Annual Report

2020

JYSKE BANK

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The Jyske Bank Group

Core profit and net profit for the year (DKKm)	2020	2019	Index 20/19	2018	2017	2016
Net interest income	4,966	5,152	96	5,505	5,585	5,625
Net fee and commission income	2,091	2,311	90	1,973	2,046	1,654
Value adjustments	685	342	200	-23	577	781
Other income	130	154	84	463	207	257
Income from operating lease (net)	110	101	109	81	-54	44
Core income	**7,982**	**8,060**	**99**	**7,999**	**8,361**	**8,361**
Core expenses	4,848	5,029	96	4,896	5,374	5,108
Core profit before loan impairment charges	**3,134**	**3,031**	**103**	**3,103**	**2,987**	**3,253**
Loan impairment charges	968	-101	-	468	-453	-149
Core profit	**2,166**	**3,132**	**69**	**2,635**	**3,440**	**3,402**
Investment portfolio earnings	-56	-53	106	505	562	504
Pre-tax profit	**2,110**	**3,079**	**69**	**3,140**	**4,002**	**3,906**
Tax	501	639	78	640	859	790
Profit for the year	**1,609**	**2,440**	**66**	**2,500**	**3,143**	**3,116**
Interest on additional tier 1 capital, charged against equity	168	156	108	127	92	23

Summary of balance sheet, end of period (DKKbn)	2020	2019	Index 20/19	2018	2017	2016
Loans and advances	491.4	485.9	101	462.8	447.7	422.4
- of which mortgage loans	343.9	337.5	102	326.3	306.8	277.0
- of which traditional bank loans and advances	92.9	98.7	94	104.1	101.3	94.1
- of which bank loans, new home loans	2.6	3.4	76	6.3	12.2	17.4
- of which repo loans	52.0	46.3	112	26.1	27.4	33.9
Bonds and shares, etc.	90.5	91.9	98	83.2	79.1	89.9
Total assets	672.6	649.7	104	599.9	597.4	586.7
Deposits	137.0	140.2	98	148.7	160.0	154.6
- of which bank deposits	127.5	126.9	100	135.7	139.9	134.2
- of which repo and triparty deposits	9.5	13.3	71	13.0	20.1	20.4
Issued bonds at fair value	348.8	357.0	98	324.7	302.6	271.2
Issued bonds at amortised cost	63.7	38.6	165	35.0	38.9	51.0
Subordinated debt	5.8	4.3	135	4.3	4.3	2.1
Holders of AT1 capital	3.3	3.3	100	2.5	2.6	1.5
Shareholders' equity	33.3	32.5	102	31.8	32.0	31.0

Financial ratios and key figures	2020	2019	Index 20/19	2018	2017	2016
Earnings per share (DKK)*	19.8	29.0		28.2	34.7	33.5
Profit for the year, per share (diluted) (DKK)*	19.8	29.0		28.2	34.7	33.5
Pre-tax profit as a pct. of average equity	5.9	9.1		9.5	12.4	12.7
Net profit as a percentage of average equity*	4.4	7.1		7.6	9.7	10.1
Expenses as a percentage of income	60.7	62.4		61.2	64.2	61.1
Capital ratio (%)	22.9	21.5		20.0	19.8	18.3
Common equity tier 1 capital ratio (CET1 %)	17.9	17.4		16.4	16.4	16.5
Individual solvency requirement (%)	11.6	11.2		10.8	10.2	10.0
Capital base (DKKbn)	41.1	39.0		37.7	37.3	33.4
Weighted risk exposure (DKKbn)	179.4	181.4		188.4	188.0	182.2
Share price at end of period (DKK)	233	243		235	353	337
Distributed dividend per share (DKK)	0	0		11.7	10.9	5.3
Book value per share (DKK)*	459	434		390	374	348
Price/book value per share (DKK)*	0.5	0.6		0.6	0.9	1.0
Number of full-time employees, year-end**	3,318	3,559		3,698	3,932	3,981

Relationships between income statement items under 'The Jyske Bank Group' (key financial data) and the IFRS income statement page 28 appear from note 2.
* Financial ratios are calculated as if additional tier 1 capital (AT1) is recognised as a liability, cf. note 68.
** The number of employees at the end of 2020, at the end of 2019, at the end of 2018 and at the end of 2017 less 31, 54, 25 and 40 employees, respectively, who are financed externally.

Highlights in 2020

COVID-19

- Lockdown and restrictions affected the Danish society in 2020
- Jyske Bank's employees were most flexible and adaptive, and the bank remained accessible
- The clients received individual advice and guidance about the COVID-19 situation
- A management's estimate for impairment charges in the amount of DKK 1.1 bn was reserved to counteract the effects from COVID-19

Clients experienced

- Fewer branches to visit
- More online meetings
- More specialists
- A brand new mobile banking platform
- Increased flexibility with Jyske Frihed
- Energilån (energy loans) and CO_2 calculator resulting in better possibilities for energy retrofitting
- A new equity fund offering more sustainable investment solutions
- A new VISA card without the Dankort function

All Progress Counts

- Own wind turbine to offset CO_2 from direct and indirect power consumption covered by own renewable energy production
- First calculation of CO_2 emission from the business volumes
- Targets for sustainability in all material business areas

Negative interest rates - for better or for worse

- Advantageous interest rates and remortgaging opportunities for home owners remained
- To an increasing degree, the negative interest rate environment was reflected in deposit rates for personal clients
- More clients began to invest instead of having cash deposits

A changing organisation

- An organisational change in the development organisation with a view to becoming even more agile
- Organisational changes in Personal Clients to become more focused and specialised
- Many employees experienced changed working conditions due to COVID-19
- The sale of Jyske Bank Gibraltar was finalised

Summary

"A challenging first quarter of 2020 was followed by three quarters resulting in a pre-tax profit of DKK 3.1 bn and a net profit of DKK 2.4 bn, corresponding to earnings per share of DKK 31.2. The client activity is at a solid level, and the underlying business has developed in a stable fashion supported by significant cost reductions and a continuing good credit quality. Also, the organisation has been most adaptive and flexible during a turbulent year characterised by restrictions. Jyske Bank has a satisfactory balance of impairment charges as well as a most solid capital and liquidity position, which has, so far, enabled the bank to launch a share repurchase programme in the amount of DKK 750m," states Anders Dam, CEO and Managing Director.

In 2020, the economic development was affected by the COVID-19 pandemic. After the extensive lockdown of the Danish economy in the spring, most economic activities were resumed, but towards the end of the year, the number of COVID-19 cases increased again and the visibility as to the effect on the economy in 2021 is somewhat limited.

So far, the Danish economy has performed relatively well through the pandemic; the number of bankruptcies is low, consumer spending and unemployment are developing in a stable manner, and activity levels in the housing market are high. At the same time, our clients' capital and liquidity situation is generally good and supported by various support packages.

The further development of the Danish economy will be affected by the development in COVID-19 cases and the rolling out of vaccines in and outside Denmark as well as the phasing out of support packages. To this must be added any derived economic effects from Great Britain's exit from the EU.

In addition to the economic consequences, the COVID-19 pandemic has also resulted in adjustments of e.g. work habits and client behaviour. This has resulted in a stronger trend towards digital client interaction and an increased use of electronic payments.

From high growth to business optimisation

Following several years with high lending growth, focus on the continued enforcement of the credit policy has increased. Meanwhile, Jyske Bank intensified in 2020 business optimisation through various income-enhancing and cost-saving measures.

These measures included, among other things, changes to the terms and conditions of client' deposit rates, which now to a higher degree reflect the negative interest rate environment.

Also, Jyske Bank's focus on costs has intensified. Core expenses fell by 4% in 2020, and further reductions are expected in 2021.

Over the period from mid-2020 to mid-2021, Jyske Bank will reduce the number of branches by about 20% in consequence of changed client behaviour and increasing digitization. The adjustment strengthens the professionalism and coherence in the remaining branches to the benefit of both clients, employees and shareholders.

In combination with major organisational changes in business areas such as Personal Clients and Business Concepts, the measures launched have contributed positively to the optimisation of Jyske Bank's business in 2020.

Net profit of DKK 1,609m in 2020

The net profit for the year of DKK 1,609m corresponds to a return on equity by 4.4% against DKK 2,440m and 7.1%, respectively, for 2019. Earnings per share fell to DKK 19.8 from DKK 29.0. The lower profit can be attributed to an increased management's estimate for impairment charges in the amount of DKK 1.1 bn relating to the COVID-19 pandemic. Earnings per share came to DKK 31.2 in the last nine months of 2020.

For the fourth quarter of 2020, net profit came to DKK 831m, corresponding to a return on equity of 9.6% p.a. against DKK 966m and 11.5% for the fourth quarter of 2019. Earnings per share fell to DKK 10.9 from DKK 12.2. An intensified cost focus offset in part the effects from lower remortgaging activity and lower interest income from investment of excess liquidity. Reduced deposit rates compensated for the decline in bank loans.

Jyske Bank's loans and advances (excl. repo loans) were at the same level at the end of 2020 as the previous year. Hence, increasing mortgage loans to corporate clients were offset by lower bank loans due to limited demand for credit following the outbreak of COVID-19 as well as the launch of support packages from the Danish government. Bank deposits were also unchanged compared to the end of 2019.

Core income fell by 1% relative to 2019. Remortgaging activity fell from a record-high level, and the COVID-19 pandemic adversely affected income from money transfers and card payments as well as bank loans. These elements more than offset the positive effects from higher value adjustments and reduced deposit rates.

Adjusted for one-off items in 2019 and 2020, core expenses fell by 6%. The decrease can be attributed to an 7% reduction in the number of full-time employees, an intensified cost focus as well as the effect from the outbreak of COVID-19 on travel expenses, etc.

Credit quality is assessed to be at a historically good level, and at the end of 2020 the proportion of non-performing loans was at the lowest level ever. To this must be added the balance of management's estimates of DKK 1.6 bn after DKK 1.1 bn were reserved for potential impairment charges in consequence of the outbreak of COVID-19.

At the end of 2020, Jyske Bank's capital ratio and common equity tier 1 capital ratio were calculated at historically high levels of 22.9% and 17.9%, respectively, with excess capital of DKK 13.1 bn as well as a liquidity buffer (LCR) of DKK 111 bn. It is assessed that the capital and liquidity buffers can withstand even very severe stress scenarios.

On 28 January 2021, Jyske Bank initiated a new share repurchase programme of up to DKK 750m, running until 30 September 2021 at the latest.

Outlook

It is expected that in 2021 the bank's business volumes will be affected by rising bank loans and falling deposits. To some extent, this is expected due to the corporate clients' payment of deferred VAT and taxes as well as pent-up consumer and investment demand. Similarly, for mortgage loans an increase is expected in line with the market growth in 2021.

It is expected that core income will decline in 2021.

For 2021, endeavours will be made to reduce core expenses compared to 2020.

It is expected that loan impairment charges will be at a very low level. The estimate is associated with uncertainty relating to the effects of the COVID-19 pandemic.

For 2021, Jyske Bank estimates a pre-tax profit in the range of DKK 2.5 bn - 3.0 bn, corresponding to a net profit of DKK 1.9 bn - 2.3 bn. Inclusive of the current share repurchase programme, earnings per share are expected to be DKK 25-31 against DKK 19.8 for 2020.

Strategy

Jyske Bank's strategy rests on the intention that we want to meet our clients and make a difference for them, wherever they are.

We are a relationship and advisory bank. We see a future where our clients to an increasing degree wish to conduct their everyday banking themselves. We also see that, in connection with major financial choices, clients still wish to have personal advice, and therefore we preserve a significant physical and digital presence.

The structure of the branch network is undergoing change due to digitization. The last cashier's desks were closed in 2019, all outside ATMs have been removed, Jyske Bank does not pay out DKK 1,000 notes, and branches with pure advisory services came into existence in 2020, which year also saw the launch of the new mobile bank. As part of Jyske Bank's structural adjustment, the number of physical locations was reduced from 98 to 94. By March 2021, half of the adjustments are expected to be finished and contribute to a professional, specialised and value-creating work environment characterised by high cohesion to the benefit of both clients and employees.

We offer 24/7 support and we strive to facilitate and simplify banking for our clients. In 2020, we introduced 'Jyske Billån' (Jyske Car Loan), based on a combination of Jyske Bank's client relations and Jyske Finans' efficient set-up. Being 'Boligejernes Bank' (Homeowners' Bank), Jyske Bank launched 'Jyske Frihed', a fixed-rate loan with an instalment-free option for up to 30 years, and loans for energy retrofitting of owner-occupied home, supported by a new CO_2 calculator in the 'Bedste Hjem' (Best Home) app. Jyske Bank's ambitions in the area of digitization were emphasised by the launch of a new mobile bank based on a new platform that and offers improved development opportunities.

Continued growth within wealth management

Jyske Bank is working determinedly on the development of the business area of investment, trading and wealth management by expanding our focus on client relationships and strengthening our overall value proposition.

The effect from these efforts were accentuated by the fact that in 2020, for the fifth year running, Jyske Bank was by CEM Voxmeter named the bank with the most satisfied private-banking clients in Denmark.
The development of a new capital market platform continues, and in 2020 additional instruments were brought into use. The capital market platform is a modern platform offering improved functionality within the areas of front-, middle- and back office with a view to ensuring an optimised consistent flow in work processes and data flows.

Contribution to a sustainable society

It is Jyske Bank's vision to "make a difference", and that also goes for the sustainable development. With focus on climate for the time being, Jyske Bank wishes to operate a company that conducts itself in a responsible manner and promotes sustainability, as expressed in the UN Sustainable Development Goals. Jyske Bank will offer business solutions that make it simple to invest sustainably, support a sustainable development, and supply knowledge of sustainability.

We are also working actively with sustainability through our own activities. In 2020, Jyske Bank acquired a wind turbine with a view to compensating, through its own production of renewable energy, for the CO_2 emission from its electricity consumption, inclusive of the bank's share of JN Data's and Bankdata's electricity consumption. The next step that Jyske Bank intends to take is to ensure that its energy production also compensates for the CO_2 emission from its district heating and company cars.

As a first step in the process of quantifying the most material impact areas of Jyske Bank's business activities in relation to the Sustainable Development Goals, Jyske Bank has prepared an impact analysis focusing on CO_2e emissions. The analysis was performed as part of Jyske Bank's implementation of the UN's Principles for Responsible Banking (PRB). At the same time, it contributes to the fulfilment of the recommendations of the Forum for Sustainable Finance that the financial sector needs to reduce the CO_2e emission in society.

Jyske Bank offers products such as energy loans, credit cards from recycled plastic and equity funds focusing on sustainable development. The products support our clients' wishes for sustainable solutions and enable them to make sustainable choices.

Read detailed information on Jyske Bank's foundation, strategy, values, etc. on investor.jyskebank.com/about as well as sustainability efforts on investor.jyskebank.com/investorrelations/sustainability.

Financial Review

Core profit and net profit for the period (DKKm)

	2020	2019	Index 20/19	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Net interest income	4,966	5,152	96	1,195	1,256	1,287	1,228	1,270
Net fee and commission income	2,091	2,311	90	581	453	407	650	653
Value adjustments	685	342	200	278	189	331	-113	252
Other income	130	154	84	38	36	26	30	41
Income from operating lease (net)	110	101	109	34	69	-1	8	15
Core income	**7,982**	**8,060**	**99**	**2,126**	**2,003**	**2,050**	**1,803**	**2,231**
Core expenses	4,848	5,029	96	1,179	1,159	1,164	1,346	1,213
Core profit before loan impairment charges	**3,134**	**3,031**	**103**	**947**	**844**	**886**	**457**	**1,018**
Loan impairment charges	968	-101	-	5	-48	8	1,003	-64
Core profit	**2,166**	**3,132**	**69**	**942**	**892**	**878**	**-546**	**1,082**
Investment portfolio earnings	-56	-53	106	157	14	223	-450	144
Pre-tax profit	**2,110**	**3,079**	**69**	**1,099**	**906**	**1,101**	**-996**	**1,226**
Tax	501	639	78	268	210	239	-216	260
Profit for the period	**1,609**	**2,440**	**66**	**831**	**696**	**862**	**-780**	**966**
Interest on additional tier 1 capital, charged against equity	168	156	108	42	43	42	41	42

Profit for the year
In 2020, net profit amounted to DKK 1,609m against DKK 2,440m in 2019. Earnings per share fell to DKK 19.8 from DKK 29.0. The lower profit can primarily be attributed to a higher management's estimate for impairment charges following the outbreak of COVID-19 and is in line with expectations of a net profit of about DKK 1.6 bn for 2020.

Core income
Core income fell by 1% relative to 2019. The effect from lower remortgaging activity and lower bank loans and advances was only partially compensated for by higher value adjustments and reduced deposit rates for both personal and corporate clients.

Net interest income amounted to DKK 4,966m, i.e. down by 4% relative to the 2019. Net interest income from loans and deposits rose by 1%, as the effect from reduced deposit rates more than compensated for a lower level of bank loans and the sale of Jyske Bank (Gibraltar). Hence the decline can be attributed to higher funding costs and lower interest on bonds, where the latter should be seen in the context of the development of value adjustments.

Net fee and commission income fell by 10% to DKK 2,091m in 2020. The decline was caused by lower remortgaging activity, lower performance fees as well as the outbreak of COVID-19, which resulted in lower income from e.g. money transfers and card payments.

Value adjustments increased to DKK 685m from DKK 342m in 2019. The turbulent financial markets after the outbreak of COVID-19 in the first quarter of 2020 were subsequently more than compensated for by narrowing credit spreads and rising equity prices as well as high activity levels in the trading area.

Other income fell to DKK 130m from DKK 154m, primarily due to gains from the sale of properties in 2019.

Income from operating lease (net) rose to DKK 110m from DKK 101m due to the improving sales conditions in the used car market.

Core expenses
In 2020, core expenses fell by 4% to DKK 4,848m relative to 2019. This development took place despite one-off expenses of DKK 75m relating to the sale of Jyske Bank (Gibraltar), an increased payroll tax as well as a higher contribution to the Danish resolution authority. The decline can be attributed to a 7% reduction of the number of full-time employees to 3,318 as well as the intensified cost focus, resulting in broad-based savings in addition to lower travel expenses, etc. after the outbreak of COVID-19.

Core expenses (DKKm)

	2020	2019
Staff costs	2,960	3,036
IT costs	1,317	1,296
Rent, etc.	60	72
Amortisation, depreciation and impairment	113	155
Other operating expenses	323	470
Sale of Jyske Bank (Gibraltar)	75	0
Total	**4,848**	**5,029**

Impairment charges
Loan impairment charges amounted to an expense of DKK 968m against an income of DKK 101m in 2019. The higher level of loan impairment charges can be attributed to a higher management's estimate for impairment charges following the outbreak of COVID-19. At the end of 2020, impairment charges based on the management's estimates amounted to DKK 1,607m against DKK 589m at the same time a year ago.

Investment portfolio earnings
In 2020, investment portfolio earnings amounted to DKK -56m against DKK -53m for 2019. The negative earnings can, in particular, be attributed to the market turmoil after the outbreak of COVID-19, resulting in a flatter yield curve as well as negative value adjustments of certain currency positions. The hedging of AT-1 capital instruments in SEK had a positive effect of DKK 50m in 2020 and was offset by a negative adjustment of shareholders' equity.

Investment portfolio earnings (DKKm)

	2020	2019
Net interest income	83	101
Value adjustments	-108	-124
Other income	0	2
Income	-25	-21
Expenses	31	32
Investment portfolio earnings	-56	-53

The own securities portfolio still consists of tactical market risk positions (primarily interest-rate and currency risk exposures) and a smaller amount of bond investments.

COVID-19
The pandemic has resulted in a management's estimate for impairment charges in the amount of DKK 1,090m, cf. 67, due to (1) the increasing probability that clients will default on credits, (2) a sensitivity analysis relating to the expected macroeconomic development, and (3) a risk that unhealthy exposures will not be identified due to the government's support packages. The COVID-19 pandemic also reduced bank loans, travel expenses and income from money transfers and card payments, and it also triggered increased volatility in the financial markets.

In addition to the economic consequences, the COVID-19 pandemic may also have had lasting consequences for the increasing digital behaviour on the part of clients and have affected social conditions and work habits for Jyske Bank's employees.

Due to the high degree of homeworking, Jyske Bank will in the course of the first half of 2021 make sure that its employees have access to a portable computer. Moreover, the working group "communal spirit through shared experiences" has been set up with a view to launching activities that will add to the coherence at Jyske Bank.

Q4 2020 compared to Q3 2020
Net profit rose to DKK 831m in Q4 2020 from DKK 696m in Q3 2020.

Core income rose by 6%, primarily caused by higher net fee and commission income as well as higher value adjustments.

Net interest income fell to DKK 1,195m from DKK 1,256m. The decrease can partially be attributed to DKK -19m from a one-off item and a changed contractual basis for certain fees paid. Moreover, bank loans to personal and corporate clients fell, which was only to a small degree compensated for by lower deposit rates for corporate clients and higher loans to public authorities. To this must be added the effects from lower interest on bonds and expenses for new non-preferred senior debt.

Net fee and commission income rose to DKK 581m from DKK 453m. The increase can be attributed to DKK 46m caused by the changed contractual basis for certain fees paid, higher brokerage and annual investment-related product and custody fees. These effects more than offset the seasonally lower remortgaging activity.

Value adjustments rose to DKK 278m from DKK 189m. The increase was caused by continued narrowing of credit spreads and rising equity prices, supplemented by positive value adjustments of currency positions.

Income from operating lease (net) amounted to DKK 34m against DKK 69m in Q3 where reversal of impairment charges contributed DKK 42m.

Core expenses came to DKK 1,179m against DKK 1,159m in the preceding quarter. The development can be attributed to small increases in e.g. IT expenses. Higher employee-related provisions were more than offset by reversed provisions relating to court cases.

Loan impairment charges was a DKK 5m expense against an income of DKK 48m. Credit quality continued to show a positive development.

Investment portfolio earnings increased to DKK 157m from DKK 14m. The development can primarily be attributed to narrowing of credit spreads on bonds as well as positive value adjustments of certain currency positions.

Business volume

Summary of balance sheet, end of period (DKKbn)	2020	2019	Index 20/19	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Loans and advances	491.4	485.9	101	491.4	484.1	481.5	485.2	485.9
- of which mortgage loans	343.9	337.5	102	343.9	342.3	339.8	336.6	337.5
- of which traditional bank loans and advances	92.9	98.7	94	92.9	91.3	95.3	99.2	98.7
- of which bank loans, new home loans	2.6	3.4	76	2.6	2.8	3.4	3.4	3.4
- of which repo loans	52.0	46.3	112	52.0	47.7	43.0	46.0	46.3
Bonds and shares, etc.	90.5	91.9	98	90.5	98.6	94.7	90.9	91.9
Total assets	672.6	649.7	104	672.6	647.6	642.1	674.1	649.7
Deposits	137.0	140.2	98	137.0	136.8	145.9	146.8	140.2
- of which bank deposits	127.5	126.9	100	127.5	125.6	132.0	131.2	126.9
- of which repo and triparty deposits	9.5	13.3	71	9.5	11.2	13.9	15.6	13.3
Issued bonds at fair value	348.8	357.0	98	348.8	345.7	339.6	347.3	357.0
Issued bonds at amortised cost	63.7	38.6	165	63.7	50.2	46.7	42.7	38.6
Subordinated debt	5.8	4.3	135	5.8	5.8	5.8	5.8	4.3
Holders of AT1 capital	3.3	3.3	100	3.3	3.2	3.2	3.2	3.3
Shareholders' equity	33.3	32.5	102	33.3	32.6	32.0	31.2	32.5

Jyske Bank's total loans and advances (exclusive of repo loans) came to DKK 439.4 bn at the of 2020 against DKK 439.6 bn at the end of 2019, as rising mortgage loans were offset by lower bank loans.

Mortgage loans at fair value rose to DKK 343.9 bn from DKK 337.5 bn at the end of 2019 and amounted, in combination with the new home loans, to 79% of total loans (excl. repo loans) at the end of 2020. Nominal mortgage loans rose by 2% due to higher loans to corporate clients.

Traditional bank loans fell by 6% to DKK 92.9 bn compared with the level at the end of 2019. Loans for both personal and corporate clients fell, which can partially be attributed to limited demand for credit following the outbreak of COVID-19 as well as the launch of support packages from the Danish government.

At the end of 2020, bank deposits amounted to DKK 127.5 bn against 126.9 bn at the end of 2019. Lower deposits from personal clients were compensated for by higher deposits from corporate clients. At the end of 2020, bank deposits were DKK 32.0 bn higher than bank loans, i.e. an increase by DKK 7.2 bn as compared to the level at the end of 2019.

At the end of 2020, assets under management amounted to DKK 175 bn compared with DKK 171 bn at the end of 2019. On the whole, net sales to retail clients in the Danish business was positive for 2020, which period also saw continuing inflow of new funds from professional clients.

Q4 2020 compared to Q3 2020

Jyske Bank's total loans and advances (excl. repo loans) rose by 1% to DKK 439.4 bn due to increases in bank loans as well as mortgage loans.

Nominal mortgage loans rose to DKK 333.1 bn from DKK 332.3 bn. due to higher loans to corporate clients.

Traditional bank loans increased by 2% due to higher loans, particularly to public authorities. The effect from limited credit demand in consequence of the COVID-19 pandemic as well as deferred tax and VAT payments showed early signs of stabilisation in the fourth quarter.

Bank deposits rose by 1% in the fourth quarter, to some extent caused by the Danish government's payout of frozen holiday funds to personal clients.

At the end of 2020, assets under management amounted to DKK 175 bn compared to DKK 168 bn at the end of the third quarter of 2020. The increase can in particular be attributed to the development in the financial markets.

Credit quality

Non-performing loans, advances and guarantees (DKKbn)

	2020	2019	Index 20/19	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Loans, advances and guarantees	502.9	497.8	101	502.9	495.9	493.2	497.4	497.8
Non-performing loans, adv. and guarantees, gross	8.6	10.3	83	8.6	9.0	9.3	9.9	10.3
Impairment charges and provisions	3.3	3.4	98	3.3	3.3	3.6	3.6	3.4
Non-performing loans, adv. and guarantees, net	5.3	6.9	76	5.3	5.7	5.7	6.3	6.9
NPL coverage ratio	38.7%	32.9%	118	38.7%	36.9%	38.7%	36.2%	32.9%
NPL ratio	1.0%	1.4%	75	1.0%	1.1%	1.1%	1.3%	1.4%
Non-accrual loans and past due exposures	0.7	1.2	61	0.7	0.9	1.1	1.1	1.2
Operational loan impairment charges	1.0	-0.1	-	0.0	0.0	0.0	1.0	-0.1
Operating losses	0.7	0.7	106	0.1	0.3	0.1	0.2	0.1

At the end of 2020, non-performing loans amounted to 1.0% of loans, advances and guarantees against 1.4% at the end of 2019. The share of loans subject to forbearance fell to 1.6% from 2.0%. The development can be attributed to focus on the enforcement of the credit policy, deferred tax and VAT payments, progress in the housing market, fairly limited increases in unemployment and a continued low level of bankruptcies despite the COVID-19 pandemic.

At the end of 2020, Jyske Bank's balance of loan impairment charges amounted to DKK 5.5 bn, corresponding to 1.1% of loans, advances and guarantees, against DKK 5.1 bn and 1.0%, respectively, at the end of 2019.

Loans, advances and guarantees – by sector (DKKbn/%)

	Loans, advances and guarantees		Impairment ratio	
	2020	2019	2020	2019
Public authorities	**13.1**	**8.7**	**0.0**	**0.0**
Agriculture, hunting, forestry and fishing	7.0	7.3	6.0	9.5
Manufacturing industry and mining	7.8	8.6	4.0	2.4
Energy supply	6.5	4.9	0.7	0.8
Construction	8.5	7.7	1.4	1.6
Commerce	11.4	13.4	2.3	1.4
Transport, hotels and restaurants	6.3	6.9	2.5	1.4
Information and communication	0.7	0.8	22.3	25.4
Finance and insurance	51.4	46.8	1.2	1.4
Real property	157.6	152.4	0.7	0.5
Other sectors	18.5	17.7	1.2	1.1
Corporate clients	**275.7**	**266.5**	**1.3**	**1.3**
Personal clients	**214.1**	**222.6**	**0.9**	**0.8**
Total	502.9	497.8	1.1	1.0

At the end of 2020, impairment charges based on management's estimates amounted to DKK 1,607m, of which DKK 110m related to agricultural clients against DKK 589m and DKK 180m, respectively, at the end of 2019. The increase can be attributed to a higher management's estimate due to the COVID-19 pandemic, resulting in an expected indication of impairment of DKK 1,090m.

Loans, advances and guarantees by IFRS 9 stages (DKKbn/%)

	Loans, advances and guarantees		Balance of impairment charges		Impairment ratio	
	2020	2019	2020	2019	2020	2019
Stage 1	479.5	468.4	0.9	0.7	0.2	0.1
Stage 2	18.4	23.5	1.3	1.1	6.5	4.7
Stage 3	4.9	5.9	3.3	3.3	40.3	35.5
Total	502.9	497.8	5.5	5.1	1.1	1.0

Agriculture

At the end of 2020, the impairment ratios for dairy farmers and pig farming were 27% and 6%, respectively, against 34% and 11%, respectively, at the end of 2019. Settlement prices for milk were stable during 2020, while settlement prices for slaughter pigs fell in 2020 after significant increases in 2019.

Agriculture exclusive of fishing (DKKm/%)

	Loans, advances and guarantees		Balance of impairment charges		Impairment ratio	
	2020	2019	2020	2019	2020	2019
Milk	554	613	205	312	27.0	33.7
Pigs	1,376	1,380	91	178	6.2	11.5
Plants	2,260	2,039	78	98	3.4	4.6
Fur farming	65	115	22	42	25.3	26.8
Other	1,228	1,243	55	124	4.3	9.1
Total	5,483	5,390	451	754	7.6	12.3

Recognition and measurement uncertainty

Measurement of certain assets and liabilities is based on accounting estimates made by the Group management.

The areas that involve assumptions and estimates that are material for the financial statements include loan impairment charges, fair value of unlisted financial instruments and provisions and are described in detail under Accounting Policies (note 67), to which reference is made.

The effect from the COVID-19 pandemic on the credit quality of the Group is difficult to predict, and therefore the uncertainty about the Group's future indication of impairment is elevated.

Events after the end of the accounting period

No events have taken place during the period prior to the publication of the Annual Report 2020 that have any material effect on the financial position of Jyske Bank.

Capital and Liquidity Management

Capital management

Jyske Bank's objective is to achieve a capital ratio of 20%-22% and a common equity tier 1 capital ratio of 15%-17% in the coming years. At these levels, Jyske Bank can comfortably absorb the effects from future legislative changes while at the same time having the required strategic scope.

At the end of 2020, Jyske Bank's capital ratio was at 22.9% and its common equity tier 1 capital ratio at 17.9% after deducting the current share repurchase programme in the amount of DKK 750m against 21.5% and 17.4%, respectively, at the end of 2019.

Capital ratios (%)

	2020	2019
Capital ratio	22.9	21.5
Tier 1 capital ratio	19.9	19.4
Common equity tier 1 capital ratio (%)	17.9	17.4

The total risk weighted exposure amounted to DKK 179.4 bn at the end of 2020 against DKK 181.4 bn at the end of 2019. The decrease can be attributed to lower market risk and reduced operational risk.

Weighted risk exposure (DKKm)

	2020	2019
Credit risk, etc.	154,452	153,912
Market risk	10,294	11,606
Operational risk	14,680	15,930
Total	179,426	181,448

In connection with the presentation of its 2019 Annual Report, Jyske Bank announced that it raised and extended the current share repurchase programme by DKK 500m to DKK 1,500m. In consequence of "the Joint statement of the Danish government and Finance Denmark in the light of the coronavirus outbreak" of 23 March 2020 and in the light of the increased macroeconomic uncertainty, Jyske Bank's Supervisory Board decided at the end of March 2020 to cancel the remaining part of the share repurchase programme at the time. Buybacks in the amount of DKK 412m were outstanding under the share repurchase programme, under which a total of 4,992,980 shares had been bought back before the cancellation.

The extraordinary general meeting on 28 July 2020 adopted a similar reduction of the share capital, and this was completed on 15 September 2020. The share capital then amounted to 72,560,778 shares, each of a nominal value of DKK 10.

On 28 January 2021, Jyske Bank initiated a new share repurchase programme of up to DKK 750m, running until 30 September 2021 at the latest.

Jyske Bank sold DLR kredit shares in the equivalent value of DKK 155m as part of the ordinary reallocation of shares in DLR kredit A/S in 2020. The equity interest in DLR kredit was DKK 977m and 6.9% at the end of 2020 compared to DKK 1,832m and 15.7% at the end of 2017. Jyske Bank does not anticipate to dispose of further DLR kredit shares in connection with the ordinary reallocation of shares in 2021.

Capital requirement

At the end of 2020, Jyske Bank's individual solvency requirement was 11.6% of the weighted risk exposure against 11.2% at the end of 2019. To this must be added a SIFI requirement of 1.5% and a capital conservation buffer of 2.5%. Both the SIFI requirements and the capital conservation buffer have been fully phased in. In the spring of 2020, the countercyclical buffer was released, which lowered the capital requirement by 1% of the risk-weighted exposures. The level of the countercyclical capital buffer is expected to be phased in, at the earliest, in mid-2022. This forms the basis of the total capital requirement of 15.6% against 16.2% at the end of 2019.

Capital requirement (%)

	Capital ratio		CET1 ratio	
	2020	2019	2020	2019
Pillar I	8.0	8.0	4.5	4.5
Pillar II	3.6	3.2	2.1	1.8
SIFI	1.5	1.5	1.5	1.5
Capital conservation buffer	2.5	2.5	2.5	2.5
Countercyclical buffer	0.0	1.0	0.0	1.0
Capital requirement	15.6	16.2	10.6	11.3

Hence, compared with the capital ratio, the excess capital came to 7.3% of the weighted risk exposure, corresponding to DKK 13.1 bn against 5.3% and DKK 9.7 bn, respectively, at the end of 2019.

Excess capital (%)

	2020	2019
Capital ratio	22.9	21.5
Capital requirement	15.6	16.2
Excess capital	7.3	5.3

Internal stress testing forms an important element of Jyske Bank's assessment of its capital base and objectives. To this must be added external stress tests initiated by both the Danish Financial Supervisory Authority and the EBA. The completed stress tests show that Jyske Bank is sufficiently capitalised and meet the requirements of both internal and external stress tests.

Liquidity management

Jyske Bank's biggest source of funding was covered bonds and mortgage bonds, which amounted to DKK 349 bn, corresponding to 52% of the balance sheet at the end of 2020. The second-largest source of funding in the amount of DKK 128 bn was client deposits, of which a high proportion originates from personal clients as well as small and medium-sized enterprises.

At the end of 2020, Jyske Bank's liquidity coverage ratio (LCR) was 339%, against 253% at the end of 2019. The Group's internal guideline points to a LCR of at least 150%. The LCR buffer after haircuts at the end of 2020 is shown below.

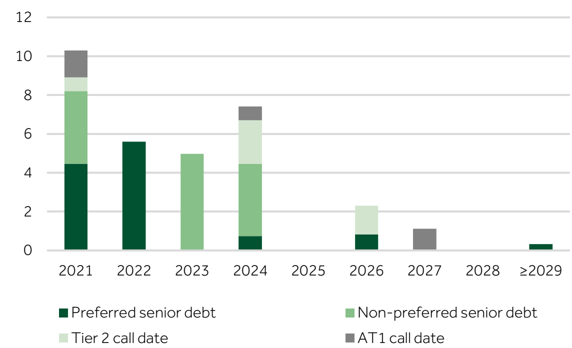
Liquidity coverage ratio (LCR)

	DKKbn	%
Level 1a assets	59.2	54
Level 1b assets	46.6	42
Level 2a + 2b assets	4.8	4
Total	110.6	100

Refinancing profile

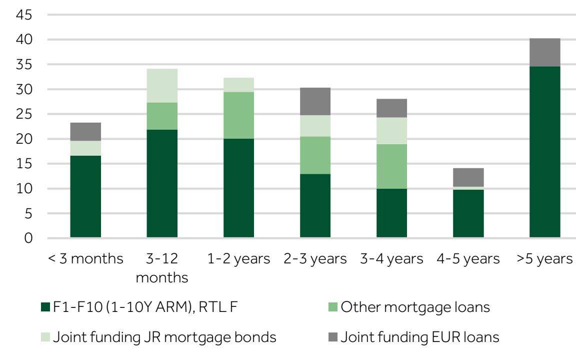
At the end of 2020, outstanding preferred senior debt and supplementary tier 2 capital amounted to DKK 25 bn and DKK 4.7 bn, respectively, against DKK 25.5 bn and DKK 3.3 bn at the end of 2019.

Run-off and call-date profile (DKKbn)



The run-off profile for the Group's preferred senior debt, etc. determined at the end of 2020 is illustrated by the above chart.

Run-off profile of covered bonds (DKK bn)



At the end of 2020, covered bonds involving refinancing risk amounted to DKK 202.5 bn, and the run-off profile of the underlying mortgage loans is shown by the chart.

Issuance activity and funding plans

In the course of 2020 and at the beginning of 2021, Jyske Bank issued the following bonds on the international capital market.

Issuance activity

	Maturity	Credit spread
EUR 200m tier 2 (value date 28.01.2020)	28.01.2031 (call 2026)	3M CIBOR +130 bp.
EUR 500m non-preferred senior debt (value date 15.10.2020)	15.10.2025 (call 2024)	3M CIBOR +68 bp.
EUR 500m covered bond (value date 20.01.2021)	01.10.2027	3M CIBOR -10 bp.

In addition, the Group is on an ongoing basis active in the French CP market. At the end of 2020, the outstanding volume under the CP programme amounted to DKK 42.0 bn against DKK 15.6 bn at the end of 2019. The increase can be attributed to the attractive financing conditions, and the proceeds were used to underpin the liquidity buffer.

The release of the counter-cyclical buffer in March 2020 and Jyske Bank's tier-2 issue in January 2020 as well as the issue of non-preferred senior debt in October 2020 reduced the need to issue non-preferred senior debt in order to meet the minimum requirement for own funds and eligible liabilities (MREL). The implementation of the amendments to the EU Crisis Management Directive (BRRD II) also entails that a part of the MREL can be met with preferred senior debt, which also reduces the need to issue non-preferred senior debt.

Depending on the development of the balance sheet, it is anticipated that in 2021 the issue of preferred senior debt will be supplemented by non-preferred senior debt. Once the transitional arrangements for MREL have been phased out at the beginning of 2022, Jyske Bank anticipates a requirement (inclusive of an internal buffer for statutory requirements) for MREL-eligible debt instruments in an amount of about DKK 18 bn - 20 bn, of which DKK 4 bn - 5 bn in preferred senior debt and DKK 14 bn - 15 bn in the form of non-preferred senior debt.

MREL

For Jyske Bank, the FSA has stipulated the minimum requirement for own funds and eligible liabilities at twice the level of the current capital requirement for the banking activities of the Group and with special treatment of the mortgage activities of the Group. The MREL requirement was defined at 10.1% of Jyske Bank's total liabilities and consolidated capital base, corresponding to 26.3% of the adjusted risk exposure amount. To this must be added the combined capital buffer of 4%.

The MREL requirement must primarily be met through non-preferred senior debt (NPS), however, preferred 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. As a consequence of the BRRD2 implementation, 4% senior debt can be included. At the end of 2020, Jyske Bank met the requirements.

Mortgage credit institutions are exempt from MREL but must meet a debt buffer requirement, of 2% of their total unweighted loans. At the end of 2020, Jyske Realkredit met the debt buffer requirement.

Credit rating

Jyske Bank is rated by Standard & Poor's (S&P). Jyske Realkredit has an equivalent credit rating.

S&P credit rating

Jyske Bank issuer rating	Rating	Outlook
Stand Alone Credit Profile (SACP)	A-	Stable
Short-term preferred senior debt	A-1	Stable
Long-term preferred senior debt	A	Stable
Long-term non-preferred senior debt	BBB+	Stable
Tier 2	BBB	Stable
Additional Tier 1 (AT1)	BB+	Stable
Jyske Realkredit bond issues		
Capital Centre E covered bonds	AAA	
Capital Centre B mortgage bonds	AAA	

Upcoming legislation

Jyske Bank is prepared to comply with all known future statutory requirements.

Below is a brief description of the most important legislative changes that are expected to impact Jyske Bank the most in the years to come.

CRR implements the Basel III Standard in EU and includes a number of clarifications and tightening of the former capital adequacy rules. Parts of the revised CRR have already been implemented, but the main part will not be applied until the summer of 2021.

As the first part of the EBA guidelines, a new default definition has been approved for implementation in early 2021.

A leverage requirement of at least 3% of core capital relative to unweighted exposures will be introduced as of 28 June 2021. At the end of 2020, Jyske Bank met the requirement with a leverage ratio of 5.3%.

In December 2017, the Bank for International Settlements (BIS) published a number of recommendations for revised capital requirements as a supplement to the Basel III Standards. It is expected that the implementation of the so-called Basel IV recommendations will have great influence on the future capital requirements of Jyske Bank. In 2020, the phasing in of the new rules was postponed by one year until 2023.

Supervisory diamond

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

	2020	2019
Sum of large exposures <175% of common equity tier 1 capital	82%	84%
Increase in loans and advances <20% annually	-7%	-7%
Exposures to property administration and property transactions <25% of total loans and advances	10%	10%
Funding ratio <1	0.50	0.52
Liquidity benchmark >100%	169%	188%

Jyske Bank A/S and Jyske Realkredit A/S meet all benchmarks of the respective supervisory diamonds.

The supervisory diamond for Jyske Realkredit A/S

	2020	2019
Concentration risk <100%	51.0%	47.9%
Increase in loans and advances <15% annually in the segment:		
Owner-occupied homes and vacation homes	-2.1%	2.4%
Residential rental property	5.9%	0.2%
Other sectors	6.6%	6.1%
Borrower's interest-rate risk <25%		
Residential property	16.5%	17.8%
Interest-only schemes <10%		
Owner-occupied homes and vacation homes	6.0%	6.4%
Loans with frequent interest-rate fixing:		
Refinancing (annually) <25%	16.2%	15.0%
Refinancing (quarterly) <12.5%	1.4%	1.7%

Risk and Capital Management 2020

Additional information about Jyske Bank's internal risk and capital management as well as the regulatory capital requirements is available in the report 'Risk and Capital Management 2020', available on investor.jyskebank.com/investorrelations/capitalstructure.

Sustainability - All Progress Counts

Jyske Bank intends to make a difference - also when it comes to sustainability. It is our ambition to run a business that acts responsibly and promotes sustainability - that is part of our vision. We believe that the best long-term results are achieved when the necessary balancing of the interests of clients, employees, shareholders and the surrounding community is in place.

Through responsible banking, Jyske Bank endeavours to promote sustainability as expressed through the 17 UN Sustainable Development Goals. To us, responsible banking means that we work with both our own activities and our business activities. Currently, our focus is especially on Climate, which is a material impact area for Jyske Bank.

Sustainable business

The financial sector has assumed a new role, which to an increasing degree focuses on how financial services companies, and hence also Jyske Bank, can promote sustainability through business activities such as lending and investment.

In 2020, Jyske Bank had special focus on the further development of the approach to sustainable business. The work has resulted in the overall approach "All progress counts". In other words, we focus on supporting our clients' progress and facilitate their sustainable choices and decisions. We offer financing arrangements that make it simple to invest sustainably, support sustainable development, and supply knowledge of sustainability.

Sustainability strategy

With the approach "All progress counts", we work today at Jyske Bank both on the responsible activities that have already been integrated in the banking operations and on a stronger focus on how to promote sustainability through business activities such as lending and investments.

This approach is illustrated by the "sustainability circle". The circle symbolises the integral whole of our work and includes the areas we work on. The lower part of the circle – responsible banking operations – shows the areas we work on internally and which are the foundation of our business model. The upper part of the circle describes our approach to clients and the surrounding world.

In 2019, Jyske Bank signed the UN Principles for Responsible Banking (PRB) and the 20 recommendations of the Forum for Sustainable Finance. Both initiatives contribute to the framework and direction of the work on sustainability. The Principles for Responsible Banking (PRB) are used as a point of departure for the work to integrate sustainability, which has had a spill-over effect on a number of activities, including impact analysis and organisation.

Organisation

As part of the integration of sustainability in Jyske Bank's business model, the area was embedded permanently in Jyske Bank in 2020. Hence the Sustainability Programme has been replaced by a Sustainability Committee.

The Supervisory Board has the overall responsibility for strategy and policies of sustainability. On a day-to-day basis, the Group Executive Board is in charge of implementation and observance in all parts of Jyske Bank, including the overall prioritization of initiatives. Follow-up on this responsibility is assigned the Sustainability Committee.

Sustainability is an integral part of operations and the business development of the Jyske Bank Group, and all units in the organisation contribute to the implementation of the strategy and the fulfilment of Jyske Bank's sustainability objectives. The individual units are responsible for the implementation of development tasks, and these adhere to the usual governance norms for prioritization and execution of development tasks.

For the report on corporate social responsibility and gender distribution in management, please see Report on Sustainability 2020 on investor. jyskebank.com/investorrelations/sustainability.

Sustainability at Jyske Bank

ESG ratings

Jyske Bank works continuously to increase the availability and transparency of the ESG aspects (environmental, social and governance aspects), and the bank is being assessed on an ongoing basis by external raters.

ESG ratings 2020

Sustainalytics	MSCI	ISS ESG	CDP
Medium risk	A	C-	C

Sustainable business targets

- Financing of the production of an additional 2 TWh renewable power in 2025.
- 40% of new loans for vehicles must finance low-emission vehicles in 2025.
- An additional DKK 10 bn for the financing of sustainable commercial properties in 2025.

Sustainable banking targets

- Compensation for the CO_2 emission from power, heating and company cars through own production of renewable energy in 2022.

To read more about sustainability at Jyske Bank, please see **jyskebank.dk/ir/baeredygtighed**

Impact analysis – focus on Climate

Climate is a material impact area for Jyske Bank, which - as the first Danish bank - has estimated its indirect CO_2e emission at a total of 2.7 million tonnes.

The analysis is the first step towards quantification of the Group's most material impact areas in relation to the Sustainable Development Goals, and it helps us target our efforts.

The analysis shows that

- Corporate loans account for 41% of the estimated CO_2e emission. Especially the transport industry contributes to the emission.
- Loans to personal clients account for 18% of the emission and are almost equally distributed between home loans and car loans.
- Asset management on behalf of clients accounts for 34% of the emission, due, in particular, to investments in shares in CO_2e intensive sectors such as utilities, materials and energy.

Corporate Governance

Organisation and management

The Supervisory Board and the Executive Board are independent of each other and no person is a member of both the Supervisory Board and the Executive Board.

Annual General Meeting

Shareholders' right to pass resolutions shall be exercised at the Annual General Meeting. Jyske Bank's Articles of Association contain information about notice of the general meeting, the right to propose resolutions to the general meeting and right to participate and vote. The Articles of Association are available at investor.jyskebank.com/investorrelations/generalmeetings.

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

Shareholders' Representatives

The Shareholders' Representatives elect from its number six members of the Group Supervisory Board based on the recommendation from Nomination Committee.

In addition to that, the task of the Shareholders' Representatives in general and each Representative in particular shall be to work for the prosperity and positive development of Jyske Bank and each individual branch - in accordance with Jyske Bank's values and views.

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

Supervisory Board

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

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

The Supervisory Board consists of

- six members elected by and among the members of the Shareholders' Representatives
- up to two members for election by members in general meeting and who meet the requirements of the Danish FSA in respect of relevant knowledge and experience of supervisory board members of banks, and
- any additional members as required by law (members elected by employees)

Each one of the six members who are elected by and among the Shareholders' Representatives is elected for a three-year period. Additional members elected by members in general meeting to meet the requirements of the FSA in respect of relevant knowledge and experience of supervisory board members are elected for a one-year period. Members can be re-elected. Employee-elected members of the Supervisory Board are elected for a term of four years.

Executive Board

Currently the Executive Board has four members. The number of members is determined by the Supervisory Board. The Executive Board undertakes the day-to-day management of the Group.

Without having the right to vote, the Executive Board attends the meetings of the Shareholders' Representatives and the Supervisory Board. Further information about the Group's organisation and management is available at investor.jyskebank.com/investorrelations/governance.

Corporate governance

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

According to Nasdaq Copenhagen A/S' "Rules for issuers of shares" paragraph 4.1, Jyske Bank is under the obligation to give an account of how Jyske Bank and hence the Group addresses the Recommendations on Corporate Governance issued by the Committee on Corporate Governance. The Group's Supervisory Board has assessed and monitors the development in the Recommendations for good corporate governance. Further information about the Group's work on corporate governance is available at investor.jyskebank.com/investorrelations/governance.

Reports

See investor.jyskebank.com/investorrelations/governance for Jyske Bank's report on sustainability and other reports on issues such as remuneration policy and management's remuneration.

The Jyske Bank Share

Key figures

	2020	2019	2018	2017	2016
Issued number of shares, end of period ('000)	72,561	77,554	84,945	89,159	95,040
Outstanding shares in circulation, end of period ('000)	72,553	74,841	81,536	85,705	89,200
Share price at end of period (DKK)	233	243	235	353	337
Market value, end of period (DKKbn)	16.9	18.9	20.0	31.5	32.0
Earnings per share (DKK)	19.8	29.0	28.2	34.7	33.5
Book value per share (DKK)	459	434	390	374	348
Price/book value per share (DKK)	0.51	0.56	0.60	0.95	0.97

At the end of 2020, the share capital amounted to the nominal amount of DKK 726m. It consisted of 72.6 million shares at a nominal value of DKK 10 in one class of shares against 77.6 million at the end of 2019.

All the shares are listed on Nasdaq Copenhagen A/S. The shares are freely transferable, always provided that the transfer of shares to an acquirer who holds or by the acquisition obtains 10% or more of the Group's share capital shall require the consent of the Group, cf. Art.3 of Jyske Bank's Articles of Association.

Each share represents one vote. No shareholder can cast more than 4,000 votes on his own behalf.

Subject to a resolution passed at the Annual General Meeting, Jyske Bank's Supervisory Board is authorised to acquire Jyske Bank shares for a sum not exceeding 1/10 of the share capital.

According to Art. 4(2) and (3), and Art. 5(1) and (2), the Supervisory Board may increase the Group's share capital by no more than a nominal amount of DKK 200m (20 million shares of a face value of DKK 10).

Share price and capital distribution

In 2020, the price of the Jyske Bank share fell from DKK 243.1 to DKK 233.1, i.e. a decrease of 4%.

Price development of the Jyske Bank share (DKK per share)

In 2020, share repurchases in the amount of DKK 0.5 bn were completed, against DKK 1.6 bn in 2019. The decline can be attributed to the outbreak of COVID-19, which ended the ongoing share repurchase programme prematurely.

Capital distribution (DKKm)

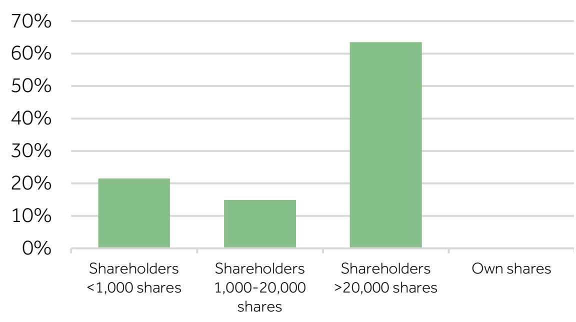
	2020	2019
Dividends paid	0	0
Share repurchases	486	1,596
Capital distribution	**486**	**1,596**

The Jyske Bank share was covered by 10 external equity analysts at the end of 2020.

Breakdown of share capital

At the end of 2020, the number of shareholders was about 168,000. It is characteristic of Jyske Bank shares that they are distributed among many shareholders, including many clients. About 70% of the share capital is held by Danish investors.

Shareholders by number of shares



One shareholder reported that it owned more than 5% of the share capital: BRFholding a/s, Kgs. Lyngby, Denmark owns 24.89% of the share capital (BRFholding A/S is a fully owned subsidiary of BRFfonden).

General Meeting

The Annual General Meeting of Jyske Bank will be held on Tuesday 23 March 2021. Due to COVID-19, the meeting will be held digitally.

Other Information

Jyske Bank (Gibraltar) Ltd.

The sale of Jyske Bank (Gibraltar) Ltd. to Rooke Investments Ltd. was completed on 3 April 2020. Jyske Bank (Gibraltar)'s equity amounted to DKK 686m, loans and advances to DKK 1.4 bn, and deposits to DKK 4.0 bn. Also, the company had 81 full-time employees.

In 2020, the completion of the sale resulted in total expenses of DKK 75m. In the first quarter, the earnings of Jyske Bank (Gibraltar) amounted to about DKK 4m, which are included in the ordinary profit and loss items for 2020.

Moreover, in the second quarter of 2020, Jyske Bank sold the owner-occupied property in Gibraltar at the carrying amount to Rooke Investments Ltd.

Further information

For further information, please see investor.jyskebank.com/investorrelations. Here you will find an interview with Anders Dam, CEO and Managing Director, detailed financial information as well as Jyske Bank's Annual Report 2020, Report on Sustainability 2020 and Risk and Capital Management 2020, which gives 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 jyskerealkredit.com. Jyske Realkredit's Annual Report 2020 as well as detailed financial information about Jyske Realkredit are available on that website.

Financial calendar 2021

Jyske Bank anticipates releasing financial statements on the following dates in 2021:

Financial calendar 2021	
4 May	Interim Financial Report, Q1 2021
17 August	Interim Financial Report, H1 2021
2 November	Interim Financial Report, Q1-Q3 2021

Business Segments

The business segments reflect all activities in banking, mortgage financing and leasing.

Banking Activities

Summary of income statement (DKKm)	2020	2019	Index 20/19	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Net interest income	2,155	2,301	94	499	558	579	519	550
Net fee and commission income	2,693	2,968	91	725	643	547	778	802
Value adjustments	418	329	127	143	146	198	-69	256
Other income	95	120	79	27	21	21	26	34
Core income	**5,361**	**5,718**	**94**	**1,394**	**1,368**	**1,345**	**1,254**	**1,642**
Core expenses	4,333	4,530	96	1,050	1,032	1,034	1,217	1,089
Core profit before loan impairment charges	**1,028**	**1,188**	**87**	**344**	**336**	**311**	**37**	**553**
Loan impairment charges	373	-138	-	62	-19	-125	455	-99
Core profit	**655**	**1,326**	**49**	**282**	**355**	**436**	**-418**	**652**
Investment portfolio earnings	-56	-53	106	157	14	223	-450	144
Pre-tax profit	**599**	**1,273**	**47**	**439**	**369**	**659**	**-868**	**796**

Summary of balance sheet, end of period (DKKbn)	2020	2019	Index 20/19	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Loans and advances	127.6	128.7	99	127.6	122.3	122.6	129.0	128.7
- of which traditional bank loans and advances	73.0	79.0	92	73.0	71.8	76.2	79.6	79.0
- of which bank loans, new home loans	2.6	3.4	76	2.6	2.8	3.4	3.4	3.4
- of which repo loans	52.0	46.3	112	52.0	47.7	43.0	46.0	46.3
Total assets	273.1	242.6	113	273.1	250.7	253.5	274.9	242.6
Deposits	136.7	140.0	98	136.7	136.5	145.7	146.6	140.0
- of which bank deposits	127.2	126.7	100	127.2	125.3	131.8	131.0	126.7
- of which repo and triparty deposits	9.5	13.3	71	9.5	11.2	13.9	15.6	13.3
Issued bonds	58.4	38.6	151	58.4	44.2	42.2	36.8	38.6

Banking activities cover advisory services relating to traditional financial solutions targeting personal clients, private banking clients as well as corporate clients and also trading and investment activities targeting large corporate clients and institutional clients, including trading in interest-rate products, currencies, equities, commodities and derivatives.

The strategic balance sheet and risk management as well as the investment portfolio earnings of Jyske Bank are also allocated to Banking activities.

Pre-tax profit

In 2020, pre-tax profit amounted to DKK 599m against DKK 1,273m in 2019. The lower profit can primarily be attributed to a higher management's estimate for impairment charges following the outbreak of COVID-19 as well as lower remortgaging activity and lower bank loans.

Core income

Core income fell by 6% relative to 2019. The decline can primarily be attributed to lower remortgaging activity and lower bank loans.

Net interest income fell by 6% to DKK 2,155m in 2020. Net interest income on bank loans and deposits rose, however, by 2%, as the effect from the lower deposit rates more than compensated for lower level of bank loans and the effect from the sale of Jyske Bank (Gibraltar). Hence the decline was caused by lower other net interest income, including a lower contribution from trading activities and higher funding costs.

Net fee and commission income fell by 9% to DKK 2,693m in 2020. The decline can be attributed to lower distribution fees following reduced remortgaging activity as well as to the outbreak of COVID-19, which put a damper on our clients' travels and increased risk aversion, resulting in lower income from e.g. money transfers and card payments.

Value adjustments increased to DKK 418m from DKK 329m in 2019. The turbulent financial markets after the outbreak of COVID-19 in the first quarter of 2020 were subsequently more than compensated for by narrowing credit spreads and rising equity prices as well as a high activity level in the trading area.

Core expenses

Compared with the 2019, core expenses fell by 4% in 2020 despite one-off expenses of DKK 75m relating to the sale of Jyske Bank (Gibraltar), the increased payroll tax as well as contributions to the Danish resolution authority. The decline can be attributed to a reduction of the number of full-time employees as well as the intensified cost focus resulting in broad-based savings as well as lower travel expenses, etc. after the outbreak of COVID-19.

Impairment charges

Loan impairment charges amounted to an expense of DKK 373m against an income of DKK 138m in 2019. Of the impairment charges in 2020, DKK 615m can be attributed to a higher management's estimate relating to the outbreak of COVID-19. The estimate was partially offset by the continuing positive development, among other things in the situation of agricultural clients.

Investment portfolio earnings

In 2020, investment portfolio earnings amounted to DKK -56m against DKK -53m for 2019. The negative earnings can, in particular, be attributed to the market turmoil after the outbreak of COVID-19, resulting in a flatter yield curve as well as negative value adjustments of certain currency positions. The hedging of AT-1 capital instruments in SEK had a positive effect of DKK 50m in 2020 and was offset by a negative adjustment of shareholders' equity.

Business volume

Traditional bank loans fell by 8% to DKK 73.0 bn compared with the level at the end of 2019. Loans for both personal and corporate clients fell, which can partially be attributed to limited demand for credit following the outbreak of COVID-19 as well as the launch of support packages from the Danish government.

At the end of 2020, bank deposits amounted to DKK 127.2 bn, corresponding to an increase by DKK 0.5 bn relative to the level at the end of 2019. Lower deposits from personal clients were compensated for by higher deposits from corporate clients.

Q4 2020 compared to Q3 2020

Pre-tax profit rose to DKK 439m in the fourth quarter of 2020 from DKK 369m in the third quarter of 2020.

Core income rose by 2% to DKK 1,394m due to higher net fee and commission income.

Net interest income fell to DKK 499m from DKK 558m in the third quarter. The decline can be attributed to lower bank loans to personal and corporate clients, which was only to a small degree compensated for by lower deposit rates for corporate clients and higher loans to public authorities. To this must be added the effects from the lower interest on bonds and expenses for non-preferred senior debt issued in October.

Net fee and commission income rose to DKK 725m from DKK 643m. The increase was caused by higher brokerage as well as annual investment-related product and custody fees. These circumstances compensated for the reduction in distribution fees caused by seasonally lower remortgaging activity.

Value adjustments came to DKK 143m against DKK 146m. The positive results in Q4 were caused by the continuing narrowing of credit spreads and rising equity prices, supplemented by positive value adjustments of currency positions.

Core expenses rose to DKK 1,050m from DKK 1,032m. The development can be attributed to small increases in e.g. IT expenses. Higher employee-related provisions were more than offset by reversed provisions relating to court cases.

Loan impairment charges amounted to an expense of DKK 62m against an income of DKK 19m in the preceding quarter.

Investment portfolio earnings increased to DKK 157m from DKK 14m in the third quarter. The development can primarily be attributed to narrowing of credit spreads on bonds as well as positive value adjustments of certain currency positions.

Mortgage Activities

Summary of income statement (DKKm)

	2020	2019	Index 20/19	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Administration margin income, etc.[1]	2,332	2,334	100	584	581	580	587	590
Other net interest income	36	58	62	13	2	15	6	15
Net fee and commission income	-603	-641	94	-180	-176	-128	-119	-144
Value adjustments	219	5	4,380	94	48	74	3	-21
Other income	13	22	59	3	10	0	0	4
Core income	**1,997**	**1,778**	**112**	**514**	**465**	**541**	**477**	**444**
Core expenses	345	310	111	87	86	85	87	77
Core profit before loan impairment charges	**1,652**	**1,468**	**113**	**427**	**379**	**456**	**390**	**367**
Loan impairment charges	485	35	1,386	-64	-57	121	485	41
Pre-tax profit	**1,167**	**1,433**	**81**	**491**	**436**	**335**	**-95**	**326**

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

Summary of balance sheet (DKKm)

	2020	2019	Index 20/19	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Mortgage loans	343.9	337.5	102	343.9	342.3	339.8	336.6	337.5
Total assets	377.1	384.9	98	377.1	374.9	367.0	376.7	384.9
Issued bonds	354.1	357.0	99	354.1	351.7	344.1	353.2	357.0

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.

Pre-tax profit
In 2020, pre-tax profit amounted to DKK 1,167m against DKK 1,433m in 2019. The profit for 2020 was affected by an increased management's estimate relating to impairment charges in the amount of DKK 415m in consequence of the outbreak of COVID-19.

Core income
In 2020, core income amounted to DKK 1,997m against DKK 1,778m in 2019. The increase can be attributed to higher value adjustments.

At DKK 2,332m for 2020, administration margin income was roughly unchanged. Hence, margin pressure counteracted a 2% increase over the same period in mortgage loans stated at nominal value. Remortgaging activity was high as from the second quarter of 2019 to the first quarter of 2020, where especially personal clients remortgaged to products for which the administration margin rate and the risk are lower.

Other net interest income fell to DKK 36m from DKK 58m in 2019. The decline can be attributed to a lower interest yield on the portfolio of securities and must be seen in the connection with the development of value adjustments.

In 2020, net fee and commission income amounted to DKK -603m against DKK -641m in 2019. The improvement can be attributed to lower distribution fee payments made due to lower remortgaging activity.

In 2020, value adjustments amounted to DKK 219m against DKK 5m in 2019. This development can primarily be attributed to positive value adjustments on the bond portfolio after the first quarter.

Core expenses
In 2020, core expenses amounted to DKK 345m against DKK 310m in 2019. The increase can be attributed to the higher allocation to Jyske Realkredit of the number of employees split between the companiesin the Group.

Impairment charges
Loan impairment charges amounted to an expense of DKK 485m in 2020 against DKK 35m in 2019. Of the impairment charges in 2020, DKK 415m can be attributed to a higher management's estimate relating to the outbreak of COVID-19. The remaining part of the increase relates primarily to single name-driven individual impairment charges due to a reassessment of collateral provided.

Business volume
Mortgage loans at fair value rose to DKK 343.9 bn from DKK 337.5 bn at the end of 2019 due to higher loans for corporate clients.

For further details about Jyske Realkredit, please see Jyske Realkredit's Annual Report for 2020.

Q4 2020 compared to Q3 2020
In the fourth quarter of 2020, pre-tax profit amounted to DKK 491m against DKK 436m in the third quarter of 2020.

Administration margin income, etc. amounted to DKK 584m in the fourth quarter against DKK 581m in the third quarter. The increase was caused by higher loans for corporate clients and a slightly reduced margin pressure.

Other net interest income amounted to DKK 13m against DKK 2m in the preceding quarter.

Net fee and commission income amounted to DKK -180m against DKK -176m in the third quarter, partially caused by the seasonally lower level of refinancing.

Value adjustments amounted to DKK 94m against DKK 48m, as the fourth quarter was characterised by a continuing favourable development in the financial markets.

Core expenses amounted to DKK 87m in the fourth quarter against DKK 86m in the preceding quarter.

In the fourth quarter, impairment charges amounted to an income of DKK 64m against an income of DKK 57m in the third quarter. The reversals in the fourth quarter can primarily be attributed to reversals of management's estimates.

Leasing Activities

Summary of income statement (DKKm)	2020	2019	Index 20/19	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Net interest income	443	459	97	99	115	113	116	115
Net fee and commission income	1	-16	-	36	-14	-12	-9	-5
Value adjustments	48	8	600	41	-5	59	-47	17
Other income	22	12	183	8	5	5	4	3
Income from operating lease (net)	110	101	109	34	69	-1	8	15
Core income	**624**	**564**	**111**	**218**	**170**	**164**	**72**	**145**
Core expenses	170	189	90	42	41	45	42	47
Core profit before loan impairment charges	**454**	**375**	**121**	**176**	**129**	**119**	**30**	**98**
Loan impairment charges	110	2	5,500	7	28	12	63	-6
Pre-tax profit	**344**	**373**	**92**	**169**	**101**	**107**	**-33**	**104**

Summary of balance sheet, end of period (DKKbn)	2020	2019	Index 20/19	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Loans and advances	19.9	19.7	101	19.9	19.6	19.1	19.6	19.7
Total assets	22.4	22.1	101	22.4	22.1	21.7	22.5	22.1
Deposits	0.2	0.2	100	0.2	0.2	0.2	0.2	0.2

Leasing activities cover financial solutions in the form of leasing and financing within car financing as well as leasing and financing of operating equipment for the corporate sector. The activities primarily target Danish personal and corporate clients as well as dealer cooperation schemes and partnerships. Secondarily, the activities target car financing in Sweden.

Pre-tax profit

In 2020, pre-tax profit amounted to DKK 344m against DKK 373m in 2019. The decrease was primarily caused by higher impairment charges relating to the COVID-19 pandemic.

In 2020, net interest income fell due to a negative one-off effect and accrual of fees paid in the fourth quarter of 2020.

In 2020, net fee and commission income amounted to DKK 1m against DKK -16m in 2019. The development can be attributed to a changed contractual basis and hence a changed time of recognition of fees paid.

Value adjustments rose to DKK 48m from DKK 8m in 2019 due to foreign currency hedging of the Swedish leasing portfolio.

Income from operating lease (net) rose by 9% relative to 2019, primarily due to the improving sales conditions in the used car market.

Core expenses fell by 10% relative to 2019 due to lower staff costs.

Loan impairment charges rose to DKK 110m against DKK 2m in 2019. The increase can partially be attributed to a management's estimate of DKK 60m relating to the COVID-19 pandemic.

Business volume

Loans under leasing activities rose by 1% to DKK 19.9 bn at the end of 2020 from DKK 19.7 bn at the end of 2019.

Q4 2020 compared to Q3 2020

In Q4 2020, pre-tax profit amounted to DKK 169m against DKK 101m in Q3 2020.

Net interest income fell to DKK 99m from DKK 115m due to a negative one-off and a changed contractual basis for fees paid with effect from 1 January 2020. These effects totalled DKK -19m.

Net fee and commission income rose to DKK 36m from DKK -14m due to a positive effect of DKK 46m from a changed contractual basis and hence a changed time of recognition of fees paid.

Value adjustments rose to DKK 41m from DKK -5m. The development can primarily be attributed to the foreign currency hedging of the Swedish leasing portfolio.

Income from operating lease (net) amounted to DKK 34m against DKK 69m in Q3 where reversal of impairment charges contributed DKK 42m.

Core expenses increased to DKK 42m in Q4 from DKK 41m in Q3.

Loan impairment charges amounted to an expense of DKK 7m against an expense of DKK 28m in the preceding quarter.

Jyske Bank Group

Note	DKKm	2020	2019
	Income statement		
6, 7	Interest income calculated according to the effective interest method	3,153	3,032
6, 7	Other interest income	5,839	7,006
6, 8	Interest expenses	3,942	4,727
	Net interest income	5,050	5,311
9	Fees and commission income	2,468	2,734
9	Fees and commission expenses	377	423
	Net interest and fee income	7,141	7,622
10	Value adjustments	576	160
11	Other income	785	691
12	Employee and administrative expenses, etc.	4,777	4,924
29.30	Amortisation, depreciation and impairment charges	647	571
14	Loan impairment charges	968	-101
	Pre-tax profit	2,110	3,079
15	Tax	501	639
	Profit for the year	1,609	2,440
	Distributed to:		
	Jyske Bank A/S shareholders	1,441	2,284
	Holders of additional tier 1 capital (AT1)	168	156
	Total	1,609	2,440
	Earnings per share for the year		
16	Earnings per share, DKK	19.76	29.00
16	Earnings per share for the year, DKK, diluted	19.76	29.00
	Proposed dividend per share, DKK	0.00	0.00
	Statement of Comprehensive Income		
	Profit for the year	1,609	2,440
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Revaluation of real property	-5	-15
	Tax on property revaluations over the year	1	1
	Actuarial losses and gains	-2	-55
	Tax on actuarial losses and gains	0	12
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	-20	38
	Hedge accounting of international units	20	-38
	Tax on hedge accounting	-5	8
	Other comprehensive income after tax	-11	-49
	Comprehensive income for the year	1,598	2,391
	Distributed to:		
	Jyske Bank A/S shareholders	1,430	2,235
	Holders of additional tier 1 capital (AT1)	168	156
	Total	1,598	2,391

Note			Jyske Bank Group
	DKKm	2020	2019
	BALANCE SHEET		
	ASSETS		
	Cash balance and demand deposits with central banks	34,951	9,889
18	Due from credit institutions and central banks	10,538	23,392
14,19,20	Loans at fair value	345,699	339,906
14.21	Loans and advances at amortised cost	145,680	145,994
23	Bonds at fair value	66,663	78,333
23.24	Bonds at amortised cost	23,797	11,136
26	Shares, etc.	2,405	2,422
29	Intangible assets	0	1
30	Property, plant and equipment	4,495	4,530
	Current tax assets	391	168
31	Assets held temporarily with a view to sale	165	2,476
32	Other assets	37,864	31,491
	Total assets	672,648	649,738
	EQUITY AND LIABILITIES		
	Liabilities		
33	Due to credit institutions and central banks	30,067	29,278
34	Deposits	136,953	140,235
35	Issued bonds at fair value	348,828	357,037
	Issued bonds at amortised cost	63,697	38,556
31	Liabilities in disposal group with a view to sale	5	4,037
36	Other liabilities	49,374	39,189
37	Provisions	1,271	1,369
38	Subordinated debt	5,821	4,327
	Liabilities, total	636,016	614,028
	Equity		
39	Share capital	726	776
	Revaluation reserve	200	205
	Retained profit	32,399	31,472
	Jyske Bank A/S shareholders	33,325	32,453
	Holders of additional tier 1 capital (AT1)	3,307	3,257
	Total equity	36,632	35,710
	Total equity and liabilities	672,648	649,738

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 2020	776	205	0	31,472	0	32,453	3,257	35,710
Profit for the year	0	0	0	1,441	0	1,441	168	1,609
Other comprehensive income:								
Property revaluations for the year	0	-5	0	0	0	-5	0	-5
Realised property revaluations	0	-1	0	1	0	0	0	0
Foreign currency translation for international units	0	0	-20	0	0	-20	0	-20
Hedge of international units	0	0	20	0	0	20	0	20
Actuarial losses and gains	0	0	0	-2	0	-2	0	-2
Tax on other comprehensive income	0	1	0	-5	0	-4	0	-4
Other comprehensive income after tax	0	-5	0	-6	0	-11	0	-11
Comprehensive income for the year	0	-5	0	1,435	0	1,430	168	1,598
Hybrid core capital issue	0	0	0	0	0	0	0	0
Transaction costs	0	0	0	0	0	0	0	0
Interest paid on additional tier 1 capital	0	0	0	0	0	0	-168	-168
Currency translation adjustment	0	0	0	-50	0	-50	50	0
Proposed dividend	0	0	0	0	0	0	0	0
Reduction of share capital	-50	0	0	50	0	0	0	0
Acquisition of own shares	0	0	0	-1,889	0	-1,889	0	-1,889
Sale of own shares	0	0	0	1,381	0	1,381	0	1,381
Transactions with owners	-50	0	0	-508	0	-558	-118	-676
Equity at 31 December 2020	**726**	**200**	**0**	**32,399**	**0**	**33,325**	**3,307**	**36,632**

*Additional tier 1 capital (AT1) has no maturity. Payment of interest and repayment of principal are voluntary. Therefore, additional tier 1 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 issued AT1 amounting to EUR 150m with the possibility of early redemption in September 2027 at the earliest. The issue has a coupon of 4.75% until September 2027. In April 2019, Jyske Bank issued AT1 in the amount of SEK 1 bn, with the possibility of early redemption in April 2024 at the earliest. The interest rate applicable to the issue until April 2024 is STIBOR+5%. It applies to all AT1 issues, that if the common equity tier 1 capital ratio of Jyske Bank A/S or the Jyske Bank Group falls below 7%, the loans will be written down.

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
Profit for the year	0	0	0	2,284	0	2,284	156	2,440
Other comprehensive income:								
Property revaluations for the year	0	-15	0	0	0	-15	0	-15
Realised property revaluations	0	-97	0	97	0	0	0	0
Foreign currency translation for international units	0	0	38	0	0	38	0	38
Hedge of international units	0	0	-38	0	0	-38	0	-38
Actuarial losses and gains	0	0	0	-55	0	-55	0	-55
Tax on other comprehensive income	0	1	0	20	0	21	0	21
Other comprehensive income after tax	0	-111	0	62	0	-49	0	-49
Comprehensive income for the year	0	-111	0	2,346	0	2,235	156	2,391
Hybrid core capital issue	0	0	0	0	0	0	716	716
Transaction costs	0	0	0	-7	0	-7	0	-7
Interest paid on additional tier 1 capital	0	0	0	0	0	0	-147	-147
Currency translation adjustment	0	0	0	14	0	14	-14	0
Proposed dividend reversed	0	0	0	520	-520	0	0	0
Reduction of share capital	-73	0	0	73	0	0	0	0
Acquisition of own shares	0	0	0	-2,592	0	-2,592	0	-2,592
Sale of own shares	0	0	0	1,017	0	1,017	0	1,017
Transactions with owners	-73	0	0	-975	-520	-1,568	555	-1,013
Equity at 31 December 2019	**776**	**205**	**0**	**31,472**	**0**	**32,453**	**3,257**	**35,710**

DKKm	2020	2019
Capital Statement		
Shareholders' equity	33,325	32,453
Share buy-back programme, non-utilised limit*	-750	-404
Intangible assets	0	-1
Prudent valuation	-360	-366
Other deductions	-21	-27
Common equity tier 1 capital	32,194	31,655
Additional tier 1 capital (AT1) after reduction	3,539	3,619
Core capital	35,733	35,274
Subordinated loan capital after reduction	5,334	3,763
Capital base	41,067	39,037
Weighted risk exposure involving credit risk etc.	154,452	153,912
Weighted risk exposure involving market risk	10,294	11,606
Weighted risk exposure involving operational risk	14,680	15,930
Total weighted risk exposure	179,426	181,448
Capital requirement, Pillar I	14,354	14,516
Capital ratio (%)	22.9	21.5
Tier 1 capital ratio (%)	19.9	19.4
Common equity tier 1 capital ratio (%)	17.9	17.4

* Inclusive of Jyske Bank's share buy-back programme, as Jyske Bank has initiated a new share buy-back programme of up to DKK 750m, running over the period 28 January until, at the latest, 30 September 2021 with a view to cancellation of the shares.

For a statement of the individual solvency requirement, please see Risk and Capital Management 2020 or investor.jyskebank.com/investorrelations/capitalstructure.

Risk and Capital Management 2020 was not covered by the audit.

DKKm	2020	2019
Cash Flow Statement		
Profit for the year	1,609	2,440
Adjustment for non-cash operating items, etc.		
Loan impairment charges	968	-101
Amortisation, depreciation and impairment charges	647	571
Unrealised value adjustment of securities	59	-107
Unrealised value adjustment of investments	11	41
Interest not paid and received	-119	-218
Other outstanding operating items	429	128
Tax charged to the income statement	501	639
Taxes paid	-952	-815
Total	3,153	2,578
Change in working capital		
Loans	-6,447	-23,002
Deposits	-3,282	-8,466
Issued bonds	16,932	35,830
Receivables from credit institutions	5	33
Due to credit institutions	789	12,969
Other assets and liabilities	1,186	-4,442
Total	9,183	12,922
Cash flows from operating activities	12,336	15,500
Dividend	55	57
Acquisition of property, plant and equipment	-1,153	-1,595
Sale of property, plant and equipment	537	1,066
Cash flows from investment activities	-561	-472
Hybrid core capital issue	0	709
Interest paid on Additional Tier 1 capital	-168	-147
Acquisition of own shares	-1,889	-2,592
Sale of own shares	1,381	1,017
Addition and repayment of subordinated debt	1,479	-11
Repayment on lease commitment	-73	-69
Cash flows from financing activities	730	-1,093
Cash flow for the year	12,505	13,935
Cash and cash equivalents, beginning of period	33,276	19,224
Foreign currency translation adjustment of cash at bank and in hand	-292	117
Cash flow for the year, total	12,505	13,935
Cash and cash equivalents, end of period	45,489	33,276
Cash and cash equivalents, end of period, comprise:		
Cash balance and demand deposits with central banks	34,951	9,889
Due in less than three months from credit institutions and central banks, cf. note 17	10,538	23,387
Cash and cash equivalents, end of period	45,489	33,276

Liabilities due to financing activities*	Subordinated debt	
Carrying amount, beginning of period	4,327	4,319
Change in exchange rates	7	-10
Change in fair value of the hedged interest-rate risk	8	29
Cash flows from repayments	-11	-11
Cash flows from issues	1,490	0
Recognised value, end of period	5,821	4,327

* Lease commitments from financing activities, beginning of 2020: DKK 369m, interest for the year: DKK 10m, repayments for the year: DKK 73m, remeasurement for the year: DKK 71m, outflow for the year: DKK 3m, lease commitment, end of 2020: DKK 374 million
Lease commitments from financing activities, beginning of 2019: DKK 429m, interest for the year: DKK 9m, repayments for the year: DKK 69m, lease commitment, end of 2020: DKK 369m.

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Note						Jyske Bank Group
		2020	2019	2018	2017	2016
1	**Financial ratios and key figures**					
	Pre-tax profit, per share (DKK)*	**26.63**	37.11	35.74	44.42	42.04
	Earnings per share (DKK)*	**19.76**	29.00	28.15	34.66	33.49
	Earnings per share (diluted) (DKK)*	**19.76**	29.00	28.15	34.66	33.49
	Core profit per share (DKK)*	**27.40**	37.79	29.76	38.03	36.58
	Share price at end of period (DKK)	**233**	243	235	353	337
	Book value per share (DKK)*	**459**	434	390	374	348
	Price/book value per share (DKK)*	**0.51**	0.56	0.60	0.95	0.97
	Price/earnings per share*	**11.8**	8.4	8.4	10.2	10.1
	Proposed dividend per share (DKK)	**0**	0	6.12	5.85	5.25
	Distributed dividend per share (DKK)	**0**	0	11.74	10.85	5.25
	Outstanding shares in circulation ('000)	**72,553**	74,841	81,536	85,705	89,200
	Average number of shares in circulation ('000)	**72,911**	78,771	84,282	88,010	92,388
	Capital ratio (%)	**22.9**	21.5	20.0	19.8	18.3
	Tier 1 capital ratio (%)	**19.9**	19.4	18.0	18.0	17.7
	Common equity tier 1 capital ratio (%)	**17.9**	17.4	16.4	16.4	16.5
	Pre-tax profit as a pct. of average equity	**5.9**	9.1	9.5	12.4	12.7
	Net profit as a percentage of average equity*	**4.4**	7.1	7.6	9.7	10.1
	Income/cost ratio (%)	**1.3**	1.6	1.5	1.7	1.7
	Interest-rate risk (%)	**0.8**	0.5	1.0	0.8	1.0
	Currency position	**4.7**	12.8	8.2	4.6	4.0
	Currency risk (%)	**0.1**	0.0	0.1	0.1	0.0
	Liquidity Coverage Ratio (LCR) (%)	**339**	243	219	189	193
	Total large exposures (%) **	**96.6**	95.1	86.2	-	-
	Accumulated impairment ratio (%)	**1.1**	1.0	1.1	1.1	1.3
	Impairment ratio for the year (%)	**0.2**	0.0	0.1	0.0	0.0
	Increase in loans and advances for the year, excl. repo loans (%)	**0.0**	0.7	3.9	8.1	9.6
	Loans and advances in relation to deposits	**3.6**	3.5	3.1	2.8	2.8
	Loans relative to equity	**13.4**	13.6	13.5	12.9	13.0
	Return on capital employed	**0.2**	0.4	0.4	0.5	0.6
	Number of full-time employees, year-end	**3,349**	3,614	3,723	3,971	3,981
	Average number of full-time employees in year	**3,482**	3,690	3,838	3,993	3,997

Reference is made to definitions of financial ratios, cf. note 68.
* Ratios are calculated as if additional tier 1 capital (AT1) is recognised as a liability.
** Statement of sum of total large exposures was changed in 2018. Comparative figures for 2016-2017 have not been calculated.

DKKm

2 Segmental financial statements

	Banking activities	Mortgage activities	Leasing activities	The Jyske Bank Group*
2020				
Net interest income	2,155	2,368	443	4,966
Net fee and commission income	2,693	-603	1	2,091
Value adjustments	418	219	48	685
Other income	95	13	22	130
Income from operating lease (net)	0	0	110	110
Core income	**5,361**	**1,997**	**624**	**7,982**
Core expenses	4,333	345	170	4,848
Core profit before loan impairment charges	**1,028**	**1,652**	**454**	**3,134**
Loan impairment charges	373	485	110	968
Core profit	**655**	**1,167**	**344**	**2,166**
Investment portfolio earnings	-56	0	0	-56
Pre-tax profit	**599**	**1,167**	**344**	**2,110**
Loans and advances	127,648	343,852	19,879	491,379
- of which mortgage loans	0	343,852	0	343,852
- of which bank loans	75,689	0	19,879	95,568
- of which repo loans	51,959	0	0	51,959
Total assets	273,148	377,132	22,368	672,648
Deposits	136,723	0	230	136,953
- of which bank deposits	127,231	0	230	127,461
- of which repo and triparty deposits	9,492	0	0	9,492
Issued bonds	58,418	354,107	0	412,525
2019				
Net interest income	2,301	2,392	459	5,152
Net fee and commission income	2,968	-641	-16	2,311
Value adjustments	329	5	8	342
Other income	120	22	12	154
Income from operating lease (net)	0	0	101	101
Core income	**5,718**	**1,778**	**564**	**8,060**
Core expenses	4,530	310	189	5,029
Core profit before loan impairment charges	**1,188**	**1,468**	**375**	**3,031**
Loan impairment charges	-138	35	2	-101
Core profit	**1,326**	**1,433**	**373**	**3,132**
Investment portfolio earnings	-53	0	0	-53
Pre-tax profit	**1,273**	**1,433**	**373**	**3,079**
Loans and advances	128,700	337,549	19,651	485,900
- of which mortgage loans	0	337,549	0	337,549
- of which bank loans	82,437	0	19,651	102,088
- of which repo loans	46,263	0	0	46,263
Total assets	242,583	384,899	22,256	649,738
Deposits	140,007	0	228	140,235
- of which bank deposits	126,711	0	228	126,939
- of which repo and triparty deposits	13,296	0	0	13,296
Issued bonds	38,555	357,038	0	395,593

* The relationship between income statement items under 'The Jyske Bank Group' (key financial data) and the income statement page 28 appears from the next page.

DKKm

2 Segmental financial statements, cont.

Banking Activities

Banking activities cover advisory services relating to traditional financial solutions targeting personal and private banking clients as well as corporate clients and trading and investment activities targeting large corporate clients and institutional clients, including trading in interest-rate products, currencies, equities, commodities and derivatives. Investment portfolio earnings are allocated to Banking activities

Mortgage Activities

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.

Leasing Activities

Leasing activities cover financial solutions in the form of leasing and financing within car financing as well as leasing and financing of equipment for the corporate sector. The activities primarily target Danish personal and corporate clients as well as dealer cooperation schemes and partnerships.

Internal allocation

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

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

Core profit and investment portfolio earnings

The pre-tax profit for 2020 broken down by core earnings and investment portfolio earnings is stated below:

Breakdown of the profit for the year DKKm	2020				2019			
	Core profit	Investment portfolio earnings	Reclassi-fication	Total	Core profit	Investment portfolio earnings	Reclassi-fication	Total
Net interest income	4,966	83	1	5,050	5,152	101	58	5,311
Net fee and commission income	2,091	0	0	2,091	2,311	0	0	2,311
Value adjustments	685	-108	-1	576	342	-124	-58	160
Other income	130	0	11	141	154	2	19	175
Income from operating lease (net)	110	0	534	644	101	0	415	516
Income	**7,982**	**-25**	**545**	**8,502**	**8,060**	**-21**	**434**	**8,473**
Expenses	4,848	31	545	5,424	5,029	32	434	5,495
Profit before loan impairment charges and provisions for guarantees	**3,134**	**-56**	**0**	**3,078**	**3,031**	**-53**	**0**	**2,978**
Loan impairment charges	968	0	0	968	-101	0	0	-101
Pre-tax profit	**2,166**	**-56**	**0**	**2,110**	**3,132**	**-53**	**0**	**3,079**

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 year 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 28.

2 **Segmental financial statements, cont.**

Reclassification relates to the following:

- Expenses of DKK 1m (2019: expenses of DKK 58m) due to value adjustments relating to the balance principle at Jyske Realkredit were reclassified from value adjustments to interest income.
- Income of DKK 11m (2019: income of 19m) from external sales was reclassified from income to offsetting against expenses.
- Depreciation and amortisation of DKK 534m (2019: DKK 415m) 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 as a percentage of average equity" and "Net profit as a percentage of average equity" are calculated as if additional tier 1 capital (AT1) is recognised as a liability. In the numerator, the profit is less interest expenses of DKK 168m (2019: DKK 156m) for additional tier 1 capital (AT1), and the denominator is calculated as equity exclusive of additional tier 1 capital (AT1) at DKK 3,307m (2019: DKK 3,257m).

"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 additional tier 1 capital (AT1) is accounted for as a liability. Book value was calculated exclusive of additional tier 1 capital (AT1) of DKK 3,307m (2019: DKK 3,257m).

DKKm		2020	2019
3	**Segment information, income by product**		
	Corporate clients	**2,978**	2,970
	Personal clients	**2,148**	2,197
	Trading income	**1,864**	1,757
	Others	**1,524**	1,590
	Total	**8,514**	8,514

The item Corporate clients consists of interest and fee income from activities with corporate clients. The item Private clients consists of interest and fee income from activities with personal clients. Trading income consists of earnings from interest-rate and currency products as well as brokerage.

The Group has no single client who contributes 10% or more of the total income.

4 **Segment information, income by geography**

The Group's sum of net interest and fee income and value adjustments amounted to DKK 7,717m (2019: DKK 7,782m), which is distributed with DKK 7,675m (2019; DKK 7,649m) for Denmark and DKK 42m (2019: DKK 133m) internationally.

Geographical segments are listed according to where transactions are booked.

5 **Segment information, sales by country**

2020	Revenue	Pre-tax profit	Tax	Profit for the year	Public subsidies	Full-time employees, end of period
Denmark	12,159	2,102	499	1,603	0	3,310
Gibraltar	28	4	1	3	0	0
Germany	14	4	1	3	0	8
Total	**12,201**	**2,110**	**501**	**1,609**	**0**	**3,318**
2019						
Denmark	13,311	3,043	636	2,407	0	3,524
Gibraltar	131	35	3	32	0	81
Germany	5	1	0	1	0	9
Total	**13,447**	**3,079**	**639**	**2,440**	**0**	**3,614**

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: Until 3 April 2020, the Jyske Bank Group had activities within banking as well as trading and wealth management advice.
Germany: The Jyske Bank Group has activities within banking.

DKKm

6 Net interest income and value adjustments

	Interest income	Interest expenses	Net interest income	Dividends	Value adjustments	Total
2020						
Financial portfolios at amortised cost						
Due from and to credit institutions and central banks	16	129	-113	0	-163	-276
Loans, advances and deposits	2,091	-379	2,470	0	492	2,962
Bonds	130	0	130	0	-207	-77
Issued bonds	0	144	-144	0	1,151	1,007
Subordinated debt	0	110	-110	0	-12	-122
Other financial instruments	0	24	-24	0	0	-24
Total	2,237	28	2,209	0	1,261	3,470
Financial portfolios at fair value through profit or loss						
Bonds	230	0	230	0	276	506
Shares, etc.	0	0	0	55	801	856
Derivatives	295	-90	385	0	-1,662	-1,277
Total	525	-90	615	55	-585	85
Financial portfolios designated at fair value margins through profit						
Loans	5,189	0	5,189	0	1,600	6,789
Issued bonds	0	2,963	-2,963	0	-1,700	-4,663
Total	5,189	2,963	2,226	0	-100	2,126
Total net interest income and value adjustments	**7,951**	**2,901**	**5,050**	**55**	**576**	**5,681**
2019						
Financial portfolios at amortised cost						
Due from and to credit institutions and central banks	-3	82	-85	0	311	226
Loans, advances and deposits	2,410	-31	2,441	0	-340	2,101
Bonds	113	0	113	0	66	179
Issued bonds	0	185	-185	0	-19	-204
Subordinated debt	0	96	-96	0	23	-73
Other financial instruments	2	8	-6	0	0	-6
Total	2,522	340	2,182	0	41	2,223
Financial portfolios at fair value through profit or loss						
Bonds	413	0	413	0	311	724
Shares, etc.	0	0	0	57	639	696
Derivatives	379	-37	416	0	-439	-23
Total	792	-37	829	57	511	1,397
Financial portfolios designated at fair value margins through profit						
Loans	5,854	0	5,854	0	1,634	7,488
Issued bonds	0	3,554	-3,554	0	-2,026	-5,580
Total	5,854	3,554	2,300	0	-392	1,908
Total net interest income and value adjustments	**9,168**	**3,857**	**5,311**	**57**	**160**	**5,528**

Interest income and interest expenses were calculated before adjustment of negative interest, cf. notes 7 and 8.
Under Value adjustments, foreign exchange adjustment has been distributed on asset and liability classes. All asset and liability classes form part of day-to-day management of currency risk. Currency translation adjustments, inclusive of trading income, for 2020 amounted to DKK 199m (2019: DKK 156m).

Note	DKKm	2020	2019
7	**Interest income**		
	Due from credit institutions and central banks	16	-3
	Loans and advances	5,418	6,490
	Administration margin	1,862	1,774
	Bonds	478	704
	Derivatives, total	295	379
	Of which currency contracts	298	509
	Of which interest-rate contracts	-3	-130
	Others	0	2
	Total	8,069	9,346
	Interest on own mortgage bonds, set off against interest on issued bonds	118	178
	Total after offsetting of negative interest	7,951	9,168
	Negative interest income set off against interest income	379	346
	Negative interest expenses set off against interest expenses	662	524
	Total before offsetting of negative interest income	8,992	10,038

Negative interest income amounted to DKK 379m (2019: DKK 346m) 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.

Note	DKKm	2020	2019
8	**Interest expenses**		
	Due to credit institutions and central banks	129	82
	Deposits	-379	-31
	Issued bonds	3,225	3,917
	Subordinated debt	110	96
	Other	-66	-29
	Total	3,019	4,035
	Interest on own mortgage bonds, set off against interest on issued bonds	118	178
	Total after offsetting of negative interest	2,901	3,857
	Negative interest expenses set off against interest expenses	662	524
	Negative interest income set off against interest income	379	346
	Total before offsetting of negative interest income	3,942	4,727

Negative interest expenses amounted to DKK 662m (2019: DKK 524m) and related primarily to repo transactions as well as deposits and issued bonds. 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	DKKm	2020	2019
9	**Fees and commission income**		
	Securities trading and custody services	1,314	1,454
	Money transfers and card payments	173	212
	Loan application fees	424	503
	Guarantee commission	109	114
	Other fees and commissions	448	451
	Fees and commissions received, total	2,468	2,734
	Fees and commissions paid, total	377	423
	Fee and commission income, net	2,091	2,311

Jyske Bank's fee and commission income was finally calculated at the end of the year, when the bank's obligation to deliver had been fulfilled and also the client's payment had been effected. Hence there remains no material balances of contractual assets and liabilities. The fee income for the year amounting to DKK 2,468m less the fees and commissions paid for the year and commission expenses of DKK 377m constitute the net fee and commission income for the year in the amount of DKK 2,091m (2019: DKK 2,311m). These are recognised in the segmental financial statements for the bank's three business areas, cf. note 2. Loan application fees received relating to financial instruments measured at amortised cost amounted to DKK 198m (2019: DKK 216m).
Fee and commission income from from asset management activities and other activities entrusted to the bank that entail management or investment of assets on behalf of individuals, funds, pension funds and other institutions amounted to DKK 716m. (2019: DKK 765m).

Note	DKKm	2020	2019
10	**Value adjustments**		
	Loans at fair value	1,600	1,634
	Bonds	164	-63
	Shares, etc.	246	274
	Currency	199	156
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	133	166
	Issued bonds	-1,756	-2,002
	Other assets and liabilities	-10	-5
	Total	576	160

Note	DKKm	2020	2019
11	**Other income**		
	Income on real property	44	47
	Profit on the sale of property, plant and equipment	2	35
	Income from operating lease[1]	644	516
	Dividends, etc.	55	57
	Profit/loss on investments in associates	-11	-41
	Other income	51	77
	Total	785	691

[1]) Expenses relating to operating leases where the Group acts as the lessor affected the item Amortisation, depreciation and impairment charges in the amount of DKK 534m in 2020 against DKK 415m in 2019.

DKKm

Note	Employee and administrative expenses	2020	2019
12	Employee and administrative expenses	2020	2019
	Employee expenses		
	Wages and salaries, etc.	2,319	2,410
	Pensions	290	272
	Social security	326	338
	Total	2,935	3,020

	2020	2019
Salaries and remuneration to management bodies		
Executive Board*	36	35
Supervisory Board	8	8
Shareholders' Representatives	2	3
Total	46	46

*Salaries and remuneration to the Executive Board include value of company car, etc. as well as the retirement remuneration earned over the year in the amount of DKK 1.7m (2019: DKK 1.4m), cf. subsequent information in the note. Variable remuneration to the Executive Board totalled DKK 0.0m (2019: DKK 0.0m).

	2020	2019
Remuneration of the Supervisory Board		
Kurt Bligaard Pedersen	1.3	1.0
Philip Baruch	0.8	0.7
Rina Asmussen	0.7	0.7
Jens A. Borup	0.8	0.8
Anker Laden-Andersen (joined on 26.03.2019)	0.5	0.4
Keld Norup	0.6	0.6
Bente Overgaard (joined on 16.6.2020)	0.3	0.0
Per Schnack (joined on 26.03.2019)	0.6	0.4
Johnny Christensen	0.4	0.4
Marianne Lillevang	0.6	0.6
Christina Lykke Munk	0.5	0.5
Sven Buhrkall (retired on 16.6.2020)	0.8	1.7
Total	7.9	7.8

In addition to the fixed remuneration, the members of the committees under the Supervisory Board receive a committee remuneration. Of the total remuneration to the Supervisory Board, committee remuneration and Shareholders' Representatives' remuneration totalled DKK 3.1m in 2020 against DKK 3.2m in 2019, which amount is included in the above amounts.
The Supervisory Board does not receive variable remuneration.

	2020	2019
Remuneration paid to the Executive Board		
Anders Dam	10.1	9.9
Niels Erik Jakobsen	7.9	7.8
Peter Schleidt	8.1	8.1
Per Skovhus	8.2	7.9
Total	34.3	33.7

Remuneration to the Executive Board includes the value of company car, etc.

In 2020, the Executive Board earned further retirement remuneration from Jyske Bank's Pensionstilskudsfond, which will be paid out upon retirement.

DKKm

12 Employee and administrative expenses, cont.

Total remuneration of the Executive Board

	Anders Dam	Niels Erik Jakobsen	Peter Schleidt	Per Skovhus	Total
2020					
Remuneration paid	10.1	7.9	8.1	8.2	34.3
Retirement remuneration earned over the year	0.2	0.1	0.7	0.7	1.7
Total	**10.3**	**8.0**	**8.8**	**8.9**	**36.0**
2019					
Remuneration paid	9.9	7.8	8.1	7.9	33.7
Retirement remuneration earned over the year	0.1	0.1	0.6	0.6	1.4
Total	10.0	7.9	8.7	8.5	35.1

The members of the Supervisory Board and the Executive Board are not offered any incentive programmes. No member of the Supervisory Board or the Executive Board is specifically remunerated as a member of the board in any group enterprise. Members of the Executive Board are not separately remunerated as members of supervisory boards or board of directors outside the Group (for instance, sector companies). Alternatively, such remuneration will be set off against the salary of the individual member of the Executive Board.

Members of the Executive Board as well as Jyske Bank can mutually terminate the employment subject to a term of notice of six months. Where Jyske Bank terminates the employment, a severance pay equalling the past 24 months' pay, inclusive of any retirement remuneration from Jyske Bank's Pensionstilskudsfond will also be given.

The Group does not pay any separate pension contribution for the members of the Supervisory Board and the Executive Board in addition to the remuneration stated in the financial statements.

Jyske Bank's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of the Executive Board and their surviving relatives, if any. Payment will commence upon the resignation of the individual member of the Executive Board. Since 1 January 2011, members of the Executive Board do not qualify for any further rights to pension supplements from Jyske Bank's Pensionstilskudfond apart from a one-off payment in the form of a seniority-dependent retirement remuneration not exceeding 83.33% of the annual salary at the time of resignation, cf. the above table showing the total remuneration of the Executive Board. The retirement remuneration will be maximised when a member reaches 25 years of seniority, however, as regards Peter Schleidt and Per Skovhus when they reach 10 years of seniority. In the event of lower seniority at the time of resignation, the retirement remuneration will be reduced proportionally according to the shorter seniority. The pension liabilities of Jyske Bank's Pensionstilskudsfond are calculated actuarially and based on a number of assumptions. To the extent the value of Jyske Bank's Pensionstilskudsfond's assets does not match the net present value of the liabilities, the remaining amount has been recognised as a liability in the financial statements. See notes 37 and 62 for further details.

Note	DKKm	2020	2019
12	**Employee and administrative expenses, cont.**		
	Other administrative expenses		
	IT	1,317	1,296
	Other operating expenses	187	125
	Other administrative expenses	295	440
	Total	1,799	1,861
	Employee and administrative expenses, total	4,777	4,923
	Average number of employees for the financial year (full-time employees)	3,482	3,690
	Average number of members of the Executive Board	4.0	4.0
	Average number of members of the Supervisory Board	11.0	10.5
	Specification of wages and salaries, etc.		
	Wages and salaries and other short-term employee benefits	2,313	2,405
	Other long-term employee benefits	6	5
	Total	2,319	2,410
	Remuneration of material risk takers		
	Number of members over the year	109	115
	Number of members at year-end	96	92
	Contractual remuneration	123	120
	Variable remuneration	4	3
	Pension	13	12

The group comprises employees (exclusive of the Executive Board) with a special impact on the Group's risk profile.
The group does not participate in any incentive schemes. Remuneration is included in the period during which the employee was a material risk taker.

Note		2020	2019
13	**Audit fees**		
	Total fees to Jyske Bank A/S's auditors elected at the Annual General Meeting and to auditors in the subsidiaries in and outside Denmark	11	8
	Breakdown of audit fees:		
	Fee for statutory audit of the financial statements	4	3
	Fee for other assurance services	1	2
	Fee for tax advice	0	1
	Fee for other services	6	2

In addition to fees to the auditors elected at the Annual General Meeting, expenses were recognised for Internal Audit.

Fees for non-audit services rendered 2020 to the Jyske Bank Group cover review in connection with continual recognition of profit, submission of various statutory declarations as well as assistance for validation of the bank's credit risk models.

Note	DKKm	2020	2019
14	**Loan impairment charges and provisions for guarantees**		
	Loan impairment charges and provisions for guarantees recognised in the income statement		
	Loan impairment charges and provisions for guarantees for the year	847	-50
	Impairment charges on balances due from credit institutions for the year	8	1
	Provisions for loan commitments and unutilised credit lines in the year	164	-7
	Recognised as a loss, not covered by loan impairment charges and provisions	201	302
	Recoveries	-199	-269
	Recognised discount for acquired loans*	-53	-78
	Loan impairment charges and provisions for guarantees recognised in the income statement	968	-101
	Balance of loan impairment charges and provisions for guarantees		
	Balance of loan impairment charges and provisions, beginning of period	5,227	5,607
	Loan impairment charges and provisions for the year	1,011	-56
	Recognised as a loss, covered by loan impairment charges and provisions	-539	-396
	Other movements	62	72
	Balance of loan impairment charges and provisions, end of period	5,761	5,227
	Loan impairment charges and provisions for guarantees at amortised cost	3,563	3,660
	Loan impairment charges at fair value	1,630	1,194
	Provisions for guarantees	263	233
	Provisions for credit commitments and unutilised credit lines	305	140
	Balance of loan impairment charges and provisions, end of period	5,761	5,227

* The discount balance for loans and advances taken over amounts to the expected credit losses at the initial recognition at fair value. Subsequent positive changes to the expected credit losses during the term are recognise as income and stated under loan impairment charges and provisions for guarantees.

The discount balance for loans and advances taken over is not included in the balance of loan impairment charges and provisions for guarantees.

The contractual balances outstanding for financial assets that were written off as losses in 2020 and that are still attempted to be recovered amounted to DKK 740m (2019: DKK 698m).

DKKm

14 Loan impairment charges and provisions for guarantees, cont.

Balance of loan impairment charges and provisions for guarantees by stage – total

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2020	705	1,193	3,329	**5,227**
Transfer of impairment charges at beginning of period to stage 1	267	-230	-37	**0**
Transfer of impairment charges at beginning of period to stage 2	-28	138	-110	**0**
Transfer of impairment charges at beginning of period to stage 3	-3	-224	227	**0**
Impairment charges on new loans, etc.	351	286	383	**1,020**
Impairment charges on discontinued loans and provisions for guarantees	-174	-281	-492	**-947**
Effect from recalculation	-144	526	618	**1,000**
Previously recognized as impairment charges, now final loss	-1	-7	-531	**-539**
Balance of loan impairment charges and provisions for guarantees, end of 2020	973	1,401	3,387	**5,761**

Balance of loan impairment charges and provisions for guarantees 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	333	-240	-93	**0**
Transfer of impairment charges at beginning of period to stage 2	-40	166	-126	**0**
Transfer of impairment charges at beginning of period to stage 3	-3	-116	119	**0**
Impairment charges on new loans, etc.	245	189	159	**593**
Impairment charges on discontinued loans and provisions for guarantees	-168	-271	-444	**-883**
Effect from recalculation	-300	166	440	**306**
Previously recognized as impairment charges, now final loss	-2	-7	-387	**-396**
Balance of loan impairment charges and provisions for guarantees, end of 2019	705	1,193	3,329	**5,227**

In 2020, the balance of impairment charges rose, which can be attributed to the management's estimate for the addition to the effects from the COVID-19 outbreak. When disregarding the addition, impairment charges at the Jyske Bank Group are generally developing in a positive manner, which is also evident from the stage migration. The items of new loans and advances, etc. and discontinued loans and advances, etc. were affected by natural refinancing and re-mortgaging. The size of the item recalculation was affected by the changed credit risk at each stage. The period only saw minor model adjustments.

On the whole, gross loans rose slightly in 2020, while gross loans fell in stages 2 and 3. The development of gross loans in stages 2 and 3 could be attributed primarily to instalments on the exposure and, to a lesser degree, to the fact that the gross loans were transferred to stages 1 or 2.

The management's estimates are based on models and experts. The breakdown was made in order to target the impairment charges to the specific clients and sub-portfolios that gave rise to management's estimates. Management's estimates are included with DKK 577m in stage 1 (2019: DKK 301m), DKK 479m in stage 2 (2019: DKK 93m) and DKK 551m in stage 3 (2019: DKK 195m).

DKKm

14 Loan impairment charges and provisions for guarantees, cont.

Balance of impairment charges by stage - loans at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2020	325	505	2,830	**3,660**
Transfer of impairment charges at beginning of period to stage 1	127	-98	-29	**0**
Transfer of impairment charges at beginning of period to stage 2	-18	97	-79	**0**
Transfer of impairment charges at beginning of period to stage 3	-2	-118	120	**0**
Impairment charges on new loans, etc.	180	66	230	**476**
Impairment charges on discontinued loans and provisions for guarantees	-76	-81	-416	**-573**
Effect from recalculation	-8	276	244	**512**
Previously recognized as impairment charges, now final loss	-1	-1	-510	**-512**
Balance of loan impairment charges and provisions for guarantees, end of 2020	527	646	2,390	**3,563**

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	157	-103	-54	**0**
Transfer of impairment charges at beginning of period to stage 2	-29	97	-68	**0**
Transfer of impairment charges at beginning of period to stage 3	-2	-87	89	**0**
Impairment charges on new loans, etc.	89	46	121	**256**
Impairment charges on discontinued loans and provisions for guarantees	-56	-123	-323	**-502**
Effect from recalculation	-154	86	261	**193**
Previously recognized as impairment charges, now final loss	-2	-1	-362	**-365**
Balance of loan impairment charges and provisions for guarantees, end of 2019	325	505	2,830	**3,660**

Balance of impairment charges by stage– loans at fair value

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2020	323	623	248	**1,194**
Transfer of impairment charges at beginning of period to stage 1	127	-120	-7	**0**
Transfer of impairment charges at beginning of period to stage 2	-8	20	-12	**0**
Transfer of impairment charges at beginning of period to stage 3	-1	-101	102	**0**
Impairment charges on new loans, etc.	98	210	117	**425**
Impairment charges on discontinued loans and provisions for guarantees	-74	-183	-45	**-302**
Effect from recalculation	-162	176	325	**339**
Previously recognized as impairment charges, now final loss	0	-7	-19	**-26**
Balance of loan impairment charges and provisions for guarantees, end of 2020	303	618	709	**1,630**

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	157	-122	-35	**0**
Transfer of impairment charges at beginning of period to stage 2	-8	65	-57	**0**
Transfer of impairment charges at beginning of period to stage 3	-1	-27	28	**0**
Impairment charges on new loans, etc.	130	130	21	**281**
Impairment charges on discontinued loans and provisions for guarantees	-78	-108	-65	**-251**
Effect from recalculation	-126	56	91	**21**
Previously recognized as impairment charges, now final loss	0	-5	-18	**-23**
Balance of loan impairment charges and provisions for guarantees, end of 2019	323	623	248	**1,194**

DKKm

14 Loan impairment charges and provisions for guarantees, cont.

Balance of provisions by stage - guarantees and loan commitments, etc.

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2020	57	65	251	**373**
Transfer of impairment charges at beginning of period to stage 1	12	-11	-1	**0**
Transfer of impairment charges at beginning of period to stage 2	-1	21	-20	**0**
Transfer of impairment charges at beginning of period to stage 3	0	-5	5	**0**
Impairment charges on new loans, etc.	73	11	35	**119**
Impairment charges on discontinued loans and provisions for guarantees	-24	-16	-31	**-71**
Effect from recalculation	26	74	49	**149**
Previously recognized as impairment charges, now final loss	0	0	-2	**-2**
Balance of loan impairment charges and provisions for guarantees, end of 2020	143	139	286	**568**

Balance of provisions by stage - guarantees and loan commitments, etc.

	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	19	-15	-4	**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	-3	3	**0**
Impairment charges on new loans, etc.	25	13	18	**56**
Impairment charges on discontinued loans and provisions for guarantees	-35	-40	-55	**-130**
Effect from recalculation	-19	24	87	**92**
Previously recognized as impairment charges, now final loss	0	-1	-7	**-8**
Balance of loan impairment charges and provisions for guarantees, end of 2019	57	65	251	**373**

Gross loans, advances and guarantees by stage

	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 1 January 2020	469,093	24,608	9,217	**502,918**
Transfer of loans, advances and guarantees to stage 1	8,992	-8,679	-313	**0**
Transfer of loans, advances and guarantees to stage 2	-9,429	10,012	-583	**0**
Transfer of loans, advances and guarantees to stage 3	-757	-1,535	2,292	**0**
Other movements	12,469	-4,680	-2,398	**5,391**
Gross loans, advances and guarantees, 31 December 2020	480,368	19,726	8,215	**508,309**
Loan impairment charges and provisions for guarantees, total	855	1,292	3,309	**5,456**
Net loans, advances and guarantees, 31 December 2020	479,513	18,434	4,906	**502,853**

Gross loans, advances and guarantees by stage

	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 1 January 2019	449,690	27,305	10,049	**487,044**
Transfer of loans, advances and guarantees to stage 1	12,813	-12,411	-402	**0**
Transfer of loans, advances and guarantees to stage 2	-7,982	8,517	-535	**0**
Transfer of loans, advances and guarantees to stage 3	-673	-1,412	2,085	**0**
Other movements	15,245	2,609	-1,980	**15,874**
Gross loans, advances and guarantees, 31 December 2019	469,093	24,608	9,217	**502,918**
Loan impairment charges and provisions for guarantees, total	663	1,151	3,272	**5,086**
Net loans, advances and guarantees, 31 December 2019	468,430	23,457	5,945	**497,832**

DKKm

14 Loan impairment charges and provisions for guarantees, cont.

Loans, advances and guarantees by stage and internal rating - gross before impairment charges and provisions

		2020				2019
Performing	PD band (%)	Stage 1	Stage 2	Stage 3	Total	Total
1	0.00 - 0.10	42,756	192	0	**42,948**	41,057
2	0.10 - 0.15	12,553	45	0	**12,598**	10,691
3	0.15 - 0.22	29,306	85	0	**29,391**	33,419
4	0.22 - 0.33	35,620	61	0	**35,681**	37,827
5	0.33 - 0.48	94,977	158	0	**95,135**	92,561
STY Ratings 1 – 5		215,212	541	0	**215,753**	215,555
6	0.48 - 0.70	92,579	283	0	**92,862**	82,304
7	0.70 - 1.02	65,948	436	0	**66,384**	71,193
8	1.02 - 1.48	40,276	1,514	0	**41,790**	45,712
9	1.48 - 2.15	33,397	855	0	**34,252**	31,443
10	2.15 - 3.13	14,927	1,664	0	**16,591**	12,018
11	3.13 - 4.59	6,942	1,995	0	**8,937**	10,041
STY Ratings 6 – 11		254,069	6,747	0	**260,816**	252,711
12	4.59 - 6.79	3,780	1,868	0	**5,648**	6,216
13	6.79 - 10.21	1,948	2,675	0	**4,623**	5,322
14	10.21 - 25.0	935	7,597	0	**8,532**	9,145
STY Ratings 12-14		6,663	12,140	0	**18,803**	20,683
Others		4,350	102	0	**4,452**	3,853
Non-performing loans		72	198	8,215	**8,485**	10,116
Total		480,366	19,728	8,215	**508,309**	502,918

Loan impairment charges and provisions for guarantees by stage and internal rating

		2020				2019
Performing	PD band (%)	Stage 1	Stage 2	Stage 3	Total	Total
1	0.00 - 0.10	3	1	0	**4**	17
2	0.10 - 0.15	4	1	0	**5**	10
3	0.15 - 0.22	14	0	0	**14**	31
4	0.22 - 0.33	29	1	0	**30**	29
5	0.33 - 0.48	93	13	0	**106**	92
STY Ratings 1 - 5		143	16	0	**159**	179
6	0.48 - 0.70	137	7	0	**144**	86
7	0.70 - 1.02	93	10	0	**103**	102
8	1.02 - 1.48	141	25	0	**166**	109
9	1.48 - 2.15	100	27	0	**127**	109
10	2.15 - 3.13	51	55	0	**106**	65
11	3.13 - 4.59	94	72	0	**166**	111
STY Ratings 6 – 11		616	196	0	**812**	582
12	4.59 - 6.79	47	84	0	**131**	90
13	6.79 - 10.21	23	173	0	**196**	136
14	10.21 - 25.0	14	792	0	**806**	575
STY Ratings 12-14		84	1,049	0	**1,133**	801
Others		11	21	0	**32**	142
Non-performing loans		0	10	3,310	**3,320**	3,381
Total		854	1,292	3,310	**5,456**	5,085

The credit rating, STY, is defined in note 50.

DKKm

14 Loan impairment charges and provisions for guarantees, cont.

Loan commitments and unutilised credit facilities by stage and internal rating

		2020				2019
Performing	PD band (%)	Stage 1	Stage 2	Stage 3	Total	Total
1	0.00 - 0.10	9,208	1	0	**9,209**	11,765
2	0.10 - 0.15	5,634	0	0	**5,634**	3,082
3	0.15 - 0.22	5,288	5	0	**5,293**	7,195
4	0.22 - 0.33	6,252	1	0	**6,253**	7,332
5	0.33 - 0.48	5,530	2	0	**5,532**	4,136
STY Ratings 1 – 5		31,912	9	0	**31,921**	33,510
6	0.48 - 0.70	12,755	35	0	**12,790**	10,179
7	0.70 - 1.02	4,277	29	0	**4,306**	5,747
8	1.02 - 1.48	7,667	61	0	**7,728**	7,731
9	1.48 - 2.15	2,647	365	0	**3,012**	3,488
10	2.15 - 3.13	2,356	141	0	**2,497**	2,256
11	3.13 - 4.59	1,209	156	0	**1,365**	556
STY Ratings 6 – 11		30,911	787	0	**31,698**	29,957
12	4.59 - 6.79	638	118	0	**756**	807
13	6.79 - 10.21	68	131	0	**199**	189
14	10.21 - 25.0	446	871	0	**1,317**	997
STY Ratings 12-14		1,152	1,120	0	**2,272**	1,993
Others		739	25	0	**764**	902
Non-performing loans		1	1	538	**540**	321
Total		64,715	1,942	538	**67,195**	66,683

Provisions for loan commitments and unutilised credit facilities by stage and internal rating

		2020				2019
Performing	PD band (%)	Stage 1	Stage 2	Stage 3	Total	Total
1	0.00 - 0.10	1	0	0	**1**	1
2	0.10 - 0.15	1	0	0	**1**	1
3	0.15 - 0.22	2	0	0	**2**	2
4	0.22 - 0.33	6	0	0	**6**	3
5	0.33 - 0.48	10	0	0	**10**	3
STY Ratings 1 – 5		20	0	0	**20**	10
6	0.48 - 0.70	22	1	0	**23**	5
7	0.70 - 1.02	13	0	0	**13**	9
8	1.02 - 1.48	21	1	0	**22**	6
9	1.48 - 2.15	15	5	0	**20**	11
10	2.15 - 3.13	7	2	0	**9**	9
11	3.13 - 4.59	11	3	0	**14**	3
STY Ratings 6 – 11		89	12	0	**101**	43
12	4.59 - 6.79	3	3	0	**6**	2
13	6.79 - 10.21	0	4	0	**4**	6
14	10.21 - 25.0	1	88	0	**89**	20
STY Ratings 12-14		4	95	0	**99**	28
Others		6	2	0	**8**	2
Non-performing loans		0	0	77	**77**	56
Total		119	109	77	**305**	139

Note	DKKm	2020	2019
14	**Loan impairment charges and provisions for guarantees, cont.**		
	Security provided for assets credit-impaired on the balance sheet date		
	Cash deposits	47	85
	Highly liquid securities	83	53
	Bank guarantees	24	24
	Real property, residential	2,575	2,818
	Real property, commercial	2,435	2,678
	Movable property, cars, rolling stock	132	97
	Other movable property	262	297
	Other collateral	0	12
	Guarantees (financial institutions)	181	137
	Total	5,739	6,201

15	**Tax**		
	Current tax	633	946
	Change in deferred tax	-230	-301
	Adjustment of tax for previous years	98	-6
	Total	501	639
	Effective tax rate		
	Corporation tax rate in Denmark	22.0	22.0
	Adjustments as regards previous years	1.0	-0.2
	Non-taxable income and non-deductible expenses, etc.	0.6	0.0
	Other	0.1	-1.0
	Effective tax rate	23.7	20.8

16	**Earnings per share**		
	Profit for the year	1,609	2,440
	Holders of additional tier 1 capital	168	156
	Proportion attributable to shareholders of Jyske Bank A/S	1,441	2,284
	Average number of shares, 1,000 shares	76,097	82,962
	Average number of own shares, 1,000 shares	-3,186	-4,191
	Average number of shares in circulation, 1,000 shares	72,911	78,771
	Number of shares outstanding, 1,000 shares	72,553	74,841
	Earnings per share (EPS) DKK	19.76	29.00
	Earnings per share diluted (EPS-D) DKK	19.76	29.00
	Core earnings per share		
	Core profit	2,166	3,132
	Holders of additional tier 1 capital	168	156
	Core profit excl. holders of additional tier 1 capital	1,998	2,976
	Average number of shares in circulation, 1,000 shares	72,911	78,771
	Core earnings (DKK) per share	27.40	37.79

DKKm

17 Contractual time to maturity, 2020	On demand	Up to 3 months	3 months - 1 year	1-5 yrs	Over 5 years	Total
Assets						
Claims on credit institutions and central banks	1,404	9,134	0	0	0	10,538
Loans at fair value	0	2,169	7,422	43,158	292,950	345,699
Loans and advances at amortised cost	36	79,093	28,369	26,308	11,874	145,680
Bonds at fair value	0	1,175	16,928	39,109	9,451	66,663
Bonds at amortised cost	0	949	2,148	15,314	5,386	23,797
Liabilities						
Due to credit institutions and central banks	4,262	22,790	804	1,502	709	30,067
Deposits, exclusive of pooled deposits	110,009	17,058	861	970	3,984	132,882
Issued bonds at fair value	0	8,876	62,022	126,167	151,763	348,828
Issued bonds at amortised cost	0	30,039	19,193	14,391	74	63,697
Subordinated debt	0	0	307	2,500	3,014	5,821
Off-balance sheet items						
Guarantees, etc.	3,666	2,869	1,971	2,227	741	11,474
Loan commitments and unutilised credit facilities	0	34,210	17,352	11,208	4,425	67,195

Contractual time to maturity, 2019	On demand	Up to 3 months	3 months - 1 year	1-5 yrs	Over 5 years	Total
Assets						
Claims on credit institutions and central banks	1,286	22,101	0	0	5	23,392
Loans at fair value	0	2,087	7,052	39,741	291,026	339,906
Loans and advances at amortised cost	132	76,737	28,784	28,148	12,193	145,994
Bonds at fair value	0	6,059	22,003	40,403	9,868	78,333
Bonds at amortised cost	0	0	2,593	4,744	3,799	11,136
Liabilities						
Due to credit institutions and central banks	2,053	23,793	920	1,741	771	29,278
Deposits, exclusive of pooled deposits	108,392	17,517	4,423	1,168	4,533	136,033
Issued bonds at fair value	0	24,656	54,829	132,910	144,642	357,037
Issued bonds at amortised cost	0	6,148	14,160	18,120	128	38,556
Subordinated debt	0	0	11	2,796	1,520	4,327
Off-balance sheet items						
Guarantees, etc.	3,705	2,575	1,881	2,942	829	11,932
Loan commitments and unutilised credit facilities	0	34,615	15,891	11,787	4,390	66,683

The above amounts are exclusive of interest.

17 Contractual time to maturity – cont.

Standard terms

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

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

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

Note	DKKm	2020	2019
18	Due from credit institutions and central banks		
	At notice with central banks	0	10,348
	Due from credit institutions	10,538	13,044
	Total	10,538	23,392

Note		2020	2019
19	Loans and advances at fair value		
	Mortgage loans, nominal value	333,056	327,926
	Adjustment for interest-rate risk, etc.	12,001	10,410
	Adjustment for credit risk	-1,607	-1,286
	Mortgage loans at fair value, total	343,450	337,050
	Arrears and outlays, total	65	148
	Other loans and advances	2,184	2,708
	Loans and advances at fair value, total	345,699	339,906

Note		2020	2019
20	Loans and advances at fair value broken down by property category		
	Owner-occupied homes	167,098	170,836
	Vacation homes	8,337	8,285
	Subsidised housing (rental housing)	55,069	53,989
	Cooperative housing	14,416	14,820
	Private rental properties (rental housing)	55,478	49,366
	Industrial properties	3,056	2,630
	Office and retail properties	35,275	34,365
	Agricultural properties	133	63
	Properties for social, cultural and educational purposes	6,754	5,415
	Other properties	83	137
	Total	345,699	339,906

DKKm		2020	2019
21	**Loans and advances at amortised cost and guarantees broken down by sector**		
	Public authorities	12,637	8,255
	Agriculture, hunting, forestry, fishing	6,784	7,083
	Manufacturing, mining, etc.	7,312	8,114
	Energy supply	5,409	4,029
	Building and construction	3,714	4,265
	Commerce	8,978	11,187
	Transport, hotels and restaurants	5,432	6,044
	Information and communication	662	706
	Finance and insurance	48,501	44,079
	Real property	15,711	17,083
	Other sectors	6,889	7,348
	Corporates, total	109,392	109,938
	Personal clients, total	35,125	39,733
	Total	157,154	157,926

22	**Fair value of collateral for loans, advances and guarantees**		
	Cash deposits	1,867	2,343
	Securities	7,165	7,653
	Guarantees made out directly to the Group	40,299	40,355
	Real property, residential	184,824	191,241
	Real property, commercial	143,517	135,133
	Movable property, cars and rolling stock	9,828	9,902
	Other movable property	7,732	8,480
	Other collateral	423	335
	Guarantees whereby the guarantors assume primary liability	2,770	2,527
	Total	398,425	397,969
	Collateral for loans and advances by other guarantee types, including default and secondary guarantees as well as co-suretyship	3,991	5,075

The Jyske Bank Group has not seen significant changes to the quality of the collateral or other credit protection due to deterioration or changes to the company's policy on provision of collateral during the accounting period. In 2020, collateral values were affected by two opposing effects, including falling loans and advances in the Jyske Bank Group to personal clients and increasing loans to corporate clients, primarily relating to mortgage products. This primarily affected collateral values relating to mortgages on real property. On the whole, collateral values are practically unchanged relative to 2019.

The types of collateral are ranked with the most liquid types at the top. The collateral values have been reduced in order of priority according to liquidity if the collateral values exceed loans, advances and guarantees at client level. Consequently, surplus collateral values from exposures that have been fully guaranteed are not included in the above note. For clients with fully guaranteed exposures in all impairment scenarios, the calculated indication of impairment will generally be DKK 0. This may be the case with exposures with a high surplus of fixed-value collateral such as cash, securities and properties. Therefore, exposure categories with a calculated indication of impairment of DKK 0 are typically mortgage loans, home loans, cooperative unit loans and investment credit facilities.

22 **Fair value of collateral for loans, advances and guarantees, etc., cont.**

In the financial year 2020, no changes were made to the valuation principles. Collateral values are recognised according to the following principles:

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

Real property, residential
The collateral value of a charge on real property is calculated on the basis of the expected fair value of the property less sales costs and any senior mortgages. The value of real property is regularly assessed on the basis of the price trend of comparable real property, among other things. Loan values are assessed individually depending on the characteristics of the real property in question, inter alia, type of property, location and size less expenses for realisation. The collateral value is applied for various purposes and is therefore adjusted to specific requirements depending on its application.

Real property, commercial
The collateral value of a charge on real property is calculated on the basis of the expected fair value of the property less sales costs and any senior mortgages. The value of real property is regularly assessed on the basis of the price trend of comparable real property, among other things. Collateral values are assessed individually depending on the characteristics of the real property in question, inter alia, the type of property in question, or by an independent assessment or the public land assessment. The collateral value is applied for various purposes and is therefore adjusted to specific requirements depending on its application.

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

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

Note	DKKm	2020	2019
23	**Bonds at fair value and amortised cost, total, measured at fair value**		
	Own mortgage bonds	18,662	19,527
	Other mortgage bonds	74,819	73,292
	Government bonds	5,665	2,396
	Other bonds	10,246	13,890
	Total before offsetting of own mortgage bonds	109,392	109,105
	Own mortgage bonds offset against issued bonds	18,662	19,527
	Bonds, total, at fair value	90,730	89,578

Note		2020	2019
24	**Bonds at amortised cost**		
	Carrying amount of bonds at amortised cost	23,797	11,136
	Fair value of bonds at amortised cost	24,068	11,245
	Fair value of bonds at amortised cost relative to carrying amount	271	109

Fair value of the "held-to-maturity portfolio" was higher than the carrying amount by DKK 271m against a fair value of DKK 109m above the carrying amount at the end of 2019.

25 Collateral

The Jyske Bank Group receives and provides collateral in connection with money and securities clearing, outstanding accounts with central banks, repo and reverse repo transactions, triparty agreements as well as fair value of derivatives covered by CSA agreements.

Provision of collateral is a regular part of business transactions and are carried out at market-consistent terms and conditions. Collateral is increased and reduced on an on-going basis as liabilities change.

Depending on agreements entered, collateral is provided and received with an owner's rights so that the recipient of collateral can sell this or use it to provide security for loans and other outstanding accounts.

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 13,912m at the end of 2020 (2019: DKK 23,743m).

In addition, the Jyske Bank Group has provided cash collateral in connection with CSA agreement in the amount of DKK 6,390m (2019: DKK 6,544m) as well as bonds in the amount of DKK 4,277m (2019: 1,677m).

Due to repo transactions, i.e. sale of securities involving agreements to repurchase them at a later point in time, bonds in the amount of DKK 14,523m (2019: DKK 10,058m) were at the end of 2020 provided as collateral for the amount that was borrowed. See note 40 for further details.

Mortgage loans in the amount of DKK 343,449m (2019: DKK 337,050m) and other assets of DKK 24,477m (2019: 38,495m) were at the end of 2020 registered as collateral for issued mortgage bonds, including covered bonds. According to the Danish mortgage legislation, the issued mortgage bonds, including covered bonds, are secured against the underlying mortgage loans.

Due to reverse repos, i.e. purchase of securities involving agreements to resell them at a later point in time, the Jyske Bank Group received the sold bonds as security for the amount that was lent. At the end of 2020, reverse repos amounted to DKK 55,254m (2019: DKK 50,765m).

In addition, the Jyske Bank Group has received cash collateral in connection with CSA agreements in the amount of DKK 4,061m (2019: DKK 1,668m) as well as bonds in the amount of DKK 696m (2019: 826m).

Please see note 22 on collateral received for loans, advances and guarantees.

Note	DKKm	2020	2019
26	**Shares, etc.**		
	Shares/investment fund units listed on Nasdaq Copenhagen A/S	594	578
	Shares/mutual fund certificates listed on other exchanges	32	44
	Unlisted shares are stated at fair value.	1,779	1,800
	Total	2,405	2,422

Note		2020	2019
27	**Portfolio of own shares**		
	Own shares ('000)	7	2,713
	Nominal value of own shares	75	27,132
	Portfolio of own shares as a percentage of the share capital	0.00	3.50
	Acquisition of own shares		
	Own shares ('000)	9,027	11,091
	Nominal value of own shares	90,272	110,914
	Portfolio of own shares as a percentage of the share capital	12.44	14.30
	Sale of own shares		
	Own shares ('000)	6,740	4,396
	Nominal value of own shares	67,399	43,960
	Portfolio of own shares as a percentage of the share capital	9.29	5.67
	Cancellation of own shares		
	Own shares ('000)	4,993	7,391
	Nominal value of own shares	49,930	73,913
	Total purchase price	1,889	2,592
	Total selling price	1,381	1,017

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

Note		2020	2019
28	**Subordinated receivables**		
	Loans	5	38
	Bonds	442	876
	Total	447	914

Subordinated receivables consist materially of listed subordinated and hybrid bonds issued by European SIFI institutions and Danish institutions. These are recognised in the balance sheet under bonds at fair value.

Note		2020	2019
29	**Intangible assets**		
	Total cost, beginning of period	74	75
	Additions	0	0
	Disposals	49	1
	Total cost, end of period	25	74
	Amortisation, depreciation and impairment charges, beginning of period	73	70
	Depreciation and amortisation for the year	1	4
	Reversed amortisation, depreciation and impairment	49	1
	Amortisation, depreciation and impairment charges, end of period	25	73
	Recognised value, end of period	0	1

Note			Jyske Bank Group
	DKKm	2020	2019
30	**Property, plant and equipment**		
	Owner-occupied properties	1,759	1,776
	Owner-occupied properties, leasing	363	360
	Other property, plant and equipment	2,373	2,394
	Total	4,495	4,530
	Specification of property, plant and equipment, owner-occupied properties, exclusive of leasing		
	Restated value, beginning of period	1,776	1,901
	Currency translation adjustment	0	0
	Additions during the year, including improvements	9	11
	Disposals for the year	11	125
	Depreciation	9	10
	Positive changes in values recognised in other comprehensive income in the course of the year	3	8
	Negative changes in values recognised in other comprehensive income in the course of the year	8	9
	Positive changes in value recognised directly in the income statement during the year	1	1
	Negative changes in value recognised directly in the income statement during the year	2	1
	Restated value, end of period	1,759	1,776
	Cost less accumulated amortisation, depreciation and impairment charges	1,544	1,556
	For mortgage credit institutions, collateral has been provided in land and buildings, the carrying amount of which is	0	0
	Required rate of return	4.5%-9%	4.5%-12%
	Weighted average return applied	6.43%	6.44%
	Specification of property, plant and equipment, other property, plant and equipment		
	Total cost, beginning of period	4,455	4,374
	Currency translation adjustment	40	-8
	Additions	1,144	1,155
	Disposals	1,107	1,066
	Total cost, end of period	4,532	4,455
	Amortisation, depreciation and impairment charges, beginning of period	2,061	2,057
	Currency translation adjustment	9	0
	Depreciation and amortisation for the year	513	537
	Impairment charges for the year	59	41
	Reversed amortisation, depreciation and impairment	483	574
	Amortisation, depreciation and impairment charges, end of period	2,159	2,061
	Recognised value, end of period	2,373	2,394

Leases for which the Group acts as the lessor have been entered for machinery and equipment, including cars, vans and lorries. These are recognised in the amount of DKK 2,260m under other property, plant and equipment (2019: DKK 2,323m). Reference is made to note 64.

Jyske Bank is the lessee under a number of lease agreements, which as of 2019 are recognised in Jyske Bank's balance sheet as leased assets under Property, plant and equipment in the amount of DKK 363m (2019: DKK 360m) under owner-occupied properties in the amount of DKK 4m (2019: DKK 5m) under other property, plant and equipment. The lease commitment is recognised under Other liabilities in the amount of DKK 374m (2019: DKK 369m). Reference is made to note 63.

31	**Assets held temporarily**		
	Assets in disposal group with a view to sale	0	2,344
	Properties acquired through foreclosure	150	117
	Leased assets acquired through foreclosure	15	15
	Total	165	2,476

Attempts are made to sell, in the best possible way and within 12 months, assets held temporarily.
The assets are recognised under the business segments in the following way: DKK 77m (2019: DKK 2,354m) under Banking activities; DKK 73m (2019: DKK 107m) under Mortgage activities; and DKK 15m (2019: DKK 15m) under Leasing activities.
Assets and liabilities in disposal group with a view to sale in 2019 included all assets and liabilities of Jyske Bank (Gibraltar) Ltd. Assets of DKK 2,344m included loans and advances of DKK 1,404m, bonds of DKK 570m, properties of DKK 109m and other assets of DKK 261m. Liabilities of DKK 4,037m included deposits of DKK 4,003m.

DKKm		2020	2019
32	**Other assets**		
	Positive fair value of derivatives	31,971	24,911
	Assets in pooled deposits	3,754	4,128
	Interest and commission receivable	252	280
	Investments in associates and joint ventures	234	257
	Prepayments	335	370
	Investment properties	28	28
	Other assets	1,290	1,517
	Total	37,864	31,491

	2020	2019
Netting		
Positive fair value of derivatives, etc., gross	47,005	37,138
Netting of positive and negative fair value	15,034	12,227
Total	31,971	24,911

Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).

	2020	2019
Specification of other assets, assets in pooled deposits		
Cash	307	74
Investment fund certificates	3,748	4,127
Other assets	6	1
Assets	4,061	4,202
Elimination of cash	-307	-74
Total assets	3,754	4,128

	2020	2019
Specification of other assets, investments in associates ventures and joint ventures		
Total cost, beginning of period	278	273
Additions	0	5
Disposals	12	0
Total cost, end of period	266	278
Revaluations and impairment charges, beginning of period	-21	20
Dividend	0	0
Revaluations and impairment charges for the year	-11	-41
Reversed revaluations and impairment charges	0	0
Revaluations and impairment charges, end of period	-32	-21
Recognised value, end of period	234	257
Of which joint ventures, at end of period	10	5

See The Jyske Bank Group – overview, note 65.

Note			Jyske Bank Group
	DKKm	**2020**	2019
33	**Due to credit institutions and central banks**		
	Due to central banks	**3,041**	3,405
	Due to credit institutions	**27,026**	25,873
	Total	**30,067**	29,278

34	**Deposits**		
	Demand deposits	**110,009**	106,481
	Term deposits	**1,204**	1,777
	Time deposits	**16,283**	21,405
	Special deposits	**5,386**	6,370
	Pooled deposits	**4,071**	4,202
	Total	**136,953**	140,235

35	**Issued bonds at fair value**		
	Issued bonds at fair value, nominal value	**353,824**	365,561
	Adjustment to fair value	**12,916**	11,003
	Own mortgage bonds offset, fair value	**-17,912**	-19,527
	Total	**348,828**	357,037
	Pre-issued	**6,766**	6,962
	Drawn for redemption at next repayment date	**13,000**	30,224

On a daily basis, the Jyske Bank Group issues and redeems a large number of mortgage bonds. Consequently, to some extent the change in the fair value of the issued mortgage bonds attributable to the change in credit risk can only be stated subject to some estimation. The model applied performs the calculation on the basis of the change in the option-adjusted spread (OAS) relative to the swap curve. The calculation allows for, among other things, the maturity of the issued bonds as well as the nominal holding at the beginning and at the end of the year, and also adjustments are made for the Jyske Bank Group's own holding of Jyske Realkredit bonds, which are offset.

The change in the fair value of issued mortgage bonds that can be attributed to credit risk is then calculated so it implies a decline in the fair value by DKK 0.5 bn in 2020 (2019: a decline by DKK 0.3 bn). Since the issue, the accumulated change in fair value of the issued mortgage bonds at the end of 2020 attributable to credit risk is estimated to be an increase of DKK 1.0 bn (2019: an increase of DKK 2.0 bn).

The change in fair value of the issued mortgage bonds that can be attributed to credit risk can also be stated relative to corresponding mortgage bonds with the same rating (AAA) from other Danish issuers. In recent years these bonds have been traded at prices showing no measurable price differences between the various issuers' bonds with similar characteristics. Stated according to this method, no changes have taken place to the fair value that can be attributed to credit risk, neither in the course of the year, nor since issue.

Net profit for the year or equity was not affected by the change, since the value of mortgage loans changed correspondingly.

The difference between the fair value of the issued bonds in the amount of DKK 349 bn (2019: DKK 357 bn) and the nominal value of the issued bonds of DKK 336 bn (2019: DKK 346 bn), which corresponds to the value that is to be paid back at drawing and/or maturity of the bonds, amounts to DKK 13 bn (2019: DKK 11 bn).

Note	DKKm	2020	2019
36	**Other liabilities**		
	Set-off entry of negative bond holdings in connection with repos/reverse repos	7,639	3,988
	Negative fair value of derivatives, etc.	34,203	26,882
	Interest and commission payable	1,415	1,562
	Deferred income	147	139
	Lease commitment	374	369
	Other liabilities	5,596	6,249
	Total	49,374	39,189
	Netting		
	Negative fair value of derivatives, etc., gross	49,237	39,109
	Netting of positive and negative fair value	15,034	12,227
	Total	34,203	26,882

Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).

Note		2020	2019
37	**Provisions**		
	Provisions for pensions and similar liabilities	616	639
	Provisions for guarantees	263	233
	Provisions for losses on loan commitments and unutilised credit lines	306	140
	Provisions for deferred tax	9	241
	Other provisions	77	116
	Total	1,271	1,369

Please see note 14 for provisions for losses on guarantees as well loan commitments and unused loan commitments.

Note		Jyske Bank Group

	DKKm	2020	2019
37	**Provisions, cont.**		
	Specification of provisions for pensions and similar liabilities		
	Provisions for pensions and similar liabilities		
	Provisions for defined benefit plans	559	585
	Provisions for long-term employee benefits	57	54
	Recognised in the balance sheet, end of period	616	639
	Provisions for defined benefit plans		
	Present value of pension plan obligations	640	672
	Fair value of pension plan assets	81	87
	Net liability recognised in the balance sheet	559	585
	Change in provisions for defined benefit plans		
	Provisions, beginning of period	672	629
	Costs for the current financial year	17	22
	Calculated interest expenses	2	3
	Actuarial losses/gains	-6	51
	Pension payments	-45	-33
	Provisions, end of period	640	672
	Change in the fair value of pension plan assets		
	Assets, beginning of period	87	92
	Calculated interest on assets	2	2
	Return ex calculated interest on assets	-1	0
	Pension payments	-7	-7
	Assets, end of period	81	87
	Pension costs recognised in the income statement		
	Costs for the current financial year	17	22
	Calculated interest related to liabilities	2	4
	Calculated interest on assets	-2	-2
	Total recognised defined benefit plans	17	24
	Total recognised defined contribution plans	273	248
	Recognised in the income statement	290	272
	Pension plan assets:		
	Shares	9	9
	Bonds	27	42
	Liquidity, etc.	45	36
	Pension plan assets, total	81	87

Pension plan assets include 40,000 Jyske Bank A/S shares (2019: 40,000 shares).
Measurement of all pension assets is based on quoted prices in an active market.

DKKm	2020	2019	2018	2017	2016
37 **Provisions, cont.**					
Specification of provisions for pensions and similar liabilities, cont.					
The Group's pension plan liabilities					
Present value of pension plan obligations	640	672	629	657	617
Fair value of pension plan assets	81	87	92	105	106
Surplus/deficit	559	585	537	552	511
Actuarial assumptions					
Defined benefit plans					
Retirement remuneration					
Discount rate	0.25%	0.50%	2.00%	2.00%	2.25%
Future rate of wage increase	2.00%	1.85%	2.00%	2.00%	2.00%
Jyske Banks Pensionstilskudsfond					
Discount rate	0.25%	0.50%	2.00%	2.00%	2.25%
Future rate of wage increase	2.00%	1.85%	2.00%	2.00%	2.00%
Calculated interest on pension plan assets	2.00%	2.00%	2.00%	2.00%	2.25%
Long-term employee benefits					
Discount rate	0.25%	0.50%	2.00%	2.00%	2.25%
Future rate of wage increase	2.00%	1.85%	2.00%	2.00%	2.00%

The most important actuarial assumptions in the calculation of pension liabilities relate to interest rate level and the rate of wage increases. If the discount rate fall by 0.25% to 0.0%, the pension provisions increase by DKK 10m. If the rate of wage increases rise by 0.25% to 2.25%, the pension provisions increase by DKK 10m.

For 2021, payments to defined contribution and defined benefit pension plans are expected to be DKK 296m.

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

Defined benefit plans
Retirement remuneration equalling a maximum of one year's salary is paid to employees on retirement. In 2020, a total of DKK 493m (2019: DKK 528m) was recognised in the balance sheet, this being the present value of the overall liability relating to the employees' term of employment with the Group. Employees recruited not later than 31 August 2005 are offered participation in the retirement remuneration plan. Please see note 12 for details on the terms and conditions for retirement remuneration for the Executive Board.

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. At the end of 2020, provisions amounting to DKK 66m (2019: DKK 57m) were recognised, this being the present value of liabilities, DKK 147m (2019: DKK 144m), less the fair value of the assets, DKK 81m (2019: DKK 87m).

Long-term employee benefits
An anniversary bonus equalling one month's salary is paid when an employee has worked for the Group for 25 years and 40 years. At the end of 2020, provisions amounted to DKK 57m (2019: DKK 51m), this being the present value of the expected future anniversary bonus payments.

Other long-term employee benefits relate to other salary- and pension-related benefits paid to employees on retirement. Total provisions amounted to DKK 0m (2019: DKK 2m).

DKKm	2020	2019

37 **Provisions, cont.**

Please see note 14 for provisions for losses on guarantees and loan commitments, etc.

Specification of other provisions	2020	2019
Provisions, beginning of period	116	149
Additions	4	23
Disposals inclusive of consumption	12	3
Disposals exclusive of consumption	31	53
Provisions, end of period	77	116

Other provisions relate to lawsuits.

The provisions are expected, in essence, to be reduced to zero within a year.

Specification of deferred tax

Deferred tax	2020	2019
Deferred tax assets, recognised under tax assets	0	0
Deferred tax liabilities	9	241
Net deferred tax	9	241

Changes in deferred tax 2020	Beginning of period	Recognised in the net profit for the year	Recognised in other comprehensive income	Other adjustments	End of year
Bonds at amortised cost	-24	-34	0	0	-58
Intangible assets	-2	1	0	0	-1
Property, plant and equipment	259	-33	-1	0	225
Loans and advances, etc.	173	-178	0	0	-5
Provisions for pensions	-140	6	-1	0	-135
Other	-25	8	0	0	-17
Total	241	-230	-2	0	9
Changes in deferred tax 2019					
Bonds at amortised cost	-13	-11	0	0	-24
Intangible assets	0	-2	0	0	-2
Property, plant and equipment	311	-31	-1	-20	259
Loans and advances, etc.	444	-271	0	0	173
Provisions for pensions	-129	2	-12	-1	-140
Other	-32	12	0	-5	-25
Total	581	-301	-13	-26	241

Note	DKKm	2020	2019
38	**Subordinated debt**		
	Supplementary capital:		
	1.25% bond loan EUR 200m 28.01.2031	1,488	0
	2.25% bond loan EUR 300m 05.04.2029	2,232	2,241
	Var. % bond loan SEK 600m19.05.2026	444	429
	3.25% bond loan SEK 400m 19.05.2026	296	286
	6.73% bond loan EUR 9m 2021-2026	67	78
	Var. % bond loan EUR 10m 13.02.2023	74	75
	5.65% bond loan EUR 10m 27.03.2023	74	75
	5.67% bond loan EUR 10m 31.07.2023	74	75
		4,749	3,259
	Hybrid core capital:		
	Var. % bond loan EUR 72.8m Perpetual	541	544
	Var. % bond loan EUR 60.7m Perpetual	452	453
		993	997
	Subordinated debt, nominal	5,742	4,256
	Hedging of interest-rate risk, fair value	79	71
	Total	5,821	4,327
	Subordinated debt included in the capital base	5,594	4,151

The above-mentioned issues of hybrid core capital issued in 2004 and 2005 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.

The above issues of hybrid core capital have no contractual maturity date. Subject to the approval of the Danish Financial Supervisory Authority, the notes may be redeemed by Jyske Bank, but not earlier than ten years after the date of issue. The holders have no right to call for the redemption of the notes. Interest payments will cease in the event that the issuer does not meet the solvency requirements. Under such circumstances, dividend payments and buy-back of issued shares are subject to certain restrictions. The rate of interest is floating, but capped at 9% per annum for the EUR 72.8m loan and at 8% per annum for the EUR 60.7m loan. The rate is calculated as EUR CMS10 + 0.15% per annum.

Supplementary bond loans in the amount of EUR 200m fall due on 28 January 2031 at the latest but can, subject to permission by the FSA, be redeemed at par as of 28 January 2026. The loan bears a fixed rate of interest until 28 January 2026, after which date the interest rate will be set for the next five years.

Supplementary bond loans in the amount of EUR 300m fall due on 05 April 2029 at the latest but can, subject to permission by the FSA, be redeemed at par as of 5 April 2024. The loan bears a fixed rate of interest until 05 January 2024, after which date the interest rate will be set for the next five years.

Cost relating to the addition and repayment of subordinated debt amount to DKK 6m (2019: DKK 0m).

Note		2020	2019
39	**Share capital**		
	Opening share capital, 1,000 shares.	77,554	84,945
	Capital reduction through cancellation of own shares	-4,993	-7,391
	Closing share capital, 1,000 shares	72,561	77,554

Note			Jyske Bank Group
	DKKm	**2020**	2019
40	**Transferred financial assets that remain recognised in the balance sheet**		
	Carrying amount of transferred financial assets		
	Bonds in repo transactions	14,523	9,962
	Transferred financial assets, total	14,523	9,962
	Repo transactions are included in the following liability items as follows:		
	Due to credit institutions	12,680	8,836
	Deposits and other debts in repo transactions	1,948	1,222
	Total	14,628	10,058
	Net positions	-105	-96

Jyske Bank has not lent bonds that are still recognised in the balance sheet. Moreover, Jyske Bank has not borrowed bonds that are not recognised in the balance sheet.

Jyske Bank enters into transactions transferring the ownership to financial assets to the counterparty, yet Jyske Bank maintains the material part of the risks on the assets in question. When the most material risks are maintained, the asset is still recognised in Jyske Bank's balance sheet. Such transactions include repo transactions. Repo transactions are sales of bonds where at the time of a sale an agreement is made on the repurchase at some later point in time at a certain price.

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

41 Contingent liabilities

General
Jyske Bank's credit review of guarantee applicant takes into consideration the risk on guarantees. For 74% of Jyske Bank Group's guarantees, the contractual term to maturity is below one year; for 19%, the contractual terms to maturity is between 1 and 5 years; for 7%, the contractual term to maturity is above 5 years, compared to 68%, 25% and 7%, respectively, in 2019.

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

Guarantees for losses on mortgage loans are typically provided as security for the riskiest part of mortgage loans granted to personal clients and to a limited extent for loans secured on commercial real property. Guarantees for residential real property are within 80% and for commercial real property within 60%-80%, of the property value as assessed by a professional expert.

Registration and refinancing guarantees are provided in connection with the registration of new and refinanced mortgages. Such guarantees involve insignificant risk.

Other contingent liabilities include other forms of guarantees at varying degrees of risk, including performance guarantees. The risk involved is deemed to be less than the risk involved in, e.g., credit facilities subject to flexible drawdown.

The Group is also a party to a number of legal disputes arising from its business activities. The Group estimates the risk involved in each individual case and makes any necessary provisions which are recognised under contingent liabilities. The Group does not expect such liabilities to have material influence on the Group'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 0.8% 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 8.70% 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.

Due to Jyske Bank's membership of the association Bankdata, the bank is - in the event of its withdrawal - under the obligation to pay an exit charge to Bankdata in the amount of about DKK 3.3 bn.

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.

DKKm	2020	2019
Guarantees		
Financial guarantees	8,640	9,141
Guarantee for losses on mortgage credits	887	1,157
Registration and refinancing guarantees	454	143
Other contingent liabilities	1,493	1,491
Total	11,474	11,932

42 Other contingent liabilities

Loan commitments and unutilised credit facilities	67,195	66,683
Others	74	76
Total	67,269	66,759

DKKm

43 Offsetting

2020	Carrying amount before offsetting	Financial instruments set off	Carrying amount after offsetting	Further offsetting, master netting agreement	Collateral	Net value
Financial assets						
Derivatives with positive fair value	47,005	15,034	31,971	22,649	3,823	5,499
Reverse repo transactions	55,254	0	55,254	0	55,254	0
Total	102,259	15,034	87,225	22,649	59,077	5,499
Financial liabilities						
Derivatives with negative fair value	49,237	15,034	34,203	22,649	8,923	2,631
Repo transactions	14,629	0	14,629	0	14,629	0
Total	63,866	15,034	48,832	22,649	23,552	2,631
2019						
Financial assets						
Derivatives with positive fair value	37,138	12,227	24,911	18,098	1,585	5,228
Reverse repo transactions	50,765	0	50,765	0	50,765	0
Total	87,903	12,227	75,676	18,098	52,350	5,228
Financial liabilities						
Derivatives with negative fair value	39,109	12,227	26,882	18,098	6,692	2,092
Repo transactions	10,058	0	10,058	0	10,058	0
Total	49,167	12,227	36,940	18,098	16,750	2,092

On the balance sheet, reverse repo transactions are classified as claims on credit institutions or loans at amortised cost. On the balance sheet, repo transactions are classified as debt to credit institutions or deposits.

Financial assets and liabilities are offset on the balance sheet when the Group and the counterparty has a legal right to offset and have also agreed to settle net or realise the asset and the liability at the same time. Positive and negative fair values of derivative financial instruments with the same counterparty are offset if net settlement of the contractual payments has been agreed and daily cash payments or provision of collateral for changes in the fair value take place. The Group's netting of positive and negative fair values of derivative financial instruments can be referred to clearing through a central clearing house (CCP clearing).

Master netting agreements and similar agreements entitles a party to further offsetting if a counterparty is in default, which lowers the exposure further when a counterparty is in default, but does not meet the conditions for accounting offsetting on the balance sheet.

DKKm

44 Classification of financial instruments

2020	Amortised cost	Fair value through profit	Designated at fair value margins through profit	Total
Financial assets				
Cash balance and demand deposits with central banks	34,951	0	0	34,951
Due from credit institutions and central banks	10,538	0	0	10,538
Loans at fair value	0	0	345,699	345,699
Loans and advances at amortised cost	145,680	0	0	145,680
Bonds at fair value	0	66,663	0	66,663
Bonds at amortised cost	23,797	0	0	23,797
Shares, etc.	0	2,405	0	2,405
Assets in pooled deposits	3,754	0	0	3,754
Derivatives (Other assets)	0	31,971	0	31,971
Total	218,720	101,039	345,699	665,458
Financial liabilities				
Due to credit institutions and central banks	30,067	0	0	30,067
Deposits	136,953	0	0	136,953
Issued bonds at fair value	0	0	348,828	348,828
Issued bonds at amortised cost	63,697	0	0	63,697
Subordinated debt	5,821	0	0	5,821
Set-off entry of negative bond holdings	7,639	0	0	7,639
Derivatives (Other liabilities)	0	34,203	0	34,203
Total	244,177	34,203	348,828	627,208
2019				
Financial assets				
Cash balance and demand deposits with central banks	9,889	0	0	9,889
Due from credit institutions and central banks	23,392	0	0	23,392
Loans at fair value	0	0	339,906	339,906
Loans and advances at amortised cost	145,994	0	0	145,994
Bonds at fair value	0	78,333	0	78,333
Bonds at amortised cost	11,136	0	0	11,136
Shares, etc.	0	2,422	0	2,422
Assets in pooled deposits	4,128	0	0	4,128
Derivatives (Other assets)	0	24,911	0	24,911
Total	194,539	105,666	339,906	640,111
Financial liabilities				
Due to credit institutions and central banks	29,278	0	0	29,278
Deposits	140,235	0	0	140,235
Issued bonds at fair value	0	0	357,037	357,037
Issued bonds at amortised cost	38,556	0	0	38,556
Subordinated debt	4,327	0	0	4,327
Set-off entry of negative bond holdings	3,988	0	0	3,988
Derivatives (Other liabilities)	0	26,882	0	26,882
Total	216,384	26,882	357,037	600,303

45 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, volatilities, etc. from recognised stock exchanges and providers.

Specific details on methods for measuring fair value

Loans at fair value are predominantly mortgage loans and generally measured at prices of the underlying bonds quoted on a recognised stock exchange. If such a market price is not available for the preceding 7 days, a calculated price based on the official market rate will be applied for determining the value. If derivatives are part of the funding of the mortgage loans, the value of these will be integrated in the valuation of the loans. The fair value is reduced by the calculated impairment charge, which for loans at fair value is measured according to the same principles that apply to impairments of loans and advances at amortised cost.

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

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

Information about differences between recognised value and measurement of fair value

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

Subordinated debt and issued bonds exclusive of issues of mortgage bonds are recognised at amortised cost supplemented with the fair value of the hedged interest-rate risk. The difference to fair value was calculated on the basis of own-issue prices obtained externally.
Deposits are recognised at amortised cost. The difference to fair value is assumed to be the interest-rate dependent value adjustment calculated by comparing current market rates with market rates at the time when the deposits were made.

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

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

45 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 credit impairment, the fair value is adjusted (CVA). Adjustments will also be made for clients with credit impairment, but on an individual basis.

For any given counterparty's total portfolio of derivatives, CVA is a function of the expected positive exposure (EPE), loss given default (LGD) as well as the probability of default (PD).

When determining the EPE, a model is used to establish the expected positive exposure to the counterparty's portfolio over the time to 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. The PDs that Jyske Bank has applied in the model so far were estimated on the basis of IRB (internal rating based) PDs. The bank no longer assesses that this method for estimation of PDs reflects to a sufficient degree the probability of default that can be seen in the market. Therefore, Jyske Bank is in the process of replacing the model and anticipates that the new model will be implemented in 2021. The change gives rise to a management's estimate of DKK 142m for 2020 in addition to the current ACVA model.

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 calculation takes place according to the same principles that apply to the CVA calculation, yet PD for Jyske Bank is determined on the basis of Jyske Bank's external rating by Standard & Poor's. At the end of 2020, CVA and DVA amounted net to DKK 67m, which accumulated amount was recognised as an expense under value adjustment against an accumulated amount of DKK 73m at the end of 2019. The above-referenced management's estimate for ACVA is added to this.

46 Fair value of financial assets and liabilities

The table shows the fair value of financial assets and liabilities and the carrying amounts. The re-statement at fair value of financial assets and liabilities shows a total non-recognised unrealised loss of DKK 42m at the end of 2020 against a total non-recognised unrealised loss of DKK 136m at the end of 2019. Unrealised gains and losses caused by changes in the fair values of shares in sector-owned undertakings are recognised in the income statement. The recognised value of those shares in the balance sheet at the end of 2020 amounted to DKK 1,115m (2019: DKK 1,182m), and the recognised value adjustment in the income statement amounted to DKK 92m (2019: DKK 120m).

DKKm	2020		2019	
	Recognised value	Fair value	Recognised value	Fair value
FINANCIAL ASSETS				
Cash balance and demand deposits with central banks	34,951	34,951	9,889	9,889
Due from credit institutions and central banks	10,538	10,545	23,392	23,397
Loans at fair value	345,699	345,699	339,906	339,906
Loans and advances at amortised cost	145,680	145,712	145,994	146,033
Bonds at fair value	66,663	66,663	78,333	78,333
Bonds at amortised cost	23,797	24,068	11,136	11,245
Shares, etc.	2,405	2,405	2,422	2,422
Assets in pooled deposits	3,754	3,754	4,128	4,128
Derivatives	31,971	31,971	24,911	24,911
Total	665,458	665,768	640,111	640,264
FINANCIAL LIABILITIES				
Due to credit institutions and central banks	30,067	30,109	29,278	29,315
Deposits	132,882	132,883	136,033	136,042
Pooled deposits	4,071	4,071	4,202	4,202
Issued bonds at fair value	348,828	348,828	357,037	357,037
Issued bonds at amortised cost	63,697	64,000	38,556	38,887
Subordinated debt	5,821	5,827	4,327	4,239
Set-off entry of negative bond holdings	7,639	7,639	3,988	3,988
Derivatives	34,203	34,203	26,882	26,882
Total	627,208	627,560	600,303	600,592

The Group has non-financial assets at fair value through Other comprehensive income.

DKKm

47 The fair value hierarchy

2020

Financial assets	Quoted prices	Observable prices	Non-observable prices	Fair value, total	Recognised value
Loans at fair value	0	345,699	0	345,699	345,699
Bonds at fair value	55,211	11,452	0	66,663	66,663
Shares, etc.	365	584	1,456	2,405	2,405
Assets in pooled deposits	6	3,748	0	3,754	3,754
Derivatives	569	31,402	0	31,971	31,971
Total	56,151	392,885	1,456	450,492	450,492
Financial liabilities					
Pooled deposits	0	4,071	0	4,071	4,071
Issued bonds at fair value	290,140	58,688	0	348,828	348,828
Set-off entry of negative bond holdings	7,483	156	0	7,639	7,639
Derivatives	470	33,733	0	34,203	34,203
Total	298,093	96,648	0	394,741	394,741
2019					
Financial assets					
Loans at fair value	0	339,906	0	339,906	339,906
Bonds at fair value	60,178	18,155	0	78,333	78,333
Shares, etc.	418	474	1,530	2,422	2,422
Assets in pooled deposits	1	4,127	0	4,128	4,128
Derivatives	375	24,536	0	24,911	24,911
Total	60,972	387,198	1,530	449,700	449,700
Financial liabilities					
Pooled deposits	0	4,202	0	4,202	4,202
Issued bonds at fair value	272,829	84,208	0	357,037	357,037
Set-off entry of negative bond holdings	3,677	311	0	3,988	3,988
Derivatives	302	26,580	0	26,882	26,882
Total	276,808	115,301	0	392,109	392,109

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 2020 and 2019.

NON-OBSERVABLE PRICES	2020	2019
Fair value, beginning of period	1,530	2,052
Transfers for the year	0	0
Capital gain and loss for the year reflected in the income statement under value adjustments	118	111
Sales or redemptions for the year	230	633
Purchases made over the year	38	0
Fair value, end of period	1,456	1,530

Non-observable prices

Non-observable prices at the end of 2020 referred to unlisted shares recognised at DKK 1,456m against unlisted shares recognised at DKK 1,530m at the end of 2019. 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. If it is assumed that the actual market price will deviate by +/- 10% relative to the calculated fair value, the effect on the income statement would amount to DKK 146m on 31 December 2020 (0.44% of the shareholders' equity at the end of 2020). For 2019, the effect on the income statement is estimated at DKK 153m (0.48% of the shareholders' equity at the end of 2019). Capital gain and loss for the year on unlisted shares recognised in the income statement is attributable to assets held at the end of 2020. 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.

47 **Fair value hierarchy, cont.**

Non-financial assets recognised at fair value

Investment properties were recognised at a fair value of DKK 28m (end of 2019: 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 2019: 7%).

At the end of 2020, assets held temporarily included properties repossessed temporarily and cars, etc. Assets held temporarily are recognised at the lower of cost and fair value less costs of sale. Assets held temporarily were recognised at DKK 165m (end of 2019: DKK 2,476m). Fair value belongs to the category of non-observable prices, except for bonds in the amount of DKK 0m (end of 2019: DKK 570m).

Owner-occupied properties, exclusive of leased properties, were 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 6.43% (2019: 6.44%). Owner-occupied properties, exclusive of leased properties, were recognised at DKK 1,759m (2019: DKK 1,776m). See note 30 for further details. The revalued amount belongs to the category of ' non-observable prices'.

48 **Risk exposure**

Jyske Bank assumes financial risks within established limits and to the extent the risk-adjusted return in this way contributes to the Group's financial goal.

Jyske Bank's financial risks consist mainly of credit risks. The Group assumes credit risks if, through individual credit processing, it can be substantiated that the debtor has the necessary ability to service debts and that it can be rendered probable that the debtor has the will and the ability to repay the credit granted. Failing that, the subject matter of the charge must have sufficient value as well as stability of value, and it must be substantiated that the subject matter of the charge can be realised and pay off the remaining credit. Finally, it is a requirement that the Group's expected earnings must match the associated credit risk and capital charge.

Moreover, Jyske Bank assumes market risks when a return matching the involved risk can be rendered probable. The Group's market risk consists chiefly of interest-rate risk. Market risks are managed on the basis of a portfolio approach across instruments and types of risk and hence in consideration of the correlation or lack of correlation for which there is empirical evidence and that is expressed through the risk measurement Value at Risk (VaR). To a lesser degree, the Group assumes financial option risks. During periods with high market volatility, positions involving market risk are generally reduced so the stated VaR will still be at an acceptable level.

As a consequence of the Group's activities, liquidity risks arise when there is a funding mismatch in the balance sheet because the loan portfolio has a longer duration than its average funding sources. Active liquidity management will ensure that there is sufficient liquidity in the short and long term to meet the Group's payment obligations.

It is to the greatest possible extent attempted to minimise operational risks considering the related costs.

At any time, the total risks are adjusted to the Group's risk profile and capital structure according to the Group's capital management objective. Therefore, over the past year, the monitoring and reporting of total risks have in particular focused on the risk relating to the COVID-19 pandemic.

49 **Risk management and risk organisation**
Risk management is a key element in the Group's daily operations and is anchored in the Group Supervisory Board and the Group Executive Board.

The Group Supervisory Board lays down the general principles for risk and capital management as well as for the Group's risk profile, and implement these in the Group by adopting a number of risk policies and instructions. Together with the Group Executive Board, the Group Supervisory Board is responsible for ensuring that the Group has an organisational structure that will secure a distinct allocation of responsibility and include an appropriate separation of functions between development units, operating units and control units in the daily monitoring and management of the Group's risks.

The Group Executive Board is responsible for the day-to-day risk management and the management of the Group and will ensure that policies and instructions are operationalized and complied with. The Group Executive Board has appointed a group chief risk officer, who is also the director of the Risk unit. The responsibilities of the unit include assets involving risks across areas of risk and organisational units, including:

- presentation of risk policies and risk-management principles to the Group Executive Board and the Group Supervisory Board;
- presentation of a comprehensive picture of risk for the decision-makers;
- implementation of risk management principles and policies in order to improve risk management on an on-going basis;
- quantification of the Group's risk exposure as well as monitoring and reporting to ascertain that the Group's risk exposure does not exceed the limits defined by the Group Supervisory Board.

The impact from COVID-19 on the Group's risks has over the past year been in focus. Consequently, in the spring, a cross-organisational task force was established to form an overview of the impact from COVID-19 on the picture of risk. Continuous reporting on the picture of risk in the light of the COVID-19 pandemic has taken place, both in risk reports and in ad hoc analyses.

To achieve efficient risk management close to the mortgage-credit business, the Group has also appointed a risk officer at Jyske Realkredit. The risk officer and his employees form an integral part of the unit Risk to ensure that the group chief risk officer has a complete overview of the entire Group's risks.

Day-to-day management of credit risk is undertaken by account managers as well as the Credit Division with due regard to credit policies and credit instructions.

Jyske Bank has three business areas that manage market risk. Strategic market risks are managed by Group Treasury, and investments are in general based on a long-term perspective on the financial markets. Jyske Markets and Jyske Realkredit manage short-term market risks as part of the servicing of clients' trades with financial instruments and in the mortgage credit business. Similarly, the strategic liquidity risks are managed by Group Treasury, and the short-term operational liquidity is managed at Jyske Markets. The day-to-day management of operational risk is undertaken by the individual units of the Group.

50 **Credit risk**
Credit risk is managed, among other things, on the basis of the Group's approved advanced credit risk models. The models are used for various purposes, from advisory services offered to the Jyske Bank Group's clients to determination of risk and for management reporting.

Credit policy and responsibility
The Group Supervisory Board determines the general framework for the granting of credit in the Group. The authority structure relating to the granting of credit in the Group is determined by the Group Supervisory Board, which is the granting authority in connection with the largest exposures. Granting authority in connection with other exposures has been delegated to the Group Executive Board.

Credit risk is managed through the credit policy, which defines objectives and framework for the credit risk of the Group with the objective of keeping the Group's risk at a satisfactory level in respect of the capital base and business volume of the Group as well as the general trend in the Danish economy. Clients' transactions with the Group must for the long term generate a satisfactory risk-adjusted return.

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

Limits and authorisation
The Group attaches great importance to its decentralised credit-authorisation process. The limit structure states which amounts can be granted and which instances and segments are covered. The main principle is that regularly occurring credit cases can be decided locally, and credit-related decisions for major or more complicated cases must be made centrally - in respect of leasing, bank loans as well as mortgage loans.

Limits are delegated to account managers individually on the basis of perceived competence and need. Decisions about applications over and above the limits delegated to account managers are made by the Credit unit. Credit-related decisions relating to Credit's limits are made by the Group Executive Board for credit cases at Jyske Bank, whereas the Supervisory Boards of the individual subsidiaries are the granting authority in connection with cases involving clients of the subsidiaries, including and primarily Jyske Realkredit and Jyske Finans. The Group Executive Board is represented on the Supervisory Boards of the individual subsidiaries. Finally, credit-related decisions relating to the supervisory boards of the subsidiaries are made by the Group Supervisory Board.

50 **Credit risk, cont.**

The credit process and monitoring
Together with policies and business procedures, the credit processes form the basis ensuring that the granting of credit is based on sound risk taking and the highest degree of loss minimisation.

The basis of each authorisation of credit is the client's ability to repay the loan. A central element in the assessment of the creditworthiness of corporate clients is their ability to service debt out of cash flows from operations in combination with their financial strength. In respect of personal clients, their debt servicing ability, as reflected in budgets and disposable income (before and after the raising of the loan), is decisive.

The extent of data and analyses depends on the client's financial situation and the complexity of the case and may therefore vary from case to case.

The provision of collateral is a material element in credit granting in order to minimise the Group's future losses. In respect of mortgage loans, real property is always mortgaged, and in respect of leasing, the financed asset has always been provided as security.

Monitoring of the Group's credit risk is performed by the department Risk Management, which is fully independent of business processes and has no business responsibility. Risk Management is responsible for the ongoing monitoring and analysis of the exposures of the Group, by size, sector, type and geographical area with the main focus on reducing the risk and ensuring satisfactory diversification of the portfolio in accordance with the Group's risk targets. Monitoring takes place through quantitative models at portfolio level.

Furthermore, Risk Management is responsible for monitoring the credit quality of the portfolio, which is based on several approaches (client groups, sectors, product groups, etc.). Moreover, risk monitoring includes qualitative as well as quantitative control, for instance, of data and risk categories.

Credit assessment and PD
Credit procedures are adjusted to match the level of risk on individual exposures. One of the key elements is the ranking of the client's credit quality through credit rating at Jyske Bank and Jyske Finans as well as rating at Jyske Realkredit. The credit rating expresses the probability of the client defaulting over the coming year (Probability of Default - PD). A client in default is defined as a client who is not expected to meet his obligations in full to the Group. By far, most clients are awarded a PD on the basis of statistical credit scoring models developed internally in the Group. Very large companies and companies within special sectors are awarded a PD on the basis of an assessment by an independent expert. Examples are financing companies, financial institutions and central governments. In those cases, external ratings, if available, will primarily form the basis of the internal credit rating of the client.

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

In order to reach the best possible overview of client credit quality, PD is mapped into internal credit ratings ("STY") at Jyske Bank and Jyske Finans. Jyske Bank's credit ratings are on a scale from 1 to 14, 1 being the best credit quality (the lowest PD) and 14 the poorest credit quality (the highest PD). The scale is constant over time so that clients migrate up or down depending on their PD.

The PD level is monitored quarterly relative to the actual development of the default rate. Adjustments are made with half of the fluctuations relative to the long-term average.

At Jyske Realkredit, the PD is translated into 9 rating classes, where rating class 9 designates clients in default. Work is undergoing to harmonise the concepts and models relating to credit rating in the Group.

50 **Credit risk, cont.**

Below is shown the mapping between credit ratings, the Jyske Realkredit rating, PD as well as external ratings at the end of 2020 for clients that are not in default.

The Group's internal credit ratings and the mapped Jyske Realkredit ratings aim to assess the credit risk in a one-year perspective, while external ratings (Aaa - C) aim to assess the credit risk in a longer perspective. The mapping between the internal credit ratings, the Jyske Realkredit rating and the external credit ratings is based on the currently observed default frequency for companies rated by Jyske Realkredit and Moody's. The mapping between the internal rating, the Jyske Realkredit rating and external ratings is therefore dynamic. Observations are made on at least a quarterly basis to determine whether changes are to be made in the mapping.

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

INTERNAL RATINGS AND PD BAND			
JB Credit rating	Jyske Realkredit rating	PD band (%)	External rating equivalence
1		0.00 - 0.10	Aaa-A3
2	1	0.10 - 0.15	Baa1
3		0.15 - 0.22	Baa2
4		0.22 - 0.33	Baa3
5	2	0.33 - 0.48	Ba1
6		0.48 - 0.70	Ba2
7	3	0.70 - 1.02	Ba3
8		1.02 - 1.48	B1
9	4	1.48 - 2.15	B1-B2
10	5	2.15 - 3.13	B2
11		3.13 - 4.59	B3
12	6	4.59 - 6.79	Caa1
13		6.79 - 10.21	Caa2
14	7 and 8[1]	10.21 - 25.0	Caa3/Ca/C

[1]Jyske Realkredit rating 8 includes PDs above 25%.

Credit exposure

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

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

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

In respect of financial instruments, EAD is measured according to the market-value method for regulatory calculation, while for internal management purposes, the more advanced EPE method is used.

50 **Credit risk, cont.**

Collateral
As a main rule, clients are required to provide full or partial collateral for their commitments with a view to limiting the credit risk and ensuring an adequate balance between risk and earnings. The Group's mortgage loans are always secured by mortgages on immovable property, and also in a large number of cases, guarantees are provided by third parties in connection with cooperation with other financial institutions. In connection with loans for social housing, guarantees are provided by municipalities and the state.

Collateral received is a main element of the Group's assessment of Loss Given Default (Loss Given Default (LGD)). LGD is the part of the Group's total exposure to a client which the Group expects to lose in the event the client defaults within the next twelve months. A client's LGD depends on specific factors, including the client's commitment and the collateral provided. Overall, LGD also depends on Jyske Bank's ability to collect receivables and liquidate collateral.

The models relating to real property and vehicles include on-going updating of the collateral value, taking into account, among other things, market-related changes in value, ranking as well as wear and tear. The on-going updating of the values of real property will also ensure compliance with the requirements relating to the monitoring of LTV limits of the SDO loans according to the rules on possible, further supplementary capital.

The calculation of impairment charges and solvency requirement uses LGD estimates which reflect the Group's expected loss rates. The loss levels for impairment purposes have been calibrated for the current expectations of loss given default, while LGD for solvency purposes have been calibrated for the period at the end of the 1980s and the beginning of the 1990s.

Risk classification
At the Jyske Bank Group exposures with objective evidence of impairment are divided into three categories: exposures with low, high and full risk. The latter two risk categories consist of defaulted clients. Exposures with low risk are exposures for which it is assessed more probable that the exposure will again become sound, while exposures with high and full risk (defaulted clients) are exposures for which it is assessed more probable that the exposure will result in losses and/or forced sale of assets provided as security to the Jyske Bank Group or other creditors.

The Jyske Bank Group's definition of default is defined as clients with a high or full risk (unlikely to pay) and clients past due more than 90 days on payment of contractual interest and instalments. The definition of default is based on the requirements set forth in Article 178 of the EU Regulation No. 575/2013. For instance, clients are considered associated with high or full risk (defaulted clients) in the event of bankruptcy, restructuring, debt rescheduling, indication of current or expected future challenges establishing balance between income and expenditure, etc. The principles and the definitions of the risk classification have been applied for many years and are assessed to be a well-defined and robust element in the Group's risk management practice.

The classification of risk is reassessed on an ongoing basis by account managers and/or credit specialists and at least once a year for sound accounts and at least once a quarter for weak accounts. The same requirement as to being updated applies to changes of the risk classification in the event of deterioration and improvement. This ensures a high level of assurance that the Group's statement of indication of impairment is true and fair, and that the solvency requirement has not been determined on an imprudent basis.

There is close correlation between the Group's risk classification principles and credit management in the business, reflected, among other things, in the credit policy and credit-related business procedures. Depending on the client's risk classification, for instance requirements of frequency of credit follow-up, requirements of degree of collateral and requirements of pricing are made. The principles are generally applicable to the entire Group and apply to all categories of loans and client segments.

There are only minor differences between the definition of default and the accounting treatment of credit-impaired loans and advances (stage 3), as account managers and/or credit specialists - following a specific assessment of the client's financial circumstances - may reclassify clients past due more than 90 days (default) to stage 2, if it is documented that the reason why the client is in arrears is not financial difficulties. Hence, to a high degree, the accounting treatment of the loan reflects the current financial assessments of the client's circumstances.

In connection with the Group's implementation of the new default guidelines (EBA/GL/2016/07) issued by the EBA, the entry criteria for default, stage 3 and non-performing, are aligned. Various periods of quarantine apply to the individual concepts, and therefore the exit criteria vary.

50 **Credit risk, cont.**

Loan impairment charges

The Jyske Bank Group recognises loan impairment charges and provisions for guarantees already as of the initial recognition. All loans are segmented into three stages, depending on the credit-impairment of the individual loans relative to the initial recognition:

1. Loans with no significant increase in credit risk
2. Loans with significant increase in credit risk
3. Credit-impaired loans

On an on-going basis, account managers secure that the credit assessment and credit rating are true and fair and assess on an on-going basis - and at least every quarter - the risk classification, including whether objective evidence of impairment has been established for Group's clients. Where easier conditions have been granted to clients with financial problems, this will be regarded as individual objective evidence of impairment.

In the Jyske Bank Group, all loans are assessed for objective evidence of impairment. Objective evidence of impairment exists if one or more of the following events have occurred:

- The borrower is facing considerable financial difficulties;
- The borrower is in serious breach of contract, for instance by failing to observe its liability to pay instalments and interest.
- The borrower is granted easier terms that would not be considered if the borrower was not facing financial difficulties;
- The borrower is likely to go bankrupt or undergo some other financial restructuring.

	DKKm	2020	2019
51	**Maximum credit exposure**		
	Loans at fair value	345,699	339,906
	Loans and advances at amortised cost	145,680	145,994
	Guarantees	11,474	11,932
	Loan commitments and unutilised credit facilities	67,195	66,683
	Loans, advances and guarantees, etc.	570,048	564,515
	Demand deposits at central banks	34,597	9,425
	Due from credit institutions and central banks	10,538	23,392
	Bonds at fair value	66,663	78,333
	Bonds at amortised cost	23,797	11,136
	Positive fair value of derivatives	31,971	24,911
	Total	737,614	711,712

%

52 Loans at amortised cost and guarantees by country and client segment

	Clients	Banks	Central govts, etc.	Total
2020				
Denmark	82	18	0	78
EU	14	69	0	17
Rest of Europe	4	1	0	4
USA + Canada	0	8	0	1
Other zone-A countries	0	0	0	0
South America	0	0	0	0
Rest of the world	0	4	0	0
Total	**100**	**100**	**0**	**100**
2019				
Denmark	87	25	100	84
EU	9	59	0	12
Rest of Europe	4	0	0	3
USA + Canada	0	14	0	1
Other zone-A countries	0	0	0	0
South America	0	0	0	0
Rest of the world	0	2	0	0
Total	100	100	100	100

DKKm

53 Market risk

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

Sensitivity analyses

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

Negative interest rates still constitute a dominant element, and the introduction of negative interest rates on deposits without contractual expiry contributed to a reduction of risk in 2020 compared to 2019, where the Group also increased its degree of hedging marginally.

Sensitivity analyses – effect on Income Statement	2020	2019
A 0.5 percentage-point increase in interest rates*	**580**	349
A 0.5 percentage-point decrease in interest rates*	**-355**	-896
A general fall of 10% in equity prices	**-55**	-10
A negative 2% change in equity prices	**-25**	-26
A negative 5% change in commodity prices	**0**	0
A negative 5% change in exchange rates**	**-27**	-81

* Determined in the event of the Group’s present value of both the trading portfolio and the banking book being under stress.
** EUR is not included in the calculation.

Equity risk was calculated for the trading portfolio.
"Negative" means that the prices of long positions fall, while those of short positions rise.
The impact on equity is as outlined above, yet less tax.

DKKm

54 Interest-rate risk by currency and duration

	<= 1 year	2 years	5 years	>= 10 years	Total	Of which interest-rate risk outside the trading portfolio
2020						
DKK	52	308	-871	-117	-628	-629
EUR	10	-105	96	-246	-245	-153
GBP	0	-1	4	-8	-5	-4
JPY	2	0	-2	9	9	1
SEK	5	-2	20	-2	21	4
USD	-15	33	-18	11	11	3
Others	6	7	-4	2	11	3
Total	60	240	-775	-351	-826	-775
2019						
CHF	4	-1	3	0	6	5
DKK	232	-377	-934	-60	-1,139	-1,182
EUR	-88	2	97	-200	-189	-193
JPY	1	0	-3	8	6	0
SEK	8	-1	7	0	14	5
USD	-21	29	0	11	19	9
Others	10	17	-20	-2	5	-1
Total	146	-331	-850	-243	-1,278	-1,357

DKKm

55 Interest-rate risk by product and duration

	<= 1 year	2 years	5 years	>= 10 years	Total	Of which interest-rate risk outside the trading portfolio
2020						
Assets						
Due from credit institutions and central banks	-35	-39	85	-1	10	10
Loans and advances	251	250	519	61	1,081	1,081
Bonds	210	149	628	473	1,460	1,121
Liabilities						
Due to credit institutions and central banks	-9	-14	0	0	-23	-23
Deposits	-56	46	-1,394	-21	-1,425	-1,425
Issued bonds	-124	-32	-422	-86	-664	-664
Subordinated debt	-4	0	-70	0	-74	-74
Joint funding	-105	-36	-120	-44	-305	-305
Derivatives						
Interest-rate and currency swaps	-68	-134	24	-654	-832	-528
Other derivatives	-6	25	0	-42	-23	27
Futures	6	25	-25	-37	-31	5
Total	**60**	**240**	**-775**	**-351**	**-826**	**-775**
2019						
Assets						
Due from credit institutions and central banks	-35	-85	130	-1	9	9
Loans and advances	285	411	439	63	1,198	1,195
Bonds	282	89	392	441	1,204	745
Liabilities						
Due to credit institutions and central banks	-14	-25	0	0	-39	-39
Deposits	-76	-489	-1,206	-25	-1,796	-1,796
Issued bonds	-44	-98	-273	-164	-579	-579
Subordinated debt	-4	0	-77	0	-81	-81
Joint funding	-128	-116	-265	-37	-546	-545
Derivatives						
Interest-rate and currency swaps	-140	-16	33	-484	-607	-276
Other derivatives	10	-3	-6	-57	-56	7
Futures	10	1	-17	21	15	3
Total	**146**	**-331**	**-850**	**-243**	**-1,278**	**-1,357**

Note	DKKm	2020	2019
56	**Currency risk**		
	Total foreign-currency assets	81,777	56,164
	Total foreign-currency liabilities	130,748	106,071
	Currency-exposure indicator 1	1,682	4,505
	Currency-exposure indicator 1 as a percentage of core capital	4.7	12.8
	Exchange rate indicators are calculated according to FSA guidelines		
	Exposure by currency		
	EUR	-1,201	-4,187
	SEK	-	384
	CAD	53	57
	PLN	-	71
	MXN	56	139
	CHF	-137	-84
	NOK	327	475
	USD	-101	-166
	AUD	56	-
	JPY	-103	-
	Other, long	150	177
	Other, short	-11	-68
	Total	-911	-3,202

Note		2020	2019
57	**Equity risks**		
	Equity risk A		
	Listed shares and derivatives	5	-6
	Unlisted shares	128	173
	Total	133	167
	Equity risk B		
	Listed shares and derivatives	64	112
	Unlisted shares	128	173
	Total	192	285

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

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

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

DKKm	2020	2019
58 Hedge accounting		
Interest-rate risk on fixed-rate liabilities		
Issued bonds:		
Amortised cost/Nominal value	13,595	14,564
Carrying amount	13,749	14,677
Accumulated accounting adjustment of fair value	-154	-113
Subordinated debt:		
Amortised cost/Nominal value	2,676	2,677
Carrying amount	2,755	2,747
Accumulated accounting adjustment of fair value	-79	-70
Due to credit institutions:		
Amortised cost/Nominal value	744	747
Carrying amount	772	760
Accumulated accounting adjustment of fair value	-28	-13
Derivatives, swaps		
Swaps, hedging issued bonds:		
Nominal value	13,595	14,564
Carrying amount	144	114
Accumulated accounting adjustment of fair value	144	114
Swaps, hedging subordinated debt:		
Nominal value	2,676	2,676
Carrying amount	81	79
Accumulated accounting adjustment of fair value	81	79
Swaps, hedging debt to credit institutions:		
Nominal value	744	747
Carrying amount	27	13
Accumulated accounting adjustment of fair value	27	13
Profit/loss for the year		
Profit/loss for the year on hedging instruments, swaps hedging issued bonds	30	-27
Profit/loss for the year on hedging instruments, swaps hedging subordinated debt	2	30
Profit/loss for the year on hedging instruments, swaps hedging debt to credit institutions	14	13
Profit/loss for the year on hedged items, issued bonds	-41	36
Profit/loss for the year on hedged items, subordinated debt	-9	-28
Profit/loss for the year on hedged items, debt to credit institutions	-15	-13

58 Hedge accounting, cont.

DKKm	2020	2019
Hedging instruments, nominal value by yield curve		
CIBOR	0	572
EURIBOR	16,460	16,879
STIBOR	555	537
Total	17,015	17,988

Hedging instruments, nominal value by maturity		
Up to 12 months	4,015	572
1-5 years	12,256	16,347
Over 5 years	744	1,068
Total	17,015	17,988

Interest-rate risk

Jyske Bank applies the rules for hedge accounting of fair value for certain fixed-rate issued bonds at amortised cost, subordinated debt and debt to credit institutions. The purpose is to avoid asymmetric fluctuations in the financial statements as both the hedging instruments as well as the hedged items will then be adjusted to market value in the income statement in the event of changes to the interest-rate level. The hedging instruments used are interest-rate swaps, which are used for hedging against changes in the interest-rate level. The interest rate is the only material element of risk that is hedged in the hedged items, and not credit margins or similar.

For each secured bond issued, subordinated debt or debt to credit institutions, an interest-rate swap is entered into with the same reference rate, same time to maturity and same nominal amount, and therefore the hedging relationship is 1:1.
The fixed interest rate on the hedged items are hedged directly on the fixed rate of the hedging instruments, which are swapped into a floating 3- to 6-month EURIBOR rate, which is included in the bank's normal risk management.
The carrying amount of the hedging instruments is recognised in the balance sheet under the item "Other assets" in the event of a positive fair value and under the item "Other liabilities" in the event of a negative fair value.

The hedge effectiveness is determined by comparing the interest element of the total fair value of the hedging instruments with the interest element of the total fair value of the hedged items. Moreover, the hedge effectiveness is calculated each month and each quarter for hedging instruments against the hedged items for the period's gain/loss on the element of interest of the fair value.

The current portfolio of hedged items will mature over the decade with the last transaction in 2026. The largest number of instruments will mature in 2021 (about DKK 7.7 bn) and in 2022-2024 (about DKK 8.5 bn), which is, by far, the largest part of the hedging.

A minor degree of inefficiency between the hedged items and the hedging instruments can be caused by a difference in the discount curves applied. In addition, inefficiency may occur when the recognised carrying amounts are very low. The hedge effectiveness recognised in the profit amounted to DKK -19m (2019: DKK 11m) as the gain for the year on hedging instruments amounted to DKK 46m (2019: DKK 16m) and the loss for the year on hedged items at amortised cost was DKK -65m (2019: DKK -5m).

IBOR reform

IBOR rates are quoted in the interbank market for unsecured loans, which since the financial crisis has become an illiquid market. Therefore, to a great extent, IBOR rates are based on estimates. This is one of the reasons for a global reform of the use of interest rate benchmarks, including the IBOR transition or the IBOR reform. Today the IBOR reform is based on an EU regulation (Benchmark regulation - BMR).

Today IBOR rates are used generally to determine cash flows in both derivatives agreements, floating-rate consumer and corporate loans as well as mortgage loans. Therefore, the interest rates are of crucial importance to the market value of the financial products. In its entirety, the IBOR reform has the aim that derivatives and loan agreements to a higher degree are to be based on new alternative risk-free reference rates (RFR) instead of the current IBOR rates.

The new RFR rates are based on transactions in the interbank market on overnight loans contrary to IBOR rates that are based on estimates. For derivatives transactions, the ISDA has published new definitions of fallback rates to replace the current IBOR rates when they are discontinued. The fallback rates are based on RFR rates plus a fixed credit spread. Among other things, the rates will be retrospective rather than forward-looking.

In the loan markets it is increasingly uncertain how the transition to RFR rates will be secured. It is expected that many of the current IBOR rates as well as EUR EONIA will cease to exist as of 2 January 2022. For EURIBOR and Scandinavian IBORs (CIBOR, STIBOR and NIBOR) an expiry date has not yet been set, but instead they have been reformed into a new and BMR-compliant version. Liquidity has still not been shifted from IBOR-based products to new RFR products, but it is clearly expected that this will change in the course of 2021.

58 **Hedge accounting, cont.**

Jyske Bank has established a task force to lead the bank and its clients through the IBOR transition. The task force is to disclose which trades are affected by the IBOR transition, investigate the economic effect of the transition, inform clients, negotiate changes in the contractual basis and secure the handling of the transition in the bank's IT systems.

In respect of derivatives, where the transition has moved the furthest, the bank has, among other things, adjusted the trading system to handle derivatives based on the new RFR in EUR and USD (EUR ESTR and USD SOFR, respectively) and handle the shift on the part of the clearing houses to ESTR in July 2020 and SOFR in October 2020.

In respect of agreements, we are re-negotiating the return on collateral under CSA agreements. In addition, Jyske Bank has endorsed the ISDA 2020 IBOR Fallbacks Protocol and the ISDA 2018 Benchmarks Supplement Protocol, which will ensure robust fallback mechanisms when the IBOR rates are discontinued.

It is expected that the above will not to any material extent affect market values and hence the results of Jyske Bank.

The IBOR reform and the ensuing changes to the interest rate benchmarks and cash flows are not considered to be of importance for the hedging relationship for the hedged items and the hedging instrument. The transactions are hedged in the hedging relationship 1:1, and also the transactions are anticipated in mid-2021 to discounted on the basis of the same identical yield curve setup; the effectiveness test in the hedging relationship of 80% to 125% will be met.

The table shows the distribution of the hedging instruments according to current reference rates, where Jyske Bank is primarily in EURIBOR. The majority of the hedging instruments nominal value is also EURIBOR, where the timing of these are maturities of 1 - 5 years.

Hedge accounting of currency risk on investments in subsidiaries
Until the sale of Jyske Bank (Gibraltar) on 3 April 2020, Jyske Bank hedged the currency risk on the net investment in the subsidiary through forward exchange rate contracts. After the sale of the subsidiary, the forward exchange rate contracts have also been disposed of. At the end of 2020, the gross value of the forward exchange rate contracts therefore amounted to DKK 0m (2019: DKK 706m).

In 2020, foreign currency translation adjustment of the contracts amounted to DKK 20m (2019: DKK -38m), which was recognised under other comprehensive income together with the foreign currency translation adjustment of the hedged items. In 2020, the hedging was 100% effective and was determined by comparing the exchange rate adjustment for the year at DKK -20m (2019: DKK 38m) of the hedged items with the value adjustment of the year at DKK 20m (2019: DKK -38m) of the hedging instruments.

DKKm

59 Derivatives

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

2020	Net fair value				Fair value			Principal amounts, total
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Assets	Liabilities	Net	Nominal value
Currency contracts								
Forwards/futures, bought	5,672	1,760	251	0	7,686	3	7,683	357,140
Forwards/futures, sold	-6,273	-1,763	-563	0	7	8,606	-8,599	381,686
Swaps	-52	51	-79	-48	1,199	1,327	-128	125,159
Options, acquired	72	10	0	0	82	0	82	2,565
Options, issued	-51	-4	0	0	0	55	-55	2,314
Total	**-632**	**54**	**-391**	**-48**	**8,974**	**9,991**	**-1,017**	**868,864**
Interest-rate contracts								
Forwards/futures, bought	1	0	0	0	77	76	1	18,174
Forwards/futures, sold	-2	0	0	0	10	12	-2	28,439
Forward Rate Agreements, bought	0	0	0	0	0	0	0	0
Forward Rate Agreements, sold	0	0	0	0	0	0	0	0
Swaps	-383	-17	107	-1,019	36,625	37,937	-1,312	1,319,941
Options, acquired	62	-2	-30	-12	24	6	18	981
Options, issued	0	1	4	-8	7	10	-3	10,160
Total	**-322**	**-18**	**81**	**-1,039**	**36,743**	**38,041**	**-1,298**	**1,377,695**
Share contracts								
Forwards/futures, bought	7	0	0	0	7	0	7	11
Forwards/futures, sold	-15	0	0	0	0	15	-15	30
Options, acquired	4	0	0	0	4	0	4	0
Options, issued	-4	0	0	0	0	4	-4	0
Total	**-8**	**0**	**0**	**0**	**11**	**19**	**-8**	**41**
Commodity contracts								
Forwards/futures, bought	172	177	8	0	368	11	357	43
Forwards/futures, sold	-125	-181	-7	0	12	325	-313	42
Options, acquired	112	111	503	0	798	72	726	1
Options, issued	-110	-106	-468	0	72	756	-684	1
Total	**49**	**1**	**36**	**0**	**1,250**	**1,164**	**86**	**87**
Total	**-913**	**37**	**-274**	**-1,087**	**46,978**	**49,215**	**-2,237**	**2,246,687**
Outstanding spot transactions					27	21	6	37,971
CCP netting					-15,034	-15,034	0	0
Total after CCP netting					**31,971**	**34,202**	**-2,231**	**2,284,658**

DKKm

59 Derivatives – cont.

2019	Net fair value				Fair value			Principal amounts, total
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Assets	Liabilities	Net	Nominal value
Currency contracts								
Forwards/futures, bought	2,493	623	52	0	3,170	2	3,168	370,862
Forwards/futures, sold	-2,372	-703	-689	-2	3	3,769	-3,766	402,772
Swaps	-26	-92	-195	-22	558	893	-335	129,367
Options, acquired	21	5	0	0	26	0	26	3,224
Options, issued	-7	-4	0	0	0	11	-11	1,685
Total	109	-171	-832	-24	3,757	4,675	-918	907,910
Interest-rate contracts								
Forwards/futures, bought	0	1	5	0	138	132	6	26,752
Forwards/futures, sold	7	2	-1	0	23	15	8	25,526
Forward Rate Agreements, bought	0	0	0	0	0	0	0	0
Forward Rate Agreements, sold	0	0	0	0	0	0	0	0
Swaps	-404	34	-2	-763	32,788	33,923	-1,135	1,181,289
Options, acquired	6	132	-8	0	140	10	130	1,606
Options, issued	0	-132	8	0	9	133	-124	986
Total	-391	37	2	-763	33,098	34,213	-1,115	1,236,159
Share contracts								
Forwards/futures, bought	4	0	0	0	5	1	4	442
Forwards/futures, sold	-7	0	0	0	2	9	-7	993
Options, acquired	4	2	0	0	6	0	6	0
Options, issued	-4	-2	0	0	0	6	-6	0
Total	-3	0	0	0	13	16	-3	1,435
Commodity contracts								
Forwards/futures, bought	83	38	1	0	130	8	122	2,709
Forwards/futures, sold	-40	-38	0	0	9	87	-78	2,710
Options, acquired	3	14	17	0	49	15	34	5
Options, issued	-2	-12	-16	0	14	44	-30	5
Total	44	2	2	0	202	154	48	5,429
Total	-241	-132	-828	-787	37,070	39,058	-1,988	2,150,933
Outstanding spot transactions					69	51	18	35,884
CCP netting					-12,227	-12,227	0	0
Total after CCP netting					24,912	26,882	-1,970	2,186,817

60 **Liquidity risk**

Liquidity risk occurs due to funding mismatch in the balance sheet. The Group's liquidity risk can primarily be attributed to its bank lending activities as loans and advances have a longer contractual duration than its average funding sources. Liquidity risks at Jyske Realkredit are limited due to compliance with the balance principle for SDO issues as set out in the mortgage legislation. Note 17 states the remaining time to maturity for a number of assets and liabilities.

Objective and overall setup

The Group Supervisory Board determines the liquidity profile expressed as the balance between the risk level and the Group's costs of managing liquidity risk. The risk levels are re-assessed on an on-going basis in consideration of the current market-related and economic conditions in Denmark and the financial sector.

The overall development in lending and deposits in the Danish banking sector, the rating agencies' assessment of the Group's liquidity and funding risks as well as changes in statutory requirements will of course cause Jyske Bank to re-assess which risk levels can be deemed satisfactory.

Jyske Bank's liquidity management must ensure adequate short- and long-term liquidity so the Group can in due time honour its payment obligations by having reasonable funding costs. This is ensured through the following objectives and policies:

1. a strong and stable deposit basis which ensures stable long-term funding of the Group's lending activities;
2. continued high credit ratings by international rating agencies;
3. permanent access to international capital markets, hence achieving access to a diversified and professional funding base;
4. maintenance of a considerable buffer of highly liquid securities reflecting the run-off risk of more volatile price and credit sensitive funding sources. The liquidity buffer ensures that Jyske Bank can withstand the effect of several adverse liquidity scenarios.

Organisation, management and monitoring

The Group Supervisory Board has adopted a liquidity policy, which among other things defines specific critical time horizons for the Group during various adverse stress scenarios. Other key ratios include an internal target for LCR, the size and quality of the Group's liquidity buffer and the ratio between bank loans and bank deposits. On the basis of the general limits, the Group Executive Board has delegated specific operational limits to the operationally responsible officers at Jyske Bank, who on a daily basis follow and manage the Group's liquidity in line with limits and liquidity policies.

Jyske Realkredit is subject to liquidity-related restrictions in respect of investment profile in the securities portfolio, repo lending as well as money-market placements outside the Group to ensure that transactions at Jyske Realkredit are in line with statutory requirements as well as internal guidelines at Jyske Realkredit and at Group level.

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

Short-term liquidity management

Short-term operational liquidity is managed by Jyske Bank, Jyske Markets, which is active in the international money markets as a trader in all major currencies and related derivatives and as a market-maker in the Nordic inter-bank money markets. Short-term funding in these markets form part of the overall Group limits for short-term funding within strategic liquidity management.

60 **Liquidity risk, cont.**

Strategic liquidity management
Strategic liquidity management is embedded in Group Treasury. This management is based on various balance sheet and financing-related targets and statements of the Group's liquidity position under various stress scenarios.

Under the stress scenarios applied, payments from the asset side of the liquidity balance sheet are grouped in order of liquidity, whereas payments from the financial liabilities side are grouped according to expected run-off risk in various scenarios. The analyses are based on the contractual maturity of each individual payment, but they make allowance for the fact that the actual maturities of a large part of the balance sheet deviate from the contractual maturities. The analyses therefore apply scenario-specific expectations of client behaviour in those cases where contractual maturities are not considered to give a true and fair view of the actual maturities of deposits or loans. In relevant stress scenarios, the liquidity buffer is used to cover negative cash flows.

Under the various stress scenarios, both a survival horizon and a horizon regarding compliance with the mandatory LCR requirement are determined. The survival horizon is defined as the horizon with which the liquidity buffer will suffice to honour due dates relating to financing. Group Treasury is responsible for ensuring that the Group can at all times meet the critical survival horizons in the three scenarios used in strategic management:

- Institution-specific liquidity scenario (scenario 1): The scenario is based on an isolated incident in the Group, which will shake the surrounding world's confidence. Also, the incident may result in the loss of clients. The scenario also entails that Jyske Bank's rating is downgraded by one notch. It is, among other things, assumed that the Group is entirely cut off from access to the capital markets defined as CP, Interbank as well as to issues of senior debt and capital instrument. In addition, the Group is fast losing a significant part of the credit-sensitive client deposits, and it is also facing the risk that the bank must provide additional collateral as a derivative counterparty. The target is a horizon of at least 24 months.

- Capital market scenario (scenario 2): This scenario is, in actual fact, also a recession scenario. Following a long-lasting economic slowdown, banks are generally suffering from increasing credit losses and weak earnings. The property market is characterised by steep price declines. The surrounding world's confidence in the banking sector is seriously shaken, with the result that the capital market is frozen. The Group performs in line with the sector and avoids a downgrade on the part of the rating agencies. The Group is cut off from the capital markets defined as CP, Interbank as well as issues of senior debt and capital instrument. On the other hand, deposits with Jyske Bank are only affected to a modest degree. A decline in property prices totalling 20% over two years will entail that Jyske Realkredit must provide extensive collateral at the capital centres to meet the SDO requirement and that, due to turmoil in the capital markets, the need for CAS collateral increases. Moreover, rising risk aversion in the market will have the result that the value of the liquidity reserve is lowered due to widening credit spreads. The target is a horizon of at least 18 months.

- Combination scenario (scenario 3): This scenario is a combination of the two above ones; in the middle of a deep financial crisis, the Group is affected by a specific incident that undermines the confidence in the bank, see scenario 1. As the Group is affected by two incidents at the same time, the rating will be downgraded by two notches, which again adds to a negative liquidity flow. The outflow of the scenario is the union of scenario 1 and scenario 2. In addition, it must be assumed that a downgrade by two notches in a general market crisis will make it more difficult to find new derivative counterparties. It is therefore anticipated that it may be necessary for the Group to provide significant (and of a more permanent nature) collateral to new derivative counterparties. The target is a horizon of at least 9 months.

In addition to the targets for survival horizons, the ongoing Group Reporting also includes the calculated horizon for compliance with the statutory LCR requirement.

Liquidity contingency plan
The liquidity contingency plan comes into force if the Group can only meet the internally delegated limits at very high costs or is ultimately unable to do so within the critical horizons. The contingency plan establishes a wide range of possible actions to strengthen the Group's liquidity situation.

In 2020, Jyske Bank had a very high degree of excess coverage in respect of internally delegated limits and guidelines.

60 **Liquidity risk, cont.**

The Group's liquidity buffer
The Jyske Bank Group's liquidity buffer is determined as assets that be can sold quickly or put up as collateral for loans, and such assets are therefore an efficient source of liquidity. The procurement of secured funding does not depend on Jyske Bank's creditworthiness, but solely on the quality of the assets that can be offered as collateral. Only assets that are not applied for the Group's daily operations are included. The measurement of the Group's liquidity buffer takes into account haircuts of the relevant assets.

Jyske Bank's securities portfolio is, in the internal liquidity management, divided into three groups according to liquidity ratio:

1. **Ultra liquid assets:** Cash deposits placed with the Danish Central Bank or the ECB with intra-day liquidity effect according to the rules of the central banks.
2. **Very liquid assets:** Bonds eligible for borrowing transactions in the Danish central bank or the ECB. The liquidity value of Danish government and mortgage bonds as well as covered bonds is determined at market value less the Danish central bank's specific haircuts on bonds in connection with borrowing. To this must be added European mortgage bonds and government bonds. The liquidity value of these is determined at market value less the ECB's specific haircuts in connection with borrowing. The internal statement of liquidity reserves includes own mortgage bonds and small bond series in line with other mortgage bonds (contrary to the LCR buffer).
3. **Non-eligible assets:** Consist of other negotiable securities. The realisation period of such assets may vary considerably depending on the market - either in the form of sales or borrowing in the private repo market. Haircuts are determined at 25%. Securities in this group consist primarily of assets denominated in currencies other than DKK and EUR as well as securitization positions in the form of CLOs.

Jyske Bank has adopted a general policy for the size and quality of its total liquidity buffer, which is adjusted to suit the Group's balance sheet composition and risk profile. In practice, the liquidity buffer policy implies that the liquidity buffer consists predominantly of assets from liquidity groups 1 and 2.

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

Asset encumbrance
Asset encumbrance is a natural and inevitable part of the Group's daily activities. A large asset encumbrance of the Group's assets will, however, entail structural subordination of the Group's unsecured creditors. To ensure that the Group at all times has access to unsecured funding, a policy has been established in the area to ensure that asset encumbrance is not extended to any inexpedient extent.

At Jyske Bank, the following types of asset encumbrance of material extent have been identified:

- Issuance of SDOs
- Periodical short-term financing from Danmarks Nationalbank and the ECB
- Repo financing
- Derivatives and clearing activities.

Issuance of SDOs is the most important asset encumbrance of Jyske Realkredit A/S. Issuance of SDOs is a long-term and strategically important instrument to ensure stable and attractive funding.

The Group does not wish to be structurally dependent on financing of its activities with central banks, and appropriate liquidity management takes place to avoid such financing. On the other hand, short-term loans cannot be ruled out in the event of major unexpected shifts in liquidity and are considered a natural last resort.

Participation in the repo market for institutional clients and other financial institutions forms an integral part of the business model of Jyske Markets. It is the policy that such repo transactions are covered by collateral agreements (CSA) so the Group does not assume credit risk through such transactions. Repo transactions are solely carried out on liquid assets where the market price can be observed in the market. Also, repo transactions are included as a natural element of the management of the Group's liquidity buffer. Even though repo transactions form an important element in Jyske Markets, these can fairly quickly be scaled up or down.

Derivatives and clearing activities involve asset encumbrance via agreements on provision of financial collateral. The Group strives to ensure that collateral is primarily received and given through cash but includes also provision of collateral in the form of bonds.

61 Operational risk

The Group is exposed to potential losses as a result of operational risks, including inexpedient processes, human errors, IT errors as well as fraud. Operational risk relates to all internal processes and can therefore not be eliminated.

The Group monitors and actively manages operational risk to reduce the risk of operational events resulting in material loss and damage to the Group's reputation.

Objective and overall setup

Jyske Bank's Group Supervisory Board sets out a policy for operational risk, which states the framework for identification, assessment, monitoring and management of the operational risk as well as the Group Supervisory Board's risk profile for the area.

The purpose of the policy is to keep operational risks at an acceptable level in respect of the Group's overall objectives and the cost associated with reducing the risks. Therefore, the Group Supervisory Board has laid down a number of principles for the set-up and management of the Group where, among other things, attention must be paid to sufficient resources, IT support of material work processes, due separation of functions as well as stable development and operational processes.

Management and monitoring

Developments in operational risk are monitored to ensure the best possible basis for risk management. Monitoring is based on continuous dialogue with management to ensure that all the material operational risks of the Group are reflected in the risk scenarios. Risk scenarios, risk exposure and control environment are evaluated annually in cooperation with the business units.

In addition to the monitoring of potential risks in the form of the risk scenarios, registration takes place in the Group of all operational errors or incidents that caused losses or gains in excess of DKK 5,000. Each registration includes information about the incident, for instance about product, work process and cause of error. Data are used for analysis and reporting with a view to optimising processes and reducing future losses.

The Group Executive Board and the relevant business unit directors are in charge of operational risk management. This management is an integral part of daily operations through business procedures and controls established with the object of securing the best possible processing environment. On the basis of scenario analyses and regular reporting of the Group's operational risks, management considers the Group's risk exposure on an ongoing basis and decides whether to introduce initiatives to reduce operational risks.

Every quarter, the Group Executive Board and the Group Supervisory Board receive a comprehensive report that describes the development of the Group's operational risks accompanied by error statistics from the error registry. Non-compliance with established risk targets will also be reported.

Note		Jyske Bank Group

	DKKm	2020	2019
62	**Transactions involving related parties**		
	Transactions with associates		
	Loans	42	36
	Deposits	8	3
	Other liabilities	62	32
	Interest income	1	1
	Employee and administrative expenses	622	626
	Transactions with joint ventures		
	Loans	27	28
	Interest income	3	1

	Members of the Supervisory Board and related parties		Members of the Executive Board and related parties	
	2020	2019	2020	2019
Short-term consideration	8	8	34	34
Guarantees received	31	25	9	14
Debt of the Jyske Bank Group	25	34	19	19
Account receivable, the Jyske Bank Group, amount drawn down	34	27	9	14
Account receivable, the Jyske Bank Group, credit facility	36	34	9	14
Changes in the present value of the pension liability	-	-	3	4
Interest rates for loans and advances (%)	0.3-7.0	0.4-6.9	0.1-1.0	0.4-1.0

Group enterprises and associates as well as joint ventures are considered related parties. Please see the Group chart.

Jyske Bank's Executive Board and Supervisory Board as well as their related parties are also considered related parties.
No loans to related parties were credit impaired.

Jyske Bank does not consider the Shareholders' Representatives a restricted management body.

Transactions between related parties are characterised as ordinary financial transactions and services of an operational nature. Jyske Bank A/S and Jyske Realkredit A/S have entered into an agreement on joint funding and an agreement on outsourcing. Transactions related to these agreements are eliminated in the Group.

Transactions between Jyske Bank and group enterprises and associates as well as joint ventures are entered into on an arm's length or at cost. The transactions are eliminated upon consolidation. Transactions between Jyske Bank and other related parties were executed on an arm's length basis. This also holds for the rates of interest and commission charges.

Jyske Bank A/S's Pensionstilskudsfond is a fund which offers supplementary pensions to current and former members of Jyske Bank's Executive Board and their surviving relatives. Pension liabilities are actuarial items based on a number of assumptions, cf. also note 37 on pension provisions. At an unchanged discount rate, Jyske Bank's Executive Board earned additional retirement remuneration of DKK 2m in 2020 (2019: DKK 1m), cf. note 12.

For Jyske Bank A/S' related party transactions, please see note 33 in Jyske Bank' A/S' financial statements.

DKKm

63 Leasing as lessee

2020

Leased assets	Real property	Cars	Total
Beginning of period	360	5	365
Additions	2	1	3
Remeasurement of lease liability	71	0	71
Disposals	-6	0	-6
Depreciation and amortisation for the year	-64	-2	-66
Recognised value, end of period	363	4	367

Lease commitments	
Termination of lease liabilities	
0-1 year	72
1-5 years	283
Over 5 years	45
Non-discounted lease liability, end of period	400
Recognised value, end of period	374

Amounts recognised in income statement as lessee	
Interest expenses relating to lease liabilities	10
Variable lease payments not recognised as part of the lease liability	0
Costs relating to short-term leased assets (less than 12 months) and for leasing activity with a low value	0

2019

Leased assets	Real property	Cars	Total
Effect at the transition to IFRS 16, beginning of period	389	5	394
Additions	0	3	3
Remeasurement of lease liability	40	0	40
Disposals	0	0	0
Depreciation and amortisation for the year	-69	-3	-72
Recognised value, end of period	360	5	365

Lease commitments	
Termination of lease liabilities	
0-1 year	75
1-5 years	250
Over 5 years	68
Non-discounted lease liability, end of period	393
Recognised value, end of period	369

Amounts recognised in income statement as lessee	
Interest expenses relating to lease liabilities	9
Variable lease payments not recognised as part of the lease liability	0
Costs relating to short-term leased assets (less than 12 months) and for leasing activity with a low value	0

Jyske Bank holds a number of leases. The contracts cover primarily rent of properties and as of 2019 they are recognised in Jyske Bank's balance sheet as leased assets and lease liability.

Note			Jyske Bank Group
	DKKm	**2020**	2019
64	**Leasing as lessor**		
	Income from finance and operating lease		
	Finance income from finance leasing	202	203
	Gain from sale of leased assets	8	12
	Lease income from finance lease	210	215
	Lease income from operating lease	597	578
	Total	807	793

In addition to the above, fee income, etc. relating to finance lease agreements is recognised under fee and commission income, and fee and commission income, etc. relating to operating lease agreements is recognised under other income.

No income from variable lease payments for finance leasing is included in the measurement of the net investment.

No variable lease payments from operating lease depend on an index or an interest rate.

As was the case in previous years, the main activity was object financing, which primarily includes capital investment in plant and equipment/movable property as well as certain loan purposes and secondarily administration and financing tasks for third parties relating to such investments, including finance arrangements under a third party's own brand.

Financing and leasing are primarily offered to Danish personal clients, companies registered in Denmark and foreign private individuals or companies against commitment provided by a Danish company.

	2020	2019
Amortisation, depreciation and impairment charges on operating leased assets		
Depreciation and impairment charges on property, plant and equipment	475	472
Reversed impairment charges on property, plant and equipment	-54	60
Recognised losses attributed to non-current assets	5	3
Total	534	415
Operating leased assets		
Cost, beginning of period	3,395	3,322
Currency translation adjustment	40	-8
Additions	1,061	1,119
Disposals	1,103	1,038
Cost, end of period	3,393	3,395
Depreciation and amortisation, beginning of period	990	963
Currency translation adjustment	8	0
Depreciation and amortisation for the year	474	472
Reversal of amortisation and depreciation on assets disposed of	408	445
Depreciation and amortisation, end of period	1,064	990
Depreciation and amortisation, beginning of period	82	143
Currency translation adjustment	0	0
Impairment charges for the year	59	40
Reversal of impairment charges in previous years	72	101
Depreciation and amortisation, end of period	69	82
Carrying amount, end of period	2,260	2,323
Maturity analyses leased assets		
Present value of future minimum lease payments that fall due as follows:		
Fall due within 1 year	421	405
Fall due within 1-2 years	280	261
Fall due within 2-3 years	103	106
Fall due within 3-4 years	5	7
Fall due within 4-5 years	1	1
Fall due after 5 years	1	0
Total	811	780

64 **Leasing as lessor, cont.**

In addition, there are non-guaranteed residual values related to operating leased assets that are not included in the lessee's minimum lease payments.

Operating leased assets consist mainly of vehicles.

Leased assets include repossessed assets totalling DKK 43m (2019: DKK 120m). It is expected that the assets will be leased again to new clients or, alternatively, sold within the next 12 months.

Description of risks and uncertainty relating to estimation of residual values
The Group has assumed risks relating to the residual value of its holding of operating lease agreements.

The measurement of the Group's property, plant and equipment relating to operating lease agreements is subject to some uncertainty, which can be attributed to a number of external market effects as well as the Group's own estimates of future circumstances. This is in particular related to the expected cash flows from the lease agreements in connection with the assets, and in particular cash flows from the subsequent sale of the assets and the circumstances related to this.

The accounting residual values are set at the market value at which the object is expected to have at the expiry of the agreement. The actual market value is, however, only finally known at the time of sale, and therefore, to a great extent, the establishment of residual values relies on professional estimates based on experience, market trends, etc. Sales prices of the objects are strongly affected by the supply/demand situation in the Danish and European car market, including industry trends as regards fuel preferences, bodywork, level of equipment, etc.

In addition, the expected net sales price is affected by prepayment patterns for the Group's private lease agreements in Denmark, as expectations of these contribute to deciding the expected time of sale. Moreover, the net sales price is also affected by the rate of turnover measured from the time of the return of the object to the sale and possibly other future income as well as expenses relating to the realisation/contract expiry, etc.

Risk management strategy
The Group monitors continuously whether the established residual values of the contracts in progress match the estimated realisation price, and whether other circumstances also indicate indication of impairment. This takes place in close connection with the ongoing pricing of new campaigns, and whether the residual values established for running campaigns are still appropriate and correct.

The above task has been assigned dedicated employee and management resources and also IT applications that assists in the ongoing monitoring of the picture of risk.

In addition to the above, the Group also works continuously to build new sales channels and also to enhance the logistics, preparation and repair set-up with a view to obtaining the best possible net sales prices.

DKKm	2020	2019
Financial Lease Agreements		
Cost, beginning of period	9,088	8,346
Additions	4,794	5,325
Disposals	4,610	4,583
Cost, end of period	9,272	9,088
Depreciation and amortisation, beginning of period	139	157
Changed accounting policies	0	0
Impairment charges for the year	115	73
Reversal of impairment charges in previous years	74	91
Depreciation and amortisation, end of period	180	139
Carrying amount, end of period	9,092	8,949

DKKm	2020	2019

64 **Leasing as lessor, cont.**

Maturity analysis
Nominal value of future lease payments.

Fall due within 1 year	2,256	2,232
Fall due within 1-2 years	1,702	1,649
Fall due within 2-3 years	1,278	1,254
Fall due within 3-4 years	832	855
Fall due within 4-5 years	418	453
Fall due after 5 years	266	293
Total	6,752	6,736

Correlation between maturity analysis and net investment

Nominal value of future minimum lease payments, cf. above	6,752	6,736
Of which unrecognised interest income (at the current interest-rate level) included in the minimum lease payments	396	423
Net present value of guaranteed residual values at expiry of the agreements	335	319
Net present value of non-guaranteed residual values at expiry of the agreements	2,581	2,456
Total	9,272	9,088

Carrying amount of finance leasing is affected by inflow of new agreements, extensions, repayments as well as regulation of impairment charges for expected credit loss.

65 Group overview

31 December 2020	Currency	Share capital 1.000 units	Ownership share (%)	Voting share (%)	Assets DKKm, end of 2020	Liabilities DKKm, end of 2020	Equity DKKm, end of 2020	Earnings (DKKm) 2020	Profit or loss, DKKm 2020
Jyske Bank A/S[1]	DKK	725,608			335,402	298,770	36,632	5,682	1,609
Subsidiaries									
Jyske Realkredit, Kgs. Lyngby[2]	DKK	4,306,480	100	100	377,132	357,362	19,769	6,009	908
Trendsetter, S.L., Spain[5]	EUR	2,341	100	100	17	0	17	0	-1
Jyske Bank Nominees Ltd., London[4]	GBP	0	100	100	0	0	0	0	0
Inmobiliaria Saroesma S.L., Spain[5]	EUR	885	100	100	32	29	3	0	-15
Jyske Finans A/S, Silkeborg[3]	DKK	100,000	100	100	22,265	20,916	1,349	1,374	275
Ejendomsselskabet af 01.11.2017 A/S, Silkeborg[5]	DKK	500	100	100	50	47	3	4	2
Gl. Skovridergaard A/S, Silkeborg[5]	DKK	500	100	100	32	28	3	19	0
Ejendomsselskabet af 01.10.2015 ApS, Silkeborg[5]	DKK	500	100	100	110	109	1	1	1
Jyske Invest Fund Management A/S, Silkeborg[4]	DKK	76,000	100	100	426	74	352	135	29
Jyske Banks Vindmølle A/S, Hobro[5]	DKK	400	100	100	50	29	20	2	0

Activity:
[1]Banking
[2]Mortgage-credit activities
[3]Leasing, financing and factoring
[4]Investment and financing
[5]Properties, wind turbine and course activities

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.

Associates*				
Foreningen Bankdata, Fredericia	DKK	472,047	38	38
Sanistål A/S, Aalborg	DKK	11,924	12	12
CAPNOVA A/S, Aarhus	DKK	7,386	30	30
Jointly controlled enterprises				
Netto Biler A/S	DKK	5,000	50	50

From associated and jointly controlled companies, the Jyske Bank Group recognised a total of DKK 42m (2019: DKK 37m) under assets, DKK 61m (2019: DKK 35m) under liabilities, DKK 1m (2019: DKK 0m) under income, and DKK 622m (2019: DKK 626m) under expenses.
* Accounting figures according to the latest published Annual Report.

DKKm

66 Investments in associates and jointly controlled companies

	Associates			
	Foreningen Bankdata		Sanistål A/S	
	2020	2019	2020	2019
Equity interest	38	41	12	12
Dividend received	0	0	0	0
Income statement and comprehensive income				
Revenue	1,750	1,694	3,642	4,638
Expenses	1,675	1,573	3,577	4,513
Amortisation, depreciation and impairment	142	84	229	294
Financial income	0	0	2	2
Financial expenses	1	5	20	23
Tax on profit for the year	-13	0	-16	-42
Profit or loss from discontinuing activities	0	0	-37	-20
Profit for the year	-55	32	-203	-168
Other comprehensive income	0	0	0	0
Comprehensive income	-55	32	-203	-168
Balance Sheet				
Property, plant and equipment	180	177	184	188
Intangible assets	534	531	252	326
Other long-term assets	98	93	360	75
Cash and cash equivalents	267	309	16	4
Other short-term assets	187	217	1,080	1,717
Total assets	1,266	1,327	1,892	2,310
Equity	476	531	602	803
Long-term liabilities	378	443	238	22
Short-term liabilities	412	353	1,052	1,485
Total equity and liabilities	1,266	1,327	1,892	2,310

Financial information for the Jyske Bank Group's individual material associates. The amounts stated are the latest published total figures from the financial statements of the individual associates.

The Group's strategy includes strategic partnerships in key areas, including IT development through the Association Bankdata.

Information on non-material associates and jointly controlled companies

	Carrying amount according to the equity method	Profit, continuing operation	Profit, discontinuing operation	Other comprehensive income	Comprehensive income
According to the Group's equity interest in the individual companies in 2020	14	1	0	0	1
According to 100% in the individual companies in 2020	41	5	0	0	5
According to the Group's equity interest in the individual companies in 2019	13	-3	0	0	-3
According to 100% in the individual companies in 2019	48	-16	0	0	-16

Accounting figures according to the latest published Annual Report.

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

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

The rules applying to recognition and measurement at the Parent are consistent with IFRS.

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

Changes to accounting policies, new and changed standards as well as interpretation
Changes to IAS 39, IFRS 9 and IFRS 7, "Reform of reference rates" was implemented as of 1 January 2020 with the purpose of reducing the potential risks associated with "Hedge accounting" during the transition period until the new reference rates have been fully phased in. The change, which is described in detail in note 58 to the consolidated accounts, resulted in a stricter duty of disclosure but has no effect on the net profit for the year, comprehensive income, balance sheet or equity in 2020, and the future effect is expected to be insignificant.

Changes to IAS 1 and IAS 8 "Definition of materiality" was implemented on 1 January 2020 and include a series of clarifications as to whether a matter is material in relation to the basis of decision of a user of financial statements. The change did not have any effect on the financial reporting.

Changes to IFRS 3 "Business combinations" was implemented as of 1 January 2020 and concern a clarification whether a transaction is a purchase of a company or a group of assets that do not constitute a company. The change does not affect the net profit for the year, comprehensive income, balance sheet or equity.

Change to IFRS16 "Leasing" was implemented on 1 June 2020 and concerns the accounting treatment of workout agreements on lease payment from the lessee due to the COVID-19 pandemic. The change did not affect the financial statements.

Apart from the above changes, accounting policies are unchanged compared to the Annual Report for 2019.

Accounting standards and interpretation that have not taken effect
At the time of publication of this Financial Report, a number of new or amended standards and interpretations had been adopted yet not come into force or been approved for use in the EU. It is not expected that these will have any material impact on Jyske Bank's financial reporting.

IFRS 17 "Insurance contracts" (approved for use in the EU, active as from 1 January 2021).

In addition, a number of minor changes, including "Reform of reference rates" in phase 2 (IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16) as well as IFRS 3, IFRS 16 and IAS 37 and annual improvements 2018-2020, which have not yet taken effect or have been approved by the EU.
It is not expected that the above will affect Jyske Bank's financial reporting to any material degree.

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

At the initial recognition, assets and liabilities are measured at fair value, and for assets and liabilities that are subsequently measured at amortised cost, directly attributable transaction costs paid will be added, and directly attributable transaction costs received will be deducted. Subsequently, assets and liabilities are measured as described for each item below.

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

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

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

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

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

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

Loan impairment charges and provisions for guarantees are subject to significant estimates as regards the quantification of the risk that future payments may not all be received. Where it is established that not all future payments will be received, the determination of the extent of anticipated payments, including specification of scenarios, risk classification, realisable values of security provided and anticipated dividend payments by estates, will also be subject to significant estimates. The division of loans and advances, etc. into stages 1, 2 or 3 is subject to significant estimates, which is decisive

67 Accounting policies, cont.

when determining whether a loss expected in the 12-month term or an expected loss in the entire term of the loan is to be recognised. In a number of instances, it is necessary to supplement the model-calculated impairment charges in stages 1, 2 and 3 with a management's estimate. This will typically be the case when social events are assessed to affect the level of impairment, yet these events have not yet been picked up by the Group's credit models. Due to the COVID-19 pandemic, the uncertainty relating to the estimates applied has increased.

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

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

Hedge accounting

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

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

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

The consolidated financial statements

The consolidated financial statements cover the financial statements for Jyske Bank A/S and the companies controlled by Jyske Bank A/S. Control is achieved when Jyske Bank A/S

- has control of another company,
- has the possibility of or the has the right to a variable return on its investment, and
- is able to use its control to obtain such return.

The Group reassesses whether it controls a company if the situation and circumstances indicate changes to one or more of the three above elements.

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

Intra-group transactions

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

Business combinations

Assets, including identifiable intangible assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. A positive difference between the cost and the fair value of the identifiable net assets is recognised as goodwill. A negative difference between the cost and the fair value of the identifiable net assets is recognised as negative goodwill under Other operating income in the income statement.

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

Transaction costs are recognised in the income statement.

Translation of foreign currency amounts at consolidation

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

Foreign currency transactions

Transactions in currencies other than Danish kroner are translated at the official exchange rates on the day of the transactions. Unsettled monetary transactions in foreign currencies on the balance-sheet date are translated at the official exchange rates on the balance sheet date. For listed currencies, the published bid and offer prices from external suppliers will be applied.

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

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

Offsetting

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

67 Accounting policies, cont.

Leasing contracts
A leased asset and a lease liability is recognised in the balance sheet when , according to a lease agreement entered into, a leased asset is made available to the Group for a lease period, and when the Group has the right of practically all the economic benefits from the use of the identified asset and the right to decide on the use of this.

Lease liabilities are measured at the initial recognition at the net present value of the future leasing payments discounted at an alternative interest rate, which will amount to the cost relating externally financing of a corresponding asset. Subsequently, the lease liability is measured at amortised cost in accordance with the effective interest method. The lease liability is recalculated when changes take place in the underlying contractual cash flows, if changes take place in the estimate of the residual value guarantee, or if the Group changes its assessment of whether it is reasonably certain that an option to purchase, extend or cancel is expected to be utilised.

At initial recognition, the leased asset is measured at cost, which corresponds to the value of the lease liability adjusted for prepaid leasing payments plus directly related costs. Subsequently, the leased asset is measured at cost less accumulated impairment and depreciation. Leased assets are depreciated over the shorter of the leasing period or the useful life of the leased asset. The depreciation is recognised in the income statement by the straight line method. Leased assets are adjusted for changes in the lease liability due to changes in the terms and conditions of the lease agreement or changes in the cash flows of the contract.

Leased assets are depreciated by the straight-line method over the expected lease period, which amounts to:

Properties	5-10 years
Cars	3-5 years

The leased asset and the lease liability are stated in the notes.

The Group does not recognise short-term lease agreements in the balance sheet. Instead lease payments relating to such lease agreements are recognised in the income statement by the straight-line method.

Assets that are leased at financial lease terms and conditions are recognised, measured and presented as loans and advances.

Hence assets that are leased at operating lease terms and conditions are recognised and presented like the Group's other assets of a similar type. Income from operating lease agreements is recognised by the straight-line method over the relevant leasing period under Other operating income.

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

Tax comprises calculated tax and any change in deferred tax as well as the readjustment of tax for previous years. Calculated tax is based on the year's taxable income. Deferred tax is recognised and measured in accordance with the balance-sheet liability method on the basis of the differences between the carrying amounts and tax values of assets and liabilities. Overall, deferred tax liabilities are recognised on the basis of temporary differences, and deferred tax assets are recognised to the extent that it is deemed probable that taxable income exists against which deductible temporary differences may be offset. Such assets and liabilities are not recognised where the temporary difference is due to goodwill.

Provisions are not made in the balance sheet for tax payable on the sale of an investment in subsidiaries or associates, if the investment is not expected to be disposed of within a short period of time, or if a sale is planned so that there is no tax liability.

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

Financial guarantees
Financial guarantees are contracts according to which the Group must pay certain amounts to the holder of the guarantee as compensation for a loss incurred, because a certain debtor did not make a payment on time according to the terms and conditions of the debt instrument.

Financial guarantee obligations are the first time recognised at fair value, and the initial fair value is accrued over the lifetime of the guarantee. Subsequently, the guarantee obligation will be recognised at the higher one of the value on an accrual basis or the present value of expected payments when a payments under the guarantee has become likely.

For the method for provisions for losses on guarantees, please see loans at amortised cost. Provisions for losses on loan commitments and unutilised loan commitments are made according to the same method.

67 Accounting policies, cont.

Balance Sheet
According to IFRS 9, classification and measurement of financial assets are based on the business model for the financial assets and related contractual cash flows. In consequence of this, financial assets must be classified as one of the following categories:

- Financial assets that are held to generate the contractual cash flows and where the contractual cash flows solely consist of interest and instalments on the outstanding amounts are measured after the time of the initial recognition at amortised cost. As a typical example, this measurement category comprises loans, advances and bonds included in an investment portfolio that is in general held to maturity.

- Financial assets held in a mixed business model where financial assets are held both with a view to generating the contractual cash flows and returns on sales and where the contractual cash flows on the financial assets in the mixed business model solely consist of interest and instalments on the outstanding amount are measured after the time of the initial recognition at fair value through other comprehensive income. In connection with a subsequent sale, recirculation of the change in fair value will take place to the income statement. As a typical example, this measurement category comprises bonds included in the day-to-day liquidity management, unless they are used by a risk management system or an investment strategy based on fair values, cf. below.

- Financial assets that do not belong under one of the above-mentioned business models or where the contractual cash flows do not solely consist of interest and instalments on the outstanding amounts are measured after the time of the initial recognition at fair value through the income statement. As a typical example, this measurement category comprises shares, derivatives and financial assets, which are otherwise included in the trading portfolio or in a risk management system or an investment strategy based on fair values and, on this basis, are included in the bank's internal management reporting. Moreover, financial assets can be measured at fair value through the income statement, if the measurement according to the two above-mentioned business models results in a recognition or accounting mismatch.

Jyske Bank has no financial assets that fall under the measurement category with recognition of financial assets at fair value through Other comprehensive income. Instead, Jyske Bank's bond portfolio is measured at fair value through the income statement either because they are included in a trading portfolio, or because they are used by a risk management system or an investment strategy based on fair values and are, on this basis, included in the bank's internal management reporting, except for a holding of bonds that is held under a business model where the bonds will be measured at amortised cost.

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

Loans and advances at fair value
Mortgage loans are recognised according to the trade date approach and classified as 'Loans at fair value'. Mortgage loans are measured at fair value on initial and subsequent recognition through the income statement. This takes place to eliminate financial inconsistency resulting from the purchase and sale of own issued bonds. Index-linked loans are measured on the basis of the index value at the end of the year. The fair value is generally measured at prices of the underlying issued bonds quoted on a recognised stock exchange. If such a market price is not available for the preceding 7 days, a calculated price based on the official market rate will be applied for determining the value. If derivatives are part of the funding of the mortgage loans, the value of these will be integrated in the valuation of the loans.

The fair value is reduced by the calculated impairment charge, which for loans at fair value is measured according to the same principles that apply to impairments of loans and advances at amortised cost. In connection with all loans and advances at initial recognition and all loans and advances without any significant increase in credit risk, a calculation of expected losses over the coming 12 months is made, while in connection with all loans and advances with a significant increase in credit risk, impairment charges corresponding to the expected losses over the remaining term are recognised. Please see the description of accounting policies for impairment charges under loans and advances at amortised cost.

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

Stages for development of credit risk
In connection with all loans and advances, impairment charges are recognised according to IFRS 9. The impairment model is based on calculations of expected losses where the loans are divided into three stages depending on the individual loan's credit impairment relative to the initial recognition:

1. Loans with no significant increase in credit risk
2. Loans with significant increase in credit risk
3. Credit-impaired loans.

For loans in stage 1, impairment charges corresponding to the expected loss over the following 12 months are recognised, while for loans in stages 2 and 3, impairment charges corresponding to expected losses over the remaining life of the exposures are recognised. At the initial recognition, the individual loans are generally placed in stage 1, which means that impairment charges corresponding to the expected losses over the following 12 months are recognised.

Loans with a very low probability of default (PD below 0.2%) and without any other indications of significant increases in the credit risk are considered having a low credit risk and are placed in stage 1 regardless of the probability of default since the initial recognition.

67 **Accounting policies, cont.**

For loans and advances in stage 2, an expected loss over the remaining term of the loan is calculated. Assessment of whether the credit risk has increased for individual loans and advances, the ranking of loans and advances into stages and the statement of expected take place on a quarterly basis.

The ranking in the various stages will affect the calculation method applied, and it is determined, among other things, on the basis of the change in the probability of default (PD) over the expected remaining life of the loans. Loans and advances in stage 3 are considered credit-impaired and are classified with risk code 2 or 3, as, under the most likely scenario, a loss is expected. There are only minor differences between the definition of default and the accounting treatment of credit-impaired loans and advances (stage 3), as account managers and/or credit specialists - following a specific assessment of the client's financial circumstances - may reclassify clients past due more than 90 days (default) to stage 2, if it is documented that the reason why the client is in arrears is not financial difficulties. Hence, to a high degree, the accounting treatment of the loan reflects the current financial assessments of the client's circumstances.

In connection with the Group's implementation of the new default guidelines (EBA/GL/2016/07) issued by the EBA, it is the aim of the Group to align the entry criteria for default, stage 3 and non-performing. Various periods of quarantine apply to the individual concepts, and therefore the exit criteria vary.

For detailed definitions of default, credit deterioration and risk classifications applied, please see note 50, the section on risk classifications on page 78.

Assessment of significant increase in credit risk
In the event of a significant increase in credit risk, loans and advances will be transferred to stage 2. Assessment of whether any significant increase in credit risk has taken place since the initial recognition is based on the following circumstances:

1. An increase in the PD for the expected remaining life of the financial asset by 100% and an increase in the 12-month PD of 0.5 percentage point when, at the initial recognition, the 12-month PD was below 1.0%.

2. An increase in the PD for the expected remaining life of the financial asset by 100% or an increase in the 12-month PD of 2.0 percentage points when, at the initial recognition, the 12-month PD was 1.0% or above.

3. Loans in arrears by 30 days or more.

4. The account manager's risk assessment (risk classification), which among other things is based on an assessment of the client's ability and will to honour his payment obligations, possible arrears and/or changes to the initial assumptions on which the client relationship rests For instance, the development of a client's financial circumstances will be followed and assessed (income, assets/financial position, liquidity, leverage, any arrears, etc.).

Clients for which the credit risk has increased significantly and with a probability of default (PD above 5%) will be placed in the weak part of stage 2 together with loans and advances that have been classified with risk code 1 and with objective evidence of impairment. For loans and advances subject to objective evidence of impairment in stage 2, impairment charges will be calculated according to the principles applicable to loans and advances in stage 3.

If the Group's most likely scenario points to losses, the client is considered credit-impaired and will be ranked in stage 3.

Hence, the Group's most important credit management tools are used directly in the segmentation and the determination of the expected future credit loss. Please see note 50 on risk classification, credit rating process and monitoring.

Statement of expected losses
The expected future loss is calculated on the basis of the probability of default (PD), the exposure at default (EaD) and the loss given default (LGD). These parameters rest on the Group's advanced IRB set-up, which is based on the bank's experience of loss history and early repayment, among other things. These parameters are adjusted to IFRS 9 in a number of specific areas. The purpose of the adjustments is to ensure that the parameters reflect a current as well as true and fair picture that comprises available information and expectations of the future, including the Group's expectations of the real economy trends in GDP, unemployment, house prices, etc. Hence the parameters are adjusted to cover a longer time horizon. The projection allows for client-specific circumstances such as client segment, credit rating, industry, etc. Advanced quantitative credit models are applied to all clients in stages 1 and 2 for which there is no evidence of credit impairment.

The COVID-19 outbreak and economic consequences derived from this affect the calculation of the expected future loss. To define the increased risk from this, the effects are quantified according to the following method:

1. For clients with no OEI classification, the effect of the increasing probability of default (PD) and the expected development of property prices are analysed.
2. Quantification of non-linear effects in scenario-specific impairment calculations (sensitivities relating to the base line scenario)
3. Increased risk of lack of identification of unhealthy exposures due to liquidity from government rescue packages.

On the whole, this results in an additional indication of impairment of DKK 1,200m, of which DKK 1,090m relate to the effects derived from the COVID-19 outbreak.

(1) Based on observed default levels in combination with macro-economic forecasts, updated levels for the probability of default (PD) is estimated. In addition, expectations of the development of property prices are updated. The levels are continuously reassessed, among other things, in connection with updates of macro-economic forecasts from Danmarks Nationalbank, the central bank of Denmark, and internal analyses. Based on the updated input parameters, a complete recalculation of the expected loss is performed. Currently this gives rise an additional indication of impairment of DKK 550m for the Jyske Bank Group. The amount is recognised as a management's estimate of an increase in impairment charges.

(2) The macro-economic forecasts are very much affected by the development of covid-19 cases and the level of restrictions. This development is very dynamic and associated with heightened uncertainty in the current situation. Therefore, analyses are performed based on several scenarios. This is done with a view to assessment of the sensitivity relating to the most probable scenario (base line scenario) and with a view to quantification of non-linear effects from scenario-specific impairment calculations.

Four scenarios are used, based on the Group's expectations of the macro-economic development (Good, Base-line, Weak and Hard). The scenarios are based on forecasts prepared by a unit of the bank, which is independent of the impairment process. The 'Hard' scenario is in line with the scenario used in the Group's internal stress tests. For each scenario, the probability of default (PD) and the value of securities are recalculated. Hence it is ensured that the results of

67 Accounting policies, cont.

the models are balanced. The impairment effect of the scenarios is calculated by weighting the results against the assessed event probability, which is defined by management.

Macro-economic scenarios and event probability are reviewed at least once a year. The spread of COVID-19 has had a significant effect on these scenarios, and therefore the analysis has been updated on the background of this. On the whole, due to the scenario calculation, this results in additional impairment charges of DKK 140m (DKK 110m in 2019). This is an increase of DKK +30m compared to the calculations in 2019. Hence this increase can be indirectly attributed to effects derived from COVID-19. The amount is recognised as a management's estimate of an increase in impairment charges.

The increase was primarily caused by a higher additional indication of impairment in the scenario, which is weaker than the most likely scenario as well as a minor discount in the scenario, which is better than the base line scenario. In addition, the additional indication of impairment falls in the scenario "Hard" due to a significantly deteriorated base line scenario. The results related to the respective scenarios is calculated based on the stage segmentation in the Base-line scenario and is summarised in the following table:

	2020		2019	
Scenario	Probability	Weighted additional impairment charges	Probability	Weighted additional impairment charges
Good	30%	-8	20%	-16
Base-line	30%	0	40%	-2
Weak	30%	78	30%	28
Hard	10%	70	10%	100
Total	100%	140	100%	110

The probability of the hardest scenario materialising is maintained at 10%, while the other scenarios are allocated identical probability weights. This is assessed to be true and fair due to the uncertainty relating to the outcome space. The severity of the scenarios *Good, Base-line, Weak* has been increased significantly compared to the calculations at the end of 2019. The results in the above table can be used for sensitivity analysis of the portfolio. For example, the additional impairment charges would increase to DKK 260m if the scenario Weak is assigned a 100% probability.

(3) The progress of the pandemic leads to uncertainty about the depth and the length of the economic setback. Naturally, government rescue packages will support healthy and unhealthy exposures, which makes it more difficult to identify unhealthy exposures. In the current situation, it is more difficult to identify weak clients at an early stage due to the large support packages from the government. In 2020, the Group conducted a number of portfolio and client surveys with a view to assessing the change in credit risk. Only to a limited extent did the surveys give rise to a downgrade of risk classification. It is assessed, however, that an effect of the rescue packages is that of concealing the actual position of a number of clients. Therefore, it is likely that currently the portfolio includes unhealthy exposures that have not yet been identified. In order to address this risk, a sensitivity analysis has been performed of the expected loss under a scenario where a part of the portfolio migrates to higher stages. In addition, allowance is made for risk that the collateral values for these may be overestimated. Naturally, the analysis is associated with great uncertainty due to the extraordinary situation. Consequently, an amount of DKK 510m was recognised as a management's estimate of an increase in impairment charges.

For most loans, the expected time to maturity is limited to the contractual time to maturity. However, for mortgage loans, allowances are made for expected early repayment. For revolving credit facilities, the expected remaining term is based on analyses of the term for credit-impaired clients. If a loan is secured in full in all scenarios, the impairment charge will generally be zero. This will typically be the case with exposures with a high overcollateralisation and/or fixed-value collaterals such as cash fixed properties.

The assessment of the indication of impairment for the weakest exposures in stages 2 and 3 is based on individual expert assessments of the probability-weighted expected loss. Expert assessments are made in sub-portfolios divided on Group units and relevant industry groups. In connection with the most important loans, an individual assessment of the scenarios are made, including definition of cash flows, security values and scenario probability. At the individual assessment, up to 13 scenarios are applied.

No significant changes were made to the impairment set-up during the financial year.

In addition to the calculations, a management's assessment is performed of the models and the ability of the expert-assessed impairment calculations to take expectations of the future development into consideration. To the extent that it is assessed that circumstances and risks are not included in the models, an addition to the impairment calculations is made which is based a management's estimate. This estimate is based on specific observations and is calculated on the basis of the expected risks of the specific sub-portfolios.

Loans are written off as a loss when there are no reasonable prospects of collecting the debt. Indications of this are, for instance bankruptcy and debt rescheduling. The Group still seeks to collect debts even though they are written off as losses.

Bonds at fair value

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

Bonds at amortised cost

Bonds at amortised cost include investments whose price is listed in an active market and which were acquired with the object of earning a return until maturity. They are measured initially at fair value corresponding to the sum paid plus directly attributable transaction costs and are subsequently measured at amortised cost.

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

Repos and reverse repos

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

Securities bought under reverse repurchase agreements (reverse repos) are recognised as loans and advances or balances due from credit institutions at amortised cost, and the return is recognised under interest income.

Financial instruments, trading portfolio

Financial instruments included in the trading portfolio are instruments which have been acquired with a view to generating a profit from short-term price or margin fluctuations, or instruments included in a portfolio characterised by short-term profit-taking.

67 Accounting policies, cont.

Assets in the trading portfolio comprise money-market instruments, other instruments of debt including acquired loans and equity instruments held by the Group. Liabilities in the trading portfolio comprise liabilities to deliver money market instruments, other debt instruments and equity instruments sold short by the Group to a third party. Upon initial recognition, financial instruments are measured at fair value with subsequent value adjustment in the income statement.

For initial and subsequent recognition, shares in sector-owned companies are measured at fair value. Unrealised gains and losses caused by changes in the fair values are recognised in the income statement.

Gains and losses upon disposal or repayment and unrealised gains and losses are recognised in the income statement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Initially, leased owner-occupied properties are recognised at the net present value of the lease liability inclusive of costs. Subsequently, leased owner-occupied properties are measured at cost less accumulated depreciation, amortisation and impairment.

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

The depreciation of revalued buildings is recognised in the income statement. Upon the subsequent sale of a revalued building, any relevant revaluation reserves are transferred to Retained earnings.

67 Accounting policies, cont.

Owner-occupied properties are depreciated on a straight-line basis over the estimated useful lives of the assets to the estimated residual value. Land is not depreciated. The following depreciation periods apply:

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

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

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

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

Assets held temporarily with a view to sale
Assets held temporarily with a view to sale comprise properties acquired through foreclosure, equity investment and cars, etc. intended for sale shortly, as a sale is considered very likely. The item also covers owner-occupied properties, subsidiaries and disposal groups of assets, intended for sale shortly, and where a sale is very likely.

Assets held temporarily with a view to sale are recognised at the lower amount of the carrying amount at the time of the classification as assets held temporarily or the fair value less sales costs. No depreciation is recognised on the assets from the time when they are classified as assets held temporarily.

Other assets
Other assets comprise assets not recognised under other asset items, including positive fair value of derivatives, assets in pooled deposits as well as interest and commission receivable, etc. Assets in pooled deposits are recognised at fair value.

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

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

Issued bonds at fair value
Issued mortgage bonds are recognised according to the settlement approach and measured at fair value through the income statement on initial and subsequent recognition. This takes place to eliminate financial inconsistency resulting from the purchase and sale of own issued bonds. The fair value is generally measured at prices of the underlying issued bonds quoted on a recognised stock exchange. If such a market price is not available for the preceding 7 days, a calculated price based on the official market rate will be applied for determining the value.

Mortgage bonds drawn for redemption and repayable immediately after the financial year end are measured at par.

The portfolio of own mortgage bonds is deducted.

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

Liabilities in disposal group with a view to sale
Liabilities in disposal groups are recognised at fair value and comprise the liabilities that are closely linked to disposal groups of assets awaiting sale within a short period of time and where a sale is very likely.

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

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

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

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

For provisions for guarantees, loan commitments and unutilised loan commitments, reference is made to the section on financial guarantees and the section on loans and advances at amortised cost.

For provisions for deferred tax, reference is made to the section on tax.

67 Accounting policies, cont.

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

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

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

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

Reserves according to the equity method include value adjustment of investments in associates and group enterprises.

The reserve is reduced by the distribution of dividend to the parent company and adjusted by other changes in equity in associates and group enterprises.

Retained earnings include non-distributed dividends from previous years.

additional tier 1 capital with no maturity and with voluntary repayment of interest and principal is recognised under equity. Likewise, interest expenses relating to the issue are considered dividend. Interest is deducted from equity at the time of payment.

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

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

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

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

Income statement

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

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

Interest income includes administrative contributions from mortgage loans.

Interest on mortgage loans and issued mortgage bonds that are governed by the specific balance principle is recognised at the nominal rate of interest on the outstanding bond debt.

Interest on mortgage loans, issued mortgage bonds and relating derivatives that are governed by the general balance principle is recognised at the yield to maturity. Interest relating to the related derivatives is presented together with the interest on the issued mortgage bonds so that the net interest expenses on these are recognised as a whole under Interest expenses.

Negative interest income is recognised under interest expenses, while negative interest expenses are recognised under interest income. In the notes to interest income and interest expenses, negative interest is initially recognised under the original note item and is then transferred net between interest income and interest expenses at the bottom of the notes.

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

Value adjustments
All realised and unrealised value adjustments of assets, liabilities and derivatives measured at fair value as well are recognised under value adjustments. Exempt from these are value adjustment of credit risk on loans and advances recognised under loan impairment charges and provisions for guarantees. Furthermore, the earnings impact of exchange rate adjustments and hedge accounting of fair value is recognised.

67 Accounting policies, cont.

Other operating income
Other income not attributable to other income statement items, inclusive of income relating to operational leases and the proceeds from the sale of leased assets, is recognised under Other operating income.

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

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

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

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

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

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

Earnings per share
Earnings per share is calculated by dividing the profit for the year exclusive of interest for additional tier 1 capital (AT1) by the weighted average number of shares in circulation during the financial year.

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

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

Segment information
Information is stated for business sectors identified on the basis of internal management reports and accounting policies in accordance with IFRS 8. The segment information is based on the information used by the Group's highest-ranking decision-making officer for assessing results and allocating resources. Internal management reporting comprises the segments Banking activities, Mortgage activities, Leasing activities. Jyske Bank operates in the following geographical areas: Denmark and Germany.

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

Investment portfolio earnings
The investment portfolio earnings consist of the return on the Group's own securities portfolio of tactical market risk positions (primarily interest-rate and currency risk risk exposures) and a smaller amount of bond investments. Investment portfolio earnings are calculated after expenses for funding and directly attributable costs.

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

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

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

European Single Electronic Format
According to EU regulation – EU 2019/815 on European Single Electronic Format (ESEF Regulation) – companies that report results according to IFRS and that issue listed securities must publish the annual reports for 2020 approved by their supervisory boards in the ESEF format. However, due to the COVID-19 pandemic, the authorities have in 2020 made it possible to postpone this reporting until 2022 (annual report for 2021). Jyske Bank has chosen to publish and report its 2020 annual reports in the ESEF format. The implementation of the new format does not result in material changes to the Group's annual report and does not affect the accounting policies applied by the Group. This is solely a technical format, which allows financial statement users to read the financial statements in a browser (XHTML format) and to retrieve digitally certain details from the financial statements in the XBRL format. In the 2020 financial statements, the following items in the consolidated financial statements have been marked up (iXBRL tags) for the ESEF taxonomy for 2019 issued by the European Securities and Markets Authority (ESMA):

- Items in the income statement and other comprehensive income
- Items on the balance sheet
- Statement of changes in equity
- Cash flow statement.

Tagging does not include the notes, etc. of the financial statements. This will be the case in 2022 (annual report for 2021) in accordance with the regulation. The mark-up has taken place in such a way that initially for each item, an assessment has been made of the relationship to the ESMA taxonomy, which is based on the IASB's IFRS taxonomy, and then a mark-up is made to the element in the taxonomy that is most relevant for the determination and assessment of the individual item. Mark-up requirements solely relate to items at a consolidated level, and therefore all items in the parent company are not marked up. The financial statements have been published with the following file name: "JYSK-2020-12-31.zip".

68 Definition of financial ratios

Financial ratios and key figures	Definition
Pre-tax profit, per share (DKK)	Pre-tax profit divided by the average number of outstanding shares during the year
Earnings per share (DKK)	Profit for the year divided by the average number of shares outstanding during the year
Profit for the year, per share (diluted) (DKK)	Profit for the year divided by the average number of shares outstanding during the year adjusted for the dilution effect of share options and conditional shares under share-based payment
Core profit per share (DKK)	Pre-tax profit, exclusive of the investment portfolio earnings, divided by the average number of outstanding shares during the year
Share price at year-end (DKK)	The closing price of the Jyske Bank share at year-end
Book value per share (DKK)	Equity at year-end exclusive of non-controlling interests divided by the number of shares outstanding at year-end
Price/book value per share (DKK)	The closing price of the Jyske Bank share at year-end divided by the book value per share at year-end.
Price/earnings per share	The closing price of the Jyske Bank share at year-end divided by the earnings per share at year-end
Proposed dividend per share (DKK)	Proposed dividend divided by number of shares, year-end
Distributed dividend per share (DKK)	Distributed dividend divided by number of shares, year-end
Capital ratio (%)	Capital base divided by weighted risk exposure
Tier 1 capital ratio (%)	Core capital including AT1 capital after deductions divided by weighted risk exposure.
Common equity tier 1 capital ratio (%)	Core capital excluding AT1 capital after deductions divided by weighted risk exposure.
Pre-tax profit as a pct. of average equity	Pre-tax profit divided by average equity during the year
Net profit as a percentage of average equity	Net profit divided by average equity during the year
Income/cost ratio (%)	Income divided by expenses inclusive of loan impairment charges and provisions for loss on guarantees
Interest-rate risk (%)	Interest-rate risk at year-end divided by core capital at year-end
Foreign-currency position (%)	Currency exposure indicator 1 at year-end divided by core capital after deductions at year-end
Currency risk (%)	Currency exposure indicator 2 at year-end divided by core capital after deductions at year-end
Liquidity coverage ratio (LCR) (%)	Liquid assets as a percentage of the net value of incoming and outgoing cash flows over a 30-day period in a stress situation.
Total large exposures (%)	The sum of the 20 largest exposures at year-end divided by the common equity tier 1 capital at year-end.
Accumulated impairment ratio (%)	Total of loan impairment charges and provisions for loss on guarantees at year-end divided by total loans, advances, guarantees, provisions and impairment charges at year-end Discount for acquired loans and advances is not included
Impairment ratio for the year (%)	The year's loan impairments charges and provisions for loss on guarantees divided by total loans, advances, guarantees, provisions and impairment charges at year-end
Increase in loans and advances for the year, excl. repo loans (%)	The increase in loans divided by opening loans. Recognised exclusive of repo loans
Loans and advances in relation to deposits	Total loans and advances at year-end divided by total deposits at year-end
Loans relative to equity	Loans and advances at year-end divided by equity at year-end
Return on capital employed	Net profit for the year divided by average total average assets
Number of full-time employees, year-end	Number of full-time employees (part-time employees translated into full-time employees) at year-end.
Number of full-time employees, average for the year	The average number of full-time employees (part-time employees translated into full-time employees) determined on the basis of the end-of-quarter statements

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority.
Ratios are calculated as if additional tier 1 capital (AT1) is recognised as a liability.

Jyske Bank A/S

Note	DKKm	2020	2019
	Income statement		
2	Interest income	3,192	3,363
3	Interest expenses	960	1,006
	Net interest income	2,232	2,357
	Dividends, etc.	41	36
4	Fees and commission income	2,697	2,948
	Fees and commission expenses	119	139
	Net interest and fee income	4,851	5,202
5	Value adjustments	307	176
6	Other operating income	380	395
7	Employee and administrative expenses	4,397	4,542
21,22	Amortisation, depreciation and impairment charges	110	139
	Other operating expenses	83	2
9	Loan impairment charges	361	-123
11	Profit on investments in associates and group enterprises	1,184	1,453
	Pre-tax profit	1,771	2,666
12	Tax	162	226
	Profit for the year	1,609	2,440
	Proposal for distribution of profit for the year		
	Proposed dividend	0	0
	Total appropriation to shareholders' equity	1,441	2,284
	Holders of additional tier 1 capital (AT1)	168	156
	Total	1,609	2,440

	DKKm	2020	2019
	Statement of Comprehensive Income		
	Profit for the year	1,609	2,440
	Other comprehensive income:		
	Items that cannot be recycled to the income statement:		
	Revaluation of real property	-5	-15
	Tax on property revaluations over the year	1	1
	Actuarial losses and gains	-2	-55
	Tax on actuarial losses and gains	0	12
	Items that can be recycled to the income statement:		
	Foreign currency translation adjustment of international units	-20	38
	Hedge accounting of international units	20	-38
	Tax on hedge accounting	-5	8
	Other comprehensive income after tax	-11	-49
	Comprehensive income for the year	1,598	2,391

Note			Jyske Bank
	DKKm	2020	2019
	BALANCE SHEET		
	ASSETS		
	Cash balance and demand deposits with central banks	34,901	9,848
15	Due from credit institutions and central banks	10,510	11,846
9	Loans at fair value	1,847	2,357
9, 10	Loans and advances at amortised cost	146,140	147,040
16	Bonds at fair value	53,529	64,021
16	Bonds at amortised cost	24,547	11,887
18	Shares, etc.	2,130	2,137
19	Investments in associates	224	252
20	Equity investments in group enterprises	21,493	20,534
	Assets in pooled deposits	3,754	4,128
21	Owner-occupied properties	1,735	1,759
21	Owner-occupied properties, leasing	363	360
22	Other property, plant and equipment	66	70
	Current tax assets	862	880
	Deferred tax assets	43	24
	Assets held temporarily	51	696
23	Other assets	32,902	25,929
	Prepayments	305	332
	Total assets	335,402	304,100
	EQUITY AND LIABILITIES		
	Debt and payables		
24	Due to credit institutions and central banks	43,342	47,188
25	Deposits	132,700	135,838
	Pooled deposits	4,071	4,202
	Issued bonds at amortised cost	63,697	38,556
26	Other liabilities	47,879	37,158
	Deferred income	20	20
	Total debt	291,709	262,962
	Provisions		
27	Provisions for pensions and similar liabilities	583	603
9	Provisions for guarantees	283	247
9	Provisions for credit commitments and unutilised credit lines	297	138
28	Other provisions	77	113
	Provisions, total	1,240	1,101
30	Subordinated debt	5,821	4,327
	Equity		
	Share capital	726	776
	Revaluation reserve	200	205
	Reserve according to the equity method	6,905	6,703
	Retained profit	25,494	24,769
	Jyske Bank A/S shareholders	33,325	32,453
	Holders of additional tier 1 capital (AT1)	3,307	3,257
	Total equity	36,632	35,710
	Total equity and liabilities	335,402	304,100
	OFF-BALANCE SHEET ITEMS		
9, 31	Guarantees, etc.	18,724	20,260
32	Other contingent liabilities	53,352	51,481
	Total guarantees and other contingent liabilities	72,076	71,741

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 2020	776	205	0	6,703	24,769	0	32,453	3,257	35,710
Profit for the year	0	0	0	202	1,239	0	1,441	168	1,609
Other comprehensive income	0	-5	0	0	-6	0	-11	0	-11
Comprehensive income for the year	0	-5	0	202	1,233	0	1,430	168	1,598
Interest paid on additional tier 1 capital	0	0	0	0	0	0	0	-168	-168
Currency translation adjustment	0	0	0	0	-50	0	-50	50	0
Reduction of share capital	-50	0	0	0	50	0	0	0	0
Acquisition of own shares	0	0	0	0	-1,889	0	-1,889	0	-1,889
Sale of own shares	0	0	0	0	1,381	0	1,381	0	1,381
Transactions with owners	-50	0	0	0	-508	0	-558	-118	-676
Equity at 31 December 2020	**726**	**200**	**0**	**6,905**	**25,494**	**0**	**33,325**	**3,307**	**36,632**
Equity at 1 January 2019	849	214	0	5,612	24,591	520	31,786	2,546	34,332
Profit for the year	0	-8	0	1,105	1,187	0	2,284	156	2,440
Other comprehensive income	0	-1	0	-14	-34	0	-49	0	-49
Comprehensive income for the year	0	-9	0	1,091	1,153	0	2,235	156	2,391
AT1 capital issue	0	0	0	0	0	0	0	716	716
Transaction costs	0	0	0	0	-7	0	-7	0	-7
Interest paid on additional tier 1 capital	0	0	0	0	0	0	0	-147	-147
Currency translation adjustment	0	0	0	0	14	0	14	-14	0
Proposed dividend, reversed	0	0	0	0	520	-520	0	0	0
Reduction of share capital	-73	0	0	0	73	0	0	0	0
Acquisition of own shares	0	0	0	0	-2,592	0	-2,592	0	-2,592
Sale of own shares	0	0	0	0	1,017	0	1,017	0	1,017
Transactions with owners	-73	0	0	0	-975	-520	-1,568	555	-1,013
Equity at 31 December 2019	**776**	**205**	**0**	**6,703**	**24,769**	**0**	**32,453**	**3,257**	**35,710**

*Additional tier 1 capital (AT1) has no maturity. Payment of interest and repayment of principal are voluntary. Therefore, additional tier 1 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 issued AT1 amounting to EUR 150m with the possibility of early redemption in September 2027 at the earliest. The issue has a coupon of 4.75% until September 2027. In April 2019, Jyske Bank issued AT1 in the amount of SEK 1 bn, with the possibility of early redemption in April 2024 at the earliest. The interest rate applicable to the issue until April 2024 is STIBOR+5%. 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.

Note		Jyske Bank

DKKm	2020	2019
Capital Statement		
Shareholders' equity	33,325	32,453
Share buy-back programme, non-utilised limit*	-750	-404
Deferred tax assets	-43	-24
Prudent valuation	-340	-349
Other deductions	-21	-27
Common equity tier 1 capital	32,171	31,649
Additional tier 1 capital (AT1) after reduction	3,539	3,619
Core capital	35,710	35,268
Subordinated loan capital after reduction	5,334	3,763
Capital base	41,044	39,031
Weighted risk exposure involving credit risk etc.	103,417	100,706
Weighted risk exposure involving market risk	10,689	11,850
Weighted risk exposure involving operational risk	10,936	11,478
Total weighted risk exposure	125,042	124,034
Capital requirement, Pillar I	10,003	9,923
Capital ratio (%)	32.8	31.5
Tier 1 capital ratio (%)	28.6	28.4
Common equity tier 1 capital ratio (%)	25.7	25.5

* Inclusive of Jyske Bank's share buy-back programme, as Jyske Bank has initiated a new share buy-back programme of up to DKK 750m, running over the period 28 January until, at the latest, 30 September 2021 with a view to cancellation of the shares.

For a statement of the individual solvency requirement, please see Risk and Capital Management 2020 or investor.jyskebank.com/investorrelations/capitalstructure.

Risk and Capital Management 2020 was not covered by the audit.

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Note	Jyske Bank

1 Accounting policies

Basis of accounting

The financial statements of Jyske Bank A/S have been prepared in accordance with the Danish Financial Business Act, including the Danish Executive Order on Financial Reports for Credit Institutions, 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 thee the full description of accounting policies in note 67.

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

For a 5-year summary of financial ratios and key figures, please see pages 139-140.

The accounting policies are identical to those applied to and described in the financial statements 2019.

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.

Note	DKKm	2020	2019
2	**Interest income**		
	Due from credit institutions and central banks	46	35
	Loans and advances	1,628	1,919
	Bonds	402	550
	Derivatives, total	181	167
	Of which currency contracts	298	297
	Of which interest-rate contracts	-117	-130
	Others	0	2
	Total after offsetting of negative interest	2,257	2,673
	Negative interest income set off against interest income	325	269
	Negative interest expenses set off against interest expenses	610	421
	Total before offsetting of negative interest income	3,192	3,363
	Of which interest income on reverse repos carried under:		
	Due from credit institutions and central banks	-20	-16
	Loans and advances	-177	-164

Negative interest income amounted to DKK 325m (2019: DKK 269m) 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.

Note	DKKm	2020	2019
3	**Interest expenses**		
	Due to credit institutions and central banks	109	78
	Deposits	-385	-52
	Issued bonds	179	185
	Subordinated debt	110	96
	Other interest expenses	12	9
	Total after offsetting of negative interest	25	316
	Negative interest expenses set off against interest expenses	610	421
	Negative interest income set off against interest income	325	269
	Total before offsetting of negative interest income	960	1,006
	Of which interest expenses on reverse repos carried under:		
	Due to credit institutions and central banks	-64	-83
	Deposits	-19	-20

Negative interest expenses amounted to DKK 610m (2019: DKK 421m) and related primarily to deposits as well as repo and tri-party 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	DKKm	2020	2019
4	**Fees and commission income**		
	Securities trading and custody services	996	1,023
	Money transfers and card payments	171	201
	Loan application fees	98	117
	Guarantee commission	109	112
	Other fees and commissions	1,323	1,495
	Total	2,697	2,948

Note	DKKm	2020	2019
5	**Value adjustments**		
	Loans at fair value	11	3
	Bonds	121	-87
	Shares, etc.	208	278
	Currency	164	156
	Currency, interest-rate, share, commodity and other contracts as well as other derivatives	-133	-178
	Assets in pooled deposits	23	603
	Pooled deposits	-23	-603
	Other assets	0	10
	Issued bonds	-56	23
	Other liabilities	-8	-29
	Total	307	176

Note	DKKm	2020	2019
6	**Other operating income**		
	Income on real property	51	51
	Profit on the sale of property, plant and equipment	2	2
	Other ordinary income	327	342
	Total	380	395

Note			Jyske Bank
	DKKm	2020	2019
7	**Employee and administrative expenses**		
	Employee expenses		
	Wages and salaries, etc.	2,154	2,202
	Pensions	275	251
	Social security	304	317
	Total	2,733	2,770
	Salaries and remuneration to management bodies		
	Executive Board	36	35
	Supervisory Board	8	8
	Shareholders' Representatives	2	3
	Total	46	46

For further details on and remuneration to the Supervisory Board and the Executive Board, please see note 12 in the consolidated financial statements, including the comments no the retirement remuneration for the Executive Board earned over the year.

	Other administrative expenses		
	IT	1,267	1,231
	Other operating expenses	78	93
	Other administrative expenses	276	405
	Total	1,621	1,729
	Total	4,397	4,542
	Wages and salaries, etc.		
	Wages and salaries and other short-term employee benefits	2,148	2,197
	Other long-term employee benefits	6	5
	Total	2,154	2,202
	Number of employees		
	Average number of employees for the financial year (full-time employees)	3,210	3,353
	Remuneration of material risk takers		
	Number of members	76	89
	Number of members at year-end	69	69
	Contractual remuneration	92	93
	Variable remuneration	3	2
	Pension	10	10

The group of material risk takers comprises employees (exclusive of the Executive Board) with a special impact on the bank's risk profile. The group does not participate in any incentive schemes. Remuneration is included in the period during which the employee was a material risk taker.

8	**Audit fees**		
	Total fee to Jyske Bank A/S's auditors elected at the Annual General Meeting	9	5
	Breakdown of audit fees:		
	Fee for statutory audit of the financial statements	2	1
	Fee for other assurance services	1	2
	Fee for tax advice	0	0
	Fee for other services	6	2

In addition to fees to the auditors elected at the Annual General Meeting, expenses were recognised for Internal Audit.

Fees for non-audit services rendered 2020 cover review in connection with continual recognition of profit, submission of various statutory declarations as well as assistance for validation of the bank's credit models.

DKKm	2020	2019
9 Loan impairment charges and provisions for guarantees		
Loan impairment charges and provisions for guarantees recognised in the income statement		
Loan impairment charges and provisions for guarantees for the year	290	-36
Impairment charges on balances due from credit institutions for the year	8	1
Provisions for loan commitments and unutilised credit lines in the year	160	-5
Recognised as a loss, not covered by loan impairment charges and provisions	83	132
Recoveries	-165	-200
Recognised discount for acquired loans*	-15	-15
Loan impairment charges and provisions for guarantees recognised in the income statement	361	-123
Balance of loan impairment charges and provisions for guarantees		
Balance of loan impairment charges and provisions, beginning of period	3,801	4,118
Loan impairment charges and provisions for the year	451	-42
Recognised as a loss, covered by loan impairment charges and provisions	-501	-347
Other movements	62	72
Balance of loan impairment charges and provisions, end of period	3,813	3,801
Loan impairment charges and provisions for guarantees at amortised cost	3,229	3,416
Loan impairment charges at fair value	1	1
Provisions for guarantees	285	247
Provisions for credit commitments and unutilised credit lines	298	137
Balance of loan impairment charges and provisions, end of period	3,813	3,801

* The discount balance for loans and advances taken over amounts to the expected credit losses at the initial recognition at fair value. Subsequent positive changes to the expected credit losses during the term are recognise as income and stated under loan impairment charges and provisions for guarantees.

The discount balance for loans and advances taken over is not included in the balance of loan impairment charges and provisions for guarantees.

DKKm

9 Loan impairment charges and provisions for guarantees, cont.

Balance of loan impairment charges and provisions for guarantees by stage – total

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2020	335	513	2,953	**3,801**
Transfer of impairment charges at beginning of period to stage 1	120	-94	-26	**0**
Transfer of impairment charges at beginning of period to stage 2	-17	106	-89	**0**
Transfer of impairment charges at beginning of period to stage 3	-1	-117	118	**0**
Impairment charges on new loans, etc.	207	35	234	**476**
Impairment charges on discontinued loans and provisions for guarantees	-92	-82	-413	**-587**
Effect from recalculation	30	337	257	**624**
Previously recognized as impairment charges, now final loss	-1	0	-500	**-501**
Balance of loan impairment charges and provisions for guarantees, end of 2020	581	698	2,534	**3,813**

Balance of loan impairment charges and provisions for guarantees 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	146	-90	-56	**0**
Transfer of impairment charges at beginning of period to stage 2	-28	93	-65	**0**
Transfer of impairment charges at beginning of period to stage 3	-1	-84	85	**0**
Impairment charges on new loans, etc.	97	38	108	**243**
Impairment charges on discontinued loans and provisions for guarantees	-81	-150	-322	**-553**
Effect from recalculation	-116	105	351	**340**
Previously recognized as impairment charges, now final loss	-2	-2	-343	**-347**
Balance of loan impairment charges and provisions for guarantees, end of 2019	335	513	2,953	**3,801**

In 2020, the balance of impairment charges rose slightly, which can be attributed to the management's estimate for the addition to the effects from the COVID-19 outbreak. When disregarding the addition, impairment charges at Jyske Bank are generally developing in a positive manner. The items of new loans and advances, etc. and discontinued loans and advances, etc. were affected by natural refinancing and re-mortgaging. The size of the item recalculation was affected by the changed credit risk at each stage. The period only saw minor model adjustments.

On the whole, gross loans declined in 2020, which could be attributed to developments in stages 2 and 3, as gross loans in stage 1 rose slightly. The development of gross loans in stages 2 and 3 could be attributed primarily to instalments on the exposures and, to a lesser degree, to the fact that the gross loans were transferred to stages 1 or 2.

DKKm

9 Loan impairment charges and provisions for guarantees, cont.

Balance of impairment charges by stage - loans at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2020	269	445	2,702	**3,416**
Transfer of impairment charges at beginning of period to stage 1	105	-80	-25	**0**
Transfer of impairment charges at beginning of period to stage 2	-15	85	-70	**0**
Transfer of impairment charges at beginning of period to stage 3	-1	-112	113	**0**
Impairment charges on new loans, etc.	132	26	198	**356**
Impairment charges on discontinued loans and provisions for guarantees	-67	-66	-381	**-514**
Effect from recalculation	5	261	203	**469**
Previously recognized as impairment charges, now final loss	-1	0	-497	**-498**
Balance of loan impairment charges and provisions for guarantees, end of 2020	427	559	2,243	**3,229**

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	127	-76	-51	**0**
Transfer of impairment charges at beginning of period to stage 2	-26	89	-63	**0**
Transfer of impairment charges at beginning of period to stage 3	-1	-81	82	**0**
Impairment charges on new loans, etc.	64	22	90	**176**
Impairment charges on discontinued loans and provisions for guarantees	-48	-111	-270	**-429**
Effect from recalculation	-98	81	264	**247**
Previously recognized as impairment charges, now final loss	-2	-1	-336	**-339**
Balance of loan impairment charges and provisions for guarantees, end of 2019	269	445	2,702	**3,416**

Balance of impairment charges by stage– loans at fair value

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2020	0	1	0	1
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	0	0	0	**0**
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 for guarantees, end of 2020	0	1	0	1

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 provisions for guarantees, end of 2019	0	1	0	1

DKKm

9 Loan impairment charges and provisions for guarantees, cont.

Balance of provisions by stage - guarantees and loan commitments

	Stage 1	Stage 2	Stage 3	Total
Balance, beginning of 2020	65	68	251	**384**
Transfer of impairment charges at beginning of period to stage 1	15	-14	-1	**0**
Transfer of impairment charges at beginning of period to stage 2	-1	21	-20	**0**
Transfer of impairment charges at beginning of period to stage 3	0	-5	5	**0**
Impairment charges on new loans, etc.	74	10	37	**121**
Impairment charges on discontinued loans and provisions for guarantees	-25	-17	-32	**-74**
Effect from recalculation	25	75	54	**154**
Previously recognized as impairment charges, now final loss	0	0	-2	**-2**
Balance of loan impairment charges and provisions for guarantees, end of 2020	153	138	292	**583**

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	18	-14	-4	**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	-3	3	**0**
Impairment charges on new loans, etc.	32	16	18	**66**
Impairment charges on discontinued loans and provisions for guarantees	-31	-39	-52	**-122**
Effect from recalculation	-18	24	87	**93**
Previously recognized as impairment charges, now final loss	0	-1	-7	**-8**
Balance of loan impairment charges and provisions for guarantees, end of 2019	65	68	251	**384**

Gross loans, advances and guarantees by stage

	Stage 1	Stage 2	Stage 3	Total
Gross loans, advances and guarantees, 1 January 2020	159,229	8,212	5,880	**173,321**
Transfer of loans, advances and guarantees to stage 1	2,703	-2,507	-196	**0**
Transfer of loans, advances and guarantees to stage 2	-5,209	5,404	-195	**0**
Transfer of loans, advances and guarantees to stage 3	-209	-607	816	**0**
Other movements	3,110	-4,510	-1,695	**-3,095**
Gross loans, advances and guarantees, 31 December 2020	159,624	5,992	4,610	**170,226**
Loan impairment charges and provisions for guarantees, total	465	590	2,460	**3,515**
Net loans, advances and guarantees, 31 December 2020	159,159	5,402	2,150	**166,711**

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	5,810	-5,507	-303	**0**
Transfer of loans, advances and guarantees to stage 2	-4,039	4,231	-192	**0**
Transfer of loans, advances and guarantees to stage 3	-244	-946	1,190	**0**
Other movements	13,977	594	-1,306	**13,265**
Gross loans, advances and guarantees, 31 December 2019	159,229	8,212	5,880	**173,321**
Loan impairment charges and provisions for guarantees, total	294	472	2,898	**3,664**
Gross loans, advances and guarantees, 31 December 2019	158,935	7,740	2,982	**169,657**

DKKm

9 Loan impairment charges and provisions for guarantees, cont.

Loans, advances and guarantees by stage and internal rating - gross before impairment charges and provisions

		2020				2019
Performing	PD band (%)	Stage 1	Stage 2	Stage 3	Total	Total
1	0.00 - 0.10	48,386	147	0	**48,533**	51,345
2	0.10 - 0.15	11,113	36	0	**11,149**	9,787
3	0.15 - 0.22	9,510	64	0	**9,574**	14,545
4	0.22 - 0.33	18,694	30	0	**18,724**	16,697
5	0.33 - 0.48	10,026	49	0	**10,075**	14,430
STY Ratings 1 – 5		97,729	326	0	**98,055**	106,804
6	0.48 - 0.70	19,977	96	0	**20,073**	18,060
7	0.70 - 1.02	8,565	266	0	**8,831**	9,732
8	1.02 - 1.48	8,589	222	0	**8,811**	9,157
9	1.48 - 2.15	12,601	378	0	**12,979**	11,386
10	2.15 - 3.13	8,050	424	0	**8,474**	4,423
11	3.13 - 4.59	1,457	433	0	**1,890**	2,300
STY Ratings 6 – 11		59,239	1,819	0	**61,058**	55,058
12	4.59 - 6.79	551	454	0	**1,005**	1,256
13	6.79 - 10.21	126	357	0	**483**	859
14	10.21 - 25.0	98	2,914	0	**3,012**	2,191
STY Ratings 12-14		775	3,725	0	**4,500**	4,306
Others		1,873	46	0	**1,919**	1,189
Non-performing loans		7	78	4,609	**4,694**	5,964
Total		159,623	5,994	4,609	**170,226**	173,321

Loan impairment charges and provisions for guarantees by stage and internal rating

		2020				2019
Performing	PD band (%)	Stage 1	Stage 2	Stage 3	Total	Total
1	0.00 - 0.10	3	1	0	**4**	7
2	0.10 - 0.15	4	0	0	**4**	10
3	0.15 - 0.22	14	0	0	**14**	20
4	0.22 - 0.33	24	0	0	**24**	21
5	0.33 - 0.48	41	10	0	**51**	29
STY Ratings 1 - 5		86	11	0	**97**	87
6	0.48 - 0.70	75	2	0	**77**	32
7	0.70 - 1.02	47	8	0	**55**	52
8	1.02 - 1.48	86	6	0	**92**	48
9	1.48 - 2.15	44	16	0	**60**	67
10	2.15 - 3.13	38	30	0	**68**	43
11	3.13 - 4.59	58	28	0	**86**	51
STY Ratings 6 – 11		348	90	0	**438**	293
12	4.59 - 6.79	20	43	0	**63**	46
13	6.79 - 10.21	5	32	0	**37**	35
14	10.21 - 25.0	4	403	0	**407**	288
STY Ratings 12-14		29	478	0	**507**	369
Others		5	9	0	**14**	14
Non-performing loans		0	1	2,458	**2,459**	2,901
Total		468	589	2,458	**3,515**	3,664

DKKm

9 Loan impairment charges and provisions for guarantees, cont.

Loan commitments and unutilised credit facilities by stage and internal rating

		2020				2019
Performing	PD band (%)	Stage 1	Stage 2	Stage 3	Total	Total
1	0.00 - 0.10	9,534	1	0	**9,535**	12,018
2	0.10 - 0.15	4,613	0	0	**4,613**	2,214
3	0.15 - 0.22	5,276	5	0	**5,281**	7,140
4	0.22 - 0.33	4,825	1	0	**4,826**	5,646
5	0.33 - 0.48	5,500	2	0	**5,502**	4,115
STY Ratings 1 – 5		29,748	9	0	**29,757**	31,133
6	0.48 - 0.70	6,667	34	0	**6,701**	4,054
7	0.70 - 1.02	4,249	29	0	**4,278**	5,726
8	1.02 - 1.48	4,419	57	0	**4,476**	3,792
9	1.48 - 2.15	2,629	361	0	**2,990**	3,561
10	2.15 - 3.13	1,452	141	0	**1,593**	1,224
11	3.13 - 4.59	1,207	156	0	**1,363**	532
STY Ratings 6 – 11		20,623	778	0	**21,401**	18,889
12	4.59 - 6.79	339	116	0	**455**	431
13	6.79 - 10.21	66	130	0	**196**	188
14	10.21 - 25.0	25	867	0	**892**	375
STY Ratings 12-14		430	1,113	0	**1,543**	944
Others		56	6	0	**62**	94
Non-performing loans		0	0	535	**535**	317
Total		50,857	1,906	535	**53,298**	51,427

Provisions for loan commitments and unutilised credit facilities by stage and internal rating

		2020				2019
Performing	PD band (%)	Stage 1	Stage 2	Stage 3	Total	Total
1	0.00 - 0.10	1	0	0	**1**	1
2	0.10 - 0.15	0	0	0	**0**	1
3	0.15 - 0.22	2	0	0	**2**	2
4	0.22 - 0.33	6	0	0	**6**	3
5	0.33 - 0.48	10	0	0	**10**	3
STY Ratings 1 – 5		19	0	0	**19**	10
6	0.48 - 0.70	22	1	0	**23**	5
7	0.70 - 1.02	13	0	0	**13**	9
8	1.02 - 1.48	21	1	0	**22**	6
9	1.48 - 2.15	14	5	0	**19**	11
10	2.15 - 3.13	7	2	0	**9**	9
11	3.13 - 4.59	11	3	0	**14**	3
STY Ratings 6 – 11		88	12	0	**100**	43
12	4.59 - 6.79	3	3	0	**6**	2
13	6.79 - 10.21	0	3	0	**3**	6
14	10.21 - 25.0	2	91	0	**93**	20
STY Ratings 12-14		5	97	0	**102**	28
Others		1	0	0	**1**	0
Non-performing loans		0	0	76	**76**	56
Total		113	109	76	**298**	137

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		Losses	
	% 2020	% 2019	End of 2020	End of 2019	End of 2020	End of 2019	2020	2019	2020	2019
Public authorities	8	5	12,629	8,244	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing	3	4	6,003	6,250	439	740	-251	-150	130	196
Fishing	1	1	1,464	1,780	1	1	0	0	0	0
Dairy farmers	0	0	486	538	203	310	-102	-94	45	65
Plant production	1	1	1,965	1,759	76	97	-21	14	11	49
Pig farming	1	1	1,279	1,278	89	176	-84	-18	19	44
Other agriculture	0	1	809	895	70	156	-44	-52	55	38
Manufacturing, mining, etc.	3	4	5,734	6,502	295	180	122	-75	21	34
Energy supply	3	2	4,942	3,717	40	38	10	-23	9	3
Building and construction	1	2	2,398	3,190	89	105	-11	45	9	9
Commerce	4	5	7,138	8,958	236	173	54	-42	6	26
Transport, hotels and restaurants	2	2	3,408	4,044	127	81	45	-5	7	20
Information and communication	0	0	614	652	213	267	-58	216	5	5
Finance and insurance	46	43	75,657	72,806	596	649	148	16	225	46
Real property	10	10	15,543	16,960	377	339	44	-31	20	16
Lease of real property	6	6	9,015	9,362	280	269	4	-31	7	18
Buying and selling of real property	1	1	2,030	2,638	56	40	17	2	0	-2
Other real property	3	3	4,498	4,960	41	30	23	-2	13	0
Other sectors	3	3	4,454	4,789	133	146	18	-10	40	16
Corporate clients	75	75	125,891	127,868	2,545	2,718	121	-59	472	371
Personal clients	17	20	28,191	33,545	970	946	80	-59	112	108
Unutilised credit lines and loan commitments	0	0	0	0	298	137	160	-5	0	0
Total	100	100	166,711	169,657	3,813	3,801	361	-123	584	479

Under loans and advances, reverse repo transactions amount to DKK 51,959m (2019: DKK 46,263m).

Note			Jyske Bank
	DKKm	2020	2019
11	**Profit on investments in associates and group enterprises**		
	Profit/loss on investments in associates	-16	-41
	Profit/loss on investments in group enterprises	1,200	1,494
	Total	1,184	1,453
12	**Tax**		
	Current tax	160	230
	Change in deferred tax	-12	2
	Adjustment of tax for previous years	14	-6
	Total	162	226
	Effective tax rate		
	Danish tax rate	22.0	22.0
	Adjustments as regards previous years	0.8	-0.2
	Non-taxable income and non-deductible expenses, etc.	1.3	0.1
	Other	-0.1	-1.1
	Effective tax rate	24.0	20.8
	Proportion included in income from subsidiaries	-14.9	-12.3
	Total	9.1	8.5
13	**Earnings per share**		
	Profit for the year	1,609	2,440
	Holders of additional tier 1 capital	168	156
	Proportion attributable to shareholders of Jyske Bank A/S	1,441	2,284
	Average number of shares, 1,000 shares	76,097	82,962
	Average number of own shares, 1,000 shares	-3,186	-4,191
	Average number of shares in circulation, 1,000 shares	72,911	78,771
	Average number of shares in circulation at end of period, 1,000 shares	72,553	74,841
	Earnings per share (EPS) DKK	19.76	29.00
	Earnings per share diluted (EPS-D) DKK	19.76	29.00
	Core earnings per share		
	Core profit	2,166	3,132
	Holders of additional tier 1 capital	168	156
	Core profit excl. holders of AT1 capital	1,998	2,976
	Average number of shares in circulation, 1,000 shares	72,911	78,771
	Core earnings (DKK) per share	27.40	37.79

DKKm

14 Contractual time to maturity, 2020

	On demand	Up to 3 months	3 months - 1 year	1-5 yrs	Over 5 years	Total
Assets						
Due from credit institutions and central banks	784	9,681	45	0	0	10,510
Loans at fair value	0	15	25	154	1,653	1,847
Loans and advances at amortised cost	36	76,747	44,918	14,504	9,935	146,140
Bonds at fair value	0	689	7,451	33,306	12,083	53,529
Bonds at amortised cost	0	949	2,148	16,063	5,387	24,547
Liabilities						
Due to credit institutions and central banks	5,355	34,937	804	1,502	744	43,342
Deposits	109,827	17,241	861	970	3,801	132,700
Issued bonds at amortised cost	0	30,039	19,193	14,391	74	63,697
Subordinated debt	0	0	307	2,500	3,014	5,821

Contractual time to maturity, 2019

	On demand	Up to 3 months	3 months - 1 year	1-5 yrs	Over 5 years	Total
Assets						
Due from credit institutions and central banks	581	11,260	0	0	5	11,846
Loans at fair value	0	11	33	188	2,125	2,357
Loans and advances at amortised cost	132	74,491	45,685	15,371	11,361	147,040
Bonds at fair value	0	4,799	12,334	34,588	12,300	64,021
Bonds at amortised cost	0	0	2,593	5,494	3,800	11,887
Liabilities						
Due to credit institutions and central banks	5,981	37,912	783	1,741	771	47,188
Deposits	108,392	17,517	4,228	1,168	4,533	135,838
Issued bonds at amortised cost	0	6,148	14,160	18,120	128	38,556
Subordinated debt	0	0	11	2,796	1,520	4,327

The above amounts are exclusive of interest.

Note			Jyske Bank

	DKKm	2020	2019
15	**Due from credit institutions and central banks**		
	At notice with central banks	0	538
	Due from credit institutions	10,510	11,308
	Total	10,510	11,846
	Of which reverse repo transactions	3,295	2,926

		2020	2019
16	**Bonds at fair value and amortised cost, total, measured at fair value**		
	Mortgage credit bonds	63,237	59,730
	Government bonds	4,864	2,396
	Other bonds	10,246	13,890
	Total	78,347	76,016
	Of which recognised at amortised cost.	24,547	11,887
	Fair value of bonds recognised at amortised cost,	24,818	11,996

17 **Collateral**

Jyske Bank receives and provides collateral in connection with money and securities clearing, outstanding accounts with central banks, repo and reverse repo transactions, tri-party agreements as well as fair value of derivatives covered by CSA agreements.

Provision of collateral is a regular part of business transactions and are carried out at market-consistent terms and conditions. Collateral is increased and reduced on an on-going basis as liabilities change.

Depending on agreements entered, collateral is provided and received with an owner's rights so that the recipient of collateral can sell this or use it to provide security for loans and other outstanding accounts.

Jyske Bank 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 13,912m at the end of 2020 (2019: DKK 23,743m).

In addition, Jyske Bank has provided cash collateral in connection with CSA agreement in the amount of DKK 6,944m (2019: DKK 7,013m) as well as bonds in the amount of DKK 4,277m (2019: 1,677m).

At the end of 2020, due to repo transactions, i.e. sale of securities involving agreements to repurchase them at a later point in time, bonds with a market value of DKK 26,633m (2019: DKK 23,078m) were provided as security for the amount that was borrowed.

Jyske Bank's land and buildings, the carrying amount of which is DKK 1,472m (2019: 1,495m), have been mortgaged with Jyske Realkredit.

Due to reverse repos, i.e. purchase of securities involving agreements to resell them at a later point in time, Jyske Bank received the sold bonds as security for the amounts that was lent. At the end of 2020, reverse repos amounted to DKK 55,254m (2019: DKK 49,189m).

In addition, Jyske Bank received cash collateral in connection with CSA agreements in the amount of DKK 3,996m (2019: DKK 1,569m) as well as bonds in the amount of DKK 696m (2019: DKK 826m).

Note		Jyske Bank

	DKKm	2020	2019
18	**Shares, etc.**		
	Shares/investment fund units listed on Nasdaq Copenhagen A/S	594	578
	Shares/mutual fund certificates listed on other exchanges	32	44
	Unlisted shares are stated at fair value.	1,504	1,515
	Total	2,130	2,137

		2020	2019
19	**Investments in associates and jointly controlled companies**		
	Total cost, beginning of period	273	273
	Additions	0	0
	Disposals	12	0
	Total cost, end of period	261	273
	Revaluations and impairment charges, beginning of period	-21	20
	Dividend	0	0
	Revaluations and impairment charges for the year	-16	-41
	Reversed revaluations and impairment charges	0	0
	Revaluations and impairment charges, end of period	-37	-21
	Recognised value, end of period	224	252
	Of which credit institutions	0	0

		2020	2019
20	**Equity investments in group enterprises**		
	Total cost, beginning of period	14,416	15,124
	Currency translation adjustment	0	43
	Additions	32	19
	Disposals	0	770
	Total cost, end of period	14,448	14,416
	Revaluations and impairment charges, beginning of period	6,118	4,913
	Currency translation adjustment	0	-4
	Profit	1,197	1,494
	Dividend	287	245
	Other capital movements	17	-40
	Reversed revaluations and impairment charges	0	0
	Revaluations and impairment charges, end of period	7,045	6,118
	Recognised value, end of period	21,493	20,534
	Of which credit institutions	19,764	18,839

Note			Jyske Bank
	DKKm	2020	2019
21	**Owner-occupied properties, exclusive of leasing**		
	Restated value, beginning of period	1,759	1,771
	Additions during the year, including improvements	3	8
	Disposals for the year	11	10
	Depreciation	9	9
	Positive changes in values recognised in other comprehensive income in the course of the year	3	8
	Negative changes in values recognised in other comprehensive income in the course of the year	8	9
	Positive changes in value recognised directly in the income statement during the year	1	1
	Negative changes in value recognised directly in the income statement during the year	2	1
	Restated value, end of period	1,736	1,759
	Cost less accumulated amortisation, depreciation and impairment charges	1,494	1,510
	For mortgage credit institutions, collateral has been provided in land and buildings, the carrying amount of which is	1,472	1,495
	Required rate of return	4.5%-9%	4.5%-12%
	Weighted average return applied	6.43%	6.44%
22	**Other property, plant and equipment**		
	Total cost, beginning of period	1,023	990
	Additions	32	35
	Disposals	4	2
	Total cost, end of period	1,051	1,023
	Amortisation, depreciation and impairment charges, beginning of period	953	893
	Depreciation and amortisation for the year	36	61
	Reversed amortisation, depreciation and impairment	4	1
	Amortisation, depreciation and impairment charges, end of period	985	953
	Recognised value, end of period	66	70
23	**Other assets**		
	Positive fair value of derivatives	32,038	24,892
	Interest and commission receivable	309	325
	Other assets	555	712
	Total	32,902	25,929
	Netting		
	Positive fair value of derivatives, etc., gross	47,072	37,119
	Netting of positive and negative fair value	15,034	12,227
	Total	32,038	24,892

Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).

24	**Due to credit institutions and central banks**		
	Due to central banks	3,041	3,405
	Due to credit institutions	40,301	43,783
	Total	43,342	47,188
	Of which repo transactions	24,826	21,985

Note	DKKm	2020	2019
25	**Deposits**		
	Demand deposits	109,827	106,286
	Term deposits	1,204	1,777
	Time deposits	16,283	21,405
	Special deposits	5,386	6,370
	Total	132,700	135,838
	Of which repo transactions	1,949	1,222

Note		2020	2019
26	**Other liabilities**		
	Set-off entry of negative bond holdings in connection with repos/reverse repos	7,639	3,988
	Negative fair value of derivatives	34,630	27,211
	Lease commitment	374	369
	Other liabilities	5,236	5,590
	Total	47,879	37,158
	Netting		
	Negative fair value of derivatives, etc., gross	49,664	39,438
	Netting of positive and negative fair value	15,034	12,227
	Total	34,630	27,211

Netting of fair value can be attributed to clearing of derivatives through a central clearing house (CCP clearing).

Note		2020	2019
27	**Provisions for pensions and similar liabilities**		
	Provisions for pensions and similar liabilities		
	Provisions for defined benefit plans	529	552
	Provisions for long-term employee benefits	54	51
	Recognised in the balance sheet, end of period	583	603
	Provisions for defined benefit plans		
	Present value of pension plan obligations	610	639
	Fair value of pension plan assets	81	87
	Net liability recognised in the balance sheet	529	552
	Change in provisions for defined benefit plans		
	Provisions, beginning of period	639	600
	Costs for the current financial year	18	21
	Calculated interest expenses	2	4
	Actuarial losses/gains	-5	47
	Pension payments	-44	-33
	Provisions, end of period	610	639
	Change in the fair value of pension plan assets		
	Assets, beginning of period	87	92
	Calculated interest on assets	2	2
	Return ex calculated interest on assets	-1	0
	Contributions, etc.	0	0
	Pension payments	-7	-7
	Assets, end of period	81	87

DKKm		2020	2019
27	**Provisions for pensions and similar liabilities, cont.**		
	Pension costs recognised in the income statement		
	Costs for the current financial year	18	21
	Calculated interest related to liabilities	2	4
	Calculated interest on assets	-2	-2
	Total recognised defined benefit plans	18	23
	Total recognised defined contribution plans	257	228
	Recognised in the income statement	275	251

The expense is recognised under Employee and administrative expenses.

	2020	2019
Pension plan assets:		
Shares	9	9
Bonds	27	42
Cash and cash equivalents	45	36
Pension plan assets, total	81	87

Pension plan assets include 40,000 Jyske Bank shares (2019: 40,000 shares).
Measurement of all pension assets is based on quoted prices in an active market.

For further details, please see note 37 in the consolidated financial statements.

		2020	2019
28	**Other provisions**		
	Provisions for litigation, beginning of period	113	147
	Additions	4	22
	Disposals inclusive of consumption	12	3
	Disposals exclusive of consumption	28	53
	Provisions for litigation, end of period	77	113

Other provisions relate to lawsuits.
The provisions are expected, in essence, to be reduced to zero within a year.

		2020	2019
29	**Provisions for deferred tax**		
	Deferred tax		
	Deferred tax assets	43	24
	Deferred tax liabilities	0	0
	Net deferred tax	-43	-24

Change in deferred tax 2020	Beginning of period	Recognised in the net profit for the year	Recognised in other comprehensive income	Other adjustments	End of year
Bonds at amortised cost	-24	-34	0	0	-58
Intangible assets	-2	1	0	0	-1
Property, plant and equipment	180	1	-1	0	180
Loans and advances, etc.	-20	3	0	0	-17
Provisions for pensions	-133	5	-1	0	-129
Other	-25	12	0	-5	-18
Total	**-24**	**-12**	**-2**	**-5**	**-43**
Change in deferred tax 2019					
Bonds at amortised cost	-13	-11	0	0	-24
Intangible assets	0	-2	0	0	-2
Property, plant and equipment	179	1	0	0	180
Loans and advances, etc.	-21	1	0	0	-20
Provisions for pensions	-122	1	-12	0	-133
Other	-32	12	0	-5	-25
Total	-9	2	-12	-5	-24

Note	DKKm	2020	2019
30	**Subordinated debt**		
	Supplementary capital:		
	1.25% bond loan EUR 200m 28.01.2031	1,488	0
	2.25% bond loan EUR 300m 05.04.2029	2,232	2,241
	Var. % bond loan SEK 600m 19.05.2026	444	429
	3.25% bond loan SEK 400m 19.05.2026	296	286
	6.73% bond loan EUR 9m 2021-2026	67	78
	Var. % bond loan EUR 10m 13.02.2023	74	75
	5.65% bond loan EUR 10m 27.03.2023	74	75
	5.67% bond loan EUR 10m 31.07.2023	74	75
		4,749	3,259
	Hybrid core capital:		
	Var. % bond loan EUR 72.8m Perpetual	541	544
	Var. % bond loan EUR 60.7m Perpetual	452	453
		993	997
	Subordinated debt, nominal	5,742	4,256
	Hedging of interest-rate risk, fair value	79	71
	Total	5,821	4,327
	Subordinated debt included in the capital base	5,594	4,151

The above-mentioned issues of additional tier 1 capital issued in 2004 and 2005 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.

The above issues of AT1 capital have no contractual maturity date. Subject to the approval of the Danish Financial Supervisory Authority, the notes may be redeemed by Jyske Bank, but not earlier than ten years after the date of issue. The holders have no right to call for the redemption of the notes. Interest payments will cease in the event that the issuer does not meet the solvency requirements. Under such circumstances, dividend payments and buy-back of issued shares are subject to certain restrictions. The rate of interest is floating, but capped at 9% p.a. for the EUR 72.8m loan and at 8% p.a. for the EUR 60.7m loan. The rate is calculated as EUR CMS10 + 0.15% per annum.

Supplementary bond loans in the amount of EUR 200m fall due on 28 January 2031 at the latest but can, subject to permission by the FSA, be redeemed at par as of 28 January 2026. The loan bears a fixed rate of interest until 28 January 2026, after which date the interest rate will be set for the next five years.

Supplementary bond loans in the amount of EUR 300m fall due on 5 April 2029 at the latest but can, subject to permission by the FSA, be redeemed at par as of 5 April 2024. The loan bears a fixed rate of interest until 05 January 2024, after which date the interest rate will be set for the next five years.

Cost relating to the addition and repayment of subordinated debt amount to DKK 6m (2019: DKK 0m).

31 Contingent liabilities

General

Jyske Bank's credit review of guarantee applicant takes into consideration the risk on guarantees. For 77% of Jyske Bank's guarantees, the contractual term to maturity is below one year; for 17%, the contractual terms to maturity is between 1 and 5 years; for 6%, the contractual term to maturity is above 5 years, compared to 75%, 19% and 6%, respectively, in 2019.

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

Guarantees for losses on mortgage loans are typically provided as security for the riskiest part of mortgage loans granted to personal clients and to a limited extent for loans secured on commercial real property. Guarantees for residential real property are within 80% and for commercial real property within 60%-80%, of the property value as assessed by a professional expert.

Registration and refinancing guarantees are provided in connection with the registration of new and refinanced mortgages. Such guarantees involve insignificant risk.

Other contingent liabilities include other forms of guarantees at varying degrees of risk, including performance guarantees. The risk involved is deemed to be less than the risk involved in, e.g., credit facilities subject to flexible drawdown.

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 0.8% 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 8.70% 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. Jyske Bank expects having to pay a total of about DKK 300m over the 10-year period 2015 - 2025.

Due to Jyske Bank's membership of the Foreningen Bankdata, the bank is - in the event of its withdrawal - under the obligation to pay an exit charge to Bankdata in the amount of about DKK 3.3 bn.

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.

DKKm	2020	2019
Guarantees		
Financial guarantees	14,152	15,695
Guarantee for losses on mortgage credits	1,299	1,486
Registration and refinancing guarantees	1,781	1,588
Other contingent liabilities	1,492	1,491
Total	18,724	20,260

32 Other contingent liabilities

Loan commitments and unutilised credit facilities	53,298	51,427
Others	54	54
Total	53,352	51,481

Note			Jyske Bank
	DKKm	2020	2019
33	**Transactions involving related parties**		
	Transactions with group enterprises		
	Guarantees provided	412	473
	Due from credit institutions	841	1,049
	Loans and advances	20,357	19,618
	Bonds	5,280	5,100
	Due to credit institutions	1,193	3,856
	Deposits	267	243
	Other liabilities	0	3
	Derivatives, fair value	720	576
	Interest income	76	127
	Interest expenses	13	40
	Fee income	1,723	1,903
	Fee expenses	1	7
	Other operating income	319	283
	Transactions with associates		
	Loans	42	36
	Deposits	8	3
	Other liabilities	62	32
	Interest income	1	1
	Employee and administrative expenses	622	626
	Transactions with joint ventures		
	Loans	0	0
	Interest income	0	0
	Other operating income	0	0
	Employee and administrative expenses	0	0

Group enterprises and associates as well as joint ventures are considered related parties. Please see the Group chart.

Jyske Bank's Executive Board and Supervisory Board as well as their related parties are also considered related parties. Reference is made to note 62 to the consolidated financial statements.

Jyske Bank does not consider the Shareholders' Representatives a restricted management body.

Jyske Bank is the banker of a number of related parties, and Jyske Bank is part of a joint funding cooperation scheme with Jyske Realkredit. Other transactions between related parties are characterised as ordinary financial transactions and services of an operational nature.

Transactions between Jyske Bank and group enterprises and associates as well as joint ventures are entered into on an arm's length or at cost.

Transactions between Jyske Bank and other related parties were executed on an arm's length basis. This also holds for the rates of interest and commission charges.

Note			Jyske Bank
	DKKm	2020	2019
34	**Hedge accounting**		
	Interest-rate risk on fixed-rate liabilities		
	Issued bonds:		
	Amortised cost/ Nominal value	13,595	14,564
	Carrying amount	13,749	14,677
	Accumulated accounting adjustment of fair value	-154	-113
	Subordinated debt:		
	Amortised cost/Nominal value	2,676	2,677
	Carrying amount	2,755	2,747
	Accumulated accounting adjustment of fair value	-79	-70
	Due to credit institutions:		
	Amortised cost/Nominal value	744	747
	Carrying amount	772	760
	Accumulated accounting adjustment of fair value	-28	-13
	Derivatives, swaps		
	Swaps, hedging issued bonds		
	Nominal value	13,595	14,564
	Carrying amount	144	114
	Accumulated accounting adjustment of fair value	144	114
	Swaps, hedging subordinated debt		
	Nominal value	2,676	2,676
	Carrying amount	81	79
	Accumulated accounting adjustment of fair value	81	79
	Swaps, hedging debt to credit institutions		
	Nominal value	744	747
	Carrying amount	27	13
	Accumulated accounting adjustment of fair value	27	13
	Profit/loss for the year		
	Profit/loss for the year on hedging instruments, swaps hedging issued bonds	30	-27
	Profit/loss for the year on hedging instruments, swaps hedging subordinated debt	2	30
	Profit/loss for the year on hedging instruments, swaps hedging debt to credit institutions	14	13
	Profit/loss for the year on hedged items, issued bonds	-41	36
	Profit/loss for the year on hedged items, subordinated debt	-9	-28
	Profit/loss for the year on hedged items, debt to credit institutions	-15	-13

Reference is made to note 58 to the consolidated financial statements.

DKKm

35 **Derivatives**

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

2020	Net fair value				Fair value			Principal amounts, total
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Assets	Liabilities	Net	Nominal value
Currency contracts	-632	59	-346	-26	9,025	9,970	-945	879,943
Interest-rate contracts	-331	-35	-110	-1,253	36,762	38,491	-1,729	1,416,633
Share contracts	-8	0	0	0	11	19	-8	41
Commodity contracts	49	1	36	0	1,250	1,164	86	87
Total	-922	25	-420	-1,279	47,048	49,644	-2,596	2,296,704
Outstanding spot transactions					24	20	4	37,840
CCP netting					-15,034	-15,034	0	0
Total after CCP netting					32,038	34,630	-2,592	2,334,544

2019	Net fair value				Fair value			Principal amounts, total
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Assets	Liabilities	Net	Nominal value
Currency contracts	109	-171	-890	-40	3,746	4,738	-992	919,179
Interest-rate contracts	-390	22	-72	-948	33,091	34,479	-1,388	1,223,365
Share contracts	-3	0	0	0	13	16	-3	1,435
Commodity contracts	44	2	2	0	202	154	48	5,429
Total	-240	-147	-960	-988	37,052	39,387	-2,335	2,149,408
Outstanding spot transactions					67	51	16	36,480
CCP netting					-12,227	-12,227	0	0
Total after CCP netting					24,892	27,211	-2,319	2,185,888

DKKm

36 SUMMARY OF INCOME STATEMENT	2020	2019	Index 20/19	2018	2017	2016
Net interest income	2,232	2,357	95	2,785	3,343	3,600
Dividends, etc.	41	36	114	107	72	71
Net fee and commission income	2,578	2,809	92	1,894	1,912	1,526
Net interest and fee income	4,851	5,202	93	4,786	5,327	5,197
Value adjustments	307	176	174	426	822	857
Other operating income	380	395	96	882	455	229
Operating expenses, depreciation and amortisation	4,590	4,683	98	4,639	4,391	4,068
Of which staff and administrative expenses	4,397	4,542	97	4,532	4,227	3,937
Loan impairment charges	361	-123	-	32	-536	26
Profit on investments in associates and group enterprises	1,184	1,453	81	1,374	976	1,377
Pre-tax profit	1,771	2,666	66	2,797	3,725	3,566
Tax	162	226	72	297	582	450
Profit for the year	1,609	2,440	66	2,500	3,143	3,116

BALANCE SHEET, END OF PERIOD	2020	2019	Index 20/19	2018	2017	2016
Loans	147,987	149,397	99	136,832	142,739	147,241
- bank loans	96,028	103,134	93	110,719	115,320	113,390
- repo loans	51,959	46,263	112	26,113	27,419	33,851
Deposits	136,771	140,040	98	143,579	154,303	149,784
- bank deposits	123,208	122,542	101	126,808	129,884	124,819
- repo deposits and tri-party deposits	9,492	13,296	71	12,965	20,051	20,454
- pooled deposits	4,071	4,202	97	3,806	4,368	4,511
Issued bonds	63,697	38,556	165	35,039	35,776	47,619
Subordinated debt	5,821	4,327	135	4,319	4,323	2,131
Holders of additional tier 1 capital	3,307	3,257	102	2,546	2,581	1,476
Shareholders' equity	33,325	32,453	103	31,786	32,023	31,038
Total assets	335,402	304,100	110	278,570	295,738	318,452

36 Financial ratios and key figures	2020	2019	2018	2017	2016
Pre-tax profit, per share (DKK)*	21.98	31.87	31.67	41.64	38.36
Earnings per share (DKK)*	19.76	29.00	28.15	34.66	33.49
Earnings per share (diluted) (DKK)*	19.76	29.00	28.15	34.66	33.49
Core profit per share (DKK)*	27.40	37.79	29.76	38.03	36.58
Share price at end of period (DKK)	233	243	235	353	337
Book value per share (DKK)*	459	434	390	374	348
Price/book value per share (DKK)*	0.51	0.56	0.60	0.95	0.97
Price/earnings per share*	11.8	8.4	8.4	10.2	10.1
Proposed dividend per share (DKK)	0	0	6.12	5.85	5.25
Distributed dividend per share (DKK)	0	0	11.74	10.85	5.25
Capital ratio (%)	32.8	31.5	29.2	28.6	25.0
Tier 1 capital ratio (%)	28.6	28.4	26.3	26.0	24.0
Common equity tier 1 capital ratio (%)	25.7	25.5	24.0	23.5	22.4
Pre-tax profit as a pct. of average equity	4.9	7.8	8.4	11.5	11.6
Net profit as a percentage of average equity*	4.4	7.1	7.6	9.7	10.1
Income/cost ratio (%)	1.4	1.6	1.6	2.0	1.9
Interest-rate risk (%)	0.6	0.4	0.8	0.8	0.8
Currency position	5.0	13.1	8.6	5.3	4.0
Currency risk (%)	0.1	0.0	0.1	0.1	0.0
Liquidity Coverage Ratio (LCR) (%)**	385	228	171	-	-
Total large exposures (%)***	82	84	76	72	-
Accumulated impairment ratio (%)	2.1	2.1	2.5	2.5	3.0
Impairment ratio for the year (%)	0.2	-0.1	0.0	-0.3	0.0
Increase in loans and advances for the year, excl. repo loans (%)	-6.9	-6.8	-4.0	1.7	6.4
Loans and advances in relation to deposits	1.1	1.1	1.0	0.9	1.0
Loans relative to equity	4.0	4.2	4.0	4.1	4.5
Return on capital employed	0.5	0.8	0.9	0.1	1.0
Number of full-time employees, year-end	3,109	3,300	3,372	3,388	2,982
Average number of full-time employees in year	3,210	3,353	3,444	3,167	3,003

The financial ratios are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority, cf. note 68 to the consolidated financial statements.
* Ratios are calculated as if additional tier 1 capital (AT1) is recognised as a liability.
** Statement of liquidity ratios was changed in 2018. Comparative figures for 2016-2017 have not been calculated.
*** Statement of the sum of total large exposures was changed in 2018. Comparative figures for 2016 have not been calculated.

Statement by the Management and Supervisory Boards on the Annual Report

We have today discussed and approved the Annual Report of Jyske Bank A/S for the accounting year 1 January to 31 December 2020.

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

In our opinion, the consolidated financial statements and the Parent's financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2020 and of their financial performance and cash flows for the financial year 1 January to 31 December 2020.

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 net profit or loss for the year and the Group's and the Parent's financial position as a whole as well as a description of the most material risks and elements of uncertainty that may affect the Group and the Parent.

In our opinion, the Annual Report for the financial year 1 January to 31 December 2020, with the file name "JYSK-2020-12-31.zip" has in al material respects been prepared in accordance with the ESEF regulation.

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

Silkeborg, 23 February 2021

EXECUTIVE BOARD

ANDERS DAM
Managing Director and CEO

NIELS ERIK JAKOBSEN

PETER SCHLEIDT

PER SKOVHUS

/JENS BORUM
Director, Finance

SUPERVISORY BOARD

KURT BLIGAARD PEDERSEN
Chairman

PHILIP BARUCH
Deputy Chairman

RINA ASMUSSEN

JENS A. BORUP

ANKER LADEN-ANDERSEN

KELD NORUP

BENTE OVERGAARD

PER SCHNACK

JOHNNY CHRISTENSEN
Employee Representative

MARIANNE LILLEVANG
Employee Representative

CHRISTINA LYKKE MUNK
Employee Representative

Internal Auditors' Report

Audit opinion
In our opinion, the consolidated financial statements and the Parent's financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2020 and of the Group's and the Parent's financial performance and the Group's cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies in regard to the consolidated financial statements and in accordance with the Danish Financial Business Act in regard to the Parent's financial statements.

Basis of opinion
We have audited the consolidated financial statements and the financial statements of Jyske Bank A/S for the financial year 1 January - 31 December 2020. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies. The financial statements have been prepared in accordance with the Danish Financial Business Act.

We conducted our audit in accordance with the Executive Order of the Danish Financial Supervisory Authority on Auditing Financial Enterprises, etc. as well as Financial Groups and in accordance with international auditing standards on planning and performance of the audit.

We planned and performed our audit with a view to obtaining a high degree of certainty that the consolidated financial statements and the Parent's financial statements do not contain any material misstatements. We participated in the audit of significant and risky areas.

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

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

Based on this, we believe that the Management's Review was prepared in accordance with the Danish Financial Business Act and the disclosures in the Management's Review are consistent with the consolidated financial statements and the Parent's financial statements.

Silkeborg, 23 February 2021

Henning Sørensen
Chief Internal Auditor

Independent Auditors' Report

To the shareholder of Jyske Bank A/S

Audit opinion

We have audited the consolidated financial statements and the financial statements for Jyske Bank A/S for the financial year 1 January-December 2020 comprising the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, capital statement and notes, including accounting policies, for the Group as well as the company, and the consolidated cash flow statement for the Group. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the EU and also in accordance with additional Danish disclosure requirements for listed financial companies, and the Parent's financial statements were prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position on 31 December 2020 and of its financial performance and cash flows for the financial year 1 January-December 2020 – in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements for listed financial companies.

In addition, in our opinion, the financial statements give a true and fair view of the company's financial position on 31 December 2020 and of the company's financial performance for the financial year 1 January-December 2020 – in accordance with the Danish Financial Business Act.

Our audit opinion is in line with our long-form audit report to the Audit Committee and the Supervisory Board.

Basis of the audit opinion

We conducted our audit in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark. Our responsibility according to these standards and requirements are described in detail in the auditors' report under the heading "The auditor's responsibility for the audit of the consolidated financial statements and the Parent's financial statements".

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

Independence

We are independent of the Group in accordance with the code of ethics of the International Ethics Standard Board for Accountants (IESBA) and also in accordance with the additional requirements applicable in Denmark; also, we have met our other ethical obligations according to this code of ethics and requirements.

To the best of our knowledge, no prohibited non-audit services as stated in Art. 5(1) of Regulation (EU) No. 537/2014 have been performed.

Appointment of auditors

On 16 June 2020, we were for the first time elected auditors of Jyske Bank A/S for the financial year 2020.

Key audit matters

Key audit matters are the matters that in our professional opinion were the most important ones in connection with our audit of the consolidated financial statements and the Parent's financial statements for the financial year 2020. These matters were discussed in the course of our audit of the consolidated financial statements and the Parent's financial statements as a whole and the preparation of our audit opinion. We do not issue a separate audit opinion about these matters. For each of the below matters, the description of how the matter was treated during our audit is given in connection with this.

We have lived up to our responsibility as described in the section "The audit of the consolidated financial statements and the Parent's financial statements", also in relation to the below key audit matters. Our audit covered the preparation and performance of audit procedures in reaction to our assessment of the risk of material misinformation in the consolidated financial statements and the Parent's financial statements. The result of our audit procedure, including the audit procedures we have performed to treat the below matters, forms the basis of our audit opinion on the consolidated financial statements and the Parent's financial statements as a whole.

Measurement of loans, advances and guarantees

Risk: A material part of the Group's assets consists of loans and advances, which are associated with risks of loss in the event of the client's inability to pay. In addition, guarantees and other financial products are offered that are also associated with risks of loss. The Jyske Bank Group's total loans and advances amounted to DKK 491,379m on 31 December 2020 (DKK 485,900m on 31 December 2019), and the total impairment charges and provisions for expected credit losses amounted to DKK 5,227m on 31

December 2020 (DKK 5,227m on 31 December 2019).

The Group's statement of loan impairment charges and provisions for losses on guarantees, etc. involve material amounts and many management's estimates. This relates in particular to the probability of default, the division of exposures into stages, the assessment whether any indication of credit impairment has been established, realisable value of collateral received as well as the client's ability to pay in the event of default.

Large loans and advances associated with high risk are assessed individually, while impairment charges on small loans and advances and loans and advances with low risk are determined on the basis of models that involve management's estimates in connection with the establishment of methods and parameters for the determination of the expected loss.

The Group recognises additional impairment charges based on management's estimates in such situations where the impairment charges calculated by models and determined individually have not yet been assessed to reflect current risks of loss and expectations of loss, for instance the impact from COVID-19.

Audit: Our audit covered the Group's procedures and internal controls for follow-up on loans and advances, division into stages of exposures and registration of indications of impairment. Through analysis and sampling as well as audit of the Group's procedures and internal controls, we have checked whether the statement of impairment charges for expected losses was made in accordance with the accounting rules and the accounting policies described.

Among other things, the audit included substantive audit of the largest and most risky loans and advances, including loans with objective evidence of impairment. For the impairment charges calculated by models, we have reviewed and assessed the methods and parameters applied, tested internal controls as well as through sampling tested the calculations.

Moreover, we have audited the estimates that the Group management made in addition to the impairment charges determined individually and calculated by models, including in particular impairment charges to cover the estimated impact from COVID-19. Our audit of the management's estimates included audit of the Group's basis for the methods and assumptions applied, including whether these are reasonable and well-founded as regards the relevant basis of comparison.

Furthermore, we tested and assessed whether the disclosures in the notes relating to loans and advances, impairment charges and credit risks comply with the relevant accounting rules (notes 14, 19, 20, 21, 50 and 67).

Statement on the Management's Review

The management is responsible for the Management's Review.

Our audit opinion on the consolidated financial statements and the Parent's financial statements does not cover the Management's Review, and we do not express any kind of unmodified audit opinion on the Management's Review.

In connection with our audit of the consolidated financial statements and the Parent's financial statements, it is our responsibility to read the Management's Review and in that connection consider whether the Management's Review is materially inconsistent with the consolidated financial statements or the Parent's financial statements or our knowledge attained through the audit or in other ways seems to contain any material misstatement.

In addition, it is our responsibility to consider whether the Management's Review contains the required information according to the Danish Financial Business Act.

Based on the work performed, we believe that the Management's Review is consistent with the consolidated financial statements and the Parent's financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not find any material misstatement in the Management's Review.

Management's responsibility for the consolidated financial statements and the Parent's financial statements

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

Moreover, management is responsible for the internal control that management finds necessary to prepare consolidated financial statements and the Parent's financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements and the Parent's financial statements, management is responsible for assessing the Group's and the Parent's ability to continue operations and for disclosing circumstances relating to the continued operations, where relevant; and to prepare the consolidated financial statements and the Parent’s financial statements on the basis of the accounting principle on continued operations, unless management intends to wind up the Group or the company, discontinue operations or does not have any other realistic alternative than doing so.

The auditor's responsibility for the audit of the consolidated financial statements and the Parent’s financial statements

The objective of our audit is that of obtaining a high level of assurance and audit evidence that the consolidated financial statements and the Parent’s financial statements are free of material misstatements, whether or not due to fraud or error. A high level of assurance is a high level of assurance, but no guarantee that an audit performed in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark will reveal any material misstatement if such misstatement has been made. Misstatements can also be given due to fraud or error and can be considered material if it is reasonable to assume that such misstatements will individually or collectively affect the financial decisions that financial statement users make on the basis of the consolidated financial statements and the Parent's financial statements.

In the course of the audit that is performed in accordance with the International Standards on Auditing and the additional requirements applicable in Denmark, we make professional assessments with an attitude of professional scepticism during the audit. In addition:

- We identify and assess the risk of material misstatements in the consolidated financial statements and the Parent's financial statements, whether or not such misstatements are due to fraud or error; we design and perform audit procedures in reaction to these risks and also obtain audit evidence sufficient and suitable for the basis of our audit opinion. The risk of not detecting any material misstatement due to fraud is higher than that in connection with material misstatements caused by error, as fraud may comprise conspiracy, forgery, conscious omissions, misrepresentation or disregard of internal control.
- We gain an understanding of the internal control relevant for the audit in order to prepare audit procedures that are appropriate under the circumstances, but not to express an audit opinion on the efficiency of the Group's and the Parent's internal control.
- We make a decision wither the accounting policies applied by management are suitable, and whether the accounting estimates and relevant information that management has prepared are reasonable.
- We determine whether management's preparation of the consolidated financial statements and the Parent's financial statements on the basis the of accounting principle on going concern is suitable, as well as whether, on the basis of the audit evidence obtained, there is any material uncertainty linked to events or circumstances that may result in considerable doubt as to the Group's or the company's ability to continue operations. If we determine that there is material uncertainty, we must in our auditors' report draw attention to information of this in the consolidated financial statements and the Parent's financial statements, or if such information is not sufficient modify our audit opinion. Our audit opinion is based on the audit evidence that is obtained until the date of our auditors' report. However, future events or circumstances may result in the Group and the company not being able to continue operations any longer.
- We decide on the overall presentation, structure and contents of the consolidated financial statements and the Parent's financial statements, including disclosures in the notes, and whether the consolidated financial statements and the Parent's financial statements reflect the underlying transactions and events in such a way that they render a true and fair view of these.
- We obtain a sufficient and suitable audit evidence of the financial information in the companies or the business activities in the Group to express an audit opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the consolidated financial statements audit. We are solely responsible for the audit opinion.

We communicate with senior management, among other things, on the planned extent and the timing of the audit as well as considerable audit observations, including any considerable shortcomings in the internal control that we identify during our audit.

We also make a statement to senior management to the effect that we comply with relevant ethical requirements as to independence and disclose to senior management all relations and other circumstances that may reasonably affect our independence and, where relevant, related security measures.

Based on the circumstances communicated to senior management, we establish the circumstances that were of greatest importance during our audit of the consolidated financial statements and the Parent's financial statements covering the relevant period and therefore constituted key audit matters.

We describe these circumstances in our auditors' report, unless acts of law or other regulation preclude publication of the circumstance, or in the most rare cases where we establish that the circumstance is not to be communicated in our auditors' report because the negative consequences from this could reasonably be expected to carry a heavier weight than the benefit from such communication that would be in the public interest.

Declaration of compliance with the ESEF regulation
In the course of our audit of the consolidated financial statements and the financial statements of Jyske Bank A/S, we have performed actions with a view to expressing an audit opinion on whether the annual report covering the financial year 1 January-31 December 2020, with the file name "JYSK-2020-12-31.zip", was prepared in accordance with the Commission Delegated Regulation (EU) 2019/815 with regard to the single electronic reporting format (ESEF regulation), stipulating requirements for the preparation of an annual report in the XHTML format and iXBRL mark-up of the main statements of the consolidated financial statements .
It is the responsibility of the management to prepare an annual report that complies with the ESEF regulation, including:

- Preparation of the annual report in the XHTML format
- Selection and use of appropriate IXBRL tags, including extensions to the ESEF taxonomy and embedding this to elements in the taxonomy, for financial information, that must be marked up, subject to estimates where necessary
- To ensure consistency between iXBRL-marked-up data and the human-readable consolidated financial statements
- For the internal control, which management considers necessary for the preparation of an annual report that complies with the ESEF regulation.

It is our responsibility, based on the obtained audit evidence, to achieve a high level of assurance that in all material respects the annual report was prepared in accordance with the ESEF regulation and to express an audit opinion. The type, extent and the timing of the selected audit procedures depend on the auditor's professional assessment, including an assessment of the risk of material differences from the requirements of the ESEF regulation, whether or not these are due to fraud or error. The audit procedures include:

- Control of whether the annual report was prepared in the XHTML format
- Obtaining an understanding of the company's process for iXBRL mark-up and of the internal control relating to the mark-up process
- Assessment of the completeness of the iXBRL mark-up of the consolidated financial statements
- Assessment of whether the use of iXBRL elements from the ESEF taxonomy and the company's establishment of extensions to the taxonomy are appropriate when relevant elements of the ESEF taxonomy have not been identified
- Assessment of the anchoring of extension to elements in the ESEF taxonomy
- Harmonisation of iXBRL marked-up data with the audited consolidated financial statements.

In our opinion, the Annual Report for the financial year 1 January-31 December 2020, with the file name "JYSK-2020-12-31.zip" was in al material respects prepared in accordance with the ESEF regulation.

Aarhus, 23 February 2021

EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Lars Rhod Søndergaard
State-Authorized Public Accountant
Identification No. (mne) 28632

Michael Laursen
State-Authorized Public Accountant
Identification No. (mne) 26804

Directorships held by members of the Supervisory Board in other commercial enterprises at 31 December 2020

Kurt Bligaard Pedersen, London, Chairman
- CEO of Bligaard Consult

Philip Baruch, Attorney-at-Law, Charlottenlund, Deputy Chairman
- Chairman of the supervisory board, Ottensten A/S
- Chairman of the supervisory board, Seniorshop ApS
- Chairman of the supervisory board, Melitek A/S
- Chairman of the supervisory board, Zeaplast A/S

Rina Asmussen, Consultant, Klampenborg
- Board member, PFA Invest
- Board member and Deputy Chairman, BRFfonden, and on the board of a fully owned subsidiary
- Deputy chairman of Fonden for Håndværkskollegier
- Director of RA-Consulting

Jens A. Borup, Fishing Vessel Master, Skagen
- Board member/chairman, FF Skagen-gruppen including
  - Board member, FF Skagen Fond
  - Chairman of the supervisory board, FF Skagen A/S, and also on the board of two fully owned subsidiaries
  - Chairman of the supervisory board, Scandic Pelagic A/S
  - Board member, Scandic Pelagic AB, Sweden, and on the board of a fully owned subsidiary.
  - Managing director of Hirtshals Tanklager ApS, FF Handelsafdeling ApS and H.F. Industrifiskehandel ApS
- Managing director, Starholm Holding ApS, Skagen

Anker Laden-Andersen, Attorney-at-Law, Frederikshavn
- Chairman of the supervisory board of Gisselfeld Kloster
- Chairman of the supervisory board of Hirtshals Havn and on the board of a fully owned subsidiary
- Chairman of the supervisory board of DEN GREVELIGE OBERBECH-CLAUSEN-PEANSKE FAMILIEFOND (Voergaard Slot)
- Chairman of the supervisory board of Hjerl Fonden
- Board member of Grøngas Partner A/S and on the boards 2 fully owned subsidiaries
- Board member of Marine Exhaust Technology A/S and on the board of a fully owned subsidiary
- Board member, Thoraso ApS
- Board member, Vanggaard Fonden (Sæby Fiskeindustri)
- Director of ALA Advokatpartner anpartsselskab

Keld Norup, Attorney-at-Law, Vejle
- Chairman of the supervisory board/board member, Holmskov-gruppen, Vejle including
  - Chairman of the supervisory board, Holmskov & Co. A/S
  - Chairman of the supervisory board, Holmskov Finans A/S
  - Chairman of the supervisory board, Holmskov Invest A/S
  - Board member, H & P Frugtimport A/S
- Chairman of the supervisory board, Clausen-gruppen, Vejle including
  - Chairman of the supervisory board, GV-Holding A/S
  - Chairman of the supervisory board, VAC Holding ApS
  - Chairman of the supervisory board, VHF Holding ApS
  - Chairman of the supervisory board, VAC Holding II ApS
- Board member, Solegruppen, Vejle, including
  - Board member, Sole Holding ApS, Vejle, and also on the board of five fully owned subsidiaries
  - Board member, TP Family ApS
  - Board member, Hølgaard Ejendomme ApS and on the board of a fully owned subsidiary
  - Board member, JGP Family ApS
  - Board member, Solbjerg Ejendomme A/S
  - Board member, Vesterby Minkfarm A/S
  - Board member, Sole Invest ApS, Hedensted and also on the board of a fully owned subsidiary
- Chairman of the supervisory board, Skov Advokater Advokataktieselskab
- Managing director, Keld Norup Holding ApS

Directorships held by members of the Supervisory Board in other commercial enterprises at 31 December 2020

Bente Overgaard, Managing director, Hellerup

- Board member, Holberg Fenger Holding A/S and on the board of five fully-owned subsidiaries
- Board member, Prodata Holding A/S and on the board of two fully-owned subsidiaries
- Board member, Tømmerhandler Johannes Fogs Fond
- Board member, SP Group A/S
- Board member, Finansiel Stabilitet (the Danish resolution authority)
- Committee member of the Danish Nature Fund
- Managing director, Overgaard Advisory ApS

Directorships held by members of the Executive Board in other commercial enterprises at 31 December 2020

Anders Dam

- Chairman of the Supervisory Board of Jyske Banks Almennyttige Fond as well as the fully owned subsidiary Jyske Banks Almennyttige Fonds Holdingselskab
- Board member (deputy chairman), Foreningen Bankdata F.m.b.a.
- Board member, FR I af 16. september 2015 A/S

Niels Erik Jakobsen

- Board member (deputy chairmen), Letpension A/S
- Board member, BI Holding A/S as well as the fully owned BI Asset Management Fondsmæglerselskab A/S

Peter Schleidt

- Board member (chairman), JN Data

Members of the Supervisory Board at 31 December 2020

Name	Age	Elected to Supervisory Board	Expiry of term of office	Audit Committee	Nomination Committee	Remuneration Committee	Risk Committee	Digitization & Tech. Committee
Chairman Kurt Bligaard Pedersen	61 years	2014	2023	Member	Chairman	Chairman	Member	Member
Deuty Chairman, Attorney-at-Law Philip Baruch	67 years	2006	2021		Member	Member		
Consultant Rina Asmussen	61 years	2014	2023				Chairman	Chairman
Former fishing boat captain Jens A. Borup	65 years	2005	2023	Member	Member			
Attorney-at-law Anker Laden-Andersen	64 years	2019	2022	Member				
Attorney-at-law Keld Norup	67 years	2007	2022		Member			
Programme Director Bente Overgaard	56 years	2020	2021				Member	Member
Consultant Per Schnack	59 years	2019	2021	Chairman			Member	
Employee representatives:								
District Chairman Marianne Lillevang	55 years	2006	2022			Member	Member	
Portfolio Management Adviser Christina Lykke Munk	42 years	2016	2022	Member				
Deputy District Chairman Johnny Christensen	58 years	2018	2022					Member

	Number of Jyske Bank shares		Participation and number of meetings 2020					
Name	End-2020	End-2019	Board meeting	Audit Committee	Nomination Committee	Remuneration Committee	Risk Committee	Digitization & Tech. Committee
Chairman Kurt Bligaard Pedersen	1,150	1,150	43/43	8/8	4/4	2/2	5/5	2/2
Deuty Chairman, Attorney-at-Law Philip Baruch	2,893	2,893	42/43		4/4	1/1		
Consultant Rina Asmussen	1,715	1,715	43/43				8/8	3/3
Former fishing boat captain Jens A. Borup	3,970	3,970	41/43	8/8	4/4			
Attorney-at-law Anker Laden-Andersen	2,715	2,715	40/43	5/8				
Attorney-at-law Keld Norup	1,100	1,100	43/43	4/4	4/4			
Programme Director Bente Overgaard	1,590	-	22/22				4/5	1/2
Consultant Per Schnack	3,668	2,268	43/43	8/8			5/5	
Employee representatives:								
District Chairman Marianne Lillevang	2,611	2,611	42/43			2/2	7/8	
Portfolio Management Adviser Christina Lykke Munk	279	279	40/43	8/8				
Deputy District Chairman Johnny Christensen	620	327	41/43					3/3

The board members' participation in meetings appear above.