

Corporate Announcement

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Business Reg. No. (CVR): 17616617

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Preliminary announcement of financial statements 2016

SUMMARY

- **Profit for the year: DKK 3,116m (2015: DKK 2,476m)**
- **Profit for the year corresponded to an annualised return of 10.3% on opening equity (2015: 9.0%)**
- **Loan impairment charges and provisions for guarantees under core profit: DKK -149m (2015: DKK 347m)**
- **Capital ratio 18.3%, of which Common Equity Tier 1 capital ratio of 16.5% (2015: 17.0% and 16.1%)**
- **The launch of a share buy-back programme in the equivalent value of up to DKK 500m to run over the period from 1 March up to and including 29 September 2017**
- **The Supervisory Board will make a motion at the Annual General Meeting in March 2017 for the distribution of ordinary dividend in the amount of about DKK 500m for the financial year 2016**

COMMENTS BY MANAGEMENT

In connection with the publication of Jyske Bank's Annual Report 2016, Anders Dam, Jyske Bank's CEO and Managing Director states:

"In 2016, Jyske Bank achieved a return on equity after tax of 10.3%. The profit reflects an improvement of the pre-tax profit from mortgage activities of 45%, an improvement in banking activities of 15% and a practically unchanged pre-tax profit from leasing activities. The Group's balance sheet increased by 8%. The objective is still a return on equity after tax of 8-12%.

At the end of 2016, home loans in the amount of about DKK 80bn had been granted, and as at today's date, home loans have been granted in the amount of about DKK 83bn. The objective is still an addition of housing-related loans in the amount of DKK 100bn. The Group will constantly offer clients competitive products and terms and conditions. The development of property-related commercial loans follows the 5-year strategy of obtaining new loans of DKK 20bn, and at the end of 2016 new loans had been established in the amount of DKK 12.4bn.

The credit quality of the Group's portfolios of both personal clients and corporate clients improved in 2016. As a result, net reversals of impairment charges amounted to DKK 149m. The development in agriculture also resulted in a net reversal of impairment charges in the fourth quarter, while for other clients, net reversals of impairment charges have taken place for six quarters in a row. The Group's credit policy, the low interest rates, the high and increasing employment rate, the increase in real earnings and moderate economic growth in Denmark are all factors supporting a continued stable development of the credit quality.

Jyske Bank's gradual adjustment of the capital structure continued with the issue of both subordinated loans and hybrid loans in 2016. Due to the adjustment as well as the delay of the implementation of the new capital adequacy rules - now estimated to take effect in 2025 - the capacity for both continued growth and capital distribution increases. The Supervisory Board will make a motion at the Annual General Meeting for the distribution of ordinary dividend in the amount of about DKK 500m for the financial year 2016. Also, a new share buy-back programme in the amount of DKK 500m, running from 1 March to 29 September 2017, will be initiated. The long-term capital targets for the capital ratio and the Common Equity Tier 1 capital ratio are still 17.5% and 14%, respectively. Over the coming years, Jyske Bank will continue to accumulate capital levels above the long-term objectives in order to meet future regulatory requirements", concludes Anders Dam.

CORE PROFIT AND NET PROFIT FOR THE YEAR			Index			
DKKkm	2016	2015	16/15	2014	2013	2012
Net interest income	5,748	5,886	98	5,315	4,438	4,471
Net fee and commission income	1,531	1,834	83	1,761	1,731	1,652
Value adjustments	781	381	205	-42	410	66
Other income	257	239	108	3,074	561	402
Income from operating lease (net)	44	93	47	78	65	58
Core income	8,361	8,433	99	10,186	7,205	6,649
Core expenses	5,108	5,322	96	5,231	4,469	4,568
Core profit before loan impairment charges	3,253	3,111	105	4,955	2,736	2,081
Loan impairment charges and provisions for guarantees	-149	347	-	1,953	930	1,842
Core profit	3,402	2,764	123	3,002	1,806	239
Investment portfolio earnings	504	440	115	101	495	612
Pre-tax profit	3,906	3,204	122	3,103	2,301	851
Tax	790	728	109	14	493	255
Profit for the year	3,116	2,476	126	3,089	1,808	596

SUMMARY OF BALANCE SHEET, END OF PERIOD						
DKKkm						
Loans and advances	422,445	396,176	107	361,799	131,378	118,554
- of which mortgage loans	277,016	249,467	111	218,864	0	0
- of which loans and advances, traditional loans and advances	94,151	93,215	101	102,331	110,667	105,947
- of which loans and advances, new home loans	17,427	11,968	146	18,092	448	0
- of which repo loans	33,851	41,526	82	22,512	20,263	12,607
Bonds and shares, etc.	89,929	76,527	118	92,309	74,853	78,195
Total assets	586,703	543,399	108	541,679	262,004	258,247
Due to credit institutions and central banks	19,941	39,211	51	49,885	43,936	38,818
Deposits	154,648	144,920	107	152,693	131,424	120,977
- of which bank deposits	134,194	128,995	104	133,198	121,249	103,015
- of which repo deposits and tri-party deposits	20,454	15,925	128	19,495	10,175	17,962
Issued bonds at fair value	271,212	231,167	117	208,539	0	0
Issued bonds at amortised cost	51,028	48,226	106	43,413	27,760	34,921
Subordinated debt	2,131	1,354	157	1,355	1,649	2,742
Holders of hybrid core capital	1,476	0	-	0	0	0
Shareholders' equity	31,038	30,040	103	27,561	17,479	15,642

SELECTED DATA AND FINANCIAL RATIOS						
Earnings per share (DKK)*	33.5	26.1	-	35.1	25.4	8.5
Profit for the year, per share (diluted) (DKK)*	33.5	26.1	-	35.1	25.4	8.5
Pre-tax profit as a percentage of opening equity*	13.0	11.6	-	17.8	14.7	6.1
Net profit as a percentage of opening equity*	10.3	9.0	-	17.7	11.6	4.3
Expenses as a percentage of income	61.1	63.1	-	51.4	62.0	68.7
Capital ratio (%)	18.3	17.0	-	16.4	16.0	17.3
Common Equity Tier 1 capital ratio (CET1 %)	16.5	16.1	-	15.3	15.3	14.2
Individual solvency requirement (%)	10.0	10.5	-	10.9	9.8	10.2
Capital base (DKKkm)	33,354	30,088	-	28,990	17,831	18,603
Weighted risk exposure (DKKkm)	182,195	176,904	-	176,433	111,276	107,636
Share price at end of period (DKK)	337	312	-	313	293	157
Book value per share (DKK)*	348	317	-	290	245	220
Price/book value per share (DKK)*	1.0	1.0	-	1.1	1.2	0.7
Number of full-time employees, year-end	3,981	4,021	-	4,191	3,774	3,574

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

CORE PROFIT AND NET PROFIT FOR THE YEAR								
DKKm	2016	2015	Index 16/15	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Net interest income	5,748	5,886	98	1,457	1,393	1,448	1,450	1,567
Net fee and commission income	1,531	1,834	83	501	363	343	324	495
Value adjustments	781	381	205	232	170	169	210	112
Other income	257	239	108	79	48	73	57	59
Income from operating lease (net)	44	93	47	-27	21	28	22	25
Core income	8,361	8,433	99	2,242	1,995	2,061	2,063	2,258
Core expenses	5,108	5,322	96	1,335	1,275	1,230	1,268	1,369
Core profit before loan impairment charges	3,253	3,111	105	907	720	831	795	889
Loan impairment charges	-149	347	-	-293	77	-105	172	-34
Core profit	3,402	2,764	123	1,200	643	936	623	923
Investment portfolio earnings	504	440	115	303	258	88	-145	152
Pre-tax profit	3,906	3,204	122	1,503	901	1,024	478	1,075
Tax	790	728	109	301	180	215	94	238
Profit for the year	3,116	2,476	126	1,202	721	809	384	837

SUMMARY OF BALANCE SHEET, END OF PERIOD								
DKKm	2016	2015	Index 16/15	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Loans and advances	422,445	396,176	107	422,445	410,328	406,910	410,591	396,176
- of which mortgage loans	277,016	249,467	111	277,016	275,267	267,568	257,909	249,467
- of which loans and advances, traditional loans and advances	94,151	93,215	101	94,151	93,984	96,454	93,811	93,215
- of which loans and advances, new home loan products	17,427	11,968	146	17,427	13,917	11,369	11,220	11,968
- of which repo loans	33,851	41,526	82	33,851	27,160	31,519	47,651	41,526
Bonds and shares, etc.	89,929	76,527	118	89,929	88,868	76,771	80,933	76,527
Total assets	586,703	543,399	108	586,703	562,477	564,450	558,925	543,399
Due to credit institutions and central banks	19,941	39,211	51	19,941	10,690	30,350	43,891	39,211
Deposits	154,648	144,920	107	154,648	152,592	147,921	143,673	144,920
- of which bank deposits	134,194	128,995	104	134,194	132,384	128,769	125,416	128,995
- of which repo deposits and tri-party deposits	20,454	15,925	128	20,454	20,208	19,152	18,257	15,925
Issued bonds at fair value	271,212	231,167	117	271,212	264,793	256,357	241,095	231,167
Issued bonds at amortised cost	51,028	48,226	106	51,028	50,564	45,674	47,510	48,226
Subordinated debt	2,131	1,354	157	2,131	2,134	2,146	1,357	1,354
Holders of hybrid core capital	1,476	0	-	1,476	1,471	0	0	0
Shareholders' equity	31,038	30,040	103	31,038	30,404	30,091	29,680	30,040

CAPITAL RATIOS								
	2016	2015	Index 16/15	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Capital ratio (%)	18.3	17.0	108	18.3	17.8	17.0	16.7	17.0
Tier 1 capital ratio (%)	17.7	16.5	107	17.7	17.1	16.2	16.3	16.5
Common Equity Tier 1 capital ratio (CET 1) (%)	16.5	16.1	102	16.5	15.9	15.8	15.9	16.1

LIQUIDITY RESERVE AND RUN-OFF								
DKKbn	2016	2015	Index 16/15	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
End of period	76.9	72.6	106	76.9	74.8	71.3	68.1	72.6
3 mths.	55.1	51.1	108	55.1	55.2	52.3	39.0	51.1
6 mths.	45.5	46.8	97	45.5	43.1	48.2	32.3	46.8
9 mths.	42.3	40.9	103	42.3	36.3	41.4	29.5	40.9
12 mths.	37.3	39.0	96	37.3	33.8	34.6	23.7	39.0

LOANS, ADVANCES AND GUARANTEES AS WELL AS VALUE ADJUSTMENTS OF LOANS AND ADVANCES, ETC. DKKm	Index			Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
	2016	2015	16/15					
Loans, advances and guarantees	438,592	410,030	107	438,592	426,124	422,554	424,423	410,030
Balance of loan impairment charges and provisions for guarantees	5,937	6,713	88	5,937	6,482	6,716	6,924	6,713
Individual impairment charges and provisions for guarantees	4,640	4,934	94	4,640	4,806	5,107	5,199	4,934
Collective impairment charges and provisions for guarantees	1,297	1,779	73	1,297	1,676	1,609	1,725	1,779
Value adjustments of acquired loans:								
Balance of discounts for acquired loans and advances, beginning of period	1,548	2,625	59	1,145	1,238	1,420	1,548	1,878
Other additions	0	46	-	0	0	0	0	0
Positive value adjustments (interest income)	350	1,025	34	100	91	97	62	321
Negative value adjustments (loss)	319	98	326	166	2	85	66	9
Balance of discounts for acquired loans and advances, end of period	879	1,548	57	879	1,145	1,238	1,420	1,548
Total balance for loan impairment charges and provisions for guarantees and balance of discounts for acquired loans and advances	6,816	8,261	83	6,816	7,627	7,954	8,344	8,261
Non-performing loans and guarantees:								
Loans and advances before impairment charges and provisions, inclusive of discounts	22,936	26,128	88	22,936	22,747	24,939	25,027	26,128
Impairment charges and provisions	5,730	6,233	92	5,730	6,048	6,290	6,491	6,233
Discounts on acquired loans	857	1,415	61	857	1,118	1,203	1,320	1,415
Loans, advances and guarantees after impairment charges	16,349	18,480	88	16,348	15,581	17,446	17,216	18,480
NPL ratio	3.7%	4.5%		3.7%	3.6%	4.1%	4.1%	4.5%
NPL contribution ratio	28.7%	29.3%		28.7%	31.5%	30.0%	31.2%	29.3%
Non-performing loans and past due exposures								
Past due exposures	2,281	2,961	77	2,281	2,841	2,835	2,826	2,961
Operational loan impairment charges and provisions for guarantees	201	1,372	15	-193	168	-8	234	287
Operating loss	1,296	1,362	95	445	456	269	126	423

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME		The Jyske Bank Group	
DKKm		2016	2015
INCOME STATEMENT			
Interest income		11,652	13,628
Interest expenses		5,079	5,924
Net interest income		6,573	7,704
Fees and commission income		1,980	2,246
Fees and commission expenses		452	414
Net interest and fee income		8,101	9,536
Value adjustments		810	26
Other income		817	679
Employee and administrative expenses		5,039	5,209
Amortisation, depreciation and impairment charges		582	456
Loan impairment charges and provisions for guarantees		201	1,372
Pre-tax profit		3,906	3,204
Tax		790	728
Profit for the year		3,116	2,476
Distributed to:			
Jyske Bank A/S shareholders		3,093	2,476
Holder of hybrid core capital		23	0
Total		3,116	2,476
Earnings per share for the year			
Earnings per share, DKK		33.49	26.07
Earnings per share for the year, DKK, diluted		33.49	26.07
Proposed dividend per share, DKK		5.25	5.25
STATEMENT OF COMPREHENSIVE INCOME			
Profit for the year		3,116	2,476
Other comprehensive income:			
Items that cannot be recycled to the income statement:			
Revaluation of real property		72	110
Tax on property revaluations over the year		-9	-17
Actuarial losses and gains		-21	-25
Tax on actuarial losses and gains		5	6
Items that can be recycled to the income statement:			
Foreign currency translation adjustment of international units		-111	117
Hedge accounting of international units		109	-117
Tax on hedge accounting		-24	27
Other comprehensive income after tax		21	101
Comprehensive income for the year		3,137	2,577
Distributed to:			
Jyske Bank A/S shareholders		3,114	2,577
Holder of hybrid core capital		23	0
Total		3,137	2,577

BALANCE SHEET AT 31 DECEMBER

DKKm

The Jyske Bank Group

2016

2015

BALANCE SHEET
ASSETS

Cash balance and demand deposits with central banks	2,068	2,825
Due from credit institutions and central banks	18,018	20,858
Loans and advances at fair value	292,049	249,467
Loans and advances at amortised cost	130,396	146,709
Bonds at fair value	81,770	68,597
Bonds at amortised cost	3,949	3,884
Shares, etc.	4,210	4,046
Intangible assets	71	88
Property, plant and equipment	5,186	4,360
Tax assets	22	461
Other assets	48,964	42,104
Total assets	586,703	543,399

EQUITY AND LIABILITIES
Liabilities

Due to credit institutions and central banks	19,941	39,211
Deposits	154,648	144,920
Issued bonds at fair value	271,212	231,167
Issued bonds at amortised cost	51,028	48,226
Other liabilities	53,504	46,781
Provisions	1,725	1,700
Subordinated debt	2,131	1,354
Liabilities, total	554,189	513,359

Equity

Share capital	950	950
Revaluation reserve	538	499
Currency translation reserve	-2	0
Retained profit	29,053	28,092
Proposed dividend	499	499
Jyske Bank A/S shareholders	31,038	30,040
Holders of hybrid core capital	1,476	0
Equity, total	32,514	30,040
Total equity and liabilities	586,703	543,399

OFF-BALANCE SHEET ITEMS

Guarantees, etc.	16,147	13,854
Other contingent liabilities, etc.	22,627	17,745
Total guarantees and other contingent liabilities	38,774	31,599

STATEMENT OF CHANGES IN EQUITY

The Jyske Bank Group

DKKm

	Share capital	Revaluation reserves	Currency translation reserve	Retained profit	Proposed dividend	Jyske Bank A/S shareholders	Hybrid core capital	Total equity capital
Equity at 1 January 2016	950	499	0	28,092	499	30,040	0	30,040
Profit for the year	0	0	0	3,093	0	3,093	23	3,116
Other comprehensive income:								
Foreign currency translation for international units	0	0	-111	0	0	-111	0	-111
Hedge of international units	0	0	109	0	0	109	0	109
Revaluation of real property	0	72	0	0	0	72	0	72
Other movements	0	-24	0	24	0	0	0	0
Actuarial losses and gains	0	0	0	-21	0	-21	0	-21
Tax on other comprehensive income	0	-9	0	-19	0	-28	0	-28
Other comprehensive income after tax	0	39	-2	-16	0	21	0	21
Comprehensive income for the year	0	39	-2	3,077	0	3,114	23	3,137
Hybrid core capital issue	0	0	0	0	0	0	1,476	1,476
Transaction costs	0	0	0	-15	0	-15	0	-15
Interest paid on hybrid capital	0	0	0	0	0	0	-20	-20
Currency translation adjustment	0	0	0	3	0	3	-3	0
Tax	0	0	0	8	0	8	0	8
Dividends paid	0	0	0	0	-499	-499	0	-499
Dividends, own shares	0	0	0	5	0	5	0	5
Proposed dividend	0	0	0	-499	499	0	0	0
Acquisition of own shares	0	0	0	-3,084	0	-3,084	0	-3,084
Sale of own shares	0	0	0	1,466	0	1,466	0	1,466
Transactions with owners	0	0	0	-2,116	0	-2,116	1,453	-663
Equity at 31 December 2016	950	538	-2	29,053	499	31,038	1,476	32,514
Equity at 1 January 2015	950	380	0	26,231	0	27,561	0	27,561
Profit for the year	0	0	0	2,476	0	2,476	0	2,476
Other comprehensive income:								
Foreign currency translation for international units	0	0	117	0	0	117	0	117
Hedge of international units	0	0	-117	0	0	-117	0	-117
Revaluation of real property	0	110	0	0	0	110	0	110
Other movements	0	26	0	-26	0	0	0	0
Actuarial losses and gains	0	0	0	-25	0	-25	0	-25
Tax on other comprehensive income	0	-17	0	33	0	16	0	16
Other comprehensive income after tax	0	119	0	-18	0	101	0	101
Comprehensive income for the year	0	119	0	2,458	0	2,577	0	2,577
Proposed dividend	0	0	0	-499	499	0	0	0
Acquisition of own shares	0	0	0	-2,370	0	-2,370	0	-2,370
Sale of own shares	0	0	0	2,272	0	2,272	0	2,272
Transactions with owners	0	0	0	-597	499	-98	0	-98
Equity at 31 December 2015	950	499	0	28,092	499	30,040	0	30,040

CAPITAL STATEMENT DKKm	The Jyske Bank Group	
	2016	2015
Shareholders' equity	31,038	30,040
Share buy-back programme, non-utilised limit	0	-644
Proposed dividend	-499	-499
Intangible assets	-71	-88
Deferred tax liabilities relating to intangible assets	15	20
Prudent valuation	-268	-345
Difference between expected loss and the carrying amount of impairment charges	-89	0
Other deductions	-31	-81
Common Equity Tier 1 capital	30,095	28,403
Additional Tier 1 Capital after reduction	2,250	907
Other deductions	-69	-98
Core capital	32,276	29,212
Subordinated loan capital after reduction	1,298	403
Difference between expected loss and the carrying amount of impairment charges	0	665
Other deductions	-220	-192
Capital base	33,354	30,088
Weighted risk exposure involving credit risk etc.	140,577	138,987
Weighted risk exposure involving market risk	24,586	21,110
Weighted risk exposure involving operational risk	17,032	16,807
Total weighted risk exposure	182,195	176,904
Capital requirement, Pillar I	14,576	14,152
Capital requirement, transitional provisions	3,995	2,708
Capital requirement, total	18,571	16,860
Capital ratio (%)	18.3	17.0
Core Tier 1 Capital ratio (%)	17.7	16.5
Common Equity Tier 1 capital ratio (%)	16.5	16.1

Over the period 2008-2013, capital ratios were calculated in accordance with the CRD III (Basel II). At the end of 2016, the total risk-weighted exposure according to Basel I amounted to DKK 290,178m for the Jyske Bank Group. The capital requirement according to the transitional provisions was for 80% of the capital requirement of 8% of the total weighted risk exposure corresponding to DKK 18,571m for the Jyske Bank Group. At the end of 2015, the transitional provisions resulted in a capital requirement of DKK 16,860m for the Jyske Bank Group. The transitional rules applying to total weighted risk exposure will still apply in the coming years.

For a statement of the individual solvency requirement, please see Risk and Capital Management 2016 or investor.jyskebank.com/investorre-lations/capitastructure.

Risk and Capital Management 2016 was not covered by the audit.

Events after the balance sheet data

After the end of the financial year, no material events have been established that are assessed to effect the financial statement user's view of the annual report 2016.

Outlook

The Group expects 2017 to be yet another year with economic growth where consumer spending and investments will still be modest and propensity to save will be strong. It is anticipated that the low level of interest rates and activity will affect the earnings capacity of the Group, and in 2017 there will still be focus on organic growth and realisation of the full sales potential in the Group. With respect to home loans, net lending growth of DKK 10-15bn is expected.

In 2017, the Group will still focus on the adjustment of the capital structure to the Group's long-term capital target of a capital ratio of 17.5% and a Common Equity Tier 1 capital ratio of 14%.

It is the objective of the Group to generate a return on opening equity in the range of 8-12% after tax.

Capital distribution

In 2016, Jyske Bank bought back 5,574,955 own shares with a view to reducing the share capital. The buy-back took place in connection of the completed share buy-back programmes with limits totalling DKK 1,750m, of which the last programme was completed on 31 December 2016. At Jyske Bank's annual general meeting, the Supervisory Board will propose that 5,880,955 own shares be cancelled through a capital reduction.

The Supervisory Board proposes to the general meeting that a dividend of DKK 5.25 be paid per share of the nominal value of DKK 10 corresponding to a total dividend amount of about DKK 500m.

Annual General Meeting

The Annual General Meeting of Jyske Bank will be held in Silkeborg on Tuesday 21 March 2017.

Financial calendar 2017

Jyske Bank anticipates releasing financial statements on the following dates in 2017:

FINANCIAL CALENDAR 2017	
2 May	Interim Financial Report, first quarter of 2017
22 August	Interim Financial Report, first half of 2017
25 October	Interim Financial Report, first nine months of 2017

Additional information

For further information, please see www.jyskebank.info. Here you will find an interview with Anders Dam, detailed financial information as well as the Group's Annual Report 2016 and Risk and Capital Management 2016, which give further information about the Group'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 the Group.

Yours faithfully,

Jyske Bank

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