2015

Risk and Capital Management

JYSKE BANK

Contents

Jyske Bank A/S
Vestergade 8-16
DK-8600 Silkeborg
Tel: +45 89 89 89 89
E-mail:
jyskebank@jyskebank.dk
www.jyskebank.dk
Business Reg. No.: 17 61 66 17
Prepress and printing:
Jyske Bank

Introduction

The object of this report is to offer the reader insight into Jyske Bank's internal risk and capital management procedures and the regulatory capital requirements. The report starts out describing the Jyske Bank Group's business model and the general principles governing the Group's risk management. Then the Group's capital management and capital structure are described, after which more detailed information is given about the most material risks to which the Group has exposure: credit risk, counterparty credit risk, market risk, liquidity risk and operational risk.

The report describes the capital and risk structure of the entire Jyske Bank Group (hereinafter called the Group or Jyske Bank).

The year 2015

The global economy still only saw moderate progress in 2015. The euro zone was not as weak as earlier, but on the other hand there was a definite slowdown in the emerging markets countries in general, where especially the slowdown in China had a strong impact. On the whole, global economic growth slowed down a bit relative to 2014. Moreover, the year saw another steep fall in the oil price, at the same time as the Western economies were still seeing an unusually low interest-rate level and low inflation.

In Denmark, the private-sector savings surplus is still very high, but the slow recovery was able to continue supported in particular by the very low interest rates and decent real wage growth. The recovery lost a bit of momentum in the course of the year where exports slowed down after a strong first quarter. At the same time, house prices levelled off in the second half of the year after price increases all over the country in the first half of the year. However, the general impression is that the economic development is slightly positive, among other things, due to continuing growth in employment, a rising number of home sales and a decent development in consumer spending, affected positively by this very increase in the housing market.

Jyske Bank's long-term capital management objective is a capital ratio of 17.5% and a Common Equity Tier 1 capital ratio of 14%. At these levels, Jyske Bank meets the capital base requirements and will at the same time have the required strategic scope in respect of its capital structure. At end-2015, the Group met both of these targets due to its Common Equity Tier 1 capital ratio of 16.1% and a capital ratio of 17.0% in the light of the economic situation without a countercyclical buffer of 2.5%.

In 2015, Jyske Bank was again confirmed to be a systemically important financial institution (SIFI). Consequently the Group was subject to an additional capital buffer requirement of 0.3 percentage points throughout 2015. The requirement will increase to 0.6 percentage points in 2016. When fully phased in, the requirement will amount to 1.5 percentage points for the Group. From 1 January 2016 a capital conservation buffer of 0.625 percentage points must be added to the capital base requirement.

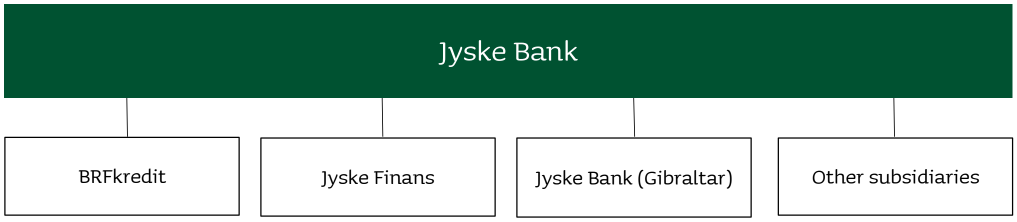
In 2014, the new capital requirements regulation, CRD IV/CRR took effect. The general purpose of CRR is to strengthen the capital structure of the European credit institutions. Even though the rules include a large number of transitional provisions in effect until 2022, Jyske Bank does already today meet all material new capital adequacy requirements.

The Bank for International Settlements in Basel continues its work to ensure further strengthening of the capital structure of the institutions. It is still too early to estimate to which degree it will increase the capital requirements of the credit institutions.

In the course of 2015, the Danish FSA conducted a number of inspections at Jyske Bank. Jyske Bank has adjusted its risk management to the extent necessitated by the FSA's reports.

- Capital ratio: 17.0% (2014: 16.4%)
- Common Equity Tier 1 capital ratio: 16.1% (2014: 15.3%)
- Capital base: DKK 30.1bn (2014: DKK 29.0bn).
- EAD: DKK 535.3bn (2014: DKK 495.0bn).
- REA: DKK 176.9bn (2014: DKK 176.4bn).
- Individual solvency requirement: 10.5% (2014: 10.9%)

Business model



The Jyske Bank Group is a financial group, in which Jyske Bank being the parent company conducts banking activities, and subsidiaries conduct other financial or accessory activities[1]. The Group conducts mortgage-credit activities through BRFkredit.

Jyske Bank offers advice about and delivers products that meet the clients' requirements in relation to financial assets and liabilities as well as the resultant cash flows and risks.

An important part of Jyske Bank's business model is to grant loans against security in real property. The Group's mortgage loans are primarily funded through the issue of covered bonds and secondarily through the issue of mortgage bonds, governed by the balance principle in Danish mortgage legislation. It is the aim of the Group to maintain an AAA rating of its covered bond issues.

Jyske Bank offers pension and life insurance products, investment and asset management products, payment services products as well as advisory services from sub-contractors, including jointly owned sector companies.

To a limited extent, Jyske Bank's international subsidiary Jyske Bank Gibraltar and branches offer ordinary banking services to local enterprises and personal clients[2].

Jyske Bank owns and operates accessory activities, including the leasing company Jyske Finans, which support the Group's business model and contribute to fulfilling the financial objectives.

[1] A complete list of consolidated subsidiaries is available in Jyske Bank's Annual Report. There are no differences between the consolidation basis for accounting objectives and for supervisory objectives.

The Group cooperates with other financial institutions about the delivery or distribution of the Group's products to the relevant businesses and/or their clients.

Jyske Bank assumes financial risks within established limits and to the extent the risk-adjusted return contributes to the Group's financial goal. On the other hand, it is to the greatest possible extent attempted to minimise operational risks considering the related costs.

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 collateral must have sufficient value as well as stability of value, and it must be substantiated that the collateral can be realised and pay off the remaining credit. Finally, it is a requirement that the Group's earnings must match the associated credit risk and capital charge.

Moreover, Jyske Bank assumes market risks when the expected return matches the risk. The Group's market risk consists mainly 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 option risks.

During periods with high market volatility, positions involving market risk are reduced so the stated VaR will still be at an acceptable level.

[2] Jyske Bank (Switzerland) was closed at end-2015.

Business model

As a consequence of the Group's activities, liquidity risk arises 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. In addition to credit, market, operational and liquidity risks, the Group's activities also involve business risks. Business risks are linked to the volatility in the Group's earnings capacity.

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. This will ensure that Jyske Bank is a trustworthy, long-term business partner for its clients.

Risk management

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.

Risk organisation

The Group Supervisory Board lays down the general principles for risk and capital management as well as for the Group's risk profile, and implements 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 the director for the unit Finance and Risk Management. The responsibilities of the unit include activities involving risks across areas of risk and organisational units. The unit is responsible for:

- presentation of risk policies and risk-management principles to the Group Executive Board and the Group Supervisory Board;
- 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;
- recognition, measurement and financial reporting in the Group as well as the implementation of adviser-oriented financial and risk-management tools.

To achieve efficient risk management close to the mortgage credit business, the Group has appointed a Chief Risk Officer at BRFkredit. The risk officer and his employees form an integral part of the unit Finance and Risk Management to ensure that the Group Chief Risk Officer has a complete overview of the entire Group's risks.

The organisational structure of the Group, in which Finance and Risk Management is separate from the risk-taking units, will ensure that the unit is independent of business-oriented activities.

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.

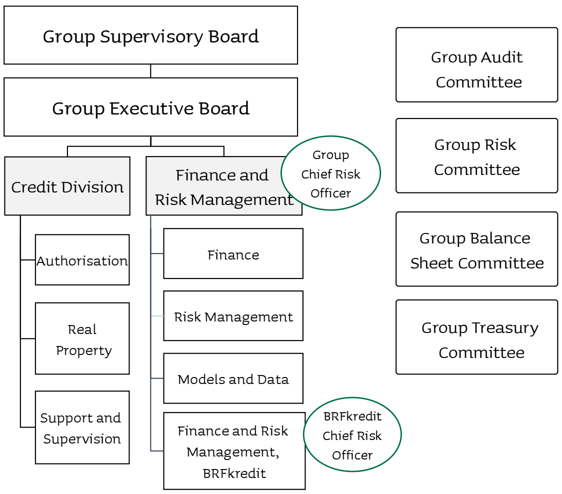
Jyske Bank has three business areas that manage market risk. Strategic market risks are managed by Group Treasury, and investments are in general based on macroeconomic principles and thus of a long-term nature. Jyske Markets and BRFkredit manage short-term market risks as part of the servicing of clients' 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 and BRFkredit.

The day-to-day management of operational risk is undertaken by the individual units of the Group.

Risk management of the specific risks is described in detail in the chapters on the individual risks.

GROUP RISK ORGANISATION



Several committees consider and process risk-related issues.

Members of the Group Audit Committee are appointed from the members of the Group Supervisory Board. The committee checks whether the Group's internal management and risk management systems function effectively. These tasks are carried out, for instance, through written and oral reporting to the committee and the committee's consideration of the relevant audit reports.

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

- the Group's risk profile and the implementation of this in the organisation;
- the Group's capital base as well as capital base requirements;
- the Group's adequate capital base as well as individual solvency requirements;
- capital and liquidity buffer with related contingency plans including the Group recovery plan;
- material changes of the model set-up for risk management as well as re-estimation and validation of models;
- internal procedures for risk measurement and management;
- assessment of material products earnings and risk profiles;
- new legislation relating to capital structure or risk management.

The main task of the Group Treasury Committee is to ensure that the Group's actual market risk profile is in line with the intended risk profile and the assessment of market expectations. The participants at the monthly meetings are the members of the Group Executive Board responsible for Capital Markets and Finance and Risk Management, the member of the Executive Board for BRFkredit responsible for securities, the heads of Capital Markets and Group Treasury as well as risk-taking employees in Group Treasury and BRFkredit.

The Group's liquidity risk profile, balance-sheet development and financial structure are assessed by the Group Balance Sheet Committee, which at its quarterly meetings ensures a continuously adequate liquidity-risk profile and balance-sheet structure according to the general guidelines. The participants at the meetings are the members of the Group Executive Board responsible for Capital Markets and Retail & Commercial Banking, the member of the Executive Board for BRFkredit responsible for securities, the Group Chief Risk Officer, the heads of Retail & Commercial Banking, Capital Markets and Group Treasury as well as other key employees of Retail & Commercial Banking and employees in Group Treasury with responsibilities within liquidity, capital and balance sheet management.

Risk reporting

The Group Supervisory Board and the Group Executive Board receive regular reports on the risk development and the utilisation of the allocated risk limits and can therefore monitor whether the risk limits are adhered to and whether they are still appropriate for the Group.

Finance and Risk Management continuously focuses on securing a qualified basis for decisions for management and works on an on-going basis to optimise management reporting.

Risk reporting is submitted to the Group Supervisory Board, the Group Executive Board, the group supervisory board committees and relevant business areas, depending on the relevance of the contents of the report. The overview on the subsequent pages specifies the regular risk reporting that is submitted to the Group Executive Board, the Group Supervisory Board or the group supervisory board committees. The Group Supervisory Board has access to all material submitted to the board committees.

Moreover, risk reporting is prepared for the supervisory boards and executive boards of the individual subsidiaries. Hence, at BRFkredit, risk reporting is continuously prepared.

REPORTING TO THE GROUP SUPERVISORY BOARD , GROUP EXECUTIVE BOARD AND GROUP SUPERVISORY BOARD COMMITTEES

	Report	Frequency	Recipient	Contents
OVERALL PICTURE OF RISK	ICAAP with risk report	Annually	Group Supervisory Board, Group Executive Board and Group Risk Committee	In-depth description of the Group's statement of adequate capital base based on the internal method and the Danish Financial Supervisory Authority's 8+ method. Explanation of the development of the Group's risks. Future implications of the Group's capital structure based on sensitivity analyses and projections under various stress scenarios.
	Group solvency statement	Quarterly	Group Supervisory Board, Group Executive Board and Group Risk Committee	Statement of the Group's adequate capital base and individual solvency requirements.
	Group risk report	Quarterly	Group Supervisory Board, Group Executive Board and Group Risk Committee	The report includes the quarterly credit reports and quarterly updates on market risk and operational risk as well as the status and latest development in key figures relating to the risk appetite decided by the Group Supervisory Board.
	Group recovery indicators	Quarterly	Group Supervisory Board, Group Executive Board and Group Risk Committee	The status of the Group recovery indicators.
	Selected audit reports	On-going	Group Audit Committee	Audit reports from Internal Audit and external auditors.
	Financial and risk reporting	Quarterly	Group Supervisory Board and Group Executive Board	Reports on the development of the business units' risk-adjusted results, etc.
	Group balance sheet report	Quarterly	Group Executive Board	Information about the development of the Group's balance sheet, solvency, risk profile, liquidity as well as funding structure and funding requirements. Overview of supervisory diamond and leverage ratio, etc.

REPORTING TO THE GROUP SUPERVISORY BOARD , GROUP EXECUTIVE BOARD AND GROUP SUPERVISORY BOARD COMMITTEES				
	Report	**Frequency**	**Recipient**	**Contents**
CREDIT RISK	Quarterly credit report	Quarterly	Group Supervisory Board, Group Executive Board and Group Risk Committee	In respect of Jyske Bank, the credit quality in the portfolios is being explained, including the development of credit quality, overdraft and risk exposures, and also the concentration risk is being assessed. In respect of BRFkredit, the development in credit quality, arrears, impairment charges and losses is being explained.
	Annual credit report	Annually	Group Supervisory Board, Group Executive Board and Group Risk Committee	Annual credit reports are prepared for all business units that assume credit risk. In respect of Jyske Bank, the annual credit report explains the credit quality in the portfolios, including the development of credit quality, overdraft and risk exposures and also the concentration risk for individual clients as well as for sectors. Moreover, benchmarks for relevant key figures in the sector are set up. Also, the annual credit report includes relevant themes that may change from year to year. In respect of BRFkredit, the development in credit quality, arrears, impairment charges and losses is being explained. For other subsidiaries, the development in credit quality and also circumstances specifically relevant to these are explained.
	Review of exposures	Annually	Group Supervisory Board and Group Executive Board	Review of the Group's most material credit risks at client level, where all major cases are reported, and selected cases are reviewed with a view to ensuring that the risk has been measured correctly.
	Development in credit inspections	Monthly	Group Executive Board	Overview of the development of the completed credit inspections in the Group stating the status relative to the Group's target.
	Impairment report	Quarterly	Group Audit Committee	The report covers the development of the calculated impairment charges and also the validation of the calculated results. Validation takes place in the form of sampling among exposures with and without impairment charges and parallel calculations of collective impairment charges. Also the report gives information about any weak exposures to members of the supervisory boards and executive boards in the Group and closely related persons and companies.
	CRD development	Quarterly	Group Supervisory Board, Group Executive Board and Group Risk Committee	Review of the development in regulatory capital and documentation of discussions of initiatives affecting solvency.
	Validation and re-estimation of credit models	Ad hoc	Group Supervisory Board, Group Executive Board and Group Risk Committee	Recommendation of re-estimation of all statistical models and parameters defined by experts for the calculation of credit risk, where development and results are examined.
MARKET RISK	Market risk report	Monthly	Group Supervisory Board, Group Executive Board and Group Risk Committee	The report describes the Group's overall market risk exposure based on authority granted for both the Group and the three acting units – Group Treasury, Jyske Markets and BRFkredit. Moreover the report includes a description of liquidity positions that exceed the authorised limits as well as changes in authority granted.
LIQUIDITY RISK	Draft for the Group's own securities portfolio	Quarterly	Group Executive Board	Information about the Group's market risk and utilisation of authority.
	ILAAP	Annually	Group Supervisory Board, Group Executive Board and Group Risk Committee	Annual assessment of the Group's funding and liquidity adequacy profile with the Group's liquidity status, managerial initiatives throughout the year as well as the development of important key figures.
OPERATIONAL RISK	Operational risk annual report	Annually	Group Supervisory Board, Group Executive Board and Group Risk Committee	Annual report on the development in the Group's operational risk with the Group's largest risks as well as realised operational losses over the recent period.

Internal risk management

In the Group's internal risk management, risk-adjusted target returns are used in the form of RAROC as a general management tool. RAROC calculations give an overview of the risk and profitability of the various activities of the Group. RAROC calculations are based on economic capital, and the development in the general credit quality of the portfolio, concentration risk and other capital elements are included in the assessment.

RAROC at division and business unit level forms an integral part of the reporting to the managements of business units, who determine activities for follow-up and any initiatives to reduce risk.

RAROC is also applied at client and product level to measure results, to assess profitability as well as for pricing new loans. RAROC calculations and the facilities for pricing are made available in profitability systems where employees and managers have access to current risk-adjusted profitability calculations at various levels. The profitability systems allow for expenses, including expenses relating to the financing of the loan. In connection with BRFkredit, also expenses relating to covered bonds as well as expenses relating to rating requirements are included.

The profitability systems take into account the composition of the Group's credit portfolio, which means that concentration effects and diversification effects are reflected directly in the profitability calculations of new loans. If loans are granted to clients in sectors, for instance, which are highly correlated with the market, this will, all other things being equal, result in higher capital base requirements and therefore lower profitability.

Economic capital

Economic capital is a key element in the management of the Group's risk and capital structure as well as in the day-to-day financial management. Economic capital is the capital required to cover the Group's unexpected loss one year into the future. One of the benefits of economic capital is the fact that it comes up with an aggregate figure for all risk types.

BRFkredit's calculation of economic capital for credit risk is based on the regulatory capital base requirement with the addition of concentration risk.

Within the rest of the Group, a number of internal models are used for the calculation of economic capital. The models are based on a VaR setup over a 1-year horizon for those risk types to which the Group wishes to apply quantitative modelling: credit risk, market risk, operational risk and business risk.

The various risks covered by economic capital make varied demands on the technical portfolio risk modelling. Various sub-models are used that are specifically designed to reflect the characteristics of individual risk types.

To manage the Group's credit risk at portfolio level and set prices at client level, Jyske Bank uses an advanced credit portfolio model across all business units and client segments. The credit portfolio model is based on a portfolio approach for the measurement of credit risk that incorporates the size of the exposure, the client's credit quality, the uncertainty related to the client's credit quality as well as the client's systematic risk. The term and repayment profile of the individual exposures are also included in Jyske Bank's model - yet outside the credit risk model - in a set-up that is derived from the CRR rules.

Economic capital for credit risk on clients in default is calculated in a set-up developed in-house, which to a great extent is based on the same parameters as the credit risk model for the performing clients.

For the determination of counterparty credit risk, the set-up used reflects the fact that future cash-flow profiles for derivatives are unknown. The model used has the basic objective of estimating future cash flow and exposure profiles, given market values and the volatility of counterparty products. The method is called the EPE (Expected Positive Exposure) method. Netting also forms part of these calculations and allowances are made for general wrong way risk in the calculation.

To determine and monitor the economic capital in Jyske Bank's market-risk positions, a parametric Value-at-Risk (VaR) approach is used, based on an improved RiskMetrics model. In addition to its trading portfolio, Jyske Bank holds a number of shares primarily relating to financial-sector shares within mortgage credit, financial infrastructure and payment services. The economic capital for these positions is calculated according to a method analogue to the PD/LGD method, known from the CRR rules.

For operational risk, a portfolio model is used that is based on Monte Carlo simulation. The calculations make use of data from scenario analyses in the form of assessments of loss frequency and size/distribution of losses for each scenario.

Jyske Bank applies an own-developed model for calculation of economic capital for business risk. The model is based on Jyske Bank's past earnings capacity and provides a picture of risk on the basis of the environment that Jyske Bank operates in at the given time. The model involves risk factors that are presumed to affect the general business conditions in the sector and, at the same time, it allows for the possibility that the Group's position in the market may change.

Remuneration

The pay policy at Jyske Bank is based on common sense and efficient risk management and applies to all companies in the Group. Jyske Bank has therefore opted out of using actual bonus schemes with variable salaries. The Group's remuneration policy[3], annual report on remuneration, policy on diversity and also its report on corporate governance are available at www.investor.jyskebank.com/investorrelations/governance.

Reports from the Danish Financial Supervisory Authority

The Danish FSA conducts risk-related inspections at Jyske Bank. Jyske Bank has adjusted its risk management to the extent necessitated by the FSA's reports.

RISK-RELATED INSPECTION REPORTS FROM THE DANISH FSA IN 2015	
Thematic inspection in respect of market risk	The FSA conducted a thematic inspection at Jyske Bank A/S on the calculation and reporting of earnings and risk in its business areas in respect of market risk. It is the assessment of the FSA that Jyske Bank A/S in a satisfactory manner calculates earnings and risk in respect of market risk and that information of earnings relative to risk forms part of the periodic management reporting in a satisfactory manner.
Inspection in respect of liquidity	The FSA conducted an inspection of Jyske Bank A/S with a view to assessing liquidity and funding risks in relation to the Group's banking activities. The FSA found that generally the liquidity management in Jyske Bank A/S is sound and its funding structure is well-diversified. The FSA did, however, assess that the contingency plan for liquidity was not sufficiently detailed and exhaustive.
Review of new loans	The FSA conducted a review of new loans to assess Jyske Bank's risk tolerance in connection with new loans and assess the basis on which Jyske Bank authorised new loans. The FSA assessed that generally the quality of Jyske Bank's recommendations was satisfactory. However, in some areas, other major banks conduct more comprehensive analyses of risks. The FSA found that Jyske Bank's risk tolerance was generally in line with that of other major banks. The pricing of loans, except for loans to large corporate clients, seems to be at the low end relative to other major banks. The FSA established that in various areas Jyske Bank's credit policy was too vague or inadequate, and Jyske Bank was ordered to make the necessary changes to its credit policy.
Inspection of new loans for personal clients	The FSA conducted an inspection of new loans in the form of home loan products to personal clients. In a small number of cases, Jyske Bank had granted loans that were imprudent. In 2014, Jyske Bank took several measures with a view to ensuring quality of the many new clients. One of these measures was an adjustment of its credit policy for personal clients. The FSA found that this reflected normal risk tolerance. The FSA assessed that in some cases, the basis for decisions was erroneous and insufficient, and this could have affected the credit assessment. Jyske Bank is focusing on this issue and has initiated several initiatives to reduce the number of errors. In some of the cases where clients' liabilities exceeded their assets, the FSA assessed that the credit risk was higher than reflected by Jyske Bank's risk classification of the clients. However, after the inspection, Jyske Bank has reassessed its weighting of liabilities in its personal client models, which caused an increase in the risk exposure amount of DKK 236m. Therefore the FSA assessed that there is no need for any addition to the solvency requirement.
Risk management function, compliance function and internal audit	The FSA conducted an inspection of Jyske Bank's risk management function, compliance function and internal audit. The FSA finds that the three functions have unimpeded access to the supervisory board. The Chief Risk Officer also has other tasks, such as being the head of the Finance and Risk Management division. The FSA assesses that these tasks are not incompatible with the task of being the Risk Officer. However, Jyske Bank's Supervisory Board and Executive Board must pay attention to maintaining the independence of the Risk Officer. The FSA further assessed that the compliance function should perform an analysis of the compliance risks in the credit area and increase the reporting frequency to the Group Supervisory Board and the Group Executive Board to quarterly or semi-annually.

[3] The number of directorships of the Supervisory Board and the Executive Board appears from Jyske Bank's Annual Report.

Supervisory diamond

The supervisory diamond defines a number of special risk areas including specified limits that institutions should generally not exceed. The supervisory diamond limits applicable to Jyske Bank A/S and BRFkredit a/s are shown below.

THE SUPERVISORY DIAMOND FOR JYSKE BANK A/S	2015	2014
Sum of large exposures < 125% of the adjusted capital base	0%	0%
Increase in loans and advances < 20% annually	-10%	9%
Exposures to property administration and property transactions < 25% of total loans and advances	7%	7%
Stable funding < 1	0.63	0.72
Liquidity surplus > 50%	204%	129%

At end-2015, Jyske Bank A/S met all the benchmarks of the supervisory diamond.

THE SUPERVISORY DIAMOND FOR BRFKREDIT A/S	2015	2014
Concentration risk < 100%	81.1%	76.4%
Increase in loans and advances < 15% annually in the segment:		
Owner-occupied homes and vacation homes	27.4%	9.1%
Residential rental property	7.8%	4.0%
Agriculture	-	-
Other sectors	6.4%	2.7%
Borrower's interest-rate risk < 25%		
Residential property	31.7%	27.0%
Interest-only schemes < 10%		
Owner-occupied homes and vacation homes	10.5%	11.5%
Loans with frequent interest-rate fixing:		
Refinancing (annually) < 25%	22.4%	27.5%
Refinancing (quarterly) < 12.5%	15.7%	19.4%

At end-2015, BRFkredit a/s met the supervisory diamond's benchmarks for concentration risk, yearly refinancing, and all but one of the growth limits for the loan segments. The increase for owner-occupied homes and vacation homes was a consequence of the transfer of home loans from known clients of Jyske Bank A/S to BRFkredit a/s through joint funding, which is considered unproblematic, as the increase was not driven by a favourable economic climate.

The benchmark for the quarterly refinancing of loans with frequent interest-rate fixing was complied with in all quarters except the fourth, which was still the largest refinancing period, but the exceedance was less than the previous year. On an on-going basis, BRFkredit a/s reviews the institution's positions relative to the benchmarks and expects to be compliant before they take effect in 2018 and 2020.

Disclosure

The 2015 report on risk and capital management serves as the Group's main medium for disclosure of the information required in CRR. In addition to the report a number of tables on www.investor.jyskebank.com/investorrelations/capitalstructure provides further details on a number of areas as per the transparency requirements from the CRR. The Group assesses the need for more frequent disclosure on an ongoing basis and at the very least every half year. The need for disclosure is assessed with a view to the materiality of the information.

Capital management

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

Capital management objective and capital structure

The CRR implies the phasing in of increasing capital base requirements over the coming years. The table below shows the phasing in of the capital base requirements. The 2015 figures include the realised countercyclical buffer and pillar II requirement for Jyske Bank.

CAPITAL BASE REQUIREMENTS					
%	2015	2016	2017	2018	2019+
Common Equity Tier 1 capital	4.5	4.5	4.5	4.5	4.5
Hybrid core capital	1.5	1.5	1.5	1.5	1.5
Supplementary capital	2.0	2.0	2.0	2.0	2.0
SIFI	0.3	0.6	0.9	1.2	1.5
Pillar II	2.5	2.5	2.5	2.5	2.5
Capital conservation buffer	0.0	0.6	1.3	1.9	2.5
Countercyclical buffer	0.0	1.0	1.5	2.0	2.5
Total	**10.8**	**12.7**	**14.2**	**15.6**	**17.0**

In 2015, Jyske Bank was again confirmed to be a systemically important financial institution (SIFI). Consequently the Group was subject to an additional capital buffer requirement of 0.3 percentage points throughout 2015. The requirement will increase to 0.6 percentage points in 2016. When fully phased in, the requirement will amount to 1.5% for the Group, cf. the table.

The Pillar II requirement of 2.5% is not statutory but institution specific. Jyske Bank estimates that the requirement will be in the range of 1.5% to 3.0% over the coming years.

As of 1 January 2016 a capital conservation buffer of 0.625 percent must be added to the capital base requirement, cf. the table.

The countercyclical buffer is stated in the form of the highest possible requirement. For 2015 and 2016, the Danish Ministry of Business and Growth has set a countercyclical buffer of 0%. Jyske Bank is however still subject to countercyclical buffers in the foreign countries in which the Group has exposures. Due to a low level of foreign exposures, the current countercyclical buffer for Jyske Bank is insignificant.

Jyske Bank's capital management objective as well as its risk appetite is to reach a solvency ratio sufficient for the Group to continue its lending activities during a period of difficult business conditions. Solvency adequacy is assessed on the basis of both internal and statutory capital base requirements.

Jyske Bank's long-term capital management objective is a capital ratio of 17.5% and a Common Equity Tier 1 capital ratio of 14%. At these levels, Jyske Bank meets the capital base requirements and will at the same time have the required strategic scope in respect of its capital structure. At end-2015, the Group met both of these targets with a Common Equity Tier 1 capital ratio of 16.1% and a capital ratio of 17.0% in the light of the economic situation without a countercyclical buffer of 2.5%.

CAPITAL AND CORE CAPITAL RATIOS		
%	2015	2014
Capital ratio (%)	17.0	16.4
Core capital ratio (%)	16.5	15.8
Common Equity Tier 1 capital ratio (%)	16.1	15.3

Capital base

At end-2015, the Common Equity Tier 1 capital amounted to 94% of the capital base against 93% at end-2014. The continued high proportion of Common Equity Tier 1 capital in the capital base demonstrates Jyske Bank's high quality capital base. The capital is stated in the subsequent table[4].

[4] The capital base is specified in further detail according to the requirements as per the CRR on www.investor.jyskebank.com/investorrelations/capitalstructure.

Considering the strong capital position of the Group, Jyske Bank has initiated a capital adjustment with a view to optimising and balancing the capital structure and the capital levels in line with the long-term capital management objective and capital policy. As a part of this adjustment Jyske Bank has launched a share buy-back programme in the equivalent value of up to DKK 750m. The programme will be carried out during the period of November 2015 to June 2016.

The Group Supervisory Board will in March 2016 propose to the Annual General Meeting a motion for the distribution of ordinary dividend in the amount of about DKK 499m.

CAPITAL BASE		
DKKm	**2015**	**2014**
Equity	30,040	27,561
Intangible assets	-88	-113
Deferred tax assets relating to intangible assets	20	26
Prudent valuation	-345	-256
Deferred tax assets	-	-198
Share-buyback programme	-644	-
Expected dividend	-499	-
Other deductions	-81	-64
Common Equity Tier 1 capital	**28,403**	**26,956**
Hybrid core capital	907	993
Other deductions	-98	-57
Core capital	**29,212**	**27,892**
Subordinated loan capital	403	324
Diff. between expected losses and impairment charges	665	709
Collective impairment under the standard approach	-	65
Other deductions	-192	-
Capital base	**30,088**	**28,990**
Risk Exposure Amount	**176,904**	**176,433**

Situations may arise necessitating a transfer of capital between the companies in the Group. The only limitation preventing a quick transfer of capital base from subsidiaries to the parent company is the circumstance that BRFkredit and the foreign subsidiaries are subject to CRR. Therefore the transfer of capital base must take place subject to the capital base requirements of the individual subsidiaries. There are no obstacles for a quick repayment of claims between parent company and subsidiaries.

Capital base requirements

The capital base requirements in the table below express the regulatory requirements and rest on the risk types credit, market and operational risk. Jyske Bank has been approved to apply the advanced internal rating-based approach (AIRB) to the measurement of credit risk. The approval extends to the application of advanced methods for calculation of the capital base requirement for the main part of the Group's credit portfolio.

The capital base requirements for market risk and operational risk are stated according to the standardised approaches.

The development of the capital base requirements for credit risk, market risk and operational risk is outlined in the table below and described in the chapters on the individual risks. The capital base requirements amount to 8% of the total risk exposure amount (REA). The Pillar I capital base requirement end-2015 is largely unchanged compared to end-2014. The transitional rules that are still applicable and that relate to the former capital adequacy rules, increased the capital base requirement by DKK 2,708m in 2015.

CAPITAL BASE REQUIREMENTS BY RISK TYPE		
DKKm	**2015**	**2014**
Credit risk	11,119	11,038
Market risk	1,689	1,713
Operational risk	1,344	1,364
Capital base requirement, Pillar I	14,152	14,115
Capital base requirement, transitional rules	2,708	2,111
Total	**16,860**	**16,226**

Leverage ratio

A high leverage may cause the Group to be exposed to risks linked to sudden changes in market conditions and significant price falls on assets with ensuing losses. The leverage ratio is a risk-neutral measure for the maximum extent of the balance-sheet leverage and calculated as core capital relative to the Group's total non-weighted exposures. The Basel Committee has recommended that a leverage ratio of minimum 3% must be obtained by January 1, 2018. This corresponds to a maximum leverage of 33 times the Group's core capital. At this point in time, the European Commission has not established a statutory requirement, but the decision on such a requirement must be taken by the end of 2016.

The Group Supervisory Board has adopted a policy for maximum leverage. To ensure a satisfactory development of the balance sheet, the Group's balance sheet is considered in two sub-portfolios as it is assessed that the Group's banking and mortgage activities have different adequate leverage levels. The banking activities of the Group involve a higher risk in respect of liquidity and capital than do the Group's mortgage activities, and therefore a higher acceptable leverage is applied to the mortgage activities than to the banking activities.

Jyske Bank monitors the leverage with a view to avoiding excessive leverage risk. The development of the leverage ratio is determined monthly and any adjusting actions are discussed with due regard to the Group's strategy and capital structure. The development of the levels of leverage in the Group is reported on a quarterly basis to the Group Supervisory Board and the Group Risk Committee.

At the end of the fourth quarter of 2015, the leverage ratio for the Group was at 5.3%[5]. Although the strategic focus on home loans, which cause an increase in the leverage ratio balance, the leverage ratio in the Group increased over the past year due to consolidation.

LEVERAGE RATIO		
%	2015	2014
Jyske Bank Group	5.3	5.0

ICAAP and individual solvency requirement

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

Stress tests are used to model the micro- and macroeconomic factors to which Jyske Bank is exposed.

Internally calculated adequate capital base

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

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

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

In respect of credit risk, a precautionary buffer is added in connection with weak exposures. This buffer is calculated on the basis of an extra cautious assessment of elements forming part of the measurement of these exposures. Moreover, capital additions are made for the uncertainty relating to the determination of maturities for corporate clients with poor credit quality.

To cover any potential future Credit Value Adjustment (CVA) losses, capital additions are made for future deterioration of credit quality among counterparties as this issue is not covered by the economic capital model.

As the fair value of the held-to-maturity bonds exceeds the amount recognised, a deduction is calculated in the internally calculated adequate capital base.

[5] The leverage ratio is specified in further detail according to the requirements as per the CRR on www.investor.jyskebank.com/investorrelations/capitalstructure.

According to the CRR, the difference between the accounting-related provisions and value adjustments, on the one hand, and the expected loss on the AIRB portfolio calculated by the model, on the other, is added.

The capital additions for market risk relate to circumstances that are not addressed by the applied model as well as circumstances addressing the uncertainty in the model.

Capital additions are made to allow for additional expenses relating to the provision of unsecured capital market funding and money market funding from professional counterparties under a stress scenario.
Capital additions are made for the uncertainty relating to the outcome of pending court cases.

As a forerunner to the CRR countercyclical buffer, capital additions are made in good times and are applied in bad times. This capital addition is phased out as the countercyclical buffer is phased in.

Moreover, capital additions are made for BRFkredit, which is not yet included in the economic capital statement. The capital addition is identical to BRFkredit's solvency requirement adjusted for inter-company eliminations. BRFkredit applies the 8+ method when determining the institution's solvency requirement.

A precautionary addition is made to allow for uncertainty in the general assessment of the adequate capital base.

Finally, Jyske Bank's ability to generate a profit is also considered when assessing the internally calculated adequate capital base. The reason is that the on-going earnings are the first line of defence against investors suffering losses.

On the whole, the internally calculated adequate capital base mirrors the negative retained earnings/profit in an extreme situation.

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

As a supplement to Jyske Bank's internally calculated adequate capital base, Jyske Bank calculates the adequate capital base according to the 8+ method. The calculation is shown below. The table shows that capital additions corresponding to 2.3% of the total risk exposure amount have been made.

ADEQUATE CAPITAL BASE (8+ METHOD)

DKKm	2015	% of REA	2014	% of REA
Credit risk	14,594	8.2	15,051	8.5
Market risk	1,819	1.0	1,813	1.0
Operational risk	1,716	1.0	1,364	0.8
Other	88	0.0	313	0.2
Total	**18,216**	**10.3**	**18,541**	**10.5**

The table below shows which capital additions have been made.

CAPITAL ADDITIONS ACCORDING TO THE 8+ METHOD

Credit risk
- Credit risk for clients with financial problems
- Excessive impairment charges relative to expected loss
- CVA risk (non-financial counterparties)
- Credit risk concentration on individual exposures
- Credit risk concentration on adjustable-rate loans
- Model uncertainty

Market risk
- Volatility addition

Liquidity risk (Other risk)
- Funding in a stress situation

Operational risk
- Uncertainty relating to outcome of pending court cases
- Above-normal operational risks

Individual solvency requirement and capital buffer
The individual solvency requirement for Jyske Bank is determined as the higher of the requirements based on Jyske Bank's internally calculated adequate capital base, the adequate capital base according to the FSA's 8+ method as well as statutory limits. At end-2015, the Group determined an individual solvency requirement of 10.5%, equalling the solvency requirement according to the method of internal calculation.

The table below shows the contributions of the individual risk types to the adequate capital base[6].

DETERMINATION OF INDIVIDUAL SOLVENCY REQUIREMENT				
DKKm	2015	% of REA	2014	% of REA
Credit risk	14,770	8.3	15,587	8.8
Market risk	1,831	1.0	1,673	0.9
Operational risk	1,160	0.7	981	0.6
Other	823	0.5	1,063	0.6
Total	**18,584**	**10.5**	**19,304**	**10.9**

The capital buffer denotes the maximum sustainable loss without the need for additional capital. Jyske Bank's large proportion of Core Tier 1 capital cements the quality of the total capital. The capital buffer of 6.2 percentage points offers a satisfactory basis for continuing growth.

ADEQUATE CAPITAL BASE AND CAPITAL BUFFER				
DKKm	2015	% of REA	2014	% of REA
Capital base	30,088	17.0	28,990	16.4
a) Core capital	29,212	16.5	27,892	15.8
Of which hybrid capital	907	0.5	993	0.6
Of which hybrid capital after deductions	809	0.5	936	0.5
b) Supplementary capital	876	0.5	1,098	0.6
Adequate capital base	18,584	10.5	19,304	10.9
Regulatory buffers	559	0.3	-	-
SIFI	531	0.3	-	-
Countercyclical buffer	28	0.0	-	-
Adequate capital base + regulatory buffers	19,143	10.8	19,304	10.9
Capital buffer	**10,945**	**6.2**	**9,686**	**5.5**

Group recovery plan

In 2014, the European Commission approved the EU framework for the recovery and resolution of credit institutions and investment firms' directive (BRRD). The directive was implemented in Danish legislation in 2015. The directive requires banks to draw up recovery plans, which should be used in the unlikely event that the bank should be in serious financial trouble. Jyske Bank made its recovery plan during the spring of 2015 and it was submitted to the Danish FSA. The recovery plan is designed to facilitate the continuity of the Group's critical business processes in the event of significant financial stress.

The recovery plan contains a number of recovery options that can be undertaken. These have been tested against different stress scenarios to ensure that the Group is able to recover under different circumstances.

The recovery options can be partitioned in three different types of recovery options:

- Recovery options aiming to improve the solvency of the Group.
- Recovery options aiming to improve the liquidity of the Group.
- Recovery options of which the focus is to improve the profitability by reducing the cost base of the Group either through disposal or cost reductions.

The recovery plan includes recovery indicators, which are quantitative and qualitative indicators that monitor the development in capital, liquidity, profitability and asset quality of the Group and in relevant macroeconomic and market-based indicators. The indicators serve as potential warnings to allow early identification of an adverse development in the Group. As an integrated part of risk management of the Group, the indicators are monitored and reported quarterly to the Group Supervisory Board, the Group Executive Board and the Group Risk Committee, who will consider and act upon adverse developments.

The recovery plan contains a detailed mapping of business lines, departments and functions within the Jyske Bank Group enabling the Danish FSA to get a complete picture of all the activities within Jyske Bank.

Stress test

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

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

[6] The adequate capital base for Jyske Bank A/S and BRFkredit a/s is stated in appendices.

An objective of the stress-test analyses is to gauge whether the future risk level of a certain scenario can be covered by capital, given the Group's earnings, capital policy and management objective as well as its risk profile. The results of the stress-test analyses are also used, for instance, to assess whether the capital level and the quality of the capital suffice and consequently whether it is necessary to implement the Group’s recovery plan.

It is therefore crucial to determine the circumstances against which the Group wishes to hold capital. Another objective is to estimate the individual solvency requirement. In accordance with regulation, the estimate must at the least be made following stress tests based on a mild recession scenario.

Scenarios

The stress-test analyses rest on various macroeconomic scenarios. These include a scenario of the expected development as well as scenarios of various stages of recession in the Danish economy. The definition of recession scenarios rests on assessments of the areas deemed to be most at risk and on the circumstances that are of the highest importance for the Group's exposure to risk at the time. Examples of scenarios applied appear below.

Processes and models

The scenarios play a key role in the projection of the consolidated profit, balance sheet and capital structure. The scenario projections are based on model-based calculations as well as expert assessments. Hence interaction of the methods is ensured, as past experience from the model-based approach is combined with considerations about Jyske Bank’s current business structure and risk profile. The scenario projections offer a broader overview of the Group's sensitivity to the economic development.

Reverse stress testing is applied as an important supplement and in order to put the regular stress tests into perspective. Contrary to regular stress tests, reverse stress testing is not based on a scenario, instead it assesses how strong an economic downturn the Group can withstand, in respect of its solvency.

Processing of results

The stress scenario results in deterioration of the earnings capacity and in a higher level of risk. Either of these elements reduces the gap between the actual and the adequate capital base in relation to the expected scenario.

In spite of recent years' crisis, core earnings, and particularly the interest income, showed robust development and were able to absorb large loan impairment charges and provisions for guarantees.

Despite the large impairment charges under the stress scenario, the outcome of the analyses of the stress scenario shows that both solvency and core capital will remain at a satisfactory level even under a very tough stress scenario.

APPLIED SCENARIOS	2016 - 2018
Expected scenario	The expected scenario describes the most likely scenario for the Danish economy. The slow recovery in the Danish economy will continue in the coming years with steady growth. It is expected that unemployment will fall slightly over the coming three years and house prices will increase moderately. Interest rates are expected to stay at a low level with a limited increase in the coming years.
Stress scenario	The stress scenario implies that the economy slides into a deep recession. A significant weakening of the confidence among Danish enterprises and households will result in a decrease in private consumption and the housing market will be affected by steep price drops. Another setback in the global economy will also reduce demand, leading to falling exports. Interest rates are expected to remain at the current low levels.

DEVELOPEMENT IN KEY MACROECONOMIC VARIABLES (DENMARK)

	Expected scenario			Stress scenario		
	2016	2017	2018	2016	2017	2018
GDP	1.5%	2.0%	2.0%	-4.4%	-0.9%	1.0%
Private consumption	1.6%	2.0%	2.2%	-3.8%	-1.4%	1.0%
Unemployment rate (gross)	4.1%	3.8%	3.8%	6.4%	9.9%	10.3%
Housing prices	3.5%	4.5%	4.5%	-12.4%	-6.6%	2.0%
Money-market rate (average for the year)	0.1%	0.4%	0.7%	0.0%	0.2%	0.3%
Bond yield (average for the year)	1.3%	1.5%	1.6%	1.1%	1.3%	1.4%

New legislation

In addition to the requirement of recovery planning, the BRRD also sets minimum requirements for own funds and eligible liabilities (MREL). MREL is the EU version of the TLAC (Total Loss Absorbency Capacity) from the Financial Stability Board in Basel. Both concepts are introduced to ensure that financial institutions in crisis can be wound up without losses for the taxpayers. Both concepts imply that financial institutions must have sufficient equity and liabilities that can be converted into new equity in the event of a situation where the institution cannot survive without a new capital injection. This is often referred to as a bail-in situation where senior lenders will have their loans converted to equity in the distressed credit institution. It is still not clear at which date the MREL requirement must be met.

Jyske Bank has in the autumn of 2015 presented to the Danish FSA its internal estimate of MREL however at the time of writing; the FSA has yet to reach an official decision. Depending on the final decision of the Danish FSA, changes to Jyske Bank's capital and funding structure may be the outcome.

Mortgage credit institutions are exempt from the MREL requirement, but instead they have to hold a debt buffer of 2% of the total non-weighted loans. This requirement must be met within a 4-year time period starting 1 January 2016. The debt buffer requirement will ensure better possibilities for mortgage credit institutions to handle a possible financial crisis. The requirement will be met through Common Equity Tier 1 capital, Additional Tier 1 Capital, Tier 2 Capital and unsecured senior debt that has not already been applied to meet the ordinary capital requirements, the individual solvency requirement or the combined capital buffer requirement.

In 2014, the new capital requirements regulation, CRD IV/CRR took effect. CRR is a comprehensive set of rules that implements the Basel III rules in Europe, and it includes a large number of clarifications and tightening of the former capital adequacy rules. The general purpose of CRR is to strengthen the capital structure of the European credit institutions. Even though the rules include a large number of transitional provisions in effect until 2022, Jyske Bank does already today meet all material new capital adequacy requirements.

In addition to Basel III, the Bank for International Settlements continues its work to ensure further strengthening of the capital structure of the institutions (often referred to as the new Basel IV requirements). Jyske Bank is actively monitoring the regulatory developments and Jyske Bank regularly comments on new laws and has during 2015 participated in a number of quantitative impact studies. New future regulation resulting from Basel IV includes:

- Fundamental review of the trading book, which is a comprehensive review of the market risk regulatory capital rules. This was approved by the Basel Committee at the beginning of 2016, and implementation has been planned for 2019.
- The second draft for a new standardised approach for the determination of credit risk has been submitted for consultation. The new standardised approach will only be of indirect importance to Jyske Bank, as the Group has been approved to use the advanced approach, because of the so-called Basel I floor, which is a capital base requirement applying to all advanced banks. In future, the revised floor has to be calculated on the basis of the new standardised approach. As the new standardised approach has only been submitted for consultation, it is still too early to estimate to what extent it may increase Jyske Bank's capital requirements.
- Net Stable Funding Ratio or the requirement for stable funding is a new key ratio with the purpose of ensuring that credit institutions meet certain minimum requirements in connection with their long-term provision of liquidity. Should the European Commission decide to adopt the recommendation from the European Banking Authority (EBA), the NSFR will be a requirement from 2018.
- Recently EBA sent out a proposal for a guideline for the treatment of CVA Risk for non-financial counterparties, which in the CRR was exempted from CVA Risk capital requirements. Should the guideline be approved in its current form, it will become significantly more expensive, for instance, for industrial customers to hedge their currency and commodity risks.

With respect to capital, Jyske Bank has a robust position to meet all future, known statutory requirements. The Group follows closely the work on the completion of further initiatives so that, with due care and diligence, the Group can meet all new requirements well before their implementation deadlines.

.

Credit risk

- In 2015 the exposure rose by 8% and the capital base requirement for capital risk rose by 1%.
- Continued growth in home loans, sold by Jyske Bank and subsequently funded by BRFkredit, increased exposure as well as the capital base requirement.
- Exposure in repo products increased without any significant effect on the capital base requirement.

Credit policy and responsibility

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

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

Specific credit policies have been formulated for all areas in which the Group undertakes 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.

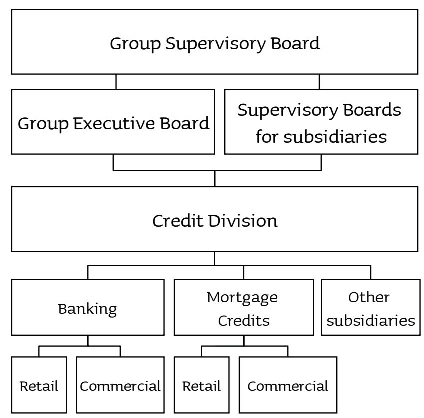
Credit risk is managed on the basis of the Group's credit risk models which are used for various purposes, for instance in connection with the advisory services offered to the Group's clients, and in management reporting.

Limits and authorisation

Jyske Bank attaches great importance to its decentralised credit-authorisation process.

The limit structure is in line with the below hierarchy, where for each level it is clearly stated which amounts, instances and segments are covered by the limit. The main principle is that regularly occurring credit cases can be authorised decentrally, whereas credit-related decisions for major or more complicated cases are authorised centrally.

LIMIT STRUCTURE



Limits are delegated to account managers individually. Decisions about applications over and above the limits delegated to account managers are made by the Credit Division. Credit-related decisions above the limits of the Credit Division are made by the Group Executive Board for credit cases at Jyske Bank A/S, whereas the Supervisory Boards of the individual subsidiaries authorise cases involving clients of the subsidiaries.

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 prudent 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.

Monitoring of the credit risk positions of the Group is carried out by two departments, Risk Management and Credit Risk Supervision. Both of these departments are separated from client-oriented functions. The exposure of the Group by size, sector and geographical area is monitored and analysed on an on-going basis with a view to reducing the risk and ensuring satisfactory diversification of the portfolio.

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

Large exposures

Large exposures are monitored on a regular basis in accordance with CRR, including exposures larger than 10% of the Group's capital base. At end-2015, no exposures exceeded 10% of the capital base. Five exposures amounted to between 5% and 7.5% of the capital base and one exposure was between 7.5% and 10% of the capital base.

Risk models

Jyske Bank as well as BRFkredit have been approved to use the advanced AIRB approach for credit risk and have since 2008 used the advanced approach to calculate the capital base requirement for the majority of the Group's credit portfolio. The Group makes exceptions for exposures to governments and public sector entities, central banks and institutions, which are consequently processed according to the standardised approach. In connection with the merger of Jyske Bank and BRFkredit, an on-going adjustment of the AIRB risk models across the Group will take place if this is considered appropriate on the basis of a business assessment or due to statutory requirements.

In the credit modelling, key parameters are the client's probability of default as well as the extent of the client's exposure and collateral provided at the time of default.

Credit assessment and PD

Credit procedures are adjusted to match the level of risk on individual exposures. The key element is the client’s credit quality, referred to as credit rating at Jyske Bank and rating at BRFkredit, as this expresses the probability of the client defaulting over the coming year (PD). 'Default' occurs when an obligor is considered unlikely to meet his obligations to the Group. By far, most clients are awarded a PD on the basis of statistical credit scoring models developed internally in the Group. Very large enterprises and enterprises within special sectors are, however, awarded a PD on the basis of an assessment by an independent expert. Examples are 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 are considered, but factors relating to the situation of the client are also taken into account. The calculation of PD therefore takes into account financial data, changes in transaction data, management and market circumstances, industrial assessments, etc. Also included are specific danger signals in relation to the client’s credit quality, payment profile and loss history.

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

PD-levels relative to the actual development of the default rate are monitored quarterly. Necessary adjustments are made partially relative to the long-term average, which method is termed a PD hybrid model.

At BRFkredit, the PD is translated into 9 rating classes, where rating class 9 designates clients in default. Work is undergoing to harmonise the number of rating classes in the Group.

The subsequent table shows the mapping between credit ratings, BRFkredit rating, PD as well as external ratings at end-2015.

INTERNAL RATINGS AND PD BAND			
JB Credit rating	BRFkredit 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	10.21 - 20.0	Caa3/Ca / C

Note: BRFkredit's rating class 8 includes PDs above 20%.

The Group's internal credit ratings and the mapped BRFkredit 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, BRFkredit rating and the external credit ratings is based on the currently observed default frequency for companies rated by BRFkredit and Moody's. The mapping between JB credit rating, BRFkredit 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.

Credit exposure

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

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

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

Collateral

With the objective of limiting credit risk, the need to demand collateral will be considered for each exposure on its merits. As a main rule, clients are required to provide full or partial collateral for their exposures. 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 (LGD). LGD is the part of the Group's total exposure to a client which the Group expects to lose in the event of the client defaulting within the next twelve months. A client's LGD depends on specific factors concerning the client, but also on the commitment and the collateral provided. Overall, LGD also depends on Jyske Banks ability to collect receivables and liquidate collateral.

The modelling of LGD at the Group is divided into two main areas: The part of the account that is secured by collateral and the unsecured part. With unsecured debt, the proportion of a client's unsecured debt which the Group will be able to collect is estimated. Client-specific circumstances and other circumstances with regard to the commitment are decisive for LGD. For the secured debt, the expected proceeds from liquidation of collateral are estimated. Here the type of collateral held by Jyske Bank is decisive as well as the liquidity of the assets. Where comparatively rare assets are concerned, an expert estimate of the proceeds is obtained, whereas statistical estimates are used for more frequent asset classes such as vehicles, real estate and securities. Also, on-going adjustments are taking place of the risk models for calculation of the expected proceeds on the basis of business requirements or due to new statutory requirements.

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 of the loan and 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.

In the calculation of the capital base requirement, LGD estimates are used which reflect the expected loss rates of the Group in the event of an economic slowdown. The levels of loss have been calibrated to the period at the end of the 1980s and the beginning of the 1990s. LGD estimates are calculated on the value of the collateral applied to lower credit risk.

Development in capital base requirements

The Group's risk-weighted exposure amount for credit risk increased by 1% in 2015. At the same time, total exposures increased by 8%. The increased level of exposure can primarily be attributed to the increased volume of repo transactions and fully collateralised mortgage loans .

EAD AND RISK-WEIGHTED EXPOSURE FOR CREDIT RISK

DKKm	2015	2014	Change
EAD	535,283	495,031	8%
REA for credit risk	137,325	136,113	1%

Note: The risk-weighted exposure amount is exclusive of CVA risk, which at end-2015 amounted to DKK 1,662m and end-2014 to DKK 1,860m.

The capital base requirement increased by 3% on the basis of the AIRB approach and decreased by almost 12% based on the standardised approach.

Below is shown the development of the Group's capital base requirements broken down by exposure classes.

CAPITAL BASE REQUIREMENT (STANDARDISED APPROACH)

DKKm	2015	2014
Central governments or central banks	-	-
Regional governments or local authorities	0	-
Public sector entities	0	0
Multilateral development banks	-	-
International organisations	-	-
Institutions	487	434
Corporates	139	187
Retail	32	216
Secured by mortgages on immovable property	93	104
In default	22	57
Exposures associated with particularly high risk	-	1
Covered bonds	21	47
Institutions with a short-term credit assessment	12	10
Equity	485	408
Total	**1,291**	**1,464**

The standardised approach is very much affected by the move of the BRFkredit Bank a/s portfolio to Jyske Bank A/S. This increased the portfolio under the AIRB approach, and reduced the portfolio under the standardised approach, mainly in the retail exposure class.

The increase in the Equity exposure class is related to the acquisition of approximately 30% of the shares in Nordjyske Bank and the sale of PRAS to Nykredit.

The risk-weighted exposure amount to Default decreased during the year, partly because of a reduction in the number of clients in default, but also because of an internal evaluation of the portfolio at the beginning of the year, which increased the provisions for default clients.

The winding up of Jyske Bank (Schweiz) did not affect the risk weighted exposure amount significantly at Group level. The majority of the exposure related to clients of Jyske Bank (Schweiz) was transferred to other parts of Jyske Bank.

CAPITAL BASE REQUIREMENT (AIRB APPROACH)		
DKKm	**2015**	**2014**
Corporates, total	6,248	6,386
Large corporate clients	*3,611*	*3,586*
Specialised lending	*22*	*10*
SME corporates	*2,615*	*2,790*
Retail, total	2,975	2,589
Real property, personal	*2,090*	*1,673*
Real property, SMEs	*201*	*202*
Other retail, private	*464*	*455*
Other retail, SMEs	*221*	*259*
Securitisations	11	22
Assets without counterparties	461	429
Total	**9,695**	**9,425**

The successful sale of new home loans continued in 2015 and contributed to an increase of almost 4% in the exposures of the Group and consequently an increase in the capital base requirement for the retail exposure class. Sales took place through Jyske Bank branches, but the subsequent funding took place through BRFkredit through the joint funding agreement.

The decrease in the exposure class SME corporates can be attributed to increased collateral coverage for new clients relative to the rest of this exposure class.

Development in exposures and collateral

The following tables show the breakdown of exposures, collateral and risk-weighted exposure amount according to the standardised approach and the AIRB approach.

For the standardised approach, the development in exposures can essentially be explained by the move of BRFkredit Bank's portfolio to Jyske Bank A/S, and the increase in repo products (DKK 22bn) with a very high collateral coverage. On the other hand certificates of deposits with Danmarks Nationalbank, the central bank of Denmark, were reduced significantly during 2015. The extent of financial collateral received increased over the year due to the increase in repo products. The main explanation of the decrease in the risk-weighted exposure amount is explained in connection with the description of the development of capital base requirements. The Group's average risk weight according to the standardised approach fell from 23.8% to 20.8% through 2015, which can be attributed primarily to the notable repo increase and the BRFkredit Bank transfer.

For the AIRB approach, the above-mentioned exposure development related to the transfer of BRFkredit Bank and the continued growth in respect of new home loans, led to a substantial increase of property-related collateral.

The development of financial collateral must be seen in the context of growing repo exposures subject to the AIRB approach (DKK 15.5bn). Accordingly, financial collateral related to these exposures increased by DKK 15bn in 2015.

The increase in the collateral value of physical collateral related to floating company charges, which increased throughout 2015.

The Group's average risk weight according to the AIRB approach fell from 27.2% to 25.5% over the year, which is a natural consequence of the relatively higher degree of collateralised mortgage loans.

BREAKDOWN OF COLLATERAL BY EXPOSURE TYPE ACCORDING TO THE STANDARDISED APPROACH

DKKm	Exposure	Financial collateral	REA
Central governments or central banks	6,897	60	-
Regional governments or local authorities	7,236	3,728	0
Public sector entities	197	195	0
Multilateral development banks	-	-	-
International organisations	-	-	-
Institutions	48,739	32,778	6,086
Corporates	3,777	1,763	1,743
Retail	1,423	888	400
Secured by mortgages on immovable property	2,335	-	797
In default	1,312	79	630
Exposures associated with particularly high risk	1	1	-
Institutions with a short-term credit assessment	307	-	153
Covered bonds	2,663	-	267
Equity	2,758	-	6,064
Total 2015	**77,645**	**39,493**	**16,140**
Total 2014	77,004	17,766	18,299

Note: It should be noted that exposures to central banks, central governments and government units are risk-weighted by 0%, and therefore financial collateral does not provide any credit risk mitigating effect for these counterparties. The risk weighting for defaulted clients are highly correlated with the level of provisions associated. According to the standardised approach, real property collateral equals the exposure class secured by mortgages on immovable property and are therefore not shown explicitly.

BREAKDOWN OF COLLATERAL BY COLLATERAL TYPE FOR EXPOSURE ACCORDING TO THE AIRB APPROACH

		Collateral					
DKKm	Exposure	Real property collateral	Financial collateral	Physical collateral	Other Funded collateral	Guarantee collateral	REA
Corporates, total	263,413	128,917	62,357	7,417	3	2,434	78,096
Large corporate clients	*201,125*	*123,128*	*50,967*	*1,662*	*1*	*544*	*45,131*
Specialised lending	*379*	-	-	-	-	-	*275*
SME corporates	*61,909*	*5,789*	*11,390*	*5,755*	*2*	*1,890*	*32,689*
Retail, total	188,139	152,690	1,906	5,182	2	86	37,187
Real property, personal	*153,916*	*147,854*	-	-	-	-	*26,126*
Real property, SMEs	*7,752*	*4,836*	-	-	-	-	*2,508*
Other retail, private	*18,348*	-	*1,252*	*3,501*	*1*	*37*	*5,797*
Other retail, SMEs	*8,123*	-	*654*	*1,681*	*1*	*49*	*2,756*
Total 2015	**451,552**	**281,607**	**64,263**	**12,599**	**5**	**2,520**	**115,283**
Total 2014	411,937	256,684	50,707	11,682	19	2,594	112,184

Note: The above does not include collateral of DKK 2.9bn at end-2015 recognised with a direct substitution impact, where exposures are transferred to other counterparties. The table does not include securitisations and assets without counterparties.

EXPOSURES BROKEN DOWN BY SECTOR				
DKKm	Exposures according to the AIRB method	Exposures according to the standardised approach	Total 2015	Total 2014
Banks and mortgage credit institutions	-	51,402	51,402	34,713
Construction	4,517	14	4,531	4,171
Energy supply	5,749	26	5,775	6,182
Real property	118,818	351	119,170	113,607
Finance and insurance	73,312	7,098	80,410	64,530
Manufacturing, mining, etc.	12,912	182	13,094	11,506
Commerce	13,082	71	13,153	12,968
Information and communication	1,008	5	1,013	828
Agriculture, hunting, forestry and fishing	11,526	3	11,530	12,475
Public authorities	396	8,009	8,405	11,568
Governments	-	5,405	5,405	13,650
Transport, hotels and restaurants	5,404	220	5,624	5,946
Other sectors	19,136	1,162	20,298	21,285
Personal clients	185,691	3,697	189,388	175,512
Total	**451,552**	**77,645**	**529,197**	**488,941**

Note: The table does not include securitisations (DKK 319m) and assets without counterparties (DKK 5,767m).

The table above shows an overview of exposures by sectors[7]. The increase in repo exposures in 2015 (DKK 37,6bn) affected several sectors, e.g.:

- Banks and mortgage credit institutions (DKK 21bn)
- Finance and insurance (DKK 15bn)

The exposure class Personal clients is affected by the continued sales of Jyske home loans. The decrease in exposure under the standardised approach is a result of the transfer of clients from BRFkredit Bank to Jyske Bank A/S.

The increase in the Real property sector is a result of several new clients in BRFkredit.

The reduction of certificates of deposits with Danmarks Nationalbank is the primary reason for the decrease in exposure to the Governments sector.

The exit of a large client accounts for the decrease in the exposure to the Public authorities sector. This had no effect on the risk weighted exposure amounts, as it was a 0% risk weight client.

[7] The sector breakdown is specified by exposure class in appendix 1.

Development in bank loans

Exposures at Jyske Bank A/S increased in 2015 by DKK 10bn (+3.7%). New home loans increased exposures by DKK 21bn, while the transfer of loans under the joint funding agreement to BRFkredit was DKK 28bn during 2015. Hence, the net effect of home loans in Jyske Bank A/S was a decrease in exposure by DKK 7 bn.

The repo exposures increased by DKK 35bn (+62%).

As described earlier deposits with Danmarks Nationalbank was reduced significantly during 2015 reducing the exposures in Jyske Bank A/S.

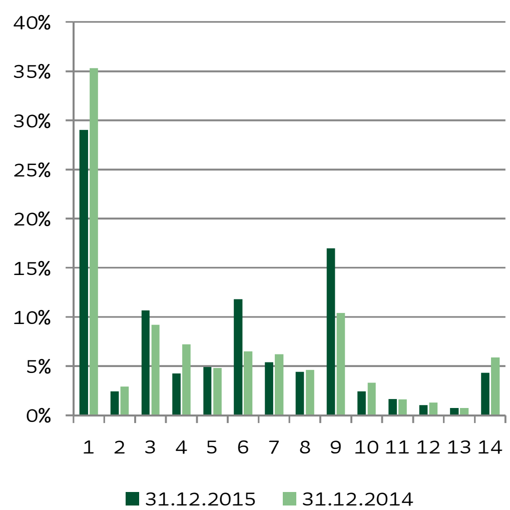
During 2015 all clients from BRFkredit Bank were transferred to Jyske Bank A/S, with an exposure of approximately DKK 4bn. This portfolio is now a part of the AIRB portfolio in Jyske Bank A/S. Following the shift of the BRFkredit Bank portfolio to Jyske Bank A/S, the BRFkredit Bank clients were given a credit rating according to the AIRB approach. This resulted in an increase in the risk-weighted exposure amount of DKK 2bn.

The charts below show non-defaulted exposures broken down by credit rating, for Corporates and Retail.

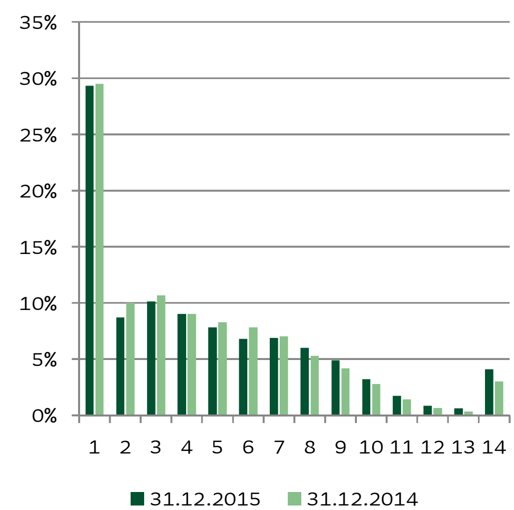
The breakdown of corporate clients by credit rating shows that over the year the percentage of clients in the best rating class decreased, whereas the middle rating classes covered a larger percentage of clients. This development can be ascribed to an increase in repo products with clients in the mid-range, whereas clients with the best internal rating reduced the repo exposures. As repo exposures are covered by collateral, the risk impact is minimal.

In Retail, a shift towards weaker JB credit ratings was seen. This was partly a result of the transfer of BRFkredit Bank clients to Jyske Bank A/S, as well as the negative net effect of the sale and funding of home loans, where clients with a good rating are funded in BRFkredit and therefore are no longer part of the exposures in Jyske Bank A/S.

Corporate-client exposure by credit rating



Retail-client exposure by credit rating



Development in mortgage loans

The Group's mortgage loans calculated at a fair value amounted to DKK 250.9bn at end-2015, which is an increase of more than DKK 30bn since end-2014. The portfolio has an acceptable diversification in respect of property categories, geography and loan types.

Mortgage loans consist of loans for private clients, subsidised housing, private property rental, including cooperative housing as well as office and business properties. The remaining part of the mortgage loans is primarily granted to industrial properties, workshops, etc. On the whole, loans for housing account for 86% of the mortgage loans.

The breakdown of loans on property categories did – as expected – change a lot compared to end-2014 due to the transfer of home loans from Jyske Bank A/S to BRFkredit a/s through joint funding. The increase in mortgage loans caused a substantial increase in the proportion of loans to private individuals. It is expected that this proportion will increase further in 2016.

LOANS BROKEN DOWN BY PROPERTY CATEGORY		
%	2015	2014
Private (owner-occupied homes & vacation homes)	51	46
Subsidised housing	18	20
Private property rental	17	19
Office and business properties	12	13
Other	2	2
Total	**100**	**100**

In respect of geographic breakdown, almost half of the mortgage loans are concentrated around the Greater Copenhagen area. The rest of the mortgage loans are spread over the rest of the country, with the largest concentrations around the major provincial cities. A minor part of mortgage loans have been granted in connection with properties located on the Faroe Islands and in Sweden.

The proportion of mortgage loans is increasing in areas where home loans granted by Jyske Bank A/S are transferred to BRFkredit a/s through joint funding.

GEOGRAPHIC BREAKDOWN OF LOANS		
%	2015	2014
Greater Copenhagen region	46	47
Zealand region	13	14
Northern Jutland region	7	6
Central Jutland region	19	17
Southern Denmark region	15	15
Outside Denmark	1	1
Total	**100**	**100**

Mortgage credit loan amounts are determined at the time of approval based on the estimated market value of the property and the statutory lending limits. The relation between the remaining debt of the borrower calculated at market value and the estimated market value of the property is called LTV (loan-to-value). After the loan has been paid to the client, the LTV relation will change. This can happen due to payments of instalments, to changes in interest-rate levels (bond prices) or to increasing or decreasing property values. Among other things, LTV is used to calculate whether additional collateral is required for individual loans based on the issuance of covered bonds (SDOs).

.

LOAN-TO-VALUE BROKEN DOWN BY LTV RANGES								
%	0-19.9	20-39.9	40-59.9	60-79.9	80-89.9	90-99.9	> 100	Avg. LTV
Private (owner-occupied homes & vacation homes)	32	29	23	13	2	1	1	66
Subsidised housing	66	17	10	3	1	1	2	47
Private property rental	28	25	22	16	4	2	3	70
Office and business properties	31	29	26	9	2	1	1	64
Other	40	30	20	8	1	1	1	54
Total loan portfolio 2015	**38**	**26**	**21**	**11**	**2**	**1**	**1**	**63**
Total loan portfolio 2014	**37**	**25**	**20**	**12**	**3**	**1**	**2**	**66**

The issuance of covered bonds (SDOs) to fund lending takes place via Capital Centre E. These bonds must be constantly monitored to make sure that the LTV limit is observed for each individual property irrespective of the price development. If the LTV is exceeded, the Group is required to provide additional collateral.

The need for supplementary collateral is continuously assessed on the basis of expectations of the development in property prices, lending activity, refinancing activity, etc. In order to provide supplementary collateral, Senior Secured Bonds (SSB) can be issued where the funds thus raised are placed in covered bonds (SDOs) so that they may be used as collateral with Danmarks Nationalbank, the central bank of Denmark.

Due to the development in property prices over the last year, the requirement for supplementary collateral decreased significantly. At end-2015, supplementary collateral in the amount of DKK 8.5bn was required against DKK 9.2bn the previous year to cover the loans that were no longer secured within the LTV limits.

BRFkredit has issued SSB in the amount of DKK 1.0bn as well as senior debt in the amount of EUR 500m, which together with BRFkredit's equity form the collateral basis.

The majority of the mortgage loans consist of adjustable-rate loans, which at end-2015 amounted to 56% of the total mortgage loans. Over the past year, the proportion of fixed-rate loans and guarantee loans increased considerably and amounted to 39% of mortgage loans at end-2015.

In connection with about half of the mortgage loans, borrowers have the possibility of opting for interest-only schemes. Borrowers with adjustable-rate loans are more likely to choose loans with an interest-only period than borrowers with guarantee loans and fixed-rate loans.

The development in arrears continues to show a positive tendency for corporate as well as private clients. In recent years, arrears have generally been decreasing despite the low economic growth or the absence of economic growth. The historically very low interest rates, which improved the liquidity situation of businesses and personal clients alike, constituted one of the reasons behind the non-existing coupling between the development in arrears and in economic and business conditions.

For further details on the Group's mortgage loans, please see BRFkredit's Cover Pool Report at www.brf.dk/investors.

LOANS BROKEN DOWN BY TYPE OF LOAN AND PROPERTY CATEGORY

	Adjustable-rate loans		Fixed-rate loans		Guarantee loans		Other
%	Repayment	Interest only	Repayment	Interest only	Repayment	Interest only	
Private (owner-occupied homes & vacation homes)	10	18	8	8	2	4	0
Subsidised housing	7	0	7	0	0	0	4
Private property rental	2	9	3	1	0	1	1
Office and business properties	2	7	1	0	0	2	0
Other	0	0	1	0	0	0	0
Total 2015	**22**	**34**	**20**	**9**	**3**	**8**	**5**
Total 2014	26	33	19	4	3	9	6

DEVELOPMENT OF ARREARS RATE							
%	Period (days)	Q4 2015	Q3 2015	Q2 2015	Q1 2015	2014	2013
Private (owner-occupied homes & vacation homes)	15	1.4	1.6	1.6	1.8	1.8	2.1
	45		0.7	0.8	0.9	0.9	1.0
	90		0.4	0.5	0.5	0.5	0.6
	105		0.3	0.4	0.4	0.4	0.4
	195			0.1	0.2	0.2	0.2
Subsidised housing (rental housing)	15	0.2	0.0	0.1	0.0	0.1	0.3
	45		0.0	0.0	0.0	0.1	0.2
	90		0.0	0.0	0.0	0.0	0.1
	105		0.0	0.0	0.0	0.0	0.0
	195			0.0	0.0	0.0	0.0
Private rental properties (rental housing)	15	0.8	1.0	1.3	1.2	4.9	4.0
	45		0.7	0.6	0.9	4.0	2.8
	90		0.6	0.5	0.7	0.7	1.2
	105		0.5	0.5	0.5	0.7	1.0
	195			0.3	0.1	0.3	0.6
Office and business properties	15	1.0	4.2	2.8	2.8	2.6	1.7
	45		2.8	2.2	2.7	2.4	1.4
	90		0.6	2.1	2.7	1.2	1.2
	105		0.6	2.1	2.5	0.5	1.2
	195			0.3	2.1	0.0	0.9
Cooperative housing	15	0.0	0.1	0.9	0.2	0.1	0.4
	45		0.1	0.2	0.1	0.1	0.2
	90		0.0	0.2	0.1	0.1	0.2
	105		0.0	0.2	0.1	0.1	0.1
	195			0.1	0.1	0.0	0.1
Other (agriculture, industry & crafts, etc.)	15	0.3	1.9	0.2	0.3	0.3	1.3
	45		0.1	0.0	0.0	0.1	1.1
	90		0.0	0.0	0.0	0.0	0.0
	105		0.0	0.0	0.0	0.0	0.0
	195			0.0	0.0	0.0	0.0
Total loan portfolio	15	0.8	1.3	1.1	1.2	1.4	1.4
	45		0.7	0.6	0.7	0.9	0.8
	90		0.3	0.4	0.5	0.4	0.5
	105		0.3	0.4	0.5	0.3	0.4
	195			0.1	0.3	0.1	0.2

Loan impairment charges and provisions for guarantees

At Jyske Bank, all loans and advances are evaluated for impairment. Objective evidence of impairment is identified if one or more of the following events have occurred:

- The borrower is facing considerable financial difficulties;
- The borrower is in breach of contract;
- The borrower is granted easier terms that would not be considered if the borrower was not facing financial difficulties;
- The borrower will go bankrupt or undergo some other financial restructuring.

On an on-going basis - and at least quarterly - the Group assesses whether objective evidence of impairment charges relating to the Group's clients have emerged.

Risk categories

At Jyske Bank (exclusive of BRFkredit), 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.

At BRFkredit, exposures with objective evidence of impairment are divided into two categories: exposures with low and high risk, where the latter risk category consists of defaulted clients.

Impairment process

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

Loan impairment charges - individual exposures

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

For other clients, impairment is recognised as the difference between the carrying amount before impairment and the present value of expected future payments. The estimated future cash flow for significant loans and advances is based on an assessment of the likely outcome.

Loan impairment charges – collective recognition

At Jyske Bank (exclusive of BRFkredit), collective loan impairment is calculated in a rating-based impairment set-up, where all clients not treated individually are grouped for collective impairment on the basis of their credit ratings and the risk categories they belong to. Jyske Bank's models for calculating collective impairment use adjusted loss parameters developed for use in the Group's economic-capital model. For the purpose of calculating impairment, the parameters have been adjusted in a number of respects to comply with the international financial reporting standards (IFRS).

In connection with exposures, for which indications of objective evidence of impairment have occurred, the calculation of impairment is based on the experience from the individually calculated impairments.

For other exposures, a net approach is used when calculating collective impairment at Jyske Bank. For each impairment group, impairment is calculated on the basis of the net decrease in future cash flows since establishment.

Objective evidence of collective impairment is recognised when observable data for a segment indicate a decrease in the future payments from that segment. In those cases, collective impairments are calculated as the discounted expected net loss on that segment.

At BRFkredit, collective loan impairments are calculated according to a segmentation model where an initial segmentation is made with a view to dividing the portfolio into groups with similar credit characteristics. A review for impairment of the respective segments is primarily made on the basis of an 'arrears model' and, alternatively, against the background of an assessment of whether the trend in various macro-variables has provided an objective indication of impairment. Moreover, in the Group a management's estimate is made to determine whether the impairment charges according to the above-mentioned guidelines are sufficient, and further impairment charges are recognised if necessary.

Provisions for guarantees and other liabilities

A provision is made when it is considered likely that a commitment will cause a drain on the Group's resources, and the liability can be measured reliably.

The Group's provisions for guarantees and other liabilities include guarantees in favour of business partners and guarantees provided at the request of clients of the Group.

On the basis of historical loss experience, the Group makes an estimate of the costs involved in meeting claims under guarantees or costs caused by clients defaulting on their obligations under transactions involving derivatives. The estimate includes an assessment of the risk associated with relevant types of guarantees and the current risk of loss on uniform segments of clients.

Provisions equal the estimated loss.

New regulations

In 2018, Jyske Bank will adopt the new impairment regulation based on IFRS9. In 2015 Jyske Bank and the Danish banking sector has started a project in relation to the interpretation of the details of IFRS9 and consultation with the Danish FSA. Due to the large and complex regulations resulting from IFRS9 and a number of unsolved issues within IFRS9, Jyske Bank does not have a full overview of the impact on impairment charges yet. However, impairment charges are expected to increase.

The development of the new impairment set is expected to continue until the implementation in 2018.

Trend in loan impairment charges and provisions for guarantees

The total balance of loan impairment charges and provisions for guarantees stood at DKK 6.7bn at end-2015 (2014: DKK 6.4bn). The breakdown of the loan impairment charges by individually and collectively assessed loans appears from the following table. Moreover, the discount balance from acquired assets at end-2015 amounts to DKK 1.5bn against DKK 2.6bn at end-2014. Hence the total balance of impairment charges and provisions inclusive of discount amounts to DKK 8.3bn (2014: DKK 9.0bn).

Provisions for financial instruments are recognised in the item value adjustments, and as the negative market value of financial instruments is included in the statement of EAD, the balance of these value adjustments is also shown in the table below. At end-2015, the balance of value adjustments amounted to DKK 458m (2014: DKK 757m).

IMPAIRMENT CHARGES AND PROVISIONS FOR GUARANTEES

DKKm	**2015**	**2014**
Balance of impairment charges for individually-assessed loans and advances	4,552	4,233
Balance of impairment charges for collectively-assessed loans and advances	1,686	1,570
Balance of provisions for guarantees and liabilities	475	558
Balance of loan impairment charges and provisions for guarantees	**6,713**	**6,361**
Balance of discounts	1,548	2,624
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts	**8,261**	**8,985**
Balance of value adjustments	458	757
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts and balance of value adjustments	**8,719**	**9,742**

The development in loan impairment charges and provisions for guarantees amounted in 2015 to DKK -1,372m (2014: DKK -2,538m) and also Jyske Bank recognised as interest income DKK 1,025m (2014: DKK 585m) from the discount balance. Hence the total net effect recognised in the income statement came to DKK -347m (2014: DKK -1,953m).

The effect from value adjustments on financial instruments came to DKK 298m in 2015 (2014: DKK -541m). The reason for this development was falling interest rates over the year.

NET EFFECT FROM IMPAIRMENT CHARGES, ETC.		
DKKm	**2015**	**2014**
Change in balance of loan impairment charges	-352	-1,666
Recognised as a loss, covered by impairment charges/provisions	-712	-571
Recognised as a loss, not covered by loan impairment charges/provisions	-650	-569
Recoveries	205	98
Interest-rate adjustment of impairment charges	137	170
Loan impairment charges and provisions for guarantees	**-1,372**	**-2,538**
Recognised discount for assets taken over	1,025	585
Net effect on income statement	**-347**	**-1,953**
Value adjustments for financial instruments	298	-541
Net effect on income statement, inclusive of value adjustments	**-48**	**-2,494**

IMPAIRED AND PAST DUE EXPOSURES BROKEN DOWN BY SECTOR					
DKKm	**EAD for impaired exposures**	**EAD for past due exposures**	**EAD, both past due and impaired**	**Balance of loan impairment charges and provisions for guarantees incl. discounts and value adjustment**	**Net effect from impairment charges and provisions for guarantees**
Banks and mortgage credit institutions	16	-	-	15	-
Construction	625	4	4	131	-8
Energy supply	697	-	-	33	-2
Real property	13,433	956	956	3,097	776
Finance and insurance	2,251	113	30	1,005	-93
Manufacturing, mining, etc.	2,562	12	0	315	-80
Commerce	2,509	11	4	278	-11
Information and communication	204	0	-	47	-21
Agriculture, hunting, forestry and fishing	5,035	6	6	1,568	-367
Transport, hotels and restaurants	928	4	3	150	-23
Public authorities	0	0	0	-	-
Other sectors	2,238	218	214	415	62
Personal clients	7,914	1,502	1,400	1,682	-281
Total 2015	**38,412**	**2,828**	**2,616**	**8,735**	**-48**
Total 2014	49,186	4,074	3,940	9,742	-2,494

Agriculture, hunting, forestry and fishing make up the most risky sector for the Group in terms of balance of impairment charges as a percentage of total EAD (13.6%). In particular the segments pig farming and milk producers were challenged. The situation for the segments is still critical due to lower sales prices and the Russian trade boycott.

The sector Real property accounts for the biggest absolute impairment charges. Balance of impairment charges as a percentage of total EAD amounted to 2.6%. The impairment charges are driven by lower prices of commercial properties throughout the crisis as well as negative market values of financial instruments, including interest-rate swaps.

The Balance of impairment charges was still relatively low for personal clients (0.9% of total EAD).

Re-estimation and validation of credit models

On an on-going basis the credit risk models are adjusted to improve quality and to ensure compliance with current and future legislation. Therefore, whether based on statistical models or on expert opinions, the models behind the calculations of PD, LGD and EAD are validated at least annually. The validation includes stability testing and back-testing, and its objective is to reveal any areas which require special attention. Validation is carried out quantitatively as well as qualitatively.

Re-estimation and model improvements of the credit risk models are undertaken when needed due to the validation results, changing business requirements or significant changes in the legal requirements.

The purpose of stability testing is to monitor whether the estimated parameters of the models are stable over time. The identification of structural breaks and systematic parameter changes is an important aspect when the models are applied to such long-time horizons as are involved in credit risk. The purpose of back-testing is to compare a model's predictions with what actually happened.

The AIRB parameters used for the calculation of the capital base requirement are compared below to the corresponding realised figures. These various measurements are conceptually different and cannot be compared directly. For instance, the AIRB parameters for LGD are based on recession estimates. Also, the PD estimates are so-called hybrid parameters that are expected to be between the actual and the long-term default levels.

The figures relate to AIRB clients with Jyske Bank A/S. Following the merger of Jyske Bank and BRFkredit in 2014, the AIRB risk models will be adjusted over the coming years to cover both companies. The realised figures were lower than or at level with the estimated figures for PD, LGD and expected loss.

In 2014, the FSA assessed for the Danish banking sector that the preconditions for the use of special risk-weighting for qualified, revolving exposures were no longer met. Subsequently Jyske Bank abandoned the use of special risk weighting in the area, but as the exposure category was in use until early 2014, it has been included in the tables below.

PD

	Exposure to corporates	Qualified revolving retail exposures	Exposure to retail clients secured against real property	Other retail exposures	Total
2015					
Realised	3.08%		0.63%	1.07%	1.07%
Estimated	3.33%		0.76%	1.07%	1.13%
2014					
Realised	3.48%	0.55%	0.57%	0.94%	0.84%
Estimated	2.69%	0.65%	0.80%	1.43%	1.02%
2013					
Realised	3.05%	0.43%	0.65%	0.92%	0.75%
Estimated	2.89%	0.72%	0.86%	1.46%	1.06%
2012					
Realised	3.28%	0.54%	0.72%	0.94%	0.86%
Estimated	3.13%	0.71%	0.87%	1.42%	1.08%
2011					
Realised	3.66%	0.60%	0.84%	1.21%	0.99%
Estimated	3.08%	0.72%	0.94%	1.49%	1.10%

EXPECTED LOSS	Exposure to corporates	Qualified revolving retail exposures	Exposure to retail clients secured against real property	Other retail exposures	Total
2015					
Realised	0.30%		0.11%	0.64%	0.29%
Estimated	0.65%		0.17%	0.68%	0.54%
2014					
Realised	0.48%	0.19%	0.17%	0.42%	0.41%
Estimated	0.68%	0.36%	0.28%	0.78%	0.60%
2013					
Realised	0.63%	0.17%	0.22%	0.40%	0.52%
Estimated	0.58%	0.37%	0.34%	0.79%	0.54%
2012					
Realised	0.60%	0.24%	0.25%	0.56%	0.52%
Estimated	0.57%	0.35%	0.30%	0.71%	0.53%
2011					
Realised	0.80%	0.27%	0.31%	0.61%	0.65%
Estimated	0.79%	0.39%	0.38%	0.73%	0.67%

LGD	Exposure to corporates	Qualified revolving retail exposures	Exposure to retail clients secured against real property	Other retail exposures	Total
2015					
Realised	28%		16%	45%	38%
Estimated	40%		22%	48%	43%
2014					
Realised	27%	50%	21%	38%	37%
Estimated	38%	58%	22%	51%	44%
2013					
Realised	27%	58%	15%	37%	37%
Estimated	37%	59%	25%	49%	43%
2012					
Realised	30%	54%	19%	36%	37%
Estimated	39%	58%	25%	49%	43%
2011					
Realised	35%	51%	19%	36%	38%
Estimated	40%	60%	26%	47%	44%

Note: The figures concern AIRB clients with Jyske Bank A/S not defaulted at the beginning of the year. In this connection, the currently expected loss is applied as realised in respect of the defaulted clients who are not settled as a loss. Expected losses have been calculated as a proportion of EAD. PD and LGD are averages based on the number of clients.

.

Counterparty credit risk

- The level of counterparty credit risk decreased slightly in 2015 due to less hedging activity by corporate clients.
- CVA risk charge peaked in the beginning of 2015 but during the second half of 2015 returned to the range experienced in the second half of 2014.

Counterparty credit risk is the risk of loss due to a counterparty failing to fulfil its obligations. Counterparty credit risk is generated when Jyske Bank trades derivatives or securities-financing instruments (STFs) with clients.

Jyske Bank calculates counterparty credit risk as the sum of market values and market risk on derivatives traded between the Group and the counterparty. Market risk on the Group's counterparties is measured for the risk types interest-rate, equity, currency and commodity risk. The principles behind these are described in the section about market risk.

Policy and management

Jyske Bank's policy for managing counterparty credit risk distinguishes between small and large counterparties, where the latter include financial institutions. The basic principles for measuring risk for the two types of clients are identical, yet the management of risk on large counterparties is extended to include additional management parameters.

To manage and monitor large counterparty exposures, the Group calculates settlement risk. To reduce settlement risk, transactions will, to the extent possible, take place through a Continuous Linked Settlement (CLS) system. Jyske Bank is a third-party member of the CLS system in which settlement is based on the principle of "payment to payment", thus reducing the settlement risk of FX transactions made between participants of the system.

Jyske Bank calculates its daily exposure to individual counterparties. These exposures are included in credit risk management in line with other credit exposures. Counterparties are granted lines in accordance with the instructions in force after risk assessment of the individual counterparty; the current utilisation is calculated from the client's exposure to individual risks.

The lines awarded are reviewed at least once a year or in case of a change in the creditworthiness of the respective counterparty.

Risk reduction

For its transactions involving derivatives, the Group seeks to mitigate risk by:

- Clearing through Central Counterparty (CCP).
- Requiring master netting agreements, which give the Group the right of netting market values of derivatives trades in case of counterparty default.
- Attaching collateral management agreements (CSA) to the master agreements, which entitles the Group to additional collateral, in case the counterparty's debt to Jyske Bank exceeds an agreed amount.

The table below shows to which extent the Group clears derivatives through a CCP. Of the total amount of principals not centrally cleared, 93% was covered by a collateral agreement. The remaining 7% was covered by netting agreements.

OTC DERIVATIVES (JYSKE BANK A/S)

	2015		2014	
DKKm	Notional amount	Market values	Notional amount	Market values
CCP	292,880	61	150,786	72
Non-CCP	1,877,434	9,386	1,608,694	13,396
Total	**2,170,314**	**9,447**	**1,759,480**	**13,468**

In 2015, the share of derivatives cleared through CCPs, measured by notional amount, increased by 5% compared to 2014. The aim of backloading the remaining part of the clearing-eligible portfolio of interest rate swaps was postponed due to the absence of economic benefits.

Agreements on collateral with financial counterparties and large corporate clients are mutual agreements, which means that Jyske Bank must put up margin for the counterparty if the market value in favour of the counterparty exceeds an agreed limit.

Where only short-term derivatives are traded (term up to six months), agreements about additional margin may be waived after individual assessment.

The table below shows the Group's counterparty credit risk after netting and offsetting of collateral.

COUNTERPARTY CREDIT RISK		
DKKm	**2015**	**2014**
Gross exposure	33,906	40,493
Netting	24,459	27,855
Exposure after netting	9,447	12,638
Collateral received	3,806	5,368
Exposure after netting and collateral	**5,641**	**7,270**

A small proportion of the Group's bilateral agreements on provision of collateral includes rating-dependent parameters that trigger requirements for further provision of collateral in the form of lower minimum transfer amounts or higher independent amounts. Jyske Bank will be affected if the Group’s rating hits BBB-, but the requirement for further collateral at this rating is very limited. A further downgrade to BB+ will result in a larger, however still limited, collateral requirement.

Wrong-way risk

Wrong-way risk occurs when the exposure to a counterparty is negatively correlated with the credit quality of that counterparty. General wrong way risk (GWWR) occurs when the credit quality of a counterparty is correlated with specific macroeconomic factors that also affect the value of the derivative transaction. Specific wrong way risk (SWWR) arises when the exposure to a counterparty is positively correlated with the probability of default of that counterparty due to the type of transaction with the counterparty.

In the event of SWWR, there is a legal relationship between the counterparty and the issuer of the underlying OTC derivative or securities-financing transactions. An example is if the Group receives collateral from a counterparty which is issued by this very counterparty. It could be the case if the Group enters into repo transactions with a counterparty and the underlying paper is issued by the same counterparty. It is Jyske Bank's policy not to assume considerable SWWR and the Group has procedures in place to monitor this.

Capital base requirements

Capital must be set aside for counterparty credit risk in accordance with CRR by using the so-called mark-to-market approach (CEM method) with attached netting method. The method involves the calculation of a credit equivalent corresponding to the positive market values after netting plus a weighting for the underlying instrument or commodity.

Group counterparty exposure according to the mark-to-market method is shown in the table below. The counterparty credit exposure decreased slightly in 2015 mainly due to less hedging activity by the Group’s corporate clients. A major part of the exposure is covered by CSA agreements, and therefore the actual counterparty credit exposure is lower. The capital base requirement forms part of the capital base requirement for credit risk.

EXPOSURES RELATING TO COUNTERPARTY CREDIT RISK		
DKKm	**2015**	**2014**
Exposure to governments	798	703
Exposure to institutions	9,477	8,148
Exposure to corporate clients	11,284	13,813
Exposure to retail clients	644	831
Total	**22,203**	**23,495**

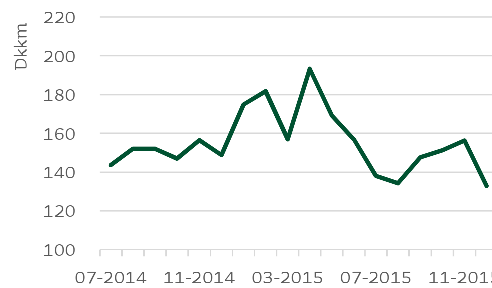
The counterparty credit risk at BRFkredit is modest, and at end-2015 it amounted to less than 1% of BRFkredit's total risk exposure, which level was unchanged relative to end-2014. Moreover, a large proportion of BRFkredit's securities portfolio consists of AAA Danish Covered Bonds, and therefore the counterparty credit risk is further limited.

The portfolio of Credit Default Swaps (CDSs) changed marginally relative to 2014 and consisted at end-2015 of 9 CDSs, of which 6 were sold and 3 were bought. The total nominal exposure decreased marginally due to the change of the portfolio and amounted to DKK 660m. Underlying exposures were mainly individual credits and consisted of exposures to governments (single names) however some exposures were credit indices.

CVA Risk Charge

Credit valuation adjustment (CVA) risk charge was introduced in 2014 as part of the CRR. It is a measure of the credit risk that the Group assumes when trading derivatives. The CVA calculation covers only the Group's exposure to financial counterparties as other clients are excepted by the CRR. In addition, the Group makes a capital addition to cover the risk that PDs of non-financial counterparties deteriorate.

Development in CVA-risk charge



The CVA risk charge decreased slightly during 2015 and amounted at end-2015 to DKK 133m. However, taking into account the peek around end-2014 and the first months of 2015, the level of CVA risk charge in the second half of 2015 was near the average level of the second half of 2014.

Market risk

- Interest-rate risk and OAS risk from Danish mortgage bonds are Jyske Bank's two primary market risks. The net interest-rate risk rose throughout 2015, whereas the OAS risk is only marginally higher at end-2015.
- An adjustment to the interest-rate risk strategy due to the environment of low interest rates explains a substantial part of the rise in net-interest-rate risk. The positive interest-rate risk is concentrated at the short end of the interest-rate curve.
- The activities of BRFkredit only contribute marginally to the net-interest-rate risk due to match funding of mortgage loans.
- The prevailing market trends in 2015 were the pressure on DKK interest rates at the beginning of the year and the Danish mortgage market adjusting for the recently implemented LCR regulation.

Jyske Bank assumes market risk as a result of position-taking in the financial markets and general banking and mortgage banking operations.

Market risk is the risk that Jyske Bank will incur losses due to one or more of the risks stated below.

Interest-rate risk:	The risk of loss caused by changing interest rates.
Exchange-rate risk:	The risk of loss caused by changing exchange rates.
Equity risk:	The risk of loss caused by changing equity prices.
Commodity risk:	The risk of loss caused by changing commodity prices.
Volatility risk:	The risk of loss caused by changing volatility.

Certain financial instruments include elements of credit risk. This type of credit risk is managed and monitored in parallel with market risk.

Policy and responsibility

The Group Supervisory Board lays down the market risk policy and relevant guidelines stating the Group Supervisory Board's risk profile for the area of market risk. The policy is specified in a number of limits delegated to the Group Executive Board.

The limits are further limited before being delegated to the three heads of Jyske Markets, Group Treasury and BRFkredit, respectively. Those three business units are the sole units of the Jyske Bank Group that may assume significant market risk.

The limits delegated to Jyske Markets and BRFkredit have been adjusted in such a way that they primarily support the daily trade volume and the clients' repayment and raising of mortgage loans. Strategic positions are mainly taken by Group Treasury as reflected by the limit delegated to the unit.

Operations in accordance with the respective limits are supported by detailed procedures.

The Group Treasury Committee follows market developments closely and is therefore able to adjust for any discrepancies between the Group's actual risk profile and its desired risk profile.

Monitoring and reporting

All risk positions are monitored daily. The Group Executive Board is notified immediately of any positions which exceed the pre-determined limits or are in conflict with the risk management policy. The Group Supervisory Board and Internal Audit are notified immediately if positions exceed the overall authority of the Group Executive Board.

The development of the market risk exposure of the various units is reported monthly to the Group Executive Board and the Group Supervisory Board.

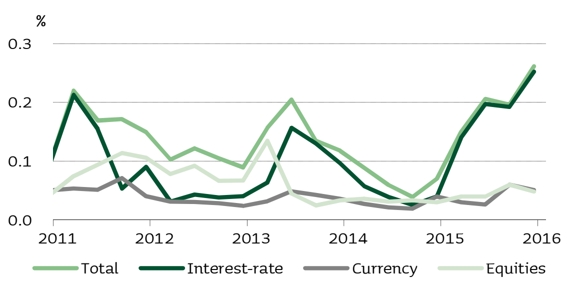
Monitoring and reporting of market risk take place through a risk-management system which is developed by Jyske Bank and integrated with Jyske Bank's trading systems as well as other systems for the handling of Jyske Bank's regular banking and mortgage operations.

Developments in market risk

The primary focus in 2015 was on risk management relating to the increased portfolio of home loans as well as risk management of the significant fall in interest rates in the first half of 2015. The market adjustment to the implemented LCR regulation was another dominating component in 2015. Liquidity Coverage Ratio (LCR) is a CRR minimum requirement for the ratio between short-term assets and equity and liabilities in order to secure a satisfactory liquidity ratio.

In terms of Value-at-Risk (VaR), Jyske Bank's estimated market risk increased significantly in 2015 from DKK 19m at end-2014 to DKK 78m at end-2015. This rise in calculated VaR stems from two parts: Firstly, the VaR model was during the first quarter of 2015 enhanced with an add-on relating to OAS-risk. OAS risk (Option Adjusted Spread) is the interest rate spread defined as the risk premium related to investing in a mortgage bond compared to the equivalent swap-rate. The risk premium can be related to credit risk, illiquidity and for convertible bonds the conversion right. OAS-risk was subject to high volatility during 2015. Secondly, the volatility of interest rates in the general market was particularly high in 2015.

Value-at-Risk as a percentage of equity



The rise in VaR is substantial but at a moderate level in a group risk perspective and relative to Jyske Bank's desired risk profile.

Jyske Bank's net interest-rate risk rose in the course of 2015. The development was affected by a strategic adjustment of the market risk strategy in relation to the low-interest-rate environment.

Jyske Bank's growth in home loans indicates a permanently high OAS risk. The interest-rate risk from home loans is hedged on a continuous basis.

In addition to the core business in the form of deposits and loans, the interest-rate risk was dominated by exposures to Danish and international mortgage bonds as well as covered bonds with short and medium maturities. The Group's OAS exposure relating to the Danish mortgage bonds is primarily found in the short-term segments. Jyske Bank's return on Danish mortgage bonds was affected by widening OAS spreads throughout 2015.

Throughout 2015, Jyske Bank's exposure to equity was almost unchanged, whereas the portfolio of foreign currency risks increased slightly due to increased positioning in EUR/DKK. Both the underlying equity portfolio and the currency portfolio are characterised by being well-diversified, and at end-2015 both market risks were at moderate levels relative to Jyske Bank's desired risk profile.

Jyske Bank had a positive view of the market for credit securitisations in 2015. For that reason, Jyske Bank increased investments in US and European CLO's. The investments are held only in credits with high credit quality and senior status.

Capital base requirements for market risk

For the calculation of the capital base requirements for market risk, the standardised approach is applied.

The capital base requirement for market risk was nearly unchanged in 2015, with a marginal reduction in total capital requirement.

CAPITAL BASE REQUIREMENT FOR MARKET RISK				
DKKm	2015		2014	
Risk type	REA	Capital base requirements	REA	Capital base requirements
Debt instruments	16,398	1,312	17,186	1,375
Shares, etc.	3,440	275	3,038	243
Commodities	-	-	-	-
Currency position	1,272	102	1,185	95
Total	**21,110**	**1,689**	**21,409**	**1,713**

Market risk types

Jyske Bank handles several types of market risk. Every risk type has its own characteristics and is managed by means of individual risk measurements as well as through the Group's VaR model. To hedge market risk, derivatives are used. The management of those is supplemented by risk measurements developed in accordance with conventional option theory, i.e. by calculating the delta, gamma and vega risks of the positions.

The measurement of Jyske Bank's market risk takes into account all products; products in as well as outside the trading portfolio.

Interest-rate risk

Interest-rate risk is measured on the basis of duration measurements. This measurement is defined as the interest-rate risk resulting from a general rise in interest rates of 1 percentage point (Interest-rate risk 1). Duration expresses the percentage gain or loss generated by a simultaneous 1-percentage point shift in all yield curves. When determining interest-rate risk, no distinction is made between interest-rate risk inside or outside the trading portfolio.

Interest-rate risk is calculated on the basis of contractual payments. Jyske Bank has no fixed-rate balances without an agreed due date. Certain loans are fixed-rate loans and can be prepaid. Interest-rate risk 1 is adjusted for this option element.

Jyske Bank has developed a risk-management model that adjusts the risk key ratios for mortgage bonds for the built-in option element of the bonds. Therefore callable mortgage bonds are included in the interest-rate risk with the option-adjusted duration.

Risk management of the Group's portfolio of mortgage bonds is supplemented with limits for and measurement of OAS (option-adjusted spread) positions.

Interest-rate risk 1 is supplemented with further management tools, which take into account risks attached to having interest-rate positions in various instruments and currencies. These risks are determined through an independent risk measurement (Interest-rate risk 2) and by applying a management tool that determines the spread risk between product-specific yield curves.

Currency risk

Jyske Bank's currency risk indicators are calculated on the basis of Currency indicator 1 in accordance with the Danish Executive Order on the Presentation of Financial Statements laid down by the FSA. Currency indicator 1 is calculated as the sum of the numerically higher of long or short positions in each currency, measured in DKK.

Currency indicator 1 does not take into account the fact that some currencies are more volatile and perhaps less liquid than others. For management purposes Jyske Bank therefore uses a weighted currency indicator 1 (Jyske Currency Indicator). VaR is furthermore used as a management instrument in respect of currency exposure.

Equity price risk

The daily measuring of equity price risk distinguishes between equities in and outside the trading portfolio.

The exposure of the trading portfolio is measured on the basis of the physical equity holdings as well as equity-based instruments. The equity price risk is determined through risk measurements that indicate the maximum loss that Jyske Bank may incur in the event of simultaneous changes in the underlying equity prices of +/-10%.

Moreover, Jyske Bank limits individual exposures to equities in order to limit the concentration risk.

Sector shares, etc. are not managed according to the principles applying to the trading portfolio but individual approval is granted.

Shares not held for trading

The shares not included in the trading portfolio are primarily financial-sector shares related to the ordinary operating activity of the Group.

SHARES NOT HELD FOR TRADING

DKKm	2015	2014	Unrealised gain	Realised gain
Total	2,572	1,677	100	12

The holdings increased in 2015, which is caused by positive value adjustments and new holdings primarily due to an investment in Nordjyske Bank. The realised gain can be ascribed to the sale of Blue Garden Holding in September 2015 and the unrealised gain to general value increases in the portfolio.

Shares not held for trading form part of the basis for Jyske Bank's ordinary business activities. The shares are stated at fair value as described in the accounting policies set out in the Group's annual report. Unrealised capital gains/losses have influenced the operating income.

Commodity risk
Jyske Bank's exposure to commodities is modest, and the commodity risk is determined and limited according to two risk measurements. The one risk measurement determines Jyske Bank's net exposure to commodities and the other risk measurement determines Jyske Bank's gross exposure.

Exposure to credit risk on financial instruments
Exposure to credit risk on financial instruments relates to Jyske Bank's bond holdings. The credit element is not reflected in the interest risk measurements and must therefore be managed separately.

Jyske Bank manages its exposure to credit risk on financial instruments by limiting concentration risk expressed as the credit quality of the instruments as defined by ratings awarded by recognised international rating agencies. Based on the credit quality of the instruments, concentration risk is calculated for rating classes and bond types. This means that there are different limits depending on whether the instrument is government guaranteed, a corporate bond or a securitisation.

Finally, a concentration risk limit has been defined geographically and for individual exposures.

Securitisations
Jyske Bank's activities within securitisation are linked to investment in tranches issued by other institutions and legal entities. Thus Jyske Bank acts neither as an issuer nor as an exposure provider. Investment is made in traditional securitisations and distributed on the following securitisation types:

- RMBS (Residential Mortgage Backed Securities), primarily consisting of AAA-rated senior tranches.
- CLOs/CDOs:
    - senior tranches rated AAA or AA
    - mezzanine tranches with a wide rating spread. The portfolio has gradually been reduced by redemptions.

No investments are made in re-securitisations.

The level of the underlying market and credit risks in securitisations is followed continuously and is analysed at least every quarter. The analyses are based on trustee reports and also information from rating agencies or other external sources.

The securitisation types and the geographical exposure of the underlying assets of the portfolio are shown in the table below, from which it appears that the exposure is concentrated in Europe.

EXPOSURE TYPES FOR SECURITISATIONS

DKKm	European	American	Other	Total 2015	Total 2014
RMBSs	1,803	-	-	1,803	3,625
CLO	1,193	880	736	2,809	2,343
ABS and CDO	119	8	-	127	79
Total 2015	**3,115**	**888**	**736**	**4,739**	6,047
Total 2014	4,663	1,384	-	6,047	

In 2015, Jyske Bank pursued an active investment strategy in respect of CLOs, resulting in increased exposure to these. Investments were made in US and European CLOs of good credit quality and with senior status according to the risk-management policy. The RMBS portfolio was reduced by half in 2015, mainly due to redemptions.

The development is shown in the table below where it appears that the most important changes took place in top-rating securitisations.

BREAKDOWN OF RATINGS (Moody's)

DKKm	2015	2014
AAA / Aaa	3,812	4,711
AA / Aa	808	579
A /A	102	586
BBB / Baa	-	138
BB/Ba	-	-
Lower or no rating	17	33
Total	**4,739**	**6,047**

The main underlying investments of the tranches are US and European bank and housing loans.

Capital base requirements for securitisations

Both the AIRB approach for credit risk and the standardised approach for market risk are used for determining the capital base requirement for the portfolio of securitisations, because the portfolio breaks down into two sub-portfolios, one that is placed in and one outside the trading portfolio.

The capital base requirement for securitisations fell in 2015, partly due to a reduction in the portfolio of RMBS's and partly due to the fact that the above-mentioned increase of the exposure in CLO's primarily took place within high-grade senior issues. The capital base requirement according to risk weights appears below.

Both sub-portfolios were characterised by high concentration in the low risk weights.

CAPITAL BASE REQUIREMENTS FOR SECURITISATIONS				
DKKm	**2015**		**2014**	
Risk weight - ranges	Fair value	Capital base requirements	Fair value	Capital base requirements
< 20%	4,629	34	5,713	44
≤ 20% < 50%	96	2	163	4
≤ 50% < 100%	-	-	47	2
≤ 100% < 1,250%	-	-	91	8
1,25%	14	14	33	33
Total	**4,739**	**50**	**6,047**	**91**
Of which in the trading portfolio	4,419	34	5,315	69

Liquidity risk

- The key focus in the Group's liquidity risk management during 2015 was the calibration of the liquidity buffer towards a higher proportion of Level 1a assets to ensure compliance with the SIFI requirement of an LCR ratio of 100% as of 1 October 2015. Compliance was achieved during the second quarter of 2015.
- The all-time low interest rates throughout 2015 and especially the significant decrease in money market and fixed term deposit rates during the first quarter of 2015 triggered shifts in the deposit base between fixed term deposit and deposits on demand during the year.
- During 2015, the international capital markets were characterised by widening credit spreads and increased interest rate volatility. This could especially over the second half of 2015 be attributed to increasing geopolitical unrest and uncertainty in Europe combined with the coming into force of the LCR and the implementation in Europe of BRRD.
- Jyske Bank used the attractive market conditions in the first quarter of 2015 to issue a EUR 500m 3 year senior public benchmark bond.

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 the Group's bank loan portfolio has a longer contractual duration than its average funding sources. The liquidity risk at BRFkredit is very limited as BRFkredit's liquidity flows are very limited by the balance principle of the mortgage legislation for SDO issues.

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 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 sub-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. active participation in the international money markets and permanent access to international capital markets through capital market programmes which give access to a diversified and professional funding base;
4. maintenance of a considerable buffer of highly liquid securities reflecting the run-off risk of more volatile price and credit sensitive funding sources. The liquidity buffer ensures that Jyske Bank can eliminate the effect of an adverse liquidity situation.

Management and monitoring

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

Liquidity risk

The effect on liquidity from the limited amount of free liquidity flows at BRFkredit is included in the internal control at Group Treasury. BRFkredit is subject to liquidity-related restrictions in respect of investment profile in the securities portfolio, repo lending as well as money-market placements away from the parent company to ensure that transactions of BRFkredit are in line with statutory requirements as well as the internal guidelines at BRFkredit and at Group level. These restrictions have been coordinated with the department Risk Management and entered into BRFkredit's liquidity instructions.

Liquidity positions are monitored daily by Risk Management 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.

Liquidity flow from mortgage activities

The liquidity flow at BRFkredit takes place in a closed circuit linked to the balance principle and the statutory protection of SDOs. The clients' choices of mortgage loans determine to a large extent which bonds BRFkredit issues.

The dates on which the borrower pays interest, instalment and contributions have been planned in such a way that, when paid on time, BRFkredit receives the funds at the latest one day before the bond investors receive their payments. In this way liquidity risk will generally not occur in connection with the continuous servicing of bond investors.

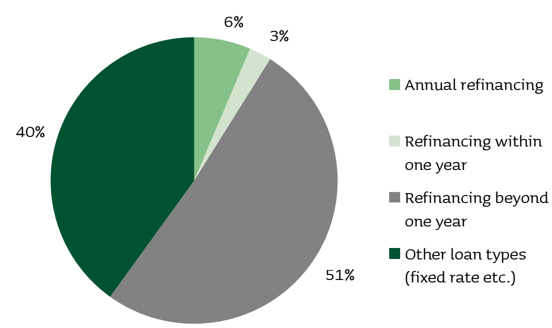
It applies that for the proportion of Jyske Bank's home loans funded via the issuance of BRFkredit mortgage bonds according to the joint funding agreement, there is a similar match within separate sub-portfolios of borrowers' incoming payments on the Jyske Bank home loans and the outgoing payments on the bonds issued by BRFkredit. This part of the balance sheet is covered by the balance principle in line with the Group's other mortgage loans.

Refinancing risk in mortgage activities

The major liquidity effect from BRFkredit on the Group's liquidity risk is the refinancing risk. To reduce this refinancing risk, refinancing has been spread out over three annual settling periods, and with the intention that the individual series must be so large that they can be included in the credit institutions' liquidity buffers in the LCR requirements (Liquidity Coverage Ratio).

During 2015 the RTL F[8] (pre-financed) bonds remained part of the BRFkredit funding toolbox and, depending on market conditions, RTL F bonds are used to finance and re-finance the so-called F1 and F2 loans (1- and 2-year adjustable rate mortgage loans) and joint funding bank home loans. The RTL F continuously postpones the re-financing risk by 2-3 years.

Breakdown of BRFkredit's loan portfolio by loan type and refinancing horizon of the loans:



The following table gives a comprehensive overview of both planned re-financing of mortgage bonds as well as a breakdown of the principal still owed by type of mortgage loan.

The upcoming supervisory diamond for mortgage credit institutions, CRR's potential future Net Stable Funding Ratio (NSFR) and also S&P's Stable Funding Ratio (SFR) all point in the same direction and necessitate a reduction in the annual and quarterly issuance of mortgage bonds via financing loans with long-term credit commitments.

[8] RTL F bonds are fixed-rate, callable bonds with a legal time to maturity of 3 years. After 1 year, new bonds are offered, and if the bonds issued are sold in the market, the proceeds will be used for prepayment of old RTL F bonds at par, but if the bonds issued, are not sold in the market, the old RTL F bonds will not be prepaid at par but will continue with unchanged coupon.

PLANNED RE-FINANCING AND BREAKDOWN OF PRINCIPAL STILL OWED							
	Planned re-financing amount	**Funding**		**Loan**			
	(amount offered)	Maturities per re-financing dates	Maturities per re-financing dates + 2 years (RTL F)	F1	F3	F5	Other
Repayment dates	DKKbn						
Apr. 16	9.4	1.3	8.1	6.7	1.2	0.0	1.5
Oct. 16	11.1	5.4	5.7	6.7	0.6	1.9	1.8
Jan. 17	37.7	21.7	16.0	28.6	2.4	2.0	4.6
Other 2017	26.6	24.1	2.5	0.0	5.8	4.6	16.3
2018	31.7	30.9	0.8	0.4	13.3	13.6	4.4
2019	23.1	23.1	0.0	5.3	3.7	11.9	2.2
2020	8.7	8.7	0.0	0.5	0.0	7.3	0.9
2021	2.5	2.5	0.0	0.0	0.0	1.4	1.1

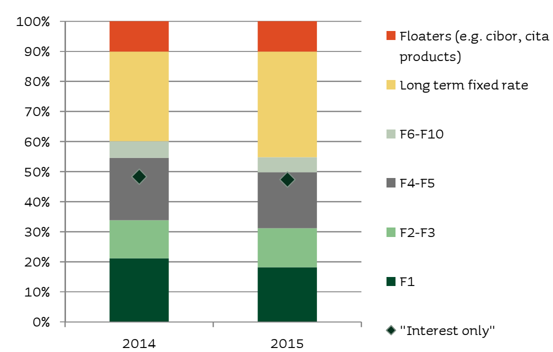
Funding in the supervisory diamond

The benchmark of the supervisory diamond for mortgage credit institutions relating to loans with short-term funding must be met as of 2020. The benchmark does not consider future re-financing risk, but is determined backwards based on actually completed bond issues per quarter, including re-financing completed well in advance of the maturity of the old bonds. To comply with this, the proportion of loans that are re-financed per quarter must be less than 12.5% of the total loan portfolio, and annually the proportion must amount to less than 25% of the loan portfolio. The time of the auction determines the time when refinancing is considered as taking place, and the cash debt outstanding is measured. The benchmark can be met both by reducing the volume of loans with frequent re-financing and by spreading the re-financing auctions over the year. At Group level, there is still focus on increasing the maturity of BRFkredit's issues of mortgage bonds.

Differentiated customer administrative margins are, in combination with the implementation of larger and more differentiated spreads between market prices and clients' prices, among the most important initiatives that the Group has taken in order to comply with these key figures and statutory benchmarks in the future. The current price structure was introduced in 2014, and gives clients a financial incentive to raise loans with instalment payments and longer fixed-rate periods. For instance, in the form of 30-year fixed-rate bond loans, 3- or 5-year fixed-rate periods for adjustable-rate loans or floating-rate bond loans based on longer-term Cita or Cibor bonds instead of the 1-year adjustable-rate mortgage loans (F1).

Furthermore, in 2015 the Jyske Bank Group began financing and re-financing specific sub-portfolios of F1 loans with longer mortgage bond maturities with the aim of reducing the Group's refinancing risk. The balance principle in these BRFkredit sub-portfolios is upheld as BRFkredit hedge all risks with perfectly matched swaps based on CSA agreements with unilateral collateral in favour of BRFkredit.

Finally the strong decline in long-term interest-rates in 2014 and especially during first quarter of 2015 enticed more clients to choose especially 20 to 30-year fixed-rate mortgage loans. During the second quarter of 2015 the long term, fixed rate interest rate increased again from the all-time low level in mid-April 2015. It is however still below the average level of 2014. In 2015 the mortgage sector saw a slight increase in the proportion of 30-year fixed loans, which is also illustrated by the breakdown of BRFkredit’s loan portfolio by loan product category:



From end-2014, the proportion of long term fixed rate loans increased from 30% to 35% and the proportion of 1 year adjustable-rate mortgage loans (F1) decreased marginally from 21% to 18% whereas the overall proportion of “interest only” loans continues the decreasing tendency.

BRFkredit - Senior and senior unsecured

The Group's responsibility for issuing bonds in the capital market (senior debt as well as subordinated and hybrid capital) is centralized in Group Treasury which can then, when necessary, distribute liquidity or capital to BRFkredit.

BRFkredit may need to have liquidity injected into its capital centres from Jyske Bank to be used for supplementary collateral and to ensure the capital centres' compliance with S&P's over-collateralization requirements (OC requirements).

Short-term liquidity management

Short-term operational liquidity is managed by 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. Jyske Markets has been granted specific limits for the maximum placement of longer-term deposits in the same markets. Short-term funding in these markets form part of the overall Group limits for short-term funding within strategic liquidity management.

Strategic liquidity management

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

The analyses apply scenario-specific expectations of client behaviour in those cases where contractual maturities are not considered to give a true and fair view of the actual maturities of deposits or loans. In relevant stress scenarios, the liquidity buffer is used to cover negative payment gaps.

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:

Scenario 1 is a severe Jyske Bank-specific stress scenario which is monitored daily and is included as the key ratio in the limit structure. The scenario is a severe stress scenario with a short critical survival horizon of 60 days: the Group must hold a sufficient liquidity buffer to be able to withstand non-market access to a broad part of its price- and credit-sensitive funding sources. In addition to failure to obtain refinancing in the capital markets through inter-bank loans, CP and EMTN issues (senior issues as well as senior secured), run-off of all large demand and term deposits from the corporate and retail client segments is assumed.

Scenario 2 is a broad sector stress scenario which is monitored on a regular basis as part of the internal liquidity management: The scenario also includes a widespread, general capital and money-market crisis that entails the situation that the Group cannot re-finance on the capital markets in the form of inter-bank loans, CP and EMTN issues (both senior issues as well as senior-secured). To some extent, the crisis spreads to personal and corporate clients and results, among other things, in drawdown by large corporate clients of unutilised lines and commitments. Jyske Bank also sees stagnation in deposit growth. The target is a horizon of six months, during which time basic banking activities must be maintained.

Scenario 3 is a capital market stress scenario which is monitored on a regular basis as part of the internal liquidity management. The scenario presupposes a non-Jyske Bank-specific capital market crisis with a survival horizon of at least one year. The Group must be able to withstand run-off of money-market and capital-market funding in the form of funding in the interbank market as well as CP and EMTN issues (both senior issues and senior secured). Based on the scenario of low economic growth in Denmark resulting in higher savings in the private sector, an unchanged volume of deposits as well as loans and advances is presumed.

Liquidity contingency plan

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

In 2015, Jyske Bank had a very high degree of excess coverage in terms of the stress-based internally delegated limits and guidelines.

The Group's liquidity buffer

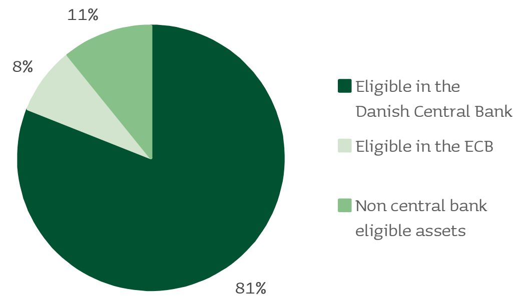
Jyske Bank's liquidity buffer consists solely of assets which are not pledged as collateral or used in the day-to-day operations of the Group. Such assets may be sold immediately or pledged as collateral for loans and are therefore a swift and efficient source of liquidity. The procurement of secured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

Jyske Bank's holding of securities is divided into three groups in the internal liquidity management in order of liquidity:

1. **Eligible in the Danish Central Bank:** Ultra-liquid assets denominated in DKK, which can be used in repo transactions with the Danish central bank: certificates of deposit with the Danish central bank, Danish government and mortgage bonds and covered bonds;
2. **Eligible in the European Central Bank:** Very liquid assets denominated in EUR, which can be used in repo transactions with the ECB: European mortgage bonds, government bonds, and senior financial instruments;
3. **Non central bank eligible assets:** Other negotiable securities with a longer realisation time frame. Securities in this group consist primarily of assets denominated in currencies other than DKK and EUR as well as Emerging Market bonds, corporate and structured bonds and shares.

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

At end-2015, Jyske Bank had a definite overweight of ultra-liquid assets as illustrated by the chart.



The table below shows the development of Jyske Bank's liquidity buffer over a 12-month period under stress scenario 3. At end-2015, the Group's liquidity buffer amounted to DKK 73bn against DKK 55bn at end-2014. The reserve consists mainly of Danish mortgage bonds and covered bonds. DKK 65bn of the buffer is eligible at either the Danish central bank or the ECB.

LIQUIDITY RESERVE AND RUN-OFF

(DKKbn)	2015	2014
Beginning of period	72.6	55.1
3 months	51.1	48.2
6 months	46.8	42.4
9 months	40.9	39.7
12 months	39.0	30.3

Funding

From the perspective of liquidity risk, Jyske Bank's overall balance sheet structure is reflected in the next chart. Through BRFkredit, the Group has a high dependence on capital market funding at SDO basis, and the chart shows how BRFkredit's mortgage activities are reflected in the Group balance sheet in the form of mortgage loans funded by issued SDO mortgage bonds.

In addition to mortgage bonds, the Group's primary source of funding is deposits from clients, and it has a sound and well-diversified client deposit base.

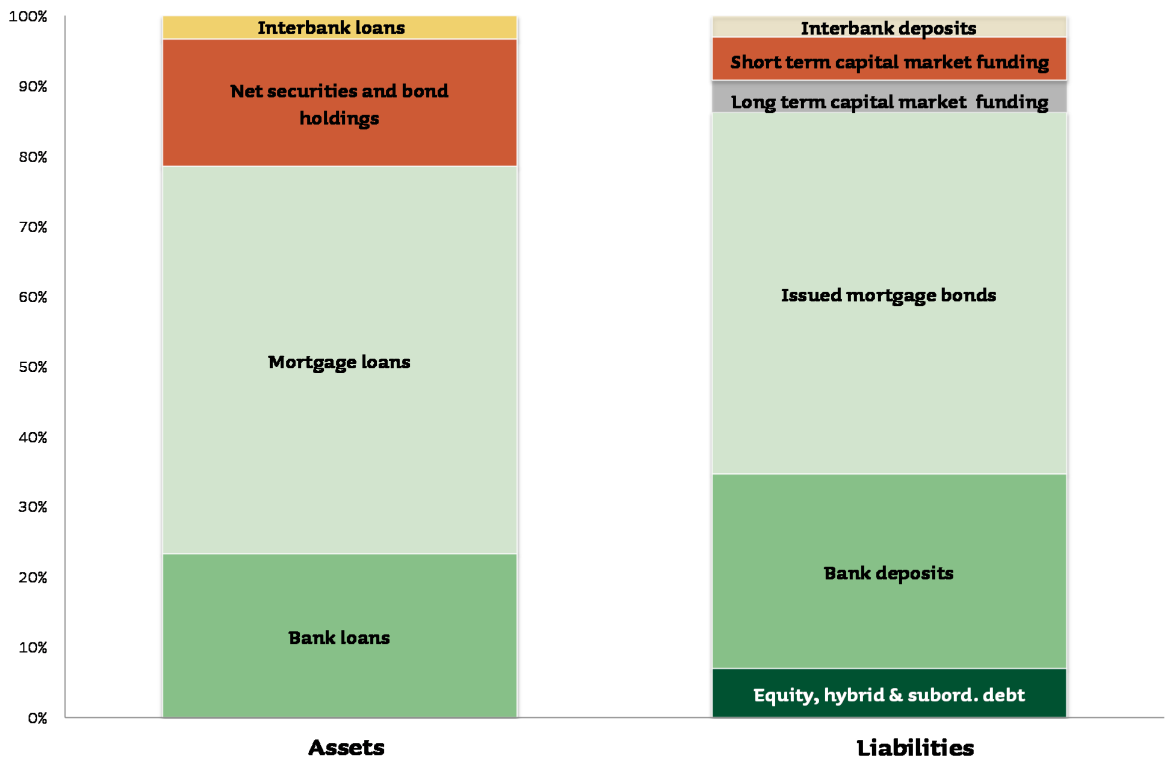
As reflected in the chart, deposits funded 118% of the bank loans at end-2015, against 106% the previous year. The funding through bank deposits declined during the first quarter of 2015 driven by a reduction in wholesale fixed term deposits triggered by the radical decrease in money market and fixed term deposit rates. The deposit base remained stable over the second and the third quarter of 2015 and increased again during the fourth quarter of 2015. Bank loans exclusive of the new home loan products decreased slightly over the year.

Liquidity risk

The chart also shows that the Group's net holdings of securities[9] are primarily funded through a deposit surplus and also through the issue of bonds in the capital market under a CP as well as an EMTN programme. A part of the net holdings of securities is a function of Jyske Market's activities in the interbank and wholesale fixed-term market carried out as part of the short-term operational liquidity management in the Group.

In addition, Jyske Markets funds its own wholesale-related activities by taking up unsecured loans in the wholesale fixed-term and inter-bank markets. Continuous activity in the above-mentioned markets enhances the possibility of refinancing short-term positions and is a natural part of the business of Jyske Markets.

Balance sheet structure



[9] Repo holdings have been netted, i.e. repo has been deducted and repo reverse added. Adjustments have been made for loans with central banks.

Capital market funding

To manage the long-term strategic liquidity risk profile, two different capital market programmes are utilised to ensure maximum flexibility with regard to maturity, currency, interest rate (fixed/floating) and investor base.

The French-regulated CP programme ensures diversification and depth in the Group's short- and medium-term liquidity management so as to comply with the limit structure of the Group. Funding under the programme may have a term of up to one year, but will typically have a term of 3 months. At end-2015, outstanding bonds under the CP programme amounted to DKK 23.9bn (EUR 3.2bn) against DKK 20.6bn (EUR 2.8bn) at end-2014. In 2015, the program outstandings averaged DKK 26.5bn (EUR 3.6bn) with a tendency towards longer maturities.

For long-term funding in the international capital markets, the Group has utilised a Euro Medium Term Note Programme (EMTN) since 1999. The typical maturity of senior debt is between two and ten years. At end-2015, senior issues under the programme amounted to DKK 17.4bn against DKK 15.6bn at end-2014.

Over the past couple of years, Jyske Bank has, due to its high deposit surplus, only had limited activity in the private placement market. However, it is an integral part of the Group's risk management to maintain ongoing access to the market for public benchmark issues, and the Group's funding plan includes at least one annual public benchmark bond (EUR 500m) issue.

Jyske Bank took advantage of attractive market conditions to issue a 3-year public benchmark senior bond in the amount of EUR 500m in March 2015. Furthermore, during the period up to May 2015, Jyske Bank was active in the private placement market issuing SEK 1bn of 2-year bonds, 5-year bonds in the amount of SEK 1.35bn and 7-year bonds in the smaller amount of EUR 10m. During the second half of 2015 Jyske Bank had limited activities in the private placement market issuing EUR 50m of 1-year EMTNs and EUR 130m of 2-year EMTNs.

CAPITAL MARKET PROGRAMMES

	Limit
French commercial Paper (CP)	EUR 5bn
European Medium Term Note (EMTN)	USD 8bn

Starting from May 2015, the international capital markets have been characterised by a widening of credit spreads, both for senior debt and subordinated capital, rising long-term interest rates and increased interest rate volatility. The changed market sentiment and pricing-/rate-dynamics could be attributed to increasing geopolitical unrest and uncertainty in Europe - in combination with the coming into force of LCR and the implementation in Europe of BRRD. The LCR led to market disruptions in the form of particularly low liquidity in the market for fixed income products as banks have had to cut down significantly on their market making activities, and the treasury investor base was reduced due to senior bonds from financials being non-eligible for the LCR.

The market expected and still expects an increase in the supply of especially Tier 2 capital market instruments to meet the MREL requirements and Hybrid Tier 1 capital instruments to comply with the upcoming leverage ratio requirement. The supply/demand dynamics have thus changed in the favour of investors and the senior bond market has repriced to reflect the bail-in risk of the BRRD and the reduction of the investor base caused by the LCR.

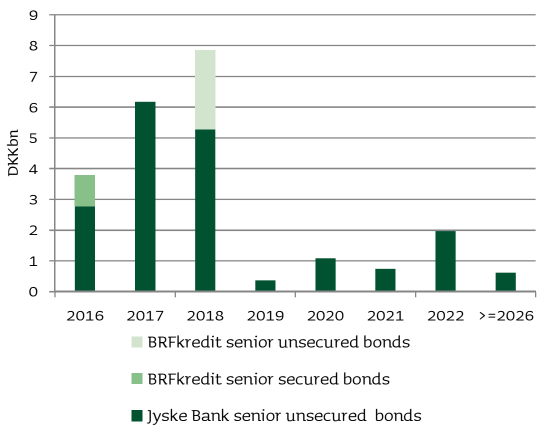
Joint funding of Jyske home loan products

In 2012, Jyske Bank entered into an agreement with BRFkredit on joint funding of the part of Jyske Bank's home loans that meet the requirements of SDO funding. At end-2013, Jyske Bank launched new bank home loan products, and the Group has over the last two years established an extensive range of bank home loan products on the market comprising variable rate products as well as long term fixed rate and convertible products. The majority of Jyske Bank's bank home loan products are funded under the joint funding agreement. At end-2015, under the joint funding agreement, funding amounted to DKK 46.6bn, against DKK 14.1bn at end-2014.

Liquidity risk

Run-off profile

The run-off profile of the Group's senior debt as well as senior secured issues through BRFkredit's capital centre is illustrated by the chart below.



At end-2015, in the course of the ordinary management of the run-off profile, Jyske Bank bought back EMTN issues with a shorter time to maturity in the amount of DKK 1,145m.

New liquidity risk legislation

The LCR requirement came into force on 1 October 2015. The LCR is a short-term (30 days) idiosyncratic stress scenario. The critical survival horizon for the Group's stress scenario 1 has been the anchor in the Groups limit structure on a daily basis since 2007. In the wake of the implementation of the LCR as a statutory requirement, the plan is that stress scenario 1 will remain part of overall liquidity risk management. However, the key short-term limit on stress scenario 1 is to be replaced by an adjusted version of the LCR on a daily basis with the aim of achieving unambiguousness in the monitoring and in the limits set.

Being a Danish SIFI, the Group was required to be 100% compliant with the LCR requirement from 1 October 2015. The LCR requires that at least 30% of the total liquid LCR reserves must be government bonds. The remaining part of the LCR reserve (max. 70%) may consist of mortgage bonds, of which the most liquid ones in 'Level 1b' are included with a haircut of 7%.

At end-2014, the Group's liquidity buffer consisted predominantly of mortgage bonds, and therefore at end-2014, the Group was not able to meet the LCR, solely due to the max. 70% cap on mortgage bonds as the sum of the LCR eligible reserves resulted in a LCR considerably above the statutory requirement.

In the course of the first nine months of 2015, Jyske Bank as well as BRFkredit gradually recalibrated the liquidity buffer (increased the holding of Level 1a assets), adjusted repo positions, and enhanced the core liquidity position to ensure compliance with the LCR. As of 30 June 2015 and 30 September 2015, the Group's LCR was 111% and 167% respectively. At year-end 2015, the LCR was 174%.

The composition of the Groups LCR buffer net of haircuts as of end-December 2015 is shown below:

GROUP LCR BUFFER	Dkkbn	%
Level 1a	27	40
Level 1b	36	53
Level 2a + 2b	5	7
Total	68	100

Currently the Group's minimum target for the LCR is a Group LCR of 150%, with some flexibility regarding the actual composition of the buffer. The primary focus in the management of the Group's LCR buffer is on the total amount of LCR eligible Level 1 and Level 2 assets whereas the split between Level 1a and other eligible LCR assets is of secondary importance.

It is expected that the Net Stable Funding Ratio will be a statutory requirement as of 2018. If the Group is to comply with a prudent buffer to the minimum requirement according to the latest NSFR version proposed by EBA, it will require a slight increase in volume and maturity of the senior issues from Jyske Bank in the coming years. It is expected that the mortgage activities over the next years will become NSFR conform through increased funding of short-term fixed income products with longer-term bond issuance (e.g. RTL F, Cita and Cibor bonds).

Asset encumbrance

Asset encumbrance is a natural and inevitable part of the Group's daily activities. However, a large asset encumbrance on the Group's assets will entail a 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 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. The primary sources of asset encumbrance stem from the following:

- Issuance of SDOs
- Periodical funding in central banks (Danmarks Nationalbank and the ECB)
- Repo financing
- Derivatives and clearing activities

ASSET ENCUMBRANCE		
DKKm	**2015**	**2014**
Total encumbered assets	333	323
- *of which: derivatives collateral*	37	45
- *of which: REPO*	42	26
- *of which: Central Bank funding*	0	26
- *of which: SDO-issuance*	250	224
- *of which: other assets*	5	2
Total assets	**543**	**574**
Encumbrance ratio	**61%**	**56%**

As the amounts in the above table[10] suggest, the issuance of SDOs is by far the most substantial source of encumbrance. Encumbrance occurs through BRFkredit both as mortgages provided directly by BRFkredit and as mortgages provided by Jyske Bank with a subsequent joint funding. 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 funding of its activities from central banks. On the other hand, periodically Jyske Bank raises loans with Danmarks Nationalbank, the central bank of Denmark, and the ECB to level out sector drawings and other large and short-term shifts in the liquidity position.

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 deposits but includes also provision of collateral in the form of bonds.

[10] Asset encumbrance is specified in further detail according to the requirements as per the CRR on www.investor.jyskebank.com/investorrelations/capitalstructure.

Credit ratings

The Jyske Bank Group is rated by Standard & Poor's (S&P).

In July 2015 S&P conducted a series of rating actions on Danish financial institutions following the implementation of the BRRD in Denmark with effect as of 1 June 2015. Jyske Bank's stand alone credit profile – the SACP - was upgraded from BBB+ to A- based on a more robust capital and risk position (RAC). The strengthened RAC offset the removal of the one notch of government support previously incorporated in the long term senior rating of Jyske Bank, and Jyske Bank's S&P senior rating has thus remained unchanged A-/A-2 with "stable outlook" throughout 2015. As a key subsidiary BRFkredit inherits Jyske Bank's rating. The SACP upgrade improved the rating of subordinated Tier 2 (AT2) capital by one notch from BBB- to BBB as the AT2 rating is notched down two notches from the SACP.

S&P's ratings on Jyske Bank and BRFkredit reflect S&P's expectation of future capital, efficiency, and asset-quality gains in the Group as the Danish economy continues to improve. The stable outlook reflects S&P's view that the Group will maintain a RAC ratio sustainably above 10.5% as of June 2015.

The stronger RAC is expected to be supported by stronger, more diversified and stable earnings resulting from synergies of the merger with BRFkredit in 2014, which enhanced the diversification of the Group's loan portfolio. S&P expects the synergies to be driven by growth in the Jyske home loan products, cross-selling opportunities and improved efficiency.

All new mortgage loans at BRFkredit and the majority of Jyske Bank's new home loans, according to the agreement on joint funding, are funded through the issuance of mortgage bonds from BRFkredit's Capital Centre E (SDO) and B (RO - mortgage bonds), which are both rated AAA. It is a key objective of the Group to maintain S&P's AAA rating for BRFkredit's capital centres.

The capital base requirement to maintain the AAA rating for BRFkredit's capital centres is assessed continuously by S&P, among other things on the basis of BRFkredit's issuer rating as well as the growth and composition of the loan portfolio at the capital centres. At end-2015, the capital base requirement from S&P totalled DKK 13.9bn against DKK 11.4bn at end-2014. The increase in the capital base requirement from S&P could primarily be attributed to the increase in the portfolio and the implementation of new rating criteria from S&P.

STANDARD & POOR'S CREDIT RATINGS

	Long term		Short term	Individual (SACP)
Jyske Bank - issuer rating				
2006	A	(positive outlook)	A-1	-
2007	A+	(stable outlook)	A-1	-
2008	A+	(stable outlook)	A-1	-
2009	A	(negative outlook)	A-1	-
2010	A	(negative outlook)	A-1	-
2011	A-	(stable outlook)	A-2	bbb+ (stable outlook)
2012	A-	(stable outlook)	A-2	bbb+ (stable outlook)
2013	A-	(stable outlook)	A-2	bbb+ (stable outlook)
2014	A-	(stable outlook)	A-2	bbb+ (stable outlook)
2015	**A-**	**(stable outlook)**	**A-2**	**A- (stable outlook)**
BRFkredit - issuer rating				
2014	A-	(stable outlook)	A-2	bbb+ (stable outlook)
2015	**A-**	**(stable outlook)**	**A-2**	**A- (stable outlook)**
BRFkredit - mortgage bond ratings		**2015**		
Covered bonds, Capital Centre E		**AAA (stable outlook)**		
Mortgage bonds, Capital Centre B		**AAA (stable outlook)**		
Mortgage bonds, General Capital Centre		**AAA (stable outlook)**		

Operational risk

- Operational risks have increased in Jyske Bank mainly due to the upcoming change to capital market IT solutions, which increases the project risks and the risk of errors during the project period.
- Over the past year, the merger with BRFkredit resulted in higher operational risks in some areas, but generally, throughout the Jyske Bank Group, well-functioning solutions and cooperation interfaces have been established. The risks are reduced continuously as experience is gained in respect of the tasks and data integration.
- The IT solutions and the working processes for handling home loans have been improved during 2015 thereby enabling the Group to cope with the high level of activity in the area.
- The operational risks are still at an acceptable level and subject to continuous managerial attention.

Jyske Bank 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, yet attempts are made to minimise this risk.

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

Policy

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.

In the policy, the Group Supervisory Board has decided an upper limit to how many large risks the Group may assume. This limit was not breached throughout 2015 and it is not expected to be breached in 2016.

Risk identification and assessment

In the internal risk management, scenario analysis is used that support the reduction of risk and a higher awareness about operational risks in the organisation.

Scenario analyses chart the Group's largest operational risks by analysing central processes and events that could cause loss. An assessment of the effectiveness of the control environment will reveal risks that are insufficiently covered by existing controls. The scenario analyses propose ways in which operational risks can be reduced.

Jyske Bank analyses all risk scenarios that may cause direct or indirect loss of more than DKK 5m or which could materially damage the Group's reputation. The scenarios are identified in cooperation with management, with reference to internal and external events.

The risk scenarios cover all business areas in the Group and a broad range of risks such as the provision of incorrect advice, trading errors, errors in models as well as errors in internal and external reporting. Also the risk of fraud is analysed. Operational risks at important business partners are included in the scenario analysis, including errors in IT development or IT failure. The scenario analyses are prepared in cooperation with the external parties.

BRFkredit has established an overview of its most material risks. In-depth scenario analyses of BRFkredit's operational risks will be carried out in 2016.

Operational risk

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 policies and controls established with the object of securing the best possible processing environment. On the basis of scenario analysis 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 year, 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.

If the Group's operational risks change materially, this is reported immediately to the Group Executive Board. Transgressions of defined risk targets are also reported to the Group Executive Board and the Group Supervisory Board.

Development in operational risks

Throughout 2015, operational risks increased in the Group.

Bankdata, which provides IT solutions to Jyske Bank, will implement new capital market IT solutions. This increases the operational risks for the coming years in Jyske Bank as a large number of critical systems used for trading, position management, risk management and settling will be changed. The project risk will be increased, as will the risk of errors in the organisation due to the heightened resource demand during the project period. Once implemented, the new IT solutions are expected to decrease the operational risks.

Over the past year, the merger with BRFkredit resulted in higher operational risks in some areas, but generally, throughout the Jyske Bank Group, well-functioning solutions and cooperation interfaces have been established. The risks are reduced continuously as experience is gained in respect of the tasks and data integration.

The conversion of BRFkredit Bank to Bankdata's platform has been successfully completed.

The IT solutions and the working processes for handling home loans have been improved during 2015 thereby enabling the Group to cope with the high level of activity in the area.

Jyske Bank still experiences many attempts of external fraud, of which the greater part is prevented through an extensive control environment and vigilance on the part of the employees. Despite the focused efforts, it is difficult to eliminate the risk, particularly because communication between clients and account managers to an increasing degree takes place electronically.

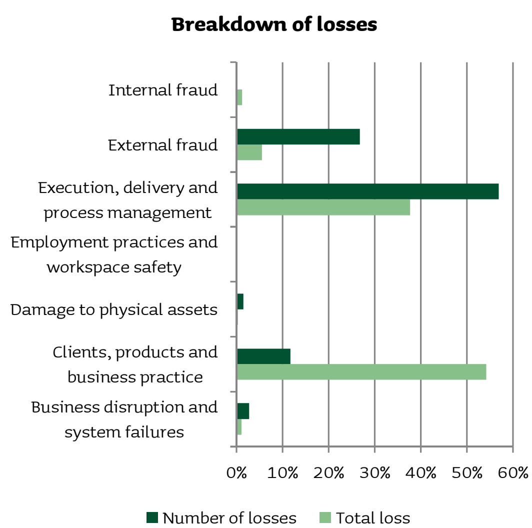
Based on the scenario analyses, the economic capital for operational risk is calculated. Economic capital increased throughout 2015, partly due to increased business volumes. BRFkredit is not included in the economic capital calculation.

Breakdown of losses

The breakdown of operational losses registered in 2015 by category shows that most errors occur due to manual errors when executing orders and agreements. Continuous follow-up takes place to determine whether particularly inexpedient work processes cause many errors. Errors in handling home loans increased during 2015 in line with the increased activity. Improvements in the working processes are expected to improve the situation in 2016.

The errors that were generally most expensive related to advisory services rendered to clients as well as the development and administration of the Group's products.

External fraud accounts for more than one forth of the incidents in 2015 and can to a great extent be ascribed to payment card fraud. The majority of the losses are, however, of a limited size.



The specification of errors only includes direct losses that are recognised separately, for instance, compensation to clients, loss of means and extra expenses. Therefore a category such as 'Business breakdowns and system errors' ranks low on the list as such incidents will primarily result in loss of working hours.

Capital base requirement for operational risk

The capital base requirement for Jyske Bank is determined by means of the standardised approach. At end-2015, the overall capital base requirement for the Group amounted to DKK 1,344m against DKK 1,364m at end-2014.

In early 2015, BRFkredit started applying the standardised approach as opposed to the basic indicator approach. The change in approach resulted in a small decrease in the capital base requirement. Furthermore, a small decrease in the net income over the three years covered by the statement contributed to the decrease in the capital base requirement.

The Bank for International Settlements has submitted for consultation a draft for a new standardised approach for operational risk. It is still too early to know to which extent it will change Jyske Bank's capital base requirement.

Appendix 1: Supplementary tables for the Group

EXPOSURE TO SPECIALISED LENDING BROKEN DOWN BY RISK WEIGHTING

DKKm	2015 Time to maturity < 2½ years	2015 Time to maturity > 2½ years	2014 Time to maturity < 2½ years	2014 Time to maturity > 2½ years
Risk weighting 50%	1	-	9	-
Risk weighting 70%	51	31	22	42
Risk weighting 115%	90	1	10	7
Risk weighting 250%	42	3	9	11
Defaulted exposures (risk weight 0)	98	63	49	-
Total	**281**	**98**	**99**	**60**

EXPOSURES ACCORDING TO THE STANDARDISED APPROACH WITH IMPAIRMENT CHARGES AND COLLATERAL

DKKm	EAD after value adjustments but before credit reductions	Balance of loan impairment charges and provisions for guarantees, inclusive of discount and value adjustment	Collateral
Central governments or central banks	6,897	-	60
Regional governments or local authorities	7,236	-	3,728
Public sector entities	197	-	195
Multilateral development banks	-	-	-
International organisations	-	-	-
Institutions	50,838	15	32,778
Corporates	3,777	2	1,763
Retail	1,422	15	888
Secured by mortgages on immovable property	2,335	-	-
In default	1,256	400	79
Exposures associated with particularly high risk	1	-	1
Covered bonds	2,663	-	-
Institutions with a short-term credit assessment	307	-	-
Equity	2,758	-	-
Total 2015	**79,688**	**432**	**39,493**
Total 2014	78,728	1,327	17,766

Note: Real property collateral according to the standardised approach equals the exposure class Secured by mortgages on immovable property and is not shown explicitly.

EXPOSURES ON THE AIRB APPROACH WITH IMPAIRMENT CHARGES AND COLLATERAL

DKKm	EAD after value adjustments but before credit reductions	Balance of loan impairment charges and provisions for guarantees, inclusive of discount and value adjustment	Collateral
Corporates, total	263,413	6,655	201,127
Large corporate clients	201,125	1,482	176,302
Specialised lending	379	138	-
SME corporates	61,909	5,035	24,826
Retail, total	188,139	1,648	159,867
Real property, personal	153,916	592	147,854
Real property, SMEs	7,752	192	4,836
Other retail, private	18,348	475	4,791
Other retail, SMEs	8,123	389	2,386
Securitisations	319	-	-
Assets without counterparties	5,767	-	-
Total 2015	**457,638**	**8,303**	**360,994**
Total 2014	418,326	8,415	321,687

Note: The above does not include collateral of DKK 2.9bn at end-2015 recognised with a direct substitution impact, where exposures are transferred to other counterparties.

AVERAGE EXPOSURES BROKEN DOWN BY EXPOSURE CATEGORY

DKKm	2015	2014
Exposures according to the standardised approach		
Central governments or central banks	10,571	13,261
Regional governments or local authorities	7,819	5,881
Public sector entities	194	193
Multilateral development banks	0	1
International organisations	0	0
Institutions	50,939	25,852
Corporates	3,912	3,675
Retail	2,725	5,124
Secured by mortgages on immovable property	2,470	2,810
In default	1,354	1,270
Exposures associated with particularly high risk	2	6
Covered bonds	3,159	8,813
Institutions with a short-term credit assessment	326	196
Equity	4,381	4,355
Exposures according to the AIRB method		
Corporates, total	249,427	207,894
Large corporate clients	*190,543*	*152,115*
Specialised lending	389	*194*
SME corporates	*58,494*	*55,585*
Retail, total	183,421	143,285
Real property, personal	*148,545*	*100,539*
Real property, SMEs	*8,127*	*7,869*
Other retail, private	*18,215*	*16,689*
Other retail, SMEs	*8,534*	*9,222*
Qualified, revolving retail exposures	0	8,967
Securitisations	520	946
Assets without counterparties	5,497	4,927
Total	**526,719**	**428,488**

Note: The exposure category Qualified, Revolving Retail Exposures was only used in the first quarter of 2014.

Appendix 1: Supplementary tables for the Group

GEOGRAPHICAL BREAKDOWN OF EXPOSURES				
DKKm	**Denmark**	**Rest of the EU**	**Rest of the world**	**Total 2015**
Exposures according to the standardised approach				
Central governments or central banks	6,668	118	112	6,897
Regional governments or local authorities	7,236	-	0	7,236
Public sector entities	197	-	-	197
Multilateral development banks	-	-	-	-
International organisations	-	-	-	-
Institutions	5,504	6,706	36,529	48,739
Corporates	2,399	357	1,021	3,777
Retail	34	550	838	1,422
Secured by mortgages on immovable property	127	1,101	1,107	2,335
In default	134	825	352	1,312
Exposures associated with particularly high risk	1	-	-	1
Covered bonds	2,104	355	204	2,663
Institutions with a short-term credit assessment	-	-	307	307
Equity	2,758	-	-	2,758
Exposures according to the AIRB method				
Corporates, total	233,572	2,517	27,325	263,413
Large corporate clients	*179,937*	*1,204*	*19,984*	*201,125*
Specialised lending	*379*	*-*	*-*	*379*
SME corporates	*53,255*	*1,313*	*7,341*	*61,909*
Retail, total	187,181	395	563	188,139
Real property, personal	*153,386*	*222*	*309*	*153,916*
Real property, SMEs	*7,713*	*19*	*20*	*7,752*
Other retail, private	*18,007*	*122*	*219*	*18,348*
Other retail, SMEs	*8,075*	*32*	*16*	*8,123*
Securitisations	161	159	-	319
Assets without counterparties	5,767	-	-	5,767
Total 2015	**453,842**	**13,084**	**68,358**	**535,283**
Total 2014	452,232	12,144	30,655	495,031

GEOGRAPHICAL BREAKDOWN OF EXPOSURE-WEIGHTED AVERAGES OF PD AND LGD						
	Denmark		**Rest of the EU**		**Rest of the world**	
	Av. PD	**Av. LGD**	**Av. PD**	**Av. LGD**	**Av. PD**	**Av. LGD**
Large corporate clients	4.22	10.87	7.63	57.55	1.47	1.23
SME corporates	16.21	39.72	9.56	32.33	1.96	15.02
Real property, personal	2.92	10.63	12.59	23.12	11.49	20.46
Real property, SMEs	9.12	20.94	1.18	2.65	6.37	9.02
Other retail, private	5.60	39.30	33.85	40.67	11.42	44.18
Other retail, SMEs	9.76	36.65	3.81	25.89	1.51	46.37
Total 2015	**5.55**	**16.36**	**9.90**	**42.14**	**1.79**	**5.44**
Total 2014	6.31	16.83	13.76	43.74	2.51	9.77

Note: The table does not include securitisations and assets without counterparties.

SECTOR BREAKDOWN OF EXPOSURES ACCORDING TO THE STANDARD APPROACH BROKEN DOWN BY EXPOSURE CATEGORY

DKKm	Central governments or central banks	Regional governments or local authorities	Public sector entities	Multilateral development banks	International organisations	Institutions	Corporates	Retail	Secured by mortgages on immovable property	In default	Exposures associated with particularly high risk	Covered bonds	Institutions with a short-term credit assessment	Equity	Total 2015	Total 2014
Banks and mortgage credit institutions	-	-	-	-	-	46,020	-	-	-	-	-	2,536	307	2,540	**51,402**	34,713
Construction	-	-	-	-	-	-	5	0	6	3	-	-	-	-	**14**	13
Energy supply	-	13	-	-	-	-	12	-	1	0	-	-	-	-	**26**	6
Real property	-	-	-	-	-	-	55	7	158	7	-	-	-	123	**351**	132
Finance and insurance	50	533	-	-	-	2,719	2,708	5	396	466	1	128	-	93	**7,098**	4,993
Manufacturing, mining, etc.	-	-	-	-	-	-	170	1	10	1	-	-	-	-	**182**	146
Commerce	-	-	-	-	-	-	21	0	45	5	-	-	-	-	**71**	27
Information and communication	-	-	-	-	-	-	3	-	-	0	-	-	-	2	**5**	2
Agriculture, hunting, forestry and fishing	-	-	-	-	-	-	1	0	-	2	-	-	-	-	**3**	88
Public authorities	1,230	6,582	197	-	-	-	0	-	-	-	-	-	-	-	**8,009**	11,177
Governments	5,405	-	-	-	-	-	-	-	-	-	-	-	-	-	**5,405**	13,650
Transport, hotels and restaurants	92	105	-	-	-	-	15	0	5	3	-	-	-	-	**220**	111
Other sectors	120	3	0	-	-	-	775	17	265	-18	-	-	-	-	**1,162**	3,835
Personal clients	-	-	-	-	-	1	13	1,391	1,449	843	-	-	-	-	**3,697**	8,111
Total 2015	**6,897**	**7,236**	**197**	**0**	**0**	**48,739**	**3,777**	**1,422**	**2,335**	**1,312**	**1**	**2,663**	**307**	**2,758**	**77,645**	
Total 2014	19,631	7,037	198	0	0	25,177	3,727	5,463	3,045	2,255	6	5,126	241	5,099		77,004

Appendix 1: Supplementary tables for the Group

SECTOR BREAKDOWN OF EXPOSURES ACCORDING TO THE AIRB APPROACH BROKEN DOWN BY EXPOSURE CATEGORY

DKKm	Large corporate clients	Specialised lending	SME corporates	Real property, personal	Real property, SMEs	Other retail, private	Other retail, SMEs	Total 2015	Total 2014
Construction	1,139	-	2,566	1	170	1	641	**4,517**	4,158
Energy supply	2,605	-	2,981	-	65	-	99	**5,749**	6,176
Real property	103,670	379	13,784	84	521	35	344	**118,818**	113,475
Finance and insurance	59,085	-	14,201	-	-	-	26	**73,312**	59,538
Manufacturing, mining, etc.	6,251	-	6,172	-	134	0	354	**12,912**	11,360
Commerce	5,428	-	6,602	2	345	3	703	**13,082**	12,941
Information and communication	178	-	785	-	6	-	38	**1,008**	826
Agriculture, hunting, forestry and fishing	233	-	7,160	1	1,786	15	2,332	**11,526**	12,386
Public authorities	394	-	3	-	-	-	0	**396**	391
Transport, hotels and restaurants	2,443	-	2,182	-	137	2	640	**5,404**	5,835
Other sectors	14,213	-	3,794	42	232	102	752	**19,136**	17,450
Personal clients	5,487	-	1,678	153,787	4,356	18,190	2,193	**185,691**	167,401
Total 2015	**201,125**	**379**	**61,909**	**153,916**	**7,752**	**18,348**	**8,123**	**451,552**	
Total 2014	185,419	159	56,062	135,420	8,679	17,095	9,103		411,937

Note: The table does not include securitisations and assets without counterparties.

EXPOSURE BY TIME TO MATURITY

DKKm	**< 1 year**	**1 - 5 years**	**> 5 years**	**Total**
Exposures according to the standardised approach				
Central governments or central banks	6,662	17	218	6,897
Regional governments or local authorities	3,309	3,927	-	7,236
Public sector entities	197	-	-	197
Multilateral development banks	-	-	-	-
International organisations	-	-	-	-
Institutions	44,623	3,445	670	48,739
Corporates	2,858	919	-	3,777
Retail	1,397	25	0	1,422
Secured by mortgages on immovable property	2,060	189	86	2,335
In default	1,255	57	-	1,312
Exposures associated with particularly high risk	1	-	-	1
Covered bonds	-	-	2,663	2,663
Institutions with a short-term credit assessment	307	-	-	307
Equity	-	-	2,758	2,758
Exposures according to the AIRB method				
Corporates, total	64,677	90,055	108,681	263,413
Large corporate clients	*53,023*	*42,768*	*105,334*	*201,125*
Specialised lending	*8*	*349*	*23*	*379*
SME corporates	*11,646*	*46,938*	*3,325*	*61,909*
Retail, total	1,109	50,824	136,206	188,139
Real property, personal	*186*	*20,757*	*132,973*	*153,916*
Real property, SMEs	*202*	*6,058*	*1,492*	*7,752*
Other retail, private	*421*	*16,608*	*1,318*	*18,348*
Other retail, SMEs	*299*	*7,401*	*423*	*8,123*
Securitisations	-	-	319	319
Assets without counterparties	-	-	5,767	5,767
Total 2015	**128,454**	**149,459**	**257,370**	**535,283**
Total 2014	101,860	159,749	233,422	495,031

Note: The table does not include securitisations and assets without counterparties.

GEOGRAPHICAL BREAKDOWN OF IMPAIRED AND PAST DUE EXPOSURES

DKKm	EAD for impaired exposures	EAD for past due exposures	EAD, both past due and impaired	Development in loan impairment charges and provisions over the year inclusive of discount and value adjustment
Denmark	37,448	2,678	2,612	-982
Rest of the EU	419	148	2	-16
Rest of the world	546	3	0	-9
Total 2015	**38,412**	**2,828**	**2,614**	**-1,007**
Total 2014	49,186	4,074	3,940	3,926

OVERVIEW OF EXPOSURES BROKEN DOWN BY QUALITY STEP BEFORE AND AFTER CREDIT RISK REDUCTION (2015)

DKKm	Covered bonds		Institutions with a short-term credit assessment		Institutions		Public sector entities		Regional governments or local authorities	
	Before	After	Before	After	Before	After	Before	After	Before	After
Step 1	334	334	-	-	1,860	1,573	197	1	7,236	3,508
Step 2	230	230	307	307	36,085	6,066	-	-	-	-
Step 3	2,099	2,099	-	-	4,695	3,491	-	-	-	-
Step 4	-	-	-	-	1,050	1,061	-	-	-	-
Step 5	-	-	-	-	0	130	-	-	-	-
Step 6	-	-	-	-	-	-	-	-	-	0

Note: Jyske Bank uses external ratings from Moody's when calculating the capital base requirement for the credit risk on governments and credit institutions. The external ratings are being mapped to credit quality steps based on instructions from the EBA and according to the CRR. The ratings used are delivered on a daily basis and are automatically updated in the central systems that form the basis of determination of the capital base requirement.

SPECIFICATION OF EXPOSURES TO LOANS AND GUARANTEES FOR AIRB CORPORATES

DKKm	EAD	Undrawn	Average RW	Collateral	Impairment charges and provisions
Credit rating class					
Rating 1-5	59,185	5,876	0.14	46,400	0
Rating 6-10	82,528	6,219	0.26	65,381	7
Rating 11-14	34,492	2,488	0.83	29,639	1,460
Default	8,538	371	0.45	3,527	4,163
Total 2015	**184,743**	**14,954**	**0.30**	**144,947**	**5,631**

Note: The impairment charges and provisions item includes value adjustments but not management's estimates and discount.

SPECIFICATION OF EXPOSURES TO LOANS AND GUARANTEES FOR RETAIL CLIENTS WTIH PROPERTY EXPOSURES

DKKm	EAD	Undrawn	Average RW	Collateral	Impairment charges and provisions
Credit rating class					
Rating 1-5	26,251	595	0.04	22,526	0
Rating 6-10	117,815	743	0.14	115,392	2
Rating 11-14	13,271	122	0.69	12,592	50
Default	2,528	55	0.98	2,074	574
Total 2015	**159,866**	**1,516**	**0.18**	**152,583**	**626**

Note: The impairment charges and provisions item includes value adjustments but not management's estimates and discount.

Appendix 1: Supplementary tables for the Group

SPECIFICATION OF EXPOSURES TO LOANS AND GUARANTEES FOR RETAIL CLIENTS WTIHOUT PROPERTY EXPOSURES					
DKKm	**EAD**	**Undrawn**	**Average RW**	**Collateral**	**Impairment charges and provisions**
Credit rating class					
Rating 1-5	9,051	1,182	0.15	1,915	0
Rating 6-10	8,687	444	0.40	2,902	5
Rating 11-14	5,447	123	0.51	2,198	147
Default	1,182	13	0.79	66	676
Total 2015	**24,367**	**1,762**	**0.35**	**7,081**	**829**

Note: The impairment charges and provisions item includes value adjustments but not management's estimates and discount.

MAIN TYPES OF GUARANTORS AND THEIR CREDITWORTHINESS			
	Type	**Collateral (DKKm)**	**Av. Credit rating**
Corporates	Surety	1,372	4.6
Retail	Surety	815	3.6
Governments	Guarantee	3,294	1.0
Total 2015		**5,481**	
Total 2014		10,101	

BREAKDOWN OF EXPOSURES FOR CLIENTS WITH COLLATERAL ACCORDING TO THE STANDARDISED APPROACH		
DKKm	**EAD**	**Collateral**
Central governments or central banks	96	60
Regional governments or local authorities	5,259	3,728
Public sector entities	197	195
Institutions	37,519	32,778
Corporates	2,270	1,735
Retail	1,175	841
Secured by mortgages on immovable property	449	77
In default	449	79
Exposures associated with particularly high risk	1	1
Total 2015	**47,415**	**39,493**
Total 2014	27,397	17,766

BREAKDOWN OF EXPOSURES FOR CLIENTS WITH COLLATERAL PROVIDED IN THE FORM OF GUARANTEES		
DKKm	**EAD**	**Collateral**
Corporates, total	8,078	2,434
Large corporate clients	1,687	544
Specialised lending	-	-
SME corporates	6,390	1,890
Retail, total	134	87
Real property, personal	-	-
Real property, SMEs	-	-
Other retail, private	53	37
Other retail, SMEs	81	49
Total 2015	**8,211**	**2,520**
Total 2014	8,670	2,594

Note: The above does not include collateral of DKK 2.9bn at end-2015 recognised with a direct substitution impact, where exposures are transferred to other counterparties.

Appendix 2: Supplementary tables for Jyske Bank A/S

CAPITAL BASE		
DKKm	**2015**	**2014**
Equity	30,040	27,561
Intangible assets	-48	-58
Deferred tax assets relating to intangible assets	11	13
Prudent valuation	-251	-190
Deferred tax assets	-	-205
Share-buyback programme	-644	-
Expected dividend	-499	-
Other deductions	-81	-64
Common Equity Tier 1 capital	**28,528**	**27,057**
Hybrid core capital	907	993
Other deductions	-98	-56
Core capital	**29,337**	**27,994**
Subordinated loan capital	403	324
Diff. between expected losses and impairment charges	418	433
Other deductions	-192	-
Capital base	**29,966**	**28,751**
REA	**135,270**	**133,435**

CAPITAL BASE REQUIREMENTS BY RISK TYPE		
DKKm	**2015**	**2014**
Credit risk	8,039	8,050
Market risk	1,836	1,664
Operational risk	946	961
Capital base requirement, Pillar I	10,822	10,675
Capital base requirement, transitional rules	-	-
Total	**10,822**	**10,675**

Note: The capital base requirement for credit risk includes CVA requirements of DKK 131m in 2015 and 138m in 2014.

CAPITAL BASE REQUIREMENT (STANDARDISED APPROACH)		
DKKm	**2015**	**2014**
Central governments or central banks	-	-
Regional governments or local authorities	-	-
Public sector entities	0	0
Multilateral development banks	-	-
International organisations	-	-
Institutions	409	310
Corporates	192	184
Retail	85	114
Secured by mortgages on immovable property	42	43
In default	46	56
Exposures associated with particularly high risk	-	0
Covered bonds	33	59
Institutions with a short-term credit assessment	12	10
Equity	1,520	1,363
Total	**2,339**	**2,139**

Appendix 2: Supplementary tables for Jyske Bank A/S

CAPITAL BASE REQUIREMENTS (AIRB APPROACH)		
DKKm	**2015**	**2014**
Exposure category		
Corporates, total	3,992	4,152
Corporates	*1,521*	*1,526*
Specialised lending	*22*	*10*
SME corporates	*2,450*	*2,617*
Retail, total	977	1,016
Real property, personal	*249*	*290*
Real property, SMEs	*206*	*211*
Other retail, private	*356*	*321*
Other retail, SMEs	*165*	*194*
Equity	378	376
Securitisations	11	22
Assets without counterparties	211	207
Total	**5,569**	**5,773**

CAPITAL BASE REQUIREMENT FOR MARKET RISK				
DKKm	**2015**		**2014**	
Risk type	REA	Capital base requirements	REA	Capital base requirements
Debt instruments	18,266	1,461	16,627	1,330
Shares, etc.	3,440	275	3,038	243
Commodities	-	-	-	-
Currency position	1,249	100	1,139	91
Total	**22,955**	**1,836**	**20,804**	**1,664**

Note: The capital base requirement for securitisations for Jyske Bank A/S is identical to the capital base requirement for securitisations for the Group as appears from the chapter on market risk.

ADEQUATE CAPITAL BASE AND SOLVENCY REQUIREMENT				
DKKm	**2015**	**% of REA**	**2014**	**% of REA**
Credit risk	14,347	10.6	15,312	11.5
Market risk	1,966	1.5	1,674	1.3
Operational risk	1,716	1.3	980	0.7
Other	456	0.3	1,063	0.8
Total	**18,485**	**13.7**	**19,029**	**14.3**

The adequate capital base of the parent company, Jyske Bank A/S, is conservatively set to be identical to that of the Group as the parent company is liable for all the risks of the subsidiaries. However, adjustment is made for the difference in the statement of excessive impairment charges relative to expected losses as the capital addition is truncated by 0.6% of the overall risk exposure that is lower at the parent company than in the Group. Apart from this adjustment, the only difference between the Group's and the parent company's solvency requirements can be attributed to differences in risk exposure.

End-2015, the individual solvency requirement for Jyske Bank A/S equalled the solvency requirement according to the 8+ method as opposed to end-2014 where the solvency requirement was determined based on the internal method.

EXPOSURE TO SPECIALISED LENDING BROKEN DOWN BY RISK WEIGHTING				
	2015		2014	
DKKm	Time to maturity < 2½ years	Time to maturity > 2½ years	Time to maturity < 2½ years	Time to maturity > 2½ years
Risk weighting 50%	1	-	9	0
Risk weighting 70%	51	31	22	42
Risk weighting 115%	90	1	10	7
Risk weighting 250%	42	3	9	11
Defaulted exposures (risk weight 0)	97	63	49	0
Total	**281**	**98**	**99**	**60**

EXPOSURES ACCORDING TO THE STANDARDISED APPROACH WITH IMPAIRMENT CHARGES AND COLLATERAL			
DKKm	EAD after value adjustments but before credit reductions	Balance of loan impairment charges and provisions for guarantees inclusive of discount and value adjustments	Collateral
Central governments or central banks	3,734	-	60
Regional governments or local authorities	7,218	-	3,728
Public sector entities	197	-	195
Multilateral development banks	-	-	-
International organisations	-	-	-
Institutions	46,185	15	32,825
Corporates	4,345	-	1,685
Retail	2,027	-	603
Secured by mortgages on immovable property	1,571	-	-
In default	1,159	43	74
Exposures associated with particularly high risk	1	-	1
Covered bonds	4,096	-	-
Institutions with a short-term credit assessment	307	-	-
Equity	15,681	-	-
Total 2015	**86,521**	**58**	**39,171**
Total 2014	82,553	48	20,860

Appendix 2: Supplementary tables for Jyske Bank A/S

EXPOSURES ACCORDING TO THE AIRB APPROACH WITH IMPAIRMENT CHARGES AND COLLATERAL			
DKKm	**EAD after value adjustments but before credit reductions**	**Balance of loan impairment charges and provisions for guarantees inclusive of discount and value adjustments**	**Collateral**
Exposure category			
Corporates, total	146,249	5,843	76,499
Corporates	*88,207*	*978*	*53,934*
Specialised lending	*379*	*137*	0
SME corporates	*57,663*	*4,728*	*22,565*
Retail, total	55,551	1,276	31,033
Real property, personal	*29,199*	*115*	*23,271*
Real property, SMEs	*8,215*	*193*	*5,216*
Other retail, private	*12,906*	582	1,686
Other retail, SMEs	*5,231*	386	860
Equity	-	-	0
Securitisations	319	-	-
Assets without counterparties	2,634	-	-
Total 2015	**204,754**	**7,119**	**107,531**
Total 2014	200,642	6,133	101,729

Note: Because impairment charges are not included in EAD according to the AIRB approach, EAD after value adjustment but before credit reductions in the table above is identical to the non-adjusted EAD amount in other AIRB tables. The above does not include collateral recognised with a direct substitution impact, where exposures are transferred to other counterparties.

AVERAGE EXPOSURES BROKEN DOWN BY EXPOSURE CATEGORY		
DKKm	**2015**	**2014**
Exposures according to the standardised approach		
Central governments or central banks	8,403	12,438
Regional governments or local authorities	7,799	5,865
Public sector entities	194	193
Multilateral development banks	0	1
International organisations	0	0
Institutions	49,095	27,980
Corporates	4,204	2,995
Retail	2,342	2,533
Secured by mortgages on immovable property	1,550	1,679
In default	1,171	997
Exposures associated with particularly high risk	1	0
Covered bonds	4,592	9,892
Institutions with a short-term credit assessment	326	196
Equity	16,981	6,958
Exposures according to the AIRB method		
Corporates, total	135,132	128,098
Large corporate clients	80,337	*76,354*
Specialised lending	389	*194*
SME corporates	54,406	*51,551*
Retail, total	60,715	64,113
Real property, personal	33,391	*28,459*
Real property, SMEs	8,728	8,251
Other retail, private	13,037	12,262
Other retail, SMEs	5,558	*6,174*
Qualified, revolving retail exposures	0	8,967
Equity	1,053	1,229
Securitisations	520	394
Assets without counterparties	2,617	2,637
Total	**296,695**	**268,197**

GEOGRAPHICAL BREAKDOWN OF EXPOSURES				
DKKm	**Denmark**	**Rest of the EU**	**Rest of the world**	**Total 2015**
Exposures according to the standardised approach				
Central governments or central banks	3,566	118	50	3,734
Regional governments or local authorities	7,218	-	-	7,218
Public sector entities	197	-	-	197
Institutions	4,005	6,518	36,433	46,956
Corporates	3,295	296	754	4,345
Retail	1,038	413	576	2,027
Secured by mortgages on immovable property	128	919	524	1,571
In default	118	839	245	1,202
Covered bonds	3,537	355	204	4,096
Institutions with a short-term credit assessment	-	-	307	307
Equity	15,681	-	-	15,681
Exposures according to the AIRB method				
Corporates, total	116,365	2,560	27,325	146,249
Large business enterprises	67,007	1,216	19,984	88,207
Specialised lending	379	-	-	379
SME corporates	48,979	1,343	7,341	57,663
Retail, total	54,602	382	567	55,551
Real property, personal	28,657	228	314	29,199
Real property, SMEs	8,175	19	21	8,215
Other retail, private	12,572	117	216	12,906
Other retail, SMEs	5,198	17	16	5,231
Equity	-	-	-	-
Securitisations	319	-	-	319
Assets without counterparties	2,634	-	-	2,634
Total 2015	**212,703**	**12,400**	**66,985**	**292,088**
Total 2014	243,156	11,704	28,652	283,512

GEOGRAPHICAL BREAKDOWN OF EXPOSURE-WEIGHTED AVERAGES						
	Denmark		**Rest of the EU**		**Rest of the world**	
Exposure category	**Av. PD**	**Av. LGD**	**Av. PD**	**Av. LGD**	**Av. PD**	**Av. LGD**
Large corporate clients	1.26	27.95	7.55	57.57	1.47	1.23
SME corporates	17.20	40.93	9.28	35.11	1.96	15.02
Real property, personal	2.29	11.02	12.27	22.55	11.29	20.09
Real property, SMEs	8.71	20.32	1.18	2.65	6.31	8.54
Other retail, private	6.23	48.10	32.52	39.70	11.34	44.44
Other retail, SMEs	11.49	46.11	0.45	36.90	1.50	46.37
Total 2015	**7.13**	**30.55**	**9.62**	**43.41**	**1.79**	**5.44**
Total 2014	6.67	29.32	13.20	45.16	2.50	10.13

Note: The table does not include equities, securitisations and assets without counterparties.

SECTOR BREAKDOWN OF EXPOSURES ACCORDING TO THE STANDARDISED APPROACH BROKEN DOWN BY EXPOSURE CATEGORY

DKKm	Central governments or central banks	Regional governments or local authorities	Public sector entities	Institutions	Corporates	Retail	Secured by mortgages on immovable property	In default	Covered bonds	Institutions with a short-term credit assessment	Equity	Total 2015	Total 2014
Banks and mortgage credit institutions	-	-	-	44,237	-	-	-	-	3,969	307	15,681	**64,194**	48,066
Construction	-	-	-	-	0	-	0	0	-	-	-	**1**	0
Energy supply	-	13	-	-	11	-	1	-	-	-	-	**25**	5
Real property	-	-	-	-	181	7	42	7	-	-	-	**237**	87
Finance and insurance	50	533	-	2,718	2,646	5	397	466	128	-	-	**6,943**	5,189
Manufacturing, mining, etc.	-	-	-	-	9	1	1	-	-	-	-	**11**	5
Commerce	-	-	-	-	8	-	1	-	-	-	-	**8**	4
Information and communication	-	-	-	-	1	-	-	-	-	-	-	**1**	0
Agriculture, hunting, forestry and fishing	-	-	-	-	0	0	-	-	-	-	-	**0**	85
Public authorities	1,006	6,566	197	-	0	-	-	-	-	-	-	**7,769**	11,152
Governments	2,476	-	-	-	-	-	-	-	-	-	-	**2,476**	12,319
Transport, hotels and restaurants	92	105	-	-	21	-	0	-	-	-	-	**218**	102
Other sectors	110	-	-	-	1,455	17	10	-104	-	-	-	**1,488**	1,492
Personal clients	-	-	-	1	13	1,996	1,120	833	-	-	-	**3,962**	4,365
Total 2015	**3,734**	**7,218**	**197**	**46,956**	**4,345**	**2,027**	**1,571**	**1,202**	**4,096**	**307**	**15,681**	**87,334**	
Total 2014	18,281	7,007	198	24,923	3,387	2,547	1,627	1,057	6,569	241	17,034		82,870

SECTOR BREAKDOWN OF EXPOSURES ACCORDING TO THE AIRB APPROACH BROKEN DOWN BY EXPOSURE CATEGORY

DKKm	Large corporate clients	Specialised lending	SME corporates	Real property, personal	Real property, SMEs	Other retail, private	Other retail, SMEs	Total 2015	Total 2014
Construction	534	-	2,211	0	170	1	95	**3,010**	2,591
Energy supply	2,460	-	2,902	-	65	-	70	**5,497**	5,989
Real property	1,827	379	13,770	1	527	35	312	**16,850**	15,381
Finance and insurance	69,273	-	14,133	-	-	-	0	**83,406**	70,218
Manufacturing, mining, etc.	5,823	-	5,340	-	135	0	65	**11,364**	10,031
Commerce	4,079	-	5,761	1	353	3	393	**10,589**	10,476
Information and communication	117	-	704	-	6	-	13	**841**	662
Agriculture, hunting, forestry and fishing	126	-	6,670	1	1,836	15	1,680	**10,327**	11,133
Public authorities	-	-	3	-	-	-	0	**3**	3
Transport, hotels and restaurants	1,766	-	1,258	-	143	2	118	**3,288**	3,961
Other sectors	1,892	-	3,275	42	232	99	364	**5,904**	5,789
Personal clients	310	-	1,638	29,155	4,747	12,751	2,120	**50,722**	59,819
Total 2015	**88,207**	**379**	**57,663**	**29,199**	**8,215**	**12,906**	**5,231**	**201,800**	
Total 2014	79,133	159	51,971	36,925	9,345	12,423	6,096		196,052

Note: The table does not include equities, securitisations and assets without counterparties.

EXPOSURE BY MATURITY

DKKm	**< 1 year**	**1 - 5 years**	**> 5 years**	**Total 2015**
Exposures according to the standardised approach				
Central governments or central banks	3,717	17	-	3,734
Regional governments or local authorities	3,291	3,927	-	7,218
Public sector entities	197	-	-	197
Institutions	43,612	3,345	-	46,956
Corporates	3,190	1,155	-	4,345
Retail	2,025	2	-	2,027
Secured by mortgages on immovable property	1,560	11	-	1,571
In default	1,202	0	-	1,202
Covered bonds	-	-	4,096	4,096
Institutions with a short-term credit assessment	307	-	-	307
Equity	-	-	15,681	15,681
Exposures according to the AIRB method				
Corporates, total	65,509	76,832	3,909	146,249
Large business enterprises	*53,412*	*34,228*	*567*	*88,207*
Specialised lending	*8*	*349*	*23*	*379*
SME corporates	*12,089*	*42,255*	*3,319*	*57,663*
Retail, total	1,482	41,296	12,774	55,551
Real property, personal	*530*	*19,185*	*9,485*	*29,199*
Real property, SMEs	*297*	*6,384*	*1,534*	*8,215*
Other retail, private	*387*	*11,175*	*1,343*	*12,906*
Other retail, SMEs	*268*	*4,551*	*412*	*5,231*
Equity	-	-	-	-
Securitisations	-	-	319	319
Assets without counterparties	-	-	2,634	2,634
Total 2015	**126,091**	**126,583**	**39,414**	**292,088**
Total 2014	98,501	136,650	48,361	283,512

IMPAIRED AND PAST DUE EXPOSURES BROKEN DOWN BY SECTOR

DKKm	EAD for impaired claims	EAD for past due exposures	EAD, both past due and impaired	Balance of loan impairment charges and provisions for guarantees incl. discounts and value adjustment	Net effect from impairment charges and provisions for guarantees
Banks and mortgage credit institutions	16	-	-	15	-
Construction	541	2	2	114	-6
Energy supply	679	-	-	32	-2
Real property	5,811	-	-	2,177	767
Finance and insurance	2,022	83	-	954	-89
Manufacturing, mining, etc.	2,479	12	-	306	-80
Commerce	2,364	8	-	265	-9
Information and communication	194	-	-	46	-20
Agriculture, hunting, forestry and fishing	4,842	0	-	1,563	-366
Transport, hotels and restaurants	853	0	-	142	-23
Other sectors	1,742	0	0	311	-10
Personal clients	5,912	68	9	1,250	-114
Total 2015	**27,457**	**174**	**11**	**7,177**	**49**
Total 2014	32,084	86	16	7,089	-2,428

IMPAIRMENT CHARGES AND PROVISIONS FOR GUARANTEES

DKKm	2015	2014
Balance of impairment charges for individually-assessed loans and advances	4,172	3,907
Balance of impairment charges for collectively-assessed loans and advances	1,325	1,465
Balance of provisions for guarantees and liabilities	468	552
Balance of loan impairment charges and provisions for guarantees	**5,965**	**5,924**
Balance of discounts	753	408
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts	**6,718**	**6,332**
Balance of value adjustments	458	757
Balance of loan impairment charges and provisions for guarantees incl. balance of discounts and balance of value adjustments	**7,176**	**7,089**

NET EFFECT FROM IMPAIRMENT CHARGES, ETC.

DKKm	2015	2014
Change in balance of loan impairment charges	245	-1,420
Recognised as a loss, covered by impairment charges/provisions	-643	-524
Recognised as a loss, not covered by loan impairment charges/provisions	-301	-390
Recoveries	-143	82
Interest-rate adjustment of impairment charges	139	157
Loan impairment charges and provisions for guarantees	**-703**	**-2,095**
Recognised discount for assets taken over	453	208
Net effect on income statement	**-250**	**-1,887**
Value adjustments for financial instruments	298	-541
Net effect on income statement, inclusive of value adjustments	**48**	**-2,428**

GEOGRAPHICAL BREAKDOWN OF IMPAIRED AND PAST DUE EXPOSURES				
DKKm	EAD for impaired exposures	EAD for past due exposures	EAD, both past due and impaired	Development in loan impairment charges and provisions over the year inclusive of discount balance and value adjustment
Denmark	26,494	25	10	85
Rest of the EU	418	147	1	2
Rest of the world	545	2	0	1
Total 2015	**27,457**	**174**	**11**	**88**
Total 2014	32,084	86	16	1,460

BREAKDOWN OF COLLATERAL BY TYPE OF COLLATERAL FOR EXPOSURE ACCORDING TO THE STANDARDISED APPROACH			
DKKm	Exposure	Financial collateral	REA
Central governments or central banks	3,734	60	-
Regional governments or local authorities	7,218	3,728	-
Public sector entities	197	195	0
Multilateral development banks	-	-	-
International organisations	-	-	-
Institutions	46,956	32,825	5,116
Corporates	4,345	1,685	2,407
Retail	2,027	602	1,068
Secured by mortgages on immovable property	1,571	-	523
In default	1,202	74	573
Exposures associated with particularly high risk	1	1	-
Covered bonds	4,096	-	410
Institutions with a short-term credit assessment	307	-	153
Equity	15,681	-	18,994
Total 2015	**87,334**	**39,171**	**29,244**
Total 2014	82,870	20,860	26,732

BREAKDOWN OF COLLATERAL BY TYPE OF COLLATERAL FOR EXPOSURE ACCORDING TO THE AIRB APPROACH							
DKKm	Exposure	Collateral					REA
		Real property collateral	Financial collateral	Physical collateral	Other funded collateral	Guarantee collateral	
Corporates, total	146,249	7,194	62,338	4,530	3	2,433	49,902
Large corporate clients	88,207	1,488	50,967	934	1	544	19,007
Specialised lending	379	-	-	-	-	-	275
SME corporates	57,663	5,706	11,371	3,596	2	1,889	30,620
Retail, total	55,551	28,487	1,926	531	2	87	12,212
Real property, personal	29,199	23,271	-	-	-	-	3,116
Real property, SMEs	8,215	5,216	-	-	-	-	2,577
Other retail, private	12,906	-	1,253	396	0	37	4,451
Other retail, SMEs	5,231	-	673	136	1	49	2,067
Total 2015	**201,800**	**35,681**	**64,264**	**5,062**	**5**	**2,520**	**62,114**
Total 2014	196,052	43,410	50,707	5,000	19	2,593	64,600

Note: The table does not include equities, securitisations and assets without counterparties.

Appendix 2: Supplementary tables for Jyske Bank A/S

MAIN TYPES OF GUARANTORS AND THEIR CREDITWORTHINESS			
	Type	**Collateral (DKKm)**	**Av. Credit rating**
Corporates	Surety	1,372	4.6
Retail	Surety	815	3.6
Governments	Guarantee	353	1.0
Total 2015		2,539	
Total 2014		6,288	

BREAKDOWN OF EXPOSURES FOR CLIENTS WITH COLLATERAL ACCORDING TO THE STANDARDISED APPROACH		
DKKm	**EAD**	**Collateral**
Central governments or central banks	36	60
Regional governments or local authorities	1,530	3,728
Public sector entities	1	195
Institutions	4,786	32,825
Corporates	419	1,665
Retail	214	562
Secured by mortgages on immovable property	332	61
In default	357	74
Exposures associated with particularly high risk	0	1
Total 2015	**7,675**	**39,171**
Total 2014	5,664	20,860

BREAKDOWN OF EXPOSURES FOR CLIENTS WITH COLLATERAL PROVIDED IN THE FORM OF GUARANTEES		
DKKm	**EAD**	**Collateral**
Corporates, total	7,589	2,433
Large corporate clients	*1,655*	*544*
Specialised lending	*-*	*-*
SME corporates	*5,934*	*1,889*
Retail, total	132	87
Real property, personal	*-*	*-*
Real property, SMEs	*-*	*-*
Other retail, private	*52*	*37*
Other retail, SMEs	*80*	*49*
Total 2015	**7,721**	**2,520**
Total 2014	8,306	2,593

Appendix 3: Supplementary tables for BRFkredit a/s

The tables in the appendix only show the exposure categories, sectors and geographical areas to which BRFkredit a/s has exposure.

CAPITAL BASE		
DKKm	**2015**	**2014**
Equity	11,781	11,084
Intangible assets	-3	-9
Prudent valuation	-94	-66
Deferred tax assets	-	-198
Common Equity Tier 1 capital	**11,684**	**10,811**
Hybrid core capital	-	-
Diff. between expected losses and impairment charges	-	-
Excess deductions	-	-
Core capital	**11,684**	**10,811**
Supplementary capital	-	-
Diff. between expected losses and impairment charges	135	53
Collective impairment under the standard approach	-	65
Offsetting of excess deductions	-	-
Capital base	**11,820**	**10,929**
REA	**61,770**	**61,845**

CAPITAL BASE REQUIREMENTS BY RISK TYPE		
DKKm	**2015**	**2014**
Credit risk	4,559	4,188
Market risk	173	318
Operational risk	231	240
Capital base requirement, Pillar I	4,963	4,746
Capital base requirement, transitional rules	2,834	2,143
Total	**7,797**	**6,889**

Note: The capital base requirement for credit risk includes CVA requirements of DKK 2m in 2015 and DKK 10m in 2014.

CAPITAL BASE REQUIREMENT (STANDARDISED APPROACH)		
DKKm	**2015**	**2014**
Central governments or central banks	-	-
Regional governments or local authorities	-	-
Public sector entities	-	-
Multilateral development banks	-	-
International organisations	-	-
Institutions	209	248
Corporates	-	-
Retail	-	-
Secured by mortgages on immovable property	2	4
In default	-	-
Exposures associated with particularly high risk	-	-
Covered bonds	-	-
Institutions with a short-term credit assessment	-	-
Equity	60	97
Total	**271**	**349**

Appendix 3: Supplementary tables for BRFkredit a/s

CAPITAL BASE REQUIREMENTS (AIRB APPROACH)		
DKKm	**2015**	**2014**
Corporates, total	2,365	2,343
Large corporate clients	2,365	2,343
Specialised lending	-	-
SME corporates	-	-
Retail, total	1,845	1,399
Real property, personal	1,845	1,399
Real property, SMEs	-	-
Other retail, private	-	-
Other retail, SMEs	-	-
Securitisations	-	-
Assets without counterparties	76	87
Total	**4,286**	**3,829**

CAPITAL BASE REQUIREMENT FOR MARKET RISK				
DKKm	**2015**		**2014**	
Risk type	REA	Capital base requirements	REA	Capital base requirements
Debt instruments	2,020	162	3,930	314
Shares, etc.	-	-	-	-
Commodities	-	-	-	-
Currency position	140	11	50	4
Total	**2,160**	**173**	**3,980**	**318**

ADEQUATE CAPITAL BASE AND SOLVENCY REQUIREMENT FOR BRFkredit A/S				
DKKm	**2015**	**% of REA**	**2014**	**% of REA**
Credit risk	5,569	9.0	5,422	9.2
Market risk	173	0.3	318	0.5
Operational risk	231	0.4	240	0.4
Other	0	0	320	0.5
Total	**5,973**	**9.6**	**6,300**	**10.6**

The determination of the adequate capital base for BRFkredit a/s takes place according to the 8+ method based on the capital base requirement of 8% of the total risk-weighted exposure amount with additions to cover further risks that are asses not to be covered by the capital base requirement. These may be risks that are assessed not to be covered by the capital base requirement or risks that are assessed to above normal in relation to the capital base requirement for the risk type on question.

When assessing the adequate capital base, all circumstances as mentioned in appendix 1 in the Executive Order on Calculation of Risk Exposures, Own Funds and Solvency Need are included. Based on BRFkredit's business model and risk profile, the importance of the individual circumstances on BRFkredit a/s' capital structure is assessed, and for important circumstances, the size of the capital addition is quantified based on the guidelines in the instructions on adequate capital base and solvency requirements.

Credit risks
BRFkredit a/s has assumed credit risks necessitating separate additions for the capital base requirement for credit risk. These additions cover

- credit risk for large clients with financial problems,
- credit risk for weak clients in the remaining credit portfolio,
- credit risk concentration on individual exposures,
- credit risk concentration on clients with adjustable-rate loans,
- excessive impairment charges relative to expected losses, and
- model uncertainty.

Market risks
BRFkredit a/s has not assumed market risks necessitating any separate addition for the capital base requirement for market risk.

Operational risks
BRFkredit a/s has not assumed operational risks necessitating any separate addition for the capital base requirement for operational risk.

Other risks
BRFkredit a/s has no other risks, including the risk of low earnings, lending growth, liquidity risk and re-financing risk that will necessitate separate initiatives.

Adequate capital base
The adequate capital base for BRFkredit a/s amounts to DKK 6.0bn at Q4 2015, corresponding to an individual solvency requirement of 9.6 %. The capital base requirement, inclusive of the transitional rules for the determination of credit risk according to the IRB approach amounts to DKK 7.8bn (12.6 %).

The capital base for BRFkredit a/s amounts to DKK 11.8bn at Q4 2015, corresponding to a capital ratio of 19.1 %.

Appendix 3: Supplementary tables for BRFkredit a/s

EXPOSURES ACCORDING TO THE STANDARDISED APPROACH WITH IMPAIRMENT CHARGES AND COLLATERAL			
DKKm	**EAD after value adjustments but before credit reductions**	**Impairment charges and provisions**	**Collateral**
Central governments or central banks	3,087	-	-
Regional governments or local authorities	-	-	-
Public sector entities	-	-	-
Multilateral development banks	-	-	-
International organisations	-	-	-
Institutions	10,816	-	-
Corporates	-	-	-
Retail	-	-	-
Secured by mortgages on immovable property	71	-	-
In default	-	-	-
Exposures associated with particularly high risk	-	-	-
Covered bonds	-	-	-
Institutions with a short-term credit assessment	-	-	-
Equity	745	-	-
Total 2015	**14,719**	**-**	**-**
Total 2014	15,340	-	-

EXPOSURES ACCORDING TO THE AIRB APPROACH WITH IMPAIRMENT CHARGES AND COLLATERAL			
DKKm	**EAD after value adjustments but before credit reductions**	**Impairment charges and provisions**	**Collateral**
Corporates, total	125,256	1,090	121,618
Large corporate clients	*125,256*	*1,090*	*121,618*
Specialised lending	-	0	-
SME corporates	-	0	-
Retail, total	127,446	335	127,109
Real property, personal	*127,446*	*335*	*127,109*
Real property, SMEs	-	-	-
Other retail, private	-	-	-
Other retail, SMEs	-	-	-
Securitisations	-	-	-
Assets without counterparties	946	-	-
Total 2015	**253,648**	**1,425**	**248,727**
Total 2014	221,657	1,584	217,054

Note: Because impairment charges are not included in EAD according to the AIRB approach, EAD after value adjustment but before credit reductions in the table above is identical to the non-adjusted EAD amount in other AIRB tables.

AVERAGE EXPOSURES BROKEN DOWN BY EXPOSURE CATEGORY		
DKKm	**2015**	**2014**
Exposures according to the standardised approach		
Central governments or central banks	1,693	350
Regional governments or local authorities	0	0
Public sector entities	0	0
Multilateral development banks	0	0
International organisations	0	0
Institutions	10,826	9,574
Corporates	0	0
Retail	0	0
Secured by mortgages on immovable property	71	86
In default	0	0
Exposures associated with particularly high risk	0	0
Covered bonds	0	0
Institutions with a short-term credit assessment	0	0
Equity	1,086	361
Exposures according to the AIRB method		
Corporates, total	122,259	115,932
Large corporate clients	*122,259*	*115,932*
Specialised lending	0	0
SME corporates	0	0
Retail, total	118,071	97,097
Real property, personal	*118,071*	*97,097*
Real property, SMEs	0	0
Other retail, private	0	0
Other retail, SMEs	0	0
Qualified, revolving retail exposures	0	0
Securitisations	0	0
Assets without counterparties	1,249	1,722
Total	**255,254**	**225,122**

GEOGRAPHICAL BREAKDOWN OF EXPOSURES				
DKKm	**Denmark**	**Rest of the EU**	**Rest of the world**	**Total 2015**
Exposures according to the standardised approach				
Central governments or central banks	3,087	-	-	3,087
Regional governments or local authorities	-	-	-	-
Public sector entities	-	-	-	-
Multilateral development banks	-	-	-	-
International organisations	-	-	-	-
Institutions	10,645	167	3	10,815
Corporates	-	-	-	-
Retail	-	-	-	-
Secured by mortgages on immovable property	-	71	-	71
In default	-	-	-	-
Exposures associated with particularly high risk	-	-	-	-
Covered bonds	-	-	-	-
Institutions with a short-term credit assessment	-	-	-	-
Equity	745	-	-	745
Exposures according to the AIRB method				
Corporates, total	125,002	134	120	125,256
Large corporate clients	*125,002*	134	120	*125,256*
Specialised lending	-	-		-
SME corporates	-	-		-
Retail, total	126,877	249	320	127,446
Real property, personal	*126,877*	249	320	*127,446*
Real property, SMEs	-	-	-	-
Other retail, private	-	-	-	-
Other retail, SMEs	-	-	-	-
Securitisations	-	-	-	-
Assets without counterparties	946	-	-	*946*
Total 2015	**267,302**	**621**	**443**	**268,366**
Total 2014	236,928	69	-	236,997

Note: For 2015, the geographical distribution was based on the client's addresses according the Common reporting (COREP). In 2014, the distribution was based on the location of the properties. The financed properties are still located in Denmark.

GEOGRAPHICAL BREAKDOWN OF EXPOSURE-WEIGHTED AVERAGES						
	Denmark		**Rest of the EU**		**Rest of the world**	
Exposure category	**Av. PD**	**Av. LGD**	**Av. PD**	**Av. LGD**	**Av. PD**	**Av. LGD**
Large corporate clients	5.35	6.58	16.28	11.19	21.92	53.13
Specialised lending	-	-	-	-	-	-
SME corporates	-	-	-	-	-	-
Real property, personal	2.98	10.40	7.74	11.04	9.40	8.46
Real property, SMEs	-	-	-	-	-	-
Other retail, private	-	-	-	-	-	-
Other retail, SMEs	-	-	-	-	-	-
Securitisations	-	-	-	-	-	-
Assets without counterparties	-	-	-	-	-	-
Total 2015	**4.15**	**8.50**	**10.73**	**11.09**	**12.81**	**20.64**
Total 2014	5.64	8.32	-	-	-	-

Note: For 2015, the geographical distribution was based on the client's addresses according the Common reporting (COREP). In 2014, the distribution was based on the location of the properties. The financed properties are still located in Denmark.

SECTOR BREAKDOWN OF EXPOSURES ACCORDING TO THE STANDARDISED APPROACH BROKEN DOWN BY EXPOSURE CATEGORY

DKKm	Central governments or central banks	Regional governments or local authorities	Public sector entities	Multilateral development banks	International organisations	Institutions	Corporates	Retail	Secured by mortgages on immovable property	In default	Exposures associated with particularly high risk	Covered bonds	Institutions with a short-term credit assessment	Equity	Total
Banks and mortgage credit institutions	-	-	-	-	-	10,815	-	-	-	-	-	-	-	-	10,815
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Real property	-	-	-	-	-	-	-	-	71	-	-	-	-	123	194
Finance and insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	620	620
Manufacturing and mining, etc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commerce	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Information and communication	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2
Agriculture, hunting, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public authorities	218	-	-	-	-	-	-	-	-	-	-	-	-	-	218
Governments	2,869	-	-	-	-	-	-	-	-	-	-	-	-	-	2,869
Transport, hotels and restaurants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other sectors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Personal clients	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 2015	**3,087**	**-**	**-**	**-**	**-**	**10,815**	**-**	**-**	**71**	**-**	**-**	**-**	**-**	**745**	**14,719**
Total 2014	697	-	-	-	-	13,307	-	-	125	-	-	-	-	1,211	15,340

Appendix 3: Supplementary tables for BRFkredit a/s

SECTOR BREAKDOWN OF EXPOSURES ACCORDING TO THE AIRB APPROACH BROKEN DOWN BY EXPOSURE CATEGORY								
DKKm	Large corporate clients	Specialised lending	SME corporates	Real property, personal	Real property, SMEs	Other retail, private	Other retail, SMEs	Total 2015
Construction	508	-	-	1	-	-	-	**509**
Energy supply	59	-	-	-	-	-	-	**59**
Real property	101,840	-	-	83	-	-	-	**101,923**
Finance and insurance	3,560	-	-	-	-	-	-	**3,560**
Manufacturing, mining, etc.	252	-	-	-	-	-	-	**252**
Commerce	881	-	-	1	-	-	-	**882**
Information and communication	43	-	-	-	-	-	-	**43**
Agriculture, hunting, forestry and fishing	107	-	-	-	-	-	-	**107**
Public authorities	394	-	-	-	-	-	-	**394**
Transport, hotels and restaurants	510	-	-	-	-	-	-	**510**
Other sectors	11,925	-	-	-	-	-	-	**11,925**
Personal clients	5,176	-	-	127,361	-	-	-	**132,537**
Total 2015	**125,256**	**-**	**-**	**127,446**	**-**	**-**	**-**	**252,701**
Total 2014	118,381	-	-	102,181	-	-	-	220,562

Note: The table does not include securities and assets without counterparties.

EXPOSURE BY TIME TO MATURITY				
DKKm	**< 1 year**	**1 - 5 years**	**> 5 years**	**Total**
Exposures according to the standardised approach				
Central governments or central banks	2,869	-	218	3,087
Regional governments or local authorities	-	-	-	-
Public sector entities	-	-	-	-
Multilateral development banks	-	-	-	-
International organisations	-	-	-	-
Institutions	6,516	-	4,299	10,815
Corporates	-	-	-	-
Retail	-	-	-	-
Secured by mortgages on immovable property	-	-	71	71
In default	-	-	-	-
Exposures associated with particularly high risk	-	-	-	-
Covered bonds	-	-	-	-
Institutions with a short-term credit assessment	-	-	-	-
Equity	-	-	745	745
Exposures according to the AIRB method				
Corporates, total	-	20,472	104,784	125,256
Large corporate clients	-	*20,472*	*104,784*	*125,256*
Specialised lending	-	-	-	-
SME corporates	-	-	-	-
Retail, total	-	3,684	123,762	127,446
Real property, personal	-	*3,684*	*123,762*	*127,446*
Real property, SMEs	-	-	-	-
Other retail, private	-	-	-	-
Other retail, SMEs	-	-	-	-
Securitisations	-	-	-	-
Assets without counterparties	-	-	946	946
Total 2015	**9,385**	**24,155**	**234,826**	**268,366**
Total 2014	8,537	25,382	203,078	236,997

IMPAIRED AND PAST DUE EXPOSURES BROKEN DOWN BY SECTOR

DKKm	EAD for impaired exposures	EAD for past due exposures	EAD, both past due and impaired	Balance of loan impairment charges and provisions for guarantees	Net effect from impairment charges, etc.
Banks and mortgage credit institutions	-	-	-	-	-
Construction	32	-	-	11	-2
Energy supply	-	-	-	-	-
Real property	7,618	956	956	918	-13
Finance and insurance	229	30	30	50	-5
Manufacturing, mining, etc.	0	0	0	-	0
Commerce	27	2	2	2	-2
Information and communication	-	-	-	-	-
Agriculture, hunting, forestry and fishing	18	3	3	1	-1
Transport, hotels and restaurants	1	1	1	0	-0
Other sectors	447	215	212	78	72
Personal clients	1,976	1,420	1,378	365	-235
Total 2015	**10,347**	**2,627**	**2,581**	**1,425**	**-186**
Total 2014	12,613	3,959	3,900	1,585	-843

GEOGRAPHICAL BREAKDOWN OF IMPAIRED AND PAST DUE EXPOSURES

DKKm	EAD for impaired exposures	EAD for past due exposures	EAD, both past due and impaired	Impairment charges and provisions of the year
Denmark	10,309	2,598	2,552	-168
Rest of the EU	12	12	12	3
Rest of the world	27	17	17	5
Total 2015	**10,347**	**2,627**	**2,581**	**-160**
Total 2014	12,613	3,960	3,900	484

BREAKDOWN OF COLLATERAL BY TYPE OF COLLATERAL FOR EXPOSURE ACCORDING TO THE AIRB APPROACH

DKKm	Exposure	Collateral						Total risk-weighted exposure
		Real property collateral	Financial collateral	Physical collateral	Other funded collateral	Guarantee collateral	Other collateral	
Corporates, total	125,256	121,618	-	-	-	-	-	29,568
Large corporate clients	*125,256*	*121,618*	-	-	-	-	-	29,568
Specialised lending	-	-	-	-	-	-	-	-
SME corporates	-	-	-	-	-	-	-	-
Retail, total	127,446	127,109	-	-	-	-	-	23,057
Real property, personal	*127,446*	*127,109*	-	-	-	-	-	23,057
Real property, SMEs	-	-	-	-	-	-	-	-
Other retail, private	-	-	-	-	-	-	-	-
Other retail, SMEs	-	-	-	-	-	-	-	-
Total 2015	**252,701**	**248,727**	**-**	**-**	**-**	**-**	**-**	**52,625**
Total 2014	220,562	217,054	-	-	-	-	-	46,772

Appendix 3: Supplementary tables for BRFkredit a/s

BREAKDOWN OF COLLATERAL BY TYPE OF COLLATERAL FOR EXPOSURE ACCORDING TO THE STANDARDISED APPROACH			
DKKm	**Exposure**	**Financial collateral**	**REA**
Central governments or central banks	3,087	-	-
Regional governments or local authorities	-	-	-
Public sector entities	-	-	-
Multilateral development banks	-	-	-
International organisations	-	-	-
Institutions	10,815	-	2,615
Corporates	-	-	-
Retail	-	-	-
Secured by mortgages on immovable property	71	-	25
In default	-	-	-
Exposures associated with particularly high risk	-	-	-
Covered bonds	-	-	-
Institutions with a short-term credit assessment	-	-	-
Equity	745	-	745
Total 2015	**14,719**	**-**	**3,385**
Total 2014	15,340	-	4,359

MAIN TYPES OF GUARANTORS AND THEIR CREDITWORTHINESS			
	Type	**Collateral (DKKm)**	**Av, Credit rating**
Corporates	Surety	-	-
Retail	Surety	-	-
Governments	Guarantee	2,942	1.0
Total 2015		**2,942**	
Total 2014		3,796	

Appendix 4: Definitions

ABS	Asset Backed Security. A general term for claims whose value is determined by a pool of specified underlying assets such as a certain type of loan.
Adequate capital base	The Group's own assessment of its capital requirements due to the risks assumed by the Group.
AIRB	The Advanced Internal Rating Based approach. A method under the CRR for determining the minimum capital base requirement to cover credit risk.
Back-testing	An ex-post comparison of forecast and realised values with the object of assessing the absolute precision of the relevant models.
Balance principle	The balance principle means that the borrowers' payments of interest and instalments match the payments on the bonds issued to fund the mortgage loan.
Benchmarking	A management tool used for comparing the accuracy of the model under review with the accuracy of alternative models.
Business risk	The risk of unexpected fluctuations in earnings capacity or level of expenses, for instance due to falling trading activity, falling deposits or loans and advances or reductions in prices.
Calibration	Adjustment of a given model to bring it to an intended level.
Capital base	The capital base consists of core capital and subordinated debt; it must at all times be higher than the adequate capital base and the capital base requirement.
Capital base requirements	The minimum capital requirement is the amount of capital that the Group must hold to maintain its banking licence. The determination is based on statutory formulas which prescribe how the total risk exposure must be measured. The capital base requirement is 8% of this.
Capital centre	Covered bonds and mortgage bonds are issued by capital centres with separate individual capital base requirements. At BRFkredit, SDOs are issued at Capital Centre E and RO at Capital Centre B.
Capital conservation buffer	A capital base requirement of 2.5% of the total risk exposure. To be phased in gradually. To be accumulated as protection against crisis.
Capital ratio (%)	The capital base divided by the total risk exposure.
CDO	Collateralised Debt Obligations. Bonds whose value is determined by the value of pools of underlying claims which are typically not commercial loans or real property.
CLS	Continuous Linked Settlement. A settlement system linking "payment to payment", which reduces the settlement risk of FX transactions made between participants of the CLS system. Jyske Bank is a third-party member.
Commodity risk	The risk of loss caused by changing commodity prices.

Appendix 4: Definitions

Common Equity Tier 1 capital	Equity less a number of deductions.
Core capital	The sum of Common Equity Tier 1 capital and hybrid core capital.
Countercyclical buffer	A capital base requirement of up to 2.5% of the total risk exposure. This is determined by the authorities taking into account the current economic situation.
Counterparty credit risk	The risk of loss due to a counterparty failing to fulfil his obligations.
Country risk	The risk of loss caused by the economic and political conditions in a given country.
CP	Commercial Paper. Short-term debt instruments which may be, but are not necessarily, zero-coupon instruments with maturities up to a year.
CRD IV	The Capital Requirements Directive is an EU directive, which through the Danish Financial Business Act, was implemented directly in Danish legislation with effect as of 1 April 2014.
Credit risk	The risk of loss caused by clients' or counter-parties' failure to meet their payment obligations. Credit risk extends to loans and advances, committed credit facilities and guarantees, market values of derivatives and equity investments.
CRR	The Capital requirements regulation is an EU regulation that lays down the rules for capital adequacy of credit institutions.
CSA	Credit support Annex. An annex to an ISDA contract, under which Jyske Bank is entitled to collateral if a counterparty's negative market values exceed an agreed maximum. Jyske Bank must put up margin for the counterparty if the market value in favour of the counterparty exceeds an agreed limit
Currency risk	The risk of loss caused by changing exchange rates.
CVA Risk Charge	Credit Value Adjustment risk charge. The potential net loss that may occur in the portfolio of derivatives if in future the credit quality among counterparties deteriorates.
Default	An exposure is termed 'defaulted' if the borrower is expected not to meet all his obligations towards the Group (risk categories 2 and 3 - high and full risk).
Defaulted exposures	Defaulted clients and past due exposures.
EAD	Exposure At Default. The estimated exposure, should the client default in the course of the next twelve months.
EBA	European Banking Authority.
ECB	European Central Bank.
Economic capital	Economic capital is the capital required to cover the Group's unexpected loss one year into the future. Economic capital covers credit risk, market risk, operational risk and business risk.

EMTN	European Medium Term Notes. Typically with maturities of between two and ten years.
EPE	Expected Positive Exposure. A method for estimating EAD for derivatives.
Equity price risk	The risk of loss caused by changing equity prices.
FiL	Lov om Finansiel Virksomhed (the Danish Financial Business Act).
GMRA	Global Master Repo Agreement. A standardised agreement entered with a counterparty to a repo agreement. The agreement stipulates the trading conditions between the parties, including the right to demand additional margin if the value of the bond put up as collateral falls.
Hybrid core capital	Part of the core capital. A hybrid of share capital and loan capital, and therefore its capital quality is lower than that of Common Equity Tier 1 capital.
ICAAP	Internal Capital Adequacy Assessment Process. The process used when assessing the adequate capital base.
IFRS	International Financial Reporting Standards.
ILAAP	Internal Liquidity Adequacy Assessment Process. The Group's own determination and assessment of liquidity position and liquidity risk.
Impaired exposures	Impaired exposures are defined as exposures for which impairment charges have been made individually.
Individual solvency requirement	The adequate capital base relative to the total risk exposure.
Interest-rate risk	The risk of loss caused by changing market rates.
ISDA	International Swap and Derivative Association. The Association has formulated standardised agreements to be entered with a counterparty. Under such agreements Jyske Bank has the right to apply netting to derivatives transactions.
JB credit rating	A rating on a scale from 1 to 14, where 1 is the highest credit quality (the lowest PD) and 14 the lowest credit quality (the highest PD).
Joint funding	A financial institution may fund loans secured against real property through covered bonds issued by another financial institution or mortgage credit institution.
Leverage ratio	The leverage ratio is core capital relative to the Group's total non-weighted exposures.
LGD	Loss Given Default. The proportion of a given exposure which is expected to be lost if the client defaults in the course of the next twelve months.
Liquidity risk	The risk of Jyske Bank not being able to generate or obtain sufficient liquidity at a reasonable price to meet its payment obligations or ultimately being unable to meet its obligations as they fall due.
Market risk	The risk of loss caused by a change in the market value of the Group's assets and liabilities caused by price changes in the financial markets.

Appendix 4: Definitions

Monte Carlo simulation	A method for analysing models which are too complex for analytical solution. A large number of potential scenarios are simulated, resulting in a precise and detailed description of a range of outcomes.
OAS risk	(Option Adjusted Spread) is the interest rate spread defined as the riskpremium related to investing in a mortgage bond compared to the equivalent swap-rate. The riskpremium can be related to creditrisk, illiquidity and for convertible bonds the conversion right.
OEI	Objective Evidence of Impairment. A concept applied in the measurement of impairment charges under IFRS.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
Past Due	Exposures which have been in default for 90 days or longer.
PD	Probability of Default. The probability of a given client defaulting within the next twelve months.
Pillar II	The part of the Group's adequate capital base that exceeds the capital base requirements.
REA	Risk Exposure Amount or Risk-weighted Exposure Amount
Retail	In relation to the CRD, the 'Retail' category covers private clients and small and medium-sized enterprises. The latter must meet certain criteria to rank as retail clients.
Risk category	Jyske Bank's exposures at risk are broken down into three categories: low (1), high (2) and full (3) risk. Risk categories 2 and 3 are termed defaulted. The risk categories are also applied in the Group's set-up for impairment recognition.
Risk-weighted exposure amount	The risk-weighted exposure amount or the risk exposure amount is calculated according to the capital requirements regulation. Jyske Bank's capital base must correspond to at least 8% of this amount.
RMBS	Residential Mortgage Backed Securities.
RW	Risk weighting according to the capital requirement regulations in force. Risk weightings are applied to the assets to reach the risk-weighted exposure amount.
Settlement risk	The risk of loss caused by the non-fulfilment of payment obligations agreed between Jyske Bank and its counterparties.
SDO	CRD-compliant covered bonds. Loans secured against real property.
SIFI	Systemically important financial institutions
SSB	Senior Secured Bonds. Capital instrument used to meet the requirement of supplementary collateral.
Supplementary collateral	For loans funded through the issue of SDO, supplementary collateral must be provided if LTV exceeds the loan-to-value limit as individual loans must at all times comply with the established loan-to-value limits for the type of real property in question.

Trustee report	A status report from the securitisation's trustee describing the underlying loan portfolio of the securitisation and the development of this to be used by investors, among others,
VaR	Value at Risk expresses the anticipated maximum risk of loss over a given period based on historical price and correlation developments.