Jyske Bank
Q1 2021

4 May 2021

Summary

Q1 2021

Net profit of DKK 883m and return on equity of 10.0% in Q1 2021

Net interest income 0% y/y. Reduced deposit rates counteracted lower bank lending and sale of Jyske Bank (Gibraltar).

Net fee and commission income -11% y/y due to lower performance fees, lower remortgaging activity as well as the sale of Jyske Bank (Gibraltar).

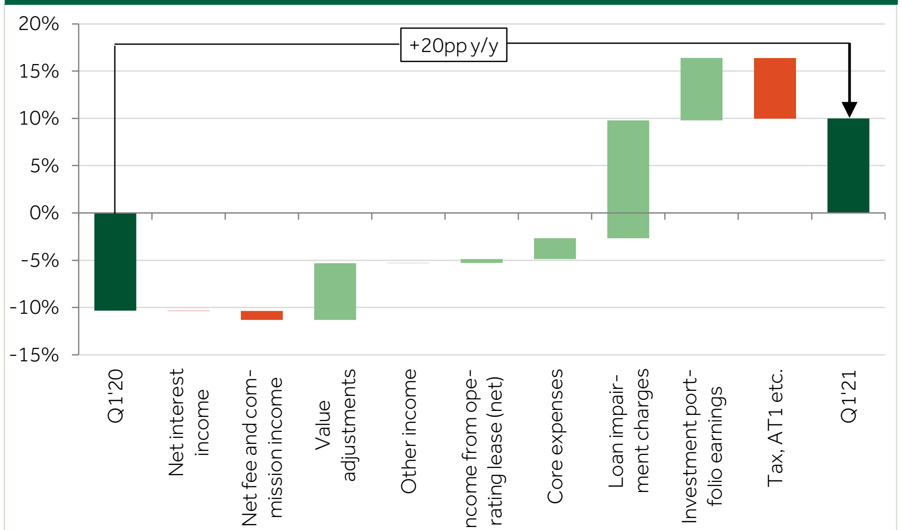
Value adjustments of DKK 362m – the highest level in five years – due to interest rate curve steepener exposure and high activity levels.

Core expenses -13% y/y and -6% y/y on an underlying basis due to 7% lower FTE's, an intensified cost focus and less travelling amid COVID-19.

Loan impairment charges of DKK 10m, as NPL share reached all-time low with a continued broad-based positive development in credit quality.

Investment portfolio earnings of DKK 75m from interest rate curve steepener exposure and FX positions.

Return on equity Q1 2020 vs. Q1 2021



Income statement and key figures (DKKm)

	Q1 2021	Q1 2020	Index y/y	Q4 2020	Index q/q
Net interest income	1,224	1,228	100	1,195	102
Net fee and commission income	576	650	89	581	99
Value adjustments	362	-113	-	278	130
Other income	33	30	110	38	87
Income from operating lease	40	8	500	34	118
Core income	**2,235**	**1,803**	**124**	**2,126**	**105**
Core expenses	1,171	1,346	87	1,179	99
Core profit before loan impairment charges	**1,064**	**457**	**233**	**947**	**112**
Loan impairment charges	10	1,003	1	5	200
Core profit	**1,054**	**-546**	**-**	**942**	**112**
Investment portfolio earnings	75	-450	-	157	48
Pre-tax profit	**1,129**	**-996**	**-**	**1,099**	**103**
Tax	246	-216	-	268	92
Net profit for the period	**883**	**-780**	**-**	**831**	**106**
Earnings per share (DKK)	11.6	-11.1	-	10.9	107
Return on equity (ann.)	10.0%	-10.3%	-	9.6%	104
Cost/income ratio	52.4%	74.7%	70	55.5%	94
Capital ratio	23.2%	21.5%	108	22.9%	101
CET1 ratio	18.0%	16.7%	107	17.9%	100
Mortgage lending (nominal)	334,559	331,120	101	333,056	100
Bank loans (excl. repo)	73,055	79,636	92	73,043	100
New home loans	2,519	3,360	75	2,646	95
Leasing	20,406	19,589	104	19,879	103
Deposits (excl. repo)	126,487	131,215	96	127,461	99

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Continued strong financial performance
Highest EPS since 2014 merger in last year; 2021 net profit outlook raised 19% from outset

Core income up 24% y/y
High activity levels in capital and property markets supplemented several income initiatives

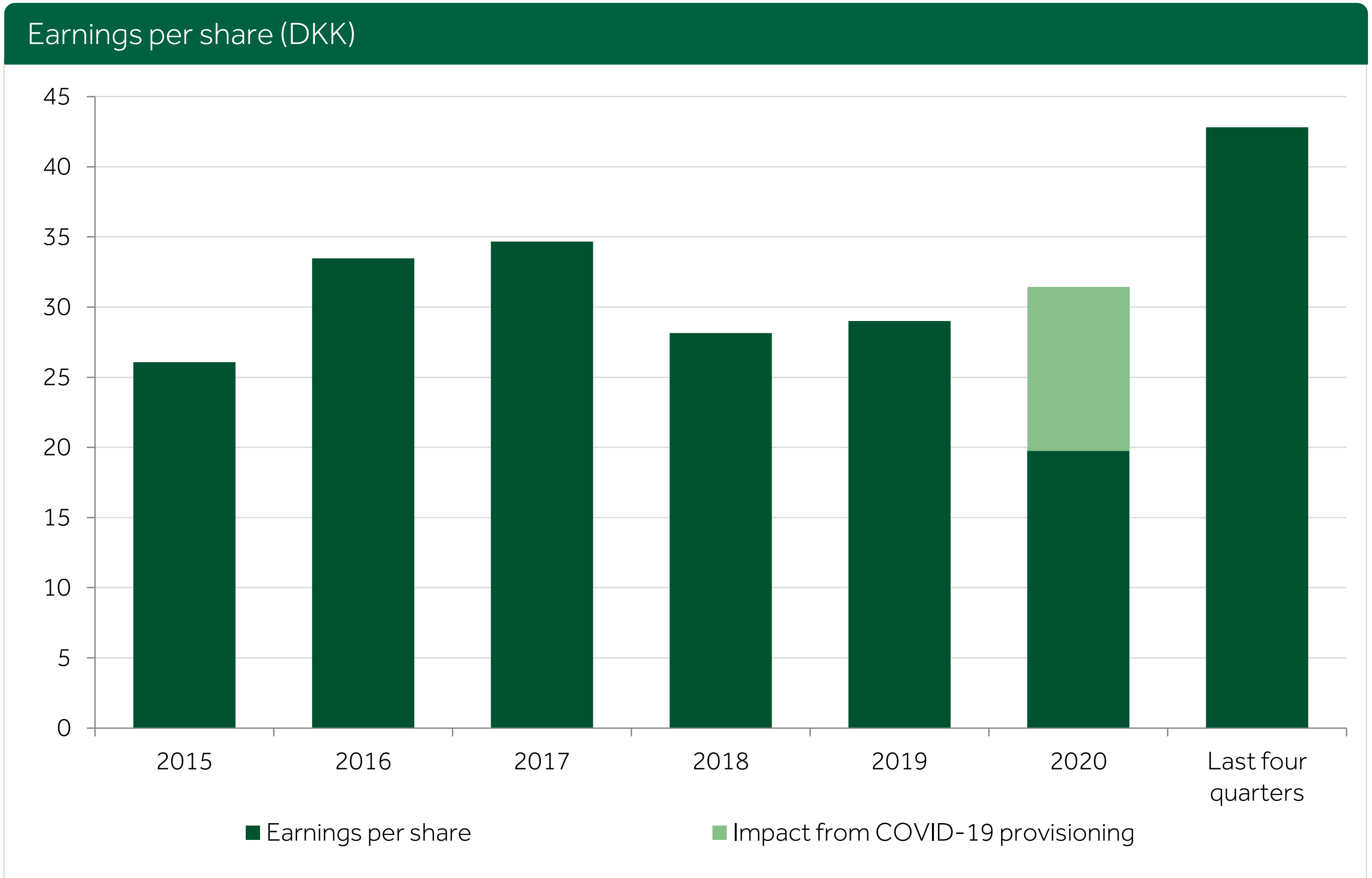
Core expenses reduced 13% y/y
Reduction of staff and branches progressing according to plan amid intensified cost focus

All-time strong credit quality
Record low NPL share;impairment charges expected to be at very low level in 2021

Record-high capital ratios
Ample capital ensuring high payout capacity; share buy-backs of DKK 750m ongoing

Continued strong financial performance

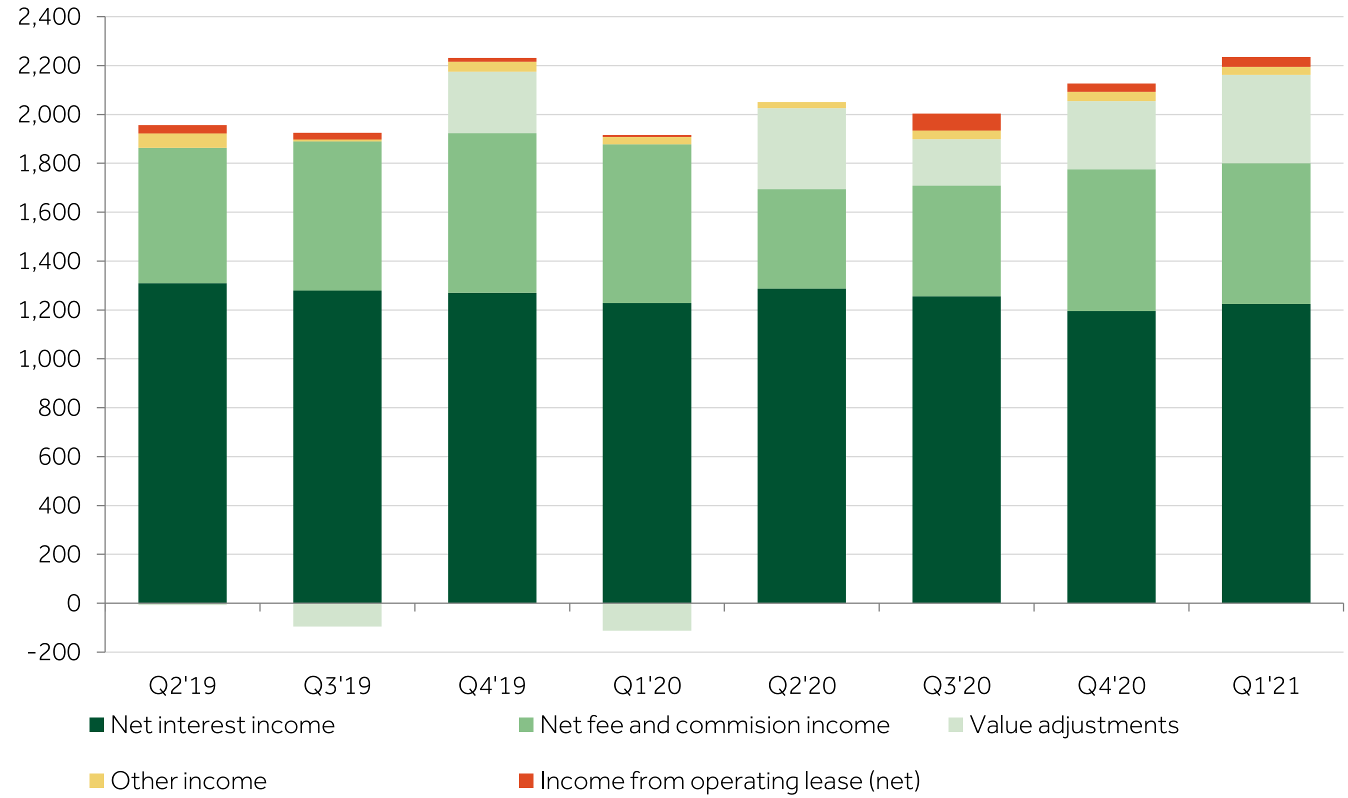
Highest EPS since merger in last year; 2021 profit outlook +19% from outset



Core income up 24% y/y

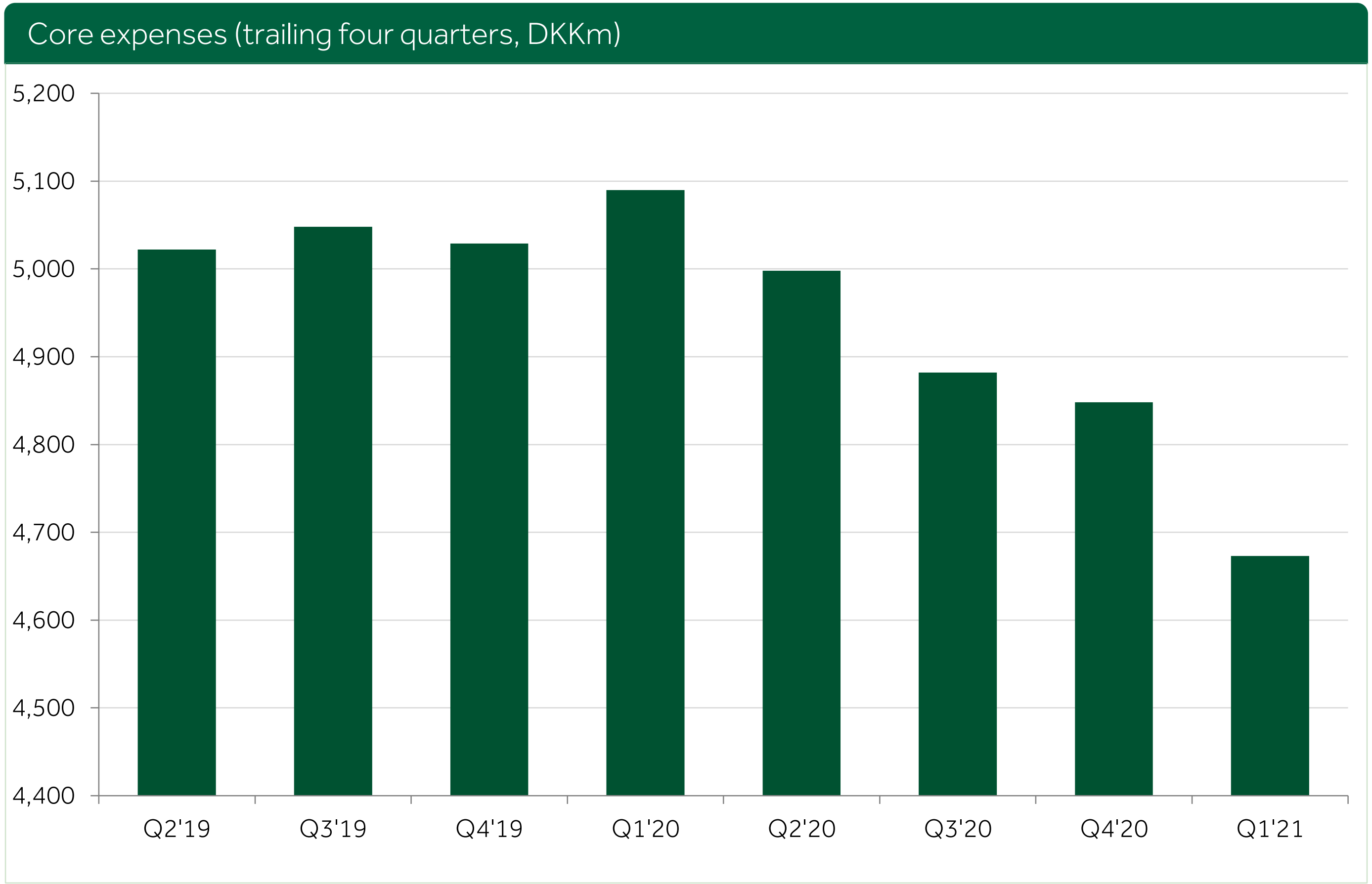
High activity in capital and property markets supplemented income initiatives

Core income (DKKm)



Core expenses reduced 13% y/y

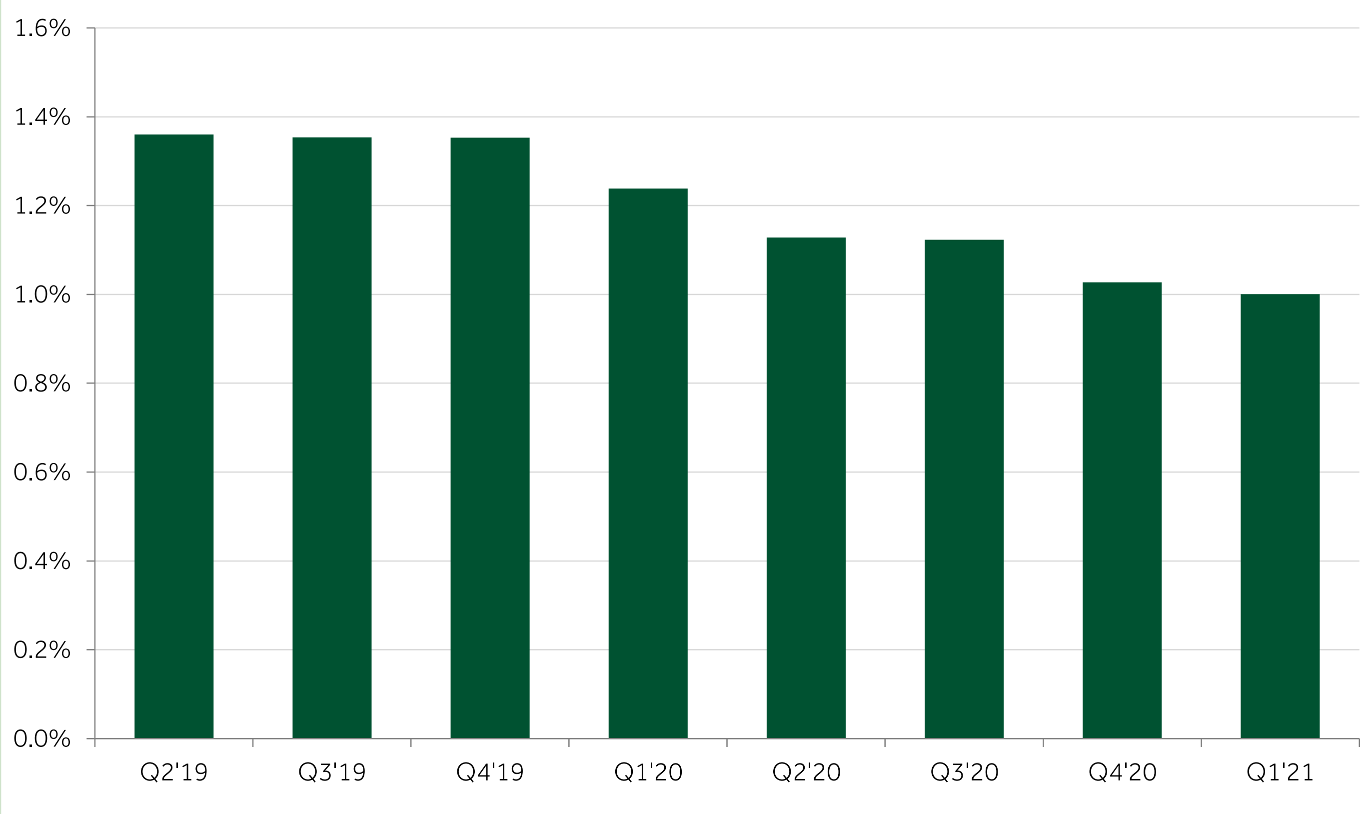
Reduction of staff and branches on schedule amid intensified cost focus



All-time strong credit quality

Record low NPL share; impairment charges to be at very low level in 2021

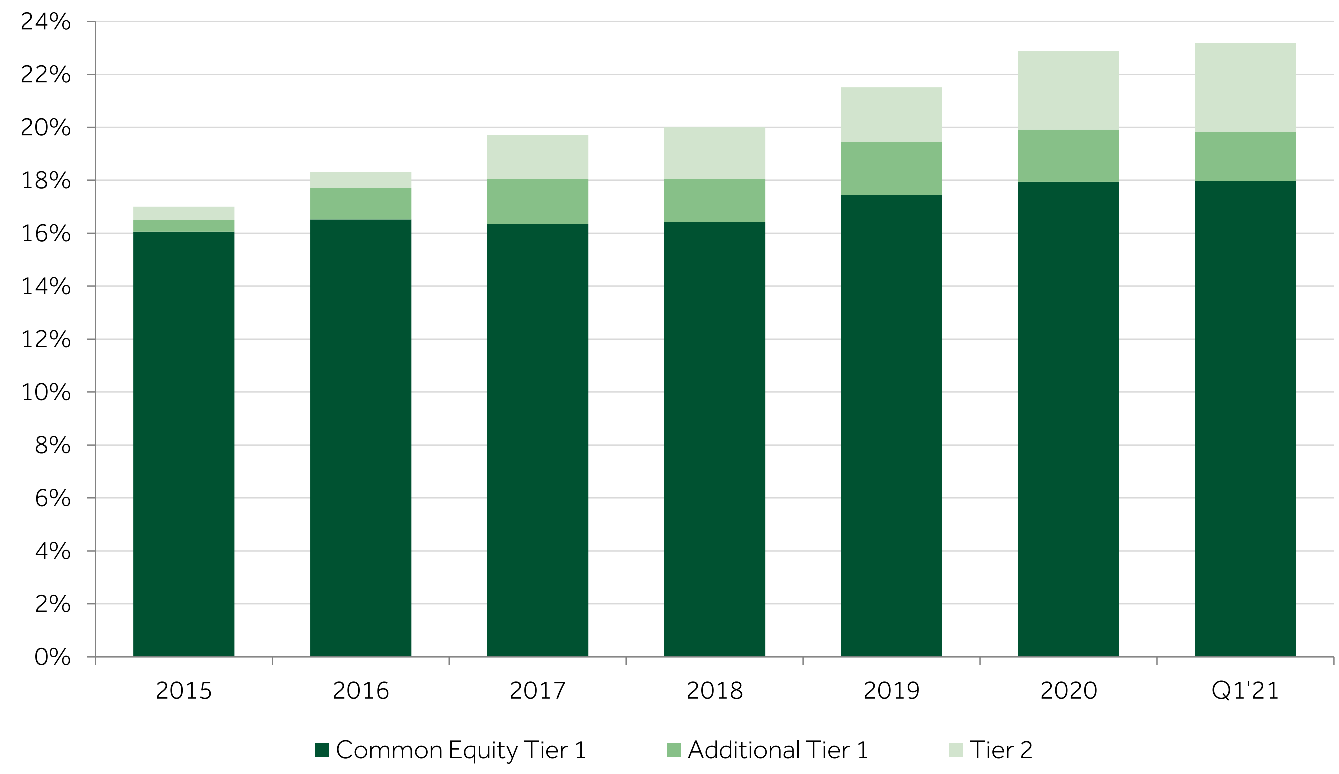
Non-performing loans (net) as % of loans, advances and guarantees



Ample capital ensuring high payout capacity

DKK 750m share buy-back ongoing with capital ratios at all-time high levels

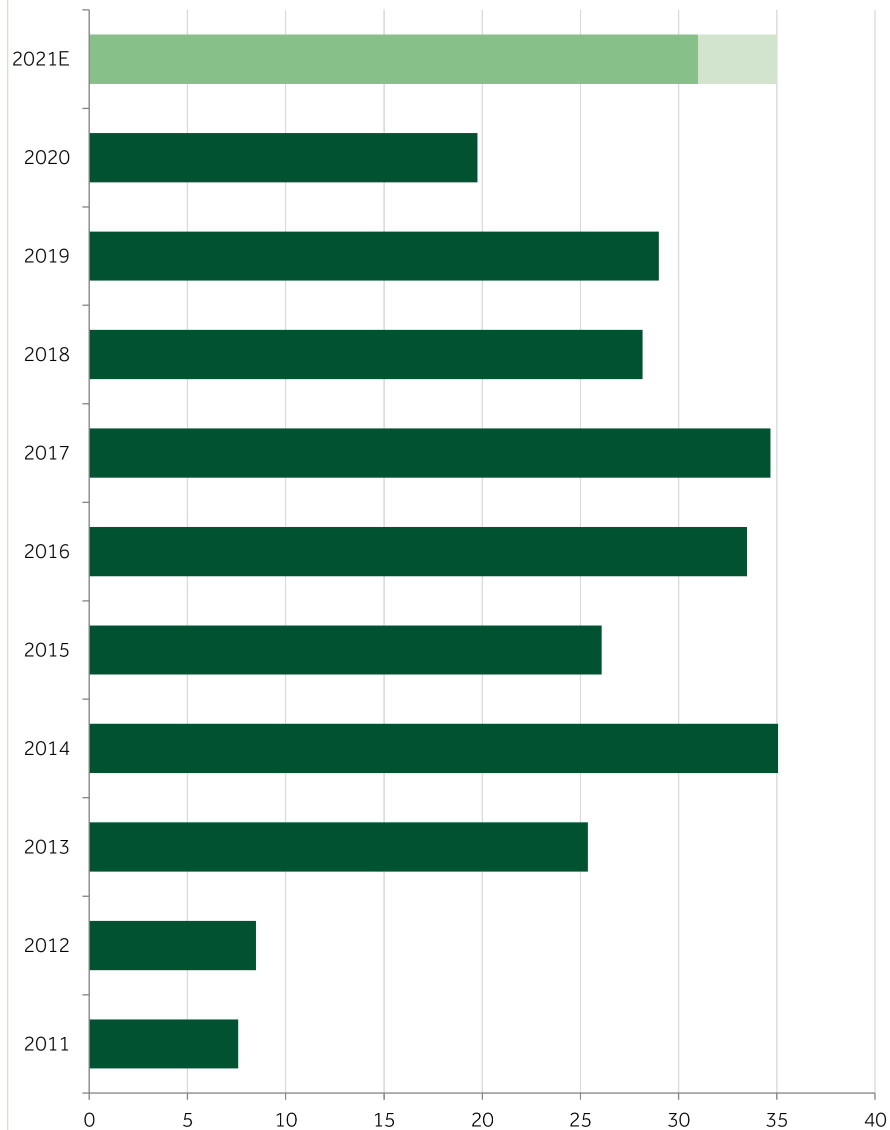
Capital ratio



Outlook

Volumes	Bank lending and mortgage lending to increase in 2021
Core income	Around the same level as in 2020
Core expenses	Lower in 2021 than 2020 level
Loan impairment charges	Very low level in 2021
Net profit	DKK 2.3bn-2.7bn in 2021
Capital	CET1 ratio of 15%-17% and capital ratio of 20%-22% for the coming years

Earnings per share (DKK)



Financials

Q1 2021

Net interest income up 2% q/q amid higher lending volumes

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Net interest income (NII)

NII 0% y/y as reduced deposit rates compensated for lower bank lending

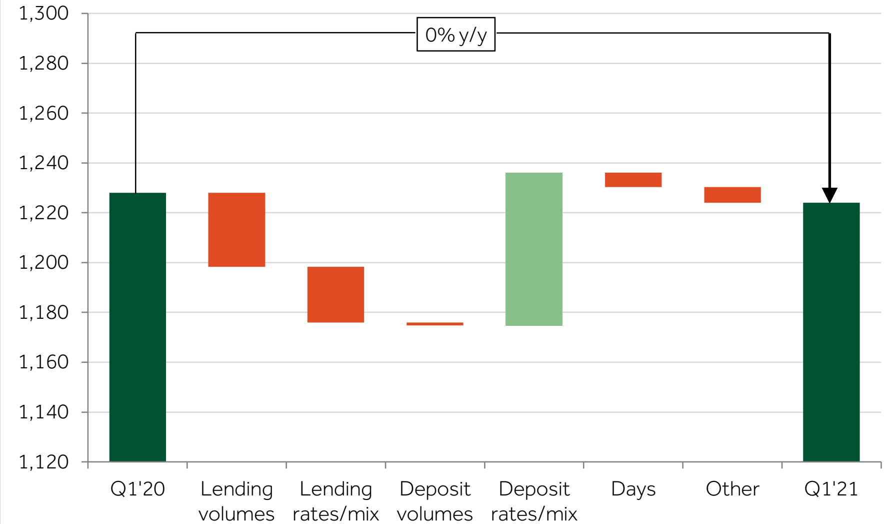
- Core NII unchanged, as reduced deposit rates for private and corporate clients offset negative impact from lower bank lending and mix effects.
- Other NII down due to sale of Jyske Bank (Gibraltar) as well as T2 and NPS issues.

NII +2% q/q due to increased lending volumes and higher other NII

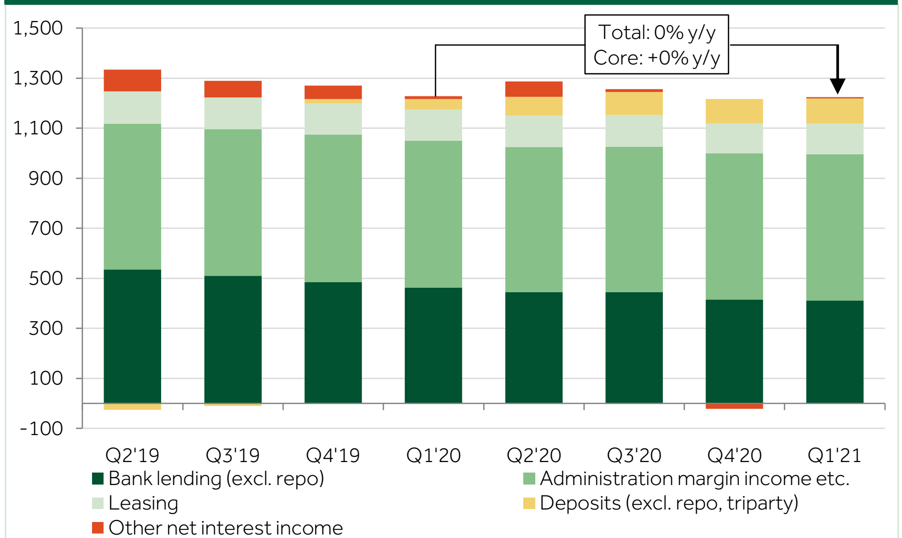
- Core NII unchanged despite two fewer days of interest, as lending volumes increased in all segments and deposit rates declined.
- Other NII up, mainly due to higher NII from trading and excess liquidity.
- DKK -19m from one-off and from accruing paid commissions under leasing activities with effect from 1 January 2020 booked in Q4 2020.

Zero interest threshold on private clients' deposits DKK 100K from 1 April. Corporate deposits rates lowered to -0.95% from -0.75% as of 11 June.

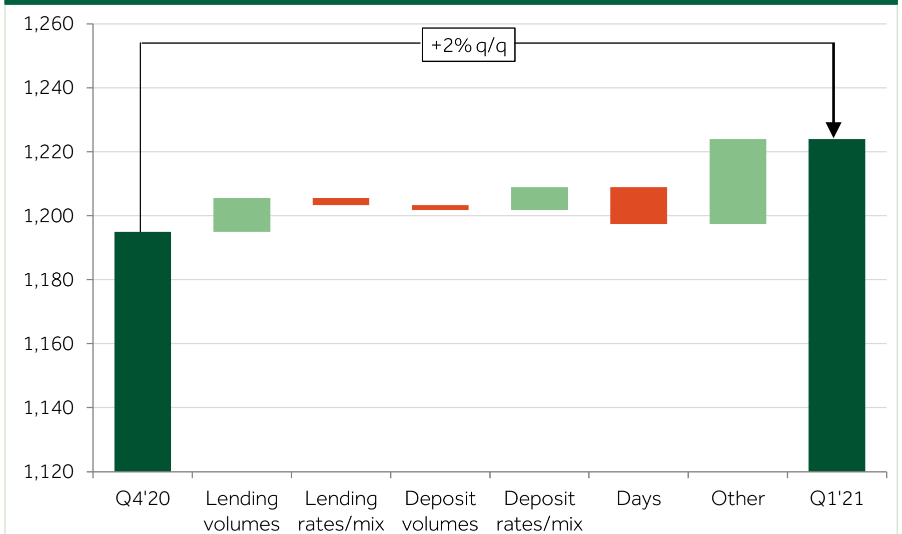
Net interest income Q1 2020 vs. Q1 2021 (DKKm)



Net interest income (DKKm)



Net interest income Q4 2020 vs. Q1 2021 (DKKm)



Note: Core net interest income is net interest income from lending and deposits. Other net interest income relates to e.g. funding, capital and liquidity management and trading activities.

Net fee income supported by high activity levels

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Net fee and commission income (NFCI)

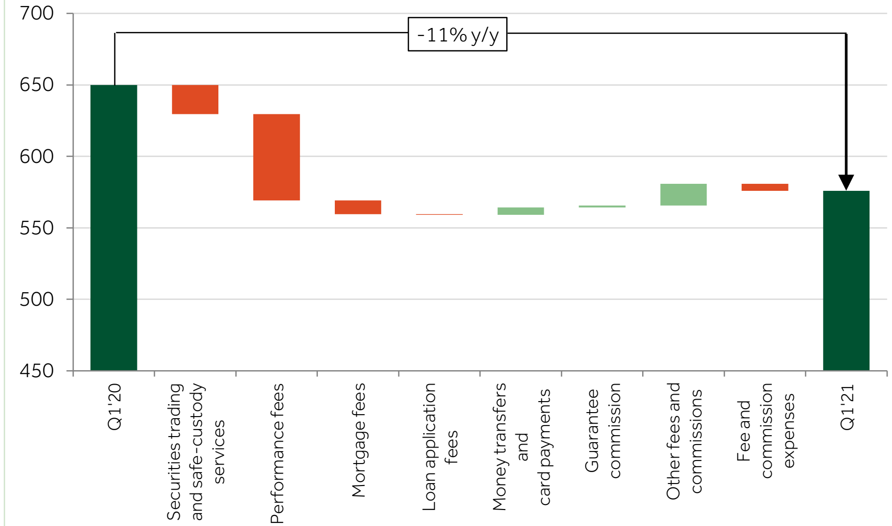
NFCI -11% y/y due to performance fees and Jyske Bank (Gibraltar) sale

- Performance-related fee income declined from DKK 67m to DKK 7m.
- Negative impact from sale of Jyske Bank (Gibraltar) of approx. 2%.
- Covered bond issuance increased fee expenses, while changes to the fee structure supported fee income.
- Lower remortgaging partly offset by higher mortgage loan applications.

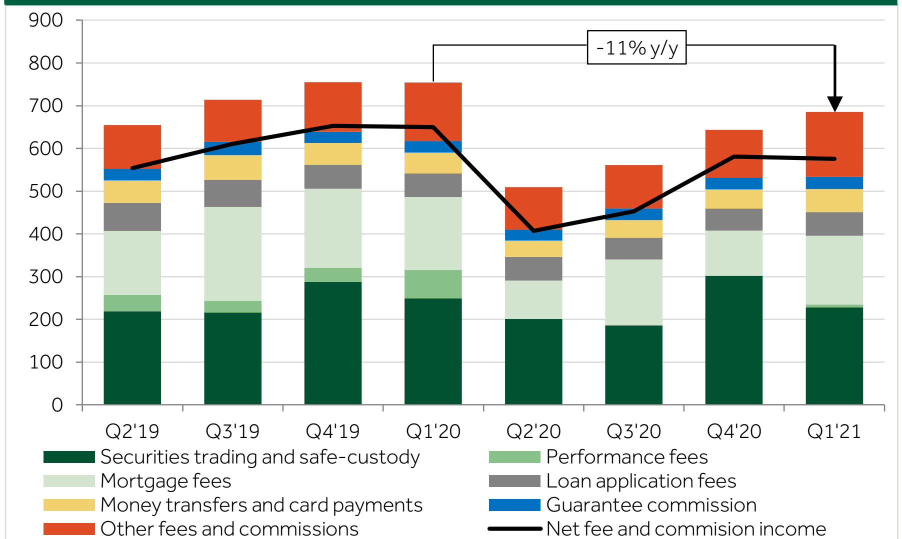
NFCI -1% q/q as high activity helped offset seasonality and Q4 one-off

- Seasonally lower securities trading and safe-custody fees were partly offset by seasonally higher Letpension fees and refinancing activity.
- High activity levels within capital and property markets.
- Positive effect of DKK 46m from accruing paid commissions under leasing activities with effect from 1 January 2020 booked in Q4 2020.

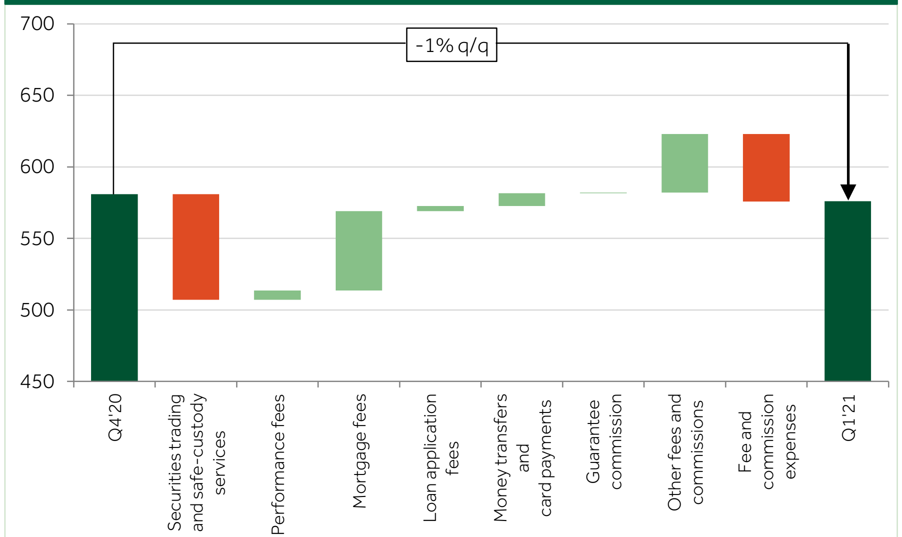
Net fee and commission income Q1 2020 vs. Q1 2021 (DKKm)



Net fee and commission income decomposed (DKKm)



Net fee and commission income Q4 2020 vs. Q1 2021 (DKKm)



Positive effect from interest rate curve steepener exposure

Value adjustments and investment portfolio earnings

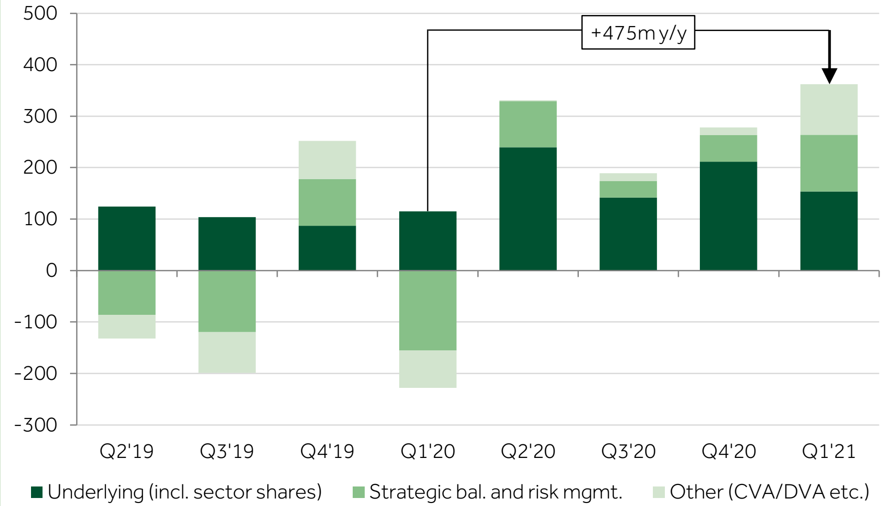
Value adjustments of DKK 362m in Q1 2021

- High activity levels amid a positive development in financial markets, although option-adjusted spreads on Danish mortgage bonds widened.
- Positive contribution from strategic balance and risk management given interest rate curve steepener exposure.
- Significant impact from ACVA and clients' swaps due to higher long-term interest rates.

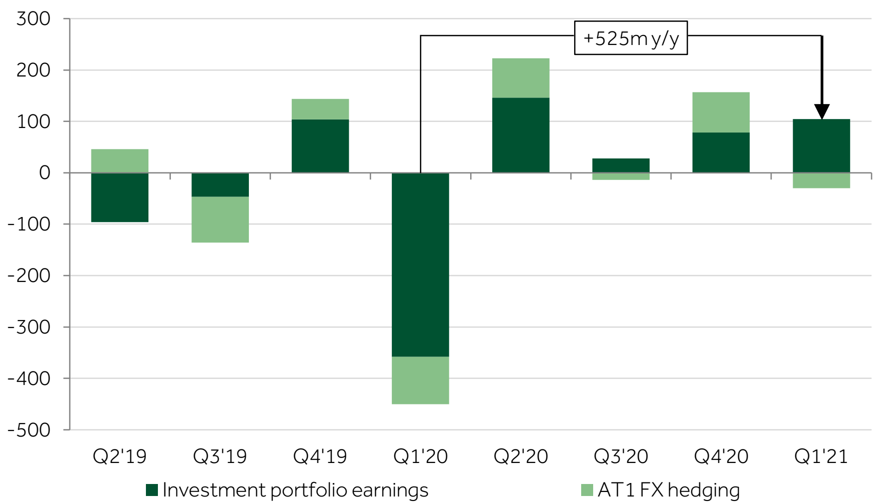
Investment portfolio earnings of DKK 75m in Q1 2021

- Interest rate curve steepener exposure and FX positions outweighed effect of widening option-adjusted spreads on Danish mortgage bonds.
- FX hedging of AT1 issues in SEK had a negative P/L impact of DKK 30m, counteracted by an equivalent adjustment of shareholders' equity.

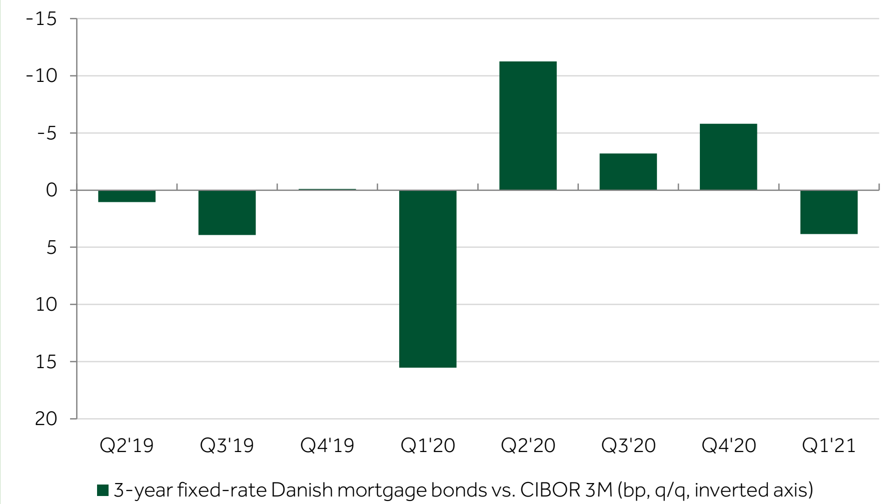
Value adjustments (DKKm)



Investment portfolio earnings (DKKm)



OAS on Danish mortgage bonds widened in Q1 2021 (bp)



Core expenses down 13% y/y amid intensified cost focus

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Core expenses

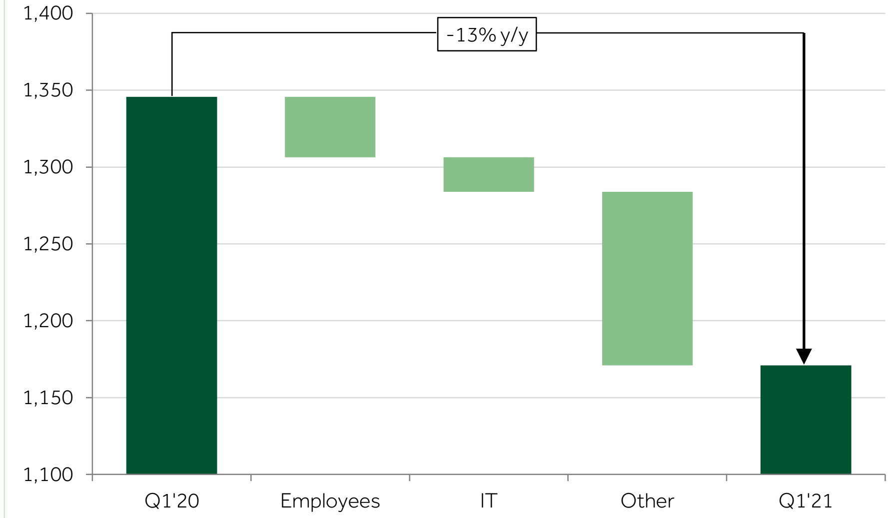
Core expenses -13% y/y and -6% y/y on an underlying basis

- Excluding DKK 102m related to the operations and sale of Jyske Bank (Gibraltar) in Q1 2020, core expenses declined 6% y/y.
- FTE's reduced by 7% y/y and 26% since Jyske Realkredit merger in 2014.
- Broad-based reduction of operating expenses from intensified cost focus, underpinned by less travelling etc. due to COVID-19 pandemic.

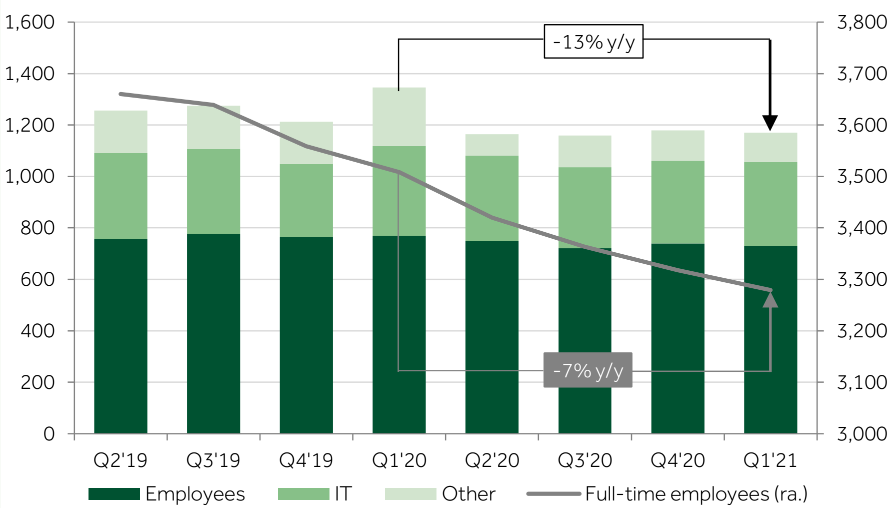
Core expenses -1% q/q due a lower number of FTE's

- Number of FTE's down by 141 since Q2 2020 and 1% in Q1 2021, reflecting targeted reduction of 150-200 from mid-2020 to mid-2021.
- IT expenses increased slightly compared with the preceding quarter.
- Slightly lower expenses from prolonged COVID-19 restrictions. Q4 saw lower provisions for court cases and higher employee-related provisions.

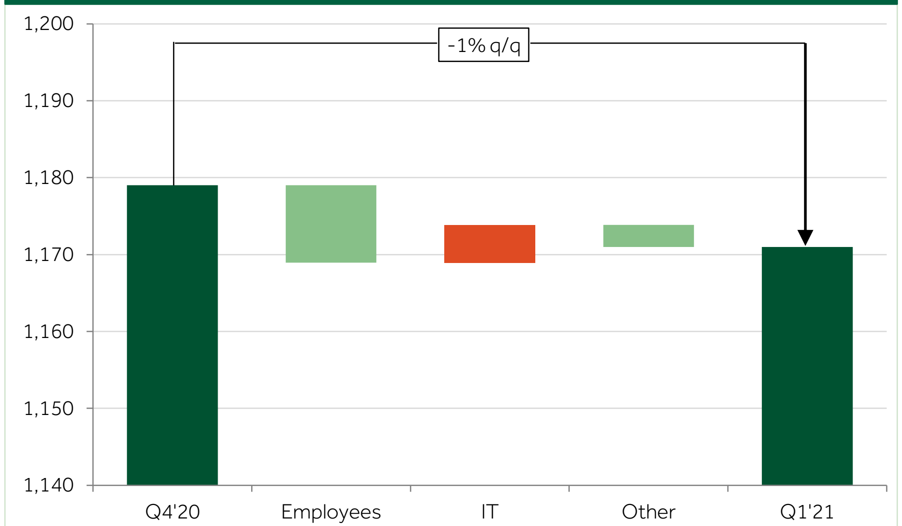
Core expenses Q1 2020 vs. Q1 2021 (DKKm)



Core expenses (DKKm) and full-time employees



Core expenses Q4 2020 vs. Q1 2021 (DKKm)



Credit quality remains solid with NPL ratio at all-time low

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Credit quality

Loan impairment charges of DKK 10m, 0bp cost of risk, in Q1 2021

- Continued broad-based positive development in credit quality, especially within agriculture.
- Supported by strong property market as well as low level of bankruptcies and unemployment claims amid deferred VAT and tax payments.

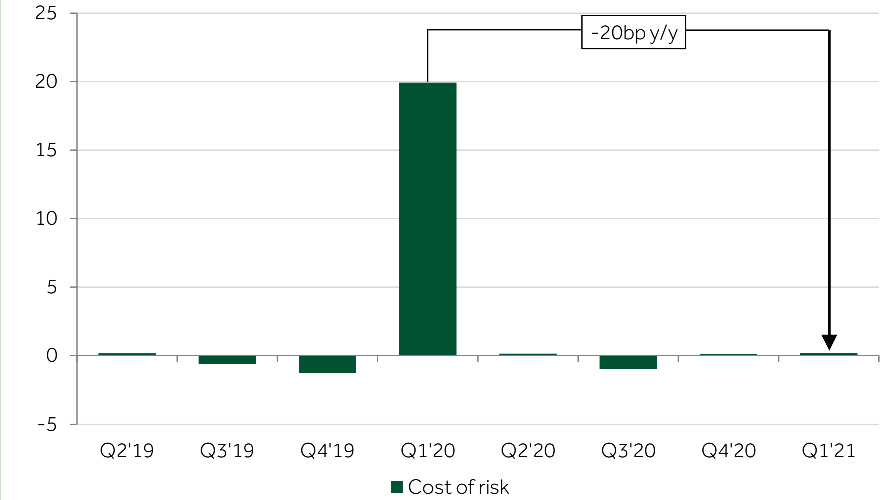
Balance of impairment charges down 12bp y/y to 1.1%

- 0.5% for mortgage activities and 3.5% (excl. repo) for banking/leasing.
- Management's estimate of DKK 1,272m, down DKK 337m y/y due to individualization of initial COVID-19 management's estimate.

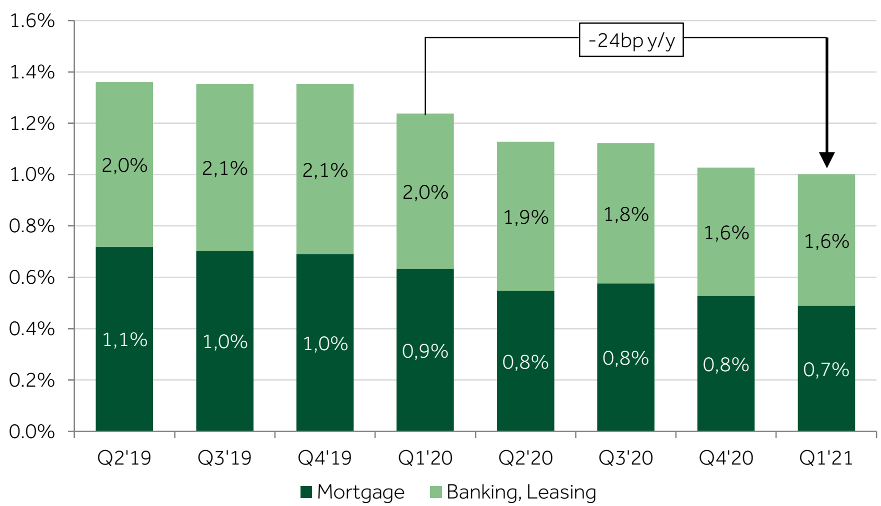
Non-performing loans declined 24bp y/y to a record low of 1.0%

- Share of loans subject to forbearance measures 1.6%. 90-day mortgage arrears for private and corporate clients 13bp and 4bp, respectively.

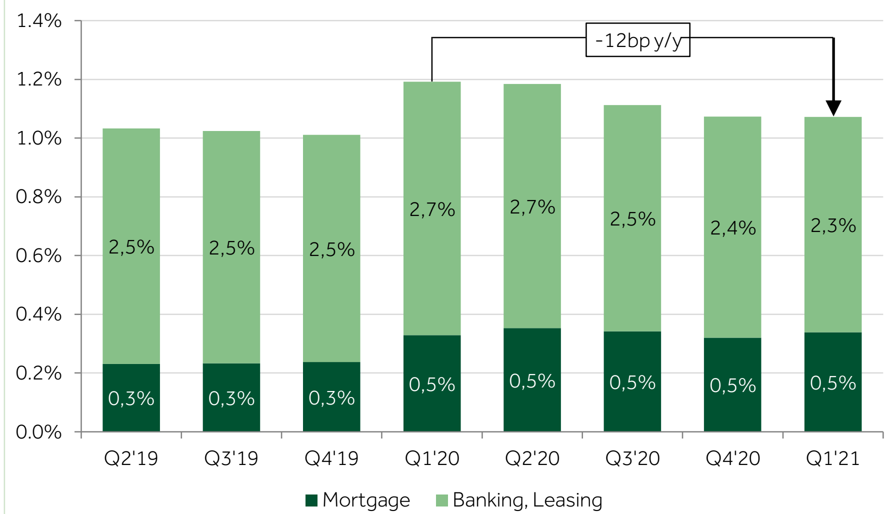
Cost of risk (bp)



Non-performing loans as % of loans, advances and guarantees



Impairment charges as % of gross loans, adv. and guarantees



Solid capital and liquidity position

Comments on capital position and capital distribution

Capital ratio of 23.2% and CET1 ratio of 18.0% (+0.3pp and +0.1pp q/q)

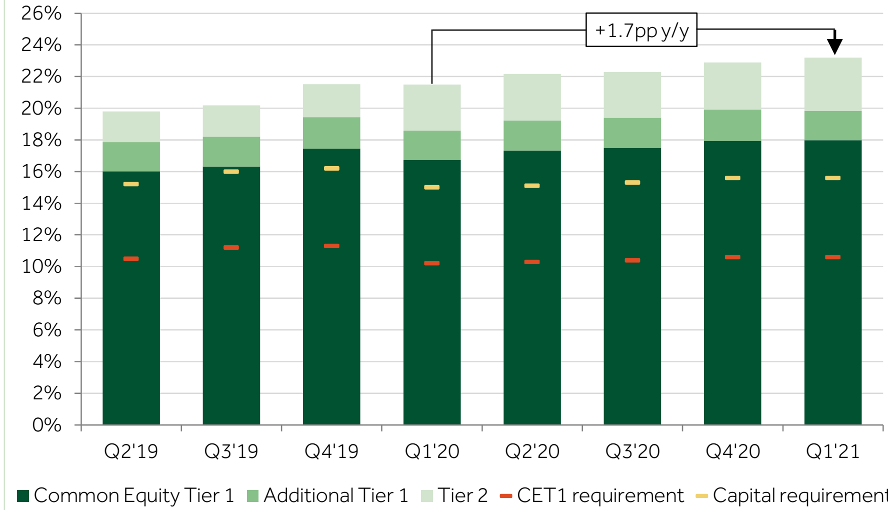
- Positive earnings impact and tier 2 issues, partly offset by higher REA.
- Targeting 20%-22% capital ratio and 15%-17% CET1 ratio for the coming years. Capital requirement 15.6%, CET1 requirement 10.6%.
- Ongoing share repurchase programme of DKK 750m running as from 28 January 2021 and up to and including 30 September 2021 at the latest.

Risk exposure amount +2% q/q, mainly due to higher lending volumes and increased market risk.

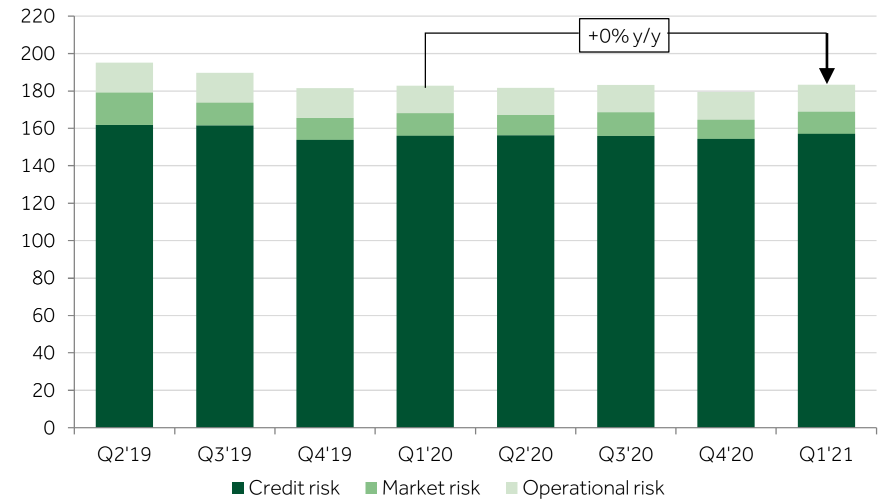
Issuer activity and funding plans

- On 24 March 2021, Jyske Bank issued NOK 1bn and SEK 1bn tier 2 capital at a spread of 3M CIBOR + 100bp.
- Approx. EUR 500m preferred senior and approx. EUR 300m-500m non-preferred senior expected to be issued in 2021.

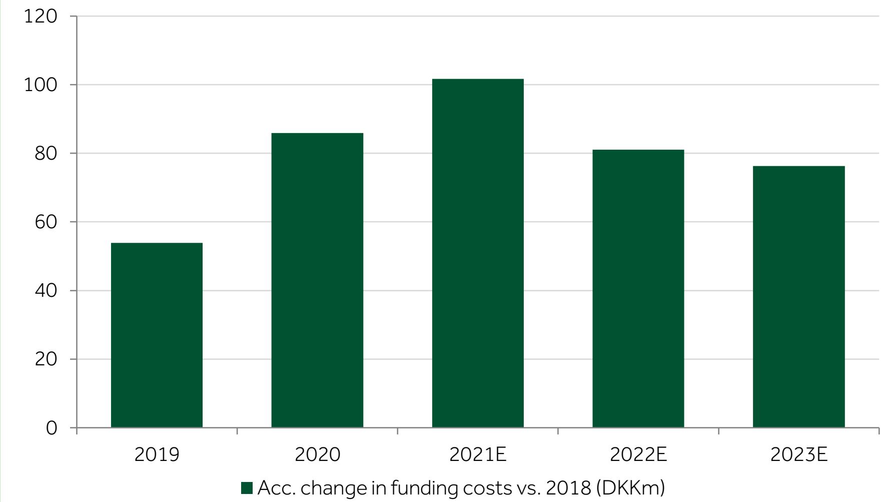
Capital ratios and capital requirements



Risk exposure amount (DKKbn)



Accumulated change in yearly funding costs vs. 2018 (DKKm)



Note: Funding costs are estimated based on currently expected spreads, run-off profile and funding plans for senior, NPS and capital instruments (excl. AT1). Spreads are 3M CIBOR equivalent.

Volumes

Q1 2021

Lending growth in all segments in Q1 2021

Lending volumes (excl. repo)

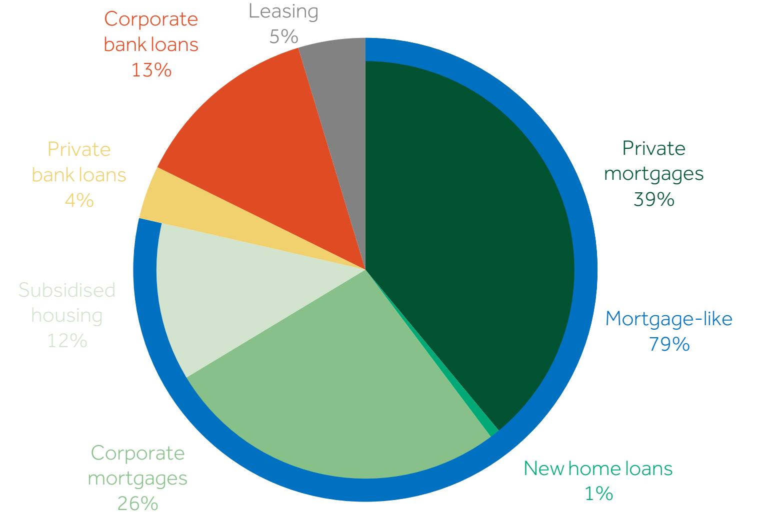
Lending -1% y/y due to lower bank lending

- Bank loans -8% due to low credit demand amid COVID-19 pandemic, wide-reaching government support and continued credit policy focus.
- Mortgage loans +1% as significantly higher lending to corporate clients more than offset lower mortgage lending to private clients.
- Leasing +4% due to structural growth and high demand in Q1 2021.

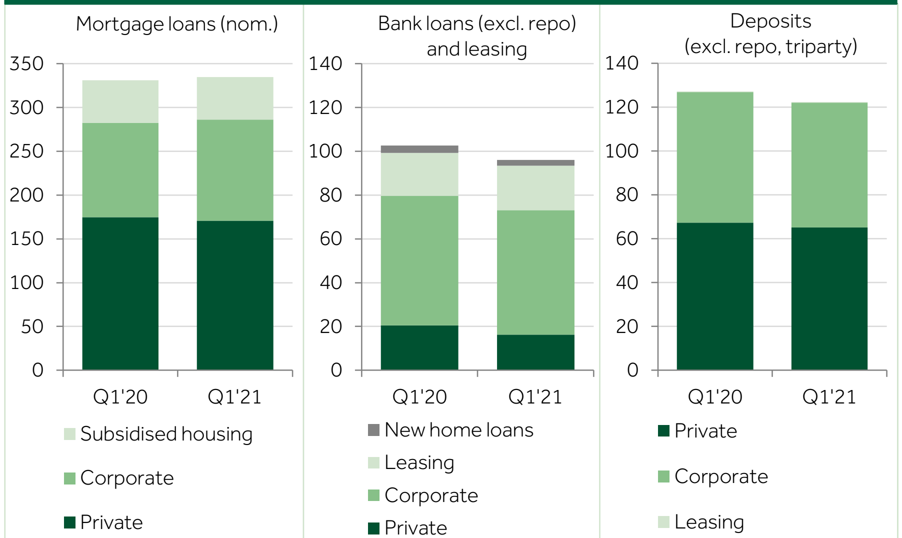
Lending +1% q/q from higher lending in all segments

- Bank loans increased slightly as higher lending to corporate clients offset lower lending to public authorities and private clients.
- Mortgage loans up DKK 1.5bn, as higher mortgage lending to corporate clients more than offset lower mortgage lending to private clients.
- Leasing increased 3% amid high activity levels in Q1 2021.

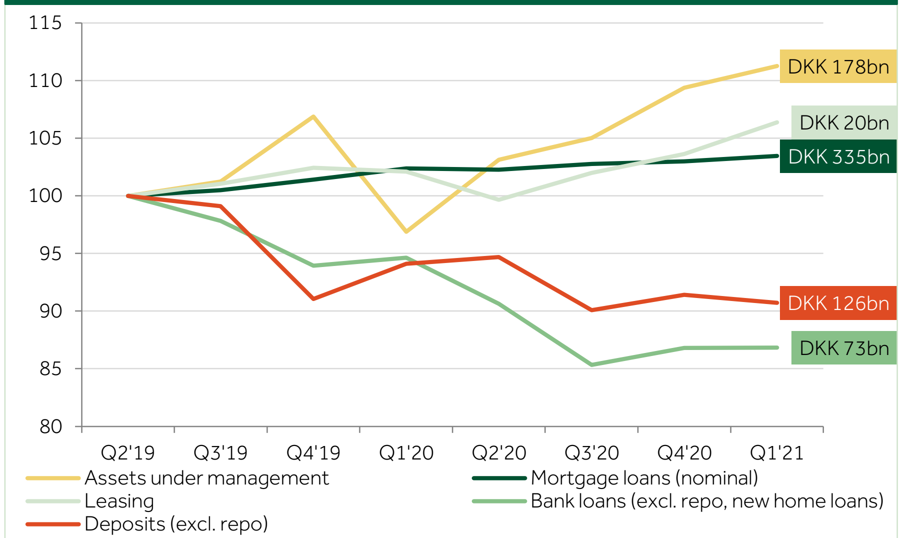
Lending volumes (excl. repo)



Lending and deposits by segment (DKKbn)



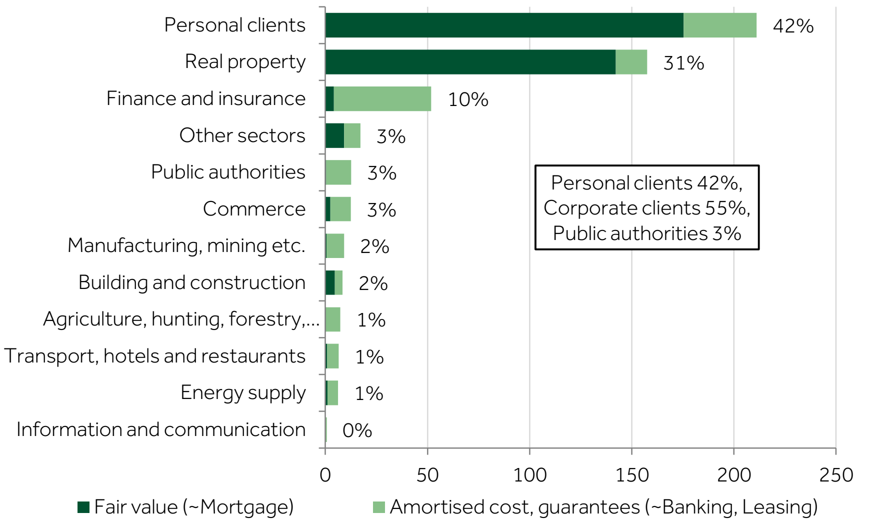
Business volumes (Q2 2019=100)



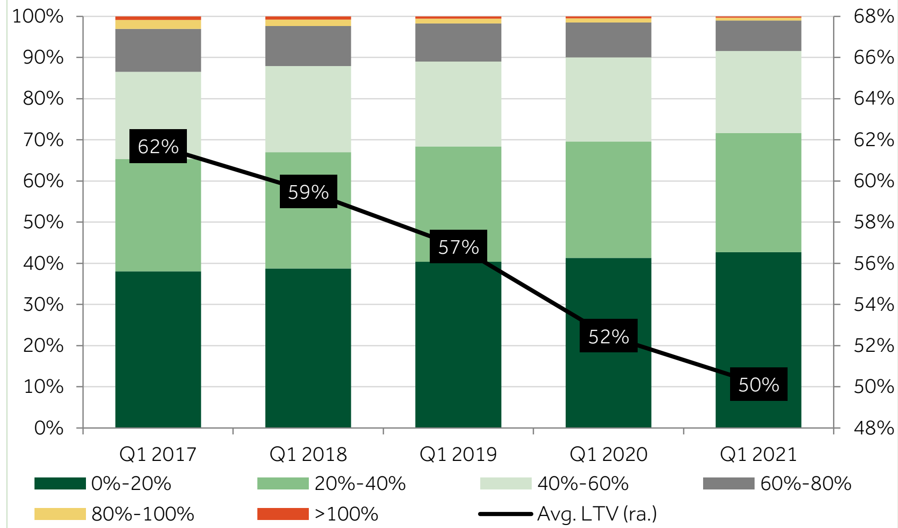
Note: Lending and deposits figures are exclusive of repo loans as well as repo and triparty deposits.

Lending portfolio

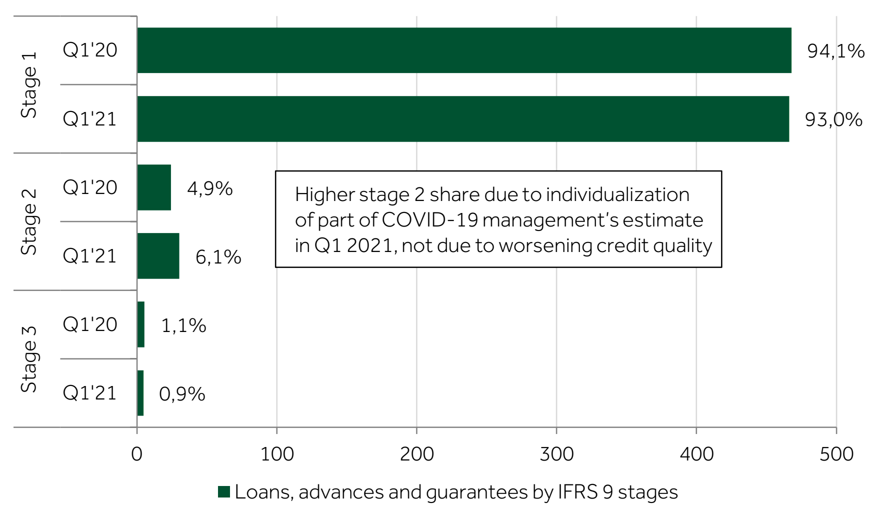
Loans, advances and guarantees by sector (DKKbn)



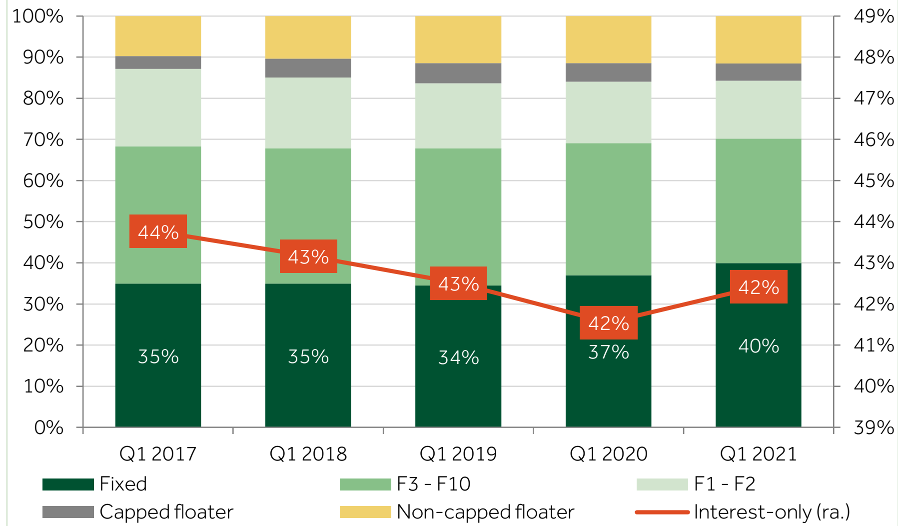
Significant de-risking of mortgage portfolio LTV in recent years



Loans, advances and guarantees by IFRS 9 stages (DKKbn)



Clients are opting for fixed-rate mortgages



79% mortgage lending share improves resilience and growth

Mortgage lending is low risk, high growth and stable margins

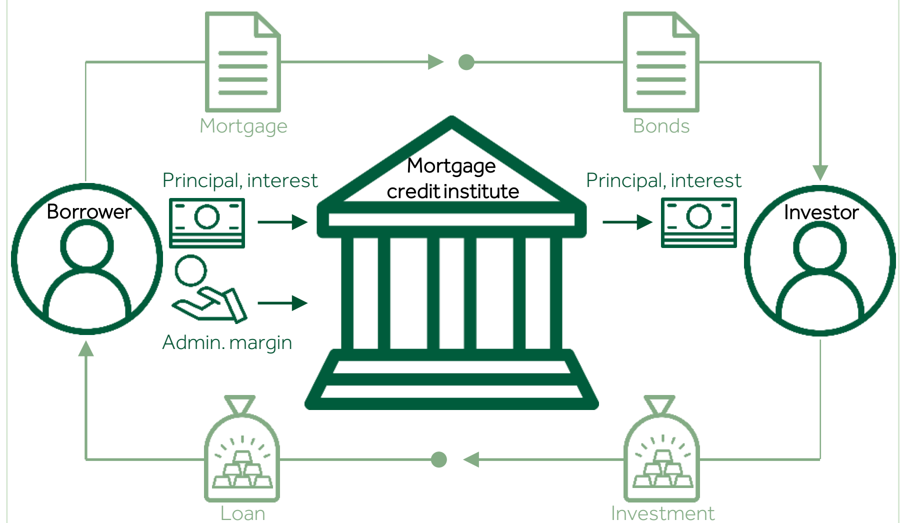
The Danish mortgage model
Provides highly attractive, transparent lending terms at a very low cost of risk by issuing covered bonds with 1:1 matching terms (balance principle).

Mortgage lending has ~10x lower cost of risk than bank lending
Cost of risk has averaged 5bp for mortgage credit institutions vs. 51bp for banks since 2000, peaking in 2009 at 20bp and 224bp, respectively.

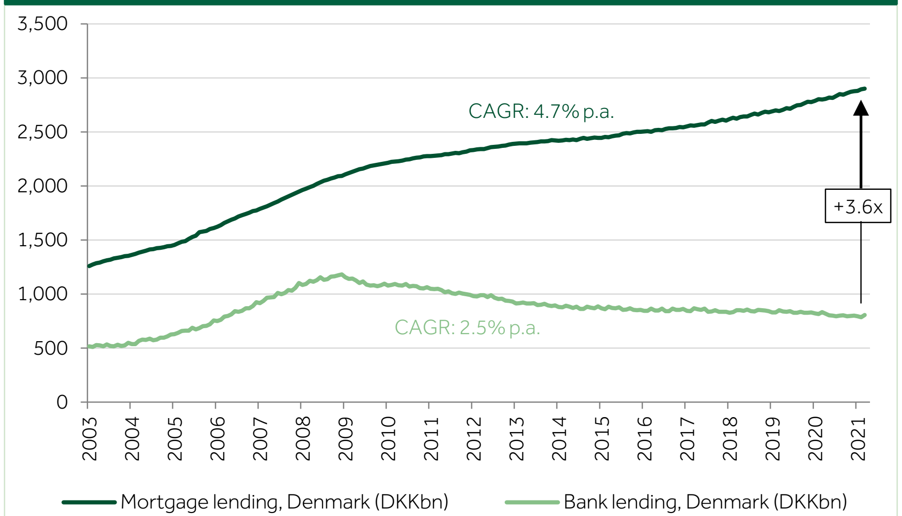
Growth is resilient during times of crisis and benefits from structural trend
Mortgage lending growth remained positive during the financial crisis and has averaged 4.7% p.a. since 2004 vs. 2.5% p.a. for bank lending.

Mortgage lending supports a more stable margin development
Due to consolidation and full pass-through of interest rates, admin. margins are up 59% since 2003, whereas banks' net interest margins are down 44%.

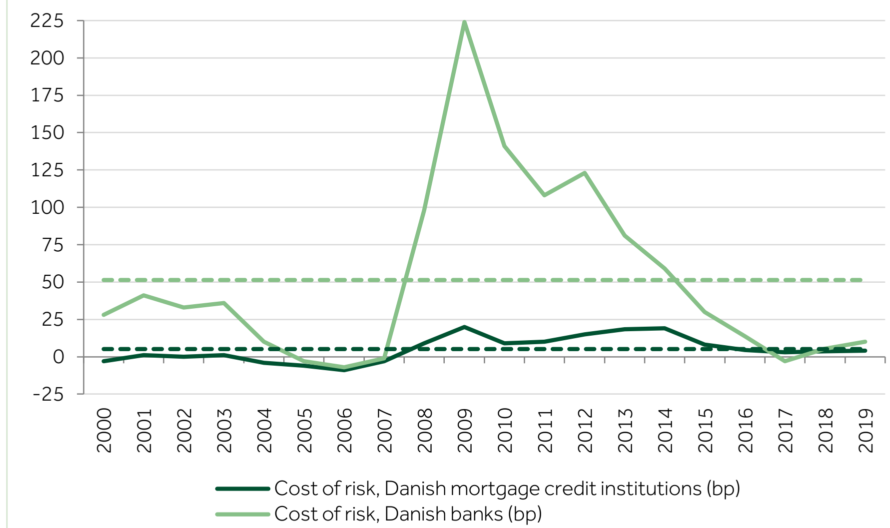
The Danish mortgage model



Mortgage lending growth stayed positive during the last crisis

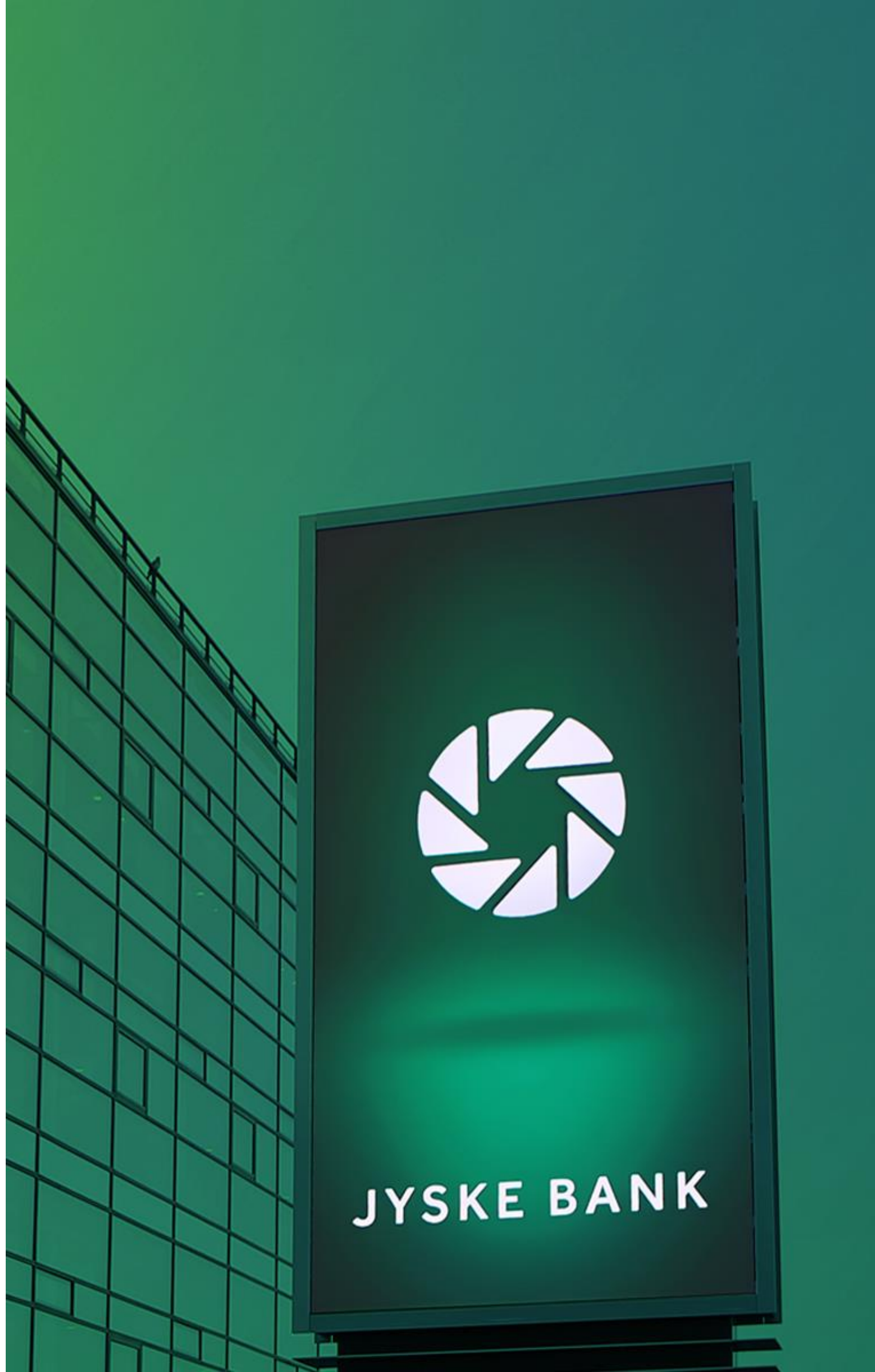


Credit quality of mortgage lending significantly stronger (bp)



Sources: Statistics Denmark, Danish FSA and Finance Denmark. Note: Lending to non-financial corporations and households. For further information please see Finance Denmark.

Jyske Bank in brief



One of the largest financial institutions in Denmark

JYSKE BANK

Nationwide operations in sound AAA economy	Founded in 1967 and now holds approx. 11% market share in AAA-rated economy with strong nationwide presence following organic growth and succesful M&A.
Complementary, full-service offering	Offering a full range of financial products and services as the third largest bank, the fourth largest mortgage credit institute and one of the largest leasing providers.
Structural, low-risk growth exposure	High share of mortgage lending heightens credit quality, stabilises margins through-the-cycle and ensures a significant exposure to structural growth.

Nationwide presence

Founded in 1967 – now a Danish SIFI

1967
Founded by merger of four local banks, some dating back to 1882.

1970's-1989
Seven acquisitions of small and medium-sized banks and establishment of minor, foreign subsidiaries.

1989-2011
Organic growth while carrying out several strategic initiatives.

History of succesful M&A

Proven track-record of succesful recent M&A
Acquisitions made at discount to book value and fully integrated to reap synergies.

2011
Acquisition of leasing activities from Spar Nord.

Acquired parts of the client portfolio of Fjordbank Mors from Finansiel Stabilitet.

2013
Acquisition of Sparekassen Lolland.

2014
Acquisition of Jyske Realkredit from BRFfonden.

Focused on core business

Divesture of non-core business
Sale of Jyske Bank Global Asset Management (US) (2013), Silkeborg Data (2014), stake in Berben's Effectenkantoor (2014), Jyske Bank Schweiz (2015) and Jyske Bank (Gibraltar) Ltd. (2020).

Ready for new opportunities
Growth through acquisitions is an ongoing strategic initiative and Jyske Bank remains willing and able to participate in further consolidation of the Danish financial sector.

Sustainability ingrained in vision

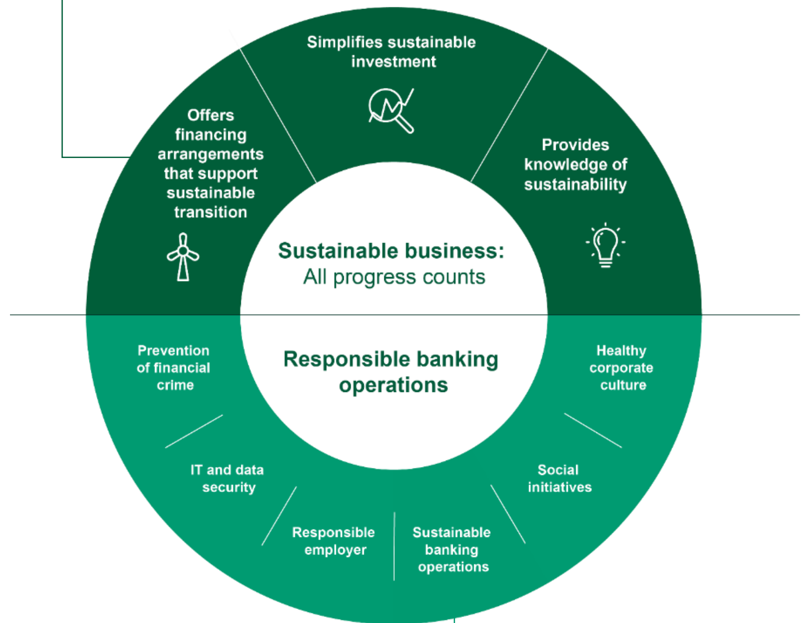
"We have an ambition of running our business responsibly and in a way that promotes sustainability." – Jyske Bank's vision

Financing a sustainable transition

Financing 4 TWh renewable power in 2025 by supporting development of wind and solar energy (2020: 2.5 TWh).

In 2025, 40% of new vehicles loans will finance low-emission vehicles.

Financing DKK 40bn of commercial property with low energy consumption by 2025 (2020: DKK 31bn).



Sustainable banking operations

Electricity consumption is offset by own renewable energy production. By end-2022, emissions related to district heating and company cars will also be offset.

Energy management systems installed on all locations in order to keep reducing consumption. Company cars will gradually be replaced by low-emission vehicles.

Note: Please see Jyske Bank's Sustainability Report for further information.

From above-market growth to repricing and cost initiatives

JYSKE BANK

Introducing profitability initiatives in next phase of strategy

Repatriation of Totalkredit loans following merger in 2014 accomplished

- Following a prolonged period of above-market growth, the repatriation of Totalkredit loans has been accomplished. Coincidentally, a precautionary credit policy, implemented due to a late-stage credit cycle, also reduced growth.

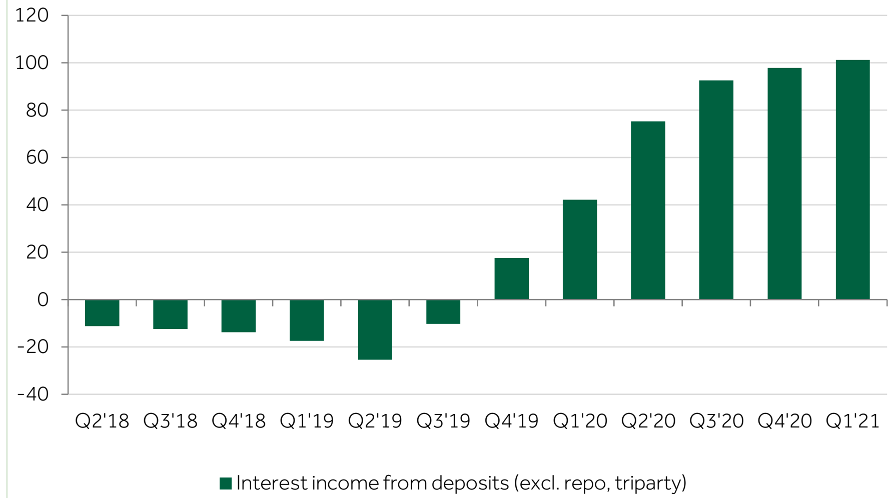
Significant repricing initiatives to improve profitability after growth period

- Jyske Bank has successfully introduced negative deposit rates for private clients' deposits and lowered deposit rates for corporate clients, while also making significant changes to the fee structure.

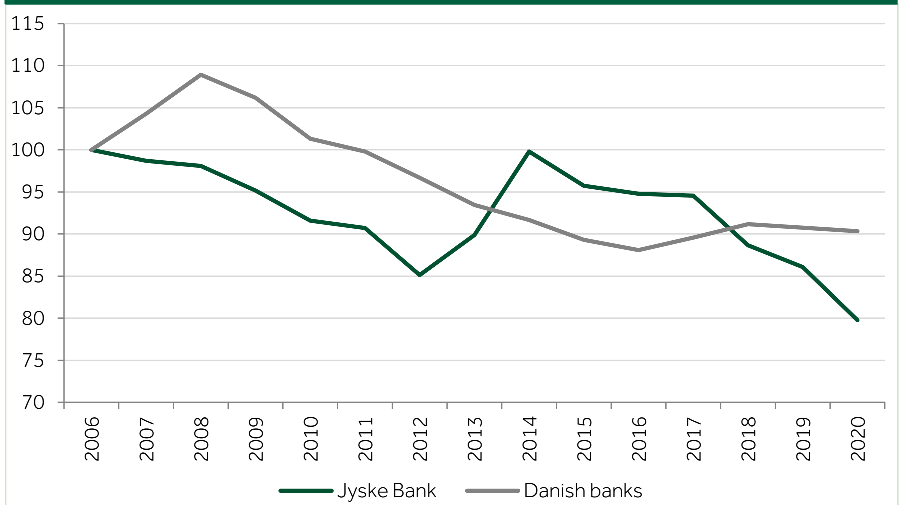
Branch network to be reduced amid elevated pace of headcount reduction

- Branches will be brought down by approximately 20% and FTEs will be reduced by a further 4-6% from mid-2020 to mid-2021, given higher demand for digital banking services and normalization of market share of branches following period of above-market growth.

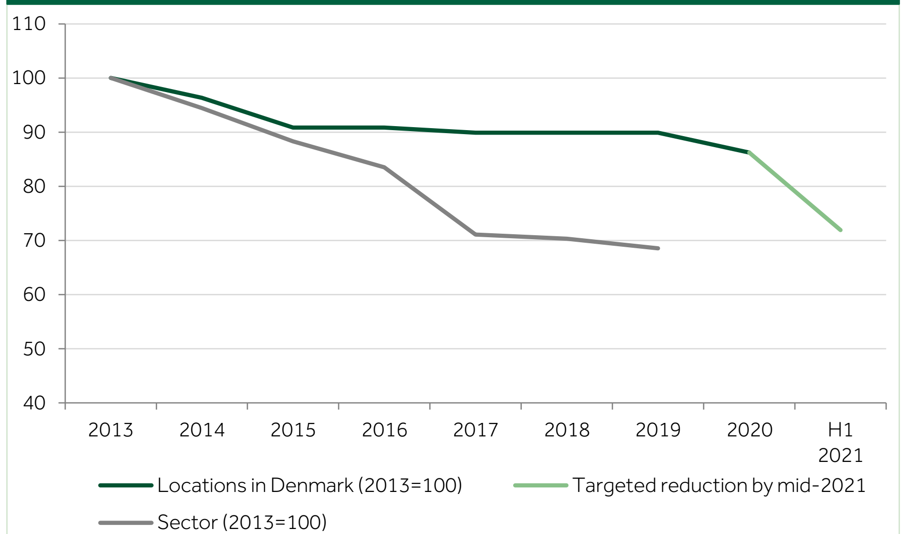
Lower deposit rates increase net interest income (DKKm)



Significant reduction of headcount (2006=100)

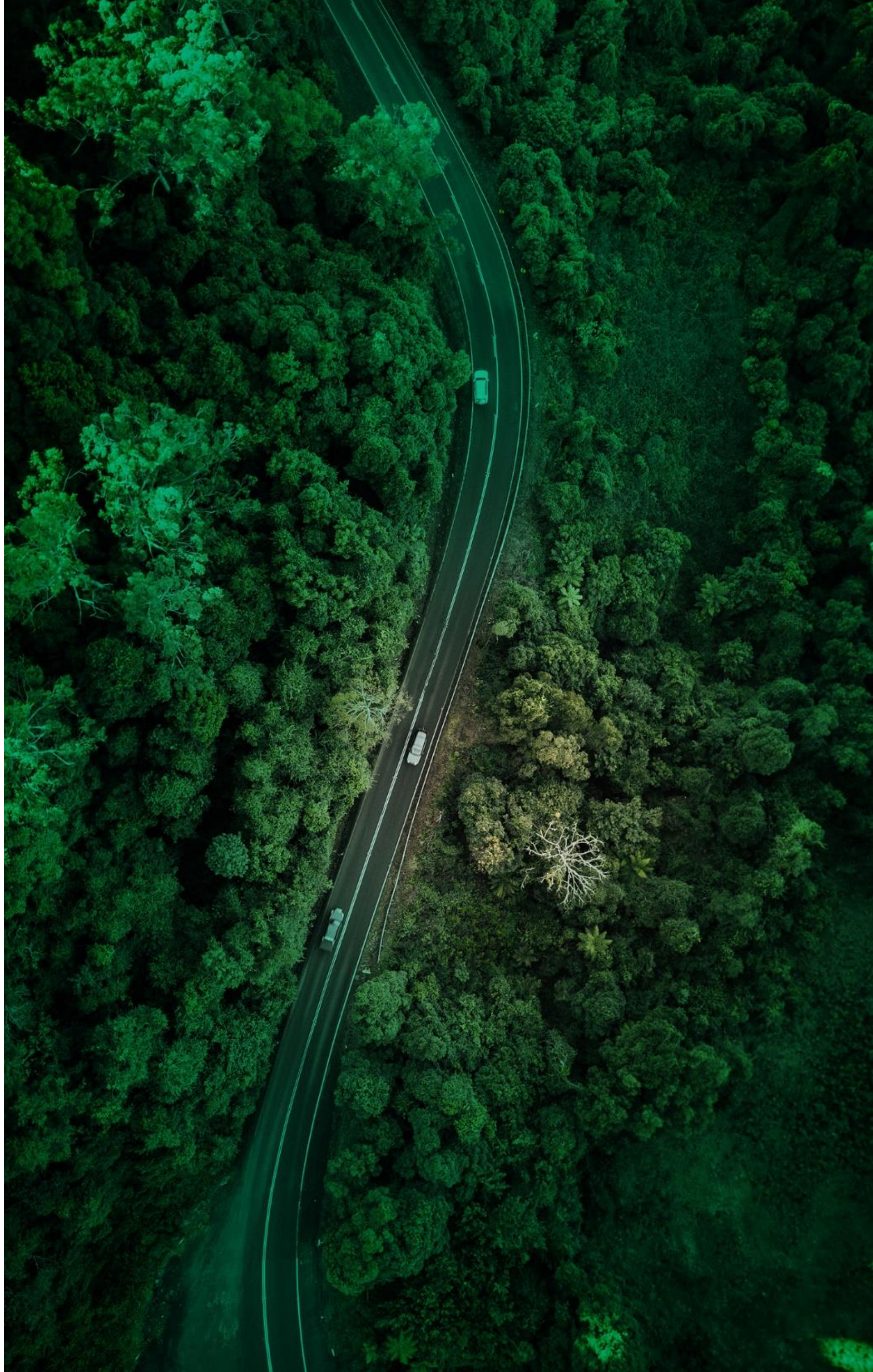


Branch network under structural pressure from digital banking

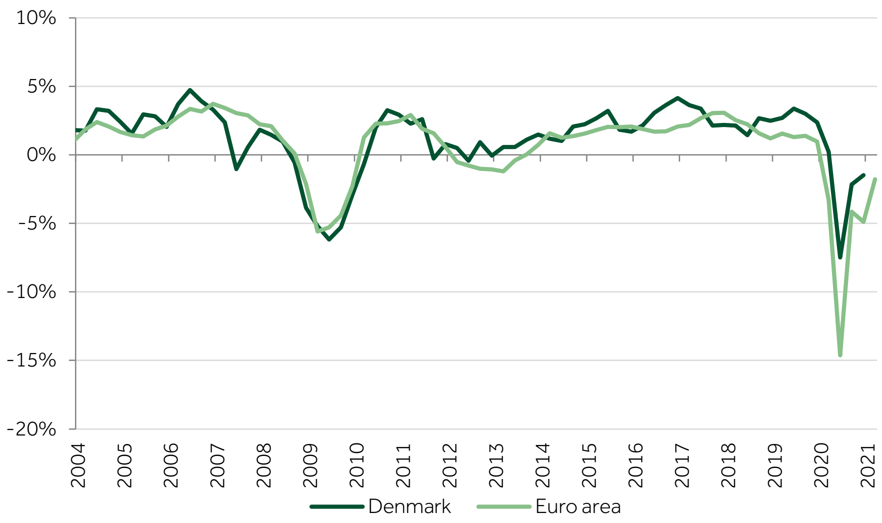


Source: Company data, FinansDanmark, FA.

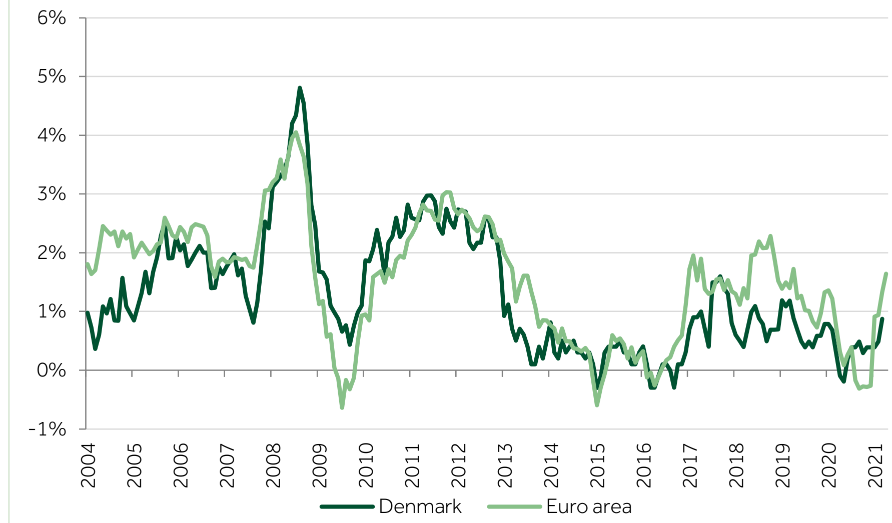
Macroeconomics



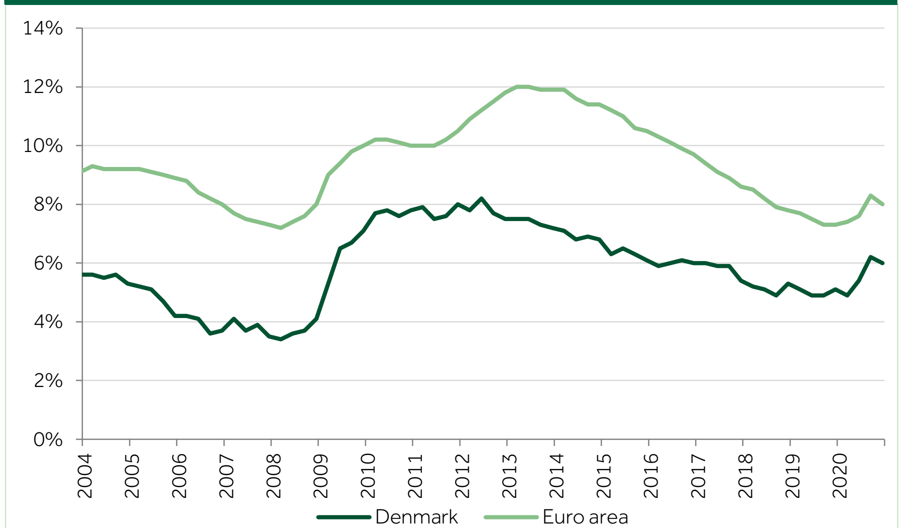
Real gross domestic product (index 2010, y/y)



Inflation rate (HICP, y/y)



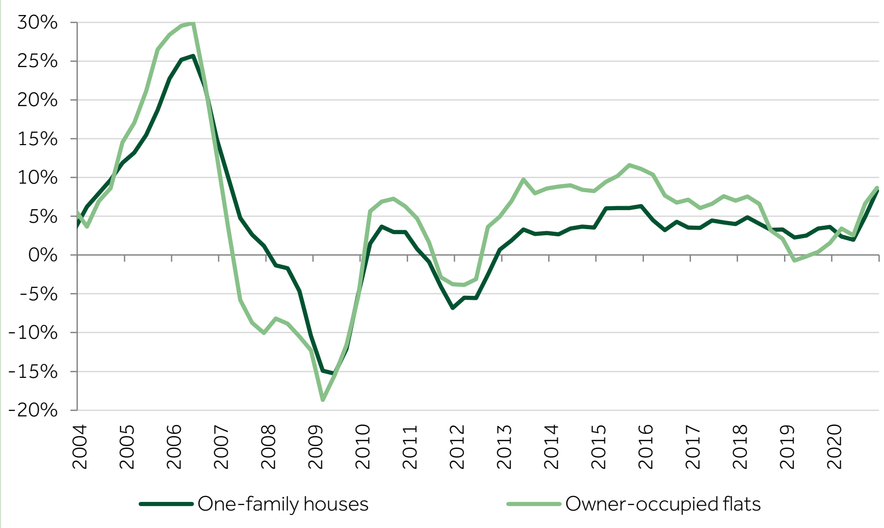
Unemployment rate



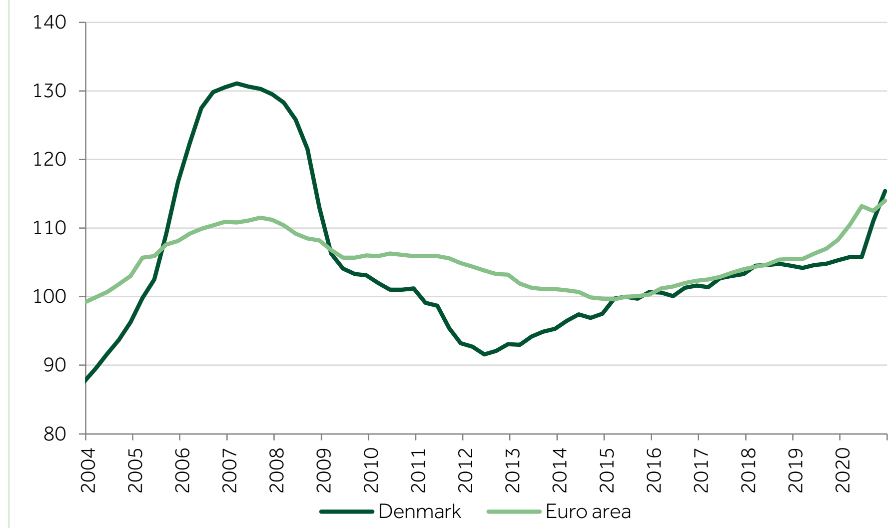
Interest rates, Denmark (monthly averages)

Source: Eurostat.

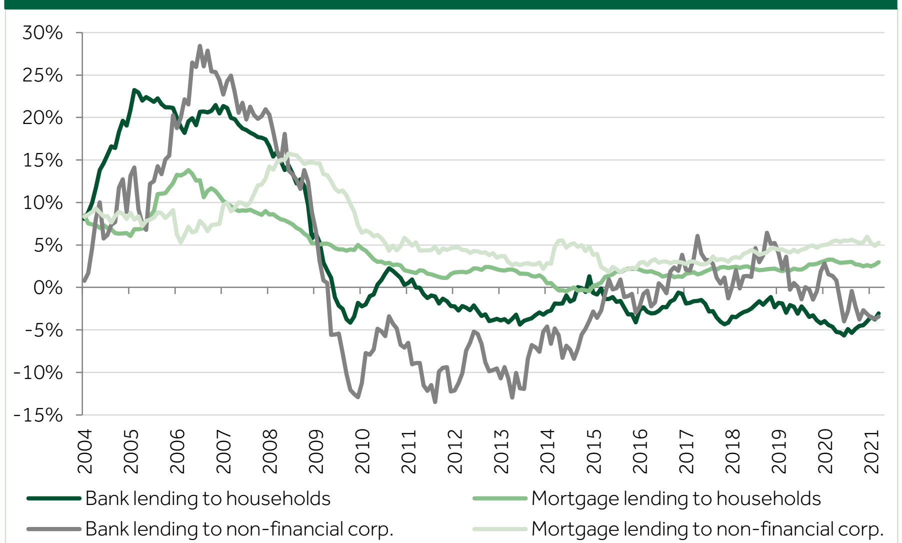
Real estate prices, Denmark (y/y)



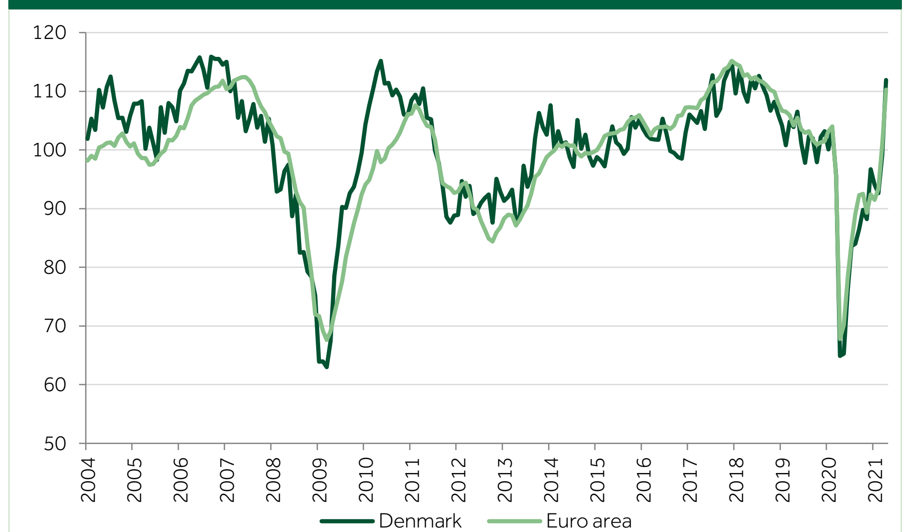
House prices to disposable income (2015=100)



Lending growth, Denmark (y/y)



Economic Sentiment Indicator



Sources: Statistics Denmark, OECD, Eurostat.

Danish economy	DKKbn 2020	2018	2019	Real growth (%) 2020	2021	2022
Consumer spending	1,046	2.7	1.4	-3.1	2.9	5.1
Public spending	575	0.3	1.2	-0.4	1.4	0.9
Fixed gross investment	526	4.8	2.8	1.7	0.8	3.8
Inventory investment*	17	0.3	-0.3	-0.1	0.2	0.0
Exports	1,252	3.2	5.0	-8.5	3.9	7.6
Imports	1,111	4.8	2.4	-5.6	2.4	6.6
Gross domestic product (GDP)	**2,304**	**2.2**	**2.8**	**-3.3**	**2.9**	**4.2**
Balance of payments						
- DKKbn		158	207	171	188	180
- percentage of GDP		7.0	8.9	7.4	7.9	7.2
Public budget balance						
- DKKbn		16	88	-40	-70	-35
- percentage of GDP		0.7	3.8	-1.7	-2.9	-1.4
Unemployment						
- Gross unemployment, average (thousands)		108	104	132	129	112
- Percentage of workforce		3.5	3.4	4.3	4.1	3.6
Employment, avg. (thousands)		**2,966**	**3,003**	**2,981**	**2,990**	**3,025**
Inflation (%)		**0.8**	**0.8**	**0.4**	**1.0**	**1.5**
Wage index (Private, %)		**2.2**	**2.0**	**1.9**	**2.1**	**2.2**
House prices (nominal prices, %)		**3.8**	**3.0**	**4.3**	**6.8**	**1.9**
Danmarks Nationalbank's lending rate, year-end (%)		**0.05**	**0.05**	**0.05**	**-0.35**	**-0.35**
Danmarks Nationalbank's CD rate, year-end (%)		**-0.65**	**-0.75**	**-0.60**	**-0.50**	**-0.50**

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

Sources: Statistics Denmark, Jyske Bank as of 26 March 2021.

Financial calendar and contacts

Financial calendar 2021

23 Feb. 2021	Announcement of the 2020 results
23 Feb. 2021	Annual report
23 Feb. 2021	Risk Management Report 2020
23 Mar. 2021	Annual General Meeting
4 May 2021	Interim report for the first quarter of 2021
17 Aug. 2021	Interim report for the first half of 2021
2 Nov. 2021	Interim report for the first nine months of 2021

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