

Jyske Bank A/S

Primary Credit Analyst:

Virginia Arenius, Stockholm +46 (0) 84 40 53 53; virginia.arenius@spglobal.com

Secondary Contact:

Harm Semder, Frankfurt + 49 693 399 9158; harm.semder@spglobal.com

Table Of Contents

Ratings Score Snapshot

Credit Highlights

Outlook

Key Metrics

Anchor: 'bbb+', Given That Jyske Operates Predominantly In Denmark

Business Position: We Expect The Bank To Cement Its Solid Franchise In Denmark

Capital And Earnings: We Expect Capitalization To Return To Strong Levels

Risk Position: We Expect Prudent Lending And Provisioning Results With Relatively Solid Asset Quality Metrics

Funding And Liquidity: The Funding Profile Is Similar To Larger Danish Peers'

Support: One Notch Of ALAC Support

Additional Rating Factors: None

Table Of Contents (cont.)

Environmental, Social, And Governance

Key Subsidiary: Jyske Realkredit

Issue Ratings

Resolution Counterparty Ratings (RCRs)

Key Statistics

Related Criteria

Related Research

Jyske Bank A/S

(Editor's Note: This article was updated on Nov. 21, 2022, to reflect Jyske Bank's recent MREL issuances.)

Ratings Score Snapshot

Global Scale Ratings

Issuer Credit Rating

A/Stable/A-1

Resolution Counterparty Rating

A+/-/A-1

Nordic Regional Scale

Issuer Credit Rating

--/--/K-1

SACP: a-

Support: +1

Additional factors: 0

Anchor	bbb+	
Business position	Adequate	0
Capital and earnings	Strong	+1
Risk position	Adequate	0
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		0

ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0

Issuer credit rating
A/Stable/A-1
Resolution counterparty rating
A+/A-1

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Key strengths	Key risks
A solid domestic franchise in retail and commercial banking.	Scope to further improve profitability and efficiency metrics relative to those of international peers.
Strong risk-adjusted capitalization.	Limited geographic diversity.
Sizable buffer of loss-absorbing debt instruments.	Dependence on wholesale funding.

S&P Global Ratings expects Jyske Bank A/S to focus on further strengthening its franchise and recurring profitability. Following its announced acquisition of Svenska Handelsbanken's Danish activities--with total lending of Danish krone (DKK) 66 billion (€8.9 billion)--we expect the bank to swiftly integrate the acquired customer base and focus on strengthening its franchise and recurring core profitability. Jyske will continue to develop its solid domestic position as the third-largest domestic player in Denmark by market share, in our view.

We forecast the bank will maintain its strong capitalization after the acquisition closes by year-end 2022, restoring its capital based on stable earnings and additional tier 1 (AT1) issuance next year. Although the acquisition will temporarily weaken Jyske's capitalization, we project a risk-adjusted capital (RAC) ratio of 10.5%-11.0% over the next two years, compared with 12.3% in 2021. We expect the acquisition will be financed by strong retained earnings, owing to higher interest income from deposits and higher lending volumes. Furthermore, the bank is planning to support its capital position by issuing DKK1.5 billion (€200 million) of AT1 instruments during 2023.

We anticipate the acquisition's execution risk to be manageable for Jyske and the asset quality to remain stable over the next two years. Mortgage bank Jyske Realkredit's highly collateralized loan book (mortgages constitute 74% of the total loan book) increases the bank's resilience and provides regional and product diversification to Jyske Bank's historically small and midsize enterprise (SME)-tilted loan book. Jyske's favorable historical track record of accomplished acquisitions supports our view that execution will be manageable. We project that asset quality will be stable post-acquisition due to the healthy and high collateralized nature of Svenska Handelsbanken's Danish portfolio.

The buffer of bail-in-able debt will continue to support the long-term issuer credit rating. Jyske Bank has increased issuance volumes in 2022 and we expect it will continue building up its reserves of additional loss-absorbing liabilities, adding further protection for senior creditors. We project that the additional loss-absorbing capacity (ALAC) buffer will approach 7% of S&P Global Ratings-adjusted risk-weighted assets (RWAs) at year-end 2022. Still, we believe that the incorporation of Handelsbanken operations will materially increase S&P Global Ratings' RWAs for the group. Therefore, we currently do not consider the bank will maintain an ALAC buffer sustainably above our threshold of 6% over the next two years.

Outlook

The stable outlook reflects our expectation that Jyske will restore its capitalization amid the acquisition to strong levels over the next two years. This is represented by our projection of RAC ratio and ALAC buffer remaining sustainably above 10% and 3% of S&P Global Ratings' RWAs, respectively, over the next two years, supported by the issuance of AT1 capital.

We also expect that credit loss provisions will remain contained, and Jyske will continue to report sound asset quality metrics in its expanded portfolio by operating with sound risk management broadly in line with its domestic peers. Furthermore, we anticipate the bank will finance the funding gap stemming from the transaction mainly by issuing covered bonds and AT1 capital, with markets remaining accessible.

Downside scenario

We could take a negative rating action if substantial execution risks or asset quality problems were to emerge, contrary to what we expect in our base-case scenario. This could materialize, for example, if higher costs and lower earnings retention result in a significant decrease in the bank's RAC to below 10%.

We continue to see risk-adjusted margin development a negative trigger. Therefore, we could lower the rating if long-term trends in lending growth and margins highlight a weaker business franchise, or if the bank's risk-adjusted profitability materially underperforms that of peers in the coming 12-24 months. Similarly, we could lower the rating if ALAC declines materially, contrary to our expectations.

Upside scenario

Although we see an upgrade as unlikely, we could take a positive rating action if the ALAC buffer increases sustainably above 6%, with improved creditworthiness a prerequisite for a higher rating.

Key Metrics

Jyske Bank A/S--Key Ratios And Forecasts*

(%)	--Fiscal year ended Dec. 31--				
	2020a	2021a	2022f	2023f	2024f
Growth in total assets	3.5	(3.8)	11.0-13.4	0.8-0.9	1.5-1.8
Net interest income/average earning assets (NIM)	0.8	0.8	0.9-1.0	0.9-1.0	0.9-1.0
Cost to income ratio	62.9	59.0	55.6-58.4	61.7-64.9	59.6-62.7
Return on average common equity	4.9	9.3	6.7-7.4	7.6-8.4	8.1-8.9
Gross nonperforming assets/customer loans	1.8	1.8	1.8-2.0	2.0-2.2	2.0-2.3
Risk-adjusted capital ratio	12.8	12.3	10.5-11.0	10.5-11.0	10.5-11.0

All figures are S&P Global Ratings-adjusted. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'bbb+', Given That Jyske Operates Predominantly In Denmark

We use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for a commercial bank operating only in Denmark is 'bbb+', based on an economic risk score of '2' and industry risk score of '4'.

Our assessment of low economic risks for Denmark reflects our view that Danish banks benefit from operating in a high-income, open economy with mature political and institutional settings that promote fiscal discipline and growth-stimulating policies. Denmark's economy will continue to expand in 2022, albeit more slowly than expected because of the effects from the Russia-Ukraine conflict, in our view. We expect Danish economic growth to slow to 2.8% in 2022, following a strong recovery of 4.9% in 2021, and we forecast growth to average 1.5% in 2023-2025. Banks' provisioning needs were negligible in 2021 after a pandemic-related 26 basis points (bps) in 2020. We project the difficult operating environment stemming from the Russia-Ukraine war will likely increase credit losses to manageable levels mostly on nonmortgage credit exposure toward SMEs.

Denmark's private sector debt is still among the highest in the EU. The government has provided initiatives to curtail household debt, such as incentivizing fixed-rate mortgages, amortization on high loans to value (LTVs), thresholds on debt-to-income ratios, and tax measures. In 2024, a new valuation system will be the basis for calculating property tax. Therefore, despite sharp house price growth in recent years and increased share of interest-only mortgage loans, we believe private sector leverage and households' vulnerability will remain broadly stable, supporting the banking sector's stability, as housing prices have started to decline on higher interest rates.

Our industry risk assessment incorporates our expectation that Danish banks' profitability will improve somewhat due to increased net interest income, while remaining below that of Nordic peers due to significant investments in IT and compliance, and competitive pressure in retail mortgages and corporate lending. We expect Danish banks' return on equity (ROE) to improve to 9.0%-9.5% in 2022-2024 from 8.6% in 2021 and a pandemic-affected 4.8% in 2020.

The sector has higher reliance than peers' on functioning wholesale markets, but the Danish covered bond market's stability continues. We view the regulatory environment in Denmark as in line with that of EU countries overall. This balances a generally robust track record of macroprudential policies and conservative bank supervision with the national anti-money-laundering (AML) governance shortcomings highlighted in Danske Bank's Estonia case. However, local banks and regulators have progressed in strengthening the country's overall AML framework and we expect this focus to continue considering significant public attention and overall political consensus.

Our economic and industry risk trends for the Danish banking sector remain stable.

Business Position: We Expect The Bank To Cement Its Solid Franchise In Denmark

Our assessment of Jyske's business position incorporates our expectation that the bank will cement its solid position with a 11% market share and a diversified revenue profile. We believe that the ongoing acquisition of Svenska

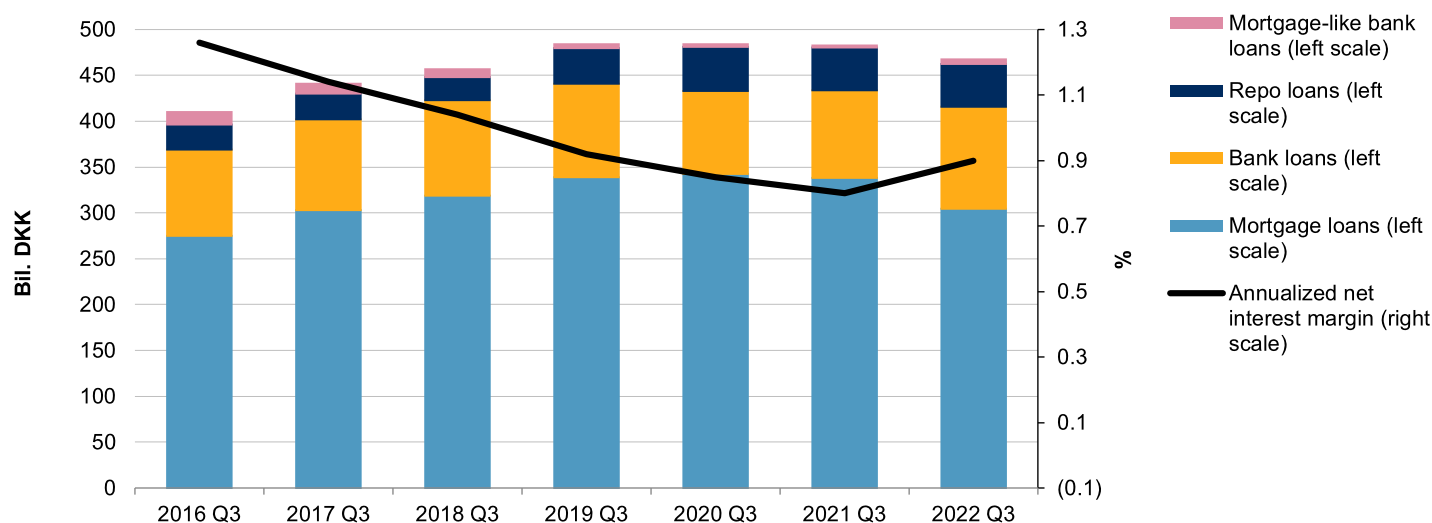
Handelsbanken's Danish business will help Jyske further strengthen its position in the domestic market.

On June 20, 2022, the bank agreed to buy Svenska Handelsbanken's activities in Denmark with total lending of DKK66 billion--about 16% of Jyske's total loans and advances as of Sept. 30, 2022. The acquired portfolio largely consists of healthy SME lending and mortgage loans, which is aligned with the bank's existing loan portfolio. We expect Jyske will swiftly integrate the acquired customer base and focus on strengthening its franchise and recurring core profitability. On Oct. 11, the Danish Competition and Consumer Authority approved the acquisition. We expect the transaction to close in late fourth-quarter 2022.

In recent years, Jyske has increased its relative share of mortgage lending by repatriating loans previously financed via mortgage lender Totalkredit, while uncollateralized bank loans--mostly to corporates--have been largely stable. This contributed to lowering the bank's overall risk profile while reducing top-line margins--a trend that has reversed following the Danish central bank's rate hiking cycle started in July 2022.

Chart 1

Jyske Bank's Changing Loan Book: Lower Risk, Lower Net Interest Margin

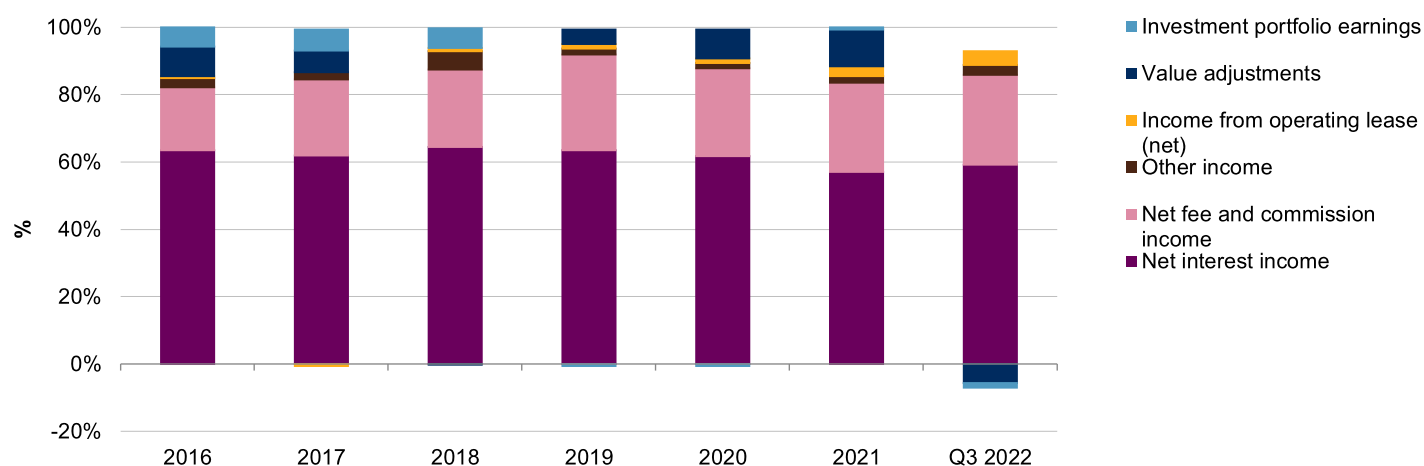


Q--Quarter. DKK--Danish krone. Source: S&P Global Ratings.

Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

In addition to net interest income (69% of total income as of Sept. 30, 2022), Jyske's revenue mix builds largely on generally stable net fees and commissions composed mostly of securities trading, lending fees, and payments. More volatile performance-related fees have accounted for less than 3% of net fees and commission income on a quarterly average since first-quarter 2016. The bank also provides value-added services such as asset management, mainly to retail clients and leasing to personal and corporate clients.

Chart 2

Jyske Bank's Revenue Mix Provides Diversification And Stability

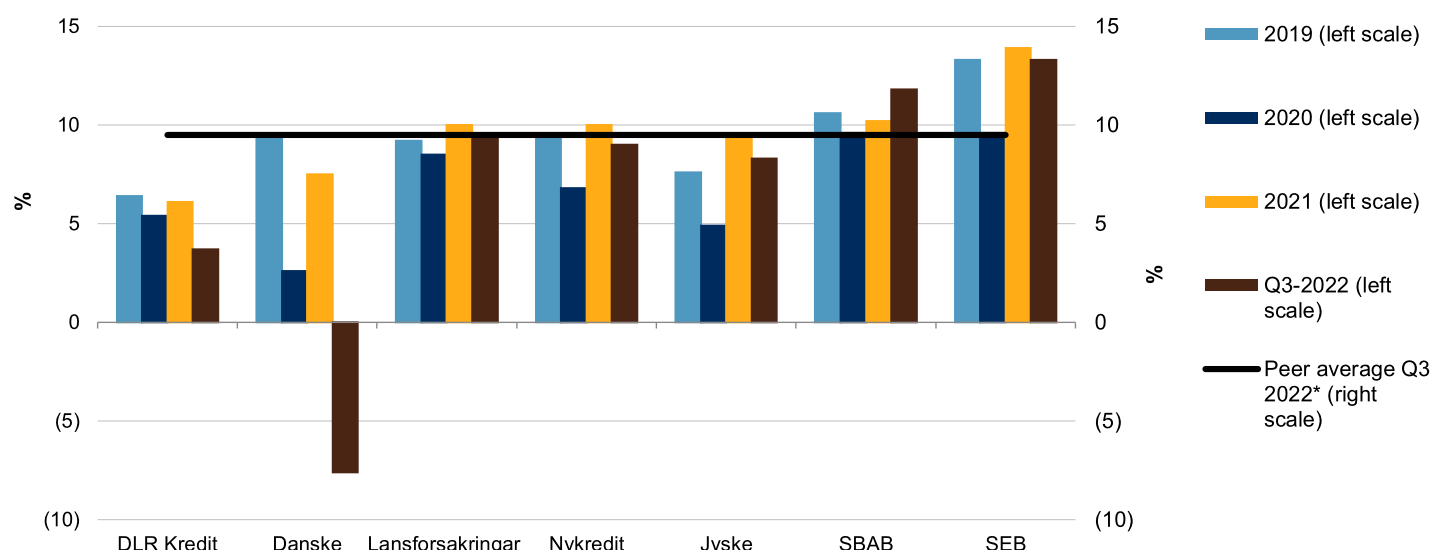
Q--Quarter. Source: Jyske Bank A/S.

Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

Following the acquisition, we expect organic credit growth to remain stressed due to sustained price competition in retail mortgages and corporate lending and the worsening economic outlook. We anticipate the bank will maintain its strategy of focusing on relationship-based commercial banking for households and SMEs, while working on improving its digital offering and asset management footprint. Furthermore, Jyske has a strong and stable management team and a prudent corporate strategy that will support the planned merger, in our view.

Chart 3

Profitability Is In Line With Domestic Peers, But Lacks International Peers



Q--Quarter. ROE--Return on average common equity (%). *Danske Banks ROE was negative in Q3 due to provisions for the Estonia case and goodwill impairment charges. We have therefore excluded Q3 2022 for Danske Bank in the peer average calculation. Nykredit and DLR Kredit data is as of Q2 2022. Source: S&P Global Ratings.

Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

Capital And Earnings: We Expect Capitalization To Return To Strong Levels

Although we expect the acquisition to temporarily affect the bank's RAC ratio, we expect the bank to maintain the ratio above 10% over the next two years by executing a conservative capital plan.

We project the RAC ratio at 10.5%-11.0% through 2024 compared with 12.3% in 2021. Our base-case projection incorporates the following assumptions:

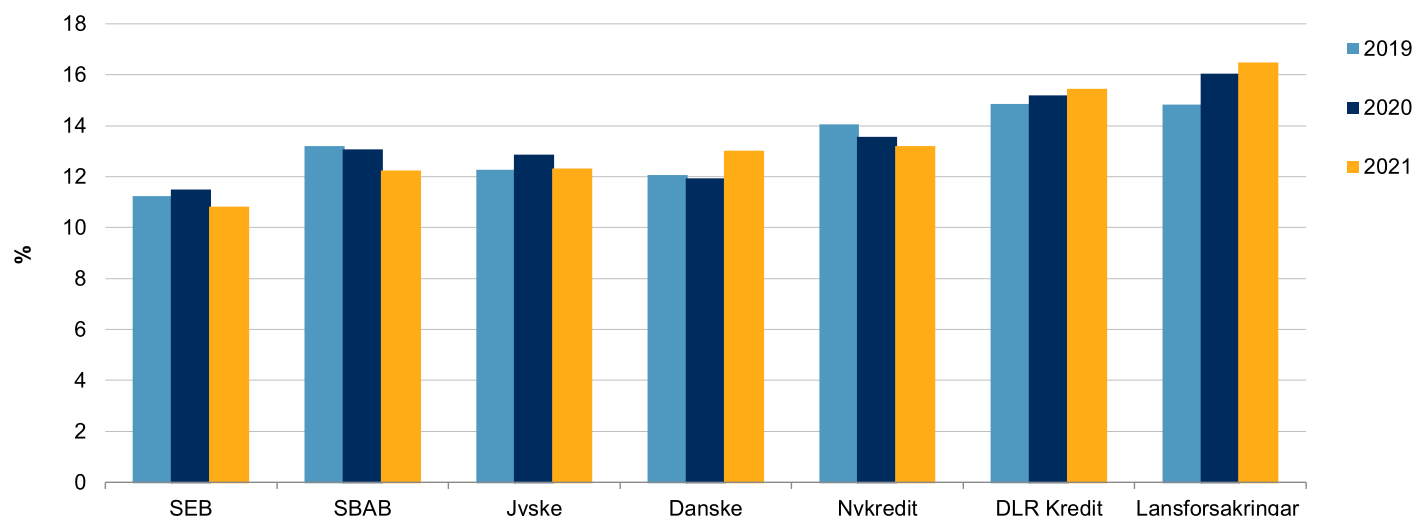
- We forecast growth of about 17.0% in lending book in 2022 due to the portfolio acquisition, followed by a slowing to 0.5% in 2023 due to the weakening economy, before increasing to 1.5% by 2024.
- We also assume low provisioning levels and low growth in RWAs due to the high share of SME lending and mortgage loans in the acquired business.
- We expect the acquisition to contribute to stable earnings for Jyske but with a substantial increase the cost base through 2024 due mainly to integration-related and higher employee costs.
- As a result, we forecast yearly net profit of DKK2.5 billion-DKK3.3 billion in 2022-2024, from DKK3.2 billion in 2021.

The bank is planning to support its capital position by issuing DKK1.5 billion (€200 million) of AT1 instruments.

Following the merger, we anticipate the bank will continue its current capital management policy and achieve its target common equity Tier 1 (CET1) ratio of 15%-17%. This will require a conservative approach to capital distribution, sustained fee income, and improved operating efficiency.

Chart 4

Jyske Bank Has Maintained A Stable RAC Ratio



RAC--S&P Global Ratings' risk-adjusted capital ratio before diversification (%). Source: S&P Global Ratings
Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

In our view Jyske's capital remains of good quality because the three AT1 instruments included in our assessment of the bank's capital base, amounting to about DKK3.3 billion, represent 9% of total adjusted capital.

Jyske Bank's regulatory CET1 capital ratio and total capital ratio stood at 18.6% and 23.6% on Sept 30, 2022. These were near the long-term target of a total capital ratio of 20%-22% and CET1 ratio of 15%-17%. We estimate that the CET1 ratio after the acquisition of Handelsbanken Denmark will be about 15% as of year-end 2022, which will translate in a comfortable buffer of 4.7% against the regulatory CET1 requirement of 10.3%.

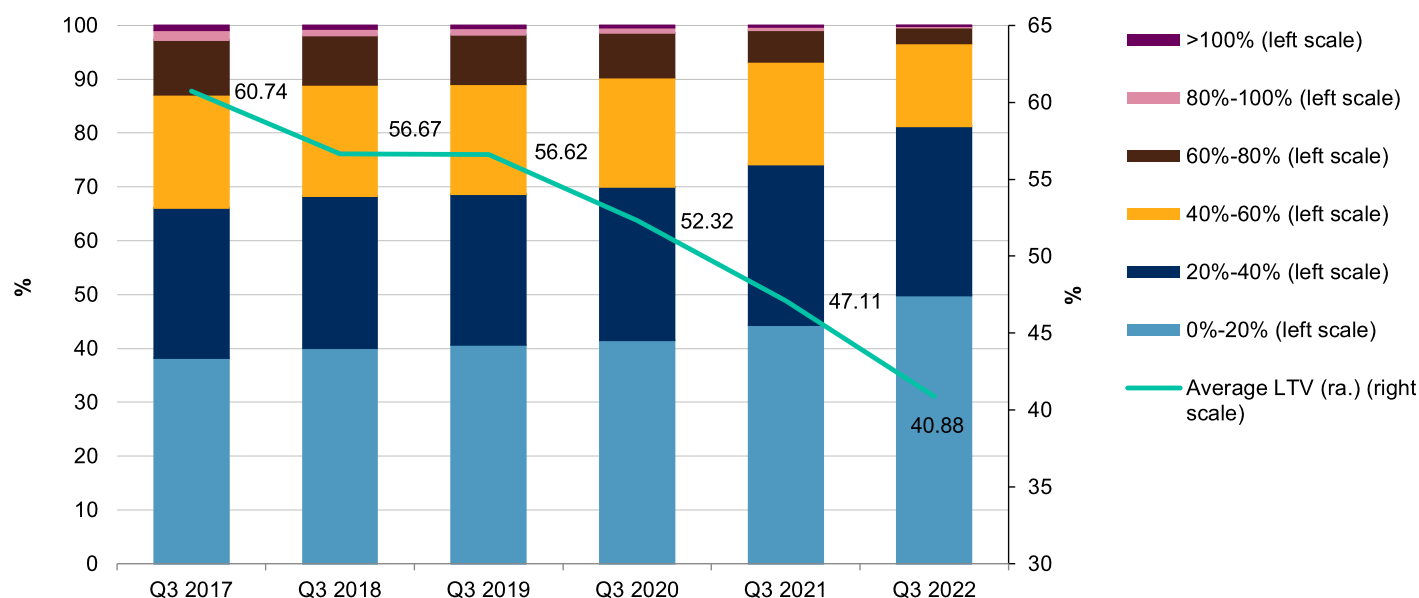
Risk Position: We Expect Prudent Lending And Provisioning Results With Relatively Solid Asset Quality Metrics

We believe Jyske will continue to demonstrate a sound asset quality in its domestic loan book, broadly in line with our assessment of economic risk for the Danish banking system. Although there are execution risks inherent with the acquisition, we believe this is somewhat offset by good asset quality and the bank's track record of managing previous smaller acquisitions. Jyske's favorable recent experience of successful acquisitions supports our view that execution will be manageable.

The bank's asset quality is supported by the highly collateralized mortgage portfolio (74% of the loan book at Jyske Bank) with a low average LTV of 41.0% at Sept. 30, 2022, down from 60% at year-end 2017. Jyske Realkredit's collateralized loan book also provides product diversification to Jyske Bank's historically SME-focused loan book. In our view, Svenska Handelsbanken's Danish activities comprise a healthy and highly collateralized portfolio that matches the overall asset quality of the acquirer's loan book.

Chart 5

Jyske Bank A/S Is De-Risking Its Mortgage Portfolio (Share Per LTV Category)



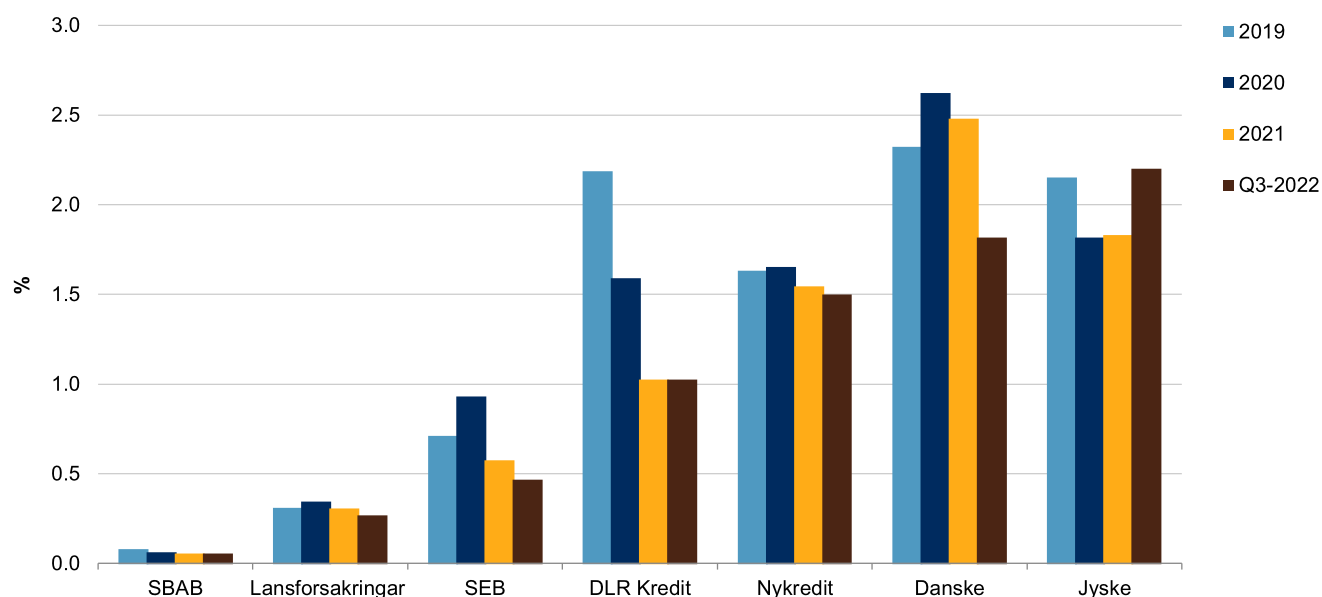
Source: Jyske Bank A/S, S&P Global Ratings

Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

For the first nine months of 2022, Jyske reported net reversals of negative 4 bps. Despite the more challenging operating environment, we expect credit impairment charges to remain stable at about 4 bps in 2022-2024. As of September 2022, the additional impairment charges based on management's estimates amounting to DKK1.64 billion (compared with DKK1.80 billion as of year-end 2021) remain on the books to offset the deteriorating economic outlook.

Jyske's gross nonperforming loans (NPLs) stood at 1.8% of total loans at year-end 2021 and 2.2% on Sept. 30, 2022, and we project NPLs will be broadly stable over the next 24 months after the merger. Still, NPLs remain higher than that of peers.

Chart 6

Jyske Bank's Asset Quality Remains Resilient, But Slightly Weaker Than Peers'

Q--Quarter. Nykredit and DLR Kredit data is as of Q2-2022. NPA: Gross nonperforming assets/customer loans + other real estate owned (%). Source: S&P Global Ratings.
Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

Positively, the proportion of stage 2 loans fell to 3.7% as of September 2022 from 4.7% as of year-end 2021. As have other Nordic banks, Jyske has ramped up its AML efforts, including those related to the acquired portfolio from Handelsbanken, which was subject of an inspection from the Danish FSA that ended in July 2022.

Funding And Liquidity: The Funding Profile Is Similar To Larger Danish Peers'

We anticipate Jyske's funding and liquidity to remain adequate and in line with domestic peers' over the next two years.

We believe that the funding gap due to the acquisition, will be financed by Danish covered bonds, as well as DKK1.5 billion (€200 million) of AT1 capital to be issued in 2023. The group's stable funding ratio has improved to 101.67% as of Sept. 30, 2022, compared with 93.5% as of Dec. 31, 2021, largely due to increase in deposits. We expect it to remain roughly at that level.

We note the importance of the supportive Danish covered bond market. The "balance principle" results in high duration and cash flow matching (in addition to interest rate and currency matching) and the industry and regulator have worked to significantly reduce the volume of one-year bond refinancing, resulting in longer and more-balanced

debt maturity profiles. In our view, this improved stability is complemented by the Danish covered bond legislation that extends bond maturities 12 months in the event of a failed auction, effectively passing on refinancing risks to investors and repricing risks to borrowers. The Danish covered bond market--a key investment target for Danish pension funds--has performed well in several crises over its 200-year history, including the pandemic in 2020 and the market volatility following the Russian invasion of Ukraine and the increased interest rates in 2022.

Despite the substantial contribution of corporate deposits to Jyske Bank's deposit book (55% of the total in September 2022 versus 48% in September 2021), we think most deposits are granular and stable. This benefits the bank's SME lending profile and provides it with a steady source of funding for its nonmortgage lending. Overall, core customer deposits formed 25.3% of the funding base on Sept. 30, 2022. At third-quarter-end 2022, Jyske's net stable funding ratio (NSFR) was 142%, compared with 138% at year-end 2021.

We view the bank's liquidity as adequate, with our one-year liquidity ratio (broad liquid assets to short-term wholesale funding) at 1.2x on Sept. 30, 2022. The bank's principal source of funding is covered bonds and mortgage bonds, which amounted to DKK300 billion--or 45% of the balance sheet--as of Sept. 30, 2022. Client deposits, which amounted to DKK149 billion, is the second largest source of funding comprising mainly of deposits from SMEs as well as personal clients. Furthermore, the bank's regulatory liquidity coverage ratio (LCR) was 185% on September 30, 2022, down from a seasonally inflated figure at year-end 2021. Jyske Bank has an internal guideline setting the minimum LCR at 150%, compared with a minimum regulatory requirement of 100%.

Support: One Notch Of ALAC Support

We include one notch of support above Jyske's 'a-' stand-alone credit profile because we expect the bank will continue to build a material ALAC buffer through 2024 that will protect senior bondholders.

With the acquisition of Svenska Handelsbanken's business in Denmark, Jyske bank expects a DKK24 billion-DKK26 billion minimum requirement for own funds and eligible liabilities. Following its issuance plan of preferred senior instruments of about DKK6 billion and nonpreferred senior instruments of DKK18 billion--DKK20 billion, by Nov. 21, 2022, the bank issued DKK5.8 billion of senior preferred instruments and DKK18.6 billion of nonpreferred senior instruments to meet the regulatory requirements following the acquisition.

Jyske Bank has increased issuance volumes in 2022, and we estimate that the ALAC buffer at year-end 2022 will be approaching 7% of our S&P Global Ratings-adjusted RWAs. Still, we believe that the incorporation of the Handelsbanken operations will materially increase the S&P Global Ratings' RWAs for the group. Therefore, we currently do not consider the bank will maintain the ALAC buffer sustainably above our threshold of 6% over the next two years.

We view Denmark's resolution regime as effective under our ALAC criteria because, among other factors, we think it contains a well-defined bail-in process under which authorities would permit nonviable systemically important banks to continue critical functions as going concerns, following a bail-in of eligible liabilities.

Additional Rating Factors: None

No additional factors affect the ratings.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	E-2	E-3	E-4	E-5	S-1	S-2	S-3	S-4	S-5	G-1	G-2	G-3	G-4	G-5
-----	------------	-----	-----	-----	-----	------------	-----	-----	-----	-----	------------	-----	-----	-----

ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumeric 1-5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicators: Definition And Applications," published Oct. 13, 2021.

We see ESG credit factors for Jyske Bank as broadly in line with those of the industry and country peers.

The bank, as part of its ESG program, launched initiatives to increase transparency of the sustainability objectives for clients, while simplifying access to sustainable advice and products. Jyske Bank seeks to increase its share of lending to sustainable areas such as green buildings, clean transport, and renewable energy. By 2025, it aims to finance 5 terawatt-hours of renewable energy and DKK50 billion of low-energy commercial property, and promises that 40% of loans for vehicles in its leasing book will be for low-emission vehicles. By 2030, the bank aims to reduce the carbon dioxide footprint of the managed equity investments by 75% and that of the funds with investments in Danish mortgage bonds by 40%, both compared with 2019. Besides those environmental goals, the bank recently increased its transparency on some social and governance targets, by publishing key performance indicators on, among others, employee turnover (12% by year-end 2021) gender pay gap (1.18 by year-end 2021), and supervisory board gender diversity (44% by year-end 2021).

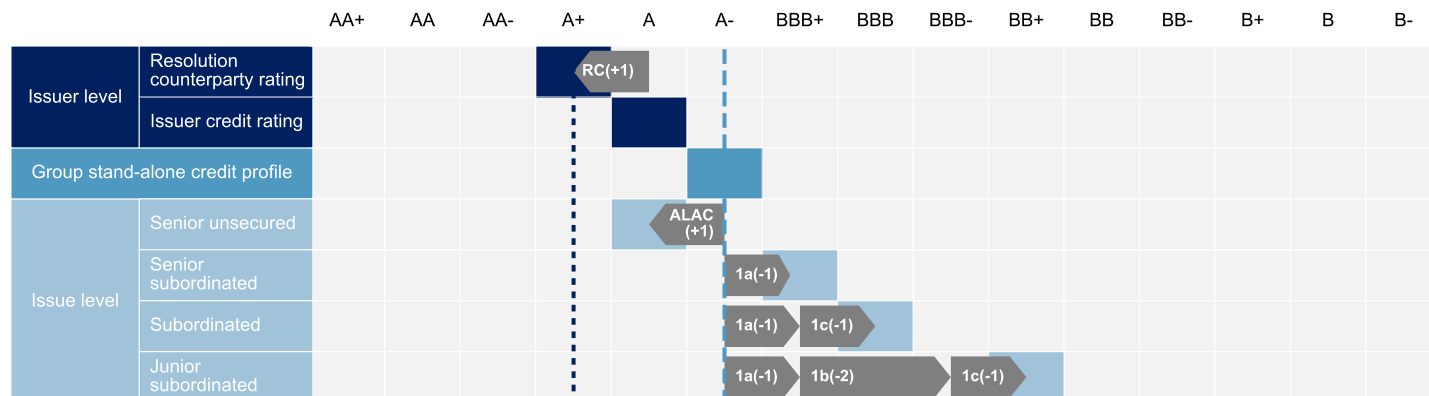
Key Subsidiary: Jyske Realkredit

We view Jyske Realkredit as a core subsidiary and align our long-term issuer credit rating and outlook on it with those on Jyske Bank. We think it is highly unlikely that Realkredit's relevance will diminish within the group given its vital role in the enlarged bank's funding strategy for Danish residential and commercial mortgages. This is in line with how we see other banking group structures and covered bond-issuing subsidiaries in Denmark and the Nordics.

Issue Ratings

We rate Jyske's hybrid debt instruments according to their respective features.

Jyske Bank A/S: Notching



Key to notching

- Group stand-alone credit profile
- Issuer credit rating
- RC Resolution counterparty liabilities (senior secured debt)
- ALAC Additional loss-absorbing capacity buffer
- 1a Contractual subordination
- 1b Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital
- 1c Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on March 2, 2022.

Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

Resolution Counterparty Ratings (RCRs)

We assigned our 'A+/A-1' RCRs to Jyske because we assess Denmark's resolution to be effective, and the bank is likely to be subject to a bail-in-led resolution if it reaches nonviability.

An RCR is a forward-looking opinion of the relative default risk of certain senior liabilities that may be protected from default with an effective bail-in resolution process for the issuing financial institution.

Key Statistics

Table 1

Jyske Bank A/S--Key Figures					
--Year ended Dec. 31--					
(Mil. DKK)	2022*	2021	2020	2019	2018
Adjusted assets	672,022	647,122	672,648	649,737	599,942
Customer loans (gross)	424,131	448,975	444,613	444,491	441,928
Adjusted common equity	35,596	34,468	32,375	31,761	29,416
Operating revenues	6,317	9,202	8,500	8,438	8,724
Noninterest expenses	3,950	5,432	5,349	5,495	5,415

Table 1

Jyske Bank A/S--Key Figures (cont.)					
	--Year ended Dec. 31--				
(Mil. DKK)	2022*	2021	2020	2019	2018
Core earnings	2,252	3,145	1,665	2,412	2,262

*Data as of Sept. 30. DKK--Danish krone.

Table 2

Jyske Bank A/S--Business Position					
	--Year ended Dec. 31--				
(%)	2022*	2021	2020	2019	2018
Loan market share in country of domicile	11.0	11.0	11.0	12.0	12.0
Total revenue from business line (mil. DKK)	6,323.0	9,241.0	8,502.0	8,473.0	9,023.0
Commercial and retail banking/total revenue from business line	85.0	85.7	86.5	88.5	82.5
Other revenue/total revenue from business line	15.0	14.3	13.5	11.5	17.5
Return on average common equity	8.3	9.3	4.9	7.6	7.8

*Data as of Sept. 30. DKK--Danish krone.

Table 3

Jyske Bank A/S--Capital And Earnings					
	--Year ended Dec. 31--				
(%)	2022*	2021	2020	2019	2018
Tier 1 capital ratio	20.3	20.0	19.9	19.4	18.0
S&P Global Ratings' RAC ratio before diversification	N/A	12.3	12.8	12.2	10.4
S&P Global Ratings' RAC ratio after diversification	N/A	9.9	10.8	10.3	8.8
Adjusted common equity/total adjusted capital	91.5	91.1	90.7	90.7	92.0
Net interest income/operating revenue	65.5	54.8	59.4	62.9	65.5
Fee income/operating revenue	29.3	25.1	24.6	27.4	21.3
Market-sensitive income/operating revenue	(8.2)	10.4	6.8	1.9	4.2
Cost-to=income ratio	62.5	59.0	62.9	65.1	62.1
Preprovision operating income/average assets	0.5	0.6	0.5	0.5	0.6
Core earnings/average managed assets	0.5	0.5	0.3	0.4	0.4

*Data as of Sept. 30. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

Jyske Bank A/S--Risk-Adjusted Capital Framework Data					
(Mil. DKK)	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global Ratings RWA	Average S&P Global Ratings RW (%)
Credit risk					
Government and central banks	62,091	13	0.0	1,531	1.0
Of which regional governments and local authorities	19,034	11	0.1	454	3.4
Institutions and CCPs	84,944	7,518	8.9	10,186	14.3
Corporate	252,742	90,754	35.9	155,533	62.3

Table 4

Jyske Bank A/S--Risk-Adjusted Capital Framework Data (cont.)					
Retail	293,894	48,088	16.4	77,577	27.4
Of which mortgage	249,824	36,658	14.7	51,025	23.6
Securitization	6,757	1,382	20.4	1,367	36.0
Other assets	7,312	6,752	92.3	7,390	136.7
Total credit risk	707,739	154,507	21.8	253,584	32.7
Credit valuation adjustment					
Total credit valuation adjustment		1,638	--	6,396	--
Market risk					
Equity in the banking book	1,901	1,925	101.3	16,108	864.2
Trading book market risk	--	10,723	--	16,084	--
Total market risk	--	12,648	--	32,192	--
Operational risk					
Total operational risk	--	14,304	--	16,006	--
	Exposure	Basel III RWA	Average Basel II RW (%)	S&P Global Ratings RWA	% of S&P Global Ratings RWA
Diversification adjustments					
RWA before diversification	--	188,421	--	308,177	100.0
Total diversification/ concentration adjustments	--	--	--	74,874	24.3
RWA after diversification	--	188,421	--	383,052	124.3
		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global Ratings RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		37,583	19.9	37,823	12.3
Capital ratio after adjustments (5)		37,583	20.0	37,823	9.9

*Exposure at default. Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. Adjustments to tier 1 ratio are additional regulatory requirements (e.g. transitional floor or pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. CCP--Central counterparty. RAC--Risk-adjusted capital. DKK--Danisk krone. Sources: Company data as of Dec. 31, 2021, S&P Global Ratings.

Table 5

Jyske Bank A/S--Risk Position					
	--Year ended Dec. 31--				
(%)	2022*	2021	2020	2019	2018
Growth in customer loans	(7.4)	1.0	0.0	0.6	4.0
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	24.3	18.7	19.5	18.0
Total managed assets/adjusted common equity (x)	18.9	18.8	20.8	20.5	20.4
New loan loss provisions/average customer loans	(0.1)	(0.1)	0.2	(0.0)	0.1
Net charge-offs/average customer loans	(0.1)	(0.1)	0.1	0.1	0.2
Gross nonperforming assets/customer loans + other real estate owned	2.2	1.8	1.8	2.2	2.5
Loan loss reserves/gross nonperforming assets	47.9	58.6	64.4	50.8	48.5

*Data as of Sept. 30. RWA--Risk-weighted assets. N/A--Not applicable.

Table 6

Jyske Bank A/S--Funding And Liquidity					
	--Year ended Dec. 31--				
(%)	2022*	2021	2020	2019	2018
Core deposits/funding base	25.3	21.2	21.5	22.1	25.5
Customer loans (net)/customer deposits	281.4	365.5	344.7	346.3	321.7
Long-term funding ratio	75.5	74.6	74.2	76.4	83.1
Stable funding ratio	101.7	93.5	95.5	95.8	98.6
Short-term wholesale funding/funding base	26.1	27.1	27.4	25.1	18.0
Broad liquid assets/short-term wholesale funding (x)	1.2	0.9	1.0	1.0	1.1
Net broad liquid assets/short-term customer deposits	17.4	(13.7)	(5.9)	(2.9)	4.3
Short-term wholesale funding/total wholesale funding	34.7	34.1	34.6	32.0	24.0
Narrow liquid assets/3-month wholesale funding (x)	2.8	2.3	1.9	1.9	2.6

*Data as of Sept. 30.

Jyske Bank A/S--Rating Component Scores	
Issuer Credit Rating	A/Stable/A-1
SACP	a-
Anchor	bbb+
Economic risk	2
Industry risk	4
Business position	Adequate
Capital and earnings	Strong
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0
Support	+1
ALAC support	+1
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019

- General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Banking Industry Country Risk Assessment Update: October 2022, Oct. 27, 2022
- Global Credit Conditions Q4 2022: Darkening Horizons, Sept. 29, 2022
- Nordic Banks: Robust Capital Provides Cushion Against Tougher Times, Sept. 6, 2022
- Research Update: Jyske Bank A/S And Jyske Realkredit A/S Ratings Affirmed On Acquisition Of Svenska Handelsbanken Unit; Outlook Stable, June 21, 2022
- Bulletin: Nordic Banks' Solid Financials Mitigate Increased Geopolitical Uncertainties, April 12, 2022
- Our Danish Bank Ratings Affirmed Under Revised FI Criteria, Feb. 4, 2022
- ESG Credit Indicator Report Card: EMEA Banks, Jan. 19, 2022

Ratings Detail (As Of November 18, 2022)*

Jyske Bank A/S

Issuer Credit Rating	A/Stable/A-1
<i>Nordic Regional Scale</i>	--/--/K-1
Resolution Counterparty Rating	A+/--/A-1
Commercial Paper	
<i>Foreign Currency</i>	A-1
Junior Subordinated	BB+
Senior Subordinated	BBB+
Senior Unsecured	A
Short-Term Debt	A-1
Subordinated	BBB

Issuer Credit Ratings History

23-Oct-2019	A/Stable/A-1
05-Apr-2018	A-/Positive/A-2
01-Dec-2011	A-/Stable/A-2
10-Feb-2012	--/--/K-1

Sovereign Rating

Denmark	AAA/Stable/A-1+
---------	-----------------

Related Entities

Jyske Realkredit A/S

Issuer Credit Rating	A/Stable/A-1
----------------------	--------------

Ratings Detail (As Of November 18, 2022)*(cont.)

Resolution Counterparty Rating	A+/-/A-1
Senior Secured	A-1+
Senior Secured	AAA/Stable
Short-Term Secured Debt	A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Copyright © 2022 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.