



JYSKE BANK

Interim Financial Report

Q1 2019

Interim Financial Report, Q1 2019

Management's Review

The Jyske Bank Group	2
Summary	3
Comments by Management	3
Financial Review	4
Capital and liquidity management	11
Other information	15

Business segments

Banking activities	16
Mortgage activities	18
Leasing activities	21

Interim Financial Statements

The Jyske Bank Group	
Income statement and statement of comprehensive income	22
Balance Sheet	23
Statement of Changes in Equity	24
Capital Statement	25
Summary of cash flow statement	26
Notes	27
Jyske Bank A/S	49

Statement by the Executive and Supervisory Boards	61
---	----

The Jyske Bank Group

Core profit and net profit for the period (DKKm)

	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
Net interest income	1,324	1,407	94	1,324	1,371	1,407	1,439	1,407	5,624
Net fee and commission income	463	506	92	463	506	443	399	506	1,854
Value adjustments	193	-68	-	193	-49	132	-38	-68	-23
Other income	47	65	72	47	32	127	239	65	463
Income from operating lease (net)	24	26	92	24	8	26	21	26	81
Core income	2,051	1,936	106	2,051	1,868	2,135	2,060	1,936	7,999
Core expenses	1,285	1,272	101	1,285	1,232	1,249	1,143	1,272	4,896
Core profit before loan impairment charges	766	664	115	766	636	886	917	664	3,103
Loan impairment charges	-16	308	-	-16	29	104	27	308	468
Core profit	782	356	220	782	607	782	890	356	2,635
Investment portfolio earnings	-11	407	-	-11	-11	-20	129	407	505
Pre-tax profit	771	763	101	771	596	762	1,019	763	3,140
Tax	161	153	105	161	95	184	208	153	640
Net profit for the period	610	610	100	610	501	578	811	610	2,500

Summary of balance sheet, end of period (DKKbn)

Loans and advances	470.5	447.7	105	470.5	462.8	457.7	455.4	447.7	462.8
- of which mortgage loans	333.3	309.4	108	333.3	326.3	318.8	314.4	309.4	326.3
- of which traditional bank loans and advances	104.2	102.5	102	104.2	104.1	104.5	104.4	102.5	104.1
- of which new home loans	4.9	13.3	37	4.9	6.3	9.4	12.2	13.3	6.3
- of which repo loans	28.1	22.5	125	28.1	26.1	25.0	24.4	22.5	26.1
Bonds and shares, etc.	94.8	75.1	126	94.8	83.2	74.7	81.0	75.1	83.2
Total assets	627.5	593.2	106	627.5	599.9	596.9	593.0	593.2	599.9
Deposits	154.2	155.1	99	154.2	148.7	150.9	155.1	155.1	148.7
- of which bank deposits	141.0	136.4	103	141.0	135.7	136.6	135.3	136.4	135.7
- of which repo deposits and tri-party deposits	13.2	18.7	71	13.2	13.0	14.3	19.8	18.7	13.0
Issued bonds at fair value	334.4	307.9	109	334.4	324.7	316.7	308.9	307.9	324.7
Issued bonds at amortised cost	38.2	30.1	127	38.2	35.0	33.3	31.2	30.1	35.0
Subordinated debt	4.3	4.3	100	4.3	4.3	4.3	4.3	4.3	4.3
Holders of AT1 capital	2.5	2.5	100	2.5	2.5	2.5	2.5	2.5	2.5
Shareholders' equity	32.4	31.5	103	32.4	31.8	31.9	32.3	31.5	31.8

Financial ratios and key figures

Earnings per share for the period (DKK)*	7.1	6.8		7.1	5.8	6.5	9.3	6.8	28.2
Profit for the period, per share (diluted) (DKK)*	7.1	6.8		7.1	5.8	6.5	9.3	6.8	28.2
Pre-tax profit p.a. as a pct. of average equity*	9.2	9.3		9.2	7.1	9.1	12.4	9.3	9.5
Profit for the period p.a. as a pct. of average equity*	7.3	7.4		7.3	6.0	6.9	9.8	7.4	7.6
Expenses as a percentage of income	62.7	65.7		62.7	66.0	58.5	55.5	65.7	61.2
Capital ratio	20.1	20.0		20.1	20.0	20.3	20.4	20.0	20.0
Common Equity Tier 1 capital ratio (CET1 %)	16.6	16.5		16.6	16.4	16.6	16.7	16.5	16.4
Individual solvency requirement (%)	10.8	10.2		10.8	10.8	10.3	10.1	10.2	10.8
Capital base (DKKbn)	38.0	37.4		38.0	37.7	37.1	37.7	37.4	37.7
Weighted risk exposure (DKKbn)	189.2	186.8		189.2	188.4	182.9	185.0	186.8	188.4
Share price at end of period (DKK)	257	358		257	235	311	350	358	235
Distributed dividend per share (DKK)	-	5.8		-	-	5.9	-	5.8	11.7
Book value per share (DKK)*	397	371		397	390	382	380	371	390
Price/book value per share (DKK)*	0.6	1.0		0.6	0.6	0.8	0.9	1.0	0.6
No. of full-time employees at end-period**	3,684	3,856		3,684	3,698	3,726	3,786	3,856	3,698

Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 22 appear from note 4.

*Financial ratios are calculated as if AT1 capital is recognised as a liability.

** The number of employees at the end of the first quarter of 2019 and at the end of 2018 less 25 employees who are financed externally against 40 employees in the other quarters.

Summary

- Profit before tax: DKK 771m (Q1 2018: DKK 763m), corresponding to a return of 9.2% p.a. on average equity (Q1 2018: 9.3% p.a.)
- Profit after tax: DKK 610m (Q1 2018: DKK 610m), corresponding to a return of 7.3% p.a. on average equity (Q1 2018: 7.4% p.a.)
- Core profit: DKK 782m (Q1 2018: DKK 356m)
- Core income: DKK 2,051m (Q1 2018: DKK 1,936m)
- Core expenses: DKK 1,285m (Q1 2018: DKK 1,272m)
- Reversed impairment charges: DKK 16m (Q1 2018: an expense of DKK 308m. Exclusive of effects derived from IFRS 9, reversed impairment charges of DKK 99m)
 - Management's estimates relating to agricultural clients were increased by DKK 105m and totalled DKK 380m (end of 2018: DKK 275m)
- Capital ratio: 20.1%, of which the Common Equity Tier 1 capital ratio was 16.6% (end of 2018: 20.0% and 16.4%)
- The existing share buyback programme is being raised by DKK 500m and extended until 27 September 2019

Comments by Management

In connection with the publication of the interim financial report for the first quarter of 2019, Anders Dam, CEO and Managing Director states:

"In the first quarter of 2019, Jyske Bank generated a profit before tax of DKK 771m and a profit after tax of DKK 610m. This corresponds to a return on equity of 9.2% before tax and 7.3% after tax, which is in line with our target of a return on equity in the range of 6% to 10% after tax.

At the end of the first quarter of 2019, the capital ratios are at 20.1% and 16.6%, respectively. With effect as of the second quarter of 2019, AT1 capital in the amount of about DKK 700m was issued, which all other things being equal will raise the capital ratios by about 0.4 percentage point. Based on the capital and earnings situation, the existing share buy-back programme has been raised by DKK 500m and extended until 27 September 2019.

5 May was the fifth anniversary of the last extraordinary general meeting in connection with the merger of Jyske Bank and BRFkredit (now Jyske Realkredit). The merger has resulted in total growth in mortgage loans amounting to more than DKK 130 bn, and the market share for mortgage loans has increased from 6.1% to 10.6% in the personal client area, from 11% to 14.1% in the corporate client area and from 26% to 27.5% in the area of financing of subsidised housing. Bonds issued by Jyske Realkredit are now trading at the best prices in the market. The number of full-time employees is 3,684 compared to 4,444 at the time of the merger. Before the merger, Jyske Bank had 3,774 full-time employees. The Group balance sheet amounts to DKK 628 bn against DKK 262 bn at the beginning of 2014, and systems and product lines have been streamlined. Since the merger in the second quarter of 2014, the Group has realised a pre-tax profit of DKK 17.7 bn", ends Anders Dam.

Financial Review

Material circumstances

Jyske Bank (Gibraltar) Ltd. is for sale

In January 2019, Jyske Bank announced that all international private banking activities will be brought together under one roof in Copenhagen (Private Banking Copenhagen), and the bank has initiated a process with a view to selling the subsidiary bank Jyske Bank (Gibraltar) Ltd. The Bank has received several enquiries from serious buyers.

Strategically, Jyske Bank wishes to focus on clients in Denmark. Jyske Bank will follow and help its clients out into the international markets from the units in Denmark and from Jyske Bank's branch in Hamburg which will continue unchanged.

In consequence of the market development and Jyske Bank's previous closing down of its international activities, there are no longer any material synergies between the Danish part of Jyske Bank and Jyske Bank (Gibraltar).

Capital

In connection with the annual ordinary reallocation of shares in DLR Kredit A/S, DLR shares in the amount of DKK 178m were sold in the first quarter of 2019.

On 29 March 2019, Jyske Bank issued AT1 capital in the amount of SEK 1 bn (about DKK 700m) at STIBOR +500 bps, corresponding to CIBOR +470bps with value date 9 April 2019, and hence this issue will be recognised in the financial statements and capital statement for the second quarter of 2019.

On 1 April, Jyske Bank initiated a share buy-back programme in an amount of up to DKK 500m. The share buy-back programme runs over the period from 1 April to 28 June 2019. At this time, 795,195 own shares at a value of DKK 216m have been bought back.

Based on the capital and earnings situation, the existing share buy-back programme has been raised by DKK 500m and extended until 27 September 2019.

The extraordinary general meeting on 6 May decided to cancel 3,350,500 Jyske Bank shares, corresponding to 3.94% of the bank's share capital, which the bank bought back through a share buy-back programme over the period 22 August to 28 December 2018.

New intra-group settlement model and new intra-group service agreement

At the beginning of 2019, an agreement was concluded on a new intra-group settlement model on the distribution of mortgage loans, etc. from Jyske Bank to Jyske Realkredit. The agreement covers all mortgage loans with Jyske Realkredit, inclusive of jointly funded home loans from Jyske Bank. In consequence of the agreement, Jyske Realkredit shall as of 2019 pay a distribution fee to Jyske Bank.

Also, a new intra-group service agreement has been concluded relating to settlement of intra-group costs. As of 2019, this agreement covers the employees' direct work for Jyske Realkredit.

The new agreements have no bearing on the consolidated financial statements. At business segment level, the agreements result in a changed make-up of the results within banking activities and mortgage activities. The new agreements are further described in the section Mortgage activities.

Net profit for the period

In the first quarter of 2019, the Jyske Bank Group generated a pre-tax profit of DKK 771m. Calculated tax amounted to DKK 161m, and after tax the profit amounted to DKK 610m. Post-tax profit corresponded to a return on average equity of 7.3% p.a. against 7.4% p.a. for the corresponding period of 2018.

Core profit and net profit for the period (DKKm)

	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
Net interest income	1,324	1,407	94	1,324	1,371	1,407	1,439	1,407	5,624
Net fee and commission income	463	506	92	463	506	443	399	506	1,854
Value adjustments	193	-68	-	193	-49	132	-38	-68	-23
Other income	47	65	72	47	32	127	239	65	463
Income from operating lease (net)	24	26	92	24	8	26	21	26	81
Core income	2,051	1,936	106	2,051	1,868	2,135	2,060	1,936	7,999
Core expenses	1,285	1,272	101	1,285	1,232	1,249	1,143	1,272	4,896
Core profit before loan impairment charges	766	664	115	766	636	886	917	664	3,103
Loan impairment charges	-16	308	-	-16	29	104	27	308	468
Core profit	782	356	220	782	607	782	890	356	2,635
Investment portfolio earnings	-11	407	-	-11	-11	-20	129	407	505
Pre-tax profit	771	763	101	771	596	762	1,019	763	3,140
Tax	161	153	105	161	95	184	208	153	640
Net profit for the period	610	610	100	610	501	578	811	610	2,500

Core profit

Core profit amounted to DKK 782m against DKK 356m in the first quarter of 2018, when loan impairment charges of DKK 308m were recognised, of which DKK 407m related to effects derived from IFRS 9.

Core profit before loan impairment charges rose by 15% to DKK 766m against DKK 664m for the corresponding period in 2018.

Core income

Net interest income amounted to DKK 1,324m against DKK 1,407m in the first quarter of 2018, corresponding to a decrease by 6%. Net interest income was favourably affected by the growth within mortgage and leasing activities, yet this did not suffice to offset the negative effect from the pressure on margins and increased finance cost resulting from the costs relating to the non-preferred senior debt issued to meet the MREL requirement. To this must be added that lower net interest income was realised from trading activities and the strategic balance sheet and risk management. The latter is to be viewed in connection with the positive development of value adjustments.

In the first quarter of 2019, net interest income and value adjustments from the strategic balance sheet and risk management amounted to DKK 110m compared to DKK 13m in the first quarter of 2018. The increase can materially be attributed to positive value adjustments due to the narrowing of the credit spread on Danish mortgage bonds, whereas net interest income fell because of the changed portfolio composition as well as the gradual change of the portfolio to amortised cost.

Strategic balance sheet and risk management (DKKm)

	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
Net interest income	27	72	38	27	32	63	75	72	242
Value adjustments	66	-61	-	66	-83	45	-26	-61	-125
Banking activities, total	93	11	845	93	-51	108	49	11	117
Net interest income	24	21	114	24	18	20	24	21	83
Value adjustments	-7	-19	37	-7	-28	-9	-41	-19	-97
Mortgage activities, total	17	2	850	17	-10	11	-17	2	-14
Jyske Bank Group, total	110	13	846	110	-61	119	32	13	103

Net fee and commission income amounted to DKK 463m against DKK 506m in the first quarter of 2018, corresponding to a decrease by 8%. When allowing for the fact that in the first quarter of 2019, due to high-

water mark, no performance fees were received as compared to performance fees of DKK 23m in the first quarter of 2018, fee and commission income was in line with the first quarter of 2018. The underlying activity level within banking as well as mortgage activities was satisfactory. In addition to the absence of performance-related fees, the decline in net fee and commission income can be attributed to an increase in fee expenses from DKK 117m in the first quarter of 2018 to DKK 147m in the first quarter of 2019. The increase was to some extent fuelled by the increasing business volume within leasing activities, fee expenses payable to the government relating to 100% government-guaranteed loans for subsidised housing as well as fees relating to the issue of covered bonds in the amount of EUR 500m in Jyske Realkredit.

Value adjustments amounted to DKK 193m against DKK -68m in the first quarter of 2018. The value adjustments were affected positively by the favourable development in the financial markets. A significant part of the increase related to value adjustments of the strategic balance sheet and risk management amounting to DKK 59m compared to DKK -80m in the first quarter of 2018.

Core expenses

Core expenses rose by 1% to DKK 1,285m from DKK 1,272m in the corresponding period in 2018. Due to the lower number of employees, employee costs fell by about 2% compared to the first quarter of 2018. The number of full-time employees in the Group was 3,684 compared to 3,856 at the end of the first quarter 2018, corresponding to a decline by about 4%. On the other hand, IT costs increased by 10% from DKK 315m to 348m, of which about the half can be attributed to IT-development costs relating to capital-market activities through Bankdata. As from the third quarter of 2018, these development costs are activated and recognised as an expense over an expected period of five years.

Impairment charges

Under core profit, reversed impairment charges and provisions for guarantees in the amount of DKK 16m were recognised as income. For the same period in 2018, impairment charges amounted to an expense of DKK 308m. Included in these was an amount of DKK 407m relating to effects derived from the implementation of IFRS 9. Exclusive of the effects derived from IFRS 9, impairment charges in the amount of DKK 99m were reversed.

At the end of first quarter of 2019, impairment charges based on management's estimates amounted to DKK 606m, of which DKK 380m related to agricultural clients against DKK 511m and DKK 275m, respectively, at the end of 2018. The increase relating to agricultural clients can be attributed to the increased risk of falling prices of agricultural land as well as the continuing challenges facing fur farmers in the form of low fur prices and overproduction.

Investment portfolio earnings

Investment portfolio earnings (DKKm)									
	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
Net interest income	25	36	69	25	26	22	21	36	105
Value adjustments	-28	328	-	-28	-30	-35	114	328	377
Other income	0	49	-	0	1	1	4	49	55
Income	-3	413	-	-3	-3	-12	139	413	537
Expenses	8	6	133	8	8	8	10	6	32
Investment portfolio earnings	-11	407	-	-11	-11	-20	129	407	505

Investment portfolio earnings for the first quarter of 2019 amounted to DKK -11m against DKK 407m in 2018. The investment portfolio earnings for the first quarter of 2018 were primarily driven by the holding of Nordjyske Bank shares, which had a positive effect of DKK 356m in the form of value adjustments and dividend.

Investment portfolio earnings for the first quarter of 2019 were positively affected by the narrowing of credit spreads, but on the other hand these earnings were negatively affected by the flatter yield curve over the quarter. Other market risks were fairly neutral. Net interest income was unchanged compared to the preceding quarters.

The Group's investment portfolio still consists of tactical market risk positions (primarily interest-rate and currency risks) and a smaller amount of bond investments.

Q1 2019 compared to Q4 2018

Core profit amounted to DKK 782m against DKK 607m in the fourth quarter of 2018.

Core income amounted to DKK 2,051m against DKK 1,868m in the fourth quarter of 2018. The increase can be attributed to value adjustments amounting to DKK 193m compared to DKK -49m in the fourth quarter of 2018. The value adjustments were positively affected by the favourable development in the financial markets, including the narrowing of the credit spread on Danish mortgage bonds.

Net interest income amounted to DKK 1,324m against DKK 1,371m in the fourth quarter of 2018. The most important reasons for the decline was that the first quarter had two interest days less than the fourth quarter and higher finance costs due to the NPS issue in December 2018. In addition, lending margins are still under pressure. In respect of bank loans, the pressure can be attributed to competition. In respect of mortgage loans, it can be attributed to the fact that to an increasing degree personal clients opt for fixed-rate loans and/or instalment loans, in connection with which the administration margin rate and the risk are lower.

Net fee and commission income amounted to DKK 463m against DKK 506m. Adjusted for the increase in the fourth quarter in investment-related fees due to annual fees such as product and custody fees, net fee and commission income in the first quarter was in line with the fourth quarter of 2018.

Core expenses increased from DKK 1,232m to DKK 1,285m. In the fourth quarter of 2018, core expenses were reduced by DKK 65m due to one-off adjustments of employee-related provisions following the significant decline in the number of employees. Adjusted for this, core expenses fell by almost 1% in the first quarter compared to the fourth quarter of 2018.

Impairment charges amounted to an income of DKK 16m against an expense of DKK 29m in the fourth quarter of 2018. Credit quality was still good and the increase in new impaired exposures was at a low level.

In line with the fourth quarter, investment portfolio earnings amounted to DKK -11m. While investment portfolio earnings in the fourth quarter were characterised by the widening credit spreads, the first quarter was affected favourably by the narrowing of the credit spreads on Danish mortgage bonds, but on the other hand the flatter yield curve had a negative effect.

Business volume

Summary of balance sheet, end of period (DKKbn)

	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
Loans and advances	470.5	447.7	105	470.5	462.8	457.7	455.4	447.7	462.8
- of which mortgage loans	333.3	309.4	108	333.3	326.3	318.8	314.4	309.4	326.3
- of which traditional bank loans and advances	104.2	102.5	102	104.2	104.1	104.5	104.4	102.5	104.1
- of which new home loans	4.9	13.3	37	4.9	6.3	9.4	12.2	13.3	6.3
- of which repo loans	28.1	22.5	125	28.1	26.1	25.0	24.4	22.5	26.1
Bonds and shares, etc.	94.8	75.1	126	94.8	83.2	74.7	81.0	75.1	83.2
Total assets	627.7	593.2	106	627.7	599.9	596.9	593.0	593.2	599.9
Deposits	154.2	155.1	99	154.2	148.7	150.9	155.1	155.1	148.7
- of which bank deposits	141.0	136.4	103	141.0	135.7	136.6	135.3	136.4	135.7
- of which repo deposits and tri-party deposits	13.2	18.7	71	13.2	13.0	14.3	19.8	18.7	13.0
Issued bonds at fair value	334.4	307.9	109	334.4	324.7	316.7	308.9	307.9	324.7
Issued bonds at amortised cost	38.2	30.1	127	38.2	35.0	33.3	31.2	30.1	35.0
Subordinated debt	4.3	4.3	100	4.3	4.3	4.3	4.3	4.3	4.3
Holders of AT1 capital	2.5	2.5	100	2.5	2.5	2.5	2.5	2.5	2.5
Shareholders' equity	32.4	31.5	103	32.4	31.8	31.9	32.3	31.5	31.8

Mortgage loans at fair value amounted to DKK 333.3 bn at the end of the first quarter of 2019 compared to DKK 326.3 bn at the end of 2018. The increase should be seen in the light of rising bond prices in the first quarter, which had a positive effect on fair values. In the first quarter, additional home loans were transferred to Jyske Realkredit so the new home loans under banking activities amounted to DKK 4.9 bn at the end of the first quarter, against DKK 6.3 bn at the end of 2018.

Traditional bank loans and advances amounted to DKK 104.2 bn, which is in line with the level at the end of 2018. The flat development can be attributed to an increase in loans for leasing activities and a decline in loans for banking activities. The decline under banking activities was primarily driven by the introduction of cash pool solutions, in connection with which netting of bank loans and deposits takes place. Cash pool solutions target major corporate clients and public authorities.

At the end of the first quarter of 2019, bank deposits exclusive of repo deposits amounted to DKK 141.0 bn, i.e. an increase by just above DKK 5 bn relative to the level at the end of 2018. The increase can be attributed to time deposits made by large corporate clients and public authorities.

At the end of the first quarter of 2019, the business volume within asset management amounted to DKK 156 bn compared to DKK 141 bn at the end of 2018. The first quarter of the year was characterised by positive markets, which more than compensated for the negative fourth quarter of 2018, and therefore the development had a positive effect on the business volume. To this must be added an inflow of new funds from most client segments and, in particular, a decent inflow of funds from wealthy and professional clients.

Credit quality

At the end of the first quarter of 2019, the Group's total balance of loan impairment charges and provisions as well as its discount balance amounted to DKK 5.7 bn, corresponding to 1.2% of the total balance of loans, advances and guarantees, i.e. an unchanged level relative to the end of 2018, when the balance was at DKK 5.9 bn.

The underlying credit quality was still good, and the increase in new impaired exposures was at a low level in respect of both corporate and personal clients.

The table below shows the balance of loan impairment charges and provisions for guarantees broken down by IFRS 9 category.

Loans, advances and guarantees broken down by IFRS 9 stages (DKKbn/%)							
	Q1 2019			Q4 2018			
	Loans, advances and guarantees	Balance of impairment charges	Impairment ratio	Loans, advances and guarantees	Balance of impairment charges	Impairment ratio	
Stage 1	456.9	0.6	0.1	449.1	0.6	0.1	
Stage 2	24.3	1.3	5.1	26.0	1.3	4.8	
Stage 3	6.4	3.4	34.7	6.5	3.6	35.6	
Total	487.6	5.3	1.1	481.6	5.5	1.1	

At the end of the first quarter of 2019, non-performing loans and guarantees amounted to DKK 10.9 bn against DKK 11.2 bn and DKK 12.1 bn at the end of 2018 and the first quarter of 2018. The statement of non-performing exposures is still based on the EBA's technical standard.

Non-performing loans and guarantees (DKKbn)									
	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
Loans, advances and guarantees	487.6	465.8	105	487.6	481.6	476.1	473.6	465.8	481.6
Non-performing loans and guarantees	10.9	12.1	90	10.9	11.2	11.4	11.1	12.1	11.2
Impairment charges and provisions	3.5	3.7	95	3.5	3.7	3.7	3.7	3.7	3.7
Discounts on acquired loans	0.2	0.4	50	0.2	0.2	0.3	0.3	0.4	0.2
Non-performing loans and guarantees after impairment charges	7.2	8.0	90	7.2	7.3	7.3	7.1	8.0	7.3
NPL ratio	1.5%	1.7%	88	1.5%	1.5%	1.5%	1.5%	1.7%	1.5%
NPL contribution ratio	34.4%	33.8%	102	34.4%	34.8%	35.3%	36.1%	33.8%	34.8%
Non-accrual loans and past due exposures	1.5	1.4	107	1.5	1.3	1.3	1.4	1.4	1.3
Operational loan impairment charges and provisions for guarantees	0.0	0.3	-	-0.0	0.0	0.1	0.0	0.3	0.5
Operating loss	0.3	0.4	75	0.3	0.3	0.1	0.3	0.4	1.1

Loans and advances subject to forbearance amounted to DKK 12.4 bn, corresponding to 2.5% against DKK 12.0 bn and 2.5% at the end of 2018.

Agriculture

Agriculture exclusive of fishing (DKKbn/%)							The Jyske Bank Group	
	Loans, advances and guarantees		Balance of impairment charges		Impairment ratio			
	Q1 2019	Q4 2018	Q1 2019	Q4 2018	Q1 2019	Q4 2018		
Dairy farmers	744	848	415	437	36%	34%		
Pig farming	1,471	1,616	311	264	18%	14%		
Plant production	2,007	2,050	135	122	6%	6%		
Fur farming	126	186	137	108	52%	37%		
Other agriculture	1,366	1,384	154	132	10%	9%		
Total	5,714	6,084	1,152	1,063	17%	15%		

At the end of the first quarter of 2019, the impairment ratios for dairy farmers and pig farming were 36% and 18%, respectively, against 34% and 14%, respectively, at the end of 2018. The increase should be seen in the light of recent experiences in connection with transactions involving agricultural land, indicating that prices of agricultural land are lower than had been expected.

In connection with fur farmers, the impairment ratio rose from 37% at the end of 2018 to 52% at the end of the first quarter of 2019 because at the first auctions in 2019 only 25%-30% of the furs submitted were sold, and at the same time fur prices were still so low that it is to be expected that a great number of mink farmers will face financial problems and will not be able to survive if the current market conditions continue.

Capital and liquidity management

Capital management

Jyske Bank's long-term capital management objective after the implementation of the Basel recommendations is a capital ratio of 17.5% and a Common Equity Tier 1 capital ratio of 14%. At these levels, Jyske Bank are at a safe distance to the capital requirements and has at the same time the required strategic scope.

Jyske Bank assesses that capital levels of up to three percentage points higher than the capital targets will be necessary to meet the Bank's long-term targets when the Basel recommendations have been fully phased in. Jyske Bank expects to meet these requirements in full at the beginning of the phase-in period in 2022.

At the end of the first quarter of 2019, the capital ratio was 20.1% and the Common Equity Tier 1 capital ratio 16.6%, and therefore, on the whole, Jyske Bank meets the long-term targets, inclusive of the effect from the Basel recommendations. At the end of 2018, the capital ratios were 20.0% and 16.4%, respectively.

Jyske Bank aims, in the long term, to ensure a risk-adjusted capital ratio (RAC) determined by S&P at the level of 10.5% in order to maintain the score 'strong' in the category 'capital and earnings'. At the end of the first quarter of 2019, RAC was calculated at 10.3% corresponding to the level at the end of 2018. The current share buy-back programme of DKK 500m has been deducted when the RAC was calculated at the end of the first quarter of 2019. AT1 capital of about DKK 700m issued with value date 9 April 2019 and the increase of the current share buy-back programme of DKK 500m will be recognised in the second quarter of 2019.

After each quarter, Jyske Bank's Supervisory Board assesses the possibilities of distributing dividend and/or implementing share buy-backs if the earnings and capital structure are deemed to be adequate.

Capital ratios (%)

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	End of 2018
Capital ratio	20.1	20.0	20.3	20.4	20.0	20.0
Core capital ratio incl. AT1 and hybrid core capital (%)	18.1	18.0	18.3	18.4	18.2	18.0
Common Equity Tier 1 capital ratio (CET 1) (%)	16.6	16.4	16.6	16.7	16.5	16.4

The total weighted risk exposure amounted to DKK 189.2 bn at the end of the first quarter of 2019 against DKK 188.4 bn at the end of 2018. The total weighted risk exposure with credit risk amounted to DKK 159.7 bn, corresponding to 84% of the total weighted risk exposure. The increase by DKK 1.3 bn in the total weighted risk exposure with credit risk can chiefly be attributed to the increase in mortgage loans to corporate clients.

Capital

On 1 April, Jyske Bank initiated a share buy-back programme in an amount of up to DKK 500m. The share buy-back programme runs over the period from 1 April to 28 June 2019. At this time, 795,195 own shares at a value of DKK 216m have been bought back.

Based on the capital and earnings situation, the existing share buy-back programme has been raised by DKK 500m and extended until 27 September 2019.

On 29 March 2019, Jyske Bank issued AT1 capital in the amount of SEK 1 bn (about DKK 700m) at STIBOR +500 bps, corresponding to CIBOR +470bps with value date 9 April 2019, and hence this issue will affect the financial statements and capital statement for the second quarter of 2019. The general adjustment and capital restructuring continues, and Jyske Bank will still seek to have a cost-effective capital structure.

For Jyske Bank, the FSA has defined the minimum requirement for own funds and eligible liabilities (the so-called MREL) at 12.9% of Jyske Bank's total liabilities and consolidated capital base, corresponding to 28.9% of the risk exposure amount. The MREL requirement must be fully met by 1 July 2019. Based on the increase in the countercyclical buffer, the MREL requirement will increase on 30 September 2019 to 13.1% of Jyske Bank's total liabilities and consolidated capital base, corresponding to 29.4% of the risk exposure amount (DKK 34 bn).. The MREL requirement must be met through non-preferred senior debt (NPS), however, senior debt issued before 1 January 2018 with time to maturity above 12 months may be included in the period up to and including 1 January 2022.

Calculations show that the Jyske Bank Group meets the MREL already today.

Based on the FSA's measurement of the MREL requirement as well as Jyske Bank's expected issue of NPS bonds totalling EUR 2.5 bn by the end of 2021, Standard and Poor's has since April 2018 had a "positive outlook" in connection with its rating of Jyske Bank's long and short-term unsecured senior debt. Jyske Bank has a rating of A-/A-2 for its long and short-term unsecured senior debt, respectively.

Individual solvency requirement and capital buffer

At the end of the first quarter of 2019, the Jyske Bank Group calculated its individual solvency requirement to be 10.8% of the total weighted risk exposure in line with the level at the end of 2018. To this must be added a SIFI requirement of 1.5% and a capital conservation buffer of 2.5%. Both the SIFI requirement and the capital conservation buffer have been fully phased in. On 31 March 2019, the countercyclical buffer was activated at 0.5%. The countercyclical buffer will increase to 1% on 30 September 2019.

Compared with the actual capital base of DKK 38.0 bn, the capital buffer amounted at the end of the first quarter of 2019 to DKK 9.1 bn, corresponding to 4.8%. At the end of 2018, the capital buffer was at DKK 11.5 bn, corresponding to 6.1%.

Liquidity management

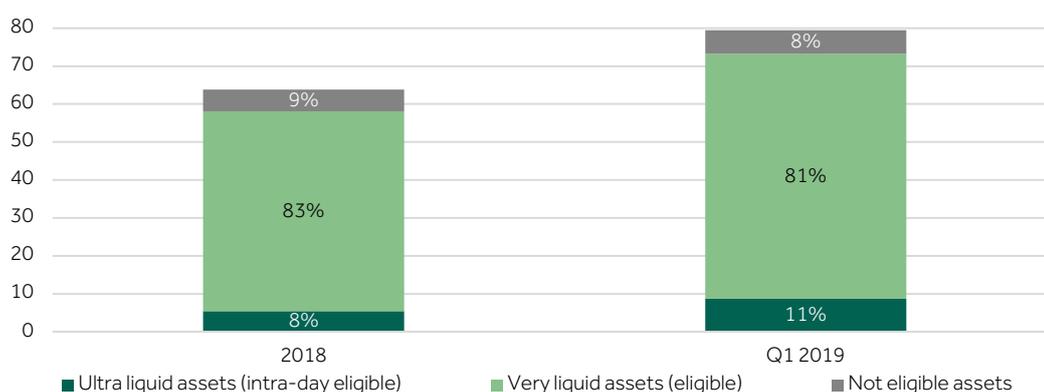
The Group's biggest source of funding was covered bonds (SDO) and mortgage bonds, which amounted to DKK 334 bn and 53% of the balance sheet at the end of March 2019. The second-largest source of funding (DKK 137 bn) is client deposits, of which a high proportion consists of deposits from small and medium-sized enterprises as well as personal clients.

The strong deposit base ensures long-term stability in the Group's funding of bank loans and advances, which supports the maintenance of a strong profile.

Liquidity reserve

At the end of March 2019, the Group's liquidity buffer amounted to DKK 79 bn against DKK 64 bn at the end of 2018.

Liquidity buffer by asset class (DKKbn)



As shown in the chart above, the buffer consists mainly of ultra-liquid and very liquid assets in the form of deposits with central banks as well as government bonds and covered bonds ('SDO').

Under a stress scenario assuming that the Group is precluded from re-financing in the international financial money markets for unsecured senior debt, the reserve will after a 12-month period amount to DKK 44 bn and after a 24-month period to 38 bn.

Liquidity buffer and run-off (DKKbn)

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	End of 2018
End of period	79.5	63.9	69.1	57.9	64.0	63.9
3 mths.	59.1	52.0	52.5	49.9	49.3	52.0
6 mths.	54.1	46.1	48.5	44.7	46.6	46.1
9 mths.	50.6	41.7	42.6	40.9	40.3	41.7
12 mths.	43.9	39.4	38.3	36.2	36.9	39.4

Capital markets and issuance activity

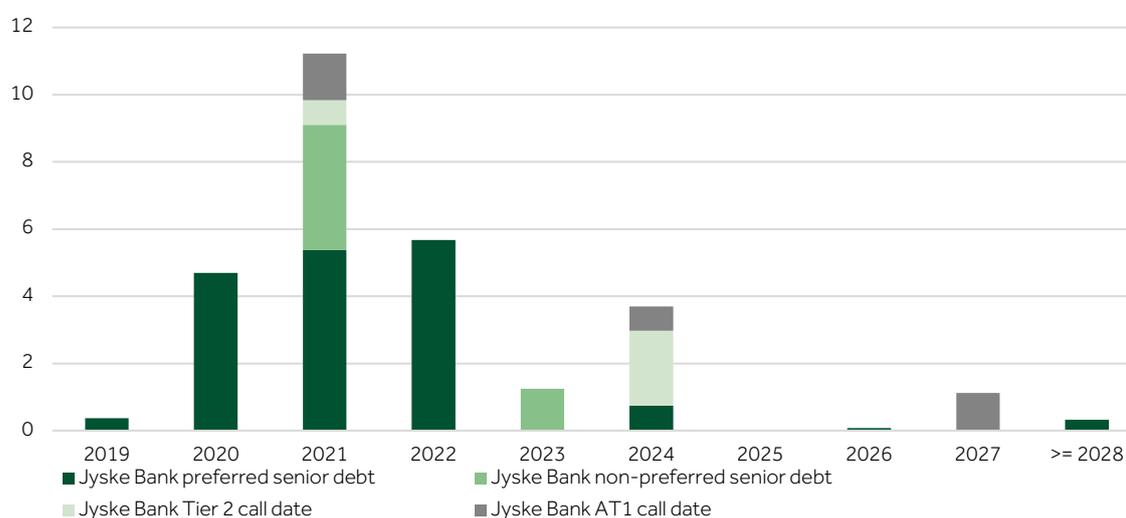
After the significant widening of the credit spreads in 2018 and the opening of the market in 2019 at still very high credit-spread levels, the capital markets developed favourably in the first quarter of 2019.

In the first quarter of 2019, the Group issued a covered bond in the amount of EUR 500m and the above-mentioned ATI capital of about DKK 700m (SEK 1 bn).

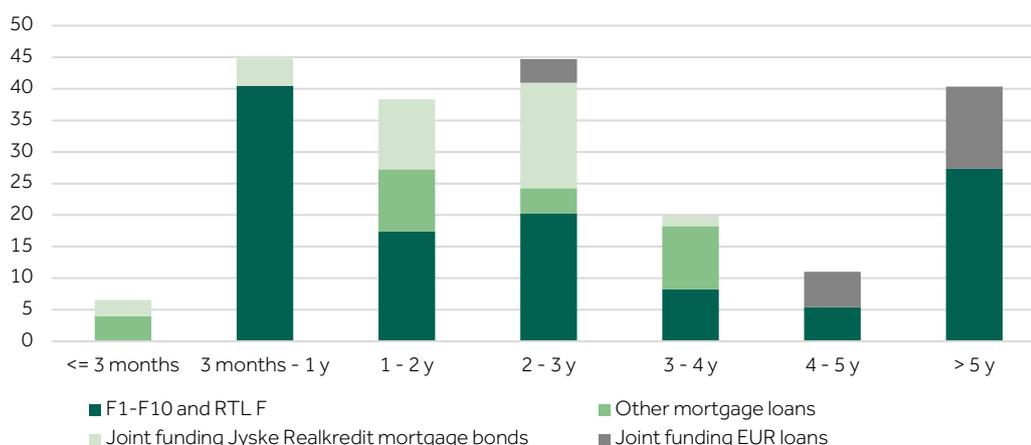
The Group is on an on-going basis active in the French CP market. At the end of the first quarter of 2019, the outstanding volume under the CP programme amounted to DKK 18.6 bn against DKK 15.4 bn at the end of 2018.

Refinancing profile

At the end of the first quarter of 2019, outstanding unsecured senior debt and Tier 2 capital under the Group's EMTN programme amounted to DKK 19.6 bn and DKK 3.3 bn, respectively, which levels were practically unchanged compared to those at the end of 2018. The run-off profile for the Group's unsecured senior debt as well as issuer call profile for Basel III-compliant capital instruments as at the end of the first quarter of 2019 are illustrated below.

Run-off and call date profile (DKKbn)


Calculated at the end of March 2019, covered bonds (SDOs) with a refinancing risk amounted to DKK 206.7 bn, and the run-off profile of these is illustrated in the chart next page.

Run-off profile SDO (DKKbn)


Funding plans

It is an integrated part of the Group's strategic liquidity management to maintain on-going activities in the international capital markets in order to ensure continuous access to a diversified investor base.

Generally, the Group's funding plan implemented in the international capital markets will in future include an annual NPS benchmark bond (EUR 500m) as one of the most important elements. The next EUR 500m NPS benchmark is expected to be executed in the course of the second or third quarter of 2019.

In future, it is also to be expected that Jyske Realkredit will on a recurring basis be active in the market for covered bonds (SDO) in EUR in order to ensure continuous access to funding in EUR.

Liquidity Coverage Ratio (LCR)

At the end of the first quarter of 2019, the Group's LCR was at 222% compared to 219% at the end of 2018. The Group's internal guideline points to a LCR for the Group of at least 150%. The Group's LCR buffer after haircuts at the end of the first quarter of 2019 is shown below:

The Group's LCR buffer broken down by asset class (DKKbn/%)

	DKKbn	%
Level 1a	33.2	39
Level 1b	49.3	58
Level 2a + 2b	2.8	3
Total	85.3	100

Being a Danish systemically important financial institution, Jyske Bank must meet a modified LCR requirement in EUR. At the end of the first quarter of 2019, Jyske Bank met the requirement in full with a significant buffer.

Other information

The supervisory diamond defines a number of special risk areas including specified limits that financial institutions should generally not exceed.

The supervisory diamond for Jyske Bank A/S

The supervisory diamond for Jyske Bank A/S

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	End of 2018
Sum of large exposures < 175% of Common Equity Tier 1 capital*	78%	76%	76%	73%	74%	76%
Increase in loans and advances < 20% annually	-6%	-4%	2%	4%	4%	-4%
Exposures to property administration and property transactions < 25% of total loans and advances	10%	10%	11%	10%	10%	10%
Stable funding < 1	0.54	0.55	0.58	0.58	0.59	0.55
Liquidity benchmark > 100%	185%	171%	179%	166%	-	171%

*The benchmark for total large exposures was changed in 2018. Comparative figures have been restated accordingly.

**At the end of the second quarter of 2018, the liquidity benchmark was changed to LCR at a three-month horizon. It was not possible to show adjusted comparative figure.

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

The supervisory diamond for Jyske Realkredit A/S

The supervisory diamond for Jyske Realkredit A/S

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	End of 2018
Concentration risk < 100%	47.6%	46.2%	47.1%	50.3%	49.4%	46.2%
Increase in loans and advances < 15% annually in the segment:						
Owner-occupied homes and vacation homes	7.1%	6.3%	4.9%	5.2%	7.0%	6.3%
Residential rental property	0.4%	2.6%	11.6%	7.8%	7.9%	2.6%
Other sectors	2.8%	4.0%	3.7%	5.9%	6.5%	4.0%
Borrower's interest-rate risk < 25%						
Residential property	19.9%	19.7%	19.6%	19.9%	20.1%	19.7%
Interest-only schemes < 10%						
Owner-occupied homes and vacation homes	6.8%	7.3%	7.4%	7.4%	7.5%	7.3%
Loans with frequent interest-rate fixing:						
Refinancing (annually) < 25%	15.7%	14.7%	16.3%	12.5%	20.8%	14.7%
Refinancing (quarterly) < 12.5%	6.3%	3.1%	6.5%	0.0%	5.5%	3.1%

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

Additional information

For further information, please see www.jyskebank.info. Here you will find an interview with Anders Dam, CEO and Managing Director, detailed financial information as well as Jyske Bank's Annual Report 2018 and Risk and Capital Management 2018, which give further information about Jyske Bank's internal risk and capital management as well as regulatory issues, including a description of the most important risks and elements of uncertainty that may affect Jyske Bank.

Also, please see www.jyskerealkredit.com. Jyske Realkredit's interim financial report for the first quarter of 2019, the Annual Report for 2018 and detailed financial information about Jyske Realkredit are available on that website.

Business segments

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

Banking activities

Summary of income statement (DKKm)

	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
Net interest income	593	789	75	593	725	779	798	789	3,091
Net fee and commission income	629	468	134	629	454	379	405	468	1,706
Value adjustments	173	-41	-	173	-23	145	-20	-41	61
Other income	37	57	65	37	10	122	34	57	223
Core income	1,432	1,273	112	1,432	1,166	1,425	1,217	1,273	5,081
Core expenses	1,160	1,044	111	1,160	1,006	1,027	906	1,044	3,983
Core profit before loan impairment charges	272	229	119	272	160	398	311	229	1,098
Loan impairment charges	13	-154	-	13	80	85	21	-154	32
Core profit	259	383	68	259	80	313	290	383	1,066
Investment portfolio earnings	-11	407	-	-11	-11	-20	129	407	505
Pre-tax profit	248	790	31	248	69	293	419	790	1,571

Summary of balance sheet, end of period (DKKbn)

Loans and advances	118.8	121.5	98	118.8	118.4	121.3	123.3	121.5	118.4
- of which traditional loans and advances	85.8	85.7	100	85.8	86.0	86.9	86.7	85.7	86.0
- of which new home loans	4.9	13.3	37	4.9	6.3	9.4	12.2	13.3	6.3
- of which repo loans	28.1	22.5	125	28.1	26.1	25.0	24.4	22.5	26.1
Total assets	242.4	238.1	102	242.4	225.8	231.6	232.9	238.1	225.8
Deposits	153.9	154.8	99	153.9	148.5	150.7	154.9	154.8	148.5
- of which bank deposits	140.7	136.1	103	140.7	135.5	136.4	135.1	136.1	135.5
- of which repo deposits and tri-party deposits	13.2	18.7	71	13.2	13.0	14.3	19.8	18.7	13.0
Issued bonds	38.2	30.1	127	38.2	35.0	33.3	31.2	30.1	35.0

Core profit

Core profit from banking activities amounted to DKK 259m against DKK 383m for the corresponding period in 2018. The decline in core profit can primarily be attributed to loan impairment charges.

On the whole, core income was favourably affected by the new intra-group settlement model agreed between Jyske Bank and Jyske Realkredit, as a decline in net interest income of almost DKK 100m was more than offset by distribution fee of just above DKK 200m. On the other hand, core expenses rose by about DKK 70m due to the new intra-group service agreement. The new agreement is described in detail in the section Mortgage activities.

Core income

Net interest income amounted to DKK 593m against DKK 789m in the first quarter of 2018. Adjusted for the new settlement model mentioned above, the decline amounted to about DKK 100m, of which DKK 70m can be attributed to lower net interest income on trading activities and the strategic balance sheet and risk management. This decline is to be viewed in connection with the positive development of value adjustments.

In addition, net interest income was negatively affected by the continuing pressure on margins on bank loans and advances for corporate clients and higher finance costs due to the MREL requirement.

In future, a moderate downward pressure will be exerted on net interest income from the strategic balance sheet and risk management to the extent that parts of the portfolio will be recognised at amortised cost instead of fair value as well reinvesting in callable bonds with lower coupon.

Net fee and commission income increased by 34% relative to the first quarter of 2018. Adjusted for the new intra-group settlement agreement, net fee and commission income fell by 12%, which can be attributed to the

lack of performance fees, of a non-recurring income relating to market-maker commission in the first quarter of 2018 as well as to the reduction by 50% of loan application fees as, since the introduction of one joint product range in the third quarter of 2018, the majority of home loans has been disbursed through Jyske Realkredit.

Value adjustments amounted to DKK 173m against DKK -41m in the first quarter of 2018. Narrowing of credit spreads on Danish mortgage bonds had a positive effect on value adjustments of bond holdings, including the liquidity portfolio.

Other income amounted to DKK 37m against DKK 57m in the first quarter of 2018.

Core expenses

In the first quarter of 2019, core expenses amounted to DKK 1,160m against DKK 1,044m for the corresponding period in 2018. Adjusted for the new intra-group service agreement, core expenses rose by about 4%, namely due to an increase in IT costs, which was only partially compensated for by a decline in employee costs.

Impairment charges

Impairment charges amounted to DKK 13m against reversed impairment charges of DKK 154m in the first quarter of 2018.

Management's estimates relating to agricultural clients, inclusive of fur farmers, totalled DKK 380m at the end of the first quarter 2019 compared to DKK 100m at the end of the first quarter of 2018.

Business volume

Traditional bank loans and advances amounted to DKK 85.8 bn against DKK 86.0 bn at the end of 2018, and thus a minor decline was recorded. The decline was primarily driven by the introduction of cash pool solutions, in connection with which netting of bank loans and deposits takes place. Cash pool solutions target major corporate clients and public authorities.

Bank loans and advances amounted to DKK 140.7 bn against DKK 135.5 bn at the end of 2018. The increase can be attributed to time deposits made by large corporate clients and public authorities.

Q1 2019 compared to Q4 2018

Core profit amounted to DKK 259m against DKK 80m in the fourth quarter of 2018.

Core income rose from DKK 1,166m in the fourth quarter to DKK 1,432m in the first quarter of 2019. Of the increase by DKK 266m, almost DKK 130m can be attributed to the new intra-group settlement model for the distribution of mortgage loans. The net effect is made up of a decline in net interest income by just above DKK 90m and an increase by almost DKK 220m in net fee and commission income. On the other hand, core expenses rose by just above DKK 100m due to the new intra-group service agreement.

Adjusted for the effect from the new settlement model, net interest income fell by about DKK 40m, which can be attributed to the fact that the first quarter had two interest days less than the fourth quarter, an increase in finance costs in order to meet the MREL requirement, continued pressure on lending margins and lower net interest income from the strategic balance sheet and risk management.

Net fee and commission income amounted to DKK 412m, when adjusting for the new settlement model, against DKK 454m in the fourth quarter of 2018. When disregarding the annual investment-related fees, such as product and custody fees, which are settled in the fourth quarter, the first quarter saw an increase by about DKK 30m, which can be attributed to other fees.

Value adjustments amounted to DKK 173m against DKK -23m in the fourth quarter of 2018. The increase can be attributed to the favourable development in the financial markets in the first quarter.

Core expenses amounted to DKK 1,160m against DKK 1,006m in the fourth quarter of 2018. Adjusted for the effect from the new intra-group service agreement and a one-off adjustment of employee-related provisions in the fourth quarter of 2018, core expenses were in line with the fourth quarter of 2018.

Impairment charges amounted to DKK 13m against DKK 80m in the fourth quarter of 2018.

Mortgage activities

Summary of income statement (DKKm)

	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
Administrative margin income, etc. ¹	576	465	124	576	483	476	472	465	1,896
Other net interest income	12	19	63	12	16	13	29	19	77
Net fee and commission income	-132	66	-	-132	74	91	25	66	256
Value adjustments	26	-27	-	26	-23	-12	-32	-27	-94
Other income	0	4	-	0	21	2	202	4	229
Core income	482	527	91	482	571	570	696	527	2,364
Core expenses	79	182	43	79	178	178	192	182	730
Core profit before loan impairment charges	403	345	117	403	393	392	504	345	1,634
Loan impairment charges	-26	428	-	-26	-82	-18	41	428	369
Core profit	429	-83	-	429	475	410	463	-83	1,265
Investment portfolio earnings	0	0	-	0	0	0	0	0	0
Pre-tax profit	429	-83	-	429	475	410	463	-83	1,265

1) Administration margin income, etc. covers administration margin income as well as interest rate margin on jointly funded loans.

Summary of balance sheet (DKKbn)

Mortgage loans	333.3	309.5	108	333.3	326.3	318.8	314.4	309.5	326.3
Total assets	363.9	335.6	108	363.9	353.3	344.9	339.7	335.6	353.3
Issued bonds	334.4	307.9	109	334.4	324.7	316.7	308.9	307.9	324.7

Mortgage activities comprise financial solutions for the financing of real property carried out by Jyske Realkredit. Mortgage activities are aimed mainly at Danish personal clients, corporate clients and subsidised rental housing.

At the beginning of 2019, an agreement was concluded on a new intra-group settlement model on the distribution of mortgage loans, etc. from Jyske Bank to Jyske Realkredit. The agreement covers all mortgage loans with Jyske Realkredit, inclusive of jointly funded home loans from Jyske Bank. In consequence of the agreement, Jyske Realkredit will as of 2019 pay a distribution fee to Jyske Bank, which is calculated on the basis of the earnings from the loan-related activities. Under the agreement, Jyske Realkredit has the right to set off established losses on loans.

In consequence of the agreement, interest income from jointly funded loans is recognised on a gross basis under the item Administration margin income, etc. Previously only Jyske Realkredit's earnings on these loans were included, as the part of the interest relating to Jyske Bank's proportion of the earnings was set off.

Also, a new intra-group service agreement has been concluded relating to settlement of intra-group costs. As of 2019, this agreement covers the employees' direct work for Jyske Realkredit.

Profit

The pre-tax profit from mortgage activities amounted to DKK 429m against DKK -83m in the first quarter of 2018. The profit for the first quarter of 2018 was affected by the implementation of the new impairment rules due to IFRS 9, which resulted in a one-off adjustment of impairment charges by DKK 407m. The pre-tax profit for the first quarter of 2018, exclusive of the IFRS 9 implementation, amounted to DKK 324m.

Core income

Administration margin income amounted to DKK 576m in the first quarter of 2019 against DKK 465m for the same period of 2018. A significant reason for the increase was the new settlement model, according to which interest on jointly funded home loans is recognised on a gross basis in Jyske Realkredit's financial statements. If this principle had also been applied in 2018, a pro forma statement of Administration margin income, etc. would by comparison have looked as shown in the table next page.

Pro forma statement of Administration margin income, etc. (DKKm)

	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
Administration margin income, etc. according to new settlement model	576	554	104	576	576	568	558	554	2,256

Administration margin income, etc. in the first quarter of 2019 amounted to DKK 576m against, pro forma, DKK 554m in the first quarter of 2018. The administration margin income (compared to the pro forma statement/gross) was favourably affected by the growing portfolio within both Personal Clients and Corporate Clients, yet adversely affected by the falling average administration margin rate from the clients. The net inflow of loans in the Personal Clients area relates typically to fixed rate products, where the administration margin and the risk are lower, which resulted in a small decline in the average administration margin rate. In the Corporate Clients area, the average administration margin rate has stabilised in recent quarters after a period of declines.

Other net interest income consists of interest on the portfolio of securities as well as various interest income. The item amounted to an income of DKK 12m for the first quarter of 2019 against an income of DKK 19m for the same period in 2018. The decline can chiefly be attributed to the lower interest income from the portfolio of securities.

In the first quarter of 2019, net fee and commission income amounted to DKK -132m against DKK 66m in the first quarter of 2018. The difference can primarily be attributed to the distribution fee relating to mortgage loans, etc. to Jyske Bank, which after setting off established losses was calculated at DKK 217m for the first quarter of 2019. In addition, fee income was favourably affected by the fact that since the end of 2018 the majority of the Group's home loans has been disbursed through Jyske Realkredit. On the other hand, the period saw increasing fee expenses in connection with guarantee commission payable to the government relating to 100% government-guaranteed loans for subsidised housing and also in connection with the issue of covered bonds in the amount of EUR 500m.

Value adjustments, etc. amounted to an income of DKK 26m against an expense of DKK 27m in the first quarter of 2018. The difference can essentially be attributed to the better return on the portfolio of securities as well as positive value adjustments of bonds relating to core operations.

Core expenses

Core expenses amounted to DKK 79m against DKK 182m in the first quarter of 2018. Of the decline of DKK 103m, DKK 72m can be attributed to the implementation of a new intra-group service agreement, according to which, as of 2019, only the employees' direct work for Jyske Realkredit is paid for. The remaining savings related primarily to costs incurred in connection with a number of work functions performed by Jyske Bank and settled as part of the distribution fee to Jyske Bank.

Core profit before loan impairment charges and provisions for guarantees rose by 17% and amounted to DKK 403m in the first quarter of 2019 against DKK 345m in the first quarter of 2018.

Impairment charges

The loan impairment charges and provisions for guarantees amounted to an income of DKK 26m against an expense of DKK 21m (exclusive of effects derived from IFRS 9) in the first quarter of 2018. The income in the first quarter of 2019 related primarily to reversal of impairment charges in the corporate client segment.

Relative to total loans, the effect from the impairment charges on the income statement amounted to -1 bp. Adjusted for the effects derived from the IFRS 9 adjustment, the effect on the income statement amounted to 1 bp in the first quarter of 2018.

At the end of the first quarter of 2019, the total balance of impairment charges amounted to DKK 1,313m against DKK 1,380m at the end of 2018, corresponding to 0.4% of total loans and advances, which is practically unchanged relative to the level at the end of 2018.

Business volume

The positive performance in the business volume of mortgage activities continued in the first quarter of 2019, and an increase in loans at fair value from DKK 326.3 bn at the end of 2018 to DKK 333.3 bn on 31 March 2019

was recorded, corresponding to an increase by 2.1%. A part of this increase can, however, be attributed to rising bond prices, and hence growth in the nominal mortgage loans came to 1.1%.

Of the increase in loans and advances, DKK 3.0 bn related to the personal client area and DKK 4.0 bn to the corporate client area.

For further details about Jyske Realkredit, please see Jyske Realkredit's Interim Financial Report for the first quarter of 2019.

Q1 2019 compared to Q4 2018

The profit before tax for the first quarter of 2019 amounted to DKK 429m against DKK 475m for the fourth quarter of 2018.

Administration margin income rose from DKK 483m in the fourth quarter of 2018 to DKK 576m in the first quarter of 2019. The increase can primarily be attributed to the new settlement model, according to which interest on jointly funded home loans is recognised on a gross basis in Jyske Realkredit's financial statements. If the administration margin income, etc. for the fourth quarter of 2018 had been calculated according to the same method, it would also have amounted to DKK 576m. The unchanged level of administration margin income can be attributed to the mix of the increase in the loan portfolio and falling average administration margin rates in the Personal Clients area.

Other net interest income amounted to DKK 12m in the first quarter of 2019 against DKK 16m in the fourth quarter of 2018. One reason is the lower level of default interest.

Net fee and commission income amounted to DKK -132m in the first quarter of 2019 against DKK 74m in the fourth quarter of 2018. The difference can primarily be attributed to the distribution fee relating to mortgage loans, etc. to Jyske Bank, which after setting off established losses was calculated at DKK 217m for the first quarter of 2019. In addition, fee income was favourably affected by the fact that since the end of 2018 the majority of the Group's home loans has been disbursed through Jyske Realkredit. Contrary to this, the first quarter of 2019 saw fee expenses in the amount of DKK 7m relating to the issue of covered bonds in the amount of EUR 500m.

Value adjustments amounted to an income of DKK 26m in the first quarter of 2019 against an expense of DKK 23m in the fourth quarter of 2018. The difference can primarily be attributed to the better return on the portfolio of securities as well as positive value adjustments of bonds relating to core operations.

No other income, etc. was recognised in the first quarter of 2019 against DKK 21m in the fourth quarter of 2018. The income in the fourth quarter of 2018 related primarily to extraordinary dividend received on shares.

Core expenses amounted to DKK 79m in the first quarter of 2019 against DKK 178m in the fourth quarter of 2018. Of the decline of DKK 99m, DKK 105m can be attributed to the implementation of a new intra-group service agreement.

Losses and impairment charges amounted to an income of DKK 26m against an income of DKK 82m in the fourth quarter of 2018. The income in both quarters related primarily to reversal of impairment charges within the corporate client segment.

Leasing activities

Summary of income statement (DKKm)

	Q1 2019	Q1 2018	Index 19/18	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2018
Net interest income	143	134	107	143	147	139	140	134	560
Net fee and commission income	-34	-28	121	-34	-22	-27	-31	-28	-108
Value adjustments	-6	0	-	-6	-3	-1	14	0	10
Other income	10	4	250	10	1	3	3	4	11
Income from operating lease (net)	24	26	92	24	8	26	21	26	81
Core income	137	136	101	137	131	140	147	136	554
Core expenses	46	46	100	46	48	44	45	46	183
Core profit before loan impairment charges	91	90	101	91	83	96	102	90	371
Loan impairment charges	-3	34	-	-3	31	37	-35	34	67
Pre-tax profit	94	56	168	94	52	59	137	56	304

Summary of balance sheet, end of period (DKKbn)

Loans and advances	18.5	16.8	110	18.5	18.1	17.6	17.6	16.8	18.1
Total assets	21.2	19.5	109	21.2	20.8	20.4	20.4	19.5	20.8
Deposits	0.2	0.2	100	0.2	0.2	0.2	0.2	0.2	0.2

Profit

In the first quarter of 2019, the segment Leasing developed in line with expectations. The positive development of net interest income was driven by a continued positive development for the volume of loans and advances thanks to funding in Sweden. Income from operating lease fell relative to the first quarter of 2018.

Core income only rose by 1% relative to the first quarter of 2018. Among other reasons due to higher bonus payments to dealers and a negative effect from value adjustments.

Core expenses were at the level for the corresponding period in 2018.

The indication of impairment was falling in the first quarter of 2019, which resulted in a positive effect on the income statement. In the first quarter of 2018, impairment charges were adversely affected by the need to recognise further impairment charges on one single exposure.

Business volume

Loans increased by 10% relative to the same period last year. The reason for this was the higher sales. A positive development of the volume of loans and advances is still expected for the coming period.

Q1 2019 compared to Q4 2018

Core income rose to DKK 137m from DKK 131m in the fourth quarter of 2018. The increase can be attributed to the increased indication of impairment in the fourth quarter due to the adjustment of estimated expected sales prices for some car models at contract expiration, which had a negative effect on income from operating lease.

Core expenses amounted to DKK 46m against DKK 48m in the fourth quarter of 2018.

The profit before tax amounted to DKK 94m against DKK 52m for the fourth quarter of 2018. The most important reason for this was the falling indication of impairment. In the first quarter of 2019, impairment charges in the amount of DKK 3m were reversed whereas impairment charges of DKK 31m were recognised as an expense in the fourth quarter of 2018.

Note	The Jyske Bank Group	
	Q1 2019	Q1 2018
	DKKm	
	Income statement	
5	Interest income calculated according to the effective interest method	760 912
5	Other interest income	1,755 1,722
6	Interest expenses	1,167 1,209
	Net interest income	1,348 1,425
7	Fees and commission income	610 623
	Fees and commission expenses	147 117
	Net interest and fee income	1,811 1,931
8	Value adjustments	166 278
9	Other income	181 255
10	Employee and administrative expenses	1,256 1,262
	Amortisation, depreciation and impairment charges	147 131
12	Loan impairment charges	-16 308
	Pre-tax profit	771 763
11	Tax	161 153
	Net profit for the period	610 610
	Distributed to:	
	Jyske Bank A/S shareholders	578 579
	Holders of additional tier 1 capital (AT1)	32 31
	Total	610 610
	Earnings per share for the period	
	Earnings per share for the period, DKK	7.09 6.79
	Earnings per share for the period, DKK, diluted	7.09 6.79
	Statement of Comprehensive Income	
	Net profit for the period	610 610
	Other comprehensive income:	
	<i>Items that cannot be recycled to the income statement:</i>	
	Revaluation of real property	0 145
	Tax on property revaluations	0 -29
	<i>Items that can be recycled to the income statement:</i>	
	Foreign currency translation adjustment of international units	32 7
	Hedge accounting of international units	-32 -7
	Tax on hedge accounting	7 2
	Other comprehensive income after tax	7 118
	Comprehensive income for the period	617 728
	Distributed to:	
	Jyske Bank A/S shareholders	585 697
	Holders of AT1 capital	32 31
	Total	617 728

Note	The Jyske Bank Group		
	31 March 2019	31 Dec. 2018	31 March 2018
DKKm			
BALANCE SHEET			
ASSETS			
	4,871	6,081	18,975
	18,384	13,181	12,922
15, 16	336,590	330,975	320,878
17	133,905	131,822	126,867
	83,706	72,267	67,022
	7,798	7,517	2,905
	3,291	3,426	5,172
	3	5	10
	4,561	4,218	4,288
	904	285	859
	578	580	1,580
18	32,898	29,590	31,759
	627,489	599,947	593,237
EQUITY AND LIABILITIES			
Liabilities			
	20,071	16,309	25,647
19	154,163	148,701	155,061
20	334,435	324,724	307,854
	38,232	35,039	30,141
21	39,670	34,842	34,442
22	1,673	1,681	1,780
23	4,332	4,319	4,289
	592,576	565,615	559,214
Equity			
	849	849	892
	317	316	632
	0	0	0
	31,225	30,101	29,971
	0	520	0
	32,391	31,786	31,495
	2,522	2,546	2,528
	34,913	34,332	34,023
	627,489	599,947	593,237

DKKm

Statement of changes in equity

	Share capital	Revaluation reserve	Currency translation reserve	Retained profit	Proposed dividend	Shareholders of Jyske Bank A/S	AT1 capital*	Total equity
Equity at 1 January 2019	849	316	0	30,101	520	31,786	2,546	34,332
Net profit for the period	0	1	0	577	0	578	32	610
<i>Other comprehensive income:</i>								
Revaluation of real property	0	0	0	0	0	0	0	0
Foreign currency translation for international units	0	0	32	0	0	32	0	32
Hedge of international units	0	0	-32	0	0	-32	0	-32
Tax on other comprehensive income	0	0	0	7	0	7	0	7
Other comprehensive income after tax	0	0	0	7	0	7	0	7
Comprehensive income for the period	0	1	0	584	0	585	32	617
Interest paid on AT1 capital	0	0	0	0	0	0	-45	-45
Currency translation adjustment	0	0	0	11	0	11	-11	0
Tax	0	0	0	0	0	0	0	0
Proposed dividend reversed	0	0	0	520	-520	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
Dividends, own shares	0	0	0	0	0	0	0	0
Acquisition of own shares	0	0	0	-255	0	-255	0	-255
Sale of own shares	0	0	0	264	0	264	0	264
Transactions with owners	0	0	0	540	-520	20	-56	-36
Equity at 31 March 2019	849	317	0	31,225	0	32,391	2,522	34,913

Equity at 1 January 2018	892	516	0	30,093	522	32,023	2,581	34,604
Changes to accounting policies, IFRS 9	0	0	0	-628	0	-628	0	-628
Tax effect, IFRS 9	0	0	0	137	0	137	0	137
Adjusted equity, 1 January 2018	892	516	0	29,602	522	31,532	2,581	34,113
Net profit for the period	0	0	0	579	0	579	31	610
<i>Other comprehensive income:</i>								
Revaluation of real property	0	145	0	0	0	145	0	145
Foreign currency translation for international units	0	0	7	0	0	7	0	7
Hedge of international units	0	0	-7	0	0	-7	0	-7
Tax on other comprehensive income	0	-29	0	2	0	-27	0	-27
Other comprehensive income after tax	0	116	0	2	0	118	0	118
Comprehensive income for the period	0	116	0	581	0	697	31	728
Interest paid on AT1 capital	0	0	0	0	0	0	-45	-45
Currency translation adjustment	0	0	0	39	0	39	-39	0
Tax	0	0	0	-2	0	-2	0	-2
Dividends paid	0	0	0	0	-522	-522	0	-522
Dividends, own shares	0	0	0	24	0	24	0	24
Acquisition of own shares	0	0	0	-749	0	-749	0	-749
Sale of own shares	0	0	0	476	0	476	0	476
Transactions with owners	0	0	0	-212	-522	-734	-84	-818
Equity at 31 March 2018	892	632	0	29,971	0	31,495	2,528	34,023

*Additional tier 1 capital (AT1) has no maturity. Payment of interest and repayment of principal are voluntary. Therefore AT1 is recognised as equity. In September 2016, Jyske Bank issued AT1 amounting to SEK 1.25bn and DKK 500m. The AT1 issue with the possibility of early redemption in September 2021 at the earliest. The interest rates applicable to the issue until September 2021 are STIBOR+5.80% and CIBOR+5.30%, respectively. In September 2017, Jyske Bank made an issue amounting to EUR 150bn, AT1, with the possibility of early redemption in September 2027 at the earliest. The issue has a coupon of 4.75% until September 2027. It applies to all AT1 issues, that if the Common Equity Tier 1 capital of Jyske Bank A/S or the Jyske Bank Group falls below 7%, the loans will be written down.

The Jyske Bank Group

DKKm	31 March 2019	31 Dec. 2018	31 March 2018
Capital Statement			
Shareholders' equity	32,391	31,786	31,495
Share buy-back programme, non-utilised limit	-500	0	0
Proposed dividend	0	-520	0
Expected dividend, calculated as required by law	-140	0	-195
Intangible assets	-3	-5	-10
Deferred tax liabilities relating to intangible assets	1	1	2
Deferred tax assets	0	0	-10
Prudent valuation	-307	-296	-277
Other deductions	-124	-18	-117
Common Equity Tier 1 capital	31,318	30,948	30,888
Additional Tier 1 Capital (AT1) and hybrid core capital after reduction	2,906	3,047	3,042
Core capital	34,224	33,995	33,930
Subordinated loan capital after reduction	3,805	3,699	3,726
Other deductions	0	0	-275
Capital base	38,029	37,694	37,381
Weighted risk exposure involving credit risk etc.	159,747	158,390	154,634
Weighted risk exposure involving market risk	13,530	13,156	15,313
Weighted risk exposure involving operational risk	15,930	16,887	16,887
Total weighted risk exposure	189,207	188,433	186,834
Capital requirement, Pillar I	15,138	15,075	14,947
Capital ratio	20.1	20.0	20.0
Core Tier 1 Capital ratio (%)	18.1	18.0	18.2
Common Equity Tier 1 capital ratio (%)	16.6	16.4	16.5

For a statement of the individual solvency requirement, please see Risk and Capital Management 2018 or investor.jyskebank.com/investorrelations/capitalstructure and investor.jyskebank.com/investorrelations/debt.

DKKm	Q1 2019	Q1 2018
Cash flow statement		
Net profit for the period	610	610
Adjustment for non-cash operating items and change in working capital	3,423	-143
Cash flows from operating activities	4,033	467
Acquisition and sale of property, plant and equipment	-11	-51
Acquisition of intangible assets	0	-3
Cash flows from investment activities	-11	-54
Dividends paid	0	-522
Dividends, own shares	0	24
Acquisition of own shares	-255	-749
Sale of own shares	264	476
Cash flows from financing activities	9	-771
Cash flow for the period	4,031	-358
Cash and cash equivalents, beginning of period	19,224	32,255
Cash and cash equivalents, end of period	23,255	31,897
Cash and cash equivalents, end of period, comprise:		
Cash balance and demand deposits with central banks	4,871	18,975
Due from credit institutions and central banks	18,384	12,922
Cash and cash equivalents, end of period	23,255	31,897

1 Accounting Policies

The Interim Financial Report for the period 1 January to 31 March 2019 was prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. Furthermore, the Interim Financial Report was prepared in accordance with the additional Danish disclosure requirements for the interim reports of listed financial undertakings.

Except for the implementation of the below new financial reporting standard IFRS 16 and the change to IAS12, the accounting policies are unchanged compared to those applied to and described in detail in the Annual Report 2018.

IFRS 16, Leases

IFRS 16 is a new standard that has been approved for use in the EU and took effect on 01 January 2019. In consequence of the standard, practically all lease agreements must be recognised in the balance sheet of the lessee's financial statements in the form of a lease liability and an asset representing the lessee's right of use of the underlying asset. A distinction will no longer be made between operating and financial leases. The accounting treatment of leasing in the lessor's financial statements is practically unchanged.

For Jyske Bank, activation consists of rent and cars and the simultaneous establishment of a corresponding liability other than provision, and consequently other property, plant and equipment and other liabilities rose by DKK 0.4 bn as at 1 January 2019. So far, rental expenses were recognised as administration expenses in the income statement. In future, the expenses will instead be recognised as depreciation of the leased assets and interest on the lease debt. Compared with the current practice, the effect on net profit for the period will be insignificant. Comparative figures for previous periods have not been adjusted.

IAS 12, Income tax

IAS 12 has been changed as part of an annual improvement project with effect as of 1 January 2019. Due to the change, the tax value of the deduction of interest on Additional Tier 1 Capital (AT1) must be charged to the income statement and not to equity. Compared with the current practice the effect on net profit for the period will be insignificant, and therefore the comparative figures have not been adjusted.

2 Material accounting estimates

Measurement of the carrying value of certain assets and liabilities requires the management's estimate of the influence of future events on the value of such assets and liabilities. Estimates of material importance to the financial reporting are, among other things, based on the determination of loan impairment charges and provisions for guarantees, the fair value of unlisted financial instruments and provisions already made, cf. the detailed statement in the Annual Report 2018. 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.

Note
The Jyske Bank Group

DKKm Q1 2019 Q4 2018 Q3 2018 Q2 2018 Q1 2018
3 Key figures and ratios, five quarters
Summary of Income Statement

Net interest income	1,348	1,407	1,417	1,467	1,425
Net fee and commission income	463	506	443	399	506
Value adjustments	166	-89	109	69	278
Other income	181	171	270	390	255
Income	2,158	1,995	2,239	2,325	2,464
Expenses	1,403	1,370	1,373	1,279	1,393
Profit or loss before loan impairment charges	755	625	866	1,046	1,071
Loan impairment charges	-16	29	104	27	308
Pre-tax profit	771	596	762	1,019	763
Tax	161	95	184	208	153
Net profit for the period	610	501	578	811	610

Financial ratios and key figures

Pre-tax profit, per share (DKK)*	9.1	6.8	8.6	11.6	8.6
Earnings per share for the period (DKK)*	7.1	5.8	6.5	9.3	6.8
Earnings per share for the period (diluted) (DKK)*	7.1	5.8	6.5	9.3	6.8
Core profit per share (DKK)*	9.2	7.0	8.9	10.1	3.8
Share price at end of period (DKK)	257	235	311	350	358
Book value per share (DKK)*	397	390	382	380	371
Price/book value per share (DKK)*	0.6	0.6	0.8	0.9	1.0
Outstanding shares in circulation ('000)	81,570	81,536	83,619	84,911	84,934
Average number of shares in circulation ('000)	81,569	82,302	84,605	84,909	85,312
Capital ratio	20.1	20.0	20.3	20.4	20.0
Core Tier 1 Capital ratio (%)	18.1	18.0	18.3	18.4	18.2
Common Equity Tier 1 capital ratio (%)	16.6	16.4	16.6	16.7	16.5
Pre-tax profit as a pct. of average equity	2.3	1.8	2.3	3.1	2.3
Profit for the period as a pct. of av. equity*	1.8	1.5	1.7	2.5	1.9
Income/cost ratio (%)	1.6	1.4	1.5	1.8	1.4
Interest-rate risk (%)	0.1	1.0	0.8	1.0	0.9
Currency risk (%)	0.1	0.1	0.1	0.1	0.1
Accumulated impairment ratio (%)	1.1	1.1	1.2	1.2	1.2
Impairment ratio for the period (%)	0.0	0.0	0.0	0.0	0.1
No. of full-time employees at end-period	3,709	3,723	3,768	3,828	3,899
Average number of full-time employees in the period	3,716	3,746	3,798	3,864	3,935

*Financial ratios are calculated as if AT1 capital is recognised as a liability.

DKK m

4 Segmental financial statements	Banking activities	Mortgage activities	Leasing activities	The Jyske Bank Group*
First Quarter of 2019				
Net interest income	593	588	143	1,324
Net fee and commission income	629	-132	-34	463
Value adjustments	173	26	-6	193
Other income	37	0	10	47
Income from operating lease (net)	0	0	24	24
Core income	1,432	482	137	2,051
Core expenses	1,160	79	46	1,285
Core profit before loan impairment charges	272	403	91	766
Loan impairment charges	13	-26	-3	-16
Core profit	259	429	94	782
Investment portfolio earnings	-11	0	0	-11
Pre-tax profit	248	429	94	771
Loans and advances	118,751	333,277	18,467	470,495
- of which mortgage loans	0	333,277	0	333,277
- of which bank loans	90,672	0	18,467	109,139
- of which repo loans	28,079	0	0	28,079
Total assets	242,448	363,852	21,189	627,489
Deposits	153,932	0	231	154,163
- of which bank deposits	140,750	0	231	140,981
- of which repo deposits and tri-party deposits	13,182	0	0	13,182
Issued bonds	38,232	334,435	0	372,667
Q1 2018				
Net interest income	789	484	134	1,407
Net fee and commission income	468	66	-28	506
Value adjustments	-41	-27	0	-68
Other income	57	4	4	65
Income from operating lease (net)	0	0	26	26
Core income	1,273	527	136	1,936
Core expenses	1,044	182	46	1,272
Core profit before loan impairment charges	229	345	90	664
Loan impairment charges	-154	428	34	308
Core profit	383	-83	56	356
Investment portfolio earnings	407	0	0	407
Pre-tax profit	790	-83	56	763
Loans and advances	121,526	309,461	16,758	447,745
- of which mortgage loans	0	309,461	0	309,461
- of which bank loans	99,002	0	16,758	115,760
- of which repo loans	22,524	0	0	22,524
Total assets	238,126	335,613	19,498	593,237
Deposits	154,845	0	216	155,061
- of which bank deposits	136,156	0	216	136,372
- of which repo deposits and tri-party deposits	18,689	0	0	18,689
Issued bonds	30,141	307,854	0	337,995

* The relationship between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 22 appears from the next page.

DKKm

4 Segmental financial statements, cont.
Core profit and investment portfolio earnings

The pre-tax profit for the first quarter of 2019 broken down by core earnings and investment portfolio earnings is stated below:

Breakdown of the net profit or loss for the period

	Q1 2019				Q1 2018			
	Core profit	Investment portfolio earnings	Reclassification	Total	Core profit	Investment portfolio earnings	Reclassification	Total
Net interest income	1,324	25	-1	1,348	1,407	36	-18	1,425
Net fee and commission income	463	0	0	463	506	0	0	506
Value adjustments	193	-28	1	166	-68	328	18	278
Other income	47	0	6	53	65	49	9	123
Income from operating lease (net)	24	0	104	128	26	0	106	132
Income	2,051	-3	110	2,158	1,936	413	115	2,464
Expenses	1,285	8	110	1,403	1,272	6	115	1,393
Profit before loan impairment charges	766	-11	0	755	664	407	0	1,071
Loan impairment charges	-16	0	0	-16	308	0	0	308
Pre-tax profit	782	-11	0	771	356	407	0	763

Alternative performance targets

The alternative performance targets applied in the management's review constitute valuable information for readers of financial statements as they provide a more uniform basis for comparison of accounting periods. No adjusting entries are made, and therefore the net profit or loss for the period will be the same in the alternative performance targets of the management's review and in the IFRS financial statements.

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

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

The above table illustrates relationships between income statement items under 'The Jyske Bank Group' (key financial data), page 2, and income statement items in the IFRS financial statements, page 22.

Reclassification relates to the following:

- Income of DKK 1m (first quarter of 2018: income of DKK 18m) from value adjustments relating to the balance principle at Jyske Realkredit was reclassified from value adjustments to interest
- Income of DKK 6m (first quarter of 2018: DKK 9m) from external sales was reclassified from income to offsetting against expenses.
- Depreciation and amortisation of DKK 104m (first quarter of 2018: DKK 106m) were reclassified from expenses to income from operating lease (net).

Please see below for definitions of the additional financial ratios stated under the Jyske Bank Group, page 2.

"Earnings per share", "Earnings per share (diluted)", "Pre-tax profit p.a. as a percentage of average equity" and "Net profit p.a. as a percentage of average equity" are calculated as if AT1 capital (AT1) was recognised as a liability. In the numerator, the profit is less interest expenses of DKK 32m (first quarter of 2018: DKK 31m) for AT1 capital, and the denominator is calculated as equity exclusive of AT1 capital of DKK 2,522m. (Q1 2018: DKK 2,528m).

"Expenses as a percentage of income" is calculated as Core expenses divided by Core income.

"Book value per share" and "Price/book value per share" are calculated as if AT1 capital is accounted for as liabilities. Book value has been calculated exclusive of AT1 capital of DKK 2,522m (first quarter of 2018: DKK 2,528m).

DKKm

4 Segmental financial statements, cont.

	Q1 2019		Q1 2018	
Revenue by country	Revenue	Full-time employees, end of period	Revenue	Full-time employees, end of period
Denmark	3,242	3,582	3,390	3,750
Gibraltar	33	94	35	97
Germany	3	8	1	9
Spain	0	0	0	0
Total	3,278	3,684	3,426	3,856

Revenue is defined as interest income, fee and commission income and also other operating income.

Jyske Bank has activities in the countries stated below in the form of subsidiaries or branches. The names of the subsidiaries appear from the group chart.

Activities in individual countries:

Denmark: The Jyske Bank Group has activities within banking and mortgage banking, trading and wealth management advice as well as leasing.

Gibraltar: The Jyske Bank Group has activities within banking as well as trading and wealth management advice.

Germany: The Jyske Bank Group has activities within banking.

Spain: The Jyske Bank Group has activities within properties.

Note	The Jyske Bank Group	
	Q1 2019	Q1 2018
DKKm		
5 Interest income		
Due from credit institutions and central banks	4	0
Loans and advances	1,801	1,903
Contribution	435	407
Bonds	203	214
Derivatives, total	68	102
Of which:		
Currency contracts	65	94
Interest-rate contracts	3	8
Others	0	0
Total	2,511	2,626
Interest on own mortgage bonds, set off against interest on issued bonds	66	81
Total after offsetting of negative interest	2,445	2,545
Negative interest income set off against interest income	40	48
Negative interest expenses set off against interest expenses	30	41
Total before offsetting of negative interest income	2,515	2,634

Negative interest income amounted to DKK 70m (2018: DKK 89m) and related primarily to repo transactions. In the above table, negative interest income is set off against interest income. In the income statement, negative interest income is listed as interest expenses, and negative interest expenses are listed as interest income.

6 Interest expenses		
Due to credit institutions and central banks	16	32
Deposits	2	-28
Issued bonds	1,085	1,137
Subordinated debt	25	25
Other	35	35
Total	1,163	1,201
Interest on own mortgage bonds, set off against interest on issued bonds	66	81
Total after offsetting of negative interest	1,097	1,120
Negative interest expenses set off against interest expenses	40	48
Negative interest income set off against interest income	30	41
Total before offsetting of negative interest income	1,167	1,209

Negative interest expenses amounted to DKK 70m (2018: DKK 89m) and related primarily to repo transactions. In the above table, negative interest expenses are set off against interest expenses. In the income statement, negative interest expenses are listed as interest income, and negative interest income is listed as interest expenses.

Note	The Jyske Bank Group	
	Q1 2019	Q1 2018
	DKKm	
7 Fees and commission income		
Securities trading and custody services	299	312
Money transfers and card payments	53	52
Loan application fees	96	101
Guarantee commission	28	28
Other fees and commissions	134	130
Total	610	623
8 Value adjustments		
Loans and advances at fair value	3,392	-1,015
Bonds	270	-111
Other investment securities	99	333
Currency	35	-4
Currency, interest-rate, share, commodity and other contracts as well as other derivatives	36	31
Issued bonds	-3,645	1,037
Other assets and liabilities	-21	7
Total	166	278
9 Other income		
Income on real property	14	16
Profit on the sale of property, plant and equipment	0	0
Income from operating lease ¹	128	132
Dividends, etc.	15	86
Profit on investments in associates and group enterprises	13	0
Other income	11	21
Total	181	255

¹) Expenses relating to operating lease affected the item Amortisation, depreciation and impairment charges in the amount of DKK 104m in the first quarter of 2019 against DKK 106m in the same period of 2018.

Note		The Jyske Bank Group	
		Q1 2019	Q1 2018
	DKKm		
10	Employee and administrative expenses		
	Employee expenses		
	Wages and salaries, etc.	595	605
	Pensions	79	88
	Social security	81	78
	Total	755	771
	Salaries and remuneration to management bodies		
	Executive Board ¹	8	10
	Supervisory Board	2	1
	Shareholders' Representatives	0	0
	Total	10	11
	¹ The Executive Board had an average of 4.0 members in the first quarter of 2019 against 5.0 in the same period of 2018.		
	Other administrative expenses		
	IT	348	315
	Other operating expenses	24	50
	Other administrative expenses	119	115
	Total	491	480
	Employee and administrative expenses, total	1,256	1,262
11	Effective tax rate		
	Corporation tax rate in Denmark	22.0	22.0
	Non-taxable income and non-deductible expenses, etc.	-1.1	-2.0
	Total	20.9	20.0

Note	The Jyske Bank Group	
	Q1 2019	Q1 2018
	DKKm	
12	Loan impairment charges and provisions for guarantees recognised in the income statement	
	-7	395
	1	3
	-25	-32
	101	82
	-46	-99
	24	349
	40	41
	-16	308
	50	-79
13	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts	
	5,910	5,656
	0	628
	-32	363
	-154	-347
	0	-1
	-40	-41
	20	24
	5,704	6,282
	3,955	4,184
	1,136	1,298
	228	220
	122	126
	5,441	5,828
	263	454
	5,704	6,282
	The regulatory balance of loan impairment charges and provisions for guarantees does not include the discount balance for acquired loans and advances.	
	Loan impairment charges at amortised cost and at fair value as well as provisions for guarantees and commitments, etc.	
	5,607	5,157
	0	628
	-32	363
	-154	-347
	20	27
	5,441	5,828

Note
The Jyske Bank Group

DKKm

14 Balance of loan impairment charges and provisions for guarantees broken down by stage – total	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	640	1,306	3,661	5,607
Transfer of impairment charges at beginning of period to stage 1	158	-121	-37	0
Transfer of impairment charges at beginning of period to stage 2	-23	142	-119	0
Transfer of impairment charges at beginning of period to stage 3	-1	-44	45	0
Impairment charges on new loans, etc.	124	61	36	221
Impairment charges on discontinued loans and provisions for guarantees	-69	-63	-136	-268
Effect from recalculation	-187	39	183	35
Previously recognized as impairment charges, now final loss	0	-1	-153	-154
Balance of loan impairment charges and provisions on 31 March 2019	642	1,319	3,480	5,441

Balance of loan impairment charges and provisions for guarantees broken down by stage – total	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of 2018				5,157
Transitional effect, IFRS 9				628
Derived effect on loans and advances at fair value				407
Total, beginning of 2018	645	1,352	4,195	6,192
Transfer of impairment charges at beginning of period to stage 1	180	-63	-117	0
Transfer of impairment charges at beginning of period to stage 2	-13	80	-67	0
Transfer of impairment charges at beginning of period to stage 3	-1	-54	55	0
Impairment charges on new loans, etc.	81	94	340	517
Impairment charges on discontinued loans and provisions for guarantees	-57	-101	-320	-478
Effect from recalculation	-206	44	106	-56
Previously recognized as impairment charges, now final loss	-1	-1	-345	-347
Balance of loan impairment charges and provisions on 31 March 2018	628	1,351	3,849	5,828

Breakdown of balance of impairment charges by stage - loans at amortised cost	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	322	590	3,166	4,078
Transfer of impairment charges at beginning of period to stage 1	73	-55	-18	0
Transfer of impairment charges at beginning of period to stage 2	-15	52	-37	0
Transfer of impairment charges at beginning of period to stage 3	-1	-28	29	0
Impairment charges on new loans, etc.	36	17	29	82
Impairment charges on discontinued loans and provisions for guarantees	-17	-28	-83	-128
Effect from recalculation	-70	7	134	71
Previously recognized as impairment charges, now final loss	0	0	-148	-148
Balance of loan impairment charges and provisions on 31 March 2019	328	555	3,072	3,955

Breakdown of balance of impairment charges by stage - loans at amortised cost	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of 2018				3,892
Transitional effect, IFRS 9				539
Total, beginning of 2018	323	641	3,467	4,431
Transfer of impairment charges at beginning of period to stage 1	42	-16	-26	0
Transfer of impairment charges at beginning of period to stage 2	-7	26	-19	0
Transfer of impairment charges at beginning of period to stage 3	-1	-21	22	0
Impairment charges on new loans, etc.	31	57	279	367
Impairment charges on discontinued loans and provisions for guarantees	-20	-42	-306	-368
Effect from recalculation	-62	-1	109	46
Previously recognized as impairment charges, now final loss	0	0	-292	-292
Balance of loan impairment charges and provisions on 31 March 2018	306	644	3,234	4,184

Note	The Jyske Bank Group				
DKKm					
14	Breakdown of balance of impairment charges by stage– loans at fair value	Stage 1	Stage 2	Stage 3	Total
	Balance, beginning of 2019	249	634	283	1,166
	Transfer of impairment charges at beginning of period to stage 1	58	-41	-17	0
	Transfer of impairment charges at beginning of period to stage 2	-7	84	-77	0
	Transfer of impairment charges at beginning of period to stage 3	0	-15	15	0
	Impairment charges on new loans, etc.	66	35	5	106
	Impairment charges on discontinued loans and provisions for guarantees	-34	-26	-35	-95
	Effect from recalculation	-89	35	19	-35
	Previously recognized as impairment charges, now final loss	0	-1	-5	-6
	Balance of loan impairment charges and provisions on 31 March 2019	243	705	188	1,136
	Breakdown of balance of impairment charges by stage– loans at fair value	Stage 1	Stage 2	Stage 3	Total
	Balance according to IAS 39, beginning of 2018				923
	Transitional effect, IFRS 9, incl. derived effect on loans at fair value				407
	Total, beginning of 2018	253	651	426	1,330
	Transfer of impairment charges at beginning of period to stage 1	129	-44	-85	0
	Transfer of impairment charges at beginning of period to stage 2	-6	53	-47	0
	Transfer of impairment charges at beginning of period to stage 3	0	-32	32	0
	Impairment charges on new loans, etc.	28	26	47	101
	Impairment charges on discontinued loans and provisions for guarantees	-15	-53	27	-41
	Effect from recalculation	-130	54	37	-39
	Previously recognized as impairment charges, now final loss	-1	-1	-51	-53
	Balance of loan impairment charges and provisions on 31 March 2018	258	654	386	1,298
	Breakdown of balance of provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
	Balance, beginning of 2019	69	82	212	363
	Transfer of impairment charges at beginning of period to stage 1	27	-25	-2	0
	Transfer of impairment charges at beginning of period to stage 2	-2	5	-3	0
	Transfer of impairment charges at beginning of period to stage 3	0	-1	1	0
	Impairment charges on new loans, etc.	21	9	3	33
	Impairment charges on discontinued loans and provisions for guarantees	-18	-10	-18	-46
	Effect from recalculation	-26	-1	27	0
	Previously recognized as impairment charges, now final loss	0	0	0	0
	Balance of loan impairment charges and provisions on 31 March 2019	71	59	220	350
	Breakdown of balance of provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
	Balance according to IAS 39, beginning of 2018				342
	Transitional effect, IFRS 9				89
	Total, beginning of 2018	69	60	302	431
	Transfer of impairment charges at beginning of period to stage 1	9	-4	-5	0
	Transfer of impairment charges at beginning of period to stage 2	0	2	-2	0
	Transfer of impairment charges at beginning of period to stage 3	0	-1	1	0
	Impairment charges on new loans, etc.	23	10	14	47
	Impairment charges on discontinued loans and provisions for guarantees	-23	-5	-24	-52
	Effect from recalculation	-15	-8	-55	-78
	Previously recognized as impairment charges, now final loss	0	0	-2	-2
	Balance of loan impairment charges and provisions on 31 March 2018	63	54	229	346

DKKm

14 Gross loans, advances and guarantees by stage	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 01 January 2019	449,690	27,305	10,049	487,044
Transfer of loans, advances and guarantees to stage 1	8,117	-8,000	-117	0
Transfer of loans, advances and guarantees to stage 2	-4,044	4,338	-294	0
Transfer of loans, advances and guarantees to stage 3	-186	-697	883	0
Other movements	3,863	2,657	-652	5,868
Gross loans, advances and guarantees, 31 March 2019	457,440	25,603	9,869	492,912
Loan impairment charges and provisions for guarantees, total	593	1,288	3,438	5,319
Net loans, advances and guarantees, 31 March 2019	456,847	24,315	6,431	487,593
Gross loans, advances and guarantees by stage	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 1 January 2018	435,426	23,290	12,843	471,559
Transfer of loans, advances and guarantees to stage 1	9,113	-7,727	-1,386	0
Transfer of loans, advances and guarantees to stage 2	-12,397	14,060	-1,663	0
Transfer of loans, advances and guarantees to stage 3	-1,326	-1,489	2,815	0
Other movements	18,874	-829	-2,560	15,485
Gross loans, advances and guarantees, 31 December 2018	449,690	27,305	10,049	487,044
Loan impairment charges and provisions for guarantees, total	590	1,270	3,600	5,460
Net loans, advances and guarantees, 31 December 2018	449,100	26,035	6,449	481,584

DKKm

14	Loans, advances and guarantees by stage and internal rating - gross before impairment charges and provisions	PD band (%)	Q1 2019				End- 2018
			Stage 1	Stage 2	Stage 3	Total	Total
	Performing						
	1	0.00 - 0.10	39,407	51	0	39,458	43,589
	2	0.10 - 0.15	13,590	20	0	13,610	16,077
	3	0.15 - 0.22	27,434	25	0	27,459	27,759
	4	0.22 - 0.33	44,000	54	0	44,054	34,684
	5	0.33 - 0.48	95,155	1,192	0	96,347	91,231
	Ratings 1- 5		219,586	1,342	0	220,928	213,340
	6	0.48 - 0.70	82,882	587	0	83,469	82,236
	7	0.70 - 1.02	61,985	1,261	0	63,246	63,590
	8	1.02 - 1.48	38,722	1,073	0	39,795	38,104
	9	1.48 - 2.15	27,059	2,036	0	29,095	31,538
	10	2.15 - 3.13	8,621	1,777	0	10,398	11,070
	11	3.13 - 4.59	5,941	2,470	0	8,411	9,238
	Ratings 6 – 11		225,210	9,204	0	234,414	235,776
	12	4.59 - 6.79	3,738	2,496	0	6,234	5,940
	13	6.79 - 10.21	2,888	3,322	0	6,210	6,631
	14	10.21 - 25.0	655	8,337	0	8,992	8,743
	Ratings 12-14		7,281	14,155	0	21,436	21,314
	Other		5,175	229	0	5,404	5,599
	Non performing loans		188	673	9,869	10,730	11,015
	Total		457,440	25,603	9,869	492,912	487,044

Irrevocable credit commitments of DKK 17,261m (end of 2018: DKK 18,175m) are all in stage 1 and are distributed according to internal ratings in this way: Rating 1: DKK 1,869m, Rating 2: DKK 420m, Rating 3: DKK 365m, Rating 7: DKK 6,200m, Rating 9: DKK 1,783m and Rating 11: DKK 6,624m (End of 2018: Rating 1: DKK 1,843m, Rating 2: DKK 500m, Rating 3: DKK 427m, Rating 8: DKK 7,098m, Rating 10: DKK 1,423m, Rating 11: DKK 6,884m)

Loan impairment charges and provisions for guarantees by stage and internal rating	PD band (%)	Q1 2019				End- 2018
		Stage 1	Stage 2	Stage 3	Total	Total
Performing						
1	0.00 - 0.10	3	1	0	4	9
2	0.10 - 0.15	7	0	0	7	6
3	0.15 - 0.22	14	1	0	15	15
4	0.22 - 0.33	37	2	0	39	30
5	0.33 - 0.48	70	7	0	77	92
Ratings 1- 5		131	11	0	142	152
6	0.48 - 0.70	82	13	0	95	102
7	0.70 - 1.02	76	18	0	94	87
8	1.02 - 1.48	111	32	0	143	116
9	1.48 - 2.15	62	38	0	100	104
10	2.15 - 3.13	32	46	0	78	86
11	3.13 - 4.59	28	64	0	92	111
Ratings 6 – 11		391	211	0	602	606
12	4.59 - 6.79	40	85	0	125	103
13	6.79 - 10.21	15	134	0	149	166
14	10.21 - 25.0	6	702	0	708	700
Ratings 12-14		61	921	0	982	969
Other		8	32	0	40	49
Non performing loans		2	113	3,438	3,553	3,684
Total		593	1,288	3,438	5,319	5,460

Note		The Jyske Bank Group		
		31 March 2019	31 Dec. 2018	31 March 2018
	DKKm			
15	Loans and advances at fair value			
	Mortgage loans, nominal value	321,869	318,351	302,265
	Adjustment for interest-rate risk, etc.	12,137	8,762	8,162
	Adjustment for credit risk	-1,256	-1,317	-1,523
	Mortgage loans at fair value, total	332,750	325,796	308,904
	Arrears and outlays, total	125	97	134
	Other loans and advances	3,715	5,082	11,840
	Loans and advances at fair value, total	336,590	330,975	320,878
16	Loans and advances at fair value broken down by property category			
	Owner-occupied homes	170,482	168,947	168,139
	Vacation homes	8,265	8,136	7,751
	Subsidised housing (rental housing)	54,684	53,116	50,777
	Cooperative housing	16,191	16,300	15,780
	Private rental properties (rental housing)	45,624	44,219	38,808
	Industrial properties	1,800	1,783	1,186
	Office and business properties	34,632	33,780	34,046
	Agricultural properties	77	83	84
	Properties for social, cultural and educational purposes	4,683	4,508	4,212
	Other properties	152	103	95
	Total	336,590	330,975	320,878
17	Loans and advances at amortised cost and guarantees broken down by sector			
	Public authorities	8,267	8,571	8,143
	Agriculture, hunting, forestry, fishing	8,642	8,947	7,222
	Manufacturing, mining, etc.	7,643	8,348	7,961
	Energy supply	4,119	4,509	4,717
	Building and construction	4,245	4,051	3,226
	Commerce	13,962	12,499	12,018
	Transport, hotels and restaurants	6,676	6,369	4,181
	Information and communication	1,072	1,093	1,074
	Finance and insurance	28,094	28,568	29,834
	Real property	16,484	15,472	15,615
	Other sectors	7,475	7,526	7,305
	Corporates, total	98,412	97,382	93,153
	Personal clients, total	44,324	44,656	43,660
	Total	151,003	150,609	144,956

Note		The Jyske Bank Group		
		31 March 2019	31 Dec. 2018	31 March 2018
	DKKm			
18	Other assets			
	Positive fair value of derivatives	25,738	23,101	25,184
	Assets in pooled deposits	3,977	3,655	3,983
	Interest and commission receivable	461	405	431
	Investments in associates	306	293	418
	Prepayments	604	607	345
	Investment properties	28	28	28
	Other assets	1,784	1,501	1,370
	Total	32,898	29,590	31,759
	Netting			
	Positive fair value of derivatives, etc., gross	35,171	30,046	31,407
	Netting of positive and negative fair value	9,433	6,945	6,223
	Total	25,738	23,101	25,184
	Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).			
19	Deposits			
	Demand deposits	110,188	109,740	106,226
	Term deposits	2,807	3,003	2,967
	Time deposits	30,410	25,299	34,607
	Special deposits	6,990	6,853	6,957
	Pooled deposits	3,768	3,806	4,304
	Total	154,163	148,701	155,061
20	Issued bonds at fair value			
	Issued bonds at fair value, nominal value	358,509	341,859	336,527
	Adjustment to fair value	13,171	8,933	8,371
	Own mortgage bonds offset, fair value	-37,245	-26,068	-37,044
	Total	334,435	324,724	307,854
21	Other liabilities			
	Set-off entry of negative bond holdings in connection with repos/reverse repos	4,118	3,294	3,212
	Negative fair value of derivatives, etc.	27,115	24,340	24,349
	Interest and commission payable	2,374	1,905	1,894
	Deferred income	137	121	143
	Other liabilities	5,926	5,182	4,844
	Total	39,670	34,842	34,442
	Netting			
	Negative fair value of derivatives, etc., gross	36,548	31,285	30,572
	Netting of positive and negative fair value	9,433	6,945	6,223
	Total	27,115	24,340	24,349
	Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).			
22	Provisions			
	Provisions for pensions and similar liabilities	592	588	606
	Provisions for guarantees	228	216	220
	Provisions for losses on loan commitments and unutilised credit lines	122	147	126
	Provisions for deferred tax	583	581	581
	Other provisions	148	149	247
	Total	1,673	1,681	1,780

Note	The Jyske Bank Group		
------	----------------------	--	--

		31 March 2019	31 Dec. 2018	31 March 2018
	DKKm			
23	Subordinated debt			
	Supplementary capital:			
	2.25% bond loan EUR 300m 05.04.2029	2,240	2,240	2,235
	Var. % bond loan SEK 600m 19.05.2026	431	436	435
	3.25% bond loan SEK 400m 19.05.2026	287	290	290
	6.73% bond loan EUR 12.0m 2019-2026	90	90	100
	Var. % bond loan EUR 10m 13.02.2023	75	75	75
	5.65% bond loan EUR 10m 27.03.2023	75	75	75
	5.67% bond loan EUR 10m 31.07.2023	75	75	75
		3,273	3,281	3,285
	Hybrid core capital:			
	Var. % bond loan EUR 72.8m Perpetual	543	543	542
	Var. % bond loan EUR 60.7m Perpetual	453	453	452
		996	996	994
	Subordinated debt, nominal	4,269	4,277	4,279
	Hedging of interest-rate risk, fair value	63	42	10
	Total	4,332	4,319	4,289
	Subordinated debt included in the capital base	4,194	4,217	4,245
	The above-mentioned issues of hybrid core capital do not meet the conditions for additional Tier 1 Capital in the Capital Requirements Regulation, CRR. The issues are recognised under liability other than provision according to IAS 32.			
24	Contingent liabilities			
	Guarantees, etc.	17,098	18,787	18,089
	Other contingent liabilities, etc.	17,342	18,258	22,064
	Total guarantees and other contingent liabilities	34,440	37,045	40,153

Guarantees are primarily payment guarantees, where the risk equals that involved in credit facilities.

Other contingent liabilities primarily consist of irrevocable credit commitments relating to mortgage loans.

24 Contingent liabilities, cont.

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

Because of its mandatory participation in the deposit guarantee scheme, the sector has paid an annual contribution of 2.5% of the covered net deposits until the assets of Pengeinstitutafdelingen (the financial institution fund) exceed 1% of the total net deposits covered, which level has been reached. 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 9.33% of any losses.

The statutory participation in the resolution financing arrangements (Resolution Fund) as of June 2015 entailed that credit institutions pay an annual contribution over a 10-year period to a Danish national fund with a target size totalling 1% of the covered deposits. Credit institutions are to contribute according to their relative sizes and risk in Denmark, and the first contributions to the Resolution Fund were paid at the end of 2015. The Jyske Bank Group expects having to pay a total of about DKK 500m over the 10-year period 2015 -2025.

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.

25 Shareholders

BRFholding a/s, Kgs. Lyngby, Danmark informed Jyske Bank that it owns 21.26% of the share capital. BRFholding a/s is a 100% owned subsidiary of BRFFonden. According to Jyske Bank's Articles of Association, BRFholding a/s has 4,000 votes.

26 Related parties

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

Over the period, there were no unusual transactions with related parties. Please see Jyske Bank's Annual Report 2018 for a detailed description of transactions with related parties.

27 Bonds provided as security

The Jyske Bank Group has deposited bonds with central banks and clearing houses, etc. in connection with clearing and settlement of securities and currency transactions as well as tri-party repo transactions totalling a market value of DKK 11,870m (end of 2018: DKK 11,533m).

In addition, in connection with CSA agreements, the Jyske Bank Group has provided cash collateral in the amount of DKK 6,661m (end of 2018: DKK 7,290m) as well as bonds in the amount of DKK 870m (end of 2018: 359m).

Repo transactions involve an arrangement where bonds are provided as collateral for the amount borrowed. Repo transactions amounted to DKK 12,415m (end of 2018: DKK 11,006m).

28 Notes on fair value

Methods for measuring fair value

Fair value is the price that, at the time of measurement, would be obtained by selling an asset or paid for by transferring a liability in an ordinary transaction between independent market participants. The fair value may equal the book value where book value is recognised on the basis of underlying assets and liabilities measured at fair value.

For all assets listed on active markets, fair values are measured at official prices (the category "Quoted prices". Where no price is quoted, a different official price is used which is taken to reflect most closely the fair value (category: "Observable prices". Financial assets and liabilities of which quoted prices or other official prices are not available or are not taken to reflect the fair value are measured at fair value according to other evaluation techniques and other observable market information. In those cases where observable prices based on market information are not available or are not taken to be useful for measuring fair value, the fair value is measured by recognised techniques, including discounted future cash flows, and own expertise (category "non-observable prices"). The basis of the measurement may be recent transactions involving comparable assets or liabilities, interest rates, exchange rates, volatility, credit spreads, etc. Generally, the Group's unlisted shares are placed in this category.

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

Specific details on methods for measuring fair value

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

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

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

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

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

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

Information about differences between recognised value and measurement of fair value

Loans and advances exclusive of mortgage loans and certain other home loans are recognised at amortised cost. The difference to fair value is assumed to be fees and commission received, costs defrayed in connection with lending, plus interest-rate-dependent value adjustment calculated by comparing current market rates with market rates at the time when the loans and advances were established. Changes in credit quality are assumed to be included under impairment charges both for carrying amounts and fair values.

Subordinated debt and issued bonds exclusive of issues of mortgage bonds are recognised at amortised cost supplemented with the fair value of the hedged interest-rate risk. The difference to fair value was calculated on the basis of own-issue prices obtained externally.

Deposits are recognised at amortised cost. The difference to fair value is assumed to be the interest-rate dependent value adjustment calculated by comparing current market rates with market rates at the time when the deposits were made.

Balances with credit institutions are recognised at amortised cost. The difference to fair value is assumed to be the interest-rate dependent value adjustment calculated by comparing current market rates with market rates at the time when the transactions were established. Changes in the credit quality of balances with credit institutions are assumed to be included under impairment charges for loans, advances, and receivables. Changes in the fair values of balances due to credit institutions because of changes in Jyske Bank's own credit rating are not taken into account.

The calculated fair values of financial assets and liabilities recognised at amortised cost are materially non-observable prices (level 3) in the fair value hierarchy.

DKKm

28 Notes on fair value, cont.
Information about changes in credit risk on derivatives with positive fair value.

In order to allow for the credit risk on derivatives for clients without objective evidence of impairment (OEI), the fair value is adjusted (CVA). Adjustments will also be made for clients with OEI, but on an individual basis.

For any given counterparty's total portfolio of derivatives, CVA is a function of the probability of the counterparty's probability of default (PD), the expected positive exposure (EPE) as well as the loss given default (LGD). Credit default swaps (CDS) spreads should be used as the primary source for the probability of default in the CVA calculation. However, the Jyske Bank Group enters primarily to derivatives transactions with unlisted Danish counterparties, for which there only to a most limited extent exist CDS or CDS proxy spreads. As CDS spreads are not available for the majority of the portfolio of derivatives counterparties, risk-neutral PDs are used instead. The risk-neutral PDs are calculated on the basis of IRB PDs that are adjusted for the observable price of risk in the market (Sharpe Ratio measured on the basis of the OMX C20 index). By using risk-neutral PDs, it is achieved that the CVA gets closer to the value it would have had if it had been calculated on the basis of market observable PDs. The calculation of CVA also allows for the expected development of the rating over time. This takes place on the basis of historical rating migrations. When determining the EPE, a model is used to establish the expected positive exposure to the counterparty's portfolio over the maturity of the derivatives. For LGD, internal estimates are used for the individual counterparty, adjusted for any collateral received as well as CSA agreements concluded.

In addition to CVA, also an adjustment is made of the fair value of derivatives that have an expected future negative fair value. This takes place to allow for changes in the counterparties' credit risk against the Jyske Bank Group (debt valuation adjustment - DVA). The DVA takes place according to the same principles that apply to the CVA, yet PD for Jyske Bank is determined on the basis of Jyske Bank's external rating by Standard & Poor's. At the end of the first quarter of 2019, CVA and DVA amounted, on an accumulated basis, to net DKK 69m, which accumulated amount was recognised as an expense under value adjustment against an accumulated amount of DKK 63m at the end of 2018.

29 Fair value of financial assets and liabilities

The recognised value and fair value of assets classified as held-for-trading amounted to DKK 148.8 bn at the end of the first quarter of 2019 against DKK 132.6 bn at the end of 2018. The recognised value and fair value of liabilities classified as trading portfolio amounted to DKK 39.8 bn at the end of the first quarter of 2019 against DKK 35.3 bn at the end of 2018. The recognised value and fair value of bonds at amortised cost amounted to DKK 7.8 bn and DKK 7.9 bn, respectively, at the end of the first quarter of 2019 against DKK 7.5 bn and 7.6 bn, respectively, at the end of 2018. The Group did not have assets at fair value through Other comprehensive income. The table shows the fair value of financial assets and liabilities and the carrying amounts. The re-statement at fair value of financial assets and liabilities shows a total unrecognised unrealised gain of DKK 250m at the end of the first quarter of 2019 against an unrealised gain of DKK 278m at the end of 2018.

	31 March 2019		31 December 2018	
	Recognised value	Fair value	Recognised value	Fair value
FINANCIAL ASSETS				
Cash balance and demand deposits with central banks	4,871	4,871	6,081	6,081
Due from credit institutions and central banks	18,384	18,387	13,181	13,181
Loans and advances at fair value	336,590	336,590	330,975	330,975
Loans and advances at amortised cost	133,905	134,154	131,822	132,026
Bonds at fair value	83,706	83,706	72,267	72,267
Bonds at amortised cost	7,798	7,902	7,517	7,576
Shares, etc.	3,291	3,291	3,426	3,426
Assets in pooled deposits	3,977	3,977	3,655	3,655
Derivatives	25,738	25,738	23,101	23,101
Total	618,260	618,616	592,025	592,288
FINANCIAL LIABILITIES				
Due to credit institutions and central banks	20,071	20,104	16,309	16,329
Deposits	150,396	150,415	144,895	144,907
Pooled deposits	3,767	3,767	3,806	3,806
Issued bonds at fair value	334,435	334,435	324,724	324,724
Issued bonds at amortised cost	38,232	38,479	35,039	35,227
Subordinated debt	4,332	4,139	4,319	4,084
Set-off entry of negative bond holdings	4,118	4,118	3,294	3,294
Derivatives	27,115	27,115	24,340	24,340
Total	582,466	582,572	556,726	556,711

DKKm

30 The fair value hierarchy
31 March 2019

Financial assets	Quoted prices	Observable prices	Non-observable prices	Fair value, total	Recognised value
Loans and advances at fair value	0	336,590	0	336,590	336,590
Bonds at fair value	72,656	11,050	0	83,706	83,706
Shares, etc.	713	670	1,908	3,291	3,291
Assets in pooled deposits	2,803	1,174	0	3,977	3,977
Derivatives	834	24,904	0	25,738	25,738
Total	77,006	374,388	1,908	453,302	453,302

Financial liabilities

Pooled deposits	0	3,767	0	3,767	3,767
Issued bonds at fair value	295,184	39,251	0	334,435	334,435
Set-off entry of negative bond holdings	4,053	65	0	4,118	4,118
Derivatives	871	26,244	0	27,115	27,115
Total	300,108	69,327	0	369,435	369,435

31 December 2018
Financial assets

Loans and advances at fair value	0	330,975	0	330,975	330,975
Bonds at fair value	55,020	17,247	0	72,267	72,267
Shares, etc.	543	831	2,052	3,426	3,426
Assets in pooled deposits	1,358	2,297	0	3,655	3,655
Derivatives	410	22,691	0	23,101	23,101
Total	57,331	374,041	2,052	433,424	433,424

Financial liabilities

Pooled deposits	0	3,806	0	3,806	3,806
Issued bonds at fair value	264,699	60,025	0	324,724	324,724
Set-off entry of negative bond holdings	3,225	69	0	3,294	3,294
Derivatives	241	24,099	0	24,340	24,340
Total	268,165	87,999	0	356,164	356,164

The above table shows the fair value hierarchy for financial assets and liabilities recognised at fair value. It is the practice of the Group that if prices of Danish bonds are not updated for two days, transfers will take place between the categories quoted prices and observable prices. This did not result in material transfers in 2019 and 2018.

NON-OBSERVABLE PRICES

	Q1 2019	2018
Fair value, beginning of period	2,052	2,255
Transfers for the period	0	36
Capital gain and loss for the period reflected in the income statement under value adjustments	35	149
Sales or redemptions	179	389
Purchases	0	1
Fair value, end of year	1,908	2,052

Non-observable prices

Non-observable prices at the end of the first quarter of 2019 referred to unlisted shares recognised at DKK 1,908m against unlisted shares recognised at DKK 2,052m at the end of 2018. These are primarily sector shares. The measurements, which are associated with some uncertainty, are made on the basis of the shares' book value, market trades, shareholders' agreements as well as own assumptions and extrapolations, etc. In the cases where Jyske Bank calculates the fair value on the basis of the company's expected future earnings, a required rate of return of 15% p.a. before tax is applied. A change in the required rate of return of 1% will result in a change of the fair value of about DKK 35m. Capital gain and loss for the period on illiquid bonds and unlisted shares referred to assets held at the end of the first quarter of 2019. 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.

30 Fair value hierarchy, cont.**Non-financial assets recognised at fair value**

Investment properties were recognised at a fair value of DKK 28m (end of 2018: DKK 28m). Fair value belongs to the category of non-observable prices calculated on the basis of a required rate of return of 7% (end of 2018: 7%)

Assets held temporarily comprise repossessed properties, equity investments and cars, etc. and similar assets held for sale. Assets held temporarily are recognised at the lower of cost and fair value less costs of sale. Assets held temporarily were recognised at DKK 578m (end of 2018: DKK 580m). Fair value belongs to the category of non-observable prices.

Owner-occupied properties are recognised at the restated value corresponding to the fair value on the date of the revaluation less subsequent amortization, depreciation and impairment. The valuation of selected land and buildings is carried out with the assistance of external experts. Based on the returns method, the measurement takes place in accordance with generally accepted standards and with a weighted average required rate of return of 6.32% at the end of 2018. Owner-occupied properties were recognised at DKK 1,914m (2018: DKK 1,901m). The revalued amount belongs to the category of non-observable prices.

31 Group overview

31 March 2019	*	Currency	Share capital 1.000 units	Owner- ship share (%)	Voting share (%)	Assets DKKm at the end of 2018	Liabi- lities DKKm at the end of 2018	Equity DKKm, at the end of 2018	Ear- nings (DKKm) 2018	Profit, DKKm 2018
Jyske Bank A/S	a	DKK	849,450			278,570	244,238	34,332	6,094	2,500
Subsidiaries										
Jyske Realkredit, Kgs. Lyngby	b	DKK	4,306,480	100	100	353,280	335,536	17,744	2,361	999
Jyske Bank (Gibraltar) Ltd.	a	GBP	26,500	100	100	5,652	5,023	629	140	130
Jyske Bank (Gibraltar) Nominees Ltd.	d	GBP	0	100	100	0	0	0	0	0
Jyske Bank (Gibraltar) Management Ltd.	d	GBP	0	100	100	0	0	0	0	0
Jyske Bank (Gibraltar) Secretaries Ltd.	d	GBP	0	100	100	0	0	0	0	0
Trendsetter, S.L., Spain	e	EUR	706	100	100	17	0	17	1	0
Jyske Bank Nominees Ltd., London	d	GBP	0	100	100	0	0	0	0	0
Inmobiliaria Saroesma S.L., Spain	e	EUR	803	100	100	73	75	-2	0	-5
Jyske Finans A/S, Silkeborg	c	DKK	100,000	100	100	20,734	19,422	1,312	1,009	248
Ejendomsselskabet af 01.11.2017 A/S, Silkeborg	e	DKK	500	100	100	15	15	0	0	0
Gl. Skovridergaard A/S, Silkeborg	e	DKK	500	100	100	31	27	4	21	-1
Sundbyvesterhus A/S, Silkeborg	e	DKK	518	100	100	109	23	86	6	3
Ejendomsselskabet af 1.10.2015 ApS, Silkeborg	c	DKK	500	100	100	119	117	2	1	1
Jyske Invest Fund Management A/S, Silkeborg	d	DKK	76,000	100	100	367	67	300	87	15
Bytorv Horsens ApS, Gentofte (temporarily acquired)	e	DKK	1,080	100	100	242	412	-170	14	-33

All banks and mortgage credit institutions supervised by national financial supervisory authorities are subject to statutory capital requirements. Such capital requirements may limit intra-group facilities and dividend payments.

* Activity:

a: Bank

b: Mortgage credit

c: Leasing, financing and factoring

d: Investment and financing

e: Properties and course activities

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

Note		Jyske Bank	
DKKm		Q1 2019	Q1 2018
Income statement			
3	Interest income	761	874
4	Interest expenses	154	151
	Net interest income	607	723
	Dividends, etc.	15	85
5	Fees and commission income	631	536
	Fees and commission expenses	39	28
	Net interest and fee income	1,214	1,316
6	Value adjustments	139	288
	Other operating income	84	173
	Employee and administrative expenses	1,154	1,136
	Amortisation, depreciation and impairment charges	31	20
	Other operating expenses	7	5
7	Loan impairment charges	20	-153
	Profit on investments in associates and group enterprises	430	-3
	Pre-tax profit	655	766
	Tax	45	156
	Net profit for the period	610	610
	Distributed to:		
	Jyske Bank A/S shareholders	578	579
	Holders of AT1 capital	32	31
	Total	610	610
Statement of Comprehensive Income			
	Net profit for the period	610	610
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Revaluation of real property	0	145
	Tax on property revaluations	0	-29
	<i>Items that can be recycled to the income statement:</i>		
	Foreign currency translation adjustment of international units	32	7
	Hedge accounting of international units	-32	-7
	Tax on hedge accounting	7	2
	Other comprehensive income after tax	7	118
	Comprehensive income for the period	617	728

Note
Jyske Bank

	31 March 2019	31 Dec. 2018	31 March 2018
DKKm			
BALANCE SHEET			
ASSETS			
	4,770	5,980	18,880
	17,563	12,939	13,167
10	3,314	4,675	11,417
8,9,10	134,378	132,157	127,648
	70,998	61,285	57,818
	7,798	7,517	4,295
	2,973	3,116	4,874
	306	293	408
	20,246	20,037	17,681
	3,977	3,655	3,983
	1,769	1,771	1,769
	433	97	126
	1,275	538	1,075
	9	9	0
	24	24	365
	26,783	24,134	26,370
	326	343	96
Total assets	296,942	278,570	289,972
EQUITY AND LIABILITIES			
Debt and payables			
	31,948	27,847	39,294
11	145,598	139,773	144,970
	3,768	3,806	4,303
	38,232	35,039	30,142
	37,084	32,380	31,817
	19	17	29
Total debt	256,649	238,862	250,555
Provisions			
	558	555	572
	0	0	48
	226	213	217
	117	142	120
	147	147	148
Provisions, total	1,048	1,057	1,105
Subordinated debt	4,332	4,319	4,289
Equity			
	849	849	892
	214	214	421
	0	0	0
	5,808	5,612	4,348
	25,520	24,591	25,834
	0	520	0
	32,391	31,786	31,495
	2,522	2,546	2,528
Total equity	34,913	34,332	34,023
Total equity and liabilities	296,942	278,570	289,972
OFF-BALANCE SHEET ITEMS			
	20,091	19,248	18,490
	2,709	2,824	2,493
Total guarantees and other contingent liabilities	22,800	22,072	20,983

DKKm

Statement of changes in equity

	Share capital	Revaluation reserve	Currency translation reserve	Reserve according to the equity method	Retained profit	Proposed dividend	Shareholders of Jyske Bank A/S	AT1 capital*	Total equity
Equity at 1 January 2019	849	214	0	5,612	24,591	520	31,786	2,546	34,332
Net profit for the period	0	9	0	196	382	0	578	32	610
Other comprehensive income	0	0	0	0	7	0	7	0	7
Comprehensive income for the period	0	0	0	196	389	0	585	32	617
Interest paid on AT1 capital	0	0	0	0	0	0	0	-45	-45
Currency translation adjustment	0	0	0	0	11	0	11	-11	0
Tax	0	0	0	0	0	0	0	0	0
Proposed dividend reversed	0	0	0	0	520	-520	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0
Dividends, own shares	0	0	0	0	0	0	0	0	0
Acquisition of own shares	0	0	0	0	-255	0	-255	0	-255
Sale of own shares	0	0	0	0	264	0	264	0	264
Transactions with owners	0	0	0	0	540	-520	20	-56	-36
Equity 31 March 2019	849	214	0	5,808	25,520	0	32,391	2,522	34,913
Equity at 1 January 2018	892	339	0	4,406	25,864	522	32,023	2,581	34,604
Changed accounting policies, IFRS 9	0	0	0	-117	-511	0	-628	0	-628
Tax effect, IFRS 9	0	0	0	25	112	0	137	0	137
Adjusted equity, 1 January 2018	892	339	0	4,314	25,465	522	31,532	2,581	34,113
Net profit for the period	0	0	0	0	579	0	579	31	610
Other comprehensive income	0	82	0	34	2	0	118	0	118
Comprehensive income for the period	0	82	0	34	581	0	697	31	728
Interest paid on AT1 capital	0	0	0	0	0	0	0	-45	-45
Currency translation adjustment	0	0	0	0	39	0	39	-39	0
Tax	0	0	0	0	-2	0	-2	0	-2
Dividends paid	0	0	0	0	0	-522	-522	0	-522
Dividends, own shares	0	0	0	0	24	0	24	0	24
Acquisition of own shares	0	0	0	0	-749	0	-749	0	-749
Sale of own shares	0	0	0	0	476	0	476	0	476
Transactions with owners	0	0	0	0	-212	-522	-734	-84	-818
Equity 31 March 2018	892	421	0	4,348	25,834	0	31,495	2,528	34,023

*Additional Tier 1 capital (AT1) has no maturity. Payment of interest and repayment of principal are voluntary. Therefore AT1 capital is recognised as equity. In September 2016, Jyske Bank issued AT1 amounting to SEK 1.25bn and DKK 500m. The AT1 issue with the possibility of early redemption in September 2021 at the earliest. The interest rates applicable to the issue until September 2021 are STIBOR+5.80% and CIBOR+5.30%, respectively. In September 2017, Jyske Bank made an issue amounting to EUR 150bn, AT1, with the possibility of early redemption in September 2027 at the earliest. The issue has a coupon of 4.75% until September 2027. It applies to all AT1 issues, that if the Common Equity Tier 1 capital of Jyske Bank A/S or the Jyske Bank Group falls below 7%, the loans will be written down.

DKKm	31 March 2019	31 Dec. 2018	31 March 2018
Capital Statement			
Shareholders' equity	32,391	31,786	31,495
Share buy-back programme, non-utilised limit	-500	0	0
Proposed dividend	0	-520	0
Expected dividend, calculated as required by law	-140	0	-195
Deferred tax assets	-9	-9	0
Prudent valuation	-287	-272	-247
Other deductions	-124	-18	-117
Common Equity Tier 1 capital	31,331	30,967	30,936
Additional Tier 1 Capital and hybrid core capital after reduction	2,906	3,047	3,042
Core capital	34,237	34,014	33,978
Subordinated loan capital after reduction	3,805	3,699	3,726
Other deductions	0	0	-275
Capital base	38,042	37,713	37,429
Weighted risk exposure involving credit risk etc.	104,553	103,306	102,841
Weighted risk exposure involving market risk	13,991	13,940	16,127
Weighted risk exposure involving operational risk	11,478	11,936	11,936
Total weighted risk exposure	130,022	129,182	130,904
Capital requirement, Pillar I	10,402	10,335	10,472
Capital ratio	29.3	29.2	28.6
Core Tier 1 Capital ratio (%)	26.3	26.3	26.0
Common Equity Tier 1 capital ratio (%)	24.1	24.0	23.6

For a statement of the individual solvency requirement, please see Risk and Capital Management 2018 or investor.jyskebank.com/investorrelations/capitalstructure and investor.jyskebank.com/investorrelations/debt.

Note	Jyske Bank	
------	------------	--

	Q1 2019	Q1 2018
--	------------	------------

Notes

1 Accounting Policies

The Interim Financial Report of the parent company Jyske Bank A/S for the period 1 January to 31 March 2019 was prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Stockbrokers, etc.

The rules applying to recognition and measurement at Jyske Bank A/S are consistent with IFRS. With respect to classification and extent, the preparation for Jyske Bank A/S differs from the preparation for the Group. Please see the full description of accounting policies in note 68 of the annual report 2018.

Figures in the financial statements are in Danish kroner, rounded to the nearest million in Danish kroner.

Changes to accounting policies

Reference is made to changes to the accounting policies of the Group, note 1, page 27.

Financial situation and risk information

Jyske Bank A/S is affected by the financial situation and the risk factors that are described in the management's review for the Group and reference is made to this.

2 Financial ratios and key figures

Pre-tax profit p.a. as a percentage of average equity*	7.8	9.3
Profit for the period as a pct. of av. equity*	1.8	1.8
Income/cost ratio (%)	1.5	1.8
Capital ratio	29.3	28.6
Common Equity Tier 1 capital ratio (CET 1) (%)	24.1	23.6
Individual solvency requirement (%)	12.1	11.2
Capital base (DKKm)	38,042	37,429
Total risk exposure (DKKm)	130,022	130,904
Interest-rate risk (%)	0.0	0.8
Currency risk (%)	0.1	0.1
Accumulated impairment ratio (%)	2.4	2.6
Impairment ratio for the period (%)	0.0	-0.1
No. of full-time employees at end-period	3,361	3,539
Average number of full-time employees in the period	3,367	3,483

*Financial ratios are calculated as if AT1 capital is recognised as a liability.

3 Interest income

Due from credit institutions and central banks	3	2
Loans and advances	515	574
Bonds	140	147
Derivatives, total	33	62
Of which currency contracts	64	54
Of which interest-rate contracts	-31	8
Others	0	0
Total after offsetting of negative interest	691	785
Negative interest income set off against interest income	40	48
Negative interest expenses set off against interest expenses	30	41
Total before offsetting of negative interest income	761	874

Of which interest income on reverse repos carried under:

Due from credit institutions and central banks	-8	-6
Loans and advances	-25	-23

Note	Jyske Bank	
	Q1 2019	Q1 2018
DKKm		
Notes		
4 Interest expenses		
Due to credit institutions and central banks	19	38
Deposits	-4	-33
Issued bonds	41	32
Subordinated debt	25	25
Other interest expenses	3	0
Total after offsetting of negative interest	84	62
Negative interest expenses set off against interest expenses	40	48
Negative interest income set off against interest income	30	41
Total before offsetting of negative interest income	154	151
Of which interest expenses on reverse repos carried under:		
Due to credit institutions and central banks	-14	-13
Deposits	-5	-6
5 Fees and commission income		
Securities trading and custody services	224	247
Money transfers and card payments	50	49
Loan application fees	22	42
Guarantee commission	27	27
Other fees and commissions	308	171
Total	631	536
6 Value adjustments		
Loans and advances at fair value	18	8
Bonds	149	-140
Shares, etc.	94	333
Currency	40	-7
Currency, interest-rate, share, commodity and other contracts as well as other derivatives	-140	72
Assets in pooled deposits	361	-160
Pooled deposits	-361	160
Other assets	1	1
Issued bonds	-1	16
Other liabilities	-22	5
Total	139	288

Note	Jyske Bank	
	Q1 2019	Q1 2018
	DKKm	
7	Loan impairment charges and provisions for guarantees recognised in the income statement	
	31	-73
	Loan impairment charges and provisions for guarantees for the period	
	1	2
	Impairment charges on balances due from credit institutions in the period	
	-26	-32
	Provisions for commitments and unutilised credit lines in the period	
	47	21
	Recognised as a loss, not covered by loan impairment charges and provisions	
	-30	-54
	Recoveries	
	23	-136
	Loan impairment charges and provisions for guarantees recognised in the income statement	
	3	17
	Recognised discount for acquired loans	
	20	-153
	Net effect on income statement	
8	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts	
	4,206	4,286
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, beginning of period	
	0	507
	Implementation of IFRS 9 and adjustments to the standard	
	5	-106
	Loan impairment charges and provisions for the period	
	-146	-290
	Recognised as a loss, covered by loan impairment charges and provisions	
	0	-1
	Recognised losses covered by discounts for acquired loans	
	-3	-17
	Recognised discount for acquired loans	
	19	19
	Other movements	
	4,081	4,398
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	
	3,653	3,889
	Loan impairment charges at amortised cost	
	1	2
	Loan impairment charges at fair value	
	226	217
	Provisions for guarantees	
	117	120
	Provisions for commitments and unutilised credit lines	
	3,997	4,228
	Balance of loan impairment charges and provisions, end of period	
	84	170
	Balance of discounts for acquired loans	
	4,081	4,398
	Balance of loan impairment charges and provisions for guarantees incl. balance of discounts, end of period	

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

Note

Jyske Bank

DKKm

8 Balance of loan impairment charges and provisions for guarantees broken down by stage – total	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	320	603	3,195	4,118
Transfer of impairment charges at beginning of period to stage 1	89	-70	-19	0
Transfer of impairment charges at beginning of period to stage 2	-14	54	-40	0
Transfer of impairment charges at beginning of period to stage 3	0	-27	27	0
Impairment charges on new loans, etc.	42	17	27	86
Impairment charges on discontinued loans and provisions for guarantees	-30	-31	-86	-147
Effect from recalculation	-76	1	161	86
Previously recognized as impairment charges, now final loss	0	0	-146	-146
Balance of loan impairment charges and provisions on 31 March 2019	331	547	3,119	3,997

Balance of loan impairment charges and provisions for guarantees broken down by stage – total	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of 2018				4,096
Transitional effect, IFRS 9				507
Total, beginning of 2018	325	637	3,641	4,603
Transfer of impairment charges at beginning of period to stage 1	45	-15	-30	0
Transfer of impairment charges at beginning of period to stage 2	-5	22	-17	0
Transfer of impairment charges at beginning of period to stage 3	0	-21	21	0
Impairment charges on new loans, etc.	38	12	285	335
Impairment charges on discontinued loans and provisions for guarantees	-39	-21	-330	-390
Effect from recalculation	-61	-11	42	-30
Previously recognized as impairment charges, now final loss	0	0	-290	-290
Balance of loan impairment charges and provisions on 31 March 2018	303	603	3,322	4,228

Breakdown of balance of impairment charges by stage - loans at amortised cost	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	253	522	2,986	3,761
Transfer of impairment charges at beginning of period to stage 1	62	-46	-16	0
Transfer of impairment charges at beginning of period to stage 2	-12	49	-37	0
Transfer of impairment charges at beginning of period to stage 3	0	-26	26	0
Impairment charges on new loans, etc.	23	9	23	55
Impairment charges on discontinued loans and provisions for guarantees	-14	-22	-68	-104
Effect from recalculation	-50	2	135	87
Previously recognized as impairment charges, now final loss	0	0	-146	-146
Balance of loan impairment charges and provisions on 31 March 2019	262	488	2,903	3,653

Breakdown of balance of impairment charges by stage - loans at amortised cost	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of 2018				3,758
Transitional effect, IFRS 9				421
Total, beginning of 2018	257	578	3,344	4,179
Transfer of impairment charges at beginning of period to stage 1	36	-11	-25	0
Transfer of impairment charges at beginning of period to stage 2	-5	21	-16	0
Transfer of impairment charges at beginning of period to stage 3	0	-20	20	0
Impairment charges on new loans, etc.	17	2	272	291
Impairment charges on discontinued loans and provisions for guarantees	-16	-18	-308	-342
Effect from recalculation	-47	-2	98	49
Previously recognized as impairment charges, now final loss	0	0	-288	-288
Balance of loan impairment charges and provisions on 31 March 2018	242	550	3,097	3,889

Note	Jyske Bank			
DKKm				
8 Breakdown of balance of impairment charges by stage– loans at fair value	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	1	1	0	2
Transfer of impairment charges at beginning of period to stage 1	0	0	0	0
Transfer of impairment charges at beginning of period to stage 2	0	0	0	0
Transfer of impairment charges at beginning of period to stage 3	0	0	0	0
Impairment charges on new loans, etc.	0	0	0	0
Impairment charges on discontinued loans and provisions for guarantees	-1	0	0	-1
Effect from recalculation	0	0	0	0
Previously recognized as impairment charges, now final loss	0	0	0	0
Balance of loan impairment charges and provision on 31 March 2019	0	1	0	1
Breakdown of balance of impairment charges by stage– loans at fair value	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of 2018				0
Transitional effect, IFRS 9, incl. derived effect on loans at fair value				2
Total, beginning of 2018	2	0	0	2
Transfer of impairment charges at beginning of period to stage 1	0	0	0	0
Transfer of impairment charges at beginning of period to stage 2	0	0	0	0
Transfer of impairment charges at beginning of period to stage 3	0	0	0	0
Impairment charges on new loans, etc.	1	0	0	1
Impairment charges on discontinued loans and provisions for guarantees	-1	0	0	-1
Effect from recalculation	0	0	0	0
Previously recognized as impairment charges, now final loss	0	0	0	0
Balance of loan impairment charges and provisions on 31 March 2018	2	0	0	2
Breakdown of balance of provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2019	66	80	209	355
Transfer of impairment charges at beginning of period to stage 1	27	-24	-3	0
Transfer of impairment charges at beginning of period to stage 2	-2	5	-3	0
Transfer of impairment charges at beginning of period to stage 3	0	-1	1	0
Impairment charges on new loans, etc.	19	8	3	30
Impairment charges on discontinued loans and provisions for guarantees	-15	-9	-18	-42
Effect from recalculation	-27	-1	28	0
Previously recognized as impairment charges, now final loss	0	0	0	0
Balance of loan impairment charges and provisions on 31 March 2019	68	58	217	343
Breakdown of balance of provisions by stage - guarantees and loan commitments	Stage 1	Stage 2	Stage 3	Total
Balance according to IAS 39, beginning of 2018				338
Transitional effect, IFRS 9				84
Total, beginning of 2018	66	59	297	422
Transfer of impairment charges at beginning of period to stage 1	9	-4	-5	0
Transfer of impairment charges at beginning of period to stage 2	0	2	-2	0
Transfer of impairment charges at beginning of period to stage 3	0	-1	1	0
Impairment charges on new loans, etc.	20	9	14	43
Impairment charges on discontinued loans and provisions for guarantees	-21	-5	-21	-47
Effect from recalculation	-14	-8	-57	-79
Previously recognized as impairment charges, now final loss	0	0	-2	-2
Balance of loan impairment charges and provisions on 31 March 2018	60	52	225	337

DKKm

9 Gross loans, advances and guarantees by stage	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 1 January 2019	143,725	9,840	6,491	160,056
Transfer of loans, advances and guarantees to stage 1	5,222	-5,155	-67	0
Transfer of loans, advances and guarantees to stage 2	-1,598	1,678	-80	0
Transfer of loans, advances and guarantees to stage 3	-49	-446	495	0
Other movements	-590	2,681	-485	1,606
Gross loans, advances and guarantees, 31 March 2019	146,710	8,598	6,354	161,662
Loan impairment charges and provisions for guarantees, total	284	517	3,079	3,880
Net loans, advances and guarantees, 31 March 2019	146,426	8,081	3,275	157,782
Gross loans, advances and guarantees by stage	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 1 January 2018	148,183	10,282	7,596	166,061
Transfer of loans, advances and guarantees to stage 1	1,347	-910	-437	0
Transfer of loans, advances and guarantees to stage 2	-5,594	5,832	-238	0
Transfer of loans, advances and guarantees to stage 3	-605	-692	1,297	0
Other movements	394	-4,672	-1,727	-6,005
Gross loans, advances and guarantees, 31 December 2018	143,725	9,840	6,491	160,056
Loan impairment charges and provisions for guarantees, total	272	568	3,136	3,976
Net loans, advances and guarantees, 31 December 2018	143,453	9,272	3,355	156,080

DKKm

		Q1 2019				End- 2018	
		Stage 1	Stage 2	Stage 3	Total	Total	
9	Loans, advances and guarantees by stage and internal rating - gross before impairment charges and provisions						
	Performing						
	PD band (%)						
	1	0.00 - 0.10	47,202	29	0	47,231	46,631
	2	0.10 - 0.15	12,616	11	0	12,627	15,225
	3	0.15 - 0.22	9,121	22	0	9,143	10,500
	4	0.22 - 0.33	16,040	11	0	16,051	9,183
	5	0.33 - 0.48	12,952	106	0	13,058	13,139
	Ratings 1- 5		97,931	179	0	98,110	94,678
	6	0.48 - 0.70	14,462	404	0	14,866	16,598
	7	0.70 - 1.02	13,444	404	0	13,848	12,405
	8	1.02 - 1.48	7,980	587	0	8,567	8,451
	9	1.48 - 2.15	5,960	1,087	0	7,047	8,440
	10	2.15 - 3.13	2,913	970	0	3,883	4,511
	11	3.13 - 4.59	1,174	601	0	1,775	1,737
	Ratings 6 – 11		45,933	4,053	0	49,986	52,142
	12	4.59 - 6.79	1,088	838	0	1,926	1,719
	13	6.79 - 10.21	144	447	0	591	561
	14	10.21 - 25.0	32	2,823	0	2,855	2,774
	Ratings 12-14		1,264	4,108	0	5,372	5,054
	Other		1,506	179	0	1,685	1,573
	Non performing loans		76	80	6,353	6,509	6,609
	Total		146,710	8,599	6,353	161,662	160,056

Irrevocable credit commitments of DKK 2,654m (end of 2018: DKK 2,770m) are all in stage 1 and are distributed according to internal ratings in this way: Rating 1: DKK 1,869m, Rating 2: DKK 420m and Rating 3: DKK 365m (End of 2018: Rating 1: DKK 1,843m, Rating 2: DKK 500m and Rating 3: DKK 427m)

		Q1 2019				End- 2018	
		Stage 1	Stage 2	Stage 3	Total	Total	
	Loan impairment charges and provisions for guarantees by stage and internal rating						
	Performing						
	PD band (%)						
	1	0.00 - 0.10	3	1	0	4	9
	2	0.10 - 0.15	6	0	0	6	6
	3	0.15 - 0.22	14	0	0	14	15
	4	0.22 - 0.33	30	0	0	30	22
	5	0.33 - 0.48	28	4	0	32	32
	Ratings 1- 5		81	5	0	86	84
	6	0.48 - 0.70	28	9	0	37	40
	7	0.70 - 1.02	44	8	0	52	56
	8	1.02 - 1.48	45	18	0	63	57
	9	1.48 - 2.15	26	23	0	49	60
	10	2.15 - 3.13	19	25	0	44	57
	11	3.13 - 4.59	12	24	0	36	42
	Ratings 6 – 11		174	107	0	281	312
	12	4.59 - 6.79	26	50	0	76	51
	13	6.79 - 10.21	1	21	0	22	24
	14	10.21 - 25.0	0	299	0	299	338
	Ratings 12-14		27	370	0	397	413
	Other		2	22	0	24	30
	Non performing loans		0	13	3,079	3,092	3,137
	Total		284	517	3,079	3,880	3,976

DKKm

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

Sector	Loans, advances and guarantees				Balance of loan impairment charges and provisions for guarantees		Loan impairment charges and provisions for guarantees for the period		Loss for the period	
	%		%		31 March 2019	End of 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
	31 March 2019	End of 2018	31 March 2019	End of 2018						
Public authorities	5	6	8,257	8,560	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing	4	4	6,645	7,027	1,132	1,046	140	-75	71	127
<i>Fishing</i>	1	1	1,808	1,821	1	1	0	0	0	0
<i>Dairy farmers</i>	0	0	679	781	412	435	-1	-44	29	49
<i>Plant production</i>	1	1	1,771	1,808	133	120	50	-8	39	13
<i>Pig farming</i>	1	1	1,395	1,536	308	261	43	-17	0	46
<i>Other agriculture</i>	1	1	992	1,081	278	229	48	-6	3	19
Manufacturing, mining, etc.	4	4	6,015	6,684	175	243	-44	6	30	9
Energy supply	2	3	3,841	4,217	49	64	-15	4	0	0
Building and construction	2	2	3,096	2,930	78	64	16	0	3	6
Commerce	7	6	11,357	9,837	189	230	-25	-5	18	5
Transport, hotels and restaurants	3	3	4,640	4,345	88	104	-10	1	7	0
Information and communication	1	1	959	962	27	46	-16	9	3	3
Finance and insurance	35	34	54,806	52,254	611	613	4	-43	9	42
Real property	10	9	15,615	14,641	405	391	20	1	14	60
<i>Lease of real property</i>	5	5	8,770	8,310	346	329	18	4	9	57
<i>Buying and selling of real property</i>	2	2	2,541	2,420	30	33	3	6	5	3
<i>Other real property</i>	3	2	4,304	3,911	29	29	0	-9	0	0
Other sectors	3	3	4,894	4,978	157	157	1	-17	4	29
Corporate clients	71	69	111,868	107,875	2,911	2,958	71	-119	159	281
Personal clients	24	25	37,658	39,645	969	1,018	-26	-4	34	30
Unutilised max and loan commitment			-	-	117	142	-25	-30	0	0
Total	100	100	157,783	156,080	3,997	4,118	20	-153	193	311

11

	31 March 2019	31 Dec. 2018	31 March 2018
Deposits			
Demand deposits	106,109	105,344	101,288
Term deposits	2,807	3,003	2,966
Time deposits	29,691	24,573	33,759
Special deposits	6,991	6,853	6,957
Total	145,598	139,773	144,970

Statement by the Management and Supervisory Boards on the Annual Report

We have today discussed and approved the Interim Financial Report of Jyske Bank A/S for the period 1 January to 31 March 2019.

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

The Interim Financial Report is unaudited and has not been reviewed, but the external auditor verified the profit, and this verification included audit procedures in line with the requirements relating to a review, and hence it was ascertained that the conditions for on-going recognition of the profit for the period in the capital base were met.

In our opinion, the Interim Financial Statements give a true and fair view of the Group's and the Parent's financial position at 31 March 2019 and also of their financial performance as well as the cash flows of the Group for the period 1 January to 31 March 2019.

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

Silkeborg, 8 May 2019

EXECUTIVE BOARD

ANDERS DAM
Managing Director and CEO

NIELS ERIK JAKOBSEN

PETER SCHLEIDT

PER SKOVHUS

/JENS BORUM
Director, Finance

SUPERVISORY BOARD

SVEN BUHRKALL
Chairman

KURT BLIGAARD PEDERSEN
Deputy Chairman

RINA ASMUSSEN

PHILIP BARUCH

JENS A. BORUP

ANKER LADEN-ANDERSEN

KELD NORUP

PER SCHNACK

JOHNNY CHRISTENSEN
Employee Representative

MARIANNE LILLEVANG
Employee Representative

CHRISTINA LYKKE MUNK
Employee Representative