Moody's Investors Service

Global Credit Research
Credit Opinion
9 OCT 2008

Credit Opinion: Jyske Bank A/S

Jyske Bank A/S

Silkeborg, Denmark

Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits	Aa2/P-1
Bank Financial Strength	B-
Senior Unsecured	Aa2
Subordinate	Aa3
Jr Subordinate	A1
Other Short Term	P-1

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Key Indicators

Jyske Bank A/S

	[1]**2008**	**2007**	**2006**	**2005**	**2004**	**Avg.**
Total assets (DKK billion)	**224.86**	**214.28**	**160.66**	**141.57**	**125.17**	[2]**6.89**
Total assets (EUR billion)	**30.15**	**28.74**	**21.55**	**18.98**	**16.83**	**--**
Total capital (DKK billion)	**13.69**	**13.02**	**12.95**	**12.04**	**10.60**	[2]**7.06**
Return on average assets	**0.73**	**0.95**	**1.41**	**1.28**	**1.16**	**1.15**
Recurring earnings power [3]	**1.06**	**1.28**	**1.62**	**1.68**	**1.73**	**1.56**
Net interest margin	**1.89**	**2.03**	**2.27**	**2.36**	**2.67**	**2.31**
Cost/income ratio (%)	**60.35**	**58.46**	**60.65**	**59.85**	**59.21**	**59.15**
Problem loans % gross loans	**0.50**	**0.47**	**0.40**	**0.68**	**1.92**	**0.87**
Tier 1 ratio (%)	**--**	**8.10**	**9.70**	**10.90**	**10.00**	**9.78**

[1] As of June 30. [2] Compound annual growth rate. [3] Preprovision income % average assets

Opinion

SUMMARY RATING RATIONALE

The B- Bank Financial Strength Rating (BFSR) assigned to Jyske Bank A/S, which translates into a Baseline Credit Assessment of A1, reflects its good domestic franchise, relatively low risk profile and solid financial fundamentals.

At the end of June 2008, the bank's assets totalled DKK225 billion (EUR 30 billion), making it the third-largest bank in Denmark. At year-end 2007, Jyske had market shares of around 7% in terms of total deposits and 6% in total bank loans in Denmark.

Jyske Bank's strategy to expand its domestic market share will focus on organic rather than acquisition-based growth. The bank concentrates on its core retail and small- to medium-sized corporate customer base and provides a full range of banking services either in-house or through distribution of third-party products, such as mortgage and insurance products. The bank holds a dominant position in terms of market share in the region of Jutland, where its corporate headquarters are also based.

The Aa2 deposit and debt ratings of Jyske Bank incorporate three elements: (1) the bank's Baseline Credit Assessment of A1, (2) Denmark's local currency deposit ceiling (LCDC) of Aaa, and (3) Moody's assessment of a very high probability of systemic support for the bank in the event of a stress situation occurs (a component of Moody's Joint Default Analysis (JDA) methodology). These ratings thus enjoy a two-notch uplift to Aa2 from the A1 Baseline Credit Assessment.

Credit Strengths

- Good domestic franchise with an emphasis on organic growth rather than acquisitions

- Link with Nykredit has potential to benefit Jyske in the medium-to-long term

- Adequate core profitability, generally solid financial fundamentals

- Solid asset quality

Credit Challenges

- Offsetting decline in net interest margin via increasing the emphasis on fee-generating income

- Efficiency remains an ongoing challenge

- Some credit concentration in the lending portfolio

- Preserving asset quality across the economic cycle

Rating Outlook

The stable outlook on all of Jyske Bank's ratings reflects their good positioning within their current categories, underpinned by solid asset quality and good financial fundamentals.

What Could Change the Rating - Up

The BFSR is comfortably positioned in the current rating category. However, continuing improvements in the financials, particularly taking and maintaining profitability in a B range and a reduction in single-name credit exposures, could lead to upward pressure on the BFSR.

What Could Change the Rating - Down

The BFSR could be adversely affected by any deterioration in liquidity or worsening credit quality of the bank's major customers, although this remains unlikely given the current strategy and economic conditions in the region. An erosion of the bank's core regional franchise might also exert downward pressure on the BFSR.

Recent Results and Developments

Jyske Bank's revenue base remains relatively diversified, and pre-provision income for H1 2008 stood at DKK1.168 billion, slightly down from DKK1.196 billion for H1 2007. This almost flat result is on the basis of annual loan growth of 25% in 2007 and 8% in H1 2008, reflecting the slowdown in the Danish economy. Moody's notes that the loan growth is mainly due to repos.

Deposit growth increased by 28% in 2007, but only 1% in the first-half 2008, reflecting the strong competition for deposits in Denmark.

Mark-to-market adjustments were positive at DKK244 million (vs. DKK256 million in H1 2007). However, these figures include a one-off payment from Totalkredit of DKK337 million as an adjustment of the price for the sale of Totalkredit related to performance. Moody's notes that Jyske Bank's CDO portfolio had a market value of DKK2.053 billion at the end of June 2008, up from DKK1.944 billion at end-March 2008.

Provisioning during the period was DKK118 million - up from DKK78 million for H2 2007. However, we note that problem loans in relation to gross loans were higher at 0.50% compared to 0.47% at year-end 2007 and 0.40% at year-end 2006, reflecting the increase in write-downs on specific customers. Similar to other Nordic banks, we do not expect the historic low level of losses to continue, nor do we expect a dramatic change. We also note that Jyske Bank continues to have loan loss reserves of more than 100% of its problem loans.

The capital adequacy and Tier 1 ratios were 11.6% and 10.1%, respectively, at 30 June 2008. Jyske Bank is reporting capital levels according to the rules for transition to Basel II.

In August, Jyske Bank decreased its 3% holding of own shares, reducing its nominal share capital to DKK540 million from DKK560 million.

On October 5th, 2008 the leading political parties in the Danish Parliament entered into an agreement to safeguard financial stability. The agreement will be converted into a law as soon as possible. The key point is to give unlimited support to depositors and senior creditors. The condition is that the bank is member of "Det Private Beredskab" (the Danish banking sector's contingency association) and promise not to pay dividend, buy back shares and not establish or renew option programmes. Jyske Bank is member of Det Private Beredskab.

DETAILED RATING CONSIDERATIONS

Detailed considerations for Jyske Bank's currently assigned ratings are as follows:

Bank Financial Strength Rating

Moody's assigns a B- BFSR to Jyske Bank A/S, which we believe is an appropriate measure of the bank's current financial strength, given the trends of the past three years and the current challenges facing the bank in terms of its profitability and franchise. The rating is supported by qualitative factors, particularly Denmark's benign economic environment and good regulatory practices, but constrained by factors such as loan portfolio concentration in the form of single-loan exposures.

As a point of reference, the assigned BFSR is in line with the outcome generated by Moody's bank financial strength scorecard.

Qualitative Rating Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

Jyske Bank enjoys a solid franchise as the third-largest commercial bank in Denmark after Danske Bank and Nordea Bank Denmark, with total assets of DKK225 billion at H1 2008. When looking at the overall size of Jyske Bank's balance sheet, it is important to note that, as a large part of the bank's mortgage loans are financed by Totalkredit, DLR and Nykredit, these loans have been transferred to the three entities.

Jyske had approximately a 7% market share of total deposits and 6% of total loans in Denmark at the end of 2007. The bank has a nationwide presence, with its strongest franchise in Jutland, where the majority of its 119 branches and its headquarters are located.

Jyske Bank has now fully implemented a new strategic concept under the name "Jyske Differences 2nd Generation". This concept was launched in the third quarter of 2006 and has entailed the refurbishment of 119 of its bank branches and seven different conference layouts, designed in a more modern and futuristic style. Apart from external changes, under this new concept the bank has also adopted a different approach to customers and has introduced a broader range of banking and "near-banking" products offered through the branches.

Jyske's foreign operations are very important for the Jyske Bank group, contributing almost 20% of group's overall profit in 2007. Jyske Bank operates subsidiaries in Switzerland and Gibraltar, as well as branches in London (will be closed), Hamburg and Cannes (France). These are primarily aimed at developing private banking and asset management business. A large part of Jyske Bank's international activities are limited to asset management operations and in the Netherlands via its 60% stake in the asset management firm Berben's Effectenkantoor (Berben).

Berben (an asset management company focusing on high-net-worth customers based in the Netherlands - and is 60% owned by Jyske Bank) made contributions to the bank's overall profit in 2007 (approximately 2%). Moody's recognises that foreign operations are an important part of Jyske Bank's activities and, also taking into account the strong track record in its businesses abroad where no significant problems and difficulties have ever arisen, we are confident about these operations.

Jyske has co-operation agreements with mortgage providers Nykredit Realkredit A/S and DLR Kredit for the supply of their mortgage products through the bank's branch network. Jyske also has an agreement with Pensionsforsikringsselskaber (PFA) for the supply of PFA's life insurance products through Jyske's network.

Letpension (literally means "easy pension") is a newly established company consisting of 121 regional and local banks with the ultimate aim of simplifying pensions. Jyske Bank was one of the lead banks supporting the creation of this company to acquire and restructure existing pension companies. Letpension anticipated launch is in 2009 and Jyske will be a key player. This new company will benefit Jyske as it will offer greater distribution power, cost-related advantages and also utilisation of existing sales and marketing network of the participating banks. Continued growth of the pension market and the prospect of further deregulation provide a further rationale for

Jyske's involvement in this project.

We believe that Jyske will continue to develop its co-operation with these strategic partners and we view this as a positive factor. These co-operation agreements will enable Jyske to create synergies, improve cost efficiency and better establish its position in the market with larger market shares, ultimately creating a counterbalance to Danske and Nordea Group.

Moody's believes that the overall score of B- for franchise value adequately reflects these strengths and challenges.

Factor 2: Risk Positioning

Trend: Neutral

As of June 2008, the bank had more than 250,000 shareholders, of which more than 215,000 are customers. Slightly more than 60% of the share capital is held by shareholders with a relationship with the bank. Each share carries one vote, with a maximum of 4,000 votes permitted for any one shareholder. At half-year 2008, the only two shareholders exceeding 5% of total shares were Nykredit Realkredit with a stake of approximately 7.5% and Jyske Bank itself. However the recent cancellation of shares has reduced Jyske's relative holding. Given the high proportion of shareholders with a relatively low stake in Jyske, and the restriction in voting rights, a hostile takeover would be highly unlikely. Positively, we note that the comfort of shareholder protection has not led to relaxation on the part of management, who have continuously delivered satisfactory financial results to date. Jyske Bank largely complies with the corporate governance rules set by the Copenhagen Stock Exchange. However, those rules relating to voting rights are not in line with the bank's strategy and thus are not followed.

Jyske Bank has over the years enhanced the information that is publicly available in its accounts and on its website - most notably, information on liquidity has been enhanced over the past nine months.

Jyske's primary source of funding is retail deposits, representing around 53% of total funding for H1 2008, which is decreasing compared to the 56% seen one year earlier but still regarded by Moody's as satisfactory. Interbank deposits account for 18% of Jyske's funding and the remaining share is derived from market funds (27% of total funding) and subordinated debt (2% of total funding).

Despite a 7% increase in the year to 30 June 2008, interbank funding remained relatively low, which we view positively given the more volatile nature of these deposits. Moreover, market funding by type and currency are well diversified. In addition, Jyske Bank continues to place its mortgage loans via Nykredit Realkredit, Totalkredit and DLR. As from 2007, Jyske Bank has no longer been granting asset quality guarantees to Totalkredit, which has led to an improvement in the bank's capital ratios and a reduction in its risk-weighted assets. Furthermore, any losses arising from Jyske Bank's transferred loan portfolio to Totalkredit will be deducted from the fees earned by Jyske Bank.

Liquid assets accounted for 30% of total assets at H1 2008. Overall, we regard Jyske's liquidity as well positioned, a factor that strengthens its rating.

The bank utilises a VaR model with a holding period of one day and a 99% confidence level, defined as approximately 99% Daily Earnings at Risk. For 2007, Jyske's VaR for interest-rate, currency and stock-market risk amounted to DKK30 million compared to DKK14 million at the end of 2006. Despite the increase, we view the overall level of value at risk as acceptable.

Jyske Bank is ready to adopt Basel II, with the most significant changes expected to be the new capital adequacy requirement for operational risks and the use of Internal Ratings-Based (IRB) approach for calculating credit risks. The model was approved by the Danish FSA in November 2007. The bank's use of the RAROC model since 2002 is expected to assist in its preparations to comply with Basel II requirements.

In order to comply with Basel II, the bank has adopted the Advanced IRB approach for credit and the Standardised approach for market risk and operational risk. Overall, the IRB approach applies to about 83% of Jyske Bank's total loan balance. Owing to the bank's relatively low risk profile, the implementation of the IRB approach has resulted in a decrease of 16% in risk weighted assets between year-end 2007 and half-year 2008.

We note that Jyske - similar to other Nordic banks - has relatively large single-name exposures, although these are prudently collateralised.

Jyske Bank A/S scores C for risk positioning. In Moody's opinion the continued improvement of the banks risk management systems is seen as positive.

Factor 3: Regulatory Environment

This factor does not address bank specific issues; instead, it evaluates whether regulatory bodies are independent and credible, demonstrate enforcement powers and adhere to global standards of best practices for risk control. Refer to the most recent Moody's Banking System Outlook for Denmark, to obtain a detailed discussion on the regulatory environment.

Factor 4: Operating Environment

Trend: Neutral

This factor is common to all Danish banks. Moody's assigns an A score for the overall operating environment. Refer to the forthcoming Moody's Banking System Outlook, to obtain a detailed discussion on the operating environment.

Quantitative Rating Factors (50%)

Factor 5: Profitability

Trend: Neutral

Jyske Bank is organised into the following business units: Domestic, Jyske Finans, Jyske Markets, Private Banking, and Finance & Risk Management (Treasury). In addition, Jyske Bank's core customer segments are Retail, SME and commercial customers in Denmark, Markets Operations and Private Banking in Denmark and abroad

Jyske Bank's figures remained satisfactory in H1 2008 despite pressure on profitability due to weaker fee income, losses in the securities portfolio and provisioning levels in the quarter contrasting with previous years' results that were helped by write-backs. Core profitability - expressed as pre-provision income in relation to average risk-weighted assets - stood at 1.98% at year-end 2007 against 2.32% at the end of 2006.

Despite this decrease, Jyske Bank compares well with its peers in terms of profitability. The main driver of its profitability is its solid net interest margins, which accounted for almost 60% of the bank's operating income at end-June 2008.

While the competitive environment in Denmark has placed pressure on the bank's net interest income due to the income from lending, we expect that the competition for deposits will continue to weigh on the overall margins. We have seen a change in loan pricing that has been led by Jyske, which we expect most of the banks to follow in the near term; however, it remains to be seen whether it will be possible to increase the level of risk pricing for less creditworthy loans. Moody's believes it will be possible for the larger Nordic and regional banks to make these changes given the macroeconomic environment.

Since 2004 net interest margin have been continuously narrowing from almost 3% to less than 2%. To offset its shrinking net interest income, Jyske have been generating alternative sources of revenue from selling fee- and commission-generating products. Income from fees and commissions was satisfactory in 2007, but reduced activity affected the results for H1 2008 with a net figure of DKK765 million vs. DKK824 million for H1 2007.

Loan growth slowed to around 8% in H1 2008, slightly below the market rate; however, it is important to note that these figures are based on the loan portfolio excluding the mortgage loans transferred to the mortgage lenders on which Jyske will earn fees and commissions. The loan growth figures are mainly due to repos. Without these, loan growth was flat.

We view the bank's balance between its various sources of income favourably, and we believe that this diversification is a supporting factor for its ratings.

One item that traditionally causes volatility in Danish banks' earnings is the obligatory valuation of treasury positions. For Jyske, the loss on its portfolio has been DKK135 million during Q2. It has a position in CDOs with a market value at the end of H1 2008 of DKK2,053 million; other investments are mainly in government bonds and Danish mortgage bonds. The overall mark-to-market adjustment was positively affected by a one-off payment of DKK337 million from Totalkredit relating to the one-off payment due to the sales agreement.

Jyske Bank's overall pretax profit for H1 2008 was DKK1.054 billion compared to DKK1.201 billion in H1 2007.

Jyske Bank scores C+ for profitability.

Factor 6: Liquidity

Trend: Neutral

The bank's primary source of funding is retail deposits, which accounted for around 53% of total funding at H1

2008. We will continue to monitor the intensifying competition for deposits in Denmark with a view to determining whether there will be any major changes in market share; however, for the larger banks we do not expect any immediate pressure. Jyske Bank's market funding is diversified. It also continues to fund its mortgage loans via Nykredit Realkredit, Totalkredit and DLR.

At H1 2008, the bank's liquidity - mainly in the form of certificates of deposit with the Danish central bank and highly liquid Danish mortgage bonds - amounted to DKK31.5 billion, which covered 12 months' non-access to the capital markets, and with normal business activity growth. This also includes a EUR 500 million syndicated loan facility that has no material adverse change clause.

We believe a score of B- is appropriate for the bank's liquidity.

Factor 7: Capital Adequacy

Trend: Neutral

For H1 2008, the Tier 1 capital ratio was 10.1% and the total capital ratio was 11.6%, reflecting illustrating that Jyske Bank is following the rules for transition to Basel II. These figures confirm that the ratio remains well above the bank's internal equity-based Tier 1 minimum target of 7%. Jyske has also maintained its strategy of a zero dividend payout. In addition we note that Jyske Bank has recently announced its decision to put its programme of share buybacks on hold due to the overall uncertainty in the financial markets.

Considering Jyske's strong risk profile, we continue to view its economic capital as strong.

We thus believe a score of B+ is appropriate for the bank's capital adequacy.

Factor 8: Efficiency

Trend: Neutral

Jyske's cost-to-income ratio slightly deteriorated to 60% in H1 2008 from 58% in H1 2007. The bank continues to focus on cost efficiency and has in recent years made organisational changes to accommodate this. The number of employees was 4,144 at H1 2008, down from 4,184 at H1 2007.

Operating expenses decreased to 1.6% of average assets at H1 2008, an improvement from the 1.9% at H1 2007.

Despite this progress, Jyske's cost-to-income ratio is higher than that of many of its Danish and European peers. Moody's, however, believes that Jyske Bank's recent strategic IT investments can yield potential cost benefits in the longer term.

We believe the score of C for efficiency is appropriate.

Factor 9: Asset Quality

Trend: Weakening

Jyske continues to demonstrate strong asset quality. Problem loans stood at 0.50% of gross loans at end-June 2008, up from 0.43% at end-June 2007 and from the historic low of 0.40% at year-end 2006. Coverage continues to be more than 100% and was 136% at half-year 2008. Jyske compares well to its peer group and we believe that it will continue to perform strongly in terms of asset quality despite an expected softening of the figures, given that write-offs on identified exposures increased in H1 2008. However, we do not expect a dramatic change going forward.

The majority of Jyske Bank's credit exposures are to the so-called Zone A countries (EU countries, OECD member states and certain other states), including 88% to Danish customers and 10% to other Zone A countries.

As at year-end 2007, only around 30% of total lending and guarantees was to private individuals, but there are no concerns about the corporate portfolio, which is very well diversified. Moody's also notes that Jyske Bank's definition of corporate lending incorporates what many European banks may view as retail. Jyske's largest industry exposures include finance and insurance at 18%, public sector 13%, and property administration & services 9%.

Jyske Bank's customers are categorised into 14 rating classes, with 1 indicating the lowest risk of loss (ratings 1 to 5 are considered investment grade and 6 to 14 are speculative grade).

Overall, we continue to regard the bank's solid asset quality as a strong rating driver. When looking at top 20 limits for single-name exposure - not taking collateral into consideration - in relation to capital and earnings, these concentration levels are high compared to other European banks, but in line with Nordic banks.

Moody's assesses Jyske Bank's asset quality to remain among the best compared with other Danish banks, and assign a score of B to this factor. The weakening trend for this factor is due to the overall slowdown in the Danish economy combined with the reduction in house prices.

Global Local Currency Deposit Rating (Joint Default Analysis)

Moody's assigns a global local currency deposit rating of Aa2 to Jyske Bank A/S.

In view of Jyske Bank's position in Denmark and its strength in its local area of Jutland, albeit with moderate nationwide coverage, Moody's assesses the probability of systemic support for the bank in the event of a stress situation as very high. Thus, the deposit rating is supported not only by the bank's Baseline Credit Assessment of A1 but also by Denmark's local currency deposit ceiling (LCDC) of Aaa.

Notching Considerations

The ratings for Jyske Bank's junior obligations are notched off the fully supported rating.

Foreign Currency Deposit Rating

The Aa2 foreign currency deposit ratings of Jyske Bank A/S are unconstrained given that Denmark, in common with other EU members, has a country ceiling of Aaa.

Foreign Currency Debt Rating

The Aa2 foreign currency debt ratings of Jyske Bank A/S are unconstrained given that Denmark, in common with other EU members, has a country ceiling of Aaa.

ABOUT MOODY'S BANK RATINGS

Bank Financial Strength Rating

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. BFSRs do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations. Factors considered in the assignment of BFSRs include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although BFSRs exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the BFSR as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, they are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, which includes: intrinsic financial strength, sovereign transfer risk (in the case of foreign currency deposit ratings), and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly.

According to Moody's joint default analysis (JDA) methodology, the global local currency deposit rating of a bank is determined by the incorporation of external elements of support into the bank's Baseline Credit Assessment. In calculating the Global Local Currency Deposit rating for a bank, the JDA methodology also factors in the rating of the support provider, in the form of the local currency deposit ceiling for a country, Moody's assessment of the probability of systemic support for the bank in the event of a stress situation and the degree of dependence between the issuer rating and the Local Currency Deposit Ceiling.

National Scale Rating

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country. A Aaa rating on Moody's National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be noted that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating. In a similar way to foreign currency deposit ratings, foreign currency debt ratings may also be constrained by the country ceiling for foreign currency bonds and notes; however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

About Moody's Bank Financial Strength Scorecard

Moody's bank financial strength model (see scorecard below) is a strategic input in the assessment of the financial strength of a bank, used as a key tool by Moody's analysts to ensure consistency of approach across banks and regions. The model output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating Factors

Jyske Bank A/S

Rating Factors [1]	**A**	**B**	**C**	**D**	**E**	**Total Score**	**Trend**
Qualitative Factors (50%)						**B-**	
Factor: Franchise Value						**B-**	**Neutral**
Market Share and Sustainability		**x**					
Geographical Diversification			**x**				
Earnings Stability		**x**					
Earnings Diversification [2]							
Factor: Risk Positioning						**C**	**Neutral**
Corporate Governance [2]							
- Ownership and Organizational Complexity	--	--	--	--	--		
- Key Man Risk	--	--	--	--	--		
- Insider and Related-Party Risks	--	--	--	--	--		
Controls and Risk Management		**x**					
- Risk Management		x					
- Controls	x						
Financial Reporting Transparency		x					
- Global Comparability	x						
- Frequency and Timeliness	x						
- Quality of Financial Information		x					
Credit Risk Concentration	**--**	**--**	**--**	**--**	**--**		
- Borrower Concentration	--	--	--	--	--		
- Industry Concentration	--	--	--	--	--		
Liquidity Management		**x**					

Market Risk Appetite	**x**						
Factor: Operating Environment						**A**	**Neutral**
Economic Stability	**x**						
Integrity and Corruption	**x**						
Legal System	**x**						
Financial Factors (50%)						**B-**	
Factor: Profitability						**C+**	**Neutral**
PPP % Avg RWA			2.25%				
Net Income % Avg RWA		1.76%					
Factor: Liquidity						**B-**	**Neutral**
(Mkt funds-Liquid Assets) % Total Assets			7.28%				
Liquidity Management		x					
Factor: Capital Adequacy						**B+**	**Neutral**
Tier 1 ratio (%)		9.57%					
Tangible Common Equity % RWA	9.26%						
Factor: Efficiency						**C**	**Neutral**
Cost/income ratio			59.65%				
Factor: Asset Quality						**B**	**Weakening**
Problem Loans % Gross Loans		1.06%					
Problem Loans % (Equity + LLR)		11.37%					
Lowest Combined Score (15%)						**C+**	
Economic Insolvency Override						**Neutral**	
Aggregate Score						**B-**	
Assigned BFSR						**B-**	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non public information
[2] - A blank score under Earnings diversification or Corporate Governance indicates the risk is neutral