Jyske Bank
Q3 2018

30 October 2018

Our targets

JYSKE BANK

	Q3 2018
Return on Equity • Delivering an attractive long-term return on equity of 8-12%	ROE 6.9%
Volume growth 2018-2020 • Total loan portfolio of DKK 350bn in Jyske Realkredit	DKK 319bn
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 3 percentage points by January 1st 2022	20.3% and 16.6%
• Gradually building a RAC ratio of about 10.5%	RAC 10.3%

Q3 2018 highlights

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- Net profit of DKK 578m, equal to ROE 6.9% p.a. in Q3 2018
- Business volumes:
  - Loan growth in all segments compared to both Q2 2018 and Q3 2017
  - AUM slightly down vs. Q2 2018 but up 9% vs. Q3 2017
  - Stable bank deposits
- Core income:
  - NII favourably affected by growth in loan volumes but lowered by decrease in strategic ALM and other NII from mortgage activities
  - Net fee income picks up mainly due to refinancing activity
  - Value adjustments positively affected by early redemption of issued bonds and effects of Murex implementation
  - Other income boosted by sale of property
- Core expenses at DKK 1,249m up from DKK 1,143m in Q2 where provision of DKK 96m was reversed
  - When adjusted for reversal of provision in Q2 2018, core expenses are up by 0.8% compared to Q2 2018 and down by 2% compared to Q3 2017
- Loan impairment charges primarily driven by corporate clients

CORE PROFIT AND PROFIT FOR THE PERIOD

DKKm

	Q3 2018	Q3 2017	Index 18/17	Q3 2018	Q2 2018	Index Q3/Q2
Net interest income	1,407	1,381	102	1,407	1,439	98
Net fee and commission income	443	436	102	443	399	111
Value adjustments	132	96	138	132	-38	-
Other income	127	29	438	127	239	53
Income from operating lease (net)	26	-43	-	26	21	124
Core income	**2,135**	**1,899**	**112**	**2,135**	**2,060**	**104**
Core expenses	1,249	1,270	98	1,249	1,143	109
Core profit before loan impairment charges	**886**	**629**	**141**	**886**	**917**	**97**
Loan impairment charges	104	-194	-	104	27	385
Core profit	**782**	**823**	**95**	**782**	**890**	**88**
Investment portfolio earnings	-20	135	-	-20	129	-
Pre-tax profit	**762**	**958**	**80**	**762**	**1,019**	**75**
Tax	184	210	88	184	208	88
Net profit for the period	**578**	**748**	**77**	**578**	**811**	**71**

SUMMARY OF BALANCE SHEET, END OF PERIOD

DKKbn

	Q3 2018	Q3 2017	Index 18/17	Q3 2018	Q2 2018	Index Q3/Q2
Mortgage loans	319	303	105	319	314	102
Traditional bank loans	105	99	106	105	104	101
New home loans	9	11	82	9	12	75
Bank deposits	137	134	102	137	135	101
Assets under management	147	135	109	147	148	99

ROE down compared to previous quarters

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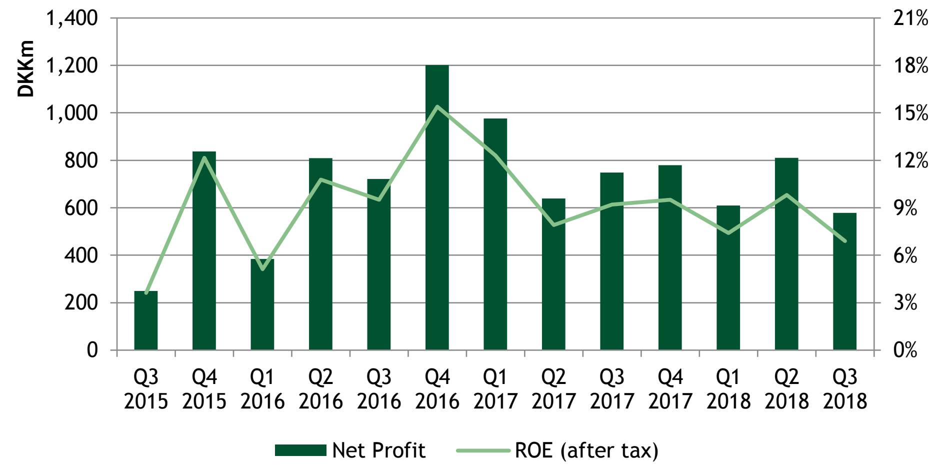
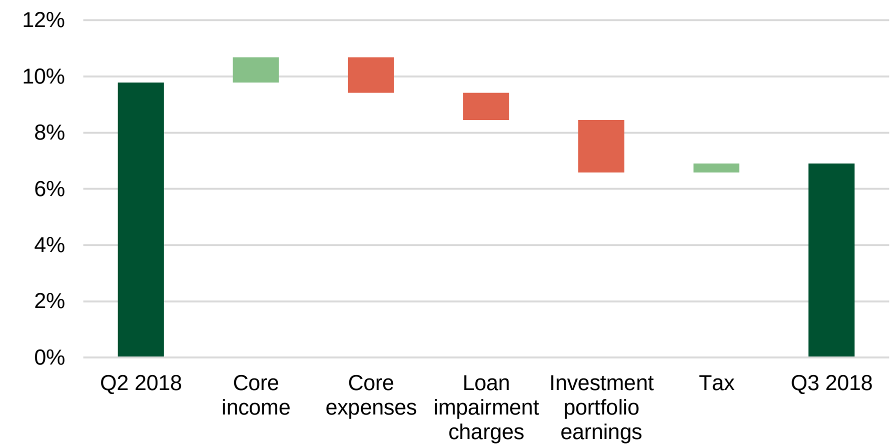
- Net profit of DKK 578m and ROE of 6.9% p.a. in Q3 2018

- A decrease of 3.0 percentage points compared to Q2 2018 due to primarily:
  - Core income increase as net fee income rebounds and value adjustments are positively affected by early redemption of issued bonds and effects of Murex implementation
  - Core expenses increase as Q2 2018 was unusually low due to reversal of provision re law suit in Gibraltar
  - Higher loan impairment charges primarily related to corporate clients
  - Decrease in investment portfolio earnings primarily due to the sale of Nordjyske Bank shares in Q2 2018

Net profit



Q3 2018 vs. Q2 2018: Development in ROE after tax



Underlying development in NII stable …

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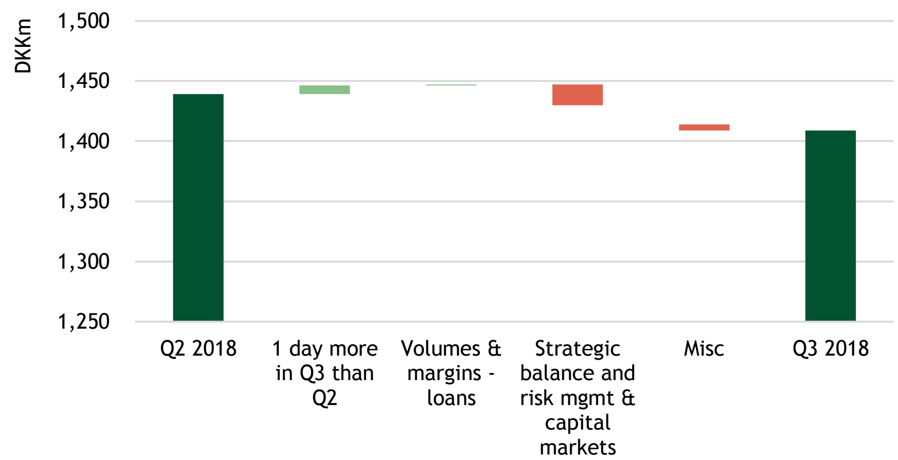
… but dampened by decline in NII from strategic balance and risk management and other NII from mortgage activities

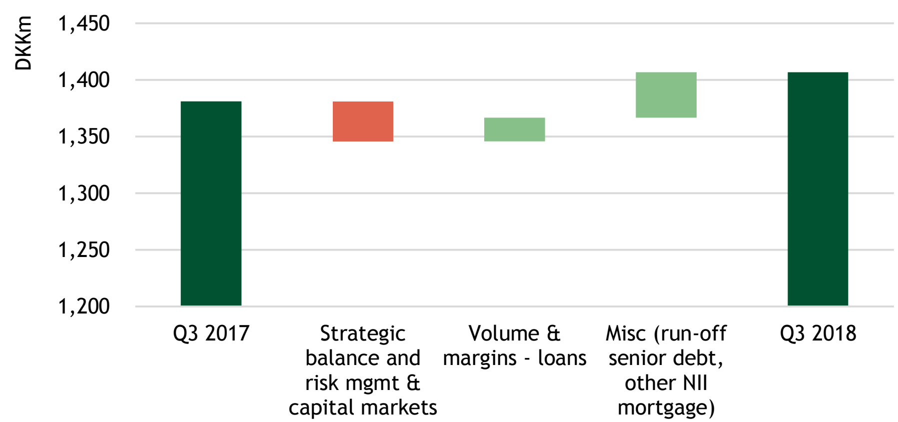
- In Q3 2018 NII is:
  - Supported by:
    - Volume growth in all 3 segments
    - 1 day more in Q3 than Q2
  - Pressured by:
    - Continued margin compression on corporate bank loans
    - Lower NII from strategic balance and risk management, partly due to up-front fees being recognised as value adjustments
    - Lower "Other NII" from mortgage activities

- Positive variance of DKK 26m compared to Q3 2017:
  - Support from growth in mortgages and corporate bank loans as well as run-off of senior debt
  - Support as strategic balance and risk management portfolio is increased at the expense of investment portfolio
  - Pressure from NII from strategic balance and risk management and trading bond portfolio
  - Pressure as up-front fees on swaps are recognised as value adjustments as opposed to NII (affects strategic ALM)

Q3 2018 vs. Q2 2018: Development in NII



Q3 2018 vs. Q3 2017: Development in NII



Net fee income boosted by refinancing activity

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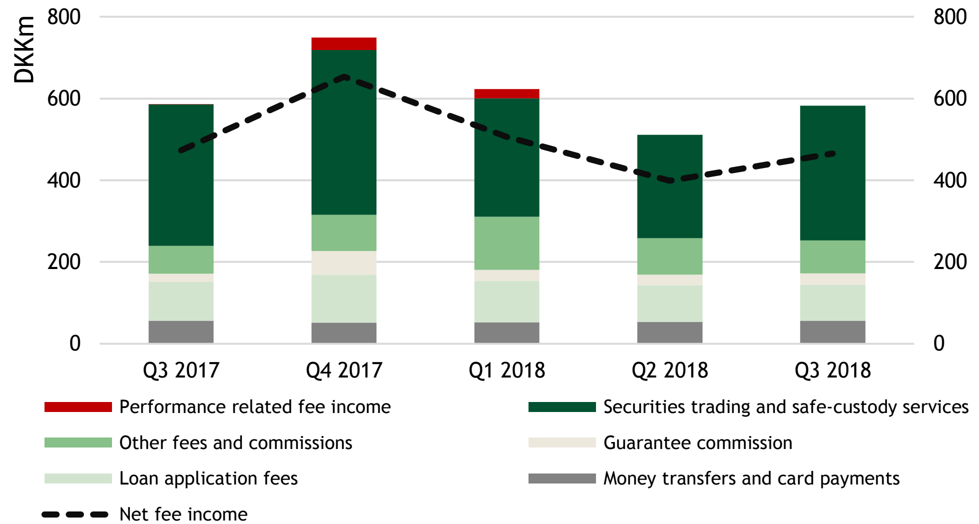
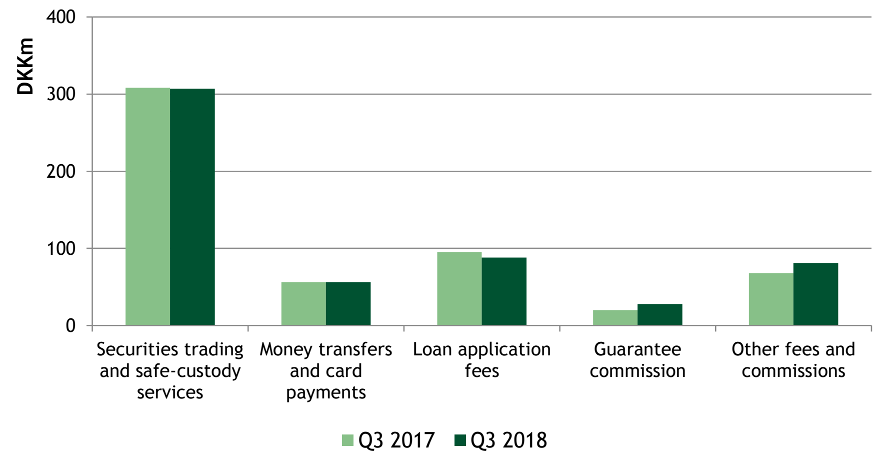
- Net fee income in Q3 2018 of DKK 443m – up by 2% relative to Q3 2017 and 11% relative to Q2 2018
- Securities trading etc. is "a mixed bag of goods":
  - Net fee income from mortgage activities rebounds as refinancing activity/volume is extraordinarily high due to refinancing of F10 loans and transfer of subsidised housing loans to new capital centre
  - But no performance related fees and lower commission income from mutual funds as commission rates have been reduced
- Guarantee commission:
  - Change in recognition of DLR fees in Q4 2017 – up DKK 10m compared to Q3 2017
- Other fees and commissions:
  - Jyske Invest Fund Management level with Q3 2017 (DKK 26m vs. DKK 27m)
  - Uplift in various other fees

Fee income split by type



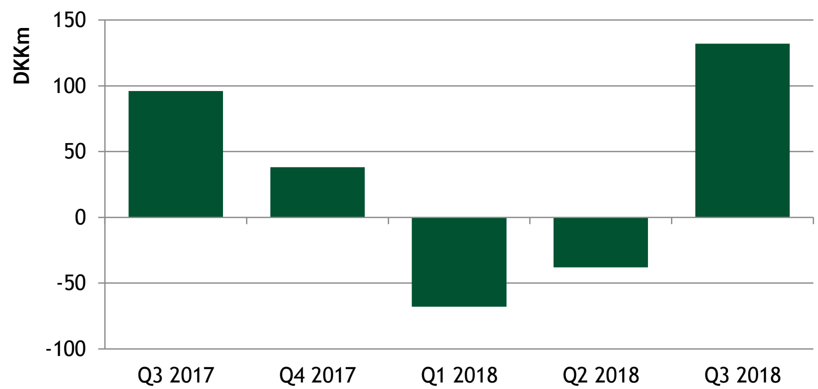
Fee and commision income



Value adjustments positively affected by one-off

- Q3 2018 has been characterized by relatively stable credit spreads for Danish mortgage bonds and marginal increases in interest rates
- Positive effect of DKK 79bm from one-off re. early redemption of issued bonds and effects of implementation of Murex – primarily related to strategic balance and risk management
- Value adjustments from clients' transactions relating to interest-rate hedging (swaps):
  - Q3 2018: a negative effect of DKK 13m (Q3 2017: DKK 1m)
  - Q1-Q3 2018: DKK -25m vs. Q1-Q3 2017: DKK 128m
- 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 30bn end of Q3 2018, consists primarily of Danish mortgage bonds
  - NII negatively affected by up-front fees on swaps now recognised as value adjustments and to lesser extent lower coupon interest rate income as bond portfolio has been reduced
  - Value adjustments positively affected by the above mentioned one-off

Value adjustments under core income



Strategic balance and risk management (DKKm)

	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Net interest income	63	75	72	87	77
Value adjustments	45	-26	-61	-41	8
Banking activities, total	**108**	**49**	**11**	**46**	**85**
Net interest income	20	24	21	-	-
Value adjustments	-9	-41	-19	-	-
Mortgage activities, total	**11**	**-17**	**2**	**-**	**-**
Jyske Bank Group, total	**119**	**32**	**13**	**46**	**85**

Core expenses as expected given lower FTE

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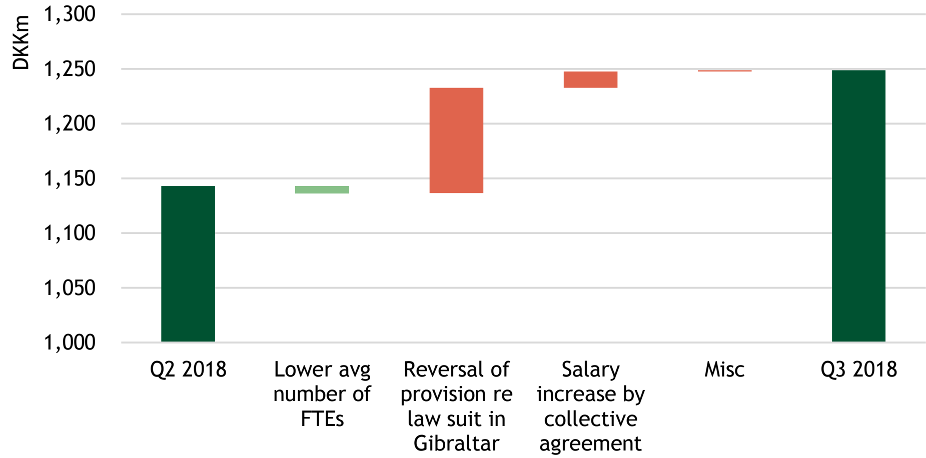
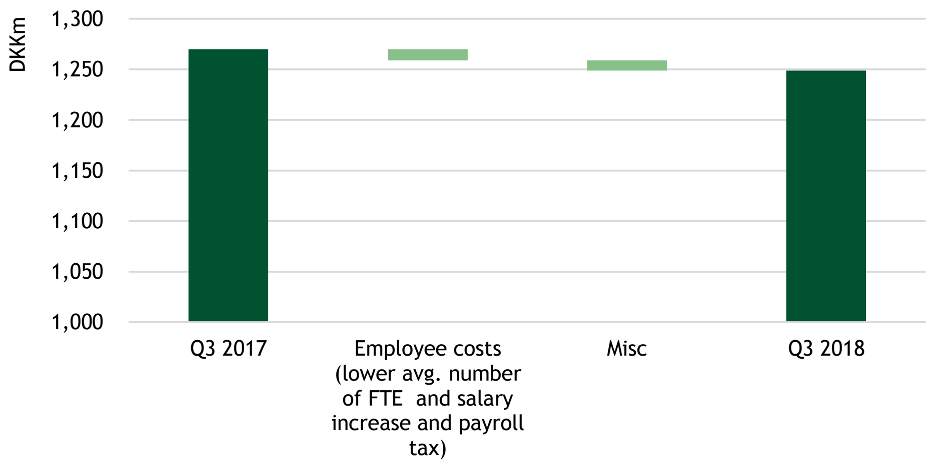
- Core expenses in Q3 2018 at DKK 1,249m - up by DKK 106m compared to Q2 2018 due to:
  - Reversal of provision re. law suit in Gibraltar in Q2 2018
  - Increase in employee expenses driven by salary increase stipulated by collective agreement (1.95% as per July 1st)

- … but down by DKK 21m (-2%) compared to Q3 2017 which can be ascribed to:
  - Lower number of FTE
  - General cost focus

Q3 2018 vs. Q2 2018 Development in core expenses



Q3 2018 vs. Q3 2017: Development in core expenses



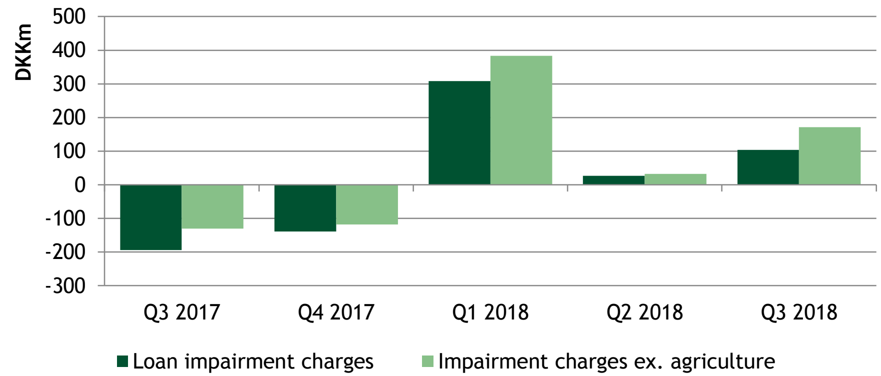
Impairment charges driven by corporate clients

- Impairment charges of DKK 104m under core profit:
  - Increase in impairment charges primarily related to corporate clients

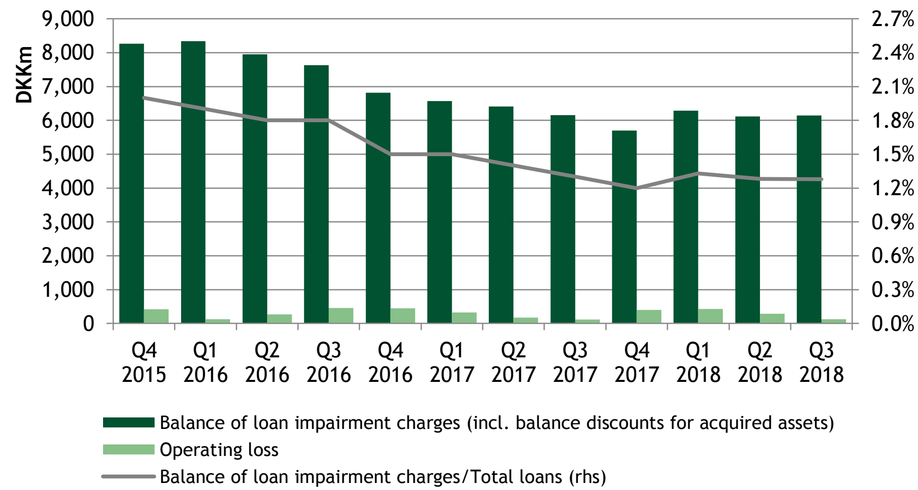
- Total balance of management's estimate of DKK 420m end of Q3 2018, of which DKK 180m relate to agriculture, compared to DKK 466m and DKK 75m respectively end of 2017

- Impairment ratios (under core profit):
  - Impairment ratio for Q3 2018 2bp
  - Accumulated impairment ratio 1.3%

Loan impairment charges (under core profit)



Balance of loan impairment charges and losses



Limited exposure to agriculture

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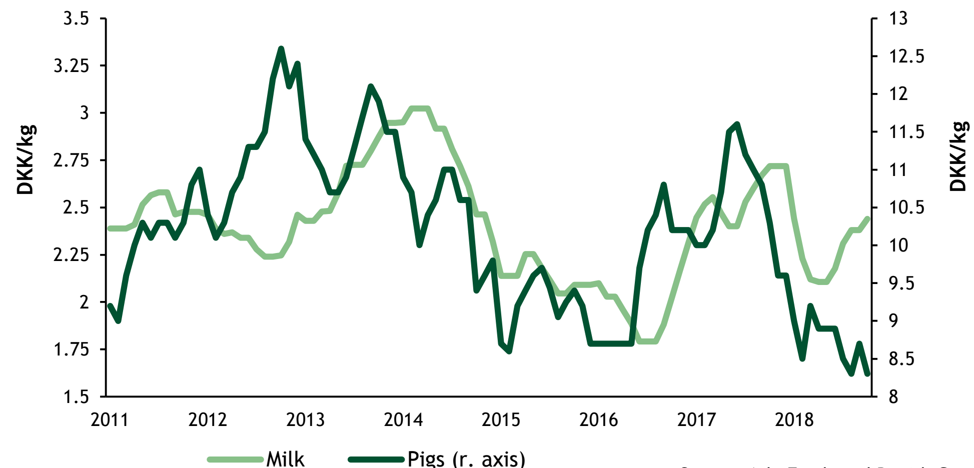
- Limited exposure as agriculture excl. fishing accounts for approx. 1% of the Group's loans and guarantees.
- Impairments ratios at a slightly lower level end of Q3 2018 than end 2017
- Acc. impairment charges include a management estimate of DKK 180m end of Q3 2018
- The increase in loan volume can be attributed to Jyske Erhvervslån. At the end of Q3 2018, Jyske Erhvervslån amounted to DKK 2bn of the loans and advances for agricultural clients
- With regards to commodity price development:
  - Pork prices continue down and have reached a low level of 8.3 DKK/kg in October 2018
  - Milk price has continued to recover since low in Q1 2018 and now stands at 2.44 DKK/kg

Dairy farmers, plant farming and pig farming (DKKm/%)

	Loans, advances and guarantees		Balance of impairment charges		Impairment ratio	
	Q3 2018	**Q4 2017**	**Q3 2018**	**Q4 2017**	**Q3 2018**	**Q4 2017**
Milk	928	917	453	529	33%	37%
Pigs	1,558	1,161	267	329	15%	22%
Plants	2,242	1,758	90	122	4%	7%
Total	**4,727**	**3,836**	**810**	**980**	**15%**	**20%**

Commodity prices

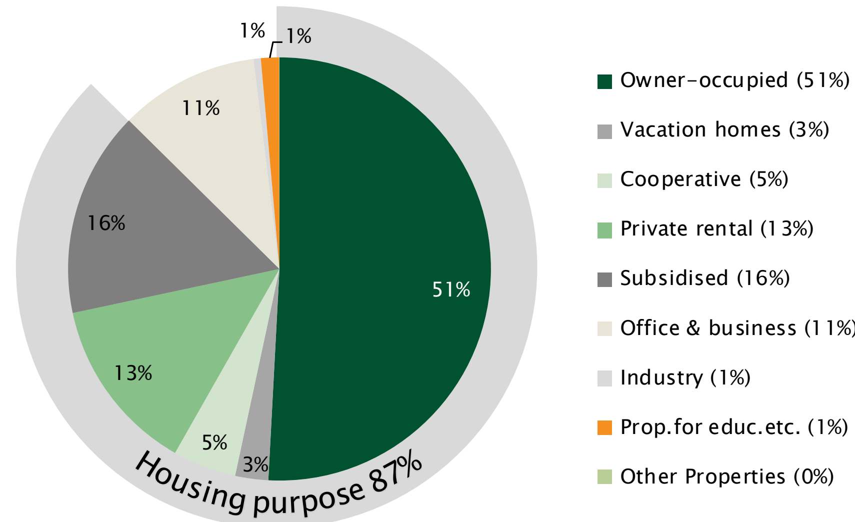


Source: Arla Foods and Danish Crown

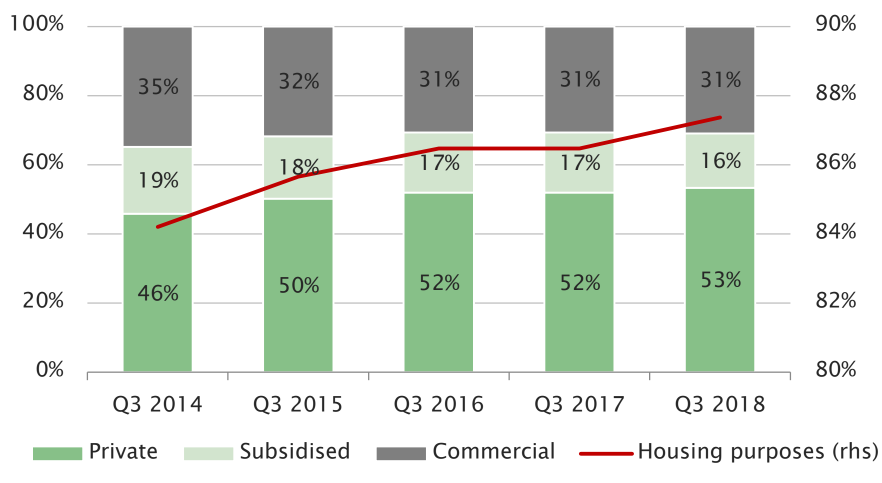
Mortgages: The portfolio

- 87% of lending to properties with housing purposes
  - No loans with swaps to co-operative housing
  - No lending to agriculture and other primary production
- Growth in lending portfolio this quarter primarily driven by joint funding of new home loans
- Continued decrease in the share of F1 and F2 mortgages - at the same time increase in both capped and non-capped floaters

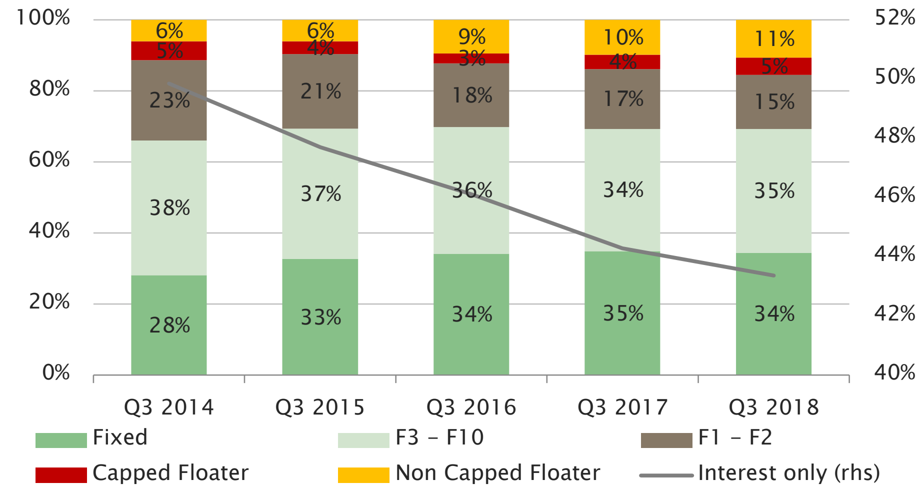
Distribution of lending portfolio



Development in lending portfolio

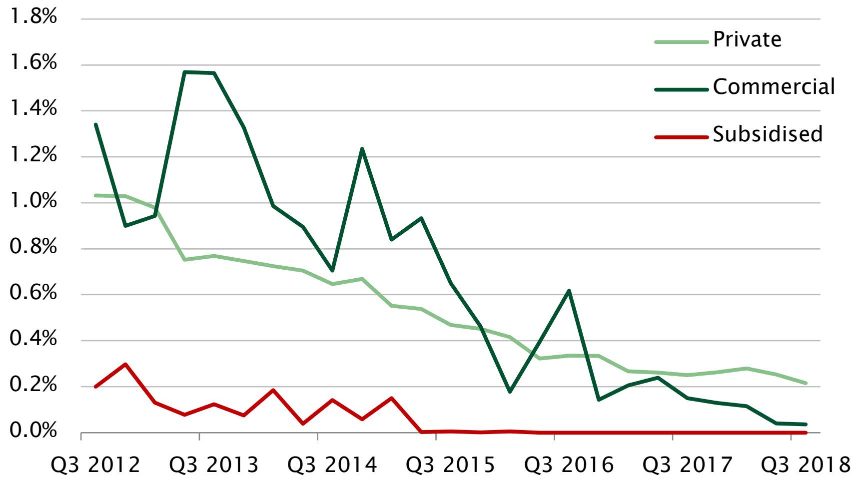


Development in loan types

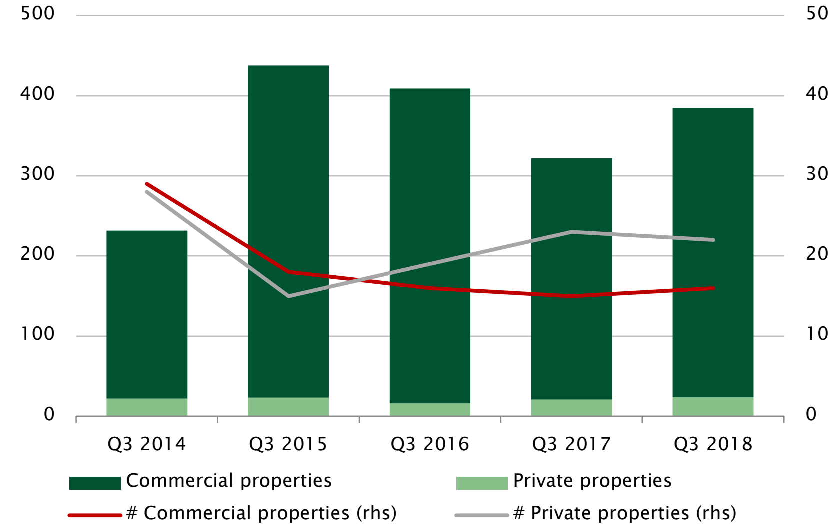


Mortgages: Improved credit quality

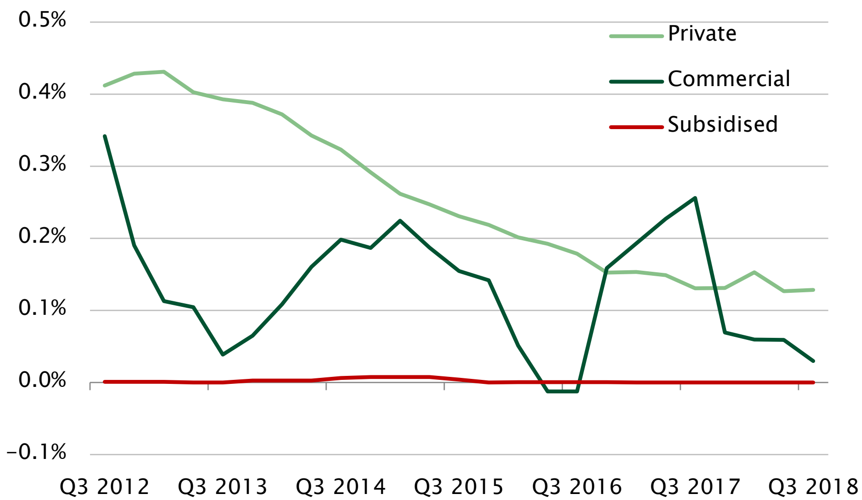
Lending in 90-days arrears (*per cent of lending*)



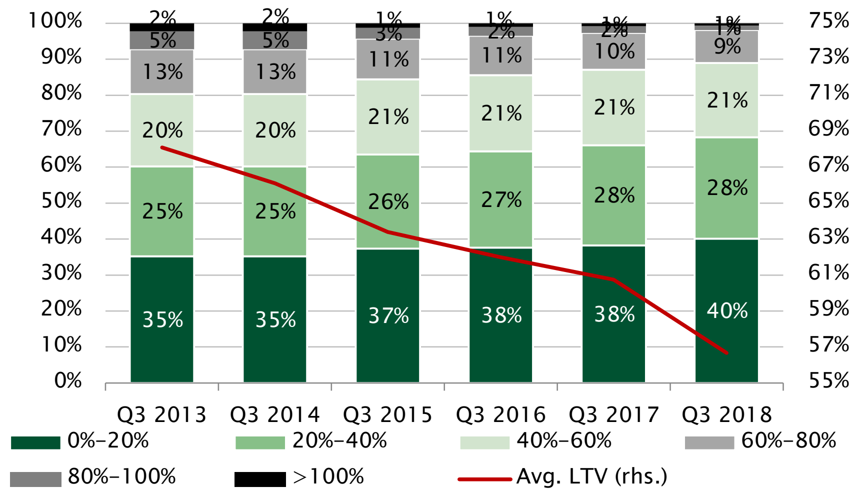
Repossessed properties (*DKKm/number*)



Yearly realised losses (*running year*)



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



Bank loans: the portfolio

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- Portfolio composition end of Q3 2018:
  - Corporates take up larger proportion, 62% vs. 58% end of 2017 as volume grows
  - Private individuals at 32% compared to 35% end of 2017
  - Public authorities at 6%

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

- Corporates
  - Increase in impairment charges re. corporate clients
  - Impairment ratio for Q3 2018 8bp

- Private individuals
  - Low number of new defaults
  - Impairment ratio for Q3 2018 2bp

Loans and guarantees by sector

%	Loans, advances and guarantees		Balance of loan impairment charges		Losses	Impairment charges
	Q3 2018	Q4 2017	Q3 2018	Q4 2017	Q3 2018	Q3 2018
Public authorities	6%	7%	0%	0%	0%	0%
Agriculture, hunting, forestry and fishing	6%	5%	22%	26%	25%	-75%
Manufacturing, mining etc.	4%	5%	6%	5%	8%	86%
Energy supply	5%	4%	1%	1%	0%	10%
Building and construction	2%	2%	2%	2%	0%	11%
Commerce	8%	7%	5%	4%	7%	-17%
Transport, hotels and restaurants	3%	2%	2%	2%	0%	-2%
Information and communication	1%	1%	1%	1%	0%	6%
Finance and insurance (ex repo loans)	17%	19%	15%	17%	0%	-10%
Real property	12%	11%	12%	14%	37%	20%
Other sectors	4%	4%	4%	4%	0%	44%
Corporate clients	62%	58%	71%	76%	77%	75%
Private individuals	32%	35%	26%	24%	23%	8%
Unused credit commitments	0%	0%	3%	0%	0%	18%
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)

Investment portfolio earnings into negative territory

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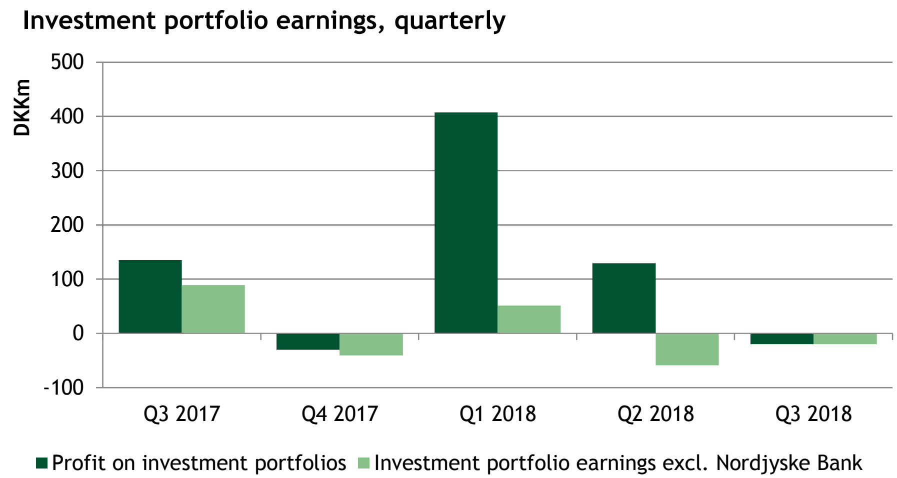
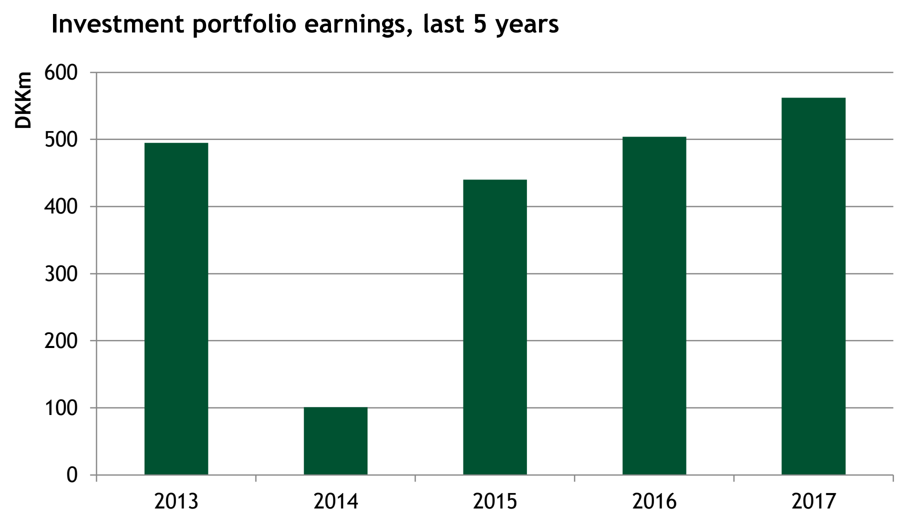
- The investment portfolio earnings continue to generate modest returns
  - Increase in investment portfolio earnings excl. Nordjyske Bank from Q2 2018 to Q3 2018
- In June 2018, Jyske Bank's share holding in Nordjyske Bank was divested in connection with the merger between Ringkjøbing Landbobank and Nordjyske Bank
  - No effect from Nordjyske Bank in Q3 2018, however, positive effects from Nordjyske Bank shares of DKK 188m 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 risk.





Accounting for activities involving financial instruments

-> Q4 2017	Strategic balance & risk mgmt	Investment portfolio	Jyske Markets
Financial accounts	Core income	Investment portfolio earnings	Core income
Solvency	Trading book	Trading book	Trading book
Valuation	Fair value/Amortized cost (HtM)	Fair value	Fair value

2018 ->	Strategic balance & risk mgmt	Investment portfolio	Jyske Markets
Financial accounts	Core income	Investment portfolio earnings	Core income
Solvency	Banking book	Trading book	Trading book
Valuation	Fair value/Amortized cost (Hold-to-collect)	Fair value	Fair value

- Trading intent or not? Danish vs. European practice – gradual transition, less trading intent
- Valuation: At present the majority of the banking book is still valued at fair value but will gradually move to amortized cost (Hold-to-collect)
- P/L effect:
  - Fair value (Coupon interest income and value adjustments) - ”GROSS”
  - Hold-to-collect (Interest income based on amortized cost) – ”NET”

Capital and Liquidity

Strong capital position

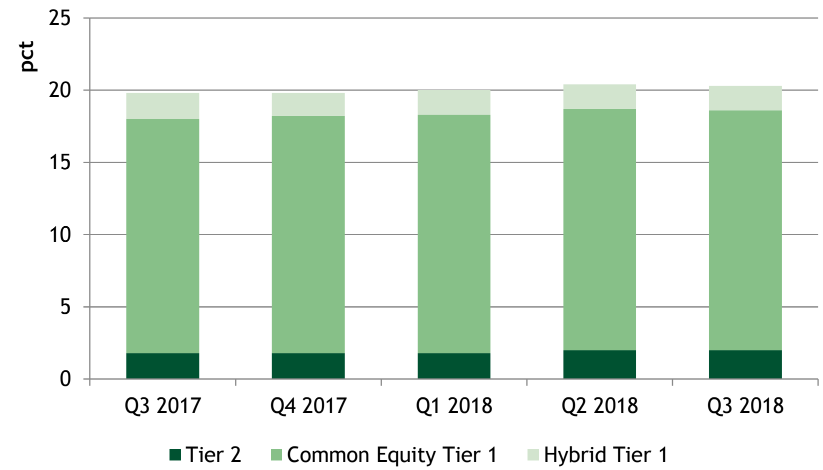
- Capital ratio 20.3% and CET1 ratio 16.6% end of Q3 2018 vs. long-term targets of 17.5% and 14% post-Basel IV implementation
  - Capital structure aligned with long-term targets
  - Jyske Bank will aim to distribute excess capital as dividends and/or share buy-backs when the capital position allows it

- 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 Q3 2018
  - Jyske Bank aims long-term to build a RAC ratio of approx. 10.5%

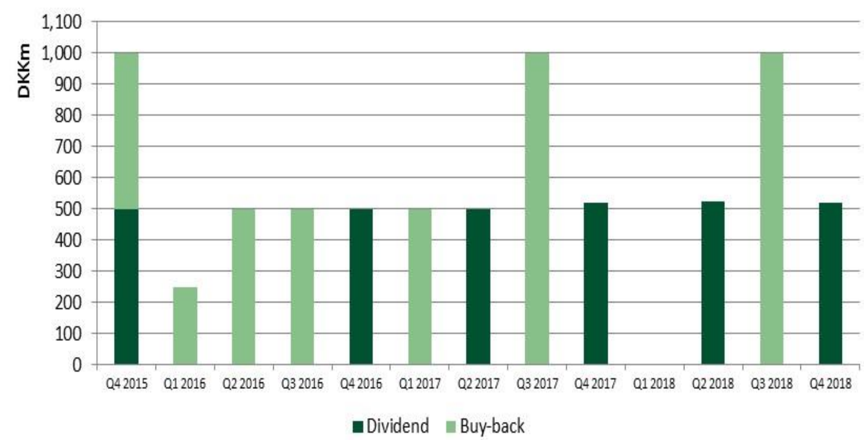
- On-going share buy-back programme of DKK 1bn from Aug 22 – Dec 28 2018. End of Q3 a total of DKK 448m worth of shares have been bought back via this programme

- Capital distribution since November 2015:
  - Share buy-back programmes of DKK 4.25bn in total
  - Dividends of DKK 2.5bn in total
  - Intention to propose ordinary dividend of DKK 6.12 per share at AGM in March 2019

Capital ratios



Capital Distribution (time of announcement)



Future regulation

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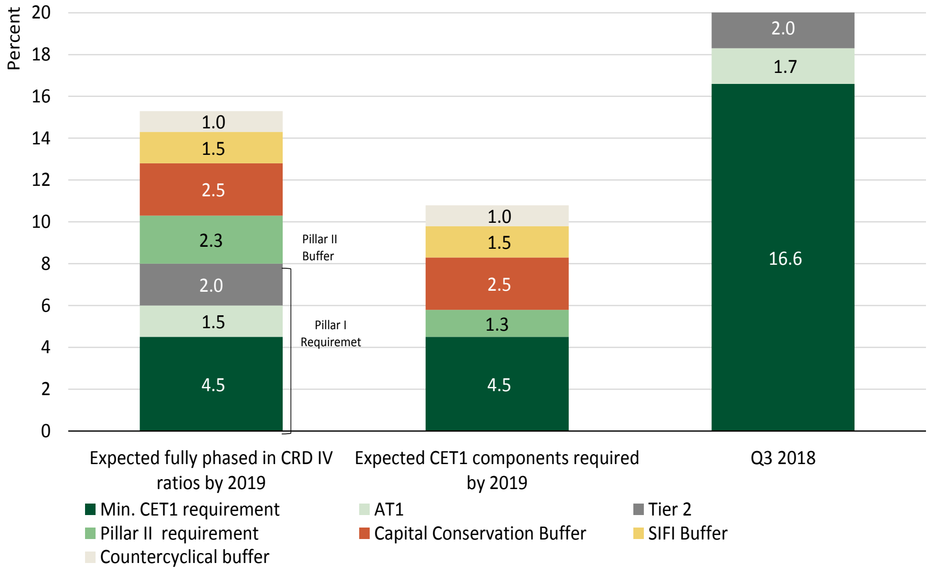
- Long-term capital targets based on fully implemented Basel IV capital requirements:
  - Capital ratio 17.5% and CET1 ratio 14%
  - Capital ratios to remain above long-term targets given upcoming capital requirements
- Basel IV
  - The Basel IV recommendations were announced in December 2017
  - Jyske Bank expects the effect on the capital ratio to be up to 3 percentage points
  - 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 senior preferred debt and capital)
  - Grandfathering of senior preferred debt issued prior to 1 January 2018
  - MREL must be fulfilled entirely with contractually subordinated debt (non-preferred senior debt) from 1 January 2022



Liquidity is still ample

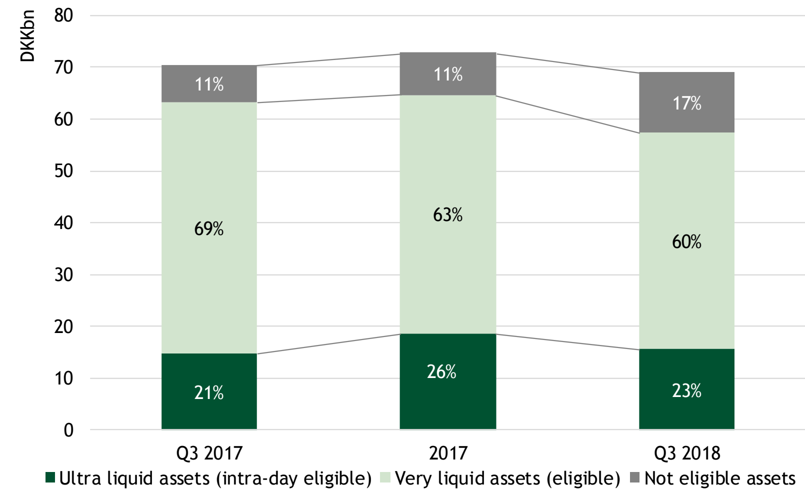
- Liquidity buffer DKK 69bn end of Q3 2018 (DKK 73bn end of 2017)
  - 83% of the buffer - DKK 57bn - is eligible for repo transactions at central banks (Nationalbanken or ECB)
  - Cash placements are categorized as intra-day eligible
  - Large decrease in intra-day eligible as bank deposits decrease and placement of cash from CP-funding proceeds are less attractive due to increased rates/prices

- Group's LCR at 234% by end of Q3 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%

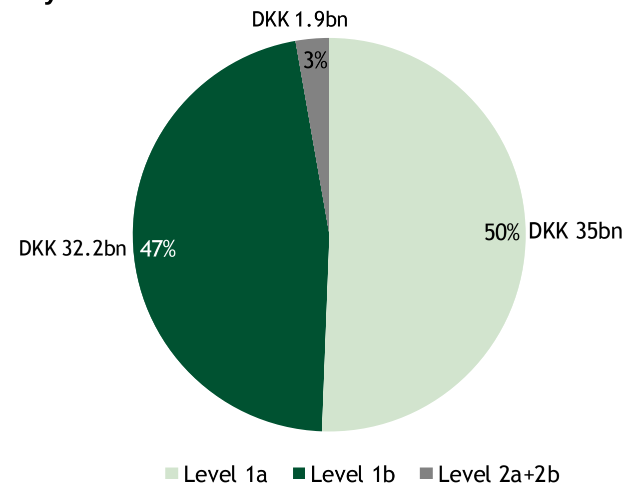
- New liquidity benchmark based on simplified LCR with 90-days horizon brought into effect in the FSA's supervisory diamond
  - Stands at 179% end of Q3 2018

- Leverage ratio of 5.3% end of Q3 2018 vs. 5.4% end of Q4 2017.

Group liquidity buffer



LCR liquidity buffer



The Group has become a frequent EUR issuer

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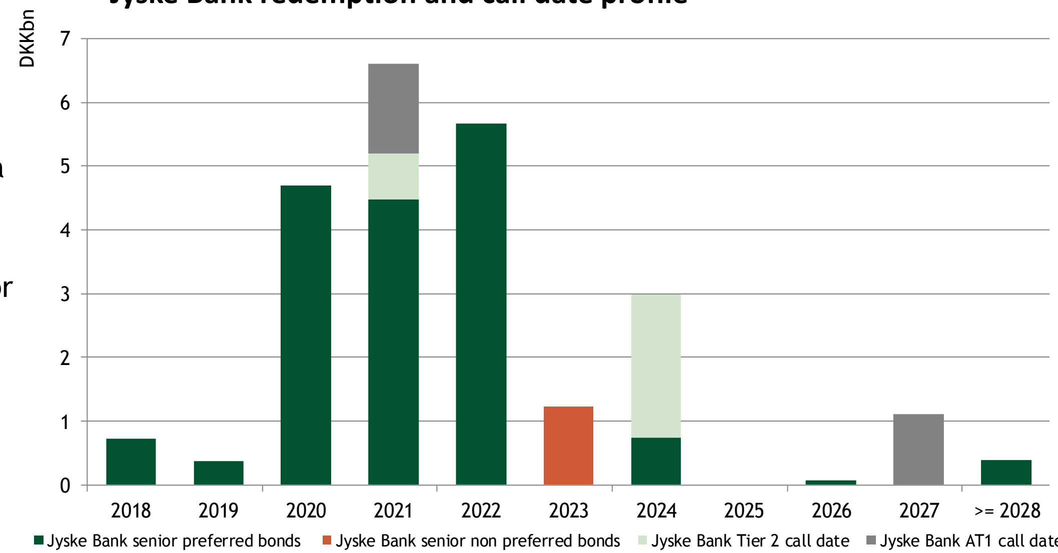
- Short term ongoing activities in French CP
- From 2011 and year to date the Group has issued one senior unsecured (Senior Preferred ("SP")) EUR public benchmark a year (focus on 3-5 year maturities)
- From 2018 and onwards focus will be on non-preferred senior ("NPS") issuance
- First NPS issued in August 2018: SEK 1.75bn

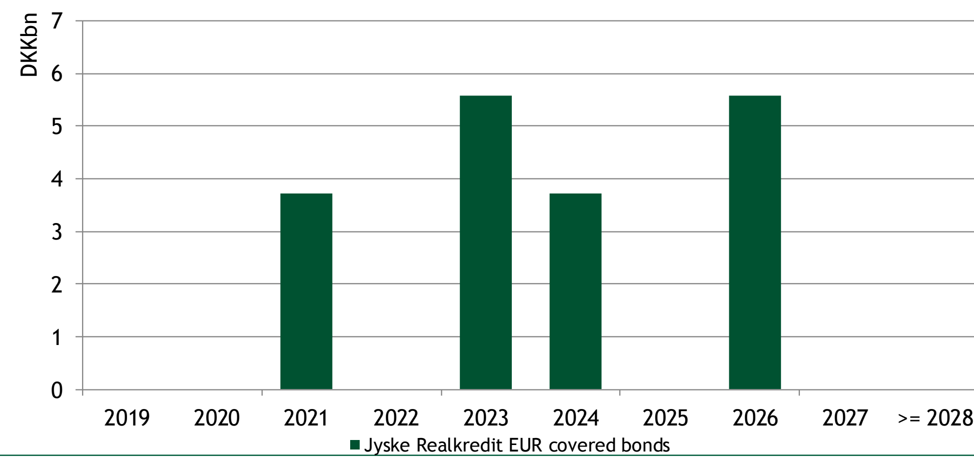
Jyske Bank redemption and call date profile



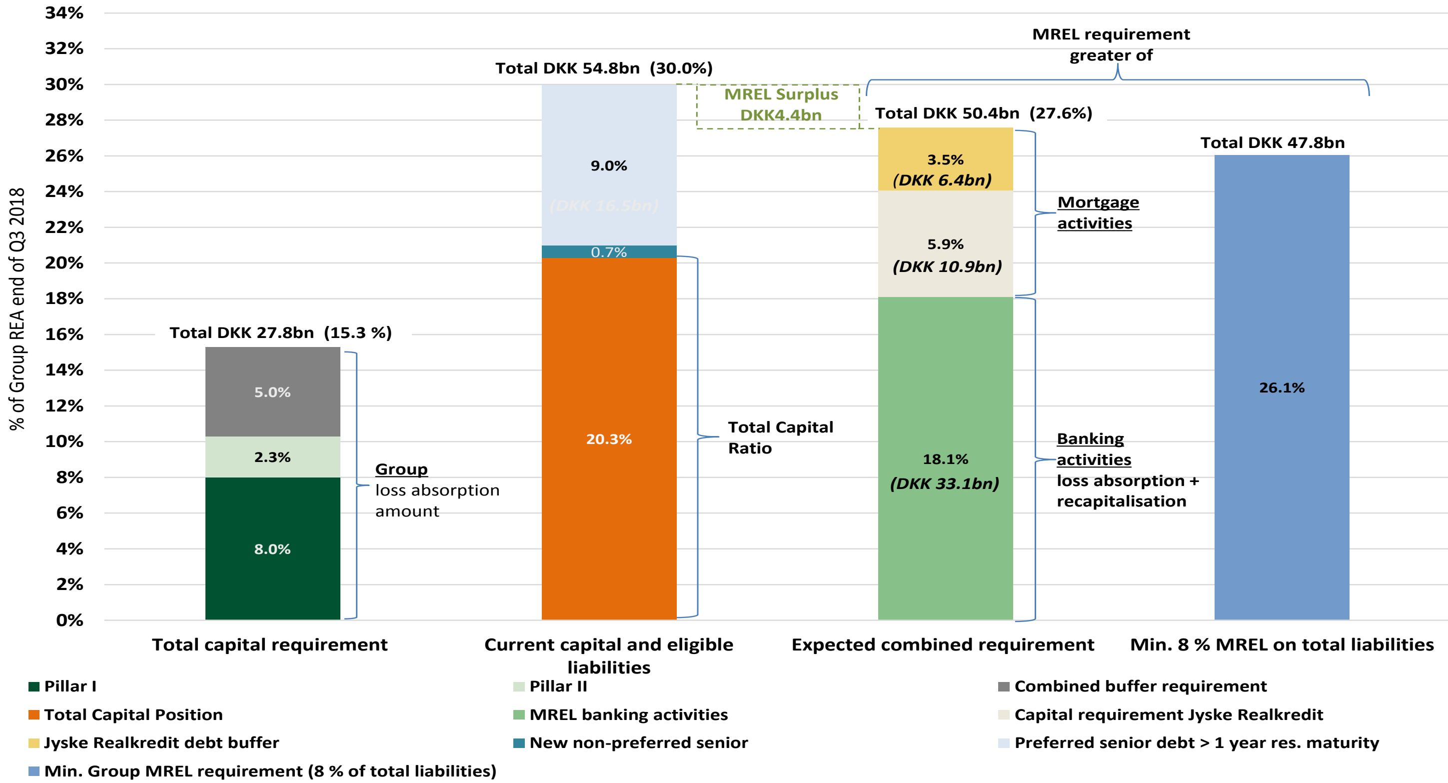
Jyske Realkredit

- 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
- No EUR covered bond issuance in 2018 (no funding need)
- From 2019 EUR will be part of the refinancing/funding "toolbox"

Jyske Realkredit EUR covered bonds redemption profile



MREL overview



- 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 expected to be issued before end of year 2018 (EUR 500m benchmark format)
  - 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”

Appendices:
1) Jyske Bank in brief and business segments
2) Danish Economy Q3 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
  - Primary subsidiaries: Jyske Realkredit A/S, Jyske Finans A/S and Jyske Bank (Gibraltar Ltd.)
  - Total assets of DKK 597bn and total loans of DKK 458bn of which mortgage loans account for DKK 319bn (70%)

- 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)
    - Intention to propose ordinary dividend of DKK 6.12 per share at AGM in March 2019

Jyske Bank in brief

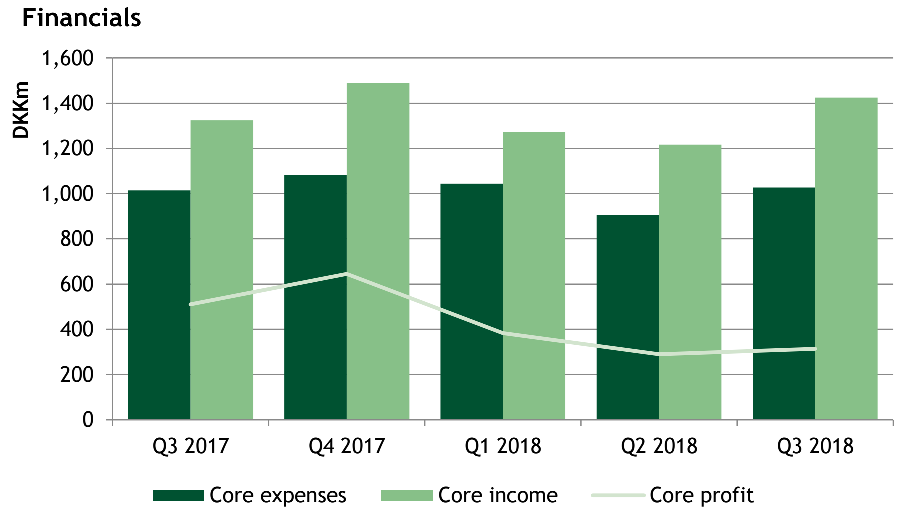
JYSKE BANK

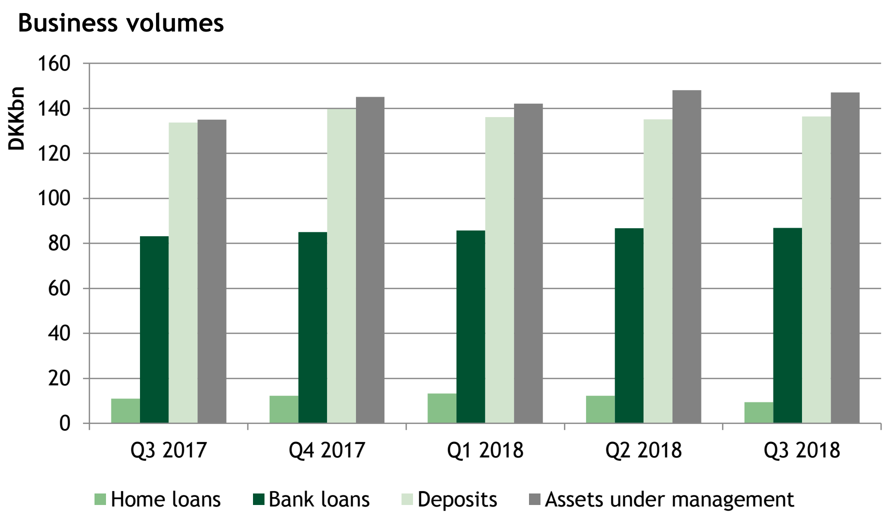
Jyske Bank Group key figures								
	Profit before tax, DKKm	**Net profit, DKKm**	**Shareholders' equity at year-end, DKKm**	**ROE after tax, average equity**	**Loans and advances, DKKbn**	**Deposits, DKKbn**	**Total assets, DKKbn**	**Number of FTEs**
1997	584	443	4,772	9.6%	36.6	41.5	63.1	2,671
1998	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
2007	2,273	1,735	9,704	17.9%	134.0	112.7	214.3	4,145
2008	1,307	988	10,722	9.7%	129.1	117.0	236.8	3,996
2009	597	471	12,523	4.1%	110.6	109.3	224.5	3,877
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
Q1-Q3 2018	2,544	1,999	31,908	8.1%	457.7	150.9	596.9	3,726

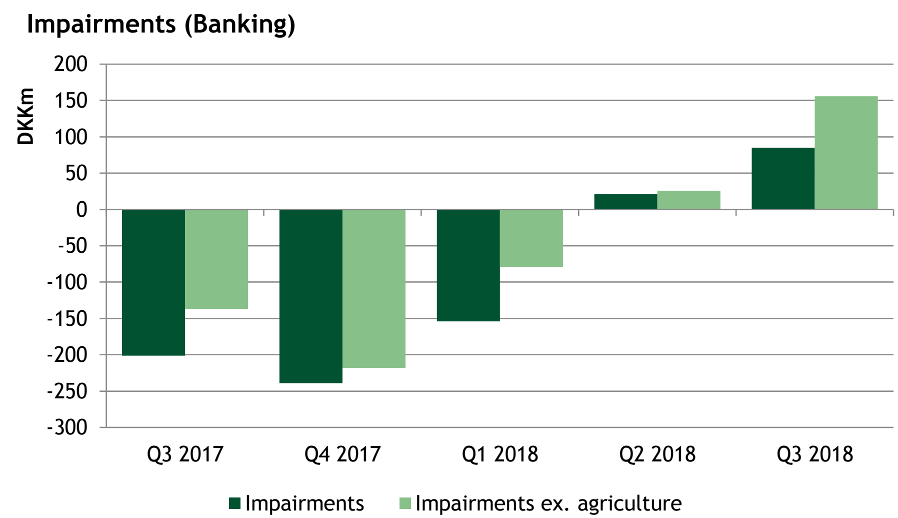
Average ROE after tax 1997- Q3 2018 of 11.7%

Banking activities

- Stable volume in bank loans
- Increase in bank deposits – back to 2017 levels
- Minor decrease in AUM
- Core income increase driven by sale of property and positive one-off re. value adjustments
- Stable development in core expenses - Q2 2018 was positively driven down by reversal of provision
- Increase in impairment charges compared to Q2 2018







Mortgage activities

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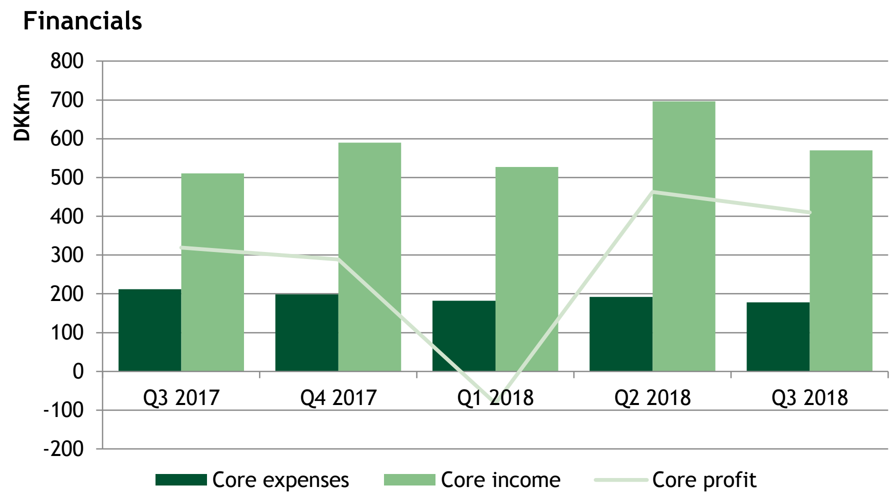
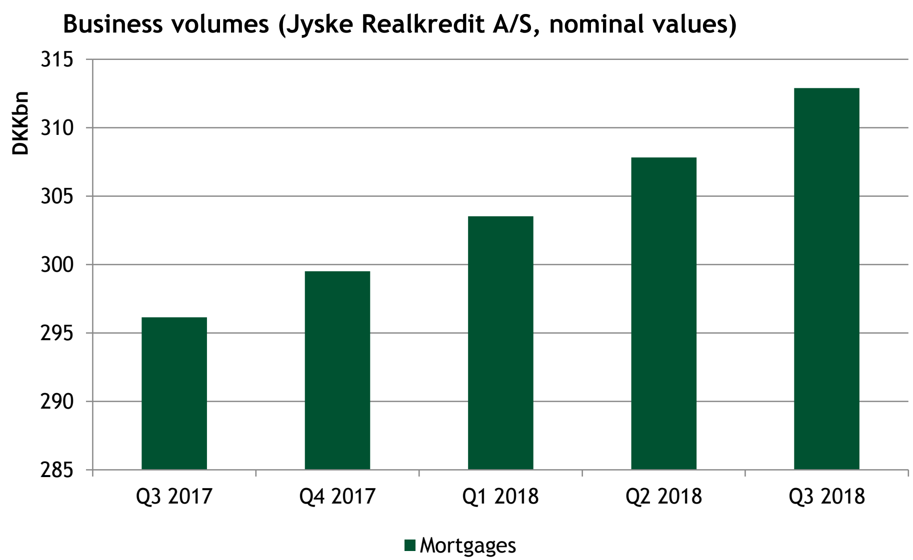
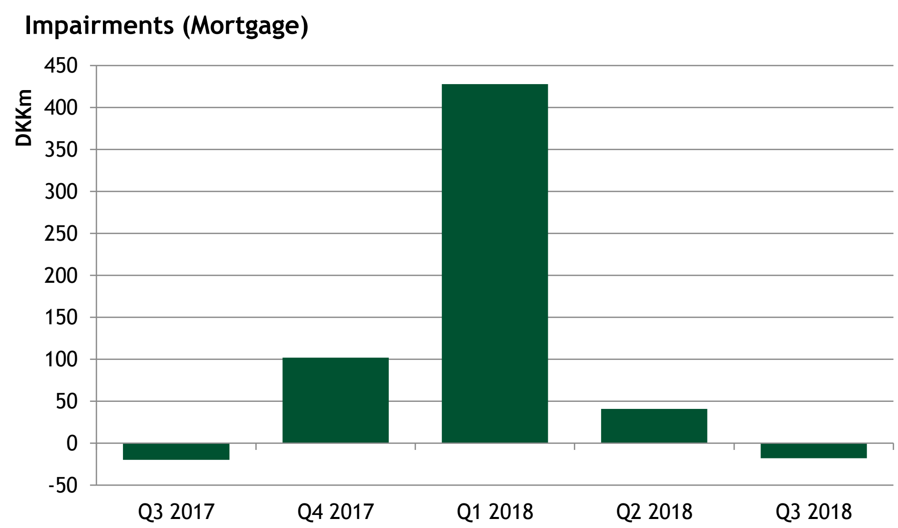
- Continued growth in volume
- Core income boosted by increase in net fee income but still below Q2 2018 where sale of property significantly increased core income and pushed it above 2017 levels
- Decrease in core expenses
- Reversal of impairments in Q3 2018

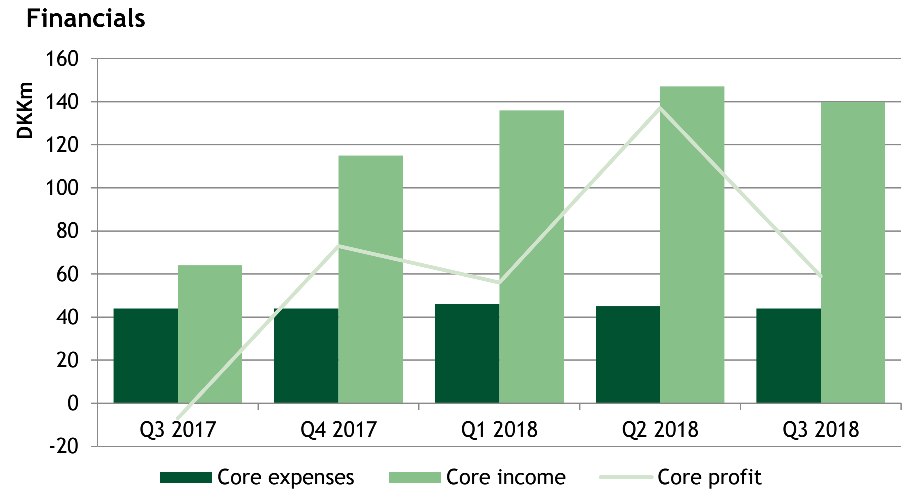


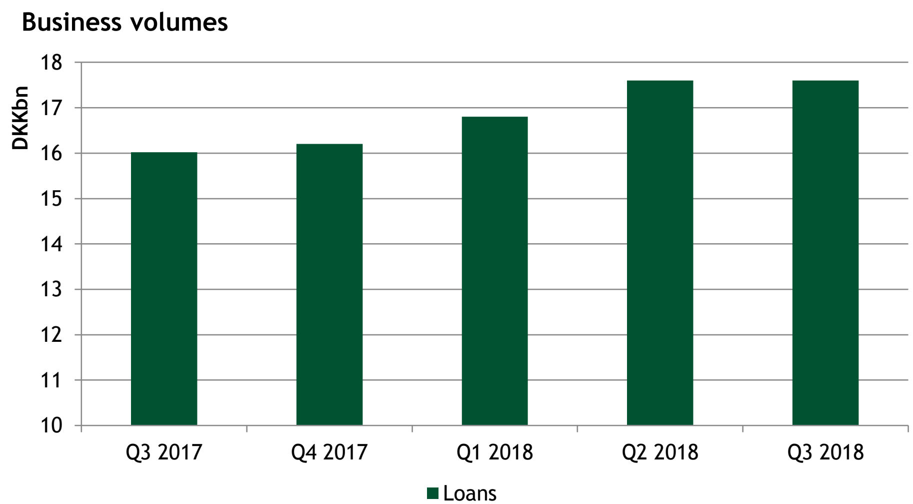


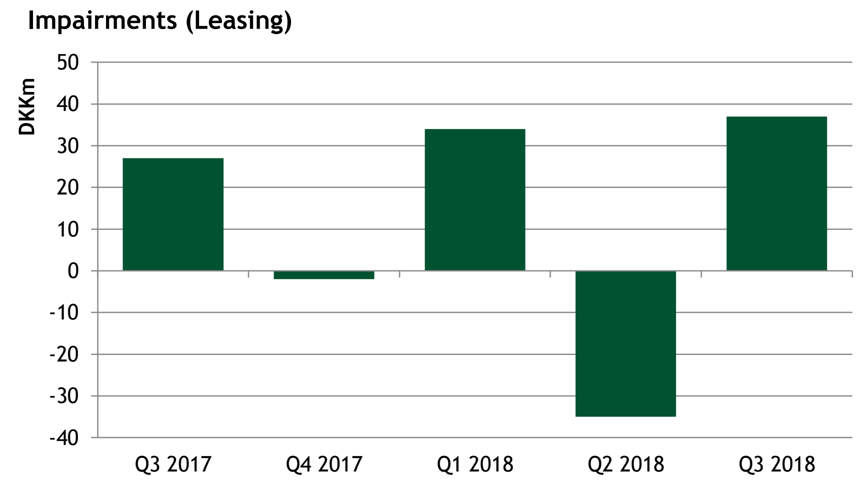


Leasing activities

- Loan volumes continue to increase and support NII
- Stable core expenses
- Decrease in core profit primarily due to increased impairment charges







Danish Economy October 2018

Headlines on the Danish Economy

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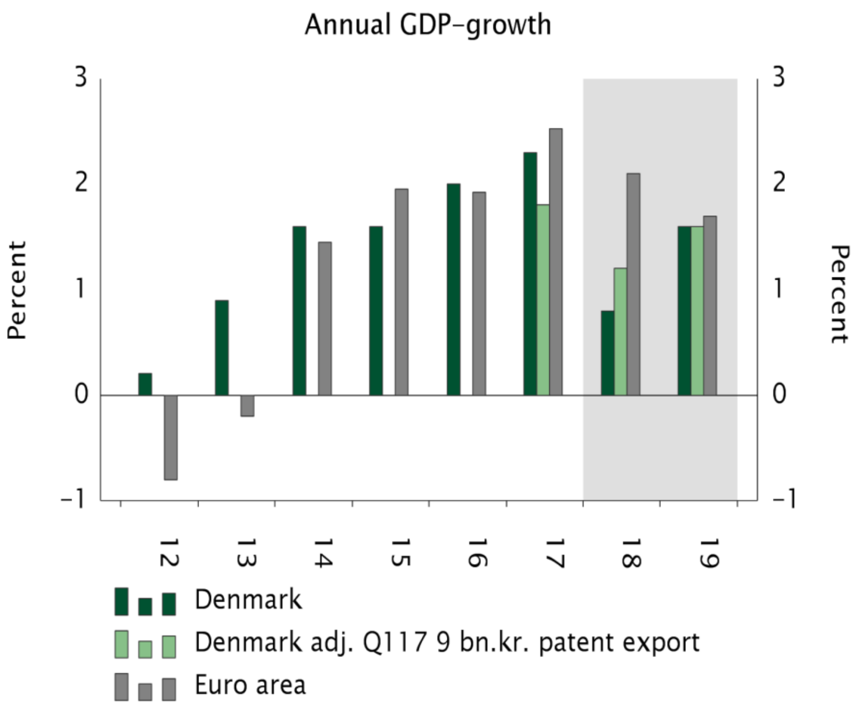
- We expect the upturn in the Danish economy to continue in 2019
- Low interest rates, increasing house prices and job growth stimulates demand. Export competitiveness looks healthy
- Gradually the pace of the upturn is likely to decline to labour supply shortages and less tailwind from the global economy
- 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
- Upcomming 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

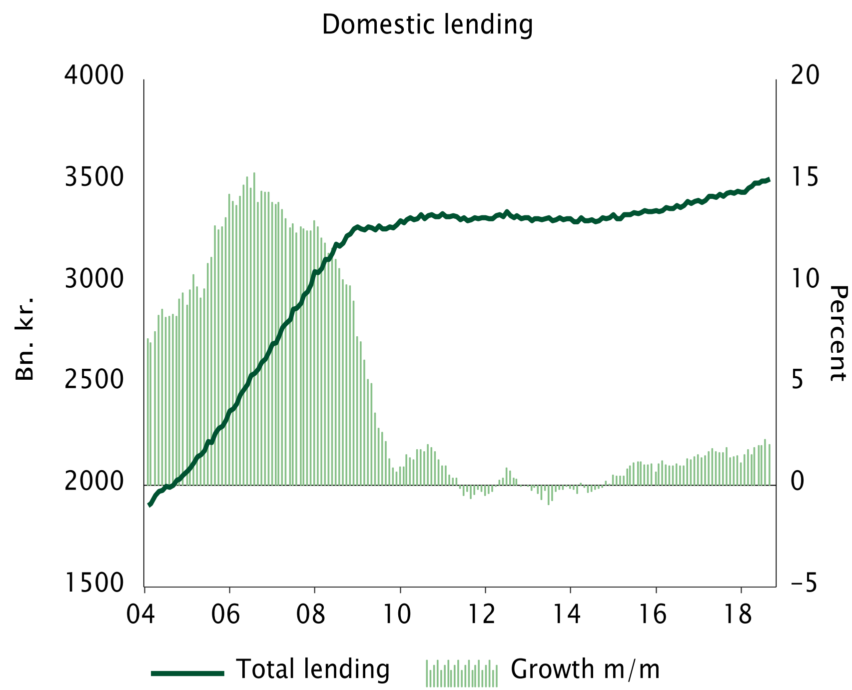
- Overall the Danish financial sector's operating environment is still improving
- Small setback in growth in 2018 due to weaker export. Still, employment data is strong

The upturn will continue



Source: Thomson Reuters Datastream

Lending growth is slowly picking up



Source: : Thomson Reuters Datastream

3 kinds of stimulus support demand

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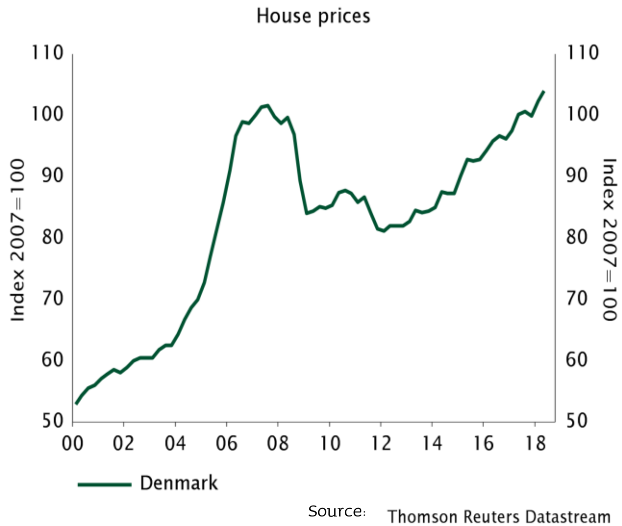
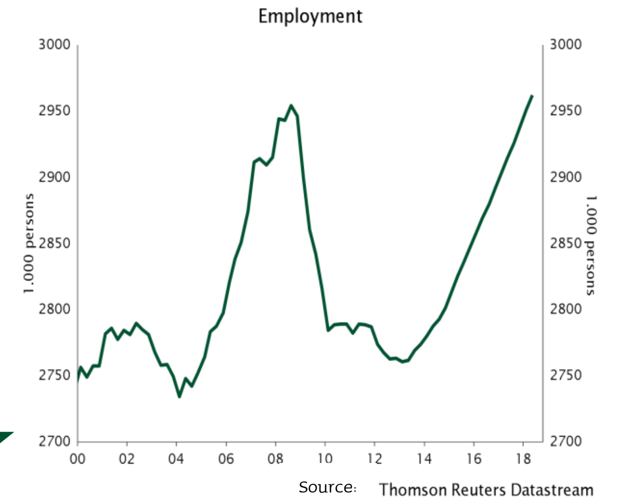
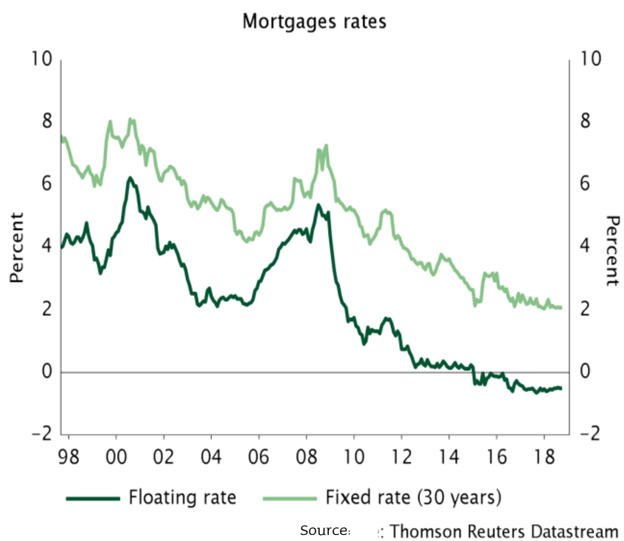
House prices recovering after burst in 08/09



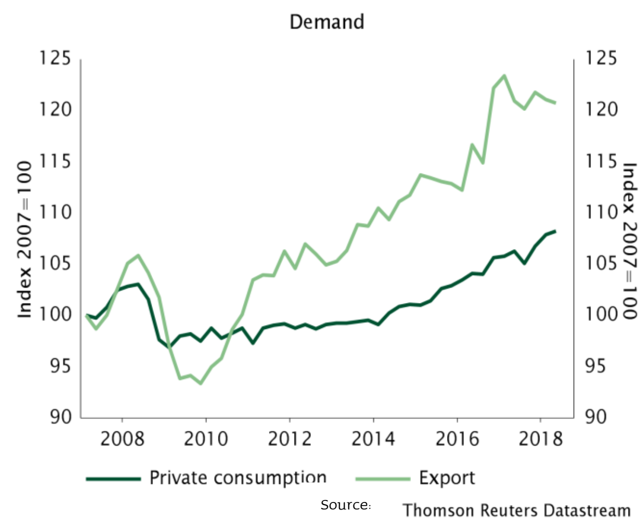
Steady rise in employment



Interest rates are at a historic low



Consumption is strong, while export slows after sharp upturn



The labour market performance is strong

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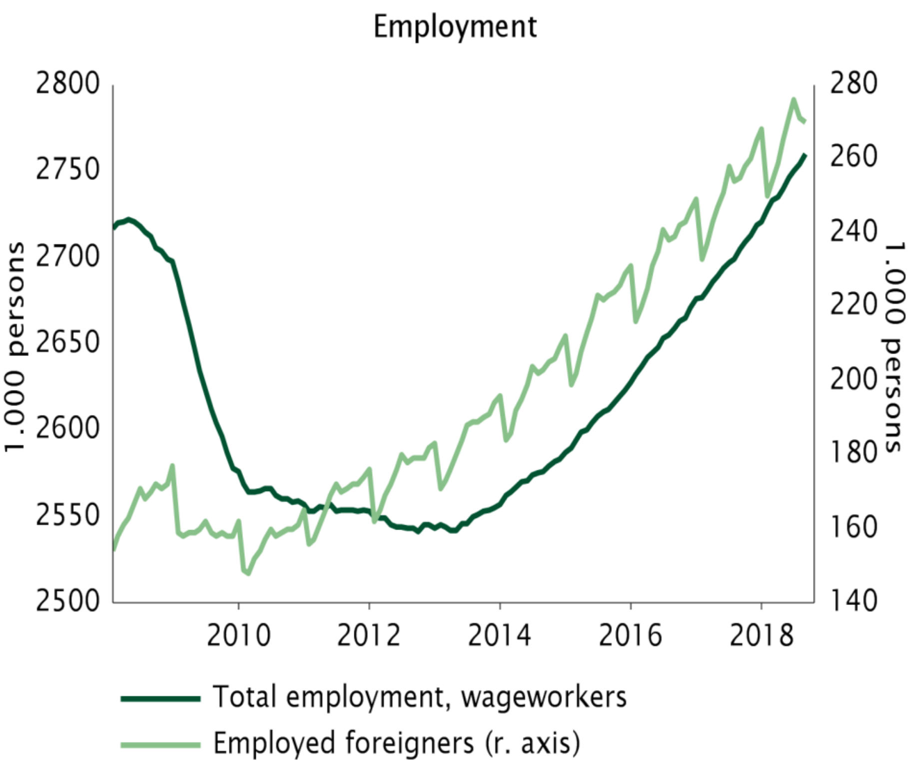
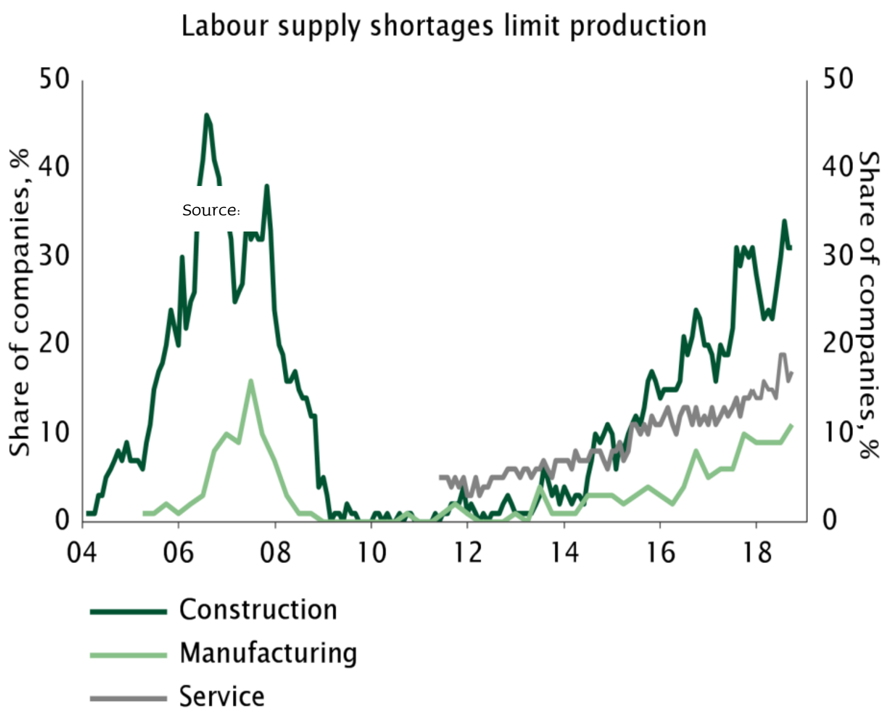
- The labour force is increasing from foreign labour supply and a higher retirement age. Gradually lack of labour supply will become more pronounced

Foreign labour accounts for +40 % of rise in employment



Source: Thomson Reuters Datastream og jobindsats.dk

Lack of labour supply is accelerating



Source: Thomson Reuters Datastream

Improved asset quality
- as defaults have normalized

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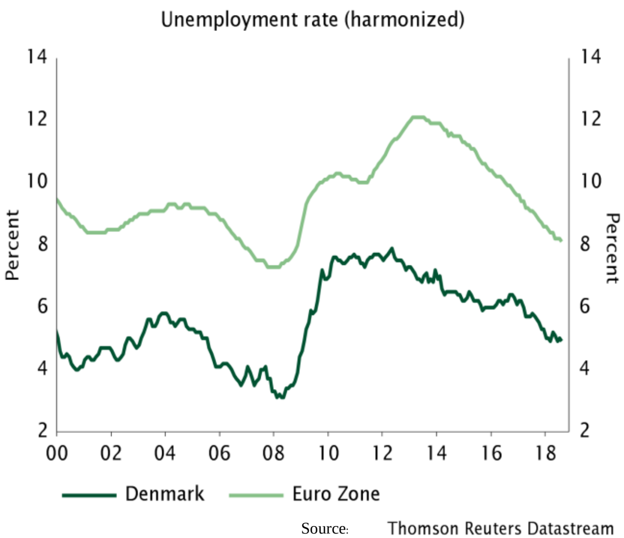
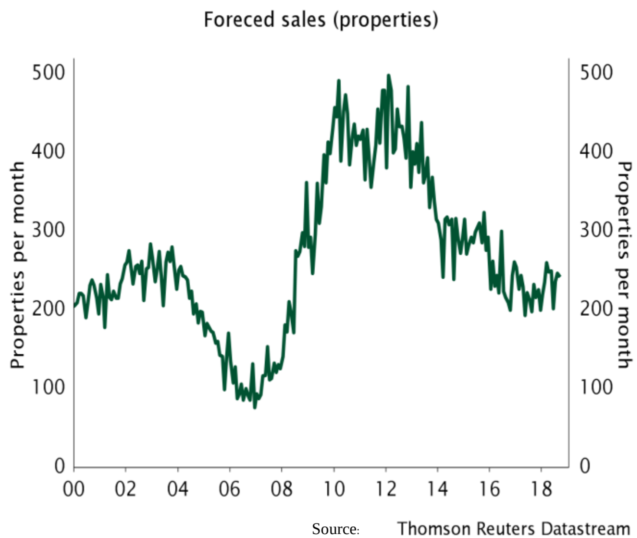
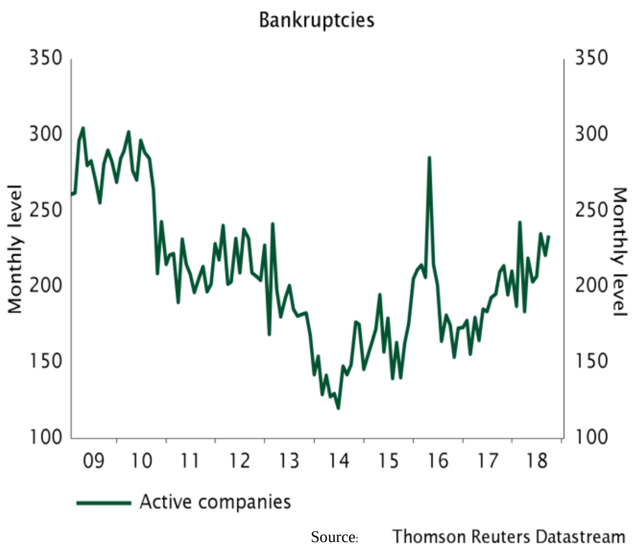
Unemployment is declining



Forced house sales below 0,2 % per year



Business bankruptcies at neutral level



Turnaround and consolidation at the same time

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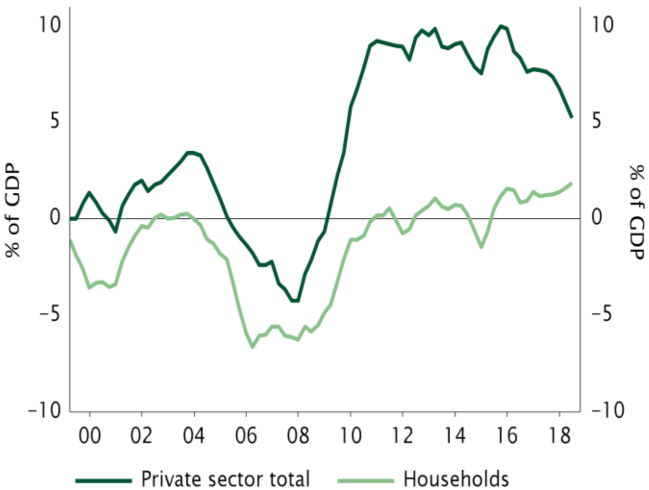
- Low interest rates and solid real wage growth make it possible for households to consume more and save up at the same time

The private sector is saving up

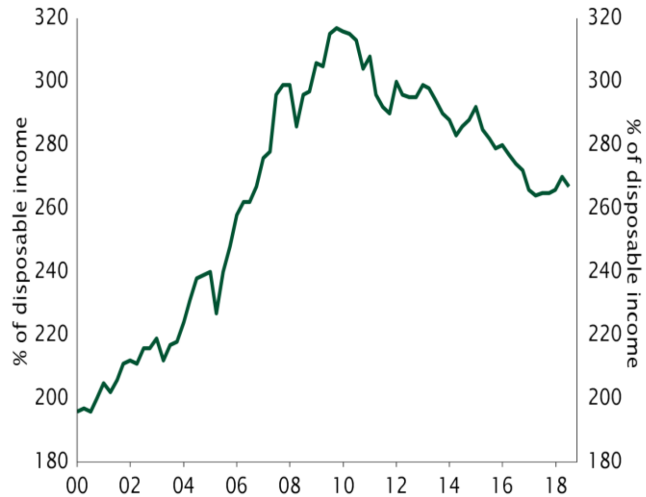
Private sector financial saving



Source: Thomson Reuters Datastream

...so household debt has declined

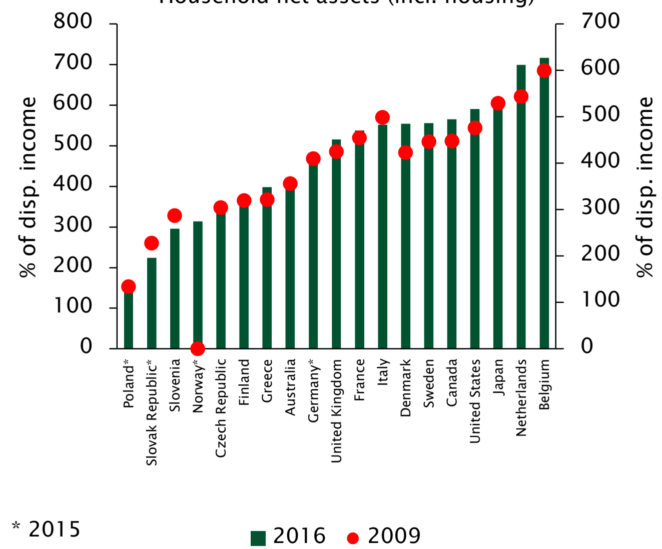
Household gross debt



Source: Thomson Reuters Datastream

...and household net assets are large

Household net assets (incl. housing)



* 2015

Source: OECD

House prices have continued up in all regions

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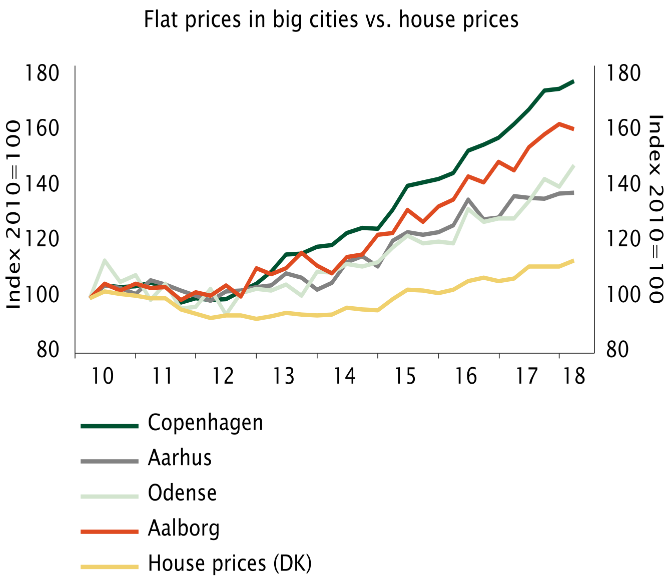
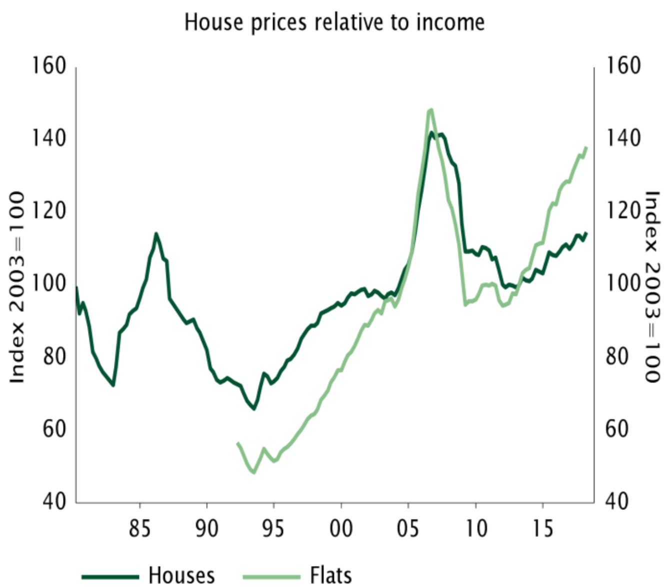
- Widespread recovery on housing market, especially on flats in big cities
- There is a risk that very low interest rates may overheat local parts of the market. Especially the Copenhagen market
- However, new regulation and a new housing tax model will have a dampening effect

Large differences on the housing market



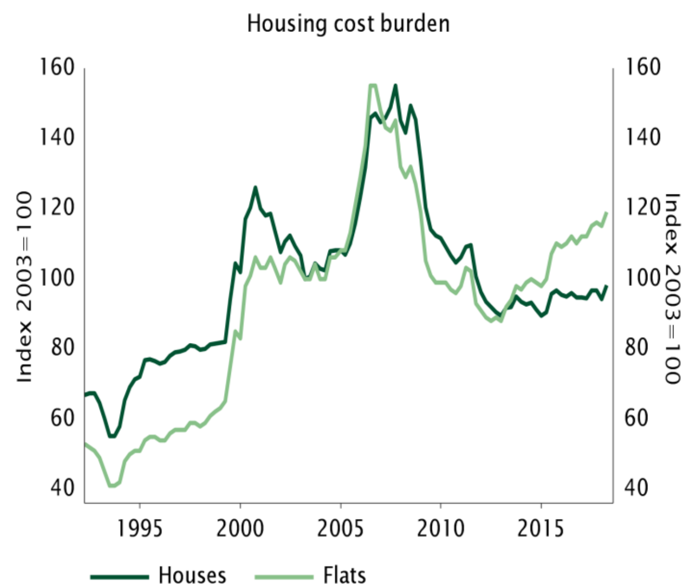
Source: Thomson Reuters Datastream

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.

First signs that new lending regulation works

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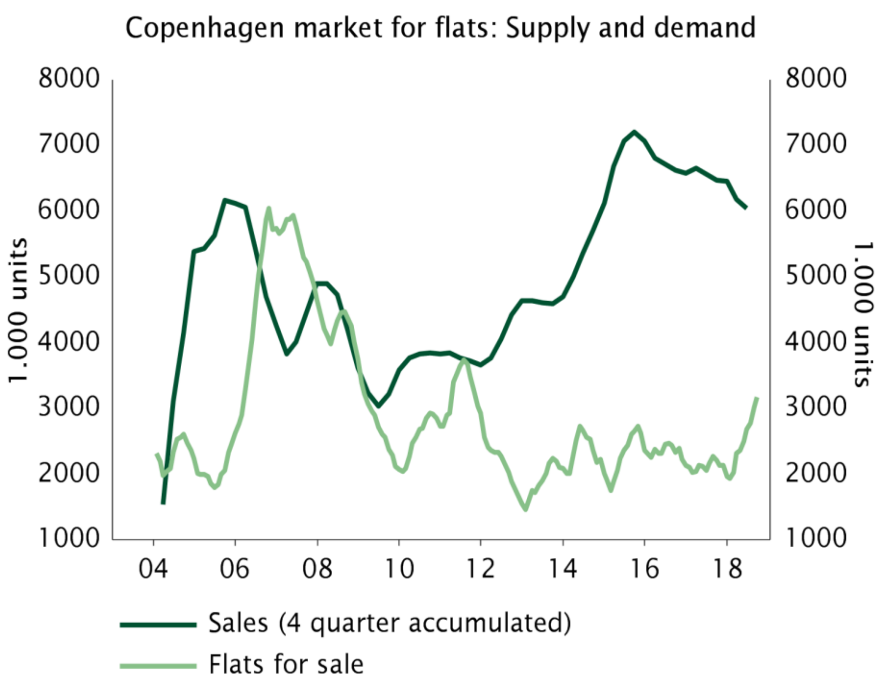
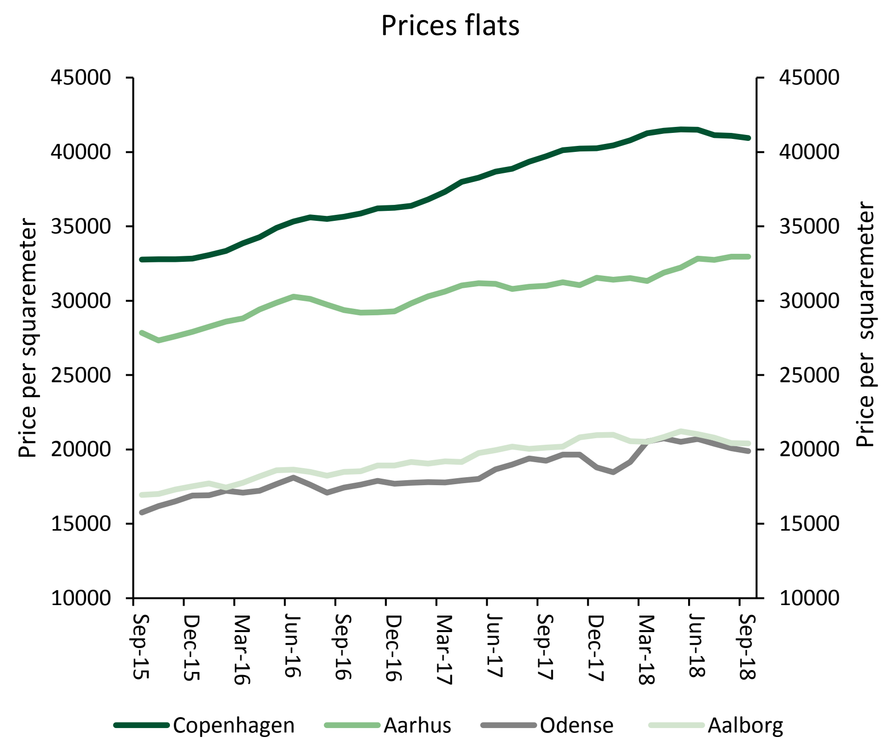
- The new regulation seems to be turning down heat on the Copenhagen market

Demand and supply are getting closer



Source: Thomson Reuters Datastream

Most recent data show peaking flat prices



Source: Boligsiden.dk

Moderate Danish price increase in European context

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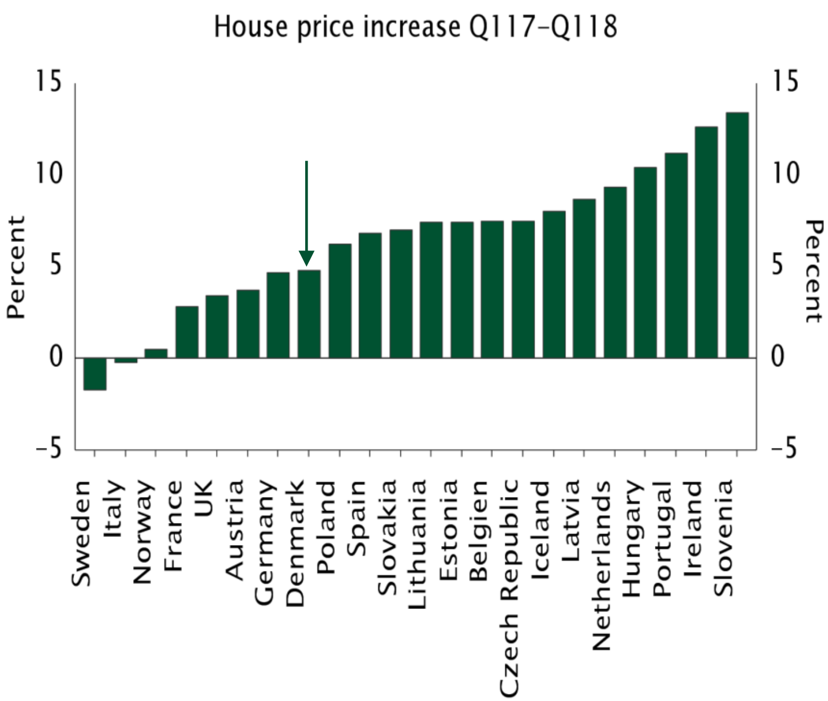
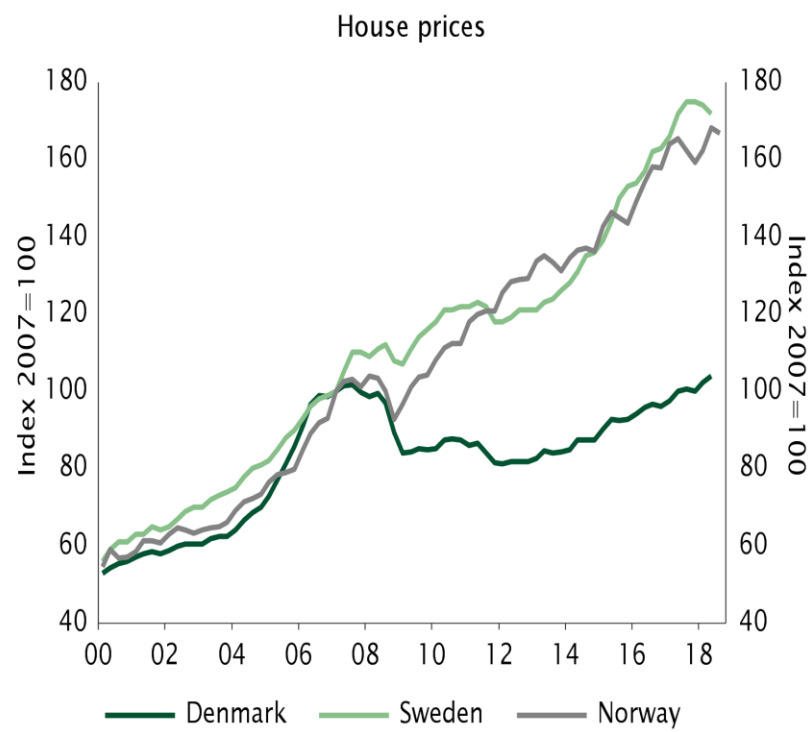
European house prices the past year



Source: Thomson Reuters Datastream

The development in Scandinavian houseprices



Source: Thomson Reuters Datastream

Denmark is a AAA economy with strong structural financial features

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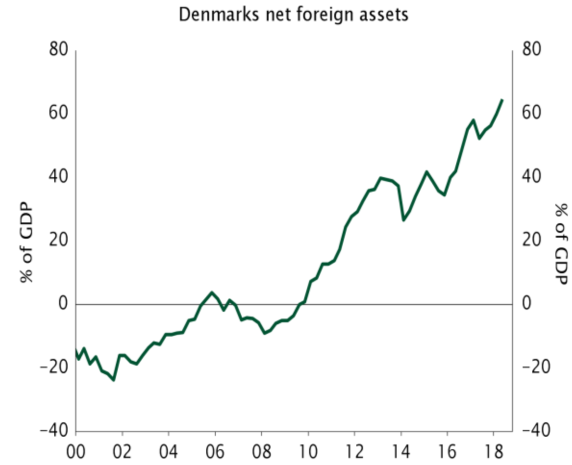
Current account surpluses since late 90s

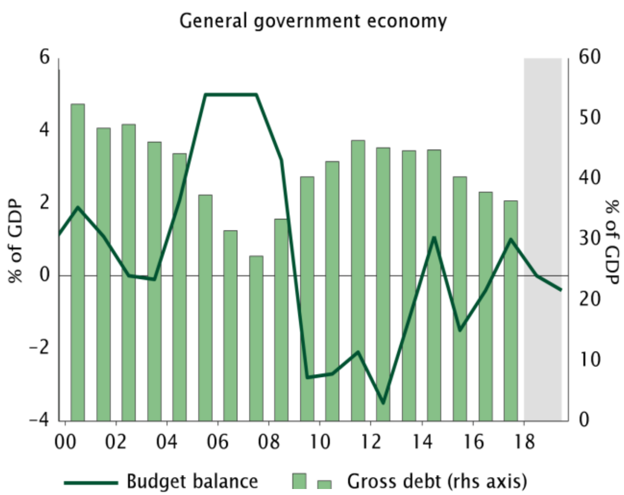
Source: Thomson Reuters Datastream

..imply that foreign assets are increasing



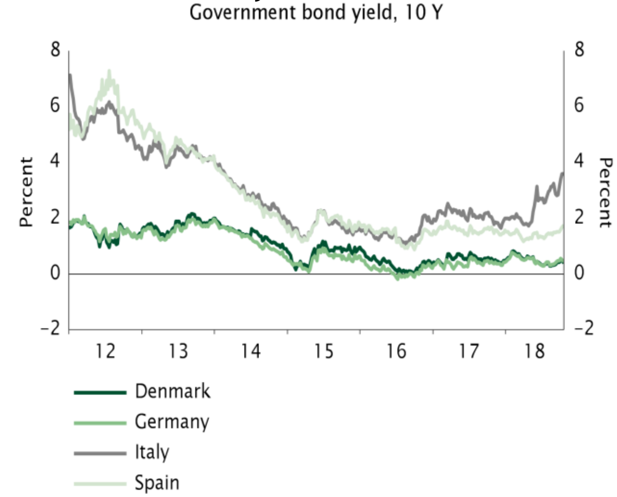
Source: Thomson Reuters Datastream and Statistics Denmark

And public sector debt is low



Source: Thomson Reuters Datastream

This is why Denmark is AAA



Source: Thomson Reuters Datastream

A strong financial position

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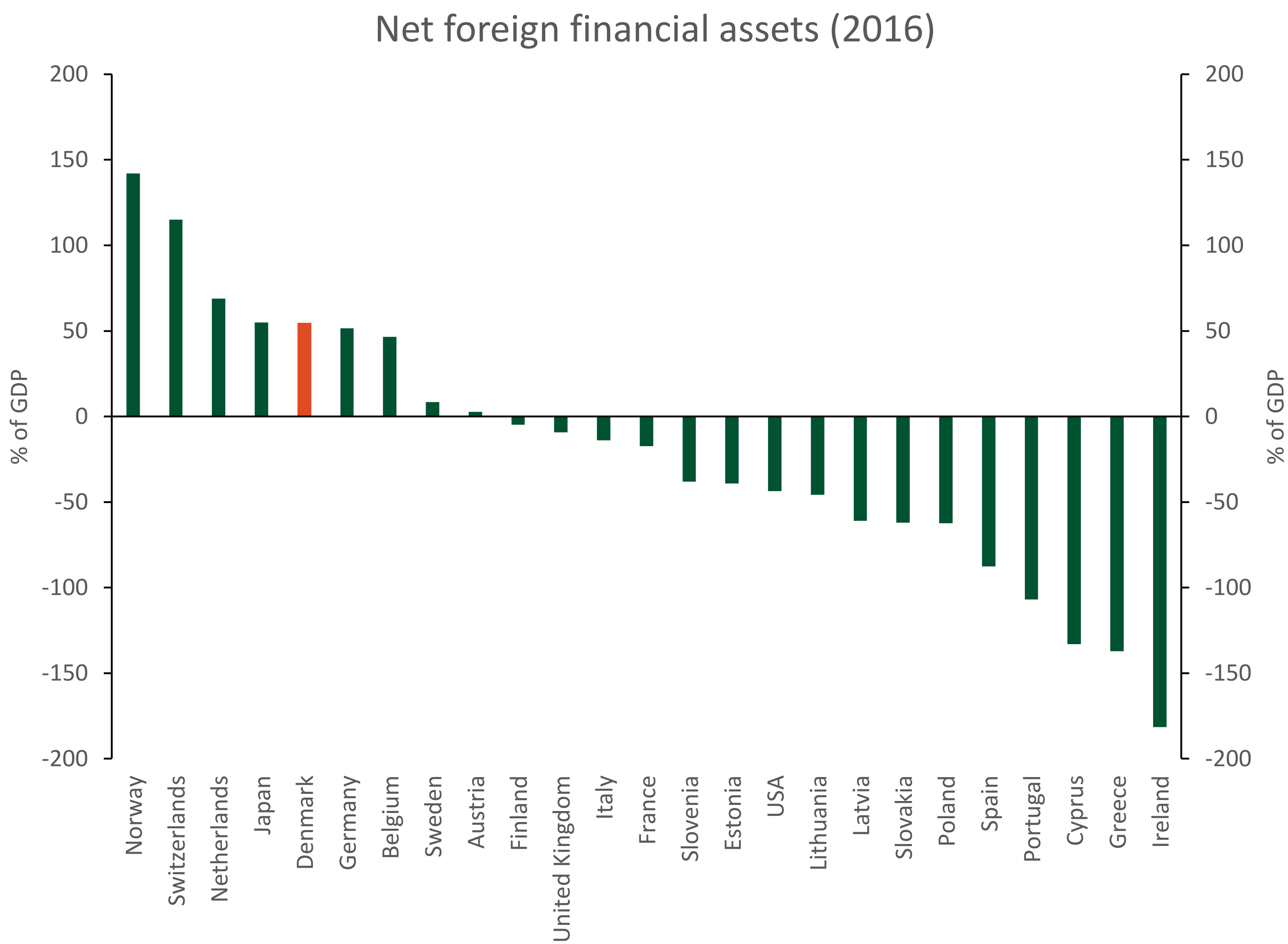
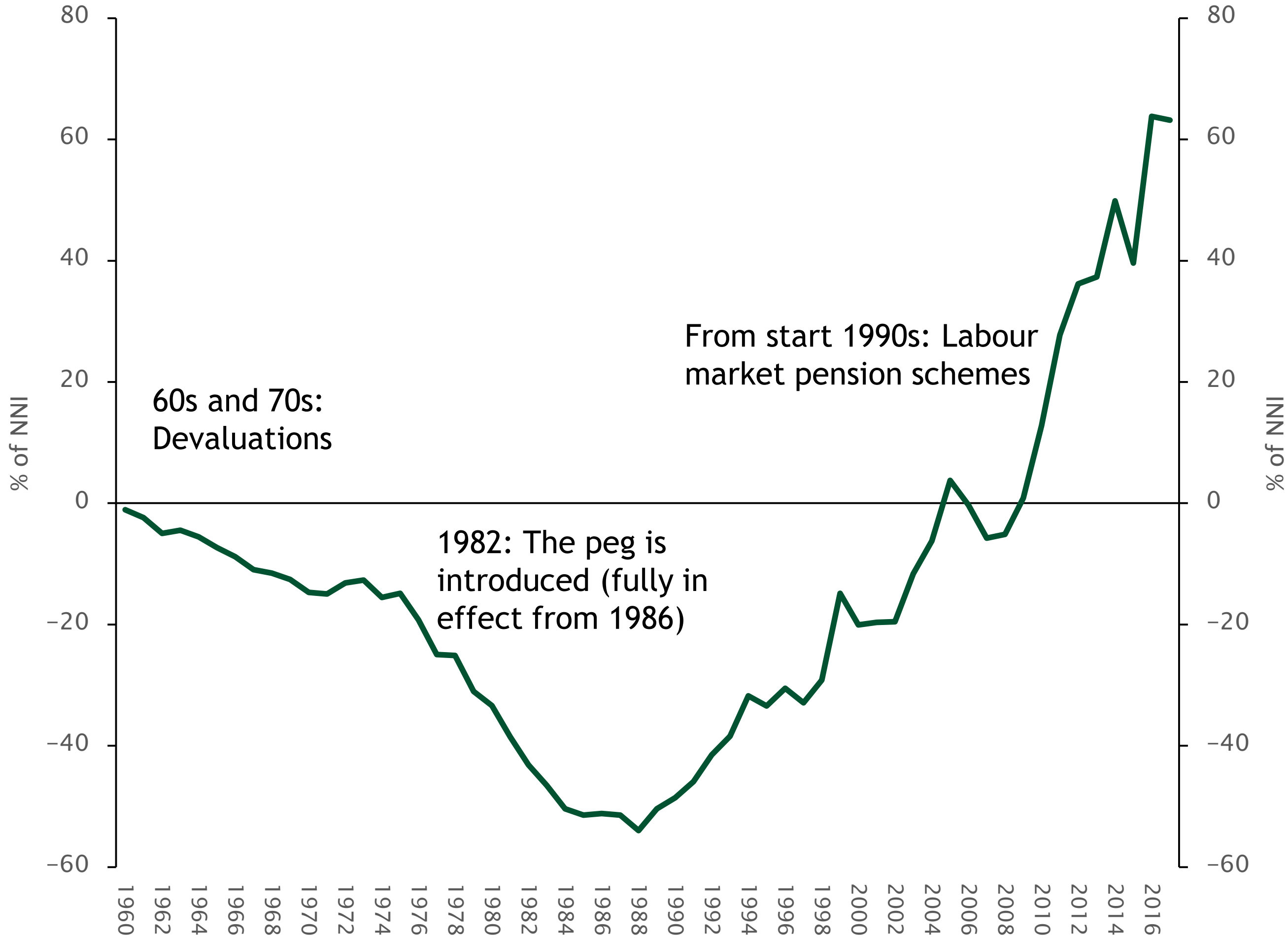


Source: Eurostat and IMF

Denmark's financial turnaround

Denmark's net foreign assets 1960-2017



Source: Danmarks Nationalbank

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