

Ratings

Category	Moody's Rating
Outlook	Stable(m)
Bank Deposits	A1/P-1
Bank Financial Strength	C+
Senior Unsecured	A1
Subordinate MTN	Baa1
Jr Subordinate	Baa1
Preferred Stock	Baa2
Other Short Term	P-1

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Key Indicators

Jyske Bank A/S	[1]2009	[2]2008	2007	2006	2005	[3]Avg.
Total assets (DKK billion)	224.59	236.85	214.28	160.66	141.57	[4]12.40
Total assets (EUR billion)	30.18	31.82	28.74	21.55	18.98	--
Total capital (DKK billion)	15.77	14.00	13.02	12.95	12.04	[4]8.28
Return on average assets	0.21	0.44	0.95	1.41	1.28	0.86
Recurring earnings power [5]	1.46	1.04	1.28	1.62	1.68	1.42
Net interest margin	2.37	1.93	2.04	2.28	2.41	2.21
Cost/income ratio (%)	53.15	61.83	58.46	60.65	59.85	58.79
Problem loans % gross loans	2.21	0.81	0.47	0.40	0.69	0.91
Tier 1 ratio (%)	13.47	9.93	8.10	9.70	10.90	10.42

[1] As of December 31. [2] Statement period in which the bank switched to Basel II accounting framework. [3] The average calculations are based on Basel I and Basel II data where applicable. [4] Compound annual growth rate. [5] Preprovision income % average assets.

Opinion

SUMMARY RATING RATIONALE

Moody's rates Jyske Bank A/S C+/A1/P-1.

The C+ bank financial strength rating (BFSR) assigned to Jyske Bank, which translates into a baseline credit assessment (BCA) of A2, reflects the bank's good domestic franchise and relatively low risk profile. However, the rating is constrained by the bank's limited net profits and volatile earnings, due to mark-to-market adjustments, as well as the ongoing need to focus on managing asset quality, particularly that of large single-name exposures, through the economic downturn.

The A1 global local currency (GLC) rating incorporates three elements: (i) the bank's BCA of A2; (ii) Denmark's local currency deposit ceiling of Aaa; and (iii) Moody's assessment of a high probability of systemic support in the event of a stress situation (a component of Moody's Joint-Default Analysis (JDA) methodology). Based on our support assessment, the A1 ratings receive a one-notch uplift from the A2 BCA.

Credit Strengths

- Good domestic franchise
- Adequate core profitability
- Good liquidity profile

Credit Challenges

- Increase core earnings to offset deteriorating asset quality
- Some credit concentration in the lending portfolio
- Preserving asset quality across the economic cycle

Rating Outlook

Jyske Bank's C+ BFSR has a negative outlook to reflect the potential deterioration in the bank's financial strength when considering its credit exposures and the still-challenging economic outlook in Denmark.

However, taking into account its systemic importance, we believe the bank is well positioned in the A1 category, and we therefore assign a stable outlook to the long-term debt and deposit ratings.

What Could Change the Rating - Up

As the ratings were recently downgraded, we do not see any upward pressure on the BFSR or GLC deposit ratings.

What Could Change the Rating - Down

The BFSR could be downgraded in the event of further deterioration in the bank's asset quality, increased levels of single-borrower exposure, or pressure on earnings.

Recent Results and Company Events

RECENT RESULTS

Jyske Bank reported pre-provision profit of DKK3.3 billion at YE2009, up from DKK2.3 billion at YE2008. The result was supported by an increase in net interest income (+24% year-on-year) and mark-to-market adjustments of the bond portfolio.

The Group's Tier 1 capital was 13.5% at YE2009, compared with 11.0% at YE2008, as calculated under the transitional rules towards Basel II.

Recent Events

Moody's downgraded its ratings of certain hybrid securities in February 2010 in line with its revised guidelines for Rating Bank Hybrids and Subordinated debt published in November 2009.

DETAILED RATING CONSIDERATIONS

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

Bank Financial Strength Rating

Moody's assigns a C+ BFSR to Jyske Bank, reflecting the bank's good qualitative credentials and solid regulatory practices, but constrained by factors such as its loan portfolio concentration, particularly its single-loan exposure, and the less benign Danish economy. The assigned C+ BFSR is in line with the outcome of Moody's bank financial strength scorecard.

Qualitative Rating Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

Jyske Bank enjoys a solid franchise as one of the leading banks in Denmark, with total assets of DKK225 billion (EUR 30 billion) at YE 2009. A large proportion of the bank's mortgage loans are financed by Totalkredit, DLR Kredit and Nykredit Realkredit, and as such do not appear on the bank's balance sheet.

Jyske Bank had an approximate 7% market share of total deposits in Denmark at YE 2009. The bank has a nationwide presence, with its strongest franchise in Jutland, where the majority of its branches and its headquarters are located.

Furthermore, around 20% of its earnings in 2009 stem from its foreign operations, which primarily focus on private banking and asset management. In addition to its wholly owned subsidiaries and branches, Jyske Bank has asset management operations in the Netherlands via its 60% stake in asset management firm Berben's Effectenkantoor.

Jyske Bank has cooperation agreements with mortgage and life insurance providers, which enable it to maintain cost efficiency while maintaining market share.

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

Factor 2: Risk Positioning

Trend: Neutral

As of December 2009, the bank had just below 248,000 shareholders. Each share carries one vote, with a maximum of 4,000 votes permitted for any one shareholder. As of YE 2009, the only two shareholders with more than 5% of total shares were Nykredit Realkredit and Baillie Gifford & Co. Ltd. Given the high proportion of shareholders with a relatively low stake in Jyske Bank, and the restriction in voting rights, we consider a hostile takeover to be unlikely.

Jyske Bank largely complies with the corporate governance rules set by the Copenhagen Stock Exchange. However, those relating to voting rights are not considered to be in line with the bank's strategy and are duly not followed.

The bank's score for risk positioning is negatively influenced by high borrower concentration, as discussed under "asset quality" below.

The bank utilises a Value-at-Risk (VaR) model with a time frame of one day and with a 99% confidence level. Jyske's VaR for interest-rate, currency and stock-market risk amounted to DKK16 million in 2009, compared with DKK33 million in 2008. The main component of the VaR figure is interest rate risk.

Jyske Bank scores C for risk positioning.

Factor 3: Regulatory Environment

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

Quantitative Rating Factors (50%)

Factor 5: Profitability

Trend: Weakening

For the full year 2009, Jyske Bank reported a pre-tax profit of DKK0.6 billion, down from DKK1.3 billion in 2008, which is largely due to substantially increased loan impairments (DKK2.4 billion in 2009 compared with DKK1.0 billion in 2008).

Net interest income is still the major component of operating income (over 60%). Net interest margins stood at 2.4% for 2009, an improvement on 2008 (1.9%), as rising lending margins offset an increase in funding costs. Fee & commission income accounts for around 18% of operating income, and was down year-on-year in 2009, mainly due to lower activity in securities trading.

The bank's cost containment remains good, although it has paid DKK611 million to the Private Contingency Company thus far this year to support the Danish banking system (DKK371 million under operating costs and DKK240 million under loan impairments).

It will be important for Jyske Bank to improve its core top-line results going forward in order to mitigate any further deterioration of the loan portfolio.

Jyske Bank scores C for profitability, but with a weakening trend.

Factor 6: Liquidity

Trend: Neutral

Deposits accounted for approximately 52% of Jyske Bank's total funding at YE2009, which was almost flat compared with YE2008. Interbank funding fell by more than one third (now accounting for around 11% of the bank's total funding), while market funding increased to approximately 35% of funding over the same period. Interbank funding remains relatively low compared with that of other Danish banks, which we view positively given the relatively volatile nature of these deposits.

In addition, the bank continues to place its mortgage loans with Nykredit Realkredit, Totalkredit and DLR.

Moody's notes that all senior claims maturing by 30 September 2010 are guaranteed by the Kingdom of Denmark under the first Danish bank package. While banks can also apply for a guarantee for medium-term debt maturing by YE2013, Jyske Bank has so far not used such individual guarantees.

At year-end 2009, the bank's liquid assets (including cash & central banks, due from banks and securities) stood at around 40% of total assets, giving it a satisfactory liquidity profile, since a majority of these assets can be used for repo-ing with the central bank. Moody's notes that the bank increased its liquid assets in 2009 by 17% year-on-year, with the increase largely in the form of European mortgage bonds and senior bank debt.

Jyske Bank increased its asset backed portfolio to DKK3.4 billion at the end of 2009 (DKK2.6 billion at the end of 2008).

Moody's notes that while the Danish support scheme has been helpful in terms of maintaining activity levels in the interbank markets, it will expire at the end of September 2010.

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

Factor 7: Capital Adequacy

Trend: Neutral

At year-end 2009, Jyske Bank's Tier 1 ratio stood at 13.5%, with a total capital adequacy ratio of 15.3%, as calculated under transitional rules towards full Basel II. The corresponding figures at YE2008 were 11.0% and 12.7%, respectively. Moody's notes that capital levels in 2009 were boosted by a DKK 1.1 billion equity offering. The individual solvency requirement as of year-end 2009 was 9.7%.

Jyske Bank's rated outstanding hybrid debt is classified as having a 25% and 50% capital element, according to Moody's methodology. The bank has also maintained its strategy of a zero dividend payout, which is further enforced by the restrictions placed on Danish banks in relation to the government's support package.

The bank scores A for capital adequacy.

Factor 8: Efficiency

Trend: Weakening

Jyske Bank's cost-to-income ratio improved to 53% at YE2009, compared with 62% at YE2008 and 58% at YE2007, mainly due to higher income. Meanwhile, operating expenses per employee have fallen since Q1 2009 but remain at historically high levels.

We believe a score of C for efficiency is appropriate, but include a weakening trend signalling further pressure on cost management in the still challenging macroeconomic environment.

Factor 9: Asset Quality

Trend: Weakening

Loan loss provisioning (excluding contributions to the Danish support package) stood at DKK 2.4billion for 2009, a significant increase from 2008. We will continue to monitor any increase and its speed, as the Danish credit environment remains challenging and the unemployment rate is rising.

The ratio of problem loans (defined as loans and advances subject to individual provisioning) to total loans was 7% at YE2009, up from 2.5% at YE2008.

Only around 40% of total lending and guarantees were to private individuals at YE2009, as the mortgage loans financed via Totalkredit, Nykredit and DLR do not appear on Jyske Bank's balance sheet.

Jyske Bank's largest industry exposures include credit, finance and insurance at around 20%, property administration & services at around 10%, and manufacturing, mining, electricity and gas at almost 10%. The loan book is mainly focused on Denmark (almost 90%).

When looking at top 20 limits for single-name exposures, not taking collateral into consideration, in relation to Tier 1 capital, Jyske Bank's borrower concentration is high when compared with that of other European banks, but in line with Nordic banking peers.

Based on our expectations of a further decline in asset quality indicators, we have assigned a weakening trend to this factor, with Jyske Bank scoring D+ on 2007-09 average asset quality ratios.

Global Local Currency Deposit Rating (Joint Default Analysis)

Moody's assigns a global local currency deposit rating of A1 to Jyske Bank. In view of the bank's position in Denmark and strength in its local area of Jutland and despite its only moderate nationwide coverage, Moody's assesses the probability of systemic support from Denmark (local currency deposit ceiling of Aaa) in the event of a stress situation as high. Thus, the GLC deposit rating receives a one-notch uplift from the A2 BCA.

Notching Considerations

The ratings for the Bank's hybrid obligations are notched off the BCA according to "Moody's Guidelines for Rating Bank Hybrid Securities and Subordinated Debt" released on 17 November 2009.

Foreign Currency Deposit Rating

The A1 foreign currency deposit ratings of Jyske Bank are unconstrained given that Denmark, in common with other EU members, has a country ceiling of Aaa.

Foreign Currency Debt Rating

The A1 foreign currency debt ratings of Jyske Bank 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. Bank Financial Strength Ratings 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 Bank

Financial Strength Ratings include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although Bank Financial Strength Ratings 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.

Moody's uses the Baseline Credit Assessment (BCA) to map BFSRs onto the 21-point Aaa-C rating scale and like the BFSR, it reflects a bank stand-alone default risk. Each point on the Aaa-C scale represents a specific probability of default and therefore allows Moody's to use the BCA as an input to Moody's Joint Default Analysis (JDA), described below. The baseline credit assessment reflects what the local currency deposit rating of the bank with the given BFSR would be without any assumed external support from a government or third party

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the Bank Financial Strength Rating 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, Moody's Bank Deposit Ratings are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, and 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 any external elements of support into the bank's Baseline Credit Assessment. In assigning the local currency deposit rating to a bank, the JDA methodology also factors in the rating of the various potential support providers (parent company, cooperative group, regional or national governments), as well as the degree of dependence that may exist between each one of them and the bank. Moody's assessment of the probability of systemic support (by a national government) is derived from the analysis of the capacity of a government and its central bank to provide support on a system-wide basis. The systemic support indicator is determined for a particular country and serves as an input for all bank ratings in that country. The support indicator can be set at, above or, in rare cases, below the government's local currency bond rating for that country.

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%)						C+	
Factor: Franchise Value						C	Neutral
Market Share and Sustainability		x					
Geographical Diversification			x				
Earnings Stability				x			
Earnings Diversification [2]						C	Neutral
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%)						C+	
Factor: Profitability						C	Weakening
PPP % Avg RWA- Basel II		3.18%					
Net Income % Avg RWA- Basel II				0.45%			
Factor: Liquidity						B-	Neutral
(Mkt funds-Liquid Assets) % Total Assets			3.08%				
Liquidity Management		x					
Factor: Capital Adequacy						A	Neutral
Tier 1 ratio (%) - Basel II	11.70%						
Tangible Common Equity / RWA- Basel II	9.50%						
Factor: Efficiency						C	Weakening
Cost/income ratio			57.81%				
Factor: Asset Quality						D+	Weakening
Problem Loans % Gross Loans			3.48%				
Problem Loans % (Equity + LLR)				30.64%			
Lowest Combined Score (15%)						D+	
Economic Insolvency Override						Neutral	
Aggregate Score						C+	
Assigned BFSR						C+	

[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



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