Jyske Bank
H1 2014

Agenda

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- Jyske Banks Performance 1968-2013
- Merger with BRFkredit
- Focus in H1 2014
- H1 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	Branch Network

- Established and listed in 1967
- 2nd largest Danish bank by lending
- Total lending of DKK 344bn
- 149 domestic branches
- Approx. 900,000 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
- 4,352 employees (end of H1 2013)
- Full-scale bank with core operations within retail and commercial banking, mortgage financing, customer driven trading, asset management and private banking
- Flexible business model using strategic partnerships within life insurance (PFA), mortgage products (DLR), credit cards (SEB), IT operations (JN Data) and IT R&D (Bankdata)

Jyske Bank in brief

JYSKE BANK

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

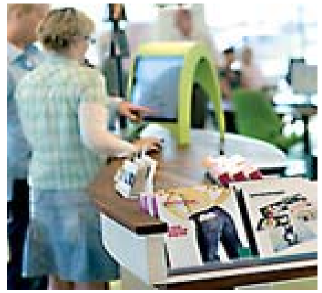
Differentiation

Risk management

Efficiency improvement

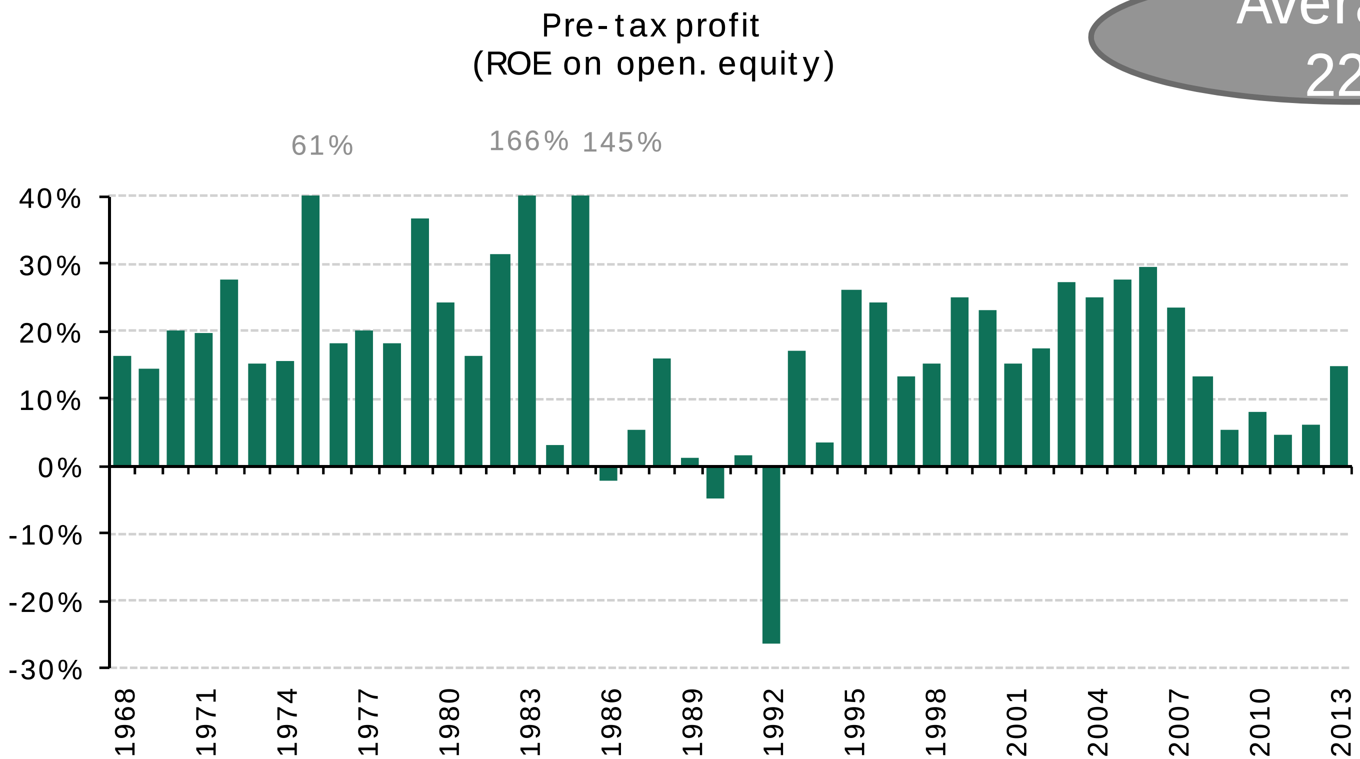
Acquisitions

1990 1996 2002 2006 (Q4) 2011/2012



Jyske Bank performance 1968-2013

ROE on opening equity – 1968-2013



Average:
22%

A great match

February 24, 2014

Transaction highlights

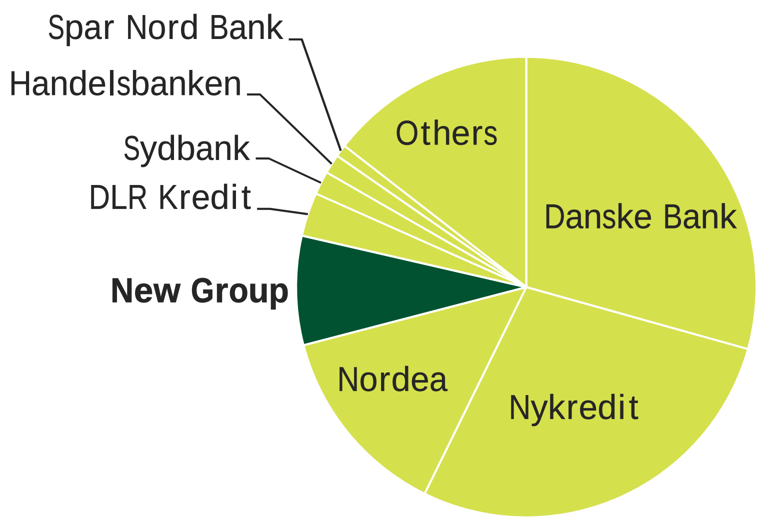
- Combination of Jyske Bank and BRFkredit creates a leading Danish financial institution by combining the 3rd largest bank and the 4th largest mortgage-credit institution
- Combination of two highly complementary business models: offer a full range of products and services to all customer segments
- 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

Creating a leading Danish financial institution

- 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[1]

Financial institutions (banks and mortgage institutions)

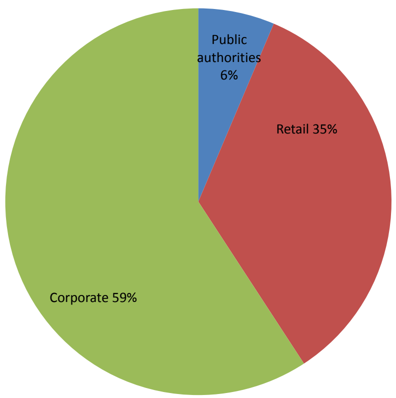


[1] Source: Danish FSA and company reports, market shares based on estimated total Danish lending, H1 2013 figures

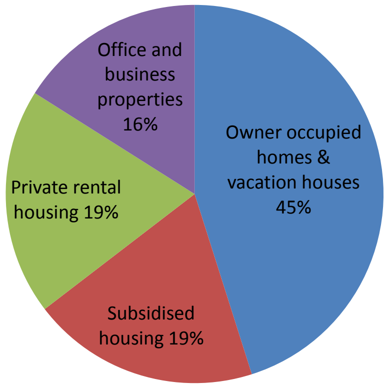
Extended lending platform

- 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

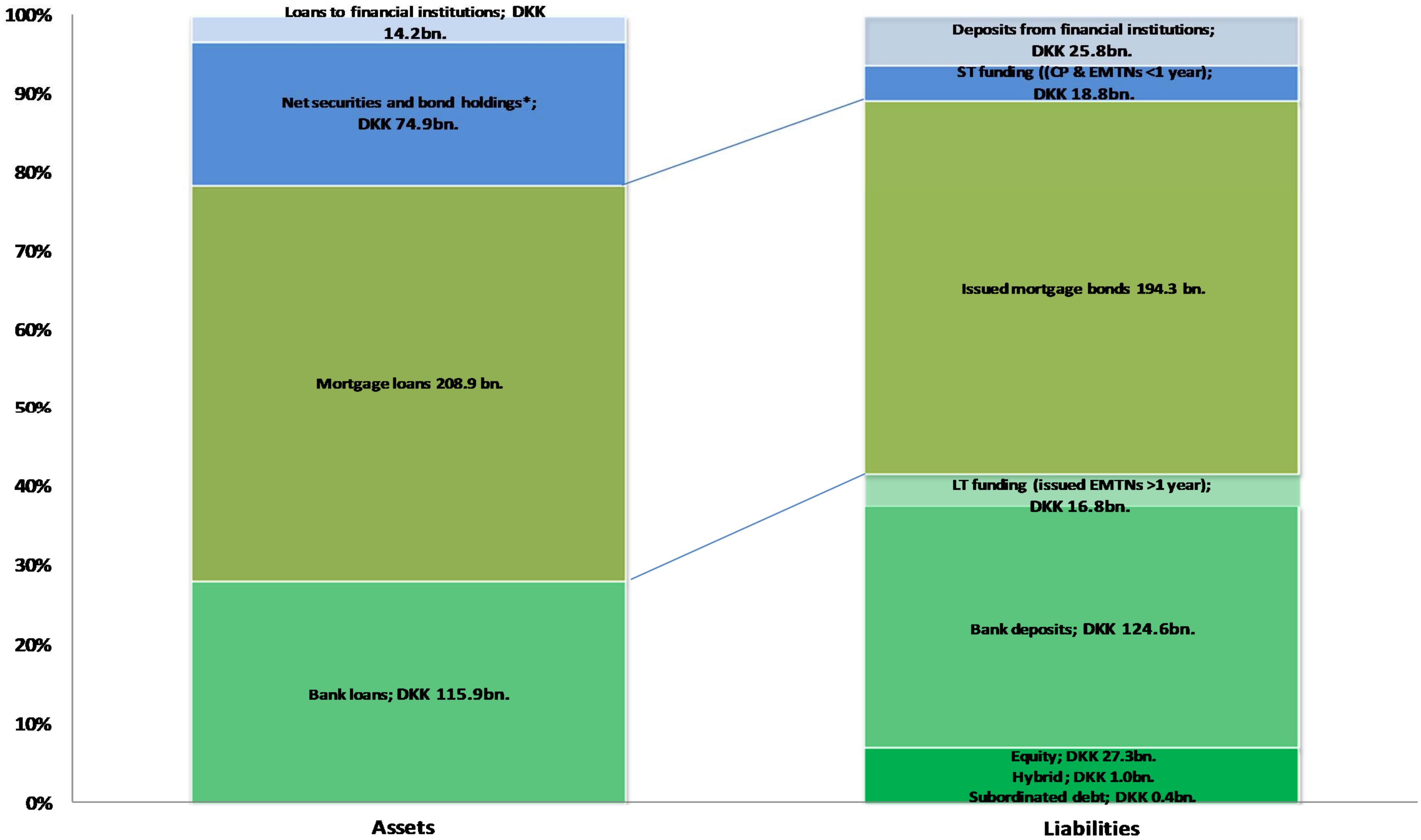


BRFkredit



New Group balance sheet structure* after merger with BRFkredit

JYSKE BANK



**) Excl. deposits related to investment pools (DKK 4.9bn) and assets in investment pools (DKK 4.7bn) and other assets and liabilities of net DKK 4.7bn*

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.

Synergies

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
- Optimise overlapping functions

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

Status

Cost synergies
- Integration costs in Q2 DKK 47m
- Lay off of 177 employees in Q2
- Target for employees 4,000

Revenue synergies
- Sale of home loans end Q2: DKK 12bn (by mid-august DKK 16.7bn)

BRFkredit and the mortgage market

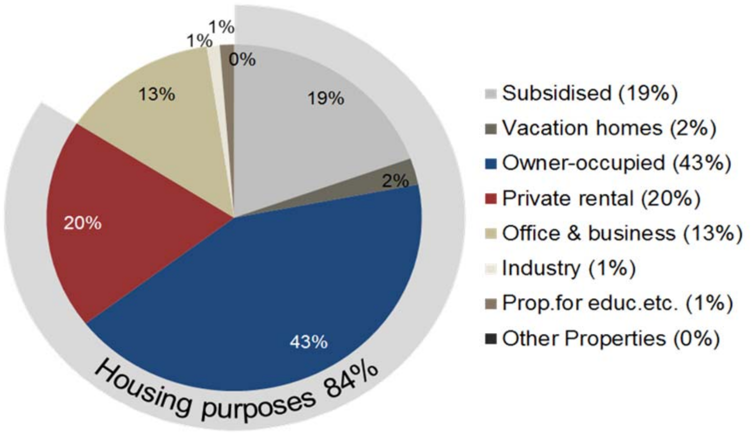
Mortgage lending by BRFkredit

- BRFkredit's primary business has always been mortgage lending
- Focus on lending for housing purposes (84%)
- Mortgage lending market share of ~8 per cent
  (none within agriculture, fishery and related primary production)
  - However increasing gross / net market shares
- Essential to maintain a covered bond rating of AAA

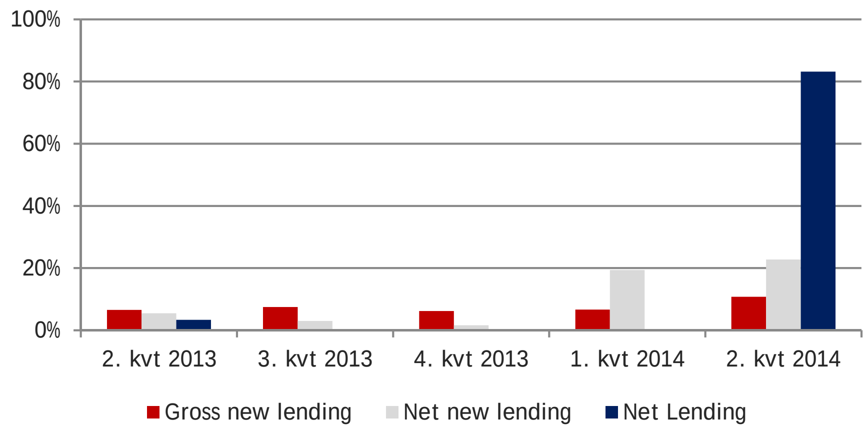
S&P credit ratings

	Rating	Outlook	Last change
Covered bonds (SDOs)			
- Capital Centre E	**AAA**	**Stable**	17 Oct 2011
Mortgage bonds (ROs)			
- Capital Centre B	**AAA**	**Stable**	17 Oct 2011
- General Capital Centre	**AAA**	**Stable**	27 Dec 2013
Long-term issuer rating	**A-**	**Stable**	24 Feb 2014
Short-term issuer rating	**A-2**	**Stable**	24 Feb 2014
EMTN Programme	**A-**	**Stable**	04 Dec 2012

Mortgage lending by property segments



BRFkredit market share (gross) – private lending

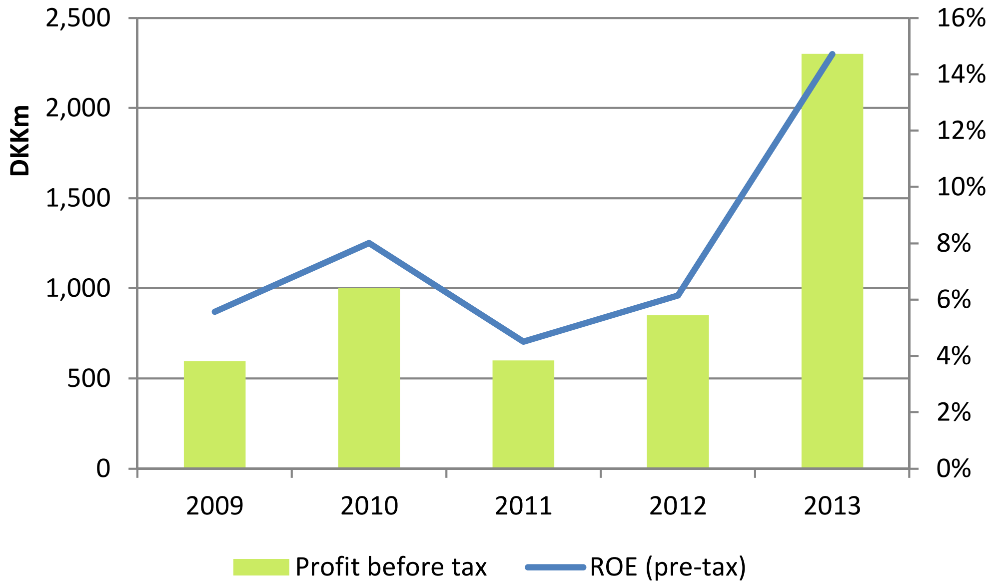


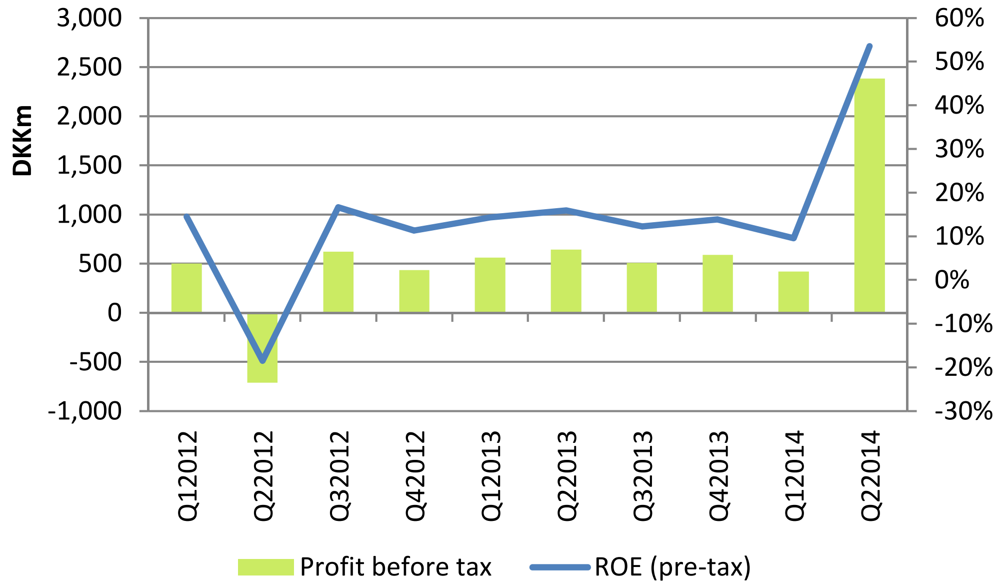
Focus in H1 2014

Focus in H1 2014

- Pre tax result DKK 2.8bn. ROE 32.1% ann.
- Special items DKK 2.1bn
- Growth in bank lending due to new mortgage products (DKK 12bn), other banking products decrease
- Net Interest Income under pressure: low interest rate level, margin pressure and lower reinvestment rates in the liquidity portfolio
- Income H1 (ex special items and BRFkredit) decreased 3% compared to H1 2013
- Costs stable according to plan
- Asset quality stable. Management decision to change models and methods on private customers

Profit before tax





Strategic issues

Market conditions

- No volumes growth expected in 2014
  - Bank loans decreasing
  - Mortgage financing increasing
- Margin pressure increasing, especially on corporates
- Significant improvement in deposit/loans ratio in most banks
- Jyske Bank designated as SIFI

Strategic issues 2013-2014

Integration of BRFkredit

- Integration proceeds according to plan

New product line of home loans

- New loans collateralized by property offered from end 2013 to solid private customers at attractive prices compared to traditional mortgage loans; loans outstanding end of June DKK 12bn

New mortgage products launched by BRFkredit

Cost cuts

- 177 FTE's in June 2014. Of which 47 in BRFkredit and Spar Lolland.
- Target for employees 4,000

Integration of Spar Lolland

- IT integration and second phase of cost cuts completed in Q2 2014

Sale of subsidiaries

- Silkeborg Data in Q2 2014

Strategic issues – Capital and Liquidity

Capital

- Solvency ratio 16.4%
- Capital buffer 6.0 percentage points
- Core Tier 1 15.3%
- Capital target – Solvency ratio 17.5% Core Tier I minimum 14%
- Jyske Bank designated as systemic institution in Denmark among 6 institutions. At present, the group complies with the capital charges as off 2019

Liquidity

- Liquidity reserve DKK 68bn; liquidity after 12 mths senior unsecured and senior secured debt run-off DKK 39bn
- Issued AAA-rated bonds via BRFkredit DKK 6bn by end of Q2 2014
- Refinancing of all 2014 and 1H 2015 redemptions of senior debt (EMTNs) accomplished
- Bank loan portfolio funded by deposits by 112%

New and upcoming regulation

Short dated ARM loans – new regulation in force

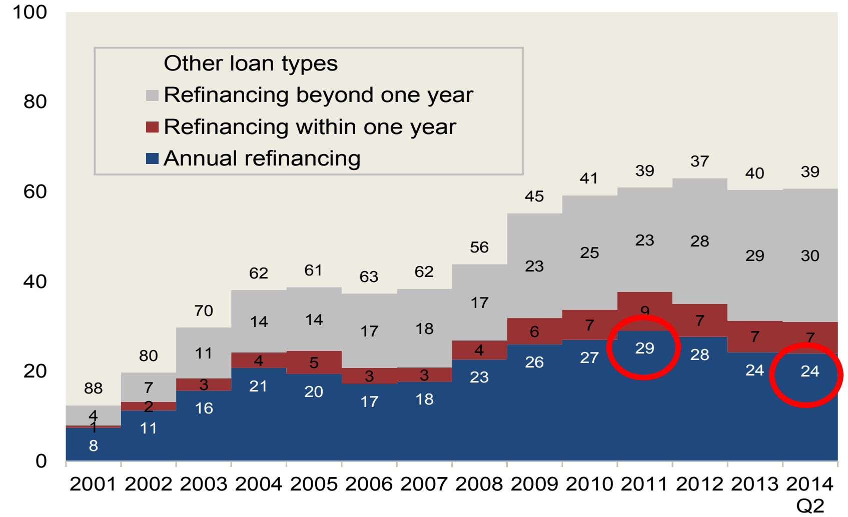
- Only affects lending with 1-2 years refinancing
- Maturity extensions of 1 year is triggered in case of
  - Failed refinancing (soft bullet)
  - Interest rate increase of 5 percentage points – only for a single one year period (reduce debtors interest rate risk)
- S&P has not recognised the initiative yet

Liquidity Coverage Ratio (LCR)

- LCR 205%
- Danish covered bonds status are expected to become EBA level 1 assets

FSA Diamond (threshold parameters) - TBA

Loan portfolio – refinancing intervals



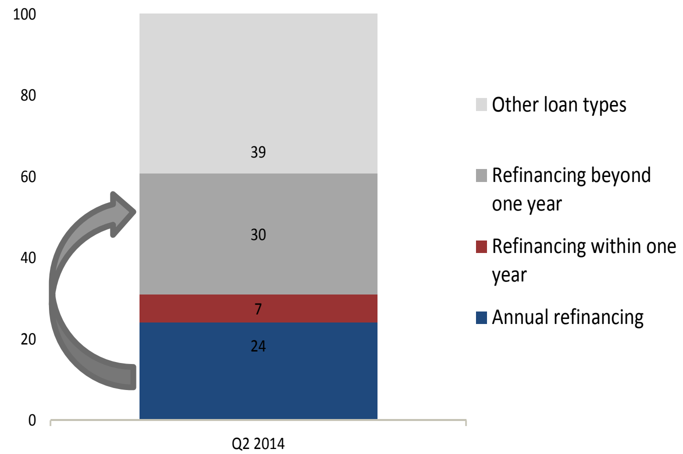
Loan volume with short term refinancing will decrease

- Customers has taken advantage of low short term rates
- Rating agencies state concern on the refinancing volume
- Share of short dated ARM loans being reduced as:
  - Pricing changed to favour longer term refinancing
  - Other loan alternatives are offered
  - Future interest rate expectations are changing
  - Subsidised segment remortgaged to 5 and 30 years

RTL F – pre-financed bond

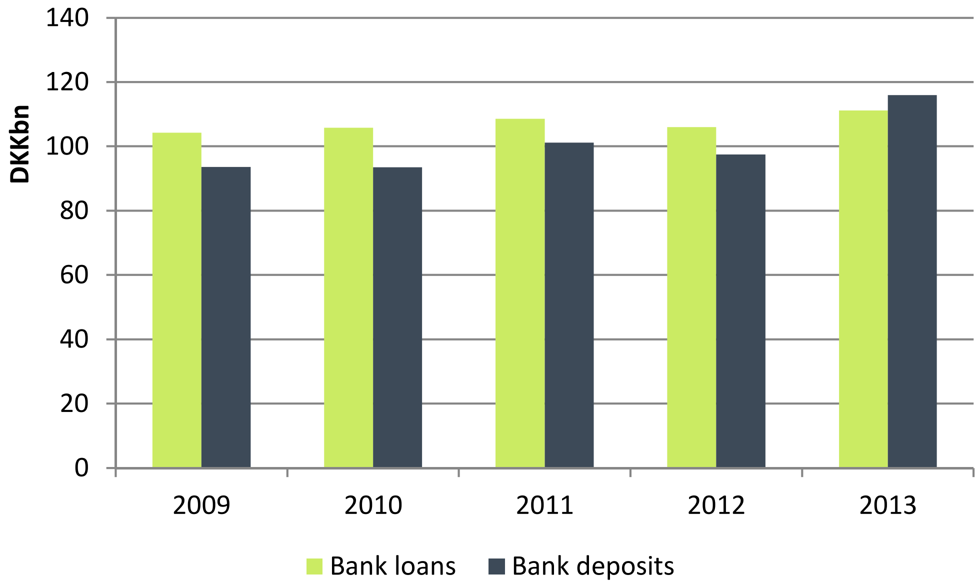
- BRFkredit has opened a number of new ISIN's for the financing of F1 ARMs and joint funded bank loans with annual interest rate adjustments
- Callable bullet bond, fixed rate, annual coupon payment and legal maturity at least as the underlying loans (30 years)
- BRFkredit commits to offering bonds annually for fully refinancing of all loans (as is the case today)
  - 14 days prior to the auction, information announced on how, when, volume etc.
- Following successful refinancing, all proceeds used to repay bonds at par, and investors had the bond for 1 year (as is the case today)
- Expected maturity: 1 year (as it is today)
- In case of a failed refinancing, the bond continues without a default situation (as is the case today)
- The new products are based on a 3-year bond which are callable annually and replaced with a new three-year bond. The bonds are expected to meet liquidity requirements from S&P (SFR and BLAST)
- At the October refinancing BRFkredit will use BRFkredit's RTL-F bonds as well as the traditional non-callable bonds

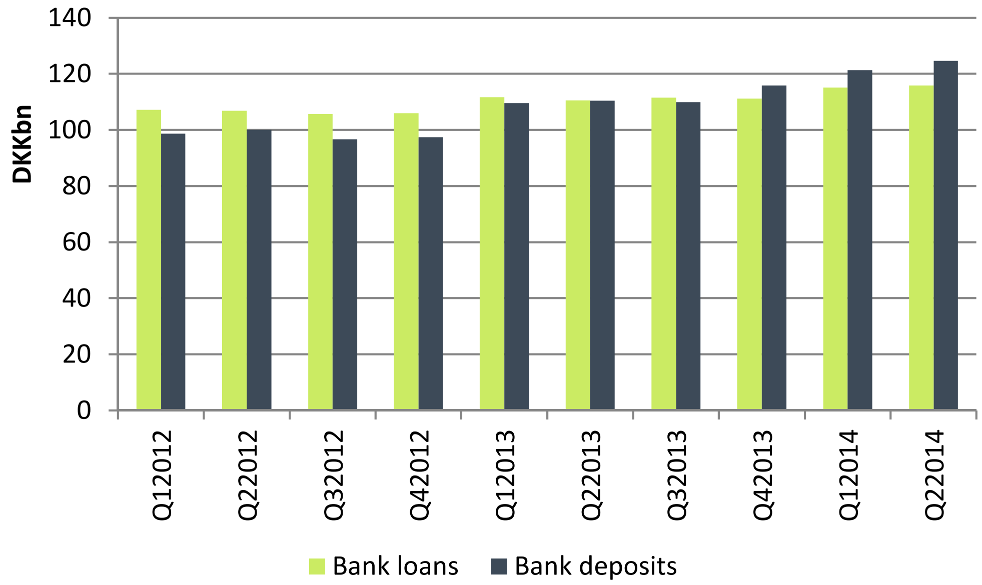
- Fully pre-financed and excluded from the L89 legislation (as in the "past")
  - No maturity extension (shortened at successful refinancing auction)
  - No interest trigger
  - No interest step-up if the expected maturity change (coupon continues unchanged)
  - Senior issuance is not extended as bonds are pre-financed (RKL § 15a)
- By end of H1 2014 app. DKK 12bn was issued in RTL-F bonds, and further migration from ARM1 is expected



H1 2014 in figures

Loans and Deposits

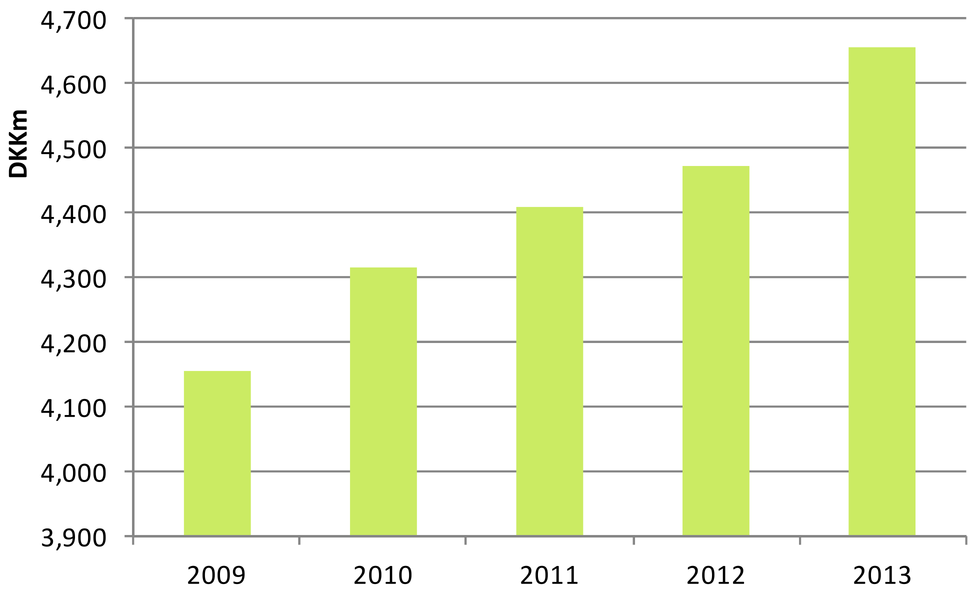


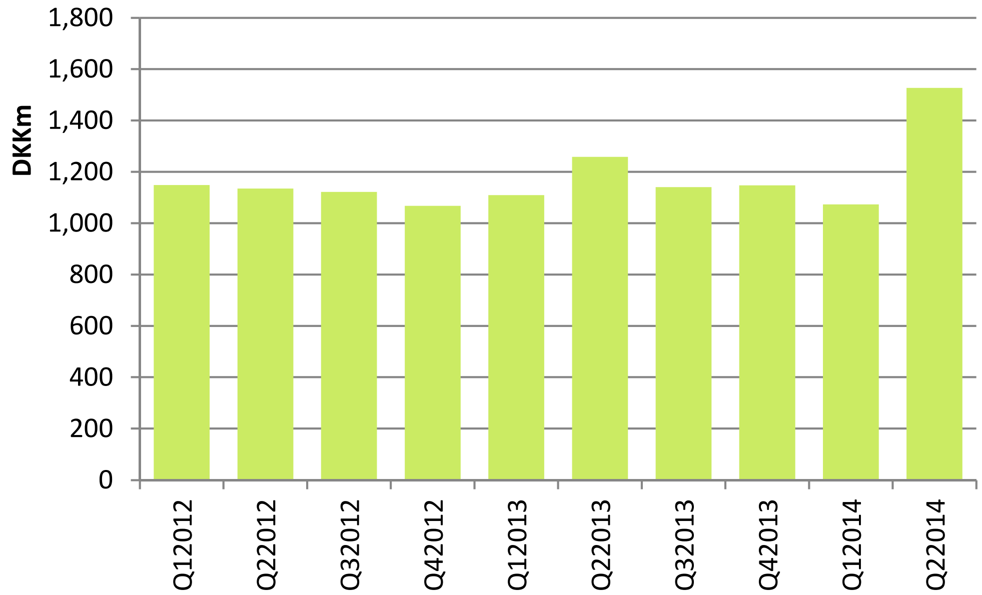


Mortgage loans end Q2 2014: DKK 209 bn

Total loans and advances end Q2 2014: DKK 344 bn

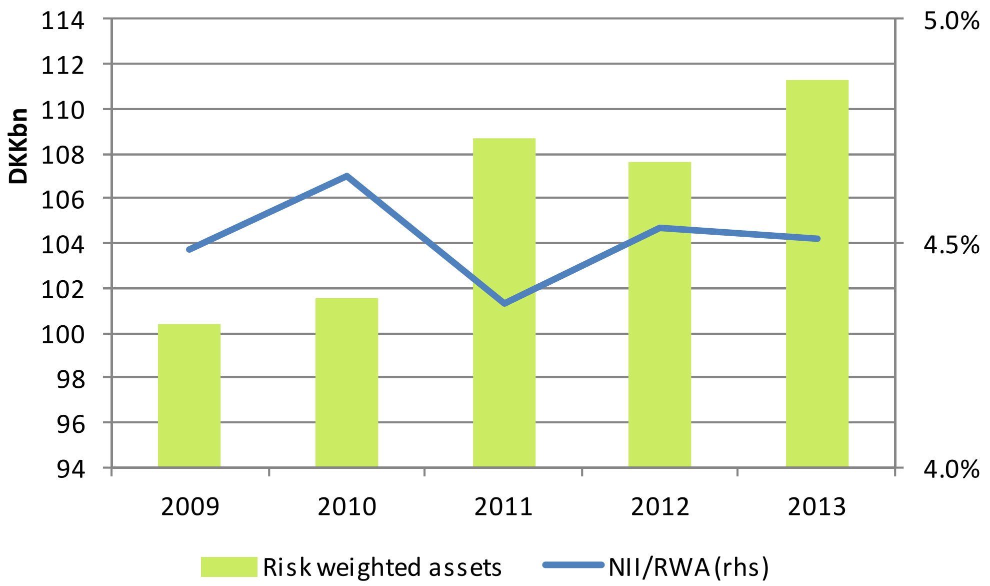
Net Interest Income

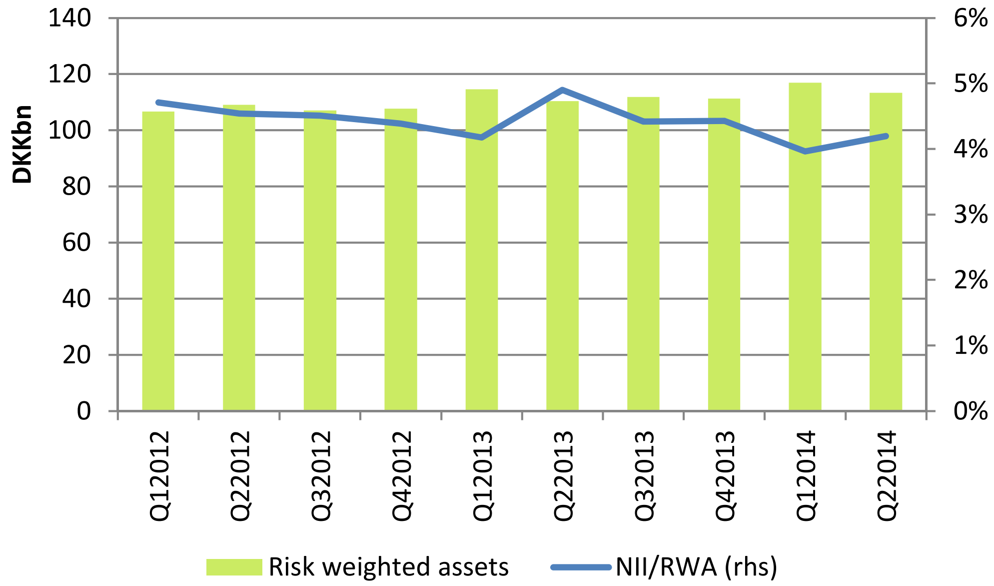




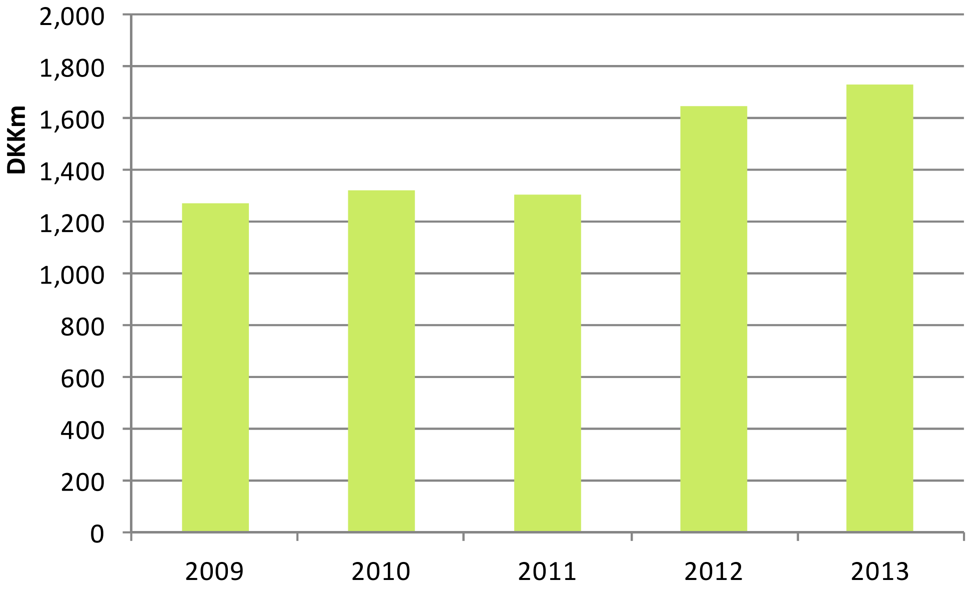
Spar Lolland:
H1 2013: DKK 140m
H2 2013: DKK 73m
H1 2014: DKK 156m

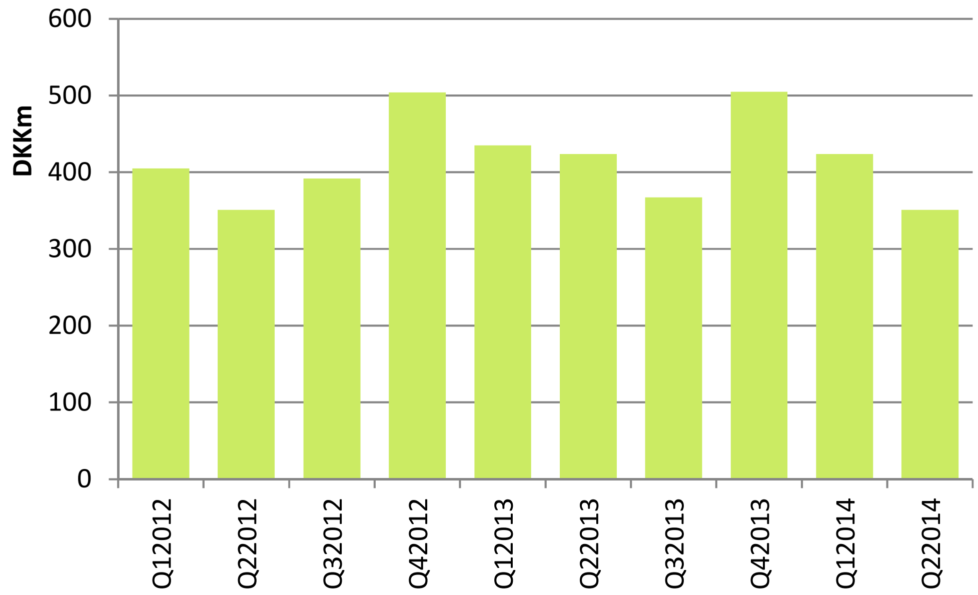
Return/risk-trade off (Jyske Bank ex BRF)

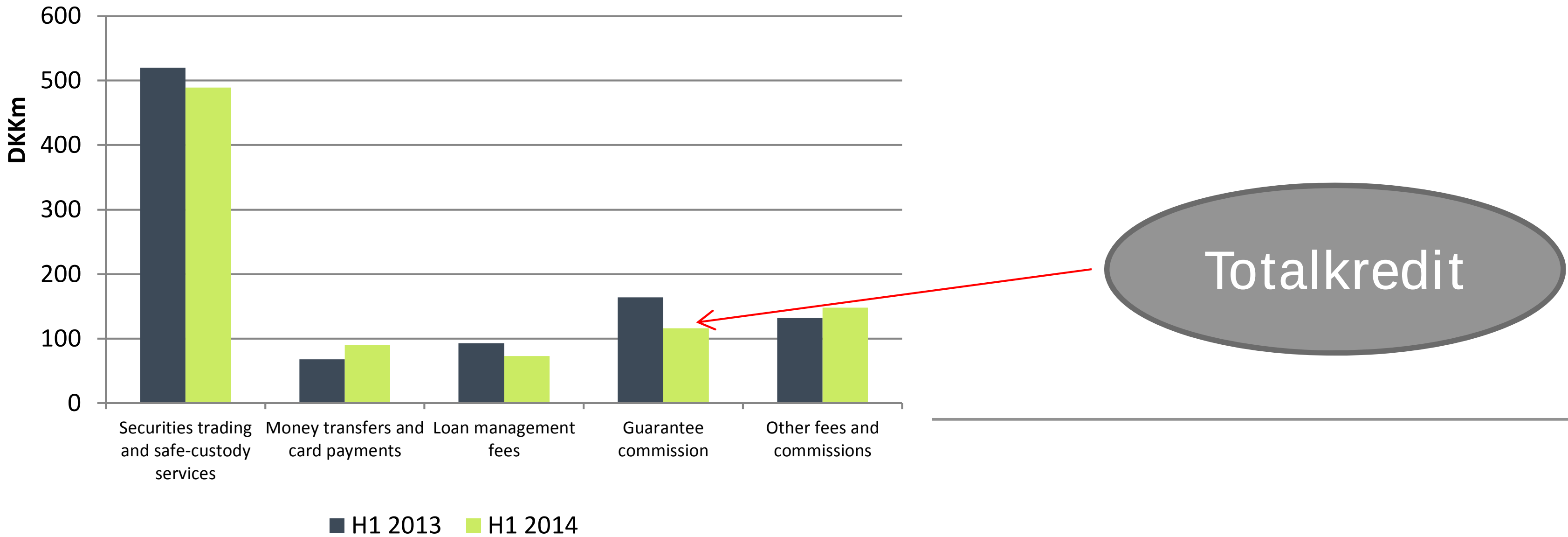




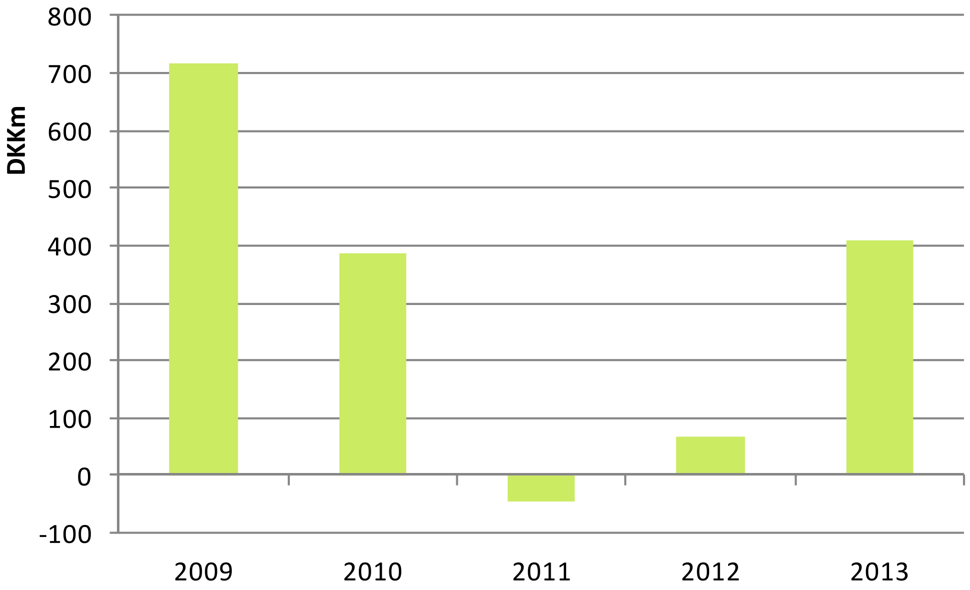
Fee and commision income

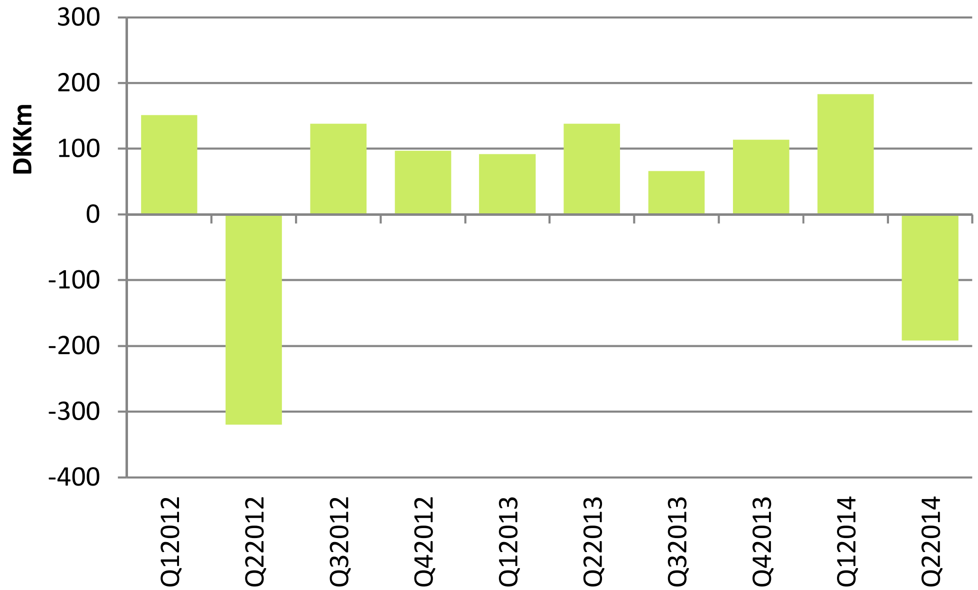






Value adjustments

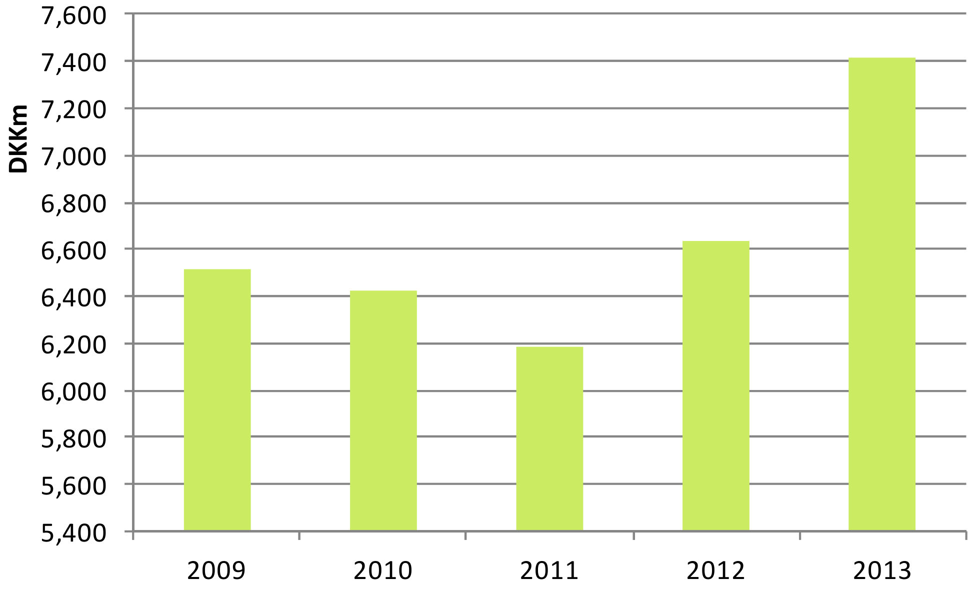


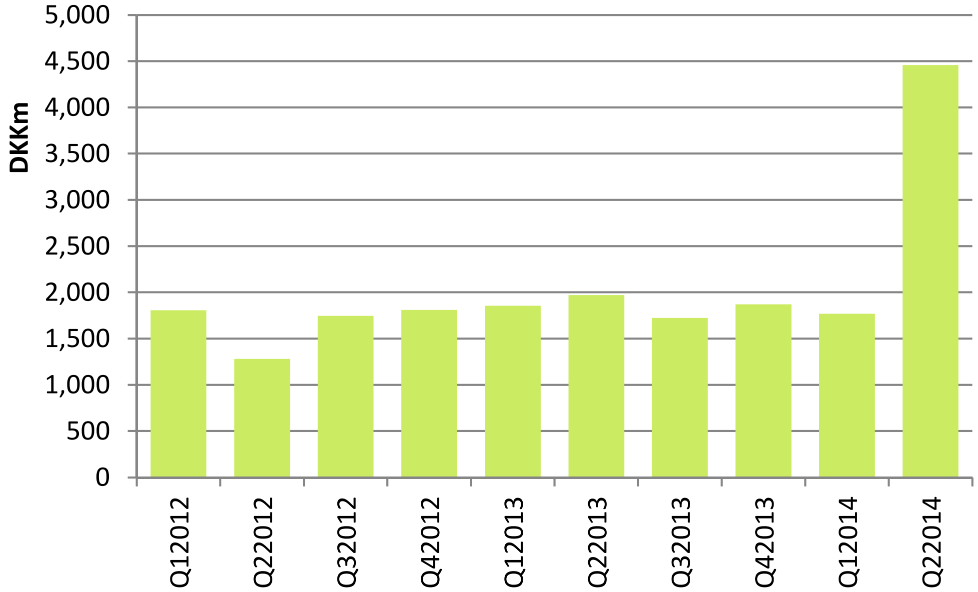


Interest rate hedging/customers
H1 2013: DKK 172m
H1 2014: DKK -292m

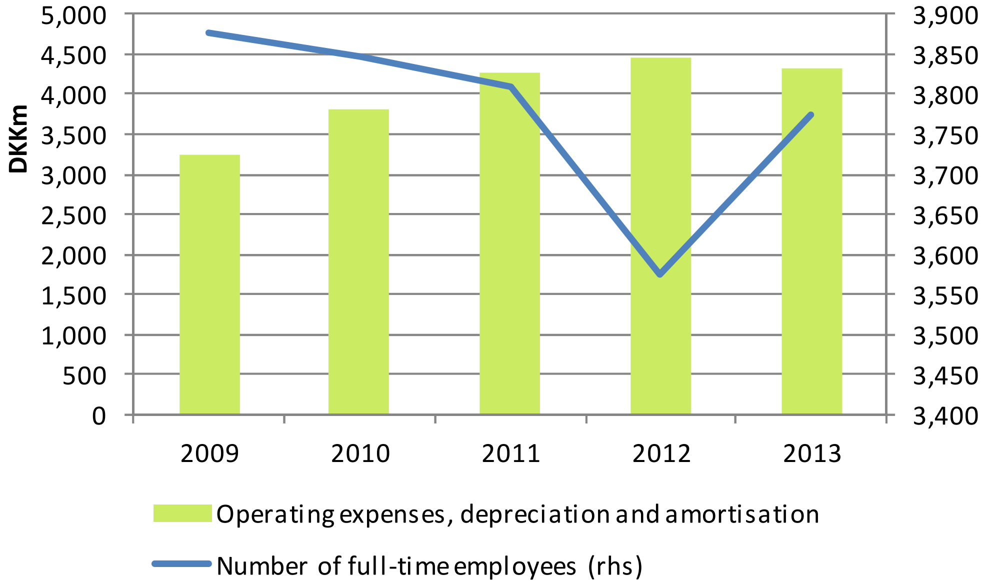
Sale of Nets: DKK 189m
Redemption of hybrid capital: DKK 77m
Interest rate swaps: DKK -292m

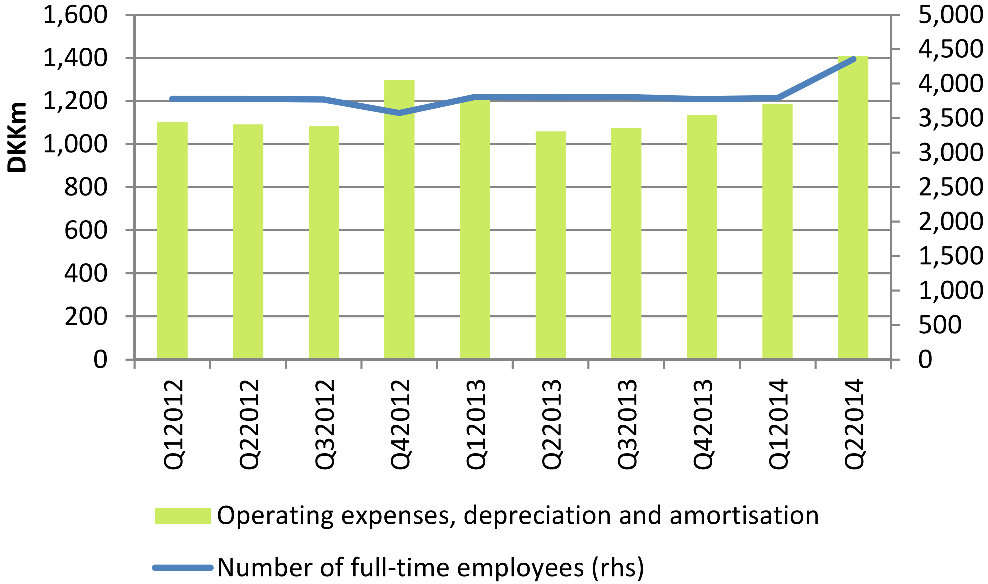
Gross earnings



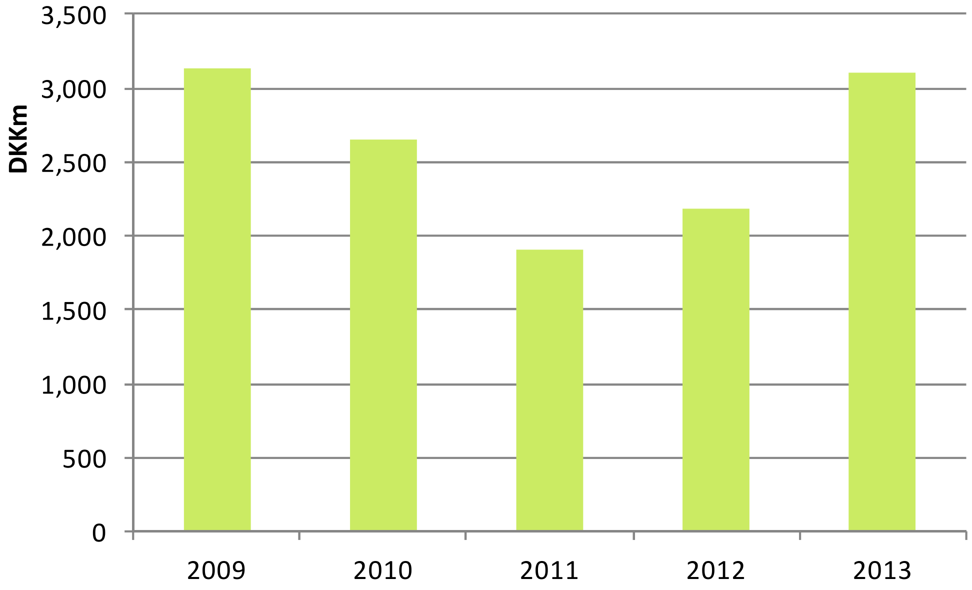


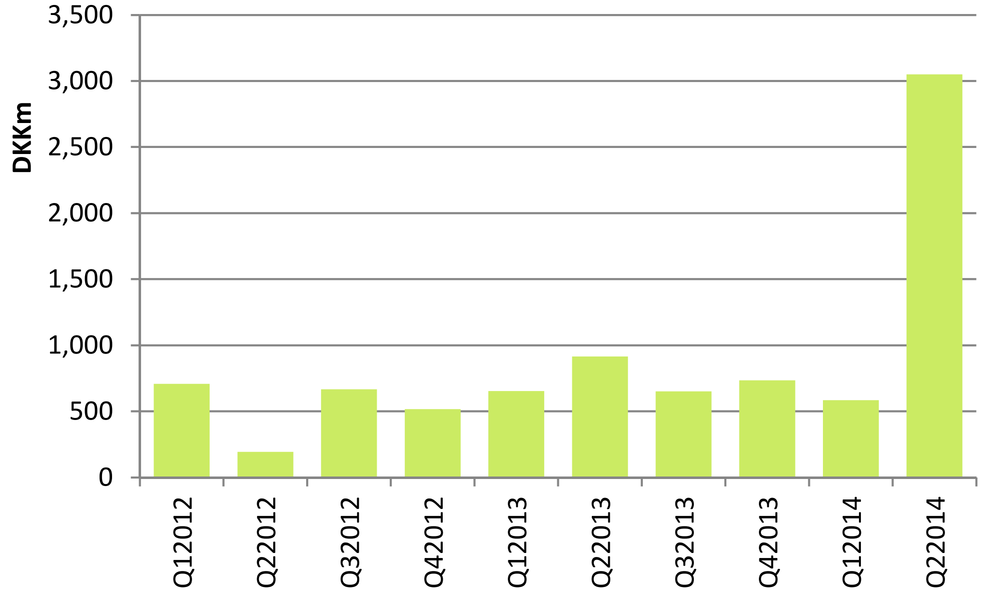
Operating expenses and employees



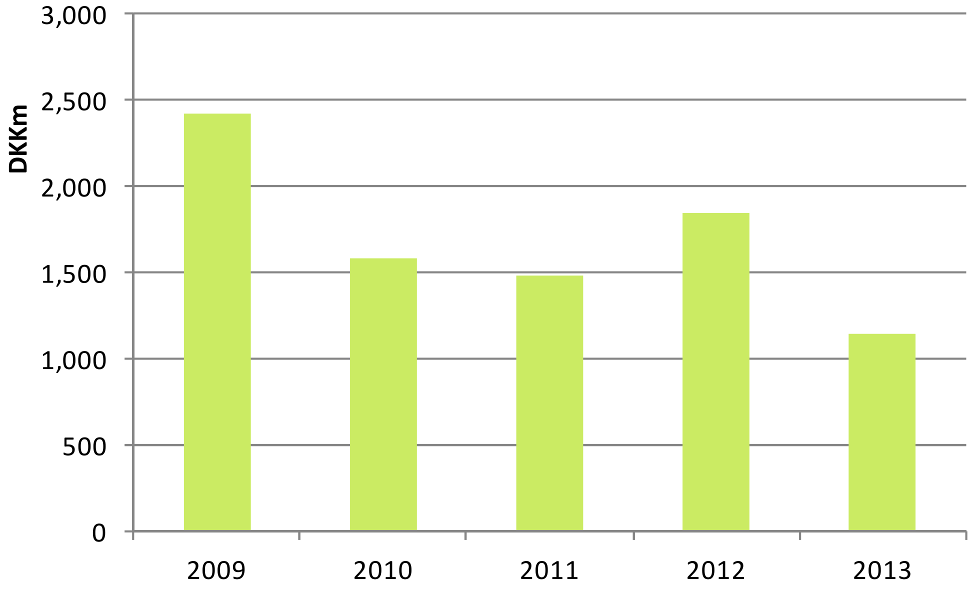


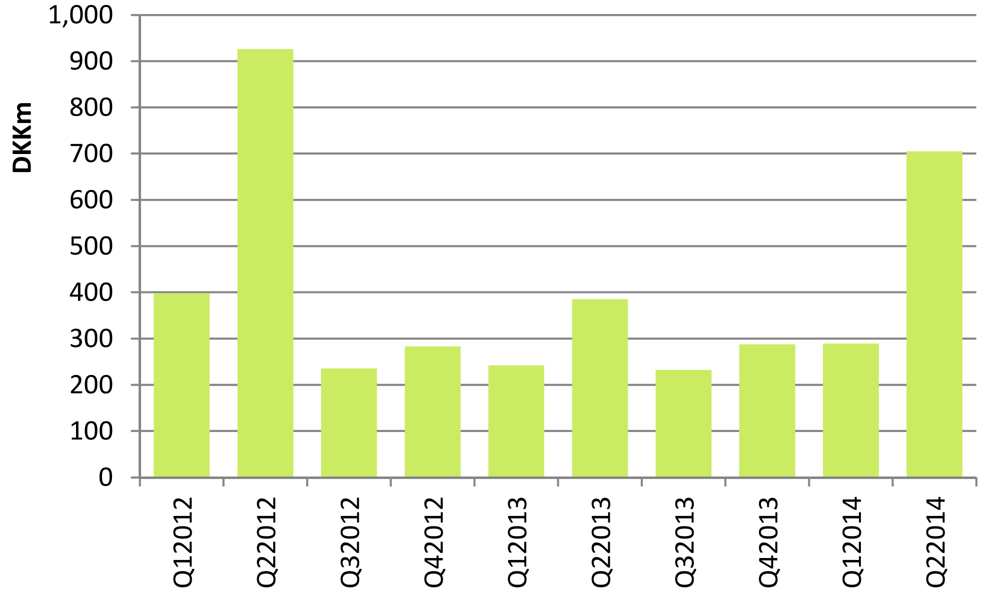
Core earnings before loan impairment charges



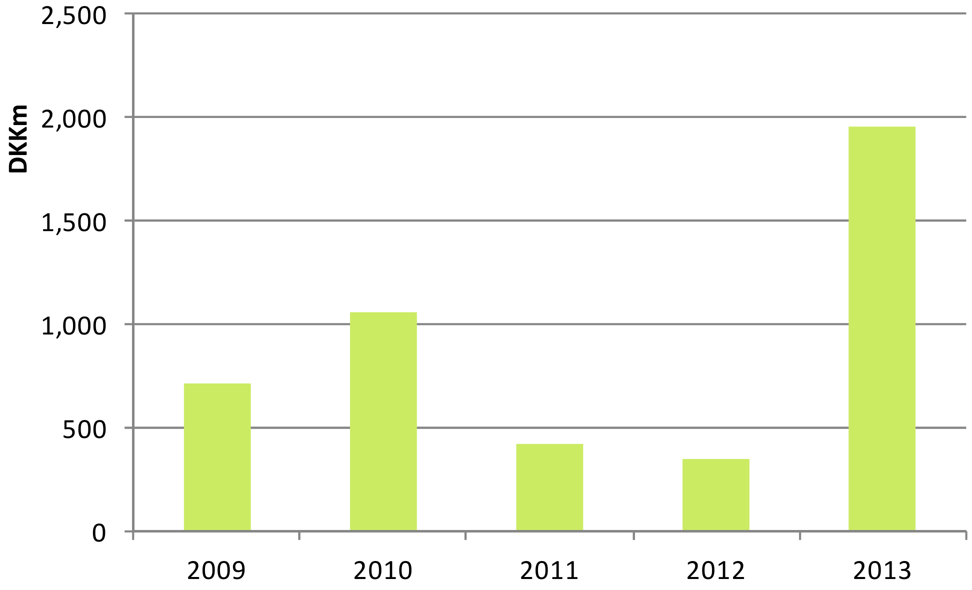


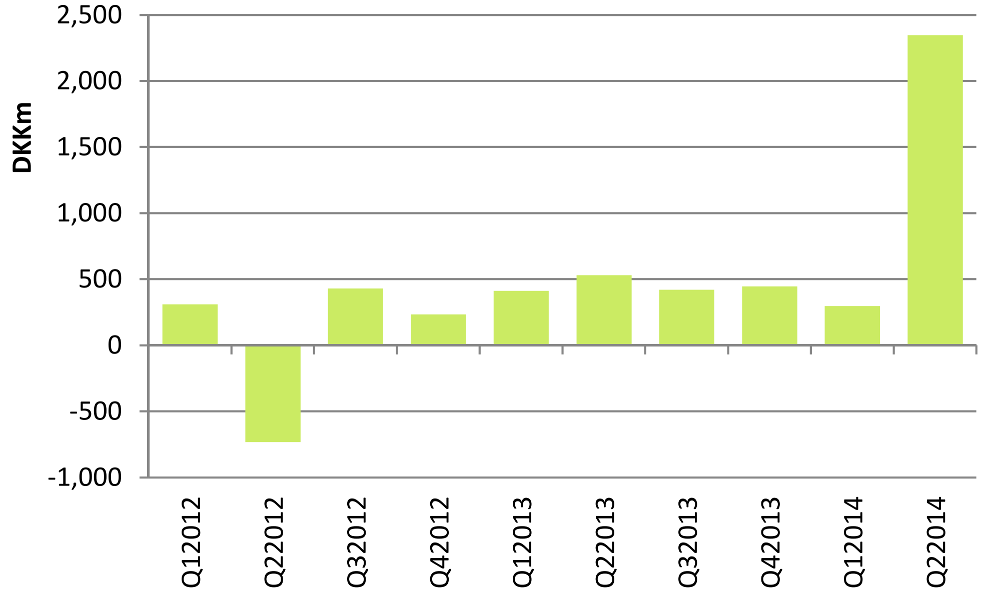
Loan impairment charges



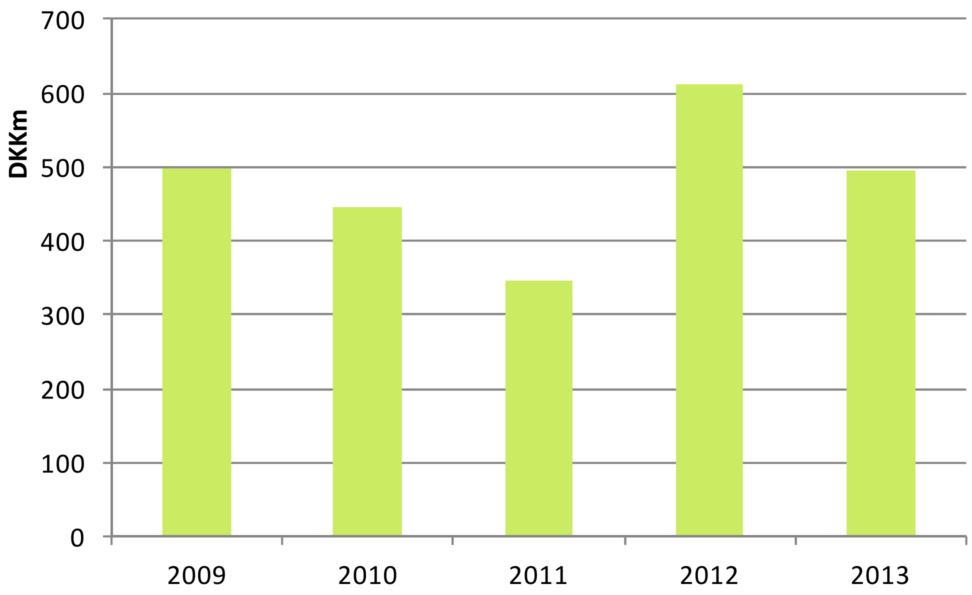


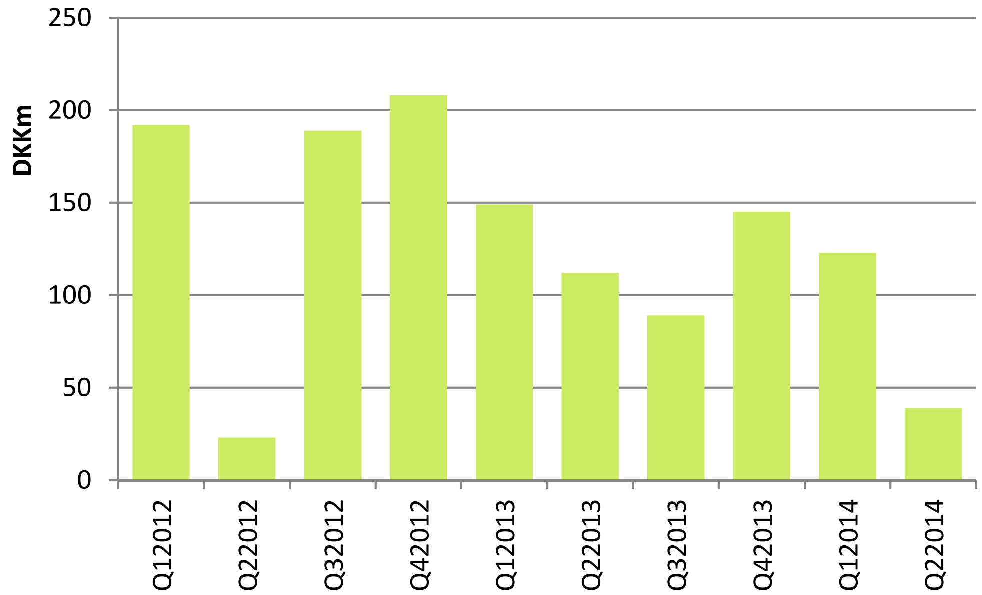
Core earnings





Earnings from investment portfolios



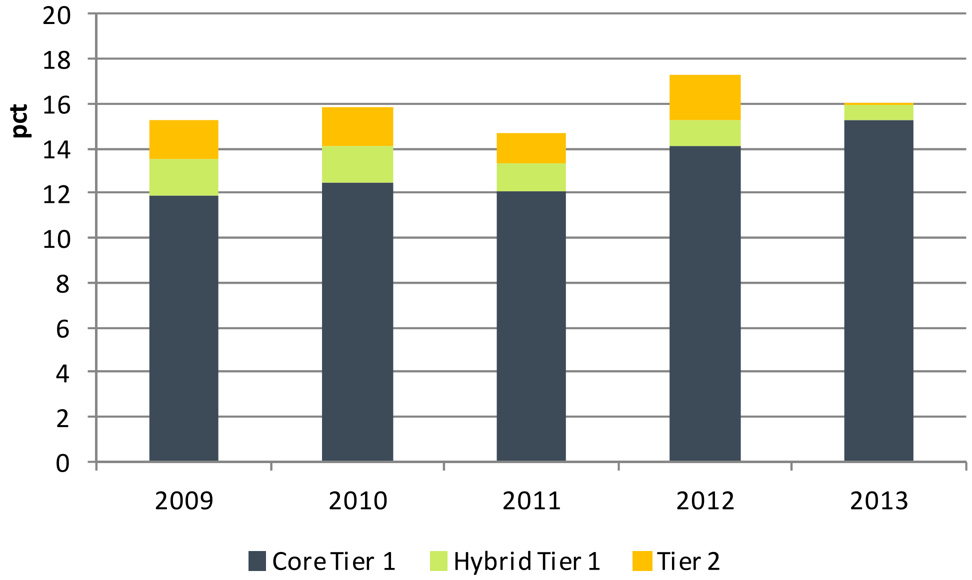


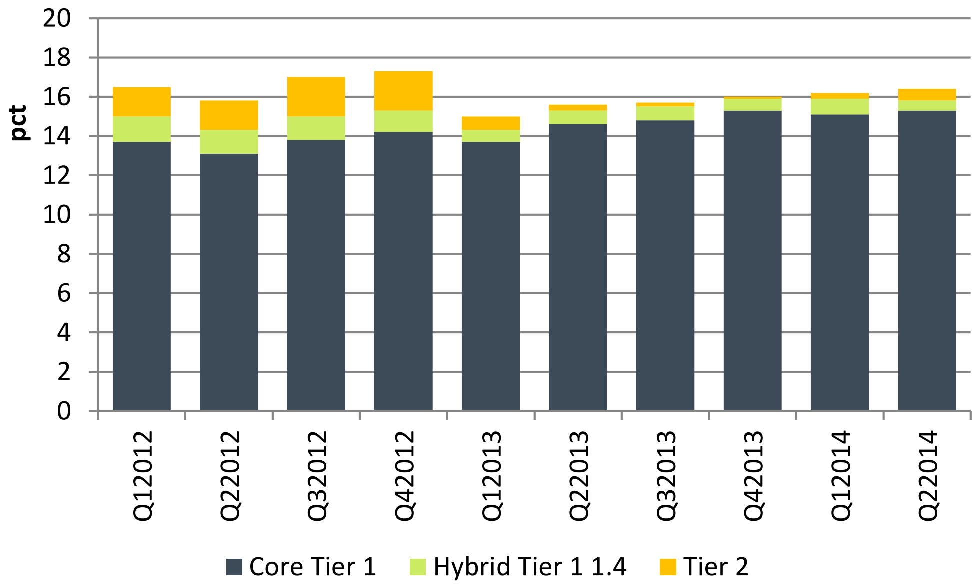
Focus in H1 2014 - special items

	DKKm
Bargain purchases from the merger with BRFkredit	2,360
Closing of sale of Silkeborg Data	296
Sale of Nets	189
Interest rate swaps	-292
Value adjustment PRAS	-93
Lack of commission payments from Totalkredit	-95
Integration costs BRFkredit	-47
Reassessment of provisions	-122
Adapting methods for the calculation of impairment charges relating to private customers	-235
Others	140
Total	2,101

Capital Structure

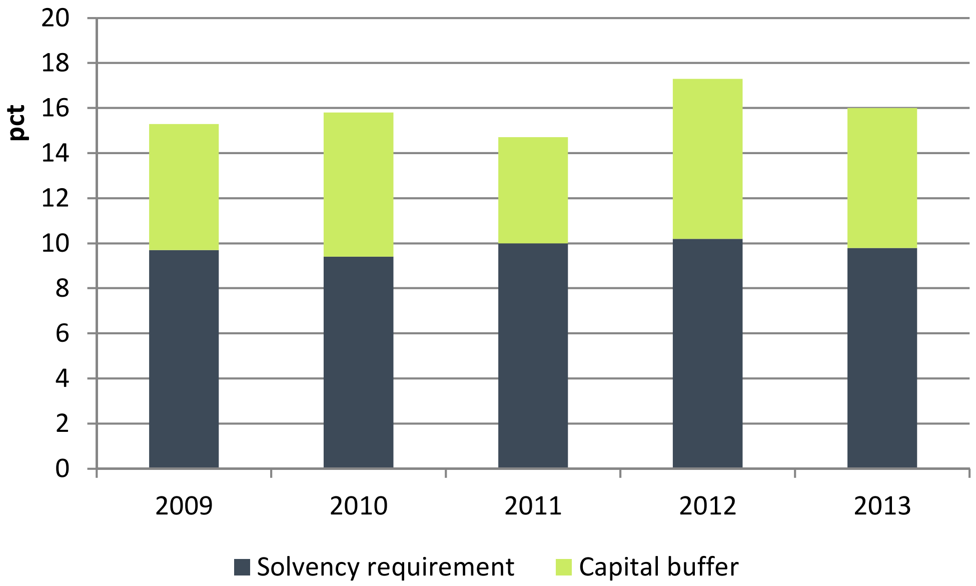
Capital structure

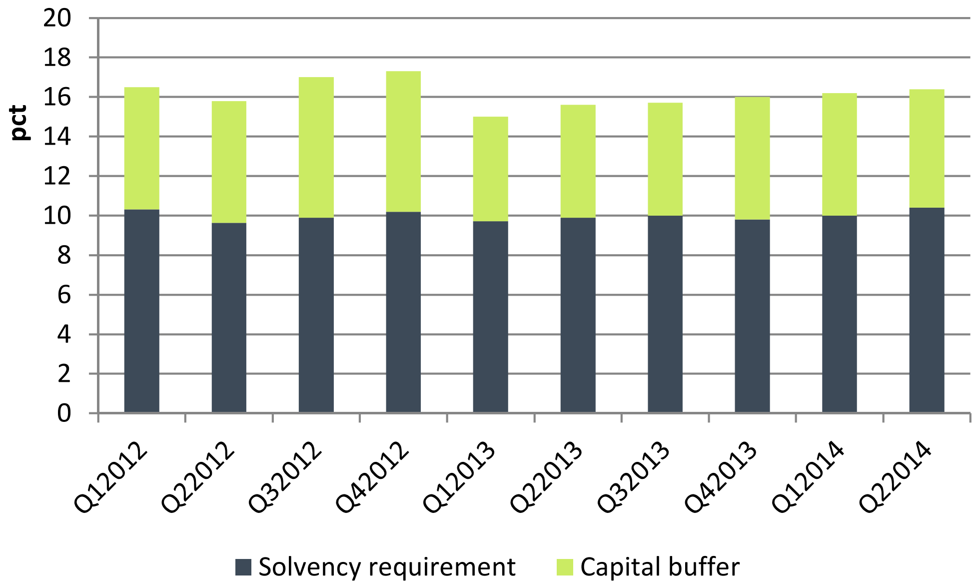




- Core Tier 1 target: 14%
- Capital ratio target: 17.5%

Solvency requirement and capital buffer

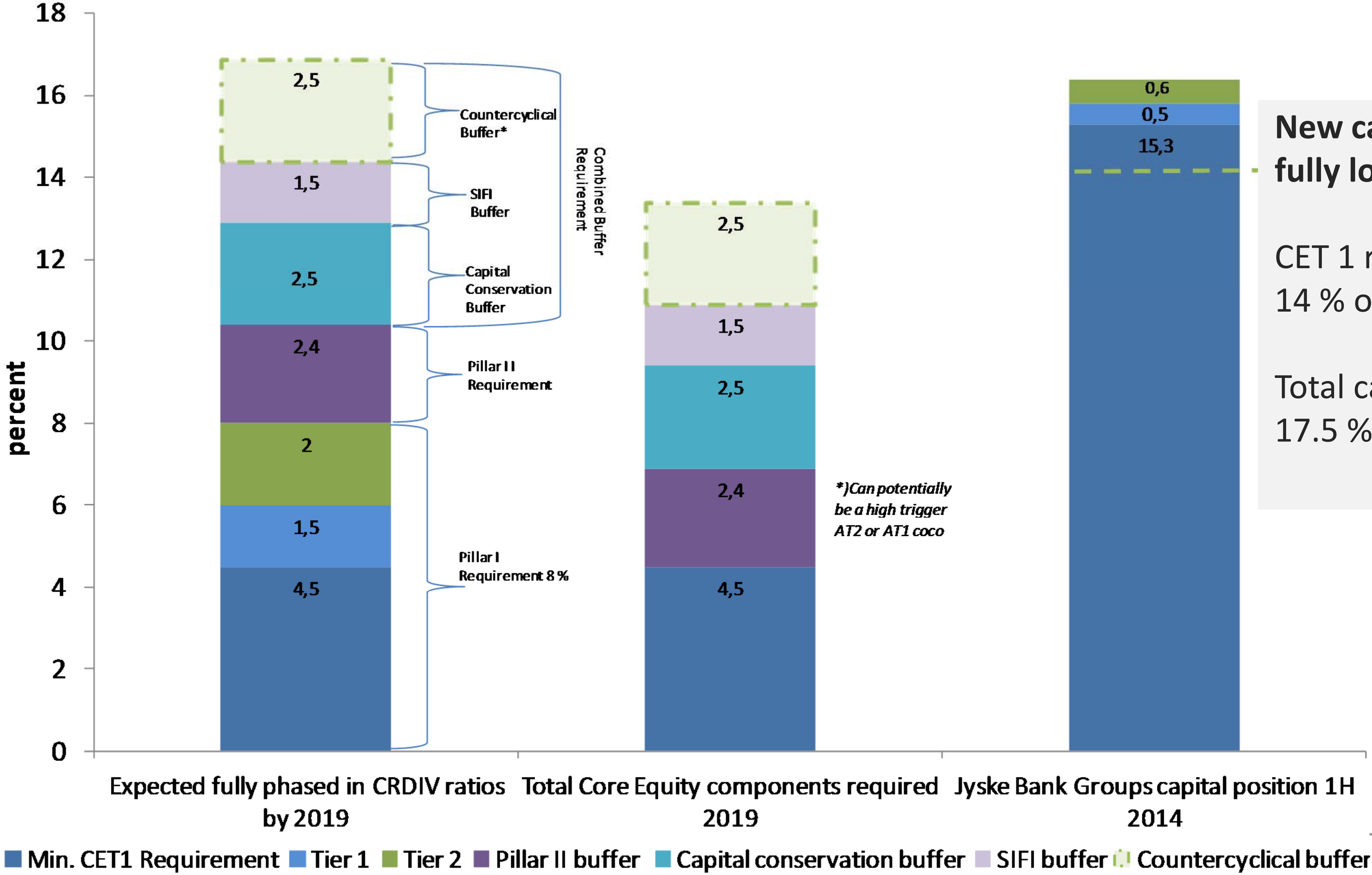




On the CET1 ratio Jyske is already ready for CRD IV & Danish SIFI requirements

JYSKE BANK

Total capital requirement by 2019 expected to be around 17 % (incl. worst case fully loaded countercyclical buffer*)
- With a CET1 ratio of 13.4 % (11 % if Pillar II is filled by a high trigger coco AT1 or AT2)



New capital target defined for fully loaded CRD IV:

CET 1 ratio:
14 % of RWA

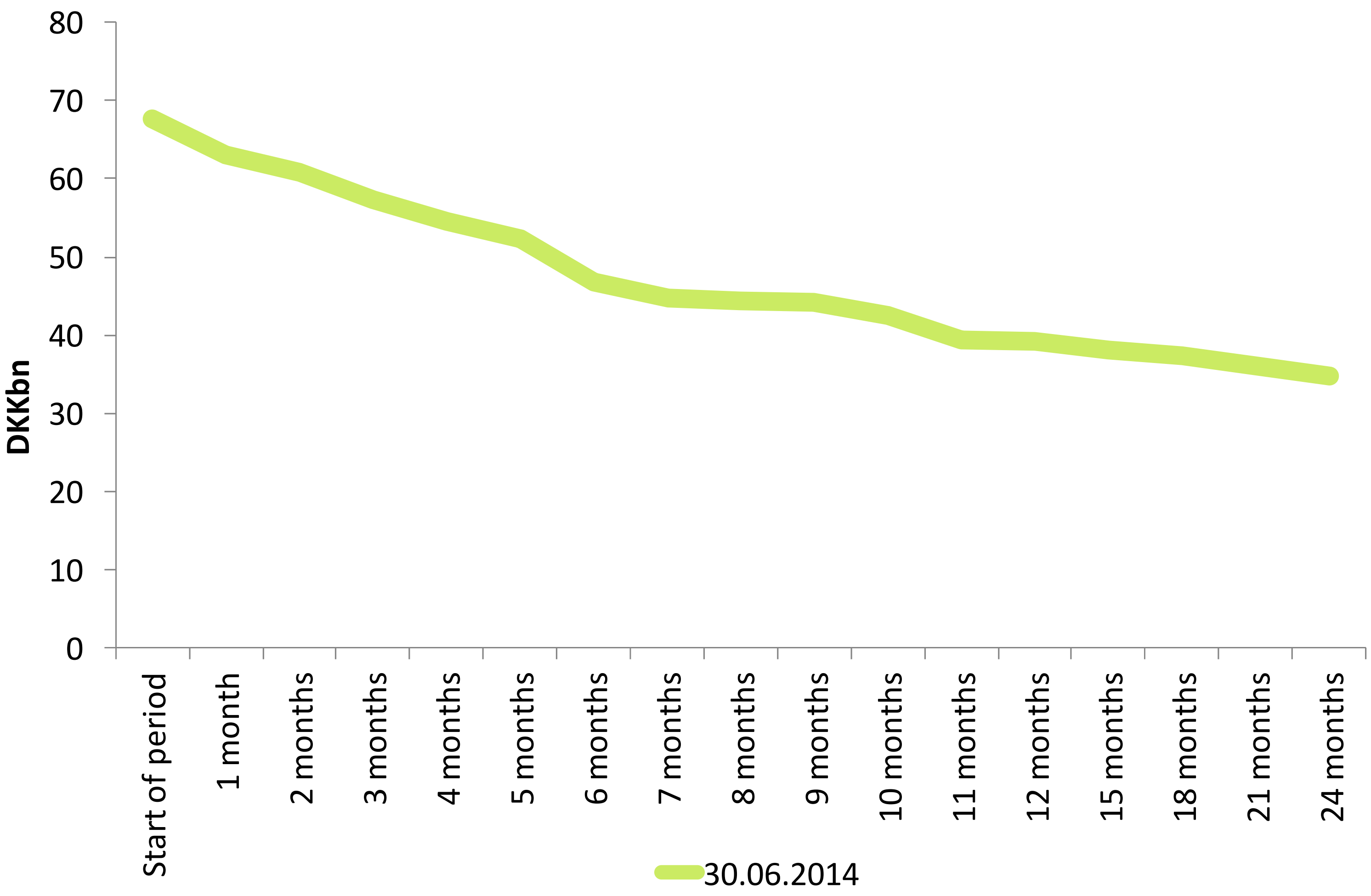
Total capital ratio:
17.5 % of RWA

*) Countercyclical Buffer will depend on Danish macroeconomic and business cycle factors , the final level to be build up from 2016-2019 not certain yet…………….

Liquidity

Liquidity position and run-off

Capital market scenario: run-off of senior unsecured debt and senior secured bonds



Group issuance of senior debt will be from Jyske Bank A/S only
Jyske will remain a rare but regular issuer on the EMTN market

No new issuance of senior secured bonds from BRFkredit A/S as house prices have stabilized

Senior unsecured activity will depend on developments in the balance sheet (funding gap) as

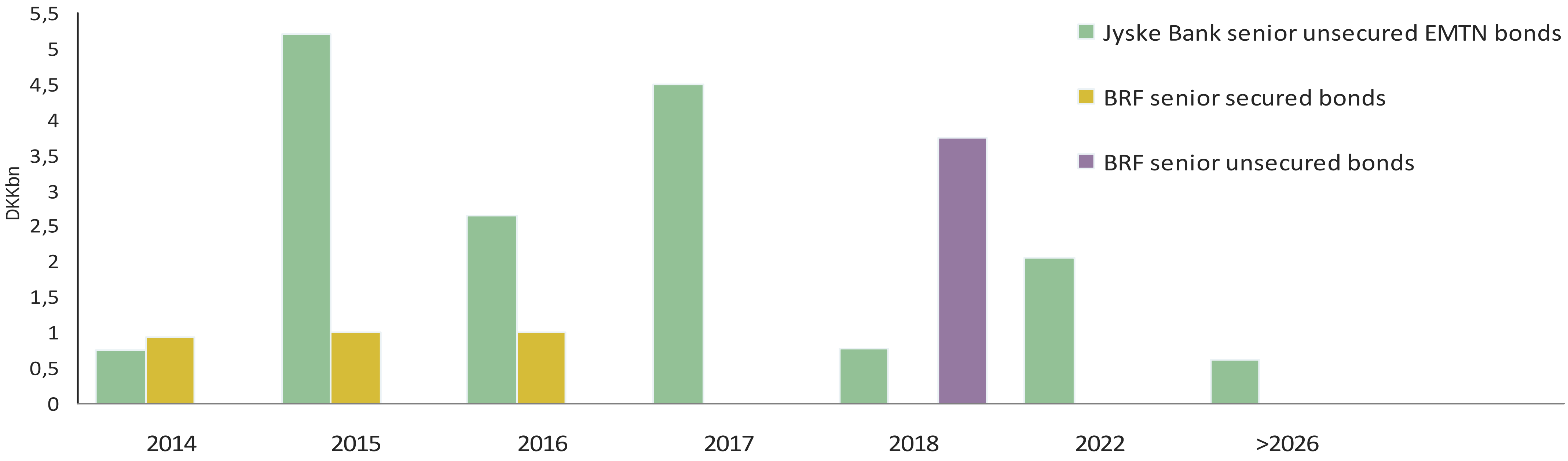
Integrated part of policy is to maintain a deposit/loan ratio in the banking activities of a min of 95 %*

BUT: Maintenance of access to diversified funding sources in the international debt capital markets remains a cornerstone in liquidity risk management

Senior unsecured funding activities in 2014:

- Private placement of SEK 850m 3 year FRN
- Public benchmark of EUR 500m 3 year FRN (81% placed outside of Denmark)

Jyske Bank Group: Redemption profile 30 June 2014 incl. of senior unsecured and senior secured bonds from BRFkredit A/S

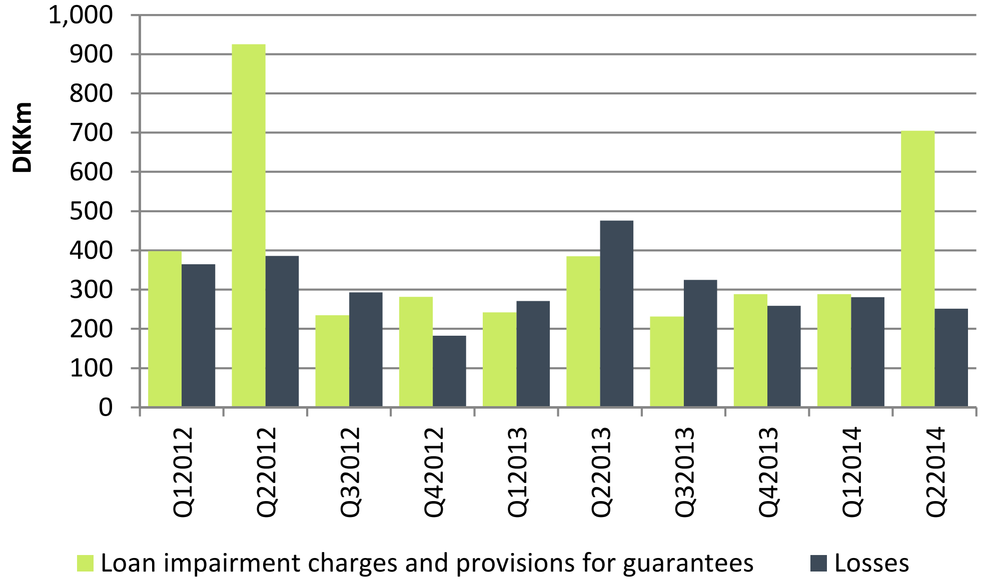


Senior unsecured funding plans 2H 2014- Q1 2015: Only selective private placement activity expected

*)Net ratio excl. of Jyske Banks "Jyske Prioritet"home loans funded by BRFkredit A/S's issuance of mortgage bonds

Credit quality

Loan impairment charges and losses



Loans and advances split by sector

(Jyske Bank A/S)

Loans, advances and guarantees as well as loan impairment charges and provisions for guarantees by sector

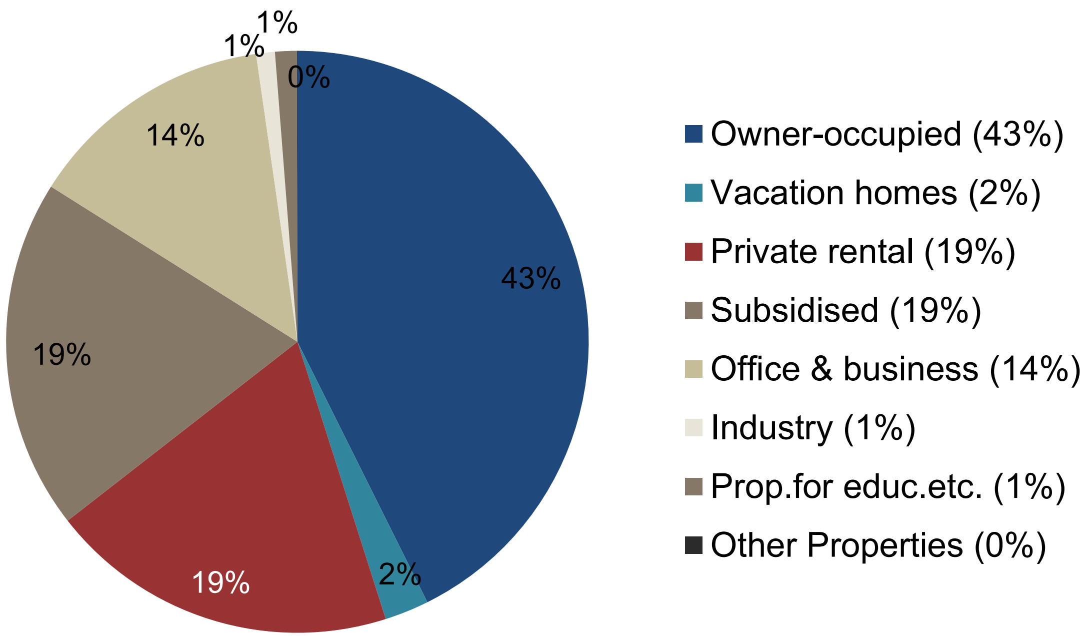
Sector	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees		Loan impairment charges and provisions for guarantees for the period		Loss for the period	
	30 June 2014	End-2013	**30 June 2014**	End-2013	**H1 2014**	H1 2013	**H1 2014**	H1 2013
Public authorities	**9,285**	7,871	**0**	0	**0**	0	**0**	0
Agriculture, hunting, forestry, fishing	**7,838**	8,394	**674**	568	**204**	126	**118**	127
Fishing	**2,238**	2,426	**1**	1	**0**	5	**0**	35
Milk producers	**1,370**	1,472	**381**	334	**76**	81	**36**	47
Plant farming	**1,282**	1,322	**12**	17	**1**	-3	**6**	6
Pig breeding	**1,790**	1,838	**243**	194	**111**	39	**73**	9
Other agriculture	**1,158**	1,336	**37**	22	**16**	4	**3**	30
Manufacturing, mining, etc.	**6,815**	6,425	**147**	132	**34**	61	**22**	114
Energy supply	**3,910**	4,595	**18**	22	**-4**	8	**0**	0
Building and construction	**2,082**	2,232	**70**	77	**7**	5	**15**	32
Commerce	**7,231**	7,436	**221**	211	**49**	58	**44**	76
Transport, hotels and restaurants	**2,917**	2,868	**46**	61	**-7**	37	**8**	26
Information and communication	**475**	475	**13**	16	**4**	10	**7**	11
Finance and insurance	**39,858**	41,751	**765**	690	**124**	109	**60**	103
Real property	**9,751**	10,072	**1,125**	1,150	**56**	152	**86**	98
Lease of real property	**8,359**	8,038	**858**	850	**76**	92	**75**	75
Buying and selling of real property	**788**	982	**105**	165	**-45**	57	**10**	19
Other real property	**604**	1,052	**162**	135	**25**	3	**1**	4
Other sectors	**5,208**	5,323	**130**	54	**86**	-13	**17**	42
Corporate clients, individually assessed, total	**86,085**	89,571	**3,209**	2,981	**553**	553	**377**	629
Corporate clients, collective impairment charges			**716**	659	**53**	-27	**0**	2
Private clients, individually assessed	**49,999**	45,468	**657**	576	**166**	78	**101**	122
Private clients, collective impairment charges			**487**	275	**195**	-2	**0**	10
Total	**145,369**	142,910	**5,069**	4,491	**967**	602	**478**	763

Loans and advances split by sector

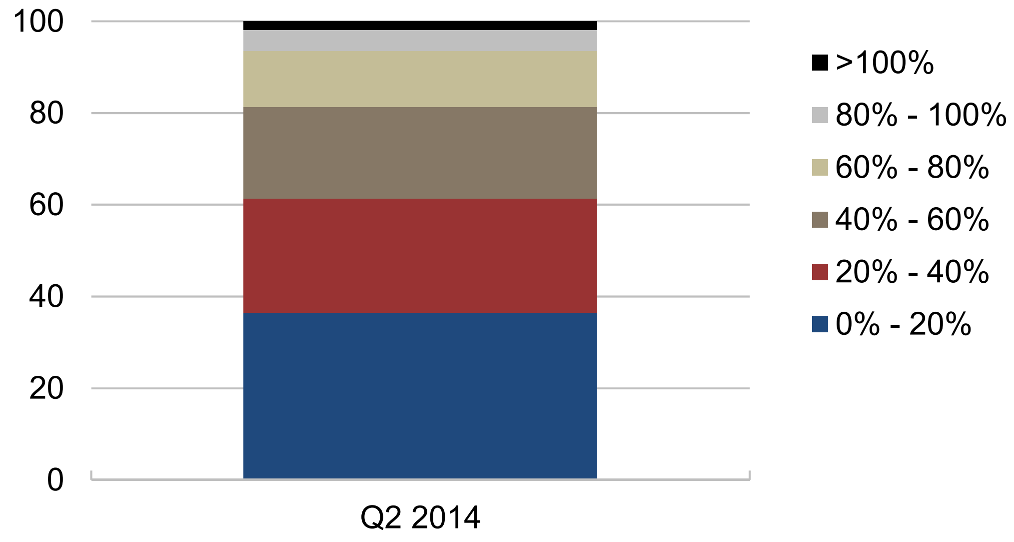
(Jyske Bank A/S)

Loans, advances and guarantees as well as loan impairment charges and provisions for guarantees (DKKm)	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
Jyske Bank A/S	**30.06.2014**	**30.06.2014**	**Change in pct.**	**Change in pct.**	**Pct.**	**Pct.**
Public authorities	9.285	0	18,0%		0,0%	0,0%
Agriculture, hunting, forestry, fishing industry	7.838	674	-6,6%	18,7%	1,5%	2,6%
Fishing	2.238	1	-7,7%	0,0%	0,0%	0,0%
Milk producers	1.370	381	-6,9%	14,1%	2,6%	5,5%
Plant farming	1.282	12	-3,0%	-29,4%	0,5%	0,1%
Pig breeding	1.790	243	-2,6%	25,3%	4,1%	6,2%
Other agriculture	1.158	37	-13,3%	68,2%	0,3%	1,4%
Manufacturing and mining, etc.	6.815	147	6,1%	11,4%	0,3%	0,5%
Energy supply	3.910	18	-14,9%	-18,2%	0,0%	-0,1%
Building and construction	2.082	70	-6,7%	-9,1%	0,7%	0,3%
Commerce	7.231	221	-2,8%	4,7%	0,6%	0,7%
Transport, hotels and restaurants	2.917	46	1,7%	-24,6%	0,3%	-0,2%
Information and communication	475	13	0,0%	-18,8%	1,5%	0,8%
Finance and insurance	39.858	765	-4,5%	10,9%	0,2%	0,3%
Real property	9.751	1.125	-3,2%	-2,2%	0,9%	0,6%
Lease of real property	8.359	858	4,0%	0,9%	0,9%	0,9%
Buying and selling of real property	788	105	-19,8%	-36,4%	1,3%	-5,7%
Other real property	604	162	-42,6%	20,0%	0,2%	4,1%
Other sectors	5.208	130	-2,2%	140,7%	0,3%	1,7%
Corporate customers, individually assessed, total	86.085	3.209	-3,9%	7,6%	0,4%	0,6%
Corporate customers, collective impairment charges		716		8,6%		
Personal customers, individually assessed	49.999	657	10,0%	14,1%	0,2%	0,3%
Personal customers, collective impairment charges		487		77,1%		
Total	**145.369**	**5.069**	**1,7%**	**12,9%**	**0,3%**	**0,7%**

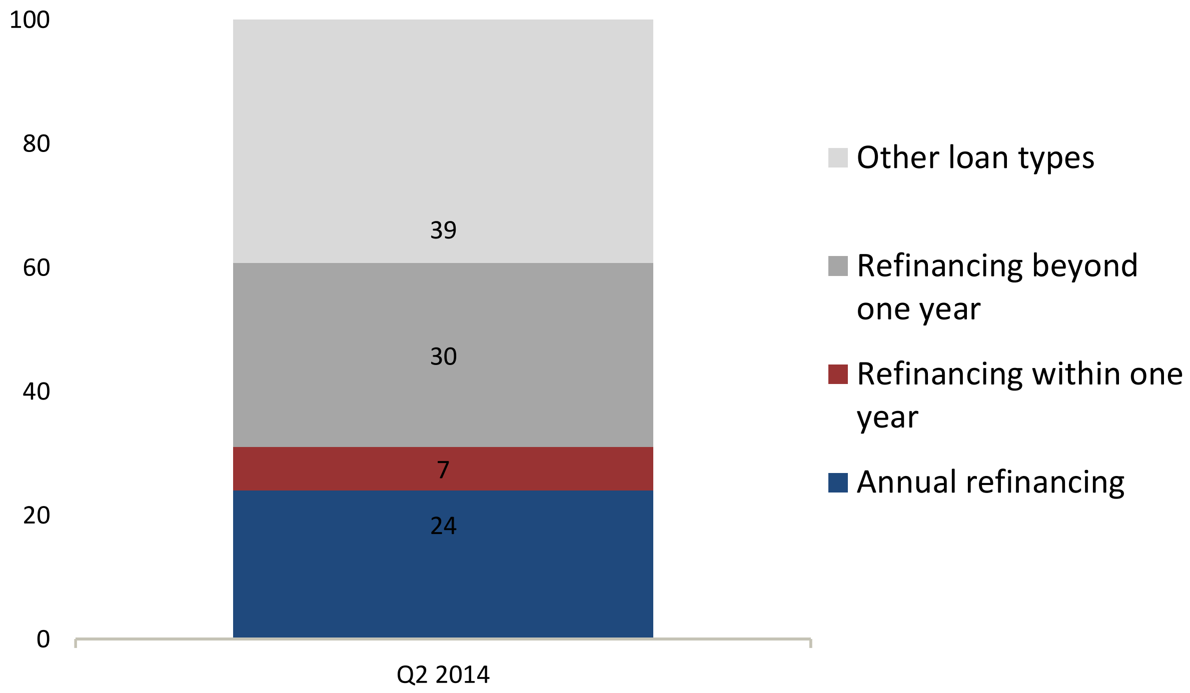
BRFkredit - Loans and advances split by sector



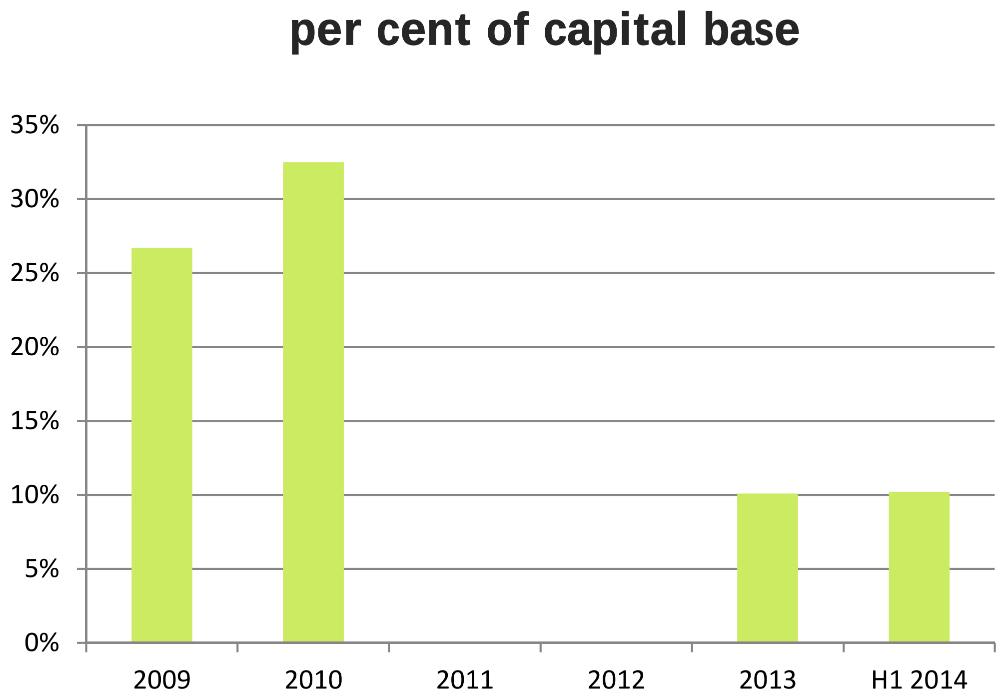
BRFkredit - LTV-brackets



BRFkredit – loan refinancing

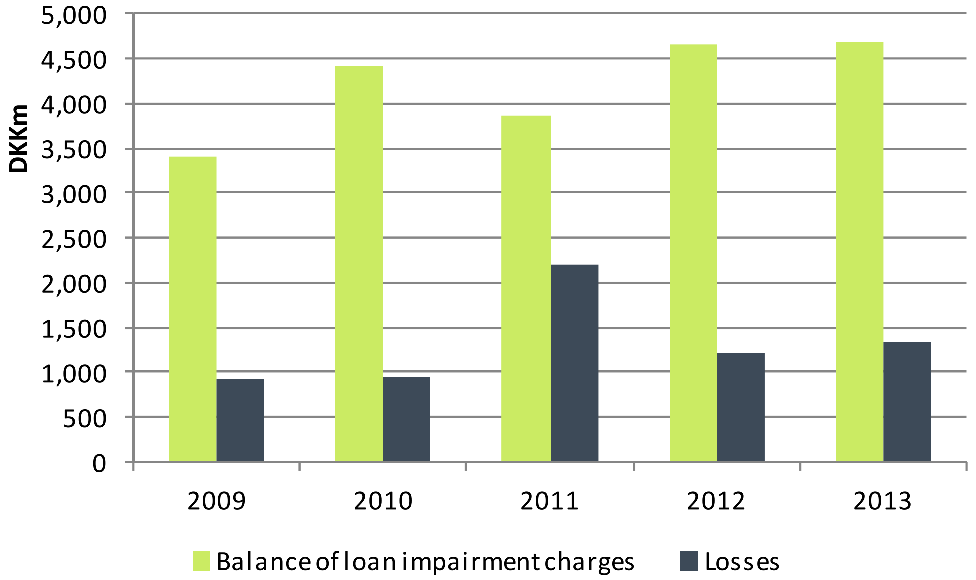


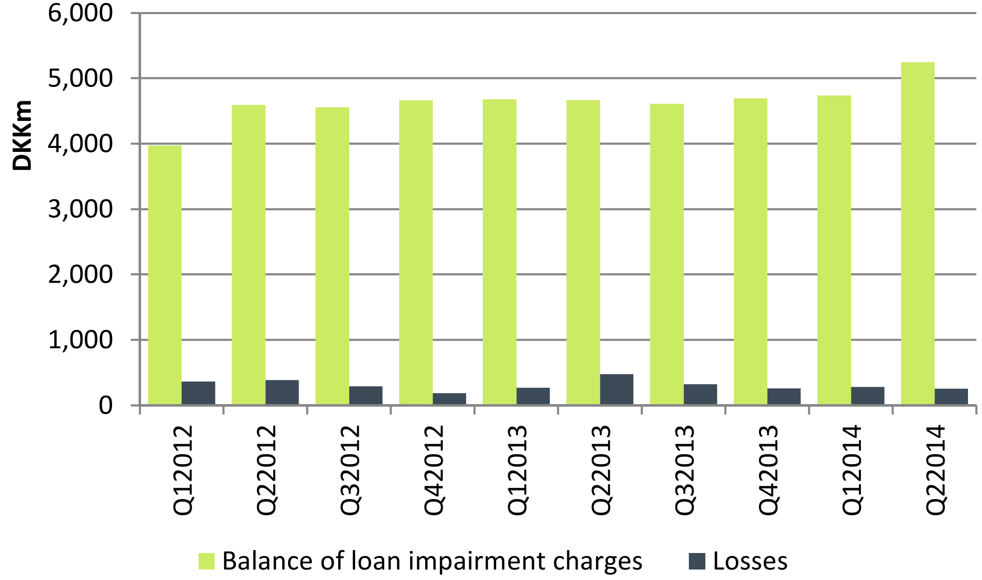
Large exposures



Jyske Bank large exposures:
> 10% : 1
7.5-10%: 3
5-7.5%: 0

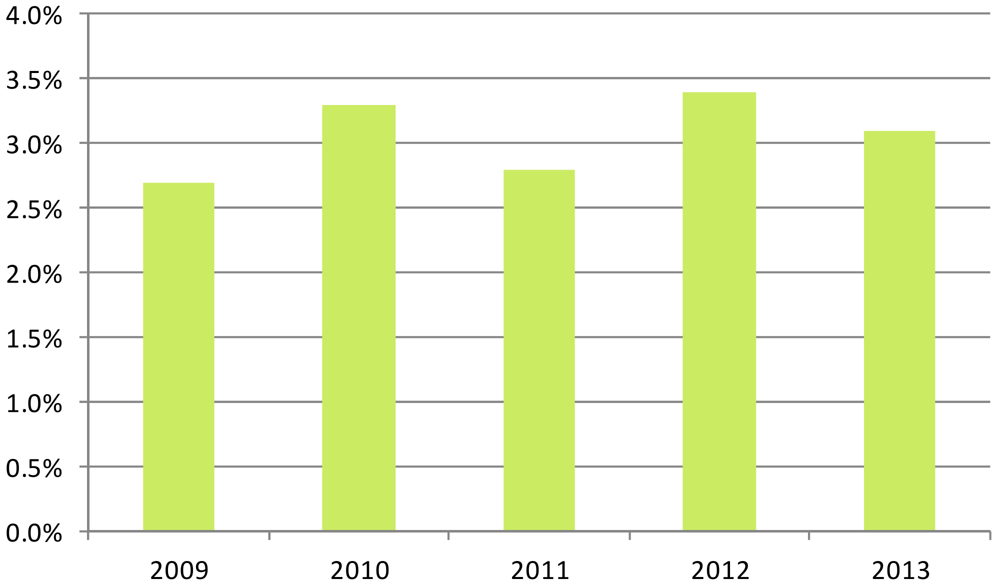
Balance of loan impairment charges

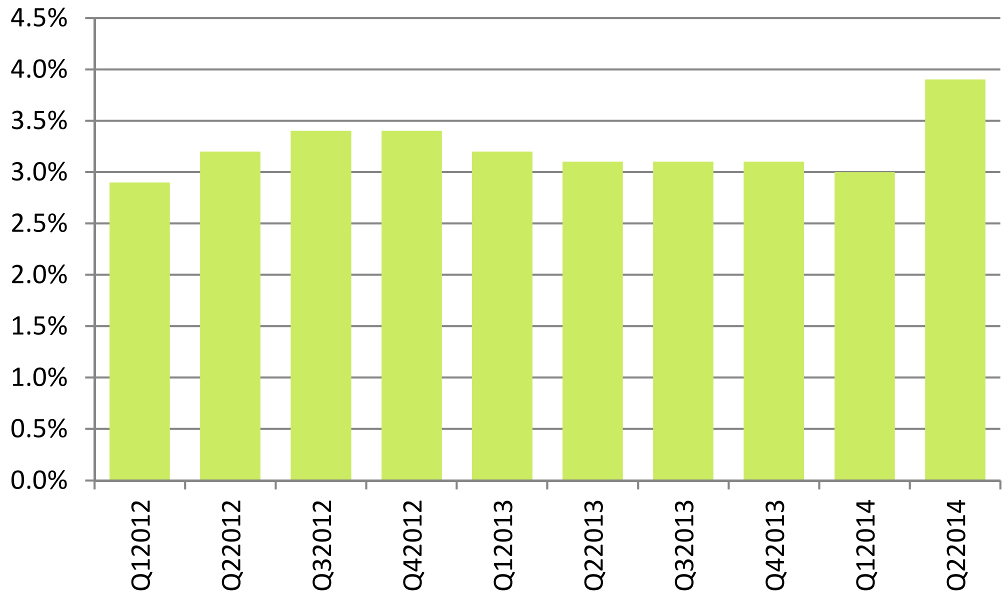




Balance of discounts for assets taken over DKK 3,213m
Total balance for loan impairment charges and provisions for guarantees and balance of discounts for assets taken over DKK 8,456m corresponding to 2.3% of total loans, advances and guarantees

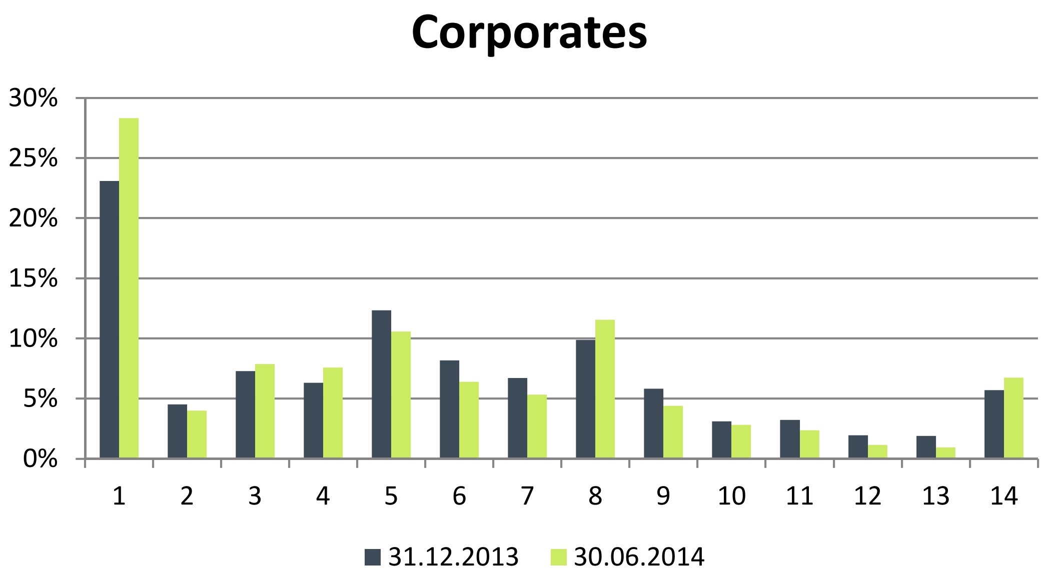
Balance of loan impairment charges

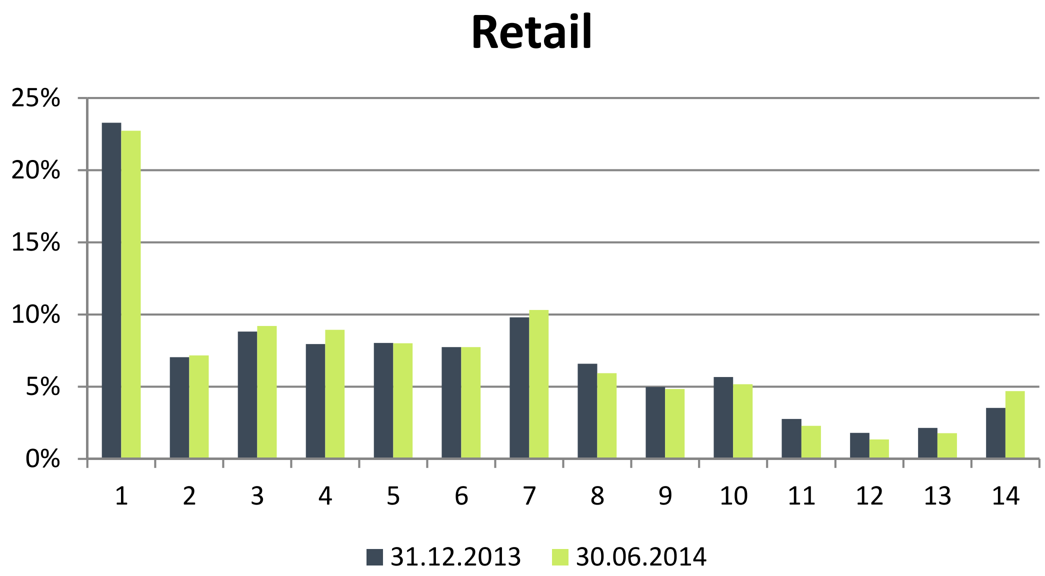




Per cent of bank loans and advances

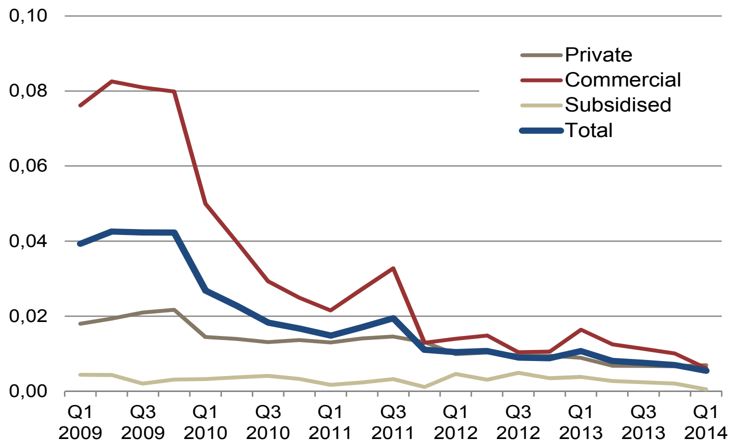
Exposures by credit rating
(Jyske Bank A/S)



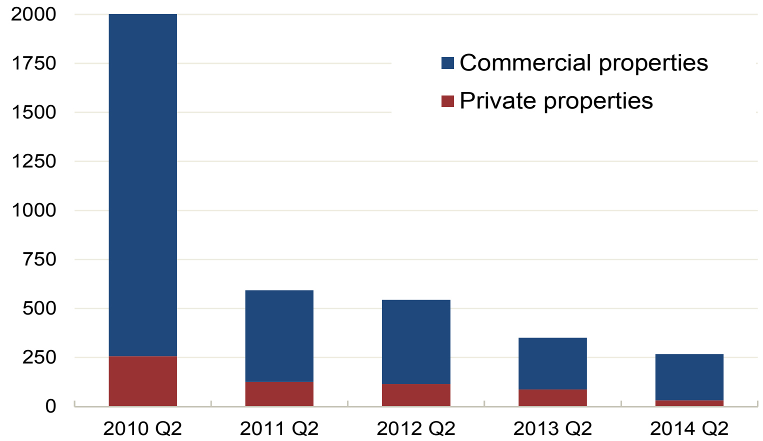


Credit quality - BRFkredit

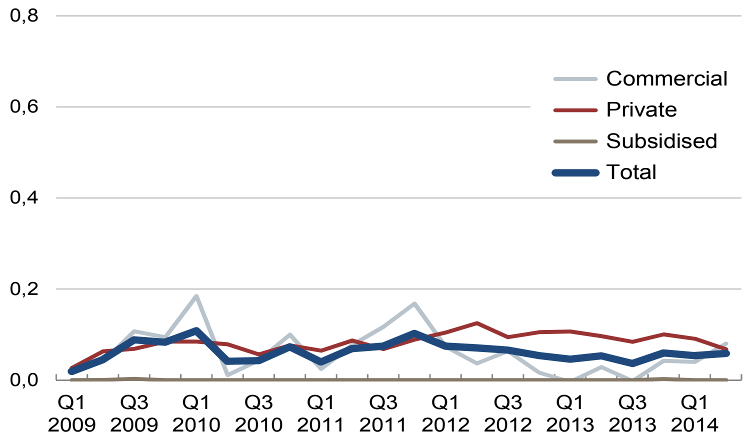
90-days arrears (*per cent of total lending*)



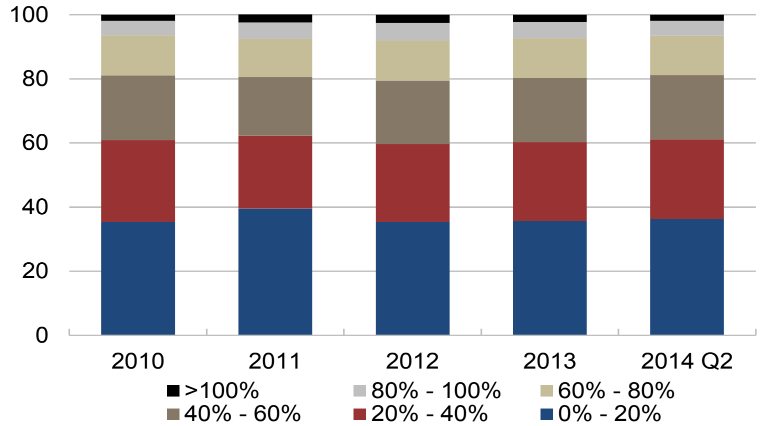
Repossessed properties (*DKKm*)



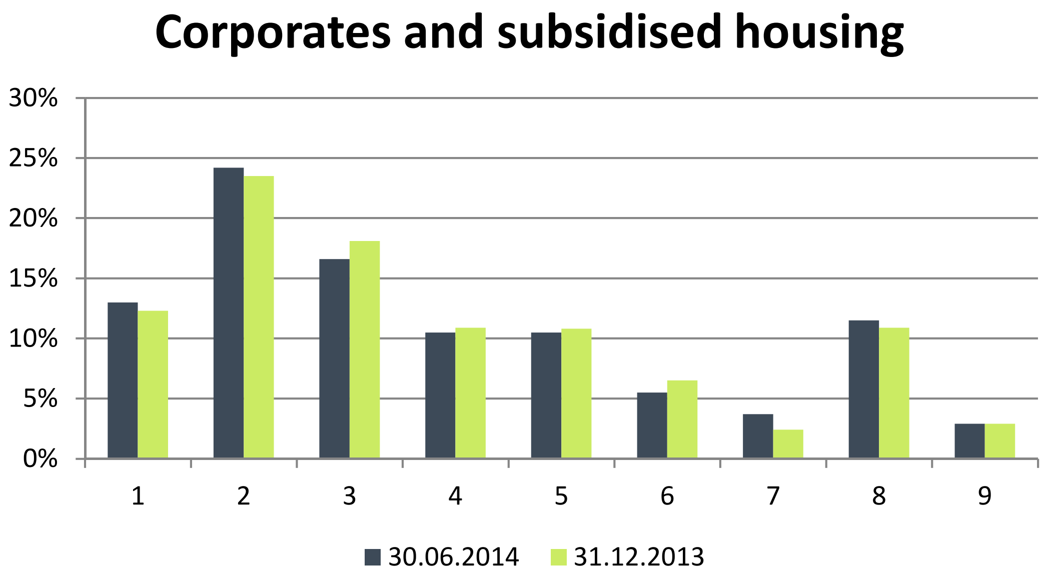
Quarterly realised losses (*per cent of total lending*)

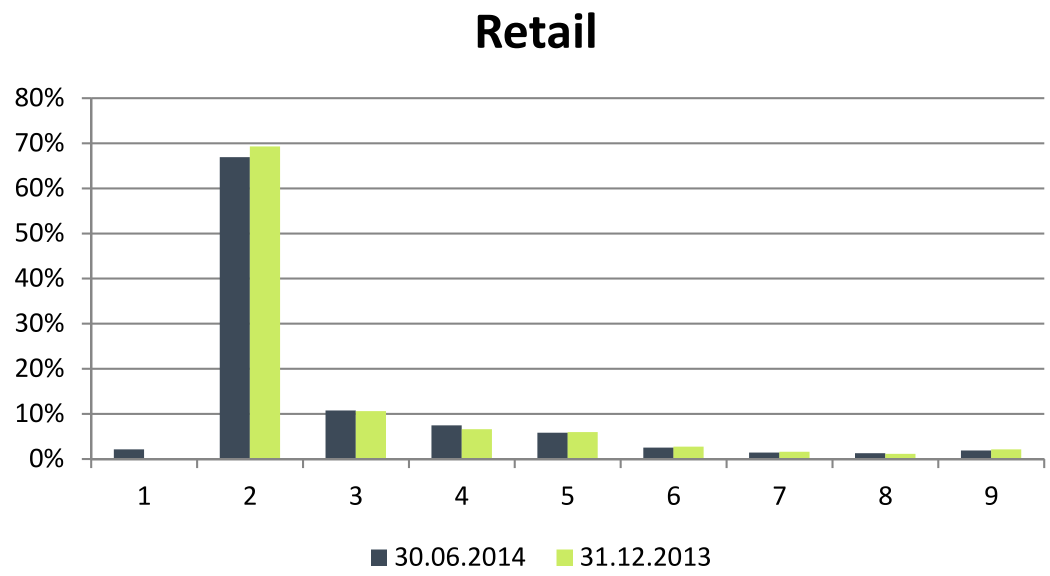


Loan-to-Value brackets (*per cent of lending*)



Exposures by credit rating
(BRFkredit A/S)





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

The basics
Citizens: 5.6 million
Area: 43.098 sq km (0.4 % of USA)
Currency: Kroner (fixed exchange rate policy to the euro)

A welfare state
Total tax revenue as % of GDP (2011)
Denmark 48.1 % (Highest in the OECD)
Germany 37.1 %
USA 25.1 %

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

Flexible labour market
Unemployment (latest)
Denmark 6.5 %
Euro Area 11.5 %
USA 6.1 %

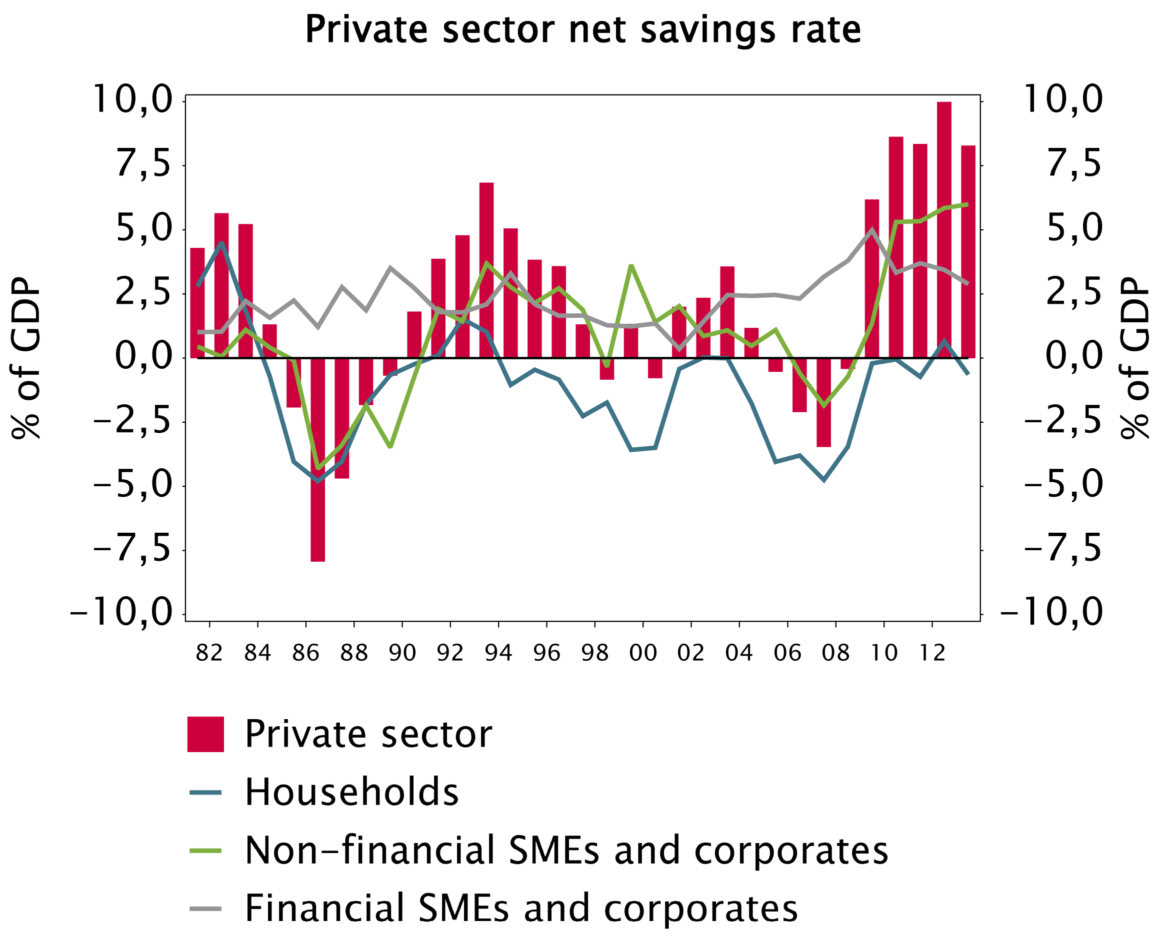
Open to the world
Exports as % of GDP (2012)
Denmark 54.4 %
Germany 51.9 %
USA 13.5 %

From goods to services
Production, value added (USA)

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

The private sector is still in consolidation mode

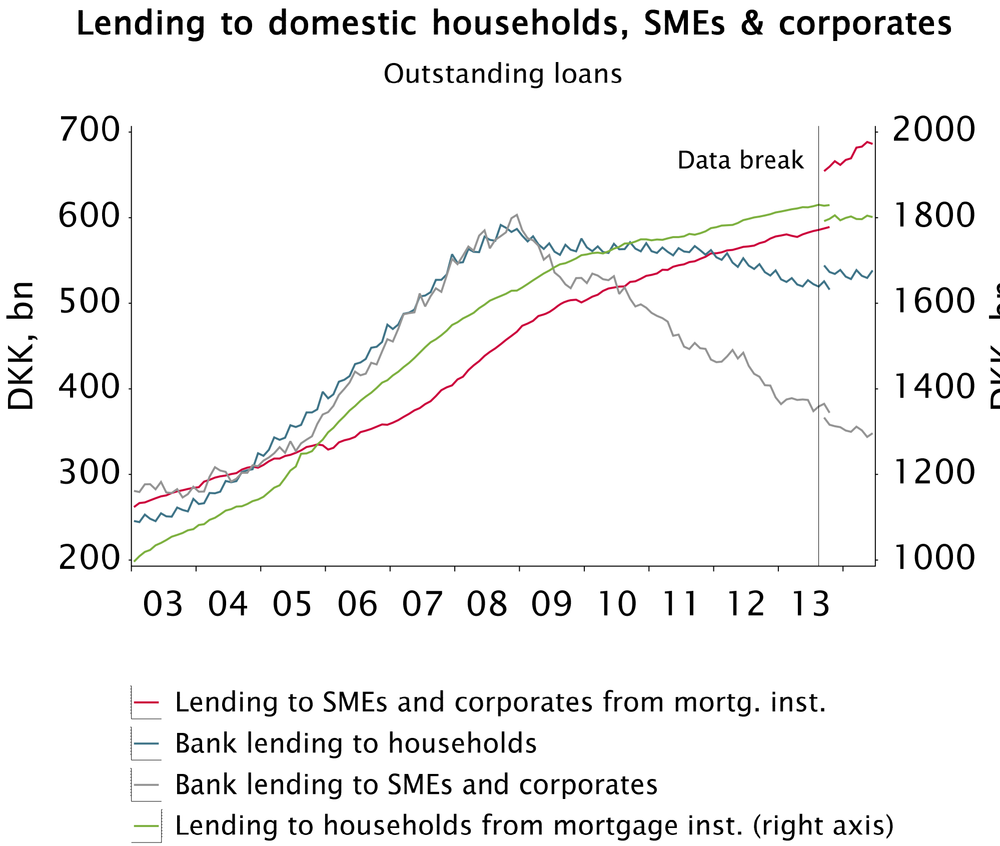
The private sector saving (especially from SME and corporates) has been record high since 2009.



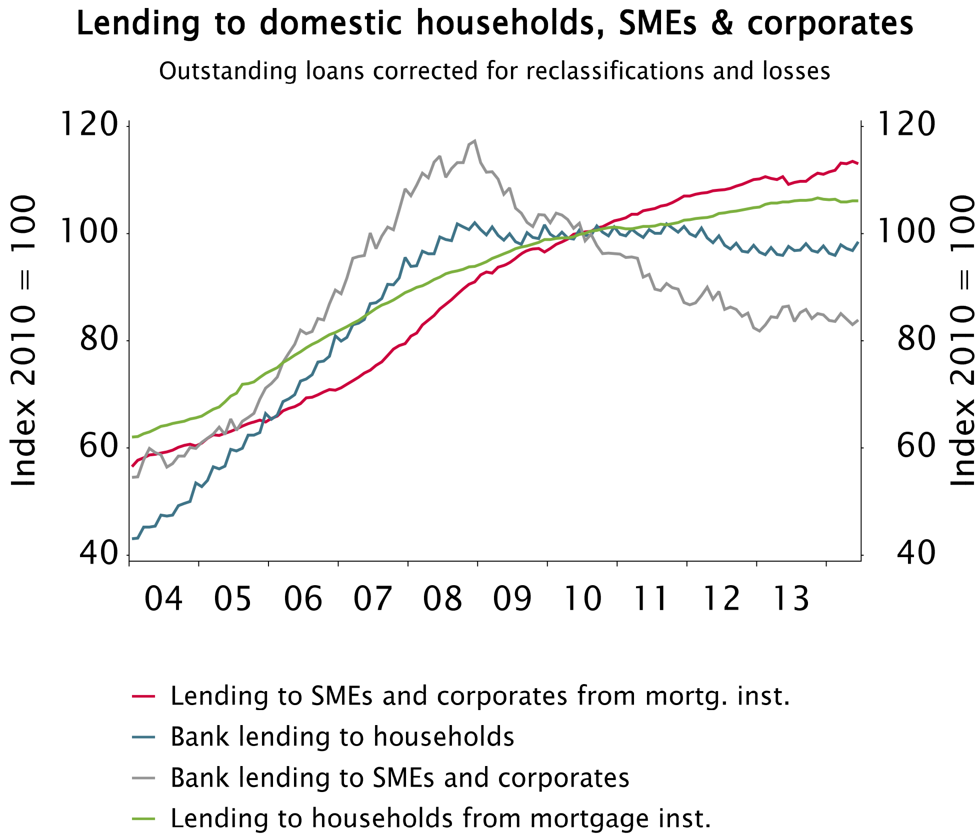
Source: Danmarks Statistik

The private sector is reluctant to borrow

JYSKE BANK



Source: Danmarks Nationalbank

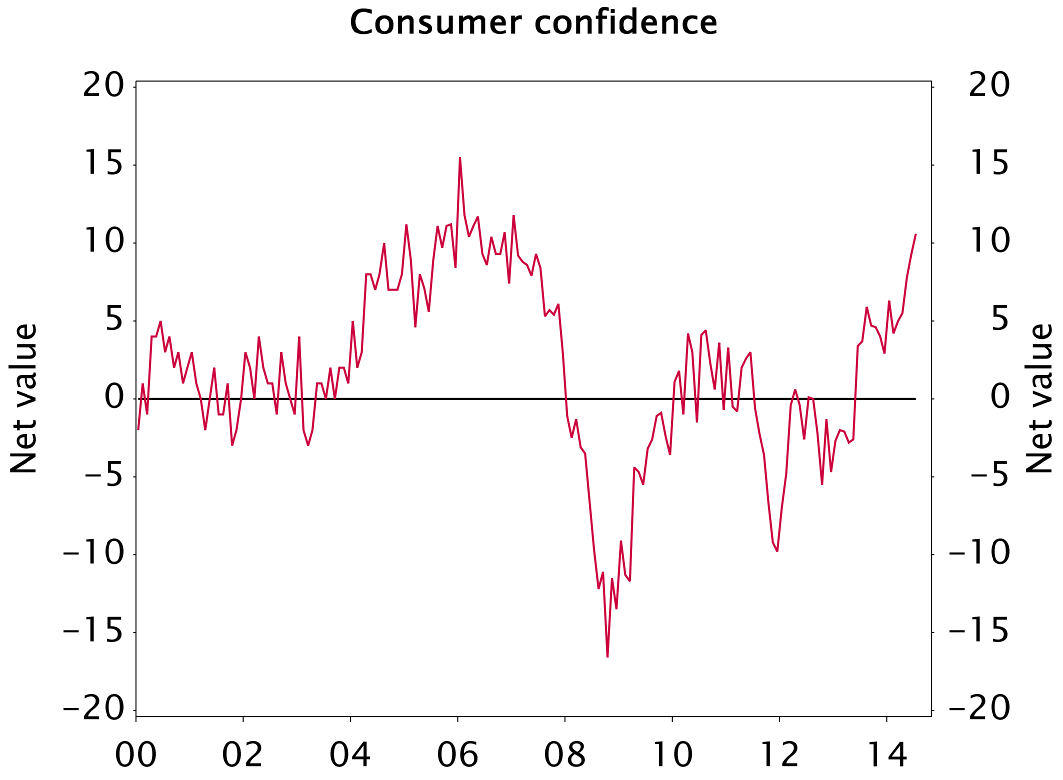


Source: Danmarks Nationalbank

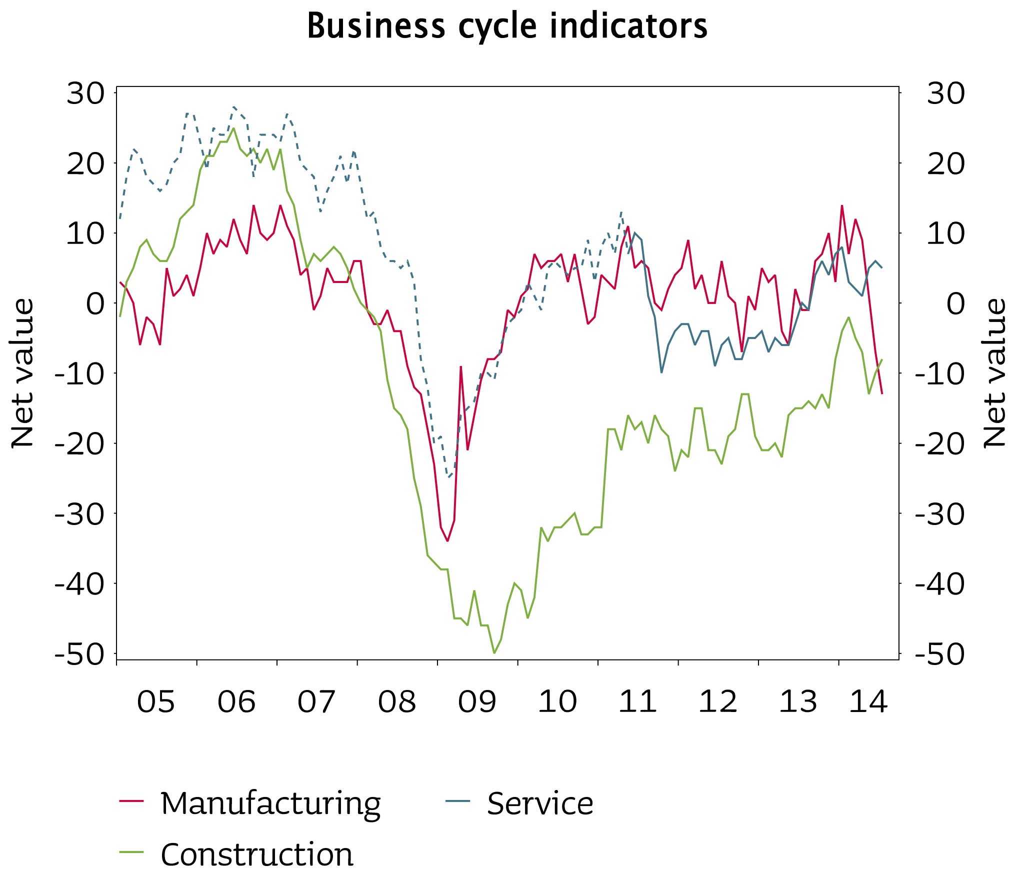
Still, the Danish economy is improving

In Q1 2014 y/y GDP growth was 1.5 %. The best performance since 2010. Thus, the economy has gone from showing non to now moderate growth. Increased exports is the primary driver of the turnaround.

Sentiment has improved, except for a somewhat disturbing drop in the manufacturing index



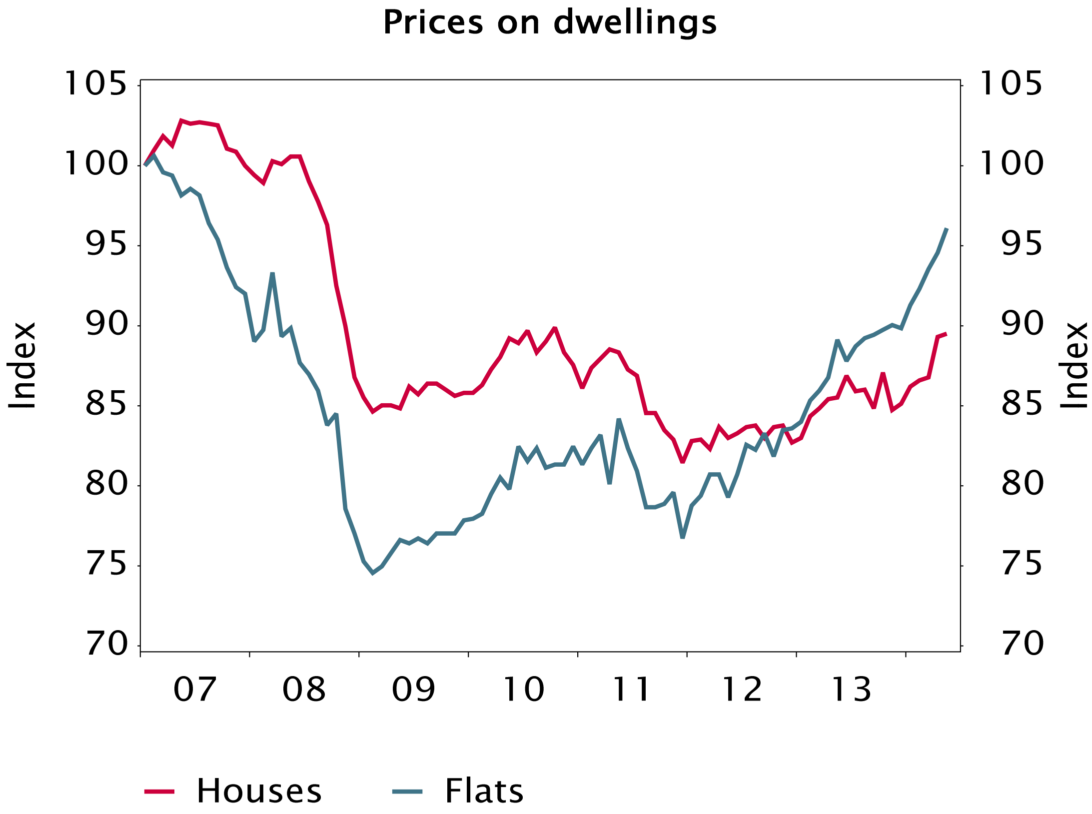
Source: Reuters Ecowin

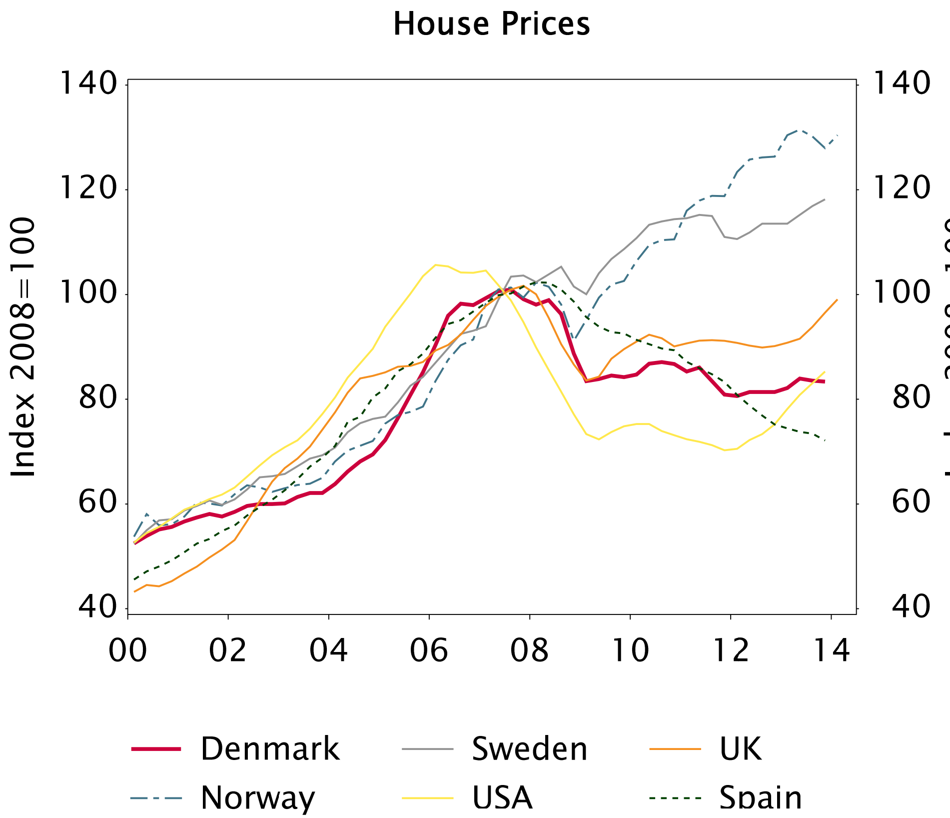


Source: Reuters Ecowin

House prices increased during the past year

House prices are up 8 % since the beginning of 2013 and prices on flats are up 22 % since eayrly 2012. Overheating of Copenhagen flat market is becoming an issue again, although still not present in our view.



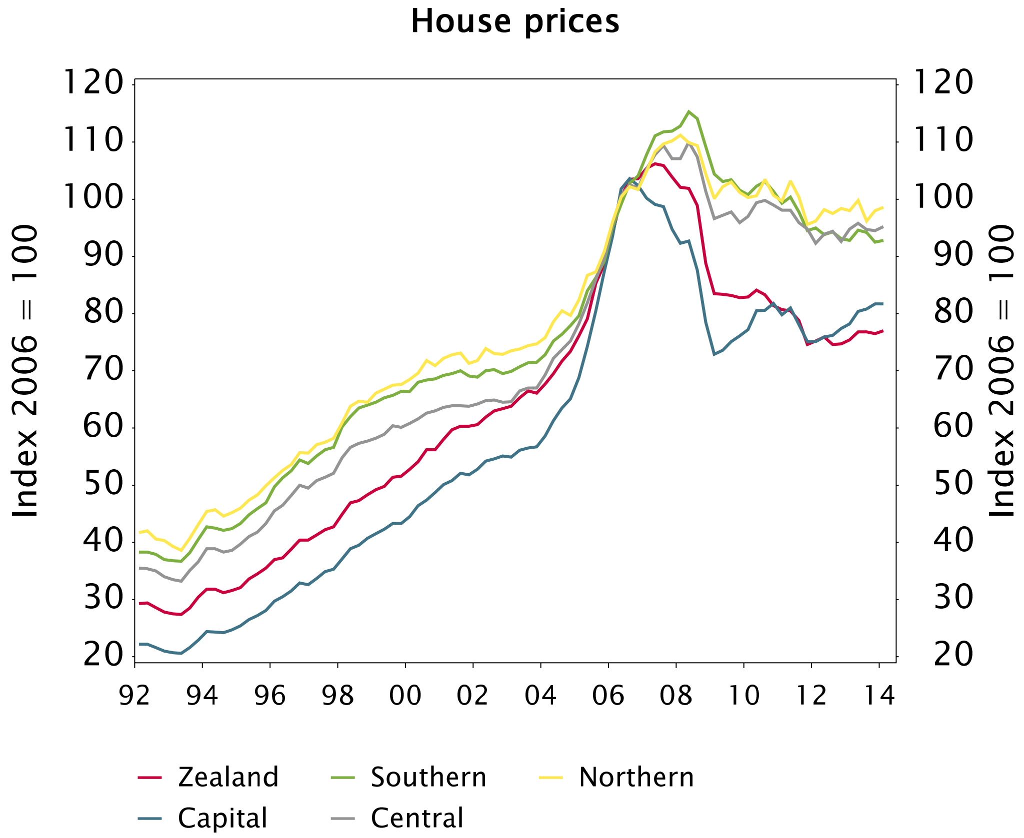


Source: Danmarks Statistik

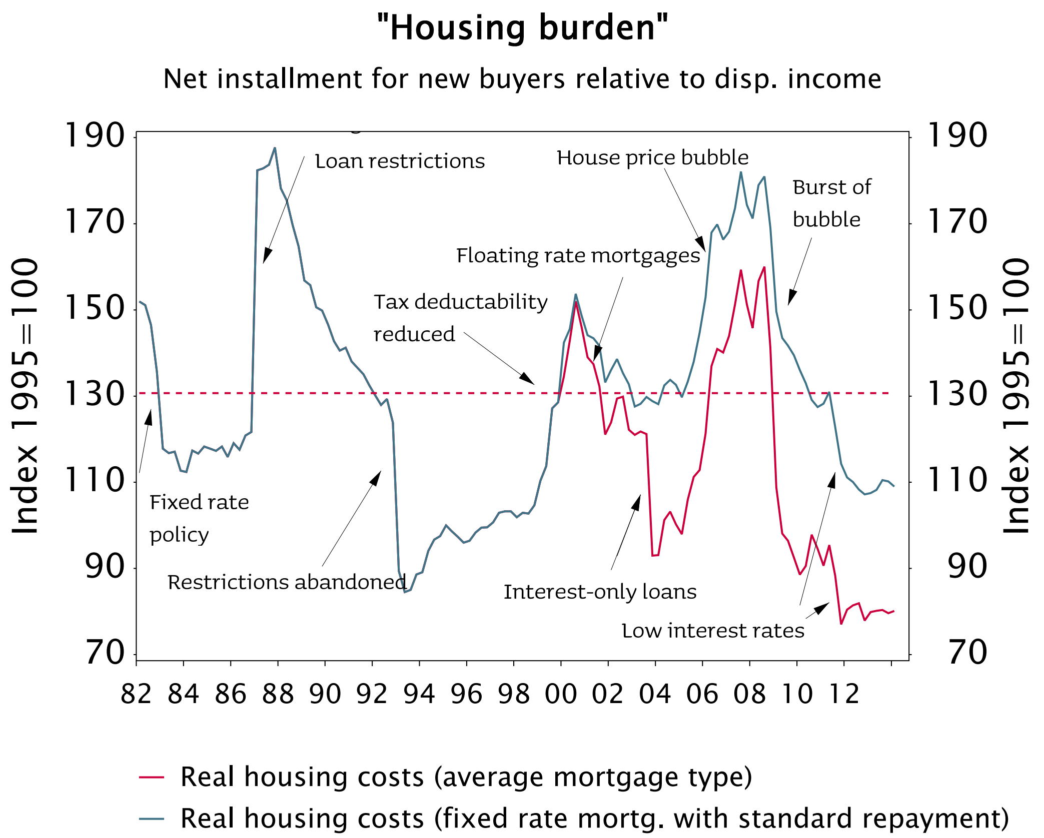
Cross-country differences, although currently less pronounced. Buying a house is cheap in real terms

JYSKE BANK

House price increases in the capital area look less pronounced than earlier on. Continued large excess supply outside the capital area.
A low "housing burden" supports the market.



Source: Danmarks Statistik

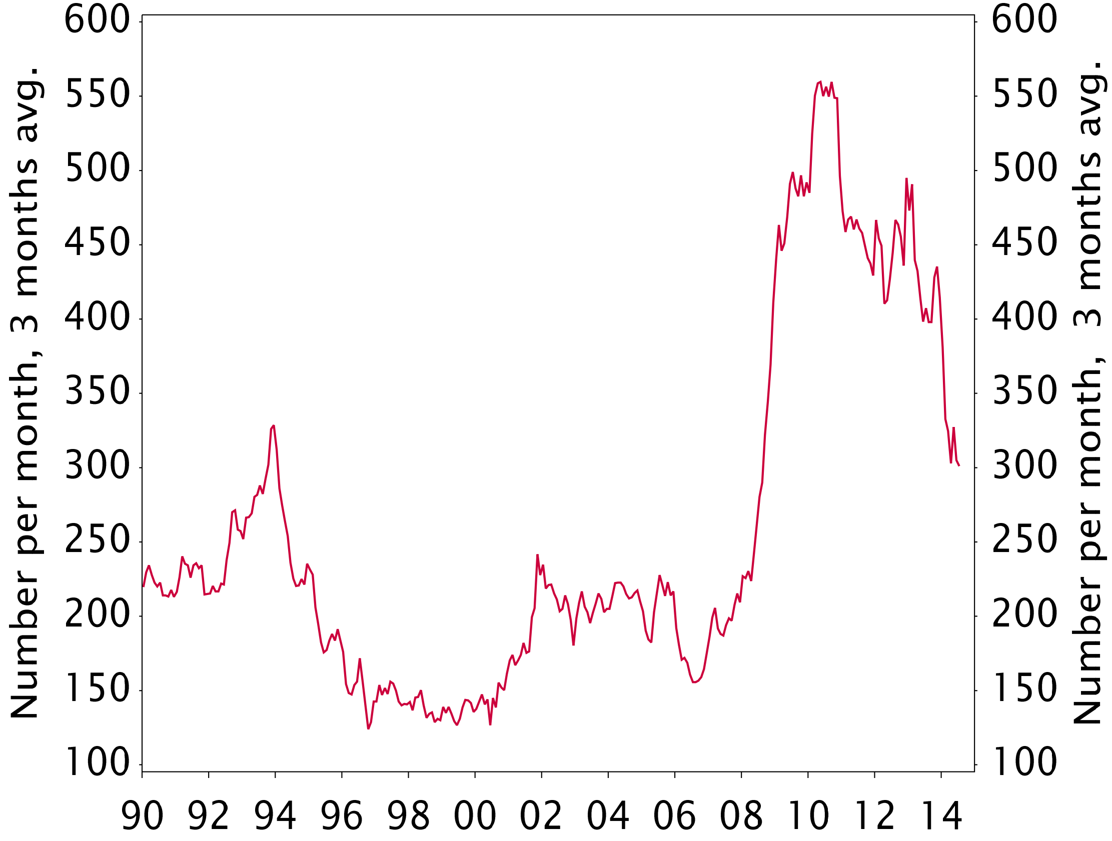


Source: Jyske Bank

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

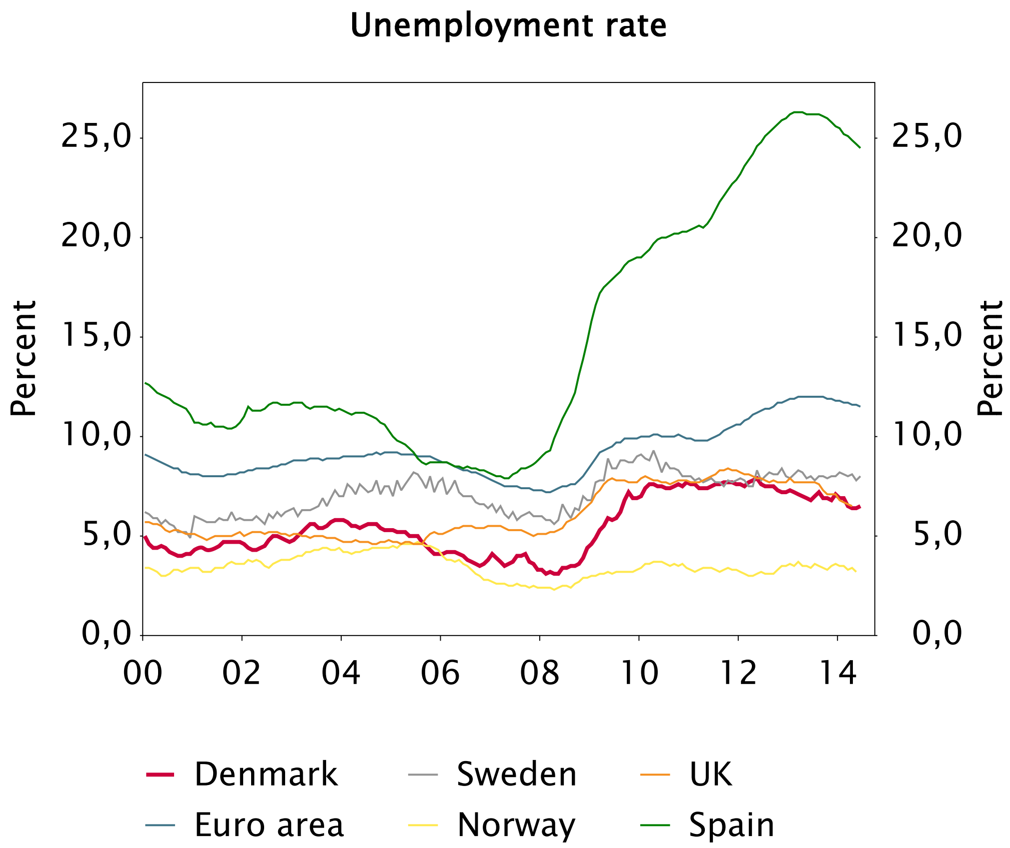
JYSKE BANK

Business sector bankruptcies

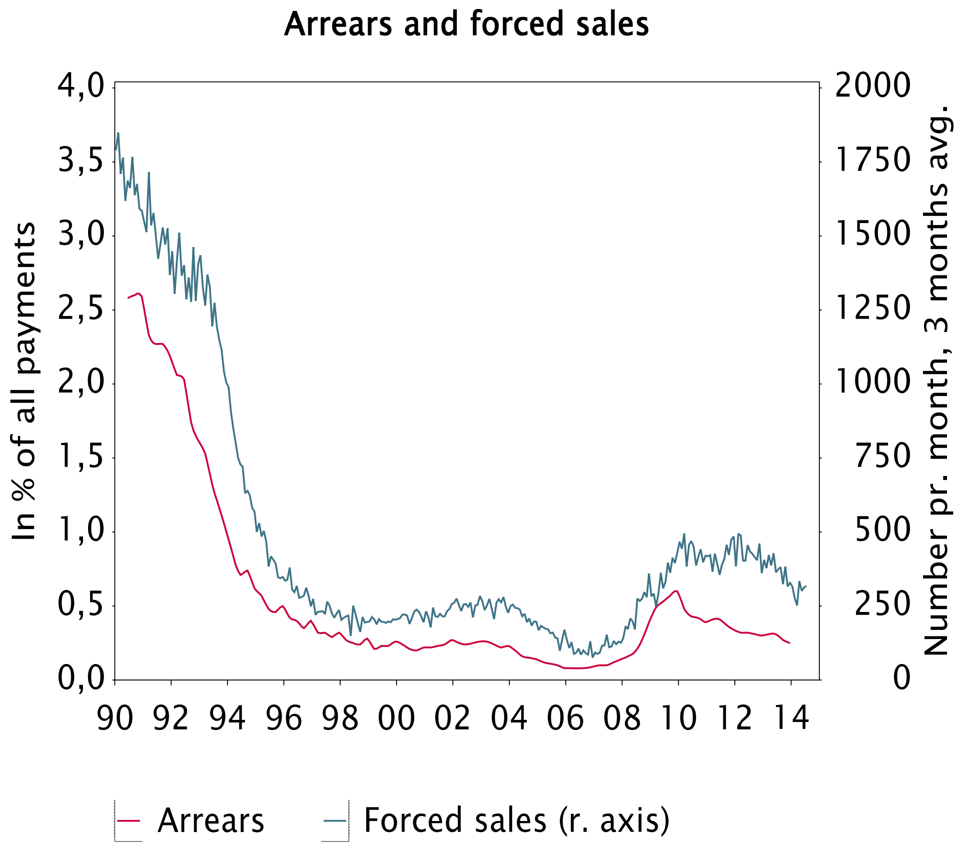


Source: Reuters EcoWin

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



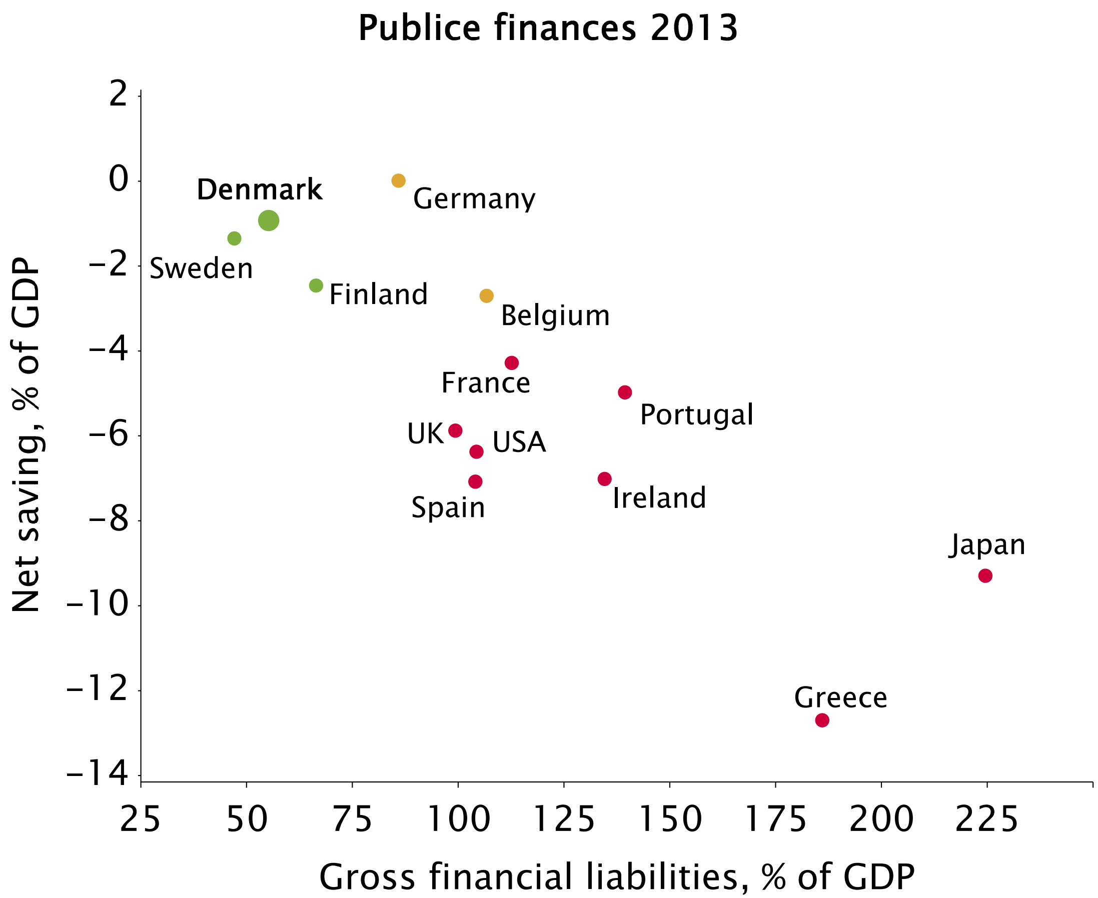
Source: Reuters EcoWin



Source: Realkreditrådet and Reuters Ecowin

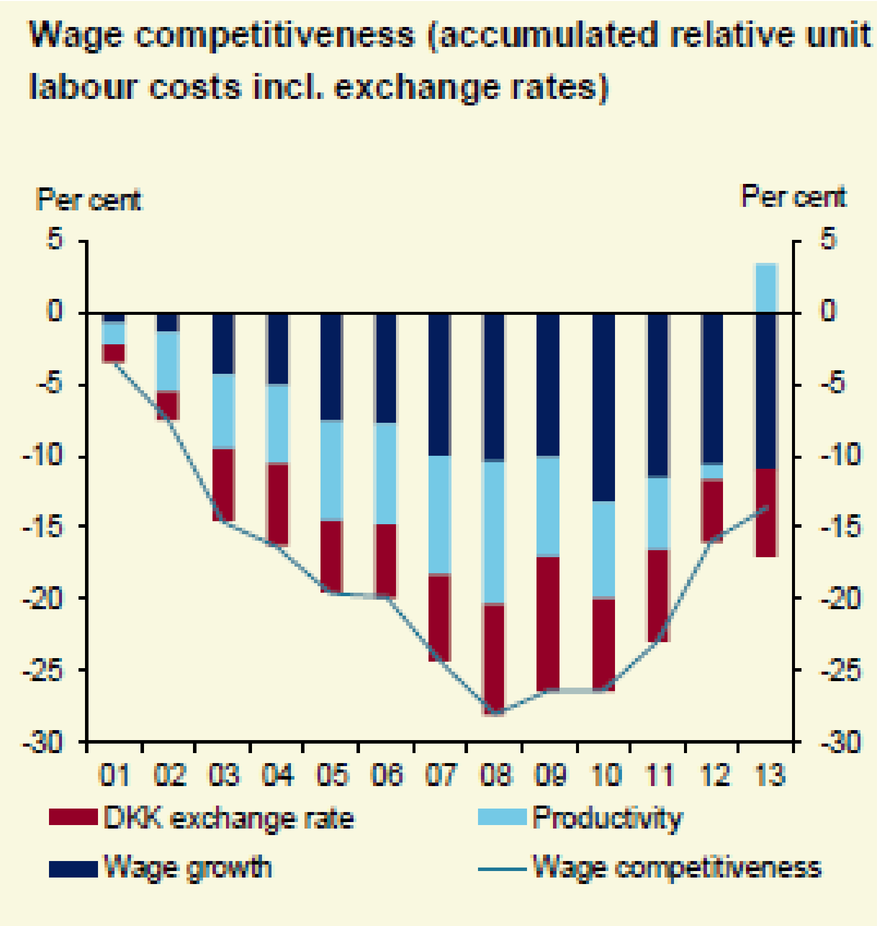
Denmark has a healthy public sector economy

Public debt is low and public net saving was -0.9 % of GDP in 2013 and is likely to be close to 0.0 % in 2014. However, there is a one-off positive contribution from pension tax brought forward. Without this deficits would otherwise be close to, but below 3 % of GDP in 2013 and 2014.



Source: OECD

Competitiveness has improved

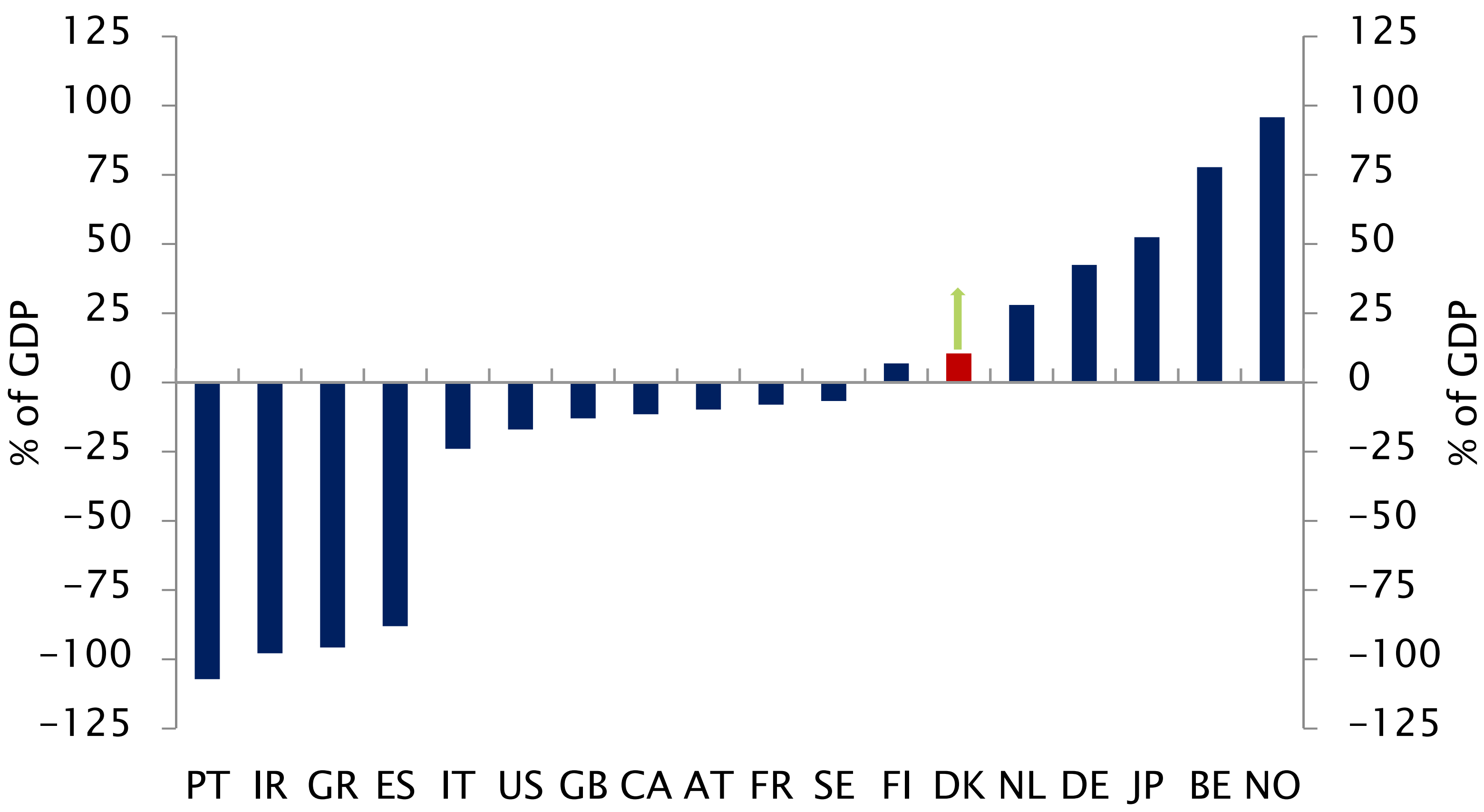


Danish competitiveness deteriorated dramatically during the booming years. Danish production sector has been under some pressure and still is, but conditions are slightly better due to a gradual and ongoing improvement.

Source: Ministry for economic affairs and the interior!

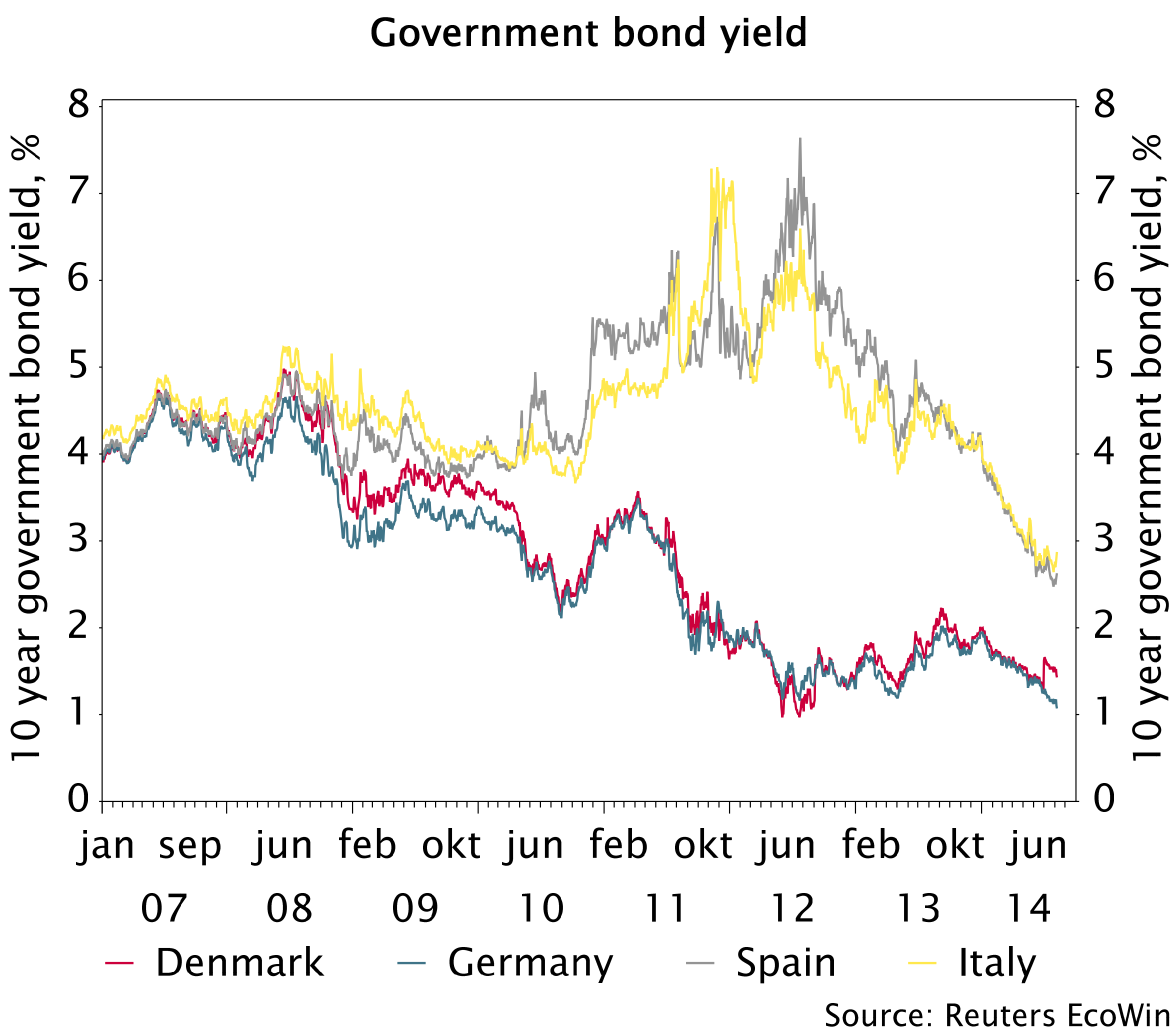
Overall the Danish economy is structurally strong

Denmarks net assets against the rest of the world are significantly higher today : around 37 % of GDP



Source: Danmarks Nationalbank

... and Denmark is a AAA economy



The outlook:

Moderate growth to continue, overall strong economy

• The economy is likely to **continue in its new moderate growth mode**. However, this is dependend on countinued improved conditions in the European economy.

• A **more pronounced upturn** can materialize over the next few years, but the **turn around is relatively slow** due continued private sector saving both in Denmark and abroad.

• Fiscal policy **will be slightly tightened in 2015**

• 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*
Consumer spending	905	-0.7	-0.1	0.0	1.4	1.5
Public spending	524	-1.4	0.4	0.8	1.2	0.9
Fixed gross investment	322	3.2	0.8	0.7	1.4	2.3
Inventory investment**	2	0.4	-0.3	0.2	0.0	0.0
Exports	1021	7.0	0.4	1.2	3.0	3.0
Imports	913	5.9	0.9	1.7	3.1	2.9
Gross domestic product (GDP)	1858	1.1	-0.4	0.4	1.4	1.6
Current account						
- DKKbn		106	109	136	135	110
- percentage of GDP		5.9	6.0	7.3	7.1	5.6
Public budget balance						
- DKKbn		-37	-72	-17	-5	-60
- percentage of GDP		-2.1	-3.9	-0.9	-0.3	-3.1
Unemployment						
-Unemployed (thousands), gross		160	162	153	132	126
- Percentage of the workforce		5.4	5.5	5.2	4.5	4.3
Employment (thousands)		2,776	2,767	2,777	2,794	2,804
Inflation (%)		2.8	2.4	0.8	0.8	1.4
Wage index (manufacturing industry, %)		2.3	1.8	1.5	1.8	1.9
House prices (nominal prices, %)		-2.8	-3.3	2.6	2.5	2.0
Nationalbanken's lending rate, year-end		0.7	0.2	0.2	0.2	0.3

* Jyske Bank's forecast

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

Danish FSA

- Reports in 2011, 2012, 2013 and 2014

Danish FSA reports 2011, 2012, 2013 and 2014
(Jyske Bank ex BRF)

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.

Risk weighting of QRRE
- All danish banks using the special risk weighting for QRRE was ordered to stop using this method.

Danish FSA reports 2011, 2012, 2013 and 2014
(BRFkredit)

BRFkredit

Market risk
- Management of securities and funding satisfactory

Large exposures and loans to property rental
- The inspection did not give rise to changes in impairments on loans or in solvency requirements
- The FSA ordered BRF to adjust the institutes rating modet, and noted that the institute had a relatively high share of large exposures

Retail customer, joint funding and arrears
- The inspection did not give rise to any reactions on the part of the FSA

Management and control of credits, loans and advances to corporates,
- The inspection did not give rise to any reactions on the part of the FSA

BRFkredit Bank

Ordinary inspection
- The FSA ordered the bank to increase impairments on large exposures with DKK 51m.
- The FSA ordered the bank to improve the setup for follow-up on retail exposures, and to improve the banks rating setup

The supervisory diamond
- The FSA noted that the bank exceeded the benchmark regarding exposures to property administration and property transactions. The FSA recommended the bank to reduce exposures with property administration and property transactions

Business model and management and control of credits
- Regarding the business model the FSA noted the large dependence of the parent company and the relatively low earnings compared to similar institutes
- On the basis of a review of large exposures with corporates and the retail loan portfolio, the FSA ordered the bank to raise loan impairments by DKK 98m. The order had only a minor effect on capital ratios and solvency requirement

Fact Book

Core earnings

CORE PROFIT AND PROFIT FOR THE PERIOD DKKm	H1 2014	H1 2013	Index 14/13	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	The year 2013
Net interest income	2,599	2,367	110	1,526	1,073	1,147	1,141	1,258	4,655
Net fee and commission income	775	859	90	351	424	505	367	424	1,731
Value adjustments	-9	230	-	-192	183	114	66	138	410
Other income	2,824	339	833	2,753	71	87	135	134	561
Income from operating lease (net)	39	34	115	21	18	16	15	18	65
Core income	**6,228**	**3,829**	**163**	**4,459**	**1,769**	**1,869**	**1,724**	**1,972**	**7,422**
Core expenses	2,593	2,261	115	1,408	1,185	1,135	1,073	1,058	4,469
Core profit before loan impairment charges and provisions for guarantees	**3,635**	**1,568**	**232**	**3,051**	**584**	**734**	**651**	**914**	**2,953**
Loan impairment charges and provisions for guarantees	994	627	159	705	289	288	232	385	1,147
Core profit	**2,641**	**941**	**281**	**2,346**	**295**	**446**	**419**	**529**	**1,806**
Earnings from investment portfolios	162	261	62	39	123	145	89	112	495
Pre-tax profit	**2,803**	**1,202**	**233**	**2,385**	**418**	**591**	**508**	**641**	**2,301**
Tax	41	247	17	-36	77	123	123	121	493
Profit for the period	**2,762**	**955**	**289**	**2,421**	**341**	**468**	**385**	**520**	**1,808**

Profit/loss

BREAKDOWN OF THE PERIOD'S PROFIT	H1 2014				H1 2013			
DKKm	Core earnings	Earnings on investment portfolios	Reclassification	Total	Core earnings	Earnings on investment portfolios	Reclassification	Total
Net interest income	2,599	184	0	2,783	2,367	183	0	2,550
Net fee and commission income	775	-1	0	774	859	-1	0	858
Value adjustments	-9	-21	0	-30	230	75	0	305
Other income	2,824	7	0	2,831	339	8	0	347
Income from operating lease	39	0	144	183	34	0	163	197
Income	**6,228**	**169**	**144**	**6,541**	**3,829**	**265**	**163**	**4,257**
Expenses	2,593	7	144	2,744	2,261	4	163	2,428
Profit before loan impairment charges and provisions for guarantees	**3,635**	**162**	**0**	**3,797**	**1,568**	**261**	**0**	**1,829**
Loan impairment charges and provisions for guarantees	994	0	0	994	627	0	0	627
Pre-tax profit	**2,641**	**162**	**0**	**2,803**	**941**	**261**	**0**	**1,202**

Questions

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