

**Jyske Bank**

**Interim Financial Report**

**First nine months of 2016**

## Interim Financial Report, first nine months of 2016

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## The Jyske Bank Group

CORE PROFIT AND PROFIT FOR THE PERIOD									
DKKm	Q1-Q3 2016	Q1-Q3 2015	Index 16/15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	The year 2015
Net interest income	4,291	4,319	99	1,393	1,448	1,450	1,567	1,478	5,886
Net fee and commission income	1,030	1,339	77	363	343	324	495	372	1,834
Value adjustments	549	269	204	170	169	210	112	-229	381
Other income	178	180	99	48	73	57	59	60	239
Income from operating lease (net)	71	68	104	21	28	22	25	22	93
<b>Core income</b>	<b>6,119</b>	<b>6,175</b>	<b>99</b>	<b>1,995</b>	<b>2,061</b>	<b>2,063</b>	<b>2,258</b>	<b>1,703</b>	<b>8,433</b>
Core expenses	3,773	3,953	95	1,275	1,230	1,268	1,369	1,321	5,322
<b>Core profit before loan impairment charges</b>	<b>2,346</b>	<b>2,222</b>	<b>106</b>	<b>720</b>	<b>831</b>	<b>795</b>	<b>889</b>	<b>382</b>	<b>3,111</b>
Loan impairment charges	144	381	38	77	-105	172	-34	30	347
<b>Core profit</b>	<b>2,202</b>	<b>1,841</b>	<b>120</b>	<b>643</b>	<b>936</b>	<b>623</b>	<b>923</b>	<b>352</b>	<b>2,764</b>
Investment portfolio earnings	201	288	70	258	88	-145	152	-26	440
<b>Pre-tax profit</b>	<b>2,403</b>	<b>2,129</b>	<b>113</b>	<b>901</b>	<b>1,024</b>	<b>478</b>	<b>1,075</b>	<b>326</b>	<b>3,204</b>
Tax	489	490	100	180	215	94	238	76	728
<b>Net profit or loss for the period</b>	<b>1,914</b>	<b>1,639</b>	<b>117</b>	<b>721</b>	<b>809</b>	<b>384</b>	<b>837</b>	<b>250</b>	<b>2,476</b>

SUMMARY OF BALANCE SHEET, END OF PERIOD									
DKKm									
Loans and advances	410,328	380,545	108	410,328	406,910	410,591	396,176	380,545	396,176
- of which mortgage loans	275,267	242,355	114	275,267	267,568	257,909	249,467	242,355	249,467
- of which bank loans	107,901	109,915	98	107,901	107,823	105,031	105,183	109,915	105,183
- of which repo loans	27,160	28,275	96	27,160	31,519	47,651	41,526	28,275	41,526
Bonds and shares, etc.	88,868	78,836	113	88,868	76,771	80,933	76,527	78,836	76,527
Total assets	562,477	531,063	106	562,477	564,450	558,925	543,399	531,063	543,399
Due to credit institutions and central banks	10,690	31,947	33	10,690	30,350	43,891	39,211	31,947	39,211
Deposits	152,592	138,753	110	152,592	147,921	143,673	144,920	138,753	144,920
- of which bank deposits	139,384	125,481	111	139,384	128,770	125,416	128,995	125,481	128,995
- of which repo deposits	13,208	13,272	100	13,208	19,151	18,257	15,925	13,272	15,925
Issued bonds at fair value	264,793	225,944	117	264,793	256,357	241,095	231,167	225,944	231,167
Issued bonds at amortised cost	50,564	52,556	96	50,564	45,674	47,510	48,226	52,556	48,226
Subordinated debt	2,134	1,354	158	2,134	2,146	1,357	1,354	1,354	1,354
Holders of hybrid core capital	1,471	0	-	1,471	0	0	0	0	0
Shareholders' equity	30,404	29,233	104	30,404	30,091	29,680	30,040	29,233	30,040

SELECTED DATA AND FINANCIAL RATIOS									
Earnings per share for the period (DKK)*	20.5	17.3		7.8	8.7	4.1	8.8	2.6	26.1
Profit for the period, per share (diluted) (DKK)	20.5	17.3		7.8	8.7	4.1	8.8	2.6	26.1
Pre-tax profit p.a. as a pct. of opening equity*	10.7	10.3		12.0	13.6	6.4	15.6	4.7	11.6
Profit for the period p.a. as a pct. of opening equity*	8.5	7.9		9.6	10.8	5.1	12.1	3.6	9.0
Expenses as a percentage of income	61.7	64.0		63.9	59.7	61.5	60.6	77.6	63.1
Capital ratio (%)	17.8	16.9		17.8	17.0	16.7	17.0	16.9	17.0
Common Equity Tier 1 capital ratio (CET1 %)	15.9	15.8		15.9	15.8	15.9	16.1	15.8	16.1
Individual solvency requirement (%)	10.1	10.7		10.1	10.3	10.3	10.5	10.7	10.5
Capital base (DKKm)	32,403	29,473		32,403	30,883	30,169	30,088	29,473	30,088
Weighted risk exposure (DKKm)	181,887	174,853		181,887	182,071	180,491	176,904	174,853	176,904
Share price at end of period (DKK)	309	369		309	253	296	312	369	312
Book value per share (DKK)*	334	308		334	326	316	317	308	317
Price/book value per share (DKK)*	0.93	1.2		0.93	0.8	0.9	1.0	1.2	1.0
No. of full-time employees at end-period	3,993	4,102		3,993	3,977	4,013	4,021	4,102	4,021

Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 25 appear from page 18 in the Management's review.

\*Financial ratios are calculated as if hybrid core capital is recognised as a liability.

## SUMMARY

- **Core profit: DKK 2,202m (Q1-Q3 2015: DKK 1,841m)**
- **Net profit: DKK 1,914m (Q1-Q3 2015: DKK 1,639m)**
- **Net profit corresponded to an annualised return of 8.5% on opening equity (Q1-Q3 2015: 7.9% p.a.)**
- **Loan impairment charges under core profit: DKK 144m (Q1-Q3 2015: DKK 381m)**
  - **Of which impairment charges on agricultural clients amounted to DKK 385m**
- **Loans and advances: DKK 410bn (end of 2015: DKK 396bn)**
  - **Mortgage loans: DKK 275bn (end of 2015: DKK 249bn)**
  - **Traditional bank loans and advances: DKK 94bn (end of 2015: DKK 93bn)**
- **Bank deposits: DKK 139bn (end of 2015: DKK 129bn)**
  - **As of mid-December 2016, negative deposit rates will be introduced on demand deposits for corporate clients**
- **Capital ratio: 17.8%, of which the Common Equity Tier 1 capital ratio was 15.9% (end of 2015: 17.0% and 16.1%)**
  - **Capital buffer: DKK 11.9bn (end of 2015: DKK 10.9bn)**
- **It is the intention of the Supervisory Board, at the Annual General Meeting in March 2017, to propose a motion for the distribution of ordinary dividend for the financial year 2016 in line with the dividend for the financial year 2015**
- **Jyske Bank withdraws from Swipp cooperation**

## COMMENTS BY MANAGEMENT

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

"The Jyske Bank Group generated a pre-tax profit of DKK 2,403m compared to DKK 2,129m for the same period of 2015.

Quarter by quarter, mortgage activities have improved the profit and, with a pre-tax profit of DKK 329m for the third quarter, the best quarterly financial statements are being reported since the merger in the second quarter of 2014. For the first nine months of the year, the pre-tax profit amounts to DKK 934m against DKK 617m in 2015. The leasing activities are run very efficiently and, with stable earnings, they add to the Group's profit. For the first nine months of the year, the pre-tax profit amounts to DKK 251m, which is in line with that in 2015. Banking activities were affected by low demand for regular banking products and the low interest-rate level. The 5% decline in the Group's costs from 2015 to 2016 and lower impairment charges also had a stabilising effect on the overall earnings.

Sales of home loans continued unabated in the third quarter and all the Group's sales channels reported growth. The total increase in new home loans from Jyske Bank amounted to DKK 73.9bn at the end of the third quarter of 2016 and DKK 76.0bn as at today's date. The target is still an increase of DKK 100bn measured as from early 2014, and this target is expected to be met by the end of 2017.

Due to the extensive period of and continuing prospects of negative interest rates, for instance, on certificates of deposit with the central bank of Denmark, in combination with the increasing deposit surplus, Jyske Bank will introduce negative deposit rates on demand deposits for corporate clients as of mid-December.

Jyske Bank has decided to withdraw from the Swipp cooperation at 11 months' notice, according to contractual basis. Jyske Bank will adopt a commercial and constructive approach to proposals about the future of Swipp that may be put forward by the company's board of directors during the notice period.

It is the intention of the Supervisory Board, at the Annual General Meeting in March 2017, to propose a motion for the distribution of ordinary dividend for the financial year 2016 in line with the dividend for the financial year 2015".

## First nine months of 2016

### Economic trends

The Danish economy is still in a recovery, resulting in employment growth. At the same time, housing prices are increasing in large parts of the country. However, the propensity to save on the part of private individuals is still strong and lending growth very modest.

### Material circumstances

The first three quarters of the year were characterised by a downward trend for both short-term and long-term interest rates. Currently interest rates are negative on Danish government bonds with a time to maturity of up to 8 years. Since it increased the rate of interest on certificates of deposit by 10 basis points in early January 2016, the central bank of Denmark, has maintained its rate at -0.65%. The period of negative deposit rates on the part of Danmarks Nationalbank began in September 2014 and is expected to last for still another couple of years.

In combination with the continuing strong propensity to save, the low market rates have an adverse effect on deposits. Rates applicable to clients have been adjusted on an ongoing basis. For quite some time, major corporate clients have paid negative interest rates. As of mid-December, all corporate clients having demand deposits with Jyske Bank will have to pay a negative deposit rate of -0.4% p.a. Moreover, a 35-day deposit account with a negative interest rate of -0.2% p.a. will be introduced.

In respect of the liquidity portfolio, falling interest rates mean that reinvestment is on a continuous basis taking place at lower interest rates. On the other hand, the low interest-rate level has a favourable effect in the form of falling impairment charges.

In the first half of 2016, the Group made a new 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 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 and the issue of hybrid Tier 1 bond loans totalling DKK 1.5bn in the third 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 current share buy-back programme in the amount of DKK 1bn runs over the period 1 July to 31 December 2016. As at today's date, Jyske Bank has bought back 1,875,000 shares under the programme. Since 9 November 2015, a total of 4.75% of the share capital has been bought back. It is the intention of the Supervisory Board, at the Annual General Meeting in March 2017, to propose a motion for the distribution of ordinary dividend for the financial year 2016 in line with the dividend for the financial year 2015.

On 3 October, the FSA published its report on a thematic inspection of new loans for owner-occupied and cooperative housing in growth areas. The report established that Jyske Bank has a lower appetite for risk than the average of the banks inspected, and that the bank's credit policy includes relevant main rules with a view to defining the desired risk profile. Due to errors and shortcomings in the basis for decisions, Jyske Bank was ordered to ensure that the basis for credit decisions is improved. Jyske Bank has initiated activities to improve IT support as well as training.

## Net profit for the period

Over the first nine months of 2016, the Jyske Bank Group generated a pre-tax profit of DKK 2,403m. Calculated tax amounted to DKK 489m, and after tax the profit amounted to DKK 1,914m.

The profit after tax corresponded to a return on opening equity of 8.5% p.a. against a return of 7.9% p.a. for the corresponding period of 2015.

CORE PROFIT AND PROFIT FOR THE PERIOD DKKm	Q1-Q3 2016	Q1-Q3 2015	Index 16/15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	The year 2015
Net interest income	4,291	4,319	99	1,393	1,448	1,450	1,567	1,478	5,886
Net fee and commission income	1,030	1,339	77	363	343	324	495	372	1,834
Value adjustments	549	269	204	170	169	210	112	-229	381
Other income	178	180	99	48	73	57	59	60	239
Income from operating lease (net)	71	68	104	21	28	22	25	22	93
<b>Core income</b>	<b>6,119</b>	<b>6,175</b>	<b>99</b>	<b>1,995</b>	<b>2,061</b>	<b>2,063</b>	<b>2,258</b>	<b>1,703</b>	<b>8,433</b>
Core expenses	3,773	3,953	95	1,275	1,230	1,268	1,369	1,321	5,322
<b>Core profit before impairment charges</b>	<b>2,346</b>	<b>2,222</b>	<b>106</b>	<b>720</b>	<b>831</b>	<b>795</b>	<b>889</b>	<b>382</b>	<b>3,111</b>
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Investment portfolio earnings	201	288	70	258	88	-145	152	-26	440
<b>Pre-tax profit</b>	<b>2,403</b>	<b>2,129</b>	<b>113</b>	<b>901</b>	<b>1,024</b>	<b>478</b>	<b>1,075</b>	<b>326</b>	<b>3,204</b>
Tax	489	490	100	180	215	94	238	76	728
<b>Net profit or loss for the period</b>	<b>1,914</b>	<b>1,639</b>	<b>117</b>	<b>721</b>	<b>809</b>	<b>384</b>	<b>837</b>	<b>250</b>	<b>2,476</b>

At DKK 2,202m, core profit grew by 20% compared to the same period of 2015. The 23% decline in net fee and commission income was offset by the stability or improvement of the other income statement items.

Net interest income for the first nine months of 2016 fell by 1% compared to the same period in 2015. Compared to the second quarter of 2016, net interest income for the third quarter of 2016 is 4% lower. In the third quarter of 2016, a one-off expense of DKK 20m was recognised relating to the changed accrual of front-end fees. The continuing growth in home loans and the signs of early stabilisation in the volume of traditional bank loans and advances offset the pressure from falling interest rate margins. Bank deposits rose by DKK 4bn from the second to the third quarter, which also contributed to pressure on net interest income. The reduction of high-yield bonds in the trading portfolio resulted in lower net interest income. In comparison with the second quarter of 2016, this resulted in a negative effect of about DKK 20m. Lower reinvestment rates for the liquidity portfolio also made up an important reason for the decline in net interest income relative to the third quarter of 2015.

Net fee and commission income amounted to DKK 1,030m against DKK 1,339m in the first nine months of 2015. The difference can primarily be attributed to the fact that the first half of 2015 saw a favourable development in the financial markets, resulting in 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. Seen in isolation, the third quarter of 2016 saw improvement compared to both the first and the second quarter of 2016. The improvement was fuelled by rising refinancing activity in the mortgage activities. Despite the rising activity level, the refinancing activity in the first nine months of 2016 was, put together, lower than the level in the corresponding period in 2015. In 2016, Jyske Bank offers, for the third year, 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 nine months of 2015 than in the first nine months of 2016 as this period was generally characterised by a lower activity level.

Value adjustments amounted to DKK 549m against DKK 269m in the first nine months of 2015. In the third quarter of 2016, clients' transactions relating to interest-rate hedging had an effect of DKK 4m. This included a negative effect from falling market rates in the third quarter of 2016 and a positive effect due to the improved credit quality of the clients.

The first nine months of 2016 saw a positive effect of DKK 72m against a positive effect of DKK 232m for the same period last year. This year the negative effect from falling market rates was therefore offset by improved credit quality. In the first nine months of 2015, the development was to a predominant degree fuelled by the interest-rate development.

Falling interest rates also resulted in positive value adjustments of the bond holdings. The positive value adjustments must be seen in connection with the negative effect falling interest rates had on the net interest income.

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.

For the first nine months of 2016, other income was in line with that for the corresponding period of 2015. Compared with the second quarter of 2016, the third quarter of 2016 saw a decline by DKK 25m, which can be attributed to fluctuations in dividend received. In the second quarter of 2016, dividends of DKK 38m were received compared to DKK 5m in the third quarter of 2016.

In the first nine months of 2016, core expenses amounted to DKK 3,773m, corresponding to a reduction by 5% compared with the same period of 2015. This development was expected considering the lower number of employees and the lower payment to the Resolution Fund. In the first nine months of 2016, DKK 34m were recognised as an expense for the Resolution Fund against DKK 108m for the Guarantee Fund for Depositors and Investors in the first nine months of 2015 and DKK 20m to the Resolution Fund in the third quarter of 2015. In the first half of 2015, integration costs and costs for the closing of Jyske Bank Schweiz totalling DKK 30m were recognised.

Compared to the second quarter of 2016, core expenses rose in the third quarter of 2016 by DKK 45m. The increase can be attributed to the 1.8% payroll adjustment due to collective agreements as of 1 July 2016, recognition of higher expenses relating to Swipp in the amount of DKK 10m as well as costs relating to mortgage activities driven by the higher activity level.

The Group's impairment charges under core profit amounted to DKK 144m in the first nine months of 2016 against DKK 381m in the corresponding period of last year. For a more detailed description of impairment charges, please see page 10.



## Business volume and financial position

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm	Index								The year
	Q3 2016	Q3 2015	16 / 15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	2015
Loans and advances	410,328	380,545	108	410,328	406,910	410,591	396,176	380,545	396,176
- of which mortgage loans	275,267	242,355	114	275,267	267,568	257,909	249,467	242,355	249,467
- of which loans and advances, traditional loans and advances	93,984	95,706	98	93,984	96,454	93,811	93,215	95,706	93,215
- of which loans and advances, new home loans	13,917	14,209	98	13,917	11,369	11,220	11,968	14,209	11,968
- of which repo loans	27,160	28,275	96	27,160	31,519	47,651	41,526	28,275	41,526
Bonds and shares, etc.	88,868	78,836	113	88,868	76,771	80,933	76,527	78,836	76,527
Total assets	562,477	531,063	106	562,477	564,450	558,925	543,399	531,063	543,399
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- of which bank deposits	139,384	125,481	111	139,384	128,770	125,416	128,995	125,481	128,995
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Issued bonds at fair value	264,793	225,944	117	264,793	256,357	241,095	231,167	225,944	231,167
Issued bonds at amortised cost	50,564	52,556	96	50,564	45,674	47,510	48,226	52,556	48,226
Subordinated debt	2,134	1,354	158	2,134	2,146	1,357	1,354	1,354	1,354
Holders of hybrid core capital	1,471	0	-	1,471	0	0	0	0	0
Shareholders' equity	30,404	29,233	104	30,404	30,091	29,680	30,040	29,233	30,040

At the end of the third quarter of 2016, new home loans had been granted in the amount of DKK 73.9bn against DKK 68.0bn at the end of the second quarter of 2016. Today home loans have been granted in the amount of DKK 76.0bn. At the end of the third quarter of 2016, an amount of DKK 72.7bn, against DKK 57.0bn at the end of 2015, was recognised in the Group's balance sheet.

All sales channels report increasing activity and net increases. This development confirms that expectations of increases of at least DKK 18bn-20bn in 2016 are realistic. The objective is still to increase the Group's housing-related loans by DKK 100bn measured as from early 2014. In respect of corporate clients, the objective is that mortgage loans increase by DKK 20bn over a 5-year period. Since early 2014, the increase has been in the amount of DKK 11.2bn.

Traditional bank loans and advances had increased to DKK 94bn at the end of the third quarter of 2016 against DKK 93bn at the end of 2015. This development marked a breakaway from a trend over several years in sector with falling volumes of traditional bank loans and advances. The increase was broadly based across client segments. Compared to the end of the second quarter of 2016, traditional bank loans and advances had fallen by DKK 2bn. The decline can primarily be attributed to lower drawdown under commercial overdraft facilities.

At the end of the third quarter of 2016, bank deposits (exclusive of repo deposits) amounted to DKK 139bn, corresponding to an increase of DKK 10bn relative to the level at the end of 2015. The increase took place in the third quarter of 2016, and DKK 7bn out of DKK 10bn can be attributed to the use of tri-party transactions, which contrary to traditional repo transactions are included in bank deposits. The remaining DKK 3bn relate to an increase in deposits from corporate clients.

At the end of the third quarter of 2016, the business volume within asset management amounted to DKK 123bn against DKK 118bn at the end of 2015. Following the challenging start to the year, generally good returns were generated in the second and third quarters of 2016. Also, an inflow of additional funds affected the business volume positively.

At the end of the third quarter of 2016, shareholders' equity amounted to DKK 30.4bn 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 144m was recognised as an expense under loan impairment charges and provisions for guarantees against DKK 381m in the same period in 2015. In the statutory reporting format, an amount of DKK 394m 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 nine months of 2016, both corporate as well as personal clients saw improvement. The exception is agricultural clients, as particularly dairy and pig farmers are having problems due to high debts and low settlement prices for pig and, particularly, dairy products. Due to this, it is still necessary to make individual impairment charges for exposures to agricultural clients. For the first nine months of 2016, loan impairment charges relating to agricultural clients amounted to DKK 385m. Exclusive of agricultural clients, loan impairment charges resulted in a reversal in the amount of DKK 241m.

At the end of the third quarter of 2016, management's estimates amounted to DKK 547m, of which DKK 295m 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. DKK m	Q1-Q3	Q1-Q3	Index 16/15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	The year 2015
	2016	2015		2016	2016	2016	2015	2015	
Loans, advances and guarantees	426,124	394,199	108	426,124	422,554	424,423	410,030	394,199	410,030
Balance of loan impairment charges and provisions for guarantees	6,482	6,762	96	6,482	6,716	6,924	6,713	6,762	6,713
Individual impairment charges and provisions for guarantees	4,806	4,913	98	4,806	5,107	5,199	4,934	4,913	4,934
Collective impairment charges and provisions for guarantees	1,676	1,849	91	1,676	1,609	1,725	1,779	1,849	1,779
Value adjustments of acquired loans:									
Balance of discounts for acquired loans and advances, beginning of period	1,548	2,625	59	1,238	1,420	1,548	1,878	2,105	2,625
Other additions	0	46	-	0	0	0	0	0	46
Positive value adjustments (interest income)	250	704	36	91	97	62	321	203	1,025
Negative value adjustments (recognised as loss)	153	89	172	2	85	66	9	24	98
Balance of discounts for acquired loans and advances, end of period	1,145	1,878	61	1,145	1,238	1,420	1,548	1,878	1,548
Total balance for loan impairment charges and provisions for guarantees and balance of discounts for acquired loans and advances	7,627	8,640	88	7,627	7,954	8,344	8,261	8,640	8,261
Non-performing loans and guarantees:									
Loans and advances before impairment charges and provisions, inclusive of discounts	22,747	25,943	88	22,747	24,939	25,027	26,128	25,943	26,128
Impairment charges and provisions	6,048	6,161	98	6,048	6,290	6,491	6,233	6,161	6,233
Discounts on acquired loans	1,118	1,438	78	1,118	1,203	1,320	1,415	1,438	1,415
Loans, advances and guarantees after impairment charges	15,581	18,344	85	15,581	17,446	17,216	18,480	18,344	18,480
NPL ratio	3.6%	4.7%		3.6%	4.1%	4.1%	4.5%	4.7%	4.5%
NPL contribution ratio	31.5%	29.3%		31.5%	30.0%	31.2%	29.3%	29.3%	29.3%
Non-accrual loans and past due exposures	2,841	3,160	90	2,841	2,835	2,826	2,961	3,160	2,961
Operational loan impairment charges	394	1,085	36	168	-8	234	287	233	1,372
Operating loss	851	939	91	456	269	126	423	376	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	
	Q3 2016	Q4 2015	Q3 2016	Q4 2015	Q3 2016	Q4 2015
Dairy farmers	941	1,154	782	710	45%	38%
Pig farming	1,401	1,365	507	605	27%	31%
<b>Total</b>	<b>2,342</b>	<b>2,519</b>	<b>1,289</b>	<b>1,315</b>	<b>35%</b>	<b>34%</b>

At the end of the third quarter of 2016, the Jyske Bank Group's total impairment ratio for dairy farmers and pig farming amounted to 35% of loans, advances and guarantees against 34% at the end of 2015. For dairy farmers and pig farming, the impairment ratios were 45% and 27%, respectively. Settlement prices for milk were still at a very low level. On the other hand, at the end of the third quarter of 2016 settlement prices for pigs were 24% higher than prices at the end of 2015. In the first nine months of 2016, an amount of DKK 162m was recognised as losses relating to dairy farmers and an amount of DKK 198m was recognised as losses relating 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 third quarter 2016, loans and advances subject to forbearance amounted to 5.2% 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 third quarter 2016, non-performing loans and advances amounted to 3.6% against 4.5% at the end of 2015.

At the end of the third quarter 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 two exposures between 7.5% and 10% of the adjusted capital base.

## Investment portfolio earnings

INVESTMENT PORTFOLIO EARNINGS DKKm	Q1-Q3 2016	Q1-Q3 2015	Index 16/15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	The year 2015
Net interest income	326	495	66	105	107	114	133	122	628
Net fee and commission income	-3	-1	300	-1	-1	-1	-1	-1	-2
Value adjustments	-130	-212	61	157	-20	-267	22	-148	-190
Other income	29	11	264	3	10	16	2	2	13
<b>Income</b>	<b>222</b>	<b>293</b>	<b>76</b>	<b>264</b>	<b>96</b>	<b>-138</b>	<b>156</b>	<b>-25</b>	<b>449</b>
Expenses	21	5	420	6	8	7	4	1	9
<b>Investment portfolio earnings before loan impairment charges</b>	<b>201</b>	<b>288</b>	<b>70</b>	<b>258</b>	<b>88</b>	<b>-145</b>	<b>152</b>	<b>-26</b>	<b>440</b>
Loan impairment charges	0	0	-	0	0	0	0	0	0
<b>Investment portfolio earnings</b>	<b>201</b>	<b>288</b>	<b>70</b>	<b>258</b>	<b>88</b>	<b>-145</b>	<b>152</b>	<b>-26</b>	<b>440</b>

For the first nine months of 2016, investment portfolio earnings amounted to DKK 201m against DKK 288m for the corresponding period in 2015. The investment portfolio earnings for the third quarter alone amounted to DKK 258m.

The profit for the most recent quarter was positively affected by the holding of Danish mortgage bonds as well as, to a lesser degree, the bank's holding of securitisations. Value adjustments in the third quarter were affected positively by DKK 70m due to the holding of shares in Nordjyske Bank. For the year as a whole, value adjustments for the holding of shares in Nordjyske Bank amounted to DKK -89m.

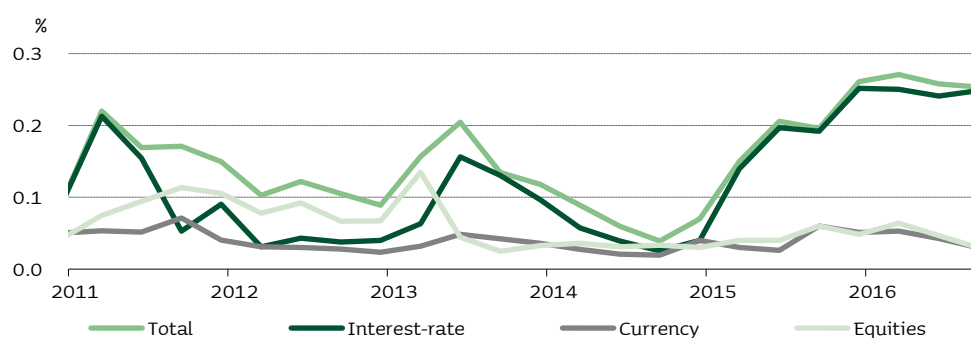
The lower net interest income relative to the first nine months of 2015 can primarily be attributed to smaller bond holdings.

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

### Market risk

At the end of the third quarter of 2016, the aggregate interest-rate, currency and equity-price risk – expressed as Value-at-Risk (VaR) – was calculated at DKK 75m (calculated with a time frame of one day and 99% probability), which is practically in line with the level at the end of 2015.

**Value-at-Risk as a percentage of equity**



The Group's portfolio of held-to-maturity bonds amounted to DKK 4.2bn against DKK 3.9bn at the end of 2015. The portfolio is still dominated by low-risk securities. At the end of the third quarter of 2016, the market value was DKK 111m 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 DKKm	Q1-Q3 2016	Q1-Q3 2015	Index 16/15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	The year 2015
Net interest income	2,648	2,757	96	838	886	924	1,036	952	3,793
Net fee and commission income	963	1,215	79	318	339	306	424	331	1,639
Value adjustments	507	396	128	160	153	194	94	-227	490
Other income	127	147	86	31	55	41	46	46	193
<b>Core income</b>	<b>4,245</b>	<b>4,515</b>	<b>94</b>	<b>1,347</b>	<b>1,433</b>	<b>1,465</b>	<b>1,600</b>	<b>1,102</b>	<b>6,115</b>
Core expenses	3,030	3,135	97	1,015	988	1,027	1,114	1,056	4,249
<b>Core profit before loan impairment charges</b>	<b>1,215</b>	<b>1,380</b>	<b>88</b>	<b>332</b>	<b>445</b>	<b>438</b>	<b>486</b>	<b>46</b>	<b>1,866</b>
Loan impairment charges	154	361	43	74	-125	205	-113	60	248
<b>Core profit</b>	<b>1,061</b>	<b>1,019</b>	<b>104</b>	<b>258</b>	<b>570</b>	<b>233</b>	<b>599</b>	<b>-14</b>	<b>1,618</b>
Investment portfolio earnings	157	236	67	236	57	-136	115	5	351
<b>Pre-tax profit</b>	<b>1,218</b>	<b>1,255</b>	<b>97</b>	<b>494</b>	<b>627</b>	<b>97</b>	<b>714</b>	<b>-9</b>	<b>1,969</b>

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm									
Loans and advances	120,573	125,098	96	120,573	125,036	138,822	133,028	125,098	133,028
- of which bank loans	93,413	96,823	96	93,413	93,517	91,171	91,502	96,823	91,502
- of which repo loans	27,160	28,275	96	27,160	31,519	47,651	41,526	28,275	41,526
Total assets	240,577	252,819	95	240,577	253,883	261,994	257,679	252,819	257,679
Deposits	152,164	138,531	110	152,164	147,495	143,223	144,670	138,531	144,670
- of which bank deposits	138,956	125,259	111	138,956	128,344	124,966	128,745	125,259	128,745
- of which repo deposits	13,208	13,272	100	13,208	19,151	18,257	15,925	13,272	15,925
Issued bonds	46,846	47,840	98	46,846	41,964	42,795	43,507	47,840	43,507

## Profit

The profit from banking activities amounted to DKK 1,218m against DKK 1,255m for the corresponding period in 2015. Due to positive value adjustments, falling costs and lower impairment charges, core profit turned out to be 4% better than that for the first nine months of 2015.

Net interest income for the first nine months of 2016 was 4% lower than that for the first nine months of 2015. Net interest income was favourably affected by the new home loans. Net interest income from these loans compensated to some extent for the falling interest rate margin and the moderate demand for traditional bank loans and advances. Also, deposits were adversely affected by the low interest-rate level. Holdings of high-yield bonds in the trading portfolio was reduced and affected the net interest income in the third quarter of 2016 by about DKK -20m compared to the second quarter of 2016. In the third quarter of 2016, a change was carried out relating to accrual of front-end fees. The change resulted in a one-off expense of about DKK 20m.

Net fee and commission income was considerably below the level for the first nine months 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. For the third year, Jyske Bank offers transfers of home loans without charging any fees. Net fee and commission income in the third quarter was in line with the second quarter of 2016, when allowing for the recognition in the second quarter of 2016 of an income of DKK 25m relating to the sale of VISA Europe.

Value adjustments amounted to DKK 507m against DKK 396m in the first nine months of 2015. In the third quarter of 2016, clients' transactions relating to interest-rate hedging had an effect of DKK 4m. This included a negative effect from falling market rates in the third quarter of 2016 and a positive effect due to the improved credit quality of the clients. The first nine months of 2016 saw a positive effect of DKK 72m against DKK 232m for the same period last year. This year the negative effect from falling market rates was offset by improved credit quality. In the first nine months of 2015, the development was to a predominant degree fuelled by the interest-rate development. Finally, falling interest rates resulted in positive value adjustments on bond portfolios.

As of 1 January 2016, new home loans are recognised at fair value at Jyske Bank.

For the first nine months of 2016, core expenses amounted to DKK 3,030m against DKK 3,135m 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. For the first nine months of 2016, expenses for the Resolution Fund amounted to DKK 22m against an expense to the Guarantee Fund for Depositors and Investors of DKK 108m and an expense for the Resolution Fund of 13m for the same period in 2015. In addition, in 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	Q1-Q3	Q1-Q3	Index 16/15						The year 2015
	2016	2015		Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	
Contribution income, etc. <sup>1</sup>	1,329	1,255	106	451	444	434	432	431	1,687
Other net interest income	-38	-32	119	-16	0	-22	-13	-18	-45
Net fee and commission income	128	173	74	66	27	35	83	60	256
Value adjustments	30	-138	119	10	4	16	18	-2	-120
Other income	41	25	164	14	15	12	14	13	39
<b>Core income</b>	<b>1,490</b>	<b>1,283</b>	<b>116</b>	<b>525</b>	<b>490</b>	<b>475</b>	<b>534</b>	<b>484</b>	<b>1,817</b>
Core expenses	620	697	89	219	198	203	211	225	908
<b>Core profit before loan impairment charges</b>	<b>870</b>	<b>586</b>	<b>148</b>	<b>306</b>	<b>292</b>	<b>272</b>	<b>323</b>	<b>259</b>	<b>909</b>
Loan impairment charges	-20	21	-	-1	16	-35	82	-27	103
<b>Core profit</b>	<b>890</b>	<b>565</b>	<b>158</b>	<b>307</b>	<b>276</b>	<b>307</b>	<b>241</b>	<b>286</b>	<b>806</b>
Investment portfolio earnings	44	52	85	22	31	-9	37	-31	89
<b>Pre-tax profit</b>	<b>934</b>	<b>617</b>	<b>151</b>	<b>329</b>	<b>307</b>	<b>298</b>	<b>278</b>	<b>255</b>	<b>895</b>

<sup>1</sup>Contribution 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	275,267	242,355	114	275,267	267,568	257,909	249,467	242,355	249,467
Total assets	304,664	263,175	116	304,664	293,633	280,687	269,794	263,175	269,794
Issued bonds	268,511	230,660	116	268,511	260,067	245,810	235,886	230,660	235,886

### Profit

The profit from mortgage activities amounted to DKK 934m against DKK 617m for the same period in 2015.

Contribution income, etc. was favourably affected by the increasing loan portfolio.

Other interest income was positively affected by falling interest expenses for supplementary capital as well as increasing interest income from other loans and advances, but negatively affected by the transfer of the banking activities to Jyske Bank in May 2015. The item consists primarily of interest expenses for supplementary capital incurred in relation to compliance with SDO and rating requirements (issued senior loans, etc.) as well as various interest income, among others, from other loans and advances.

In the first nine months of 2016, net fee and commission income amounted to DKK 128m against DKK 173m for the same period in 2015, which period was affected by an extraordinarily high level of refinancing activity in early 2015. The second and third quarters of 2016 saw high lending activity, which resulted in an increase in fee income in the third quarter, even though in 2016 BRFKredit offers a discount on fees in connection with transfers of home loans.

Value adjustments amounted to DKK 30m against DKK -138m in the corresponding period in 2015 and can primarily be attributed to value adjustments of core portfolios of bonds, etc. as well as BRFKredit's portfolio of equities. The negative value adjustments in the first nine months of 2015 related primarily to the sale of the banking activities in May 2015.

Core expenses fell by 11% and amounted to DKK 620m compared to DKK 697m in the first nine months of 2015. The decline can be attributed to falling payroll as well as administrative costs. The increase in core expenses in the third quarter of 2016 can primarily be attributed to higher expenses due to the increasing activity level.

In the first nine months of 2016, core profit before loan impairment charges and provisions for guarantees amounted to DKK 870m against DKK 586m for the corresponding period in 2015.

Total loan impairment charges and provisions for guarantees amounted to an income of DKK 20m against an expense of DKK 21m the first nine months of 2015

Investment portfolio earnings amounted to an income of DKK 44m against an income of DKK 52m in the corresponding period last year. BRFkredit's portfolio of securities is primarily placed in bonds with a short time to maturity and 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 nine months of 2016, mortgage loans rose to DKK 275.3bn from DKK 249.5bn at the end of 2015, corresponding to an increase of 10.3%.

The development can primarily be attributed to personal clients, but also in the corporate client segment the loan portfolio increased appreciably. In recent quarters, the activity level and the number of inquiries from clients increased.



## Leasing activities

SUMMARY OF INCOME STATEMENT DKKm	Q1-Q3 2016	Q1-Q3 2015	Index 16/15	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	The year 2015
Net interest income	352	339	104	120	118	114	112	113	451
Net fee and commission income	-61	-49	124	-21	-23	-17	-12	-19	-61
Value adjustments	12	11	109	0	12	0	0	0	11
Other income	10	8	125	3	3	4	-1	1	7
Income from operating lease (net)	71	68	104	21	28	22	25	22	93
<b>Core income</b>	<b>384</b>	<b>377</b>	<b>102</b>	<b>123</b>	<b>138</b>	<b>123</b>	<b>124</b>	<b>117</b>	<b>501</b>
Core expenses	123	121	102	41	44	38	44	40	165
<b>Core profit before loan impairment charges</b>	<b>261</b>	<b>256</b>	<b>102</b>	<b>82</b>	<b>94</b>	<b>85</b>	<b>80</b>	<b>77</b>	<b>336</b>
Loan impairment charges	10	-1	-	4	4	2	-3	-3	-4
<b>Pre-tax profit</b>	<b>251</b>	<b>257</b>	<b>98</b>	<b>78</b>	<b>90</b>	<b>83</b>	<b>83</b>	<b>80</b>	<b>340</b>

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKm									
Loans and advances	14,488	13,092	111	14,488	14,306	13,860	13,681	13,092	13,681
Total assets	17,236	15,069	114	17,236	16,934	16,244	15,926	15,069	15,926
Deposits	428	222	193	428	426	450	250	222	250

### Profit

The profit from leasing activities amounted to DKK 251m against DKK 257m for the corresponding period in 2015. The profit before impairment charges was DKK 5m higher than the level for 2015.

This profit is satisfactory and was achieved on the basis of a high activity level and the ensuing larger business volume.

Core income was 2% above the level for the same period in 2015. Core expenses rose by 2%.

Loan impairment charges and provisions for guarantees amounted to DKK 10m.

### Business volume

Thanks to satisfactory new sales, loans and advances rose by DKK 1,396m, corresponding to an increase of 11%. A positive development of the business volume is still expected for the coming period.

## Core profit and investment portfolio earnings

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

BREAKDOWN OF THE PERIOD'S PROFIT DKKm	Q1 - Q3 2016				Q1 - Q3 2015			
	Core profit	Investment portfolio earnings	Reclassification	Total	Core profit	Investment portfolio earnings	Reclassification	Total
Net interest income	4,291	326	240	4,857	4,319	495	838	5,652
Net fee and commission income	1,030	-3	0	1,027	1,339	-1	0	1,338
Value adjustments	549	-130	10	429	269	-212	-134	-77
Other income	178	29	0	207	180	11	0	191
Income from operating lease (net)	71	0	316	387	68	0	241	309
<b>Income</b>	<b>6,119</b>	<b>222</b>	<b>566</b>	<b>6,907</b>	<b>6,175</b>	<b>293</b>	<b>945</b>	<b>7,413</b>
Expenses	3,773	21	316	4,110	3,953	5	241	4,199
<b>Profit before loan impairment charges</b>	<b>2,346</b>	<b>201</b>	<b>250</b>	<b>2,797</b>	<b>2,222</b>	<b>288</b>	<b>704</b>	<b>3,214</b>
Loan impairment charges	144	0	250	394	381	0	704	1,085
<b>Pre-tax profit</b>	<b>2,202</b>	<b>201</b>	<b>0</b>	<b>2,403</b>	<b>1,841</b>	<b>288</b>	<b>0</b>	<b>2,129</b>

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, page 25.

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 250m (first nine months of 2015: DKK 704m) from impaired loans and advances taken over was reclassified from interest income to loan impairment charges.
- Expenses of DKK 10m (first nine months of 2015: income of DKK 134m) due to value adjustments relating to the balance principle at BRFKredit were reclassified from value adjustments to interest income.
- Depreciation and amortisation of DKK 316m (first nine months of 2015: DKK 241m) were 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 fixed 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 third quarter of 2016, Common Equity Tier 1 capital (CET1) amounted to DKK 28,931m and 89% of the capital base against DKK 28,403m and 94% at the end of 2015.

CAPITAL AND CORE CAPITAL RATIOS	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	End of 2015
Capital ratio (%)	17.8	17.0	16.7	17.0	16.9	17.0
Core capital ratio incl. hybrid capital (%)	17.1	16.2	16.3	16.5	16.3	16.5
Common Equity Tier 1 capital ratio (CET 1) (%)	15.9	15.8	15.9	16.1	15.8	16.1

The Jyske Bank Group's total weighted risk exposure amounted to DKK 182bn at the end of the third quarter 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 142bn, corresponding to 78% of the total weighted risk exposure. The increase in the weighted risk exposure with 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 and hybrid Tier 1 bond loans totalling DKK 1.5bn in the third 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. At the end of the third quarter of 2016, subordinated debt amounted to 1.9% of the capital base.

### Capital policy

The current share buy-back programme in the amount of DKK 1bn runs over the period 1 July to 31 December 2016. As at today's date, Jyske Bank has bought back 1,875,000 shares under the programme. Since 9 November 2015, a total of 4.75% of the share capital has been bought back.

It is the intention of the Supervisory Board, at the Annual General Meeting in March 2017, to propose a motion for the distribution of ordinary dividend in line with the dividend for the financial year 2015.

### Individual solvency requirement and capital buffer

At the end of the third quarter of 2016, the Jyske Bank Group calculated its individual solvency requirement to be 10.1% 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 third quarter of 2016.

Compared with the actual capital base of DKK 32.4bn, the capital buffer amounted at the end of the third quarter of 2016 to DKK 11.9bn, corresponding to 6.5%. At the end of 2015, the capital buffer was at DKK 10.9bn, corresponding to 6.2%. 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 third quarter of 2016, the Jyske Bank Group's liquidity buffer amounted to DKK 75bn against DKK 73bn at the end of 2015. The reserve consisted mainly of Danish mortgage bonds and covered bonds. DKK 66bn of the buffer is eligible at either 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 buffer will after a 12-month period amount to DKK 34bn and after a 24-month period to DKK 26bn.

LIQUIDITY RESERVE AND RUN-OFF						End of
DKKbn	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	2015
End of period	74.8	71.3	68.1	72.6	69.8	72.6
3 mths.	55.2	52.3	39.0	51.1	45.6	51.1
6 mths.	43.1	48.2	32.3	46.8	38.4	46.8
9 mths.	36.3	41.4	29.5	40.9	35.1	40.9
12 mths.	33.8	34.6	23.7	39.0	31.4	39.0

### Liquidity Coverage Ratio

On 30 September 2016, the Group's Liquidity Coverage Ratio was at 228% against 149% at the end of 2015. The Group's internal guideline points to a LCR for the Group of at least 150% compared to the statutory requirement of 100%.

### 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 consists of client deposits, which at the end of the third quarter 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 loan programmes

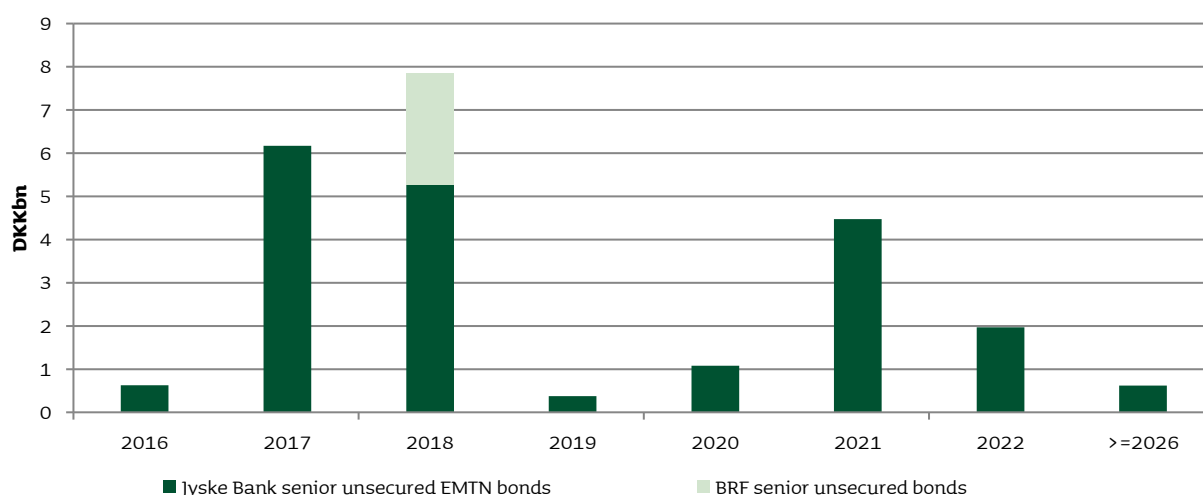
Under management of Jyske Bank, the Group has two international loan programmes: a French Commercial Paper ("CP") programme and a European Medium Term Note ("EMTN") programme. Both programmes target European capital market investors and increase the diversification of the Group's funding sources. At the end of the third quarter of 2016, the volume of bonds under the CP programme amounted to DKK 24.6bn against DKK 23.9bn at the end of 2015. At the end of the third quarter of 2016, issues of long-term senior debt under Jyske Bank's EMTN programme amounted to DKK 18.9bn against DKK 17.4bn at the end of 2015.

The very extensive stimulus package of the ECB launched in March 2016 in the form of increased purchases of bonds reduced the risk aversion characterising the first quarter and resulted in improvement of issue conditions. The positive market sentiment continued over the summer, and the credit spreads narrowed significantly over the third quarter. However, at the end of the quarter, the underlying geopolitical unrest increased a bit and the market sentiment became slightly more cautious. At the end of the third quarter the credit spread level is, however, still significantly lower than at the beginning of the year in respect of supplementary capital as well as senior and covered bonds (SDO).

In April 2016, the Group issued a 5-year fixed-rate senior bond in the amount of EUR 500m. The 5-year senior issue is the Group's first fixed-rate senior issue in a benchmark format. It is assessed that the Group's senior funding requirement has been met for 2016. Moreover, the Group awaits the FSA's announcement about minimum requirements for own funds and eligible liabilities (MREL) with a view to assessing the Group's future funding requirements at senior terms.

As part of the gradual adjustment of the Group's capital structure, the Group issued, in the second and third quarters, supplementary Tier 2 capital as well as hybrid Tier 1 (AT1) capital. In mid-May, the Group issued Tier 2 capital in the amount of SEK 1bn in the form of a 10-year bond with the possibility of early redemption after 5 years followed by SEK 1.25bn and DKK 500m AT1 capital in the course of September. The AT1 issue is perpetual and offers the possibility of early redemption after 5 years. Adjusted for cross-currency basis swaps, the investor return was, on the day of issue, practically identical for the two AT1 bonds.

The run-off profile for the Group's senior debt determined at the end of the third quarter of 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 third quarter of 2016, bought back EMTN issues with a shorter time to maturity in the amount of DKK 1.1bn.

### Refinancing in mortgage activities

The primary impact on the Group's liquidity profile from BRFkredit can be attributed to the 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 new 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 up a full benchmark curve for fixed-rate EUR covered bonds (SDO) over the coming years, and the next BRFkredit EUR covered bond (SDO) issue is anticipated to take place in either the fourth quarter of 2016 or in 2017.

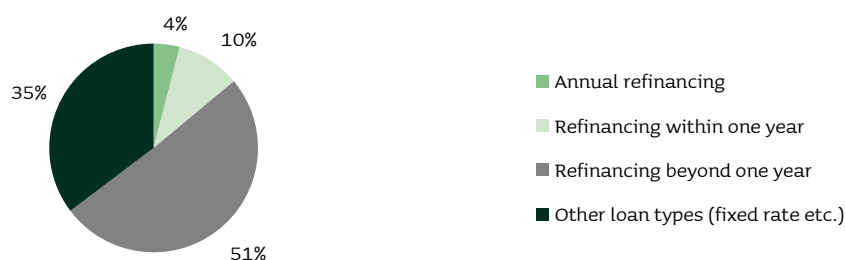
BRFkredit's issues in the EUR market are used for the funding of the joint-funding home loan products from Jyske Bank. The EUR issues form an important part in the reduction of the Group's re-financing risk, and hence they support the Group's growth strategy for home loans.

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
Jan. 2017	29.7	15.5	14.2	21.5	2.2	2.1	4.0
Apr. 2017	15.4	4.4	11.0	10.6	3.4	0.9	0.5
July 2017	15.0	15.0	0.0	0.0	0.0	0.0	15.0
Oct. 2017	16.3	10.3	6.0	5.7	1.7	3.3	5.6
2018	32.8	31.6	1.2	0.4	13.2	13.1	6.1
2019	31.3	31.3	0.0	4.3	8.8	11.6	6.6
2020	12.8	12.8	0.0	0.5	0.0	9.1	3.2
2021	10.1	10.1	0.0	3.7	0.0	5.4	1.0
2022	0.8	0.8	0.0	0.0	0.0	0.0	0.8
2023	6.9	6.9	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	0.8	0.8	0.0	0.0	0.0	0.0	0.8

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	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 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	-1%	-4%	-9%	-10%	-4%	-10%
Exposures to property administration and property transactions < 25% of total loans and advances	8%	8%	7%	7%	7%	7%
Stable funding < 1	0.60	0.65	0.65	0.63	0.67	0.63
Liquidity surplus > 50%	228%	194%	180%	204%	189%	204%

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

### The supervisory diamond for 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	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	End of 2015
<b>Concentration risk &lt; 100%</b>	65.0%	77.8%	84.5%	81.1%	77.8%	81.1%
<b>Increase in loans and advances &lt; 15% annually in the segment:</b>						
Owner-occupied homes and vacation homes	16.4%	20.3%	23.1%	27.4%	25.4%	27.4%
Residential rental property	9.4%	6.3%	8.0%	7.8%	5.8%	7.8%
Agriculture		-	-	-	-	-
Other sectors	6.0%	8.5%	6.6%	6.4%	4.3%	6.4%
<b>Borrower's interest-rate risk &lt; 25%</b>						
Residential property	25.4%	24.7%	23.9%	23.5%	24.0%	23.5%
<b>Interest-only schemes &lt; 10%</b>						
Owner-occupied homes and vacation homes	9.7%	10.1%	10.0%	10.5%	10.6%	10.5%
<b>Loans with frequent interest-rate fixing:</b>						
Refinancing (annually) < 25%	20.5%	21.9%	22.5%	22.4%	24.0%	22.4%
Refinancing (quarterly) < 12.5%	2.7%	0.0%	3.5%	15.7%	3.9%	15.7%

In the third quarter of 2016, BRFKredit a/s met the supervisory diamond's benchmarks for concentration risk, yearly and quarterly refinancing, interest-only schemes, 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. The benchmark for borrower's interest-rate risk was exceeded marginally. 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](http://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](http://www.brf.dk). BRFKredit's interim financial report for the first nine months of 2016, the Annual Report for 2015 and detailed financial information about BRFKredit are available on that website.

### Contact persons:

Anders Dam (+45 89 89 89 89)

Birger Krøgh Nielsen (+45 89 89 64 44)

## 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 September 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 September 2016 and also of their financial performance as well as the cash flows of the Group for the period 1 January to 30 September 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, 27 October 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			
		Q1-Q3 2016	Q1-Q3 2015	Q3 2016	Q3 2015
<b>INCOME STATEMENT</b>					
5	Interest income	<b>8,709</b>	10,174	<b>2,861</b>	3,249
6	Interest expenses	<b>3,852</b>	4,522	<b>1,264</b>	1,424
	<b>Net interest income</b>	<b>4,857</b>	5,652	<b>1,597</b>	1,825
7	Fees and commission income	<b>1,355</b>	1,640	<b>472</b>	464
	Fees and commission expenses	<b>328</b>	302	<b>110</b>	93
	<b>Net interest and fee income</b>	<b>5,884</b>	6,990	<b>1,959</b>	2,196
8	Value adjustments	<b>429</b>	-77	<b>319</b>	-399
9	Other income	<b>594</b>	500	<b>184</b>	169
10	Employee and administrative expenses	<b>3,729</b>	3,891	<b>1,257</b>	1,299
	Amortisation, depreciation and impairment charges	<b>381</b>	308	<b>136</b>	108
12	Loan impairment charges and provisions for guarantees	<b>394</b>	1,085	<b>168</b>	233
	<b>Pre-tax profit</b>	<b>2,403</b>	2,129	<b>901</b>	326
11	Tax	<b>489</b>	490	<b>180</b>	76
	<b>Net profit or loss for the period</b>	<b>1,914</b>	1,639	<b>721</b>	250
	Distributed to:				
	Jyske Bank A/S shareholders	<b>1,911</b>	1,639	<b>718</b>	250
	Holders of hybrid core capital	<b>3</b>	0	<b>3</b>	0
	Total	<b>1,914</b>	1,639	<b>721</b>	250
	<b>Earnings per share for the period</b>				
	Earnings per share for the period, DKK	<b>20.52</b>	17.26	<b>7.81</b>	2.63
	Earnings per share for the period, DKK, diluted	<b>20.52</b>	17.26	<b>7.81</b>	2.63
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
	Net profit or loss for the period	<b>1,914</b>	1,639	<b>721</b>	250
	Other comprehensive income:				
	Items that can be recycled to the income statement:				
	Foreign currency translation adjustment of international units	<b>-114</b>	110	<b>-23</b>	-60
	Hedge accounting of international units	<b>111</b>	-110	<b>23</b>	60
	Tax on hedge accounting	<b>-25</b>	26	<b>-6</b>	-14
	<b>Other comprehensive income after tax</b>	<b>-28</b>	26	<b>-6</b>	-14
	<b>Comprehensive income for the period</b>	<b>1,886</b>	1,665	<b>715</b>	236

## BALANCE SHEET

Note	DKKm	The Jyske Bank Group		
		30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
<b>BALANCE SHEET</b>				
<b>ASSETS</b>				
	Cash balance and demand deposits with central banks	2,021	2,825	10,752
	Due from credit institutions and central banks	11,913	20,858	14,154
13,14	Loans and advances at fair value	286,646	249,467	242,355
15	Loans and advances at amortised cost	123,682	146,709	138,190
	Bonds at fair value	80,336	68,597	70,240
	Bonds at amortised cost	4,211	3,884	4,623
	Shares, etc.	4,321	4,046	3,973
	Intangible assets	76	88	94
	Property, plant and equipment	4,726	4,360	4,083
	Tax assets	427	461	818
16	Other assets	44,118	42,104	41,781
	<b>Total assets</b>	<b>562,477</b>	<b>543,399</b>	<b>531,063</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Liabilities</b>				
	Due to credit institutions and central banks	10,690	39,211	31,947
17	Deposits	152,592	144,920	138,753
18	Issued bonds at fair value	264,793	231,167	225,944
	Issued bonds at amortised cost	50,564	48,226	52,556
19	Other liabilities	48,096	46,781	49,647
20	Provisions	1,733	1,700	1,629
21	Subordinated debt	2,134	1,354	1,354
	<b>Liabilities, total</b>	<b>530,602</b>	<b>513,359</b>	<b>501,830</b>
<b>Equity</b>				
	Share capital	950	950	950
	Revaluation reserve	499	499	380
	Currency translation reserve	-3	0	0
	Retained profit	28,958	28,092	27,903
	Proposed dividend	0	499	0
	Jyske Bank A/S shareholders	30,404	30,040	29,233
	Holder of hybrid core capital	1,471	0	0
	<b>Equity, total</b>	<b>31,875</b>	<b>30,040</b>	<b>29,233</b>
	<b>Equity and liabilities, total</b>	<b>562,477</b>	<b>543,399</b>	<b>531,063</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
	Guarantees, etc.	15,796	13,854	13,654
	Other contingent liabilities, etc.	23,355	17,745	17,354
22	<b>Total guarantees and other contingent liabilities</b>	<b>39,151</b>	<b>31,599</b>	<b>31,008</b>

## STATEMENT OF CHANGES IN EQUITY

The Jyske Bank  
Group

DKKm

	Share capital	Revaluation reserve	Currency translation reserve	Retained profit	Proposed dividend	Shareholders of Jyske Bank A/S	Hybrid core capital	Total equity
Equity at 1 January 2016	950	499	0	28,092	499	30,040	0	30,040
Net profit or loss for the period	0	0	0	1,911	0	1,911	3	1,914
Other comprehensive income:								
Foreign currency translation for international units	0	0	-114	0	0	-114	0	-114
Hedge of international units	0	0	111	0	0	111	0	111
Tax on other comprehensive income	0	0	0	-25	0	-25	0	-25
Other comprehensive income after tax	0	0	-3	-25	0	-28	0	-28
Comprehensive income for the period	0	0	-3	1,886	0	1,883	3	1,886
Hybrid core capital issue	0	0	0	0	0	0	1,476	1,476
Transaction costs	0	0	0	-15	0	-15	0	-15
Currency translation adjustment	0	0	0	8	0	8	-8	0
Tax	0	0	0	2	0	2	0	2
Dividends paid	0	0	0	0	-499	-499	0	-499
Dividends, own shares	0	0	0	5	0	5	0	5
Acquisition of own shares	0	0	0	-2,086	0	-2,086	0	-2,086
Sale of own shares	0	0	0	1,066	0	1,066	0	1,066
Transactions with owners	0	0	0	-1,020	-499	-1,519	1,468	-51
<b>Equity at 30 September 2016</b>	<b>950</b>	<b>499</b>	<b>-3</b>	<b>28,958</b>	<b>0</b>	<b>30,404</b>	<b>1,471</b>	<b>31,875</b>
Equity at 1 January 2015	950	380	0	26,231	0	27,561	0	27,561
Net profit or loss for the period	0	0	0	1,639	0	1,639	0	1,639
Other comprehensive income:								
Foreign currency translation for international units	0	0	110	0	0	110	0	110
Hedge of international units	0	0	-110	0	0	-110	0	-110
Tax on other comprehensive income	0	0	0	26	0	26	0	26
Other comprehensive income after tax	0	0	0	26	0	26	0	26
Comprehensive income for the period	0	0	0	1,665	0	1,665	0	1,665
Acquisition of own shares	0	0	0	-1,927	0	-1,927	0	-1,927
Sale of own shares	0	0	0	1,934	0	1,934	0	1,934
Transactions with owners	0	0	0	7	0	7	0	7
<b>Equity at 30 September 2015</b>	<b>950</b>	<b>380</b>	<b>0</b>	<b>27,903</b>	<b>0</b>	<b>29,233</b>	<b>0</b>	<b>29,233</b>

\*Hybrid core capital has no maturity. Payment of interest and repayment of principal are voluntary. Therefore hybrid core capital (additional Tier 1 Capital) is recognised as equity. In September 2016, Jyske Bank made an issue amounting to SEK 1.25bn and DKK 500m with the possibility of early redemption in September 2021 at the earliest. The interest rates applicable to the hybrid core capital until September 2021 are STIBOR+5.80% and CIBOR+5.30%, respectively. If the Common Equity Tier 1 capital of Jyske Bank A/S or the Jyske Bank Group falls below 7.125%, the loan will be written down.

## CAPITAL STATEMENT

DKKm	The Jyske Bank Group		
	30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
Shareholders' equity	30,404	30,040	29,233
Share buy-back programme, non-utilised limit	-569	-644	-500
Expected/proposed dividend	-383	-499	-500
Intangible assets	-76	-88	-94
Deferred tax liabilities relating to intangible assets	17	20	21
Prudent valuation	-388	-345	-314
Deferred tax assets	0	0	-53
Other deductions	-74	-81	-79
<b>Common Equity Tier 1 capital</b>	<b>28,931</b>	28,403	27,714
Additional Tier 1 Capital after reduction	2,246	907	907
Other deductions	-70	-98	-83
<b>Core capital</b>	<b>31,107</b>	29,212	28,538
Subordinated loan capital after reduction	1,300	403	405
Difference between expected loss and the carrying amount of impairment charges	216	665	722
Other deductions	-220	-192	-192
<b>Capital base</b>	<b>32,403</b>	30,088	29,473
Weighted risk exposure involving credit risk etc.	141,627	138,987	137,728
Weighted risk exposure involving market risk	23,228	21,110	20,318
Weighted risk exposure involving operational risk	17,032	16,807	16,807
<b>Total weighted risk exposure</b>	<b>181,887</b>	176,904	174,853
Capital requirement, Pillar I	14,551	14,152	13,988
Capital requirement, transitional provisions	3,512	2,708	2,528
<b>Capital requirement, total</b>	<b>18,063</b>	16,860	16,516
Capital ratio (%)	17.8	17.0	16.9
Core Tier 1 Capital ratio (%)	17.1	16.5	16.3
Common Equity Tier 1 capital ratio (%)	15.9	16.1	15.8

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). On 30 September 2016, the total weighted risk exposure according to Basel I amounted to DKK 282,228m 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 18,063m 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](http://www.jyskebank.dk/ir/kapitalforhold).

## SUMMARY OF CASH FLOW STATEMENT

DKKm	The Jyske Bank Group	
	Q1-Q3 2016	Q1-Q3 2015
<b>Net profit or loss for the period</b>	<b>1,914</b>	1,639
Adjustment for non-cash operating items and change in working capital	<b>-11,235</b>	-8,691
<b>Cash flows from operating activities</b>	<b>-9,321</b>	-7,052
Acquisition of property, plant and equipment	<b>-734</b>	-587
Acquisition of intangible assets	<b>0</b>	0
<b>Cash flows from investment activities</b>	<b>-734</b>	-587
Issue of subordinated debt	<b>792</b>	0
Hybrid core capital issue	<b>1,461</b>	0
Dividends distributed	<b>-494</b>	0
Acquisition of own shares	<b>-2,086</b>	-1,927
Sale of own shares	<b>1,066</b>	1,934
<b>Cash flows from financing activities</b>	<b>739</b>	7
<b>Cash flow for the period</b>	<b>-9,316</b>	-7,632
Cash and cash equivalents, beginning of period	<b>23,250</b>	32,527
<b>Cash and cash equivalents, end of period</b>	<b>13,394</b>	24,895
Cash and cash equivalents, end of period, comprise:		
Cash in hand, etc.	<b>2,021</b>	10,752
Due from credit institutions and central banks	<b>11,913</b>	14,143
<b>Cash and cash equivalents, end of period</b>	<b>13,394</b>	24,895

**1 Accounting Policies**

The Interim Financial Report for the period 1 January to 30 September 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 year, 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	<b>1,597</b>	1,647	1,613	2,052	1,825
Net fee and commission income	<b>362</b>	342	323	494	371
Value adjustments	<b>319</b>	154	-44	103	-399
Other income	<b>184</b>	216	194	179	169
<b>Income</b>	<b>2,462</b>	2,359	2,086	2,828	1,966
Expenses	<b>1,393</b>	1,343	1,374	1,466	1,407
<b>Profit or loss before loan impairment charges</b>	<b>1,069</b>	1,016	712	1,362	559
Loan impairment charges and provisions for guarantees	<b>168</b>	-8	234	287	233
<b>Pre-tax profit</b>	<b>901</b>	1,024	478	1,075	326
Tax	<b>180</b>	215	94	238	76
<b>Net profit or loss for the period</b>	<b>721</b>	809	384	837	250

**Financial ratios and key figures**

Pre-tax profit, per share (DKK)*	<b>9.8</b>	11.0	5.1	11.3	3.4
Earnings per share for the period (DKK)*	<b>7.8</b>	8.7	4.1	8.8	2.6
Earnings per share for the period (diluted) (DKK)*	<b>7.8</b>	8.7	4.1	8.8	2.6
Core profit per share (DKK)*	<b>7.0</b>	10.0	6.6	9.7	3.7
Share price at end of period (DKK)	<b>309</b>	253	296	312	369
Book value per share (DKK)*	<b>334</b>	326	316	317	308
Price/book value per share (DKK)*	<b>0.9</b>	0.8	0.9	1.0	1.2
Outstanding shares in circulation ('000)	<b>91,082</b>	92,431	93,881	94,669	95,000
Average number of shares in circulation ('000)	<b>91,851</b>	93,200	94,366	94,914	95,004
Capital ratio (%)	<b>17.8</b>	17.0	16.7	17.0	16.9
Core Tier 1 Capital ratio (%)	<b>17.1</b>	16.2	16.3	16.5	16.3
Common Equity Tier 1 capital ratio (%)	<b>15.9</b>	15.8	15.9	16.1	15.8
Pre-tax profit as a pct. of average equity	<b>3.0</b>	3.4	1.6	3.7	1.1
Profit for the period as a pct. of av. equity*	<b>2.4</b>	2.7	1.3	2.9	0.9
Income/cost ratio (%)	<b>1.6</b>	1.8	1.3	1.6	1.2
Interest-rate risk (%)	<b>0.2</b>	0.5	0.3	1.4	1.1
Currency risk (%)	<b>0.1</b>	0.1	0.1	0.1	0.1
Accumulated impairment ratio (%)	<b>1.5</b>	1.6	1.6	1.6	1.7
Impairment ratio for the period (%)	<b>0.0</b>	0.0	0.1	0.1	0.1
No. of full-time employees at end-period	<b>3,993</b>	3,977	4,013	4,021	4,102
Average number of full-time employees in the period	<b>3,985</b>	3,995	4,017	4,062	4,107

\*Financial ratios are calculated as if hybrid core capital is recognised as a liability.

## NOTES

Note	The Jyske Bank Group				
	DKKm				
4	<b>Segment information</b>	<b>Banking activities</b>	<b>Mortgage activities</b>	<b>Leasing activities</b>	<b>The Jyske Bank Group</b>
	<b>Q1 - Q3 2016</b>				
	Net interest income	2,648	1,291	352	4,291
	Net fee and commission income	963	128	-61	1,030
	Value adjustments	507	30	12	549
	Other income	127	41	10	178
	Income from operating lease (net)	0	0	71	71
	<b>Core income</b>	<b>4,245</b>	<b>1,490</b>	<b>384</b>	<b>6,119</b>
	Core expenses	3,030	620	123	3,773
	<b>Core profit before loan impairment charges and provisions for guarantees</b>	<b>1,215</b>	<b>870</b>	<b>261</b>	<b>2,346</b>
	Loan impairment charges and provisions for guarantees	154	-20	10	144
	<b>Core profit</b>	<b>1,061</b>	<b>890</b>	<b>251</b>	<b>2,202</b>
	Investment portfolio earnings	157	44	0	201
	<b>Pre-tax profit</b>	<b>1,218</b>	<b>934</b>	<b>251</b>	<b>2,403</b>
	Loans and advances	120,573	275,267	14,488	410,328
	- of which mortgage loans	0	275,267	0	275,267
	- of which bank loans	93,413	0	14,488	107,901
	- of which repo loans	27,160	0	0	27,160
	Total assets	240,577	304,664	17,236	562,477
	Deposits	152,164	0	428	152,592
	- of which bank deposits	138,956	0	428	139,384
	- of which repo deposits	13,208	0	0	13,208
	Issued bonds	46,846	268,511	0	315,357
	<b>Q1 - Q3 2015</b>				
	Net interest income	2,757	1,223	339	4,319
	Net fee and commission income	1,215	173	-49	1,339
	Value adjustments	396	-138	11	269
	Other income	147	25	8	180
	Income from operating lease (net)	0	0	68	68
	<b>Core income</b>	<b>4,515</b>	<b>1,283</b>	<b>377</b>	<b>6,175</b>
	Core expenses	3,135	697	121	3,953
	<b>Core profit before loan impairment charges and provisions for guarantees</b>	<b>1,380</b>	<b>586</b>	<b>256</b>	<b>2,222</b>
	Loan impairment charges and provisions for guarantees	361	21	-1	381
	<b>Core profit</b>	<b>1,019</b>	<b>565</b>	<b>257</b>	<b>1,841</b>
	Investment portfolio earnings	236	52	0	288
	<b>Pre-tax profit</b>	<b>1,255</b>	<b>617</b>	<b>257</b>	<b>2,129</b>
	Loans and advances	125,098	242,355	13,092	380,545
	- of which mortgage loans	0	242,355	0	242,355
	- of which bank loans	96,823	0	13,092	109,915
	- of which repo loans	28,275	0	0	28,275
	Total assets	252,819	263,175	15,069	531,063
	Deposits	138,531	0	222	138,753
	- of which bank deposits	125,259	0	222	125,481
	- of which repo deposits	13,272	0	0	13,272
	Issued bonds	47,840	230,660	0	278,500

Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 25 appear from page 18 in the Management's review.



## NOTES

Note	The Jyske Bank Group	
	Q1-Q3 2016	Q1-Q3 2015

DKKm

### 4 Segment information, cont.

Revenue by country	Revenue	Full-time employees, end of period	Revenue	Full-time employees, end of period
Denmark	10,447	3,891	12,109	3,979
Switzerland	0	1	46	22
Gibraltar	99	92	62	92
Germany	30	9	36	9
Spain	0	0	0	0
<b>Total</b>	<b>10,576</b>	<b>3,993</b>	<b>12,253</b>	<b>4,102</b>

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	
	Q1-Q3 2016	Q1-Q3 2015

### 5 Interest income

Due from credit institutions and central banks	10	-25
Loans and advances	6,699	7,894
Contribution	1,208	1,170
Bonds	1,008	1,364
Derivatives, total	107	209
Of which:		
Currency contracts	152	277
Interest-rate contracts	-45	-68
Other	1	8
<b>Interest income before offsetting of interest against own mortgage bonds</b>	<b>9,033</b>	<b>10,620</b>
Interest on own bonds, set off against interest on issued bonds	324	446
<b>Total</b>	<b>8,709</b>	<b>10,174</b>

### 6 Interest expenses

Due to credit institutions and central banks	20	-56
Deposits	135	274
Issued bonds	3,949	4,624
Subordinated debt	28	20
Other	44	106
<b>Interest expenses before offsetting of interest on own mortgage bonds</b>	<b>4,176</b>	<b>4,968</b>
Interest on own bonds, set off against interest on issued bonds	324	446
<b>Total</b>	<b>3,852</b>	<b>4,522</b>

## NOTES

Note	DKKm	The Jyske Bank Group	
		Q1-Q3 2016	Q1-Q3 2015
<b>7</b>	<b>Fees and commission income</b>		
	Securities trading and custody services	779	982
	Money transfers and card payments	166	135
	Loan application fees	207	223
	Guarantee commission	77	155
	Other fees and commissions	126	145
	<b>Total</b>	<b>1,355</b>	<b>1,640</b>
<b>8</b>	<b>Value adjustments</b>		
	Loans and advances at fair value	4,479	-3,772
	Bonds	511	-358
	Other investment securities	129	246
	Currency	296	270
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	-336	259
	Issued bonds	-4,667	3,803
	Other assets and liabilities	17	-525
	<b>Total</b>	<b>429</b>	<b>-77</b>
<b>9</b>	<b>Other income</b>		
	Income on real property	52	54
	Income from operating lease <sup>1</sup>	387	309
	Dividends, etc.	77	56
	Profit on investments in associates and group enterprises	5	5
	Other income	73	76
	<b>Total</b>	<b>594</b>	<b>500</b>

<sup>1</sup>) Expenses relating to operating lease affected the item Amortisation, depreciation and impairment charges in the amount of DKK 316m in the first nine months of 2016 against DKK 241m in the corresponding period of 2015.

## NOTES

Note	The Jyske Bank Group		
	Q1-Q3 2016	Q1-Q3 2015	
	DKKm		
10	<b>Employee and administrative expenses</b>		
	<b>Employee expenses</b>		
	Wages and salaries, etc.	1,773	1,825
	Pensions	239	241
	Social security	239	225
	<b>Total</b>	<b>2,251</b>	<b>2,291</b>
	<b>Salaries and remuneration to management bodies</b>		
	Executive Board <sup>1</sup>	22	22
	Supervisory Board	3	3
	Shareholders' Representatives	2	2
	<b>Total</b>	<b>27</b>	<b>27</b>
	<sup>1</sup> I The Executive Board had an average of 5.0 members in the first nine months of 2016 in line with the same period of 2015.		
	<b>Other administrative expenses</b>		
	IT	883	863
	Other operating expenses	172	136
	Other administrative expenses	396	574
	<b>Total</b>	<b>1,451</b>	<b>1,573</b>
	<b>Total</b>	<b>3,729</b>	<b>3,891</b>
11	<b>Effective tax rate</b>		
	Corporation tax rate in Denmark	22.0	23.5
	Non-taxable income and non-deductible expenses, etc.	-1.7	-0.5
	<b>Total</b>	<b>20.3</b>	<b>23.0</b>

## NOTES

Note	The Jyske Bank Group	
	Q1-Q3 2016	Q1-Q3 2015
	DKKm	
12	<b>Loan impairment charges and provisions for guarantees, incl. balance of discounts</b>	
	<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period</b>	
	<b>8,261</b>	8,985
	Currency translation adjustment	
	-2	0
	Loan impairment charges/provisions for the period	
	<b>253</b>	835
	Recognised as a loss, covered by impairment charges/provisions	
	<b>-567</b>	-538
	Other additions of discount for acquired loans	
	<b>0</b>	46
	Recognised losses covered by discounts for acquired loans	
	<b>-153</b>	-89
	Recognised discount for acquired loans	
	<b>-250</b>	-704
	Other movements	
	<b>85</b>	105
	<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period</b>	
	<b>7,627</b>	8,640
	Loan impairment charges	
	<b>5,949</b>	6,279
	Provisions for guarantees	
	<b>533</b>	483
	<b>Balance of loan impairment charges and provisions, end of period</b>	
	<b>6,482</b>	6,762
	Balance of discounts for acquired loans	
	<b>1,145</b>	1,878
	<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period</b>	
	<b>7,627</b>	8,640
	Loan impairment charges/provisions for the period	
	<b>253</b>	835
	Recognised as a loss, not covered by loan impairment charges/provisions	
	<b>284</b>	401
	Recoveries	
	<b>-143</b>	-151
	<b>Loan impairment charges and provisions for guarantees recognised in the income statement</b>	
	<b>394</b>	1,085
	Recognised discount for acquired loans	
	<b>250</b>	704
	<b>Net effect on income statement</b>	
	<b>144</b>	381
	<b>Individual loan impairment charges, beginning of period</b>	
	<b>4,551</b>	4,232
	Currency translation adjustment	
	-2	0
	Loan impairment charges for the period	
	<b>285</b>	733
	Recognised as a loss, covered by impairment charges/provisions	
	<b>-558</b>	-528
	Other movements	
	<b>64</b>	79
	<b>Individual loan impairment charges, end of period</b>	
	<b>4,340</b>	4,516
	<b>Individual provisions for loss on guarantees, beginning of period</b>	
	<b>383</b>	474
	Provisions for the period	
	<b>92</b>	-67
	Recognised as a loss, covered by provisions	
	<b>-9</b>	-10
	<b>Individual provisions for loss on guarantees, end of period</b>	
	<b>466</b>	397
	<b>Collective loan impairment charges, beginning of period</b>	
	<b>1,687</b>	1,570
	Loan impairment charges for the period	
	<b>-99</b>	167
	Other movements	
	<b>21</b>	26
	<b>Collective loan impairment charges, end of period</b>	
	<b>1,609</b>	1,763
	<b>Collective provisions for loss on guarantees, beginning of period</b>	
	<b>92</b>	84
	Provisions for the period	
	<b>-25</b>	2
	<b>Collective provisions for loss on guarantees, end of period</b>	
	<b>67</b>	86
	<b>Impairment charges on balances due from credit institutions</b>	
	<b>Individual impairment charges on balances due from credit institutions, beginning of period</b>	
	<b>15</b>	15
	Loan impairment charges for the period	
	<b>0</b>	0
	<b>Individual impairment charges on balances due from credit institutions, end of period</b>	
	<b>15</b>	15

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 Sept. 2016	31 Dec. 2015	30 Sept. 2015
13	<b>Loans and advances at fair value</b>			
	Mortgage loans, nominal value	267,829	246,518	238,387
	Adjustment for interest-rate risk, etc.	8,143	3,751	4,797
	Adjustment for credit risk <sup>1</sup>	-1,374	-1,412	-1,431
	<b>Mortgage loans at fair value, total</b>	<b>274,598</b>	248,857	241,753
	<b>Arrears and outlays, total</b>	<b>155</b>	58	46
	<b>Other loans and advances</b>	<b>11,893</b>	552	556
	<b>Loans and advances at fair value, total</b>	<b>286,646</b>	249,467	242,355
	<sup>1</sup> 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	<b>Loans and advances at fair value broken down by property category</b>			
	Owner-occupied homes	148,758	120,915	116,318
	Vacation homes	6,951	6,411	6,205
	Subsidised housing (rental housing)	48,450	45,351	44,299
	Cooperative Housing	15,350	14,815	14,632
	Private rental properties (rental housing)	31,599	28,334	27,387
	Industrial properties	1,366	1,389	1,447
	Office and business properties	31,023	29,362	29,257
	Agricultural properties	48	49	38
	Properties for social, cultural and educational purposes	3,022	2,783	2,714
	Other properties	79	58	58
	<b>Total</b>	<b>286,646</b>	249,467	242,355
15	<b>Loans and advances at amortised cost and guarantees broken down by sector</b>			
	Public authorities	5,450	6,740	6,964
	Agriculture, hunting, forestry, fishing	7,199	7,495	8,415
	Manufacturing, mining, etc.	8,390	7,048	6,958
	Energy supply	3,718	4,313	4,415
	Building and construction	3,627	3,077	3,094
	Commerce	9,452	8,405	8,876
	Transport, hotels and restaurants	4,077	3,695	3,850
	Information and communication	607	607	597
	Finance and insurance	34,485	48,338	36,114
	Real property	11,156	10,842	9,463
	Other sectors	6,338	6,780	6,753
	Corporates, total	89,049	100,600	88,535
	Personal clients, total	44,979	53,223	56,345
	<b>Total</b>	<b>139,478</b>	160,563	151,844

## NOTES

Note	DKKm	The Jyske Bank Group		
		30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
<b>16 Other assets</b>				
Positive fair value of derivatives		<b>36,115</b>	33,936	33,521
Assets in pooled deposits		<b>4,393</b>	4,435	4,457
Interest and commission receivable		<b>733</b>	678	853
Investments in associates		<b>343</b>	337	335
Assets held temporarily		<b>559</b>	519	559
Prepayments		<b>335</b>	300	344
Investment properties		<b>32</b>	32	27
Other assets		<b>1,608</b>	1,867	1,685
<b>Total</b>		<b>44,118</b>	42,104	41,781
<b>Netting</b>				
Positive fair value of derivatives, etc., gross		<b>44,716</b>	38,911	38,568
Netting of positive and negative fair value		<b>8,601</b>	4,975	5,047
<b>Total</b>		<b>36,115</b>	33,936	33,521
Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).				
<b>17 Deposits</b>				
Demand deposits		<b>102,064</b>	89,933	90,825
Term deposits		<b>2,729</b>	4,503	6,371
Time deposits		<b>36,176</b>	38,636	29,539
Special deposits		<b>7,298</b>	7,239	7,522
Pooled deposits		<b>4,325</b>	4,609	4,496
<b>Total</b>		<b>152,592</b>	144,920	138,753
<b>18 Issued bonds at fair value</b>				
Issued bonds at fair value, nominal value		<b>302,056</b>	306,339	265,229
Adjustment to fair value		<b>8,558</b>	4,291	4,643
Own mortgage bonds offset, fair value		<b>-45,821</b>	-79,463	-43,928
<b>Total</b>		<b>264,793</b>	231,167	225,944
<b>19 Other liabilities</b>				
Set-off entry of negative bond holdings in connection with repos / reverse repos		<b>3,978</b>	3,477	4,614
Negative fair value of derivatives, etc.		<b>35,787</b>	33,436	33,801
Interest and commission payable		<b>2,649</b>	2,983	3,171
Deferred income		<b>381</b>	340	331
Other liabilities		<b>5,301</b>	6,545	7,730
<b>Total</b>		<b>48,096</b>	46,781	49,647
<b>Netting</b>				
Negative fair value of derivatives, etc., gross		<b>44,388</b>	38,411	35,848
Netting of positive and negative fair value		<b>8,601</b>	4,975	5,047
<b>Total</b>		<b>35,787</b>	33,436	30,801
Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).				
<b>20 Provisions</b>				
Provisions for pensions and similar liabilities		<b>559</b>	538	521
Provisions for deferred tax		<b>466</b>	480	413
Provisions for guarantees		<b>533</b>	475	483
Other provisions		<b>175</b>	207	212
<b>Total</b>		<b>1,733</b>	1,700	1,629

## NOTES

Note	The Jyske Bank Group		
	30 Sept. 2016	31 Dec. 2015	30 Sept. 2015
DKKm			
<b>21 Subordinated debt</b>			
Supplementary capital:			
Var. % bond loan SEK 600m 19.05.2026	465	0	0
3.25% bond loan SEK 400m 19.05.2026	310	0	0
6.73% bond loan EUR 15m 2017-2026	112	112	112
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
	<b>1,110</b>	336	335
Hybrid core capital:			
Var. % bond loan EUR 72.7m Perpetual	542	541	541
Var. % bond loan EUR 60.7m Perpetual	452	452	452
	<b>994</b>	993	993
Subordinated debt, nominal	<b>2,104</b>	1,329	1,328
Hedging of interest-rate risk, fair value	<b>30</b>	25	26
<b>Total</b>	<b>2,134</b>	1,354	1,354
Subordinated debt included in the capital base	<b>2,063</b>	1,295	1,312
The above-mentioned 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.			
<b>22 Contingent liabilities</b>			
<b>Guarantees</b>			
Financial guarantees	<b>10,952</b>	9,098	8,739
Guarantee for losses on mortgage credits	<b>1,904</b>	2,105	2,172
Registration and refinancing guarantees	<b>995</b>	863	953
Other contingent liabilities	<b>1,945</b>	1,788	1,790
<b>Total</b>	<b>15,796</b>	13,854	13,654
<b>Other contingent liabilities</b>			
Irrevocable credit commitments	<b>23,289</b>	17,612	17,216
Other	<b>66</b>	133	138
<b>Total</b>	<b>23,355</b>	17,745	17,354

**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.

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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 clearing houses, etc. in connection with clearing and settlement of securities and currency transactions as well as tri-party repo transactions totalling a market value of DKK 12,243m (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 20,732m (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 third quarter of 2016, CVA and DVA amounted net to DKK 78m, 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 154.1bn at the end of the third quarter 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 56.5bn at the end of the third quarter 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 4.2bn and DKK 4.3bn, respectively, at the end of the third quarter 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 unrecognised unrealised loss of DKK 229m at the end of the third quarter of 2016 against a loss of DKK 257m at the end of 2015.

	30 September 2016		31 December 2015	
	Carrying amount	Fair Value	Carrying amount	Fair value
<b>FINANCIAL ASSETS</b>				
Cash balance and demand deposits with central banks	2,021	2,021	2,825	2,825
Due from credit institutions and central banks	11,913	11,913	20,858	20,858
Loans and advances at fair value	286,646	286,646	249,467	249,467
Loans and advances at amortised cost	123,682	123,780	146,709	146,755
Bonds at fair value	80,336	80,336	68,597	68,597
Bonds at amortised cost	4,211	4,322	3,884	4,029
Shares, etc.	4,321	4,321	4,046	4,046
Assets in pooled deposits	4,393	4,393	4,435	4,435
Derivatives	36,115	36,115	33,936	33,936
<b>Total</b>	<b>553,638</b>	<b>553,847</b>	534,757	534,948
<b>FINANCIAL LIABILITIES</b>				
Due to credit institutions and central banks	10,690	10,725	39,211	39,234
Deposits	148,267	148,293	140,311	140,370
Pooled deposits	4,325	4,325	4,609	4,609
Issued bonds at fair value	264,793	264,793	231,167	231,167
Issued bonds at amortised cost	50,564	51,309	48,226	48,925
Subordinated debt	2,134	1,766	1,354	1,021
Derivatives	35,787	35,787	33,436	33,436
<b>Total</b>	<b>516,560</b>	<b>516,998</b>	498,314	498,762

## NOTES

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
<b>30 September 2016</b>					
<b>Financial assets</b>					
Loans and advances at fair value	0	286,646	0	286,646	286,646
Bonds at fair value	65,868	14,468	0	80,336	80,336
Shares, etc.	2,485	0	1,836	4,321	4,321
Assets in pooled deposits	3,065	1,328	0	4,393	4,393
Derivatives	317	35,798	0	36,115	36,115
<b>Total</b>	<b>71,735</b>	<b>338,240</b>	<b>1,836</b>	<b>411,811</b>	<b>411,811</b>
<b>Financial liabilities</b>					
Pooled deposits	0	4,325	0	4,325	4,325
Issued bonds at fair value	251,581	13,212	0	264,793	264,793
Derivatives	287	35,500	0	35,787	35,787
<b>Total</b>	<b>251,868</b>	<b>53,037</b>	<b>0</b>	<b>304,905</b>	<b>304,905</b>
<b>31 December 2015</b>					
<b>Financial assets</b>					
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
<b>Total</b>	<b>53,333</b>	<b>305,354</b>	<b>1,794</b>	<b>360,481</b>	<b>360,481</b>
<b>Financial liabilities</b>					
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
<b>Total</b>	<b>222,417</b>	<b>46,795</b>	<b>0</b>	<b>269,212</b>	<b>269,212</b>

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 nine months of 2016, nor in 2015.

<b>NON-OBSERVABLE PRICES</b>	<b>Q1-Q3 2016</b>	<b>2015</b>
Fair value, beginning of period	<b>1,794</b>	1,631
Capital gain and loss for the period reflected in the income statement under value adjustments	<b>87</b>	79
Sales or redemptions	<b>61</b>	25
Purchases	<b>16</b>	109
<b>Fair value, end of period</b>	<b>1,836</b>	1,794

#### Non-observable prices

Non-observable prices at the end of the first nine months of 2016 referred to unlisted shares recognised at DKK 1,836m 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 can be referred to assets held at the end of the first nine months 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 559m (end of 2015: DKK 519m). Fair value belongs to the category of non-observable prices.

## NOTES

Note	The Jyske Bank Group									
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### 29 The Jyske Bank Group - overview

30 September 2016	Acti- vity*	Cur- rency	Share capital 1.000 units	Owner- ship share (%)	Voting share %	Assets (DKKm) end of 2015	Liabi- lities DKKm at the end of 2015	Equity DKKm, at the end of 2015	Ear- nings (DKKm) 2015	Profit, DKKm 2015
Jyske Bank A/S	a	DKK	950,400			309,928	279,888	30,040	6,655	2,476
<b>Consolidated subsidiaries</b>										
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	225,000	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	352	426	-74	20	-59

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	Jyske Bank		
DKKm	Q1-Q3 2016	Q1-Q3 2015	
<b>INCOME STATEMENT</b>			
3	Interest income	3,027	3,684
4	Interest expenses	339	510
	<b>Net interest income</b>	<b>2,688</b>	3,174
	Dividends, etc.	70	52
5	Fees and commission income	1,140	1,316
	Fees and commission expenses	103	101
	<b>Net interest and fee income</b>	<b>3,795</b>	4,441
6	Value adjustments	441	150
	Other operating income	144	157
	Employee and administrative expenses	2,946	2,841
	Amortisation, depreciation and impairment charges	49	44
	Other operating expenses	13	124
7,8	Loan impairment charges and provisions for guarantees	228	597
	Profit on investments in associates and group enterprises	1,008	781
	<b>Pre-tax profit</b>	<b>2,152</b>	1,923
	Tax	238	284
	<b>Net profit or loss for the period</b>	<b>1,914</b>	1,639
	Distributed to:		
	Jyske Bank A/S shareholders	1,911	1,639
	Holders of hybrid core capital	3	0
	Total	1,914	1,639
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
	Net profit or loss for the period	1,914	1,639
	Other comprehensive income:		
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	-114	110
	Hedge accounting of international units	111	-110
	Tax on hedge accounting	-25	26
	<b>Other comprehensive income after tax</b>	<b>-28</b>	26
	<b>Comprehensive income for the period</b>	<b>1,886</b>	1,665

Note	30 Sept. 2016	31 Dec. 2015	Jyske Bank 30 Sept. 2015
<b>BALANCE SHEET</b>			
<b>ASSETS</b>			
	1,881	2,443	7,635
Cash balance and demand deposits with central banks			
	12,927	16,593	14,365
Due from credit institutions and central banks			
8 Loans and advances at fair value	11,379	0	0
7,8 Loans and advances at amortised cost	125,276	148,093	139,098
Bonds at fair value	81,347	76,005	73,661
Bonds at amortised cost	5,615	5,296	6,038
Shares, etc.	4,028	3,765	3,683
Investments in associates	332	326	325
Equity investments in group enterprises	14,324	14,425	14,378
Assets in pooled deposits	4,393	4,435	4,457
Intangible assets	42	48	50
Owner-occupied properties	2,132	2,109	2,040
Other property, plant and equipment	111	84	74
Current tax assets	683	480	876
Deferred tax assets	0	0	3
Assets held temporarily	60	44	44
Other assets	37,033	35,704	35,173
Prepayments	94	78	109
<b>Total assets</b>	<b>301,657</b>	<b>309,928</b>	<b>302,009</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Debt and payables</b>			
	29,052	52,793	44,937
Due to credit institutions and central banks			
9 Deposits	142,995	135,284	129,446
Pooled deposits	4,325	4,609	4,496
Issued bonds at amortised cost	45,408	42,023	46,340
Other liabilities	44,652	42,664	45,079
Deferred income	19	19	17
<b>Total debt</b>	<b>266,451</b>	<b>277,392</b>	<b>270,315</b>
<b>Provisions</b>			
	528	506	491
Provisions for pensions and similar liabilities			
	30	29	0
Provisions for deferred tax			
	528	468	481
Provisions for guarantees			
	111	139	135
Other provisions			
<b>Provisions, total</b>	<b>1,197</b>	<b>1,142</b>	<b>1,107</b>
<b>Subordinated debt</b>	<b>2,134</b>	<b>1,354</b>	<b>1,354</b>
<b>Equity</b>			
	950	950	950
Share capital			
	381	381	325
Revaluation reserve			
	-3	0	0
Currency translation reserve			
	2,170	2,170	1,559
Reserve according to equity method			
	26,906	26,040	26,399
Retained profit			
	0	499	0
Proposed dividend			
Jyske Bank A/S shareholders	30,404	30,040	29,233
Holders of hybrid core capital	1,471	0	0
<b>Equity, total</b>	<b>31,875</b>	<b>30,040</b>	<b>29,233</b>
<b>Equity and liabilities, total</b>	<b>301,657</b>	<b>309,928</b>	<b>302,009</b>
<b>OFF-BALANCE SHEET ITEMS</b>			
	17,894	15,965	16,782
Guarantees, etc.			
	2,800	2,173	2,366
Other contingent liabilities			
<b>Total guarantees and other contingent liabilities</b>	<b>20,694</b>	<b>18,138</b>	<b>19,148</b>

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STATEMENT OF CHANGES IN EQUITY

	Share capital	Revaluation reserve	Currency translation reserve	Reserve according to the equity method	Retained profit	Proposed dividend	Shareholders of Jyske Bank A/S	Hybrid core capital	Total equity
Equity at 1 January 2016	950	381	0	2,170	26,040	499	30,040	0	30,040
Net profit or loss for the period	0	0	0	0	1,911	0	1,911	3	1,914
Other comprehensive income	0	0	-3	0	-25	0	-28	0	-28
Comprehensive income for the period	0	0	-3	0	1,886	0	1,883	3	1,886
Hybrid core capital issue	0	0	0	0	0	0	0	1,476	1,476
Transaction costs	0	0	0	0	-15	0	-15	0	-15
Currency translation adjustment	0	0	0	0	8	0	8	-8	0
Tax	0	0	0	0	2	0	2	0	2
Dividends paid	0	0	0	0	0	-499	-499	0	-499
Dividends, own shares	0	0	0	0	5	0	5	0	5
Acquisition of own shares	0	0	0	0	-2,086	0	-2,086	0	-2,086
Sale of own shares	0	0	0	0	1,066	0	1,066	0	1,066
Transactions with owners	0	0	0	0	-1,020	-499	-1,519	1,468	-51
<b>Equity 30 September 2016</b>	<b>950</b>	<b>381</b>	<b>-3</b>	<b>2,170</b>	<b>26,906</b>	<b>0</b>	<b>30,404</b>	<b>1,471</b>	<b>31,875</b>

Equity at 1 January 2015	950	325	0	1,559	24,727	0	27,561	0	27,561
Net profit or loss for the period	0	0	0	0	1,639	0	1,639	0	1,639
Other comprehensive income	0	0	0	0	26	0	26	0	26
Comprehensive income for the period	0	0	0	0	1,665	0	1,665	0	1,665
Acquisition of own shares	0	0	0	0	-1,927	0	-1,927	0	-1,927
Sale of own shares	0	0	0	0	1,934	0	1,934	0	1,934
Transactions with shareholders	0	0	0	0	7	0	7	0	7
<b>Equity 30 September 2015</b>	<b>950</b>	<b>325</b>	<b>0</b>	<b>1,559</b>	<b>26,399</b>	<b>0</b>	<b>29,233</b>	<b>0</b>	<b>29,233</b>

\*Hybrid core capital has no maturity. Payment of interest and repayment of principal are voluntary. Therefore hybrid core capital (additional Tier 1 Capital) is recognised as equity. In September 2016, Jyske Bank made an issue amounting to SEK 1.25bn and DKK 500m with the possibility of early redemption in September 2021 at the earliest. The interest rates applicable to the hybrid core capital until September 2021 are STIBOR+5.80% and CIBOR+5.30%, respectively. If the Common Equity Tier 1 capital of Jyske Bank A/S or the Jyske Bank Group falls below 7.125%, the loan will be written down.

DKKm	<b>30 Sept.</b>	31 Dec.	30 Sept.
	<b>2016</b>	2015	2015
<b>Jyske Bank</b>			
<b>CAPITAL STATEMENT</b>			
Shareholders' equity	<b>30,404</b>	30,040	29,233
Share buy-back programme, non-utilised limit	<b>-569</b>	-644	-500
Expected/proposed dividend	<b>-383</b>	-499	-500
Intangible assets	<b>-42</b>	-48	-50
Deferred tax liabilities relating to intangible assets	<b>9</b>	11	11
Prudent valuation	<b>-281</b>	-251	-242
Deferred tax assets	<b>0</b>	0	-3
Other deductions	<b>-74</b>	-81	-79
<b>Common Equity Tier 1 capital</b>	<b>29,064</b>	28,528	27,870
Additional Tier 1 Capital after reduction	<b>2,246</b>	907	907
Other deductions	<b>-70</b>	-98	-83
<b>Core capital</b>	<b>31,240</b>	29,337	28,694
Subordinated loan capital after reduction	<b>1,300</b>	403	405
Difference between expected loss and the carrying amount of impairment charges	<b>409</b>	418	430
Other deductions	<b>-220</b>	-192	-192
<b>Capital base</b>	<b>32,729</b>	29,966	29,337
Weighted risk exposure involving credit risk etc.	<b>97,544</b>	100,486	101,657
Weighted risk exposure involving market risk	<b>23,628</b>	22,955	21,025
Weighted risk exposure involving operational risk	<b>11,870</b>	11,829	11,829
<b>Total weighted risk exposure</b>	<b>133,042</b>	135,270	134,511
Capital requirement, Pillar I	<b>10,643</b>	10,822	10,761
Capital requirement, transitional provisions	<b>0</b>	0	0
<b>Capital requirement, total</b>	<b>10,643</b>	10,822	10,761
Capital ratio (%)	<b>24.6</b>	22.2	21.8
Core Tier 1 Capital ratio (%)	<b>23.5</b>	21.7	21.3
Common Equity Tier 1 capital ratio (%)	<b>21.8</b>	21.1	20.7

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). On 30 September 2016, the total weighted risk exposure according to Basel I amounted to DKK 164,185m 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 10,508m 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](http://www.jyskebank.dk/ir/kapitalforhold).



Note	Jyske Bank	
	Q1-Q3 2016	Q1-Q3 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 September 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*	9.5	9.3
Profit for the period as a pct. of av. equity*	6.3	5.8
Income/cost ratio (%)	1.7	1.5
Capital ratio (%)	24.6	21.8
Common Equity Tier 1 capital ratio (CET1 %)	21.8	20.7
Individual solvency requirement (%)	11.0	13.6
Capital base (DKKm)	32,729	29,337
Total risk exposure (DKKm)	133,042	134,511
Interest-rate risk (%)	-0.1	1.2
Currency risk (%)	0.1	0.1
Accumulated impairment ratio (%)	3.5	3.8
Impairment ratio for the period (%)	0.1	0.4
No. of full-time employees at end-period	3,007	3,082
Average number of full-time employees in the period	3,009	3,065

\*Financial ratios are calculated as if hybrid core capital is recognised as a liability.

**3 Interest income**

Due from credit institutions and central banks	6	-18
Loans and advances	2,159	2,696
Bonds	793	881
Derivatives, total	68	117
Of which currency contracts	152	277
Of which interest-rate contracts	-84	-160
Other	1	8
<b>Total</b>	<b>3,027</b>	<b>3,684</b>

Of which interest income on reverse repos carried under:

Due from credit institutions and central banks	-13	-25
Loans and advances	-67	-68

Note	Jyske Bank	
DKKm	Q1-Q3 2016	Q1-Q3 2015
<b>NOTES</b>		
<b>4 Interest expenses</b>		
Due to credit institutions and central banks	<b>29</b>	5
Deposits	<b>128</b>	249
Issued bonds	<b>154</b>	236
Subordinated debt	<b>28</b>	20
<b>Total</b>	<b>339</b>	510
Of which interest expenses on reverse repos carried under:		
Due to credit institutions and central banks	<b>-73</b>	-88
Deposits	<b>-45</b>	-58
<b>5 Fees and commission income</b>		
Securities trading and custody services	<b>637</b>	785
Money transfers and card payments	<b>128</b>	120
Loan application fees	<b>50</b>	57
Guarantee commission	<b>76</b>	152
Other fees and commissions	<b>249</b>	202
<b>Total</b>	<b>1,140</b>	1,316
<b>6 Value adjustments</b>		
Loans and advances at fair value	<b>82</b>	0
Bonds	<b>471</b>	-199
Shares, etc.	<b>108</b>	248
Currency	<b>284</b>	248
Currency, interest-rate, share, commodity and other contracts as well as other derivatives	<b>-460</b>	352
Assets in pooled deposits	<b>45</b>	-7
Pooled deposits	<b>-45</b>	7
Other assets	<b>40</b>	-527
Issued bonds	<b>-79</b>	25
Other liabilities	<b>-5</b>	3
<b>Total</b>	<b>441</b>	150

Note	Jyske Bank	
DKKm	Q1-Q3 2016	Q1-Q3 2015
<b>Notes</b>		
<b>7</b>	<b>Loan impairment charges and provisions for guarantees, incl. balance of discounts</b>	
<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period</b>	<b>6,703</b>	6,317
Loan impairment charges/provisions for the period	<b>98</b>	537
Recognised as a loss, covered by impairment charges/provisions	<b>-553</b>	-476
Discount for acquired loans in connection with business combinations	<b>0</b>	850
Recognised losses covered by discounts for acquired loans	<b>-152</b>	-44
Recognised discount for acquired loans	<b>-77</b>	-237
Other movements	<b>86</b>	106
<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period</b>	<b>6,105</b>	7,053
Loan impairment charges	<b>5,052</b>	5,595
Provisions for guarantees	<b>528</b>	481
<b>Balance of loan impairment charges and provisions, end of period</b>	<b>5,581</b>	6,076
Balance of discounts for acquired loans	<b>525</b>	977
<b>Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period</b>	<b>6,105</b>	7,053
Loan impairment charges/provisions for the period	<b>98</b>	537
Recognised as a loss, not covered by loan impairment charges/provisions	<b>217</b>	163
Recoveries	<b>-87</b>	-103
<b>Loan impairment charges and provisions for guarantees recognised in the income statement</b>	<b>228</b>	597
Recognised discount for acquired loans	<b>77</b>	237
<b>Net effect on income statement</b>	<b>151</b>	360
<b>Individual loan impairment charges, beginning of period</b>	<b>4,157</b>	3,892
Loan impairment charges for the period	<b>101</b>	668
Recognised as a loss, covered by impairment charges/provisions	<b>-544</b>	-465
Other movements	<b>65</b>	80
<b>Individual loan impairment charges, end of period</b>	<b>3,779</b>	4,175
<b>Individual provisions for loss on guarantees, beginning of period</b>	<b>377</b>	468
Provisions for the period	<b>94</b>	-64
Recognised as a loss, covered by provisions	<b>-9</b>	-11
<b>Individual provisions for loss on guarantees, end of period</b>	<b>462</b>	393
<b>Collective loan impairment charges, beginning of period</b>	<b>1,325</b>	1,465
Loan impairment charges for the period	<b>-72</b>	-71
Other movements	<b>21</b>	26
<b>Collective loan impairment charges, end of period</b>	<b>1,274</b>	1,420
<b>Collective provisions for loss on guarantees, beginning of period</b>	<b>91</b>	84
Provisions for the period	<b>-25</b>	4
<b>Collective provisions for loss on guarantees, end of period</b>	<b>66</b>	88
<b>Impairment charges on balances due from credit institutions</b>		
<b>Individual impairment charges on balances due from credit institutions, beginning of period</b>	<b>15</b>	15
Loan impairment charges for the period	<b>0</b>	0
<b>Individual impairment charges on balances due from credit institutions, end of period</b>	<b>15</b>	15

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

Note

Jyske Bank

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	
	30 Sept. 2016	End of 2015	30 Sept. 2016	End of 2015	30 Sept. 2016	End of 2015	Q1-Q3 2016	Q1-Q3 2015	Q1-Q3 2016	Q1-Q3 2015
	Public authorities	4	4	5,439	6,726	0	0	0	0	0
Agriculture, hunting, forestry, fishing	4	5	6,099	6,546	1,546	1,503	385	257	401	214
Fishing	1	1	1,343	1,624	4	4	0	0	0	1
Dairy farmers	0	1	836	1,016	781	709	203	117	162	128
Plant farming	1	1	1,618	1,591	131	75	56	17	4	3
Pig farming	1	1	1,289	1,237	507	605	81	96	198	76
Other agriculture	1	1	1,013	1,078	123	110	45	27	37	6
Manufacturing, mining, etc.	5	4	6,944	5,743	238	306	-54	47	21	47
Energy supply	2	3	3,536	4,156	32	32	-1	2	0	0
Building and construction	2	1	2,509	2,056	108	113	22	2	29	0
Commerce	5	4	7,780	6,992	199	262	-56	40	18	73
Transport, hotels and restaurants	2	1	2,477	2,098	121	130	-11	18	2	11
Information and communication	0	0	513	515	42	46	-6	18	0	1
Finance and insurance	31	38	48,486	63,659	788	924	-35	107	123	43
Real property	7	7	11,570	11,101	1,116	1,309	-173	-60	46	68
Lease of real property	5	5	7,737	8,038	898	1,020	-111	-49	33	47
Buying and selling of real property	0	1	1,331	1,058	0	114	0	3	0	18
Other real property	2	1	2,502	2,005	151	175	-12	-14	13	3
Other sectors	4	2	6,694	4,222	204	204	27	10	32	64
Corporate clients	62	65	96,608	107,088	4,394	4,829	98	441	672	521
Private individuals	34	31	52,502	50,244	1,187	1,121	130	156	98	118
<b>Total</b>	<b>100</b>	<b>100</b>	<b>154,549</b>	<b>164,058</b>	<b>5,581</b>	<b>5,950</b>	<b>228</b>	<b>597</b>	<b>770</b>	<b>639</b>

DKKm

30 Sept. 2016

31 Dec. 2015

Jyske Bank

30 Sept. 2015

Notes

9 **Deposits**

Demand deposits	97,094	85,329	86,375
Term deposits	2,729	4,504	6,371
Time deposits	35,874	38,213	29,178
Special deposits	7,298	7,238	7,522
<b>Total</b>	<b>142,995</b>	<b>135,284</b>	<b>129,446</b>