



Jyske Bank 2013



Agenda

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- Focus in 2013
- Strategic Issues
- Jyske Banks Performance 1968-2013
- Volumes
- Capital Structure
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- Fact Book



Jyske Bank in brief

Jyske Bank in brief



Jyske Bank focuses on core business

Description

- Established and listed in 1967
- 2nd largest Danish bank by lending
- Total lending of approx. DKK 131bn
- 138 domestic branches
- Approx. 740,000 customers
- Business focus is on Danish private individuals, SMEs and international private and institutional investment clients
- International units in Hamburg, Zürich, Gibraltar, Cannes and Weert
- A de-centralised organisation
- 3,774 employees (end of 2013)
- Full-scale bank with core operations within retail and commercial banking, customer driven trading, asset management and private banking
- Flexible business model using strategic partnerships within life insurance (PFA), mortgage products (Nykredit, DLR, BRF), credit cards (SEB), IT operations (JN Data) and IT R&D (Bankdata)

Branch Network



Jyske Bank in brief



Jyske Bank has a differentiation strategy

"Jyske Differences"

- Jyske Bank wants to be Denmark's most customer-oriented bank by providing high standard personal financial advice and taking a genuine interest in customers
- The strategy is to position Jyske Bank as a visible and distinct alternative to more traditional providers of financial services, with regard to distribution channels, products, branches, layout and communication forms
- Equal treatment and long term relationships with stakeholders
- Core values driven by common sense
- Strategic initiatives:

Valuebased management

Differentiation

Risk management

Efficiency improvement

Acquisitions

1990

1996

2002

2006 (Q4)

2011/2012



Macro Economy & Danish Banking 2013

The Danish economy at a glance

Equal disposable incomes

OECD-ranking lowest Gini coefficient (2011)

- 2. Denmark
- 15. Germany
- 31. USA

A welfare state

Total tax revenue as % of GDP (2011)

- Denmark 48.1 % (Highest in the OECD)
- Germany 37.1 %
- USA 25.1 %

Flexible labour market

Unemployment (latest)

- Denmark 6.9 %
- Euro Area 12.0 %
- USA 6.6 %



The basics

Citizens: 5.6 million

Area: 43.098 sq km (0.4 % of USA)

Currency: Kroner (fixed exchange rate policy to the euro)

Among the rich

Denmark 9th richest country in the OECD
OECD-ranking, GDP (PPP) per capita (2012)

Open to the world

Exports as % of GDP (2012)

- Denmark 54.4 %
- Germany 51.9 %
- USA 13.5 %

From goods to services

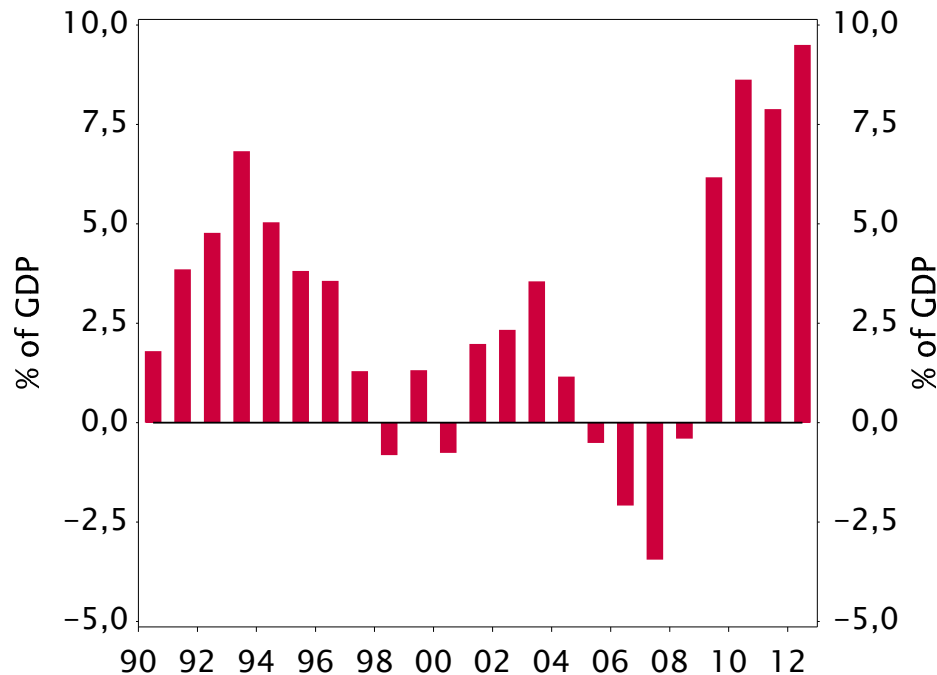
Production, value added (USA)

- Agriculture 1 % (1 %)
- Food products 2 % (1 %)
- Oil and gas 4% (1 %)
- Manufacturing 11 % (11 %)
- Services etc. 83 % (86 %)

In 2013 the private sector remained in consolidation mode

The private sector saving (especially from SME and corporates) has been record high since 2009

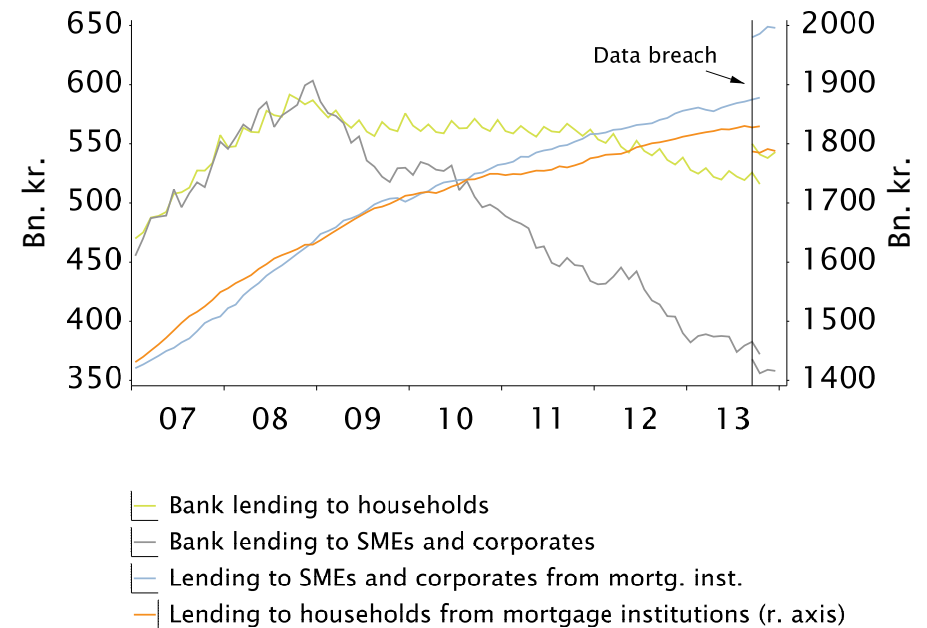
Private sector net saving



Source: Danmarks Statistik

..... and the private sector has been reluctant to borrow

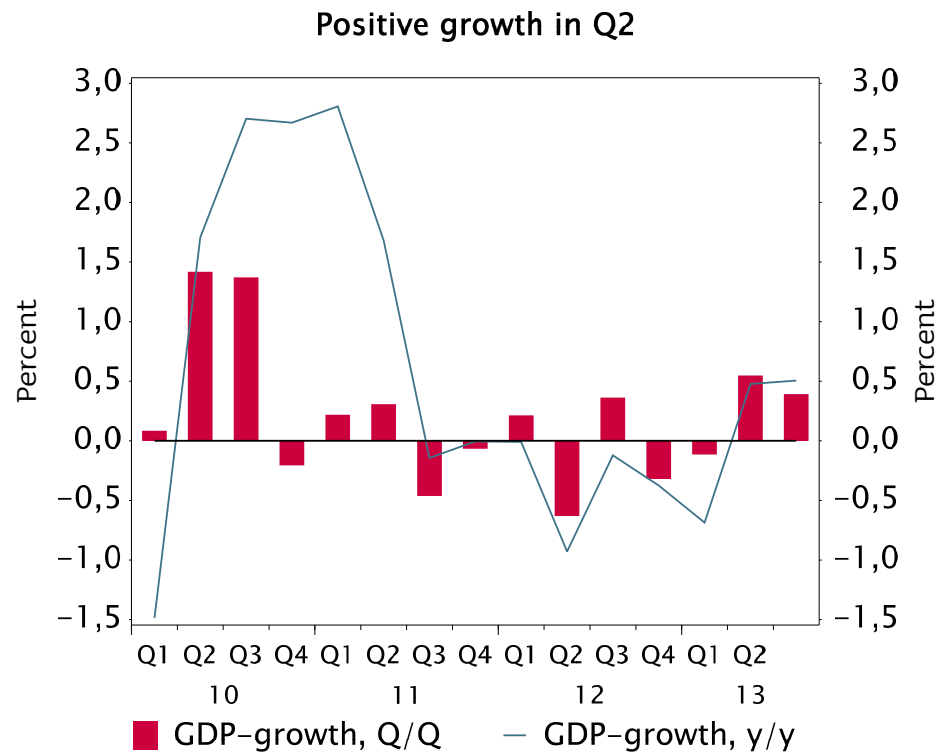
Lending to households, SMEs and corporates



Source: Danmarks Nationalbank

But the Danish economy is slowly coming out of recession

In Denmark growth turned positive in Q2 and Q3, and 2014 is expected to be the best year since 2010.....



Source: Reuters Ecowin

Improved sentiment - both among consumers and in the business sector underpins the recovery



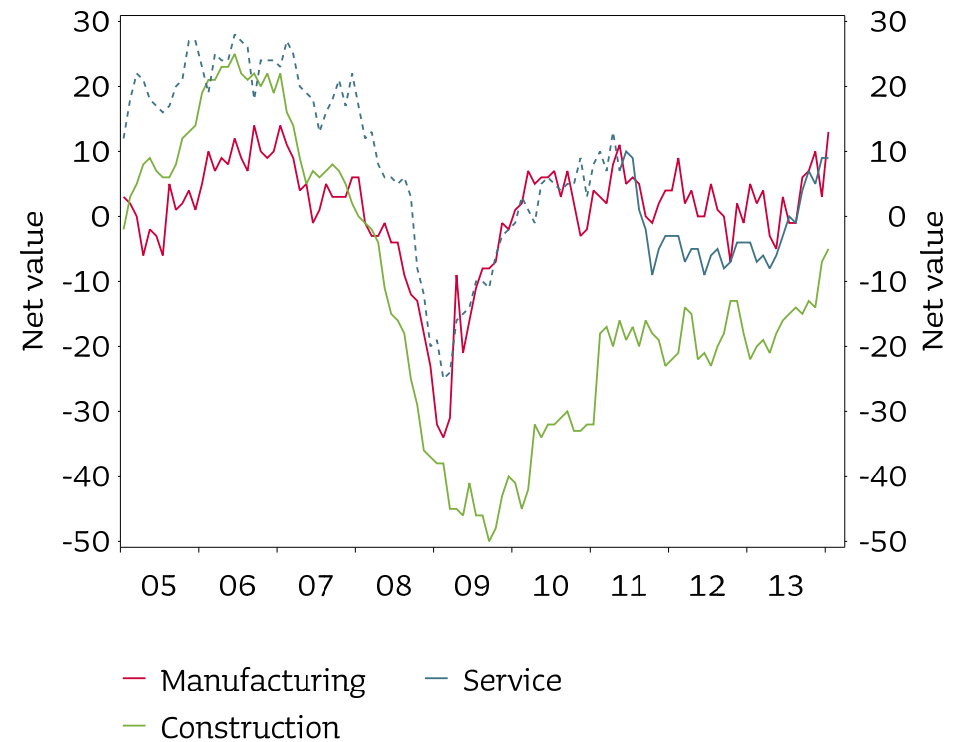
Manufacturing confidence at 7 year high.....

Consumer confidence



Source: Reuters Ecowin

Business cycle indicators



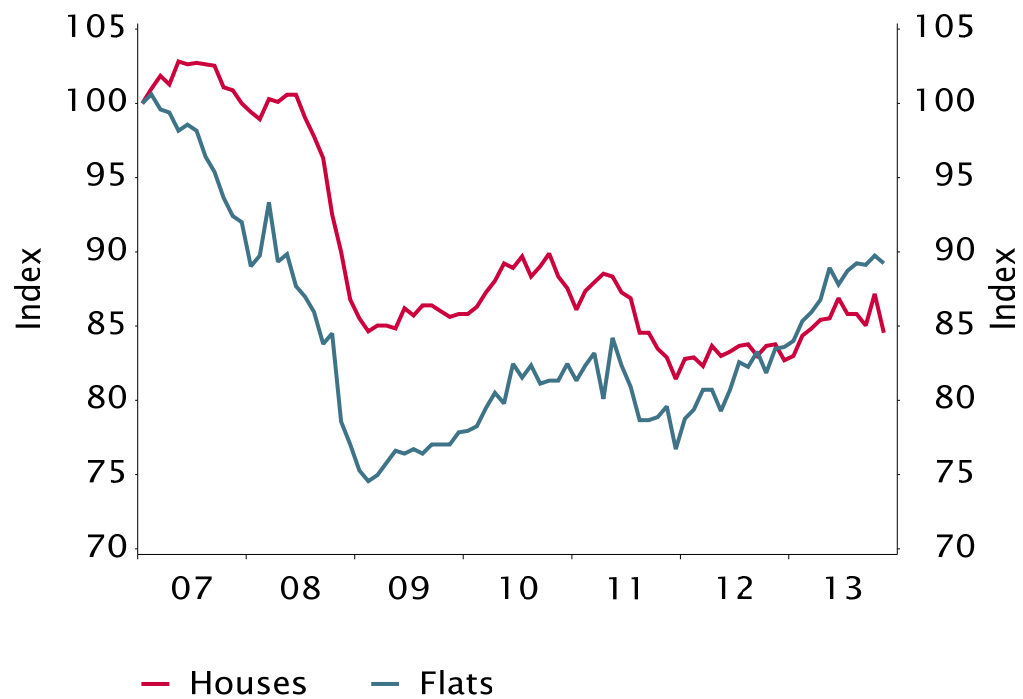
Source: Reuters Ecowin

House prices increased during the past year



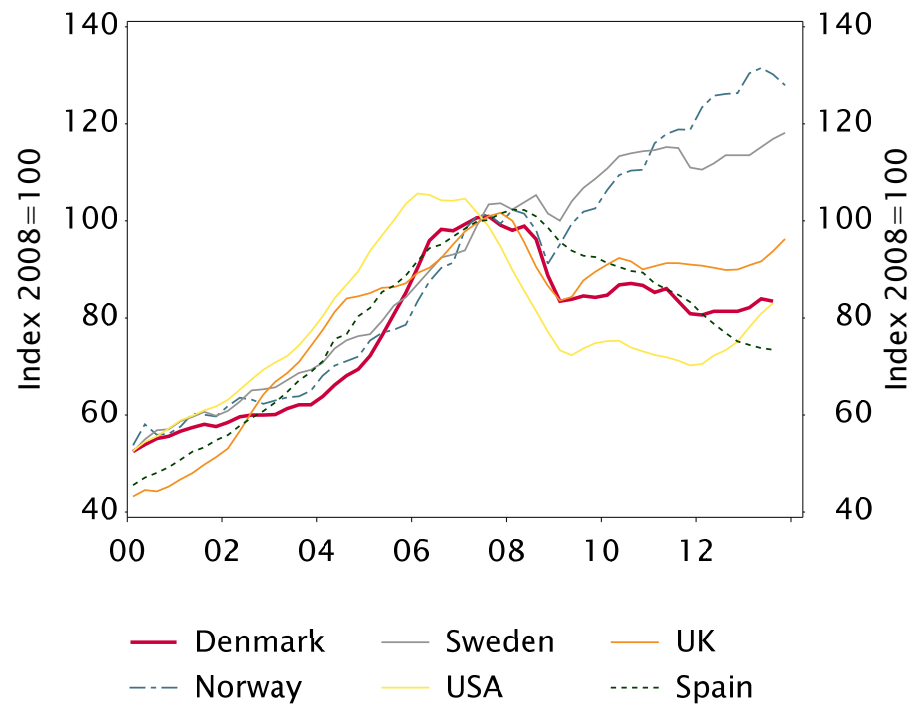
House prices are up 1.9 % since the beginning of 2013 and prices on flats are up 6.2 %.

Prices on dwellings



Source: Danmarks Statistik

House Prices



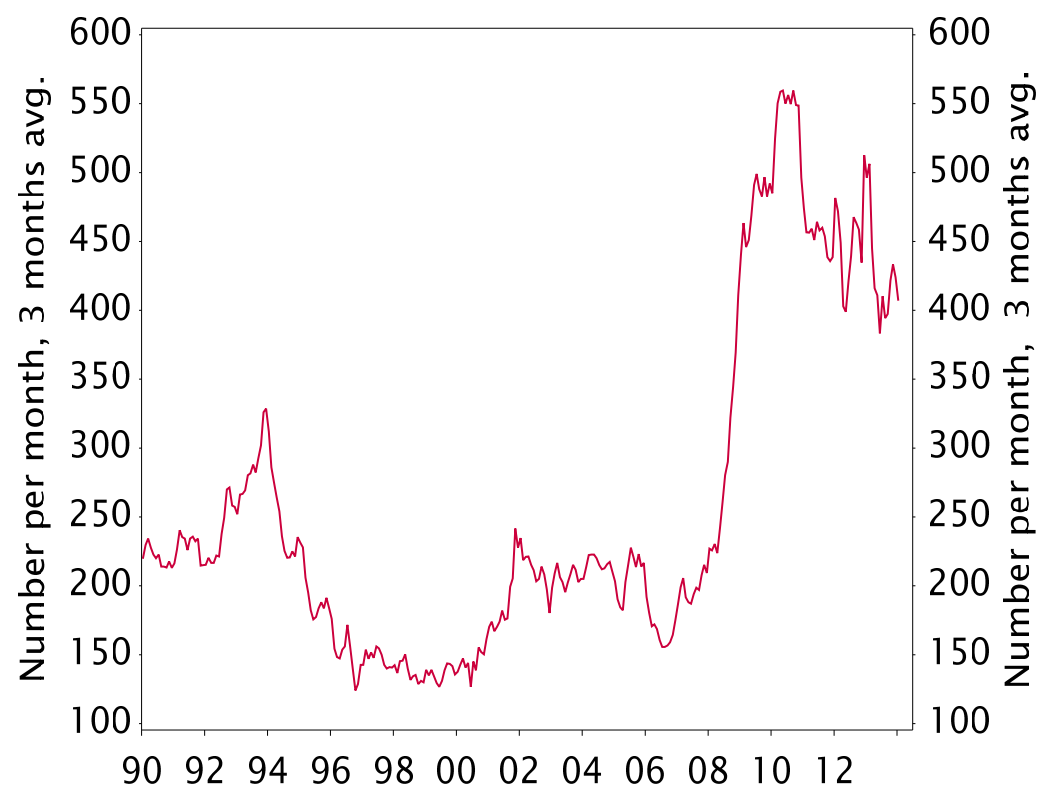
Source: Reuters EcoWin



After years of suffering, bankruptcies in the SME sector are trending downwards



Business sector bankruptcies



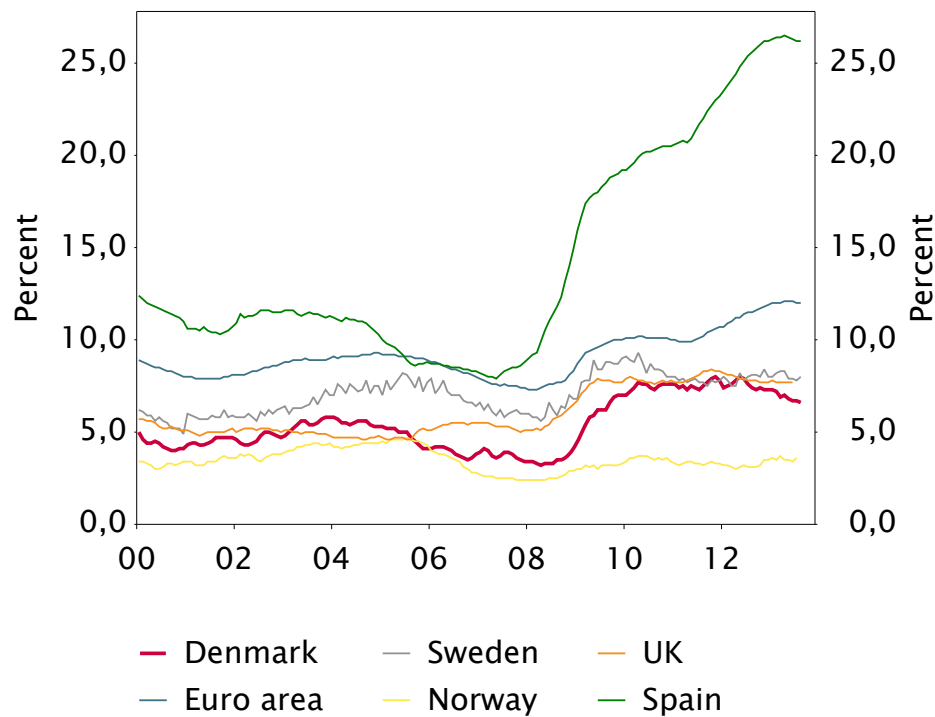
Source: Reuters EcoWin



With unemployment slightly declining, and low interest rates household defaults are kept at a low level

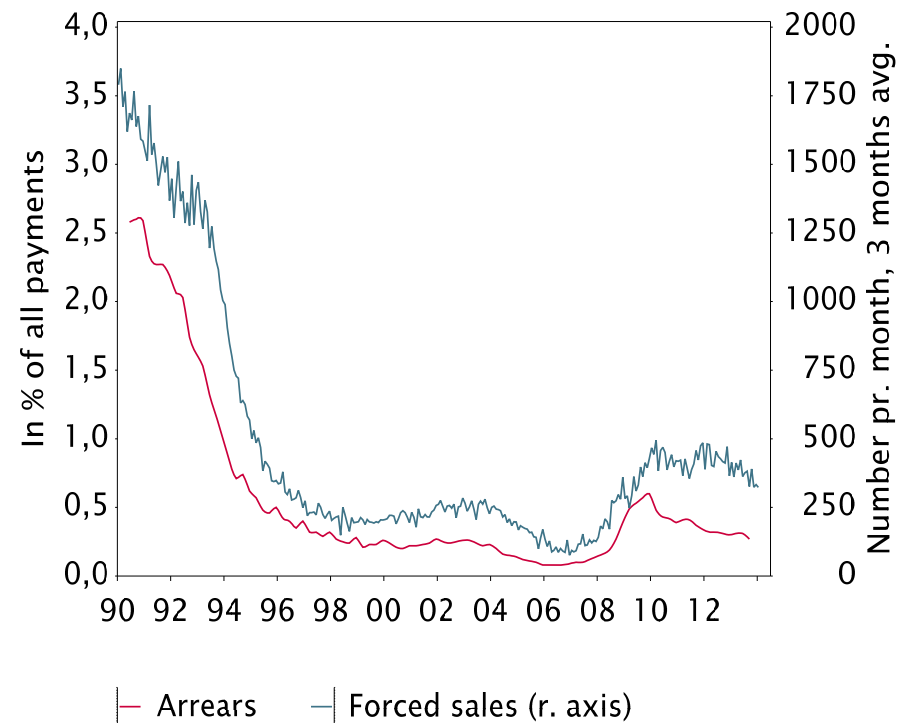


Unemployment rate



Source: Reuters EcoWin

Arrears and forced sales

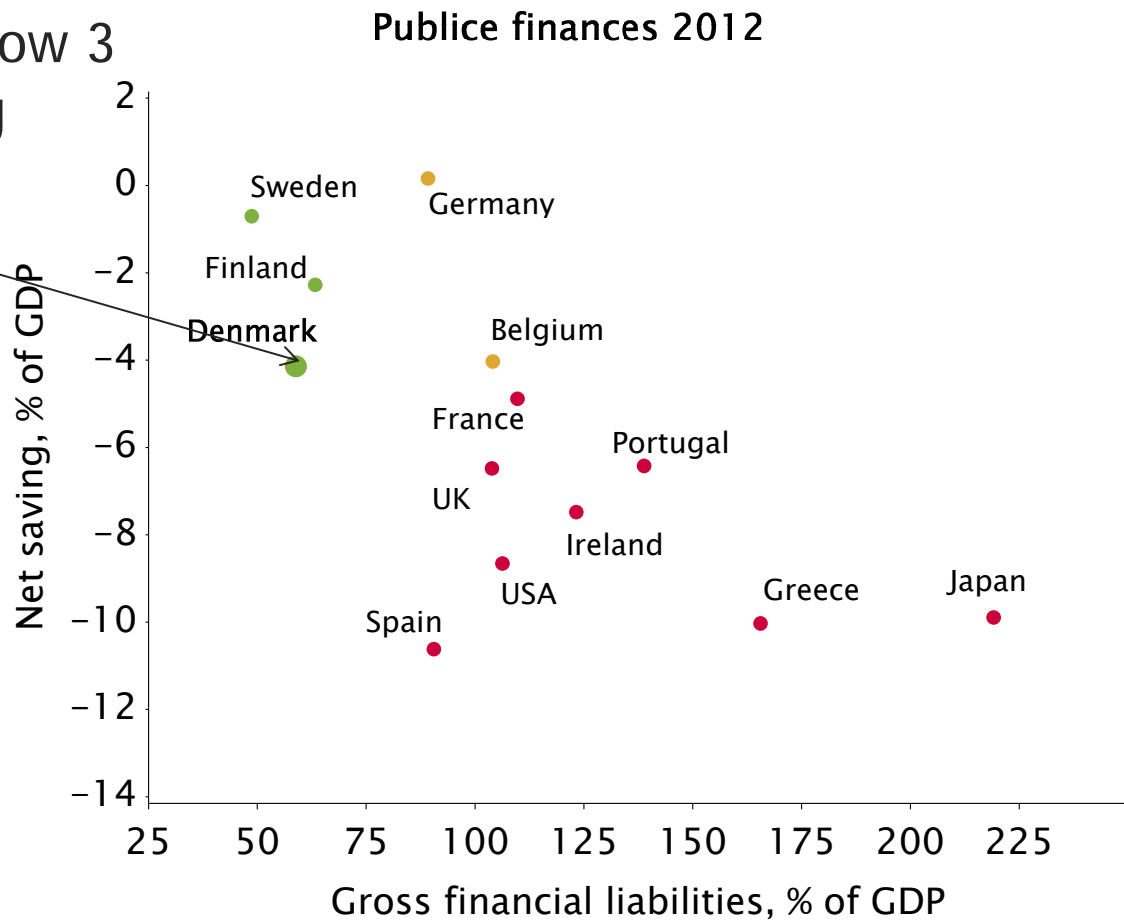


Source: Realkreditrådet and Reuters EcoWin

Denmark has a healthy public sector economy...



Deficit is just below 3% when excluding special pension repayment

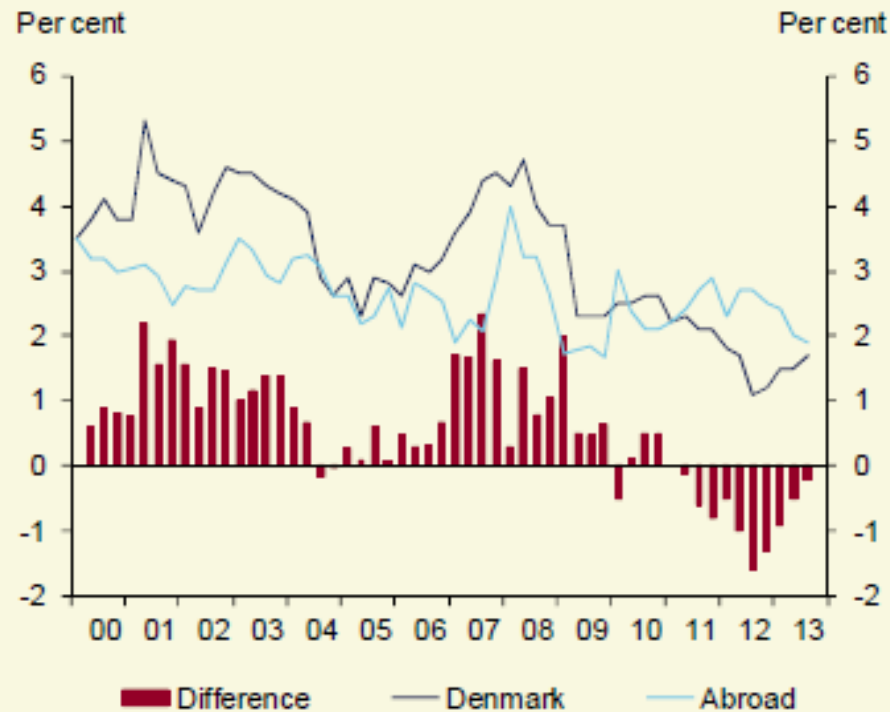


Source: OECD



Competitiveness has improved

Increase in wages in Denmark and abroad



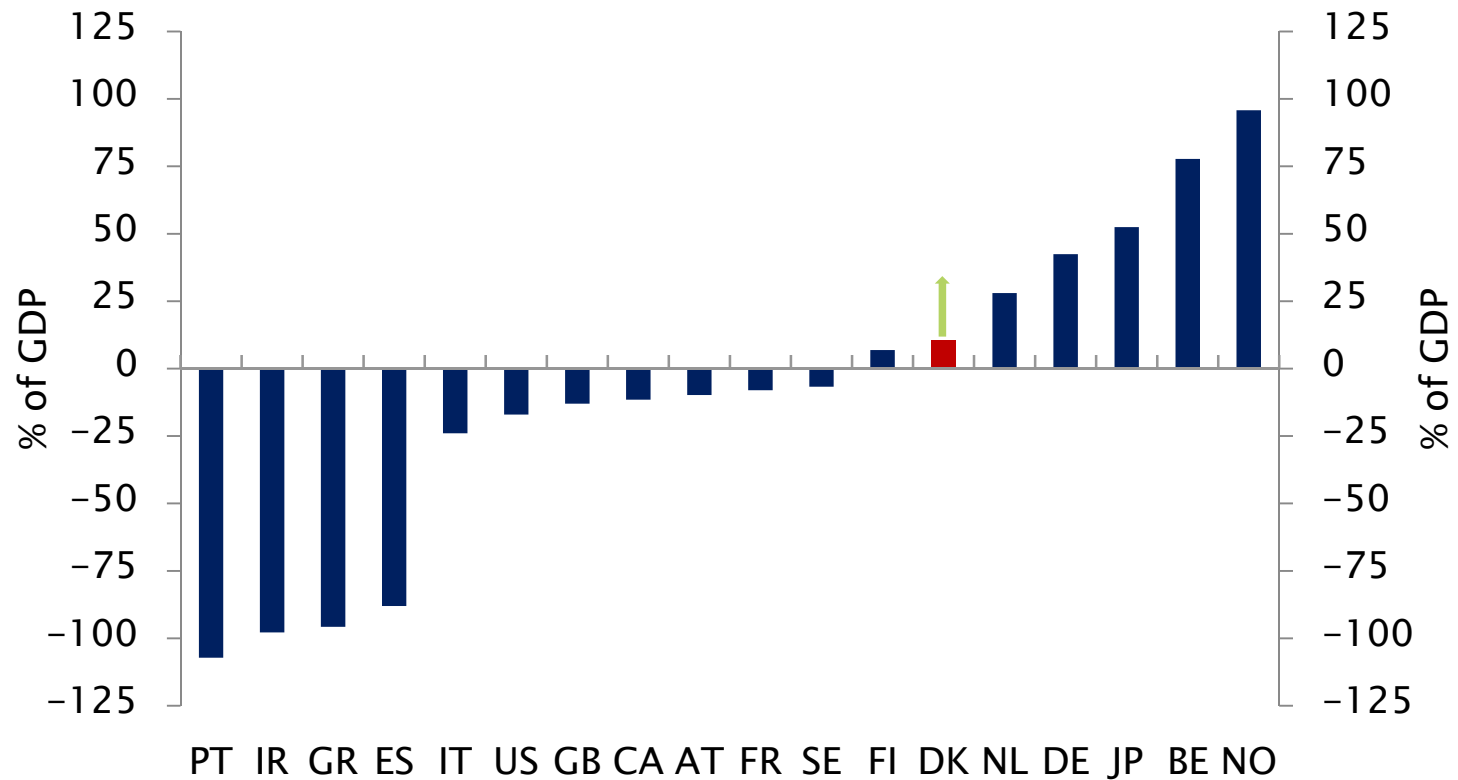
Danish competitiveness deteriorated dramatically during the booming years. Danish production sector has been under some pressure and still is, but conditions are slightly better due to a gradual and ongoing improvement.

Source: Ministry for economic affairs and the interior!

Overall the Danish economy is structurally strong



Net assets against the rest of the world (2010)

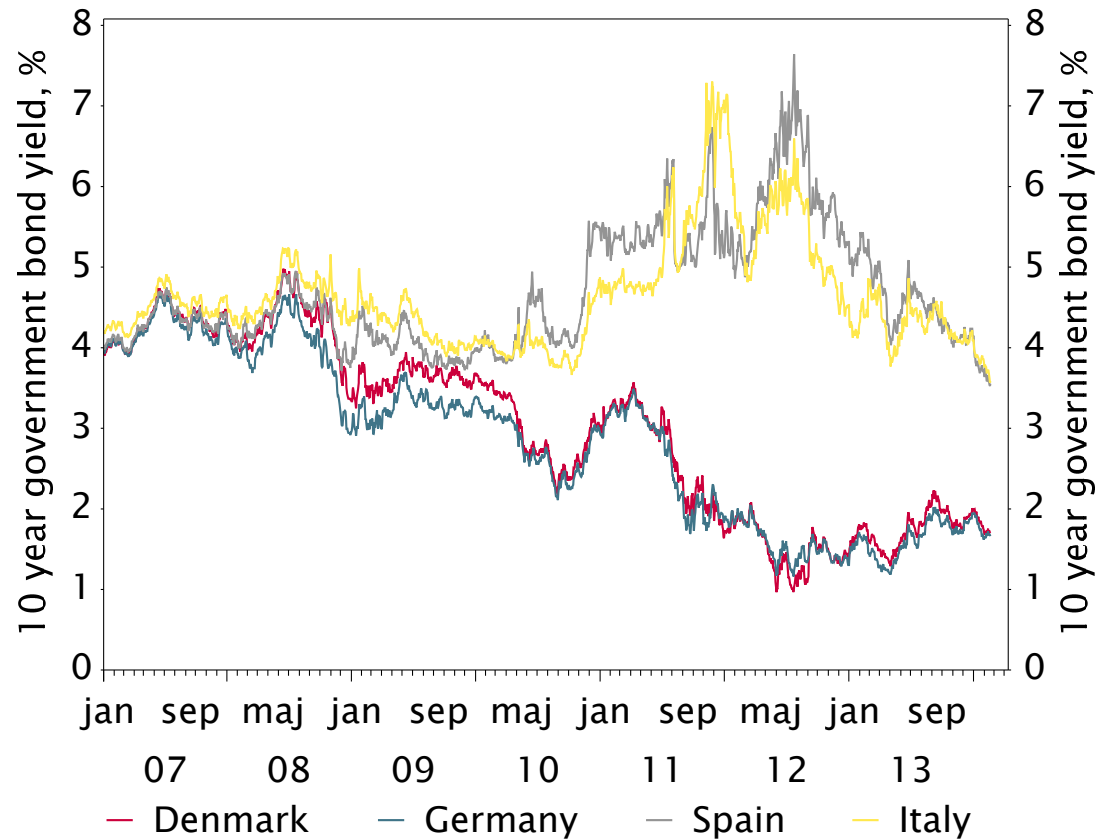


Denmarks net assets against the rest of the world are significantly higher today : around 40 % of GDP

Source: Danmarks Nationalbank

... and Denmark is a AAA economy

Government bond yield



Source: Reuters EcoWin



The outlook:

Growth is likely to stay up, overall the economy is strong



- The economy is likely to continue to show improvement in 2014. The housing market is stronger, sentiment has improved, and there are also stronger "hard" figures.
- However, due to possible continued private sector saving, both domestic and foreign, we expect the turnaround over the next years to be relatively slow.
- Fiscal policy has a slightly positive effect on the economic activity in 2014
- The overall structural features of the Danish economy continue to look strong with large net foreign assets, a large current account surplus, and a low public debt level.

Jyske Bank forecasts

The Danish economy 2011–2015

	2012 DKKbn	Real growth (%)				
		2011	2012	2013*	2014*	2015*
Consumer spending	896	-0.7	-0.1	0.5	0.6	1.4
Public spending	519	-1.4	0.4	0.3	1.0	0.5
Fixed gross investment	320	3.3	0.8	1.5	2.6	2.4
Inventory investment**	-2	0.4	-0.3	0.4	0.0	0.0
Exports	1000	7.0	0.4	0.6	3.0	3.2
Imports	908	5.9	0.9	1.9	2.5	2.9
Gross domestic product (GDP)	1826	1.1	-0.4	0.4	1.4	1.6
Current account						
- DKKbn		107	109	125	125	110
- Percentage of GDP		6.0	6.0	6.7	6.5	5.6
Public budget balance						
- DKKbn		-35	-77	0	0	-60
- Percentage of GDP		-2.0	-4.2	0.0	0.0	-3.0
Unemployment						
-Unemployed (thousands). gross		160	162	153	150	147
- Percentage of the workforce		5.4	5.5	5.2	5.1	5.0
Employment (thousands)		2.776	2.767	2.781	2.791	2.799
Inflation (%)		2.8	2.4	0.8	1.4	1.7
Wage index (manufacturing industry. %)		2.3	1.8	1.6	1.8	2.0
House prices (nominal prices. %)		-2.8	-3.3	2.5	1.5	2.5
Nationalbanken's lending rate. year-end		0.7	0.2	0.2	0.3	0.55

* Jyske Bank's forecast

** Contribution to growth as a percentage of preceding year's GDP

Market conditions

- Volumes continue to shrink in 2014
- Competitive environment: margin pressure on loans
- Growing Net Interest Income only via M&A activities
- Significant increase in deposit/loans ratio in most banks

- Capital shortage in some banks due to maturing Tier II capital instruments and CRD IV requirements

- Danish FSA is reassessing the stringent guidelines for impairment charges implemented in Q2 2012 - effect is uncertain
- Danish FSA is patient with banks showing tiny capital buffers

Focus in 2013

Focus in 2013

- ROE pre tax 14.7% - satisfactory
 - 14.3%, 15.9%, 12.2% and 13.9 respectively in Q1, Q2, Q3 and Q4
- Growth in Net Interest Income of 3% due to acquisition
- Growth in fees and commissions of 5% (performance related fees)
- Costs in alignment with 4 - 4.1bn underlying costs in 2013
- Relatively stable asset quality for the sixth quarter in a row
- Reassessment of acquired portfolios has led to higher Net Interest Income (DKK +217m) and shall be seen in connection with higher impairment charges

Strategic issues

Strategic issues

Acquisition of Spar Lolland

- Bank loans DKK 6.3bn, bank deposits DKK 9.5bn, total assets DKK 13bn
- Long term earnings fully in line with earnings from other branches
- Integration according to plan
 - All branch relocations in place
 - First phase of cost cuts implemented in Q1 2013
 - IT integration in Q2 2014 and second phase of cost cuts will have full effect in 2015
- Strategy to acquire is unchanged

Sale of subsidiary

- Jyske Global Asset Management in Q2 2013
- Krone Kapital (acquired from Spar Lolland) in Q3 2013
- Total P/L-effect: DKK +20m

New product line of home loans

- New loans collateralized by property offered by end 2013 to solid private customers at attractive prices compared to traditional mortgage loans

Strategic issues

Capital

- Solvency ratio 16.0%
- Capital buffer 6.2 percentage points
- Core Tier 1 15.3%
- Capital target - Core Tier I minimum 12% is unchanged
- CRD IV insignificant effect due to higher risk weighted assets and higher capital base
- Jyske Bank expected to become a systemic financial institution in Denmark among 6 institutions. At present, Jyske Bank comply with the capital charges as of 2019.

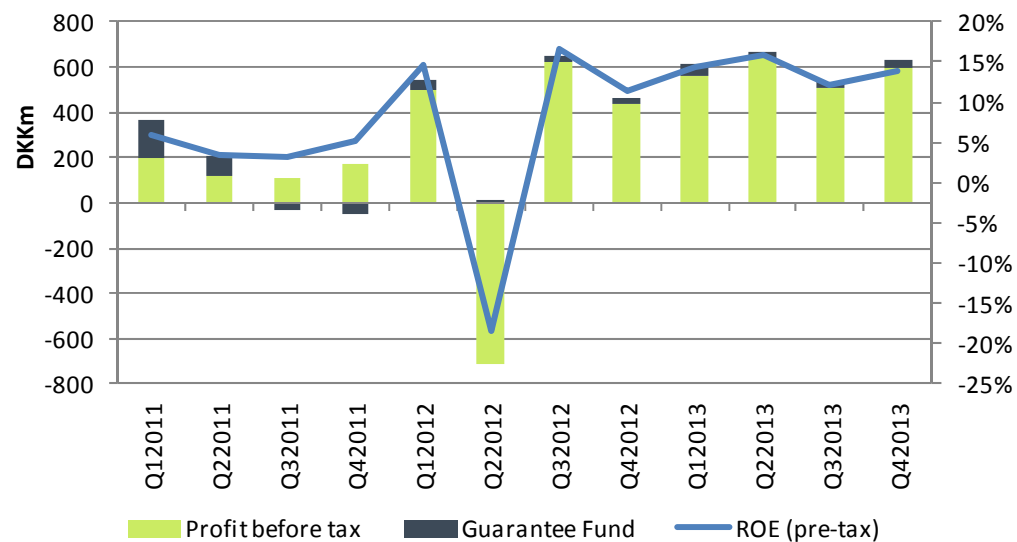
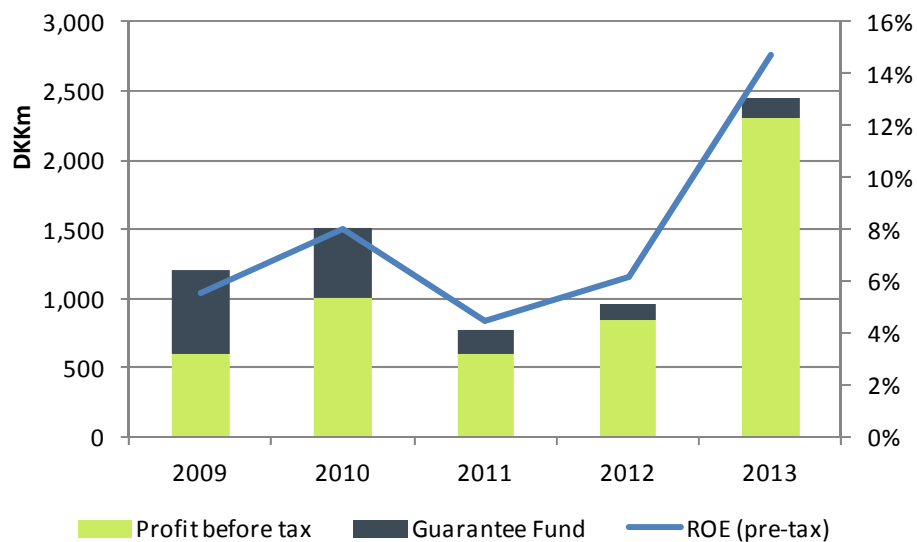
Liquidity

- Liquidity reserve DKK 50bn; liquidity after 12 mths run-off DKK 27bn
- Acquisitions with deposits surplus; Fjordbank Mors approx. DKK 1bn; Spar Lolland approx. DKK 2.5bn
- Issued AAA-rated bonds via BRFkredit DKK 4.7bn by end of 2013
- Refinancing of all 2014 redemptions of senior debt (EMTNs) fully accomplished
- Bank loan portfolio funded by deposits by 104%
- Private placements: EUR 430m in 2013. Expect to issue a benchmark in Q2/Q3 2014



Jyske Bank performance 1968-2013

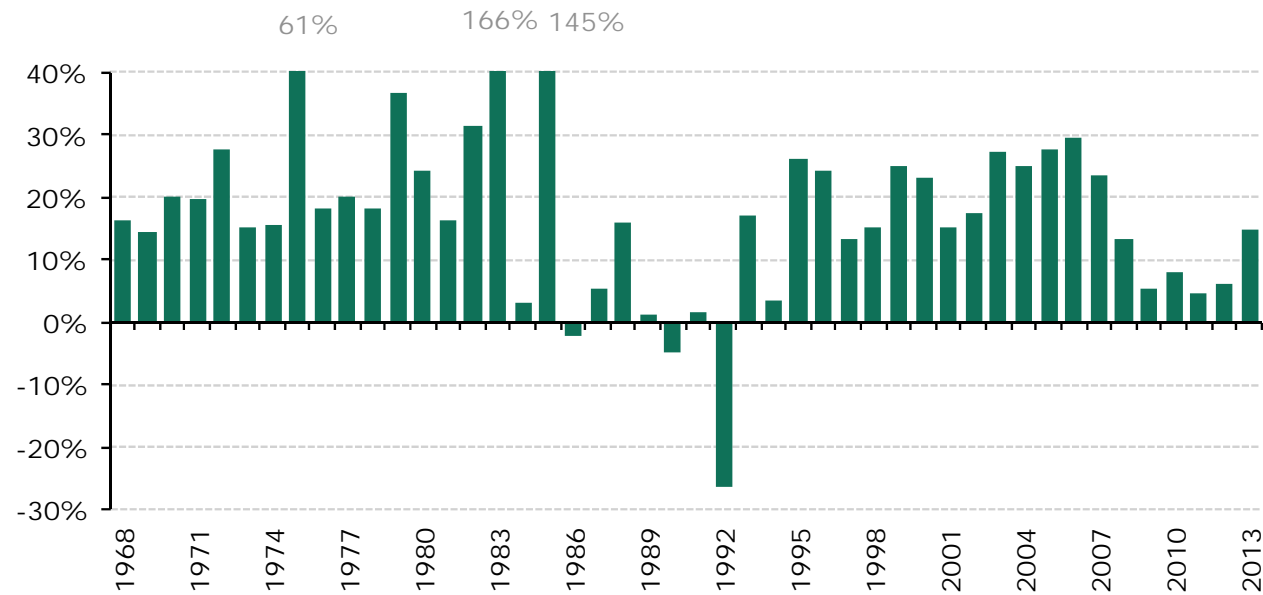
Profit before tax and Guarantee Fund



ROE on opening equity - 1968-2013

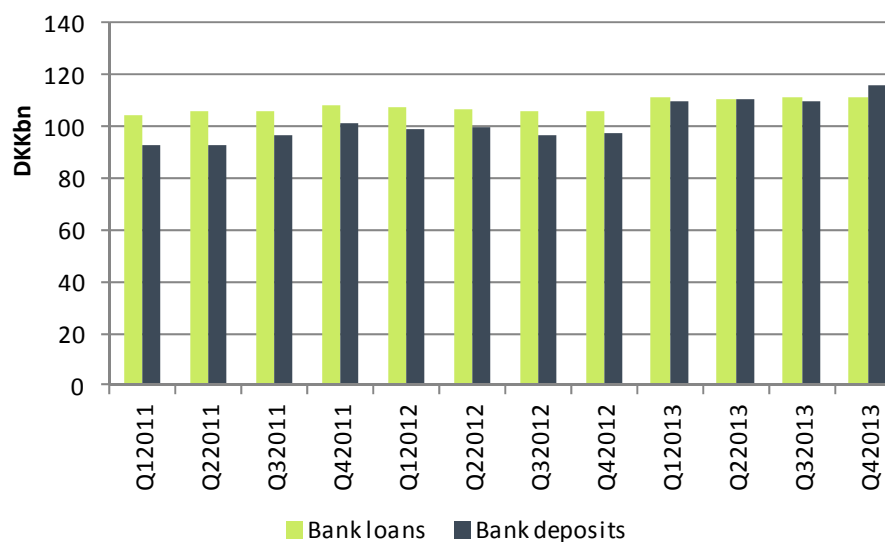
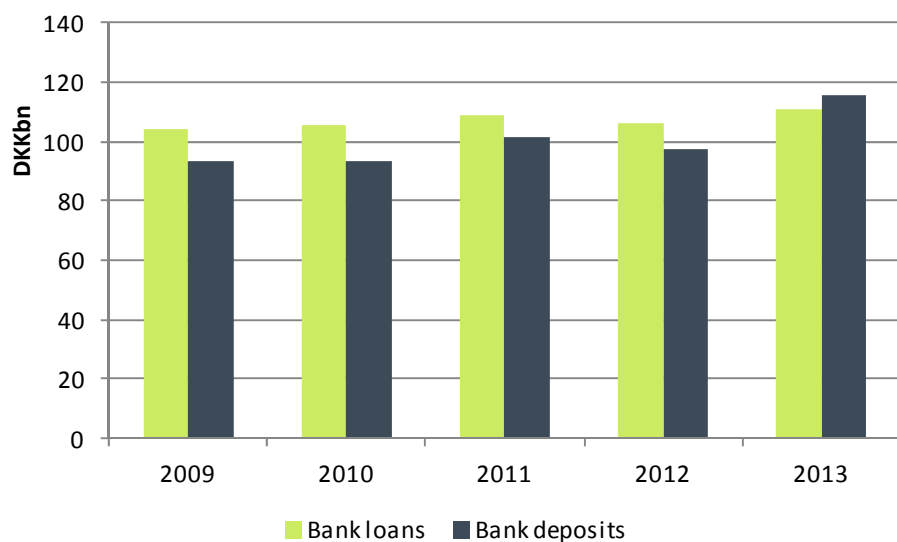
Pre-tax profit
(ROE on open. equity)

Average:
22%



Volumes

Bank loans and deposits

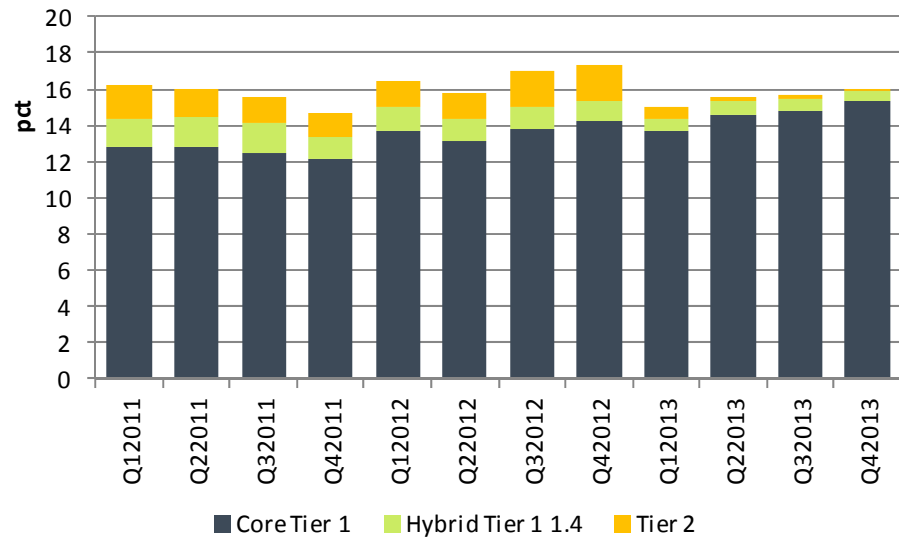
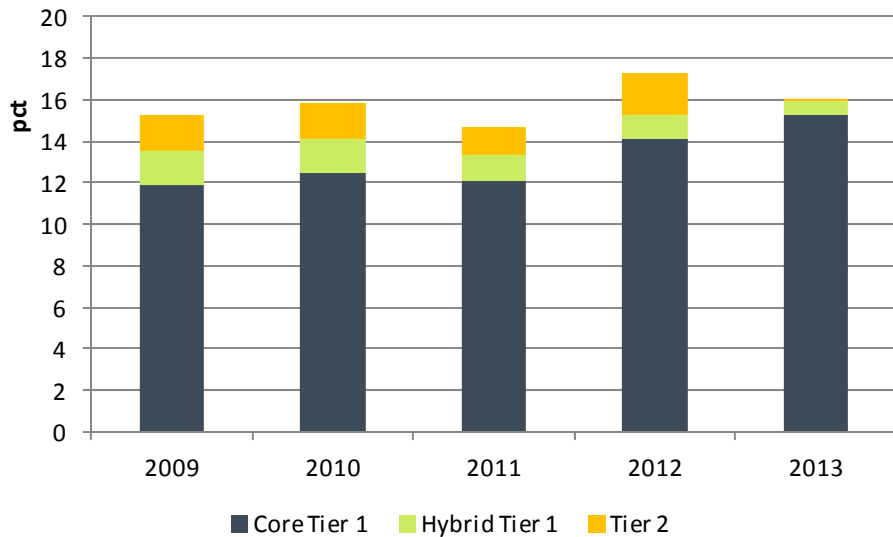


Bank loans:
4.9% y/y
-0.3% q/q

Capital Structure

Capital structure

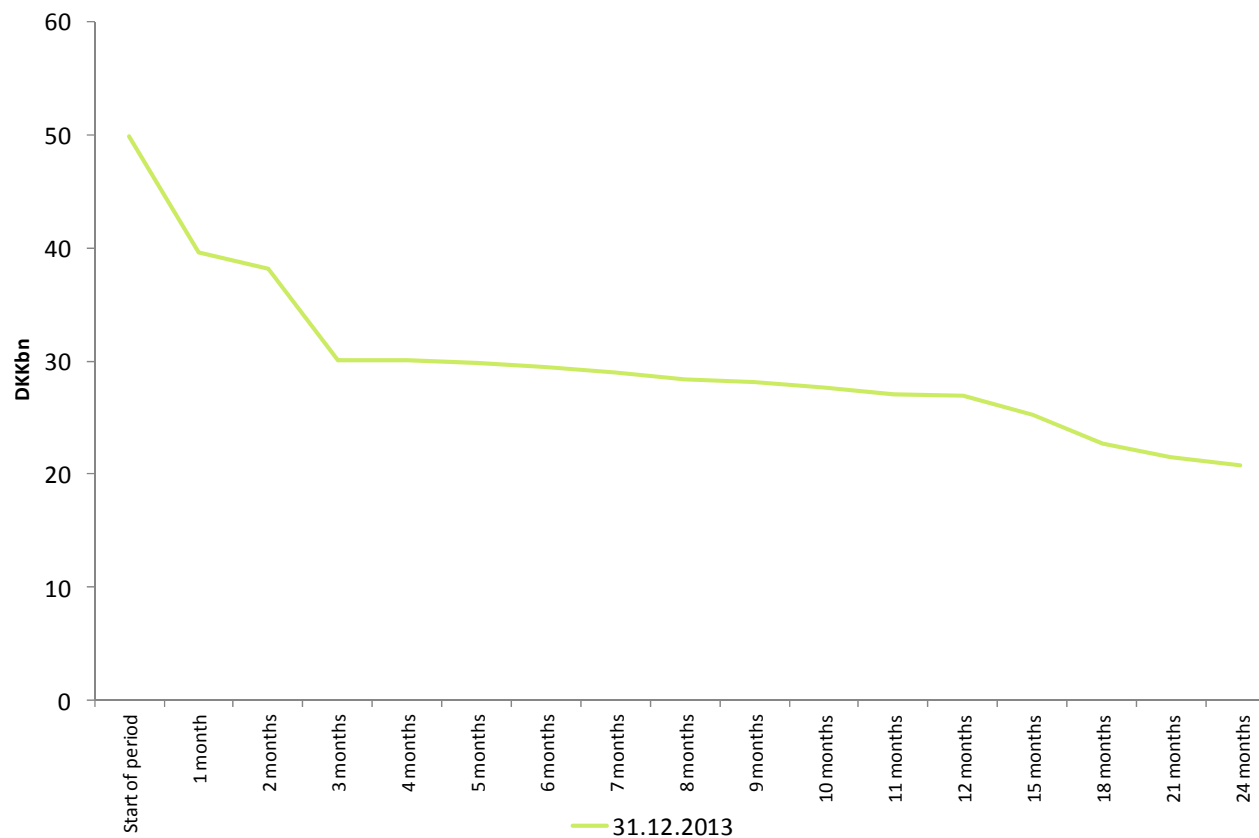
- Core Tier 1 target: above 12%
- Optimize risk and maximize earnings
- Exploit the market to buy portfolios with an acceptable risk



- Core Tier 1: 15.3%
- Tier 1: 15.9%; 2 perpetuals DKK 1.3bn
- Capital base: 16.0%; 4 Tier II issues DKK 0.3bn
- Capital buffer 6.2 pp

Liquidity

Liquidity position and run-off



Senior unsecured funding strategy

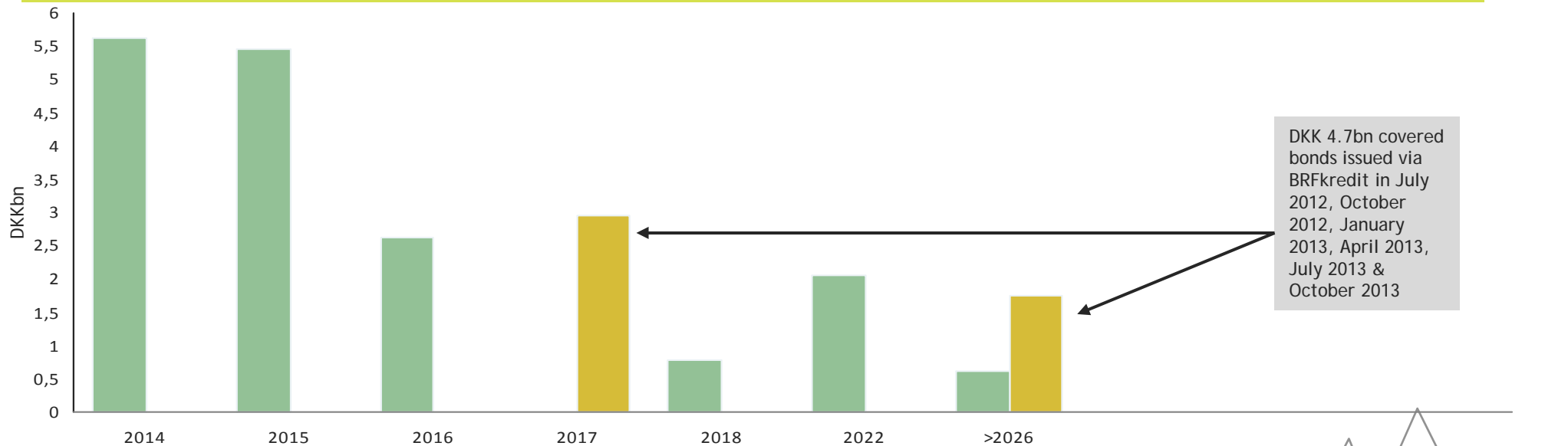
Jyske will remain a rare but regular issuer on the EMTN market



Funding plans will depend on developments in the balance sheet (funding gap)
- and integrated part of policy is to maintain a deposit/loan ratio in the region of 95 % -but:

- Integrated part of funding strategy to preserve a presence in the debt capital markets
- Expect approximately one public benchmark a year and ongoing activities in the private placement market
- During 2014 focus will be on selective private placements and issuance of a 2-2.5 year EUR 500m public benchmark bond most likely during Q2-Q3 2014

Jyske Bank will continue to maintain a conservative funding profile (end December 2014)



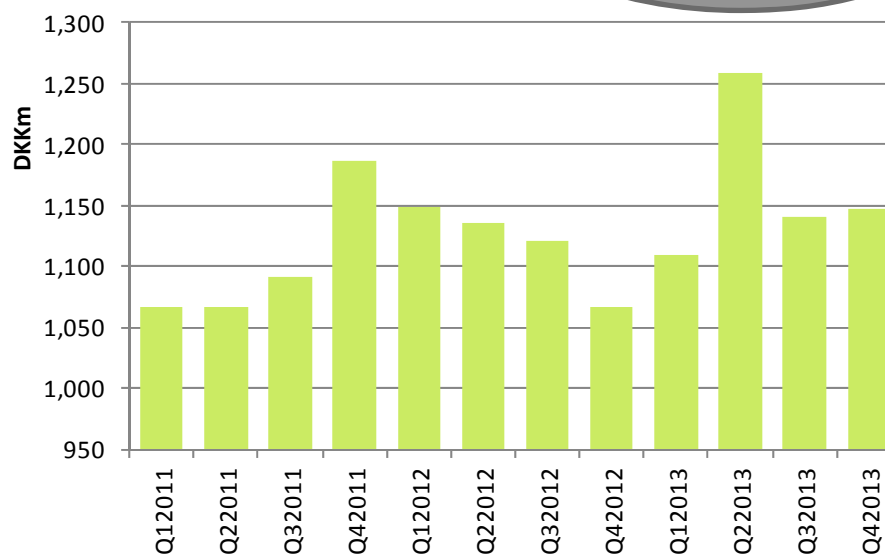
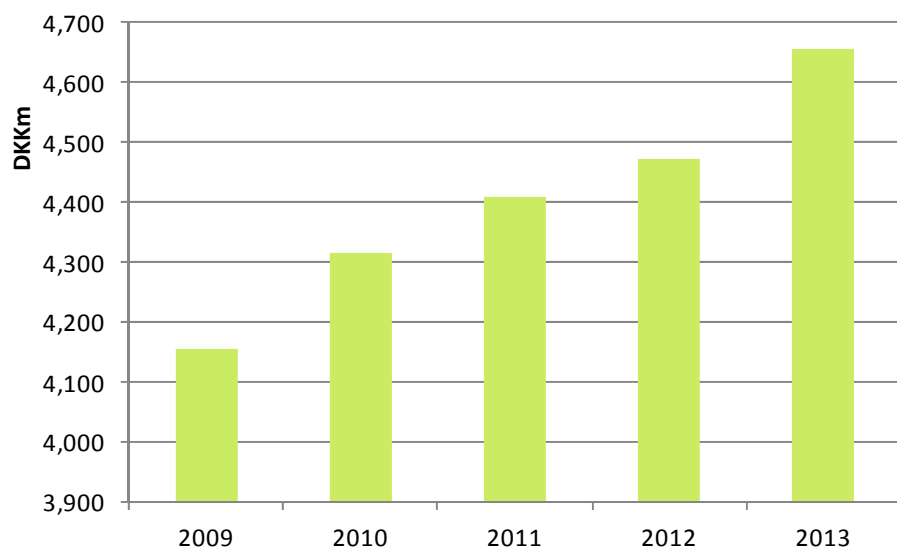
DKK 4.7bn covered bonds issued via BRFkredit in July 2012, October 2012, January 2013, April 2013, July 2013 & October 2013

Senior unsecured issuance under the EMTN program via private placements during 2013 year to date :
SEK 2.4bn (EUR 280m) of 3 year FRNs
EUR 50m of 2.25 year FRNs
NOK 800m (EUR 100m) of 8.5 year fixed notes
In total EUR 430m with a weighted average maturity of 4.2 years

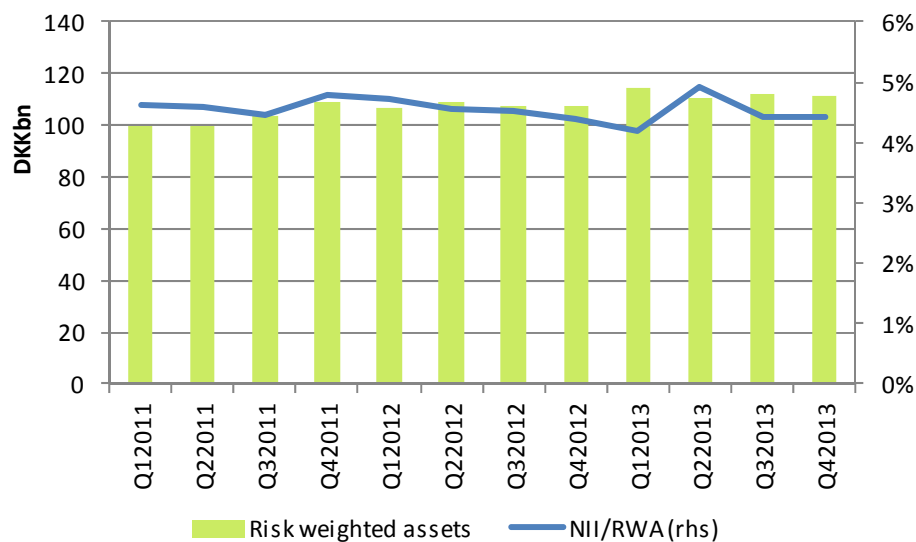
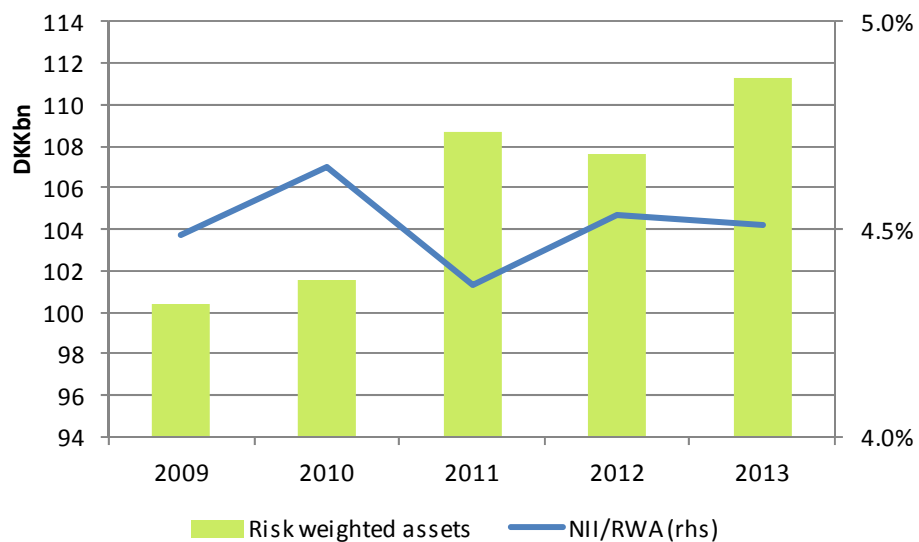
2013 in figures

Net Interest Income

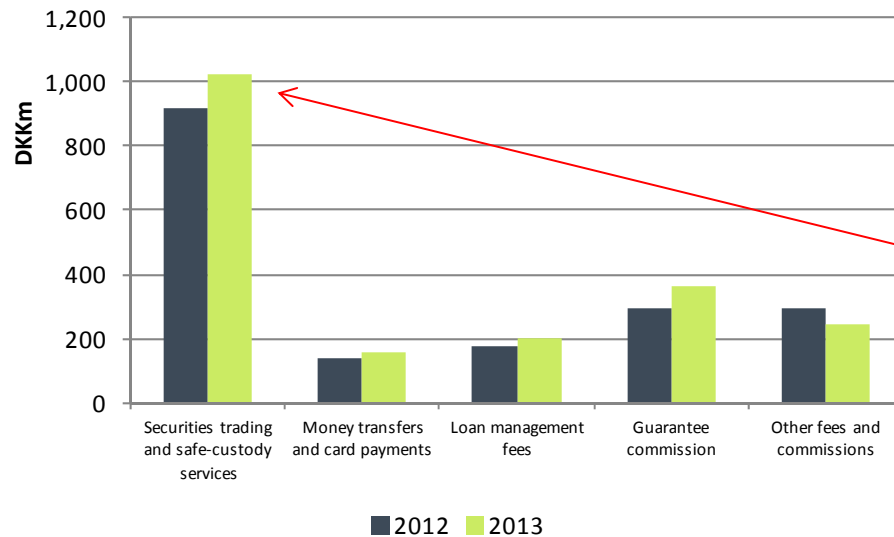
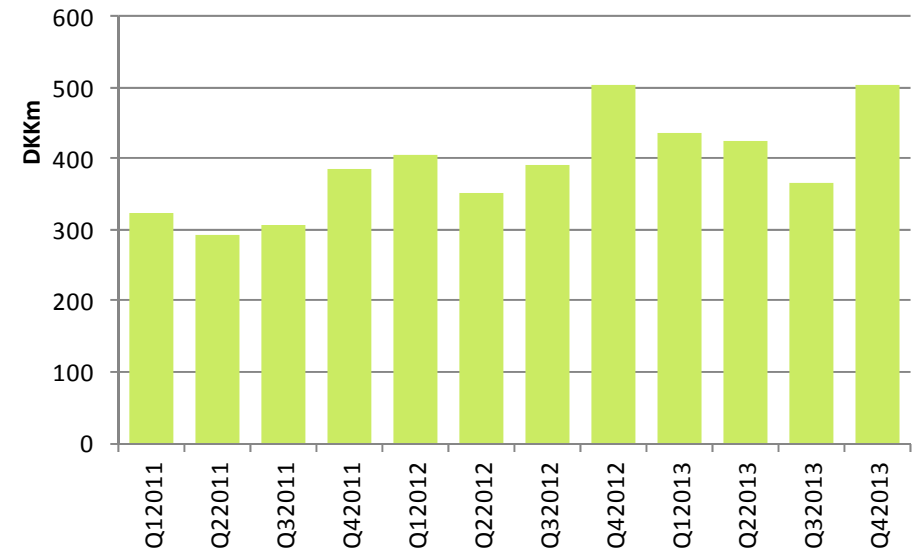
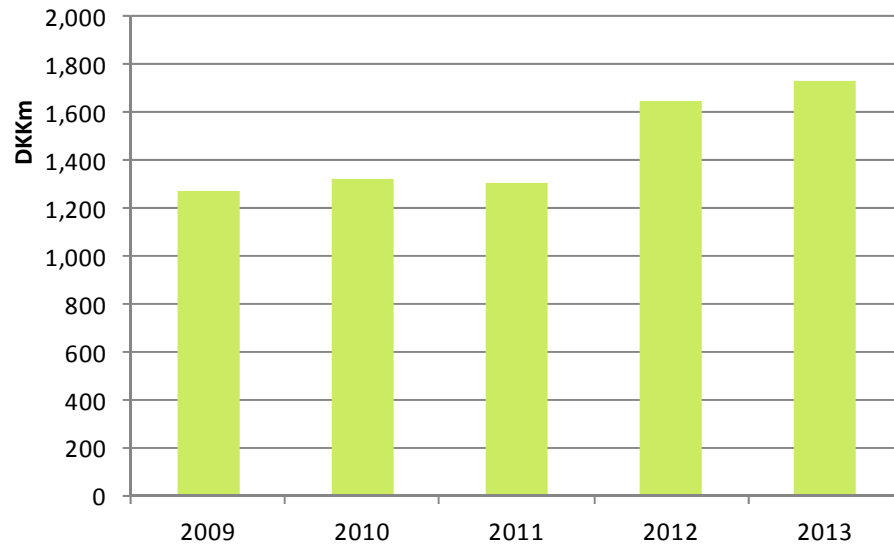
Spar Lolland:
Q1: DKK 26m
Q2: DKK 118m
Q3: DKK 22m
Q4: DKK 51m



Return/risk-trade off

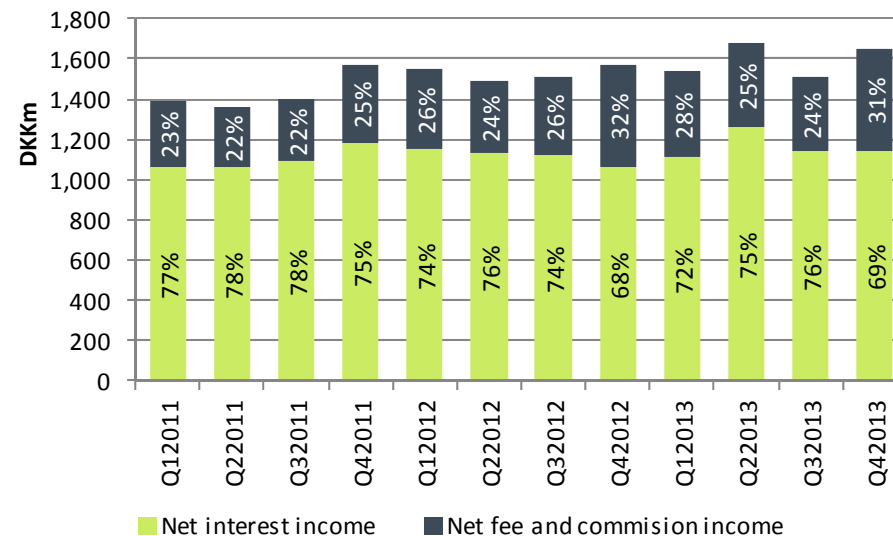
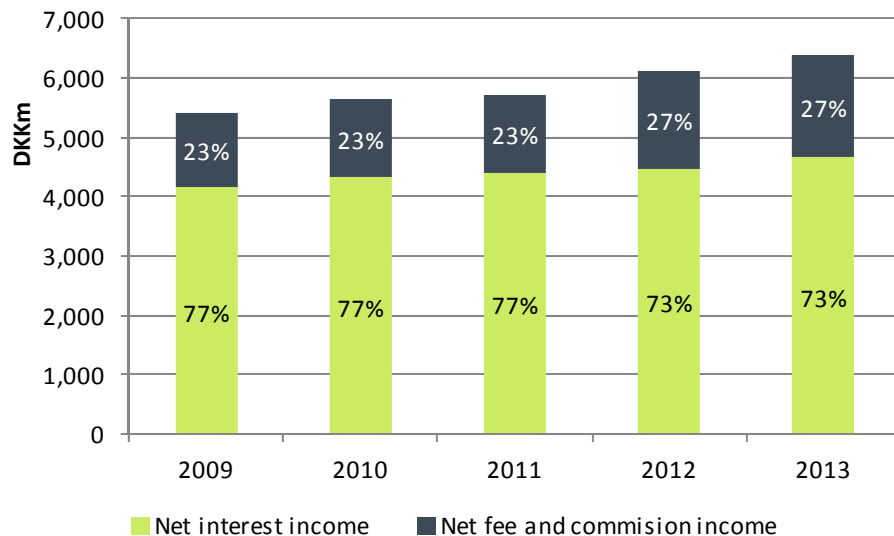


Fee and commission income

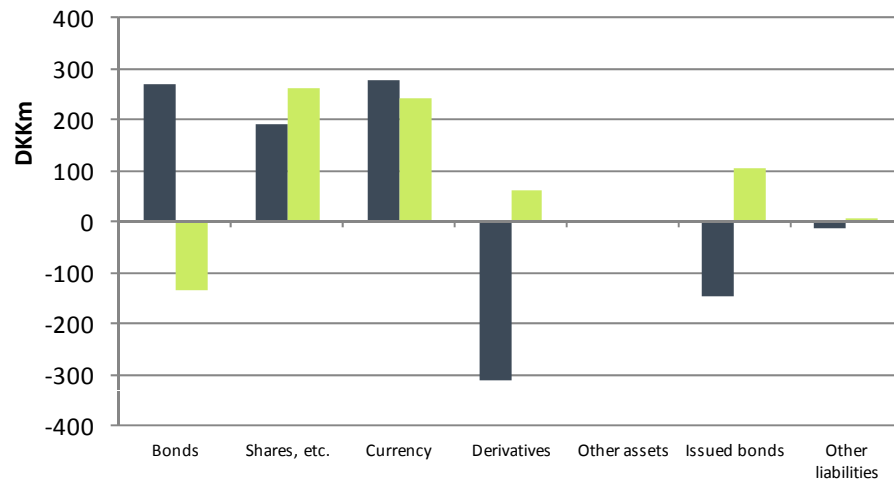
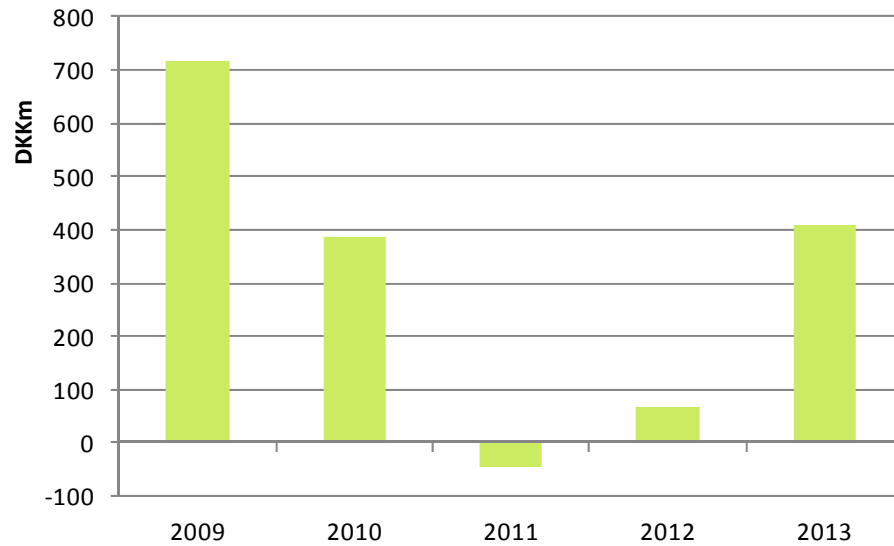


Performance related fees

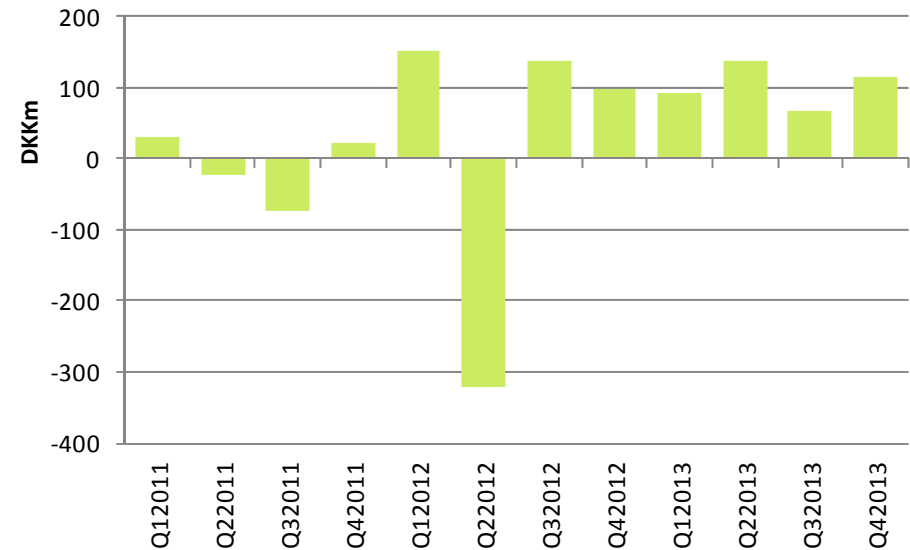
Net interest and fee income



Value adjustments

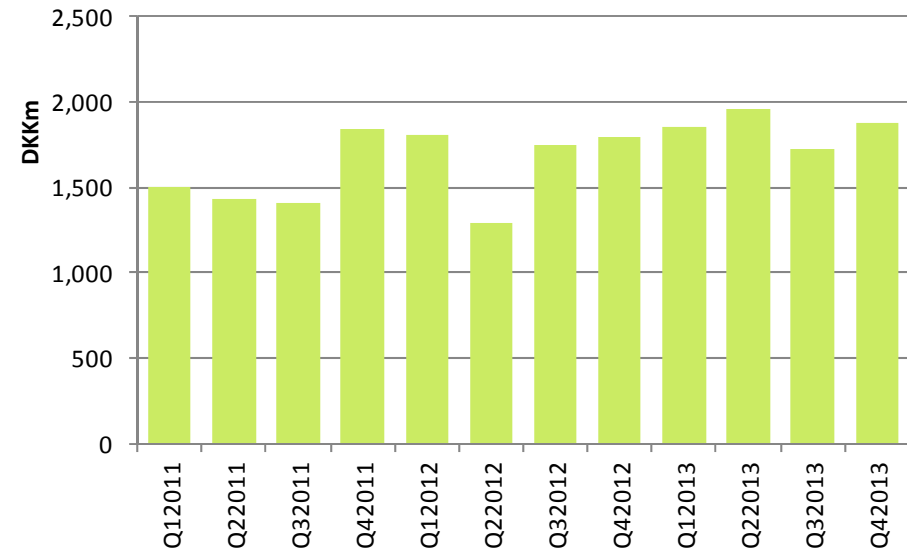
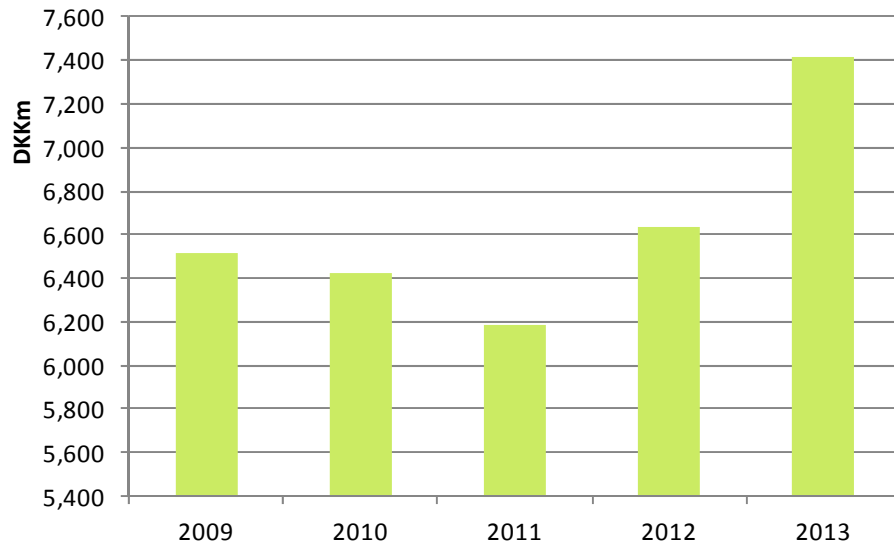


■ 2012 ■ 2013

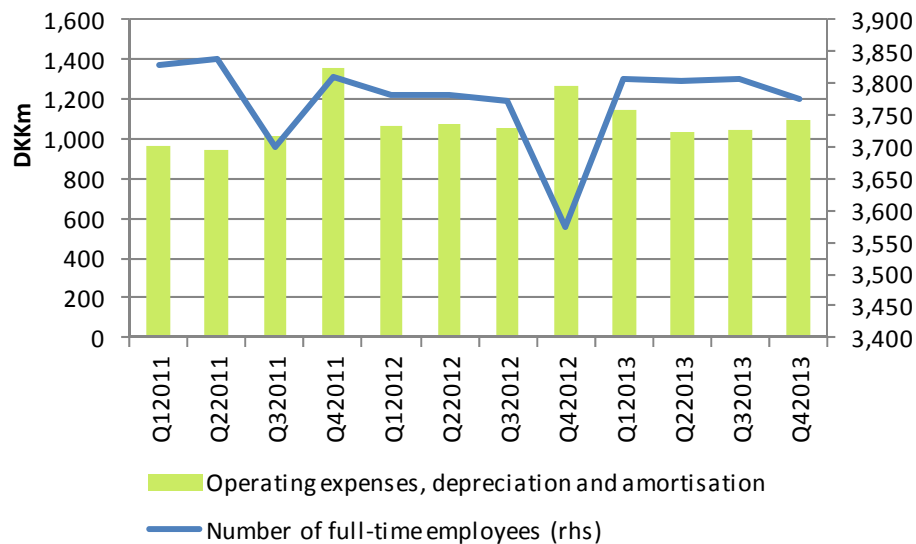
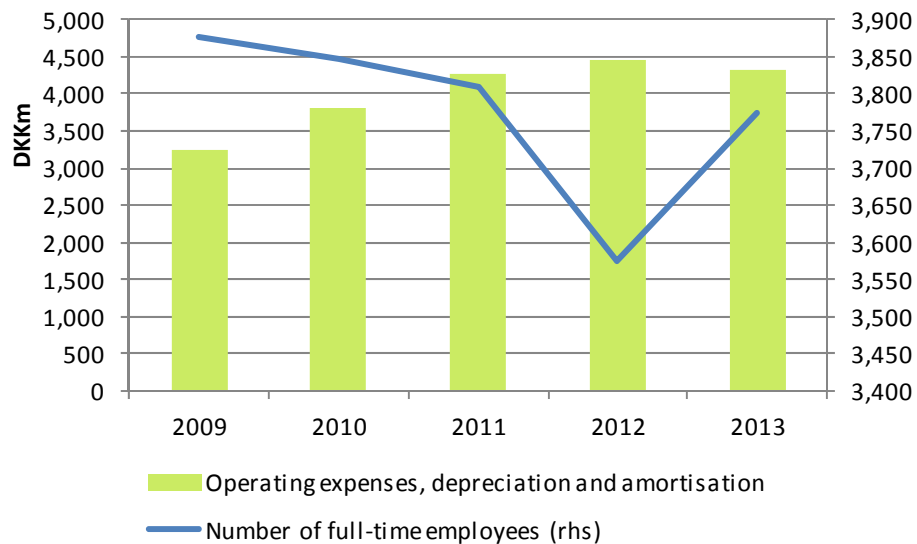


Interest rate hedging/customer
 Q2 2012: DKK -357m
 2013: DKK 249m

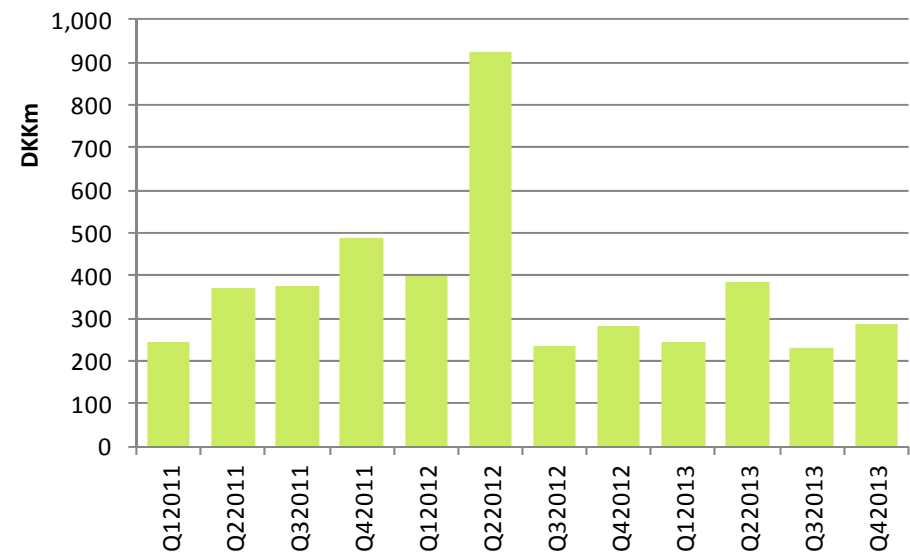
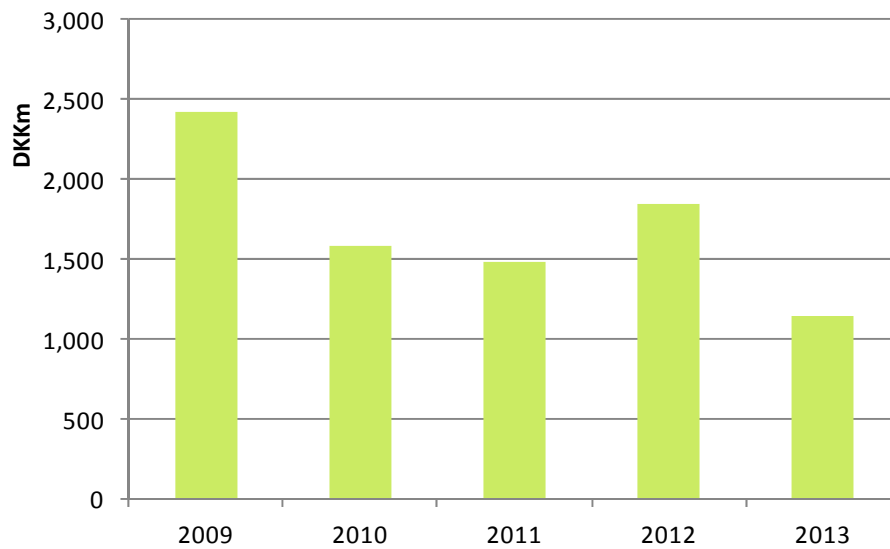
Gross earnings



Operating expenses and employees

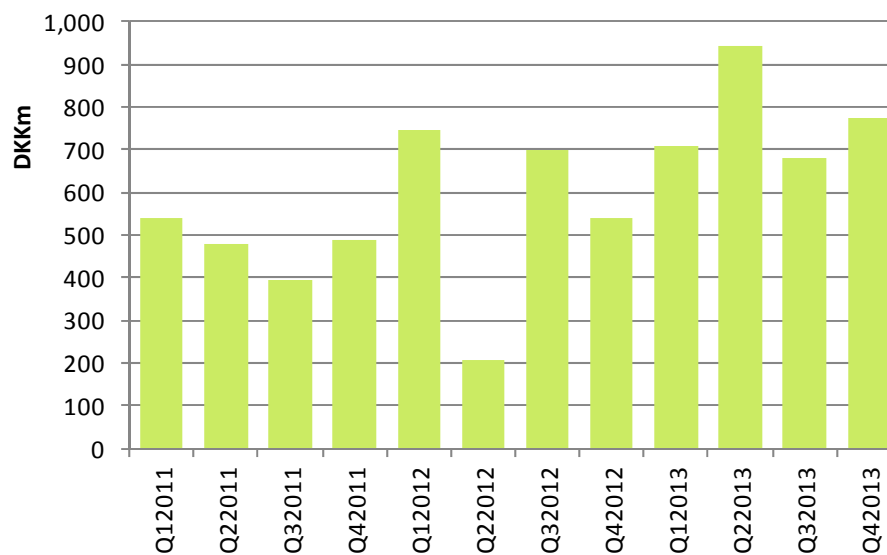
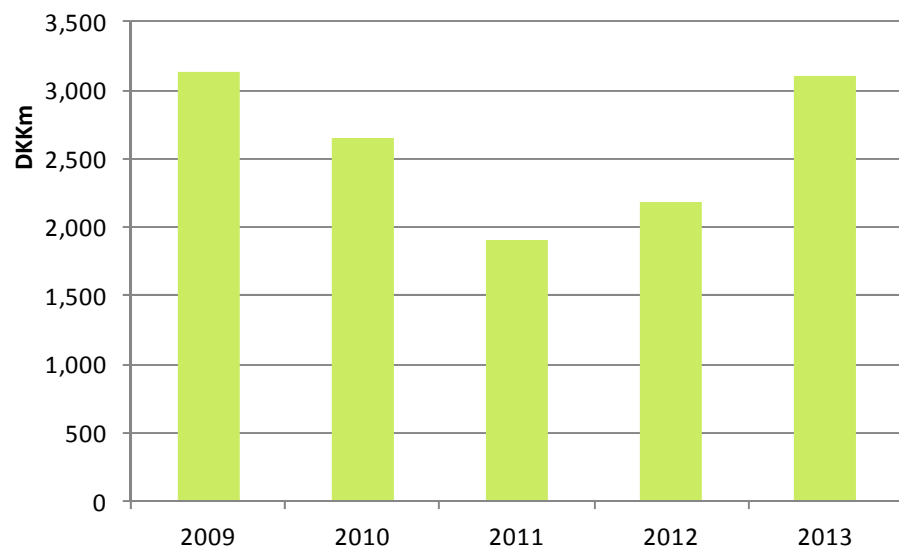


Loan impairment charges

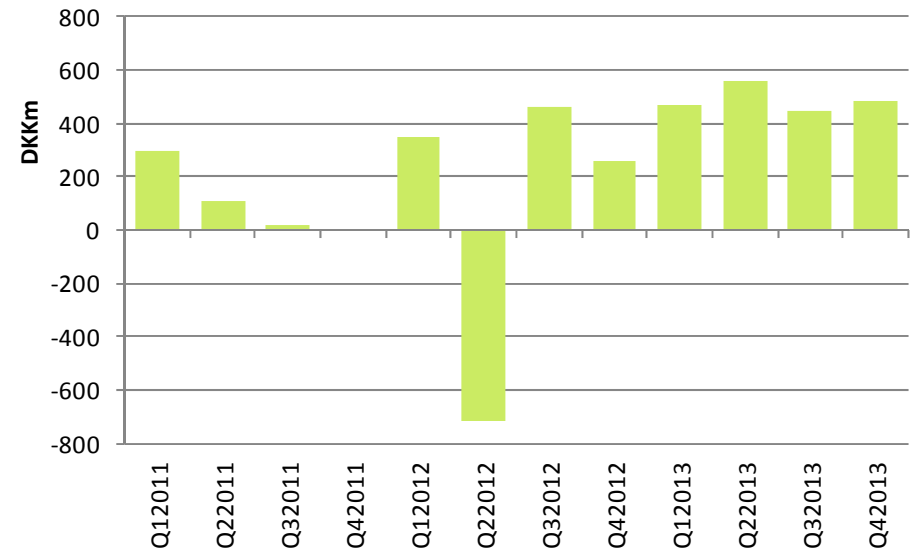
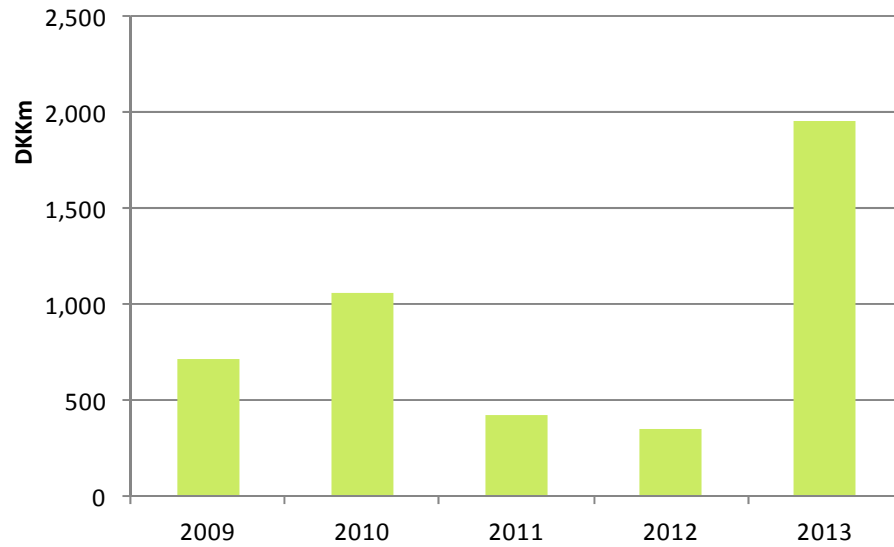


To be viewed in connection with discounts relating to acquired loans and advances recognised as income under Net interest income,

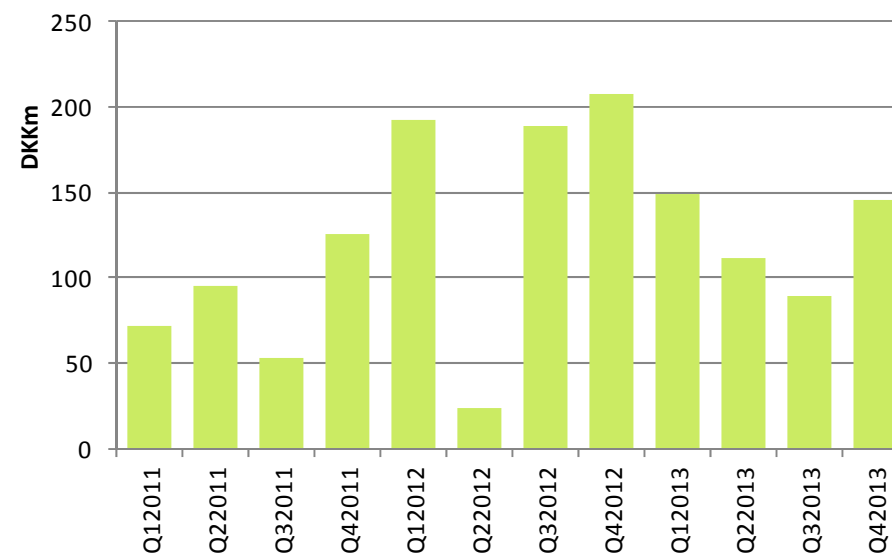
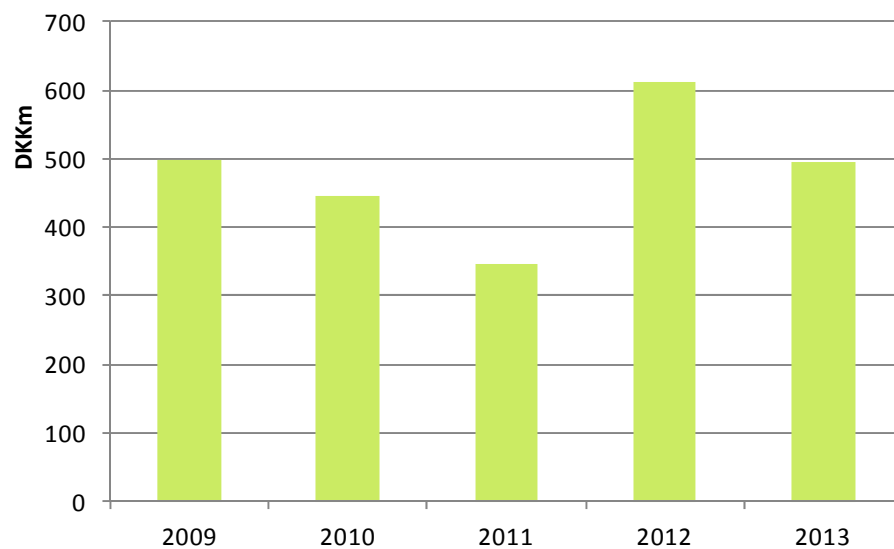
Core earnings before loan impairment charges



Core earnings

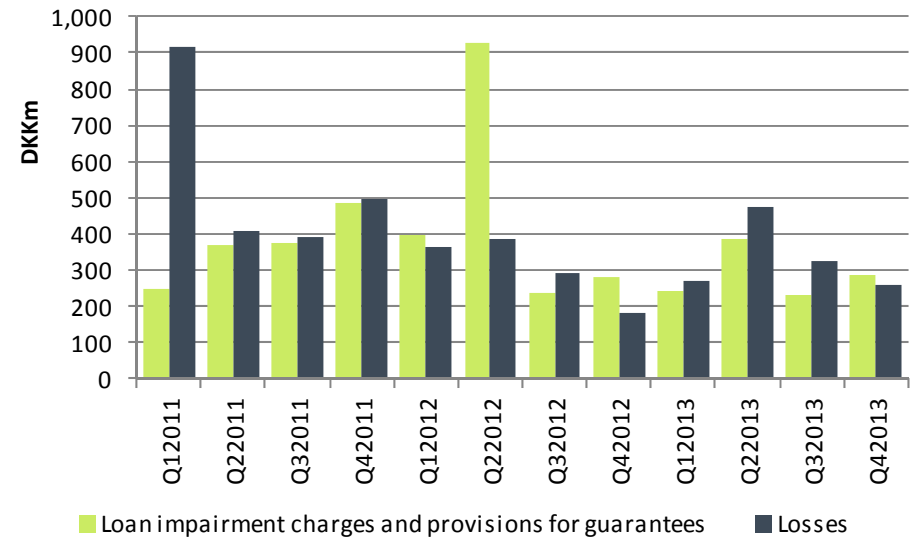


Earnings from investment portfolios



Credit quality

Loan impairment charges and losses



Loans and advances split by sector

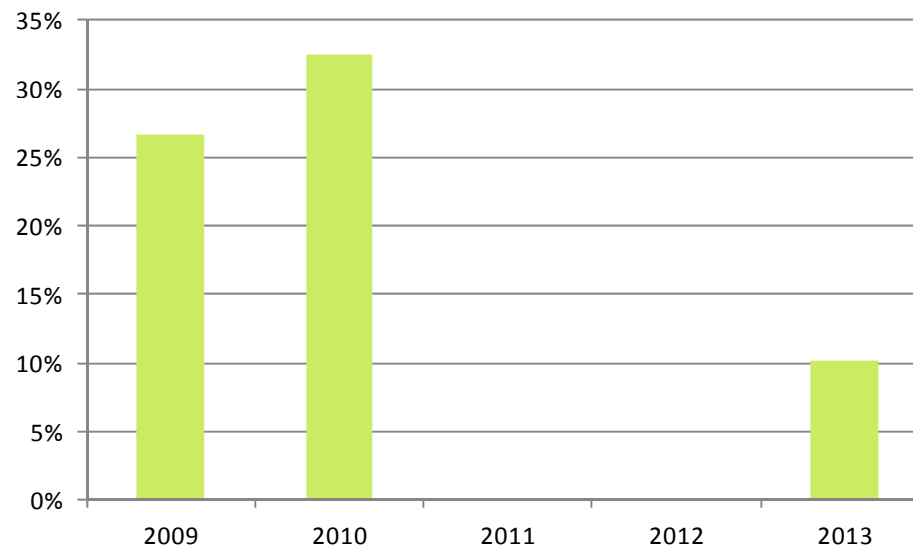
Jyske Bank A/S	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees		Loan impairment charges for the period		Loss for the period	
	End- 2013	End- 2012	End- 2013	End- 2012	2013	2012	2013	2012
Loans, advances and guarantees as well as loan impairment charges and provisions for guarantees (DKK€m)	End- 2013	End- 2012	End- 2013	End- 2012	2013	2012	2013	2012
Public authorities	7,871	6,624	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing industry	8,394	8,192	568	619	177	245	259	238
Fishing	2,426	2,433	1	39	4	23	44	0
Milk producers	1,472	1,533	334	290	111	136	86	77
Plant farming	1,322	1,068	17	25	7	19	16	8
Pig breeding	1,838	1,818	194	211	49	34	74	96
Other agriculture	1,336	1,340	22	54	6	33	39	57
Manufacturing and mining, etc.	6,425	6,619	132	173	68	86	121	47
Energy supply	4,595	2,742	22	13	8	-4	0	0
Building and construction	2,232	2,234	77	74	44	38	48	63
Commerce	7,436	7,279	211	241	114	124	164	133
Transport, hotels and restaurants	2,868	2,961	61	37	52	23	37	15
Information and communication	475	447	16	5	19	0	12	6
Finance and insurance	41,751	34,982	690	594	181	191	135	138
Real property	10,072	9,860	1,150	1,051	257	401	204	167
Lease of real property	8,038	8,361	850	823	149	376	148	108
Buying and selling of real property	982	675	165	92	81	5	23	38
Other real property	1,052	825	135	136	27	20	33	21
Other sectors	5,323	4,933	54	148	-21	116	85	109
Corporate customers, individually assessed, total	89,571	80,249	2,981	2,955	899	1,220	1,065	916
Corporate customers, collective impairment charges			659	717	-49	197	0	5
Personal customers, individually assessed	45,468	43,298	576	532	239	258	237	170
Personal customers, collective impairment charges			275	263	10	130	0	26
Total	142,910	130,171	4,491	4,467	1,099	1,805	1,302	1,117

Loans and advances split by sector

Jyske Bank A/S	Loans, advances and guarantees	Balance of loan impairment charges and provisions for guarantees	Loans, advances and guarantees	Balance of loan impairment charges and provisions for guarantees	Loss for the period/loans, advances	Loan impairment charges for the period/loans, advances
Loans, advances and guarantees as well as loan impairment charges and provisions for guarantees (DKKm)	End- 2013	End- 2013	Change in pct.	Change in pct.	Pct.	Pct.
Public authorities	7,871	0	18.8%		0.0%	0.0%
Agriculture, hunting, forestry, fishing industry	8,394	568	2.5%	-8.2%	3.1%	2.1%
Fishing	2,426	1	-0.3%	-97.4%	1.8%	0.2%
Milk producers	1,472	334	-4.0%	15.2%	5.8%	7.5%
Plant farming	1,322	17	23.8%	-32.0%	1.2%	0.5%
Pig breeding	1,838	194	1.1%	-8.1%	4.0%	2.7%
Other agriculture	1,336	22	-0.3%	-59.3%	2.9%	0.4%
Manufacturing and mining, etc.	6,425	132	-2.9%	-23.7%	1.9%	1.1%
Energy supply	4,595	22	67.6%	69.2%	0.0%	0.2%
Building and construction	2,232	77	-0.1%	4.1%	2.2%	2.0%
Commerce	7,436	211	2.2%	-12.4%	2.2%	1.5%
Transport, hotels and restaurants	2,868	61	-3.1%	64.9%	1.3%	1.8%
Information and communication	475	16	6.3%	220.0%	2.5%	4.0%
Finance and insurance	41,751	690	19.3%	16.2%	0.3%	0.4%
Real property	10,072	1,150	2.2%	9.4%	2.0%	2.6%
Lease of real property	8,038	850	-3.9%	3.3%	1.8%	1.9%
Buying and selling of real property	982	165	45.5%	79.3%	2.3%	8.2%
Other real property	1,052	135	27.5%	-0.7%	3.1%	2.6%
Other sectors	5,323	54	7.9%	-63.5%	1.6%	-0.4%
Corporate customers, individually assessed, total	89,571	2,981	11.6%	0.9%	1.2%	1.0%
Corporate customers, collective impairment charges		659		-8.1%		
Personal customers, individually assessed	45,468	576	5.0%	8.3%	0.5%	0.5%
Personal customers, collective impairment charges		275		4.6%		
Total	142,910	4,491	9.8%	0.5%	0.9%	0.8%

Large exposures

per cent of capital base



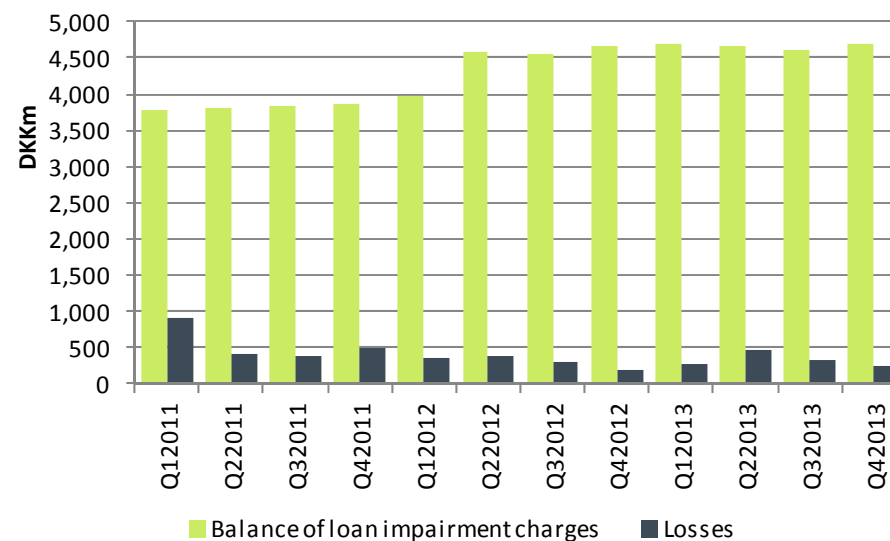
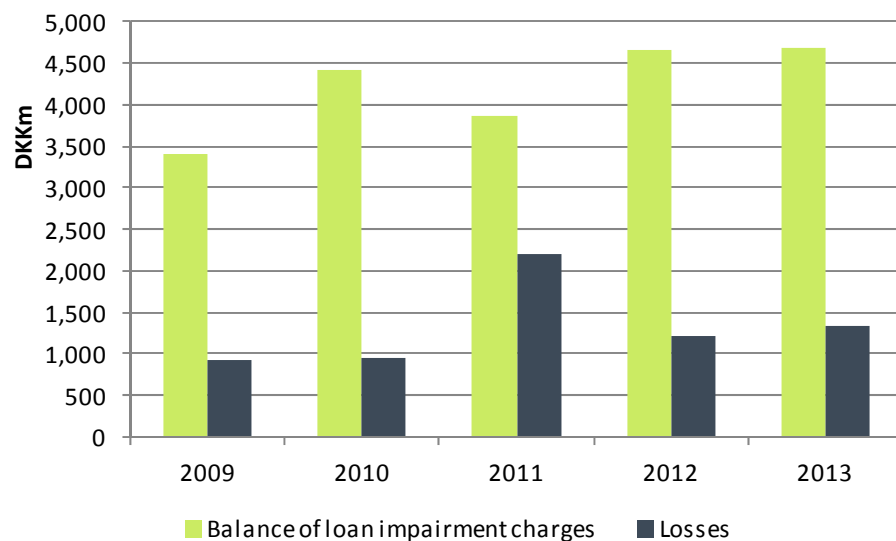
Jyske Bank large exposures:

> 10% : 1 (large Danish financial institution)

7.5-10%: 1

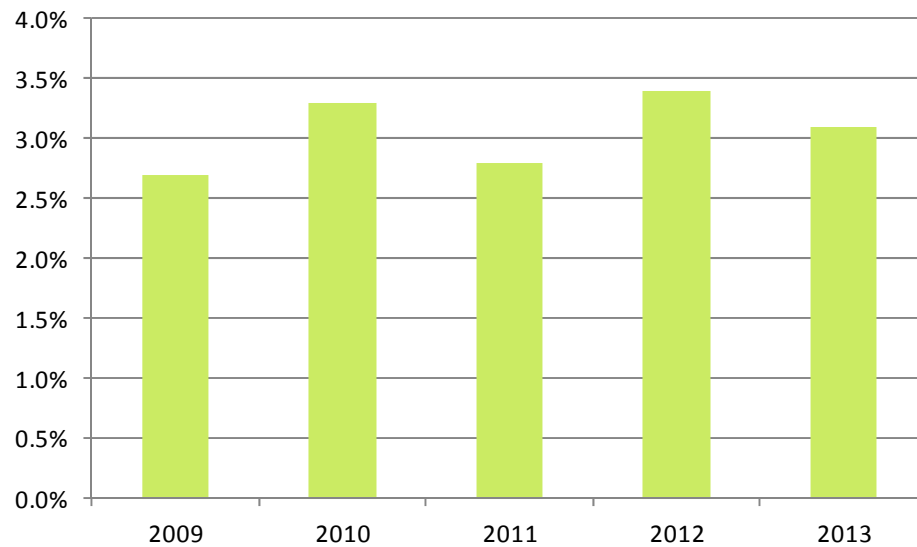
5-7.5%: 4

Balance of loan impairment charges

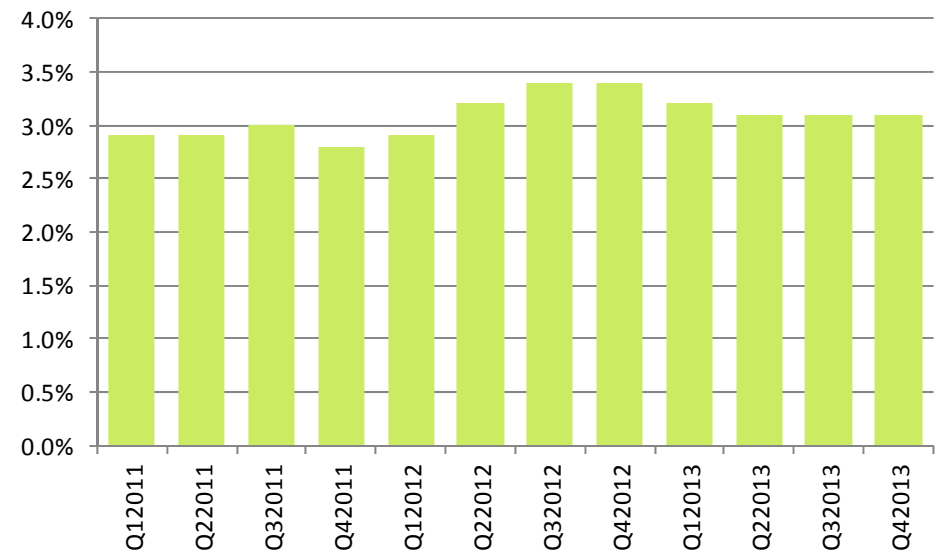


Balance of loan impairment charges

Per cent of loans and advances

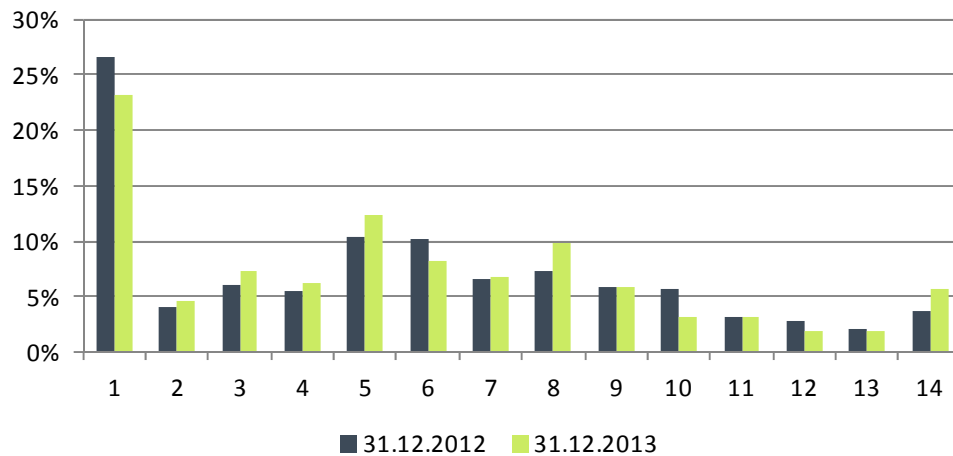


Per cent of loans and advances

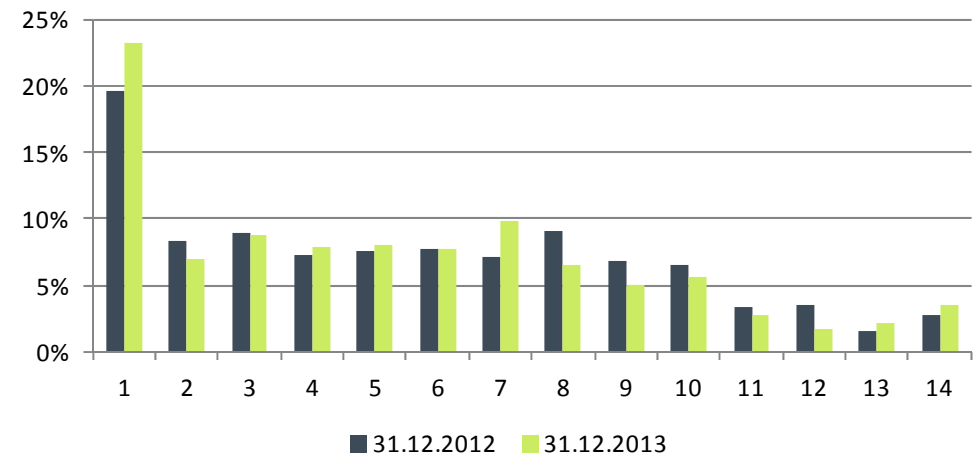


Exposures by credit rating

Corporates



Retail



Danish FSA

- Reports in 2011, 2012 and 2013
- New stringent guidelines for impairments

Danish FSA reports 2011, 2012 and 2013

SME customers and IRB setup

- Decision making material satisfactory
- No ground for changing impairment charges
- IRB models satisfactory

IT inspection

- Principles and policies meet required demands

Market Risk and Compliance

- Management of market risk satisfactory
- Minor change in composition of the compliance report

Custodian bank for Jyske Invest

- The bank should improve some of the control measures in relation to the management of the assets of Jyske Invest - fully implemented

Agricultural clients

- The bank's credit control in respect of agricultural clients is satisfactory
- No ground for changing impairment charges

Management and control of credits

- The supervisory board's discussions and assessments of the bank's risks on the basis of the risk report are not sufficiently evidenced in the minutes. Apart from this, the inspection did not give rise to any important reactions on the part of the FSA.

Anti money laundering

- Jyske Bank is generally assessed to meet the current requirements regarding risk-limiting measures in respect of money laundering.

Corporate customers and IRB setup

- The FSA concluded that the bank's impairment charges were sufficient, and generally the credit management was good
- The FSA has no substantive comments to the bank's solvency statement
- In relation to the IRB models the FSA concluded that they work satisfactorily
- The bank must reserve additional capital in its individual solvency requirement to uncertainties regarding the determination of maturity of corporate customers as well as handling of weak customers. FSA's conclusions are included in the individual solvency requirement of 10.0% at the end of third quarter 2013.

Joint funding

- The inspection of the joint funding did not give rise to any reactions on the part of the FSA.



Fact Book

Core earnings

Profit for the period				Q4	Q3	Q2	Q1
DKKm	2013	2012	Index 13/12	2013	2013	2013	2013
Net interest income	4,655	4,471	104	1,147	1,141	1,258	1,109
Dividends, etc.	41	20	205	6	1	21	13
Net fee and commission income	1,731	1,652	105	505	367	424	435
Net interest and fee income	6,427	6,143	105	1,658	1,509	1,703	1,557
Value adjustments	410	66	621	114	66	138	92
Other operating income	514	370	139	89	131	103	191
Income from operating lease (net)	65	58	112	16	15	18	16
Gross earnings	7,416	6,637	112	1,877	1,721	1,962	1,856
Operating expenses, depreciation and amortisation enterprises	4,320	4,461	97	1,097	1,046	1,030	1,147
	6	12	50	-8	3	10	1
Core earnings before loan impairment charges and provisions for guarantees	3,102	2,188	142	772	678	942	710
Loan impairment charges and provisions for guarantees	1,147	1,842	62	288	232	385	242
Core earnings	1,955	346	565	484	446	557	468
Earnings from investment portfolios	495	612	81	145	89	112	149
Profit before contribution to the Guarantee Fund, etc.	2,450	958	256	629	535	669	617
The Guarantee Fund, etc.	-149	-109	137	-38	-27	-28	-56
Pre-tax profit	2,301	849	271	591	508	641	561

Profit/loss

DKKm	2013					2012				
	Core earnings	Earnings on investment portfolios	The Guarantee Fund, etc.	Re-classification	Total	Core earnings	Earnings on investment portfolios	The Guarantee Fund, etc.	Re-classification	Total
Net interest income	4,655	363	0	0	5,018	4,471	408	0	0	4,879
Dividends, etc.	41	11	0	0	52	20	10	0	0	30
Net fee and commission income	1,731	-2	0	0	1,729	1,652	-2	0	0	1,650
Net interest and fee income	6,427	372	0	0	6,799	6,143	416	0	0	6,559
Value adjustments	410	131	0	0	541	66	203	0	0	269
Other operating income	514	0	0	0	514	370	0	0	0	370
Income from operating lease	65	0	0	314	379	58	0	0	248	306
Gross earnings	7,416	503	0	314	8,233	6,637	619	0	248	7,504
Operating expenses, depreciation and amortisation	4,320	8	149	314	4,791	4,461	9	109	248	4,827
Profit on investments in associates and group enterprises	6	0	0	0	6	12	0	0	0	12
Core earnings before loan impairment charges and provisions for guarantees	3,102	495	-149	0	3,448	2,188	610	-109	0	2,689
Loan impairment charges and provisions for guarantees	1,147	0	0	0	1,147	1,842	-2	0	0	1,840
Pre-tax profit for the period	1,955	495	-149	0	2,301	346	612	-109	0	849

Questions