548	1,878	2,105	2,338	2,625
Other additions	0	46	-	0	0	0	0	46	46
Positive value adjustments (interest income)	159	501	32	97	62	321	203	260	1,025
Negative value adjustments (loss)	151	65	232	85	66	9	24	19	98
Balance of discounts for acquired loans, end of period	1,238	2,105	59	1,238	1,420	1,548	1,878	2,105	1,548
Total balance for loan impairment charges and provisions for guarantees and balance of discounts for acquired loans and advances	7,954	8,885	90	7,954	8,344	8,261	8,640	8,885	8,261
Non-performing loans and guarantees:									
Loans and advances before impairment charges and provisions, inclusive of discounts.	24,939	27,920	89	24,939	25,027	26,128	25,943	27,920	26,128
Impairment charges and provisions	6,290	6,254	101	6,290	6,491	6,233	6,161	6,254	6,233
Discounts on acquired loans	1,203	1,574	76	1,203	1,320	1,415	1,438	1,574	1,415
Loans etc. after impairment charges	17,446	20,092	87	17,446	17,216	18,480	18,344	20,092	18,480
NPL ratio	4.1%	5.2%		4.1%	4.1%	4.5%	4.7%	5.2%	4.5%
NPL contribution ratio	30.0%	28.0%		30.0%	31.2%	29.3%	29.3%	28.0%	29.3%
Non-performing loans and past due exposures	2,835	4,016	71	2,835	2,826	2,961	3,160	4,016	2,961
Operational loan impairment charges	226	852	27	-8	234	287	233	284	1,372
Operating loss	395	563	70	269	126	423	376	310	1,362

BALANCE OF LOAN IMPAIRMENT CHARGES AND PROVISIONS FOR GUARANTEES / LOANS, ADVANCES AND GUARANTEES					The Jyske Bank Group	
DKKm/%	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees		Impairment ratio	
	Q2 2016	Q4 2015	Q2 2016	Q4 2015	Q2 2016	Q4 2015
Dairy farmers	984	1,154	796	710	45%	38%
Pig farming	1,510	1,365	602	605	29%	31%
Total	2,494	2,519	1,398	1,315	36%	34%

At the end of the first half of 2016, the Jyske Bank Group's total impairment ratio for dairy farmers and pig farming amounted to 36% of loans, advances and guarantees against 34% at the end of 2015. For dairy farmers and pig farming, the impairment ratios were 45% and 29%, respectively. Settlement prices for milk were still at a historically low level. On the other hand, pig prices have been on the increase in recent months, and at the end of the first half of 2016 the settlement prices per kg were 11% higher than at the end of 2015. Also, in the first half of 2016, an amount of DKK 96m was recognised as losses in relation to pig farming.

The total balance of loan impairment charges and provisions for guarantees and discounts for loans taken over amounted to 1.8% of total loans, advances and guarantees.

In certain situation, the Group has to ease terms and conditions agreed for clients in financial problems to minimise the Group's loss (forbearance). Irrespective of the client's subsequent compliance with the terms and conditions, the client will be subject to forbearance for at least two years. The definition of forbearance is based on the EBA's technical standards. At the end of the second quarter 2016, loans and advances subject to forbearance amounted to 6.2% against 7.1% at the end of 2015.

Non-performing loans comprise exposures with individually assessed impairment charges and exposures with high or full risk as well as past due exposures. If the criteria for non-performing exposures are no longer met, and if previously credit easing measures have been granted, clients are still subject to the criterion for non-performing exposures for at least a year after the credit easing was granted. The definition of non-performing exposures is based on the EBA's technical standards. At the end of the second quarter 2016, non-performing loans and advances amounted to 4.1% against 4.5% at the end of 2015.

At the end of the first half of 2016, the Group had no exposures amounting to more than 10% of the adjusted capital base. The Group had three exposures amounting to between 5% and 7.5% of the adjusted capital base and one exposure between 7.5% and 10% of the adjusted capital base.

Investment portfolio earnings

INVESTMENT PORTFOLIO EARNINGS										The year 2015
DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015		
Net interest income	221	373	59	107	114	133	122	186		628
Net fee and commission income	-2	0	-	-1	-1	-1	-1	1		-2
Value adjustments	-287	-64	448	-20	-267	22	-148	-67		-190
Other income	26	9	289	10	16	2	2	7		13
Income	-42	318	-	96	-138	156	-25	127		449
Expenses	15	4	375	8	7	4	1	2		9
Investment portfolio earnings before loan impairment charges	-57	314	-	88	-145	152	-26	125		440
Loan impairment charges	0	0	-	0	0	0	0	0		0
Investment portfolio earnings	-57	314	-	88	-145	152	-26	125		440

For the first half of 2016, investment portfolio earnings amounted to DKK -57m against DKK 314m for the corresponding period in 2015. Seen in isolation for the second quarter, investment portfolio earnings came to DKK 88m against DKK 125m in the second quarter of 2015.

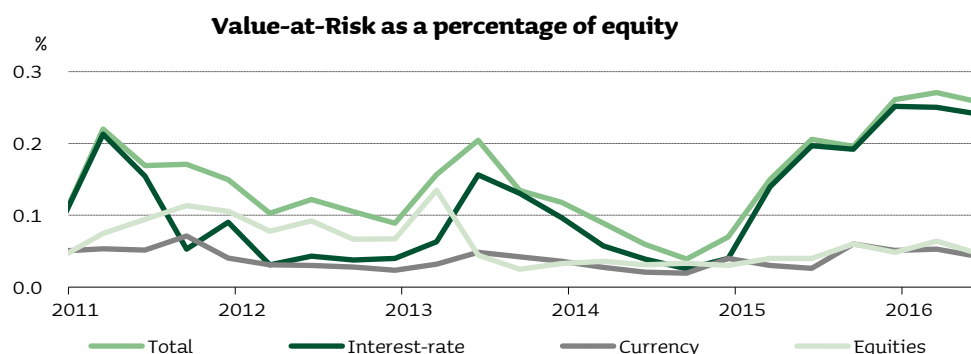
The earnings were favourably affected by the portfolio of Danish mortgage bonds. Also, to a lesser extent, the Bank's currency positions and securitisations made positive contributions. Value adjustments were affected negatively by DKK 159m due to the holding of shares in Nordjyske Bank.

The lower net interest income relative to the same period of last year can primarily be attributed to smaller bond holdings.

Considering the risk profile chosen, investment portfolio earnings are considered satisfactory.

Market risk

At the end of the first half of 2016, the aggregate interest-rate, currency and equity-price risk – expressed as Value-at-Risk (VaR) – was calculated at DKK 78m (calculated with a time frame of one day and 99% probability), which is in line with the level at the end of 2015.



The Group's portfolio of held-to-maturity bonds amounted to DKK 4.1bn against DKK 3.9bn at the end of 2015. The portfolio is still dominated by low-risk securities. At the end of the first half of 2016, the market value was DKK 122m higher than the carrying amount against DKK 145m at the end of 2015.

Segment information

The business segments reflect all activities with respect to banking, mortgage finance and leasing, inclusive of investing activities relating to clients' regular transactions. The investment portfolio earnings of the legal entities related to the activities of the relevant entities.

Banking activities

SUMMARY OF INCOME STATEMENT									The year
DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	2015
Net interest income	1,810	1,805	100	886	924	1,036	952	946	3,793
Net fee and commission income	645	884	73	339	306	424	331	313	1,639
Value adjustments	347	623	56	153	194	94	-227	731	490
Other income	96	101	95	55	41	46	46	61	193
Core income	2,898	3,413	85	1,433	1,465	1,600	1,102	2,051	6,115
Core expenses	2,015	2,079	97	988	1,027	1,114	1,056	1,010	4,249
Core profit before loan impairment charges	883	1,334	66	445	438	486	46	1,041	1,866
Loan impairment charges	80	301	27	-125	205	-113	60	59	248
Core profit	803	1,033	78	570	233	599	-14	982	1,618
Investment portfolio earnings	-79	231	-	57	-136	115	5	98	351
Pre-tax profit	724	1,264	57	627	97	714	-9	1,080	1,969

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	2015
Loans and advances	125,036	128,786	97	125,036	138,822	133,028	125,098	128,786	133,028
- of which bank loans	93,517	101,132	92	93,517	91,171	91,502	96,823	101,132	91,502
- of which repo loans	31,519	27,654	114	31,519	47,651	41,526	28,275	27,654	41,526
Total assets	253,883	258,573	98	253,883	261,994	257,679	252,819	258,573	257,679
Deposits	147,495	140,846	105	147,495	143,223	144,670	138,531	140,846	144,670
- of which bank deposits	128,344	128,790	100	128,344	124,966	128,745	125,259	128,790	128,745
- of which repo deposits	19,151	12,056	159	19,151	18,257	15,925	13,272	12,056	15,925
Issued bonds	41,964	43,232	97	41,964	42,795	43,507	47,840	43,232	43,507

Pre-tax profit

The pre-tax profit from banking activities amounted to DKK 724m against DKK 1,264m for the same period in 2015. To a considerable degree, the decline can be attributed to investment portfolio earnings, which in the first half of 2016 amounted to DKK -79m against DKK 231m in the first half of 2015. Also net fee and commission income as well as value adjustments were considerably below the level of the first half of 2015, where favourable developments in the financial markets resulted in high performance-related fee income, and rising long-term interest rates at the end of the period had a positive effect on clients' transactions involving interest-rate hedging.

Net interest income for the first half of 2016 was in line with the first half of 2015. Net interest income was favourably affected by the new home loans. Net interest income from these loans still mitigated the pressure due to keen competition and the moderate demand for traditional bank loans and advances in combination with the low interest-rate level affecting business activities relating to deposits. Compared to the first quarter of 2016, the net interest income was, in the second quarter of 2016, negatively affected by lower reinvestment rates for the liquidity portfolio. In the first half of 2016, net interest income of DKK 24m was recognised as income due to the issue of fixed-rate home loans at a discount, of which DKK 10m in the second quarter of 2016. The majority of the remaining home loans are not eligible for joint funding, and therefore the remaining balance of about DKK 25m will be recognised as income over the expected term of the loans of seven years.

Net fee and commission income was considerably below the level of the first half of 2015, where performance-related investment fees were recognised as income and, in addition, DKK 84m as compensation received from Nykredit relating to the exit from the Totalkredit cooperation. Jyske Bank still offers transfers of home loans without charging any fees. The increase in net fee and commission income from the first quarter to the second quarter can chiefly be attributed to an income of DKK 25m relating to the sale of VISA Europe.

Value adjustments amounted to DKK 347m against DKK 623m in the first half of 2015. The falling market rates in the first half of 2016 had an adverse effect of DKK 295m on clients' transactions involving interest-rate hedging against a favourable effect of DKK 296m in the same period last year. On the other hand, in the first half of 2016, the improved credit quality of the clients had a positive effect of DKK 363m. As stated previously, the sale of the card company VISA Europe in the second quarter of 2016 generated an income of DKK 65m of which DKK 40m has a positive effect on value adjustments. Finally, falling interest rates resulted in positive value adjustments on bond portfolios.

Contrary to previous practice, Jyske Bank states new home loans at fair value as of 1 January 2016.

For the first half of 2016, core expenses amounted to DKK 2,015m against DKK 2,079m for the corresponding period in 2015. The reduction can be attributed to a lower number of employees and the statutory payment to the Resolution Fund instead of the Guarantee Fund for Depositors and Investors. In the first half of 2016, expenses for the Resolution Fund amounted to 15m compared to the expenses of DKK 72m in the first half of 2015 for the Guarantee Fund for Depositors and Investors. In addition, in the first half of 2015, expenses of about DKK 15m were recognised in relation to the winding up of Jyske Bank Schweiz.

Business volume

Demand for the new home loan products was still satisfactory. The home loan products are sold through the banking activities, but the growth in the business volume is reflected under mortgage activities as the loans are financed through the joint funding agreement with BRFkredit.

The volume of traditional bank loans and advances was still under pressure as demand for new loans and advances was limited. However, the development over recent quarters showed early signs of stabilisation.

Mortgage activities

SUMMARY OF INCOME STATEMENT									
DKKm	H1 2016	H1 2015	Index 16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	The year 2015
Contribution income, etc. ¹	878	824	107	444	434	432	431	418	1,687
Other net interest income	-22	-14	157	0	-22	-13	-18	-22	-45
Net fee and commission income	62	113	55	27	35	83	60	52	256
Value adjustments	20	-136	-	4	16	18	-2	-145	-120
Other income	27	12	225	15	12	14	13	5	39
Core income	965	799	121	490	475	534	484	308	1,817
Core expenses	401	472	85	198	203	211	225	242	908
Core profit before loan impairment charges	564	327	172	292	272	323	259	66	909
Loan impairment charges	-19	48	-	16	-35	82	-27	-28	103
Core profit	583	279	209	276	307	241	286	94	806
Investment portfolio earnings	22	83	27	31	-9	37	-31	27	89
Pre-tax profit	605	362	167	307	298	278	255	121	895

¹Contribution income, etc. covers contribution income as well as interest rate margin on jointly funded loans.

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKm									
Mortgage loans	267,568	233,700	114	267,568	257,909	249,467	242,355	233,700	249,467
Total assets	293,633	267,894	110	293,633	280,687	269,794	263,175	267,894	269,794
Issued bonds	260,067	234,129	111	260,067	245,810	235,886	230,660	234,129	235,886

Reclassification has taken place between other net interest income and value adjustments. The changes has no effect on the core income. Due to the change, total interest income, interest expenses and value adjustments relating to the balance principle at BRFkredit will be attributed to other net interest income, which is in line with the handling in the financial statements of BRFkredit. Comparative figures have been adjusted.

Pre-tax profit

The pre-tax profit from mortgage activities amounted to DKK 605m against DKK 362m for the same period in 2015.

Contribution income, etc. was positively affected by a growing loan portfolio, including, in particular, jointly funded home loans, and increased by DKK 54m relative to the first half of 2015. Of the increase, DKK 42m could be attributed to jointly funded loans.

Other net interest income was adversely affected by the transfer of the banking activities to Jyske Bank in May 2015. Other net interest income consists currently primarily of interest expenses relating to senior loans issued with a view to fulfilment of the covered bond (SDO) and rating requirements. In addition, other net interest income also included the risk-free return on the portfolio of securities (deducted from the investment portfolio earnings) as well as the return on pre-paid payments on adjustable-rate loans. Due to the low interest-rate level, the return on these are currently of a limited magnitude. As mentioned above, the net return due to the balance principle was also recognised under other net interest income.

In the first half of 2016, net fee and commission income amounted to DKK 62m against DKK 113m in the first half of 2015, which period was affected by an extraordinarily high level of refinancing activity. The falling fee income in the first half of 2016 can also be attributed to the fact that, in 2016, BRFkredit offers transfers of home loans at a fee of DKK 2,500 compared to the normal fee of DKK 7,500.

Value adjustments amounted to DKK 20m against a negative amount of DKK 136m in the corresponding period in 2015 and can primarily be attributed to returns on core portfolios of bonds, etc. The capital loss in the first half of 2015 related primarily to the sale of the banking activities in May 2015.

Core expenses fell by 15% and amounted to DKK 401m in the first half of 2016 compared to DKK 472m in the first half of 2015. The decline can be attributed to falling payroll as well as administrative costs.

In the first half of 2016, core profit before loan impairment charges and provisions for guarantees then amounted to DKK 564m against DKK 327m for the first half of 2015.

Total loan impairment charges and provisions for guarantees amounted to an income of DKK 19m against an expense of DKK 48m in the first half of 2015. The effect on the income statement was distributed with an expense of DKK 121m relating to personal clients and an income of DKK 140m relating to corporate clients, as a number of previous impairment charges were reversed due to improving credit quality and improving economic trends.

Investment portfolio earnings amounted to an income of DKK 22m against an income of DKK 83m in the corresponding period last year. BRFkredit's portfolio of securities is primarily placed in bonds with a short time to maturity with a limited interest-rate sensitivity.

Business volume

Mortgage activities continued the positive development since the merger of Jyske Bank and BRFkredit. In the first half of 2016, mortgage activities rose from DKK 249.5bn to DKK 267.6bn, corresponding to an increase of DKK 7.3%.

The development can primarily be attributed to personal clients, including jointly funded loans, but also in the corporate client segment the loan portfolio increased appreciably. In the first half of the year, BRFkredit was to an increasing degree contacted by clients, and the activity level increased due to BRFkredit's decision not to raise contributions for personal clients in 2016, among other things, as well as the historically low interest rates.

Leasing activities

SUMMARY OF INCOME STATEMENT			Index						The year
DKKm	H1 2016	H1 2015	16/15	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	2015
Net interest income	232	226	103	118	114	112	113	110	451
Net fee and commission income	-40	-30	133	-23	-17	-12	-19	-15	-61
Value adjustments	12	11	109	12	0	0	0	11	11
Other income	7	7	100	3	4	-1	1	2	7
Income from operating lease (net)	50	46	109	28	22	25	22	27	93
Core income	261	260	100	138	123	124	117	135	501
Core expenses	82	81	101	44	38	44	40	42	165
Core profit before loan impairment charges	179	179	100	94	85	80	77	93	336
Loan impairment charges	6	2	300	4	2	-3	-3	-7	-4
Pre-tax profit	173	177	98	90	83	83	80	100	340

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKm									
Loans and advances	14,306	12,698	113	14,306	13,860	13,681	13,092	12,698	13,681
Total assets	16,934	14,564	116	16,934	16,244	15,926	15,069	14,564	15,926
Deposits	426	231	184	426	450	250	222	231	250

Pre-tax profit

The pre-tax profit from leasing activities amounted to DKK 173m against DKK 177m for the corresponding period in 2015. The results were satisfactory and were achieved due to an increasing business volume and focus on cost control.

Improvements were recorded, in particular, within operating lease, including private leasing.

The increasing use of contracts with dealer bonus affected net fee and commission income adversely as fee income is accrued over the term of the contract.

Core expenses amounted to DKK 82m and were at the level for the corresponding period in 2015.

Impairment charges amounted to DKK 6m.

Business volume

In the first half of 2016, new sales were satisfactory, and there was a net increase in business volume. A positive future development of the business volume is still expected.

Core profit and investment portfolio earnings

The pre-tax profit for the first half of 2016 broken down by core earnings and investment portfolio earnings is stated below:

BREAKDOWN OF THE PERIOD'S PROFIT DKKm	H1 2016				H1 2015			
	Core profit	Investment portfolio earnings	Reclassification	Total	Core profit	Investment portfolio earnings	Reclassification	Total
Net interest income	2,898	221	141	3,260	2,841	373	613	3,827
Net fee and commission income	667	-2	0	665	967	0	0	967
Value adjustments	379	-287	18	110	498	-64	-112	322
Other income	130	26	0	156	120	9	0	129
Income from operating lease (net)	50	0	204	254	46	0	156	202
Income	4,124	-42	363	4,445	4,472	318	657	5,447
Expenses	2,498	15	204	2,717	2,632	4	156	2,792
Profit before loan impairment charges	1,626	-57	159	1,728	1,840	314	501	2,655
Loan impairment charges	67	0	159	226	351	0	501	852
Pre-tax profit	1,559	-57	0	1,502	1,489	314	0	1,803

The table illustrates relationships between income statement items under 'The Jyske Bank Group' (key financial data), page 3, and income statement items in the IFRS financial statements.

Core profit is defined as the pre-tax profit exclusive of investment portfolio earnings. Hence earnings from clients are expressed better than in the IFRS financial statements.

Investment portfolio earnings are defined as the return on the Group's portfolio of shares, bonds, derivatives and equity investments, yet exclusive of the liquidity buffer and certain strategic equity investments. Investment portfolio earnings are calculated after expenses for funding and attributable costs.

Reclassification relates to the following:

- Income of DKK 159m (H1 2015: DKK 501m) from impaired loans and advances taken over is reclassified from interest income to loan impairment charges.
- Expenses of DKK 18m (H1 2015: income of DKK 112m) due to value adjustments relating to the balance principle at BRFKredit are reclassified from value adjustments to interest income.
- Depreciation and amortisation of DKK 204m (H1 2015: DKK 156m) are reclassified from expenses to income from operating lease (net).

Capital structure and capital management

Common Equity Tier 1 capital and capital base

The current profit is recognised in the capital base, but as no dividend policy is in existence, it is a requirement that recognition takes place less any expected dividend on the basis of the dividend over the past three years. In 2013 and 2014, no dividend was distributed. In 2015, dividend was distributed, corresponding to a dividend yield of 20%. Hence 20% is deducted before recognition of the current profit.

At the end of the first half of 2016, Core Tier 1 capital (CET1) amounted to DKK 28,840m and 93% of the capital base against DKK 28,403m and 94% at the end of 2015. The development is to be seen in the light of the consolidation in the first half of the year and that, in the second quarter of 2016, Jyske Bank issued subordinated debt totalling SEK 1bn.

CAPITAL AND CORE CAPITAL RATIOS	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	End of 2015
Capital ratio (%)	17.0	16.7	17.0	16.9	17.1	17.0
Core capital ratio incl. hybrid capital (%)	16.2	16.3	16.5	16.3	16.5	16.5
Common Equity Tier 1 capital ratio (CET 1) (%)	15.8	15.9	16.1	15.8	16.1	16.1

The Jyske Bank Group's total weighted risk exposure amounted to DKK 182bn at the end of the first half of 2016 against DKK 177bn at the end of 2015. The Jyske Bank Group's total weighted risk exposure with credit risk amounted to DKK 143bn, corresponding to 79% of the total weighted risk exposure. The increase in total weighted risk exposure involving credit risk can chiefly be attributed to the increase in new home loans.

Jyske Bank has established a long-term goal of achieving a capital ratio of 17.5% and a Common Equity Tier 1 capital ratio of 14.0% when the capital adequacy rules have been fully implemented in 2019. With the issue of subordinated debt in the amount of SEK 1bn in the second quarter of 2016, Jyske Bank continued, in line with previous announcements, its adjustment of the capital structure. It is expected that the majority of the capital structure adjustment will be completed by the end of 2017.

Capital policy

At the end of the first half of 2016, Jyske Bank completed its buy-back programme of own shares in the amount of up to DKK 750m. A total of 2,642,740 shares were bought back, corresponding to 2.78% of the share capital. On 1 July, another share buy-back programme in the amount of up to DKK 500m was launched. The Supervisory Board decided to raise the new share buy-back programme by DKK 500m to DKK 1bn. The new share buy-back programme will run over the period 1 July to 31 December 2016. As at today's date and since 9 November 2015, shares corresponding to 3.25% of the share capital have been bought back.

Individual solvency requirement and capital buffer

The individual solvency requirement for the Jyske Bank Group is determined as the higher one of the requirements based on the internal method, the FSA's 8+ method as well as statutory limits. In addition to the minimum capital requirement, the individual solvency requirement is subject to the transitional provisions pertaining to AIRB institutions.

At the end of the first half of 2016, the Jyske Bank Group calculated its individual solvency requirement to be 10.3% of the total weighted risk exposure against 10.5% at the end of 2015. To this must be added a SIFI requirement of 0.6% and a capital conservation buffer of 0.6% at the end of the first half of 2016.

Compared with the actual capital base of DKK 30.9bn, the capital buffer amounted at the end of the first half of 2016 to DKK 9.9bn, corresponding to 5.5%. At the end of 2015, the capital buffer was at DKK 10.9bn, corresponding to 6.2%. The decline must be seen in the context that the statutory buffers were increased from 0.3% at the end of 2015 to 1.2% at the end of the first half of 2016. The capital buffer plus earnings from operations denote the maximum sustainable loss for the Group without triggering a need for additional capital. The Jyske Bank Group's large proportion of Common Equity Tier 1 capital cements the quality of the total capital.

Liquidity management

The Group's liquidity buffer

At the end of the first half of 2016, the Jyske Bank Group's liquidity reserve amounted to DKK 71bn against DKK 73bn at the end of 2015. The reserve consisted mainly of Danish mortgage bonds and covered bonds. DKK 63bn of the buffer is eligible at either Danmarks Nationalbank, the central bank of Denmark, or the ECB.



The robustness of the liquidity buffer can be determined by measuring it dynamically in a stress scenario presuming that the Group will be precluded from re-financing in the international financial money markets for unsecured senior debt. Under such a scenario, the reserve will after a 12-month period amount to DKK 35bn and after a 24-month period to DKK 27bn.

LIQUIDITY RESERVE AND RUN-OFF						End of
DKKbn	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	2015
End of period	71.3	68.1	72.6	69.8	69.0	72.6
3 mths.	52.3	39.0	51.1	45.6	50.2	51.1
6 mths.	48.2	32.3	46.8	38.4	46.7	46.8
9 mths.	41.4	29.5	40.9	35.1	39.5	40.9
12 mths.	34.6	23.7	39.0	31.4	37.5	39.0

Liquidity Coverage Ratio

Jyske Bank is a systemically important financial institution, and therefore it had to meet the Liquidity Coverage Ratio (LCR) as of 1 October 2015. On 30 June 2016, the Group's Liquidity Coverage Ratio was at 357% against 174% at the end of 2015. The Group's internal guideline points to a LCR for the Group of at least 150%. At the end of the first half of 2016, the LCR level was extraordinarily high due to the markedly lower net outflow, but at a normal level for the outflow, it would still be substantially above the internal objective.

The Group's funding profile

The Group's largest source of funding is BRFkredit's mortgage bonds issued under the Danish SDO legislation. The mortgage bonds fund BRFkredit's mortgage loans and the majority of Jyske Bank's new home loans under the joint funding agreement. The Group's second largest source of funding is client deposits, which at the end of the first half of 2016 funded more than 100% of the Group's portfolio of traditional bank loans and advances. The Group's solid deposit base is primarily based on Danish clients and, the majority of BRFkredit's mortgage bonds in Danish kroner are sold to Danish investors.

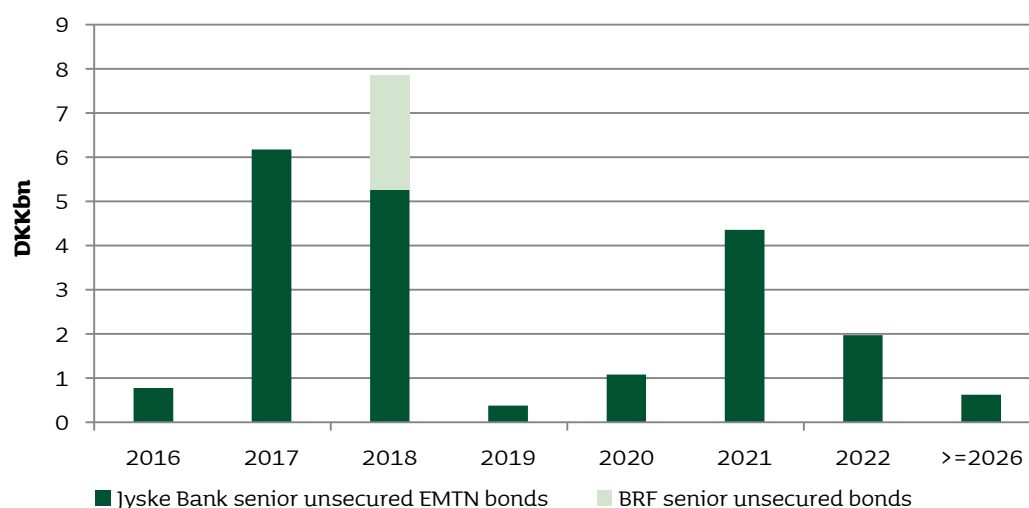
International capital market funding via funding programmes

Under management of Jyske Bank, the Group has two international funding programmes: a French Commercial Paper ("CP") programme and a European Medium Term Note ("EMTN") programme. Both programmes target European capital market investors and increase the diversification of the Group's funding sources. At the end of the first half of 2016, the volume of outstanding bonds issued under the CP programme amounted to DKK 22.7bn against DKK 23.9bn at the end of 2015. At the end of June 2016, issues of long-term senior debt under Jyske Bank's EMTN programme amounted to DKK 19.1bn against DKK 17.4bn at the end of 2015.

The very extensive stimulus package of the ECB in the form of increased purchases of bonds put an end to the high risk aversion characteristic of the first quarter, and hence it resulted in a great improvement of the issue conditions with material narrowing of credit spreads, particularly in respect of covered bonds, but also to some extent of senior as well as subordinated capital.

The Group took advantage of the improvement in the market conditions at the beginning of the second quarter of 2016 to issue a 5-year senior fixed-rate EUR 500m bond in mid-April followed, in mid-May, by subordinated loans in the amount of SEK 1bn in the form of 10-year bonds with the possibility of early redemption after five years. The 5-year issue was the Group's first fixed-rate senior issue in benchmark format, and it is assessed that the Group's need for senior funding has been met for 2016. The Tier 2 issue in SEK was the Group's first issue of supplementary capital since 2006 and was made as part of the adjustment of the Group's capital structure policy.

The run-off profile for the Group's senior debt determined at the end of June 2016 is illustrated by the below chart:



In the course of the ordinary management of the run-off profile, Jyske Bank had at the end of June 2016 bought back EMTN issues with a shorter time to maturity in the amount of DKK 1.3bn.

The greater part of Jyske Bank's new home loan products are funded under the joint funding agreement with BRFkredit. At the end of the first half of 2016, under the joint funding agreement, funding amounted to DKK 49.1bn, against DKK 41.2bn at the end of 2015.

Refinancing in mortgage activities

The primary impact on the Group's liquidity profile from BRFkredit can be attributed to refinancing risk. To reduce refinancing risk, refinancing has over the past couple of years been spread out over three annual auction periods, with the intention that the individual series issued must be so large that they can be accepted as level 1b assets in the credit institutions' liquidity buffers according to the LCR requirements. Moreover, BRFkredit still uses RTL F bonds (pre-financed bonds) for the financing of F1 loans to reduce the refinancing risk.

In the first quarter of 2016, the Group made a great and crucial step with respect to increasing the diversification and the maturity profile of the Group's long-term funding via mortgage bonds, as in March 2016, BRFkredit issued a 5-year fixed-rate covered bond (SDO) in the amount of EUR 500m. In June 2016, the Group also issued through BRFkredit a 7-year fixed-rate covered bond (SDO) in the amount of EUR 750m. Of the two issues in EUR, 86% and 82%, respectively, were sold to capital market investors outside Denmark. The Group has planned to build a full benchmark curve for fixed-rate EUR

covered bonds (SDO) over the coming years, and yet another BRFkredit EUR covered bond issue has been planned for either the third or fourth quarter of 2016 or the first quarter of 2017.

BRFkredit's issues in the EUR market are used to fund Jyske Bank's home loan products under the joint funding agreement and form an important part of the Group's reduction of its refinancing risk and are in this way supporting the Group's growth strategy for home loans.

The table below gives a comprehensive overview of planned re-financing of mortgage bonds as well as a breakdown of outstanding debt by type of mortgage loan.

PLANNED RE-FINANCING AND BREAKDOWN OF DEBT OUTSTANDING							
DKKbn							
Repayment dates	Planned re-financing amount (amount offered)	Funding		Loan			
		Maturities per re-financing dates	Maturities per re-financing dates + 2 years (RTL F)	F1	F3	F5	Other
Oct. 16	11.7	5.1	6.6	6.5	0.8	1.4	3.0
Jan 17	28.2	14.0	14.2	19.5	2.3	2.0	4.4
Apr. 17	15.7	4.6	11.0	10.6	3.5	1.0	0.5
2017	23.6	23.3	0.3	0.0	1.8	3.3	18.5
2018	32.9	32.0	0.9	0.4	13.3	13.2	5.9
2019	24.5	24.5	0.0	4.3	6.4	11.7	2.2
2020	12.0	12.0	0.0	0.5	0.0	8.5	2.9
2021	7.5	7.5	0.0	3.7	0.0	2.8	1.0
2022	0.6	0.6	0.0	0.0	0.0	0.0	0.6
2023	6.8	6.8	0.0	5.6	0.0	0.0	1.3
2024	0.8	0.8	0.0	0.0	0.0	0.0	0.8
2025	2.0	2.0	0.0	0.0	0.0	0.0	2.0
2026	0.6	0.6	0.0	0.0	0.0	0.0	0.6

Note: The table does not include fixed-rate loans.

Breakdown of BRFkredit's loan portfolio by loan type



Other information

The supervisory diamond for Jyske Bank A/S

The supervisory diamond defines a number of special risk areas including specified limits that financial institutions should generally not exceed. The supervisory diamond limits applicable to Jyske Bank A/S are shown on the next page.

THE SUPERVISORY DIAMOND FOR JYSKE BANK A/S	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	End of 2015
Sum of large exposures < 125% of the adjusted capital base	0%	0%	0%	0%	0%	0%
Increase in loans and advances < 20% annually	-4%	-9%	-10%	-4%	0%	-10%
Exposures to property administration and property transactions < 25% of total loans and advances	8%	7%	7%	7%	7%	7%
Stable funding < 1	0.65	0.65	0.63	0.67	0.67	0.63
Liquidity surplus > 50%	194%	180%	204%	189%	174%	204%

Jyske Bank A/S meets all the benchmarks of the supervisory diamond.

The supervisory diamond BRFkredit a/s

The supervisory diamond defines a number of special risk areas including specified limits that financial institutions should generally not exceed. The supervisory diamond takes effect in 2018 and 2020, respectively. The supervisory diamond limits applicable to BRFkredit a/s are shown below.

THE SUPERVISORY DIAMOND FOR BRFkredit a/s	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	End of 2015
Concentration risk < 100%	77.8%	84.5%	81.1%	77.8%	72.5%	81.1%
Increase in loans and advances < 15% annually in the segment:						
Owner-occupied homes and vacation homes	20.3%	23.1%	27.4%	25.4%	23.1%	27.4%
Residential rental property	6.3%	8.0%	7.8%	5.8%	7.0%	7.8%
Agriculture	-	-	-	-	-	-
Other sectors	8.5%	6.6%	6.4%	4.3%	4.7%	6.4%
Borrower's interest-rate risk < 25%						
Residential property	24.7%	27.8%	27.2%	27.0%	27.0%	27.2%
Interest-only schemes < 10%						
Owner-occupied homes and vacation homes	10.1%	10.0%	10.5%	10.6%	10.8%	10.5%
Loans with frequent interest-rate fixing:						
Refinancing (annually) < 25%	21.9%	22.5%	22.4%	24.0%	26.3%	22.4%
Refinancing (quarterly) < 12.5%	0.0%	3.5%	15.7%	3.9%	0.0%	15.7%

In the first half of 2016, BRFkredit a/s met the supervisory diamond's benchmarks for concentration risk, yearly and quarterly refinancing, borrower's interest-rate risk and two out of three of the growth limits for the loan segments. The increase for owner-occupied homes and vacation homes was a consequence of the transfer of home loans particularly from known clients of Jyske Bank to BRFkredit through joint funding, which is considered unproblematic, as the increase was not driven by a favourable economic climate. On an on-going basis, BRFkredit a/s reviews the institution's positions relative to the benchmarks and expects to meet all 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, CEO and Managing Director, detailed financial information as well as Jyske Bank's Annual Report 2015 and Risk and Capital Management 2015, which give further information about Jyske Bank's internal risk and capital management as well as regulatory issues, including a description of the most important risks and elements of uncertainty that may affect Jyske Bank.

Also, please see www.brf.dk. BRFkredit's interim financial report for the first half of 2016, the Annual Report for 2015 and detailed financial information about BRFkredit are available on that website.

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Statement by the Executive and Supervisory Boards

We have today discussed and approved the Interim Financial Report of Jyske Bank A/S for the period 1 January to 30 June 2016.

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

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

In our opinion, the Interim Financial Statements give a true and fair view of the Group's and the Parent's financial position at 30 June 2016 and also of their financial performance as well as the cash flows of the Group for the period 1 January to 30 June 2016.

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

Silkeborg, 18 August 2016

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, Finance

SUPERVISORY BOARD

SVEN BUHRKALL
Chairman

KURT BLIGAARD PEDERSEN
Deputy Chairman

RINA ASMUSSEN

PHILIP BARUCH

JENS A. BORUP

KELD NORUP

PETER SCHLEIDT

HAGGAI KUNISCH
Employee Representative

MARIANNE LILLEVANG
Employee Representative

CHRISTINA LYKKE MUNK
Employee Representative

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Note	DKKm	The Jyske Bank Group			
		H1 2016	H1 2015	Q2 2016	Q2 2015
INCOME STATEMENT					
5	Interest income	5,848	6,925	2,918	3,489
6	Interest expenses	2,588	3,098	1,271	1,530
	Net interest income	3,260	3,827	1,647	1,959
7	Fees and commission income	883	1,176	455	451
	Fees and commission expenses	218	209	113	100
	Net interest and fee income	3,925	4,794	1,989	2,310
8	Value adjustments	110	322	154	469
9	Other income	410	331	216	180
10	Employee and administrative expenses	2,472	2,592	1,217	1,275
	Amortisation, depreciation and impairment charges	245	200	126	99
12	Loan impairment charges and provisions for guarantees	226	852	-8	284
	Pre-tax profit	1,502	1,803	1,024	1,301
11	Tax	309	414	215	305
	Net profit or loss for the period	1,193	1,389	809	996
Earnings per share for the period					
	Earnings per share for the period, DKK	12.72	14.62	8.69	10.48
	Earnings per share for the period, DKK, diluted	12.72	14.62	8.69	10.48
STATEMENT OF COMPREHENSIVE INCOME					
	Net profit or loss for the period	1,193	1,389	809	996
	Other comprehensive income:				
	Items that can be recycled to the income statement:				
	Foreign currency translation adjustment of international units	-91	170	-30	18
	Hedge accounting of international units	88	-170	28	-18
	Tax on hedge accounting	-19	40	-6	4
	Other comprehensive income after tax	-22	40	-8	4
	Comprehensive income for the period	1,171	1,429	801	1,000

BALANCE SHEET

Note	DKKm	The Jyske Bank Group		
		30 June 2016	31 Dec. 2015	30 June 2015
BALANCE SHEET				
ASSETS				
	Cash balance and demand deposits with central banks	3,372	2,825	10,095
	Due from credit institutions and central banks	26,004	20,858	19,210
13,14	Loans and advances at fair value	276,030	249,467	233,700
15	Loans and advances at amortised cost	130,880	146,709	141,484
	Bonds at fair value	68,705	68,597	78,803
	Bonds at amortised cost	4,063	3,884	4,918
	Shares, etc.	4,003	4,046	3,965
	Intangible assets	80	88	100
	Property, plant and equipment	4,635	4,360	3,946
	Tax assets	613	461	935
16	Other assets	46,065	42,104	43,875
	Total assets	564,450	543,399	541,031
EQUITY AND LIABILITIES				
Liabilities				
	Due to credit institutions and central banks	30,350	39,211	39,865
17	Deposits	147,921	144,920	141,077
18	Issued bonds at fair value	256,357	231,167	229,414
	Issued bonds at amortised cost	45,674	48,226	47,947
19	Other liabilities	50,169	46,781	50,750
20	Provisions	1,742	1,700	1,627
21	Subordinated debt	2,146	1,354	1,355
	Liabilities, total	534,359	513,359	512,035
Equity				
	Share capital	950	950	950
	Revaluation reserve	499	499	380
	Currency translation reserve	-3	0	0
	Retained profit	28,645	28,092	27,666
	Proposed dividend	0	499	0
	Equity, total	30,091	30,040	28,996
	Equity and liabilities, total	564,450	543,399	541,031
OFF-BALANCE SHEET ITEMS				
	Guarantees, etc.	15,644	13,854	14,630
	Other contingent liabilities, etc.	23,261	17,745	17,309
22	Total guarantees and other contingent liabilities	38,905	31,599	31,939

STATEMENT OF CHANGES IN EQUITY

The Jyske Bank Group

DKKm

	Share capital	Revaluation reserve	Currency translation reserve	Retained profit	Proposed dividend	Total equity
Equity at 01 January 2016	950	499	0	28,092	499	30,040
Net profit or loss for the period	0	0	0	1,193	0	1,193
Other comprehensive income:						
Foreign currency translation adjustment of international units	0	0	-91	0	0	-91
Hedge accounting of international units	0	0	88	0	0	88
Tax on other comprehensive income	0	0	0	-19	0	-19
Other comprehensive income after tax	0	0	-3	-19	0	-22
Comprehensive income for the period	0	0	-3	1,174	0	1,171
Dividends paid	0	0	0	0	-499	-499
Dividends, own shares	0	0	0	5	0	5
Acquisition of own shares	0	0	0	-1,418	0	-1,418
Sale of own shares	0	0	0	792	0	792
Transactions with shareholders	0	0	0	-621	-499	-1,120
Equity at 30 June 2016	950	499	-3	28,645	0	30,091

Equity at 01 January 2015	950	380	0	26,231	0	27,561
Net profit or loss for the period	0	0	0	1,389	0	1,389
Other comprehensive income:						
Foreign currency translation adjustment of international units	0	0	170	0	0	170
Hedge accounting of international units	0	0	-170	0	0	-170
Tax on other comprehensive income	0	0	0	40	0	40
Other comprehensive income after tax	0	0	0	40	0	40
Comprehensive income for the period	0	0	0	1,429	0	1,429
Acquisition of own shares	0	0	0	-1,552	0	-1,552
Sale of own shares	0	0	0	1,558	0	1,558
Transactions with shareholders	0	0	0	6	0	6
Equity at 30 June 2015	950	380	0	27,666	0	28,996

CAPITAL STATEMENT

DKKm	The Jyske Bank Group		
	30 June 2016	31 Dec. 2015	30 June 2015
Equity	30,091	30,040	28,996
Share buy-back programme	-500	-644	0
Expected/proposed dividend	-239	-499	0
Intangible assets	-80	-88	-100
Deferred tax liabilities relating to intangible assets	18	20	22
Prudent valuation	-372	-345	-316
Deferred tax assets	0	0	-109
Other deductions	-78	-81	-79
Common Equity Tier 1 capital	28,840	28,403	28,414
Additional Tier 1 Capital after reduction	777	907	907
Other deductions	-69	-98	-83
Core capital	29,548	29,212	29,238
Subordinated loan capital after reduction	1,315	403	410
Difference between expected loss and the carrying amount of impairment charges	240	665	721
Other deductions	-220	-192	-192
Capital base	30,883	30,088	30,177
Weighted risk exposure involving credit risk etc.	143,301	138,987	138,371
Weighted risk exposure involving market risk	21,738	21,110	21,801
Weighted risk exposure involving operational risk	17,032	16,807	16,807
Total weighted risk exposure	182,071	176,904	176,979
Capital requirement, Pillar I	14,566	14,152	14,158
Capital requirement, transitional provisions	3,129	2,708	2,273
Capital requirement, total	17,695	16,860	16,431
Capital ratio (%)	17.0	17.0	17.1
Core Tier 1 Capital ratio (%)	16.2	16.5	16.5
Common Equity Tier 1 capital ratio (%)	15.8	16.1	16.1

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). On 30 June 2016, the total risk-weighted exposure according to Basel I amounted to DKK 276,482m 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 17,695m for the Jyske Bank Group. At the end of 2015, the transitional provisions resulted in a capital requirement of DKK 16,860m for the Jyske Bank Group. The transitional rules applying to total weighted risk exposure will still apply in the coming years.

For a statement of the individual solvency requirement, please see Risk and Capital Management 2015 or www.jyskebank.dk/ir/kapitalforhold.

SUMMARY OF CASH FLOW STATEMENT

DKKm	The Jyske Bank Group	
	H1 2016	H1 2015
Net profit or loss for the period	1,193	1,389
Adjustment for non-cash operating items and change in working capital	6,564	-4,269
Cash flows from operating activities	7,757	-2,880
Acquisition of property, plant and equipment	-511	-348
Acquisition of intangible assets	0	0
Cash flows from investment activities	-511	-348
Dividends distributed	-494	0
Acquisition of own shares	-1,418	-1,552
Sale of own shares	792	1,558
Cash flows from financing activities	-1,120	6
Cash flow for the period	6,126	-3,222
Cash and cash equivalents, beginning of period	23,250	32,527
Cash and cash equivalents, end of period	29,376	29,305
Cash and cash equivalents, end of period, comprise:		
Cash in hand, etc.	3,372	10,095
Due from credit institutions and central banks	26,004	19,210
Cash and cash equivalents, end of period	29,376	29,305

1 Accounting Policies

The Interim Financial Report for the period 1 January to 30 June 2016 was prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. Furthermore, the Interim Financial Report was prepared in accordance with the additional Danish disclosure requirements for the interim reports of listed financial undertakings.

As from 01 January 2016, the Jyske Bank Group has implemented the standards and interpretations that take effect in the EU for 2016. The implementation of these standards and interpretations did not have any material impact on recognition and measurement.

Changes to the reporting format

As of 30 June 2016, Jyske Bank has under core income reclassified items between net interest income and value adjustments. Due to the change, total interest income, interest expenses and value adjustments relating to the balance principle at BRFKredit will be attributed to net interest income in the reporting format of the Group and under segment information for mortgage activities. The change took place in order to align the formats of the Jyske Bank Group and BRFKredit. The change has no effect on the total core income, and the IFRS reporting format is unchanged. Comparative figures have been adjusted.

Moreover, the accounting policies are identical to those applied to and described in detail in the Annual Report 2015.

At the time of publication of this Interim Financial 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 have a material effect on 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 will, among other things, entail earlier recognition of loan impairment charges at amortised cost, as already at the time of the first recognition, impairment charges corresponding to the expected credit loss over 12 months must be recognised. If, subsequently, the probability of loss on the loan increases materially, the expected credit loss over the term must under certain circumstances be recognised. The IFRS 9 stipulations about loan impairment charges are not expected to cover loans and advances, including mortgage loans, that are measured at fair value, and they are not expected to imply any material changes to the process and method of valuation of loans and advances at fair value. It is expected that the standard will take effect from 1 January 2018, but it is possible to implement it before that date.

Jyske Bank has initiated an impact assessment of the new rules. It is expected that the assessment will continue over the coming years, and therefore, at this point in time, the management has no specific assessment of the impact in terms of money from the new impairment rules. It is, however, assessed that, all other things being equal, IFRS 9 will result in increasing impairment charges.

2 Material accounting estimates

Measurement of the carrying value of certain assets and liabilities requires the management's estimate of the influence of future events on the value of such assets and liabilities. Estimates of material importance to the financial reporting are, among other things, based on the impairment of loans and advances, the fair value of unlisted financial instruments and provisions already made, cf. the detailed statement in the Annual Report 2015. 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.

3 Key figures and ratios, five quarters

Summary of Income Statement

Net interest income	1,647	1,613	2,052	1,825	1,959
Net fee and commission income	342	323	494	371	351
Value adjustments	154	-44	103	-399	469
Other income	216	194	179	169	180
Income	2,359	2,086	2,828	1,966	2,959
Expenses	1,343	1,374	1,466	1,407	1,374
Profit or loss before loan impairment charges	1,016	712	1,362	559	1,585
Loan impairment charges and provisions for guarantees	-8	234	287	233	284
Pre-tax profit	1,024	478	1,075	326	1,301
Tax	215	94	238	76	305
Net profit or loss for the period	809	384	837	250	996

Financial ratios and key figures

Pre-tax profit, per share (DKK)	11.0	5.1	11.3	3.4	13.7
Earnings per share for the period (DKK)	8.7	4.1	8.8	2.6	10.5
Earnings per share for the period (diluted) (DKK)	8.7	4.1	8.8	2.6	10.5
Core profit per share (DKK)	10.0	6.6	9.7	3.7	12.4
Share price at end of period (DKK)	253	296	312	369	336
Book value per share (DKK)	326	316	317	308	305
Price/book value per share (DKK)	0.8	0.9	1.0	1.2	1.1
Outstanding shares in circulation ('000)	92,431	93,881	94,669	95,000	94,996
Average number of shares in circulation ('000)	93,200	94,366	94,914	95,004	94,955
Capital ratio (%)	17.0	16.7	17.0	16.9	17.1
Core Tier 1 Capital ratio (%)	16.2	16.3	16.5	16.3	16.5
Common Equity Tier 1 capital ratio (%)	15.8	15.9	16.1	15.8	16.1
Pre-tax profit as a pct. of average equity	3.4	1.6	3.7	1.1	4.6
Profit for the period as a pct. of av. equity	2.7	1.3	2.9	0.9	3.5
Income/cost ratio (%)	1.8	1.3	1.6	1.2	1.8
Interest-rate risk (%)	0.5	0.3	1.4	1.1	1.2
Currency risk (%)	0.1	0.1	0.1	0.1	0.0
Accumulated impairment ratio (%)	1.6	1.6	1.6	1.7	1.7
Impairment ratio for the period (%)	0.0	0.1	0.1	0.1	0.1
No. of full-time employees at end-period	3,977	4,013	4,021	4,102	4,112
Average number of full-time employees in the period	3,995	4,017	4,062	4,107	4,140

NOTES

Note	The Jyske Bank Group				
	DKKm				
4	Segment information	Banking activities	Mortgage activities	Leasing activities	The Jyske Bank Group
	H1 2016				
	Net interest income	1,810	856	232	2,898
	Net fee and commission income	645	62	-40	667
	Value adjustments	347	20	12	379
	Other income	96	27	7	130
	Income from operating lease (net)	0	0	50	50
	Core income	2,898	965	261	4,124
	Core expenses	2,015	401	82	2,498
	Core profit before loan impairment charges and provisions for guarantees	883	564	179	1,626
	Loan impairment charges and provisions for guarantees	80	-19	6	67
	Core profit	803	583	173	1,559
	Investment portfolio earnings	-79	22	0	-57
	Pre-tax profit	724	605	173	1,502
	Loans and advances	125,036	267,568	14,306	406,910
	- of which mortgage loans	0	267,568	0	267,568
	- of which bank loans	93,517	0	14,306	107,823
	- of which repo loans	31,519	0	0	31,519
	Total assets	253,883	293,633	16,934	564,450
	Deposits	147,495	0	426	147,921
	- of which bank deposits	128,344	0	426	128,770
	- of which repo deposits	19,151	0	0	19,151
	Issued bonds	41,964	260,067	0	302,031
	H1 2015				
	Net interest income	1,805	810	226	2,841
	Net fee and commission income	884	113	-30	967
	Value adjustments	623	-136	11	498
	Other income	101	12	7	120
	Income from operating lease (net)	0	0	46	46
	Core income	3,413	799	260	4,472
	Core expenses	2,079	472	81	2,632
	Core profit before loan impairment charges and provisions for guarantees	1,334	327	179	1,840
	Loan impairment charges and provisions for guarantees	301	48	2	351
	Core profit	1,033	279	177	1,489
	Investment portfolio earnings	231	83	0	314
	Pre-tax profit	1,264	362	177	1,803
	Loans and advances	128,786	233,700	12,698	375,184
	- of which mortgage loans	0	233,700	0	233,700
	- of which bank loans	101,132	0	12,698	113,830
	- of which repo loans	27,654	0	0	27,654
	Total assets	258,573	267,894	14,564	541,031
	Deposits	140,846	0	231	141,077
	- of which bank deposits	128,790	0	231	129,021
	- of which repo deposits	12,056	0	0	12,056
	Issued bonds	43,232	234,129	0	277,361

Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 26 appear from page 19 in the Management's review.

NOTES

Note	The Jyske Bank Group	
	1st HALF	H1
DKKm	2016	2015

4 Segment information, cont.

Revenue by country	Revenue	Full-time employees, end of period	Revenue	Full-time employees, end of period
Denmark	6,970	3,875	8,280	3,977
Switzerland	0	2	37	32
Gibraltar	76	92	41	94
Germany	20	8	24	9
Spain	0	0	0	0
Total	7,066	3,977	8,382	4,112

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. The activities were discontinued at the end of 2015.

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.

Spain: The Jyske Bank Group has activities within properties.

DKKm	The Jyske Bank Group	
	H1 2016	H1 2015

5 Interest income

Due from credit institutions and central banks	-12	-21
Loans and advances	4,535	5,354
Contribution	801	778
Bonds	683	957
Derivatives, total	60	153
Of which:		
Currency contracts	116	183
Interest-rate contracts	-56	-30
Other	1	8
Interest income before offsetting of interest against own mortgage bonds	6,068	7,229
Interest on own bonds, set off against interest on issued bonds	220	304
Total	5,848	6,925

6 Interest expenses

Due to credit institutions and central banks	-10	-46
Deposits	96	205
Issued bonds	2,674	3,149
Subordinated debt	16	13
Other	32	81
Interest expenses before offsetting of interest on own mortgage bonds	2,808	3,402
Interest on own bonds, set off against interest on issued bonds	220	304
Total	2,588	3,098

NOTES

Note	DKKm	The Jyske Bank Group	
		H1 2016	H1 2015
7	Fees and commission income		
	Securities trading and custody services	496	688
	Money transfers and card payments	118	86
	Loan application fees	134	158
	Guarantee commission	57	137
	Other fees and commissions	78	107
	Total	883	1,176
8	Value adjustments		
	Loans and advances at fair value	3,870	-2,875
	Bonds	476	-62
	Other investment securities	-85	231
	Currency	206	265
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	-344	109
	Issued bonds	-4,029	2,963
	Other assets and liabilities	16	-309
	Total	110	322
9	Other income		
	Income on real property	36	37
	Income from operating lease ¹	254	202
	Dividends, etc.	72	47
	Profit on investments in associates and group enterprises	3	5
	Other income	45	40
	Total	410	331

¹) Expenses relating to operating lease affected the item Amortisation, depreciation and impairment charges in the amount of DKK 204m in the first half of 2016 against DKK 156m in the same period of 2015.

NOTES

Note	DKKm	The Jyske Bank Group	
		H1 2016	H1 2015
10	Employee and administrative expenses		
	Employee expenses		
	Wages and salaries, etc.	1,181	1,222
	Pensions	161	159
	Social security	159	151
	Total	1,501	1,532
	Salaries and remuneration to management bodies		
	Executive Board ¹	15	15
	Supervisory Board	2	2
	Shareholders' Representatives	2	1
	Total	19	18
	¹ I The Executive Board had an average of 5.0 members in the first half of 2016 in line with the same period of 2015.		
	Other administrative expenses		
	IT	594	591
	Other operating expenses	105	178
	Other administrative expenses	253	273
	Total	952	1,042
	Total	2,472	2,592
11	Effective tax rate		
	Corporation tax rate in Denmark	22.0	23.5
	Non-taxable income and non-deductible expenses, etc.	-1.4	-0.5
	Total	20.6	23.0

NOTES

Note	The Jyske Bank Group	
DKKm	H1 2016	H1 2015
12	Loan impairment charges and provisions for guarantees, incl. balance of discounts	
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period	
	8,261	8,985
Currency translation adjustment	0	2
Loan impairment charges/provisions for the period	212	631
Recognised as a loss, covered by impairment charges/provisions	-265	-283
Other additions of discount for acquired loans	0	47
Recognised losses covered by discounts for acquired loans	-151	-65
Recognised discount for acquired loans	-159	-501
Other movements	56	69
	7,954	8,885
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	
Loan impairment charges	6,181	6,289
Provisions for guarantees	535	491
	6,716	6,780
Balance of discounts for acquired loans	1,238	2,105
	7,954	8,885
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	
Loan impairment charges/provisions for the period	212	631
Recognised as a loss, not covered by loan impairment charges/provisions	130	280
Recoveries	-116	-59
	226	852
	Loan impairment charges and provisions for guarantees recognised in the income statement	
Recognised discount for acquired loans	159	501
	67	351
	Net effect on income statement	
	Individual loan impairment charges, beginning of period	
	4,551	4,232
Currency translation adjustment	0	2
Loan impairment charges for the period	308	561
Recognised as a loss, covered by impairment charges/provisions	-261	-274
Other movements	44	51
	4,642	4,572
	Individual loan impairment charges, end of period	
	Individual provisions for loss on guarantees, beginning of period	
	383	474
Provisions for the period	86	-73
Recognised as a loss, covered by provisions	-4	-8
	465	393
	Individual provisions for loss on guarantees, end of period	
	Collective loan impairment charges, beginning of period	
	1,687	1,570
Loan impairment charges for the period	-160	129
Other movements	12	18
	1,539	1,717
	Collective loan impairment charges, end of period	
	Collective provisions for loss on guarantees, beginning of period	
	92	84
Provisions for the period	-22	14
	70	98
	Collective provisions for loss on guarantees, end of period	
	Impairment charges on balances due from credit institutions	
	Individual impairment charges on balances due from credit institutions, beginning of period	
	15	15
Loan impairment charges for the period	0	0
	15	15
	Individual impairment charges on balances due from credit institutions, end of period	

The regulatory balance of loan impairment charges and provisions for guarantees does not include the discount balance for acquired loans and advances.

NOTES

Note	DKKm	The Jyske Bank Group		
		30 June 2016	31 Dec. 2015	30 June 2015
13	Loans and advances at fair value			
	Mortgage loans, nominal value	260,724	246,518	228,881
	Adjustment for interest-rate risk, etc.	7,559	3,751	5,678
	Adjustment for credit risk ¹	-1,398	-1,412	-1,503
	Mortgage loans at fair value, total	266,885	248,857	233,056
	Arrears and outlays, total	166	58	86
	Other loans and advances	8,979	552	558
	Loans and advances at fair value, total	276,030	249,467	233,700
	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.			
14	Loans and advances at fair value broken down by property category			
	Owner-occupied homes	141,490	120,915	108,900
	Vacation homes	6,804	6,411	6,462
	Subsidised housing (rental housing)	47,398	45,351	44,192
	Cooperative Housing	15,325	14,815	14,836
	Private rental properties (rental housing)	29,547	28,334	26,592
	Industrial properties	1,353	1,389	1,346
	Office and business properties	31,009	29,362	28,571
	Agricultural properties	50	49	11
	Properties for social, cultural and educational purposes	2,982	2,783	2,756
	Other properties	72	58	34
	Total	276,030	249,467	233,700
15	Loans and advances at amortised cost and guarantees broken down by sector			
	Public authorities	7,124	6,740	7,382
	Agriculture, hunting, forestry, fishing	7,412	7,495	8,161
	Manufacturing, mining, etc.	8,806	7,048	6,629
	Energy supply	3,647	4,313	4,757
	Building and construction	3,484	3,077	2,964
	Commerce	9,163	8,405	8,528
	Transport, hotels and restaurants	3,985	3,695	4,592
	Information and communication	849	607	638
	Finance and insurance	39,751	48,338	33,005
	Real property	10,640	10,842	9,432
	Other sectors	6,496	6,780	9,186
	Corporates, total	94,233	100,600	87,892
	Personal clients, total	45,167	53,223	60,840
	Total	146,524	160,563	156,114

NOTES

Note	DKKm	The Jyske Bank Group		
		30 June 2016	31 Dec. 2015	30 June 2015
16 Other assets				
Positive fair value of derivatives		38,904	33,936	34,617
Assets in pooled deposits		4,314	4,435	4,757
Interest and commission receivable		515	678	1,484
Investments in associates		343	337	335
Assets held temporarily		534	519	655
Prepayments		351	300	379
Investment properties		32	32	27
Other assets		1,072	1,867	1,621
Total		46,065	42,104	43,875
Netting				
Positive fair value of derivatives, etc., gross		46,927	38,911	39,072
Netting of positive and negative fair value		8,023	4,975	4,455
Total		38,904	33,936	34,617
Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).				
17 Deposits				
Demand deposits		102,137	89,933	91,094
Term deposits		2,842	4,503	6,582
Time deposits		31,122	38,636	30,690
Special deposits		7,431	7,239	8,093
Pooled deposits		4,389	4,609	4,618
Total		147,921	144,920	141,077
18 Issued bonds at fair value				
Issued bonds at fair value, nominal value		277,950	306,339	258,668
Adjustment to fair value		7,730	4,291	5,119
Own mortgage bonds offset, fair value		-29,323	-79,463	-34,373
Total		256,357	231,167	229,414
19 Other liabilities				
Set-off entry of negative bond holdings in connection with repos / reverse repos		1,961	3,477	4,808
Negative fair value of derivatives, etc.		38,529	33,436	34,686
Interest and commission payable		1,964	2,983	3,556
Deferred income		371	340	323
Other liabilities		7,344	6,545	7,377
Total		50,169	46,781	50,750
Netting				
Negative fair value of derivatives, etc., gross		46,552	38,411	39,141
Netting of positive and negative fair value		8,023	4,975	4,455
Total		38,529	33,436	34,686
Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).				
20 Provisions				
Provisions for pensions and similar liabilities		552	538	513
Provisions for deferred tax		468	480	410
Provisions for guarantees		535	475	491
Other provisions		187	207	213
Total		1,742	1,700	1,627

NOTES

Note	The Jyske Bank Group		
	30 June 2016	31 Dec. 2015	30 June 2015
	DKKm		
21 Subordinated debt			
Supplementary capital:			
Var. % bond loan SEK 600m 19.05.2026	473	0	0
3.25% bond loan SEK 400m 19.05.2026	315	0	0
6.73% bond loan EUR 15m 2017-2026	112	112	113
Var. % bond loan EUR 10m 13.02.2023	75	75	75
5.65% bond loan EUR 10 m 27.03.2023	74	75	74
5.67% bond loan EUR 10 m 31.07.2023	74	74	74
	1,123	336	336
Hybrid core capital:			
Var. % bond loan EUR 72.7m Perpetual	541	541	543
Var. % bond loan EUR 60.7m Perpetual	452	452	453
	993	993	996
Subordinated debt, nominal	2,116	1,329	1,332
Hedging of interest-rate risk, fair value	30	25	23
Total	2,146	1,354	1,355
Subordinated debt included in the capital base	2,077	1,295	1,317
Jyske Bank's issues of additional Tier 1 Capital are recognised under liability other than provision as the issues do not meet the conditions for additional Tier 1 Capital in the Capital Requirements Regulation, CRR.			
22 Contingent liabilities			
Guarantees			
Financial guarantees	11,011	9,098	9,615
Guarantee for losses on mortgage credits	1,941	2,105	1,968
Registration and refinancing guarantees	766	863	1,351
Other contingent liabilities	1,926	1,788	1,696
Total	15,644	13,854	14,630
Other contingent liabilities			
Irrevocable credit commitments	23,151	17,612	17,170
Other	110	133	139
Total	22,261	17,745	17,309

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.

Note	The Jyske Bank Group
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22 Contingent liabilities, cont.

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

Because of its statutory participation in the deposit guarantee scheme, the sector has paid an annual contribution of 2.5% of the covered net deposits until the assets of Pengeinstitutafdelingen (the financial institution fund) exceeds 1% of the total net deposits covered, which level is expected to have been reached at the end of 2015. 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 7.36% of any losses.

The statutory participation in the resolution financing arrangements (Resolution Fund) as of June 2015 entailed that credit institutions pay an annual contribution over a 10-year period to a Danish national fund with a target size totalling 1% of the covered deposits. Credit institutions are to contribute according to their relative sizes and risk in Denmark, and the first contributions to the Resolution Fund were paid at the end of 2015. The Jyske Bank Group expects having to pay a total of about DKK 500m over a 10-year period.

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.

23 Shareholders

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

24 Related parties

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

Over the period, there were no unusual transactions with related parties. Please see Jyske Bank's Annual Report 2015 for a detailed description of transactions with related parties.

25 Bonds provided as security

The Jyske Bank Group has deposited bonds with central banks and at clearing houses, etc. in connection with clearing and settlement of securities and currency transactions totalling a market value of DKK 8,018m (end of 2015: DKK 4,843m).

Repo transactions involve an arrangement where bonds are provided as collateral for the amount borrowed. Repo transactions amounted to DKK 36,608m (end of 2015: DKK 41,647m).

26 **Notes on fair value****Methods for measuring fair value**

Fair value is the price that, at the time of measurement, would be obtained by selling an asset or paid for by transferring a liability in an ordinary transaction between independent market participants. 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 (the 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 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. Generally, 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, shareholders' agreements, 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 and DVA). 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 and certain other home 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 calculated fair values of financial assets and liabilities recognised at amortised cost are materially non-observable prices (level 3) in the fair value hierarchy.

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26 **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 fair 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 the end of the first half of 2016, CVA and DVA amounted net to DKK 70m, which amount was recognised as an expense under value adjustment against DKK 53m at the end of 2015.

27 **Fair value of financial assets and liabilities**

The recognised value and fair value of assets classified as held-for-trading amounted to DKK 151.8bn at the end of the first half of 2016 against DKK 158.4bn at the end of 2015. The recognised value and fair value of liabilities classified as trading portfolio amounted to DKK 75.1bn at the end of the first half of 2016 against DKK 75.1bn at the end of 2015. The recognised value and fair value of assets classified as held-to-maturity amounted to DKK 4.1bn and DKK 4.2bn, respectively, at the end of the first half of 2016 against DKK 3.9bn and 4.0bn, respectively, at the end of 2015. 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 202m at the end of the first half of 2016 against a loss of DKK 257m at the end of 2015.

	30 June 2016		31 December 2015	
	Carrying amount	Fair Value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash balance and demand deposits with central banks	3,372	3,372	2,825	2,825
Due from credit institutions and central banks	26,004	26,004	20,858	20,858
Loans and advances at fair value	276,030	276,030	249,467	249,467
Loans and advances at amortised cost	130,880	130,969	146,709	146,755
Bonds at fair value	68,705	68,705	68,597	68,597
Bonds at amortised cost	4,063	4,185	3,884	4,029
Shares, etc.	4,003	4,003	4,046	4,046
Assets in pooled deposits	4,314	4,314	4,435	4,435
Derivatives	38,904	38,904	33,936	33,936
Total	556,275	556,486	534,757	534,948
FINANCIAL LIABILITIES				
Due to credit institutions and central banks	30,350	30,392	39,211	39,234
Deposits	143,532	143,564	140,311	140,370
Pooled deposits	4,389	4,389	4,609	4,609
Issued bonds at fair value	256,357	256,357	231,167	231,167
Issued bonds at amortised cost	45,674	46,495	48,226	48,925
Subordinated debt	2,146	1,664	1,354	1,021
Derivatives	38,529	38,529	33,436	33,436
Total	520,977	521,390	498,314	498,762

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Note

The Jyske Bank Group

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28 The fair value hierarchy

	Quoted prices	Observable prices	Non-observable prices	Fair value total	Carrying amount
30 June 2016					
Financial assets					
Loans and advances at fair value	0	276,030	0	276,030	276,030
Bonds at fair value	54,724	13,981	0	68,705	68,705
Shares, etc.	2,182	0	1,821	4,003	4,003
Assets in pooled deposits	3,036	1,278	0	4,314	4,314
Derivatives	358	38,546	0	38,904	38,904
Total	60,300	329,835	1,821	391,956	391,956
Financial liabilities					
Pooled deposits	0	4,389	0	4,389	4,389
Issued bonds at fair value	246,536	9,821	0	256,357	256,357
Derivatives	326	38,203	0	38,529	38,529
Total	246,862	52,413	0	299,275	299,275
31 December 2015					
Financial assets					
Loans and advances at fair value	0	249,467	0	249,467	249,467
Bonds at fair value	47,682	20,915	0	68,597	68,597
Shares, etc.	2,252	0	1,794	4,046	4,046
Assets in pooled deposits	3,049	1,386	0	4,435	4,435
Derivatives	350	33,586	0	33,936	33,936
Total	53,333	305,354	1,794	360,481	360,481
Financial liabilities					
Pooled deposits	0	4,609	0	4,609	4,609
Issued bonds at fair value	222,091	9,076	0	231,167	231,167
Derivatives	326	33,110	0	33,436	33,436
Total	222,417	46,795	0	269,212	269,212

The above table shows the fair value hierarchy for financial assets and liabilities recognised at fair value. It is the practice of the Group that if prices are not updated for two days, transfers will take place between the categories quoted prices and observable prices. No considerable transfers took place between the three categories in the first half of 2016, nor in 2015.

NON-OBSERVABLE PRICES

	H1 2016	2015
Fair value, beginning of period	1,794	1,631
Capital gain and loss for the period reflected in the income statement under value adjustments	56	79
Sales or redemptions	34	25
Purchases	5	109
Fair value, end of period	1,821	1,794

Non-observable prices

Non-observable prices at the end of the first half of 2016 referred to unlisted shares recognised at DKK 1,821m against unlisted shares recognised at DKK 1,794m at the end of 2015. These are primarily sector shares. The measurements, which are associated with some uncertainty, are made on the basis of the shares' book value, market trades as well as 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 30m. Capital gain and loss for the period on illiquid bonds and unlisted shares referred to assets held at the end of the first half of 2016. 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.

Non-financial assets recognised at fair value

Investment properties were recognised at a fair value of DKK 32m (end of 2015: DKK 32m). Fair value belongs to the category of non-observable prices calculated on the basis of a required rate of return of 7% (end of 2015: 7%)

Assets held temporarily comprise repossessed properties, equity investments and cars, etc. Assets held temporarily are recognised at the lower of cost and fair value less costs of sale. Assets held temporarily are recognised at DKK 534m (end of 2015: DKK 519m). Fair value belongs to the category of non-observable prices.

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Note	The Jyske Bank Group									
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DKKkm

29 The Jyske Bank Group - overview

30 June 2016	Acti- vity*	Cur- rency	Share capital 1.000 units	Owner- ship share (%)	Voting share %	Assets (DKKkm) end of 2015	Liabi- lities DKKkm at the end of 2015	Equity DKKkm, at the end of 2015	Ear- nings (DKKkm) 2015	Profit, DKKkm 2015
Jyske Bank A/S	a	DKK	950,400			309,928	279,888	30,040	6,655	2,476
Consolidated subsidiaries										
BRFKredit a/s, Kgs. Lyngby	b	DKK	1,306,480	100	100	269,975	258,194	11,781	1,962	685
Investeringselskabet af 18. maj 2015 A/S, Lyngby-Taarbæk	d	DKK	425,000	100	100	434	0	434	-52	-4
Ejendomsselskabet Nørreport 26, 8000 Århus C. A/S, Silkeborg	e	DKK	4,600	100	100	96	8	88	5	4
Ejendomsselskabet Nørregaardsvej, 37-41, 2800 Kgs. Lyngby A/S, Silkeborg	e	DKK	2,600	100	100	6	0	6	0	0
Jyske Bank (Gibraltar) Ltd.	a	GBP	26,500	100	100	5,925	5,158	767	133	23
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	15	0	15	0	0
Jyske Bank Nominees Ltd., London	d	GBP	0	100	100	0	0	0	0	0
Jyske Verwaltung AG, Schweiz	a	CHF	1,000	100	100	698	58	640	55	-61
Inmobiliaria Saroesma S.L., Spain	e	EUR	773	100	100	74	71	3	0	-9
Jyske Finans A/S, Silkeborg	c	DKK	100,000	100	100	15,799	14,492	1,307	838	304
Gl. Skovridergaard A/S, Silkeborg	e	DKK	500	100	100	35	26	9	18	-6
Sundbyvesterhus A/S, Silkeborg	e	DKK	518	100	100	92	13	79	6	3
Ejendomsselskabet af 1.10.2015 ApS, Silkeborg	c	DKK	500	100	100	-	-	-	-	-
Bytorv Horsens ApS, Gentofte (temporarily acquired)	e	DKK	1,080	100	100	416	431	-15	22	-30

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.

* Activity:

a: Bank

b: Mortgage credit

c: Leasing, financing and factoring

d: Investment and financing

e: Properties and course activities

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

Note	DKKm	Jyske Bank	
		H1 2016	H1 2015
INCOME STATEMENT			
3	Interest income	2,068	2,552
4	Interest expenses	234	368
	Net interest income	1,834	2,184
	Dividends, etc.	65	43
5	Fees and commission income	757	947
	Fees and commission expenses	63	74
	Net interest and fee income	2,593	3,100
6	Value adjustments	106	450
	Other operating income	93	96
	Employee and administrative expenses	1,964	1,893
	Amortisation, depreciation and impairment charges	30	28
	Other operating expenses	6	67
7,8	Loan impairment charges and provisions for guarantees	131	501
	Profit on investments in associates and group enterprises	676	518
	Pre-tax profit	1,337	1,675
	Tax	144	286
	Net profit or loss for the period	1,193	1,389
STATEMENT OF COMPREHENSIVE INCOME			
	Net profit or loss for the period	1,193	1,389
	Other comprehensive income:		
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	-91	170
	Hedge accounting of international units	88	-170
	Tax on hedge accounting	-19	40
	Other comprehensive income after tax	-22	40
	Comprehensive income for the period	1,171	1,429

Note	DKKm	30 June 2016	31 Dec. 2015	Jyske Bank 30 June 2015
BALANCE SHEET				
ASSETS				
	Cash balance and demand deposits with central banks	3,254	2,443	9,285
	Due from credit institutions and central banks	24,632	16,593	19,527
8	Loans and advances at fair value	8,462	0	0
7,8	Loans and advances at amortised cost	132,516	148,093	142,140
	Bonds at fair value	71,927	76,005	70,430
	Bonds at amortised cost	5,470	5,296	6,335
	Shares, etc.	3,708	3,765	3,678
	Investments in associates	331	326	325
	Equity investments in group enterprises	14,218	14,425	14,172
	Assets in pooled deposits	4,314	4,435	4,757
	Intangible assets	44	48	53
	Owner-occupied properties	2,131	2,109	2,024
	Other property, plant and equipment	97	84	77
	Current tax assets	778	480	886
	Deferred tax assets	0	0	3
	Assets held temporarily	60	44	44
	Other assets	39,726	35,704	36,969
	Prepayments	110	78	158
	Total assets	311,778	309,928	310,863
EQUITY AND LIABILITIES				
Debt and payables				
	Due to credit institutions and central banks	47,939	52,793	54,400
9	Deposits	138,332	135,284	131,452
	Pooled deposits	4,389	4,609	4,618
	Issued bonds at amortised cost	40,511	42,023	41,717
	Other liabilities	47,144	42,664	47,204
	Deferred income	19	19	16
	Total debt	278,334	277,392	279,407
Provisions				
	Provisions for pensions and similar liabilities	521	506	483
	Provisions for deferred tax	30	29	0
	Provisions for guarantees	530	468	485
	Other provisions	126	139	137
	Provisions, total	1,207	1,142	1,105
	Subordinated debt	2,146	1,354	1,355
Equity				
	Share capital	950	950	950
	Revaluation reserve	381	381	325
	Currency translation reserve	-3	0	0
	Reserve according to the equity method	2,170	2,170	1,559
	Retained profit	26,593	26,040	26,162
	Proposed dividend	0	499	0
	Equity, total	30,091	30,040	28,996
	Equity and liabilities, total	311,778	309,928	310,863
OFF-BALANCE SHEET ITEMS				
	Guarantees, etc.	17,730	15,965	17,758
	Other contingent liabilities	2,806	2,173	2,034
	Total guarantees and other contingent liabilities	20,536	18,138	19,792

DKKm

STATEMENT OF CHANGES IN EQUITY

	Share capital	Revaluation reserve	Currency translation reserve	Reserve according to the equity method	Retained profit	Proposed dividend	Total equity
Equity at 01 January 2016	950	381	0	2,170	26,040	499	30,040
Net profit or loss for the period	0	0	0	0	1,193	0	1,193
Other comprehensive income	0	0	-3	0	-19	0	-22
Comprehensive income for the period	0	0	-3	0	1,174	0	1,171
Dividends paid	0	0	0	0	0	-499	-499
Dividends, own shares	0	0	0	0	5	0	5
Acquisition of own shares	0	0	0	0	-1,418	0	-1,418
Sale of own shares	0	0	0	0	792	0	792
Transactions with shareholders	0	0	0	0	-621	-499	-1,120
Equity at 30 June 2016	950	381	-3	2,170	26,593	0	30,091
Equity at 01 January 2015	950	325	0	1,559	24,727	0	27,561
Net profit or loss for the period	0	0	0	0	1,389	0	1,389
Other comprehensive income	0	0	0	0	40	0	40
Comprehensive income for the period	0	0	0	0	1,429	0	1,429
Acquisition of own shares	0	0	0	0	-1,552	0	-1,552
Sale of own shares	0	0	0	0	1,558	0	1,558
Transactions with shareholders	0	0	0	0	6	0	6
Equity at 30 June 2015	950	325	0	1,559	26,162	0	28,996

DKKm	Jyske Bank		
	30 June 2016	31 Dec. 2015	30 June 2015
CAPITAL STATEMENT			
Equity	30,091	30,040	28,996
Share buy-back programme	-500	-644	0
Expected/proposed dividend	-239	-499	0
Intangible assets	-44	-48	-53
Deferred tax liabilities relating to intangible assets	10	11	12
Prudent valuation	-274	-251	-240
Deferred tax assets	0	0	-3
Other deductions	-78	-81	-79
Common Equity Tier 1 capital	28,966	28,528	28,633
Additional Tier 1 Capital after reduction	777	907	907
Other deductions	-69	-98	-83
Core capital	29,674	29,337	29,457
Subordinated loan capital after reduction	1,315	403	410
Difference between expected loss and the carrying amount of impairment charges	412	418	437
Other deductions	-220	-192	-192
Capital base	31,181	29,966	30,112
Weighted risk exposure involving credit risk etc.	98,661	100,486	103,617
Weighted risk exposure involving market risk	22,641	22,955	22,386
Weighted risk exposure involving operational risk	11,870	11,829	11,829
Total weighted risk exposure	133,172	135,270	137,832
Capital requirement, Pillar I	10,654	10,822	11,027
Capital requirement, transitional provisions	0	0	0
Capital requirement, total	10,654	10,822	11,027
Capital ratio (%)	23.4	22.2	21.8
Core Tier 1 Capital ratio (%)	22.3	21.7	21.4
Common Equity Tier 1 capital ratio (%)	21.8	21.1	20.8

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). On 30 June 2016, the total weighted risk exposure according to Basel I amounted to DKK 163,398m 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 10,457m for Jyske Bank. At the end of 2015, the transitional provisions resulted in a capital requirement of DKK 10,382m for Jyske Bank. The transitional rules applying to total weighted risk exposure will still apply in the coming years.

For a statement of the individual solvency requirement, please see Risk and Capital Management 2015 or www.jyskebank.dk/ir/kapitalforhold.

Note	Jyske Bank	
	H1 2016	H1 2015
DKKm		

NOTES
1 Accounting Policies

The Interim Financial Report of the parent company Jyske Bank A/S for the period 1 January to 30 June 2016

was prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Stockbrokers, etc.

The rules applying to recognition and measurement at Jyske Bank A/S are consistent with IFRS.

With respect to classification and extent, the preparation for Jyske Bank A/S differs from the preparation for the Group. Please see the full description of accounting policies in note 73 of the annual report 2015.

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 2015.

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.

2 Financial ratios and key figures

Pre-tax profit p.a. as a percentage of opening equity	8.9	12.2
Profit for the period as a pct. of av. equity	4.0	4.9
Income/ cost ratio (%)	1.6	1.7
Capital ratio (%)	23.4	21.8
Common Equity Tier 1 capital ratio (CET1 %)	21.8	20.8
Individual solvency requirement (%)	14.3	13.9
Capital base (DKKm)	31,181	30,112
Total risk exposure (DKKm)	133,172	137,832
Interest-rate risk (%)	0.2	1.2
Currency risk (%)	0.1	0.0
Accumulated impairment ratio (%)	3.6	3.7
Impairment ratio for the period (%)	0.1	0.3
No. of full-time employees at end-period	2,997	3,064
Average number of full-time employees in the period	3,009	3,072

3 Interest income

Due from credit institutions and central banks	5	-16
Loans and advances	1,469	1,872
Bonds	540	610
Derivatives, total	53	78
Of which currency contracts	116	182
Of which interest-rate contracts	-63	-104
Other	1	8
Total	2,068	2,552

Of which interest income on reverse repos carried under:

Due from credit institutions and central banks	-8	-19
Loans and advances	-46	-42

Note	Jyske Bank	
DKKm	H1 2016	H1 2015
NOTES		
4 Interest expenses		
Due to credit institutions and central banks	14	-1
Deposits	98	183
Issued bonds	105	173
Subordinated debt	17	13
Total	234	368
Of which interest expenses on reverse repos carried under:		
Due to credit institutions and central banks	-53	-65
Deposits	-26	-43
5 Fees and commission income		
Securities trading and custody services	418	567
Money transfers and card payments	83	76
Loan application fees	33	34
Guarantee commission	56	134
Other fees and commissions	167	136
Total	757	947
6 Value adjustments		
Loans and advances at fair value	58	0
Bonds	413	-11
Shares, etc.	-100	248
Currency	199	248
Currency, interest-rate, share, commodity and other contracts as well as other derivatives	-401	208
Assets in pooled deposits	-90	242
Pooled deposits	90	-242
Other assets	22	-314
Issued bonds	-80	67
Other liabilities	-5	4
Total	106	450

Note	Jyske Bank	
DKKm	H1 2016	H1 2015
Notes		
7 Loan impairment charges and provisions for guarantees, incl. balance of discounts		
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period	6,703	6,317
Loan impairment charges/provisions for the period	107	439
Recognised as a loss, covered by impairment charges/provisions	-255	-225
Discount for acquired loans in connection with business combinations	0	850
Recognised losses covered by discounts for acquired loans	-150	-20
Recognised discount for acquired loans	-48	-204
Other movements	57	70
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	6,414	7,227
Loan impairment charges	5,329	5,708
Provisions for guarantees	530	485
Balance of loan impairment charges and provisions, end of period	5,859	6,193
Balance of discounts for acquired loans	555	1,034
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	6,414	7,227
Loan impairment charges/provisions for the period	107	439
Recognised as a loss, not covered by loan impairment charges/provisions	89	95
Recoveries	-65	-33
Loan impairment charges and provisions for guarantees recognised in the income statement	131	501
Recognised discount for acquired loans	48	204
Net effect on income statement	83	297
Individual loan impairment charges, beginning of period	4,157	3,892
Loan impairment charges for the period	178	524
Recognised as a loss, covered by impairment charges/provisions	-251	-217
Other movements	45	52
Individual loan impairment charges, end of period	4,129	4,251
Individual provisions for loss on guarantees, beginning of period	377	468
Provisions for the period	87	-73
Recognised as a loss, covered by provisions	-4	-8
Individual provisions for loss on guarantees, end of period	460	387
Collective loan impairment charges, beginning of period	1,325	1,465
Loan impairment charges for the period	-137	-26
Other movements	12	18
Collective loan impairment charges, end of period	1,200	1,457
Collective provisions for loss on guarantees, beginning of period	91	84
Provisions for the period	-21	14
Collective provisions for loss on guarantees, end of period	70	98
Impairment charges on balances due from credit institutions		
Individual impairment charges on balances due from credit institutions, beginning of period	15	15
Loan impairment charges for the period	0	0
Individual impairment charges on balances due from credit institutions, end of period	15	15

The regulatory balance of loan impairment charges and provisions for guarantees does not include the discount balance for acquired loans and advances.

DKKm

Notes

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

Sector	Loans, advances and guarantees				Balance of loan impairment charges and provisions for guarantees		Loan impairment charges and provisions for guarantees for the period		Loss for the period	
	H1	End of	H1	End of	H1	End of	H1	H1	H1	H1
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Public authorities	4	4	7,112	6,726	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing	4	5	6,297	6,546	1,645	1,503	273	263	173	58
Fishing	1	1	1,385	1,624	3	4	-1	0	0	0
Milk producers	0	1	870	1,016	795	709	117	120	55	50
Plant farming	1	1	1,585	1,591	111	75	36	23	3	1
Pig farming	1	1	1,391	1,237	602	605	80	104	96	5
Other agriculture	1	1	1,066	1,078	134	110	41	16	19	2
Manufacturing, mining, etc.	5	4	7,380	5,743	241	306	-49	41	21	19
Energy supply	2	3	3,471	4,156	31	32	-1	1	0	0
Building and construction	2	1	2,397	2,056	113	113	27	-10	28	0
Commerce	5	4	7,469	6,992	227	262	-30	0	13	37
Transport, hotels and restaurants	1	1	2,380	2,098	135	130	3	12	1	8
Information and communication	0	0	754	515	37	46	-10	9	0	1
Finance and insurance	35	38	55,747	63,659	882	924	-55	78	3	34
Real property	7	7	11,053	11,101	1,209	1,309	-86	-38	33	54
Lease of real property	5	5	7,365	8,038	973	1,020	-32	-29	30	36
Buying and selling of real property	1	1	1,385	1,058	66	114	-51	-4	0	15
Other real property	1	1	2,303	2,005	170	175	-3	-5	3	3
Other sectors	3	2	4,557	4,222	177	204	-23	31	8	36
Corporate clients	64	65	101,505	107,088	4,697	4,829	49	315	280	247
Private individuals	32	31	50,091	50,244	1,162	1,121	82	186	64	73
Total	100	100	158,708	164,058	5,859	5,950	131	501	344	320

DKKm

30 June
2016

31 Dec.
2015

Jyske Bank

30 June
2015

Notes

9 Deposits

Demand deposits	97,227	85,329	86,485
Term deposits	2,842	4,504	6,582
Time deposits	30,832	38,213	30,292
Special deposits	7,431	7,238	8,093
Total	138,332	135,284	131,452