Jyske Bank
Q2 2017

22 August 2017

Our targets

JYSKE BANK

	Q2 2017
• Delivering an attractive long-term return on equity of 8-12%	8.0%
• Volume growth	
• DKK 100bn in housing-related loans	DKK 88.0bn
• DKK 20bn in property loans for corporate clients	DKK 15.8bn
• Maintaining a strong capital position	19.4% and 16.5%

- Long-term targets for capital ratio 17.5% and CET1 ratio 14%
- Capital levels above long term targets in order to manage future regulatory requirements
- S&P rating A- (stable outlook)

Jyske Bank in brief

JYSKE BANK

- One of the four large financial institutions in Denmark and a Danish SIFI
  - 3 segments (Banking, Mortgage and Leasing)
  - Estimated market share of 11%
  - Danish play
  - Approx. 890,000 customers
  - Nationwide branch network comprised of 95 personal client branches, 30 corporate branches and 10 Private Banking centres
  - Total assets of DKK 580bn and total loans of DKK 435bn of which mortgage loans account for DKK 296bn (68%)

- Growth strategy primarily focused on property lending: home loans and mortgages
  - Creating growth and challenging the border between banks and mortgage credit institutions

- 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 2.5bn (dividends DKK 1bn, buy-back DKK 1.5bn)
  - Able and willing to participate in further consolidation of the Danish financial sector

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, opening equity	Loans and advances, DKKbn	Deposits, DKKbn	Total assets, DKKbn	Number of FTEs
1997	584	443	4,772	11.5%	36.6	41.5	63.1	2,671
1998	710	511	5,173	10.7%	39.7	43.8	76.9	2,772
1999	1,276	897	5,391	17.3%	49.8	49.8	92.6	3,013
2000	1,255	1,083	5,887	20.1%	75.4	52.3	127.4	3,190
2001	890	623	6,174	10.6%	82.5	54.4	133.2	3,418
2002	1,083	511	6,658	8.3%	95.3	59.0	153.2	3,359
2003	1,809	1,284	7,843	19.3%	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	21.6%	90.9	79.8	141.6	4,026
2006	2,810	2,134	9,637	22.5%	107.2	88.8	160.7	4,216
2007	2,273	1,735	9,704	18.0%	134.0	112.7	214.3	4,145
2008	1,291	988	10,722	10.2%	129.1	117.0	236.8	4,112
2009	589	471	12,523	4.4%	110.6	109.3	224.5	3,877
2010	1,012	757	13,352	6.0%	114.0	115.8	244.1	3,847
2011	631	493	13,846	3.7%	124.5	127.3	270.2	3,809
2012	849	596	15,642	4.3%	118.6	121.0	258.2	3,574
2013	2,301	1,808	17,479	11.6%	131.4	131.4	262.0	3,774
2014	3,103	3,089	27,561	17.7%	361.8	152.7	541.7	4,191
2015	3,204	2,476	30,040	9.0%	396.2	144.9	543.4	4,021
2016	3,906	3,116	31,038	10.3%	422.4	154.6	586.7	3,981
H1 2017	2,067	1,615	31,306	10.2%	435.0	157.2	579.9	3,988

Average ROE 1997- H1 2017 of 12.6%

Q2 2017 highlights

JYSKE BANK

- Jyske Bank delivers a net profit of DKK 639m, equal to ROE 8.0% p.a.
  - Continued growth in new home loans, total volume of DKK 88.0bn end of Q2 (end-2016: DKK 79.5bn), increasing volume in traditional bank loans and bank deposits
  - Core income above DKK 2bn. Stable NII compared to Q1 2017 but continued pressure compared to H1 2016 due to low interest rate environment, reduced bond portfolios and lower reinvestment rates on bond portfolios. Fee income continues strong performance. Sale of real property results in income of DKK 96m (other income)
  - Core expenses ex. one-offs stable. One-offs of DKK 127m expensed in Q2 2017
  - Net reversals – credit quality continues to improve, continued reversals on agriculture

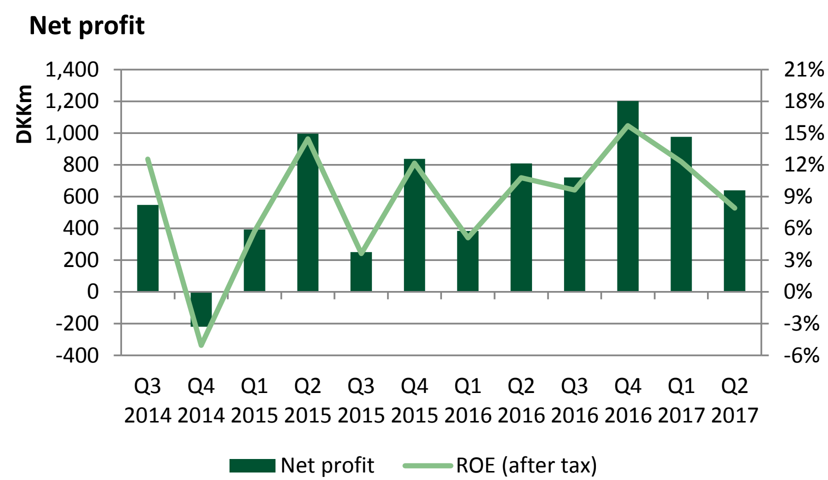
- Capital distribution
  - 2017/18: DKK 2.5bn in total
    - Dividends DKK 1bn
    - Share buyback programme of DKK 1.5bn – original amount of DKK 500m (March 1st to September 29th 2017) increased by DKK 1bn and programme extended until March 28th 2018

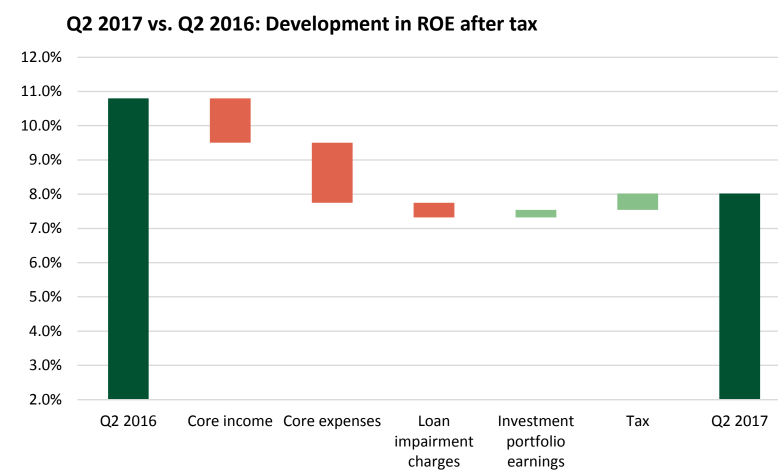
Less tail wind from financial markets, lower ROE

- Delivering a net profit of DKK 639m and ROE of 8.0% p.a. in Q2 2017

- A decrease of 4.3 percentage points compared to Q1 2017 due to primarily:
  - Lower value adjustments and investment portfolio earnings
  - One-offs in core expenses remain level with Q1 2017, thus providing no improvement

- ROE of 8.0% p.a. in Q2 2017 compared to 10.8% p.a. in Q2 2016, decrease attributed to:
  - Higher core expenses due to one-offs
  - Lower core income mainly driven by pressure on NII





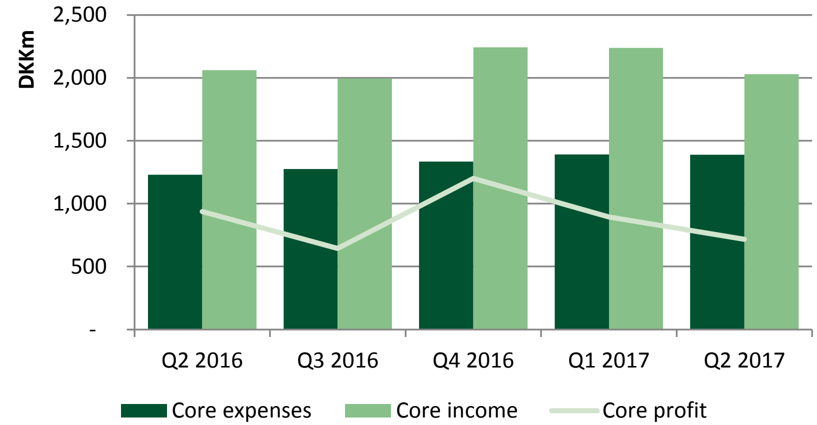
Jyske Bank Group

- Growth in mortgages and home loans continues at slightly lower pace
- Bank loans increase by 2% compared to Q1. Bank deposits up 1%
- Positive development in AUM

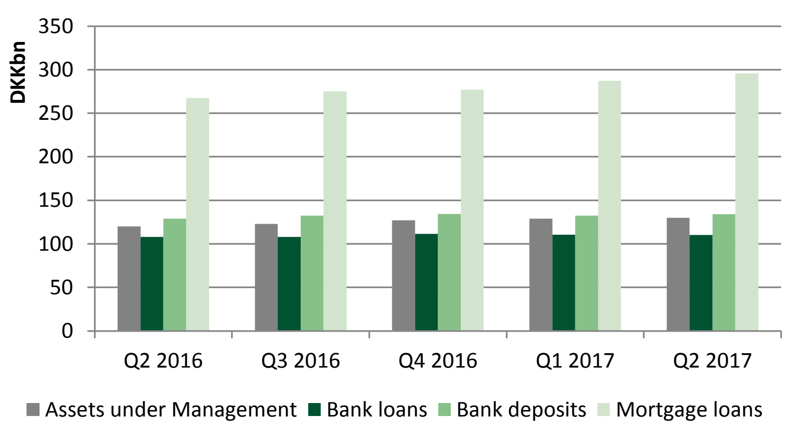
- Core income decreases as value adjustments become more moderate
- Core expenses remain at Q1 level due to one-offs booked in Q2 – underlying development stable

- Net reversals of impairments – also significant reversals on agriculture

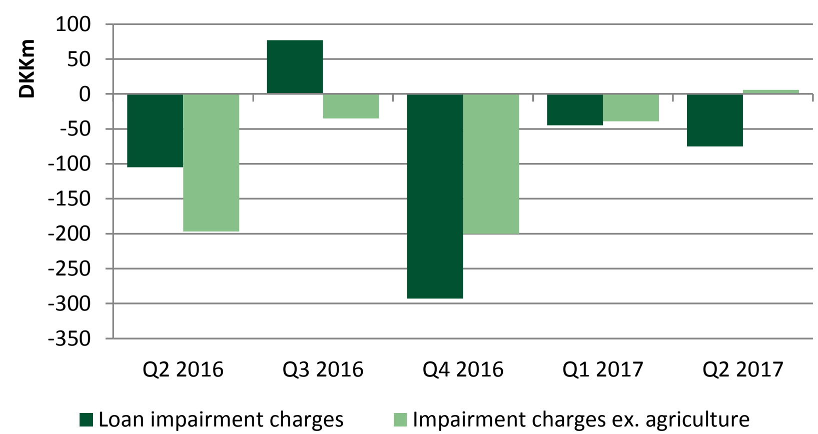
Financials



Business volumes



Loan impairment charges (under core profit)

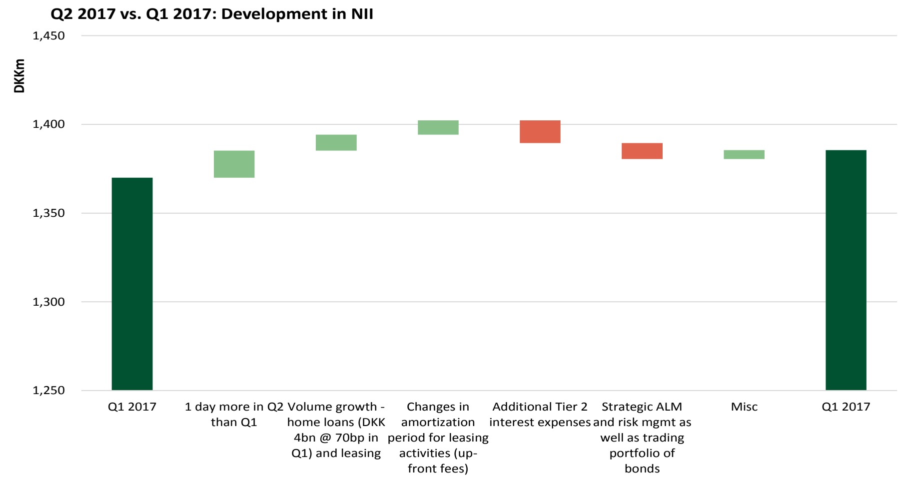


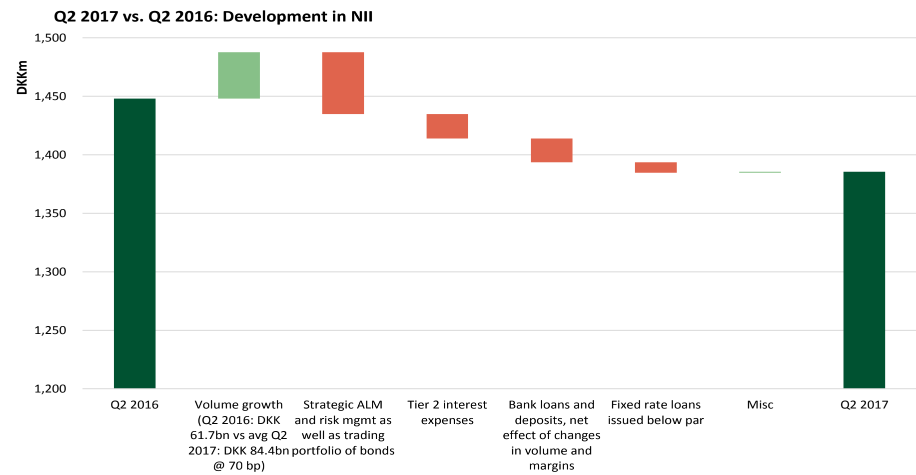
NII: Signs of stabilization

JYSKE BANK

- Small positive variance when comparing Q2 to Q1 2017:
  - NII supported by
    - Growth in home loans and mortgages as well as leasing activities
    - 1 day more in Q2 than Q1
    - Changes in amortization period for up-front fees on financial leases
  - NII pressured by
    - Interest expenses on Tier 2 capital issued in early April
    - Lower net interest income from strategic ALM and risk management as well as trading portfolio of bonds

- Negative variance of DKK 62m compared to Q2 2016:
  - Support from growth in home loans and mortgages outweighed by lower net interest income from strategic ALM and risk management as well as trading portfolio of bonds (in particular reduced bond holdings and lower reinvestment rates) but also pressure on NII from banking activities and Tier 2 interest expenses





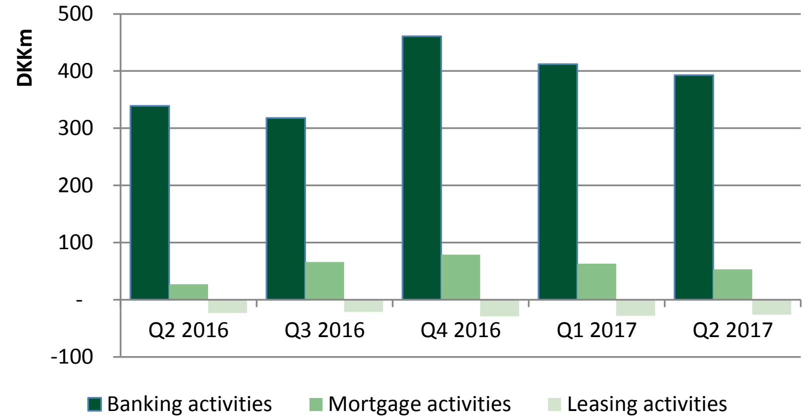
Net fee income continues at high level

- Net fee income in Q2 2017 of DKK 420m – down from DKK 447m in Q1 2017 but still more than 20% up compared to Q2 2016. The improved performance can be attributed to:
  - Banking activities: Primarily investment related fee income, secondarily loan application fees
  - Mortgage activities: Fee income increased by higher activity level (loan application fees) and refinancing activity

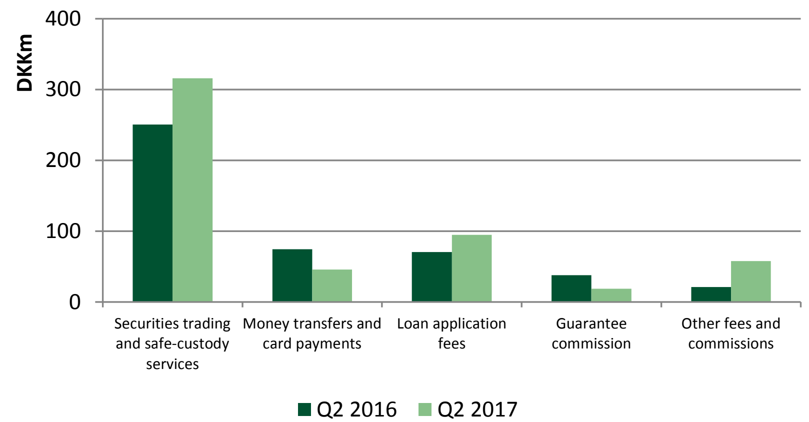
- From Q3 2017 and onwards Jyske Invest Fund Management will have a positive effect of DKK 15-20m on “Other fees and commissions”. The effect will be off-set by a similar increase in core expenses

- Securities trading etc.:
  - Increasing fees and commissions primarily driven by increased activity. Secondarily, an uptick due to bringing forward product fees as conversion into new products takes place, and to a minor extent performance related fees
  - Increased activity within mortgage activities (refinancing) leads to higher brokerage income
- Loan application fees:
  - Higher activity within mortgage activities and reinstatement of up-front fees on home loans

Net fee income



Fee and commision income



Stable trend in core expenses excl. one-offs

- Underlying development in core expenses stable

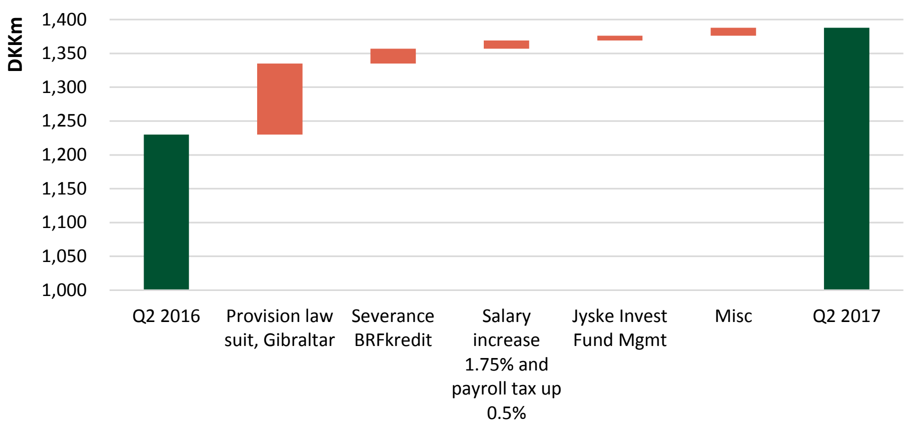
- Core expenses in Q2 2017 at level with Q1 2017:
  - Both quarters affected by one-offs. In Q2 2017, one-offs of DKK 127m versus one-offs of DKK 110m in Q1 2017

- Compared to Q2 2016 core expenses are up by DKK 158m due to:
  - One-offs incurred in Q2 2017 (DKK 127m)
  - Annual re-occurring salary increase stipulated by collective agreement (1.75%) and increase in payroll tax rate (0.5%)
  - Jyske Invest Fund Management (DKK 7m).

- From Q3 2017 and onwards core expenses related to Jyske Invest Fund Management will be approx. DKK 15-20m per quarter. The increase in core expenses will be off-set by a similar increase in other fees and commissions

Q2 2017 vs. Q1 2017: Development in core expenses

Q2 2017 vs. Q2 2016: Development in core expenses



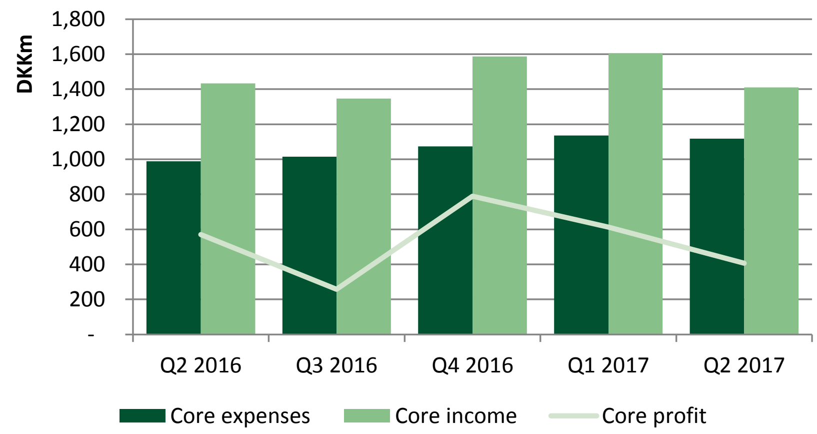
Banking activities

- Increasing volume in bank loans and stable bank deposits
- Positive development in AUM

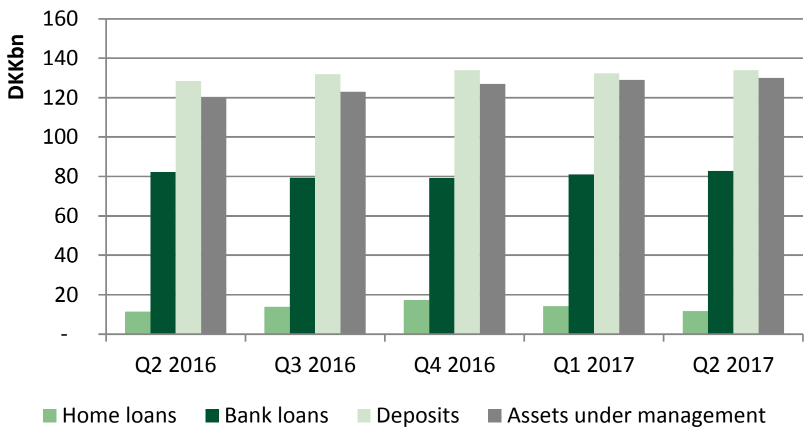
- Core income at level with Q2 2016 but lower than previous quarters as value adjustments become more moderate
- Core expenses remain at high level seen in Q1 due to one-offs, underlying development stable

- Net reversals of impairments – also significant reversals on agriculture

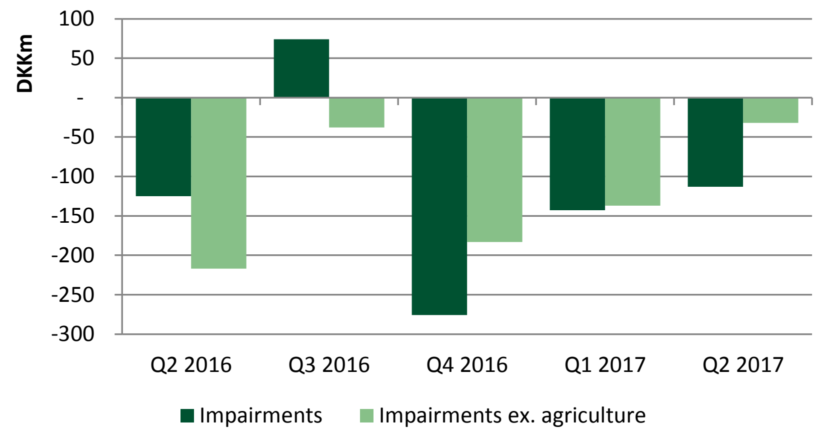
Financials



Business volumes



Impairments

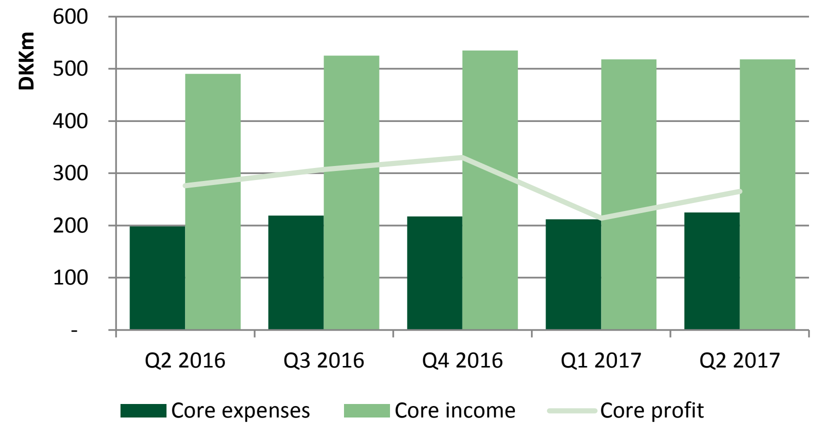


Mortgage activities

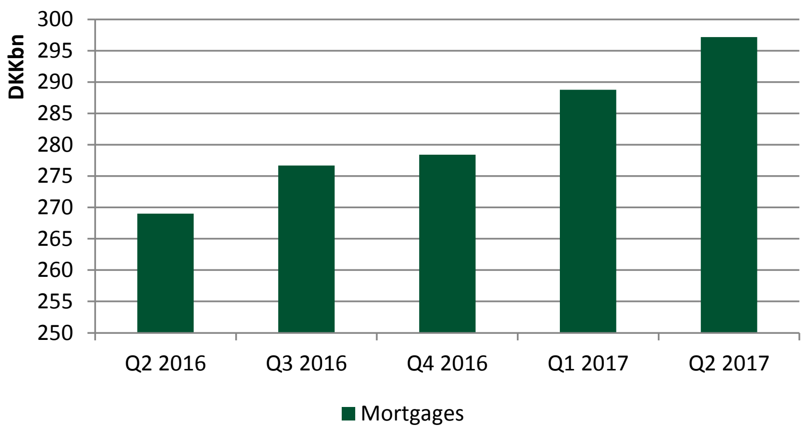
JYSKE BANK

- Growth in all lending segments - most significant in Private and Commercial segment
- Core income stable – NII grows as volume grows, net fee income significantly higher than Q2 2016 but lower than Q1 2017
- Core expenses as expected incl. one-off (severance pay)
- Impairments return to lower levels after Q1 increase related to impairments on a few hard-to-sell mortgaged properties

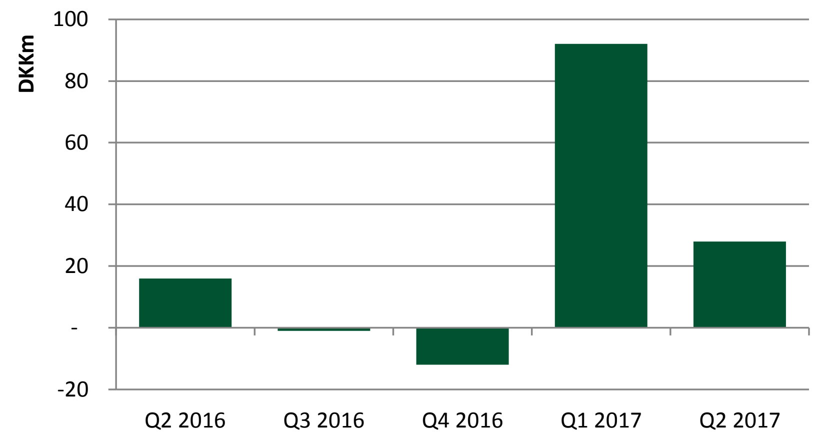
Financials



Business volumes (BRFkredit A/S)



Impairments



Leasing activities

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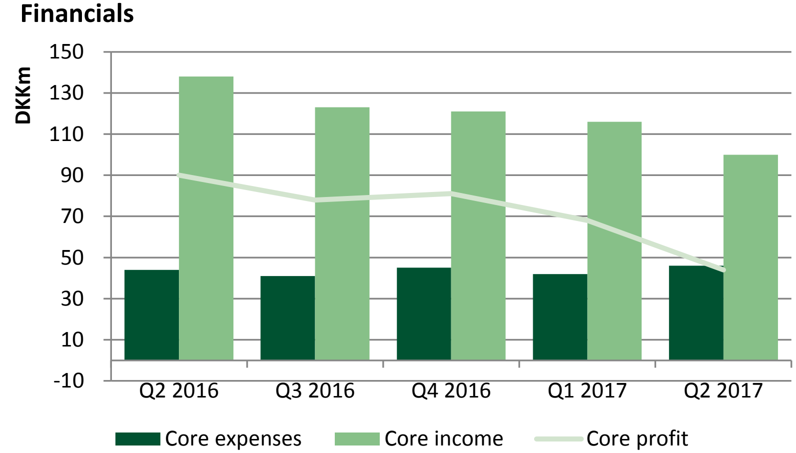
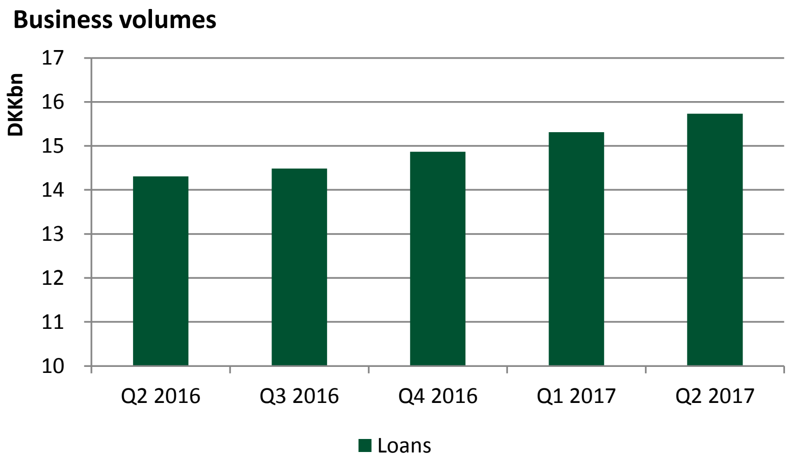
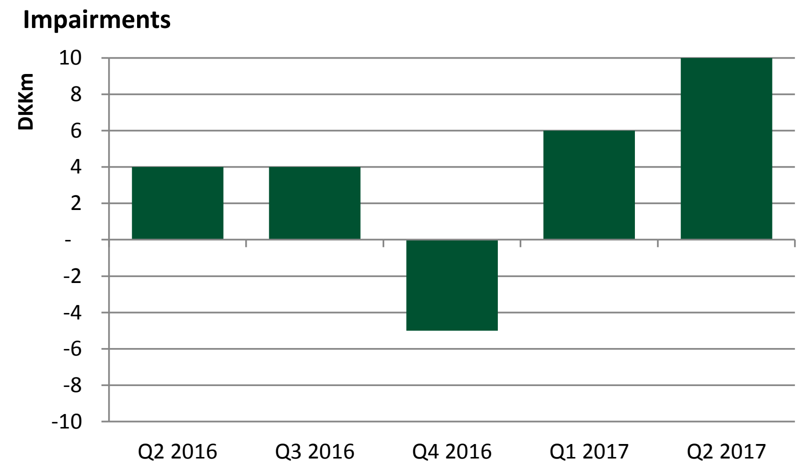
- Loan volumes continue to increase
- Core income lower due to adjustment of residual values on operating leases
- Core expenses develop as expected
- Minor increase in impairment charges, however still at low level







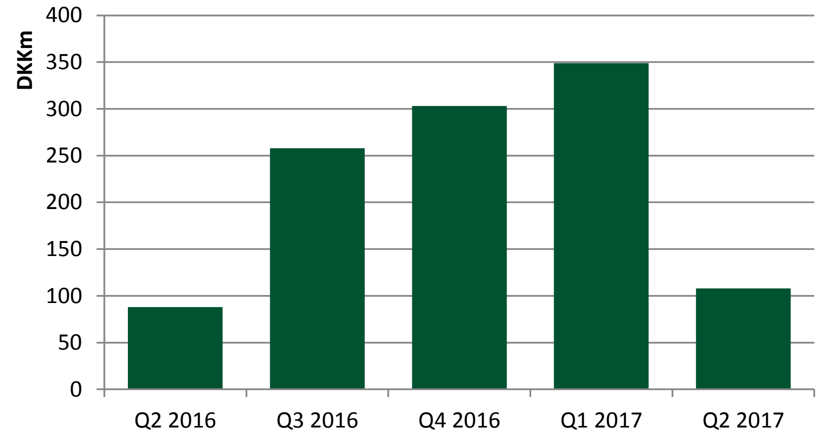
Investment portfolio earnings at more moderate level

JYSKE BANK

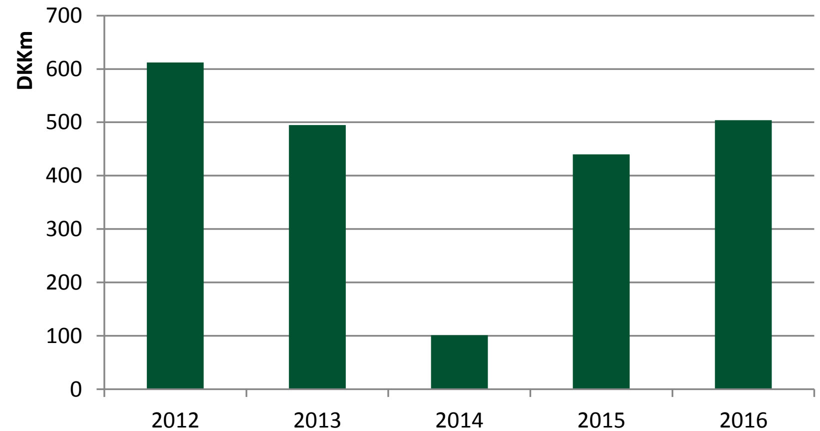
- More moderate investment portfolio earnings after 3 quarters' elevated earnings
  - Nordjyske Bank share priced at 115 end of Q2, equal to the price end of Q1. Thus, no value adjustments (Q1: value adjustments of DKK 70m and received dividend of DKK 30m)

- Annual investment portfolio earnings have been ranging between DKK 100-600m the past 5 years
  - With an average of approx. DKK 400m

Investment portfolio earnings, quarterly



Investment portfolio earnings, last 5 years



Capital Markets’ activities

Capital Markets' activities

JYSKE BANK

- Capital Markets is the only business unit in Jyske Bank that is actively engaged in taking on and hedging of various market risks
  - Market risks embedded in other business units' business models are constantly monitored and hedged though Capital markets
- Three objectives
  - Client-driven market risk activities in Jyske Markets and Jyske Capital
  - Own client and counterparty responsibility and risks (Corporate and Institutional Banking)
  - Optimizing the Group's market risks including floor risks, liquidity and capital position (Treasury)
- Achievements
  - Management of market risk, liquidity and capital at Group level
  - Transformation of risk profile in parallel with regulatory and market conditions, issuance of instruments in international capital markets to reflect internal policies on capital and funding
  - 30% increase in business volume with lower capital employed on a Group scale
-
- Preparing for future requirements for the Group and for Capital Markets – upgrading IT
  - Implementation of MUREX platform in cooperation with Bankdata
  - Front-, back- and middle office within Capital Markets in a wall-to-wall solution
  - Preparing for a future where classical banking balances and products include various market risks

Strategic ALM and risk management

JYSKE BANK

- 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 45bn end of Q2 2017, consists primarily of Danish mortgage bonds
- Net effect of DKK 23m in Q2 2017 – down from DKK 115m in Q1 2017 and DKK 127m in Q2 2016
  - Net P/L effect primarily driven by Danish mortgage bonds
  - Effect shall be seen as combination of both net interest income and value adjustments
- Strategic ALM and market risk management – responsibilities:
  - Overall responsibility for managing and hedging the Group's strategic market risks related to ordinary banking as well as mortgage lending activities
  - Strong focus on present and future regulatory requirements, concerning both liquidity and capital
  - Issuance of liquidity and capital instruments at Group level (senior debt in the form of CP and EMTN, subordinated Tier 2 debt and hybrid Tier 1 (AT1) capital)

STRATEGIC ALM AND RISK MANAGEMENT					
DKKm	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Net interest income	67	85	90	96	93
Value adjustments	-44	30	81	19	33
	23	**115**	**170**	**114**	**127**

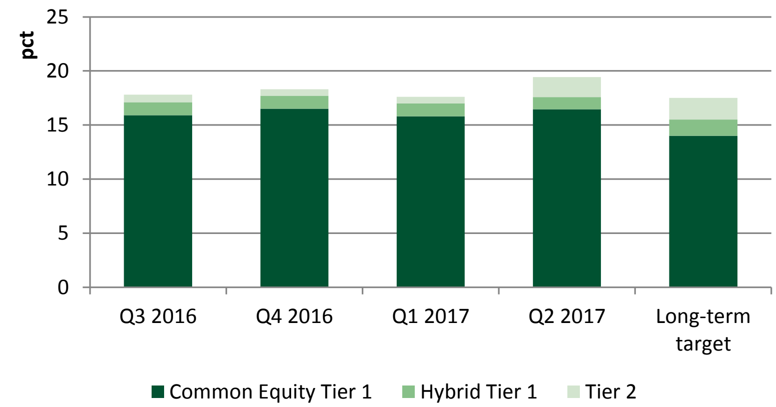
Capital

Adjusting to long-term capital targets

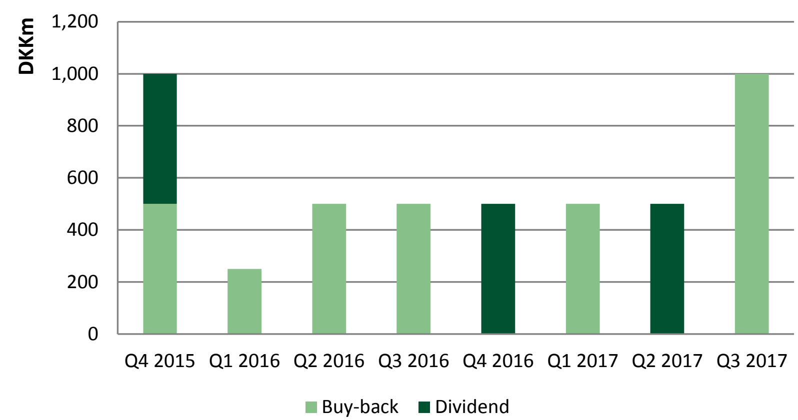
JYSKE BANK

- Capital ratio 19.4% and CET1 ratio 16.5% end of Q2 2017 vs. long-term targets of 17.5% and 14%. Increase due to inclusion of Tier 2 capital issued early April and current profit
- Gradual adjustment of the capital structure towards targets (3.5% in subordinated debt)
  - Subordinated debt 3.0% of RWA end of Q2 2017
  - Adjustment expected to be completed at the latest by end of H1 2018
  - Explores possibilities in the market for issuing capital instruments on an on-going basis
- Capital distribution:
  - Share buy-back programmes of DKK 3.25bn in total:
    - DKK 750m (Nov 2015-Jun 2016)
    - DKK 1bn (Jul – Dec 2016)
    - DKK 1.5bn (Mar 2017 – Mar 2018)
  - Dividends of DKK 1.5bn in total:
    - DKK 500m (March 2016)
    - DKK 500m (March 2017)
    - DKK 500m (June 2017)
- Defending and securing a stable S&P rating of A- remains a key priority

Capital ratios



Capital distribution (time of announcement)



Strong capital position

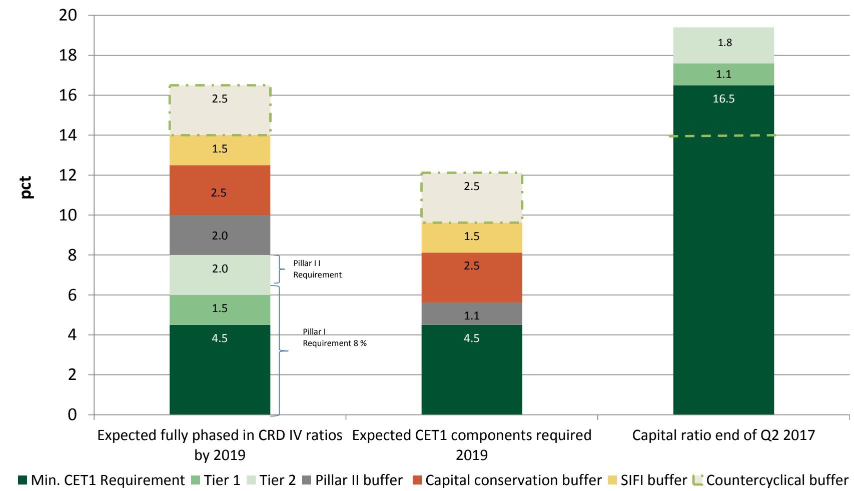
JYSKE BANK

- Capital ratio 19.4% and CET1 ratio 16.5% end of Q2 2017 compared to 18.3% and 16.5% end of 2016. Changes in capital ratios due to:
  - Deduction of ordinary and extraordinary dividends as well as share buy-backs
  - Inclusion of Tier 2 capital issued early April 2017
  - Increasing RWA (primarily volume growth in property related loans)

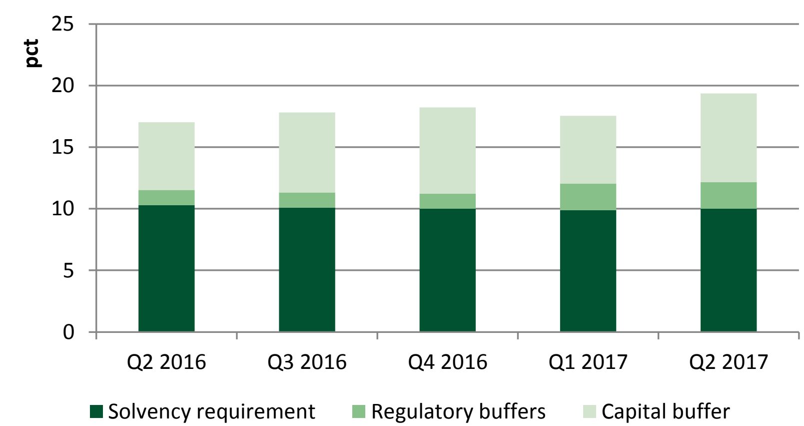
- Solid capital base remains essential to allow room for:
  - Growth (property related loans)
  - Higher capital requirements imposed by upcoming legislation
  - Aligning capital to S&P requirements
  - M&A activity if opportunity should arise

- Individual solvency requirement and combined buffer requirements:
  - 10.0% (+0.9% SIFI requirement and 1.3% capital conservation buffer, in total 12.2%)
  - Capital buffer DKK 13.4bn corresponding to 7.2%

Capital ratio and CET1 ratio



Solvency requirement



Credit Quality

Net reversals

- Net reversals of DKK 75m under core profit
  - Of which reversals on agriculture DKK 81m

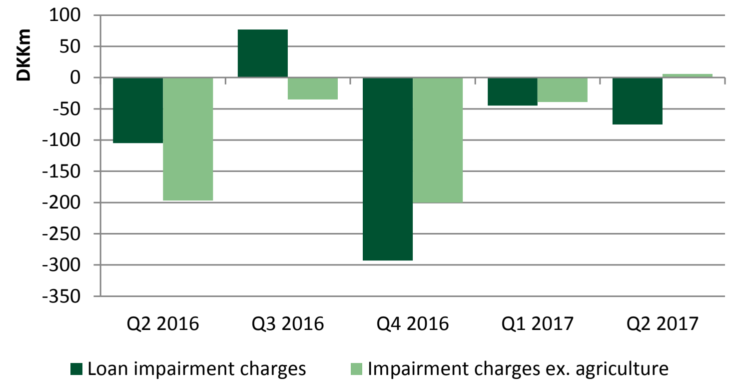
- Total balance of management's estimate of DKK 488m end of Q2 2017, of which DKK 120m relate to agriculture, compared to DKK 471m and DKK 235m respectively end of 2016

- Impairment ratios (under core profit):
  - Impairment ratio for Q2 2017 -2bp
  - Accumulated impairment ratio 1.4% (incl. balance of discounts for acquired loans) – minor reduction compared to end of 2016 influenced by losses

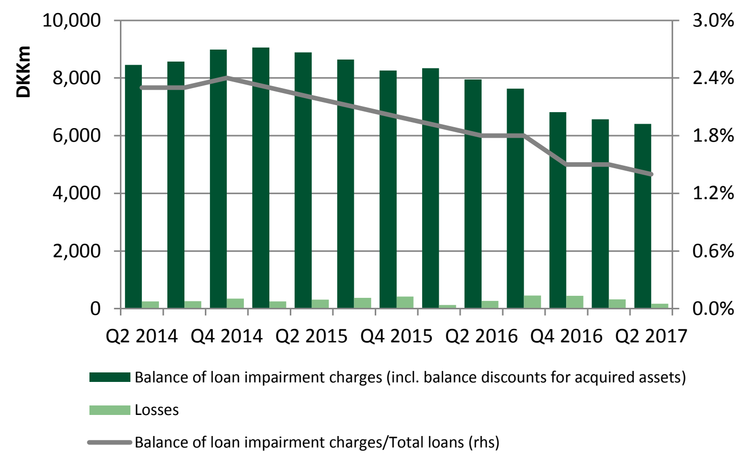
- Banking:
  - Overall credit quality continues to improve
  - Low number of new defaults and improvement in credit quality of previously defaulted clients
  - Significant reversal in agriculture segment

- Mortgage:
  - Overall positive development in credit quality

Loan impairment charges (under core profit)



Balance of loan impairment charges and losses



Reversals on agriculture

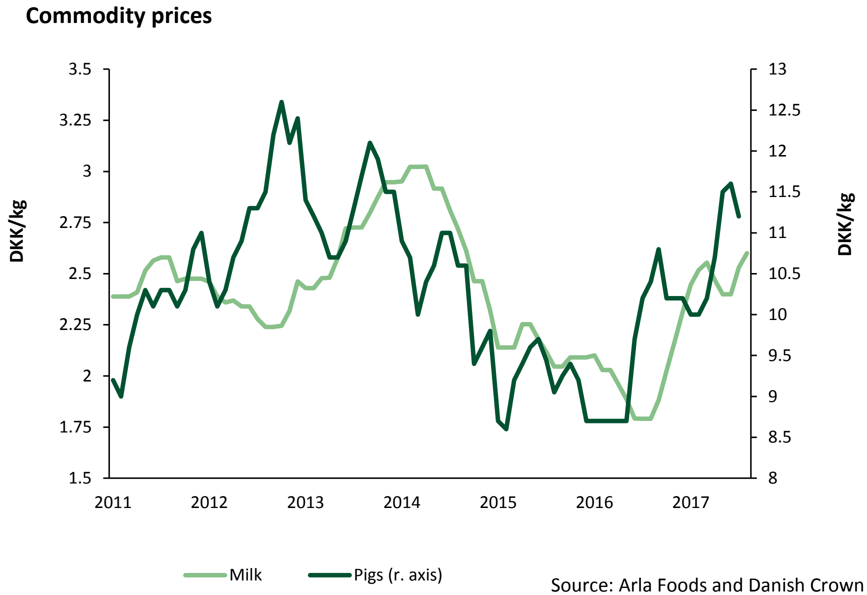
JYSKE BANK

- Decreasing impairment ratios for both dairy and pig farmers, 43% and 24% respectively end of Q2 2017 versus 45% and 26% end of Q4 2016

- Commodity price development:
  - Pork: Prices reached a new high of 11.6 DKK/kg in June 2017. Currently prices are at 11.2 DKK/kg, close to 10% higher than end of 2016
  - Milk: Prices have continued to climb and now stand at 2.6 DKK/kg, approx. 45% above the lows of mid-2016

- Improved commodity prices provides relief for dairy and pig farmers but they remain structurally challenged by high levels of debt, of which a large proportion has variable interest rates

- Exposure to dairy and pig farmers accounts for less than 1% of the Group's loans and guarantees



Source: Arla Foods and Danish Crown

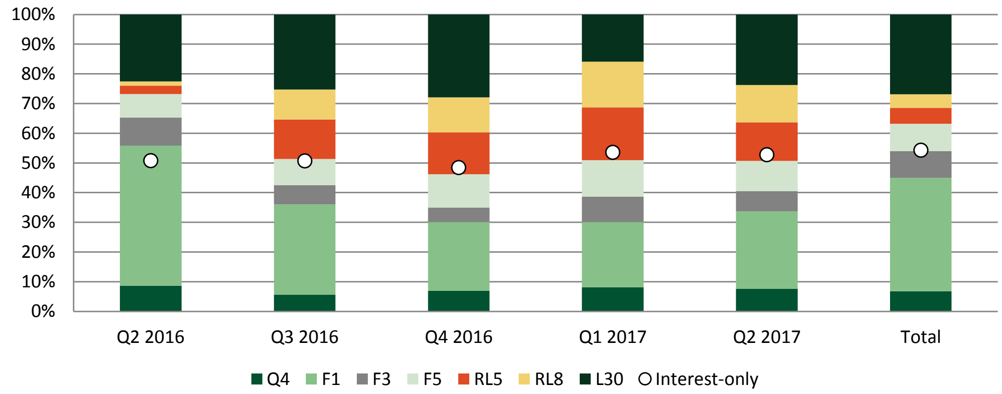
	Loans, advances and guarantees		Balance of loan impairment charges		Impairment ratio		Impairment charges		Losses	
DKKm/%	Q2 2017	Q4 2016	Q2 2017	Q4 2016	Q2 2017	Q4 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016
Dairy farmers	805	889	616	722	43%	45%	-33	66	44	34
Pig farmers	1,180	1,237	376	431	24%	26%	-52	9	6	95
Total	**1,985**	**2,126**	**992**	**1,153**	**33%**	**35%**	-85	75	50	129

Growth in home loans continues to improve quality of portfolio

JYSKE BANK

- The majority of loans were granted to existing clients of the bank. Volume primarily stems from repatriation of loans previously referred to Totalkredit
- 85% in credit rating class 1-5 compared to overall average of approx. 65% for bank loans for the retail segment (Risk and Capital Management 2016)
- Minimal losses since December 2013
- Jyske Bank's risk appetite in growth areas is lower than average (Danish FSA report, October 2016)
- Development in portfolio composition by product type supports compliance with benchmarks in FSA diamond

Jyske Bank home loan portfolio by product type

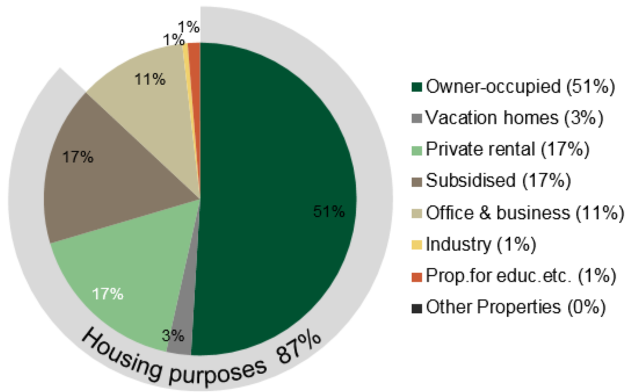


Mortgages: The portfolio

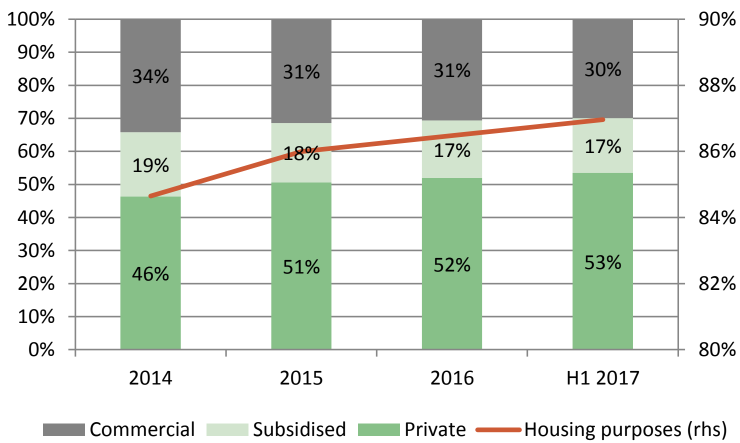
JYSKE BANK

- 87% of lending to properties with housing purposes
  - No loans with swaps to co-operative housing
  - No lending to agriculture and other primary production
- Increasing share of retail lending
  - Primarily driven by joint funding of Jyske Bank home loans
  - The increase is expected to continue
- Increase in share of fixed rate mortgages and decreasing share of F1 and F2

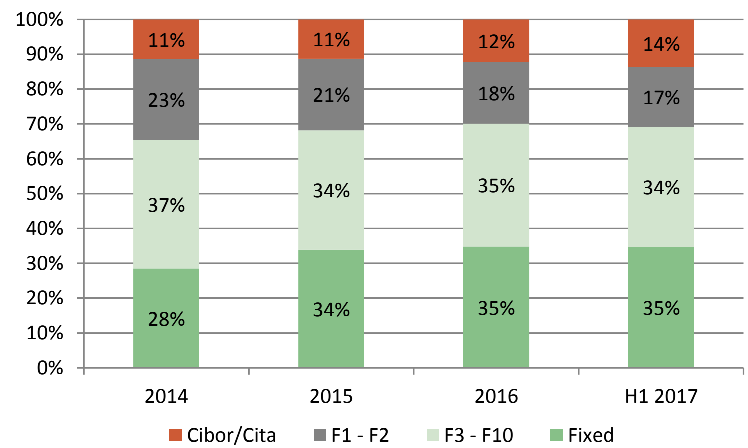
Distribution of lending portfolio



Development in lending portfolio



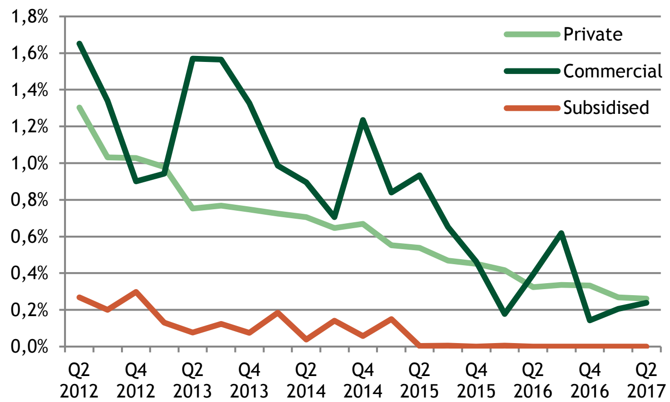
Development in loan types



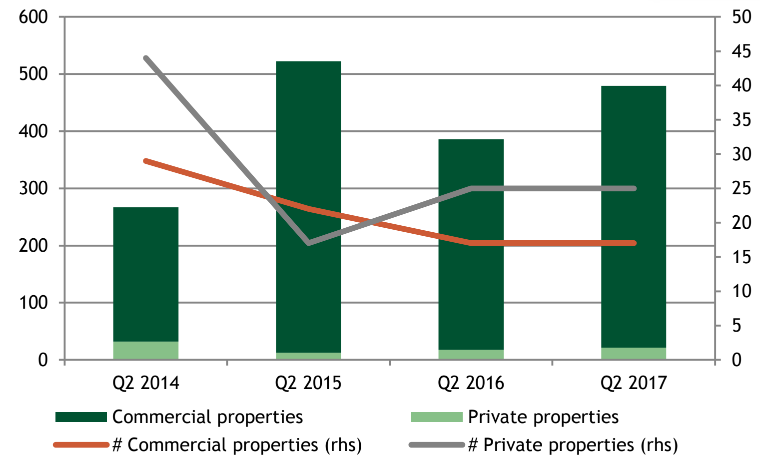
Mortgages: Improved credit quality

JYSKE BANK

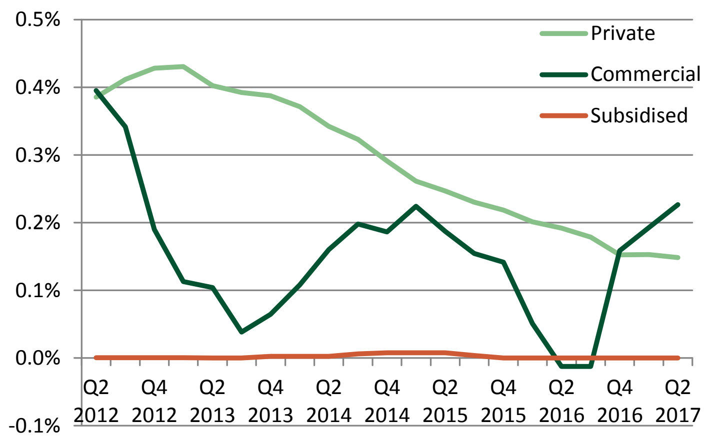
Lending in 90-days arrears (*per cent of lending*)



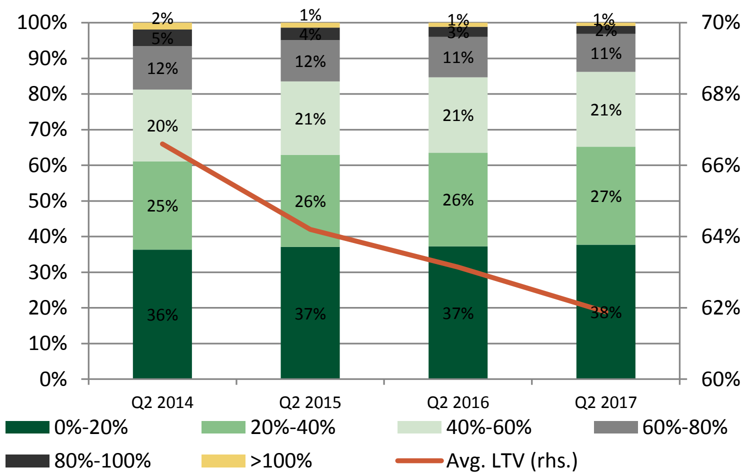
Repossessed properties (*DKKm/number*)



Yearly realised losses (running *year*)



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



Bank loans: the portfolio

- Portfolio composition end of Q2 2017:
  - Corporates take up larger proportion, 58% vs. 53% end of Q4 2016 as volume grows
  - Private individuals account for 37% compared to 42% end of Q4 2017. Decrease primarily ascribed to transfer of home loans to BRFkredit (mortgages)
  - Public authorities unchanged at 5%
- Accumulated impairment ratio total portfolio 3.5%
  - Public authorities 0%
  - Corporates 4.6%
  - Private individuals 2.2%
- Corporates
  - Net reversals in many sectors, in Q2 2017 Agriculture and Finance and insurance (excl. repo loans) account for the largest reversals, DKK 81m and DKK 72m respectively
  - Impairment ratio for Q2 2017 -16bp
- Private individuals
  - Impairment ratio for Q2 2017 2bp
  - Low number of new defaults

	Loans, advances and guarantees Q2 2017	Loans, advances and guarantees Q4 2016	Balance of loan impairment charges Q2 2017	Losses Q2 2017	Impairment charges Q2 2017
Public authorities	5%	5%	0%	0%	0%
Agriculture, hunting, forestry and fishing	4%	4%	26%	36%	75%
Manufacturing, mining, etc.	6%	6%	5%	-1%	-44%
Energy supply	3%	3%	1%	0%	1%
Building and construction	2%	2%	2%	2%	-10%
Commerce	9%	6%	3%	3%	-4%
Transport, hotels and restaurants	2%	1%	2%	0%	13%
Information and communication	1%	0%	1%	0%	-3%
Finance and insurance (ex repo loans)	17%	16%	15%	11%	67%
Real property	10%	9%	20%	22%	-5%
Other sectors	4%	5%	3%	5%	20%
Corporate clients	58%	53%	77%	78%	110%
Private individuals	37%	42%	23%	22%	-10%
Total	100%	100%	100%	100%	100%

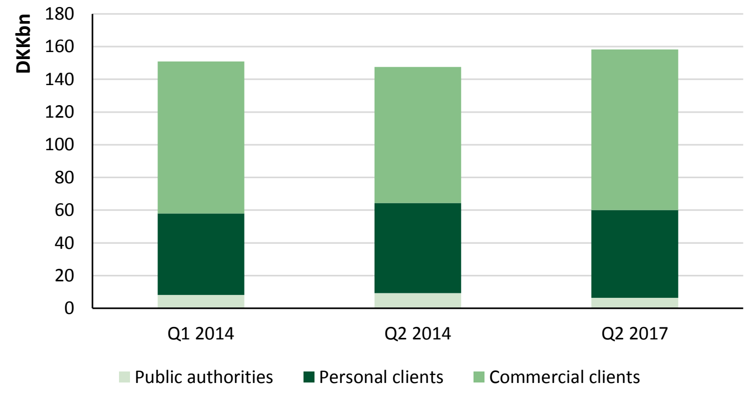
Note: Bank loans, advances and guarantees excl. repo loans. Based on impairment charges as reported according to IFRS (as opposed to impairment charges under core profit)

Bank loans: Improved credit quality

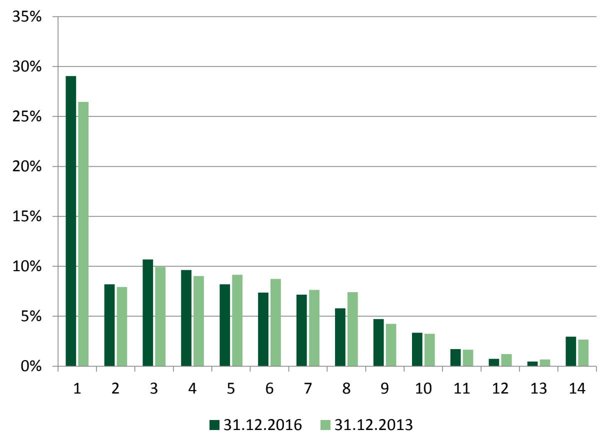
JYSKE BANK

- Only minor changes between customer segments in bank loan portfolio the past 3 years
- Improved credit quality within segments:
  - Retail: 66% in STY 1-5 rating classes end of 2016 vs. 63% end of 2013
  - Commercial: 63% in STY 1-5 rating classes end of 2016 vs. 60% end of 2013
- Improvements reflect the upturn in the Danish economy: moderate economic growth, low interest rates, real wage increase, rising house prices, etc.

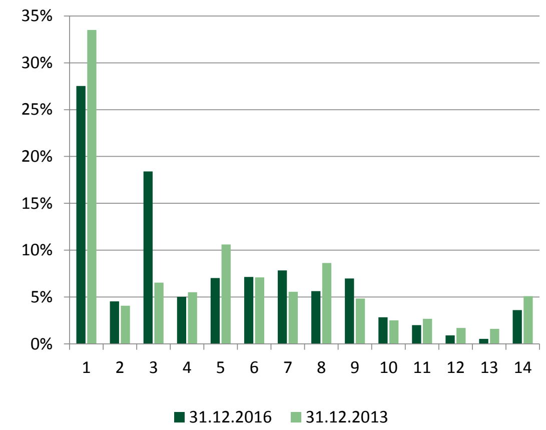
Bank loans excl. repo loans



Retail portfolio distributed by internal rating classes



Commercial portfolio distributed by internal rating classes



Appendices:

1) Danish Economy
2) Jyske Bank Q2 2017 results
3) Liquidity
4) NPLs

Danish Economy

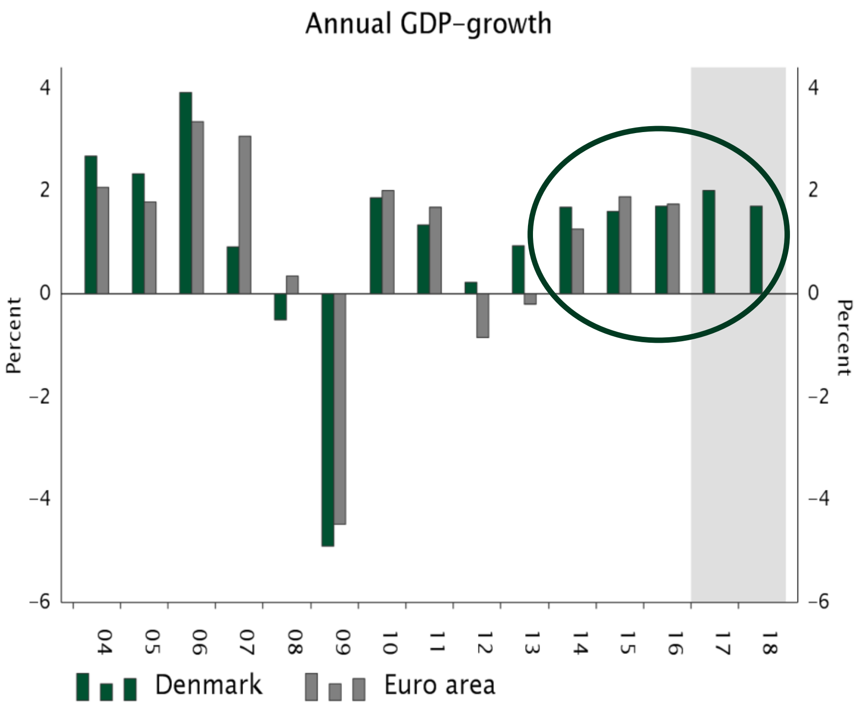
Danish Economy Summary

- The upturn in the Danish economy is expected to continue
- GDP-growth is equal to the Euro-area in recent years
- Employment is up 5% since 2012
- Low interest rates, increasing house prices and export market growth stimulates demand. Export competitiveness looks healthy
- The labour force is increasing due to foreign labour supply and higher retirement age. Hence, no immediate labour supply shortages
- Overall lending growth has turned positive but still very modest
- New legislation: The tax freeze on housing will be abandoned starting 2021 and thus reducing risk of bubbles in the housing market
- Denmark is a AAA economy with strong structural financial features.

Danish economy - an upturn story

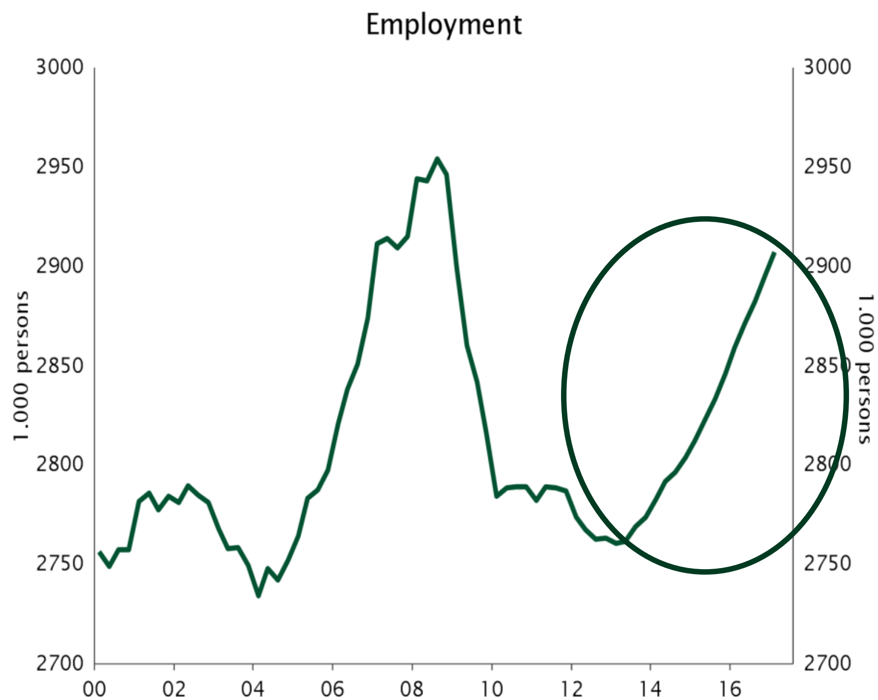
- Overall the Danish financial sector's operating environment is improving

The upturn is set to continue over the next years



Kilde: Thomson Reuters Datastream and Jyske Bank forecasts

The private sector is driving the 4% increase in employment

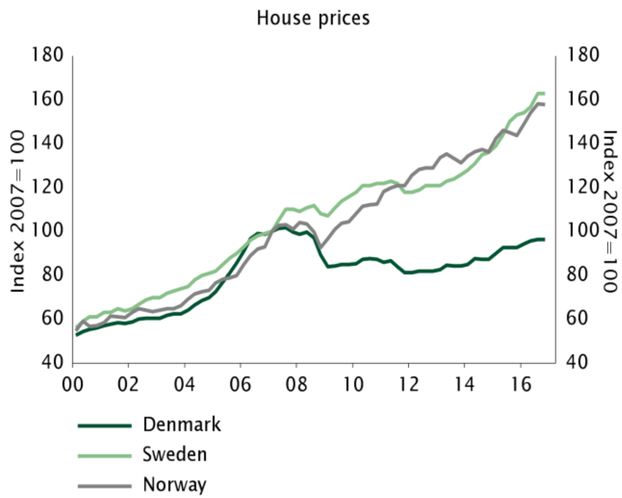


Kilde: Thomson Reuters Datastream

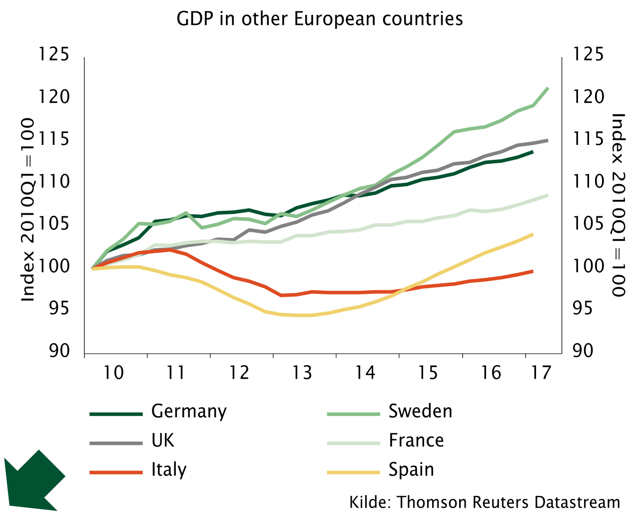
3 kinds of stimulus support demand

JYSKE BANK

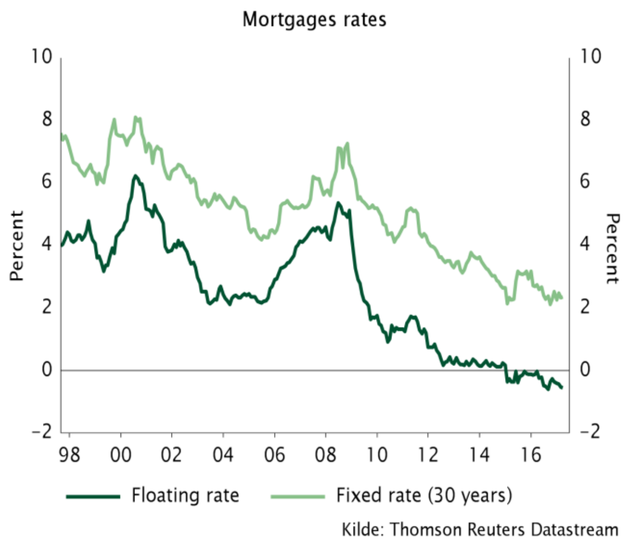
House prices recovering after burst in 08/09



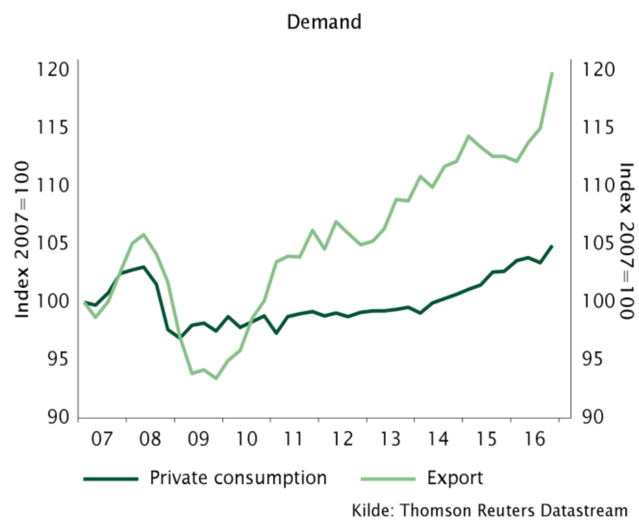
Spill-over from European recovery



Interest rates are at a historic low



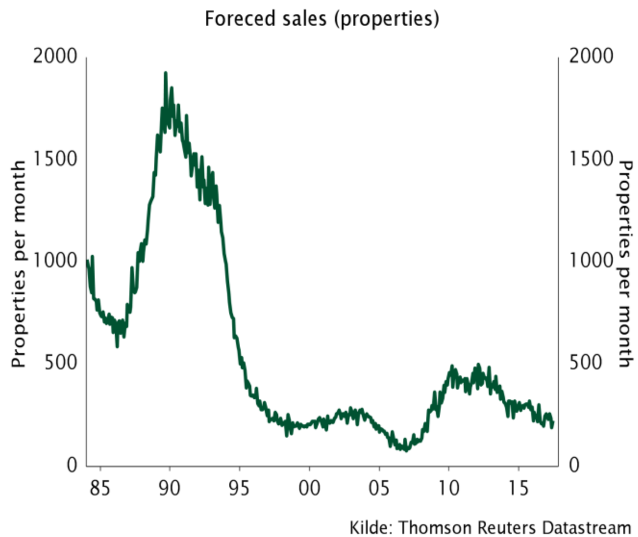
Demand has increased



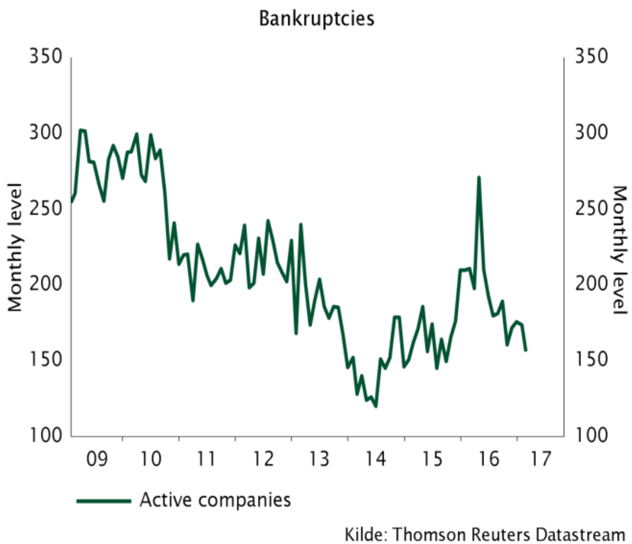
Improved asset quality as defaults have normalized

Unemployment is relatively low

Forced house sales well below 500 properties per month (less than 0.2% per year)



Business bankruptcies are back to normal



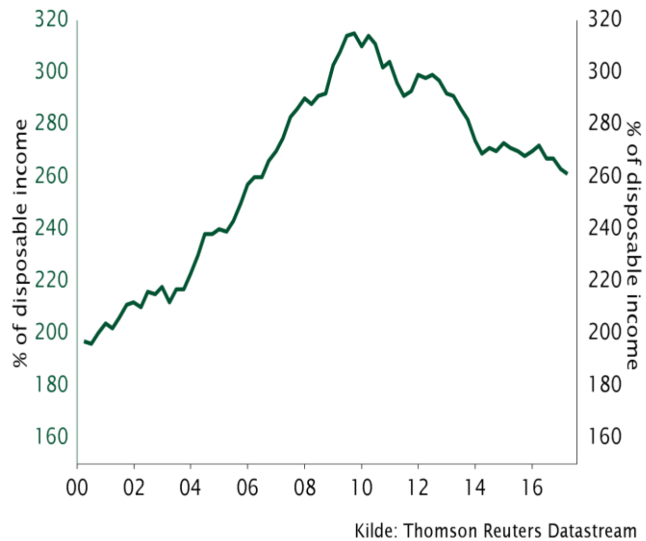
Turnaround and consolidation at the same time

JYSKE BANK

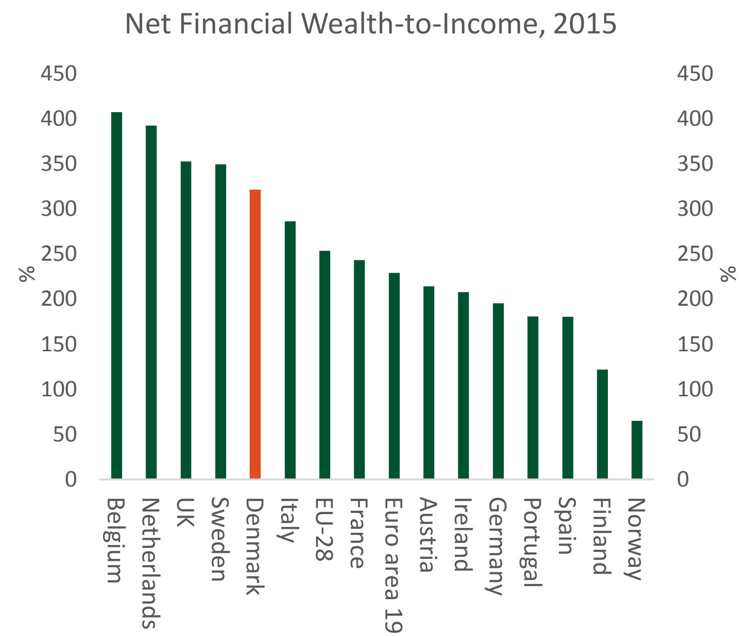
Low interest rates and solid real wage growth make it possible for households to consume more and save up at the same time

The private sector is saving up

...so household debt has declined



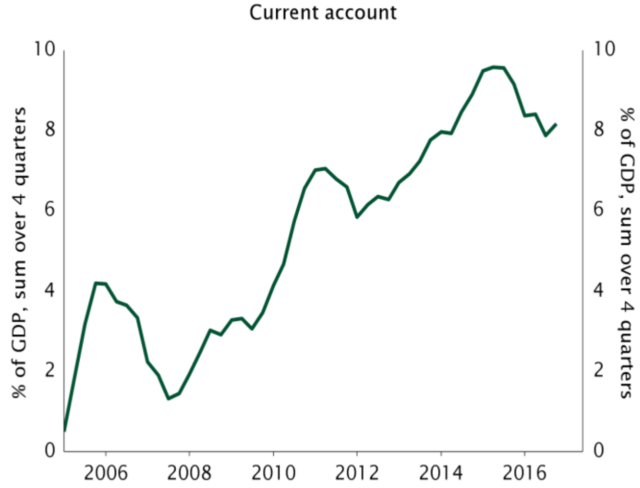
...and household net assets are large



Source: Eurostat

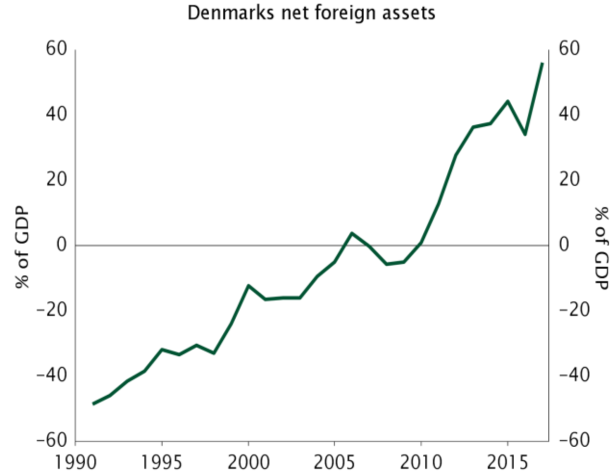
Denmark is a AAA economy with strong structural financial features

Current account surpluses since late 90s



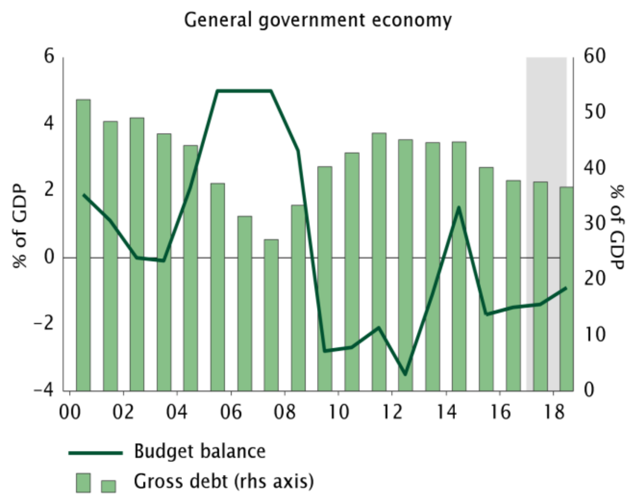
Kilde: Thomson Reuters Datastream

..imply that foreign assets are increasing



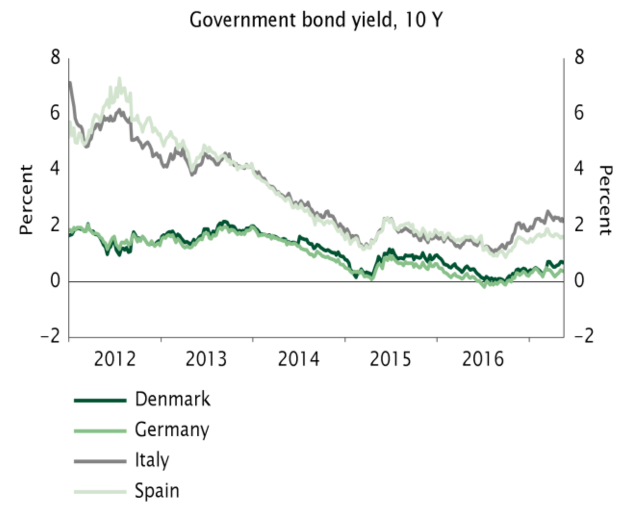
Kilde: Thomson Reuters Datastream and Statistics Denmark

And public sector debt is low



Kilde: Thomson Reuters Datastream

This is why Denmark is AAA



Kilde: Thomson Reuters Datastream

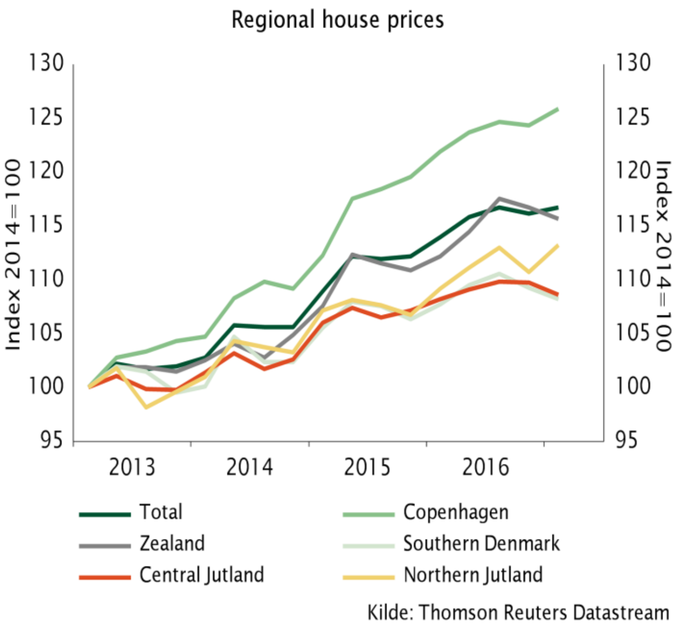
Lately more modest increase in house prices

The Copenhagen area is still in front

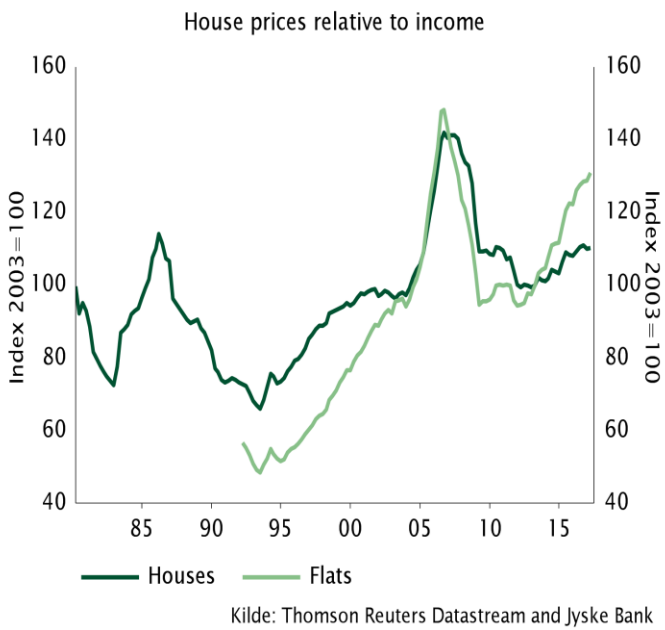
There is a risk that very low interest rates may overheat local parts of the market

However, the new housing tax model can possibly have a dampening effect

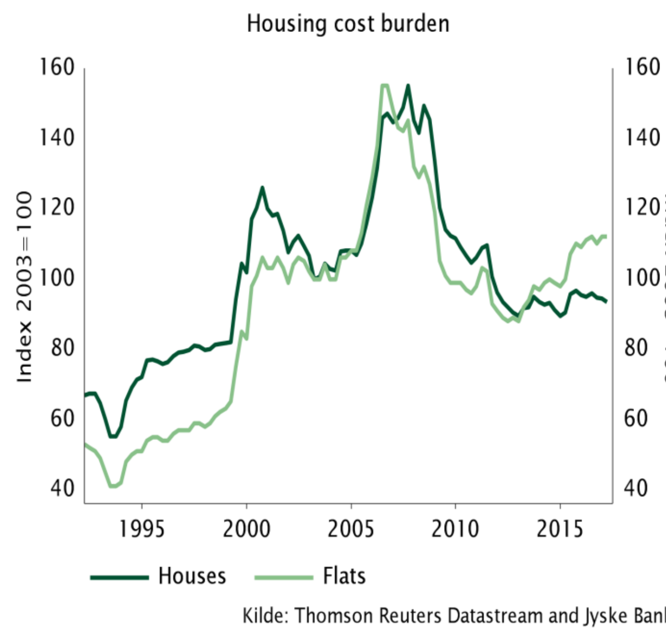
House prices increased 0.5% in Q1



Real house prices are up since 2012



But housing costs are at a moderate level



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

Jyske Bank Q2 2017 results

Q2 2017 results

JYSKE BANK

- Net profit of DKK 639m (corresponding to ROE of 8.0% p.a.)
- Core income driven by:
  – NII supported by growth strategy and negative deposit rates for corporates but continued pressure from lower margins on bank loans for corporates and lower interest income from bond holdings as reinvestment rates are lower and holdings reduced
  – Strong net fee income driven by investment related fees, loan application fees and increased activity in mortgage activities
  – Value adjustments more moderate as bond holdings are reduced and reinvested at lower coupon rates
- Core expenses increased by one-offs of DKK 127m, underlying development stable
- Net reversals, also significant reversal within agriculture
- Core profit generated on the basis of a business volume where:
  – Traditional bank loans increase by 2%
  – New home loan products show continued growth
  – Mortgage volume shows growth in all loan segments
  – Bank deposits are stable compared to Q1 2017
  – Assets under management gradually increase

CORE PROFIT AND PROFIT FOR THE PERIOD DKKm	Q2 2017	Q2 2016	Index 17/16	Q2 2017	Q1 2017	Index Q2/Q1
Net interest income	1,386	1,448	96	1,386	1,370	101
Net fee and commission income	420	343	122	420	447	94
Value adjustments	97	169	57	97	346	28
Other income	147	73	201	147	60	245
Income from operating lease (net)	-21	28	-	-21	16	-
Core income	**2,029**	**2,061**	**98**	**2,029**	**2,239**	**91**
Core expenses	1,388	1,230	113	1,388	1,390	100
Core profit before loan impairment charges	**641**	**831**	**77**	**641**	**849**	**76**
Loan impairment charges	-75	-105	71	-75	-45	167
Core profit	**716**	**936**	**76**	**716**	**894**	**80**
Investment portfolio earnings	108	88	123	108	349	31
Pre-tax profit	**824**	**1,024**	**80**	**824**	**1,243**	**66**
Tax	185	215	86	185	267	69
Net profit for the period	**639**	**809**	**79**	**639**	**976**	**65**

SUMMARY OF BALANCE SHEET, END OF PERIOD DKKbn	Q2 2017	Q2 2016	Index 17/16	Q2 2017	Q1 2017	Index Q2/Q1
Mortgage loans	296	268	111	296	287	103
Traditional bank loans	99	96	102	99	96	102
New home loans	12	11	103	12	14	82
Bank deposits	134	129	104	134	132	101
Assets under management	130	120	108	130	129	101

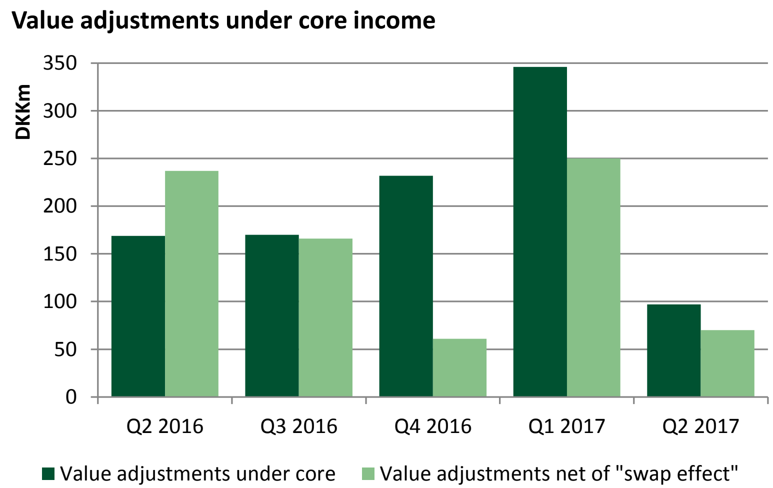
Value adjustments become more moderate

JYSKE BANK

- Value adjustments at a level with less impact from clients' transactions relating to interest rate hedging (swaps) and lower bond holdings dampening the P&L effect of narrowing of OAS spreads (credit spreads on Danish mortgage bonds)

- Value adjustments from clients' transactions relating to interest-rate hedging (swaps):

  – Q2 2017: a positive effect of DKK 27m primarily driven by rising long-term interest rates (Q2 2016: DKK -68m and Q1 2017: DKK 96m)

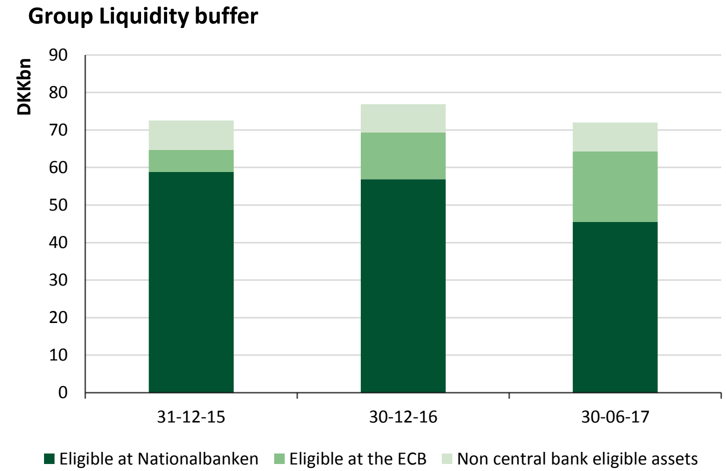


Liquidity

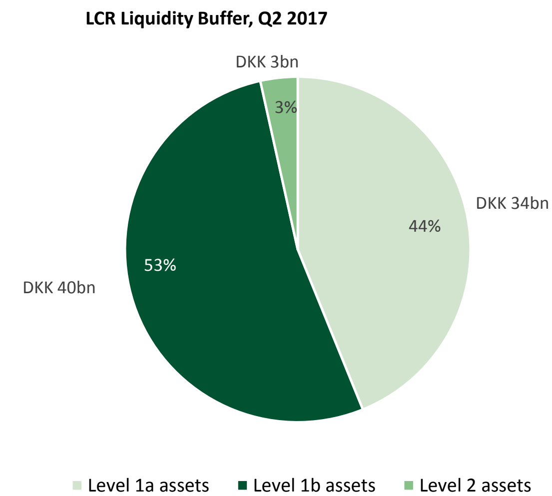
Ample liquidity

JYSKE BANK

- Liquidity buffer DKK 72bn end of Q2 2017 (DKK 77bn end of 2016)
  - 89% of the buffer - DKK 64bn - is eligible for repo transactions at central banks (Nationalbanken or ECB)
  - Cash placements are categorized as eligible at Nationalbanken or ECB, respectively
  - Large increase in “Eligible at ECB” as cash proceeds from reducing holdings of Danish covered bonds have been placed with ECB



- Group’s LCR at 295% by end of Q2 2017 vs. 193% end of Q4 2016
  - Primarily comprised of level 1a and 1b assets
  - The Group operates with an internal minimum target for LCR of 150%



A frequent EUR issuer

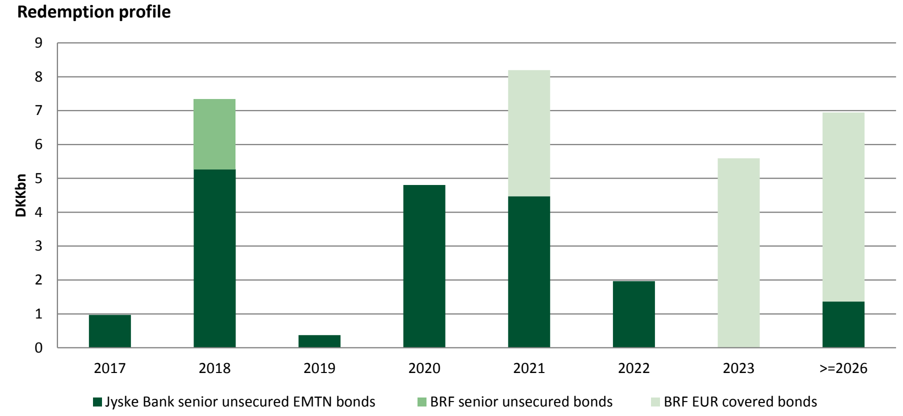
JYSKE BANK

Ongoing access to a diversified European investor base helps Jyske Bank maintain a prudent risk – and funding – profile

- **Jyske Bank:**
  - Short term ongoing activities in French CP
  - At least one senior unsecured EUR public benchmark per year (focus on 3-5 year maturities)

  MREL:
  - Jyske Bank awaits final clarification on MREL from the Danish FSA before year-end 2017
  - It is expected that from 2018/2019 the issuance of senior debt will gradually be replaced by issuance of MREL eligible instruments (senior non preferred)
  - The Group's long term need for senior unsecured will depend on the final MREL requirement and calibration

- **BRFkredit:**
  - EUR bullet style AAA rated benchmark size covered bonds based on a covered pool of 100% Danish mortgages, primarily residential
  - A EUR benchmark curve was built in 2016
  - 1-2 EUR benchmark issues per year



- Extending the maturity profile especially in covered bond issuance from BRFkredit remains key to underpin compliance with S&Ps SFR and the Danish FSA's upcoming Supervisory Diamond for mortgage institutions

- Group issuance of senior debt will be from Jyske Bank A/S

Non-performing loans

Non-performing loans

JYSKE BANK

- At group level NPLs amounted to 3.2% of loans and advances at the end of Q2 2017
- Jyske Bank has been submitting information about non-performing loans (NPLs) since end of Q3 2014
- Jyske Bank has chosen to apply EBA's technical standards as definition for NPLs
- NPLs comprise exposures with individually assessed impairment charges and exposures with high or full risk as well as past due exposures. If criteria for non-performing exposures are no longer present, and if previously credit easing measures have been granted, clients are still subject to the criterion for non-performing exposures for at least a year after the credit easing was granted
- Please refer to the following slides for further details as well as a breakdown by banking and mortgage activities.

NPLs – Jyske Bank Group

JYSKE BANK

JYSKE BANK GROUP DKKm	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2
Carrying amount	453,526	441,941	438,592	426,124	422,554
Balance of loan impairments charges and provisions for guarantees	5,710	5,790	5,937	6,497	6,715
Balance of discounts for acquired assets	714	782	879	1,144	1,236
Gross carrying amount (incl. discounts)	459,950	448,513	445,408	433,765	430,505
NON-performing					
Carrying amount - loans and advances	14,082	14,787	15,498	14,776	16,565
Carrying amount - guarantees	517	887	851	805	882
Carrying amount	14,599	15,674	16,348	15,581	17,447
Balance of impairment charges on non-performing exposures	5,384	5,561	5,730	6,053	6,290
- loans and advances	4,996	5,160	5,313	5,540	5,773
- guarantees	387	401	417	513	517
Balance of discounts for acquired assets	664	730	857	1,118	1,203
Gross carrying amount (incl. discounts)	20,647	21,966	22,936	22,752	24,940
NPL Coverage ratio[1]	29.3%	28.6%	28.7%	31.5%	30.0%
NPL Level[2]	3.2%	3.5%	3.7%	3.7%	4.1%
Performing					
Carrying amount	438,927	426,266	422,244	410,543	405,106
Balance of loan impairments charges and provisions for guarantees	326	229	207	444	425
Balance of discounts for acquired assets	50	52	22	26	34
Gross carrying amount (incl. discounts)	439,303	426,547	422,472	411,013	405,565

1) Balance of loan impairments charges and provisions for guarantees plus discounts in relation to non-performing gross carrying amount, incl. discounts

2) Non-performing carrying amount in relation to total carrying amount

NPLs - Banking activities

JYSKE BANK

BANKING, DKKm	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2
Carrying amount	156,366	153,146	160,159	150,857	153,562
Balance of loan impairments charges and provisions for guarantees	4,858	5,007	5,182	5,723	5,980
Balance of discounts for acquired assets	325	383	451	523	553
Gross carrying amount (incl. discounts)	161,549	158,536	165,792	157,103	160,095
NON-performing					
Carrying amount - loans and advances	5,402	6,090	6,426	6,989	7,840
Carrying amount - guarantees	517	887	851	805	882
Carrying amount	5,920	6,977	7,277	7,794	8,722
Balance of impairment charges on non-performing exposures	4,736	4,908	5,091	5,607	5,888
- loans and advances	4,348	4,507	4,674	5,094	5,371
- guarantees	387	401	417	513	517
Balance of discounts for acquired assets	322	381	448	523	553
Gross carrying amount (incl. discounts)	10,978	12,266	12,816	13,924	15,163
NPL Coverage ratio[1]	46.1%	43.1%	43.2%	44.0%	42.5%
NPL Level[2]	3.8%	4.6%	4.5%	5.2%	5.7%
Performing					
Carrying amount	150,446	146,169	152,882	143,063	144,840
Balance of loan impairments charges and provisions for guarantees	123	99	91	116	92
Balance of discounts for acquired assets	3	2	3	0	0
Gross carrying amount (incl. discounts)	150,572	146,270	152,976	143,179	144,932

1) Balance of loan impairments charges and provisions for guarantees plus discounts in relation to non-performing gross carrying amount, incl. discounts

2) Non-performing carrying amount in relation to total carrying amount

NPLs - Mortgage activities

JYSKE BANK

MORTGAGE, DKKm	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2
Carrying amount	297,160	288,794	278,433	275,267	268,992
Balance of loan impairments charges and provisions for guarantees	851	783	755	774	735
Balance of discounts for acquired assets	389	399	428	621	683
Gross carrying amount (incl. discounts)	298,401	289,976	279,616	276,661	270,409
NON-performing					
Carrying amount - loans and advances	8,679	8,697	9,071	7,787	8,725
Carrying amount - guarantees					
Carrying amount	8,679	8,697	9,071	7,787	8,725
Balance of impairment charges on non-performing exposures	648	653	639	446	402
- loans and advances	648	653	639	446	402
- guarantees					
Balance of discounts for acquired assets	342	349	409	595	649
Gross carrying amount (incl. discounts)	9,670	9,700	10,120	8,828	9,777
NPL Coverage ratio[1]	10.2%	10.3%	10.4%	11.8%	10.8%
NPL Level[2]	2.9%	3.0%	3.3%	2.8%	3.2%
Performing					
Carrying amount	288,481	280,097	269,362	267,480	260,266
Balance of loan impairments charges and provisions for guarantees	203	130	116	328	332
Balance of discounts for acquired assets	47	50	18	26	33
Gross carrying amount (incl. discounts)	288,731	280,277	269,496	267,834	260,632

1) Balance of loan impairments charges and provisions for guarantees plus discounts in relation to non-performing gross carrying amount, incl. discounts

2) Non-performing carrying amount in relation to total carrying amount

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