2013
Annual Report

JYSKE BANK

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Business Reg. No. 17 61 66 17
Prepress and printing: Jyske Bank

The Jyske Bank Group

SUMMARY OF INCOME STATEMENT DKKm	2013	2012	Index 13/12	2011	2010	2009
Net interest income	**5,018**	4,879	103	4,742	4,723	4,506
Dividends, etc.	**52**	30	173	28	23	35
Net fee and commission income	**1,729**	1,650	105	1,307	1,320	1,266
Net interest and fee income	**6,799**	6,559	104	6,077	6,066	5,807
Value adjustments	**541**	269	201	-31	431	873
Other operating income	**893**	676	132	634	380	338
Operating expenses, depreciation and amortisation	**4,791**	4,827	99	4,562	4,089	3,631
Loan impairment charges and provisions for guarantees	**1,147**	1,840	62	1,480	1,798	2,658
Profit on investments in associates and group enterprises	**6**	12	50	-7	22	-140
Pre-tax profit	**2,301**	849	271	631	1,012	589
Tax	**493**	254	194	115	248	124
Profit for the year	**1,808**	595	304	516	764	465
of which non-controlling interests	**1**	3	33	3	0	7

BALANCE SHEET, END OF PERIOD DKKm						
Loans and advances	**131,378**	118,554	111	124,494	114,023	110,592
- bank loans	**111,115**	105,947	105	108,546	105,742	104,282
- repo loans	**20,263**	12,607	161	15,948	8,281	6,310
Deposits	**131,424**	120,977	109	127,338	115,776	109,316
- bank deposits	**115,846**	97,432	119	101,164	93,437	93,620
- repo deposits	**10,175**	17,962	57	17,095	4,583	1,730
- pooled deposits	**5,403**	5,583	97	9,079	17,756	13,966
Issued bonds	**27,760**	34,921	79	37,482	45,383	50,301
Subordinated debt	**1,649**	2,742	60	2,720	3,257	3,252
Equity	**17,479**	15,642	112	13,846	13,352	12,523
Total assets	**262,004**	258,247	101	270,220	244,114	224,510

SELECTED DATA AND FINANCIAL RATIOS						
Pre-tax profit, per share (DKK)	**32.30**	12.17	-	9.77	15.65	10.92
Earnings per share (DKK)	**25.38**	8.48	-	7.95	11.82	8.49
Earnings per share (diluted) (DKK)	**25.38**	8.48	-	7.95	11.82	8.49
Core earnings per share (DKK)	**27.45**	4.96	-	7.07	16.58	13.04
Share price at end of period (DKK)	**293**	157	-	141	259	203
Book value per share (DKK)	**245**	220	-	214	206	193
Share price/book value per share (DKK)	**1.19**	0.71	-	0.66	1.26	1.05
Share price/earnings	**11.5**	18.5	-	17.7	21.9	23.9
Solvency ratio (%)	**16.0**	17.3	-	14.7	15.8	15.3
Core Tier 1 capital ratio incl. hybrid capital (%)	**15.9**	15.3	-	13.3	14.1	13.5
Core Tier 1 capital ratio (%)	**15.3**	14.2	-	12.1	12.5	11.9
Pre-tax profit as a pct. of av. equity	**13.9**	5.8	-	4.6	7.8	5.1
Net profit as a percentage of average equity	**10.9**	4.0	-	3.8	5.9	4.0
Income/cost ratio	**1.4**	1.1	-	1.1	1.2	1.1
Interest-rate risk (%)	**1.9**	1.1	-	1.0	1.5	2.0
Foreign-currency position (%)	**6.3**	6.4	-	6.5	7.3	10.5
Currency risk (%)	**0.1**	0.0	-	0.2	0.2	0.2
Excess liquidity (%)	**151.1**	127.1	-	98.3	179.8	172.3
Total large exposures (%)	**10.1**	0.0	-	0.0	32.5	26.7
Accumulated impairment ratio (%)	**3.1**	3.4	-	2.8	3.3	2.7
Impairment ratio for the year (%)	**0.8**	1.4	-	1.1	1.4	2.1
Increase in loans and advances for the year, excl. repo loans (%)	**4.9**	-2.4	-	2.7	1.4	-12.4
Loans and advances in relation to deposits	**1.0**	1.0	-	1.0	1.0	1.0
Loans and advances in relation to equity	**7.5**	7.6	-	9.0	8.5	8.8
Number of full-time employees at year-end	**3,774**	3,574	-	3,809	3,847	3,877

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority, cf. note 60. Comparable figures for 2009-2012 have been adjusted to new accounting policies, cf. note 59.

Summary

Pre-tax profit: DKK 2,301m (2012: DKK 849m).

Net interest and fee income under core earnings: DKK 6,427m (2012: DKK 6,143m).

Core earnings before loan impairment charges and provisions for guarantees: DKK 3,102m (2012: DKK 2,188m).

The pre-tax profit corresponded to an annualised return of 14.7% on opening equity (2012: 6.1%).

Solvency ratio: 16.0%, of which Tier 1: 15.9% (2012: 17.3% and 15.3%).

Individual solvency requirement: 9.8% (2012: 10.2%).

Total contribution to the Guarantee Fund, etc.: DKK 1,778m since Q4 2008, of which DKK 149m were paid in 2013 (2012: DKK 109m).

Loan impairment charges and provisions for guarantees under core earnings: DKK 1,147m. (2012: DKK 1,842m).

Core earnings: DKK 1,955m (2012: DKK 346m).

Earnings from investment portfolios net of funding costs: DKK 495m (2012: DKK 612m).

Fair value of the "held-to-maturity portfolio": DKK 302m higher than the carrying amount (2012: fair value DKK 345m above the carrying amount).

Liquidity reserve: DKK 50bn (2012: DKK 43bn).

At end-2013, the Jyske Bank Group's financial position is satisfactory.

The capital position of the Jyske Bank Group is robust, and the basis has been established so the Group is able to meet the new capital requirements that will be implemented over the coming years.

Thanks to its strong financial position and its position in the Danish banking market, the Jyske Bank Group did in 2013 continue its strategy based on organic growth supplemented with growth through acquisitions. Also, Jyske Bank made a number of strategic disposals so that throughout 2013, it optimized its business foundation, and currently it is well prepared for the opportunities and challenges to be seen over the coming years.

The year 2013

Economic trends

For several years, the Danish economy has been characterised by stagnation, and economic growth has been low. At this point in time, it seems that the year 2013 will turn out to be the year when the Danish economy moved out of the deadlock - even though only to a limited extent. Jyske Bank expects that 2014 will show relatively modest growth, yet nevertheless a situation where rising prices in the housing market in major urban areas, stabilisation of the labour market and the employment situation, and where continued growth in public investments may generate optimism that will lead to higher consumer spending and early growth in investments rather than strong consolidation and saving.

The Danish banking sector

The Danish banking sector is characterised by the following trends:

- For the fifth year in a row, loans and advances fell. In 2013 the fall came to 5%.
- In 2013 deposits increased slightly by 1%.
- Therefore the balance between deposits on the one hand and loans and advances on the other improved considerably.
- Pricing is under pressure due to competition and the wish to attract and retain clients and business volume.
- New capitial rules, run-off of subordinate capitial and increasingly stringent assessments of solvency requirements put pressure on the capital reserves of some banks.
- There are still banks that are subject to rigorous supervision by the FSA, and a number of banks are preparing plans for their capital resources.

Jyske Bank

Jyske Bank was established in 1967 and is domiciled in Silkeborg. The primary objective of Jyske Bank is to supply private clients and small and medium-sized enterprises with financial solutions. In Denmark, Jyske Bank operates from 104 private client branches, 34 corporate client branches and 9 private banking centres. Leasing activities relating to object financing are gathered at the subsidiary Jyske Finans.

Jyske Bank has international activities in the form of a branch in Hamburg and investment advisory services for international private clients in Zurich, Gibraltar, Cannes, Copenhagen and Weert (The Netherlands).

Jyske Bank is the third largest bank in the Danish market and the second largest Danish-owned bank. At end-2013, the Jyske Bank Group had about 740,000 clients, about 3,800 full-time employees, about 220,000 shareholders and equity amounting to DKK 17.5bn.

Strategy

Generally, Jyske Bank is driven by a strategy of differentiation supporting organic growth as well as growth through acquisitions. In recent years, limited economic growth, Jyske Bank's financial position and the challenges facing the banking sector have been factors causing growth through acquisitions to be more predominant.

Jyske Bank's strategy involves strategic partnerships in key areas, including life insurance products through PFA Pension, mortgage credit products through Nykredit/Totalkredit, BRFkredit and DLR kredit as well as payment cards via SEB. Similarly, Jyske Bank is member of Foreningen Bankdata, which delivers essential parts of Jyske Bank's IT development and IT solutions, and Jyske Bank's IT operations are performed at JN Data, a company of which Jyske Bank owns 50%.

Strategic acquisitions

Jyske Bank proceeds according to plans in respect of the acquired activities.

In 2013 the integration of the activities taken over in connection with the acquisition of Fjordbank Mors in 2011 was completed. At the time of the acquisition, the fair value of acquired loans and advances was determined at DKK 2.2bn and the fair value of deposits at DKK 3.5bn. According to the original plan, two successful IT conversions were completed in the second and fourth quarter of 2013, and since then the acquired activities have become an integrated part of Jyske Bank. The IT conversions are important landmarks in respect of realising the last synergies that will be reflected in the first half of 2014.

In January 2013, Jyske Bank took over Spar Lolland. Jyske Bank took over all assets and liabilities, except for share capital and subordinated loan capital. At the time of the acquisition, the fair value of acquired loans and advances was determined at DKK 6.3bn and the fair value of deposits at DKK 9.5bn. The integration is proceeding according to plan and will be completed with an

IT conversion planned for spring 2014, and therefore the last synergies will show their full impact in 2015.

Due to the takeover of Spar Lolland, Jyske Bank's client portfolio saw an increase of about 96,000 new clients.

In September 2011, Jyske Bank's subsidiary Jyske Finans A/S entered into an agreement with the Spar Nord Group to take over future new sales of leases from Finans Nord A/S as well as the administration of the existing leasing portfolio of Finans Nord A/S. At the same time, Jyske Finans bought the car- leasing company Finans Nord Easyfleet A/S. In 2013 two IT conversions relating to these activities were successfully completed, so now they form an integrated part of Jyske Finans A/S.

These acquisitions made positive contributions to Jyske Bank's results in 2013 and delivered expected and satisfactory results, which can primarily be attributed to the realisation of the client development and loan impairment charges and provisions for guarantees as assumed in connection with the takeover.

Strategic disposals
In 2013 three strategic divestments took place.

Jyske Bank's subsidiary Jyske Global Asset Management A/S entered into an agreement with the Canadian company ENR Asset Management Inc. about referral of the client portfolio against payment. The agreement took effect as of the fourth quarter of 2013.

ENR Asset Management Inc. will take over advisory services to the clients, but under the agreement Jyske Bank will still operate the accounts and custody accounts of the clients.

With effect from 1 July 2013, Jyske Bank sold its ownership interest in the Krone Kapital group. The agreement to sell Jyske Bank's ownership interest in the Krone Kapital group, which carries on lending and leasing activities, was made with Sparekassen Kronjylland.

Jyske Bank acquired its ownership interest in the Krone Kapital group in connection with the take-over of the activities of Spar Lolland.

The sale included 50% of the share capital in Krone Kapital A/S and 100% of the share capital in Krone Kapital III A/S.

On 10 December 2013, it was announced that Jyske Bank had sold all its shares in the subsidiary Silkeborg Data A/S to the Danish capital fund Axcel.

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

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

The sale of Silkeborg Data is expected to have a positive impact on Jyske Bank's earnings of just above DKK 300m after tax in the first quarter of 2014.

Product development
At end-2013, Jyske Bank launched five new mortgage loans, which are all offered at a competitive interest rate, low costs and they are easily cancelled or refinanced. The products were developed to ensure that Jyske Bank's product range is competitive, and the strong liquidity and funding opportunities of the bank enabled it to offer such mortgage financing.

The initial reactions from clients were very satisfactory, and it is expected that the products will give the most important contribution to organic growth in Jyske Bank in 2014.

Strategic cooperation with BRFkredit
In 2012, Jyske Bank and BRFkredit signed an agreement offering Jyske Bank access to funding of mortgage products through the issue of covered bonds via BRFkredit.

The cooperation continued in a satisfactory manner in 2013, and thanks to this cooperation, Jyske Bank has obtained attractive and flexible access to funding of the bank's mortgage lending.

At end-2013, financing via BRFkredit amounted to DKK 4.7bn through issues with a time to maturity between 5 and 30 years.

Restructuring of the Danish branch network

Due to the ambition to increase focus on establishing and meeting the clients' needs in a market characterised by keen competition, it was decided to change the organisation of the Danish branch network. So far the organisation has been based on geographical criteria, but in future it will be based on three general client segments that each will form the basis of a business area: private clients, corporate clients and private-banking clients.

Private clients will see that Jyske Bank still has local representation while at the same time strengthening advisory services to individual clients. Moreover, Jyske Bank works to introduce new and improved online solutions and it focuses on the ambition to offer the broadest and most competitive mortgage products in Denmark.

In respect of corporate clients, competencies will be concentrated in fewer, but stronger corporate client branches where advisers will focus on only business enterprises while at the same time being part of a competent team that can call on specialists.

Private banking clients will still bank with their local branches. Moreover, one or more specialists at Jyske Bank's nine private banking centres time will be assigned to each client. They contribute tailor-made wealth and investment advice to optimise the client's financial potential.

A strong basis has been established for the future efforts in the new structure. Over the past five years, the corporate client area has grown by 43% as the market share grew from 8.1% to 11.6% in terms of the number of clients, and also client satisfaction has increased over the period. Also in respect of private clients, the market share continued to grow, and the most recent client satisfaction survey (conducted by the research institute Aalund) shows that Jyske Bank is among the highest ranking banks in Denmark. Private banking also seeing an increased influx of clients, and it is expected that this will increase further due to new initiatives aimed at clients.

Profit for the year

The Jyske Bank Group realised a pre-tax profit of DKK 2,301m. Calculated tax amounted to DKK 493m, and after tax the profit amounted to DKK 1,808m. The pre-tax profit corresponded to a return of 14.7% on opening equity against 6.1% in 2012.

This is the best profit since 2006 and is considered satisfactory.

Core earnings representing the Group's earnings on client-related activities amounted to DKK 1,955m against DKK 346m in 2012. Core earnings are calculated exclusive of the contribution to the Guarantee Fund, etc., which amounted to DKK 149m against DKK 109m in 2012.

Earnings from investment portfolios representing the Group's return on its own securities portfolio after funding costs amounted to DKK 495m against DKK 612m in 2012.

Profit for the year DKKm	**2013**	**2012**
Net interest income	4,655	4,471
Dividends, etc.	41	20
Net fee and commission income	1,731	1,652
Net interest and fee income	**6,427**	**6,143**
Value adjustments	410	66
Other operating income	514	370
Income from operating lease (net)	65	58
Gross earnings	**7,416**	**6,637**
Operating expenses, depreciation and amortisation	4,320	4,461
Profit from equity investments	6	12
Core earnings before loan impairment charges and provisions for guarantees	**3,102**	**2,188**
Loan impairment charges and provisions for guarantees	1,147	1,842
Core earnings	**1,955**	**346**
Earnings from investment portfolios	495	612
Profit before contribution to the Guarantee Fund, etc.	**2,450**	**958**
The Guarantee Fund, etc.	-149	-109
Pre-tax profit	**2,301**	**849**
Tax	493	254
Profit for the year	**1,808**	**595**

Business volume and financial position

Jyske Bank generated satisfactory organic growth as it saw a net influx of more than 12,000 clients. Jyske Bank saw an increase in corporate as well as personal clients. In addition, as a result of the acquisitions of activities, the Group now has a total of about 740,000 clients.

Due to the weak economic development in 2013, the sector as a whole saw a decline in lending of 5% and deposits rose by 1%. This was the fifth year in succession that the sector saw falling lending. In 2013, the Jyske Bank Group saw increases in lending of DKK 5bn and in deposits of DKK 18bn, corresponding to 5% and 19%, respectively. Exclusive of the acquired activities from Spar Lolland, lending was at an unchanged level and deposits increased by 9%.

Extracts from the balance sheet		
DKKm	**2013**	**2012**
Loans and advances	131,378	118,554
of which bank loans	*111,115*	*105,947*
Bonds at fair value	57,754	57,554
Bonds at amortised cost	14,794	18,738
Total assets	262,004	258,247
Deposits	131,424	120,977
of which bank deposits	*115,846*	*97,432*
of which pooled deposits	*5,403*	*5,583*
Issued bonds	27,760	34,921
Equity	17,479	15,642

The business volume within asset management, including the Group's private-banking activities, investment pools and portfolio management rose to DKK 84bn at end-2013 as compared to DKK 82bn at year-end 2012.

Assets under management		
DKKbn	**2013**	**2012**
Private banking activities	24	28
Assets in pooled deposits	5	6
Portfolio management	55	48
Total	**84**	**82**

The year 2013 – like 2012 – saw a positive development in respect of portfolio products under asset-management agreements. The inflow of new funds and the favourable development in the financial markets had a positive effect. On the other hand, the general slowdown in international private banking activities resulted in a decline in assets under management.

Jyske Bank sells investment certificates from a number of investment associations. At end-2013, the total holdings of investment certificates of Jyske Bank's clients amounted to DKK 70bn against DKK 67bn at end-2012.

At end-2013, assets under management by Jyske Invest, of which Jyske Bank is the custodian bank, amounted to DKK 60bn, which is practically unchanged compared to the level at end-2012. Increases in market value were offset by dividend distributed to the members and net outflow of invested funds.

Following the consolidation for the year, the Jyske Bank Group's equity came to DKK 17.5bn at the end of the year, and the capital base amounted to DKK 17.8bn. The capital structure is robust with a solvency ratio of 16.0% and a Core Tier 1 capital ratio excluding hybrid core capital of 15.3%.

At the end of the year, the Jyske Bank group calculated its individual solvency requirement at 9.8% against 10.2% at end-2012.

On the whole, the Jyske Bank Group's financial position is satisfactory.

Subsidiaries of the Jyske Bank Group

In 2013, Jyske Finans and Silkeborg Data, the two largest Danish subsidiaries, maintained and expanded their strong market positions in the leasing market and in the market for payroll solutions to the public sector, respectively. The year 2013 was a positive year for the two companies. In 2013, Jyske Finans generated a pre-tax profit of DKK 266m against DKK 188m in 2012, and in 2013 Silkeborg Data generated a pre-tax profit of DKK 30m against DKK 48m in 2012.

The profit generated by Jyske Bank's foreign subsidiaries, Jyske Bank (Gibraltar), Jyske Bank (Schweiz) and Berben's Effectenkantoor (Holland), was in 2013 still affected by the general international slowdown in private banking activities and the continued low interest rate level. On the whole, in 2013 the subsidiaries generated a breakeven result against a pre-tax profit DKK 184m in 2012.

Core earnings before loan impairment charges and provisions for guarantees

Core earnings before loan impairment charges and provisions for guarantees amounted to DKK 3,102m against DKK 2,188m for 2012. Core earnings are calculated exclusive of the contributions to the Guarantee Fund, etc.

Core earnings DKKm	**2013**	**2012**
Net interest income	4,655	4,471
Dividends, etc.	41	20
Net fee and commission income	1,731	1,652
Net interest and fee income	**6,427**	**6,143**
Value adjustments	410	66
Other operating income	514	370
Income from operating lease (net)	65	58
Gross earnings	**7,416**	**6,637**
Operating expenses, depreciation and amortisation	4,320	4,461
Profit from equity investments	6	12
Core earnings before loan impairment charges and provisions for guarantees	**3,102**	**2,188**
Loan impairment charges and provisions for guarantees	1,147	1,842
Core earnings	**1,955**	**346**

Net interest income under core earnings amounted to DKK 4,655m, up by 4%. Net interest income was favourably affected by DKK 217m as discounts relating to loans and advances taken over were recognised as income. In 2012, this effect amounted to DKK 58m. In addition, the low interest rate level, the slow development in lending due to the economic trends, the general pressure on the interest rate margins and the lower reinvestment rates in the liquidity portfolio put a damper on the development of net interest income.

Net fee income and other operating income rose by 11% to DKK 2,245m against DKK 2,022m in 2012. In addition to the effect from the acquired activities, fee income was favourably affected by increasing activities in the investment area and an increase in performance-related commissions following the favourable trends in the financial markets.

Fee and commission income DKKm	**2013**	**2012**
Securities trading and custody services	1,022	918
Money transfers and card payments	159	135
Loan management fees	198	175
Guarantee commission	360	293
Other fees and commissions	241	296
Total	**1,980**	**1,817**

Under Other operating income, DKK 97m was recognised as income from bargain business acquisitions. In addition to this, income in the amount of DKK 20m was recognised relating to sold activities (Jyske Global Asset Management and the Krone Kapital group) and a reversal of provisions of DKK 40m relating to the takeover of Spar Lolland.

Value adjustments under core earnings amounted to DKK 410m against DKK 66m in 2012. In 2012, value adjustments were favoured by a considerable fall in interest rates, which in 2013 was followed by a minor increase in interest rates. Moreover, value adjustments were adversely affected by the holding of bonds with high coupon rates in the liquidity portfolio. The rising long-term market rates also had a favourable effect on transactions relating to clients' interest-rate hedging where the unrealised losses on such client transactions affected Jyske Bank's credit risk. Jyske Bank recognises possible credit losses at the fair value of the transactions, and due to the rising interest-rate levels the year 2013 saw a positive value adjustment of DKK 249m.

Operating expenses, depreciation and amortisation, exclusive of costs for operating leasing, amounted to DKK 4,320m against DKK 4,461m in 2012. Exclusive of expenses relating to the takeover and integration of activities from Spar Lolland, expenses amount to DKK 4.0bn in line with the expectations of a range of DKK 4.0-4.1bn published in connection with the financial statements for 2012.

Due to the transfer of Jyske Bank's IT development to Bankdata in 2012, IT expenses rose by 22%. On the other hand, there was a decrease in employee expenses due to the transfer of employees from Jyske Bank to Bankdata.

Operating expenses, depreciation and amortisation DKKm	**2013**	**2012**
Employee expenses	2,617	2,571
IT	973	797
Rent, etc.	138	106
Amortisation, depreciation and impairment	76	76
Goodwill write-off	0	216
Other operating expenses	516	695
Total	**4,320**	**4,461**

The number of employees rose by 200 in 2013, which can be attributed to the fact that Jyske Bank took over 230 employees in connection with the acquisition of Spar Lolland.

For 2013, payroll tax amounted to DKK 191m against DKK 188m in 2012.

Loan impairment charges and provisions for guarantees

For 2012, net loan impairment charges and provisions for guarantees in the amount of DKK 1,147m were recognised as an expense under core earnings against DKK 1,842m in 2012. Loan impairment charges and provisions for guarantees for the year are to be viewed in connection with the discounts relating to acquired loans and advances recognised as income in the amount of DKK 217m under Net interest income. Hence the loan impairment charges and provisions for guarantees were lower than in 2012, which should also be viewed in the light of the implementation of the FSA's more stringent guidelines for loan impairment charges and provisions for guarantees in 2012.

The development of losses was as expected, and Jyske Bank recognised as losses DKK 1,331m against DKK 1,227m in 2012.

The Group's balance of loan impairment charges and provisions for guarantees amounted to 3.1% of loans, advances and guarantees at the end of the year against 3.4% at end-2012.

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

DKKm	**2013**	**2012**
Loans, advances and guarantees	145,497	130,852
Non-performing loans and past due exposures	1,780	1,917
Loans and advances assessed individually:		
Loans and advances with OEI before loan impairment charges	10,749	9,442
Impaired loans and advances before impairment charges and provisions for guarantees	7,781	6,565
Impairment charges	3,386	3,181
Impaired loans and advances after impairment charges and provisions for guarantees	4,395	3,384
Balance of loan impairment charges, total	4,693	4,661
Balance of individual impairment charges	3,750	3,608
Balance of collective impairment charges	943	1,053
Loan impairment charges and provisions for guarantees	1,132	1,840
Impairment charges on balances due from credit institutions	15	0
Losses	1,331	1,227

Due to rising GDP growth and increasing exports. the portfolio of corporate clients saw improvement. It is, however, expected that the low household spending will challenge Danish enterprises. On that basis, it is expected that the credit quality of the portfolio of corporate clients will improve slightly in 2014. Agriculture is still facing challenges, but the impairment charges in 2013 were lower than in the preceding year.

Personal clients have generally weathered the crisis well. Due to the low consumer spending and the low interest rates, the financial situation of the households is generally good. Increasing savings improved the credit quality of the clients and resulted in lower impairment charges on personal clients in 2013. As it seems that the unemployment rate and interest rates will remain at the same levels as in 2013, and house prices in the large urban areas will still increase, it is to be expected that the credit quality of the personal clients will remain good in 2014.

In December 2013, the FSA submitted for consultation new guidelines for Appendix 10 of the Danish Executive Order on the Presentation of Financial Statements. It is assessed that the new guidelines will not have any financial consequences for Jyske Bank as, in essence, the Group already meets the new guidelines in all important respects.

At the end of the year, the Jyske Bank Group had registered collateral totalling DKK 75.8bn against DKK 68.9bn at end-2012, and measured in relation to loans, advances and guarantees, the value of the collateral was in line with the level at end-2012. The underlying changes can be attributed to the takeover of Spar Lolland, slightly increasing house prices and the fact that Jyske Bank now offers mortgage financing.

Loans and advances with objective evidence of impairment (OEI) cover loans and advances in connection with which financial challenges have occurred and been demonstrated, and where such financial challenges may lead to uncertainty about future payments. Loans and advances with OEI increased by 14% relative to 2012. As expected, the increase can primarily be attributed to the takeover of Spar Lolland.

The total balance of loan impairment charges and provisions for guarantees stood at DKK 4.7bn at end-2013, i.e. unchanged relative to end-2012. The Group's balance of individual loan impairment charges and provisions for guarantees increased by 4% in 2013 against the increase of 13% in 2012. The Group's balance of collective loan impairment charges and provisions for guarantees fell by 10% after having increased by 59% in 2012. The increase in 2012 was primarily caused by the implementation of the FSA's more stringent guidelines for loan impairment charges and provisions for guarantees.

A breakdown of loans, advances and loan impairment charges and provisions for guarantees is shown in the table below. On the whole, the distribution of the portfolio was acceptable.

Distribution	**Loans, advances and guarantees**		**Balance of loan impairment charges and provisions for guarantees**	
DKKm	**2013**	**2012**	**2013**	**2012**
Ratings 1-5	67,310	53,817	3	4
Ratings 6-11	48,810	52,981	53	312
Ratings 12-14	12,133	11,388	716	835
Default	6,817	4,973	3,639	3,200
Other collateral	10,427	7,693	282	310
Total	**145,497**	**130,852**	**4,693**	**4,661**

Rating: Credit rating where 1 reflects the highest rating.

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

At end-2013, the Group had one exposure amounting to more than 10% of the capital base. This was an exposure to one large Danish financial group and amounted to 10.1%. Four exposures amounted to between 5% and 7.5% and one exposure between 7.5% and 10% of the capital base.

Earnings from investment portfolios

Investment portfolio earnings, which amounted to DKK 495m against DKK 612m in 2012, were affected by the generally low interest-rate level. Assessed on the basis of the chosen risk profile, the investment portfolio earnings were satisfactory.

Earnings from investment portfolios DKKm	**2013**	**2012**
Net interest income	363	408
Dividends, etc.	11	10
Net fee and commission income	-2	-2
Net interest and fee income	**372**	**416**
Value adjustments	131	203
Other operating income	0	0
Gross earnings	**503**	**619**
Operating expenses, depreciation and amortisation	8	9
Profit from equity investments	0	0
Earnings from investment portfolios before impairment charges and provisions for guarantees	**495**	**610**
Loan impairment charges and provisions for guarantees	0	-2
Earnings from investment portfolios	**495**	**612**

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

Market risk

At end-2013, the aggregate interest-rate, currency and equity risk – expressed as Value-at-Risk (VaR) – amounted to DKK 21m (calculated with a time frame of one day and 99% probability) against DKK 14m at end-2012. The levels of the positions were moderate considering the chosen risk profile in respect of market risk, including the risk/return ratio. Generally, volatility levels were low throughout 2013.

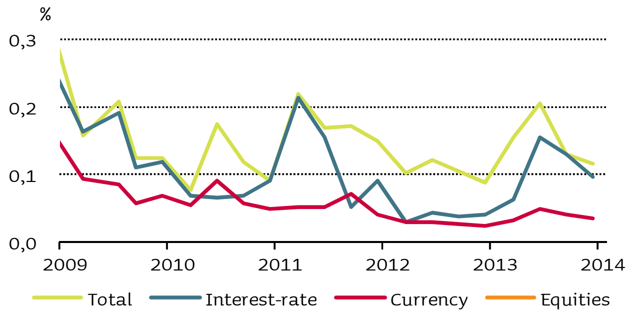
Historically, the interest-rate risk has been the most important market risk. Also in 2013, the interest-rate risk was dominated by exposures to Danish mortgage bonds with short and medium maturities.

Following the pronounced increases in interest rates in 2013, the interest-rate risk increased to about 2% of equity at the end of the year. The Group's interest-rate risk was planned on the central premise that the very high debt level in the western world will put a damper on growth, which together with a continued very low level of inflation would most likely cause the interest-rate level to be low over the coming years. Therefore there will still be a certain interest-rate risk despite the low historical levels seen at this point in time.

Throughout 2013, Jyske Bank's equity risk was at a low level. Exposure was well diversified across Danish as well as global equities. The majority of the equity holdings was regularly hedged through liquid futures instruments.

The currency positions are still well diversified, and the overall currency risk is still at a moderate level. At the end of the year, the currency risk was characterised by long positions in USD and emerging-market currencies. These were offset by short positions in EUR and CHF. Compared to the preceding year, the short position in CHF was reduced considerably.

Value-at-Risk as a percentage of equity



Credit risk relating to securities

In the second half of 2013, credit spreads narrowed significantly following the first half of the year with much nervousness triggered by the debt crisis in Southern Europe. The catalyst was primarily the ECB's commitment to buy Southern European government bonds. The Group's positions in securities with low to moderate credit risk were maintained more or less throughout the year. Hence the positions were still dominated by particularly Danish but also European mortgage bonds and banks' senior issues with shorter maturities.

The overall credit portfolio developed favourably in 2013 and yielded therefore a satisfactory return. The Group's total portfolio of held-to-maturity bonds amounted to DKK 14.8bn against DKK 18.7bn in 2012. The portfolio is still dominated by highly rated and highly liquid securities. At end-2013, the market value was DKK 302m higher than the carrying amount, against DKK 345m at end-2012.

Other remarks

The Danish Financial Supervisory Authority's report
The Danish FSA conducted inspections of Jyske Bank, and in 2013 Jyske Bank received the following reports:

- In 2013. the FSA conducted a functional inspection of all relevant parts of Jyske Bank's anti-money laundering measures. The FSA concluded that generally Jyske Bank meets the current requirements regarding risk-limiting measures in respect of money laundering.
- In September 2013, the FSA conducted a functional inspection of the credit area. The inspection covered Jyske Bank's large corporate clients, accounts held by Jyske Bank's management and parts of Jyske Bank's use of internal rating-based models for solvency-related purposes. The FSA concluded that Jyske Bank's impairment charges were adequate, that generally Jyske Bank's credit management was good, and that Jyske Bank's internal rating-based models functioned well. The FSA did, however, assess that when calculating Jyske Bank's individual solvency requirement, any uncertainty about the real term of credit facilities to weak corporate clients should be taken into consideration.
- In September 2012, the FSA conducted a functional inspection of Jyske Bank's management and control in the credit area, and also other major banks (group 1) were inspected. The inspection checked Jyske Bank's compliance with requirements in the credit area as stated in the FSA's Executive Order on the management and control of banks, etc., including requirements to be met by Jyske Bank's risk managers. The FSA assessed that the Supervisory Board's discussions and assessments of Jyske Bank's risks on the basis of the FSA's Executive Order were not sufficiently evidenced in the minutes of the board meetings.

  In addition to this, the inspection did not give rise any comments.

In 2014, Jyske Bank has received the following reports:

- The FSA conducted in November 2013 a functional inspection of joint funding. The inspection included an examination of Jyske Bank's joint funding with a mortgage credit institution. The inspection did not give rise any comments.

Supervisory Diamond
The Supervisory Diamond defines a number of special risk areas including specified limits that banks should generally not exceed. The Supervisory Diamond limits applicable to Jyske Bank A/S are shown below.

Supervisory Diamond	2013	2012
Sum of large exposures < 125% of the capital base	0%	0%
Increase in loans and advances < 20% annually	5%	9%
Exposures to property administration and property transactions < 25% of total loans and advances	8%	8%
Stable funding < 1	0.73	0.79
Liquidity surplus > 50%	150%	122%

As at 31 December 2013, Jyske Bank A/S met all the benchmarks of the Supervisory Diamond.

Events after the balance sheet date

The sale of Silkeborg Data
The sale of Silkeborg Data is conditional on the approval by the antitrust authorities. It is expected that the approval will be given in the first quarter of 2014, and then the sale can be finally closed.

The sale of Silkeborg Data is expected to have a positive impact on Jyske Bank's earnings of just above DKK 300m after tax in the first quarter of 2014.

Changes in management
After more than 28 years with Jyske Bank - of these the past nine years on the Executive Board - Jørgen Christensen has decided to retire at the end of August 2014. In December, Jørgen Christensen will be 64 years.

Managing Director Per Skovhus, who joined the Group Executive Board on 1 September 2013 and assumed executive responsibility for Jyske Bank, Retail & Commercial Banking, Denmark, will also assume executive responsibility for Credits when Jørgen Christensen retires.

Outlook

Jyske Bank expects that the economic recovery will be very moderate. Consumer spending and investments will only grow modestly and, also, exports will be affected by the slowdown in growth in the euro zone. On the whole, it is expected that the period of low growth will continue, and GDP growth in 2014 is expected to be about 1.5%.

Jyske Bank's strategic target is to grow through organic growth and acquisitions. Under the current economic conditions, it is most likely that acquisitions and Jyske Bank's new mortgage products will be the primary means to achieve the growth target.

Capital management

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

Capital management- objective and planning

Jyske Bank's capital-management objective as well as its risk appetite is to reach a solvency ratio sufficient for the Group to continue its lending activities during a period of difficult business conditions. The available capital must be such that regulatory and internal capital requirements are met during such a period, and it must be possible to weather heavy unexpected losses.

The Group's capital planning aims in the long term at meeting the requirements for obtaining an AA rating. The Group regards a rating of at least the A level to be essential and focuses therefore on initiatives supporting the achievement of such a rating.

The capital planning is subject to two overall considerations:

- optimisation of the Group's risk and maximisation of earnings;
- taking advantage of the situation in the market to acquire portfolios with an acceptable risk.

In 2014, Jyske Bank is expected to be designated a systemically important financial institution (SIFI). Among other things, this entails a requirement of an additional capital buffer, which fully phased in in 2019 will amount to 1.5 percentage points. Just as the SIFI requirements are phased in gradually until 2019, a number of the new capital buffers will, in connection with the new Capital Requirements Regulation (CRR), gradually be introduced until 2019.

At end-2013, Jyske Bank reiterated its capital target of a Core Tier 1 capital ratio of at least 12%.

Capital

The development in the Group's solvency and core capital ratios is shown in the table below. At end-2013, the solvency and Core Tier 1 capital ratios were at a very adequate level relative to Jyske Bank's objective.

The overall solvency ratio fell due to the early repayment of a subordinated loan in the amount DKK 1.1bn as well as the deduction of financial equities representing equity interests in excess of 10% (DLR). To this must be added the positive strengthening, which was also the reason for the increase in the Core Tier 1 capital ratio.

Solvency and core capital ratios	**2013**	**2012**
Solvency ratio (%)	16.0	17.3
Core capital incl. hybrid capital	15.9	15.3
Core capital excl. hybrid capital	15.3	14.2

Capital base

At end-2013, Core Tier 1 capital amounted to 96% of the capital base, against 82% at end-2012. The high proportion of Core Tier 1 capital in the capital base is in line with Jyske Bank's wish to achieve the highest quality possible of its capital base.

Capital base and risk-weighted assets DKKm	**2013**	**2012**
Share capital	713	713
Retained earnings	16,372	14,548
Non-controlling interests	33	36
Intangible assets	-71	-40
Core capital excl. hybrid capital	**17,047**	**15,257**
Hybrid core capital	1,303	1,296
Diff. between expected losses and impairment charges	-55	0
Deduction for equity investments above 10%	-550	-28
Other deductions	-3	-44
Core capital	**17,742**	**16,481**
Subordinated debt (excluding hybrid core capital)	336	1,428
Revaluation reserve	361	344
Diff. between expected losses and impairment charges	-55	422
Deduction for equity investments above 10%	-550	-28
Other deductions	-3	-44
Capital base	**17,831**	**18,603**
Risk-weighted assets	**111,276**	**107,636**

Minimum capital requirement

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

The minimum capital for market risk is assessed according to the standard approach and operational risk according to the standard indicator approach.

Minimum capital requirement by risk type		
DKKm	**2013**	**2012**
Credit risk	6,488	6,558
Market risk	1,415	1,079
Operational risk	999	974
Minimum capital requirement, tier I	**8,902**	**8,611**
Capital requirement, transitional provisions	79	0
Total minimum capital requirement	**8,981**	**8,611**

Due to the transitional rules that are still applicable and that relate to the former capital adequacy rules, the minimum capital requirement increased modestly by DKK 79m in 2013, but in 2012 they did not give rise to any increase.

ICAAP and individual solvency requirement
Jyske Bank's ICAAP (Internal Capital Adequacy Assessment Process) forms the basis of the assessment of Jyske Bank's capital structure and hence the determination of the Group's adequate capital base as well as its individual solvency requirement. The assessment is based on the current relation between the Group's risk profile and capital structure as well as forward-looking considerations that may affect this. Stress tests are used to model the micro- and macroeconomic factors to which Jyske Bank is exposed.

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

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

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

In respect of credit risk, a precautionary buffer will be added in connection with weak exposures. This buffer is calculated on the basis of an extra cautious assessment of elements forming part of the measurement of these exposures. The FSA's inspection of the AIRB area in autumn 2013 resulted in an increase in the adequate capital base, primarily due to uncertainty in respect of determination of maturity for corporate clients with poor credit quality that were included in the Group's solvency requirement from the third quarter of 2013.

The additional capital for market risk relates to circumstances which are not addressed by the applicable model.

Additional capital due to other circumstances relates to issues specific to Jyske Bank and issues which generally apply to the banking sector, such as a counter-cyclical buffer. Counter-cyclical buffers are accumulated in good times and are applied in bad times.

Finally, Jyske Bank's ability to generate a profit is also considered when assessing the adequate capital base. On the whole, this means that the adequate capital base mirrors the negative retained earnings/profit in a most extreme situation.

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

With a view to assessing Jyske Bank's adequate capital base calculated on the basis of Jyske Bank's models, Jyske Bank calculates the capital base using the 8+ approach.

At end-2013, the approach prompted additional capital in respect of the credit risk on major clients with financial problems as well as minor additions relating to the concentration of credits relating to individual accounts, market risk as well as liquidity risk.

Individual solvency requirement and capital buffer

The individual solvency requirement for Jyske Bank is determined as the higher one of the requirements based on Jyske Bank's internal method, the FSA's 8+ approach as well as statutory limits. In addition to the minimum capital requirement, the individual solvency requirement is subject to the transitional provisions pertaining to AIRB institutions. At end-2013, the Group calculated an individual solvency requirement of 9.8%.

The table below shows the contribution from the individual types of risk to the adequate capital base and the individual solvency requirement.

Individual solvency requirement				
DKKm	**2013**	**% of RWA**	**2012**	**% of RWA**
Credit risk	8,894	8.0	8,404	7.8
Market risk	770	0.7	735	0.7
Operational risk	506	0.4	554	0.5
Other collateral	783	0.7	1,273	1.2
Total	**10,953**	**9.8**	**10,966**	**10.2**

The capital buffer plus earnings from operations denote the maximum sustainable loss without additional capital. Jyske Bank's large proportion of core capital excluding hybrid core capital cements the quality of the total capital.

Capital buffer				
DKKm	**2013**	**% of RWA**	**2012**	**% of RWA**
Capital base	17,831	16.0	18,603	17.3
a) Core capital	17,742	15.9	16,481	15.3
of which hybrid capital after deductions	695	0.6	1,224	1.1
b) Supplementary capital less deductions	89	0.1	2,122	2.0
Individual solvency requirement	10,953	9.8	10,966	10.2
Capital buffer	**6,878**	**6.2**	**7,637**	**7.1**

Stress test

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

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

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

Stress testing of banks is used to an increasing degree, both nationally as well as internationally. In addition to the stress testing applied internally, Jyske Bank also participates in stress testing facilitated by the FSA, and the European Banking Authority (EBA) and the International Monetary Fund. The most recent European testing was a follow-up to the capital test in 2011; this follow-up took place in June 2012. Once again Jyske Bank's position among the best capitalised banks in the test was confirmed. The EBA expects to conduct the next stress test in the autumn of 2014.

In addition, Jyske Bank participates regularly in a number of further surveys conducted by the EBA: reports about consistency of risk-weighting, publication of capital and risk-related circumstances to expedite market transparency (EBA Transparency Exercise) as well as capital preservation exercises addressing solvency conditions under the new CRD IV rules. The results achieved by Jyske Bank in the market transparency exercise were published on the EBA's and the FSA' websites on 16 December 2013.

Changes to financial regulation

The new CRR rules took effect as of 1 January 2014, and currently the CRD IV directive is being implemented into Danish legislation so that is should take full effect as of 31 March 2014. Moreover, the legislation on the so-called SIFI (systemically important financial institutions) is also being implemented in Denmark. CRD IV and in particular the CRR legislation will entail a large number of changes applying to banks in Europe, hence also Jyske Bank. It applies to all the rules that they are to reduce the risk of another financial crisis.

The requirements of core capital excluding hybrid capital are raised from currently 2% to 4.5%. To this must be added a number of buffer requirements (capital conservation buffer, counter-cyclical capital buffer and a systemic-risk buffer for SIFIs (systemically important financial institutions) so the total capital requirement comes to 14.5% if the counter-cyclical buffer is set at 2.5%. To this must also be added any individual additions under Pillar II. Today Jyske Bank's Core Tier 1 capital ratio amounts to 15.3% and the total solvency ratio to 16.0%.

During the implementation of the new rules, a large number of transitional provisions will apply and therefore the full implementation of CRD IV and CRR will not be completed until 2021. Provided that the counter-cyclical buffer has not been implemented, Jyske Bank already now meets all known future capital requirements.

Specifically, the new rules imply that when calculating the capital, an additional value adjustment is used for assets recognised at fair value. Moreover, a number of changes will take place in respect of the solvency-related implications of Jyske Bank's investments in other financial enterprises. For Jyske Bank these changes will mean an increase in the Group's capital base and a minor increase in the risk-weighted assets.

On the asset side, an addition to the risk-weighted assets will be introduced for the so-called CVA risk relating to Jyske Bank's derivatives portfolio with financial counterparties. Moreover, the rules governing exposures to other financial institutions will be tightened so the creditworthiness of the individual financial institution will be decisive when calculating the risk-weighted assets. This will imply an increase in the Group's risk-weighted assets. Finally, CRD IV and CRR now includes a capital relief for small and medium-sized enterprises.

Jyske Bank expects that on the whole CRD IV and CRR will result in practically unchanged risk-weighted assets as well as a minor increase in the capital base. Hence, the overall solvency effect will offhand be positive in the range of 0 - 0.5 percentage point. As the subordinated loan capital will mature over the coming years, this will reduce the effect on the solvency ratio and therefore the long-term effect is expected to be immaterial.

Risk and Capital Management 2013
Additional information about Jyske Bank's internal risk and capital management procedures and the regulatory capital requirements is available in the report 'Risk and Capital Management 2013', available on www.investor.jyskebank.com/governance .

Liquidity management

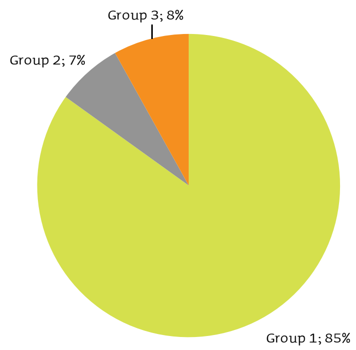
Liquidity reserve

In the course of 2013, the excess coverage in respect of the stress-based internally delegated limits and guidelines were increased and are at a solid and very satisfactory level. In addition to the general increase in the deposit base, one of the factors contributing to the increase of the excess coverage was the takeover of Spar Lolland on January 2013, which almost led to elimination of the deposit deficit.

The year 2013 saw significant narrowing of the credit spreads in the markets for unsecured senior debt. Apart from the effect from the ECB's liquidity injections at end-2012 and early 2013, the narrowing of the credit spreads was primarily supported by a limited issue of new senior debt.

At end-2013, the Jyske Bank's liquidity buffer amounted to DKK 50bn against DKK 43bn at end-2012. DKK 45bn of the buffer is eligible as collateral at either the Danish central bank or the ECB. At end-2013, Jyske Bank had a definite overweight of ultra-liquid assets (group 1) as illustrated by the chart below.

Securities holding in order of liquidity



At end-2013, under a stress scenario assuming that Jyske Bank is precluded from re-financing in the international financial money markets, Jyske Bank's liquidity reserve would after a 12-month period amount to DKK 27bn against DKK 12bn at end-2011. After 24 months, the reserve under this stress scenario would amount to DKK 21bn against DKK 7bn at end-2012.

The table below shows the development of Jyske Bank's liquidity reserve over a 12-month period.

Liquidity reserve and run-off

DKKbn	2013	2012
31 December	49.9	43.0
3 months	30.1	24.6
6 months	29.5	18.3
9 months	28.2	16.9
12 months	26.9	12.2

The liquidity reserve according to S.152(1)(2) of the Danish Financial Business Act was high throughout the period. At end-2013, the liquidity ratio was 25.1%, corresponding to a liquidity surplus of 151%; at end-2012 the surplus was 127%.

Funding

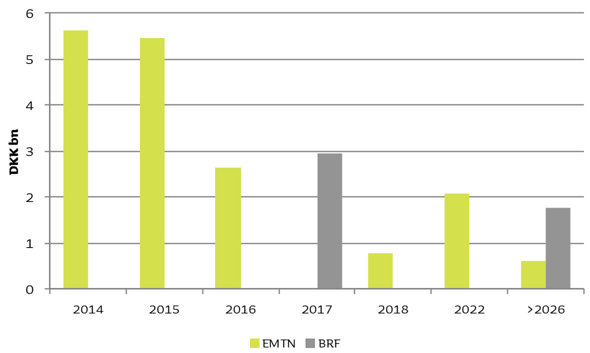
Jyske Bank's primary source of funding is deposits from clients. At end-2013, bank deposits funded 104% of bank loans and advances against 92% at end-2012.

Jyske Bank's other funding sources are the interbank market as well as the issue of CP and EMTN. In 2013. the volume of the CP programme was between DKK 10bn and 15bn, and hence it stabilised following the negative impact from the downgrade of Jyske Bank's credit ratings in 2012.

Jyske Bank regularly uses the private placement market and issues, on an as-needed basis, benchmark bonds. A number of years of deposit deficits were in 2013 turned into deposit surplus. Therefore Jyske Bank did not issue benchmark bonds in 2013. However, the positive trend in the capital markets and the significant narrowing of credit spreads were taken as an opportunity for attractive private placements under the EMTN programme totalling EUR 440m with an average weighted time to maturity of just above four years.

In 2012, Jyske Bank entered into an agreement with BRFkredit on joint funding of new mortgage loans as part of Jyske Bank's existing mortgage loans that meet the requirements of covered bond funding. The funding takes place via covered bond issues through BRFkredit's capital centre. In 2013, further financing under this framework agreement with BRFkredit amounted to DKK 1.7bn with a time to maturity of 5 or 30 years. Hence, at end-2013, financing via BRFkredit totalled DKK 4.7bn.

The run-off profile of Jyske Bank's own senior debt and Jyske Bank's funding via issues of covered bonds through BRKkredit's capital centre under the agreement on joint funding is illustrated by the chart below.



At end-2013, in the course of the ordinary management of the run-off profile, Jyske Bank bought back EMTN issues with short time to maturity in the amount of almost DKK 1.5bn.

Credit ratings

In the course of S&P's rating review of Nordic banks with focus on funding structure and liquidity risk, Jyske Bank's rating by Standard & Poor's was in July 2013 confirmed at an unchanged level with stable outlook. Jyske Bank's funding structure and liquidity profile was pointed out as 'better than those of comparable institutions', The primary reasons for this was Jyske Bank's high degree of funding through deposits, the limited maturity mismatch in the bank's balance sheet and the limited dependence on short-term sources of funding.

In August 2013, Jyske Bank announced that it had given notice to terminate its rating agreement with Moody's. The termination took effect from end-November 2013.

The current credit ratings of Jyske Bank are stated below.

Credit ratings	Long-term	Short-erm	Individual
Standard and Poor's	A-	A-2	BBB+

Jyske Bank's credit ratings are material to the price of funding and capital as well as to the funding flexibility in the form of access to a broad investor base. Therefore it is a target to which we give high priority that Jyske Bank's credit ratings can again be raised to a higher level.

Danish Central Bank loan facility

Jyske Bank did not use the Danish Central Bank 3-year Facility of borrowing against loans of good credit quality, nor did Jyske Bank include this facility in its liquidity buffer. The possibility of raising liquidity via the facility was an integral part of Jyske Bank's liquidity contingency plan in 2013.

The Danish central bank announced in December 2013 that its facility of borrowing against loans of good credit quality will expire on 1 July 2014. Hence the facility will no longer form part of Jyske Bank's liquidity contingency plan.

New liquidity risk legislation

Since 2007, Jyske Bank's internal liquidity risk management has been based on stress scenarios that were considerably stricter than the statutory liquidity requirements.

In January 2013, the Basel Committee revised the guidelines for the stress-based Liquidity Coverage Ratio (LCR). The revision means that the ratio is to be phased in gradually so it will have to be 60% in 2015 and 100% in 2019.

The EBA's quantitative analysis in November 2013 concluded that many covered bonds including Danish mortgage bonds are as liquid as government bonds. Nevertheless the EBA decided in December 2013 to recommend that the European Commission maintain the original Basel III guidelines.

It is expected that the European Commission will make its final decision on the categorisation of covered bonds by the end of June 2014.

The broad political agreement on the regulation of Danish systemically important financial institutions (SIFI) as of the autumn of 2013 covered the implementation of CRD IV in Danish legislation, including a requirement that Danish systemically important financial institutions should meet the LCR 100% in January 2015. This requirement presupposes, however, that the European Commission decides to include covered bonds in the Level 1 buffer.

Provided that mortgage bonds and covered bonds can be included in the Level 1 Buffer, internal calculations in the course of 2013 and at end-2013 indicate that Jyske Bank has a slight excess coverage in respect of the LCR, whereas the Net Stable Funding Ratio (NSFR) is currently below the future statutory level. Most likely the current level will improve over the coming years due to the on-going strengthening of earnings and equity. Thanks to the cooperation with BRFkredit on the financing of mort-gage lending, the maturity mismatch will be reduced considerably in the balance sheets over the next years, and therefore, all other things being equal, the Group's NSFR will improve.

Banking activities

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

Banking activities DKKm	**2013**	**2012**
Net interest income	3,282	3,180
Net fee and commission income	1,225	1,285
Net interest and fee income	**4,507**	**4,465**
Value adjustments	214	-102
Other operating income	493	323
Gross earnings	**5,214**	**4,686**
Operating expenses, depreciation and amortisation	3,371	3,130
Profit from equity investments	2	167
Core earnings before loan impairment charges and provisions for guarantees	**1,845**	**1,723**
Loan impairment charges and provisions for guarantees	978	1,766
Pre-tax profit	**867**	**-43**
Deposits	93,951	78,396
Loans and advances	98,974	95,711
Other guarantees	12,476	10,958
Total assets	111,001	109,327

Pre-tax profit

The 2013 profit before tax amounted to DKK 867m against DKK -43m in 2012. The profit was influenced by the following general trends:

- Net interest income increased by 3.2%
- Net fee income decreased by 4.7%
- Gross earnings rose by 11.3%
- Costs rose by 7.7%
- Impairment charges fell by 44.6%

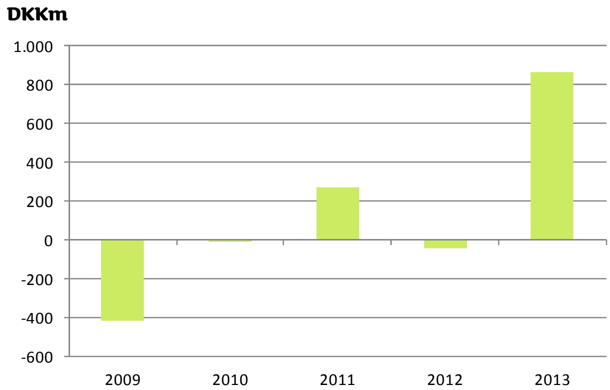
In 2013, the banking activities were affected by the continued sluggish economic trend in Denmark. The ensuing weak development in deposits and loans and advances, the moderate level of activity, the continued low interest rates and the keener competition squeezed gross earnings. The increase of 11.3% relative to 2012 can primarily be attributed to the takeover of Spar Lolland and the fact that in 2012 value adjustments were adversely affected by value adjustments of transactions relating to clients' interest-rate hedging and unrealised losses on such client transactions.

In 2013, costs and expenses were affected by the moving of investment centres within the organisation to Banking activities.

Loan impairment charges and provisions for guarantees fell by DKK 788m to DKK 978m. In 2012, loan impairment charges and provisions for guarantees were affected by extraordinary circumstances relating to the implementation of the FSA's more stringent guidelines for loan impairment charges and provisions for guarantees.

Earnings from operating lease (net) amounted to DKK 65m against DKK 58m in 2012. The increase can be attributed to good underlying progress due to organic growth as well as acquired activities in 2011.

Pre-tax profits over the past five years appear from the table below.



Business volume

Lending, per se, fell by 1.5%, and therefore the increase from 2012 to 2013 can primarily be attributed to the takeover of Spar Lolland. The fact that total lending in the sector fell meant that also in 2013 Jyske Bank won market share. The business volume in respect of leases developed favourably in 2013, and on the whole this business volume rose by 5.3%.

Outlook for 2014

It is not expected that the economic development will in 2014 contribute to growth of the business volume to any noticeable degree and competition is all the time intensifying. Therefore generating earnings growth will still be challenging. The restructuring of the branch network in Denmark and the new initiatives in respect of mortgage financing will, however, strengthen Jyske Bank's position in the Danish banking market.

Trading and Investment

Trading and Investment targets Danish and international investors and includes advice on risk management, investment advisory service and asset management including money-market transactions and trading in foreign exchange, bonds, equities, commodities and derivatives. The activities also include Jyske Bank's strategic asset-and-liability management and risk management as well as the volume of business with the Group's largest corporate clients. Finally, the trading and investment activities cover private-banking activities targeting international clients, including those of the international units in Gibraltar, Switzerland, the Netherlands and France.

Trading and Investment DKKm	**2013**	**2012**
Net interest income	1,576	1,644
Net fee and commission income	418	338
Net interest and fee income	**1,994**	**1,982**
Value adjustments	377	363
Other operating income	44	28
Gross earnings	**2,415**	**2,373**
Operating expenses, depreciation and amortisation	647	1,035
Core earnings before loan impairment charges and provisions for guarantees	**1,768**	**1,338**
Loan impairment charges and provisions for guarantees	169	74
Pre-tax profit	**1,599**	**1,264**
Deposits	31,354	36,298
Loans and advances	29,895	21,473
Bonds and shares	72,787	73,891
Total assets	125,103	142,424

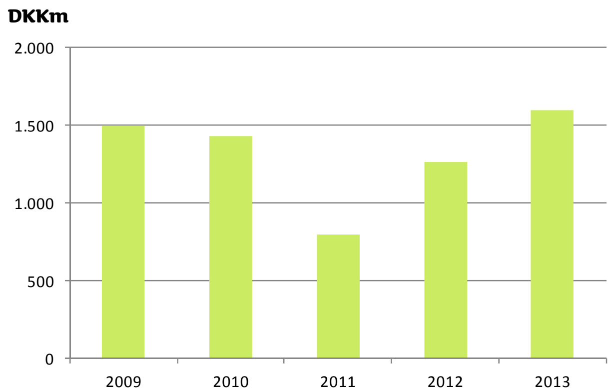
Pre-tax profit

The 2013 profit before tax amounted to DKK 1,599m against DKK 1,264m in 2012. The profit was influenced by the following general trends:

- Net interest income fell by 4.1%
- Net fee income increased by 24%
- Value adjustments amounted to DKK 377m against DKK 363m in 2012.
- Expenses came to DKK 647m, against DKK 1,035m in 2012.

In 2013 the financial markets were less affected by turmoil and frequent shifts in sentiment than in the preceding years. This meant increasingly favourable market conditions and moderate growth in trading activity. On the other hand, competition has grown considerably keener. Gross earnings amounted to DKK 2,415m against DKK 2,373m in 2012. Net interest income fell relative to 2012, which can primarily be attributed to the lower reinvestment rates in the liquidity portfolio. On the other hand, the favourable market development resulted in increasing values of assets and performance-related fees, and fee and commission income rose from DKK 338m in 2012 to DKK 418m in 2013.

Costs and expenses fell considerably from DKK 1,035m in 2012 to DKK 647m in 2013. In 2013, costs and expenses were affected by the moving of investment centres within the organisation to Banking activities. Moreover, the development should be seen in the light of the fact that in 2012 costs and expenses were affected by a number of special circumstances, including write-down of goodwill in the amount of DKK 216m. Pre-tax profits over the past five years appear from the table below.



Business volume

The business volume of Trading and Investment was in 2013 favourably affected by the slightly improving sentiment in the financial markets. However, due to the increasingly keen competition, this has only led to a moderate, underlying increase in the business volume.

Outlook for 2014

It is expected that we will see modest economic growth over the coming years. Provided that the financial markets will see continued stabilisation, Jyske Bank will, on the whole, expect a stable development of the business volume in 2014. It is still expected that earnings will be challenged by the increasingly keen competition and the expected low reinvestment rates in the liquidity portfolio.

The Jyske Bank share

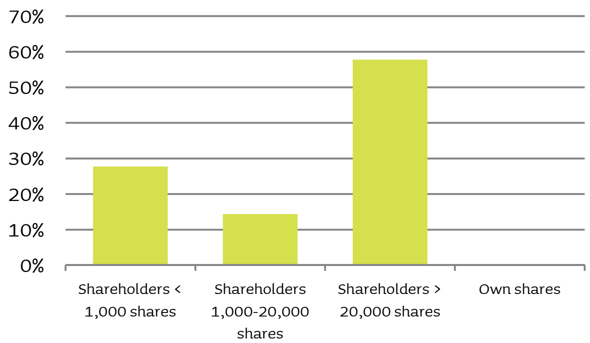
At end-2013, the share capital amounted to the nominal amount of DKK 713m. It consisted of 71.3 million shares at a nominal value of DKK 10 in one class of shares.

All the shares are listed on NASDAQ OMX Copenhagen A/S. The shares are freely negotiable, but no single shareholder is allowed to acquire 10% or more of the share capital without the consent of Jyske Bank, cf. Art.3 of Jyske Bank's Articles of Association. Each share represents one vote. No shareholder can cast more than 4,000 votes on his own behalf. Subject to a resolution passed at the Annual General Meeting, Jyske Bank's Supervisory Board is authorised to acquire Jyske Bank shares for a sum not exceeding 1/10 of the share capital.

The Jyske Bank share	**2013**	**2012**
Share capital (DKKm)	713	713
Share price end of period (DKK per share)	293	157
Market value, end of period (DKKbn)	20.8	11.2
Earnings per share (DKK)	25.38	8.48
Book value per share (DKK)	245	220
Price/book value per share (DKK)	1.19	0.71

At end-2013 the number of shareholders was 219,548. It is characteristic of the Jyske Bank shares that they are distributed among many shareholders, including many Jyske Bank clients.

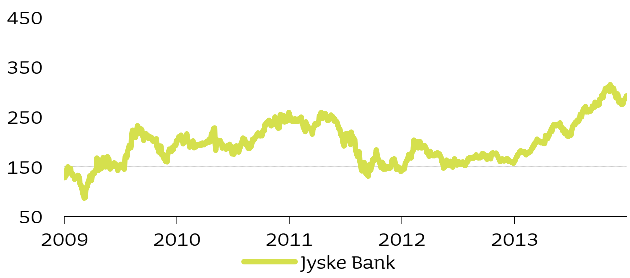
Breakdown of share capital



At end-2013, the Bank held 65,979 of its own shares corresponding to a market value of DKK 19m.

MFS Investment Management, USA reported that it owns 5.14% of the share capital.

Price development



Dividend

It is the aim of Jyske Bank to realise a long-term, competitive return for its shareholders. Currently a targeted return on equity between 10% and 15% is deemed adequate and attainable for Jyske Bank.

In 2013, Jyske Bank did not buy back own shares with a view to reducing the share capital.

At the Annual General Meeting, the Supervisory Board will propose a dividend of 0% for 2013.

The Annual General Meeting of Jyske Bank will be held in Silkeborg on 19 March 2014.

Organisation and management

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

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

The Supervisory Board and the Executive Board are independent of each other and no person is a member of both the Supervisory Board and the Executive Board. The Supervisory Board and the Executive Board are accountable to the shareholders of Jyske Bank, but they seek to consider the interests of Jyske Bank's clients and employees as well. The directorships of the Supervisory Board and the Executive Board are stated on pages 98 to 100. The legal structure of the Jyske Bank Group is described on page 96.

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

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

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

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

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

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

Supervisory Board
The Supervisory Board consists of
- six members elected by and among the members of the Shareholders' Representatives
- any additional members as required by law, including, at this time, three employee representatives.

Members of the Supervisory Board elected by the Shareholders' Representatives shall be elected for terms of three years. Members can be re-elected.
The Supervisory Board elects its Chairman and Deputy Chairman.

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

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

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

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

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

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

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

The Supervisory Board will hold at least ten physical meetings a year. In addition, the Supervisory Board generally holds teleconferences every second week. In 2013, the Supervisory Board held ten physical meetings, of which three lasted more than one day, 24 teleconferences and two electronic meetings.

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

Committees under the Supervisory Board

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

The Nomination Committee shall support the Supervisory Board in solving tasks ensuing from statutory requirements relating to the Supervisory Board's knowledge and experience, including the composition of the Supervisory Board, and the committee shall support the Supervisory Board in connection with nominations of candidates for the Supervisory Board and the Shareholders' Representatives, and the committee shall be responsible for overseeing that the Supervisory Board is evaluated. The Nomination Committee had four meetings in 2013. Sven Buhrkall (Chairman), Philip Baruch, Jens A. Borup, John Egebjerg-Johansen and Haggai Kunisch are members of the committee.

The Remuneration Committee is commissioned on behalf of the Supervisory Board to determine the pay and pension conditions of the Executive Board and the Head of Internal Audit, and the Remuneration Committee is the only committee to which the Supervisory Board has delegated decision-making competence. The Remuneration Committee prepares the Group's pay policy and submits it for adoption by the Annual General Meeting. The Remuneration Committee had three meetings in 2013. Sven Buhrkall (Chairman) and Jens A. Borup are members of the committee.

The Audit Committee established under current legislation supervises the financial reporting and internal control and risk-management systems; it also checks the independence of the auditors as well as their qualifications. The Supervisory Board considers its chairman Sven Buhrkall, an MSc in Economics, the independent member of the committee as he possesses qualifications within accounting. The Audit Committee had six meetings in 2013. In addition to Sven Buhrkall, also Keld

Norup, John Egebjerg-Johansen and Marianne Lillevang are members of the committee.

The Risk Committee carries out the preliminary consideration of risk-related issues before the final consideration by the Supervisory Board. At quarterly meetings, subjects with relation to the following are discussed:

- regulatory requirements for capital-adequacy calculation
- the Group's capital base, solvency requirement, as well as capital and liquidity buffer
- material changes of the model set-up for risk management, and the annual re-estimate and validation of models.

The Group Risk Committee had four meetings in 2013. Svend Buhrkall (Chairman), John Egebjerg-Johansen and Gerner Wolff-Sneedorff are members of the committee.

Executive Board

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

The Executive Board undertakes the day-to-day management of the Group. The Executive Board strives continuously to ensure that the Group has efficient procedures and a clear organisational structure with a well-defined, transparent and consistent distribution of responsibilities.

Without having the right to vote, the Executive Board attends the meetings of the Shareholders' Representatives and the Supervisory Board. To ensure independence and objectivity, members of the Executive Board shall not participate in the discussions of questions concerning any of the members personally.

Management's remuneration and remuneration policy

The Supervisory Board has decided on a remuneration policy and had it adopted most recently at the Annual General Meeting in March 2013.

It is the responsibility of the Supervisory Board to adjust and present anew the remuneration policy to the Annual General Meeting. The management receives a fixed remuneration and is not covered by any incentive programme.

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

Duty to disclose information about remuneration

DKKm	2013	2012
Remuneration of the Supervisory Board		
Sven Buhrkall	0.6	0.6
Jens A. Borup	0.3	0.3
Philip Baruch	0.3	0.3
John Egebjerg-Johansen	0.4	0.3
Keld Norup	0.4	0.3
Per Skovhus (joined on 20.03.2013 and resigned on 31.08.2013)	0.1	0.0
Gerner Wolff-Sneedorff	0.3	0.2
Haggai Kunisch	0.1	0.2
Marianne Lillevang	0.2	0.2
Steen Snedker	0.1	0.1
Kurt Brusgaard (resigned on 20 March 2012)	0.0	0.1
Total	**2.8**	**2.6**

In addition to the fixed remuneration, the members of the committees under the Supervisory Board receive a committee remuneration. Of the total remuneration to the Supervisory Board, committee remuneration and Shareholders' Representatives' remuneration totalled DKK 1.3m in 2013 against DKK 1.1m in 2012, which amount is included in the above amounts.

	2013	2012
Remuneration of the Executive Board		
Anders Dam	6.7	6.5
Jørgen Christensen	5.6	5.5
Niels Erik Jakobsen	5.6	5.5
Leif F. Larsen	5.6	5.5
Per Skovhus (joined on 1 September 2013)	1.8	0.0

To this must be added the company car as well as the free residence of Per Skovhus.

The Executive Board did not receive pension in 2013 and 2012.

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

Corporate governance

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

According to NASDAQ OMX Copenhagen A/S' "Rules for issuers" paragraph 4.3, Jyske Bank is under the obligation to give an account of Jyske Bank's view of the Recommendations for good corporate governance issued by the Committee for good corporate governance. Jyske Bank's Supervisory Board has assessed and monitors the development in the Recommendations for good corporate governance.

Further information about the Group's work on corporate governance is available at www.investor.jyskebank.com/governance.

Equal opportunities and diversity policy

In 2013, pursuant to new legislation, the Jyske Bank Group adopted an equal opportunities policy entailing an annual follow up on gender representation in managerial positions. Moreover, the Group follows the recommendation from the Committee on Corporate Governance to discuss annually activities to ensure diversity relevant for the company, for instance, in respect of age and gender at the managerial levels in the company.

Further information about the Group's work on equal opportunities and diversity polity is available at www.investor.jyskebank.com/governance.

Corporate social responsibility

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

In all respects, Jyske Bank strives to operate an honest, fair and responsible business in respect of the Group's values and views as well as in a way that upholds the balance between shareholders, clients and employees. Jyske Bank has not implemented specific policies on social, ethical and environmental issues. In actual practice, the responsibility materialises as a natural ingredient of the Group's policies on all relevant areas and will always be based on relevant current legislation and specific business circumstances.

In the opinion of Jyske Bank, satisfactory results were achieved in 2013 from its work with corporate social responsibility. It is expected that this work will continue in 2014.

Further information about the Group's work on corporate social responsibility is available at www.investor.jyskebank.com/governance.

Internal control and risk-management systems

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

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

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

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

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

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

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

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

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

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

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

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

Statement by the Executive and Supervisory Boards

We have today discussed and approved the Annual Report of Jyske Bank A/S for the accounting year 1 January to 31 December 2013.

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

In our opinion, the consolidated financial statements and the Parent's financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2013 and of their financial performance and cash flows for the financial year 1 January to 31 December 2013.

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

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

Silkeborg, 24 February 2014

Executive Board

Anders Dam
Managing Director and CEO

Jørgen Christensen | Niels Erik Jakobsen | Leif F. Larsen | Per Skovhus

/Jens Borum
Director, Accounting and Tax

Supervisory Board

Sven Buhrkall
Chairman

Jens A. Borup
Deputy Chairman

Philip Baruch | John Egebjerg-Johansen | Keld Norup | Gerner Wolff-Sneedorff

Haggai Kunisch
Employee Representative

Marianne Lillevang
Employee Representative

Steen Snedker
Employee Representative

Internal Auditors' Report

To the management of Jyske Bank A/S
We have audited the consolidated financial statements and Parent's financial statements of Jyske Bank A/S for the financial year 1 January to 31 December 2013, which comprises the income statement and the statement of comprehensive income, balance sheet, statement of changes in equity, solvency calculation and capital requirements as well as notes, for the Group as well as the Parent and the consolidated cash flow statement for the Group. The Consolidated Financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent's financial statements have been prepared in accordance with the Danish Financial Business Act. Further, the consolidated financial statements and the Parent's financial statements have been prepared in accordance with additional Danish disclosure requirements for listed financial companies.

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

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

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

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

Our audit has not resulted in any qualification.

Audit opinion
In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2013 and of its financial performance and cash flows for the financial year 1 January to 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies.

In addition, in our opinion, the financial statements give a true and fair view of the Parent's financial position at 31 December 2013 and of its financial performance for the financial year 1 January to 31 December 2013 in accordance with the Danish Financial Business Act.

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

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

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

Silkeborg, 24 February 2014

Henning Sørensen
Head of the Audit Division

Independent Auditors' Opinion

To the shareholders of Jyske Bank A/S
Report on the consolidated financial statements and Parent's financial statements
We have audited the consolidated financial statements and Parent's financial statements of Jyske Bank A/S for the financial year 1 January to 31 December 2013, comprising the income statement and the statement of comprehensive income, balance sheet, statement of changes in equity, solvency calculation and capital requirements as well as notes for both the Group and the Parent, and the consolidated cash flow statement for the Group. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies. The financial statements have been prepared in accordance with the Danish Financial Business Act.

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

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

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

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

Our audit has not resulted in any qualification.

Audit opinion
In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2013 and of its financial performance and cash flows for the financial year 1 January to 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies.

In addition, in our opinion, the financial statements give a true and fair view of the Parent's financial position at 31 December 2013 and of its financial performance for the financial year 1 January to 31 December 2013 in accordance with the Danish Financial Business Act.

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

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

Silkeborg, 24 February 2014

Deloitte
Statsautoriseret Revisionspartnerselskab

Hans Trærup
State-Authorised Public Accountant

Henrik A. Laursen
State-Authorised Public Accountant

Contents

Income statement and statement of comprehensive income

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
	INCOME STATEMENT				
1,2	Interest income	**6,373**	6,697	**5,956**	6,262
1,3	Interest expenses	**1,355**	1,818	**1,391**	1,879
	Net interest income	**5,018**	4,879	**4,565**	4,383
	Dividends, etc.	**52**	30	**52**	30
4	Fees and commission income	**1,980**	1,817	**1,718**	1,533
	Fees and commission expenses	**251**	167	**131**	79
	Net interest and fee income	**6,799**	6,559	**6,204**	5,867
1,5	Value adjustments	**541**	269	**512**	198
6	Other operating income	**893**	676	**320**	222
7,8	Employee and administrative expenses	**4,309**	4,108	**3,779**	3,606
20-22	Amortisation, depreciation and impairment charges	**390**	540	**57**	262
	Other operating expenses	**92**	179	**90**	177
14	Loan impairment charges and provisions for guarantees	**1,147**	1,840	**1,114**	1,805
9	Profit on investments in associates and group enterprises	**6**	12	**283**	338
	Pre-tax profit	**2,301**	849	**2,279**	775
10	Tax	**493**	254	**472**	183
	Profit for the year	**1,808**	595	**1,807**	592
	Attributable to:				
	Jyske Bank A/S shareholders	**1,807**	592		
	Non-controlling interests	**1**	3		
	Total	**1,808**	595		
	Earnings per share				
11	Earnings per share, DKK	**25.38**	8.48		
11	Earnings per share, diluted, DKK	**25.38**	8.48		
	Proposal for distribution of profit for the year				
	Proposed dividends			**0**	0
	Total appropriation to capital and reserves			**1,807**	592
	Total			**1,807**	592
	STATEMENT OF COMPREHENSIVE INCOME				
	Profit for the year	**1,808**	595	**1,807**	592
	Other comprehensive income:				
	Items that cannot be recycled to the income statement:				
	Revaluation of real property	**8**	57	**8**	57
	Tax on property revaluations over the year	**-4**	-13	**-4**	-13
	Effect of the change to the tax rate	**13**	0	**13**	0
	Actuarial losses and gains	**14**	2	**14**	2
	Tax on actuarial losses and gains	**-3**	-1	**-3**	-1
	Items that can be recycled to the income statement:				
	Foreign currency translation adjustment of international units	**-73**	57	**-73**	57
	Hedge accounting of international units	**73**	-56	**73**	-56
	Tax on hedge accounting	**-18**	14	**-18**	14
	Other comprehensive income after tax	**10**	60	**10**	60
	Comprehensive income for the year	**1,818**	655	**1,817**	652
	Attributable to:				
	Jyske Bank A/S shareholders	**1,817**	652		
	Non-controlling interests	**1**	3		
	Total	**1,818**	655		

Note	DKKm	The Jyske Bank Group 2013	The Jyske Bank Group 2012	Jyske Bank 2013	Jyske Bank 2012
	ASSETS				
	Cash, cash equivalents and demand deposits with central banks	**2,427**	7,097	**2,023**	6,871
12,13	Due from credit institutions and central banks	**15,143**	8,308	**15,338**	8,871
12,14	Loans and advances	**131,378**	118,554	**128,861**	116,040
12,16	Bonds at fair value	**57,754**	57,554	**57,505**	57,117
16	Bonds at amortised cost	**14,794**	18,738	**14,794**	18,738
17	Shares	**2,305**	1,903	**2,253**	1,851
18	Investments in associates	**721**	722	**715**	718
18	Investments in group enterprises	**0**	0	**3,000**	4,327
19	Assets in pooled deposits	**4,809**	5,442	**4,809**	5,442
20	Intangible assets	**71**	40	**69**	33
21	Land and buildings, total	**2,183**	2,154	**2,014**	1,977
	of which investment property	**33**	33	**0**	0
	of which owner-occupied properties	**2,150**	2,121	**2,014**	1,977
22	Other property, plant and equipment	**1,054**	1,070	**74**	60
	Current tax assets	**49**	14	**32**	0
23	Deferred tax assets	**0**	0	**2**	86
	Assets in temporary possession	**112**	133	**60**	41
24	Other assets	**28,969**	36,270	**28,595**	35,941
	Prepayments	**235**	248	**78**	129
	Total assets	**262,004**	258,247	**260,222**	258,242
	EQUITY AND LIABILITIES				
	Debt and payables				
12,25	Due to credit institutions and central banks	**43,936**	38,818	**47,210**	43,933
12,26	Deposits	**126,021**	115,394	**122,321**	111,217
	Pooled deposits	**5,403**	5,583	**5,403**	5,583
12	Issued bonds	**27,760**	34,921	**27,760**	34,921
	Current tax liabilities	**0**	26	**0**	148
27	Other liabilities	**37,891**	43,076	**37,382**	42,703
	Prepayments	**312**	289	**21**	19
	Total debt and payables	**241,323**	238,107	**240,097**	238,524
	Provisions				
28	Provisions for pensions	**440**	448	**402**	414
23	Provisions for deferred tax	**468**	389	**0**	0
14	Provisions for guarantees	**444**	537	**433**	580
29	Other provisions	**201**	382	**195**	376
	Provisions, total	**1,553**	1,756	**1,030**	1,370
12,30	**Subordinated debt**	**1,649**	2,742	**1,649**	2,742
31	**Equity**				
	Share capital	**713**	713	**713**	713
	Revaluation reserve	**361**	344	**322**	299
	Currency translation reserve	**0**	1	**0**	1
	Reserve according to the equity method	**0**	0	**807**	2,070
	Retained earnings	**16,372**	14,548	**15,604**	12,523
	Non-controlling interests	**33**	36	**0**	0
	Equity, total	**17,479**	15,642	**17,446**	15,606
	Equity and liabilities, total	**262,004**	258,247	**260,222**	258,242
	Number of shares ('000), each at a nominal value of DKK 10	**71,280**	71,280	**71,280**	71,280
	Nominal value of the shares	**712,800**	712,800	**712,800**	712,800

Statement of changes in equity

DKKm	Share capital	Revaluation reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
The Jyske Bank Group							
Equity at 01 January 2013	713	344	1	14,548	15,606	36	15,642
Profit for the year	0	0	-1	1,808	1,807	1	1,808
Other comprehensive income:							
Foreign currency translation adjustment of international units	0	0	-73	0	-73	0	-73
Hedge accounting of international units	0	0	73	0	73	0	73
Revaluation of real property	0	8	0	0	8	0	8
Actuarial losses and gains	0	0	0	14	14	0	14
Tax on other comprehensive income	0	9	0	-21	-12	0	-12
Other comprehensive income after tax	0	17	0	-7	10	0	10
Comprehensive income for the year	0	17	-1	1,801	1,817	1	1,818
Acquisition of own shares	0	0	0	-1,148	-1,148	0	-1,148
Sale of own shares	0	0	0	1,171	1,171	0	1,171
Adjustment of non-controlling interests	0	0	0	0	0	-4	-4
Transactions with shareholders	0	0	0	23	23	-4	19
Equity at 31 December 2013	**713**	**361**	**0**	**16,372**	**17,446**	**33**	**17,479**

	Share capital	Revaluation reserve	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Equity at 01 January 2012	648	310	0	12,855	13,813	33	13,846
Profit for the year	0	0	0	592	592	3	595
Other comprehensive income:							
Foreign currency translation adjustment of international units	0	0	57	0	57	0	57
Hedge accounting of international units	0	0	-56	0	-56	0	-56
Revaluation of real property	0	47	0	10	57	0	57
Actuarial losses and gains	0	0	0	2	2	0	2
Tax on other comprehensive income	0	-13	0	13	0	0	0
Other comprehensive income after tax	0	34	1	25	60	0	60
Comprehensive income for the year	0	34	1	617	652	3	655
Capital increase	65	0	0	1,101	1,166	0	1,166
Expenses relating to capital increase	0	0	0	-28	-28	0	-28
Acquisition of own shares	0	0	0	-720	-720	0	-720
Sale of own shares	0	0	0	723	723	0	723
Transactions with shareholders	65	0	0	1,076	1,141	0	1,141
Equity at 31 December 2012	713	344	1	14,548	15,606	36	15,642

DKKm						Jyske Bank
	Share capital	Revaluation reserve	Currency translation reserve	Reserve according to the equity method	Retained earnings	Total equity
Equity at 01 January 2013	713	299	1	2,070	12,523	15,606
Profit for the year	0	0	-1	-1,258	3,066	1,807
Other comprehensive income	0	23	0	-5	-8	10
Comprehensive income for the year	0	23	-1	-1,263	3,058	1,817
Acquisition of own shares	0	0	0	0	-1,148	-1,148
Sale of own shares	0	0	0	0	1,171	1,171
Transactions with shareholders	0	0	0	0	23	23
Equity at 31 December 2013	**713**	**322**	**0**	**807**	**15,604**	**17,446**

Equity at 01 January 2012	648	265	0	2,353	10,547	13,813
Profit for the year	0	0	0	-283	875	592
Other comprehensive income	0	34	1	0	25	60
Comprehensive income for the year	0	34	1	-283	900	652
Capital increase	65	0	0	0	1,101	1,166
Expenses relating to capital increase	0	0	0	0	-28	-28
Acquisition of own shares	0	0	0	0	-720	-720
Sale of own shares	0	0	0	0	723	723
Transactions with shareholders	65	0	0	0	1,076	1,141
Equity at 31 December 2012	713	299	1	2,070	12,523	15,606

Solvency statement and capital requirement

DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
Equity	**17,479**	15,642	**17,446**	15,606
Revaluation reserve	**-361**	-344	**-322**	-299
Currency translation reserve	**0**	-1	**0**	-1
Intangible assets	**-71**	-40	**-69**	-33
Deferred tax assets	**0**	0	**-2**	-86
Core capital exclusive of hybrid core capital	**17,047**	15,257	**17,053**	15,187
Hybrid core capital	**1,303**	1,296	**1,303**	1,296
Difference between expected loss and the carrying amount of impairment charges	**-55**	0	**-7**	0
Deduction for equity investments above 10%	**-550**	-27	**-341**	0
Deduction for the sum of equity investments above 10%	**0**	-45	**0**	0
Other deductions	**-3**	0	**-18**	-15
Core capital	**17,742**	16,481	**17,990**	16,468
Subordinated loan capital	**336**	1,428	**336**	1,429
Revaluation reserve	**361**	344	**322**	299
Difference between expected loss and the carrying amount of impairment charges	**-55**	422	**-7**	433
Deduction for equity investments above 10%	**-550**	-27	**-341**	0
Deduction for the sum of equity investments above 10%	**0**	-45	**0**	0
Other deductions	**-3**	0	**-17**	-15
Capital base	**17,831**	18,603	**18,283**	18,614
Weighted assets involving credit risk etc.	**81,106**	81,976	**82,929**	85,833
Weighted assets involving market risk	**17,687**	13,483	**17,603**	13,374
Weighted assets involving operational risk	**12,483**	12,177	**10,836**	10,815
Total weighted assets	**111,276**	107,636	**111,368**	110,022
Capital requirement, Pillar I	**8,902**	8,611	**8,909**	8,802
Capital requirement, transitional provisions	**79**	0	**57**	0
Capital requirement, total	**8,981**	8,611	**8,966**	8,802
Solvency ratio (%)	**16.0**	17.3	**16.4**	16.9
Core Tier 1 capital ratio including hybrid core capital (%)	**15.9**	15.3	**16.2**	15.0
Core Tier 1 capital ratio	**15.3**	14.2	**15.3**	13.8

With effect from 2008, the solvency and core capital ratios are calculated in accordance with the CRD (Basel II). At end-2013, risk-weighted assets according to Basel I amounted to DKK 140,321m for the Jyske Bank Group and to DKK 140,091m for Jyske Bank. The capital requirement according to the transitional rules was for 80% of the capital requirement of 8% of risk-weighted assets corresponding to DKK 8,981m for the Jyske Bank Group and DKK 8,966m for Jyske Bank in 2013. According to the transitional provisions, the capital requirement for 2012 was for risk-adjusted assets corresponding to DKK 8,190m for the Jyske Bank Group and for DKK 8,391m for Jyske Bank. The transitional rules applying to risk-weighted assets will still apply in 2014.

The method of calculation applied to the core capital exclusive of hybrid core capital has been changed in respect of deductions for equity investments. Comparative figures have been restated accordingly.

For the determination of individual solvency requirement, please see the Risk and Capital Management Report 2013www.jyskebank.info. The determination of the individual solvency requirement was not covered by the audit.

Note	DKKm	The Jyske Bank Group 2013	2012
	Profit for the year	**1,808**	595
	ADJUSTMENT FOR NON-CASH OPERATING ITEMS, ETC.		
	Loan impairment charges and provisions for guarantees	**1,147**	1,840
	Amortisation, depreciation and impairment charges	**390**	540
	Unrealised value adjustment of securities	**419**	-406
	Unrealised value adjustment of investments	**-6**	-12
	Interest, not paid	**185**	68
	Other outstanding operating items	**-343**	283
	Dividend received	**-52**	-30
	Tax charged to the income statement	**493**	254
	Tax paid	**-517**	-260
	Total	**3,524**	2,872
	CHANGE IN WORKING CAPITAL		
	Loans and advances	**-7,718**	4,100
	Deposits	**993**	-6,361
	Issued bonds	**-7,862**	-2,561
	Due from credit institutions	**337**	1,165
	Due to credit institutions	**4,050**	-6,895
	Other assets and liabilities	**10,147**	-887
	Total	**-53**	-11,439
	Cash flows from operating activities	**3,471**	-8,567
	Dividend received	**52**	30
	Acquisition of property, plant and equipment	**-335**	-367
	Acquisition of intangible assets	**-5**	-9
	Cash flows from investment activities	**-288**	-346
	Capital increase	**0**	1,138
	Acquisition of own shares	**-1,148**	-720
	Sale of own shares	**1,171**	723
	Additional and repayment of subordinated debt	**-1,093**	22
	Cash flows from financing activities	**-1,070**	1,163
	Cash flow for the year	**2,113**	-7,750
	Cash and cash equivalents, beginning of period	**14,534**	22,284
	Cash and cash equivalents, end of period	**16,647**	14,534
	Cash and cash equivalents, end of period, comprise:		
	Cash in hand, etc.	**2,427**	7,097
	Due in less than three months from credit institutions and central banks	**14,220**	7,437
	Cash and cash equivalents, end of period	**16,647**	14,534

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Note	DKKm						The Jyske Bank Group

Note	**Net interest income and value adjustments 2013**	**Interest income**	**Interest expenses**	**Net interest income**	**Dividends**	**Value adjustments**	**Total**
1	**Financial portfolios at amortised cost**						
	Due from and to credit institutions and central banks	24	139	-115	0	-336	-451
	Loans, advances and deposits	4,834	723	4,111	0	192	4,303
	Bonds	295	0	295	0	-23	272
	Issued bonds	0	441	-441	0	370	-71
	Subordinated debt	0	46	-46	0	8	-38
	Other financial instruments	14	6	8	0	0	8
	Total	5,167	1,355	3,812	0	211	4,023
	Financial portfolios at fair value						
	Bonds	971	0	971	0	181	1,152
	Shares	0	0	0	52	466	518
	Derivatives	235	0	235	0	-317	-82
	Total	1,206	0	1,206	52	330	1,588
	Total net interest income and value adjustments	**6,373**	**1,355**	**5,018**	**52**	**541**	**5,611**
	Net interest income and value adjustments 2012						
	Financial portfolios at amortised cost						
	Due from and to credit institutions and central banks	73	229	-156	0	-182	-338
	Loans, advances and deposits	4,672	924	3,748	0	-170	3,578
	Bonds	402	0	402	0	-137	265
	Issued bonds	0	603	-603	0	-438	-1,041
	Subordinated debt	0	61	-61	0	-24	-85
	Other financial instruments	59	1	58	0	0	58
	Total	5,206	1,818	3,388	0	-951	2,437
	Financial portfolios at fair value						
	Bonds	1,248	0	1,248	0	525	1,773
	Shares	0	0	0	30	243	273
	Derivatives	243	0	243	0	452	695
	Total	1,491	0	1,491	30	1,220	2,741
	Total net interest income and value adjustments	6,697	1,818	4,879	30	269	5,178

Under Value adjustments, foreign exchange adjustment has been distributed on asset and liability classes. All asset and liability classes form part of day-to-day management of currency risk. Currency translation adjustments, inclusive of trading income, for 2013 amounted to DKK 241m (2012: DKK 279m).

Note	DKKm	The Jyske Bank Group 2013	The Jyske Bank Group 2012	Jyske Bank 2013	Jyske Bank 2012
2	**Interest income**				
	Due from credit institutions and central banks	**24**	73	**26**	125
	Loans and advances	**4,834**	4,672	**4,421**	4,197
	Bonds	**1,266**	1,650	**1,260**	1,639
	Derivatives, total	**235**	243	**235**	243
	Of which:				
	Currency contracts	**198**	239	**198**	239
	Interest-rate contracts	**37**	4	**37**	4
	Other collateral	**14**	59	**14**	58
	Total	**6,373**	6,697	**5,956**	6,262
	Of which interest income on reverse repos carried under:				
	Due from credit institutions and central banks	**-2**	5	**-2**	5
	Loans and advances	**12**	56	**12**	56
3	**Interest expenses**				
	Due to credit institutions and central banks	**139**	229	**176**	294
	Deposits	**723**	924	**722**	920
	Issued bonds	**441**	603	**441**	603
	Subordinated debt	**46**	61	**46**	61
	Other	**6**	1	**6**	1
	Total	**1,355**	1,818	**1,391**	1,879
	Of which interest expenses on repos carried under:				
	Due to credit institutions and central banks	**8**	73	**8**	73
	Deposits	**3**	51	**3**	51
4	**Fees and commission income**				
	Securities trading and custody services	**1,022**	918	**918**	819
	Money transfers and card payments	**159**	135	**139**	116
	Loan management fees	**198**	175	**141**	166
	Guarantee commission	**360**	293	**359**	292
	Other fees and commissions	**241**	296	**161**	140
	Total	**1,980**	1,817	**1,718**	1,533
5	**Value adjustments**				
	Bonds	**-133**	268	**-127**	226
	Shares	**261**	192	**252**	188
	Currency	**241**	279	**216**	255
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	**60**	-311	**59**	-312
	Assets in pooled deposits	**473**	475	**473**	475
	Pooled deposits	**-473**	-475	**-473**	-475
	Other assets	**1**	3	**1**	3
	Issued bonds	**103**	-148	**103**	-148
	Other liabilities	**8**	-14	**8**	-14
	Total	**541**	269	**512**	198

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
6	**Other operating income**				
	Income on real property	**70**	62	**70**	67
	Profit on the sale of property, plant and equipment	**6**	35	**2**	34
	Gain from a bargain purchase relating to business combinations	**97**	0	**97**	0
	Income from operating lease 1)	**379**	306	**0**	0
	Other ordinary income	**341**	273	**151**	121
	Total	**893**	676	**320**	222

1) Expenses relating to operating leases affected the item Amortisation, depreciation and impairment charges in the amount of DKK 314m in 2013 against DKK 248m in 2012.

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
7	**Employee and administrative expenses**				
	Employee expenses				
	Wages and salaries, etc.	**2,122**	2,058	**1,821**	1,774
	Pensions	**260**	285	**226**	251
	Social security	**211**	208	**202**	200
	Total	**2,593**	2,551	**2,249**	2,225
	Salaries and remuneration to management bodies				
	Executive Board	**25**	23	**25**	23
	Supervisory Board	**3**	3	**3**	3
	Shareholders' Representatives	**4**	3	**4**	3
	Total	**32**	29	**32**	29

For remuneration and pension liabilities to the Executive Board we refer to notes 28 and 52.
Remuneration for the Supervisory Board includes remuneration to the individual members in their capacity as Shareholders' Representatives.
The Supervisory Board and the Executive Board did not receive variable salary.
The Executive Board had an average of 4.33 members in 2013 (2012: 4 members)
The Supervisory Board had 9 members in 2013 (2012: 9 members)
Information about management's remuneration appears from the Management's Review, page 27.

		The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
	Other administrative expenses				
	IT	**973**	797	**909**	743
	Rent, lighting, heating, etc.	**138**	106	**124**	92
	Postage, telephone, etc	**67**	77	**60**	71
	Other administrative expenses	**506**	548	**405**	446
	Total	**1,684**	1,528	**1,498**	1,352
	Total	**4,309**	4,108	**3,779**	3,606
	Wages and salaries, etc.				
	Wages and salaries and other short-term employee benefits	**2,117**	2,053	**1,816**	1,769
	Other long-term employee benefits	**5**	5	**5**	5
	Total	**2,122**	2,058	**1,821**	1,774
	Remuneration to risk takers				
	Number of members	**48**	43	**44**	39
	Contractual remuneration	**49**	48	**46**	43
	Variable remuneration	**1**	1	**1**	1
	Pension	**6**	6	**5**	5
	Pension obligation	**1**	1	**1**	1

The group comprises employees (exclusive of the Executive Board) with a special impact on the Group's risk profile.
The group does not participate in any incentive schemes.

Note	DKKm	The Jyske Bank Group 2013	The Jyske Bank Group 2012	Jyske Bank 2013	Jyske Bank 2012
8	**Audit fees**				
	Total fee to Jyske Bank A/S's auditors elected at the Annual General Meeting and to locally elected auditors at the international units	**7**	8	**4**	5
	Breakdown of audit fees:				
	Fee for statutory audit of the financial statements	**4**	4	**2**	2
	Fee for other assurance services	**1**	2	**0**	2
	Fee for tax advice	**1**	1	**1**	1
	Fee for other services	**1**	1	**1**	0
	In addition to fees to the auditors elected at the Annual General Meeting, expenses were recognised for Internal Audit.				
9	**Profit on investments in associates and group enterprises**				
	Profit/loss on investments in associates	**6**	12	**2**	9
	Profit/loss on investments in group enterprises	**0**	0	**281**	329
	Total	**6**	12	**283**	338
10	**Tax**				
	Current tax	**428**	317	**403**	409
	Change in deferred tax	**86**	-67	**90**	-233
	Adjustment of tax for previous years	**-21**	4	**-21**	7
	Total	**493**	254	**472**	183
	Effective tax rate				
	Danish tax rate	**25.0**	25.0	**25.0**	25.0
	Adjustments as regards previous years	**-0.9**	0.5	**-0.9**	0.9
	Non-taxable income and non-deductible expenses, etc.	**-2.1**	4.0	**-1.1**	5.8
	Effect of the change to the corporation tax rate	**-0.6**	0.0	**0.5**	0.0
	Other	**0.0**	0.4	**-2.8**	-8.1
	Effective tax rate	**21.4**	29.9	**20.7**	23.6
11	**Earnings per share**				
	Profit for the year			**1,808**	595
	Of which non-controlling interests			**-1**	-3
	Proportion attributable to shareholders of Jyske Bank A/S			**1,807**	592
	Average number of shares, 1,000 shares			**71,280**	69,930
	Average number of own shares, 1,000 shares			**-60**	-153
	Average number of shares in circulation, 1,000 shares			**71,220**	69,777
	Number of shares in circulation at end of period, 1000 shares			**71,214**	71,100
	Earnings per share (EPS) DKK			**25.38**	8.48
	Earnings per share diluted (EPS-D) DKK			**25.38**	8.48
	Core earnings per share				
	Core earnings			**1,955**	346
	Average number of shares in circulation, 1,000 shares			**71,220**	69,777
	Core earnings (DKK) per share			**27.45**	4.96

Note	DKKm						The Jyske Bank Group
12	**Contractual time to maturity**	**On demand**	**Up to 3 months**	**3 mths-1 year**	**1-5 years**	**Over 5 years**	**Total**
	2013						
	Assets						
	Due from credit institutions and central banks						
	Fixed rate	0	11,915	15	0	7	11,937
	Floating rate	0	3,132	74	0	0	3,206
	Total	**0**	**15,047**	**89**	**0**	**7**	**15,143**
	Loans and advances						
	Fixed rate	0	31,103	969	3,595	1,950	37,617
	Floating rate	382	31,186	26,835	17,087	18,271	93,761
	Total	**382**	**62,289**	**27,804**	**20,682**	**20,221**	**131,378**
	Bonds						
	Fixed rate	0	2,845	4,599	23,109	9,379	39,932
	Floating rate	0	234	2,651	21,921	7,810	32,616
	Total	**0**	**3,079**	**7,250**	**45,030**	**17,189**	**72,548**
	Liabilities						
	Due to credit institutions and central banks						
	Fixed rate	0	27,548	378	380	0	28,306
	Floating rate	4,633	6,641	9	2,902	1,445	15,630
	Total	**4,633**	**34,189**	**387**	**3,282**	**1,445**	**43,936**
	Deposits						
	Fixed rate	10	25,725	10,144	664	14	36,557
	Floating rate	69,757	483	9,290	4,604	5,330	89,464
	Total	**69,767**	**26,208**	**19,434**	**5,268**	**5,344**	**126,021**
	Issued bonds						
	Fixed rate	0	2,668	2,288	445	1,866	7,267
	Floating rate	0	12,154	1,388	6,854	97	20,493
	Total	**0**	**14,822**	**3,676**	**7,299**	**1,963**	**27,760**
	Subordinated debt						
	Fixed rate	0	0	0	0	261	261
	Floating rate	0	0	0	0	1,388	1,388
	Total	**0**	**0**	**0**	**0**	**1,649**	**1,649**

The above amounts are exclusive of interest.

Note	DKKm						The Jyske Bank Group
12	**Contractual time to maturity – cont.**	**On demand**	**Up to 3 months**	**3 mths-1 year**	**1-5 years**	**Over 5 years**	**Total**
	2012						
	Assets						
	Due from credit institutions and central banks						
	Fixed rate	0	7,323	148	100	29	7,600
	Floating rate	0	615	93	0	0	708
	Total	0	7,938	241	100	29	8,308
	Loans and advances						
	Fixed rate	0	16,787	5,748	7,705	4,273	34,513
	Floating rate	331	22,422	24,891	17,581	18,816	84,041
	Total	331	39,209	30,639	25,286	23,089	118,554
	Bonds						
	Fixed rate	0	5,922	6,442	27,814	12,970	53,148
	Floating rate	0	1,846	2,868	6,997	11,433	23,144
	Total	0	7,768	9,310	34,811	24,403	76,292
	Liabilities						
	Due to credit institutions and central banks						
	Fixed rate	0	31,155	775	10	0	31,940
	Floating rate	4,352	2,521	5	0	0	6,878
	Total	4,352	33,676	780	10	0	38,818
	Deposits						
	Fixed rate	5	32,684	2,866	970	0	36,525
	Floating rate	61,880	438	8,805	4,752	2,994	78,869
	Total	61,885	33,122	11,671	5,722	2,994	115,394
	Issued bonds						
	Fixed rate	0	3,572	2,919	423	2,015	8,929
	Floating rate	0	6,677	9,132	9,367	816	25,992
	Total	0	10,249	12,051	9,790	2,831	34,921
	Subordinated debt						
	Fixed rate	0	0	0	0	261	261
	Floating rate	0	0	1,092	0	1,389	2,481
	Total	0	0	1,092	0	1,650	2,742

The above amounts are exclusive of interest.

Note	DKKm						Jyske Bank
12	**Contractual time to maturity – cont.**	**On demand**	**Up to 3 months**	**3 mths-1 year**	**1-5 years**	**Over 5 years**	**Total**
	2013						
	Assets						
	Due from credit institutions and central banks						
	Fixed rate	0	11,983	210	0	7	12,200
	Floating rate	0	3,138	0	0	0	3,138
	Total	**0**	**15,121**	**210**	**0**	**7**	**15,338**
	Loans and advances						
	Fixed rate	0	34,221	1,984	2,908	1,414	40,527
	Floating rate	301	30,313	27,581	12,479	17,660	88,334
	Total	**301**	**64,534**	**29,565**	**15,387**	**19,074**	**128,861**
	Bonds						
	Fixed rate	0	2,845	4,599	23,109	9,379	39,932
	Floating rate	0	234	2,651	21,921	7,561	32,367
	Total	**0**	**3,079**	**7,250**	**45,030**	**16,940**	**72,299**
	Liabilities						
	Due to credit institutions and central banks						
	Fixed rate	0	28,749	1,324	863	0	30,936
	Floating rate	5,329	6,598	0	2,902	1,445	16,274
	Total	**5,329**	**35,347**	**1,324**	**3,765**	**1,445**	**47,210**
	Deposits						
	Fixed rate	10	25,687	10,079	660	14	36,450
	Floating rate	70,701	483	4,754	4,603	5,330	85,871
	Total	**70,711**	**26,170**	**14,833**	**5,263**	**5,344**	**122,321**
	Issued bonds						
	Fixed rate	0	2,668	2,288	445	1,866	7,267
	Floating rate	0	12,154	1,388	6,854	97	20,493
	Total	**0**	**14,822**	**3,676**	**7,299**	**1,963**	**27,760**
	Subordinated debt						
	Fixed rate	0	0	0	0	261	261
	Floating rate	0	0	0	0	1,388	1,388
	Total	**0**	**0**	**0**	**0**	**1,649**	**1,649**

The above amounts are exclusive of interest.

Note	DKKm						Jyske Bank
12	**Contractual time to maturity – cont.**	**On demand**	**Up to 3 months**	**3 mths-1 years**	**1-5 years**	**Over 5 years**	**Total**
	2012						
	Assets						
	Due from credit institutions and central banks						
	Fixed rate	0	7,861	254	100	29	8,244
	Floating rate	0	627	0	0	0	627
	Total	0	8,488	254	100	29	8,871
	Loans and advances						
	Fixed rate	0	17,392	6,218	8,792	3,774	36,176
	Floating rate	291	21,512	26,227	13,541	18,293	79,864
	Total	291	38,904	32,445	22,333	22,067	116,040
	Bonds						
	Fixed rate	0	5,922	6,443	27,814	12,970	53,149
	Floating rate	0	1,846	2,867	6,997	10,996	22,706
	Total	0	7,768	9,310	34,811	23,966	75,855
	Liabilities						
	Due to credit institutions and central banks						
	Fixed rate	0	33,931	880	1,379	0	36,190
	Floating rate	5,216	2,527	0	0	0	7,743
	Total	5,216	36,458	880	1,379	0	43,933
	Deposits						
	Fixed rate	5	32,608	2,789	970	0	36,372
	Floating rate	62,618	438	4,043	4,752	2,994	74,845
	Total	62,623	33,046	6,832	5,722	2,994	111,217
	Issued bonds						
	Fixed rate	0	3,572	2,919	423	2,015	8,929
	Floating rate	0	6,677	9,132	9,367	816	25,992
	Total	0	10,249	12,051	9,790	2,831	34,921
	Subordinated debt						
	Fixed rate	0	0	0	0	261	261
	Floating rate	0	0	1,092	0	1,389	2,481
	Total	0	0	1,092	0	1,650	2,742

The above amounts are exclusive of interest.

Note

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

Standard terms

Private clients
Jyske Bank can call in floating-rate loans and credit facilities with a reasonable or usual notice of termination according to the rules on good business practice. Fixed-rate loans are non-callable. Clients can terminate their commitment with Jyske Bank without notice or, in the case of fixed-rate credit facilities, at two business days' notice. In case of default, Jyske Bank can terminate an agreement without notice.
As a main rule, the debtor undertakes to disclose financial information. Jyske Bank may dispense with such undertaking where other information on the commitment, the repayment record and the collateral provided is deemed adequate to assess the credit risk.

Small and medium-sized corporate clients
Jyske Bank can call in floating-rate loans and credit facilities without notice. In respect of old agreements, a term of notice of four weeks may apply on the part of Jyske Bank. Fixed-rate loans are non-callable. In case of default, a client relationship can be terminated without notice.
Unless collateral has been provided in full, the borrower is obliged to submit financial information to the Bank.
It is Jyske Bank's policy that the majority shareholder personally guarantees commitments in part or in full.

Large corporate clients
Terms of notice are agreed upon on an individual basis and may correspond to the standard notice applicable to other corporate clients. For facilities that cannot be terminated at short notice, covenants regarding financial ratios and material changes in the position of the client are standard.
Generally, financial information is submitted quarterly.
Typically, close-out netting agreements, negative pledge or pari passu agreements are entered into.

		The Jyske Bank Group		**Jyske Bank**	
	DKKm	**2013**	2012	**2013**	2012
13	**Due from credit institutions and central banks**				
	At notice with central banks	**5,200**	0	**5,200**	0
	Due from credit institutions	**9,943**	8,308	**10,138**	8,871
	Total	**15,143**	8,308	**15,338**	8,871

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
14	**Impairment charges**				
	Loan impairment charges and provisions for guarantees				
	Balance of loan impairment charges and provisions, beginning of period	**4,661**	3,871	**4,467**	3,609
	Loan impairment/provisions for the year	**751**	1,559	**693**	1,530
	Write-off already covered by impairment charges/provisions	**-822**	-885	**-772**	-784
	Interest-rate and currency translation adjustment	**103**	116	**103**	112
	Balance of loan impairment charges and provisions, end of period	**4,693**	4,661	**4,491**	4,467
	Loan impairment charges	**4,249**	4,124	**4,058**	3,887
	Provisions for guarantees	**444**	537	**433**	580
	Balance of loan impairment charges and provisions, end of period	**4,693**	4,661	**4,491**	4,467
	Loan impairment/provisions for the year	**751**	1,559	**693**	1,530
	Write-off not covered by loan impairment charges/provisions	**509**	342	**530**	333
	Recoveries	**-128**	-61	**-124**	-58
	Net effect on the income statement	**1,132**	1,840	**1,099**	1,805
	Individual loan impairment charges, beginning of period	**3,181**	2,913	**2,985**	2,431
	Loan impairment for the year	**917**	1,044	**878**	1,226
	Write-off already covered by loan impairment charges	**-793**	-866	**-740**	-758
	Interest-rate and currency translation adjustment	**81**	90	**81**	86
	Individual loan impairment charges, end of period	**3,386**	3,181	**3,204**	2,985
	Individual provisions for loss on guarantees, beginning of period	**427**	294	**439**	525
	Provisions for the year	**-34**	152	**-53**	-60
	Write-off already covered by provisions	**-29**	-19	**-32**	-26
	Individual provisions for loss on guarantees, end of period	**364**	427	**354**	439
	Collective loan impairment charges, beginning of period	**943**	571	**902**	480
	Loan impairment for the year	**-102**	346	**-70**	396
	Interest-rate adjustment	**22**	26	**22**	26
	Collective loan impairment charges, end of period	**863**	943	**854**	902
	Collective provisions for loss on guarantees, beginning of period	**110**	93	**141**	173
	Provisions for the year	**-30**	17	**-62**	-32
	Collective provisions for loss on guarantees, end of period	**80**	110	**79**	141
	Impairment charges on balances due from credit institutions				
	Individual impairment charges on balances due from credit institutions, beginning of period	**0**	0	**0**	0
	Loan impairment for the year	**15**	0	**15**	0
	Individual impairment charges on balances due from credit institutions, beginning of period	**15**	0	**15**	0
	Loan impairment for the year	**15**	0	**15**	0
	Net effect on the income statement	**15**	0	**15**	0

Note	DKKm	The Jyske Bank Group 2013	2012
15	**Loans and advances showing objective evidence of impairment**		
	Individually-assessed loans and advances before loan impairment charges:		
	Individual significant loans and advances	**9,399**	8,058
	Non-significant loans and advances	**1,350**	1,384
	Total	**10,749**	9,442
	Individually-assessed loans and advances recognised at nil	**509**	546
	Total of individually assessed loans and advances before loan impairment charges (less loans and advances recognised at nil)	**10,240**	8,896
	Loan impairment charges for individually-assessed loans and advances:		
	Individual significant loans and advances	**2,692**	2,490
	Non-significant loans and advances	**694**	691
	Total impairment charges for loans and advances assessed individually	**3,386**	3,181
	Loan impairment charges for individually-assessed loans and advances recognised at nil	**509**	546
	Total impairment charges for loans and advances assessed individually (less loans and advances recognised at nil)	**2,877**	2,635
	Carrying value of individually-assessed loans and advances which show objective evidence of impairment	**7,363**	6,261
	Impairment charges on individually assessed loans to individually assessed loans	**32%**	34%

As at 31 December 2013, loans and advances assessed collectively for impairment with objective evidence of impairment amounted to DKK 17,618m before impairment charges and DKK 16,755m after impairment charges. That corresponds to falls of DKK 10,560m and DKK 10,480m, respectively, in comparison with end-2012 when the figures were DKK 28,178m and DKK 27,235m, respectively. The impairment ratio at 31 December 2013 was 4.9% and 3.3% at end-2012.

Non-performing loans and advances accounted for DKK 1,708m against DKK 1,822m at end-2012.

Non-performing loans and past due exposures accounted for DKK 1,780m against DKK 1,917m at end-2012.

Interest on loans and advances assessed individually and collectively for 2013 was DKK 1,228m against DKK 2,065m for 2012.

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
16	**Bonds, total, at fair value**				
	Mortgage credit bonds	**66,138**	67,330	**66,138**	67,330
	Government bonds	**1,609**	1,087	**1,554**	1,052
	Other bonds	**5,103**	8,220	**4,909**	7,818
	Total	**72,850**	76,637	**72,601**	76,200
	Bonds at amortised cost				
	The carrying amount of these assets amounts to	**14,794**	18,738	**14,794**	18,738
	Fair value of held-to-maturity assets	**15,096**	19,083	**15,096**	19,083

Owing to a considerable distortion of the pricing of a number of bonds, bonds of a fair value of DKK 4,464m were reclassified in 2008 from the trading portfolio to held-to-maturity. No reclassifications were made in the period 2009-2013. At end-2013, the reclassified portfolio was recognised in the balance sheet at DKK 1,162m (2012: DKK 1,681m), the fair value being DKK 1,249m (2012: DKK 1,776m). If the reclassification had not been made, profit before tax for 2013 would have been DKK 8m lower (2012: DKK 139m higher). The effective yield on the reclassified portfolio and the expected cash flow from the portfolio from the time of reclassification were 6% and DKK 7,637m, respectively.

Fair value of the "held-to-maturity portfolio" was higher than the carrying amount by DKK 302m against a fair value of DKK 345m above the carrying amount at end-2012.

Security

Bonds deposited at central banks and at clearing houses, etc. in connection with clearing and settlement of securities and currency transactions (fair value)	**18,702**	16,990

Note	DKKm	The Jyske Bank Group 2013	The Jyske Bank Group 2012	Jyske Bank 2013	Jyske Bank 2012
17	**Shares**				
	Shares/mutual fund certificates listed on NASDAQ OMX Copenhagen A/S	**743**	652	**743**	652
	Shares/mutual fund certificates listed on other exchanges	**319**	262	**319**	262
	Unlisted shares are stated at fair value.	**1,243**	989	**1,191**	937
	Total	**2,305**	1,903	**2,253**	1,851

Note	DKKm	The Jyske Bank Group Associates	Jyske Bank Group enterprises	Jyske Bank Associates
18	**Group enterprises and associates**			
	2013			
	Total cost, beginning of period	841	2,658	838
	Currency translation adjustment	0	-36	0
	Additions	62	34	62
	Disposals	71	15	71
	Total cost, end of period	**832**	**2,641**	**829**
	Revaluations and impairment charges, beginning of period	-119	1,669	-120
	Currency translation adjustment	0	-36	0
	Profit/loss	0	281	0
	Dividend	0	1,550	0
	Other capital movements	0	-5	0
	Revaluations and impairment charges for the year	6	0	2
	Reversed revaluations and impairment charges	2	0	4
	Revaluations and impairment charges, end of period	**-111**	**359**	**-114**
	Carrying amount, end of period	**721**	**3,000**	**715**
	of which credit institutions	0	1,267	0

See The Jyske Bank Group – overview on page 96.

	2012			
	Total cost, beginning of period	841	2,394	838
	Currency translation adjustment	0	27	0
	Additions	0	237	0
	Disposals	0	0	0
	Total cost, end of period	841	2,658	838
	Revaluations and impairment charges, beginning of period	-131	1,932	-129
	Currency translation adjustment	0	29	0
	Profit/loss	0	329	0
	Dividend	0	620	0
	Other capital movements	0	-1	0
	Revaluations and impairment charges for the year	12	0	9
	Revaluations and impairment charges, end of period	-119	1,669	-120
	Carrying amount, end of period	722	4,327	718
	of which credit institutions	0	2,728	0

Note	DKKm	2013			Jyske Bank 2012
19	**Pooled deposits**	**Pension pools**	**Children's savings pools**	Pension pools	Children's savings pools
	ASSETS				
	Cash	**520**	**75**	126	16
	Index bonds	**0**	**0**	1	0
	Other bonds	**1,341**	**192**	1,498	187
	Equities	**1,713**	**246**	2,014	252
	Investment fund certificates	**1,114**	**160**	1,299	162
	Other assets	**38**	**5**	26	3
	Total assets	**4,726**	**678**	4,964	620

Note	DKKm	The Jyske Bank Group			Jyske Bank		
20	**Intangible assets 2013**	**Goodwill**	**Other collateral**	**Total**	**Goodwill**	**Other collateral**	**Total**
	Total cost, beginning of period	0	202	202	0	181	181
	Currency translation adjustment	0	0	0	0	0	0
	Additions	0	52	52	0	47	47
	Disposals	0	0	0	0	0	0
	Total cost, end of period	**0**	**254**	**254**	**0**	**228**	**228**
	Amortisation and impairment charges, beginning of period	0	162	162	0	148	148
	Amortisation for the year	0	21	21	0	11	11
	Impairment charges for the year	0	0	0	0	0	0
	Reversed amortisation and impairment charges	0	0	0	0	0	0
	Amortisation and impairment charges, end of period	**0**	**183**	**183**	**0**	**159**	**159**
	Carrying amount, end of period	**0**	**71**	**71**	**0**	**69**	**69**

Intangible assets 2012	**Goodwill**	**Other collateral**	**Total**	**Goodwill**	**Other collateral**	**Total**
Total cost, beginning of period	215	195	410	215	175	390
Currency translation adjustment	1	0	1	1	0	1
Additions	0	7	7	0	6	6
Disposals	216	0	216	216	0	216
Total cost, end of period	0	202	202	0	181	181
Amortisation and impairment charges, beginning of period	0	149	149	0	139	139
Amortisation for the year	0	14	14	0	9	9
Impairment charges for the year	216	0	216	216	0	216
Reversed amortisation and impairment charges	216	1	217	216	0	216
Amortisation and impairment charges, end of period	0	162	162	0	148	148
Carrying amount, end of period	0	40	40	0	33	33

In 2004, Jyske Bank bought 60% of the Dutch investment services company Berben's Effectenkantoor B.V. The overall profit development for the company has until 2012 been in line with the bank's expectations of the purchase. Due to a reduction of the total assets under management as well as stricter legislation, the prospects for the company have deteriorated markedly. The ensuing downward revision of the earnings estimates resulted in 2012 in impairment amounting to DKK 216m of the entire goodwill recognised by Jyske Bank in relation to Berben's Effectenkantoor B.V.

At the impairment test conducted in 2012, the discounted values of the expected future cash flows from the cash-flow generating business areas were compared with the carrying amounts. Expected future cash flows rest on the realised profit for 2012, the budget for 2013 and projections for the subsequent four years. The terminal value for the period 2018 and beyond has been determined on the basis of expected annual profit growth of 3.0%. The discount rate applied was 15% before tax.

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
21	**Real property**				
	Investment properties				
	Fair value, beginning of period	**33**	44	**0**	0
	Additions	**0**	0	**0**	0
	Value adjustments to fair value made over the year	**0**	-11	**0**	0
	Fair value, end of period	**33**	33	**0**	0

Investment property is measured at fair value (non-observable prices).
Rental income from investment property was DKK 1m (2012: DKK 2m), and operating expenses were DKK 2m (2012: DKK 2m).
The required rate of return was 8% (2012: 8%)

	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
Owner-occupied properties				
Restated value, beginning of period	**2,121**	2,109	**1,977**	1,966
Currency translation adjustment	**-2**	2	**-1**	0
Additions during the year, including improvements	**47**	7	**44**	6
Disposals for the year	**9**	43	**5**	43
Depreciation	**10**	10	**9**	9
Positive changes in values recognised in other comprehensive income in the course of the year	**24**	67	**20**	62
Negative changes in values recognised in other comprehensive income in the course of the year	**16**	10	**7**	5
Positive changes in value recognised directly in the income statement during the year	**1**	6	**1**	6
Negative changes in value recognised directly in the income statement during the year	**6**	7	**6**	6
Restated value, end of period	**2,150**	2,121	**2,014**	1,977
Cost less accumulated depreciation and impairment charges	**1,733**	1,721	**1,614**	1,590
For mortgage credit institutions, collateral has been provided in land and buildings, the carrying amount of which is	**1,880**	1,874	**1,880**	1,874

The required rate of return was between 3.75% and 10% (2012: 3.75% and 10%).
The weighted average required rate of return was 6.25% (2012: 6.28%)

Note	DKKm	The Jyske Bank Group 2013	The Jyske Bank Group 2012	Jyske Bank 2013	Jyske Bank 2012
22	**Other property, plant and equipment**				
	Total cost, beginning of period	**2,131**	1,843	**651**	628
	Currency translation adjustment	**0**	1	**0**	0
	Additions	**620**	539	**46**	27
	Disposals	**482**	252	**4**	4
	Total cost, end of period	**2,269**	2,131	**693**	651
	Amortisation and impairment charges, beginning of period	**1,061**	886	**591**	566
	Currency translation adjustment	**0**	1	**0**	0
	Amortisation for the year	**336**	280	**31**	29
	Impairment charges for the year	**5**	1	**0**	0
	Reversed amortisation and impairment charges	**187**	107	**3**	4
	Amortisation and impairment charges, end of period	**1,215**	1,061	**619**	591
	Carrying amount, end of period	**1,054**	1,070	**74**	60
	Other property, plant and equipment consists of equipment and leasehold improvements.				
	Operating lease activities are recognised under machinery and equipment at	**974**	1,003	**0**	0
	Breakdown of minimum lease payments on lease terms				
	0-1 years	**385**	307	**0**	0
	1-5 years	**589**	694	**0**	0
	Over 5 years	**0**	2	**0**	0
	Total	**974**	1,003	**0**	0

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

Note	DKKm	The Jyske Bank Group 2013	The Jyske Bank Group 2012	Jyske Bank 2013	Jyske Bank 2012
23	**Deferred tax**				
	Deferred tax assets	**0**	0	**2**	86
	Deferred tax liabilities	**468**	389	**0**	0
	Net deferred tax	**468**	389	**-2**	-86

Change in deferred tax

The Jyske Bank Group 2013	Beginning of period	Recognised in the net profit for the year	Recognised in other compre-hensive income	Other adjust-ments	End of period
Bonds at amortised cost	-86	20	0	0	-66
Intangible assets	7	7	0	0	14
Property, plant and equipment	279	-27	-9	0	243
Loans and advances, etc.	355	24	0	1	380
Provisions for pensions	-111	13	3	0	-95
Other	-55	49	0	-2	-8
Total	**389**	**86**	**-6**	**-1**	**468**
The Jyske Bank Group 2012					
Bonds at amortised cost	2	-88	0	0	-86
Intangible assets	10	-3	0	0	7
Property, plant and equipment	253	21	13	-8	279
Loans and advances, etc.	198	157	0	0	355
Provisions for pensions	-109	-2	0	0	-111
Other	96	-152	0	1	-55
Total	450	-67	13	-7	389
Jyske Bank 2013					
Bonds at amortised cost	-86	20	0	0	-66
Intangible assets	6	9	0	0	15
Property, plant and equipment	211	-5	-9	0	197
Loans and advances, etc.	-34	4	0	0	-30
Provisions for pensions	-103	12	3	0	-88
Other	-80	50	0	0	-30
Total	**-86**	**90**	**-6**	**0**	**-2**
Jyske Bank 2012					
Bonds at amortised cost	2	-88	0	0	-86
Intangible assets	8	-2	0	0	6
Property, plant and equipment	190	8	13	0	211
Loans and advances, etc.	-34	0	0	0	-34
Provisions for pensions	-101	-2	0	0	-103
Other	70	-149	0	-1	-80
Total	135	-233	13	-1	-86

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
24	**Other assets**				
	Positive market value of derivatives	**25,911**	32,993	**25,869**	32,998
	Interest and commission receivable	**1,155**	1,198	**1,208**	1,267
	Other	**1,903**	2,079	**1,518**	1,676
	Total	**28,969**	36,270	**28,595**	35,941
25	**Due to credit institutions and central banks**				
	Due to central banks	**14,143**	15,290	**14,143**	15,290
	Due to credit institutions	**29,793**	23,528	**33,067**	28,643
	Total	**43,936**	38,818	**47,210**	43,933
26	**Deposits**				
	Demand deposits	**72,693**	64,779	**69,082**	60,755
	Term deposits	**8,804**	8,044	**8,804**	8,044
	Time deposits	**35,233**	35,602	**35,144**	35,449
	Special deposits	**9,291**	6,969	**9,291**	6,969
	Total	**126,021**	115,394	**122,321**	111,217
27	**Other liabilities**				
	Set-off entry of negative bond holdings in connection with repos/reverse repos	**4,227**	2,473	**4,227**	2,473
	Negative market value of derivatives	**26,246**	34,423	**26,207**	34,433
	Interest and commission payable	**551**	409	**557**	430
	Other liabilities	**6,867**	5,771	**6,391**	5,367
	Total	**37,891**	43,076	**37,382**	42,703

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
28	**Provisions for pensions and similar liabilities**				
	Provisions for pensions and similar liabilities				
	Provisions for defined benefit plans	**398**	407	**367**	379
	Provisions for long-term employee benefits	**42**	41	**35**	35
	Recognised in the balance sheet, end of period	**440**	448	**402**	414
	Provisions for defined benefit plans				
	Present value of pension plan obligations	**511**	504	**480**	476
	Fair value of pension plan assets	**113**	97	**113**	97
	Net liability recognised in the balance sheet	**398**	407	**367**	379
	Change in provisions for defined benefit plans				
	Provisions, beginning of period	**504**	493	**476**	468
	Costs for the current financial year	**23**	36	**21**	31
	Calculated interest expenses	**20**	18	**19**	17
	Actuarial losses/gains	**-10**	-6	**-10**	-6
	Pension payments	**-26**	-37	**-26**	-34
	Provisions, end of period	**511**	504	**480**	476
	Change in the fair value of pension plan assets				
	Assets, beginning of period	**97**	101	**97**	101
	Calculated interest on assets	**4**	4	**4**	4
	Return ex calculated interest on assets	**4**	-4	**4**	-4
	Contributions, etc.	**12**	0	**12**	0
	Pension payments	**-4**	-4	**-4**	-4
	Assets, end of period	**113**	97	**113**	97
	Pension costs recognised in the income statement				
	Costs for the current financial year	**23**	36	**21**	31
	Calculated interest related to liabilities	**20**	18	**19**	17
	Calculated interest on assets	**-4**	-4	**-4**	-4
	Total recognised defined benefit plans	**39**	50	**36**	44
	Total recognised defined contribution plans	**221**	235	**190**	207
	Recognised in the income statement	**260**	285	**226**	251

The expense is recognised under Employee and administrative expenses

	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
Pension plan assets:				
Equities	**0**	7	**0**	7
Bonds	**65**	80	**65**	80
Cash and cash equivalents	**47**	9	**47**	9
Other	**1**	1	**1**	1
Pension plan assets, total	**113**	97	**113**	97

Pension plan assets include 0 Jyske Bank A/S shares (2012: 45,456 shares). Measurement of all pension assets is based on quoted prices in an active market.

Note	DKKm	2013	2012	2011	2010	2009
		The Jyske Bank Group				
28	**Provisions for pensions and similar liabilities, cont.**					
	The Group's pension plan liabilities					
	Present value of pension plan obligations	**511**	504	490	491	462
	Fair value of pension plan assets	**113**	97	108	129	78
	Surplus/deficit	**398**	407	382	362	384
	Actuarial assumptions					
	Defined benefit plans					
	Retirement remuneration					
	Discount rate	**4.00%**	3.75%	4.50%	5.00%	5.50%
	Future rate of wage increase	**2.00%**	2.00%	3.00%	3.00%	3.00%
	Jyske Banks Pensionstilskudsfond					
	Discount rate	**4.00%**	3.75%	4.50%	5.00%	5.50%
	Future rate of wage increase	**2.00%**	2.00%	3.00%	3.00%	3.00%
	Calculated interest on pension plan assets	**4.00%**	5.00%	5.00%	5.00%	5.00%
	Long-term employee benefits					
	Discount rate	**4.00%**	3.75%	4.50%	5.00%	5.50%
	Future rate of wage increase	**2.00%**	2.00%	3.00%	3.00%	3.00%

The most important actuarial assumptions in the calculation of pension liabilities relate to interest rate level and wage increases. If the discount rate fall by 0.25% to 3.75%, the pension provisions increase by DKK 10m. If the rate of wage increases rise by 0.25% to 2.25%, the pension provisions increase by DKK 10m.

For 2014, payments to defined contribution and defined benefit pension plans are expected to be DKK 265m for the Group (2013: DKK 289m).

Defined contribution pension plans

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

Defined benefit plans

Retirement remuneration equalling a maximum of one year's salary is paid to employees on retirement. In 2013, a total of DKK 383m (2012: DKK 375m) was recognised in the balance sheet, this being the present value of the overall liability relating to the employees' term of employment with the Group. Employees recruited not later than on 31 August 2005 are offered participation in the retirement remuneration plan.

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. At year-end 2013, provisions amounting to DKK 15m (2012: DKK 32m) were recognised, this being the present value of liabilities, DKK 128m (2012: DKK 129m), less the fair value of assets, DKK 113m (2012: DKK 97m).

Long-term employee benefits

An anniversary bonus equalling one month's salary is paid when an employee has worked for the Group for 25 years and 40 years. At year-end 2013, provisions amounted to DKK 34m (2012: DKK 34m), this being the present value of the aggregate liability.

Other long-term employee benefits relate to other salary- and pension-related benefits paid to employees on retirement. Total provisions amounted to DKK 8m (2012: DKK 8m).

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
29	**Other provisions**				
	Provisions for litigation, beginning of period	**382**	239	**376**	232
	Additions	**127**	147	**127**	147
	Disposals inclusive of consumption	**262**	1	**262**	0
	Disposals exclusive of consumption	**46**	3	**46**	3
	Provisions for litigation, end of period	**201**	382	**195**	376
	The provisions are expected, in essence, to be reduced to zero within a year.				
30	**Subordinated debt**				
	Supplementary capital:				
	6.73% Bond loan EUR 15m 2017-2026	**112**	112	**112**	112
	Var. % bond loan EUR 10m 13.02.2023	**75**	75	**75**	75
	5.65% Bond loan EUR 10m 27.03.2023	**75**	75	**75**	75
	5.67% Bond loan EUR 10m 31.07.2023	**74**	74	**74**	74
	Var. % bond loan EUR 146.4m 19/04/2016*	**0**	1,092	**0**	1,092
		336	1,428	**336**	1,428
	Hybrid core capital:				
	Var. % bond loan EUR 97.4m Perpetual	**727**	719	**727**	719
	Var. % bond loan EUR 77.2m Perpetual	**576**	576	**576**	576
		1,303	1,295	**1,303**	1,295
	Subordinated debt, nominal	**1,639**	2,723	**1,639**	2,723
	Hedging of interest-rate risk, fair value	**10**	19	**10**	19
	Total	**1,649**	2,742	**1,649**	2,742
	Subordinated debt included in the capital base	**1,639**	2,723	**1,639**	2,723

* Prepaid 19/04/2013

Hybrid core capital has no contractual maturity date. Subject to the approval of the Danish Financial Supervisory Authority, the notes may be redeemed by Jyske Bank, but not earlier than ten years after the date of issue. The holders have no right to call for the redemption of the notes. Interest payments will cease in the event that the issuer does not meet the solvency requirements. Under such circumstances, dividend payments and buy-back of issued shares are subject to certain restrictions. The rate of interest is floating, but capped at 9% per annum for the EUR 97.4m loan and at 8% per annum for the EUR 77.2m loan. The rate is calculated as EUR CMS10 + 0.15% per annum.

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
31	**Portfolio of own shares**				
	Own shares ('000)	**66**	180	**66**	180
	Nominal value of own shares	**660**	1,800	**660**	1,800
	Portfolio of own shares as a percentage of the share capital	**0.09**	0.25	**0.09**	0.25
	Acquisition of own shares				
	Own shares ('000)	**5,125**	4,214	**5,125**	4,214
	Nominal value of own shares	**51,249**	42,145	**51,249**	42,145
	Portfolio of acquired own shares as a percentage of the share capital	**7.19**	5.91	**7.19**	5.91
	Sale of own shares				
	Own shares ('000)	**5,239**	4,284	**5,239**	4,284
	Nominal value of own shares	**52,389**	42,842	**52,389**	42,842
	Portfolio of sold own shares as a percentage of the share capital	**7.35**	6.01	**7.35**	6.01
	Total purchase price	**1,148**	720	**1,148**	720
	Total selling price	**1,171**	723	**1,171**	723

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

	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
	Share capital				
	Opening share capital, 1000 shares.	**71,280**	64,800	**71,280**	64,800
	Capital increase by issue, number 1,000 shares	**0**	6,480	**0**	6,480
	Closing share capital, 1000 shares	**71,280**	71,280	**71,280**	71,280
32	**Transferred financial assets still recognised in the balance sheet**				
	Carrying amount of transferred financial assets				
	Bonds in repo transactions	**22,214**	23,725	**22,214**	23,725
	Loans and advances in joint financing	**4,348**	2,954	**4,348**	2,954
	Transferred financial assets, total	**26,562**	26,679	**26,562**	26,679
	Carrying amount of transferred financial liabilities				
	Debt to credit institutions in repo transactions	**12,039**	6,036	**12,039**	6,036
	Debt to credit institutions in joint funding	**4,348**	2,954	**4,348**	2,954
	Deposits and other debts in repo transactions	**10,175**	17,962	**10,175**	17,962
	Transferred financial liabilities, total	**26,562**	26,952	**26,562**	26,952
	Net positions	**0**	-273	**0**	-273

Jyske Bank enters into transactions transferring the ownership to financial assets to the counterparty, yet Jyske Bank maintains the material part of the risks on the assets in question. When the most material risks are maintained, the asset is still recognised in Jyske Bank's balance sheet. Such transactions include repo transactions and joint funding of mortgage lending through covered bonds issued by BRFkredit's capital centre. Repo transactions are sales of bonds where at the time of a sale an agreement is made on the repurchase at some later point in time at a certain price. Mortgage lending financed through covered bonds issued from BRFkredit's capital centre comprises transferred loans, where Jyske Bank has committed itself to pay interest, drawing and redemption amounts to BRFkredit, which will transfer the payments to the bond investors.

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

	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
33	**Subordinated receivables**				
	Other enterprises	**454**	489	**454**	489

Risk exposure
Jyske Bank is exposed to various risks, and the Group applies advanced risk management as an integral part of strategic decision-making and day-to-day operations. The Supervisory Board lays down and regularly reviews the overall policies, guidelines and principles for risk and capital management and regularly receives reports on exposures and the utilisation of the allocated risk limits.

The main risks to which Jyske Bank is exposed are:
- Credit risk: Credit risk is the risk of loss caused by clients' or counter-parties' failure to meet their payment obligations towards the Group. Credit risk extends to loans, committed credit facilities and guarantees, market values of derivatives and equity investments.
- Market risk: Market risk is the risk of loss caused by a change in the market value of the Group's assets and liabilities due to price changes in the financial markets.
- Liquidity risk: Liquidity risk is the risk of Jyske Bank not being able to generate or obtain sufficient liquidity at a reasonable price to meet its payment obligations or ultimately being unable to meet its obligations as they fall due.
- Operational risk: Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
- Business risk: Business risk is the risk of loss caused by unexpected falls in earnings. Losses may be caused by various events, for instance new legislation and keener competition, which damage business or cause the business foundation to dwindle or disappear.

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

Credit policy and responsibility
Jyske Bank's Supervisory Board lays down the overall guidelines for credit granting within the Group, and the largest exposures are presented to the Supervisory Board for approval. The Supervisory Board delegates limits to the members of the Executive Board.

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

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

Granting and monitoring of credit risk
Jyske Bank attaches great importance to its decentralised credit-granting process. Limits are delegated to account managers individually on the basis of perceived competence and need. Decisions about applications over and above the limits granted to account managers are made by the Credit Division.

A central element in the assessment of the creditworthiness of corporate clients is their ability to service debt out of cash flow from operations in combination with their financial strength. In respect of personal clients, debt servicing ability and debt repayment ability are decisive.

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

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

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

The credit-rating process, cont.

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

In order to reach the best possible overview of client credit quality, PD is mapped into internal credit ratings. Jyske Bank's credit ratings are on a scale from 1 to 14, 1 being the highest credit quality (the lowest PD) and 14 the lowest credit quality (the highest PD). The scale is constant over time so that clients migrate up or down depending on their PD. PD is basically calibrated to the long-term level of default rates measured back to the mid-eighties before the beginning of latest major recession. Moreover, adjustments relative to the actual development of the default rate are made quarterly.

Jyske Bank's internal credit ratings aim to assess the credit risk in a one-year perspective, while external ratings (Aaa - C) aim to assess the credit risk in a longer perspective. The mapping between the internal credit ratings and the external credit ratings is based on the currently observed default frequency for companies rated by Moody's. Therefore the mapping between the internal and the external credit ratings is dynamic, which is only natural, given the difference in rating systems. Observations are made on a monthly basis to determine whether changes are to be made in the mapping.

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

Credit exposure

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

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

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

In respect of financial instruments, EAD is measured according to the market-value method for regulatory measurement, while for internal management purposes, the more advanced EPE method is used - for further details about both methods, please see the section on counterparty risk.

Loan impairment charges and provisions for guarantees

Jyske Banks recognises impairment of loans and advances where events indicate objective evidence of impairment which will affect the size of anticipated future payments.

On an ongoing basis - and at least quarterly - account managers assess whether objective evidence of impairment charges relating to the Group's clients have emerged.

Where easier conditions have been granted to clients with financial problems, this will be regarded as individual objective evidence of impairment and impairment charges will be recognised.

Risk categories

Jyske Bank's risk exposures are broken down into three categories: low-, high- and full-risk exposures. The two last-mentioned risk categories represent defaulted clients who are no longer deemed capable of fully meeting their payment obligations towards the Group. The risk categories are used in the Group's process for assessing impairment.

Note		The Jyske Bank Group
	DKKm	

34 **Maturity matrix for undrawn irrevocable credit commitments**

2013	**Up to 3 months**	**3 mths-1 year**	**1-5 years**	**Over 5 years**	**Total**
Due from credit institutions and central banks					
Floating rate	**0**	**250**	**100**	**0**	**350**
Loans and advances					
Floating rate	**0**	**500**	**1,679**	**0**	**2,179**
2012					
Due from credit institutions and central banks					
Floating rate	0	275	100	0	375
Loans and advances					
Floating rate	0	100	1,544	0	1,644

DKKm	**The Jyske Bank Group** **2013**	2012
35 **Finance leases by remaining contractual term**		
Finance leases, gross investments		
Lease term of less than 1 year	**2,574**	2,429
Lease term of 1-5 years	**4,304**	3,959
Lease term of more than 5 years	**260**	267
Total	**7,138**	6,655
of which un-earned, future financial income	**503**	504
Finance leases, net investment	**6,635**	6,151
Finance leases, net investment		
Lease term of less than 1 year	**2,366**	2,218
Lease term of 1-5 years	**4,016**	3,675
Lease term of more than 5 years	**253**	258
Total	**6,635**	6,151

Finance leasing is recognised under loans and advances.

Of the net investment, the non-guaranteed residual value, which accrues to the Group, amounts to (open residual value)	**0**	0
Impairment charge, finance leases	**103**	109

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

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
36	**Contingent liabilities**				
	Financial guarantees	**7,080**	6,354	**7,010**	8,187
	Guarantee for losses on mortgage credits	**4,240**	3,144	**4,240**	3,144
	Registration and re-mortgaging guarantees	**490**	657	**490**	657
	Other contingent liabilities	**2,309**	2,143	**2,309**	2,143
	Total	**14,119**	12,298	**14,049**	14,131

Guarantees

General

Jyske Bank's credit review of the guarantee applicant takes into consideration the risk on the guarantee. For about 70% of the Jyske Bank Group's and Jyske Bank's guarantees, the contractual term is below one year; for about 15%, the contractual terms is between 1 and 5 years; and for about 15%, the contractual term is above 5 years.

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

Guarantees for losses on mortgage loans are typically provided as security for the most risky part of mortgage loans granted to private 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 remortgaging 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.

As from 2007, loans channelled to Totalkredit by Jyske Bank are subject to the right of set-off by Totalkredit against future current commission, which Totalkredit can invoke in the event of default on the loans arranged.
Jyske Bank does not expect such set-off to have material influence on Jyske Bank's financial position, results of operations or cash flows.

An association has brought a class action against Jyske Bank claiming compensation for losses incurred through investment in Jyske Invest Hedge Markedsneutral - Obligationer. Jyske Bank estimates the legal development of the 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.

Claims have been brought against Jyske Bank for compensation for losses incurred following Jyske Bank's advice and sale of interest-rate swaps. 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.

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.

Due to the participation in the compulsory Deposit Guarantee Fund, the sector pays an annual contribution of 2.5 per mille of the covered net deposits. The payment into Pengeinstitutafdelingen (the financial institution fund) will continue until the assets of Pengeinstitutafdelingen exceed 1% of the total covered net deposits. According to Bank Package 3 and Bank Package 4, Pengeinstitutafdelingen bears the immediate losses attributable to covered net deposits and relating to the winding up of financial institutions in distress. Any losses in connection with the final winding up are covered by the Guarantee Fund's Afviklings- og Restruktureringsafdeling (settlement and restructuring fund), where Jyske Bank currently guarantees 6.88% of any losses.

Jyske Bank is a management company under Danish joint taxation. Therefore, according to the provisions of the Danish Company Taxation, Jyske Bank is liable as of the accounting year 2013 for corporation tax, etc. for the jointly taxed companies and as of 1 July 2012 for any liabilities to withhold tax on interest and dividends for the jointly taxed companies.

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
37	**Other commitments**				
	Irrevocable credit commitments	**1,779**	1,644	**1,779**	1,644
	Other commitments	**48**	43	**48**	43
	Total	**1,827**	1,687	**1,827**	1,687

Other commitments comprise solely committed credit facilities with a term longer than twelve months as defined by the Danish Financial Supervisory Authority.

Note	DKKm	The Jyske Bank Group 2013	2012
38	**Value of securities realised during the financial year**		
	Real property, residential	**113**	63
	Real property, commercial	**153**	41
	Personal property, cars and rolling stock	**58**	57
	Other personal property	**208**	118
	Other collateral	**86**	51
	Amounts received under guarantees	**69**	34
	Total	**687**	364

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

Note	DKKm	The Jyske Bank Group 2013	2012
39	**Collateral by type**		
	Cash balances	**2,999**	3,058
	Securities	**8,662**	8,634
	Guarantees made out directly to Jyske Bank	**4,181**	4,163
	Real property, residential	**26,699**	23,722
	Real property, commercial	**15,462**	13,280
	Personal property, cars and rolling stock	**6,655**	6,242
	Other personal property	**6,483**	5,896
	Other collateral	**1,370**	701
	Guarantees whereby the guarantors assume primary liability	**3,310**	3,248
	Total	**75,821**	68,944

In addition, collateral has been received for loans and advances of DKK 2,156m (2012: DKK 1,945m) under a number of other guarantee types.

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

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

Note

39 **Collateral by type, cont.**

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

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

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

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

		The Jyske Bank Group	
	DKKm	**2013**	2012
40	**Maximum credit exposure**		
	Demand deposits at central banks	**1,090**	6,564
	Due from credit institutions and central banks	**15,143**	8,308
	Loans and advances	**131,378**	118,554
	Bonds at fair value	**57,754**	57,554
	Bonds at amortised cost	**14,794**	18,738
	Positive market values of derivatives	**25,911**	32,993
	Other guarantees	**14,119**	12,298
	Irrevocable credit commitments	**2,529**	2,019
	Total	**262,718**	257,028

The value of the collateral held against the Jyske Bank Group's maximum credit exposure amounted to DKK 75,821m (2012: DKK 68,944m), cf. the note "Collateral by type".

DKKm				**The Jyske Bank Group**
Credit quality of exposures that are neither overdue nor impaired 2013	**Ratings 1-5**	**Ratings 6-11**	**Ratings 12-14**	**Other collat-eral**
Loans and advances	58,682	49,178	7,122	9,011
Other guarantees	5,657	4,412	486	1,041
Total	**64,339**	**53,590**	**7,608**	**10,052**
Credit quality of exposures that are neither overdue nor impaired 2012				
Loans and advances	57,135	44,888	6,881	7,427
Guarantees	5,066	4,037	387	633
Total	62,201	48,925	7,268	8,060

The carrying amount of credit exposures which would have been overdue or impaired if the attached terms and conditions had not been renegotiated, amounted to DKK 412m (2012: DKK 322m).

Note	DKKm				The Jyske Bank Group
					Other
41	**Overdue but not impaired credit exposure 2013**	**Ratings 1-5**	**Ratings 6-11**	**Ratings 12-14**	**collateral**
	Overdue 0-90 days	172	444	113	180
	Overdue > 90 days	0	1	1	133
	Overdue, total	**172**	**445**	**114**	**313**
	Collateral				
	Cash balances	21	8	6	5
	Securities	22	5	1	7
	Guarantees made out directly to Jyske Bank	0	0	0	0
	Real property, residential	5	5	2	80
	Real property, commercial	3	10	2	6
	Personal property, cars and rolling stock	0	0	0	0
	Other personal property	0	2	3	1
	Other collateral	0	18	1	1
	Guarantees whereby the guarantors assume primary liability	0	5	1	1
	Total collateral	**51**	**53**	**16**	**101**
	Overdue but not impaired credit exposure 2012				
	Overdue 0-90 days	206	348	144	185
	Overdue > 90 days	0	1	1	6
	Overdue, total	206	349	145	191
	Collateral				
	Cash balances	9	7	1	4
	Securities	2	8	2	15
	Guarantees made out directly to Jyske Bank	0	10	0	0
	Real property, residential	3	6	1	24
	Real property, commercial	1	9	10	4
	Personal property, cars and rolling stock	0	1	0	0
	Other personal property	0	1	1	1
	Other collateral	0	7	0	0
	Guarantees whereby the guarantors assume primary liability	1	8	13	1
	Total collateral	16	57	28	49

DKKm		The Jyske Bank Group	
		2013	2012
42	**Impaired credit exposures (individual impairment charges and provisions)**		
	Balance before impairment charges:		
	Loans and advances	**7,781**	6,565
	Other guarantees	**953**	789
	Total	**8,734**	7,354
	Collateral (not specified separately for loans, advances and guarantees)		
	Cash balances	**55**	48
	Highly liquid securities	**237**	120
	Guarantees made out directly to Jyske Bank	**19**	17
	Real property, residential	**421**	394
	Real property, commercial	**1,509**	981
	Personal property, cars and rolling stock	**77**	66
	Other personal property	**298**	250
	Other collateral	**389**	175
	Guarantees whereby the guarantor assumes primary liability	**154**	86
	Total collateral	**3,159**	2,137

Note | Jyske Bank
DKKm / %

43 **Loans, advances and guarantee debtors as well as loan impairment charges and provisions for guarantees by sector**

Sector	Loans, advances and guarantees				Balance of loan impairment charges and provisions for guarantees		Loan impairment charges and provisions for guarantees for the year		Losses for the year	
	(%) 2013	**(%) 2012**	**End of period 2013**	End-2012	**End of period 2013**	End of period 2012	**2013**	2012	**2013**	2012
Public authorities	**6**	5	**7,871**	6,624	**0**	0	**0**	0	**0**	0
Agriculture, hunting, forestry, fishing	**6**	6	**8,394**	8,192	**568**	619	**177**	245	**259**	238
Fishing	**2**	*2*	**2,426**	*2,433*	**1**	*39*	**4**	*23*	**44**	*0*
Milk producers	**1**	*1*	**1,472**	*1,533*	**334**	*290*	**111**	*136*	**86**	*77*
Plant farming	**1**	*1*	**1,322**	*1,068*	**17**	*25*	**7**	*19*	**16**	*8*
Pig breeding	**1**	*1*	**1,838**	*1,818*	**194**	*211*	**49**	*34*	**74**	*96*
Other agriculture	**1**	*1*	**1,336**	*1,340*	**22**	*54*	**6**	*33*	**39**	*57*
Manufacturing, mining, etc.	**4**	5	**6,425**	6,619	**132**	173	**68**	86	**121**	47
Energy supply	**3**	2	**4,595**	2,742	**22**	13	**8**	-4	**0**	0
Building and construction	**2**	2	**2,232**	2,234	**77**	74	**44**	38	**48**	63
Commerce	**5**	6	**7,436**	7,279	**211**	241	**114**	124	**164**	133
Transport, hotels and restaurants	**2**	2	**2,868**	2,961	**61**	37	**52**	23	**37**	15
Information and communication	**0**	0	**475**	447	**16**	5	**19**	0	**12**	6
Finance and insurance	**29**	27	**41,751**	34,982	**690**	594	**181**	191	**135**	138
Real property	**7**	8	**10,072**	9,860	**1,150**	1,051	**257**	401	**204**	167
Lease of real property	**5**	*6*	**8,038**	*8,361*	**850**	*823*	**149**	*376*	**148**	*108*
Buying and selling of real property	**1**	*1*	**982**	*675*	**165**	*92*	**81**	*5*	**23**	*38*
Other real property	**1**	*1*	**1,052**	*825*	**135**	*136*	**27**	*20*	**33**	*21*
Other sectors	**4**	4	**5,323**	4,933	**54**	148	**-21**	116	**85**	109
Corporate clients, individually assessed, total	**62**	62	**89,571**	80,249	**2,981**	2,955	**899**	1,220	**1,065**	916
Corporate clients, collective impairment charges					**659**	717	**-49**	197	**0**	5
Private clients, individually assessed	**32**	33	**45,468**	43,298	**576**	532	**239**	258	**237**	170
Private clients, collective impairment charges					**275**	263	**10**	130	**0**	26
Total	**100**	100	**142,910**	130,171	**4,491**	4,467	**1,099**	1,805	**1,302**	1,117

Note					The Jyske Bank Group
	(%)				

		Clients	Banks	Central govts, etc.	Total
44	**Loans and guarantee debtors by country and client segment 2013**				
	Denmark	90	24	100	86
	The EU	8	69	0	11
	Rest of Europe	1	1	0	1
	USA + Canada	0	5	0	0
	Other zone-A countries	0	0	0	0
	South America	0	0	0	1
	Rest of the world	1	1	0	1
	Total	**100**	**100**	**100**	**100**

	Loans and guarantee debtors by country and client segment 2012				
	Denmark	90	20	100	86
	The EU	7	70	0	11
	Rest of Europe	1	1	0	1
	USA + Canada	0	7	0	1
	Other zone-A countries	0	1	0	0
	South America	1	0	0	0
	Rest of the world	1	1	0	1
	Total	100	100	100	100

Note	The Jyske Bank Group

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

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

The sensitivity analysis for 2013 reflected essentially the previously described development of Jyske Bank's market risk. The higher interest-rate risk is reflected by the higher sensitivity to the stated interest-rate changes. The sensitivity to changes in the other market risks is almost unchanged relative to 2012, which is in line with the development of Jyske Bank's other risk indicators in the area.

Sensitivity analyses – effect on Income Statement	**The Jyske Bank Group**	
DKKm	**2013**	2012
A 1 percentage-point increase in interest rates	**-337**	-176
A negative 0.5 percentage-point change in interest rates	**-306**	-140
A general 10% fall in equity prices	**-40**	-44
A negative 2% change in equity prices	**-39**	-29
A negative 5% change in commodity prices	**-1**	-1
A negative 5% change in exchange rates*	**-78**	-84

NB: This is a mild stress scenario. "Negative" means that the prices of long positions fall, while those of short positions rise. All calculated per currency. Equity risk was calculated for the trading portfolio. The impact on equity is as outlined above, yet less tax.
*EUR is not included in the calculation

Notes to liquidity risk
Liquidity risk is caused by funding mismatches in the balance sheet, as the average maturity of Jyske Bank's loan portfolio is generally longer than the average maturity of its funding. Jyske Bank's Supervisory Board determines the liquidity profile expressed as the balance between the risk level and Jyske Bank's costs of managing liquidity risk. Note 12 states the remaining time to maturity for a number of assets and liabilities.

Objective and overall setup
The objective of Jyske Bank's liquidity management is to ensure adequate short- and long-term liquidity for the fulfilment of Jyske Bank's payment obligations. This is ensured through the following sub-objectives and policies:
1. a strong and stable deposit basis which ensures stable long-term funding of the Group's lending activities;
2. high credit ratings at international rating agencies;
3. active participation in the international money markets and access to international capital markets through capital market programmes which give access to a diversified and professional funding base;
4. maintenance of a considerable buffer of highly liquid securities reflecting the run-off risk of more volatile price and credit sensitive funding sources. The liquidity buffer ensures that Jyske Bank can eliminate the effect of an adverse liquidity situation.

In line with the guidelines of the Basel Committee, the Group's liquidity management is built on
- gap analysis of future cash flows;
- stress tests integrated in the limit structure;
- liquidity contingency plan.

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

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

Note	The Jyske Bank Group

Notes to liquidity risk, cont.

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

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

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

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

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

Jyske Bank's holding of securities is divided into three groups in order of liquidity:
1. ultra-liquid assets denominated in DKK, which can be used in repo transactions with the Danish central bank: certificates of deposit with the Danish central bank, Danish government and mortgage bonds and covered bonds;
2. very liquid assets - EUR-denominated assets which can be used in repo transactions with the European Central Bank: European mortgage bonds, government bonds, and senior financial instruments;
3. Assets on which loans cannot be raised with central banks. Other negotiable securities with a realisation time frame longer than groups 1 and 2. Securities in this group consist primarily of assets denominated in currencies other than DKK and EUR as well as Emerging Market bonds, corporate and structured bonds and shares.

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

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

Notes to operational risk
Jyske Bank monitors and actively manages operational risk to reduce the risk of operational events resulting in material loss. Focus is mainly on the Jyske Bank Group's largest exposures involving high potential losses. Developments in operational risk are monitored regularly to ensure the best possible basis for risk management, including the determination of the appropriate economic capital.

Notes to business risk
Jyske Bank measures business risk in connection with the measurement of economic capital. The measurement is based on an internally-developed model. Risk is caused by unexpected falls in earnings which may be occasioned by various events, for instance new legislation, keener competition etc., which damage business or cause the business foundation to dwindle or disappear.

Note	DKKm						The Jyske Bank Group
45	**Interest-rate risk by currency and duration 2013**	**<= 1 year**	**2 year**	**5 year**	**>= 10 years**	**Total**	**Of which interest-rate risk outside trading portfolio**
	BRL	0	0	0	5	5	0
	DKK	103	104	202	23	432	-1
	EUR	-16	7	-63	-33	-105	-11
	JPY	-2	0	0	-9	-11	1
	MXN	0	1	0	4	5	0
	NOK	8	-1	0	0	7	0
	Other collateral	-5	5	-4	7	3	-1
	Total	**88**	**116**	**135**	**-3**	**336**	**-12**
	Interest-rate risk by currency and duration 2012						
	BRL	0	0	0	6	6	0
	CHF	4	1	-9	2	-2	1
	DKK	109	68	170	-137	210	26
	GBP	1	-19	-10	7	-21	-27
	JPY	1	0	0	-7	-6	1
	NOK	-2	-2	-1	0	-5	-1
	Other	35	27	28	-96	-6	7
	Total	148	75	178	-225	176	7
46	**Interest-rate risk by product and duration 2013**						
	Assets						
	Due from credit institutions and central banks	11	0	0	0	11	11
	Loans and advances	31	59	18	5	113	113
	Bonds	279	238	205	209	931	189
	Liabilities						
	Due to credit institutions and central banks	-72	0	0	0	-72	-72
	Deposits	-93	-58	-8	6	-153	-153
	Issued bonds	7	-25	-55	-226	-299	-299
	Subordinated debt	-2	-1	-1	-20	-24	-24
	Derivatives						
	Interest-rate and currency swaps	-92	-20	-13	101	-24	223
	Other derivatives	13	5	1	5	24	0
	Futures	6	-82	-12	-83	-171	0
	Total	**88**	**116**	**135**	**-3**	**336**	**-12**

Note	DKKm						The Jyske Bank Group
		<= 1 year	2 year	5 year	>= 10 years	Total	Of which interest-rate risk outside trading portfolio
46	**Interest-rate risk by product and duration 2012**						
	Assets						
	Due from credit institutions and central banks	12	0	0	0	12	6
	Loans and advances	30	50	16	4	100	100
	Bonds	302	202	216	84	804	228
	Liabilities						
	Due to credit institutions and central banks	-82	0	0	0	-82	-82
	Deposits	-47	-38	-8	0	-93	-94
	Issued bonds	5	-30	-17	-284	-326	-325
	Subordinated debt	-1	-1	-1	-24	-27	-27
	Derivatives						
	Interest-rate and currency swaps	-74	-48	-1	144	21	201
	Other derivatives	-39	-14	-4	-5	-62	0
	Futures	42	-46	-23	-144	-171	0
	Total	148	75	178	-225	176	7

	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
47	**Currency risk**				
	Total foreign-currency assets	**52,635**	49,551	**51,378**	50,061
	Total foreign-currency liabilities	**62,700**	67,451	**61,491**	67,984
	Currency-exposure indicator 1	**1,109**	1,054	**1,101**	1,040
	Currency-exposure indicator 1 as a percentage of core capital less deductions	**6.3**	6.4	**6.1**	6.3
	Exposure by currency				
	EUR	**-611**	-235	**-618**	-233
	SEK	**-2**	32	**-3**	30
	CAD	**-7**	-53	**-7**	-53
	GBP	**-58**	-81	**-53**	-82
	JPY	**-40**	-223	**-40**	-224
	CHF	**-217**	-202	**-205**	-187
	NOK	**289**	93	**289**	93
	USD	**347**	297	**338**	291
	Other, long	**404**	435	**405**	435
	Other, short	**-133**	-261	**-132**	-261
	Total	**-28**	-198	**-26**	-191

Note	The Jyske Bank Group

48 **Hedge accounting**

Hedge accounting of currency risk on investments in subsidiaries

Jyske Bank hedges the currency risk on net investments in international subsidiaries. The risk is hedged using forward exchange contracts. In 2013, revaluation of the contracts amounted to DKK 73m (2012: DKK -56m) which was recognised in other comprehensive income. At end-2013, the fair value of the forward exchange contracts applied amounted to DKK -5m (2012: DKK 30m).

Interest-rate risk

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

	The Jyske Bank Group		Jyske Bank	
DKKm	**2013**	2012	**2013**	2012
Issued bonds				
Amortised / Nominal value	**2,573**	2,624	**2,573**	2,624
Carrying amount	**2,690**	2,844	**2,690**	2,844
Subordinated debt				
Amortised / Nominal value	**149**	149	**149**	149
Carrying amount	**159**	168	**159**	168
Hedging, financial instruments - swaps				
Nominal value	**2,722**	2,773	**2,722**	2,773
Carrying amount	**188**	321	**188**	321
Profit/loss for the year on hedging instruments	**-133**	132	**-133**	132
Profit/loss for the year on hedged items	**112**	-162	**112**	-162

49 **Equity risks**

	The Jyske Bank Group		Jyske Bank	
DKKm	**2013**	2012	**2013**	2012
Equity risk A				
Listed shares and derivatives	**28**	42	**28**	42
Unlisted shares	**193**	169	**187**	163
Total	**221**	211	**215**	205
Equity risk B				
Listed shares and derivatives	**165**	140	**165**	140
Unlisted shares	**193**	169	**187**	163
Total	**358**	309	**352**	303

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

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

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

Note

DKKm

Notes to derivatives

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

50 **Derivatives**

	Net market value				Gross market value			Principal amounts, total
The Jyske Bank Group 2013	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Positive	Negative	Net	Nominal value
Currency contracts								
Forwards/futures, bought	-533	179	44	0	2,894	3,204	-310	400,372
Forwards/futures, sold	669	-151	-40	0	2,618	2,140	478	314,012
Swaps	4	-77	125	-20	554	522	32	56,142
Options, acquired	17	29	4	0	50	0	50	4,037
Options, issued	-14	-29	-4	0	0	47	-47	3,537
Total	**143**	**-49**	**129**	**-20**	**6,116**	**5,913**	**203**	**778,100**
Interest-rate contracts								
Forwards/futures, bought	-36	1	7	0	16	44	-28	9,333
Forwards/futures, sold	54	-4	-6	-1	49	6	43	33,171
Forward Rate Agreements, bought	0	11	3	0	17	3	14	27,836
Forward Rate Agreements, sold	6	-19	3	0	4	14	-10	35,841
Swaps	-220	-24	-293	17	19,357	19,877	-520	536,239
Options, acquired	2	0	68	43	113	0	113	17,091
Options, issued	-1	0	-68	-49	0	118	-118	13,216
Total	**-195**	**-35**	**-286**	**10**	**19,556**	**20,062**	**-506**	**672,727**
Share contracts								
Forwards/futures, bought	84	0	0	0	84	0	84	2,120
Forwards/futures, sold	-80	0	0	0	0	80	-80	2,276
Options, acquired	16	40	12	0	68	0	68	1,328
Options, issued	-16	-40	-12	0	0	68	-68	1,327
Total	**4**	**0**	**0**	**0**	**152**	**148**	**4**	**7,051**
Commodity contracts								
Forwards/futures, bought	-3	-2	-3	0	10	18	-8	918
Forwards/futures, sold	2	2	3	0	18	11	7	916
Options, acquired	1	2	0	0	3	0	3	49
Options, issued	-1	-1	0	0	0	2	-2	49
Total	**-1**	**1**	**0**	**0**	**31**	**31**	**0**	**1,932**
Total	**-49**	**-83**	**-157**	**-10**	**25,855**	**26,154**	**-299**	**1,459,810**
Total after counterparty netting					**5,605**			
Outstanding spot transactions					**77**	**92**	**-15**	**52,584**
Jyske Bank 2013								
Currency contracts	145	-54	129	-20	6,074	5,874	200	776,692
Interest-rate contracts	-195	-35	-286	10	19,556	20,062	-506	672,727
Share contracts	4	0	0	0	152	148	4	7,051
Commodity contracts	-1	1	0	0	31	31	0	1,932
Total	**-47**	**-88**	**-157**	**-10**	**25,813**	**26,115**	**-302**	**1,458,402**
Total after counterparty netting					**5,577**			
Outstanding spot transactions					**77**	**92**	**-15**	**52,584**

Note	DKKm								
50	**Derivatives - cont.**	**Net market value**				**Gross market value**			**Principal amounts, total**
	The Jyske Bank Group 2012	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Positive	Nega-tive	Net	Nominal value
	Currency contracts								
	Forwards/futures, bought	399	-156	-20	0	2,639	2,416	223	345,082
	Forwards/futures, sold	-450	259	2	0	2,243	2,432	-189	307,908
	Swaps	15	-880	2	20	678	1,521	-843	60,169
	Options, acquired	30	27	1	0	58	0	58	12,890
	Options, issued	-29	-25	-1	0	0	55	-55	11,070
	Total	-35	-775	-16	20	5,618	6,424	-806	737,119
	Interest-rate contracts								
	Forwards/futures, bought	19	6	0	0	45	20	25	31,024
	Forwards/futures, sold	-38	0	-1	0	2	41	-39	29,880
	Forward Rate Agreements, bought	0	-7	-7	0	23	37	-14	45,988
	Forward Rate Agreements, sold	0	-13	3	0	4	14	-10	24,246
	Swaps	-97	-436	-348	223	26,650	27,308	-658	492,079
	Options, acquired	1	0	0	138	139	0	139	1,712
	Options, issued	-2	0	0	-135	0	137	-137	1,668
	Total	-117	-450	-353	226	26,863	27,557	-694	626,597
	Share contracts								
	Forwards/futures, bought	0	0	0	0	5	5	0	537
	Forwards/futures, sold	12	0	0	0	13	1	12	859
	Options, acquired	2	38	20	0	60	0	60	922
	Options, issued	-2	-38	-20	-22	0	82	-82	3,122
	Total	12	0	0	-22	78	88	-10	5,440
	Commodity contracts								
	Forwards/futures, bought	-28	-17	0	0	26	71	-45	1,412
	Forwards/futures, sold	30	38	0	0	84	16	68	1,399
	Options, acquired	0	0	0	0	0	0	0	0
	Options, issued	0	0	0	0	0	0	0	0
	Total	2	21	0	0	110	87	23	2,811
	Total	-138	-1,204	-369	224	32,669	34,156	-1,487	1,371,967
	Total after counterparty netting					6,806			
	Outstanding spot transactions					324	267	57	61,694
	Jyske Bank 2012								
	Currency contracts	-32	-774	-16	20	5,623	6,425	-802	737,346
	Interest-rate contracts	-126	-450	-353	226	26,863	27,566	-703	626,597
	Share contracts	12	0	0	-22	78	88	-10	5,440
	Commodity contracts	2	21	0	0	110	87	23	2,811
	Total	-144	-1,203	-369	224	32,674	34,166	-1,492	1,372,194
	Total after counterparty netting					6,799			
	Outstanding spot transactions					324	267	57	61,677

Note	DKKm

50 **Derivatives – cont.**

The gross value of Jyske Bank's financial assets and liabilities were recognised in the balance sheet at end-2013 and end-2012. The reason why, under assets and liabilities, the balance sheet does not show, by their net value, exposures that cannot be offset is in most cases the limited use of net settlement of financial transactions.

Recognition of the gross value of financial instruments in the balance sheet does not imply that financial instruments are not covered by framework agreements on netting or other agreements. Jyske Bank obtains collateral for exposures including credit risk originating from counterparty risk. Counterparty risk relating to derivatives is mark to market and is included in credit risk at netted positive market values plus the weighted value of the underlying instrument or commodity. Specific risk is covered through Credit Support Annex (CSA) Agreements. At end-2013, Jyske Bank had received collateral under CSA agreements for DKK 1,686m, of which DKK 1,652m in cash and DKK 34m in bonds (2012: DKK 1,843m, of which DKK 1,811m in cash and DKK 32m in bonds) and provided collateral for DKK 4,944m, of which DKK 3,303m in cash and DKK 1,641m in bonds (2012: a total of DKK 7,424m, of which DKK 5,714m in cash and DKK 1,710m in bonds).

Likewise, under Global Master Repurchase Agreements (GMRA), Jyske Bank exchanges collateral for changes in the market value of repo transactions. At end-2013, Jyske Bank provided collateral relating to GMRA in the amount of DKK 182m, of which DKK 127m in cash and DKK 55m in bonds (2012: collateral provided totalled DKK 107m in cash and collateral received totalled DKK 16m in bonds).

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

DKKm	**2013**	**2013**	**The Jyske Bank Group** 2012	2012
FINANCIAL ASSETS	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash, cash equivalents and demand deposits with central banks	**2,427**	**2,427**	7,097	7,097
Due from credit institutions and central banks	**15,143**	**15,144**	8,308	8,310
Loans and advances	**131,378**	**131,420**	118,554	118,636
Bonds at fair value	**57,754**	**57,754**	57,554	57,554
Bonds at amortised cost	**14,794**	**15,096**	18,738	19,083
Shares	**2,305**	**2,305**	1,903	1,903
Assets in pooled deposits	**4,809**	**4,809**	5,442	5,442
Derivatives	**25,911**	**25,911**	32,993	32,993
Total	**254,521**	**254,866**	250,589	251,018
FINANCIAL LIABILITIES				
Due to credit institutions and central banks	**43,936**	**43,928**	38,818	38,886
Deposits	**126,021**	**126,207**	115,394	115,639
Pooled deposits	**5,403**	**5,403**	5,583	5,583
Issued bonds	**27,760**	**28,098**	34,921	34,962
Subordinated debt	**1,649**	**1,230**	2,742	1,833
Derivatives	**26,246**	**26,246**	34,423	34,423
Total	**231,015**	**231,112**	231,881	231,326

Financial assets and liabilities

The recognised value and fair value of assets classified as held-for-trading amounted to DKK 112.0bn at end-2013; at end-2012 the figure was DKK 111.4bn. The recognised value and fair value of liabilities classified as trading portfolio amounted to DKK 48.5bn at end-2013: at end-2012 the figure was DKK 58.4bn. The recognised value and fair value of assets classified as held-to-maturity amounted to DKK 14.8bn and at DKK 15.1bn at end-2013 against DKK 18.7bn and 19.1bn at end-2012. 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 non-recognised unrealised gain of DKK 248m at end-2013 against a gain of DKK 984m at end-2012. Unrealised gains and losses caused by changes in the fair values of shares in sector-owned undertakings are recognised in the income statement by use of the fair value option. The carrying amount of those shares in the Balance Sheet at end-2013 amounted to DKK 1,088m (2012: DKK 900m), and the carrying amount in the Income Statement amounted to DKK 18m (2012: DKK 3m).

Note	
	DKKm

51 **Fair value of financial assets and liabilities, cont.**

Methods for measuring fair value
Fair value is the price which can be obtained at the time of measurement by selling an asset or which must be paid for transferring a liability in an ordinary transaction between independent market participants (exit value). 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. Where no price is quoted, a different official price is used which is taken to reflect most closely the fair value. Financial assets and liabilities, whose quoted prices or other official prices are not available or are not taken to reflect the fair value, are measured at fair value according to other evaluation techniques and other observable market information. In those cases where observable prices based on market information are not available or are not taken to be useful for measuring fair value, the fair value is measured by recognised techniques, including discounted future cash flows, and our own expertise. The basis of the measurement may be recent transactions involving comparable assets or liabilities, interest rates, exchange rates, volatility, credit spreads, etc.

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

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

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

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

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

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

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

Information about differences between recognised value and measurement of fair value
Loans and advances 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 are recognised at amortised cost supplemented with the fair value of the hedged interest-rate risk. The difference in fair value is calculated based on quoted prices on own-issued debt.

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 value of balances due to credit institutions are not impacted by changes in Jyske Bank`s own credit rating.

Note	DKKm	The Jyske Bank Group

51 **Fair value of financial assets and liabilities – cont.**

2013				
FINANCIAL ASSETS	**Quoted prices**	**Observ- able prices**	**Non- observ- able prices**	**Total**
Bonds at fair value	40,358	17,396	0	57,754
Shares	953	182	1,170	2,305
Assets in pooled deposits	3,300	1,509	0	4,809
Derivatives	254	25,657	0	25,911
Total	**44,865**	**44,744**	**1,170**	**90,779**
FINANCIAL LIABILITIES				
Pooled deposits	0	5,403	0	5,403
Derivatives	251	25,995	0	26,246
Total	**251**	**31,398**	**0**	**31,649**

2012				
FINANCIAL ASSETS				
Bonds at fair value	41,806	15,748	0	57,554
Shares	868	87	948	1,903
Assets in pooled deposits	3,796	1,646	0	5,442
Derivatives	499	32,494	0	32,993
Total	46,969	49,975	948	97,892
FINANCIAL LIABILITIES				
Pooled deposits	0	5,583	0	5,583
Derivatives	421	34,002	0	34,423
Total	421	39,585	0	40,006

NON-OBSERVABLE PRICES	**2013**	2012
Fair value, beginning of period	**948**	877
Capital gain and loss reflected in the income statement	**-30**	3
Purchases made over the year	**252**	68
Fair value, end of period	**1,170**	948

Non-observable prices

Non-observable prices at end-2013 referred to unlisted shares recognised at DKK 1,170m against unlisted shares recognised at DKK 948m in 2012.

These are primarily sector shares. 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 20m.

Capital gain and loss for the year on illiquid bonds and unlisted shares referred to assets held at end-2013. 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. No considerable transfers took place between the three categories in 2013.

In the Group's control environment, measurement models are validated by units that are independent of the business areas that develop the models and trade in the products in question. The purpose of the validation process is to test that the models have been implemented appropriately, i.e. whether the models are of such a quality and are sufficiently stable to be used for pricing and risk management of financial products.

Note	DKKm	The Jyske Bank Group 2013	2012	Jyske Bank 2013	2012
52	**Transactions involving related parties**				
	Transactions with group enterprises and associates				
	Guarantees provided	**0**	0	**64**	1,908
	Due from credit institutions	**0**	0	**308**	672
	Loans and advances	**0**	0	**11,513**	10,535
	Other assets	**0**	0	**0**	1
	Due to credit institutions	**0**	0	**3,326**	5,117
	Deposits	**0**	0	**973**	309
	Other liabilities	**127**	95	**134**	119
	Derivatives	**0**	0	**56**	18
	Interest income	**0**	0	**190**	282
	Interest expenses	**0**	0	**37**	80
	Fee income	**0**	0	**0**	0
	Fee expenses	**0**	0	**9**	11
	Other operating income	**0**	0	**105**	98
	Employee and administrative expenses	**492**	219	**493**	219
	Transactions with joint ventures				
	Loans and advances	**322**	322	**322**	322
	Deposits	**142**	203	**142**	203
	Interest income	**22**	8	**22**	8
	Interest expenses	**1**	1	**1**	1
	Other operating income	**18**	18	**18**	18
	Employee and administrative expenses	**94**	194	**94**	194

DKKm	The Jyske Bank Group			
	Supervisory Board and related parties		**Executive Board and related parties**	
	2013	2012	**2013**	2012
Short-term consideration	**3**	3	**25**	23
Guarantees provided	**18**	24	**0**	0
Collaterals received	**24**	28	**6**	0
The Bank's debt	**29**	28	**29**	17
The Bank's receivables, amount drawn	**27**	34	**6**	0
The Bank's receivables, credit facility	**56**	60	**6**	1
The Bank's interest income	**1**	1	**0**	0
Changes in the present value of the pension liability			**1**	1
Interest rates for loans and advances (%)	**1.2-8.4**	1.0-9.3	**1.3-1.8**	6.0-7.3

Group enterprises and associates as well as joint ventures are considered related parties. Please see the Group chart.
Jyske Bank's Executive Board and Supervisory Board as well as their related parties are also considered related parties.
Jyske Bank is the banker of a number of related parties, and characteristic transactions between related parties are ordinary financial transactions and services of an operational nature.
Transactions between Jyske Bank and group enterprises and associates as well as joint ventures are entered into on an arm's length or at cost. The transactions are eliminated upon consolidation.
Transactions between Jyske Bank and other related parties were executed on an arm's length basis. This also holds for the rates of interest and commission charges.
Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. Pension liabilities are actuarial items based on a number of assumptions, cf. Note 28. Therefore changes in pension liabilities cannot meaningfully be added to the annual remuneration.

The members of the Executive Board are not offered any incentive programmes. No member of the Executive Board or the Supervisory Board is specifically remunerated as a member of the board in any associated undertaking or group enterprise. The Executive Board as well as Jyske Bank can terminate employment with a term of notice of six months. In addition, where Jyske Bank terminates the employment a severance pay equalling two years' pay will be given.

Note	DKKm	The Jyske Bank Group 2013	The Jyske Bank Group 2012	Jyske Bank 2013	Jyske Bank 2012
53	**Number of employees**				
	Average number of employees for the financial year (full-time employees)				
	Number of employees in undertakings included in the consolidated accounts	**3,796**	3,728	**3,234**	3,221
54	**Operating leases**				
	Jyske Bank holds a number of operating leases. The leases are primarily on premises, equipment, tools and equipment and are not recognised in Jyske Bank's balance sheet.				
	Operating lease commitments				
	0-1 years	**29**	24	**22**	17
	1-5 years	**40**	35	**33**	23
	> 5 years	**12**	15	**12**	15
	Total	**81**	74	**67**	55
	The minimum lease payment is recognised in the net profit for the year	**35**	28	**29**	22

Note | DKKm | The Jyske Bank Group

55 **Segmental financial statements**

2013	Banking activities	Trading and Investment	The Guarantee Fund, etc.	Other	The Jyske Bank Group
Net interest income	3,282	1,576	0	160	5,018
Net fee income	1,225	418	0	86	1,729
Value adjustments	214	377	0	-50	541
Other income	493	44	0	408	945
Gross earnings	5,214	2,415	0	604	8,233
Expenses	3,371	647	149	624	4,791
Core earnings before loan impairment charges and provisions for guarantees	1,843	1,768	-149	-20	3,442
Loan impairment charges and provisions for guarantees	978	169	0	0	1,147
Profit from equity investments	2	0	0	4	6
Pre-tax profit	**867**	**1,599**	**-149**	**-16**	**2,301**
Internal allocation of earnings	374	-378	0	4	0
Deposits	93,951	31,354	0	716	126,021
Loans and advances	98,974	29,895	0	2,509	131,378
Other guarantees	12,476	1,006	0	637	14,119
Bonds and shares	1,039	72,787	0	1,027	74,853
Total assets	111,001	125,103	0	25,900	262,004

2012					
Net interest income	3,180	1,644	0	55	4,879
Net fee income	1,285	338	0	27	1,650
Value adjustments	-102	363	0	8	269
Other income	323	28	0	355	706
Gross earnings	4,686	2,373	0	445	7,504
Expenses	3,130	1,035	109	553	4,827
Core earnings before loan impairment charges and provisions for guarantees	1,556	1,338	-109	-108	2,677
Loan impairment charges and provisions for guarantees	1,766	74	0	0	1,840
Profit from equity investments	167	0	0	-155	12
Pre-tax profit	-43	1,264	-109	-263	849
Internal allocation of earnings	379	-383	0	4	0
Deposits	78,396	36,298	0	700	115,394
Loans and advances	95,711	21,473	0	1,370	118,554
Guarantees	10,958	728	0	612	12,298
Bonds and shares	1,071	73,891	0	3,247	78,209
Total assets	109,327	142,424	0	6,496	258,247

Jyske Bank operates mainly under the 'Jyske' brand. The Group is organised into a number of business sectors and head-office units according to variations in products and services and for regulatory reasons. Internal management reporting comprises the following segments:

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

Note	DKKm	The Jyske Bank Group

55 **Segmental financial statements, cont.**

Trading and Investment

Trading and Investment targets Danish and international investors and includes investment advisory service and asset management including money-market transactions and trading in foreign exchange, bonds, equities, commodities and derivatives. The activities also include Jyske Bank's strategic asset-and-liability management and risk management as well as the volume of business with the Group's largest corporate clients. Finally, the trading and investment activities cover private-banking activities targeting international clients, including those of the international units in Gibraltar, Switzerland, the Netherlands and France.

The Guarantee Fund, etc.

The Guarantee Fund etc. is presented as an independent operating segment, although it is not an actual business unit of the Jyske Bank Group. Internal management reporting pays close attention to the expenses for the Guarantee Fund etc., and the management wishes to assess the other segments exclusive of the expenses for the Guarantee Fund etc.

Others

These include a number of head office units including IT Development, Business Development, Communications and Marketing, Property, Finance and Risk Management and other head office functions and small subsidiaries. Other business units include eliminations.

Internal allocation

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

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

DKKm	The Jyske Bank Group **2013**	2012
56 **Segmental financial statements - by product**		
Corporate clients	**2,351**	2,474
Private clients	**2,020**	1,540
Trading income	**2,399**	2,158
Leases	**741**	663
Other collateral	**722**	669
Total	**8,233**	7,504

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

Jyske Bank has no single client who contributes 10% or more of total earnings.

Note	DKKm	The Jyske Bank Group

57 **Segment reporting by geographical area**[1]

GEOGRAPHICAL SEGMENTS 2013	**Denmark**[2]	**Interna-tional**[3]	**The Jyske Bank Group**
Net interest income	4,945	73	5,018
Net fee income	1,552	177	1,729
Value adjustments	520	21	541
Other income	932	13	945
Gross earnings	7,949	284	8,233
Expenses	4,556	235	4,791
Loan impairment charges	1,115	32	1,147
Profit from equity investments	6	0	6
Pre-tax profit	**2,284**	**17**	**2,301**
Deposits	121,635	4,386	126,021
Loans and advances	129,357	2,021	131,378
Other guarantees	13,769	350	14,119
Bonds and shares	74,632	221	74,853
Total assets	255,673	6,331	262,004

GEOGRAPHICAL SEGMENTS 2012			
Net interest income	4,708	171	4,879
Net fee income	1,496	154	1,650
Value adjustments	203	66	269
Other income	705	1	706
Gross earnings	7,112	392	7,504
Expenses	4,614	213	4,827
Loan impairment charges	1,837	3	1,840
Profit from equity investments	12	0	12
Pre-tax profit	673	176	849
Deposits	110,699	4,695	115,394
Loans and advances	116,302	2,252	118,554
Guarantees	11,966	332	12,298
Bonds and shares	77,801	408	78,209
Total assets	249,890	8,357	258,247

1) Geographical segments are listed according to where transactions are booked.
2) Intra-group income statements, assets and liabilities are eliminated under the respective segments.
3) Balance with zone-A countries cover 99% of the Jyske Bank Group's overall outstandings.

Note	DKKm	The Jyske Bank Group
58	**Business combinations**	
	Assets	**Spar Lolland**
	Cash, cash equivalents and demand deposits with central banks	350
	Due from credit institutions and central banks	389
	Loans and advances	6,253
	Bonds at fair value	4,003
	Shares	247
	Investments in associates	38
	Investments in group enterprises	35
	Intangible assets, client relations	47
	Land and buildings, total	30
	Other property, plant and equipment	9
	Current tax assets	1
	Assets in temporary possession	1
	Other assets	168
	Prepayments	28
	Total assets	**11,599**
	Liabilities	
	Due to credit institutions and central banks	1,068
	Deposits	9,454
	Issued bonds	701
	Current tax liabilities	32
	Other liabilities	80
	Prepayments	4
	Provisions	163
	Liabilities, total	**11,502**
	Net assets acquired	**97**
	Purchase price	0
	Gain from a bargain purchase	**97**
	Other guarantees	**1,005**

On 25 January 2013, Jyske Bank took over all Sparekassen Lolland's banking activities, including 45,000 clients of Sparekassen Lolland A/S' branches and 70,000 clients of FinansNetbanken. Jyske Bank took over all assets and liabilities, except for subordinated debt.
The acquisition strengthens Jyske Bank's activities and acquisition strategy.

The fair value of the acquired activities, liabilities and contingency liabilities exceeded the cash purchase consideration. The difference, termed bargain purchase, has been calculated at DKK 97m. According to IFRS 3, the bargain purchase was recognised as income in 2013 under Other operating income. Integration costs were of a similar magnitude. In connection with the acquisitions, transaction costs in the amount of DKK 2m incurred and were recognised in the income statement under administrative expenses. Due to lack of registrations, it is not possible to calculate and give information about the Jyske Bank Group's profit if the acquisition date had been 01 January 2013. Jyske Bank took over loans and advances of nominally DKK 7.7bn, and the expected loss at the time of the takeover was DKK 1.4bn. The ordinary activities of the acquired activities affected the profit of the Jyske Bank Group by 65m in 2013.

There were no business combinations in 2012, for which reason no comparative figure for 2012 can be stated.

Note | **The Jyske Bank Group**

59 **Accounting Policies**

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

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

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

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

Except for the implementation of the below new standards, the accounting policies are unchanged compared to those applied to the Annual Report 2012.

Of the new standards, only the changes in IAS 19 regarding pension liabilities affect measurement recognition and measurement. Due to the changes to IAS 19, the profit for the year fell by DKK 11m and other comprehensive income rose by DKK 11m (2012: the profit for the year fell by DKK 1m and other comprehensive income rose by DKK 1m), while the balance sheet and equity were not affected. Comparative figures have been restated accordingly.

Change to IAS 1 on the presentation of financial statements. The change requires separate subtotals in the income statement for those elements in the comprehensive income which may be 'recycled' and those elements that will not.

Change to IAS 19 on pension liabilities. All actuarial losses and gains, including the difference between the calculated return and the actual return on the investments assets of the pension plans must be recognised under other total income. Previously Jyske Bank recognised actuarial gains and losses in the income statement.

Change to IFRS 7 on financial instrument disclosures. Following the change, further details are required in the notes about the offsetting of financial assets and liabilities.

IFRS 13 on fair value measurements. The standard introduces a new definition and guidelines about fair value measurement, and also the standard states the disclosure requirements relating to fair value measurement.

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

IFRS 10 replaces the section on consolidated financial statements in the current IAS 27. A new standard that changes and expands the definition of control of another entity. Control exists when the enterprise has a controlling interest in an enterprise, the possibility or the right to receive returns from an enterprise or the possibility of exercising the controlling interest to affect the size of the return. According to IFRS 10, an investor must consolidate another enterprise when he has de facto control over it, even though he may not hold the majority of shares or votes. The standard will be implemented as of 1 January 2014.

IFRS 11 on joint ventures and similar arrangements will replace the current IAS 31. In future, there is no freedom of choice between proportionate consolidation and the equity method. IFRS 11 divides joint arrangements into joint ventures (the equity method) and joint operations (proportionate consolidation). The standard will be implemented as of 1 January 2014.

IFRS 12 sets out disclosure requirements for both consolidated and non-consolidated enterprises, joint ventures and associates. The objective is to disclose information enabling the reader of financial statements to assess the basis for control, etc. The standard will be implemented as of 1 January 2014.

IFRS 9 on financial instruments. The International Accounting Standards Board (IASB) is currently working to replace the rules of IAS 39. The revised standard – IFRS 9 – is divided into three main phases including classification and measurement of financial assets and liabilities, impairment of financial assets as well as hedge accounting, etc. So far, IFRS 9 contains principles for classification and measurement of financial assets and liabilities, while the principles for impairment and hedge account have not been completed. The effect on Jyske Bank's profit from the implementation of IFRS 9 has not been analysed, as the standard is not available in a form making an overall assessment possible. The EU has decided not to approve IFRS 9 before all phases have been completed. It is expected that the standard will be implemented by the IASB on 1 January 2018. It is expected that the approval by the EU will entail mandatory implementation of IFRS 9 in 2018 or later.

It is the assessment of Jyske Bank that the implementation of the above new standards, except for IFRS 9, the impact of which has not been analysed at the presentation of this Annual Report – will only have a minor impact on the Annual Report.

Recognition and measurement
Assets under the control of the Jyske Bank Group as a result of past events are recognised in the balance sheet when it is deemed probable that future economic benefits will flow to the Group and the asset value can be measured reliably. Liabilities as a result of past events are recognised in the balance sheet when it is deemed that redemption will result in the relinquishment of future economic benefits and the amount of the liability can be measured reliably.

Note	The Jyske Bank Group

59 **Accounting Policies, cont.**

At initial recognition, assets and liabilities are measured at fair value. Subsequently, assets and liabilities are measured as described for each item below.

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

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

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

Accounting estimates

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

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

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

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

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

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

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

In connection with the allocation of disclosures in the notes relating to loans, advances and deposits, including contractual time to maturity, collateral by type, credit exposures, sectors and countries, some estimates have been carried out in respect of the activities acquired from Spar Lolland. The allocation applied is assessed to give a true and fair view and is without importance to the carrying amount of assets and liabilities.

Hedge accounting

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

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

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

59 **Accounting Policies, cont.**

The consolidated financial statements
The consolidated financial statements comprise the financial statements of Jyske Bank A/S and the undertakings in which the Group holds a direct or indirect interest of more than 50% of the voting rights or by other means holds a controlling interest. A controlling interest is assumed where Jyske Bank is authorised.
The consolidated financial statements, cont.
to manage the controlled company's financial and operational decision-making process with a view to generating a profit from its activities.

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

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

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

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

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

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

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

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

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

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

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

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

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

Tax comprises calculated tax and any change in deferred tax as well as the readjustment of tax for previous years. Calculated tax is based on the year's taxable income. Deferred tax is recognised and measured in accordance with the balance-sheet liability method on the basis of the differences between the carrying amounts and tax values of assets and liabilities. Overall, deferred tax liabilities are recognised on the basis of temporary differences, and deferred tax assets are recognised to the extent that it is deemed probable that taxable income exists against which deductible temporary differences may be offset. Such assets and liabilities are not recognised where the temporary difference is due to goodwill. Provisions are not made in the balance sheet for tax payable on the sale of an investment in subsidiaries or associates, if the investment is not expected to be disposed of within a short period of time, or if a sale is planned so that there is no tax liability.

59 **Accounting Policies, cont.**

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

Balance sheet

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

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

All loans and advances are assessed for impairment. Objective evidence of impairment exists if one or more of the following events have occurred:
- the borrower is facing considerable financial difficulties;
- the borrower is in breach of contract;
- Jyske Bank grants the borrower easier terms that would not be considered if the borrower was not facing financial difficulties;
- the borrower will go bankrupt or undergo some other financial restructuring.

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

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

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

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

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

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

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

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

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

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

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

Note | **The Jyske Bank Group**

59 **Accounting Policies, cont.**

Financial instruments, trading portfolio, cont.
Upon initial recognition, financial instruments are measured at fair value with subsequent value adjustment in the income statement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note	The Jyske Bank Group

59 **Accounting Policies, cont.**

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

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

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

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

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

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

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

The depreciation of revalued buildings is recognised in the income statement. Upon the subsequent sale of a revalued building, any relevant revaluation reserves are transferred to Retained earnings.
Owner-occupied properties are depreciated on a straight-line basis over the estimated useful lives of the assets to the estimated residual value. Land is not depreciated. The following depreciation periods apply:

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

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

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

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

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

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

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

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

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

59 **Accounting Policies, cont.**

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

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

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

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

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

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

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

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

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

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

Retained earnings include non-distributed dividends from previous years.

Non-controlling interests equal the carrying amount of the share of the net assets of associates which is not owned by Jyske Bank A/S.

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

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

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

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

Income statement

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

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

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

59 **Accounting Policies, cont.**

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

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

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

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

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

Under defined contribution pension plans, the Group makes fixed contributions to an independent pension fund, etc. The Group is under no obligation to make further contributions. Contributions are included in the income statement over the vesting period.

Under defined benefit pension plans, the Group is obliged to pay a certain benefit when an employee retires. Liabilities in connection with defined benefit plans are automatically calculated by actuarially discounting pension liabilities to present value. The present value is calculated on the basis of assumptions relating to the future trend in interest rates, inflation, mortality and disablement.

Anniversary bonuses are recognised as the present value of the part of the overall liability which relates to the term during which the employees have been employed with the Group. Due consideration is paid to staff turnover, etc. The liability is recognised under Provisions for pensions.

Other operating expenses
Other expenses not attributable to other income statement items, inclusive of Jyske Bank's proportionate share of statutory expenses for the Guarantee Fund for Depositors and Investors, are recognised under Other operating expenses.

Earnings per share
This ratio is calculated by dividing the profit for the year exclusive of minority shareholders' interests by the weighted average number of shares in circulation during the financial year.

Diluted earnings per share are calculated in the same manner as earnings per share, but the decisive factors are adjusted to reflect the effect of all diluted share capital.

Comprehensive income
Comprehensive income comprises the profit for the period plus other comprehensive income relating to currency translation and hedge accounting of international units, property revaluations, actuarial loss and gain and tax adjustments.

Segment information
Information is stated for business sectors identified on the basis of internal management reports and accounting policies in accordance with IFRS 8. The segment information is based on the information used by the Group's highest-ranking decision-making officer for assessing results and allocating resources. Internal management reporting comprises the segments Banking activities, Trading and Investment, the Guarantee Fund and Other. Jyske Bank operates in the following geographical areas: Denmark, Germany, the Netherlands, Switzerland, France and Gibraltar. The geographical areas are divided into Denmark and International.

Core earnings
Core earnings are defined as the pre-tax profit exclusive of earnings from investment portfolios.

Earnings from investment portfolios
Earnings from investment portfolios are defined as the return on the Jyske Bank Group's portfolio of shares, bonds, derivatives and equity investments that are controlled by Treasury, an organisational unit of Jyske Markets. Earnings from investment portfolios are calculated after expenses for funding and directly attributable costs.

Cash flow statement
The cash flow statement shows Group cash flows relating to operating, investing and financing activities for the year, changes in cash and cash equivalents for the financial year, and cash and cash equivalents at the beginning and end of the year. The Cash Flow Statement is presented in accordance with the indirect method based on the profit for the year.

Cash flows derived from operating activities are calculated as the profit for the year adjusted for non-cash operating items, changes in operating capital and paid corporate tax. Cash flows relating to investing activities include the purchase and sale of enterprises and non-current assets. Cash flows relating to financing activities include distribution and movements in equity and subordinated debt.

Cash and cash equivalents include cash and free balances due from credit institutions and central banks with an original time to maturity of less than three months.

Note

60 **Definition of financial ratios**

Financial ratios and key figures	**Definition**
Pre-tax profit, per share (DKK)	Pre-tax profit divided by the average number of outstanding shares during the year
Earnings per share (DKK)	Profit for the year divided by the average number of shares outstanding during the year
Profit for the year, per share (diluted) (DKK)	Profit for the year divided by the average number of shares outstanding during the year adjusted for the dilution effect of share options and conditional shares under share-based payment
Core earnings per share (DKK)	Pre-tax profit exclusive of expenses for the Guarantee Fund as well as earnings from investment portfolios divided by the average number of shares outstanding during the year
Share price at year-end (DKK)	The closing price of the Jyske Bank share at year-end
Book value per share (DKK)	Equity at year-end exclusive of non-controlling interests divided by the number of shares outstanding at year-end
Price/book value	The closing price of the Jyske Bank share at year-end divided by the book value per share at year-end.
Share price/earnings	The closing price of the Jyske Bank share at year-end divided by the earnings per share at year-end
Solvency ratio (%)	Capital base after deductions, divided by risk-weighted assets
Core capital ratio incl. hybrid capital	Core capital including hybrid core capital after deductions divided by risk-weighted assets
Core capital ratio excl. hybrid capital	Core capital excluding hybrid core capital after deductions divided by risk-weighted assets
Pre-tax profit as a pct. of av. equity	Pre-tax profit divided by average equity during the year
Net profit as a percentage of average equity	Net profit divided by average equity during the year
Income/cost ratio	Income divided by expenses inclusive of loan impairment charges and provisions for loss on guarantees
Interest-rate risk (%)	Interest-rate risk at year-end divided by core capital after deductions at year-end
Foreign-currency position (%)	Currency exposure indicator 1 at year-end divided by core capital after deductions at year-end
Currency risk (%)	Currency exposure indicator 2 at year-end divided by core capital after deductions at year-end
Excess liquidity (%)	The excess liquidity over and above the 10% liquidity requirement at year-end divided by the 10% liquidity requirement at year-end
Total large exposures (%)	The sum of exposures at year-end, each of which exceeds 10% of the capital base after deductions, divided by the capital base after deductions at year-end
Accumulated impairment ratio (%)	Total of loan impairment charges and provisions for loss on guarantees at year-end divided by total loans, advances, guarantees, provisions and impairment charges at year-end
Impairment ratio for the year (%)	The year's loan impairments charges and provisions for loss on guarantees divided by total loans, advances, guarantees, provisions and impairment charges at year-end
Increase in loans and advances for the year, excl. repo loans (%)	The increase in loans and advances divided by opening loans and advances. Recognised exclusive of repo loans.
Loans and advances in relation to deposits	Total loans and advances divided by total deposits.
Loans and advances in relation to equity	Loans and advances at year-end divided by equity at year-end
Number of full-time employees at year-end	The number of full-time employees (part-time employees translated into full-time employees) at year-end.

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority.

The Jyske Bank Group - overview

31 December 2013	Activity *	Currency	Share capital 1.000 units	Equity, end of period (DKKm)	Owner-ship share (%)	Voting share (%)	Profit 2013 (DKKm)
Jyske Bank A/S	a	DKK	712,800	17,446			1,807
Consolidated subsidiaries							
Jyske Bank (Gibraltar) Ltd.	a	GBP	26,500	633	100	100	2
Jyske Bank (Gibraltar) Nominees Ltd.	d	GBP	0	0	100	100	0
Jyske Bank (Gibraltar) Management Ltd.	d	GBP	0	0	100	100	0
Jyske Bank (Gibraltar) Secretaries Ltd.	d	GBP	0	0	100	100	0
Trendsetter, S.L., Spain	e	EUR	706	10	100	100	0
Jyske Bank Nominees Ltd., London	d	GBP	0	0	100	100	0
Jyske Bank (Schweiz) AG	a	CHF	60,000	634	100	100	1
Berben´s Effectenkantoor B.V., The Netherlands	b	EUR	45	83	60	60	2
Inmobiliaria Saroesma S.L., Spain	e	EUR	773	16	100	100	-7
Jyske Finans A/S	c	DKK	100,000	1,252	100	100	249
Gl. Skovridergaard A/S	e	DKK	16,000	16	100	100	-1
Sundbyvesterhus A/S	e	DKK	518	69	100	100	2
Silkeborg Data A/S	f	DKK	50,000	277	100	100	22
Jyske Global Asset Management Fondsmæglerselskab A/S, Copenhagen[1]	b	DKK	15,500	39	100	100	8
Basis PFS A/S, Copenhagen	d	DKK	11,629	13	96	96	-28

[1]) The activities have been sold off

* Activity:
a: Bank
b: Portfolio Management
c: Leasing, financing and factoring
d: Investment and financing
e: Properties and course activities
f: IT
g: Other

31 December 2013	Share capital (DKK 1.000)	Owner-ship share (%)	Voting share (%)	Assets (DKKm)	Liabili-ties (DKKm)	Equity (DKKm)	Earnings 2013 (DKKm)	Profit 2013 (DKKm)
Associates**								
PRAS A/S, Copenhagen	577,500	20	9	3,183	1,300	1,883	87	86
JN Data A/S	97,500	50	50	824	632	192	1,713	4
Letpension A/S, Copenhagen	140,000	26	26	151	9	142	45	-12
Biovision A/S, Hørsholm	600	33	33	2	1	1	0	0
Østjysk Innovation A/S, Aarhus	17,129	29	29	27	3	24	16	2
JSNA Holding A/S, Aalborg	2,000	33	33	4	0	4	0	0
Semler Bilfinans A/S, Brøndby	4,600	25	32	50	19	31	20	13
Foreningen Bankdata, Fredericia	483,445	40	40	707	222	485	1,097	2

From associates, the Jyske Bank Group recognised a total of DKK 322m (2012: DKK 322m) under assets, DKK 269m (2012: DKK 298m) under liabilities, DKK 40m (2012: DKK 26m) under income, and DKK 587m (2012: DKK 413m) under expenses.

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

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

SUMMARY OF INCOME STATEMENT DKKm	2013	2012	Index 13/12	2011	2010	2009
Net interest income	**4,565**	4,383	104	4,276	4,295	4,148
Dividends, etc.	**52**	30	173	28	23	31
Net fee and commission income	**1,587**	1,454	109	1,117	1,140	1,069
Net interest and fee income	**6,204**	5,867	106	5,421	5,458	5,248
Value adjustments	**512**	198	259	-17	414	840
Other operating income	**320**	222	144	355	194	205
Operating expenses, depreciation and amortisation	**3,926**	4,045	97	3,931	3,575	3,125
Of which staff and administrative expenses	**3,779**	3,606	105	3,475	3,185	2,636
Loan impairment charges and provisions for guarantees	**1,114**	1,805	62	1,451	1,703	2,540
Profit on investments in associates and group enterprises	**283**	338	84	227	179	-62
Pre-tax profit	**2,279**	775	294	604	967	566
Tax	**472**	183	258	91	203	108
Profit for the year	**1,807**	592	305	513	764	458

BALANCE SHEET, END OF PERIOD DKKm						
Loans and advances	**128,861**	116,040	111	110,671	97,916	95,854
- bank loans	**108,598**	103,433	105	94,723	89,635	89,544
- repo loans	**20,263**	12,607	161	15,948	8,281	6,310
Deposits	**127,724**	116,800	109	122,953	111,252	104,664
- bank deposits	**112,146**	93,255	120	96,779	88,913	88,968
- repo deposits	**10,175**	17,962	57	17,095	4,583	1,730
- pooled deposits	**5,403**	5,583	97	9,079	17,756	13,966
Issued bonds	**27,760**	34,921	79	37,482	45,383	50,301
Subordinated debt	**1,649**	2,742	60	2,720	3,257	3,252
Equity	**17,446**	15,606	112	13,813	13,320	12,486
Total assets	**260,222**	258,242	101	270,021	243,797	224,106

SELECTED DATA AND FINANCIAL RATIOS						
Pre-tax profit, per share (DKK)	**32.00**	11.11	-	9.35	14.95	10.50
Earnings per share (DKK)	**25.38**	8.48	-	7.95	11.82	8.49
Earnings per share (diluted) (DKK)	**25.38**	8.48	-	7.95	11.82	8.49
Core earnings per share (DKK)	**27.45**	4.96	-	7.07	16.58	13.04
Share price at end of period (DKK)	**293**	157	-	141	259	203
Book value per share (DKK)	**245**	220	-	214	206	193
Share price/book value per share (DKK)	**1.19**	0.71	-	0.66	1.26	1.05
Share price/earnings	**11.5**	18.5	-	17.7	21.9	23.9
Solvency ratio (%)	**16.4**	16.9	-	14.1	14.9	14.6
Core Tier 1 capital ratio incl. hybrid capital (%)	**16.2**	15.0	-	12.7	13.3	12.8
Core Tier 1 capital ratio (%)	**15.3**	13.8	-	11.5	11.8	11.3
Pre-tax profit as a pct. of av. equity	**13.8**	5.3	-	4.4	7.5	4.9
Net profit as a percentage of average equity	**10.9**	4.0	-	3.8	5.9	4.0
Income/cost ratio	**1.5**	1.1	-	1.1	1.2	1.1
Interest-rate risk (%)	**1.8**	1.0	-	0.7	1.4	2.0
Foreign-currency position (%)	**6.1**	6.3	-	6.6	7.5	10.5
Currency risk (%)	**0.1**	0.0	-	0.2	0.2	0.2
Excess liquidity (%)	**149.9**	122.4	-	86.5	163.3	154.7
Total large exposures (%)	**0.0**	0.0	-	0.0	32.9	27.1
Accumulated impairment ratio (%)	**3.0**	3.3	-	2.6	3.2	2.5
Impairment ratio for the year (%)	**0.8**	1.3	-	1.1	1.3	2.0
Increase in loans and advances for the year, excl. repo loans (%)	**5.0**	9.2	-	5.7	0.1	-13.9
Loans and advances in relation to deposits	**1.0**	1.0	-	0.9	0.9	0.9
Loans and advances in relation to equity	**7.4**	7.4	-	8.0	7.4	7.7
Number of full-time employees at year-end	**3,223**	3,060	-	3,294	3,421	3,416

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority, cf. note 60.
For the key figures and financial ratios of the Jyske Bank Group we refer to the Management's review on page 2.
Comparable figures for 2009-2012 have been adjusted to new accounting policies, cf. note 59.

Directorships

Directorships held by members of the Supervisory Board in other commercial enterprises at 31 December 2013

Svend Buhrkall, Rødding

- Chairman of the supervisory board, Hedorf Holding A/S
- Chairman of the supervisory board, Jyske Banks Pensionstilskudsfond
- Board member of I/S Nørrekobel 52
- Board member of H.P. Therkelsen A/S
- Board member, HKS Invest Sønderborg A/S
- Board member, Fonden for H.K. Samuelsen Shipping og International Spedition, Sønderborg
- Board member, Generalkonsulinde Anna Hedorf og generalkonsul Frode Hedorfs Fond, Vallensbæk
- Board member, Hirtshals Havn, Fond/selvejende institution
- Board member, Aage og Yelva Nimbs Fond
- Board member, FDE Fonden, Lyren 1, 6630 Padborg
- Board member, ApS Gram Færdig-beton, Holger Kudsk Invest
- Director of SB Consulting

Jens A. Borup, Skagen

- Chairman of the supervisory board, Handels Kompagniet Fiskerne A/S
- Chairman of the supervisory board, FF Skagen A/S
- Chairman of the supervisory board, FF Skagen Fond
- Board member, Fiskeafgiftsfonden
- Board member, Skagen Skipper- og Interesseforening
- Board member, SWEDAN Seafood, Sweden
- Manging director, Starholm Holding ApS, Skagen

Philip Baruch, Charlottenlund

- Chairman of the supervisory board, Zimmer Group A/S
- Chairman of the supervisory board, Ottensten A/S
- Board member, Scanax International A/S
- Board member, Scanax Holding A/S
- Board member, Futura København A/S
- Board member, OutCom A/S Ledelses og Kommunikationsrådgivning
- Board member, Melitek A/S

John Egebjerg-Johansen, Herning

- Board member, Lund & Erichsen A/S
- Board member, Herning Håndværker og Industriforenings stiftelse
- Board member, Herning Håndværker og Industriforenings legatfond
- Board member, Herning Håndværker og Industriforening
- Managing director, Herningsholm Erhvervsskole

Keld Norup, Vejle

- Chairman of the supervisory board, Henrik Frimodt Pedersen A/S
- Chairman of the supervisory board, Holmskov & Co. A/S
- Chairman of the supervisory board, Holmskov Invest A/S
- Chairman of the supervisory board, Holmskov Finans A/S
- Chairman of the supervisory board, Skov Advokat Advokataktieselskab
- Chairman of the supervisory board, VAC Holding ApS
- Chairman of the supervisory board, VHF Holding ApS
- Chairman of the supervisory board, GV-Holding A/S
- Chairman of the supervisory board, Byggefirmaet af 2.1.2007 A/S (Nordisk Tagentreprise A/S)
- Board member, David Super-Light A/S
- Board member, FAM Ejendomme A/S
- Board member, Olaf Ryes Holding A/S
- Board member, Bøje & Brøchner A/S
- Board member, Claus Heede Holding A/S
- Board member, Heede Bolcher A/S

Keld Norup, Vejle, cont.

- Board member, Sole Minkfoder A/S
- Board member, Sole Ejendomme A/S
- Board member, Sole Minkfarm A/S
- Board member, Vesterby Minkfarm A/S
- Board member, Ejendomsselskabet Tværvej A/S
- Board member, H & P Frugtimport A/S
- Board member, Murermester Ove Larsen A/S
- Board member, Kollund Minkfarm A/S
- Board member, Hedensted Kontorhotel A/S
- Board member, Solskov Minkfarm A/S
- Board member, Hølgaard Ejendomme ApS
- Board member, Ibæk Strandvej 11, Vejle Smbh
- Board member, Intergrønt ApS
- Board member, Jørgen G. Pedersen Holding ApS
- Board member, L.S. International ApS
- Board member, Sole Holding ApS
- Board member, Tage Pedersen Holding ApS
- Board member, Thyra Mink af 1996 ApS
- Board member, Thyra Mink Holding ApS
- Board member, Solbjerg Ejendomme A/S
- Board member and Managing Director, Ejendomsaktieselskabet Centrum
- Managing director, Keld Norup Holding ApS

Gerner Wolff-Sneedorff

- Chairman of the supervisory board, Danish Forestry Company Ltd.
- Chairman of the supervisory board, Dansk Skovselskab A/S
- Chairman of the supervisory board, Gartneri- Land- og Skovbrugets Arbejdsgivere
- Chairman of the supervisory board, Gunderslevholm A/S
- Chairman of the supervisory board, PHZ Invest I A/S
- Chairman of the supervisory board, PHZ Invest II A/S
- Board member, ApS Habro Komplementar-32
- Board member, K/S Habro-South Shields
- Board member, René Stoltze A/S
- Board member, Skjoldenæsholm Landbrug ApS
- Director of Komplementaranpartsselskabet Wind Partner 23
- Managing director of Engelholm Gods

Haggai Kunisch, Viborg

- Board member, Bank/Pension
- Board member, BP Livsforsikringsselskab A/S

Directorships

Directorships held by members of the Executive Board in other commercial enterprises at 31 December 2013

Anders Dam

- Chairman of the supervisory board, Jyske Banks Almennyttige Fond
- Chairman of the supervisory board, Jyske Banks Almennyttige Fonds Holdingselskab A/S
- Board member (deputy chairman), PRAS A/S
- Board member (deputy chairman), DLR Kredit A/S
- Board member (deputy chairman), Foreningen Bankdata F.m.b.a.
- Board member, the Danish Bankers Association
- Board member, Danish Regional Bankers' Association
- Board member, Jyske Banks Pensionstilskudsfond
- Member of the assembly of representatives of the Danish Contingency Committee for winding up and transfer of banks, savings banks

Jørgen Christensen

- Board member, Jyske Finans A/S
- Board member, JSNA Holding A/S
- Board member, Jyske Banks Pensionstilskudsfond

Niels Erik Jakobsen

- Chairman of the Board of Directors, Jyske Global Asset Management Fondsmæglerselskab A/S
- Chairman of the supervisory board, BP Livsforsikringsselskab A/S
- Chairman of the supervisory board, Bank//Pension
- Board member (deputy chairman), Letpension A/S
- Board member, Jyske Finans A/S
- Chairman of the supervisory board, BI Asset Management Fondsmæglerselskab A/S
- Board member, BI Holding A/S
- Board member, Jyske Bank (Schweiz) AG
- Board member, Jyske Bank (Gibraltar) Ltd.
- Board member, Berben's Effectenkantoor B.V.
- Board member, Jyske Banks Pensionstilskudsfond

Leif F. Larsen

- Chairman of the supervisory board, Gl. Skovridergaard A/S
- Chairman of the supervisory board, Jyske Banks Medarbejderfonds Holdingselskab A/S
- Chairman of the supervisory board, Jyske Banks Medarbejderfond
- Chairman of the supervisory board, Silkeborg Data A/S
- Chairman of the supervisory board, Sundbyvesterhus A/S
- Chairman of the supervisory board, Commichaus Legat
- Board member (deputy chairman), JN Data A/S
- Board member, Bankernes Kontantservice A/S
- Board member, Jyske Banks Pensionstilskudsfond
- Board member, the Danish Employers' Association for the Financial Sector
- Board member, Finanssektorens Uddannelsescenter (the financial sector's training centre)

Per Skovhus

- Board member, Jyske Finans A/S
- Board member, Jyske Banks Pensionstilskudsfond

Members of the Supervisory Board at 31 December 2013

Name	Age	Appointed a Board member	Expiry of term of office	Audit committee	Nomination committee	Remuneration committee	Risk committee
Sven Buhrkall, Chairman	64 year	1998	2016	Chairman	Chairman	Member	Chairman
Jens A. Borup, Deputy chairman	58 year	2005	2014		Member	Member	
Philip Baruch	60 year	2006	2015		Member		
John Egebjerg-Johansen	66 year	2011	2014	Member	Member		Member
Keld Norup	60 year	2007	2016	Member			
Gerner Wolff-Sneedorff	61 year	2012	2015				Member
Employee representatives:							
Haggai Kunish	62 year	2002	2014		Member		
Marianne Lillevang	48 year	2006	2014	Member			
Steen Snedker	49 year	2010	2014				

	Number of Jyske Bank shares		Participation and number of meetings				
Name	End-2013	End-2012	Board meeting	Audit committee	Nomination committee	Remuneration committee	Risk committee
Sven Buhrkall, Chairman	**1,980**	1,980	35/36	6/6	4/4	3/3	4/4
Jens A. Borup, Deputy chairman	**2,329**	2,329	36/36		4/4	3/3	
Philip Baruch	**3,245**	3,245	31/36		4/4	3/3	
John Egebjerg-Johansen	**776**	776	34/36	6/6	4/4		0/0
Keld Norup	**974**	974	31/36	6/6			
Gerner Wolff-Sneedorff	**620**	620	34/36				0/0
Employee representatives:							
Haggai Kunish	**2,967**	2,967	34/36		3/3		
Marianne Lillevang	**2,328**	2,328	33/36	6/6			
Steen Snedker	**5,393**	5,393	33/36				

The board members' participation in meetings appear above.

The Supervisory Board considers the six board members elected by the shareholders to be independent, and the three board members elected by the employees to be non-independent.

Shareholder-elected members of the Supervisory board are also elected for a term of three years. After reaching the age of 68, a member cannot be elected or re-elected; an elected member may, however, serve for the remainder of his term even if he reaches the age of 68.

The supervisory board considers Sven Buhrkall the independent member of the Audit Committee as he possesses qualifications within accounting. This assessment is based on the following:

- Sven Buhrkall has since 2004 been the chairman of Jyske Bank's Audit Committee, and due to this, among other things, he has several years of experience working on an audit committee.

- Having held several managerial positions, Sven Buhrkall has general experience supervising accounting procedures.

- Due to his educational background (Sven Buhrkall is an MSc in Economics), his academic and business activities as well as his involvement in business politics, due to which he became the spokesman on business policies in Folketinget (the Danish Parliament), Sven Buhrkall has a strong theoretical and practical knowledge of accounting standards as well as a strong knowledge of the legislation regulating financial undertakings.

Sven Buhrkall has been a member of Jyske Bank's Supervisory Board since 1998 and he has chaired the board since 2004. During this period, he has not received any kind of remuneration from Jyske Bank other than what he is paid as a shareholder-elected member of Jyske Bank's governing bodies.