JYSKE BANK

Jyske Bank
2018

26 February 2019

Our targets

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	2018
Return on Equity	
• Delivering an attractive long-term return on equity of 8-12% excl. IFRS 9 related effects • Considering the current market conditions in 2019, Jyske Bank aims to deliver a ROE on avg. equity of 6-10% after tax	ROE 8.6%
Volume 2020	
• Total loan portfolio of DKK 350bn in Jyske Realkredit	DKK 326bn
Capital position	
• Long-term targets for capital ratio 17.5% and CET1 ratio 14% post-Basel IV implementation • Building sufficient capital level to cover expected Basel IV-effect on capital ratio of up to maximum 3 percentage points by January 1st 2022	20.0% and 16.4%
• Gradually building a RAC ratio of about 10.5%	RAC 10.3%

Highlights 2018

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New payment solutions: VISA mobil, Apple Pay and Google Pay

- A solution no matter which phone or device the clients wish to use
- In 2018, the solutions were also made available for non-clients through a simple online account-opening procedure

Anti-money laundering efforts

- In 2018, our monitoring triggered 39,405 alarms and in consequence of this 2,976 reports to the Money Laundering Secretariat
- Jyske Bank devotes approx. 200 man years to the prevention and control of money laundering
- Jyske Bank was given six orders to strengthen processes and controls - all six orders are expected to be complied with by the end of third quarter of 2019
- New initiatives on the prevention of money laundering are launched continuously. For instance, demands that new corporate clients use an approved auditor

The best home loan products

In 2018, BRFkredit became Jyske Realkredit, resulting in one product range consisting of the best from the mortgage loans and Jyske Bank's popular bank mortgage loans. Again in 2018, Jyske Bank was, by the Danish consumer magazine TÆNK, recommended to consumers having high homeowner's equity

Satisfied clients and satisfied employees

- Since 2014, Jyske Bank has had a clear focus on developing the clients' experience in order to establish loyal client relationships
- In 2018, Jyske Bank was ranked at the top by satisfaction surveys within all client segments
- The internal employee survey showed not only great but also increased job enthusiasm and satisfaction on the part of the bank's employees
- A sector survey assessed Jyske Bank to be the most popular bank among employees in the financial sector. This survey was based on replies from both employees and non-employees

The "cashless" bank

- The ambition to be a cashless bank in 2025 (Anders Dam on Twitter, 30 January 2019)
- End to disbursement of DKK 1,000 notes from our ATMs
- No cashier's desks in Jyske Bank's 98 branches – the last two will close in April 2019
- The number of outdoor ATMs will be reduced as client behaviour changes

Strategy - foundation and focus areas

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Foundations of Jyske Bank

Mission	To develop simple, forward-looking and responsible financial services
Vision	To make a difference
Promises	We will be at the cutting edge, we will create value for our clients, and we will offer them an experience beyond the expected
Spirit	We wish to be the "catfish in the tank" - a Danish figure of speech referring to someone who by thinking innovatively or acting in an unorthodox way challenges the existing ways
Values	Holistic view and common sense, open and honest, different and unpretentious, equal respect and commitment, efficient and persevering

Relationship bank in a digital world

Continuous improvement of competitive strength

Continued growth within investment, trading and wealth

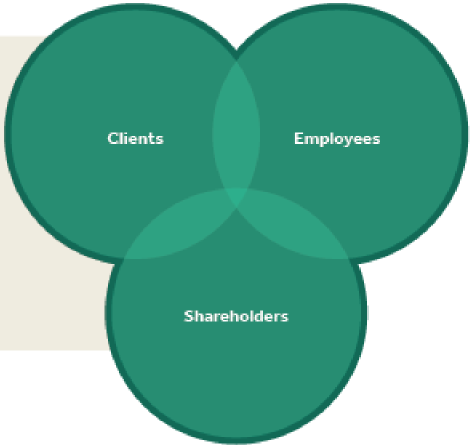
Sustainable business models for the Jyske Bank Group

Such a balance is achieved when...

Our clients receive advice, products, services and prices that are among the best on the market

Our employees have an attractive workplace with opportunities for development

Our shareholders receive an attractive, long-term risk-adjusted return



Sustainable business models – also in the future

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- Global targets for a joint sustainable development have been defined
  - The Paris Climate Change Agreement
  - The UN 2030 Agenda for Sustainable Development

- Future EU rules (”Sustainable Finance”) is a reflection that the role of the financial sector in social development will change to support the agenda of global sustainability

- It is Jyske Bank’s ambition to run a business that acts responsibly and promotes sustainability

- The focus on sustainability has increased and Jyske Bank wishes through a strong commitment to play a role in the transformation of the economy
  - Will require adjustment and further development of our business models
  - Launch of an ESG-programme that will, over time, affect all parts of the Group’s activities

- Initially, the ESG-programme will focus on:
  - Activities within trading, investment and wealth management – integrating ESG in advisory services and products
  - External reporting – increase transparency on Jyske Bank’s ESG policies and initiatives and thereby improve ESG-ratings

Corporate social responsibility

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- Being one of the largest financial groups in Denmark, Jyske Bank has, as a business enterprise, an obligation to society
- In all respects, Jyske Bank attempts to run a responsible, orderly and proper business in accordance with the Group's values and with regard to clients, employees and shareholders
- We wish to create value by 'making a difference' for both Jyske Bank and society by assessing risks and opportunities in long-term perspectives that are forward-looking and sustainable
- Therefore, endeavours are made:
  - to ensure **a sustainable and responsible business** through advisory services, investments and credit policy
  - to reduce the Group's negative impact on the **climate and environment**
  - to create a workplace that ensures **job satisfaction and equal rights for our employees**
  - to assume corporate social responsibility through **social initiatives** focusing particularly on the 'HOUSE' (HUSET) and the 'built-up area'

Responsible investment

Anti-money laundering policy

Employee relations

Social initiatives

Tax

Financials
2018

2018 highlights

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- Net profit of DKK 2,500m, equal to ROE 7.6%
  - Excl. IFRS9 effects net profit of DKK 2.8bn and ROE of 8.6%

Business volumes:

- Compared to 2017 loan growth in all segments except for bank loans for private individuals
- AUM slightly down vs. 2017 as a result of negative development in the financial markets
- Stable bank deposits

- Core income:
  - NII favourably affected by growth in loan volumes but lowered by decrease in NII from strategic ALM
  - Net fee income suffers as investment related fee income is reduced by negative development in financial markets
  - Value adjustments negatively affected by widening of credit spreads, lower long-term interest rates and negative development in financial markets
  - Other income boosted by sale of properties

- Core expenses decline to DKK 4,896m – down by 9% compared to 2017. Down 2% adjusted for one-offs
  - Lower number of FTE compared to 2017
  - Positive effect of DKK 151m (reversal of Marrache provision and one-off adjustment of employee-related provisions) vs. negative one-offs of DKK 237m in 2017 (50th anniversary, Marrache-provision and severance pay)

- Loan impairment charges amount to DKK 468m
  - DKK 61m excl. IFRS 9 effects

Core profit and profit for the period

DKKm

	2018	2017	Index 18/17	Q4 2018	Q3 2018	Index Q4/Q3
Net interest income	5,624	5,674	99	1,371	1,407	97
Net fee and commission income	1,854	1,957	95	506	443	114
Value adjustments	-23	577	-	-49	132	-
Other income	463	207	224	32	127	25
Income from operating lease (net)	81	-54	-	8	26	31
Core income	**7,999**	**8,361**	**96**	**1,868**	**2,135**	**87**
Core expenses	4,896	5,374	91	1,232	1,249	99
Core profit before loan impairment charges	**3,103**	**2,987**	**104**	**636**	**886**	**72**
Loan impairment charges	468	-453	-	29	104	28
Core profit	**2,635**	**3,440**	**77**	**607**	**782**	**78**
Investment portfolio earnings	505	562	90	-11	-20	55
Pre-tax profit	**3,140**	**4,002**	**78**	**596**	**762**	**78**
Tax	640	859	75	95	184	52
Profit for the period	**2,500**	**3,143**	**80**	**501**	**578**	**87**

Summary of balancesheet, end of period

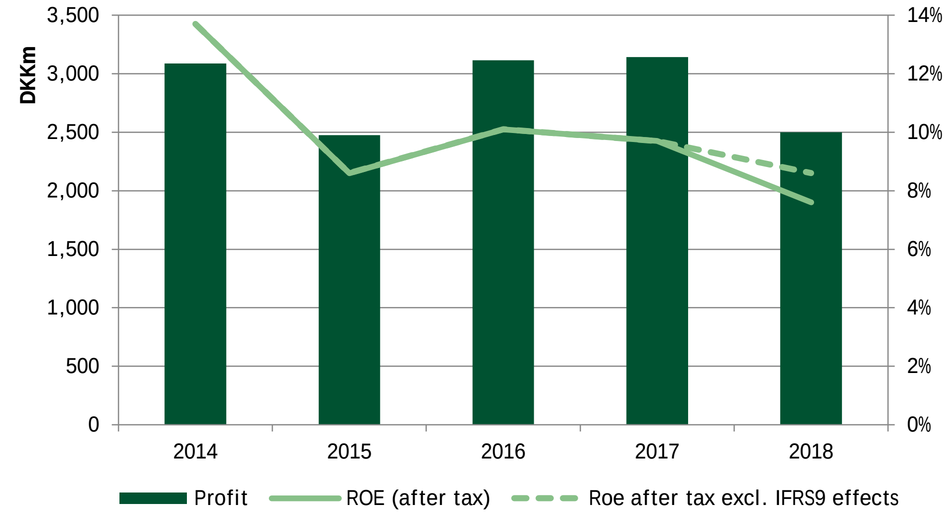
DKKbn

	2018	2017	Index 18/17	Q4 2018	Q3 2018	Index Q4/Q3
Mortgage loans	326	307	106	326	319	102
Traditional bank loans	104	101	103	104	105	99
New home loans	6	12	50	6	9	67
Bank deposits	136	140	97	136	137	99
Assets under management	141	145	97	141	147	96

ROE remains under pressure

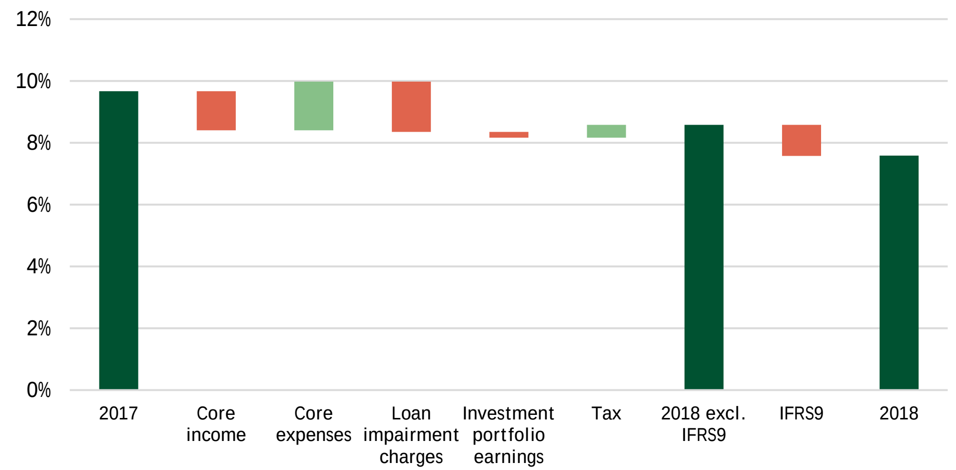
- Net profit in 2018 of DKK 2,500m and ROE of 7.6%
- Excl. effect of IFRS 9 net profit of DKK 2,817m corresponding to ROE of 8.6% in 2018

Net profit



- A decrease of 2.1 and 1.1 percentage points in ROE after tax incl. and excl. IFRS 9 effects due to:
    - Core income decrease as all income lines apart from other income are under pressure
    - Decrease in core expenses primarily due to lower FTE and positive one-offs
    - Higher loan impairment charges – 2017 was characterized by net reversals of impairments
    - Investment portfolio earnings at 2017-level due to gain on Nordjyske Bank shareholding
    - Effects derived from IFRS 9

2018 vs. 2017: Development in ROE after tax



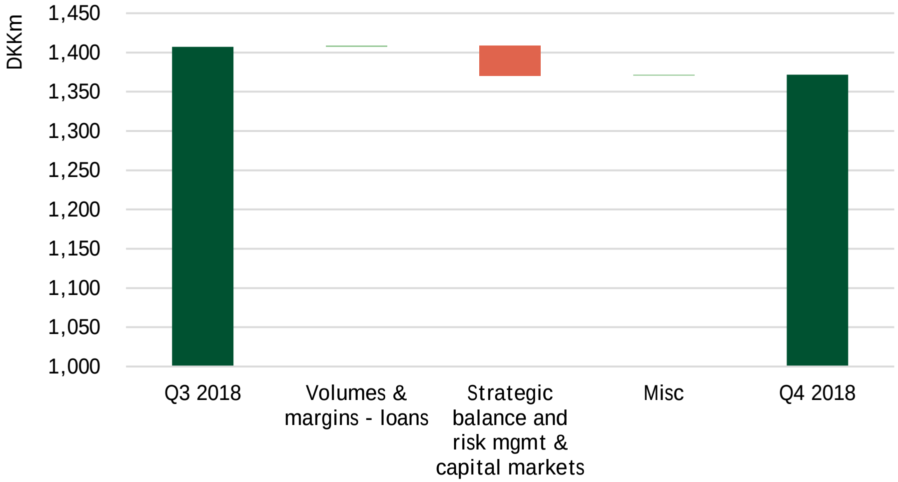
Underlying development in NII stable ...

... but overshadowed by decline in NII from strategic balance and risk management and trading activities

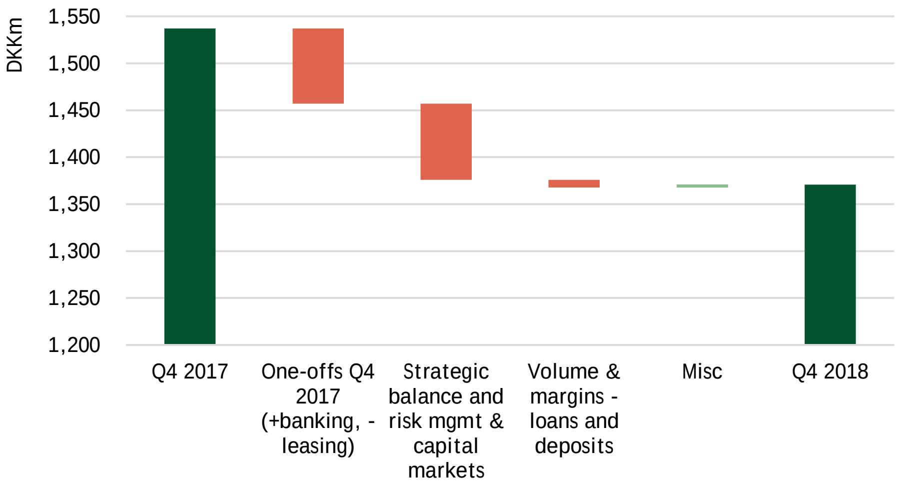
- In Q4 2018 NII is:
  - Supported by:
    - Loan growth in mortgage and leasing activities
  - Pressured by:
    - Lower NII from strategic balance and risk management as well as trading activities
    - Lack of loan growth in banking activities
    - Continued margin compression on corporate bank loans

- Negative variance of DKK 166m compared to Q4 2017 as:
  - Q4 2017 included one-offs of approx. DKK 100m
  - NII from strategic balance and risk management and trading activities are significantly lower – combination of smaller bond holdings and lower interest income from derivatives but also because up-front fees on swaps are recognised as value adjustments as opposed to NII since Q3 2018 (approx. DKK 15m per quarter)
  - Support from loan growth in all segments is outweighed by margin pressure

Q4 2018 vs. Q3 2018: Development in NII



Q4 2018 vs. Q4 2017: Development in NII



Net fee income dampened by financial markets

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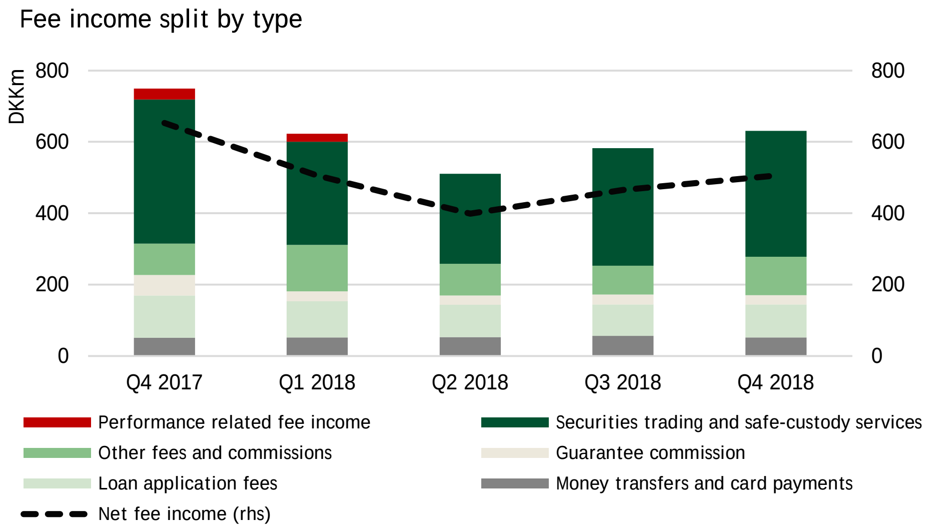
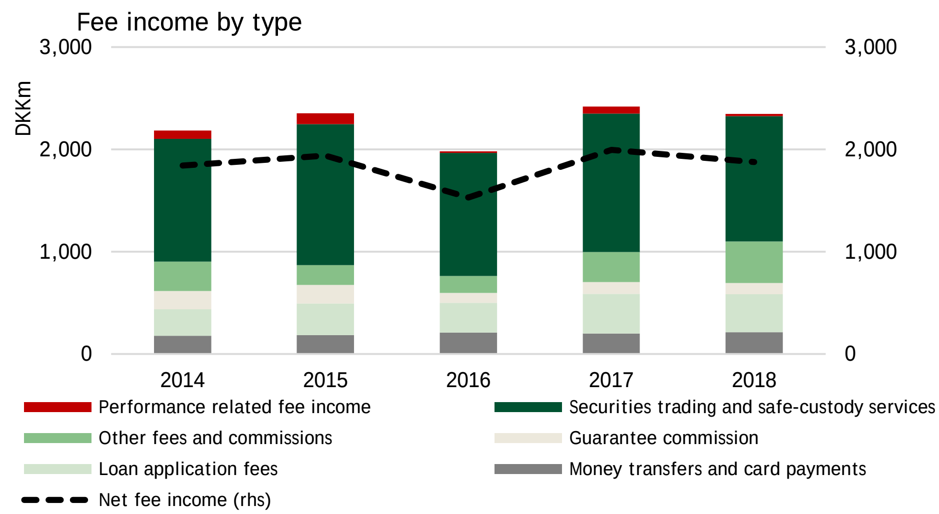
- Net fee income in Q4 2018 of DKK 506m – up by 14% relative to Q3 2018 and down by 22% relative to Q4 2017
  - Q4 seasonality in investment related fee income negatively affected by the development in financial markets: no performance related fees and reduced AuM-driven fee income
  - Higher refinancing activity in Q4 supports fee income from mortgage activities
  - Up-tick in Other fees primarily driven by annual account fees and market maker commission

- Net fee income of DKK 1,854m vs. DKK 1,957m in 2017 – down by DKK 103m:
  - Negative effects: Performance related fees down by DKK 47m (2017: DKK 70m vs. 2018: DKK 23m), and approx. DKK 40m less in commission income from mutual funds as commission rates have been reduced. Paid fees up by DKK 45m – primarily related to leasing activities (linked to activity level)
  - Positive effects: Increase in a number of fees, primarily fees, which were subject to fee changes in the personal client area in mid-2017 as well as one-off in Q1 2018 related to market maker commission (DKK 10-15m)





Value adjustments back in negative territory

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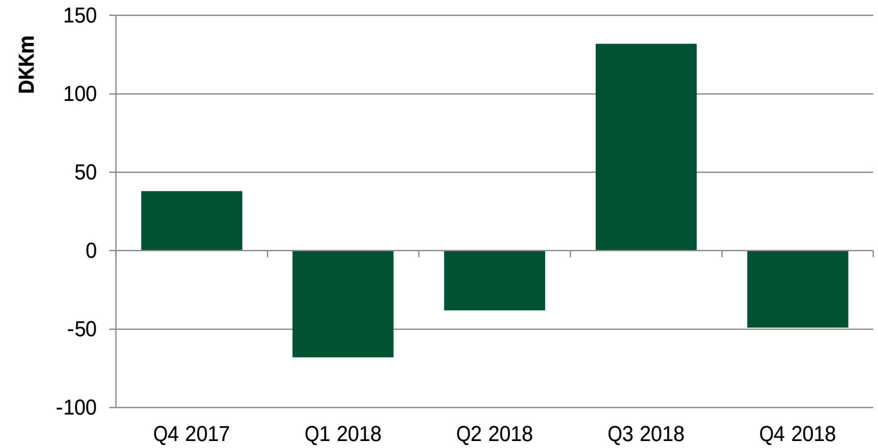
- Value adjustments under core income amounted to DKK -49m – down by DKK 181m compared to Q3 2018 due to:
  - DKK 79m in one-offs in Q3 2018 re. early redemption of issued bonds and effects of implementation of Murex
  - Widening of credit spreads which affected the value adjustments of the Group's bond and liquidity portfolio adversely
  - Negative developments in the financial markets
- Value adjustments from clients' transactions relating to interest-rate hedging (swaps):
  - Q4 2018: a positive effect of DKK 19m (Q4 2017: DKK 10m)
  - 2018: DKK -6m vs. 2017: DKK 134m
- Strategic ALM and risk management is comprised of a liquidity bond portfolio as well as derivatives used for hedging purposes. Overall, limited interest rate risk
  - Liquidity portfolio of approx. DKK 31bn end of Q4 2018, consists primarily of Danish mortgage bonds
  - NII negatively affected by run-off of high yield bonds and lower interest income from derivatives
  - Value adjustments negatively affected by widening of credit spreads and pull-to-par effects

Value adjustments under core income



Strategic balance and risk management (DKKm)

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
Net interest income	32	63	75	72	87
Value adjustments	-83	45	-26	-61	-41
Banking activities, total	**-52**	**108**	**49**	**11**	**46**
Net interest income	18	20	24	21	-
Value adjustments	-28	-9	-41	-19	-
Mortgage activities, total	**-10**	**11**	**-17**	**2**	**-**
Jyske Bank Group, total	**-61**	**119**	**32**	**13**	**46**

Core expenses reduced by one-offs in Q4 2018

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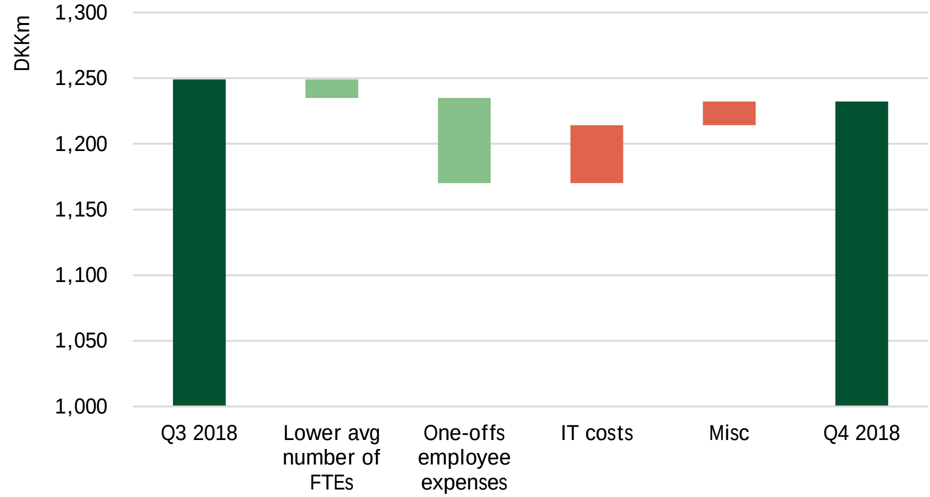
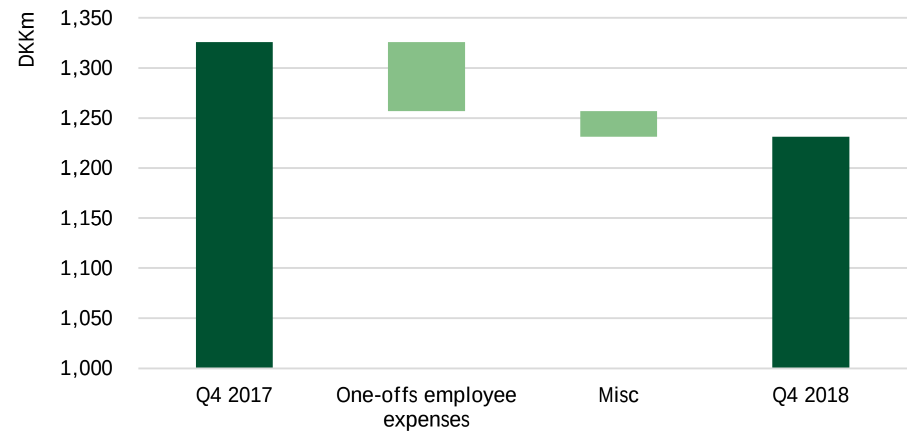
- Core expenses in Q4 2018 at DKK 1,232m – down by DKK 17m compared to Q3 2018 due to:
    - Lower number of FTEs
    - One-offs in Q4 2018 – DKK 65m reduction re. employee costs related adjustments
    - Higher IT-related costs

- Core expenses in 2018 of DKK 4,896m vs. DKK 5,374m in 2017 – down by 9%
    - Underlying development -2% when adjusting for one-offs
    - Lower number of FTE is the primary driver for the underlying development

Q4 2018 vs. Q3 2018 Development in core expenses (Group)



Q4 2018 vs. Q4 2017: Development in core expenses



Impairment charges driven by corporates

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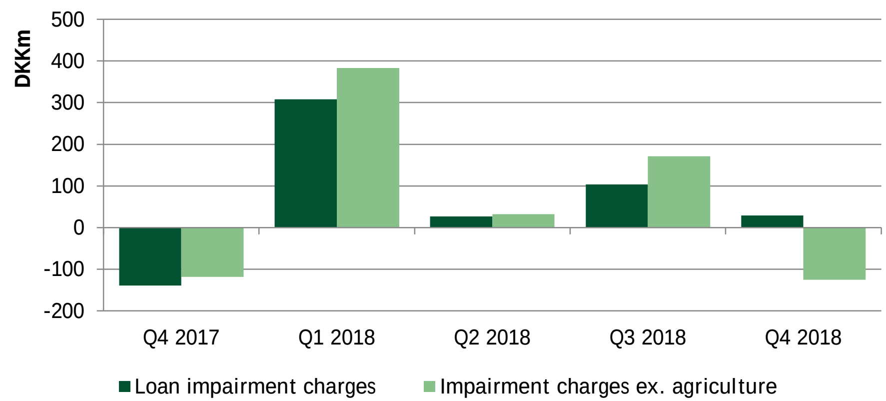
- Net impairment charges of DKK 468m under core profit:
  - Excl. IFRS 9 effects DKK 61m
  - Underlying development primarily driven by corporate clients
  - In general, fewer reversals than in 2017 – most significantly in agriculture, manufacturing and real property
  - In Q4 2018 impairment charges of DKK 154m for agriculture – primarily related to management estimate covering fur farmers
- Total balance of management's estimate of DKK 511m end of Q4 2018, of which DKK 275m relate to agriculture compared to DKK 466m and DKK 75m respectively end of 2017
- Impairment ratios (under core profit):
  - Impairment ratio for Q4 2018 ~1bp
  - Balance of impairment charges DKK 5.6bn corresponding to an accumulated impairment ratio of 1.2%
- Gross loans, advances and guarantees distributed by IFRS 9 stages:
  - Increase in stage 2 is primarily related to highly collateralized mortgages, thus expected loss is low and the increase has only limited effect on impairment charges in stage 2
  - Gross loans in stage 3 of DKK 10bn covered by accumulated impairment charges of DKK 3.6bn as well as DKK 6.9bn of collaterals

Loan impairment charges (under core profit)



Gross loans, advances and guarantees by IFRS 9 stages

	2018					
	Gross loans, advances and guarantees		Impairment charges		Impairment ratio	
	End	Beginning	End	Beginning	End	Beginning
Stage 1	449,690	435,426	640	645	0.1%	0.1%
Stage 2	27,305	23,290	1,306	1,352	4.8%	5.8%
Stage 3	10,049	12,843	3,661	4,195	36.4%	32.7%
Total	**487,044**	**471,559**	**5,607**	**6,192**	**1.2%**	**1.3%**

Asset quality - Group level

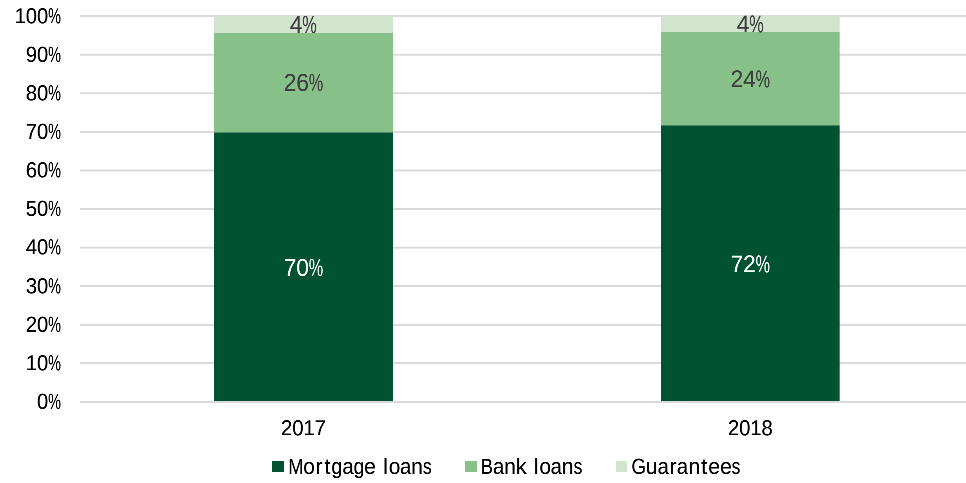
- Overall, growth in loan volume of 3%
  - Excl. repo loans growth in loan volume of 4%
  - Growth driven by loans for corporate clients, primarily mortgage loans

- Development in loan book composition:
  - Increasing share of mortgage loans
  - Stable in terms of client segments and internal ratings
  - Increase in Real property (due to growth in mortgage loans) but otherwise no significant shifts in composition by industry

- Non-performing loans* end of 2018:
  - Non-performing loans DKK 11.2bn corresponding to NPL ratio of 1.5%
  - Impairment charges DKK 3.9bn corresponding to NPL coverage ratio of 34.8% (does not include collateral)

- For further details on asset quality please refer to appendices

Portfolio by types (total portfolio excl. repo loans)



Client segment	DKKbn	%
Public authorities	9.1	2
Private individuals	225.8	50
Corporate clients	220.4	48
Total - all client segments	**455.3**	**100**

Corporate clients by industry	DKKbn	%
Agriculture, hunting, forestry and fishing	8.0	4
Manufacturing, mining etc.	8.5	4
Energy supply	5.0	2
Building and construction	6.2	3
Commerce	13.9	6
Transport, hotels and restaurants	6.5	3
Information and communication	1.1	0
Finance and insurance (ex repo loans)	7.1	3
Real property	145.7	66
Other sectors	18.4	8
Total - corporate clients	**220.4**	**100**

* Defintion follows EBA technical standard

Limited exposure to agriculture

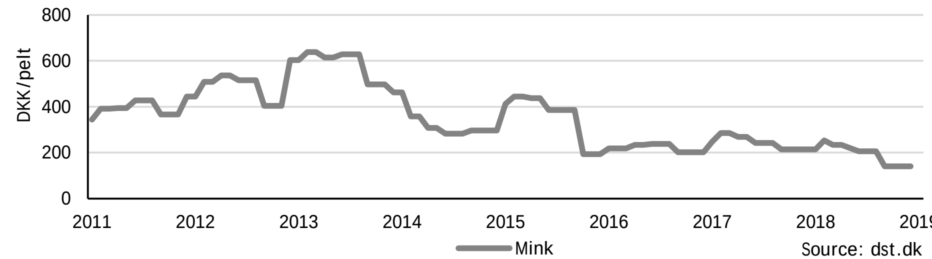
- Limited exposure as agriculture excl. fishing accounts for approx. 1% of the Group's loans and guarantees
- Impairment ratios at a lower level end of 2018 than end 2017
  - Except fur farming where the ratio has increased significantly due to drop in sales prices for mink pelts and structural challenges
- Fur farming: After a long period of sales prices equivalent to the contribution margin (approx. 250 DKK/pelt), prices on mink pelts collapsed during 2H 2018
  - Mink farmers are now challenged on capital robustness as well as more structural price and demand issues driven by an increased worldwide focus on ESG/sustainability. The challenges may lead to close downs
- Balance of impairment charges include a management estimate of DKK 275m end of Q4 2018 vs. DKK 75m end of Q4 2017. Covering for effects of:
  - Drought during the summer of 2018
  - Lower sales prices for pelts
- Commodity price development:
  - Mink pelt prices have decreased significantly and reached a new low in 2019 of 141 DKK/pelt
  - Pork prices continue down and have reached a low level of 8.3 DKK/kg in January 2019
  - Milk price has recovered compared to Q1 2018 and now stands at 2.26 DKK/kg

Agriculture excl. fishing (DKKm/%)

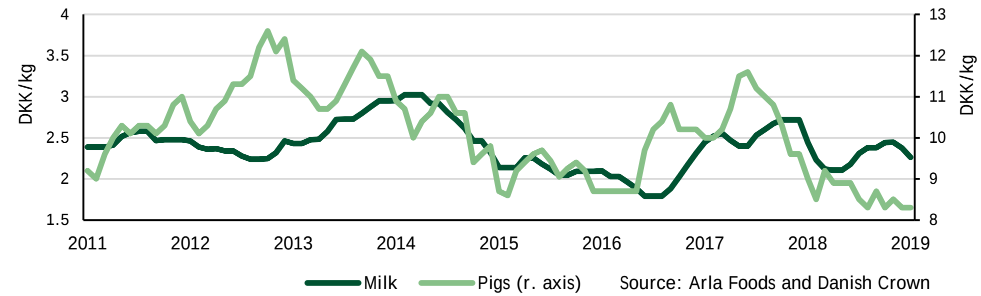
	Loans, advances and guarantees		Balance of impairment charges		Impairment ratio	
	2018	2017	2018	2017	2018	2017
Milk	848	917	437	529	34%	37%
Pigs	1,616	1,161	264	329	14%	22%
Plants	2,050	1,758	122	122	6%	6%
Fur farmers	186	274	108	14	37%	5%
Other agriculture	1,384	906	132	92	9%	9%
Total	**6,083**	**5,016**	**1,063**	**1,085**	**15%**	**18%**

Note: The increase in loan volume can be attributed to Jyske Erhvervslån. At the end of Q4 2018, Jyske Erhvervslån amounted to DKK 2.2bn vs. DKK 0.6bn end of 2017

Commodity prices



Source: dst.dk



Source: Arla Foods and Danish Crown

Investment portfolio earnings close to zero

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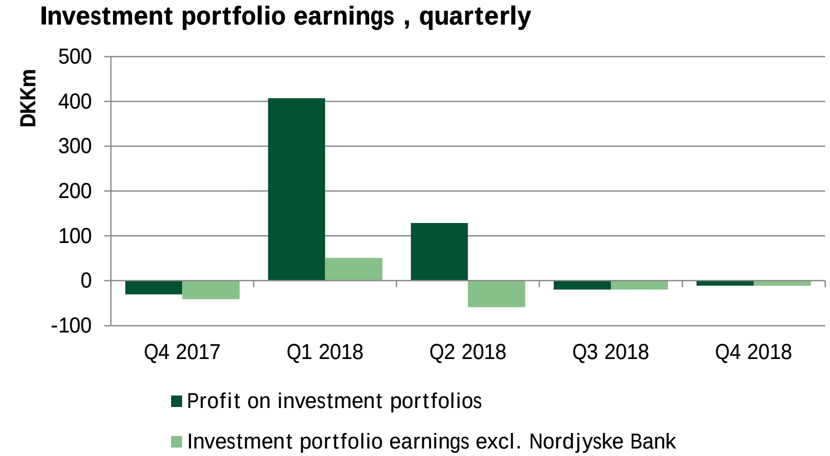
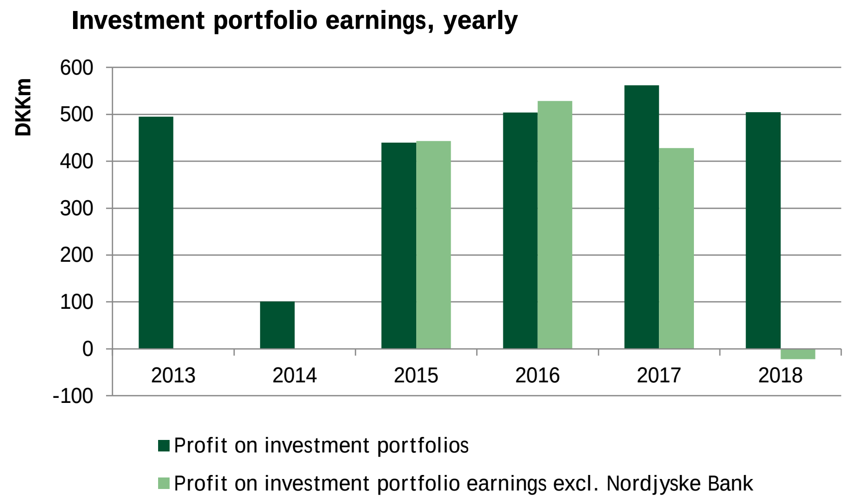
- The investment portfolio earnings continue to generate modest returns
  - Q4 2018 slightly better than Q3 2018 but still adversely affected by widening of credit spreads and pull-to-par effects

- In June 2018, Jyske Bank's share holding in Nordjyske Bank was disinvested in connection with the merger between Ringkjøbing Landbobank and Nordjyske Bank:
  - No effect from Nordjyske Bank in 2H 2018, however, positive effects from Nordjyske Bank shares of DKK 544m in 1H 2018 (DKK188m in Q2 2018 and DKK 356m in Q1 2018)

- Changes to the investment portfolio in 2018:
  - Mortgage activities: Due to changes in intent and mandate, the entire investment portfolio has been reclassified to strategic balance and risk management under core income
  - Banking activities: The majority of the bond portfolio has been reclassified to strategic balance and risk management (under core income)

- In future, investment portfolio earnings will be more moderate as the portfolio is much smaller than historically and only holds limited interest rate risk





Capital and Liquidity

Strong capital position

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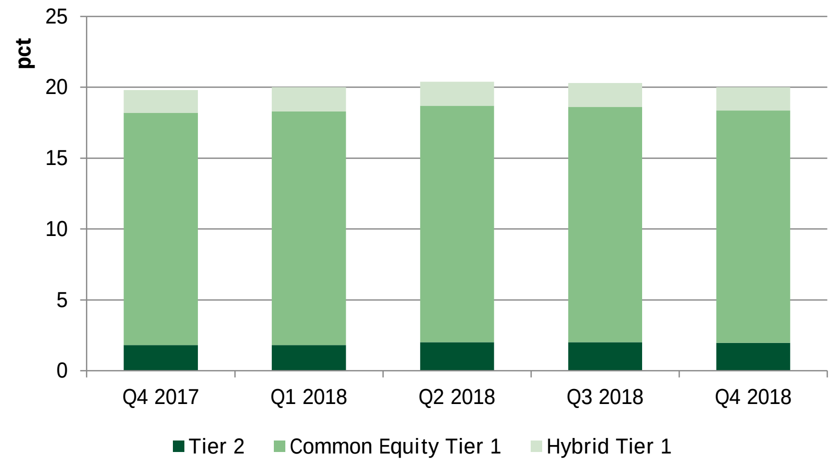
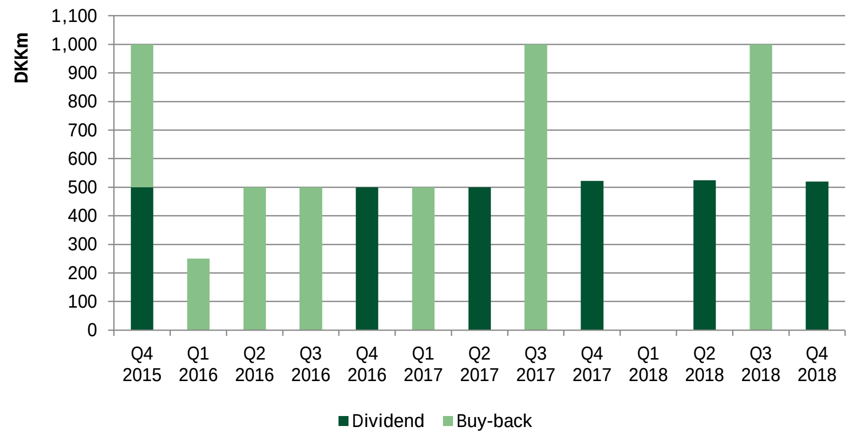
- Capital ratio 20.0% and CET1 ratio 16.4% end of 2018 vs. long-term targets of 17.5% and 14% post-Basel IV implementation
  - Capital structure almost aligned with long-term targets incl. expected effect of Basel IV
  - Excess capital inclusive of growth and potential acquisitions will be available for dividend and buy-backs
  - Jyske Bank intends to make stable dividend payments
- Defending and securing a stable S&P rating of A- remains a key priority
  - Based on the FSA's measurement of MREL as well as Jyske Bank's funding plan for the required issues S&P's changed in April 2018 its view of Jyske Bank's senior ratings to 'positive outlook' from 'stable outlook'
  - RAC ratio of 10.3% end of Q4 2018
  - Jyske Bank aims long-term to build a RAC ratio of approx. 10.5%
- Completion of share buy-back programme mid-December 2018 – buy-back of 3,350,500 shares worth DKK 999,979,615, corresponding to 3.94% of the share capital
- Capital distribution since November 2015:
  - Share buy-back programmes of DKK 4.25bn in total
  - Dividends of DKK 3.0bn in total (incl. ordinary dividend to be proposed at AGM in March 2019)

Capital ratios



Capital Distribution (time of announcement)



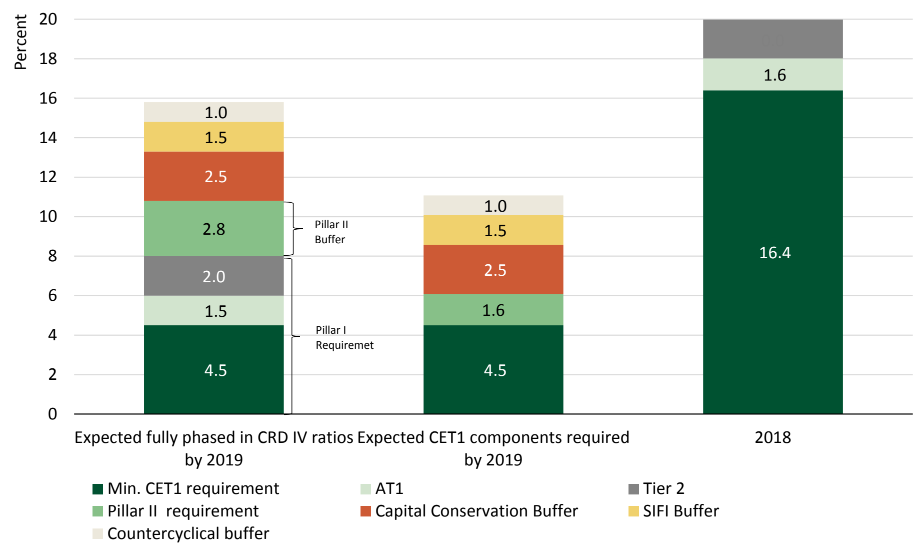
Future regulation

- Long-term capital targets based on fully implemented Basel IV capital requirements:
  - Capital ratio 17.5% and CET1 ratio 14%
  - Capital ratios to remain above long-term targets given upcoming capital requirements

- Basel IV
  - The Basel IV recommendations were announced in December 2017
  - Jyske Bank expects that the Group's capital rati will be reduced by a maximum of 3 percentage points when Basel IV is fully phased-in
  - Jyske Bank aims to build the needed capital levels prior to the phasing-in period starting 1 January 2022

- Minimum requirement for own funds and eligible liabilities (MREL)
  - Jyske Bank already fulfills MREL (with old SP bonds and capital)
  - Grandfathering of senior debt (senior preferred) issued prior to 1 January 2018
  - MREL must be fulfilled entirely with contractually subordinated debt (non-preferred senior) from 1 January 2022

Expected fully phased-in capital ratios



Liquidity is still ample

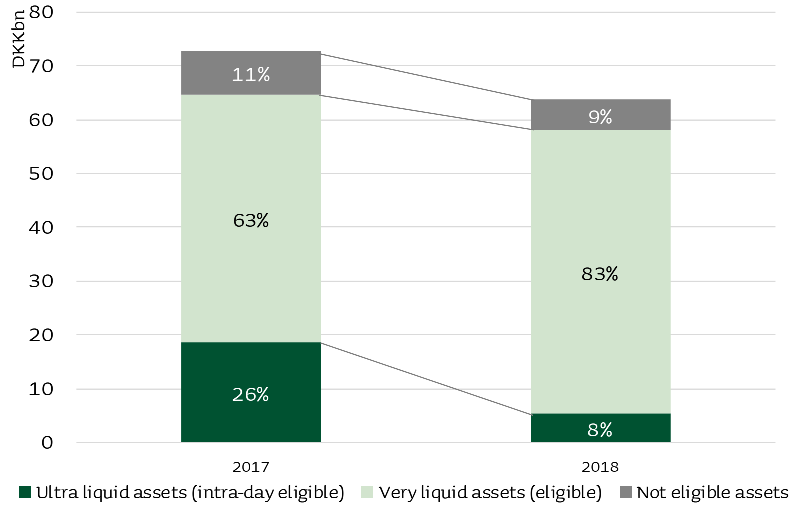
- Liquidity buffer DKK 64bn end of 2018 (DKK 73bn end of 2017)
  - 91% of the buffer - DKK 58bn - is eligible for repo transactions at central banks (Nationalbanken or ECB)
  - Cash placements are categorized as intra-day eligible
  - Large decrease in intra-day eligible as bank deposits decrease and placement of cash from CP-funding proceeds are less attractive due to increased rates

- Group's LCR at 219% by end of 2018 vs. 189% end of 2017
  - Primarily comprised of level 1a and 1b assets
  - The Group operates with an internal minimum target for LCR of 150%

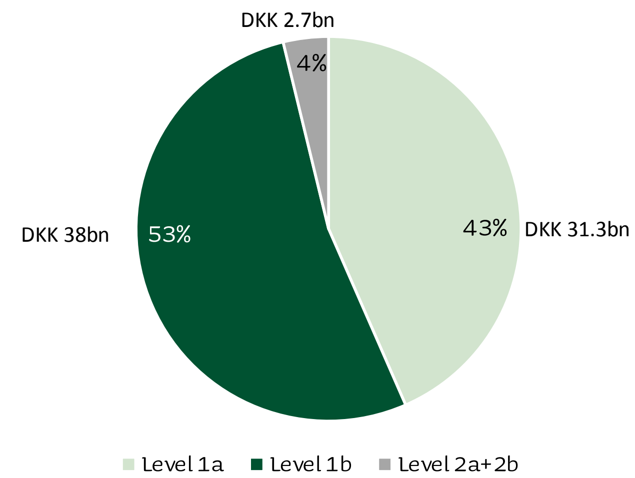
- New liquidity benchmark based on simplified LCR with 90-days horizon brought into effect in the FSA's supervisory diamond
  - Stands at 171% end of 2018

- Leverage ratio of 5.3% end of 2018 vs. 5.4% end of 2017.

Group liquidity buffer



LCR liquidity buffer



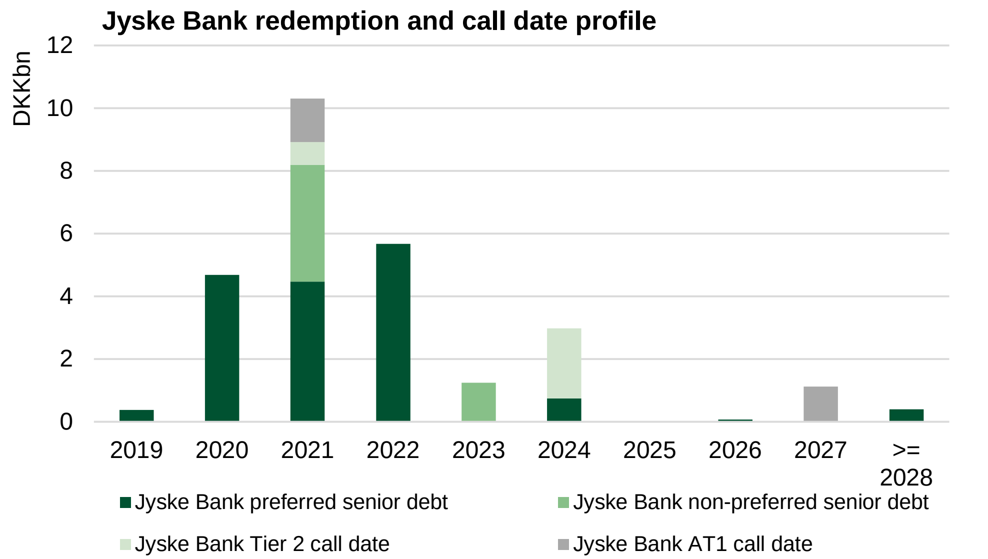
The Group has become a frequent EUR issuer

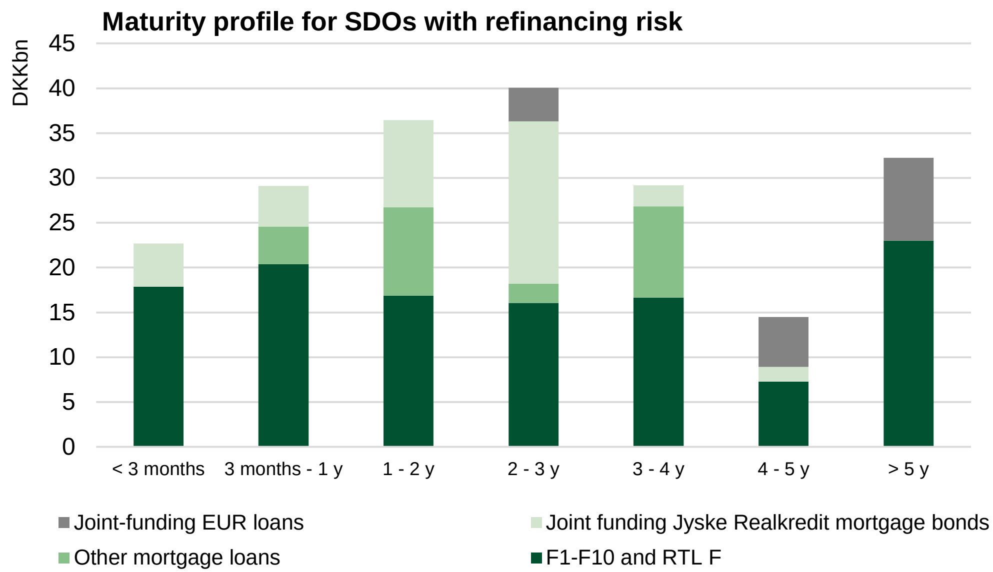
Jyske Bank

- Short term ongoing activities in French CP
- From 2011 and 2018 the Group issued one senior unsecured (Preferred Senior) EUR public benchmark a year (focus on 3-5 year maturities)
- Going forward, the focus will be on non-preferred senior (”NPS”) issuance
- 2 NPS issuances in 2018:
  - SEK 1.75bn (August 2018)
  - EUR 500m (November 2018)

Jyske Realkredit

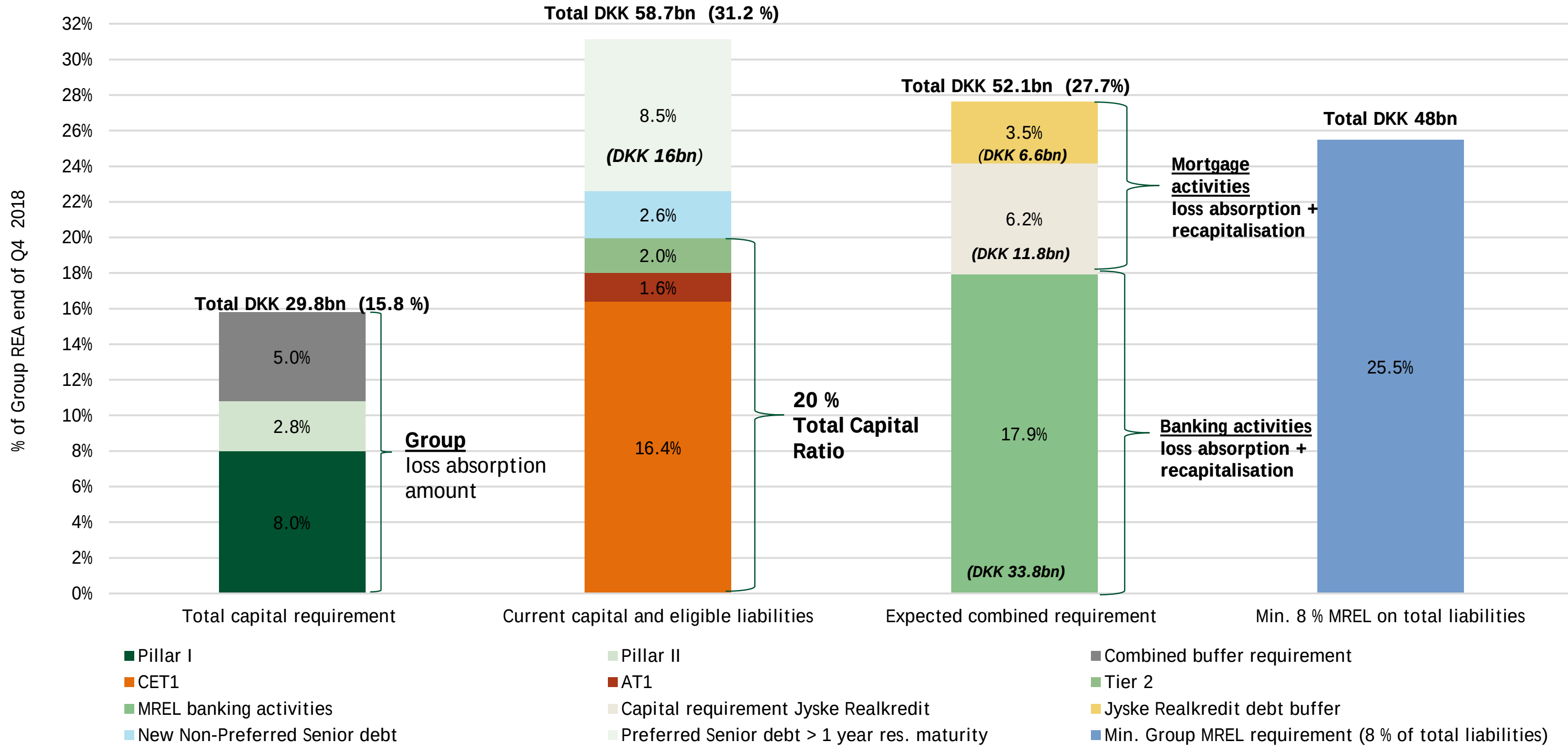
- AAA-rated covered bonds based on 100% Danish primarily residential mortgages
- Daily issuance in DKK
- 4 EUR covered bond benchmarks were issued during 2016- 2017
- From 2019 EUR will be part of the refinancing/funding ”toolbox”





MREL overview

JYSKE BANK



- Gradual replacement of old senior preferred with new non-preferred senior (”NPS”)
- Total expected NPS issuance during the period up to end of 2021 is EUR 2.5bn
  - The “ice was broken” on the asset class with a 5 year SEK 1.75bn (EUR 170m) NPS end of August 2018
  - First NPS in EUR issued in November 2018 (EUR 500m 3 year fixed rate)
  - One EUR 500m benchmark a year to be expected in the future
- Use of AT1 issuance to fine-tune the capital targets and the RAC will remain part of the long-term ”management toolbox”

JYSKE BANK

Appendices:
1) Jyske Bank in brief and business segments
2) Asset Quality
3) Danish Economy Q4 2018

Jyske Bank in brief

- One of the four large financial institutions in Denmark and a Danish SIFI
  - 3 segments (Banking, Mortgage and Leasing)
  - Estimated market share of 12%
  - Danish play
  - Approx. 865,000 customers
  - Nationwide branch network comprised of 92 personal client branches, 32 corporate branches, 9 Private Banking centres distributed between 98 locations
  - Total assets of DKK 600bn and total loans of DKK 463bn of which mortgage loans account for DKK 326bn (71%)

- Strong capital position
  - Long-term capital policy and well-positioned to manage effects of regulatory requirements
  - Capital distribution:
    - 2015 and 2016: DKK 2.25bn (dividend DKK 500m and buy-backs DKK 1.75bn)
    - 2017 and 2018: DKK 4.5bn (dividends DKK 2bn, buy-back DKK 2.5bn)
    - 2019: DKK 500m (ordinary dividend of DKK 6.12 per share to be proposed at AGM in March 2019)

Jyske Bank in brief

JYSKE BANK

Jyske Bank Group key figures

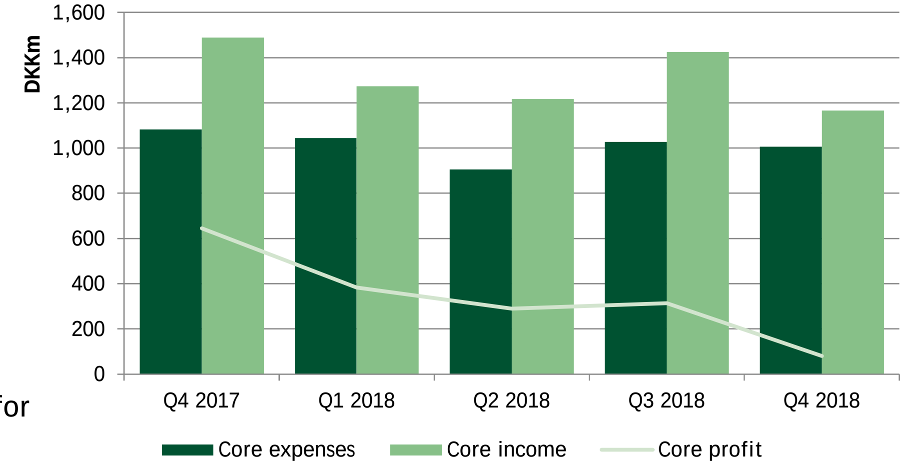
	Profit before tax, DKKm	Net profit, DKKm	Shareholders' equity at year-end, DKKm	ROE after tax, average equity	Loans and advances, DKKbn	Deposits, DKKbn	Total assets, DKKbn	Number of FTEs
1997	584	443	4,772	9.6%	36.6	41.5	63.1	2,671
1998	710	511	5,173	10.3%	39.7	43.8	76.9	2,772
1999	1,276	897	5,421	16.9%	49.8	49.8	92.6	2,923
2000	1,255	1,083	5,887	19.2%	75.4	52.3	127.4	3,107
2001	890	623	6,174	10.3%	82.5	54.4	133.2	3,418
2002	1,083	511	6,658	8.0%	95.3	59.0	153.2	3,359
2003	1,809	1,284	7,843	17.7%	63.8	63.8	116.4	3,547
2004	1,960	1,407	7,858	17.9%	74.6	68.7	125.2	3,713
2005	2,174	1,701	9,477	19.6%	90.9	79.8	141.6	4,026
2006	2,810	2,134	9,637	22.3%	107.2	88.8	160.7	4,216
2010	1,003	757	13,352	5.9%	114.0	115.8	244.1	3,847
2011	601	493	13,846	3.6%	124.5	127.3	270.2	3,809
2012	851	596	15,642	4.0%	118.6	121.0	258.2	3,574
2013	2,301	1,808	17,479	10.9%	131.4	131.4	262.0	3,774
2014	3,103	3,089	27,561	13.7%	361.8	152.7	541.7	4,191
2015	3,204	2,476	30,040	8.6%	396.2	144.9	543.4	4,021
2016	3,906	3,116	31,038	10.1%	422.4	154.6	586.7	3,981
2017	4,002	3,143	32,023	9.7%	447.7	160.0	597.4	3,932
2018	3,140	2,500	31,786	7.6%	462.8	148.7	599.9	3,698

Average ROE after tax 1997 - 2018 of 11.7%

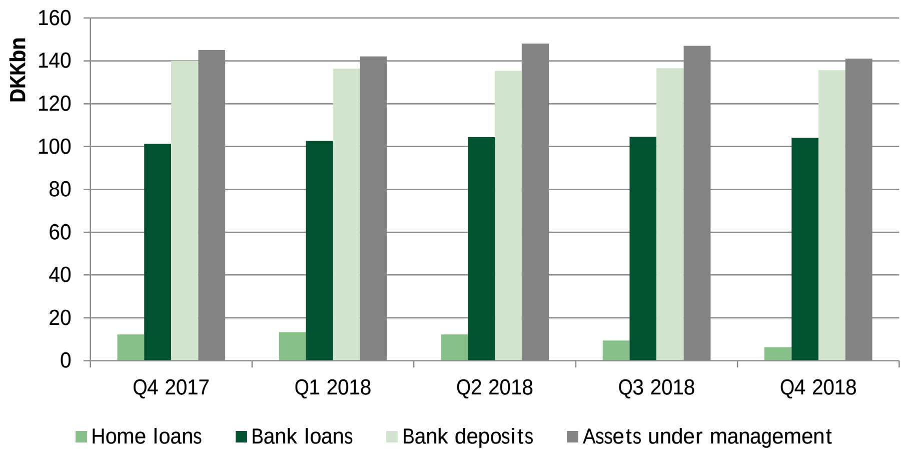
Banking activities

- Continued growth in bank loans compared to 2017 but stable development compared to Q3 2018
- Minor decrease in bank deposits
- Decrease in AUM due to negative returns
- Lower core income and stable core expenses
- Impairment charges in Q4 2018 increased by adverse development for agriculture, primarily fur farmers

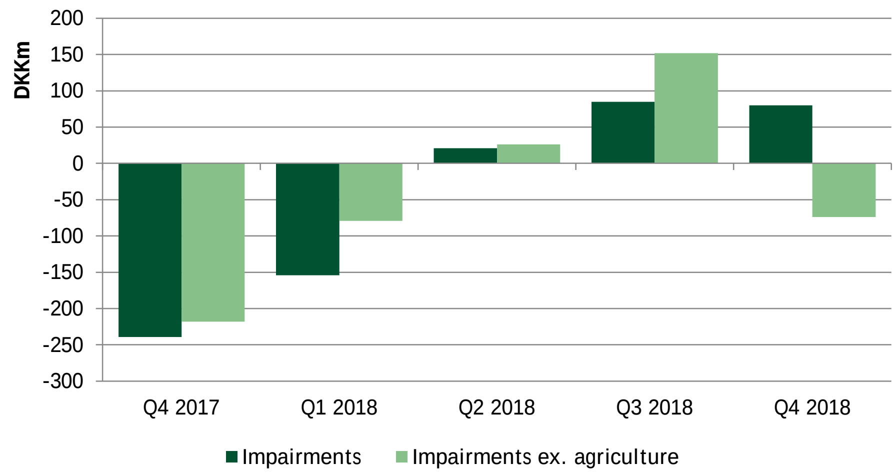
Financials



Business volumes



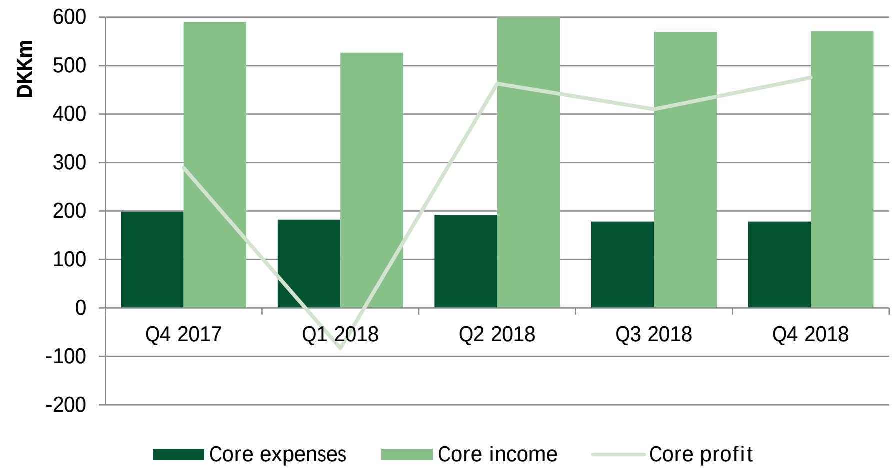
Impairments (Banking)



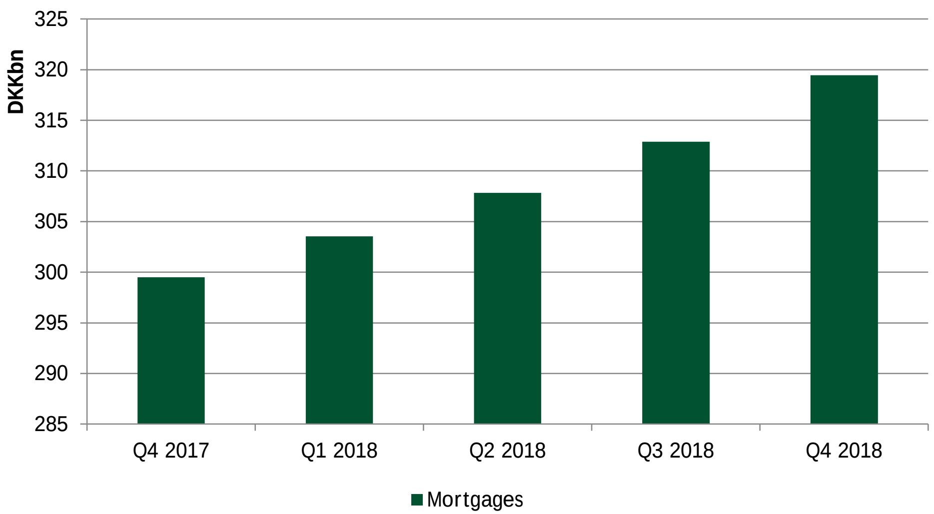
Mortgage activities

- Continued growth in volume – both home loans and mortgages for corporate clients
- Core income stable compared to Q3 2018 level
- Stable development in core expenses
- Growth in core profit due to reversal of impairments in Q4 2018

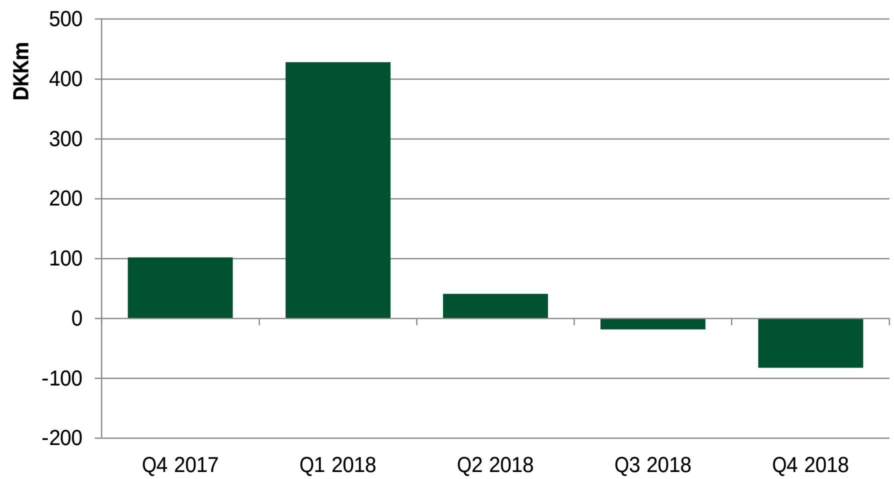
Financials



Business volumes (Jyske Realkredit A/S, nominal values)



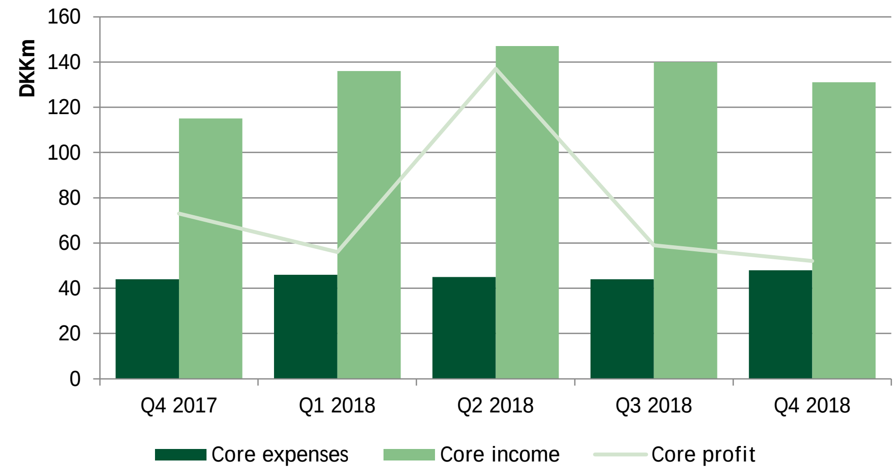
Impairments (Mortgage)



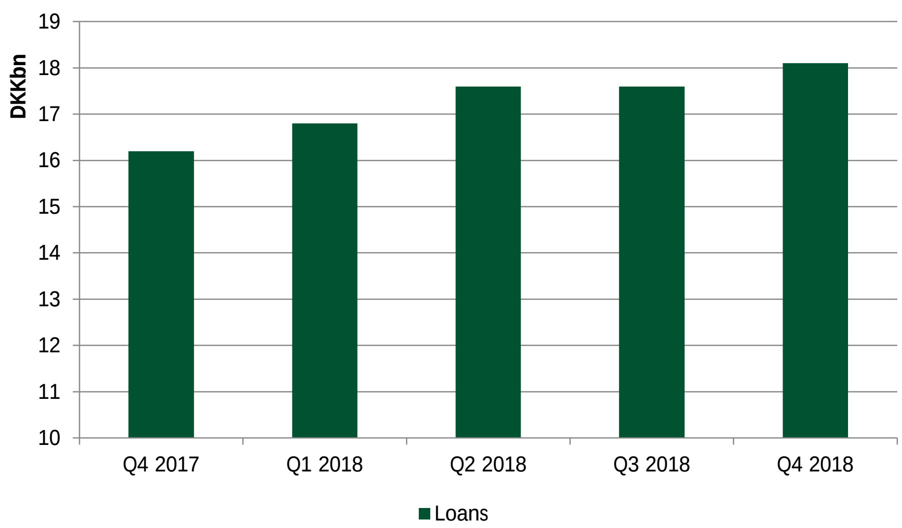
Leasing activities

- Loan volumes continue to increase and support NII
- Stable core expenses
- Decrease in core profit primarily due to impairment charges and lower income from operational leases

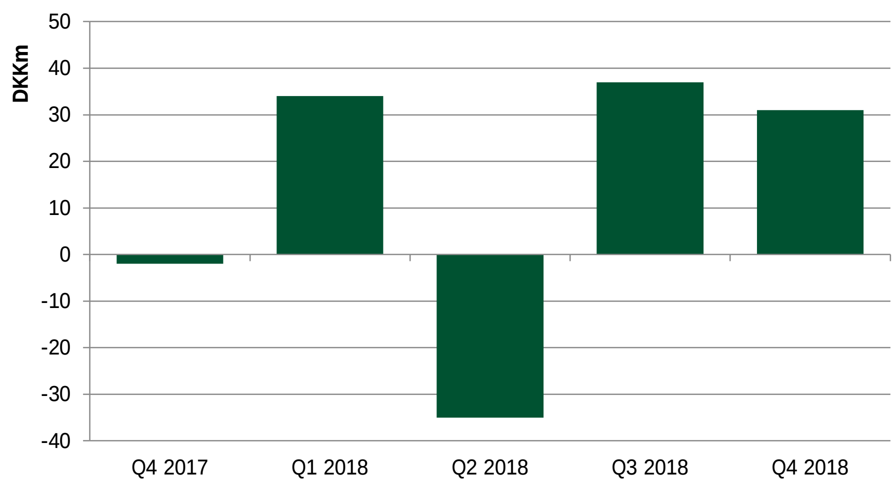
Financials (Leasing)



Business volumes - Leasing



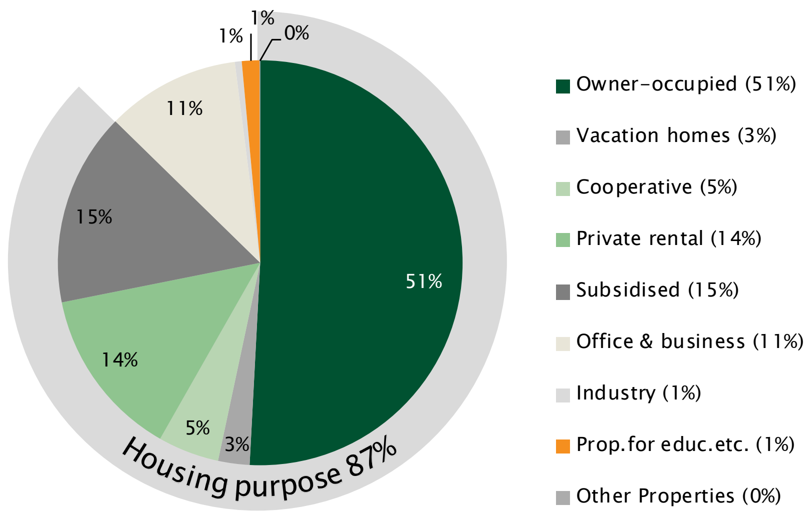
Impairments



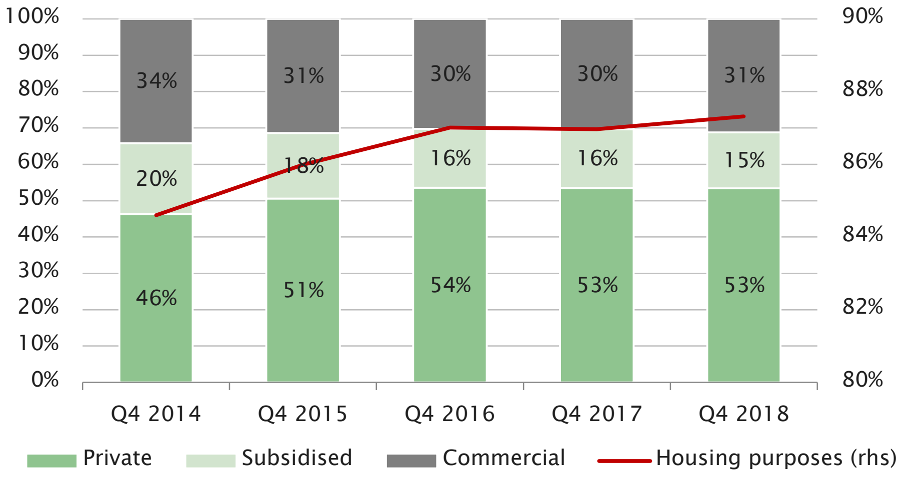
Mortgages: The portfolio

- 87% of lending to properties with housing purposes
  - No loans with swaps to co-operative housing
  - No lending to agriculture and other primary production
- Continued increase in lending for the private residential segment and for the commercial segment
- Continued decrease in the share of F1 and F2 mortgages - at the same time increase in both capped and non-capped floaters

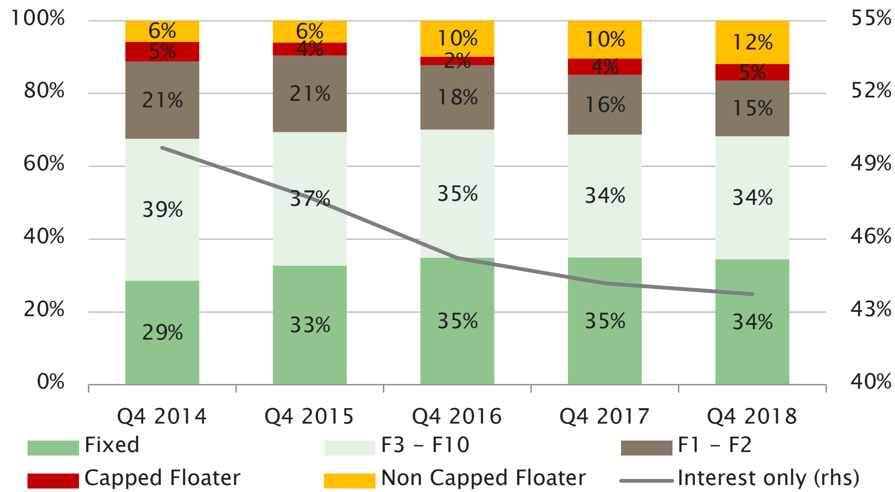
Distribution of lending portfolio



Development in lending portfolio



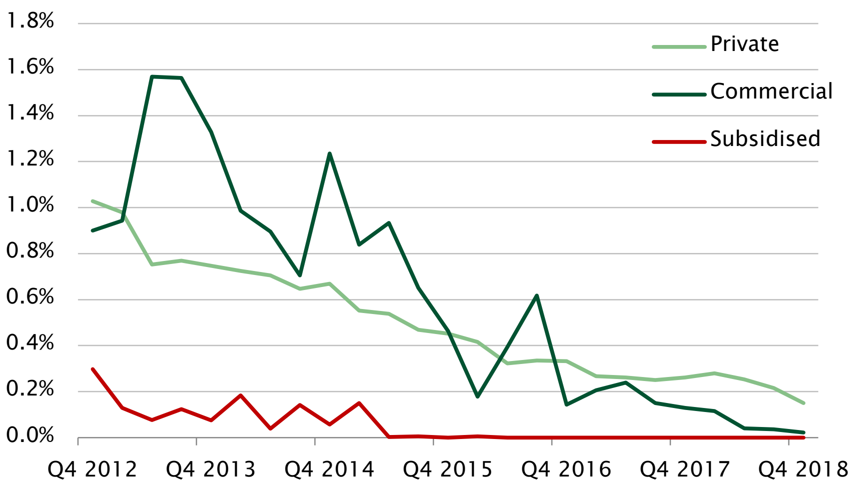
Development in loan types



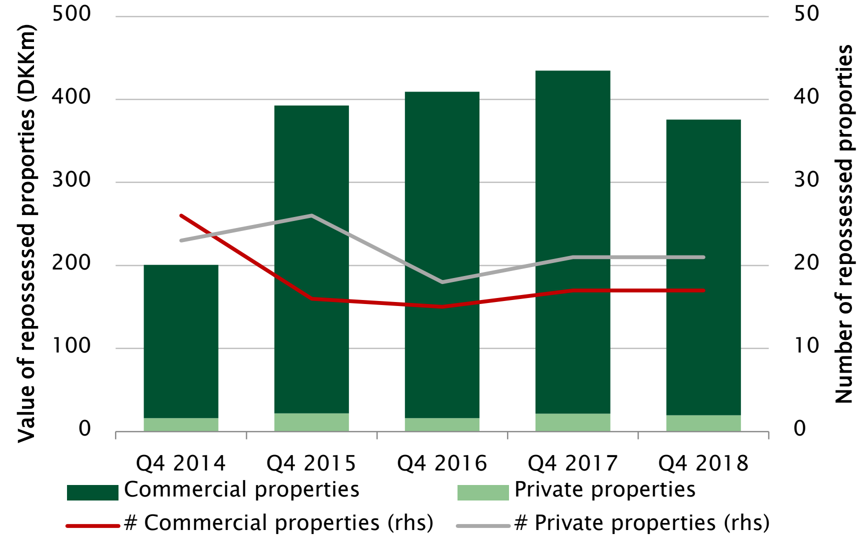
Mortgages: Improved credit quality

JYSKE BANK

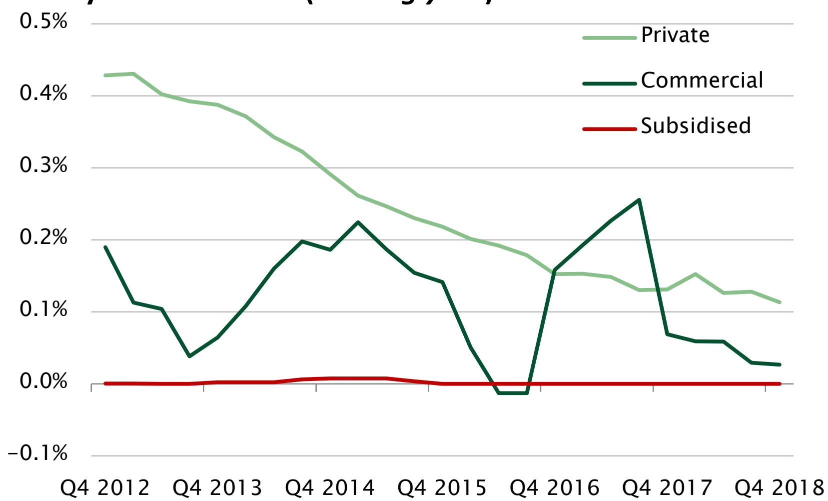
Lending in 90-days arrears (*per cent of lending*)

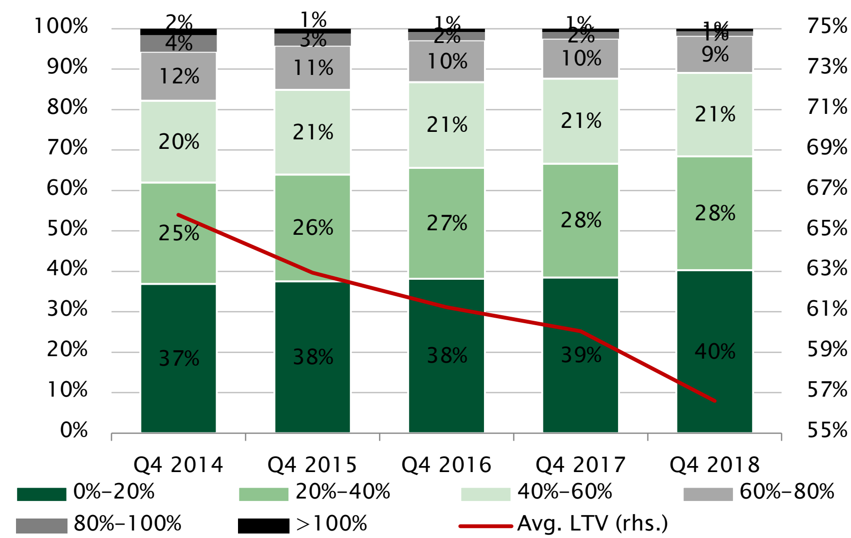


Repossessed properties (*DKKm/number*)



Yearly realised losses (*running year*)





Bank loans: the portfolio

- Portfolio composition end of Q4 2018:
  - Corporates take up larger proportion, 63% vs. 58% end of 2017 as volume grows
  - Private individuals at 31% compared to 35% end of 2017 as majority of new home loans are recognised as mortgage loans (as of 2H 2018)
  - Public authorities at 7%

- Accumulated impairment ratio total portfolio 3.1%
  - Public authorities 0%
  - Corporates 3.5%
  - Private individuals 2.5%

- Corporates
  - Increase in impairment charges re. agriculture
  - Impairment ratio for Q4 2018 13bp

- Private individuals
  - Net reversals
  - Impairment ratio for Q4 2018 -13bp

Loans and guarantees by sector

%	Loans, advances and guarantees		Balance of loan impairment charges		Losses	Impairment charges
	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2018
Public authorities	7%	7%	0%	0%	0%	0%
Agriculture, hunting, forestry and fishing	5%	5%	25%	26%	18%	206%
Manufacturing, mining etc.	5%	5%	6%	5%	14%	19%
Energy supply	3%	4%	2%	1%	0%	8%
Building and construction	2%	2%	2%	2%	4%	-5%
Commerce	8%	7%	6%	4%	6%	21%
Transport, hotels and restaurants	3%	2%	3%	2%	0%	22%
Information and communication	1%	1%	1%	1%	1%	7%
Finance and insurance (ex repo loans)	20%	19%	15%	17%	4%	-27%
Real property	11%	11%	9%	14%	24%	-120%
Other sectors	4%	4%	4%	4%	12%	15%
Corporate clients	63%	58%	72%	76%	83%	145%
Private individuals	31%	35%	25%	24%	17%	-67%
Unused credit commitments	0%	0%	3%	0%	0%	22%
Total	100%	100%	100%	100%	100%	100%

Note: Bank loans, advances and guarantees excl. repo loans. Based on impairment charges as reported according to IFRS (as opposed to impairment charges under core profit)

Danish Economy February 2019

Headlines on the Danish Economy

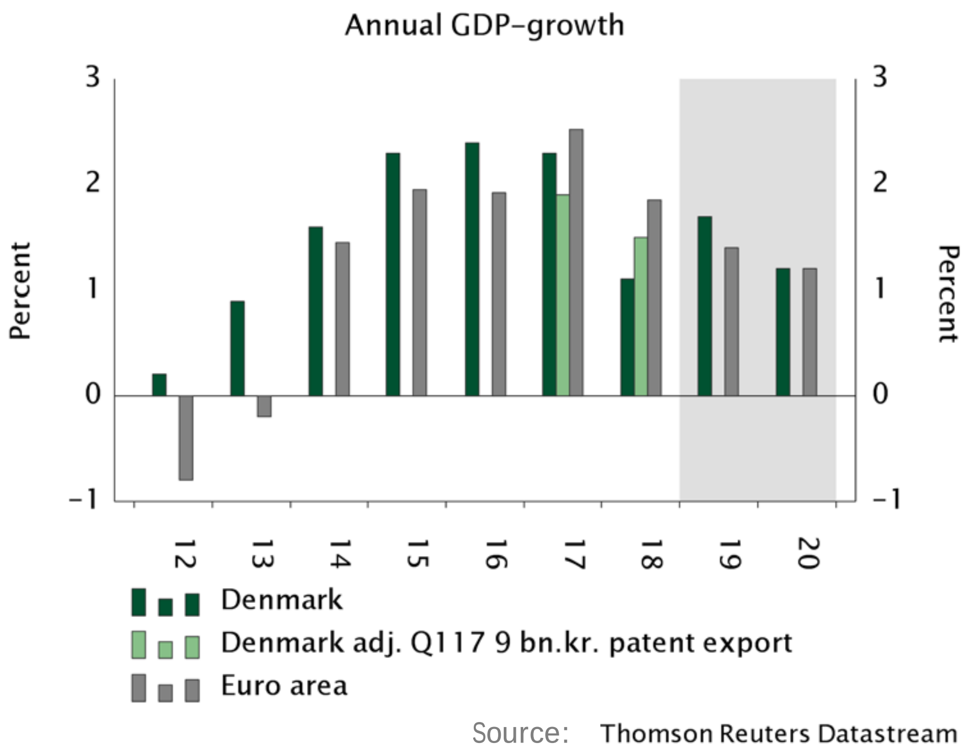
JYSKE BANK

- We expect the upturn in the Danish economy to continue in 2019
- Low interest rates, increasing house prices and job growth stimulates demand. Export competitiveness looks healthy
- Gradually the pace of the upturn is likely to decline. Especially, if there is a further slowdown in the global economy
- Still, we see employment continue up in 2019
- Overall lending growth has turned positive, but is still very modest
- Surge in prices on flats have stopped
- Upcoming legislation: The tax freeze on housing is abandoned from 2021 reducing risk of housing bubbles, new Danish FSA measures to limit IO and ARM loans for high DTI household borrowers from January 2018
- Denmark is a AAA economy with strong structural financial features

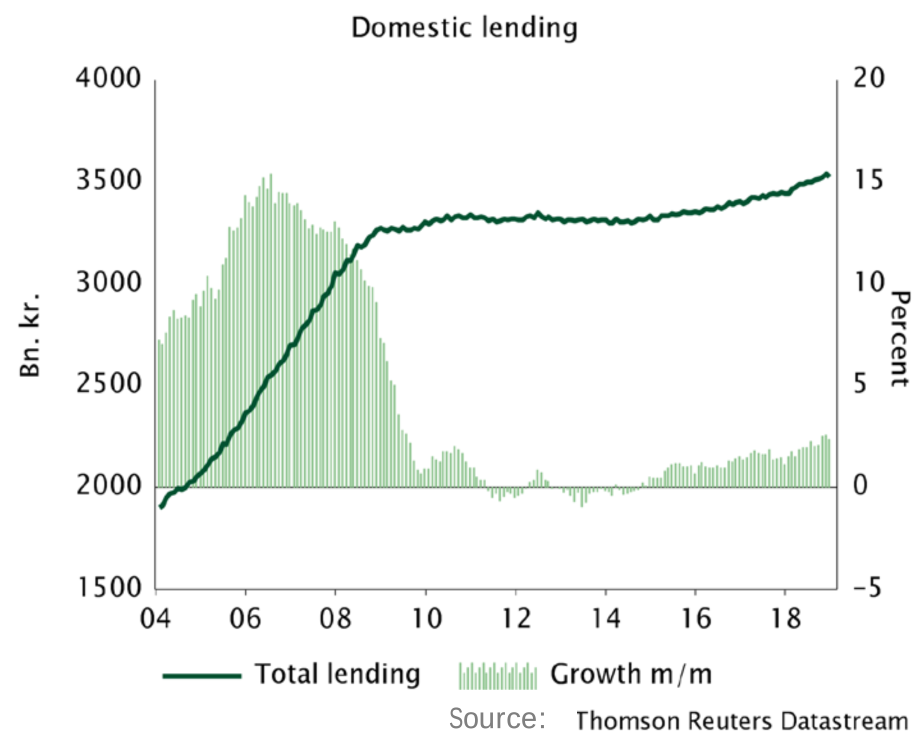
Danish economy – an upturn story

- Overall the Danish financial sector's operating environment is still improving
- Small setback in growth in 2018 due to weaker export. Still, employment data is solid

The upturn will continue, but slowdown



Lending growth is still picking up slowly



3 kinds of stimulus support demand

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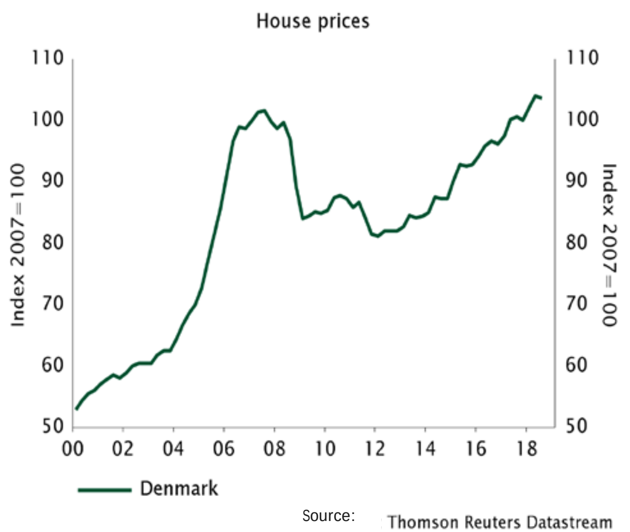
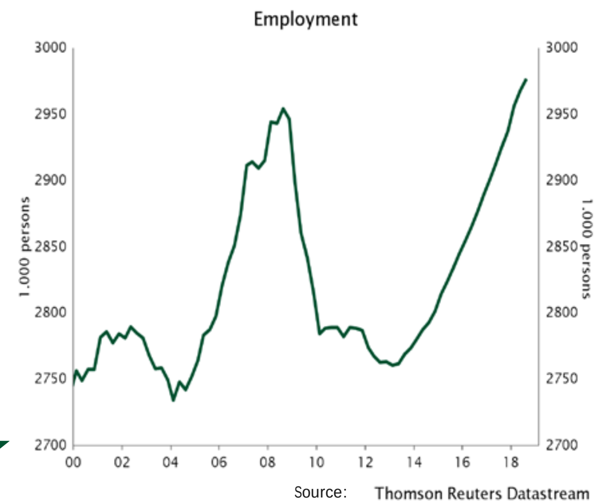
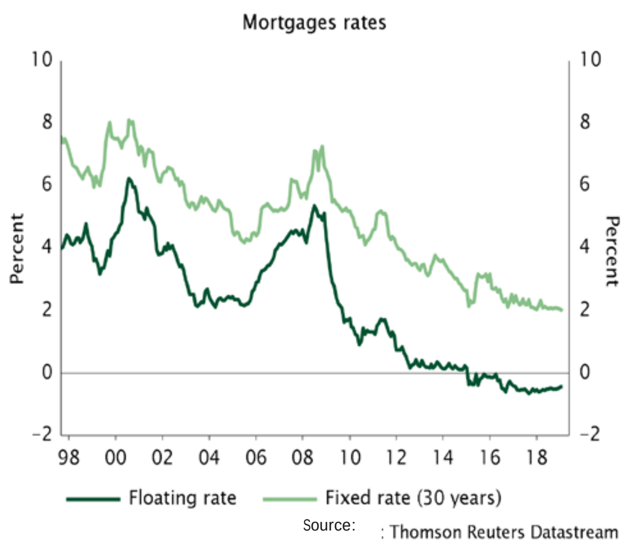
House prices recovering after burst in 08/09



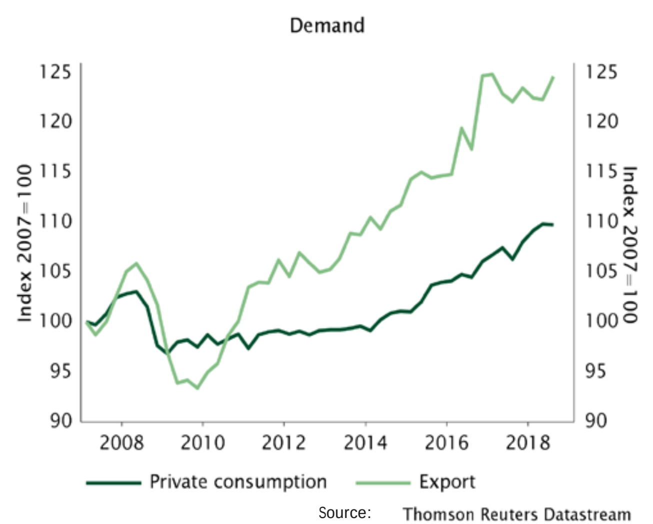
Steady rise in employment



Interest rates are at a historic low



Consumption is solid, while export slows after sharp upturn



Spill-over from recent European weakness

- There is spill-over to Denmark from weaker economic signals out of Europe. But no significant change in positive overall picture.

Lower sentiment in manufacturing, but no dramatic change

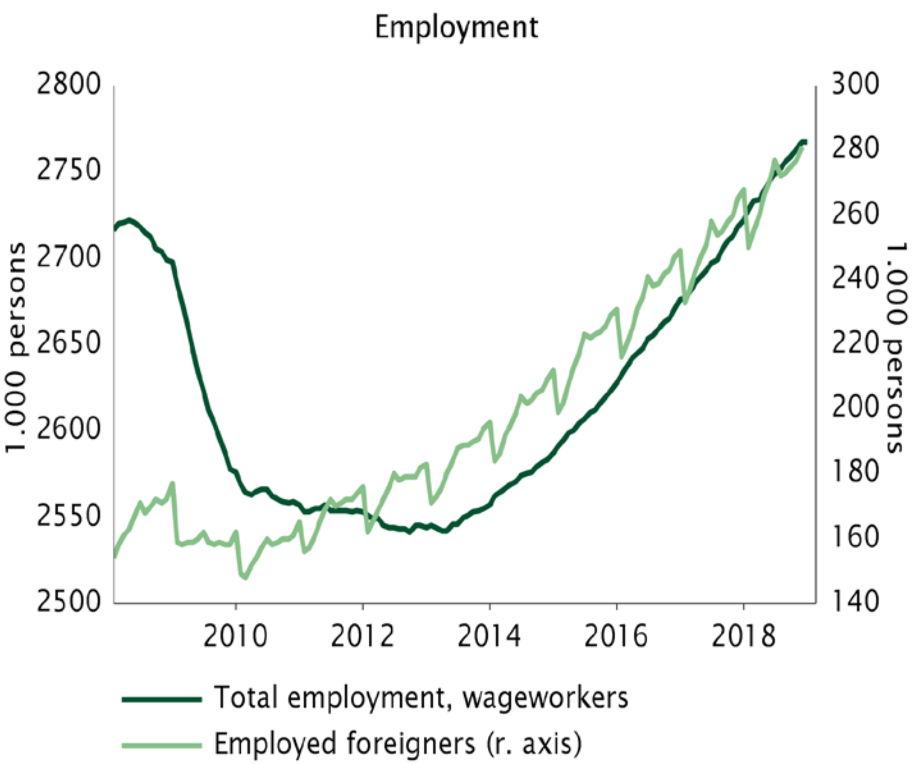
Source: Thomson Reuters Datastream

The labour market performance is strong

JYSKE BANK

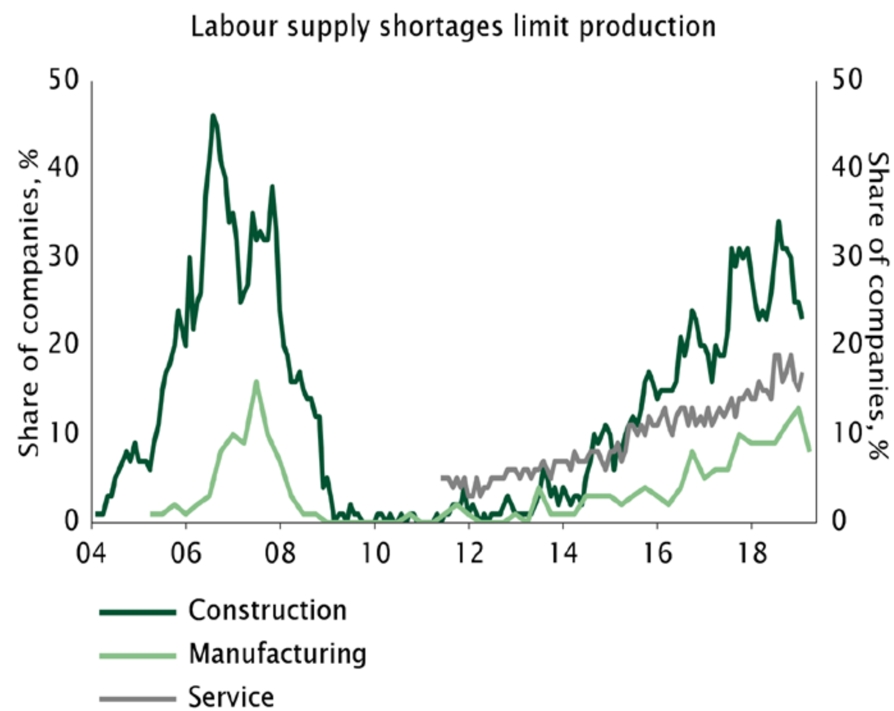
- The labour force is increasing from foreign labour supply and a higher retirement age.

Foreign labour accounts for +40 % of rise in employment



Source: Thomson Reuters Datastream og jobindsats.dk

Lack of labour supply has stopped accelerating



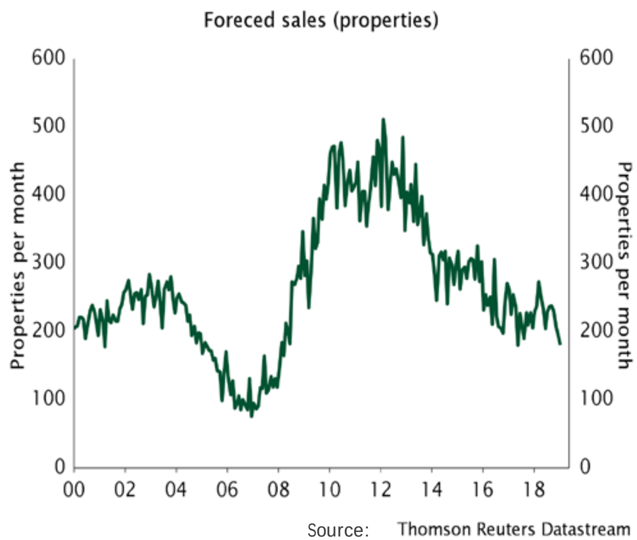
Source: Thomson Reuters Datastream

Improved asset quality as defaults have normalized

JYSKE BANK

Unemployment is declining

Forced house sales below 0.2% per year



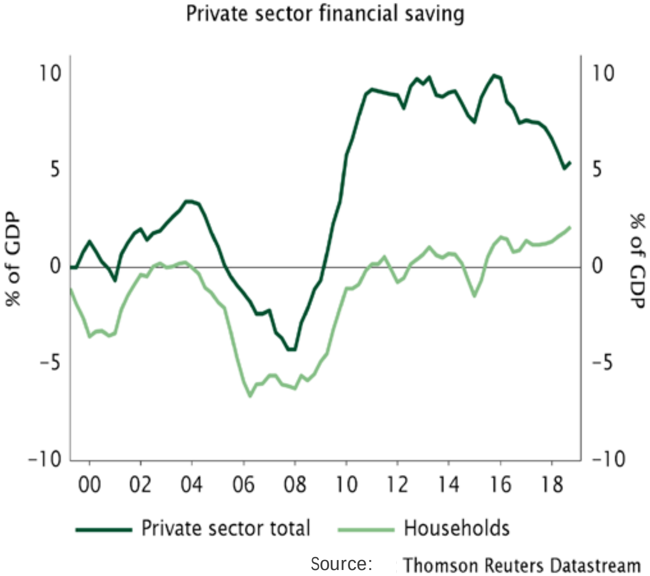
Business bankruptcies at neutral level

Turnaround and consolidation at the same time

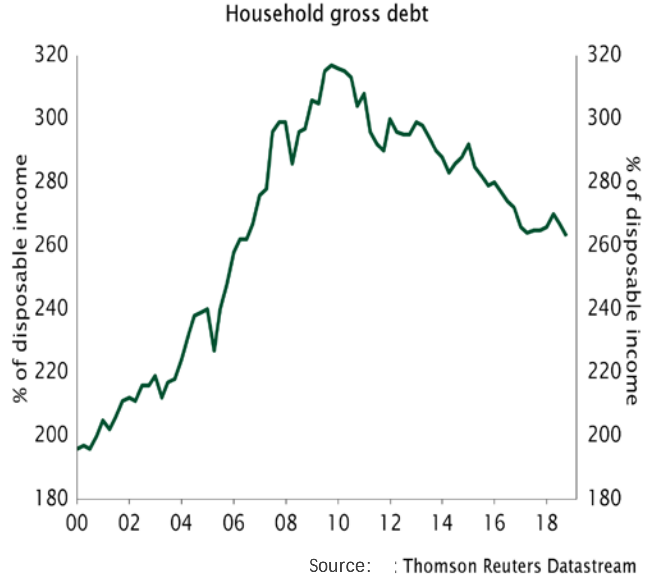
JYSKE BANK

- Low interest rates and solid real wage growth make it possible for households to consume more and save up at the same time

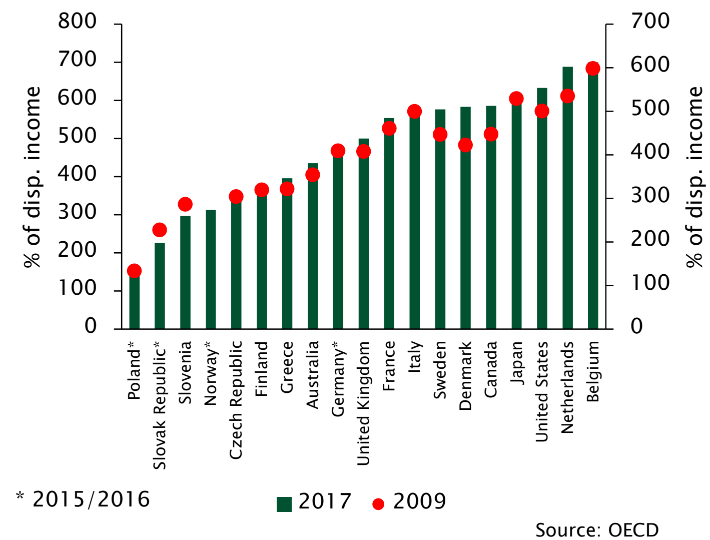
The private sector is saving up



...so household debt has declined



...and household net assets are large



House prices have continued up in all regions

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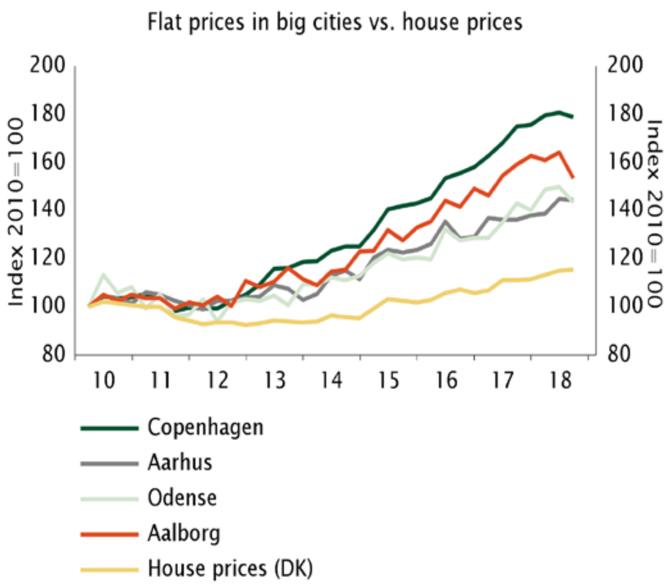
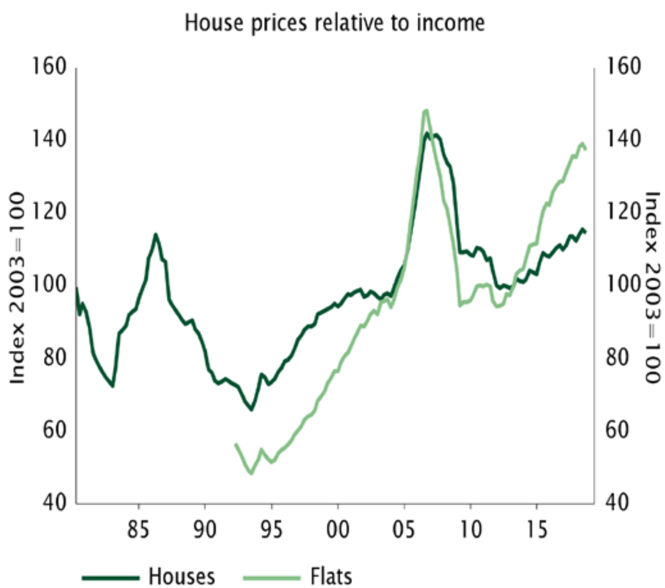
- Widespread, moderate, recovery on housing market
- Large price increases on flats in biggest cities have stopped
- New regulation and a new housing tax model will have a dampening effect in biggest cities

Large differences on the housing market



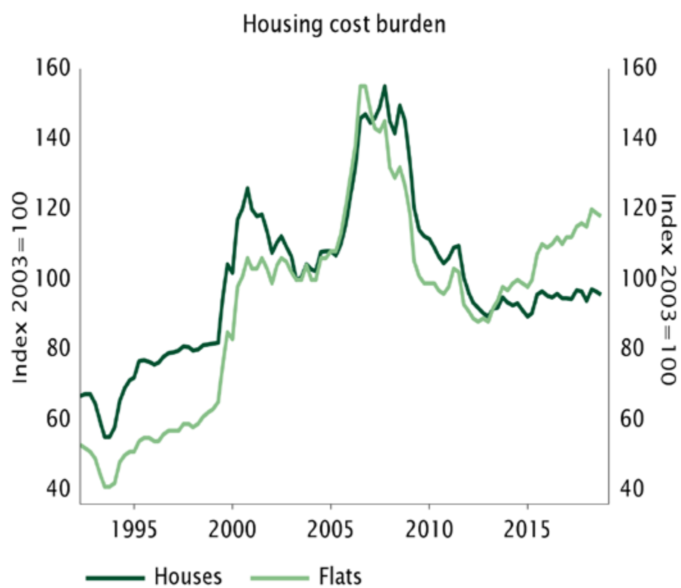
Source: : Thomson Reuters Datastream

Real house prices are up since 2012



Source: Thomson Reuters Datastream and Jyske Bank

But housing costs are at a moderate level



Source: Thomson Reuters Datastream and Jyske Bank

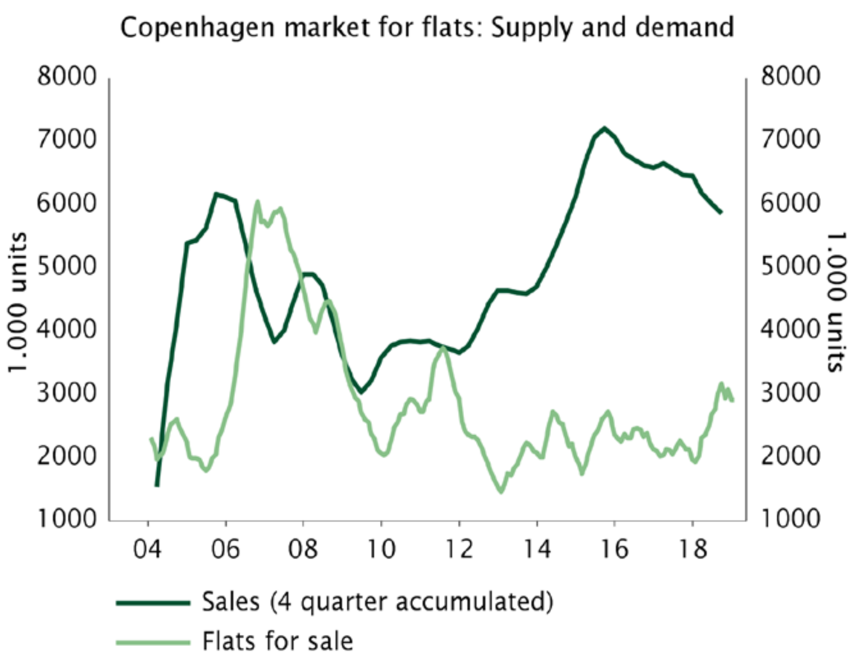
Note: First year net payment (incl. installment) on fixed interest mortgage relative to wages.

New lending regulation works

JYSKE BANK

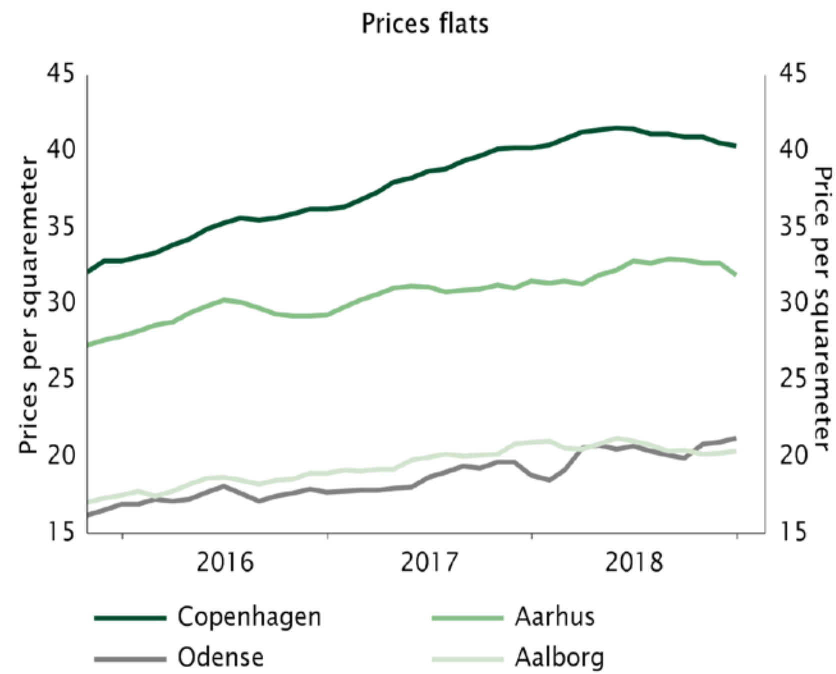
- The new regulation is turning down heat on the Copenhagen market

Demand and supply are getting closer



Source: Thomson Reuters Datastream

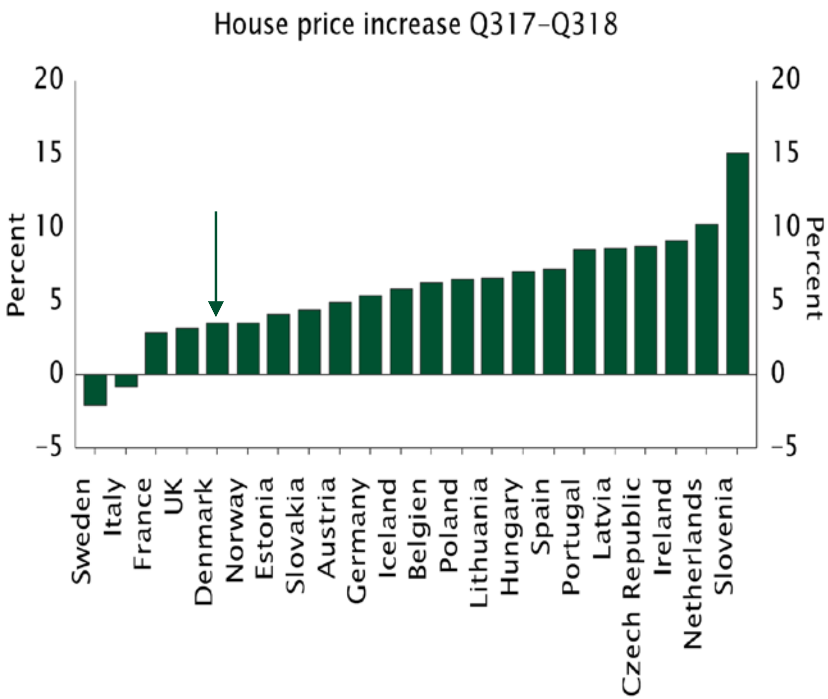
Most recent data show peaking flat prices



Source: Thomson Reuters Datastream

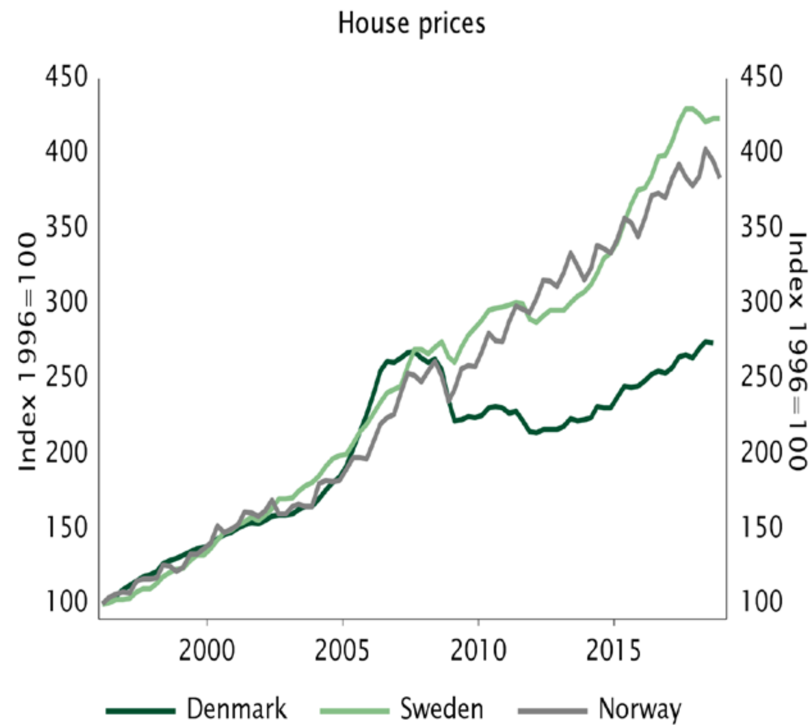
Moderate Danish price increase in European context

European house prices the past year



Source: : Thomson Reuters Datastream

The development in Scandinavian houseprices



Source: Thomson Reuters Datastream

Denmark is a AAA economy with strong structural financial features

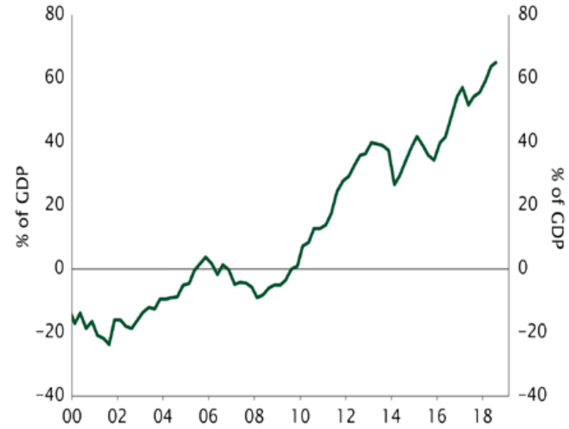
Current account surpluses since late 90s

Current account

Source: Thomson Reuters Datastream

..imply that foreign assets are increasing

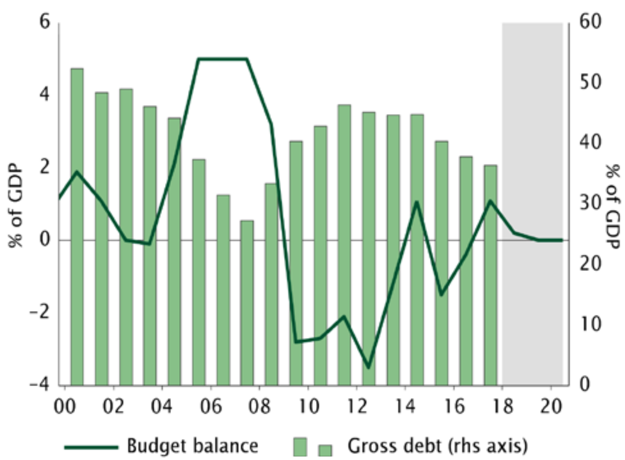
Denmarks net foreign assets



Source: Thomson Reuters Datastream and Statistics Denmark

And public sector debt is low

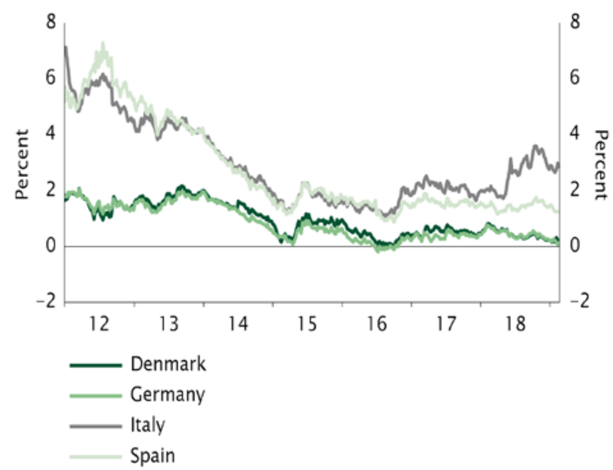
General government economy



Source: Thomson Reuters Datastream

This is why Denmark is AAA

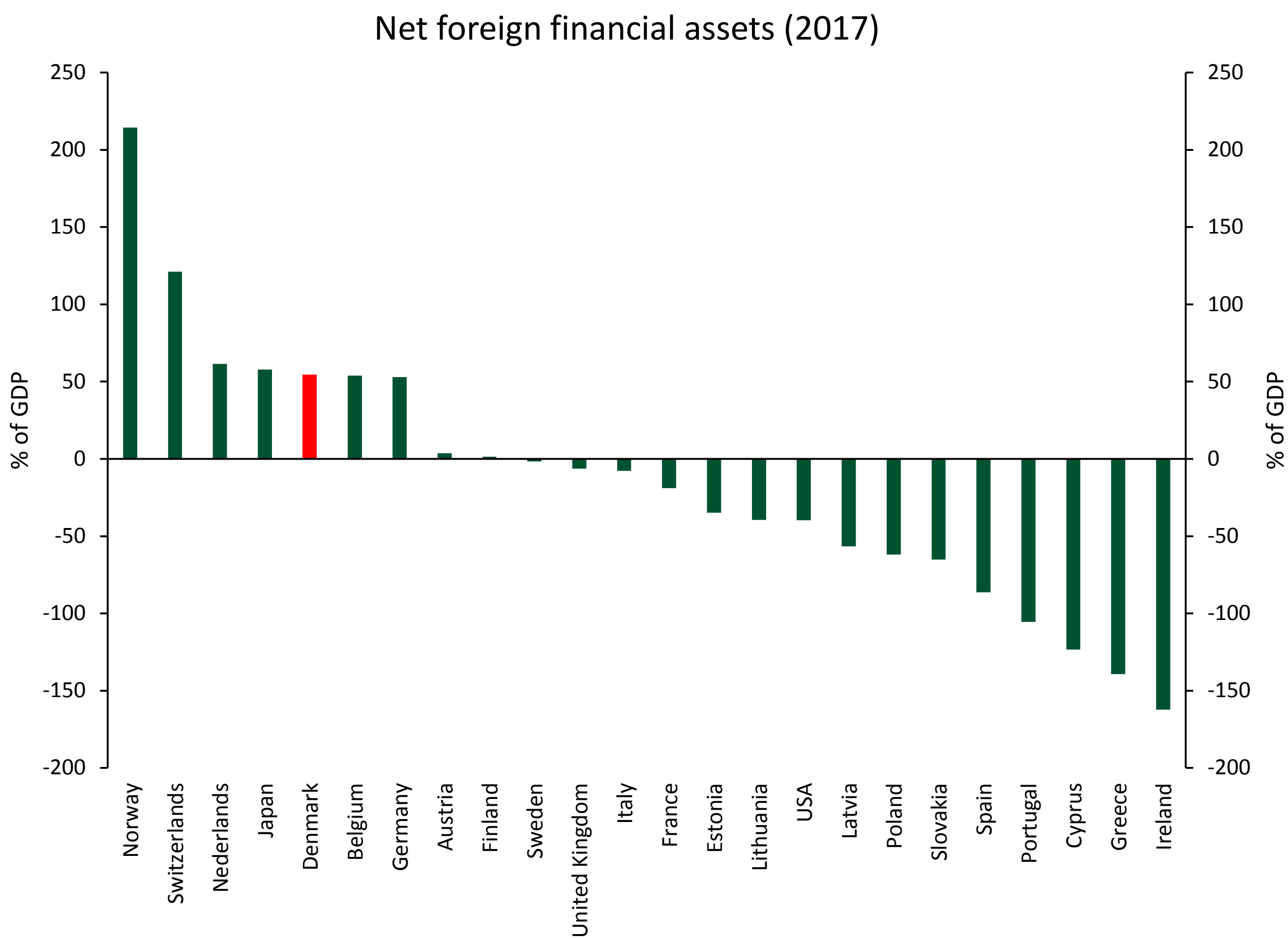
Government bond yield, 10 Y



Source: Thomson Reuters Datastream

A strong financial position

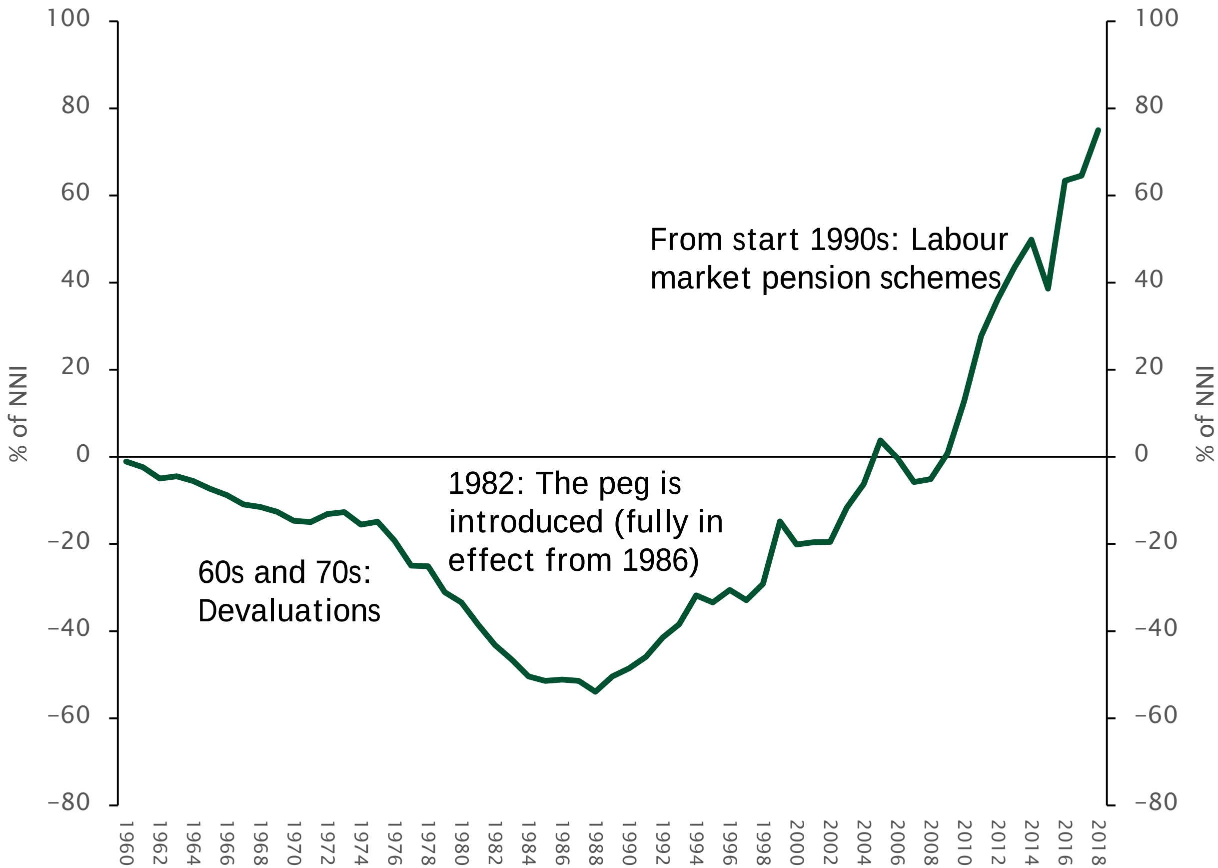
JYSKE BANK



Source: Eurostat and IMF

Denmark's economic turnaround

Denmark's net foreign assets 1960-2018



Source: Danmarks Nationalbank

Jyske Bank Forecasts as per December 2018

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Danish economy 2016–2020	DKKbn	Real growth (%)				
	2017	2016	2017	2018	2019	2020
Private spending	1,017	2.1	2.1	2.3	1.8	1.6
Public spending	536	0.2	0.7	0.4	0.4	0.4
Fixed gross investment	462	7.6	4.6	4.6	1.9	4.4
Inventory investment*	14	-0.1	-0.1	0.0	0.0	0.0
Exports	1,188	3.9	3.6	0.2	3.2	2.3
Imports	1,033	4.2	3.6	3.8	2.9	3.7
Gross domestic product (GDP)	2,178	2.4	2.3	0.7	1.7	1.2
Current Account						
- DKKbn		166	173	127	123	117
- percentage of GDP		7.9	8.0	5.8	5.4	5.0
Public budget balance						
- DKKbn		-9	23	4	0	0
- percentage of GDP		-0.4	1.1	0.2	0.0	0.0
Unemployment						
- Gross unemployment, average (thousands)		113	116	108	100	92
- Percentage of the workforce		3.8	3.8	3.5	3.2	3.0
Employment, avg. (thousands)		2871	2919	2972	2999	3018
Inflation (%)		0.3	1.1	0.8	1.2	1.5
Wage index (Private, %)		1.8	1.7	2.3	2.7	3.0
House prices (nominal prices, %)		3.9	4.0	3.8	2.6	2.4
Danmarks Nationalbank's lending rate, year-end (%)		0.05	0.05	0.05	0.05	0.05
Danmarks Nationalbank's CD rate, year-end (%)		-0.75	-0.65	-0.65	-0.5	-0.5

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

Source: Statistics Denmark and Jyske Bank's forecast for 2018, 2019, and 2020

The Danish economy at a glance

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The basics
Citizens: 5.8 million (2019)
Area: 43.098 sq km (0.4 % of USA)
Currency: Kroner (fixed exchange rate policy to the euro)

Among the rich
Denmark 8th richest country in the OECD, GDP (PPP) per capita (2017)

A welfare state
Total tax revenue as % of GDP (2017)

Denmark	46.0 % (Second highest in the OECD)
Germany	37.5 %
USA	27.1 %

Equal disposable incomes
OECD-ranking lowest Gini coefficient (2017 or latest available)

7. Denmark
15. Germany
31. USA

Flexible labour market
Unemployment (latest)

Denmark	5.1 %
Euro Area	7,9 %
USA	4.1 %

Open to the world
Exports as % of GDP (2017)

Denmark	54.5 %
Germany	47.1 %
USA	12,1 %

A service economy
Production, value added (USA), (2017)

Agriculture	2 % (1 %)
Food products	2 % (1 %)
Oil and gas	1 % (1 %)
Manufacturing	13 % (10 %)
Construction	5 % (4 %)
Services etc.	77 % (83 %)

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