



# Jyske Bank

## Q1 2014



# Agenda

- Jyske Bank in brief
- Jyske Banks Performance 1968-2013
- Merger with BRFkredit
- Focus in Q1 2014
- Q1 2014 in figures
- Capital Structure
- Liquidity
- Credit Quality
- Strategic Issues
- Macro Economy & Danish Banking 2013-2015
- Danish FSA
- 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





# Jyske Bank performance 1968-2013

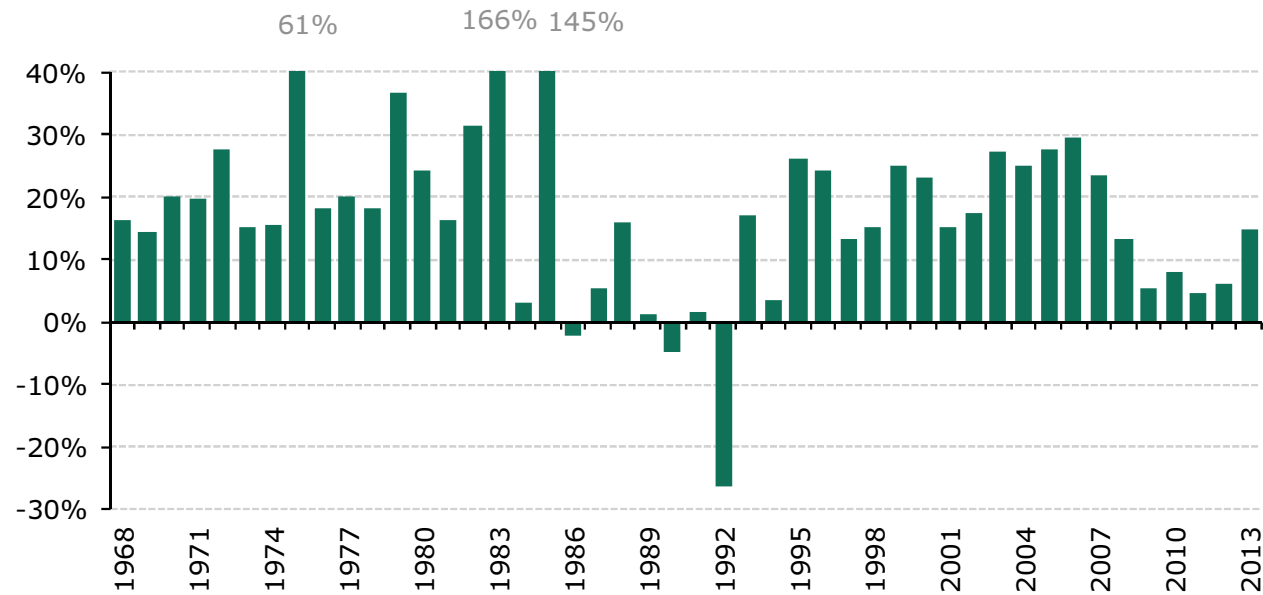


# ROE on opening equity - 1968-2013



Pre-tax profit  
(ROE on open. equity)

Average:  
22%





# *A great match*

February 24, 2014





# Transaction highlights



Combination of Jyske Bank and BRFkredit creates a leading Danish financial institution by combining the 3<sup>rd</sup> largest bank and the 4<sup>th</sup> largest mortgage-credit institution

Combination of two highly complementary business models: offer a full range of products and services to all customer segments

High growth potential from cross-selling between combined banking and mortgage customer base

Significant cost synergies stemming from optimising IT, business processes, overlapping functions and capital, with low integration risk

Diversified balance sheet and de-risked earnings profile together with strong capitalisation

Positioned to participate further in the ongoing consolidation of the Danish financial sector

# A great match



## JYSKE BANK

- ✓ 3<sup>rd</sup> largest Danish bank
- ✓ Full-scale bank with core operations within retail and commercial banking, customer driven trading, asset management and private banking
- ✓ 104 branches for private customers, 34 for business customers and 9 for private banking
- ✓ Business focus on Danish private individuals, SMEs and international private and institutional investment clients
- ✓ 3,774 employees

## **3RF** kredit

- ✓ 4<sup>th</sup> largest Danish mortgage-credit institution
- ✓ Mortgage lender specialising in owner-occupied homes, vacation homes, commercial properties and subsidised housing in Denmark
- ✓ Distribution via partners, online platform and mobile sales force
- ✓ Attractive customer base especially in Copenhagen and Aarhus areas
- ✓ 869 employees

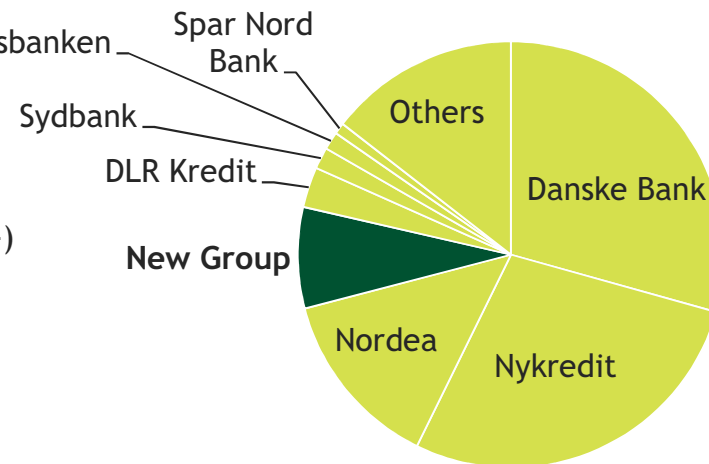
# Creating a leading Danish financial institution

JYSKE BANK

- ✓ Firmly establishes Jyske Bank as one of the four major financial services groups in Denmark with a full product range
- ✓ Extensive distribution platforms and customer bases provide attractive opportunities for organic growth
- ✓ Increased economies of scale provide opportunities for cost efficiencies
- ✓ Lower earnings volatility from diversified credit portfolio and overall risk profile
- ✓ Strong capitalised combined group supporting existing rating (A-)
- ✓ Combined platform positioned to benefit from structural changes in demand between banking and mortgage services
- ✓ Well positioned in a changing regulatory environment
- ✓ Positioned to participate further in the ongoing consolidation of the Danish financial sector should attractive opportunities arise

## Estimated Danish market shares<sup>1</sup>

Financial institutions  
(banks and mortgage institutions)



<sup>1</sup> Source: Danish FSA and company reports, market shares based on estimated total Danish lending, H1 2013 figures

# Timing is good for a combination between Jyske Bank and BRFkredit



## Jyske Bank evolution

- Strategy change in Summer 2011 focusing on non-organic growth opportunities
- Non-core operations successfully divested
- The joint IT operations company (JN Data) in conjunction with transfer of IT R&D to Bankdata in 2012 have created a strong and efficient IT platform for Jyske Bank
- Funding arrangement with BRFkredit (2012) established a good cooperation between the parties



## Market considerations

- Current market dynamics have motivated consolidation of the Danish banking market
- The financial crisis has provided an effective "stress test" of loan books providing transparency on quality
- Market for banking services is shrinking whereas market for mortgage lending is steadily growing
- Housing prices have shown regional signs of recovery

**Ideal timing for the combination due to Jyske Bank's strategic evolution and internal readiness and BRFkredit's successful turnaround while current market trends are facilitating strategic moves**

# Key 2013 figures for the combined group



 **JYSKE BANK**

**3RF** kredit

**New Group**  
(Pro forma)

Customers ('000) <sup>1</sup>	~740	~150	~890
Total assets (DKKbn)	262.0	233.8	480.5
Loans (DKKbn)	131.4	209.0	334.6
Deposits (DKKbn)	126.0	5.3	131.4
Issued bonds (DKKbn)	27.8	202.0	220.7
Total revenues (DKKbn)	8.2	1.9	10.0
Net profit (DKKbn)	1.8	0.3	2.1
Equity (DKKbn)	17.5	10.4	27.8
Pre tax RoE	14.7%	4.1%	10.6%
RWA (DKKbn)	111.3	59.2	168.6
Core Tier 1 <sup>2</sup>	15.3%	16.6%	16.1%
Solvency ratio	16.0%	16.6%	16.3%
Staff	3,774	869	4,643

<sup>1</sup> Not adjusted for customer overlap

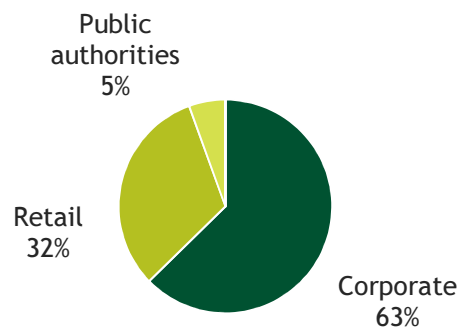
<sup>2</sup> Excluding hybrid capital

# Extended lending platform



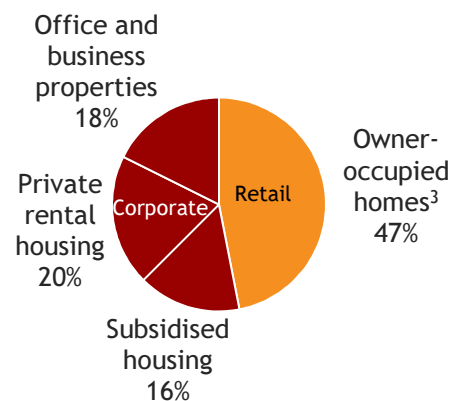
- Further diversifies loan book with good split between corporate, retail and mortgage lending
- Attractive cross-selling opportunity of banking and mortgage-related products
- BRFkredit primarily offers mortgages secured by properties in Denmark
- Practically all BRFkredit mortgages are funded based on the 'balance principle'

## Jyske Bank



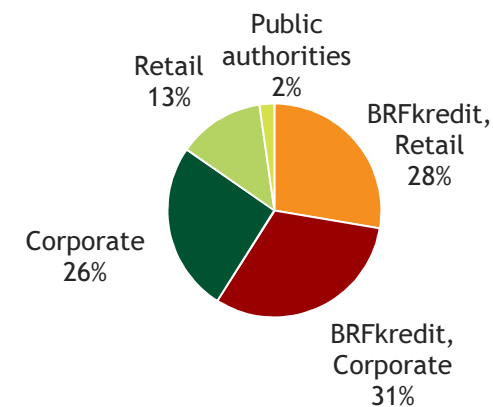
Total = DKK 146bn<sup>1</sup>

## BRFkredit



Total = DKK 210bn<sup>2</sup>  
Hereof approx. 2% from BRFkredit Bank

## Pro forma



Total = DKK 356bn<sup>4</sup>

<sup>1</sup> Jyske Bank Group, including guarantee debtors

<sup>2</sup> BRFkredit Group, including BRFkredit Bank and guarantee debtors

<sup>3</sup> Including 3 pct. points vacation homes

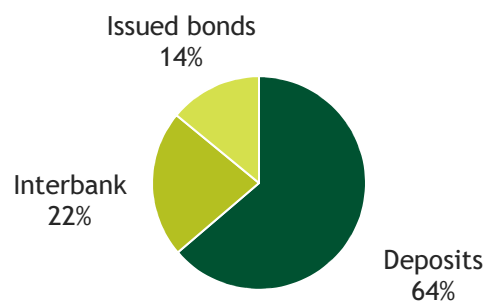
<sup>4</sup> Before transaction adjustments and including guarantee debtors

# Fully diversified funding platform



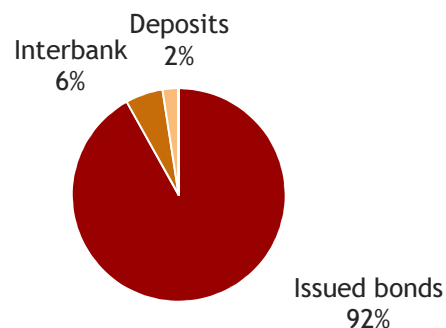
- Further diversifies funding platform, with good split between bond, deposit and interbank funding
- Direct access to the Danish covered bond market
- Ample liquidity via tap issues and central bank eligibility

## Jyske Bank



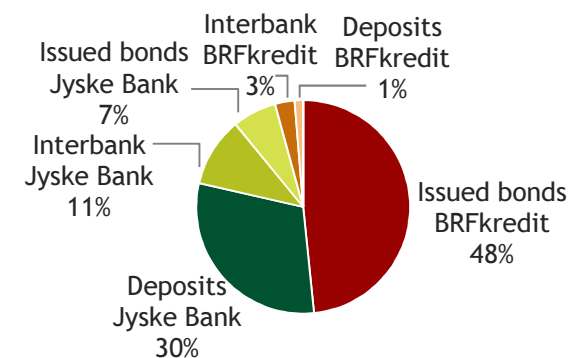
Total = DKK 198bn

## BRFkredit



Total = DKK 220bn

## Pro forma



Total = DKK 417bn<sup>1</sup>

<sup>1</sup> Before transaction adjustments

# Attractive synergy potential

- Total run rate synergies of minimum DKK 600m per annum, of which approximately DKK 300m from cost synergies and DKK 300m from revenue synergies
- The mix of synergies between cost and revenue depends on market conditions
- Cost synergies expected to be achieved by 2017 and revenue synergies by 2018
- Integration costs are estimated at DKK 300-400m covering IT, business processes, employees, properties, external advisers etc.

## Phase 1

### Cost synergies

- Merger of IT operations at JN Data
- One fully coordinated nationwide distribution channel
- BRFkredit Bank fully integrated into Jyske Bank
- Internal recruitment for vacant positions
- Optimise work with regulation and compliance

### Revenue synergies

- Cross-selling between customer bases
- Optimise management of product prices and fees across product lines
- One fully coordinated nationwide distribution channel
- BRFkredit Bank fully integrated in Jyske Bank

## Phase 2

### Cost synergies

- Optimise overlapping functions
- Internal recruitment for vacant positions

### Revenue synergies

- Growth in sale of banking and mortgage products
- Optimise management of product prices and fees across product lines



# Strong capitalisation post-transaction

## Basel II



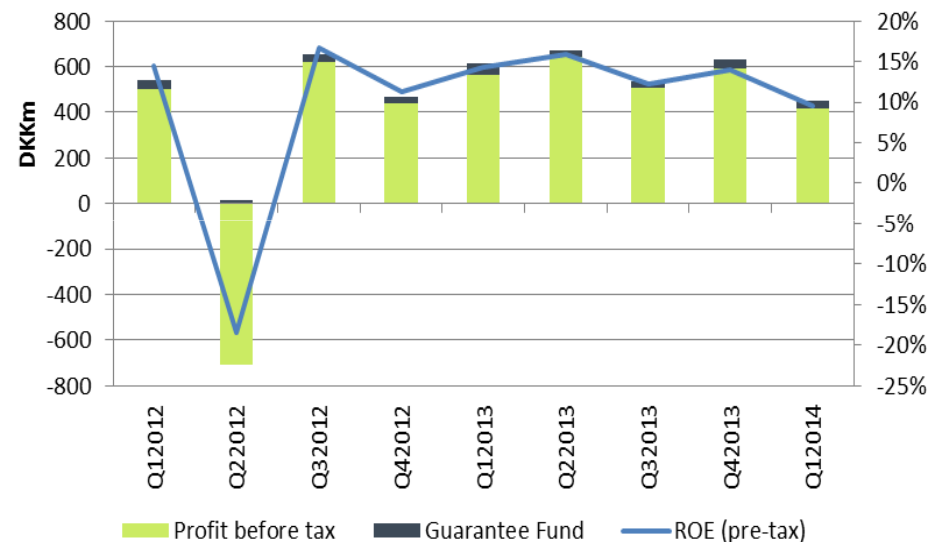
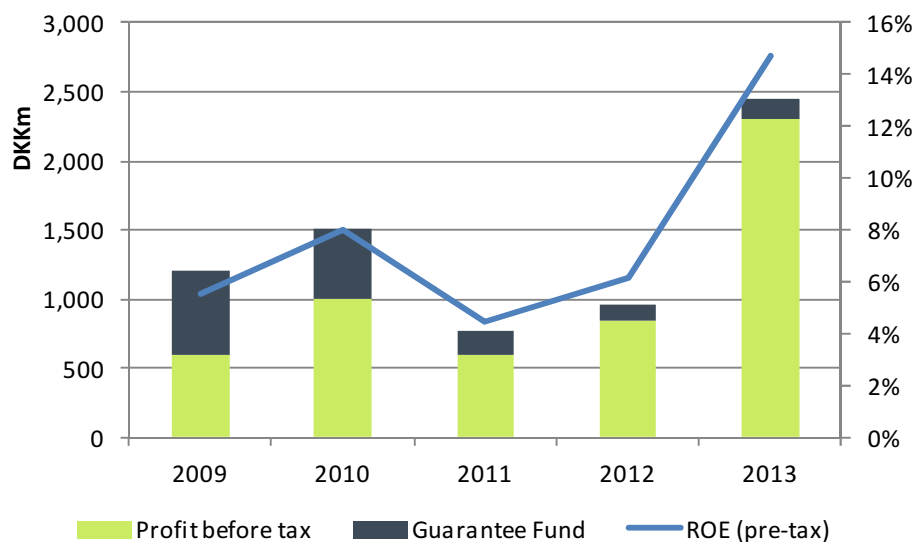
<sup>1</sup> Preliminary bargain purchase gain / badwill estimate based on year end 2013 balance sheet and current market data

# Focus in Q1 2014

# Focus in Q1 2014

- ROE pre tax 9.6% - slightly below previous quarters
- Net Interest Income -3% due to margin pressure and lower reinvestment rates in the liquidity portfolio
- Growth in bank lending due to new mortgage products (DKK 6.3bn), other banking products decrease
- Gross income unchanged compared to Q1 2013
- Costs unchanged compared to Q1 2013
- Relatively stable asset quality for the seventh quarter in a row
- Closing of sale of Silkeborg Data in Q2 - DKK 300m net profit

# Profit before tax and Guarantee Fund



# Strategic issues

# Market conditions

- No volumes growth expected in 2014
- Fierce competition in the market; banks are pricing to lower the risk of losing volumes
- Growing Net Interest Income only via M&A activities
- Significant improvement in deposit/loans ratio in most banks
  
- Capital shortage in some banks due to maturing Tier II capital instruments and CRD IV requirements
- Strategic capital to acquire portfolios limited and only a few larger banks are interested
  
- Danish FSA is patient with banks showing tiny capital buffers

# Strategic issues 2013-2014

## Acquisition of Spar Lolland

- First phase of cost cuts implemented in Q1 2013
- IT integration and second phase of cost cuts in Q2 2014

## Sale of subsidiaries

- Jyske Global Asset Management in Q2 2013
- Krone Kapital (acquired from Spar Lolland) in Q3 2013
- Silkeborg Data in Q2 2014

## 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; loans outstanding DKK 6.3bn

## Restructuring of domestic branch network

- Stronger focus on customer segments
- Finalized by Q2 2014

# Strategic issues - Capital and Liquidity

## Capital

- Solvency ratio 16.2%
- Capital buffer 6.2 percentage points
- Core Tier 1 15.1%
- Unchanged capital target - Core Tier I minimum 12%
- CRD IV /CRR effect of 0.5 pp on capital base due to higher risk weighted assets and higher capital base
- Jyske Bank expected to become a systemic bank in Denmark among 6 institutions. At present, Jyske Bank comply with the capital charges as of 2019

## Liquidity

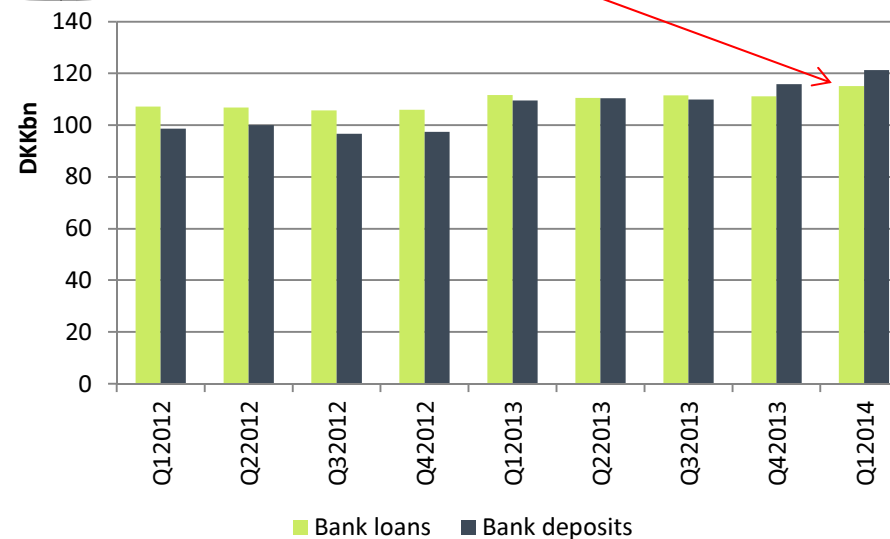
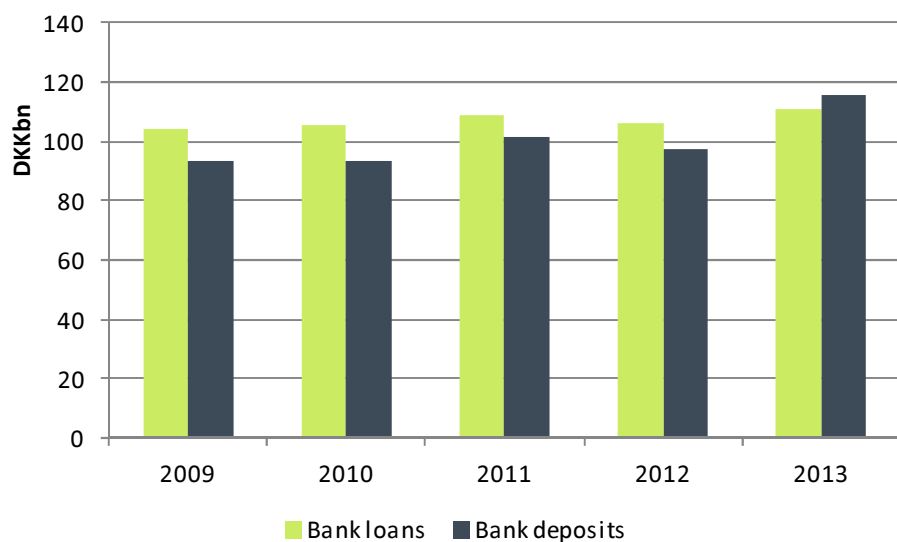
- Liquidity reserve DKK 51bn; liquidity after 12 mths run-off DKK 32bn
- Acquisitions with deposits surplus; Fjordbank Mors approx. DKK 1bn; Spar Lolland approx. DKK 2.5bn
- Issued AAA-rated bonds via BRFKredit DKK 4.8bn by end of Q1 2014
- Refinancing of all 2014 redemptions of senior debt (EMTNs) fully accomplished
- Bank loan portfolio funded by deposits by 105%



# Q1 2014 in figures

# Bank loans and deposits

New mortgage products DKK 6.3bn

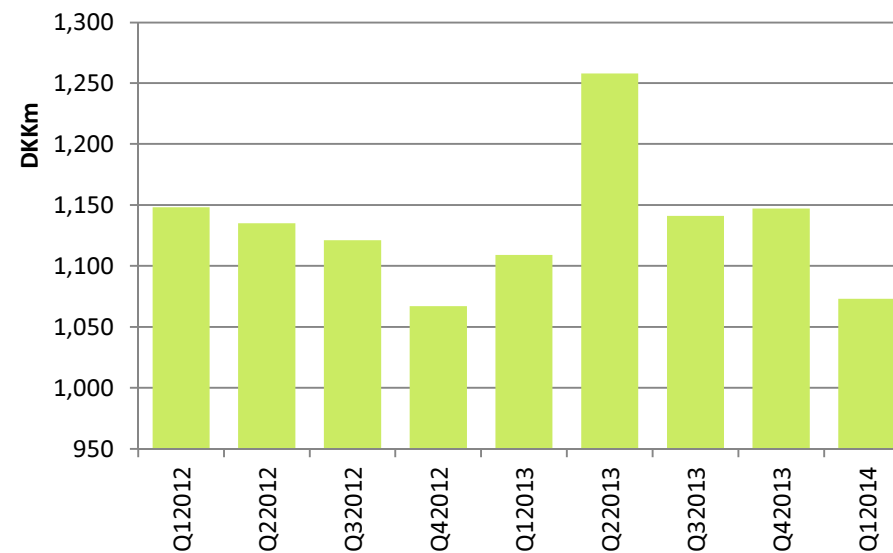
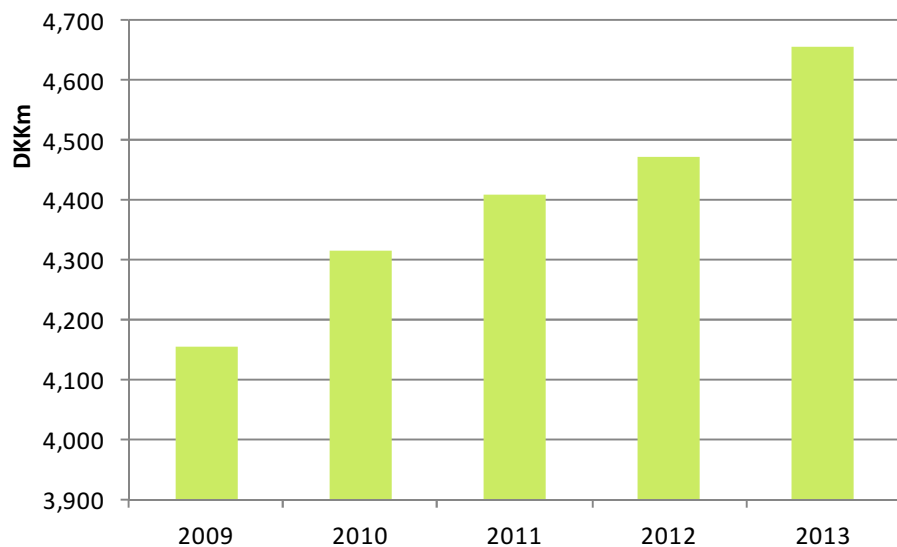


Bank loans:  
3.1% y/y  
3.6% q/q

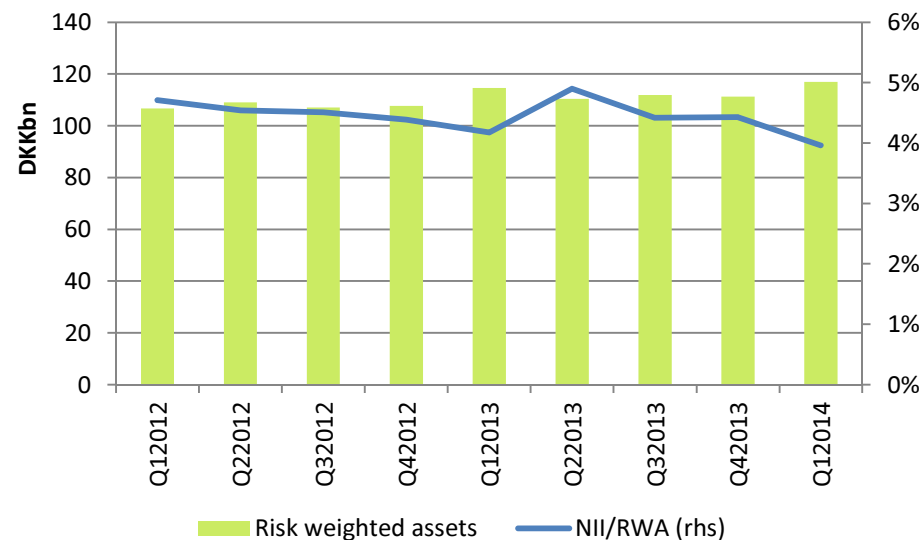
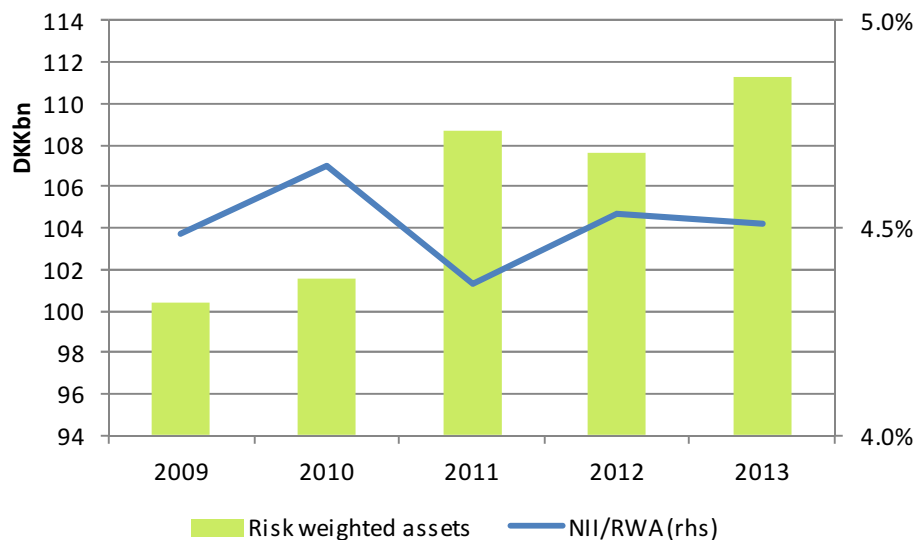
# Net Interest Income



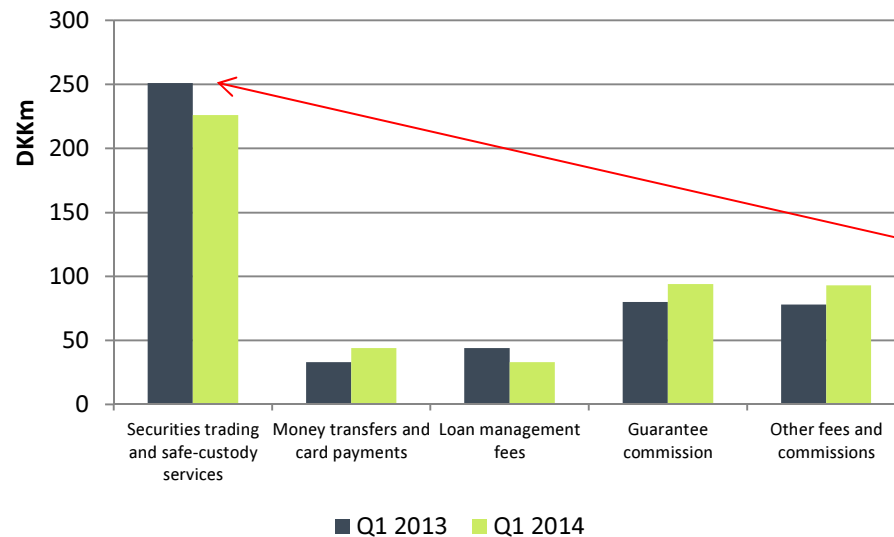
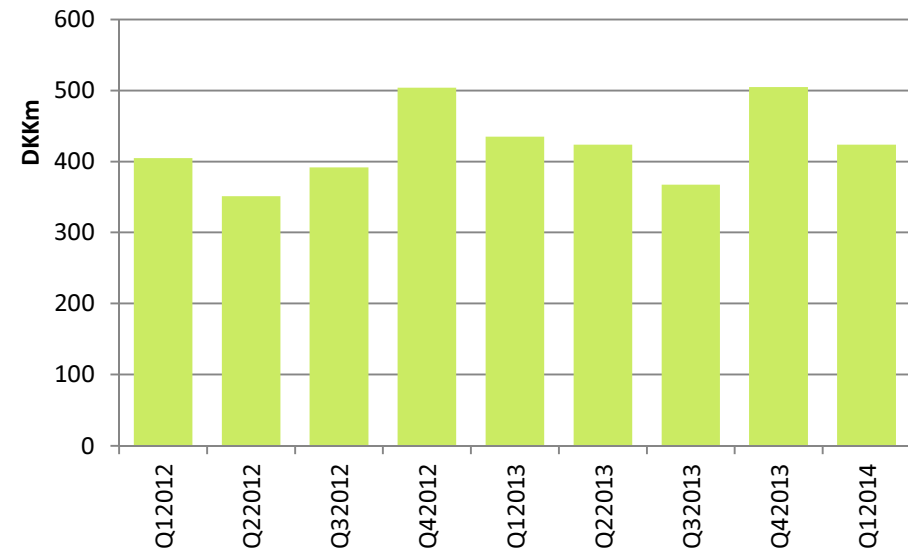
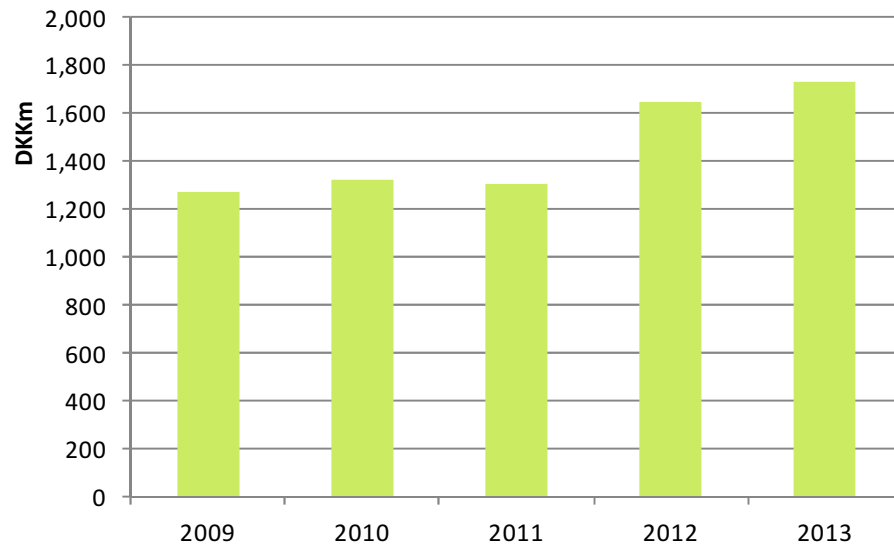
Spar Lolland:  
Q1 2013: DKK 26m  
Q2 2013: DKK 118m  
Q3 2013: DKK 22m  
Q4 2013: DKK 51m  
Q1 2014: DKK 40m



# Return/risk-trade off

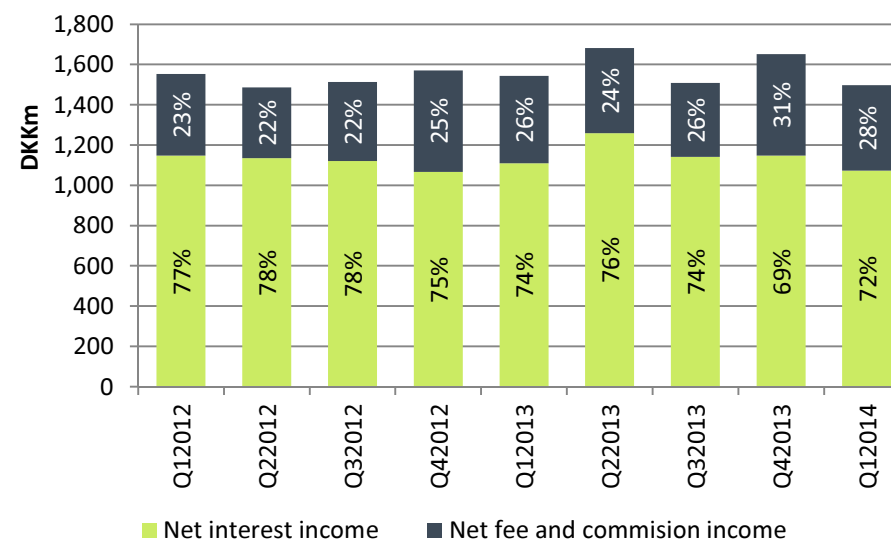
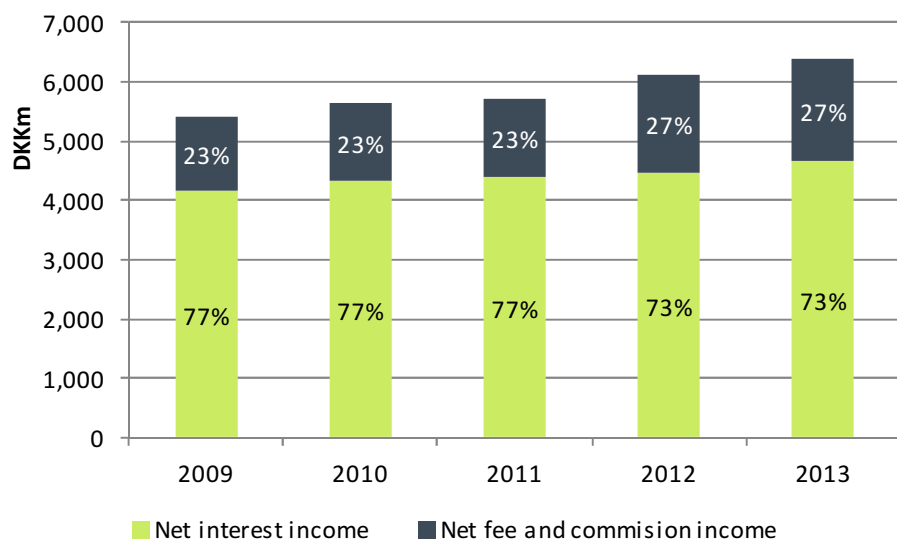


# Fee and commission income

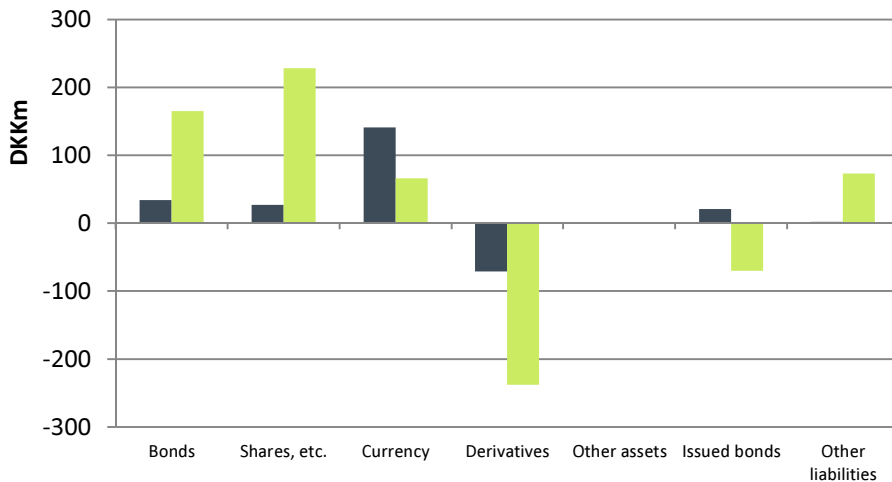
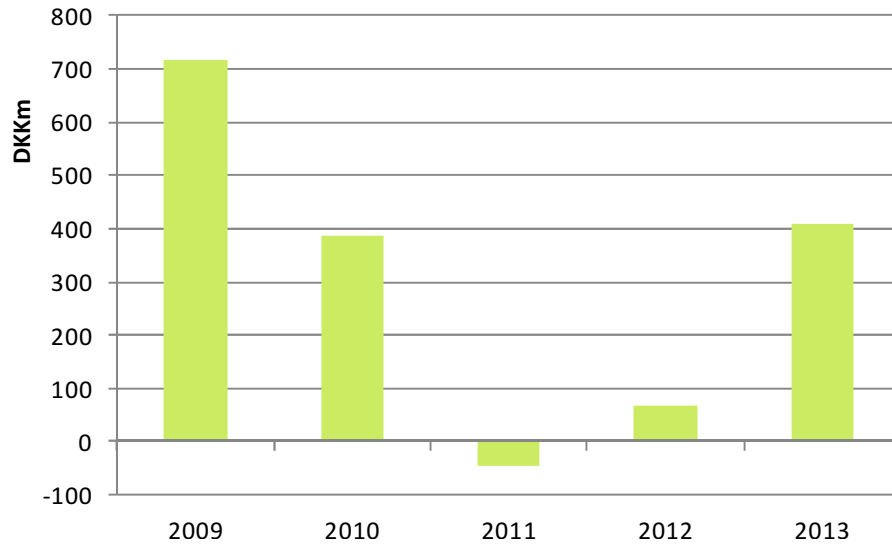


Performance related fees

# Net interest and fee income



# Value adjustments



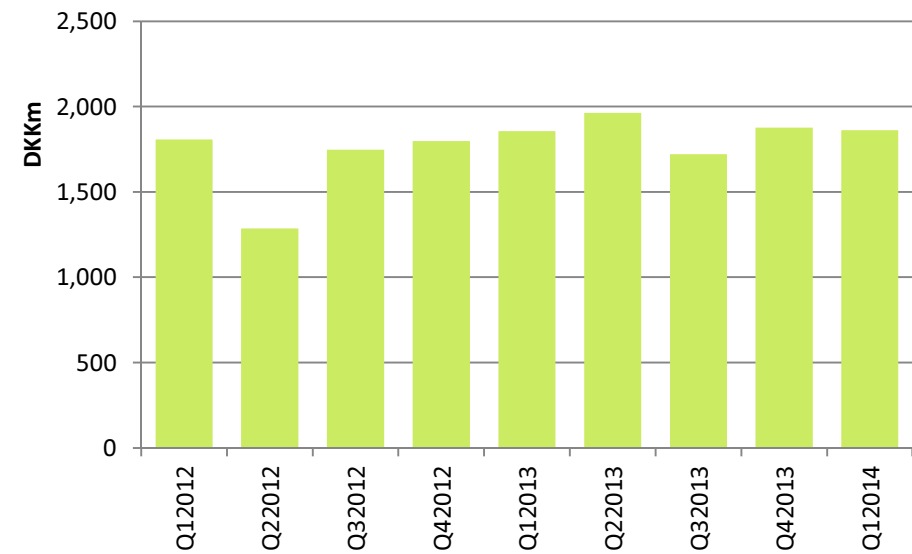
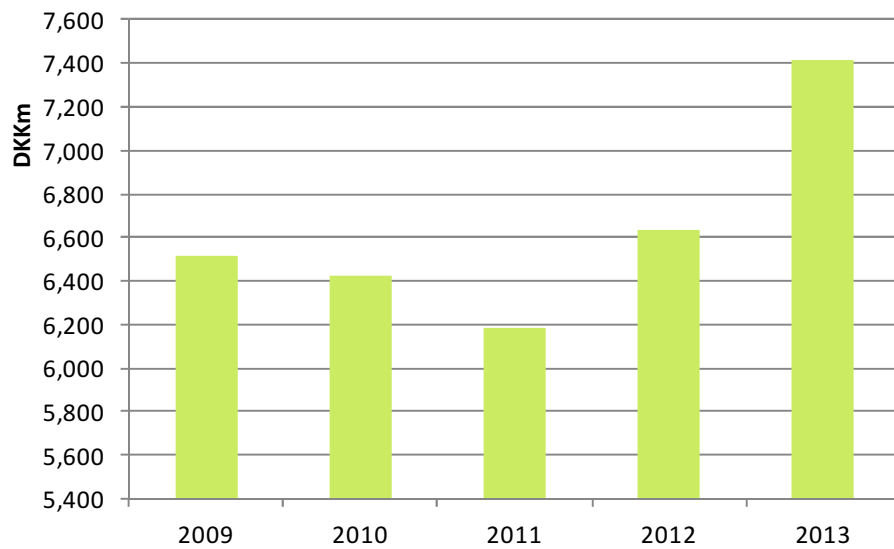
■ Q1 2013 ■ Q1 2014



Interest rate hedging/customers  
 Q1 2013: DKK 59m  
 Q1 2014: DKK -128m

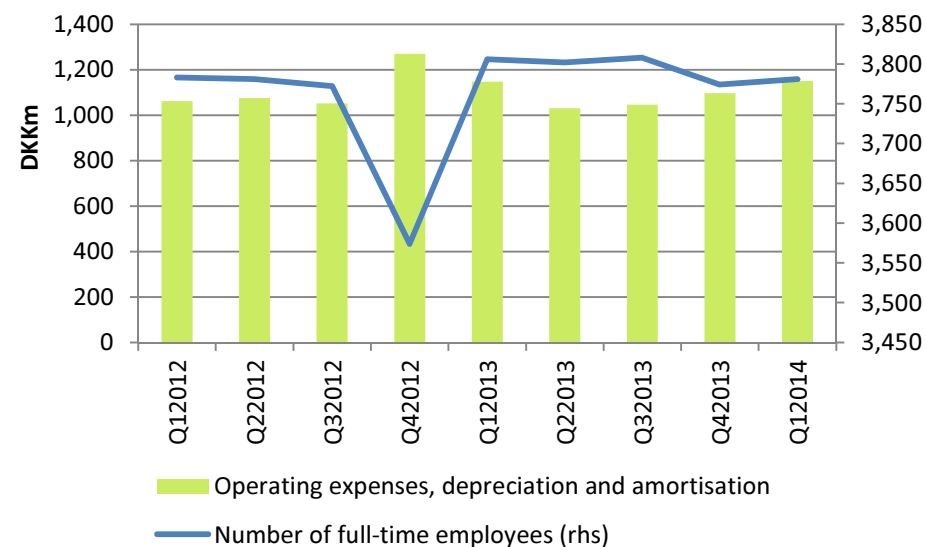
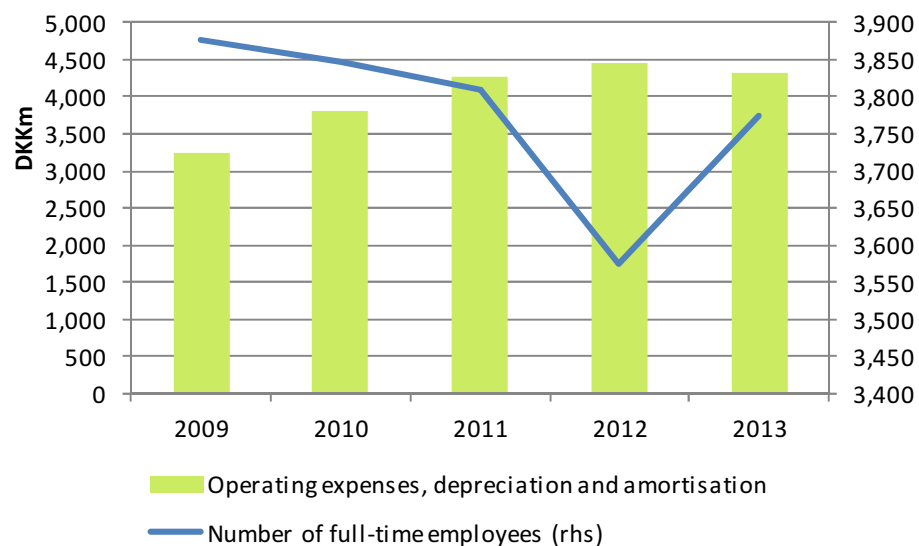
Sale of Nets: DKK 189m  
 Redemption of hybrid capital: DKK 75m

# Gross earnings

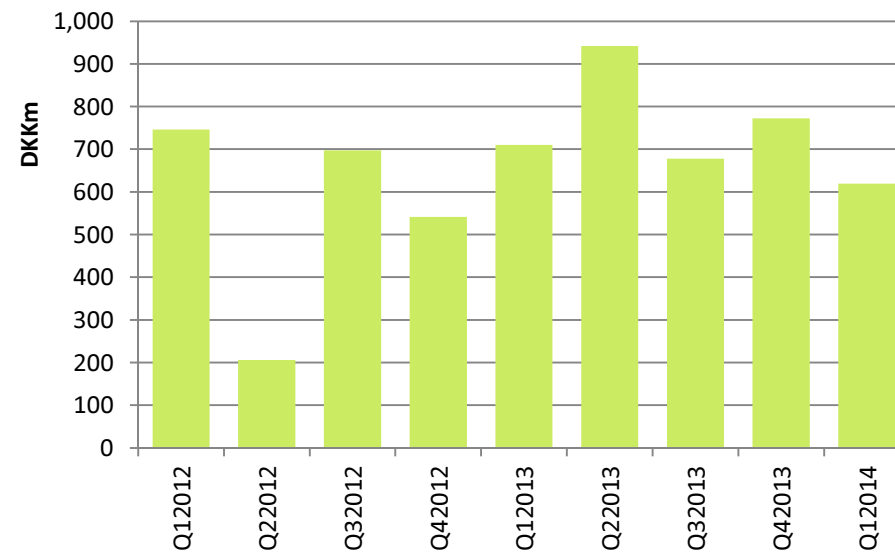
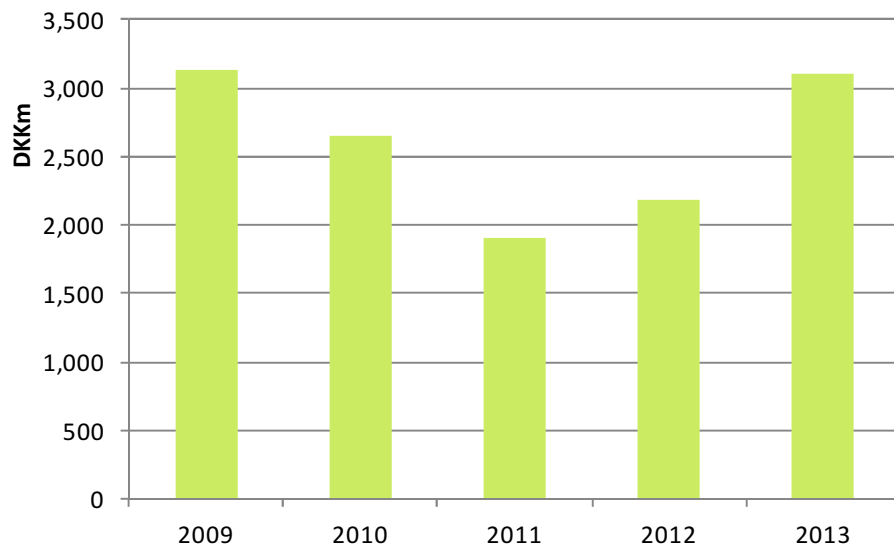




# Operating expenses and employees

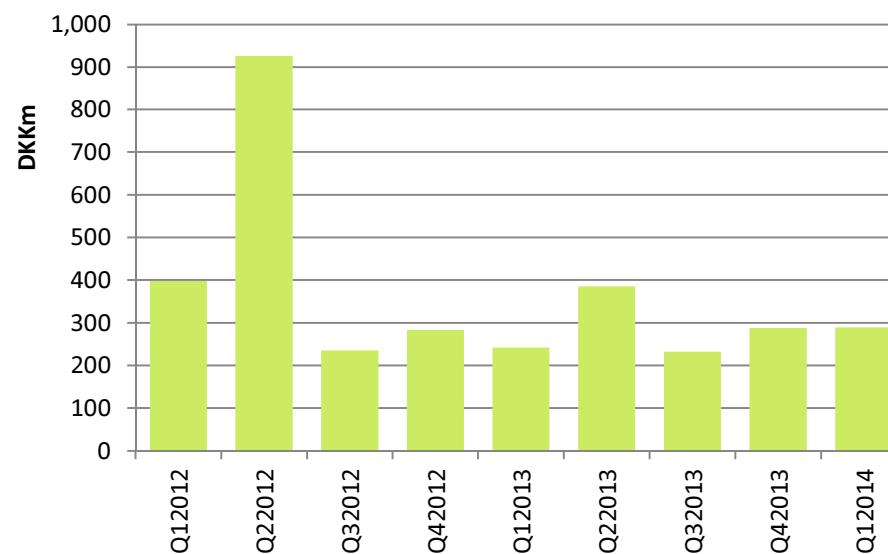
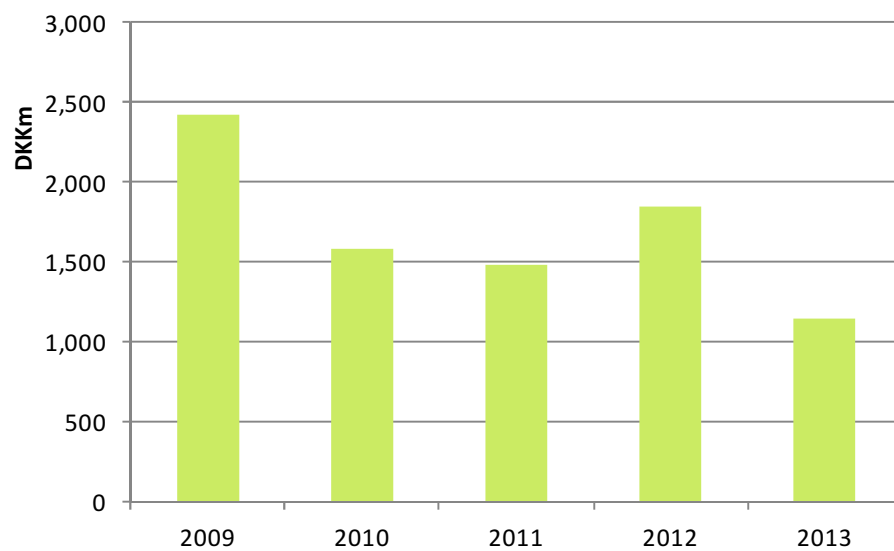


# Core earnings before loan impairment charges

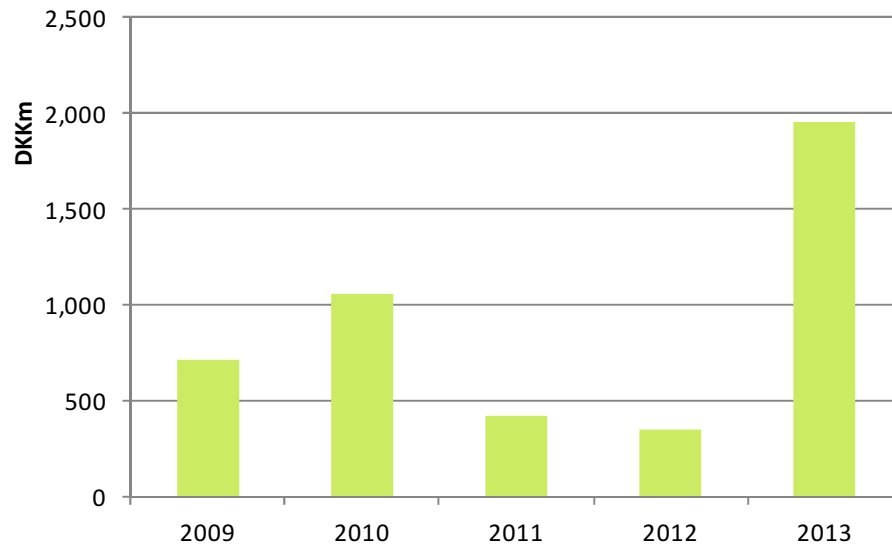


# Loan impairment charges

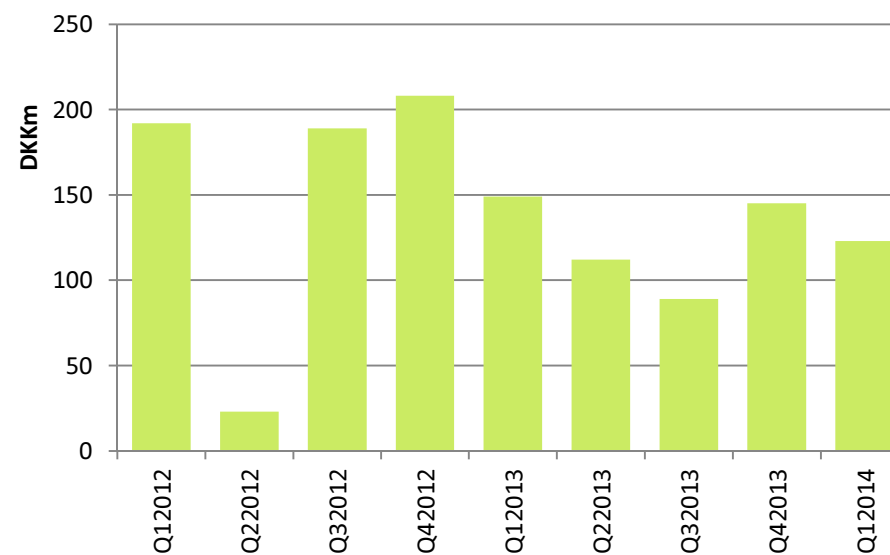
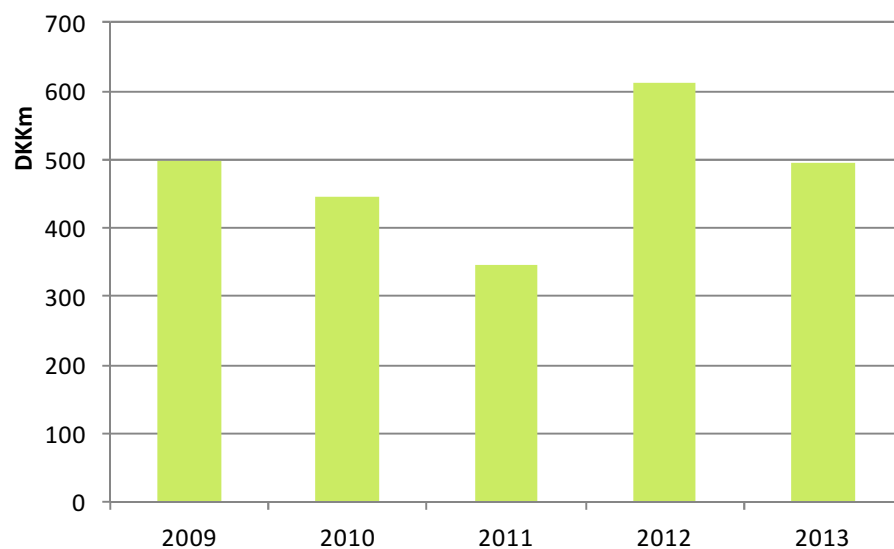
Spar Lolland:  
Q1 2014:  
DKK 81m



# Core earnings



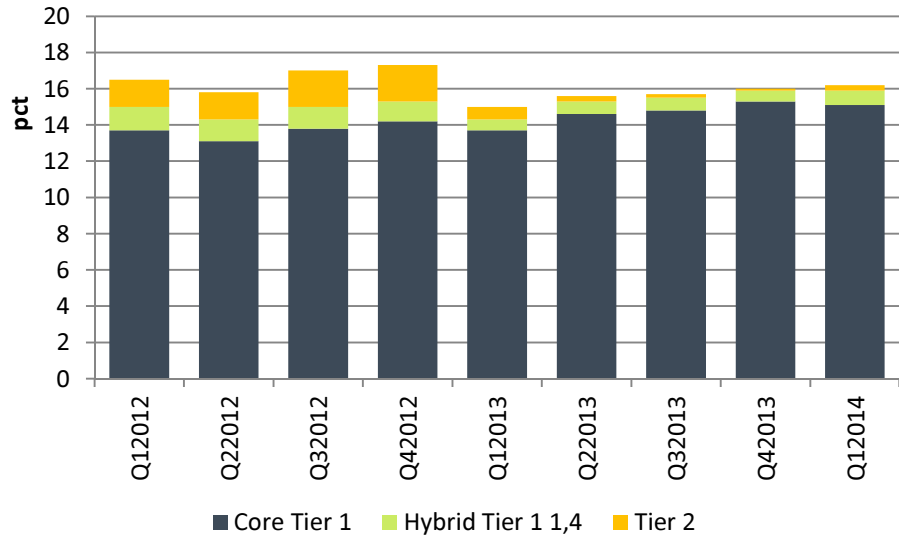
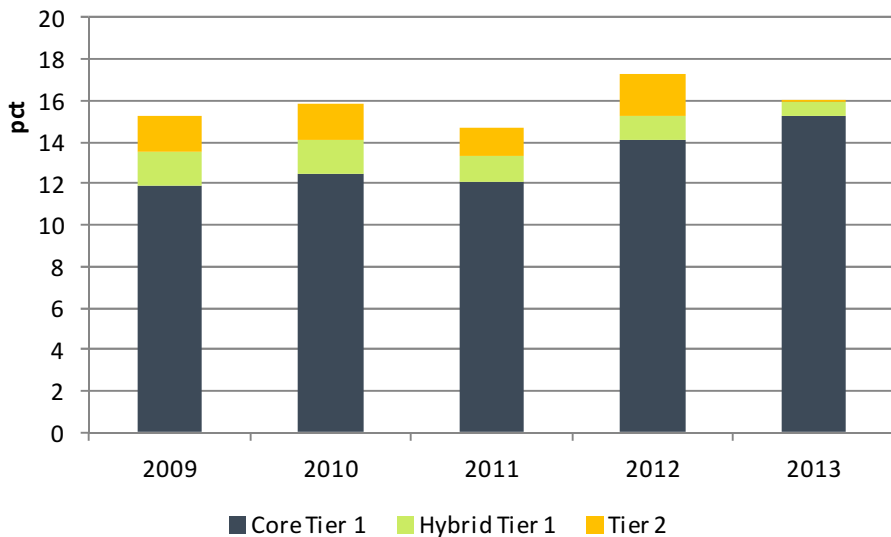
# Earnings from investment portfolios



# 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

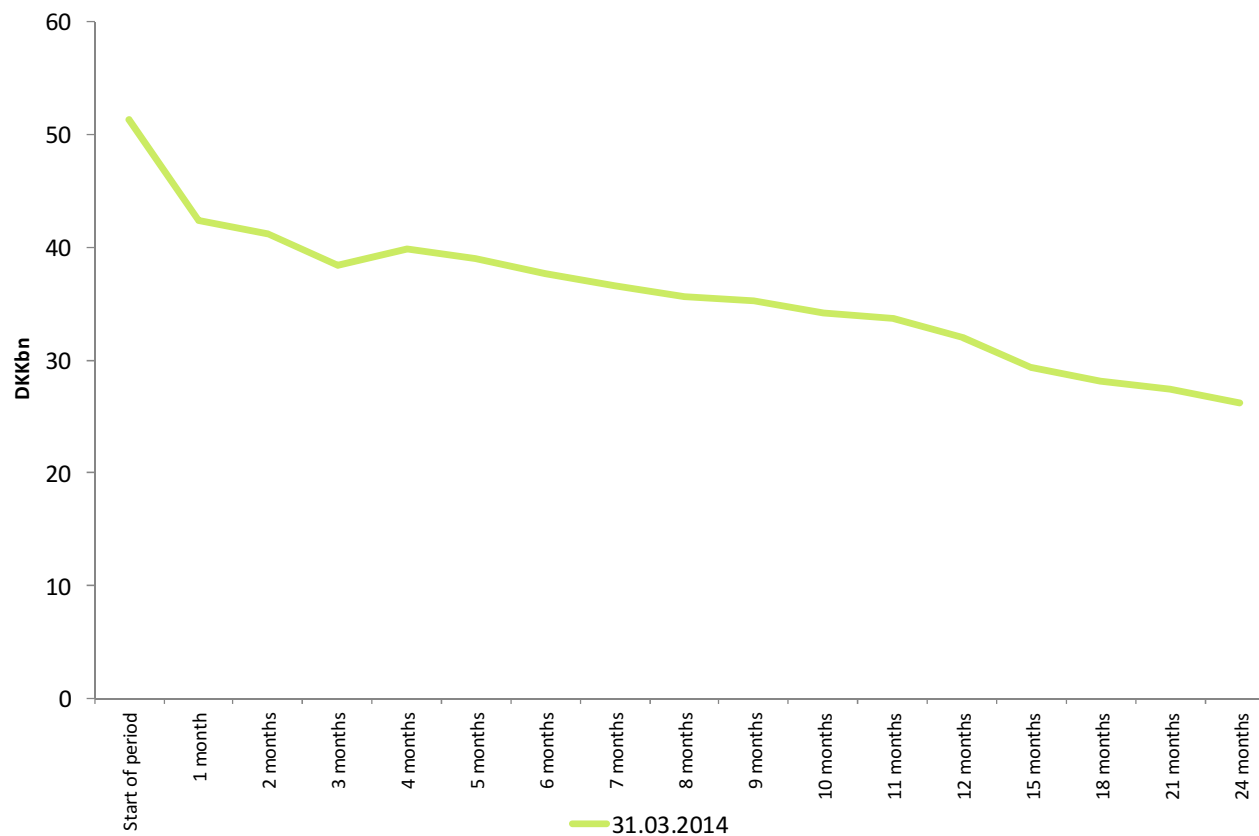


- Core Tier 1: 15.1%
- Tier 1: 15.9%; 2 perpetuals DKK 1.0bn (DKK -0.3bn in Q1)
- Capital base: 16.2%; 4 Tier II issues DKK 0.3bn
- Capital buffer 6.2 pp
- Effects from CRD IV/CRR: +0.5 pp in Q1

# Liquidity




# Liquidity position and run-off



# Senior unsecured funding strategy

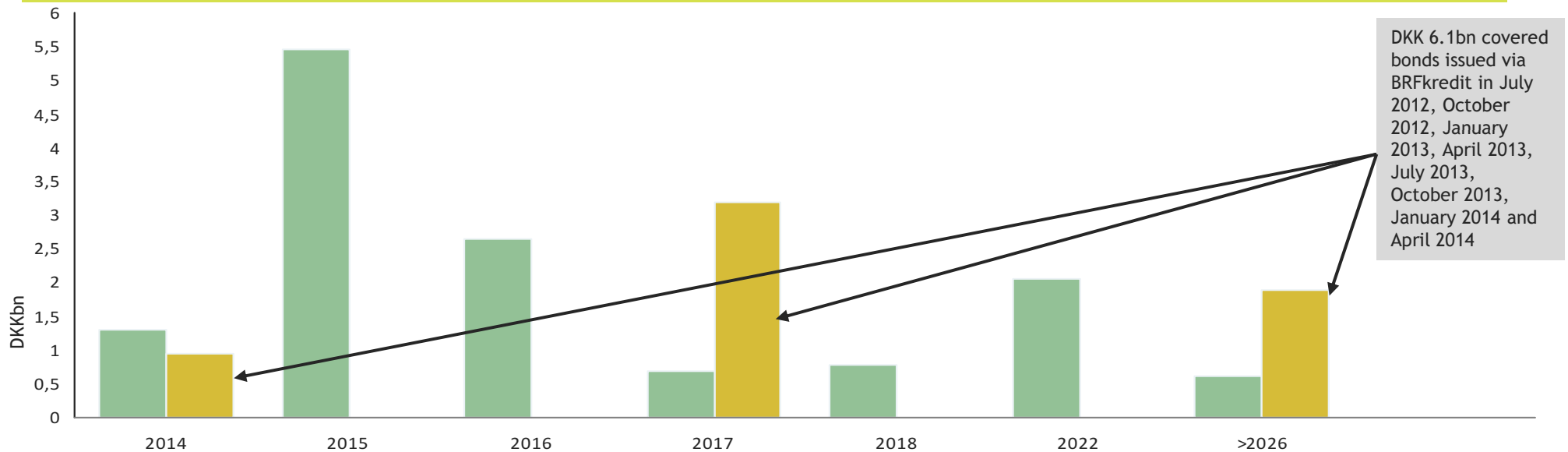
## Jyske will be a rare but regular issuer on the EMTN market



 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 banking activities of a min of 95 %

- Focus in 2014: Issuance of a 2-2.5 year public benchmark (EUR 500m) during Q2-Q3 2014

### Jyske Bank will continue to maintain a conservative funding profile (April 2014)



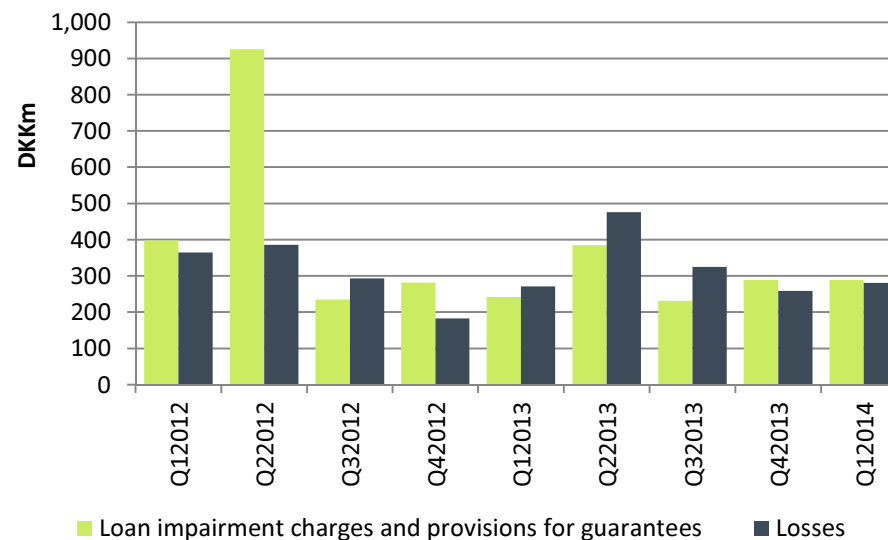
Senior unsecured issuance under the EMTN program via private placements during 2013: EUR 430m with a weighted average maturity of 4.2 years :

- 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
- 2014 y.t.d. : SEK 800m (EUR 90m) of 3 year FRNs



# Credit quality

# Loan impairment charges and losses



# Loans and advances split by sector

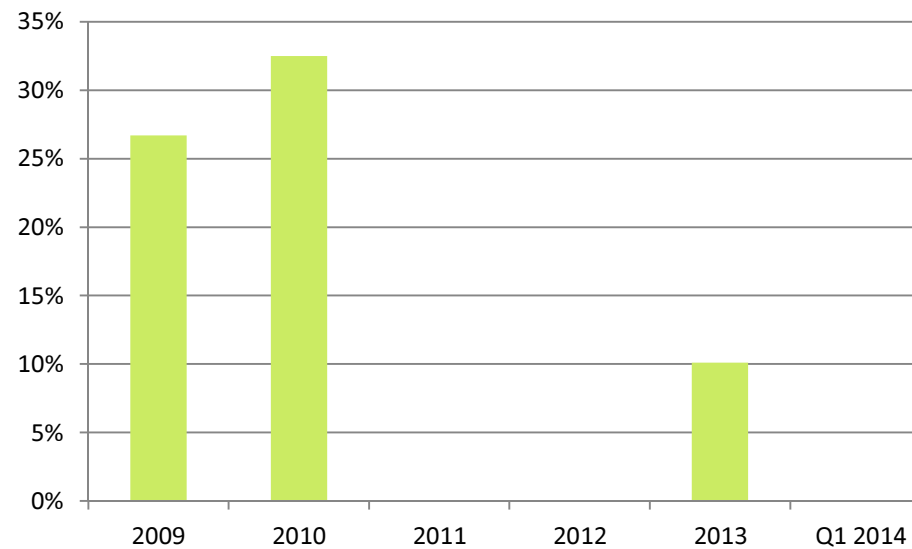
Jyske Bank A/S	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees		Loan impairment charges for the period		Loss for the period	
	Q1 2014	End 2013	Q1 2014	End 2013	Q1 2014	2013	Q1 2014	2013
<b>Loans, advances and guarantees as well as loan impairment charges and provisions for guarantees (DKKm)</b>	<b>Q1 2014</b>	<b>End 2013</b>	<b>Q1 2014</b>	<b>End 2013</b>	<b>Q1 2014</b>	<b>2013</b>	<b>Q1 2014</b>	<b>2013</b>
Public authorities	8.188	7.871	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing industry	8.132	8.394	592	568	78	90	63	20
Fishing	2.474	2.426	0	1	0	0	0	0
Milk producers	1.361	1.472	353	334	32	58	17	19
Plant farming	1.306	1.322	9	17	-2	1	6	0
Pig breeding	1.812	1.838	207	194	47	30	40	1
Other agriculture	1.179	1.336	23	22	1	1	0	0
Manufacturing and mining, etc.	6.847	6.425	122	132	7	42	19	62
Energy supply	4.168	4.595	18	22	-4	-1	0	0
Building and construction	2.191	2.232	60	77	-8	2	8	22
Commerce	7.493	7.436	209	211	13	14	16	32
Transport, hotels and restaurants	2.808	2.868	49	61	-9	21	3	3
Information and communication	437	475	19	16	4	11	1	0
Finance and insurance	42.945	41.751	691	690	27	10	29	12
Real property	9.779	10.072	1.154	1.150	68	30	71	26
Lease of real property	8.084	8.038	856	850	64	15	66	26
Buying and selling of real property	904	982	157	165	-5	11	2	0
Other real property	791	1.052	141	135	9	4	3	0
Other sectors	5.361	5.323	62	54	26	-38	19	30
Corporate customers, individually assessed, total	90.161	89.571	2.976	2.981	202	181	229	207
Corporate customers, collective impairment charges			722	659	56	60	0	5
Personal customers, individually assessed	49.804	45.468	576	576	37	2	43	44
Personal customers, collective impairment charges			276	275	1	-8	0	5
<b>Total</b>	<b>148.153</b>	<b>142.910</b>	<b>4.550</b>	<b>4.491</b>	<b>296</b>	<b>235</b>	<b>272</b>	<b>261</b>

# 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)	Q1 2014	Q1 2014	Change in pct.	Change in pct.	Pct.	Pct.
Public authorities	8.188	0	4,0%		0,0%	0,0%
Agriculture, hunting, forestry, fishing industry	8.132	592	-3,1%	4,2%	0,8%	1,0%
Fishing	2.474	0	2,0%	-100,0%	0,0%	0,0%
Milk producers	1.361	353	-7,5%	5,7%	1,2%	2,4%
Plant farming	1.306	9	-1,2%	-47,1%	0,5%	-0,2%
Pig breeding	1.812	207	-1,4%	6,7%	2,2%	2,6%
Other agriculture	1.179	23	-11,8%	4,5%	0,0%	0,1%
Manufacturing and mining, etc.	6.847	122	6,6%	-7,6%	0,3%	0,1%
Energy supply	4.168	18	-9,3%	-18,2%	0,0%	-0,1%
Building and construction	2.191	60	-1,8%	-22,1%	0,4%	-0,4%
Commerce	7.493	209	0,8%	-0,9%	0,2%	0,2%
Transport, hotels and restaurants	2.808	49	-2,1%	-19,7%	0,1%	-0,3%
Information and communication	437	19	-8,0%	18,8%	0,2%	0,9%
Finance and insurance	42.945	691	2,9%	0,1%	0,1%	0,1%
Real property	9.779	1.154	-2,9%	0,3%	0,7%	0,7%
Lease of real property	8.084	856	0,6%	0,7%	0,8%	0,8%
Buying and selling of real property	904	157	-7,9%	-4,8%	0,2%	-0,6%
Other real property	791	141	-24,8%	4,4%	0,4%	1,1%
Other sectors	5.361	62	0,7%	14,8%	0,4%	0,5%
Corporate customers, individually assessed, total	90.161	2.976	0,7%	-0,2%	0,3%	0,2%
Corporate customers, collective impairment charges		722			9,6%	
Personal customers, individually assessed	49.804	576	9,5%	0,0%	0,1%	0,1%
Personal customers, collective impairment charges		276			0,4%	
<b>Total</b>	<b>148.153</b>	<b>4.550</b>	<b>3,7%</b>	<b>1,3%</b>	<b>0,2%</b>	<b>0,2%</b>

# Large exposures

per cent of capital base



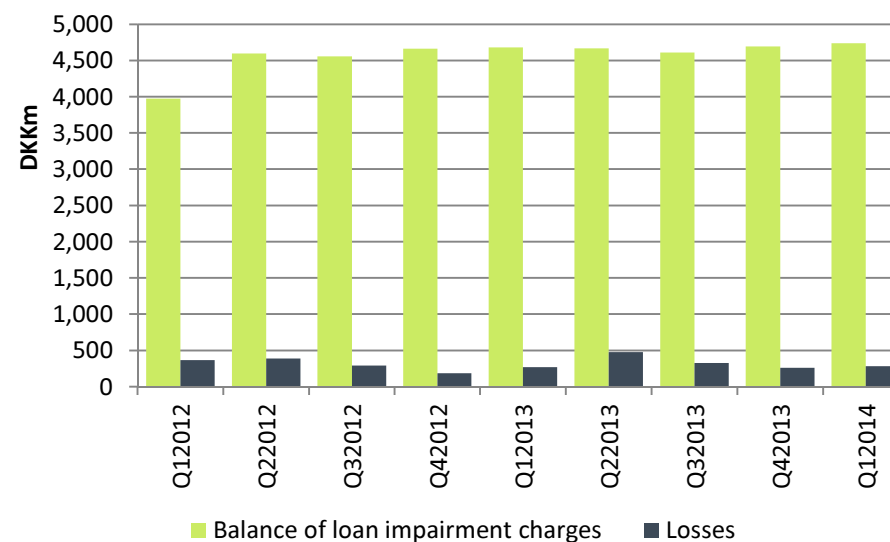
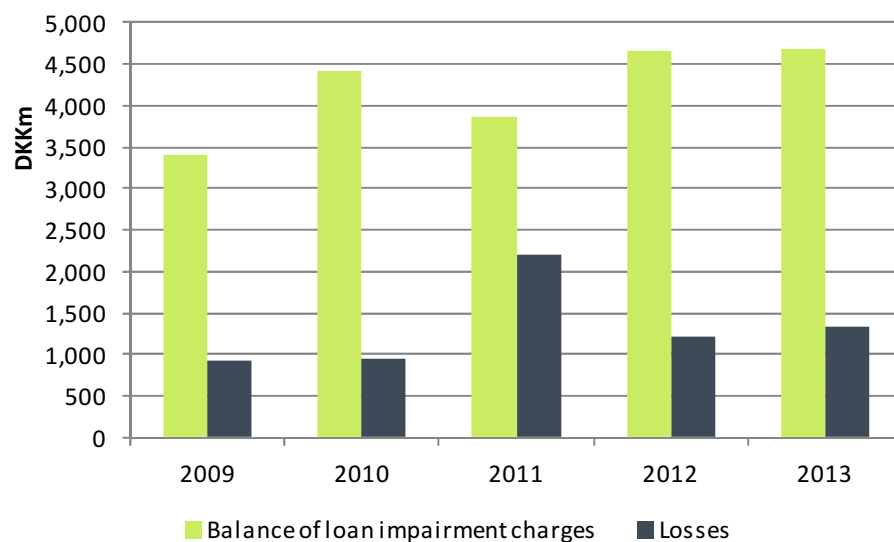
Jyske Bank large exposures:

> 10% : 0

7.5-10%: 4

5-7.5%: 1

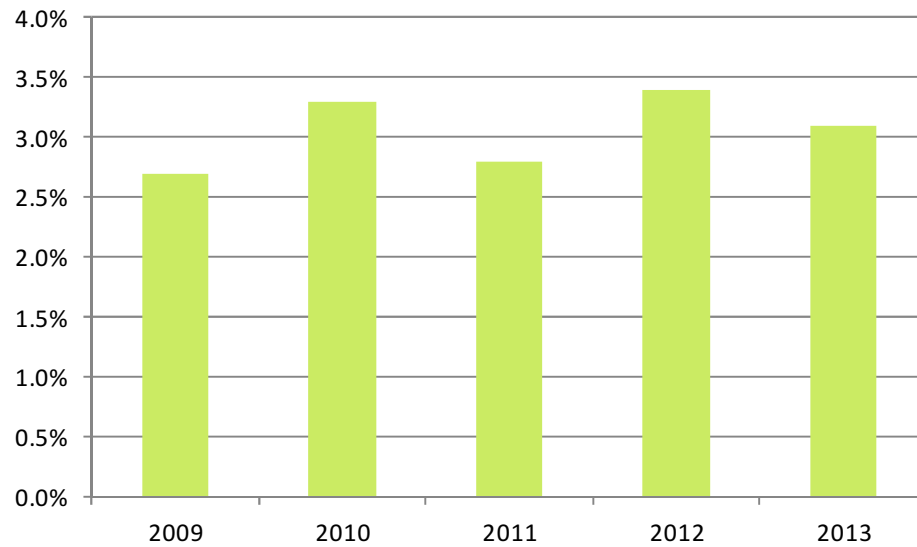
# Balance of loan impairment charges



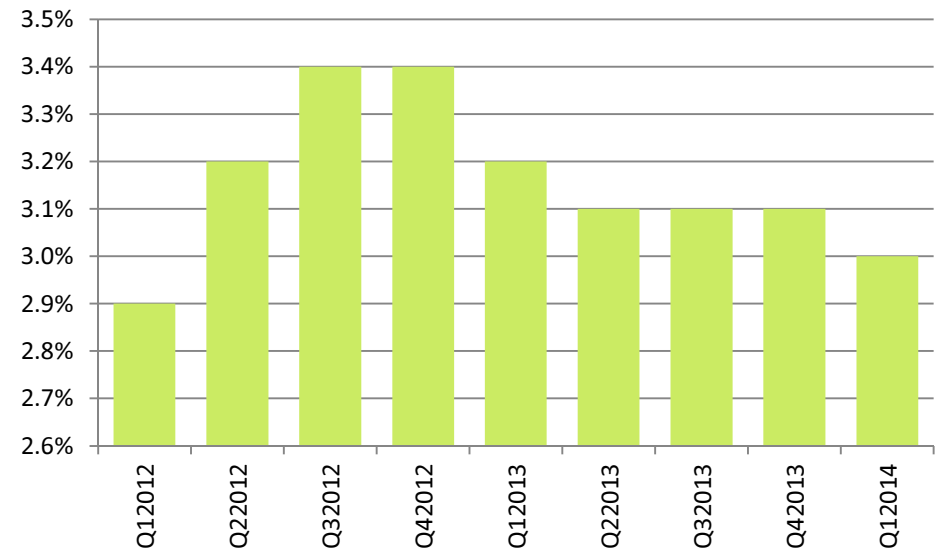


# Balance of loan impairment charges

## Per cent of loans and advances

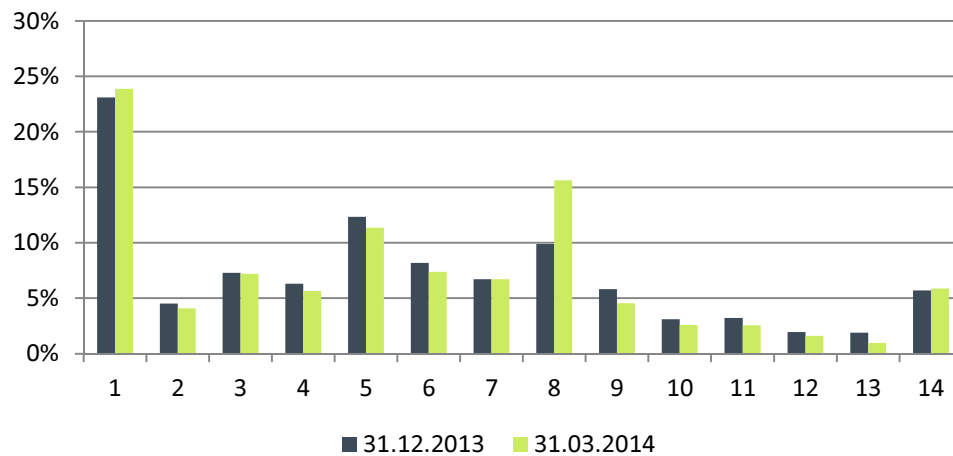


## Per cent of loans and advances

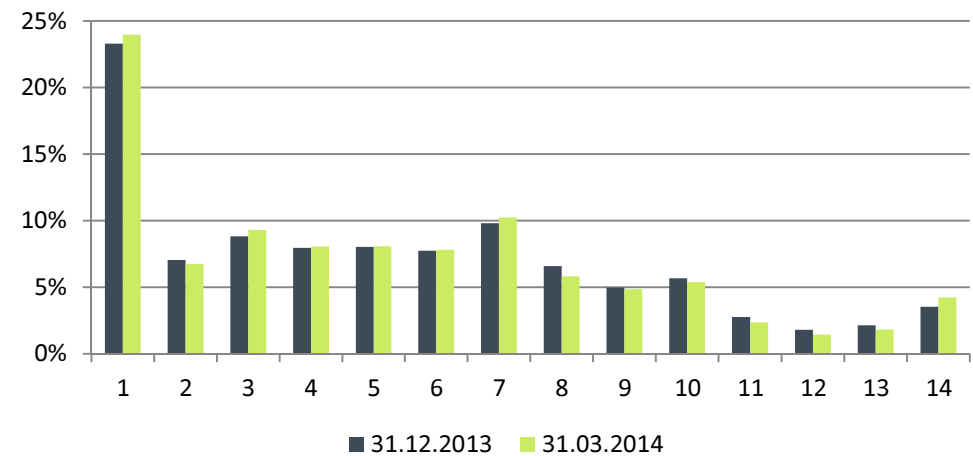


# Exposures by credit rating

## Corporates



## Retail



# Macro Economy & Danish Banking 2014

# 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 7.0 %
- Euro Area 11.9 %
- USA 6.7 %



## The basics

Citizens: 5.6 million

Area: 43.098 sq km (0.4 % of USA)

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

## Open to the world

Exports as % of GDP (2012)

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

## Among the rich

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

## From goods to services

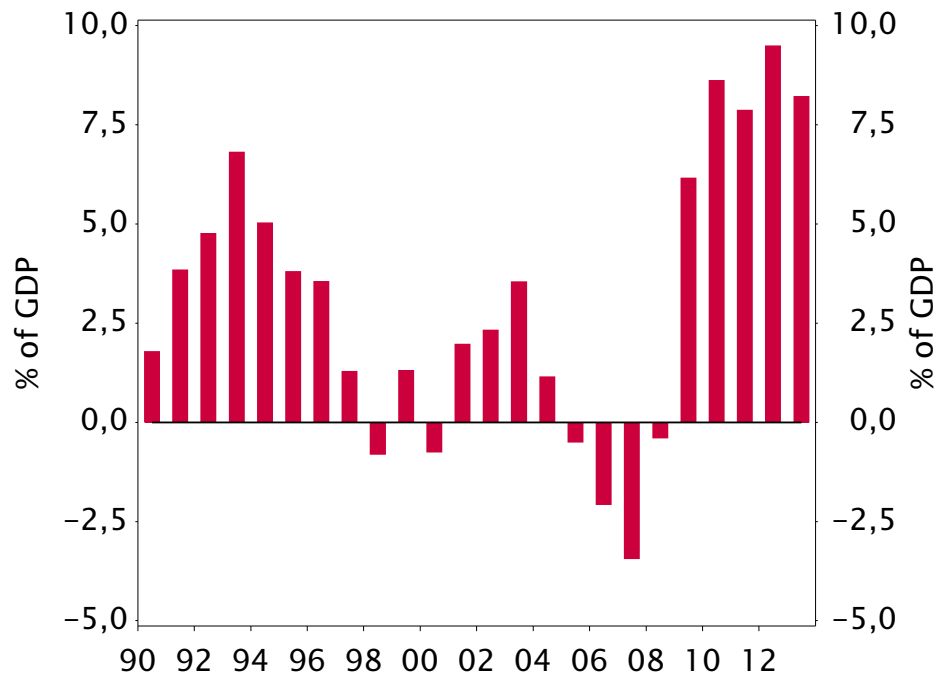
Production, value added (USA)

- 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

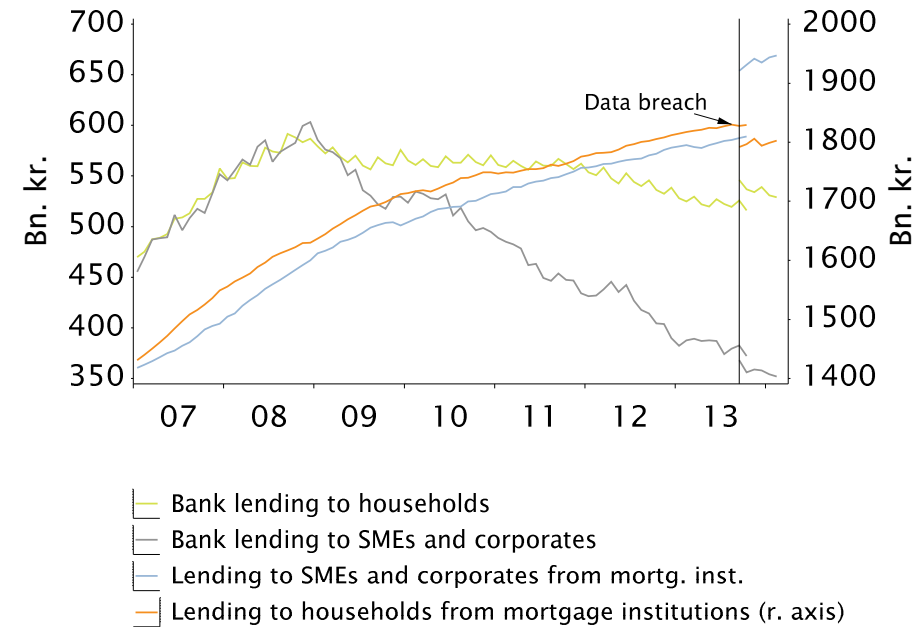
Private sector net saving



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

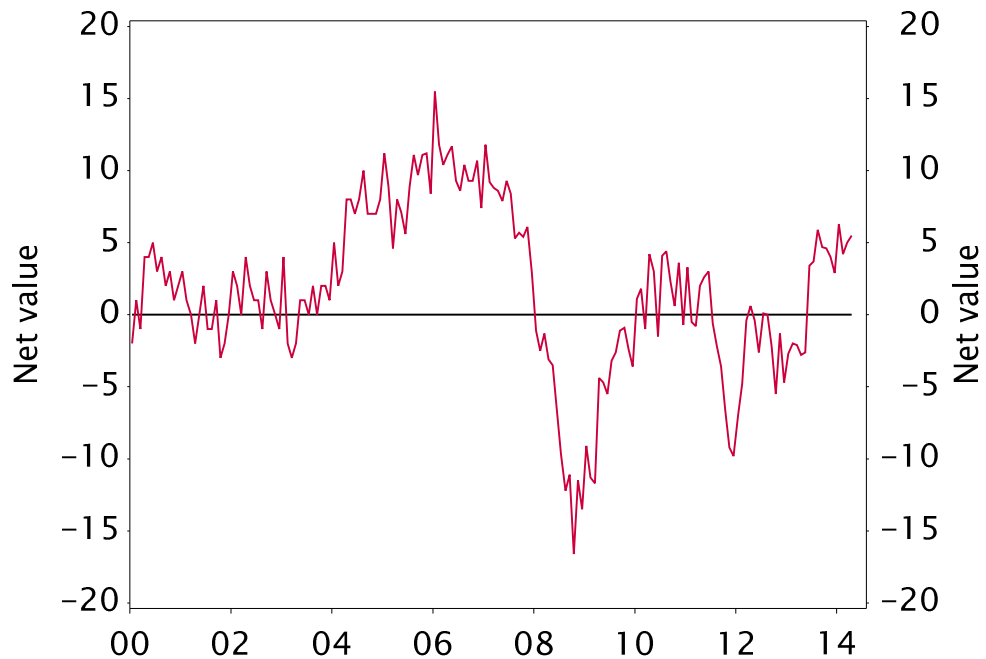
Growth turned negative again in Q4, but the Danish figures are volatile. Underlying we think the improvement from Q2 and Q3 is continuing.



Source: Reuters Ecowin

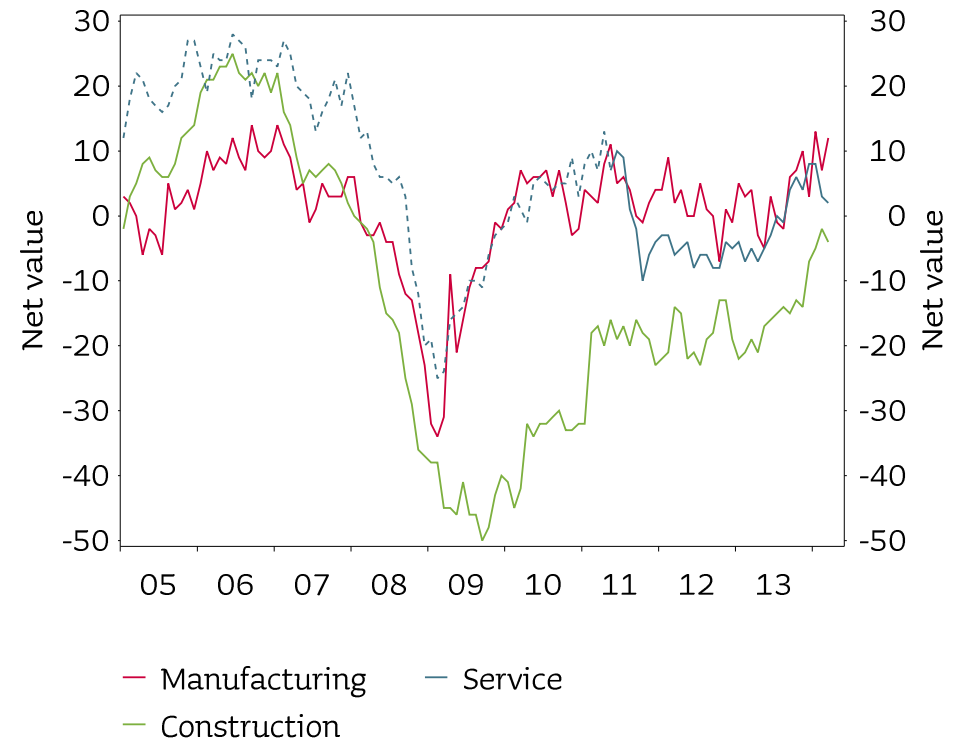
# Improved sentiment - both among consumers and in the business sector underpins the recovery

### Consumer confidence



Source: Reuters Ecowin

### Business cycle indicators



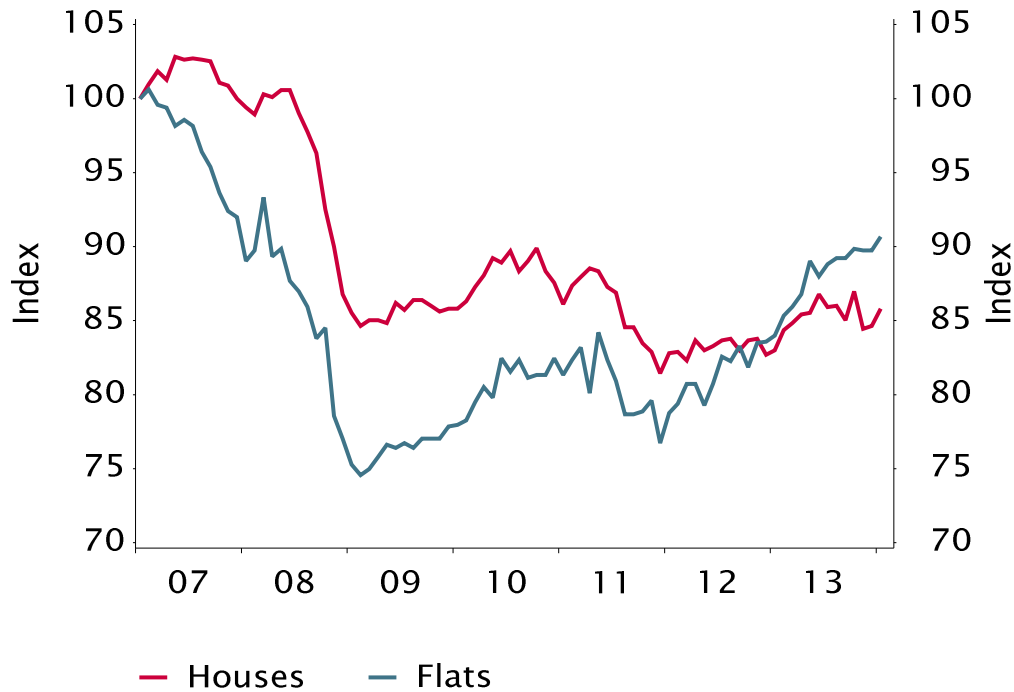
Source: Reuters Ecowin

# House prices increased during the past year



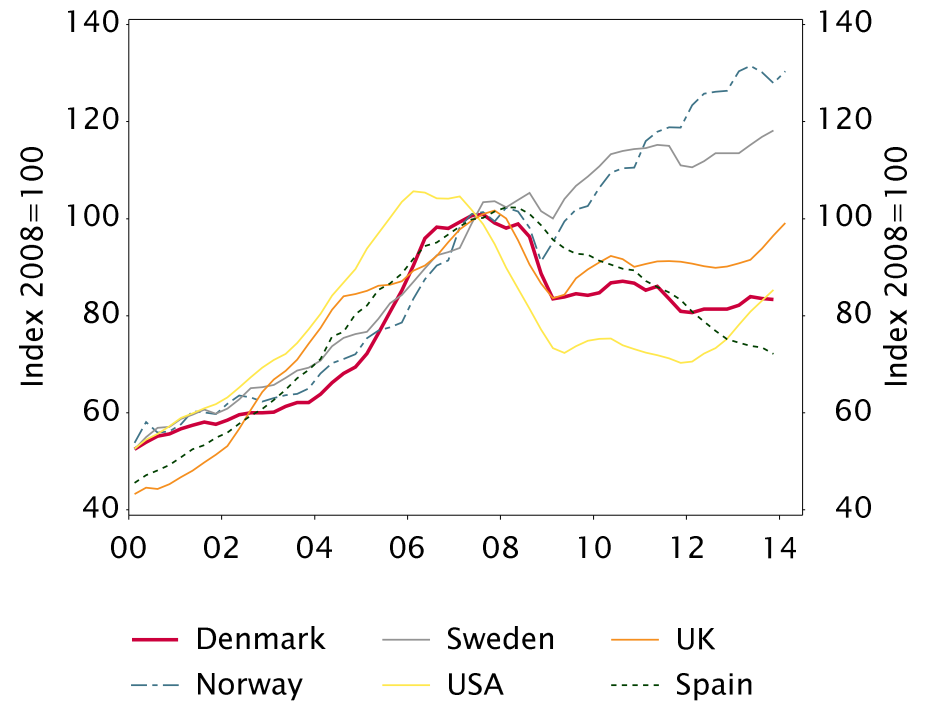
House prices are up 1.9 % since the beginning of 2013 and prices on flats are up 6.2 %.

### Prices on dwellings



Source: Danmarks Statistik

### House Prices

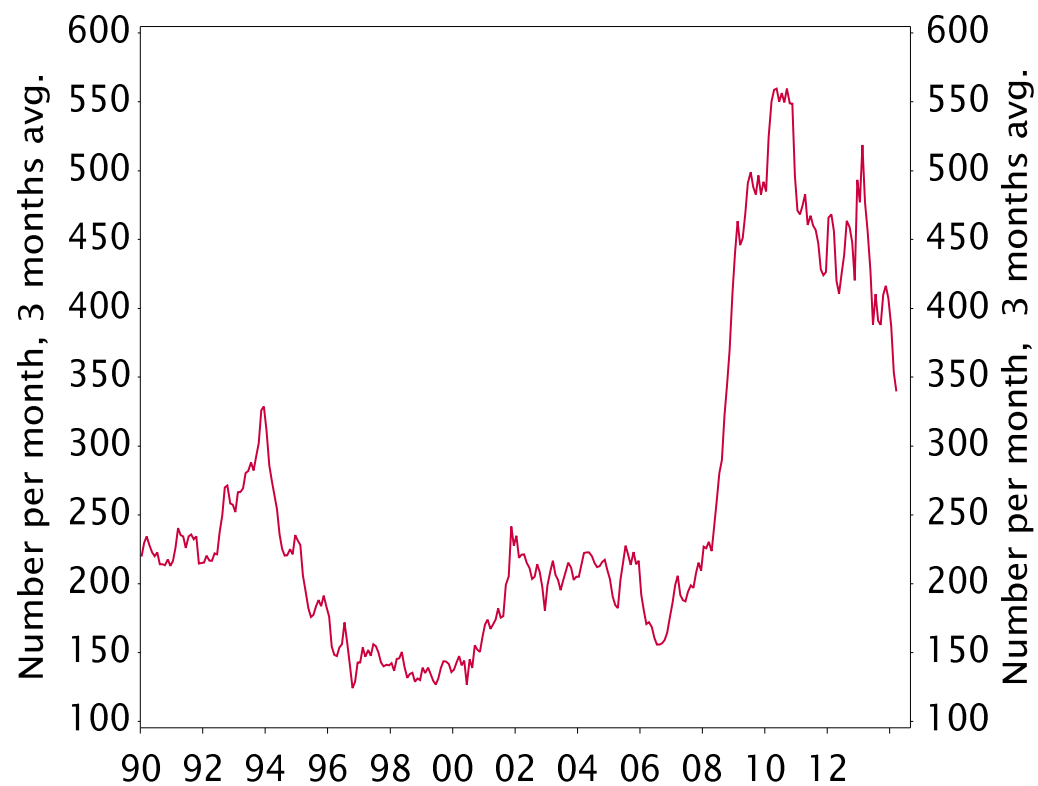


Source: Reuters EcoWin



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

Business sector bankruptcies

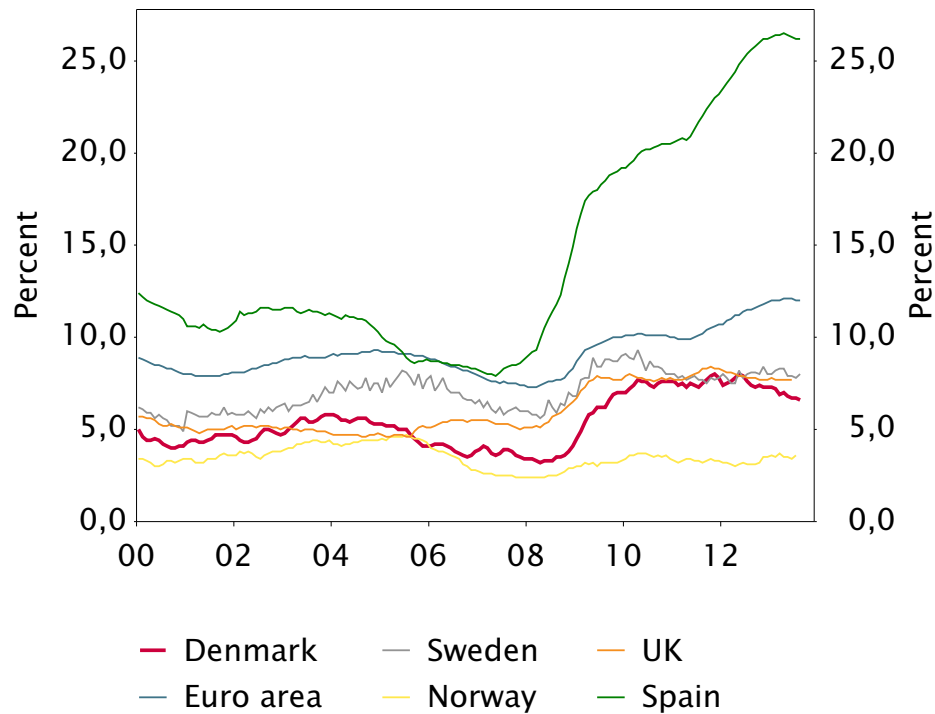


Source: Reuters EcoWin

# With unemployment slightly declining, and low interest rates household defaults are also declining

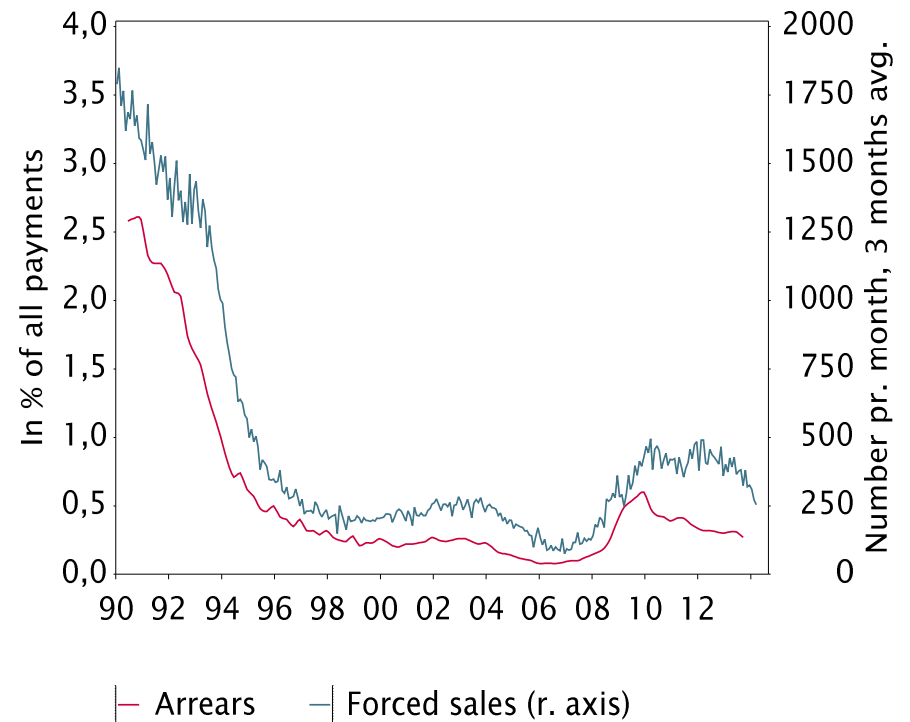


Unemployment rate



Source: Reuters EcoWin

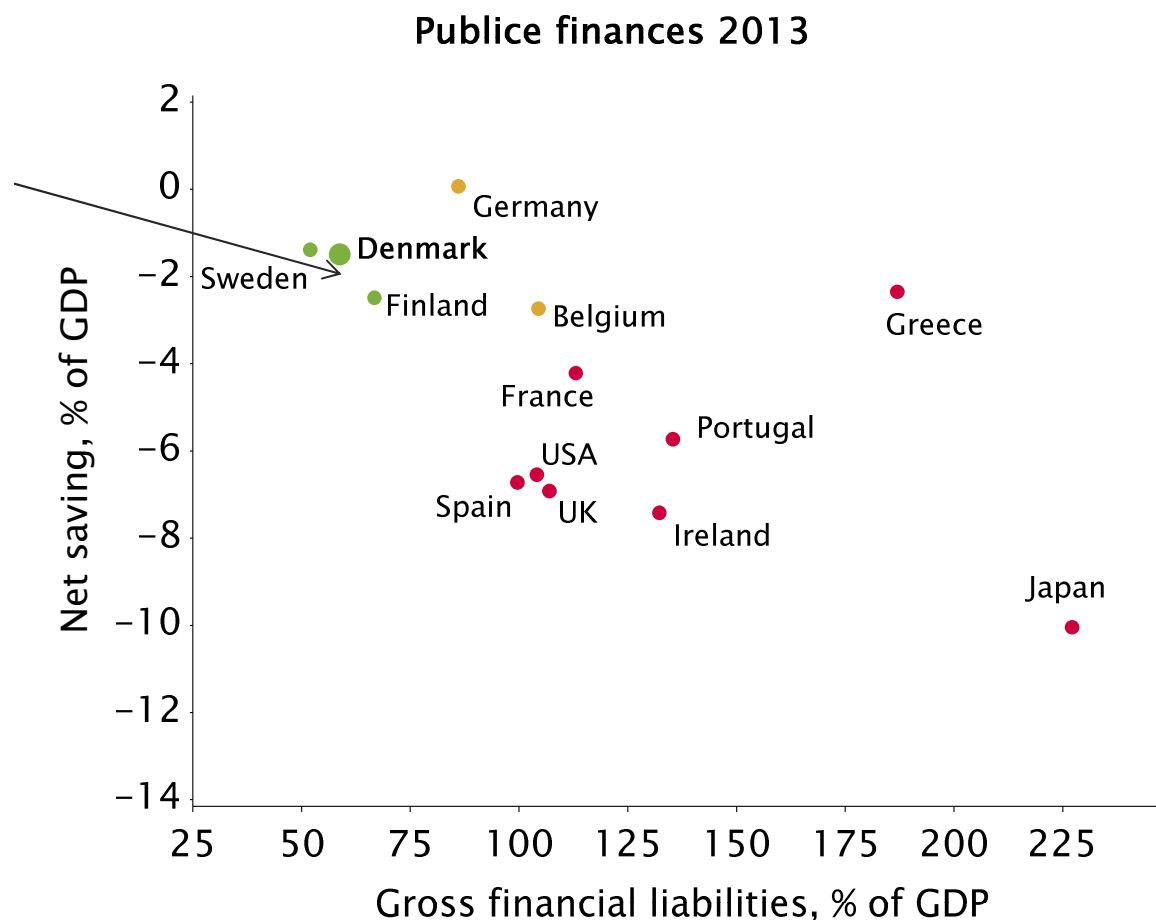
Arrears and forced sales



Source: Realkreditrådet and Reuters EcoWin

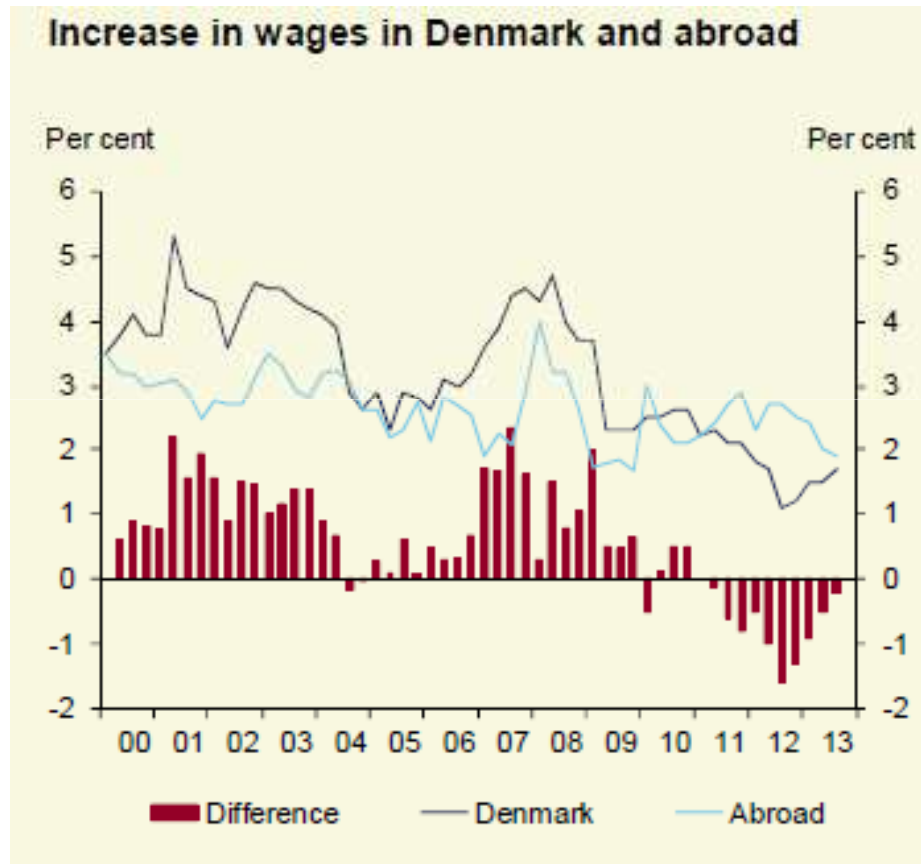
# Denmark has a healthy public sector economy...

Danish net saving is -0.9 % of GDP (positive contribution, 1.8 %-points, from tax on capital pensions brought forward)



Source: OECD

# Competitiveness has improved

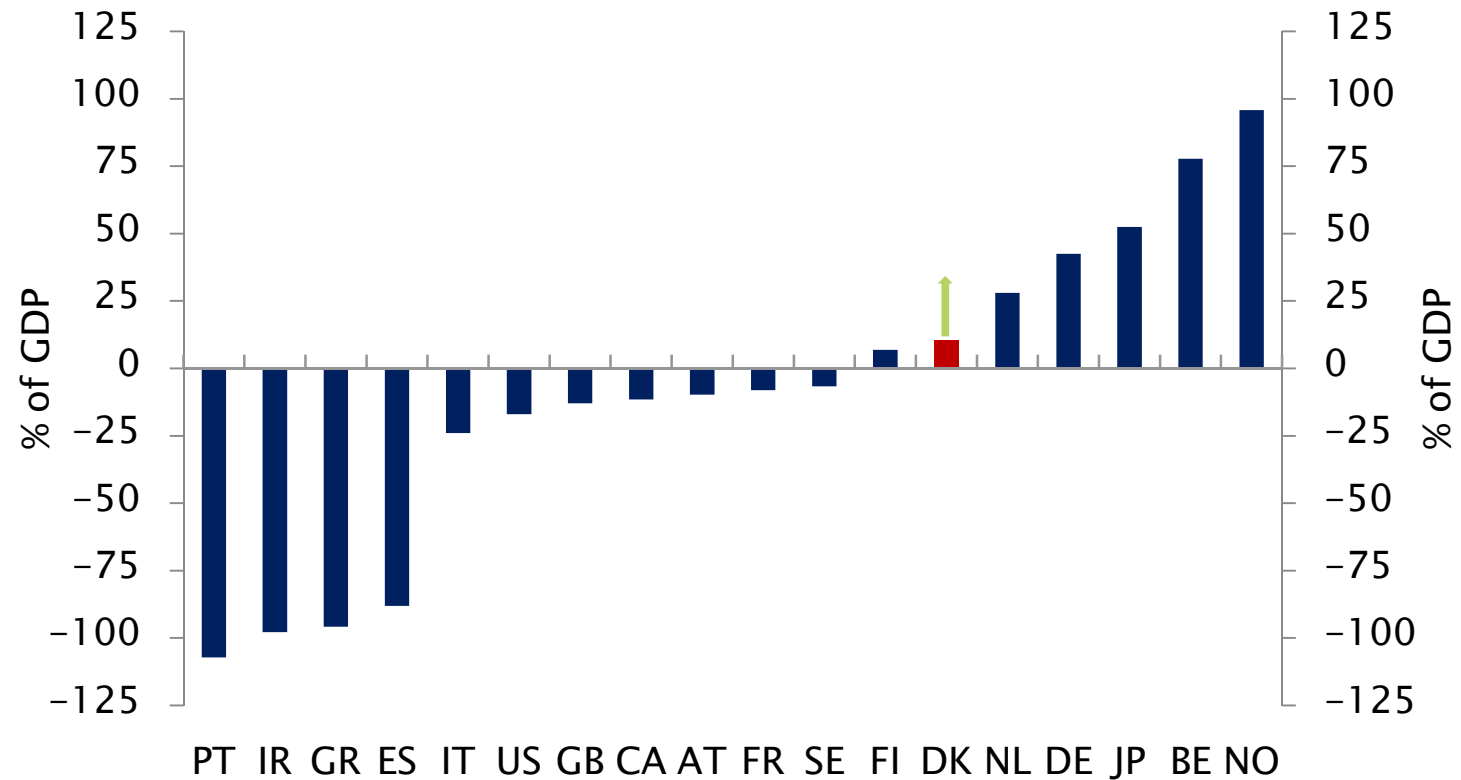


Danish competitiveness deteriorated dramatically during the booming years. Danish production sector has been under some pressure and still is, but conditions are slightly better due to a gradual and ongoing improvement.

Source: Ministry for economic affairs and the interior!

# Overall the Danish economy is structurally strong

Net assets against the rest of the world (2010)

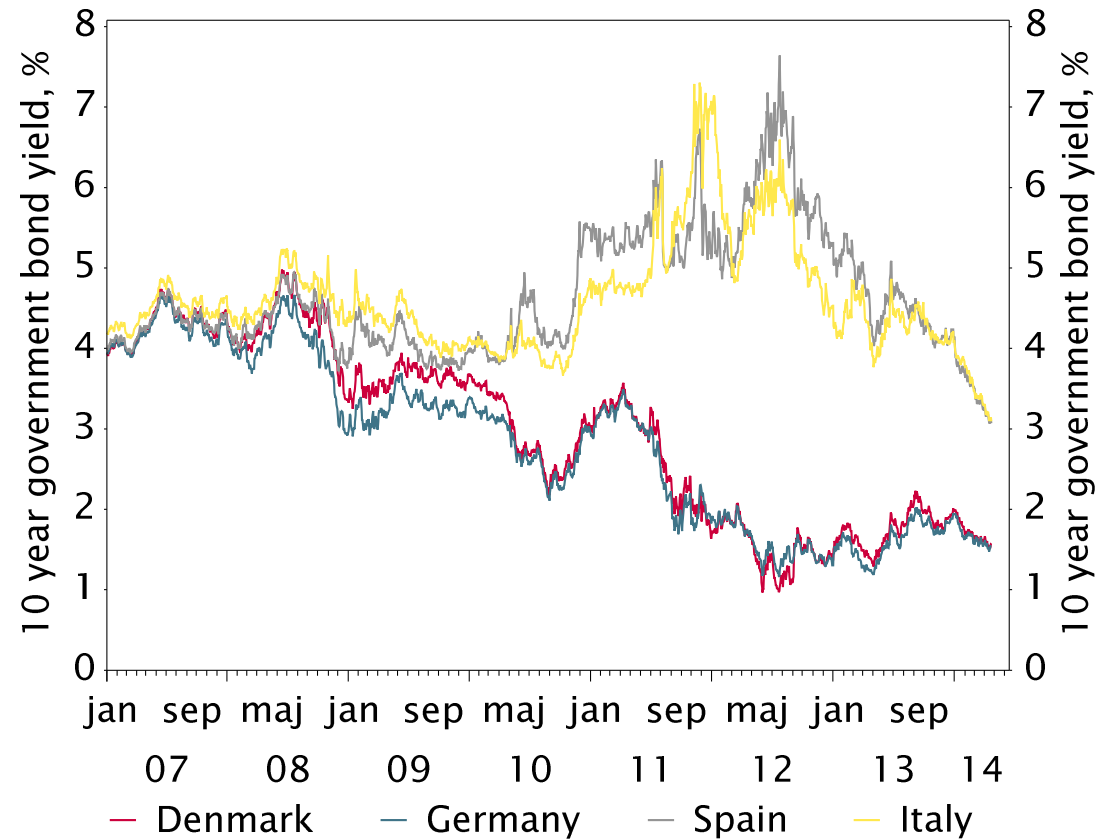


Denmarks net assets against the rest of the world are significantly higher today : around 40 % of GDP

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

	2013	Real growth (%)				
	DKKbn	2011	2012	2013	2014*	2015*
<b>Consumer spending</b>	905	-0.7	-0.1	0.0	0.8	1.4
<b>Public spending</b>	524	-1.4	0.4	0.9	0.9	0.6
<b>Fixed gross investment</b>	322	3.3	0.8	0.8	1.2	2.5
<b>Inventory investment**</b>	2	0.4	-0.3	0.2	0.0	0.0
<b>Exports</b>	1019	7.0	0.4	1.0	2.9	3.2
<b>Imports</b>	913	5.9	0.9	1.5	2.5	3.1
<b>Gross domestic product (GDP)</b>	1858	1.1	-0.4	0.4	1.2	1.5
<b>Current account</b>						
- DKKbn		107	109	135	130	110
- percentage of GDP		6.0	6.0	7.3	6.8	5.6
<b>Public budget balance</b>						
- DKKbn		-35	-78	-17	0	-55
- percentage of GDP		-2.0	-4.3	-0.9	0.0	-2.8
<b>Unemployment</b>						
-Unemployed (thousands), gross		160	162	153	142	138
- Percentage of the workforce		5.4	5.5	5.2	4.8	4.7
<b>Employment (thousands)</b>		2,776	2,767	2,776	2,787	2,797
<b>Inflation (%)</b>		2.8	2.4	0.8	1.2	1.6
<b>Wage index (manufacturing industry, %)</b>		2.3	1.8	1.6	1.8	2.0
<b>House prices (nominal prices, %)</b>		-2.8	-3.3	2.6	1.0	2.0
<b>Nationalbanken's lending rate, year-end</b>		0.7	0.2	0.2	0.3	0.55

\* Jyske Bank's forecasts

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



## Danish FSA

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

# Danish FSA reports 2011, 2012, 2013 and 2014



## 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 DKKm	Q1 2014	Q1 2013	Index	Q4 2013	Q3 2013	Q2 2013	Q1 2013	FY 2013
Net interest income	1,073	1,109	97	1,147	1,141	1,258	1,109	4,655
Dividends, etc.	24	13	185	6	1	21	13	41
Net fee and commission income	424	435	97	505	367	424	435	1,731
<b>Net interest and fee income</b>	<b>1,521</b>	<b>1,557</b>	<b>98</b>	<b>1,658</b>	<b>1,509</b>	<b>1,703</b>	<b>1,557</b>	<b>6,427</b>
Value adjustments	183	92	199	114	66	138	92	410
Other operating income	140	191	73	89	131	103	191	514
Income from operating lease (net)	18	16	113	16	15	18	16	65
<b>Gross earnings</b>	<b>1,862</b>	<b>1,856</b>	<b>100</b>	<b>1,877</b>	<b>1,721</b>	<b>1,962</b>	<b>1,856</b>	<b>7,416</b>
Operating expenses, depreciation and amortisation	1,150	1,147	100	1,097	1,046	1,030	1,147	4,320
Profit on investments in associates and group enterprises	-93	1	-	-8	3	10	1	6
<b>Core earnings before loan impairment charges and provisions for guarantees</b>	<b>619</b>	<b>710</b>	<b>87</b>	<b>772</b>	<b>678</b>	<b>942</b>	<b>710</b>	<b>3,102</b>
Loan impairment charges and provisions for guarantees	289	242	119	288	232	385	242	1,147
<b>Core earnings</b>	<b>330</b>	<b>468</b>	<b>71</b>	<b>484</b>	<b>446</b>	<b>557</b>	<b>468</b>	<b>1,955</b>
Earnings from investment portfolios	123	149	83	145	89	112	149	495
<b>Guarantee Fund, etc.</b>	<b>453</b>	<b>617</b>	<b>73</b>	<b>629</b>	<b>535</b>	<b>669</b>	<b>617</b>	<b>2,450</b>
The Guarantee Fund, etc.	-35	-56	63	-38	-27	-28	-56	-149
<b>Pre-tax profit</b>	<b>418</b>	<b>561</b>	<b>75</b>	<b>591</b>	<b>508</b>	<b>641</b>	<b>561</b>	<b>2,301</b>

# Profit/loss



DKKm	Q1 2014					Q1 2013				
	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	1,073	85	0	0	1,158	1,109	88	0	0	1,197
Dividends, etc.	24	1	0	0	25	13	1	0	0	14
Net fee and commission income	424	-1	0	0	423	435	0	0	0	435
<b>Net interest and fee income</b>	<b>1,521</b>	<b>85</b>	<b>0</b>	<b>0</b>	<b>1,606</b>	<b>1,557</b>	<b>89</b>	<b>0</b>	<b>0</b>	<b>1,646</b>
Value adjustments	183	42	0	0	225	92	62	0	0	154
Other operating income	140	0	0	0	140	191	0	0	0	191
Income from operating lease	18	0	0	73	91	16	0	0	75	91
<b>Gross earnings</b>	<b>1,862</b>	<b>127</b>	<b>0</b>	<b>73</b>	<b>2,062</b>	<b>1,856</b>	<b>151</b>	<b>0</b>	<b>75</b>	<b>2,082</b>
Operating expenses, depreciation and amortisation	1,150	4	35	-73	1,262	1,147	2	56	-75	1,280
Profit on investments in associates and group enterprises	-93	0	0	0	-93	1	0	0	0	1
<b>Core earnings before loan impairment charges and provisions for guarantees</b>	<b>619</b>	<b>123</b>	<b>-35</b>	<b>146</b>	<b>707</b>	<b>710</b>	<b>149</b>	<b>-56</b>	<b>150</b>	<b>803</b>
Loan impairment charges and provisions for guarantees	289	0	0	0	289	242	0	0	0	242
<b>Pre-tax profit for the period</b>	<b>330</b>	<b>123</b>	<b>-35</b>	<b>146</b>	<b>418</b>	<b>468</b>	<b>149</b>	<b>-56</b>	<b>150</b>	<b>561</b>

# Questions