Jyske Bank
Q2 2015

Highlights

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- Continued success with integrating BRFkredit and Jyske Bank
  - Sales of new home loan products at DKK 50bn
  - Core expenses decline quarter by quarter
  - Expected integration costs lowered to DKK 100-150m (previous estimate DKK 150-200m)
  - Annual synergies of DKK 600m by mid-2018, 6 months ahead of plan
- The pressure for a stronger DKK is gone but Central Bank deposit rate stays at -75 bp, putting pressure on NII
- Rising long-term interest rates and interest rate volatility put a damper on refinancing activity but have a positive effect on value adjustments
- Falling stock and bond markets have a negative effect on commission and fee income
- Further improvement of the Danish economy helps bring down impairment charges – but hard times ahead for agriculture

Status on Jyske Bank/BRFkredit merger

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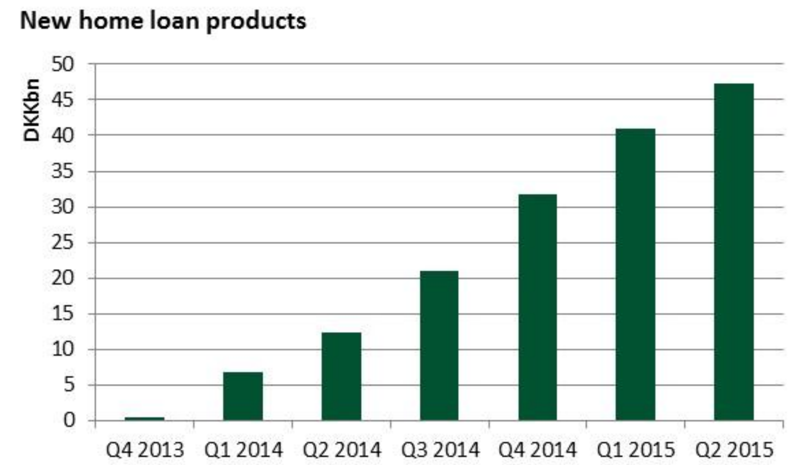
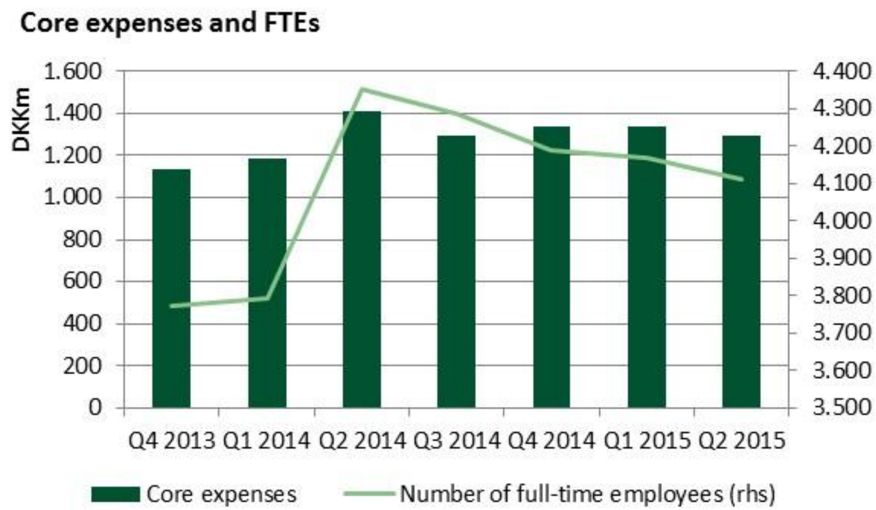
- Annual revenue and cost synergies of DKK 600m expected to have full annual impact by mid-2018 as opposed to end of 2018
- Volume of new home loan products granted reaches DKK 50bn (DKK 46bn booked at end of Q2 2015) - future annual NII will close the gap from lost commission income from Totalkredit
- Core costs decline quarter by quarter – reflecting the organizational adjustments
- Number of employees is down by 332 since announcement of the merger – reduction of 112 remains in order to reach target of 4,000 employees in the course of 2015 and 2016
- Integration costs expected in the range of DKK 100-150m as opposed to previous estimate of DKK 150-200m.





Q2 2015 results

- Pre-tax profit of DKK 1,301m (equal to ROE 18.9%) of which:
  - Banking: DKK 1,080m
  - Mortgage: DKK 121m
  - Leasing: DKK 100m
- Core income driven by
  - Increasing net interest income - supported by income on new home loan products
  - Satisfactory fee and commission income
  - Positive effect on value adjustments from rising long-term interest rates
- Core costs down and in line with expectations
- Loan impairment charges significantly lower
- Core profit generated on the basis of a business volume where:
  - Competition for traditional bank loans continues
  - Deposits are still at a high level
  - Continued growth in new home loan products
  - Mortgage volume shows growth in all loan segments
  - Large inflow of funds in assets under management, primarily new portfolio management agreement with Jyske Invest but also funds from customers
- Capital ratio 17.1% and CET tier 1 ratio 16.1%.

CORE PROFIT AND PROFIT FOR THE PERIOD DKKm	H1 2015	H1 2014	Index 15/14	Q2 2015	Q1 2015	Index Q2/Q1
Net interest income	2,953	2,358	125	1,513	1,440	105
Net fee and commission income	967	775	125	350	617	57
Value adjustments	386	76	508	536	-150	-
Other income	120	2,824	4	68	52	131
Income from operating lease (net)	46	39	118	27	19	142
Core income	**4,472**	**6,072**	**74**	**2,494**	**1,978**	**126**
Core expenses	2,632	2,593	102	1,294	1,338	97
Core earnings before impairment charges	**1,840**	**3,479**	**53**	**1,200**	**640**	**188**
Loan impairment charges	351	838	42	24	327	7
Core profit	**1,489**	**2,641**	**56**	**1,176**	**313**	**376**
Investment portfolio earnings	314	162	194	125	189	66
Pre-tax profit	**1,803**	**2,803**	**64**	**1,301**	**502**	**259**
Tax	414	41	1,010	305	109	280
Net profit or loss for the period	**1,389**	**2,762**	**50**	**996**	**393**	**253**

Note: BRFkredit has been included in the income statement as of 1 May 2014

NII increase driven by new home loans

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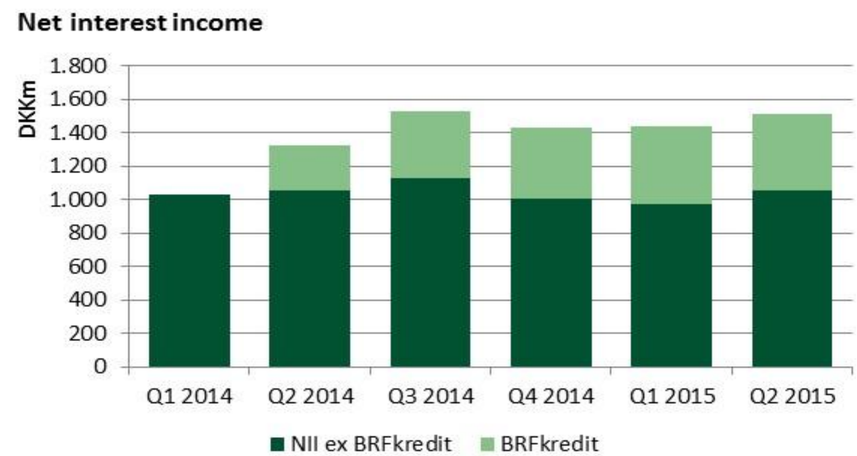
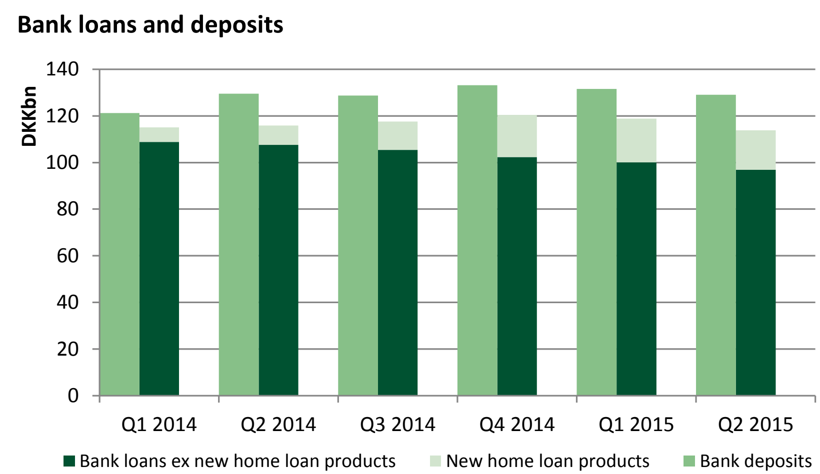
- NII is supported by:
  - Continued growth in new home loan products
  - Increased contribution margins in mortgage activities
  - Mortgages for corporate clients begin to pick up

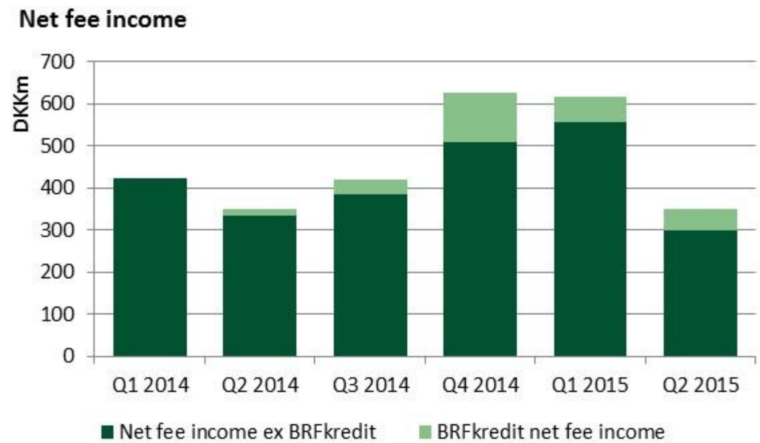
- NII is pressured by:
  - Low interest rate level that turns deposits unprofitable and a savings propensity that results in a high balance of deposits. Initiatives implemented to mitigate the impact
  - Continued pressure on margins due to competition and limited demand for corporate credit facilities in particular.

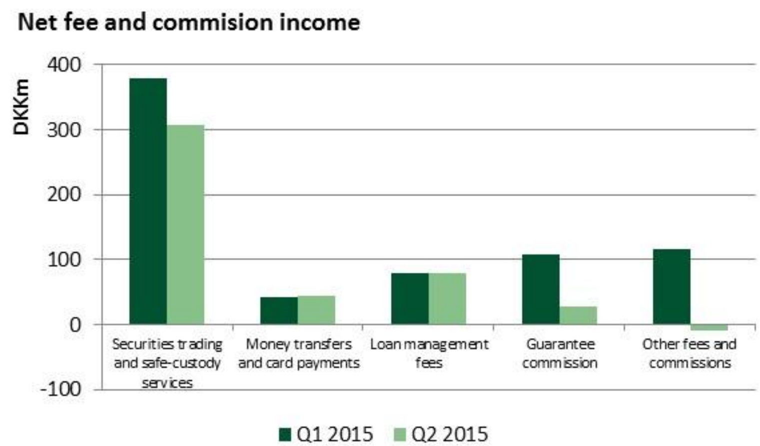




Satisfactory fee and commission income

- Level with Q2 2014 but down by 43% compared to Q1 2015
- Major differences between Q1 and Q2 2015:
  - Few performance related fees from capital management as stock and bond markets have fallen since end of Q1 2015
  - One-off commission income related to the settlement with Nykredit was recorded under guarantee commission in Q1 2015
- Securities trading etc.:
  - Increasing activity across client segments but not enough to compensate for lack of performance related fees from capital management
- Loan management fees:
  - Refinancing activity eases off reducing fees related to mortgage activities
  - Fees from banking activities stay low as most home loan transactions are still fee-exempt (Jyske Bank still offers repatriation free of charge).

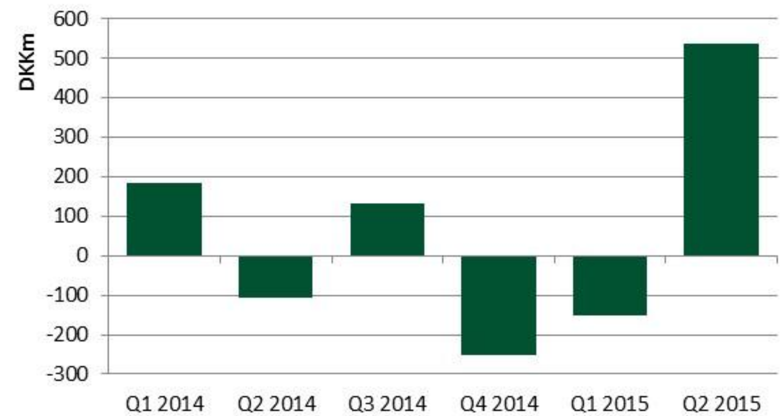




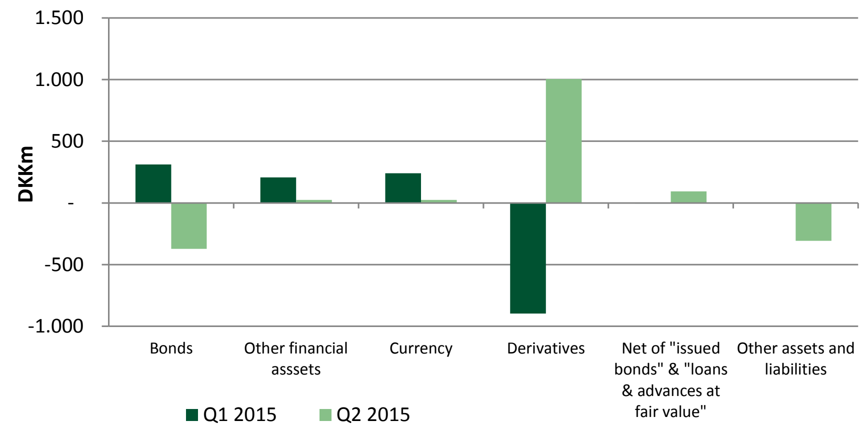
Rising interest rates drive up value adjustments

- Dominated by development in interest rates:
  - Increased volatility in especially DKK interest rates
  - Rising long-term interest rates
- Positive value adjustment on non-performing clients' transactions relating to interest-rate hedging (swaps) of DKK 595m (Q1 2015: DKK -299m)
- Net of "issued bonds" and "loans and advances at fair value":
  - Related to the balance principle (BRFkredit)
- Other assets and liabilities:
  - Sale of new home loans to BRFkredit at fair value. Off-set by hedging transactions in derivatives.

Value adjustments under core earnings



Value adjustments under core income by type



Significant drop in impairment charges

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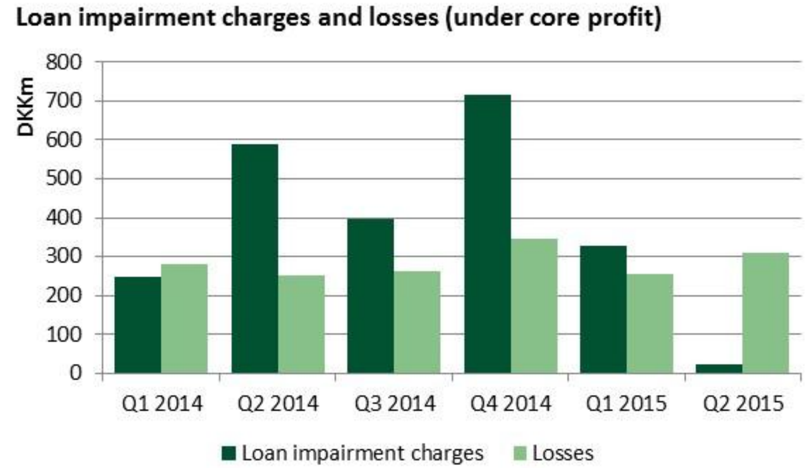
- Loan impairment charges under core profit of DKK 24m equal to levels seen prior to the financial crisis

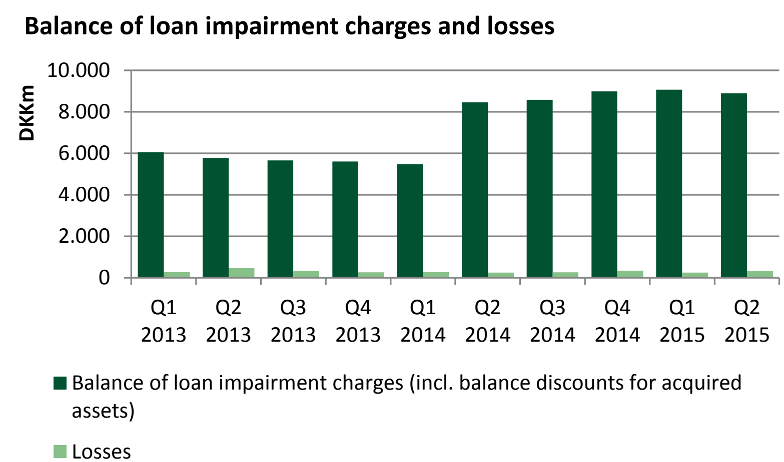
- Loan impairment charges include management's estimate of DKK 270m related to rising interest rates and the pro-longed Russian import ban that is tough on especially the agricultural sector

- Banking activities:
  - Impairment ratio for H1 2015 29 bps
  - In general, lower inflow of new impaired exposures and improvement of exposures already impaired
  - Corporate clients: real property improves, agriculture under renewed pressure
  - Accumulated impairment ratio 3.7% (Jyske Bank A/S)

- Mortgage activities:
  - Impairment ratio for H1 2015 2 bps
  - Continuation of the levels seen in the past periods
  - Accumulated impairment ratio 0.6%
  - Lower avg. LTV in portfolio due to rising housing prices

- Losses:
  - Losses continue to show a stable development.





Agriculture: renewed pressure, limited exposure

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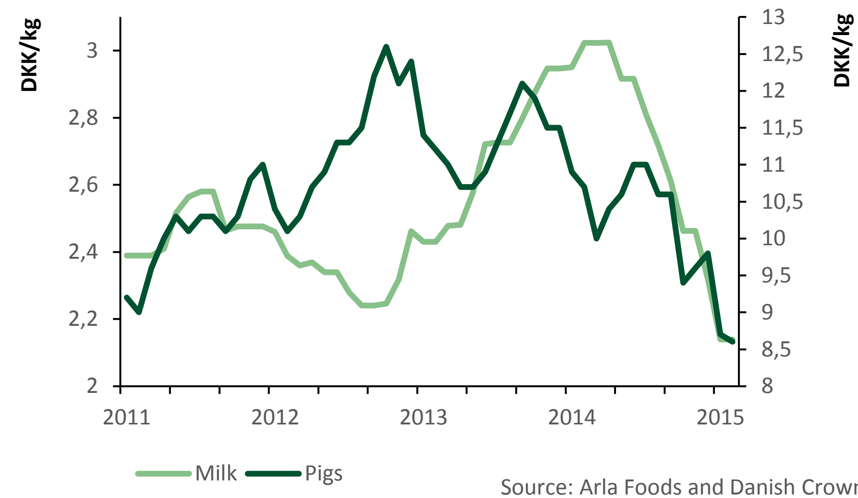
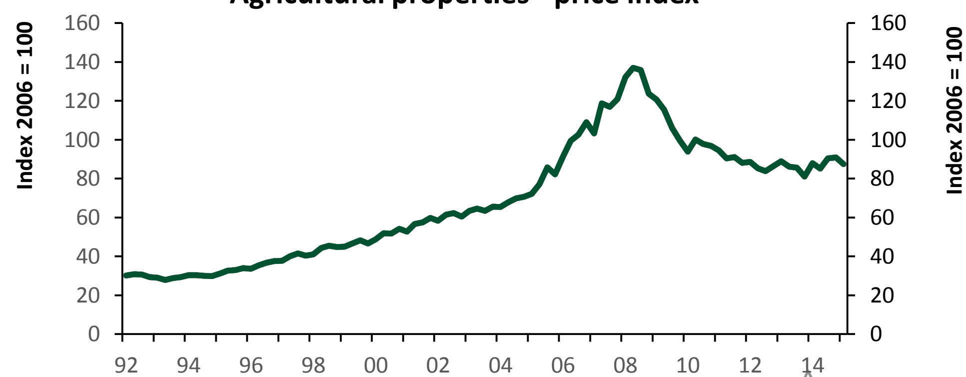
- Agriculture continues to be in focus
- Several conditions deteriorated in Q2 2015:
  - Russia pro-longed the import stop
  - Milk and pork prices continued to fall
- At current price levels, 86% of dairy farmers will have a negative cash flow in 2015 (analysis by Seges, July 2015)
- Impairment ratios for dairy farmers and pig farmers at 41% and 29% respectively (individual impairment charges only)
- The structural problem with leverage and low prices on agricultural properties persists.

Commodity prices



Source: Arla Foods and Danish Crown

Agricultural properties - price index



Source: Datastream

New home loan products still on the rise

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- Significant increase in new home loan products (DKK 46bn vs. DKK 40bn end of Q1 2015 and DKK 31bn end of 2014) – momentum is maintained, effect shows as increase in mortgage loans
- No significant change in demand for loans in spite of improvement in the Danish economy, thus still very competitive
- Decrease in bank loans primarily related to corporate clients and public institutions
- Increase in all segments for mortgage loans – in particular home loans referred from Jyske Bank
- Deposits decline as a result of initiatives to optimize volume and pricing as well as lower demand for time deposits due to the low interest rate level
- Assets under management increase by DKK 23bn primarily due to the new portfolio management agreement between Jyske Bank and Jyske Invest, secondly a continued inflow of new funds from customers.

BUSINESS VOLUME, END OF PERIOD DKKm	1H 2015	1H 2014	Index 15/14	Q2 2015	Q1 2015	Index Q2/Q1
Mortgage loans	234	209	112	234	229	102
Traditional bank loans	97	108	90	97	100	97
New home loans	17	8	213	17	19	89
Bank deposits	129	130	99	129	132	98
Assets under management	123	92	134	123	100	123

Increasingly robust capital position

- Capital ratio 17.1% and CET1 16.1% end of Q2 2015 versus long-term targets of 17.5% and 14% (based on fully implemented CRD IV requirements as per 2019)

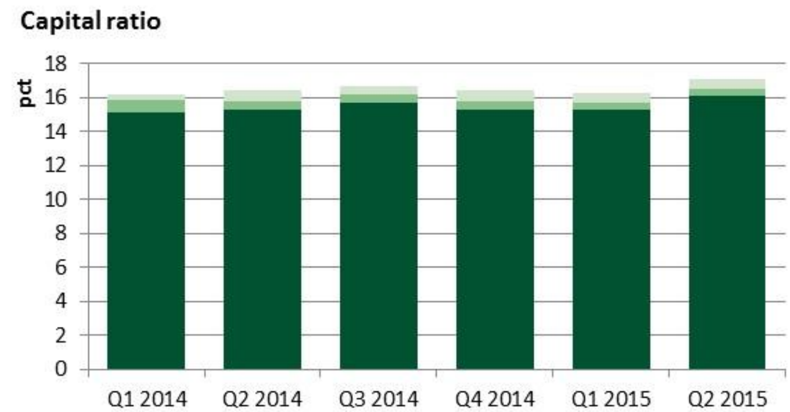
- Solid capital base allows room for:
  - Expansion (home loan products)
  - M&A activity if the opportunity should arise
  - Higher capital requirements imposed by upcoming legislation (e.g. new legislation on impairment charges from 2018 and EBA's revision of standardised risk weights)

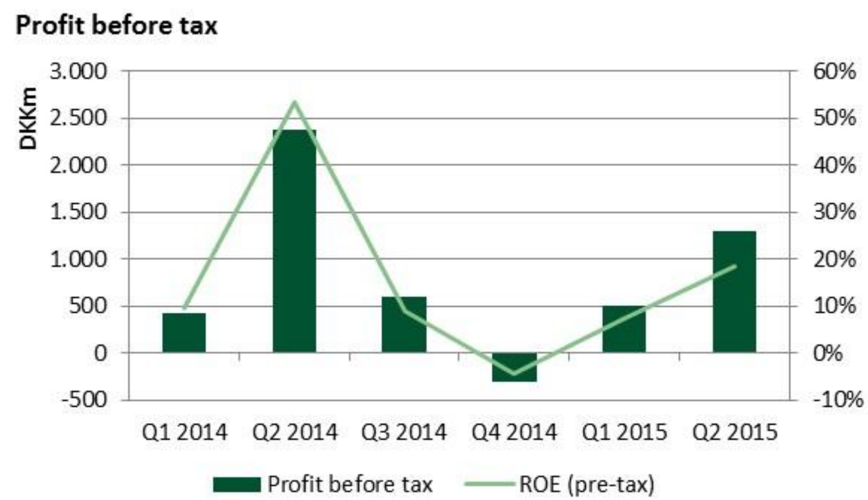
- Individual solvency requirement as at end of Q2 2015:
  - 11.0% (+0.3% SIFI requirement)

- S&P confirmed Jyske Bank's rating (A-/A2 stable outlook) in mid-July 2015:
  - The increasingly robust capital and risk position (RAC ratio) offsets the removal of the one notch of systemic support due to implementation of the BRRD in Denmark in June 2015

- ROE pre-tax 18.9% and 13.1% for Q2 2015 and H1 2015, respectively

- Target of 10-15% ROE pre-tax challenged in 2015:
  - Closely linked to the development in long-term interest rates and loan impairment charges.





Strong liquidity reserves

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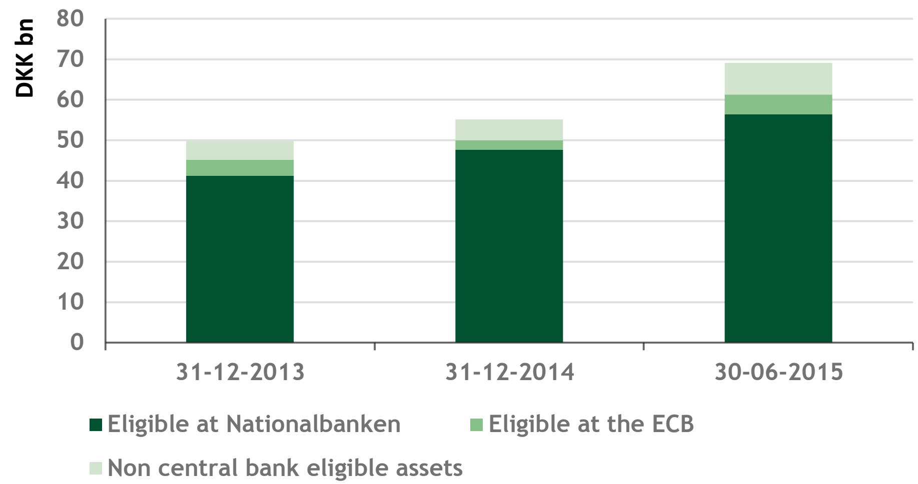
- Liquidity buffer DKK 69bn end of Q2 2015 (DKK 55bn end of 2014)
- Stress scenarios an integrated part of daily liquidity risk management and the limit structure since early 2007
- The Group's liquidity reserves are conservatively calculated (with haircuts) and consist solely of assets which are not pledged as collateral or necessary to ensure the day-to-day operations of the Group
- Focus is on central bank eligibility and the buffer consists mainly of assets that can be repoed at either the Danish Central Bank (Nationalbanken) or at the ECB.

Group Liquidity buffer



LCR compliant

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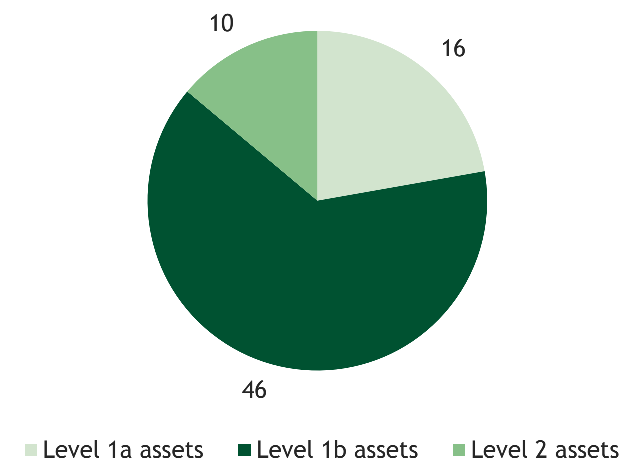
- LCR compliance – key focus area during 2015
- As a Danish SIFI compliance (100%) is required from October 1st 2015
- During 2015 the Group has recalibrated the liquidity buffer by increasing the holdings of Level 1a assets and adjusting repo positions. Furthermore, the core liquidity position has been enhanced
- As at end of Q2 2015 the Group's LCR was 111%
- Internal minimum target for LCR is moderately higher than the current level at end of Q2 2015
- Without the cap on covered bonds (max. 70% of total LCR liquid assets) the Group's pro-forma LCR was 142%
- The Group will continue to adjust the composition of the liquidity buffer in Q3 2015.

LCR Liquidity buffer end of Q2 2015 (DKKbn)



DKKbn	Q2 2015
Total LCR compliant liquid assets*	72
Cap due to max. 70 % covered bonds	-16
Total LCR compliant liquid assets after adjustment	56

*)Net after LCR haircuts

A rare but regular issuer on the EMTN market

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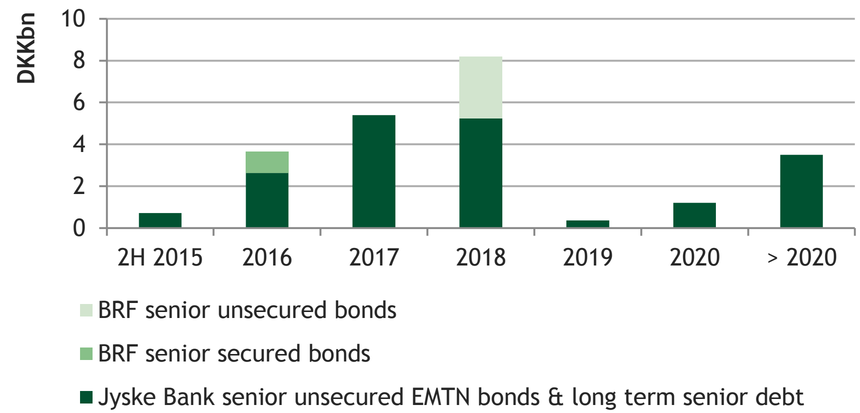
- Group issuance of senior debt will be from Jyske Bank A/S, thus no new issuance of senior secured bonds from BRFkredit A/S
- Senior unsecured activity will depend on developments in the balance sheet (funding gap)
- Integrated part of policy is to maintain a deposit/loan ratio in the banking activities of a min of 95 %*
- Maintenance of access to diversified funding sources in the international debt capital markets remains a cornerstone in liquidity risk management – thus one EUR benchmark (EUR 500m) to be expected annually.

Funding profile



Senior unsecured funding activities in H1 2015:

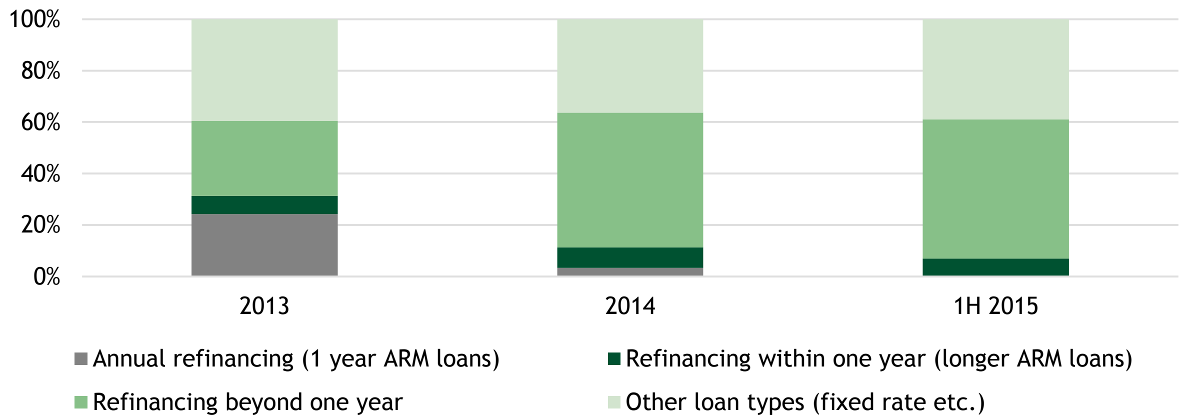
- Private placement of:
  - SEK 1bn 2 year FRN
  - SEK 1.35bn 5 year FRN
  - EUR 10m 7 year FRN
- Public benchmark bond of EUR 500m 3 year FRN (>90% placed outside of Denmark).

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

Re-financing in mortgage activities

Since 2014 the refinancing risk in BRFkredit has been reduced significantly to improve Group compliance with S&P's SFR ratio and the upcoming NSFR.

Split of BRFkredit loan portfolio according to refinancing profile



Macro Economy & Danish Banking H1 2015

Upturn in the Danish economy

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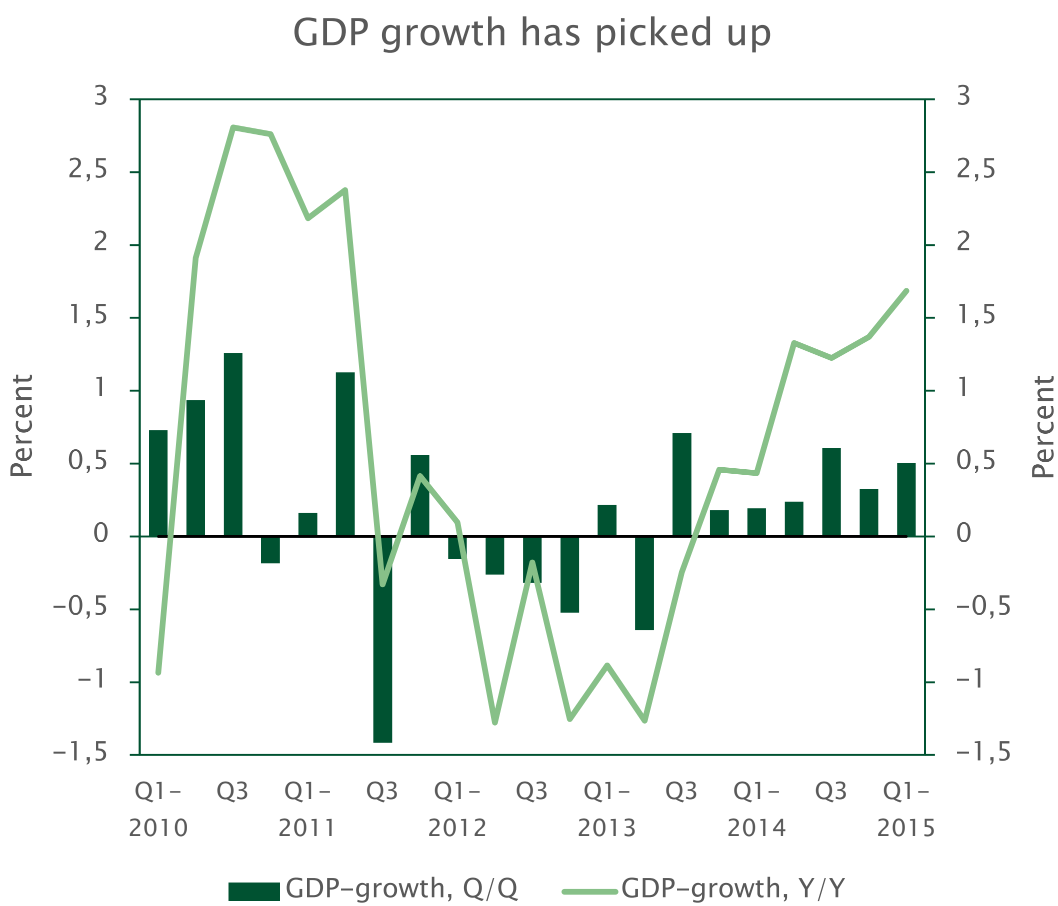

In Q1 GDP 2015 growth was 0.4% Q/Q following 0.3 % and 0.6 % growth in Q4 and Q3, respectively.

Seven quarters in a row with positive growth.

We now have small upturn.

Private consumption has started to perfom, and export growth is supported by improvements in Europe.

Private consumption is supported by low interest rates. Consolidation is still an issue.

The private sector is still in a consolidation mode

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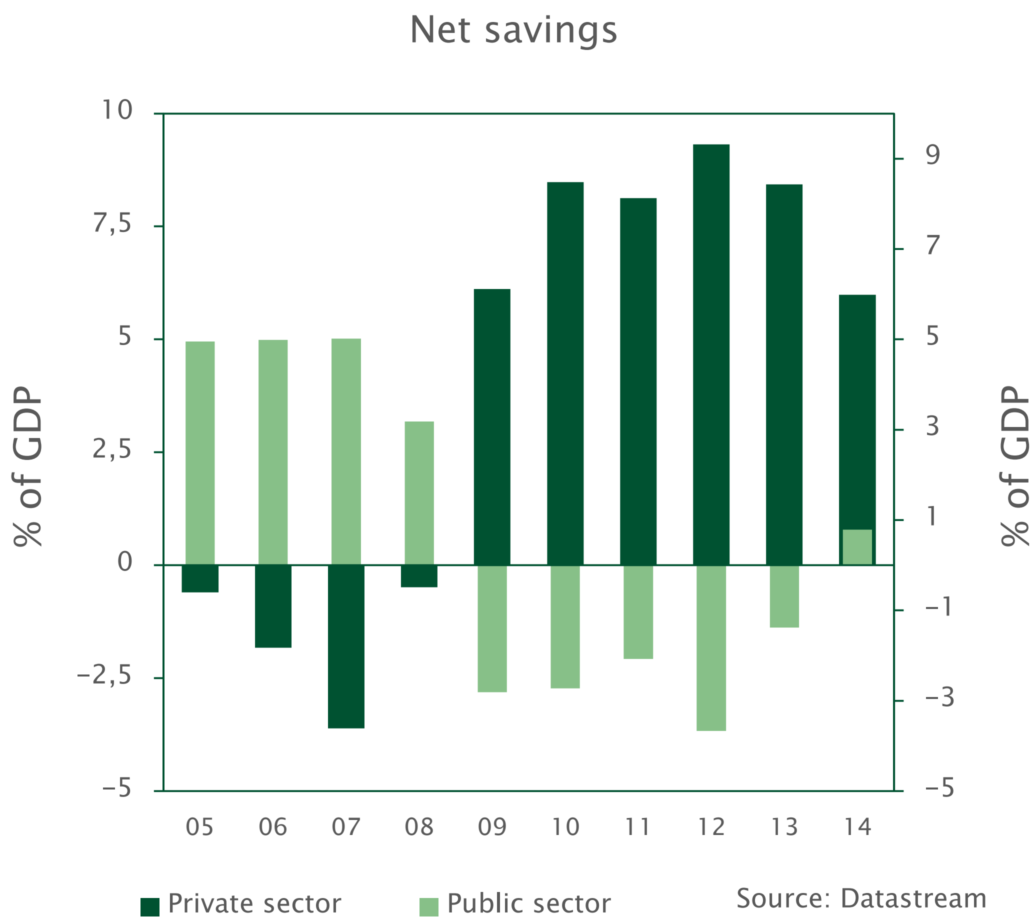
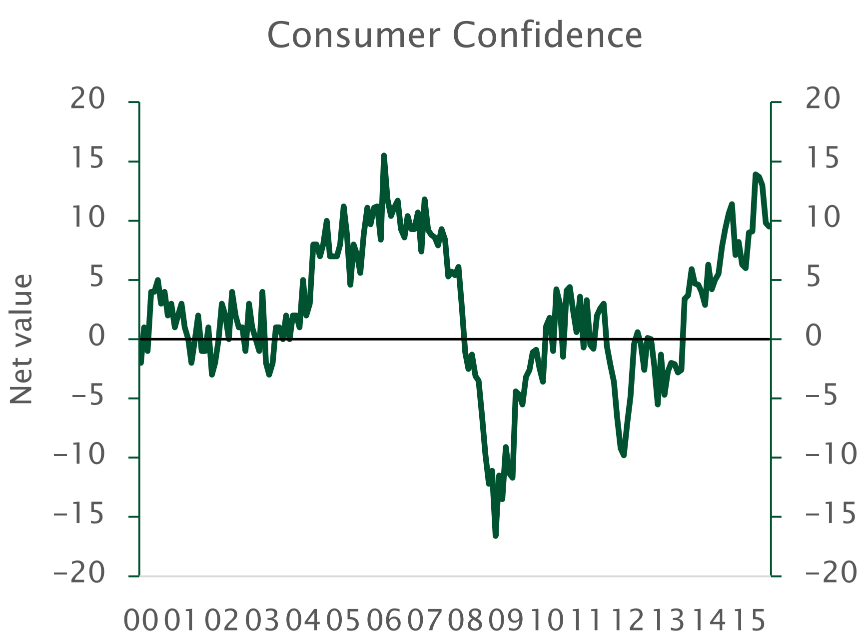
The private sector saving has been record high since 2009.



Private to public sector:

Tax on pensions behind the latest fall for private sector and gain for public sector.

Optimistic consumers, but more sceptic manufacturers



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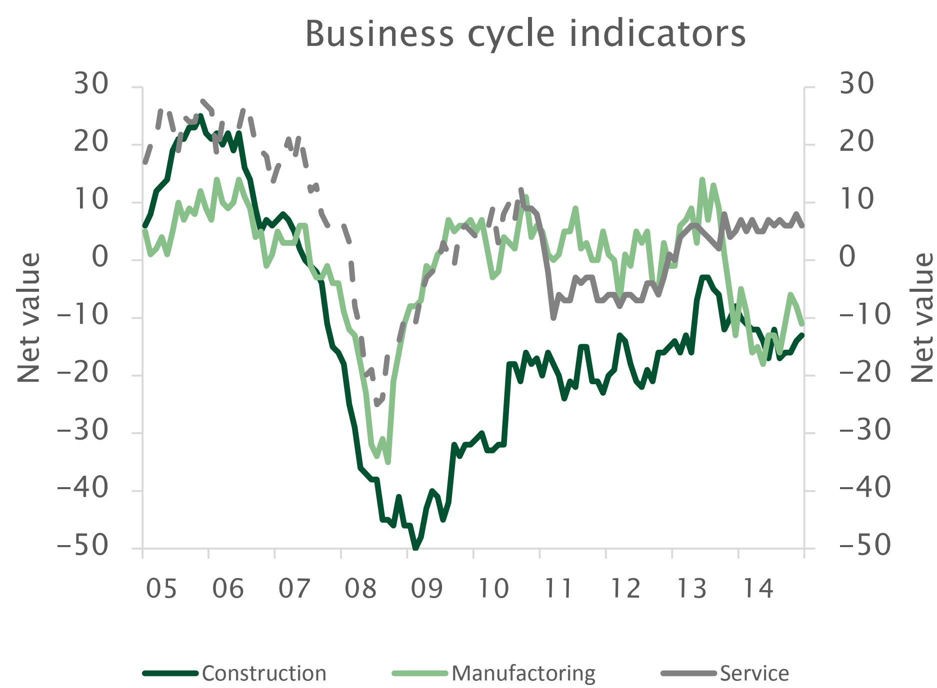
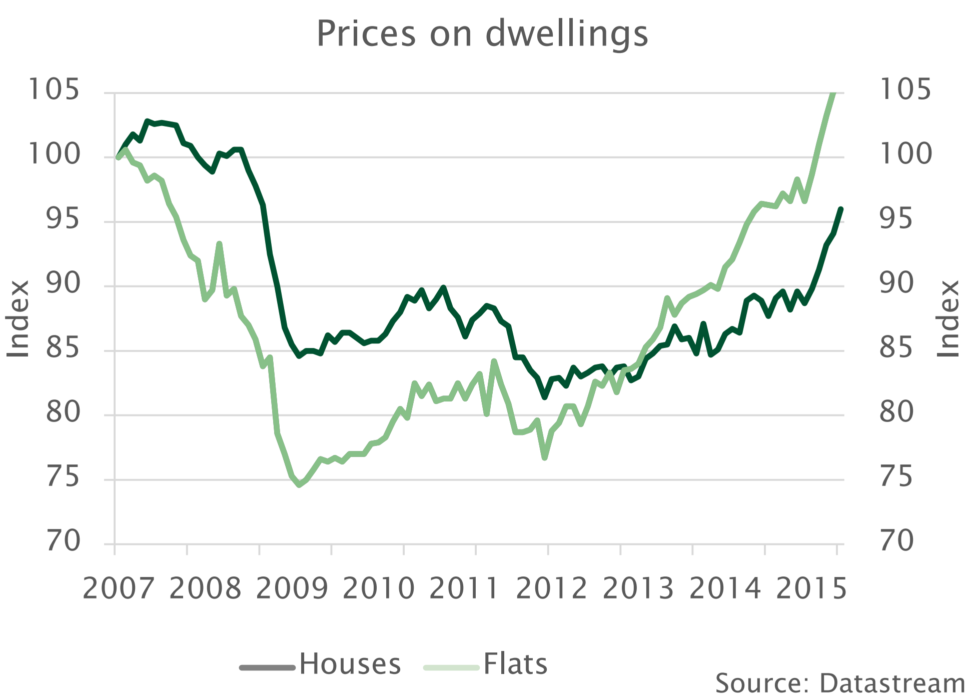


Source: Datastream

House prices are on the rise



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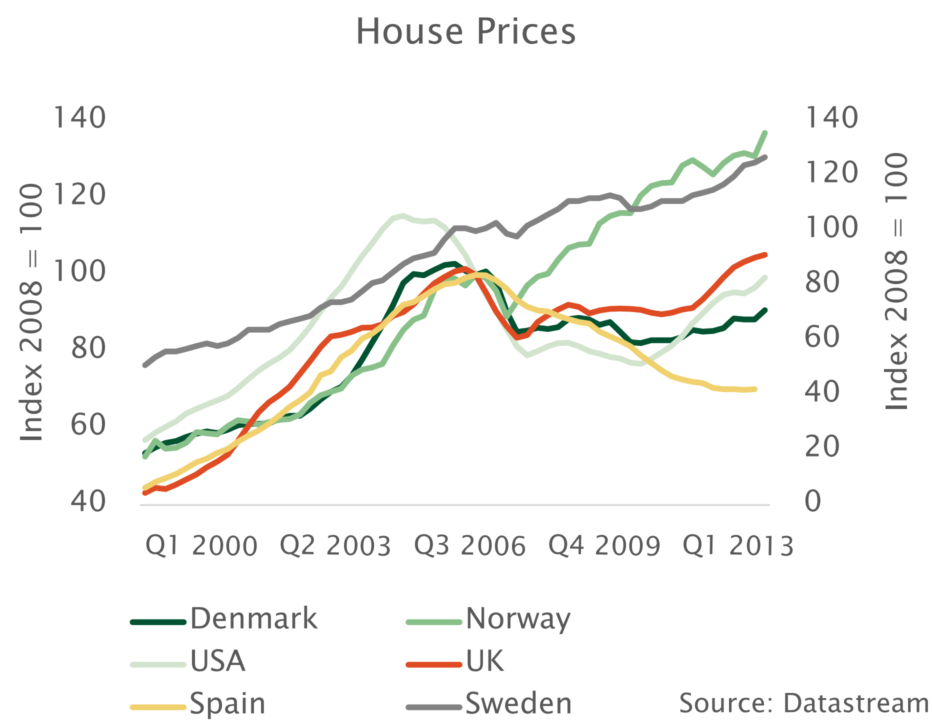
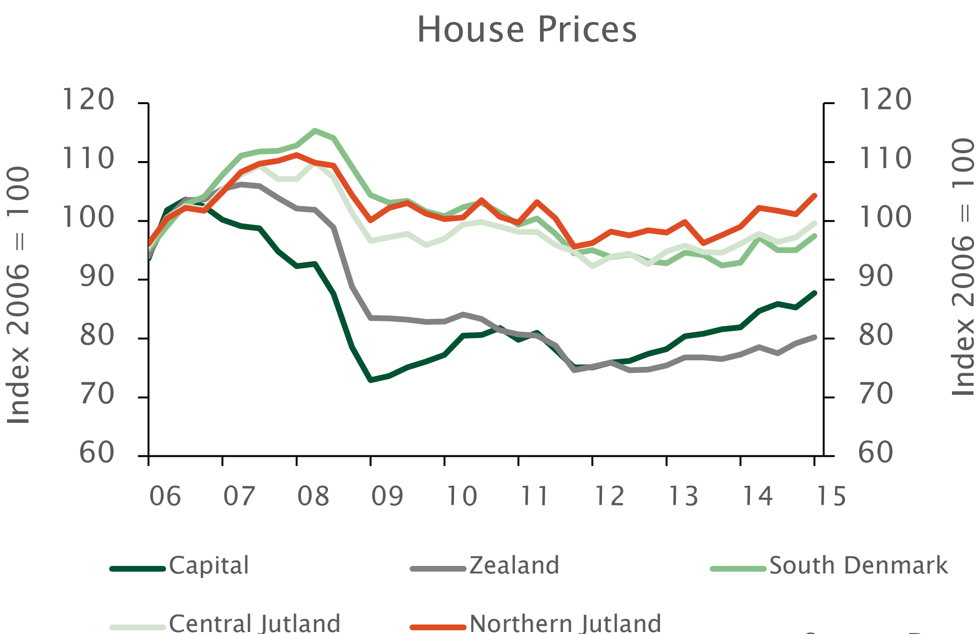


Source: Datastream

The turnaround for housing is spreading



Source: Datastream

House prices increases have spread out beyond the largest cities.

Continued large excess supply in rural areas but number of house sales is picking up.

Affordability is strong – even with fixed rate

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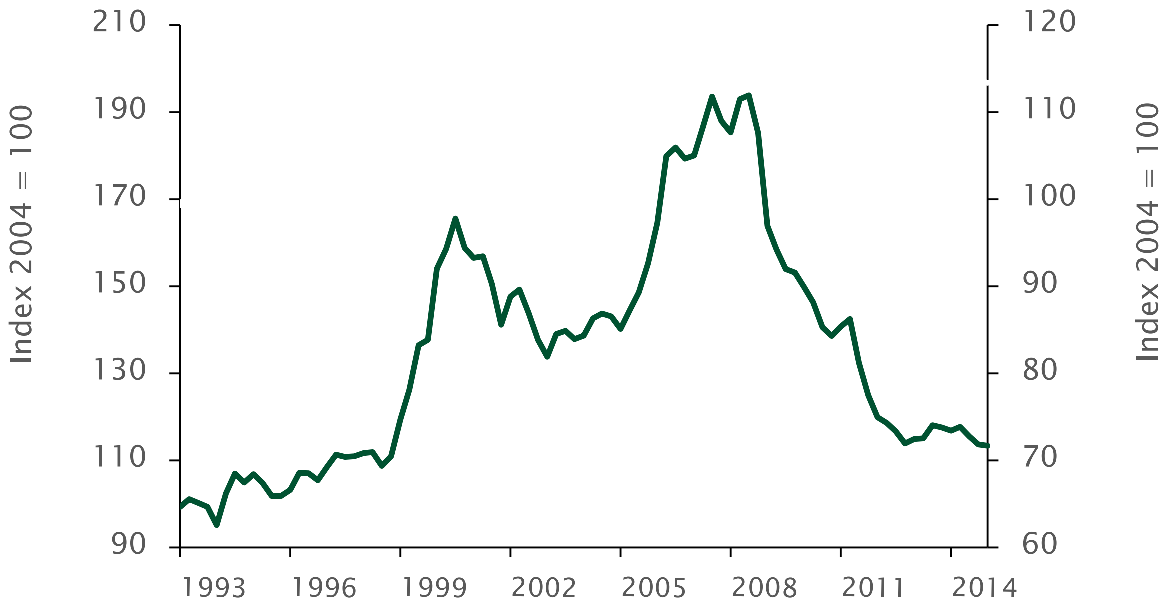
Housing affordability

Net intallment (fixed rate) for new buyers relative to disp. income



Source: Datastream

Unemployment is slightly declining, and with interest rates all time low – debt servicing capacity is strong

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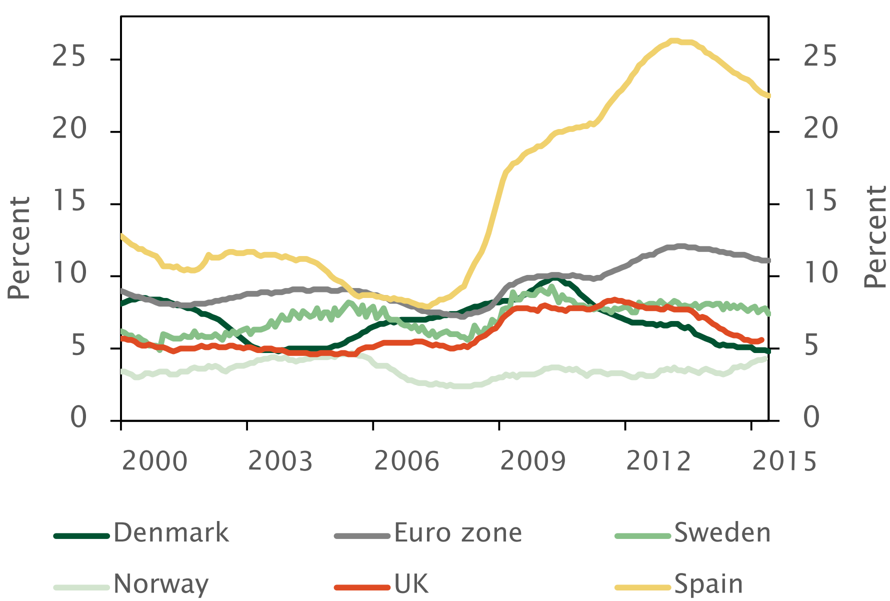
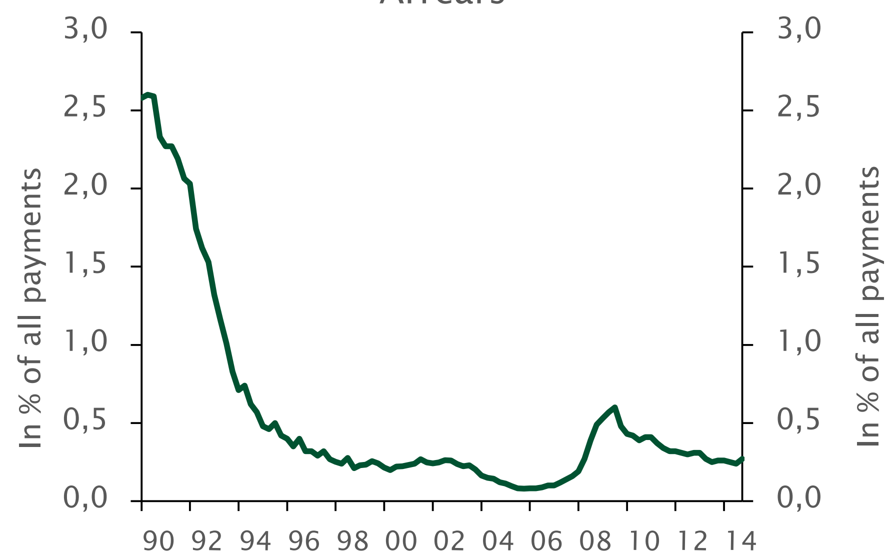
Unemployment rate



Source: Datastream

Arrears



Source: Datastream

Bank loans and underlying credit quality:
Overall bankruptcies in the SME sector are trending downwards

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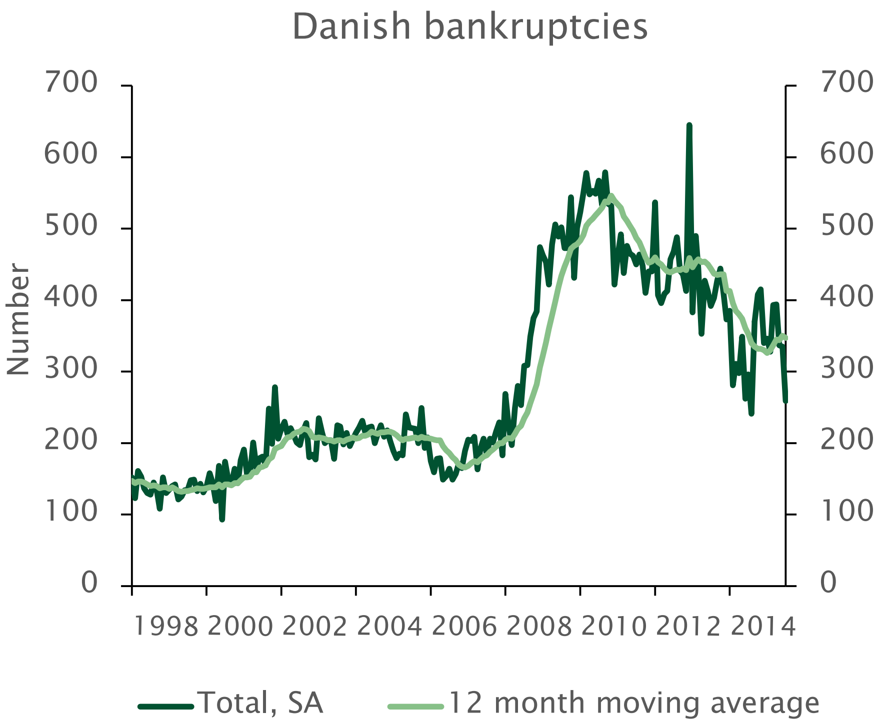

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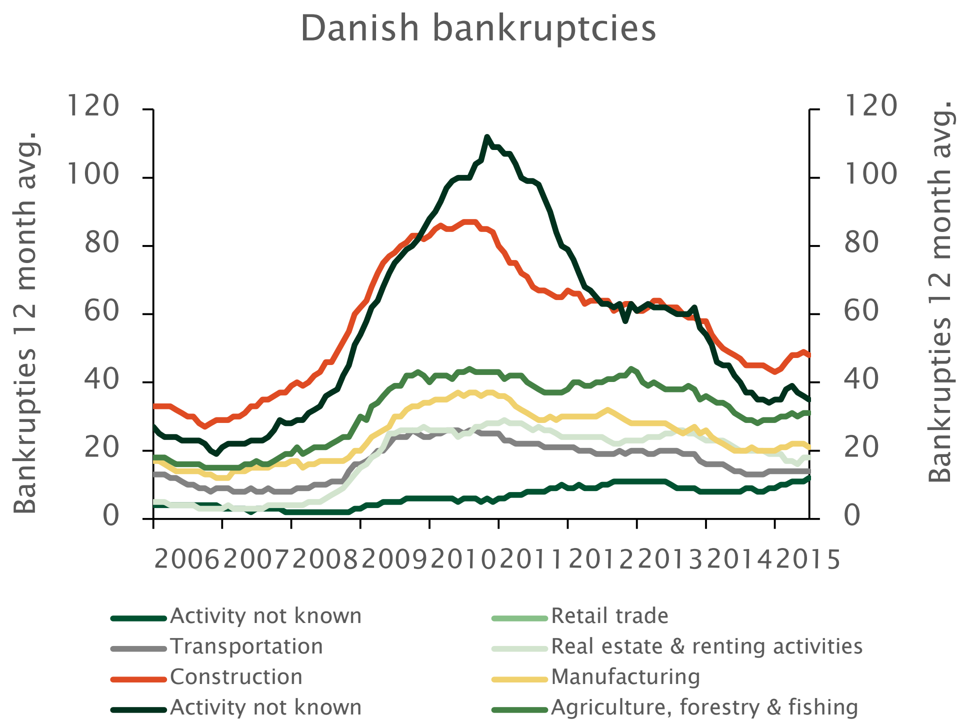

Source: Datastream

The Danish economy at a glance

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

Among the rich
Denmark 9th richest country in the OECD
OECD-ranking, GDP (PPP) per capita (2013)

A welfare state
Total tax revenue as % of GDP (2012)
Denmark 49.1 % (Highest in the OECD)
Germany 40.4 %
USA 24.4 %

Equal disposable incomes
Eurostat-ranking lowest Gini coefficient (2013)
1. Norway
11. Denmark
15. Germany

Flexible labour market
Unemployment (latest)
Denmark 6.0 %
Euro Area 11.1 %
USA 5.3 %

Open to the world
Exports as % of GDP (2013)
Denmark 54 %
Germany 46 %
USA 13 %

From goods to services
Production, value added (USA)
Agriculture 1 % (1 %)
Food products 2 % (1 %)
Oil and gas 4% (1 %)
Manufacturing 11 % (11 %)
Services etc. 83 % (86 %)

Competitiveness has improved

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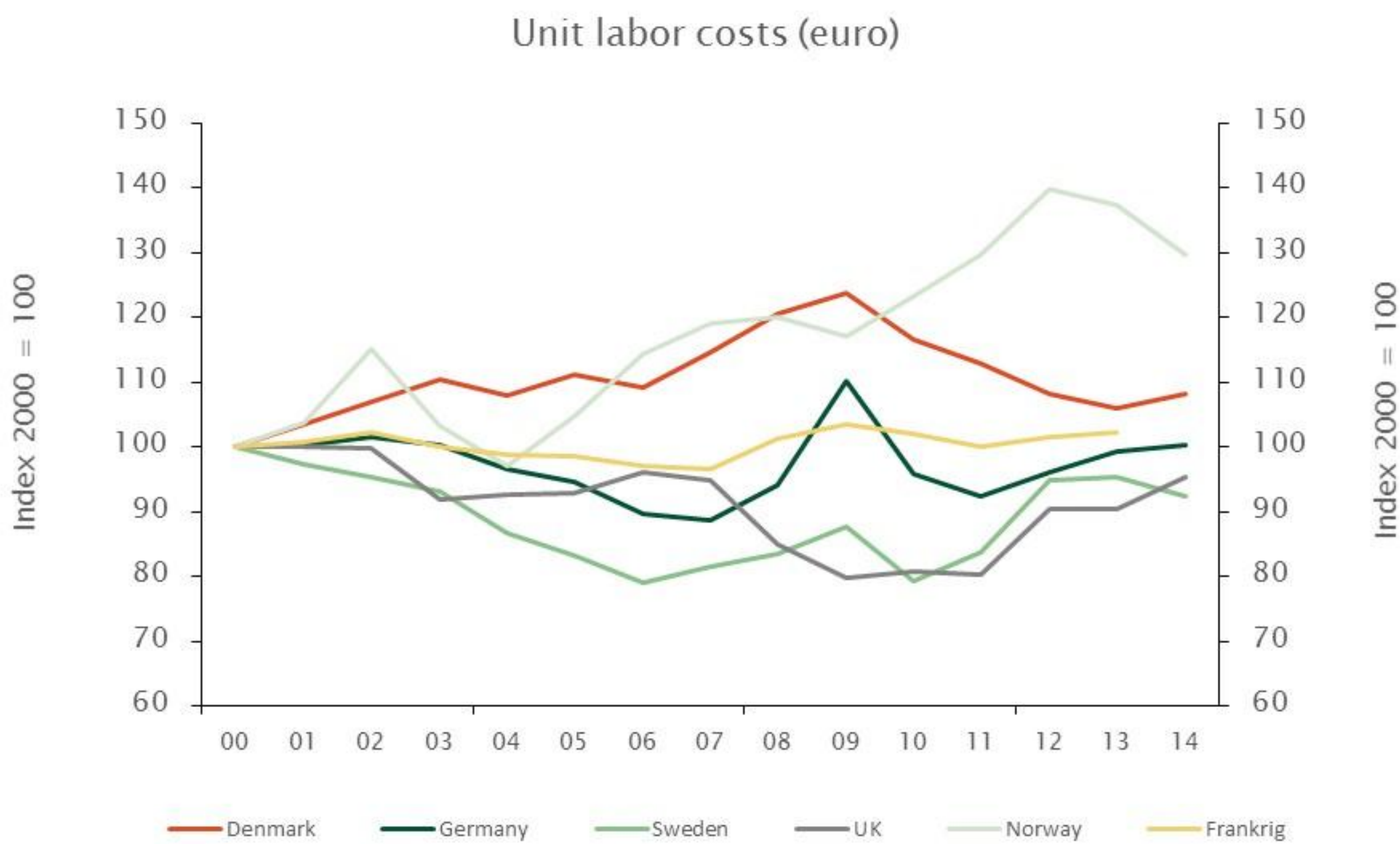

Source: Datastream

Denmark has a healthy public sector economy…

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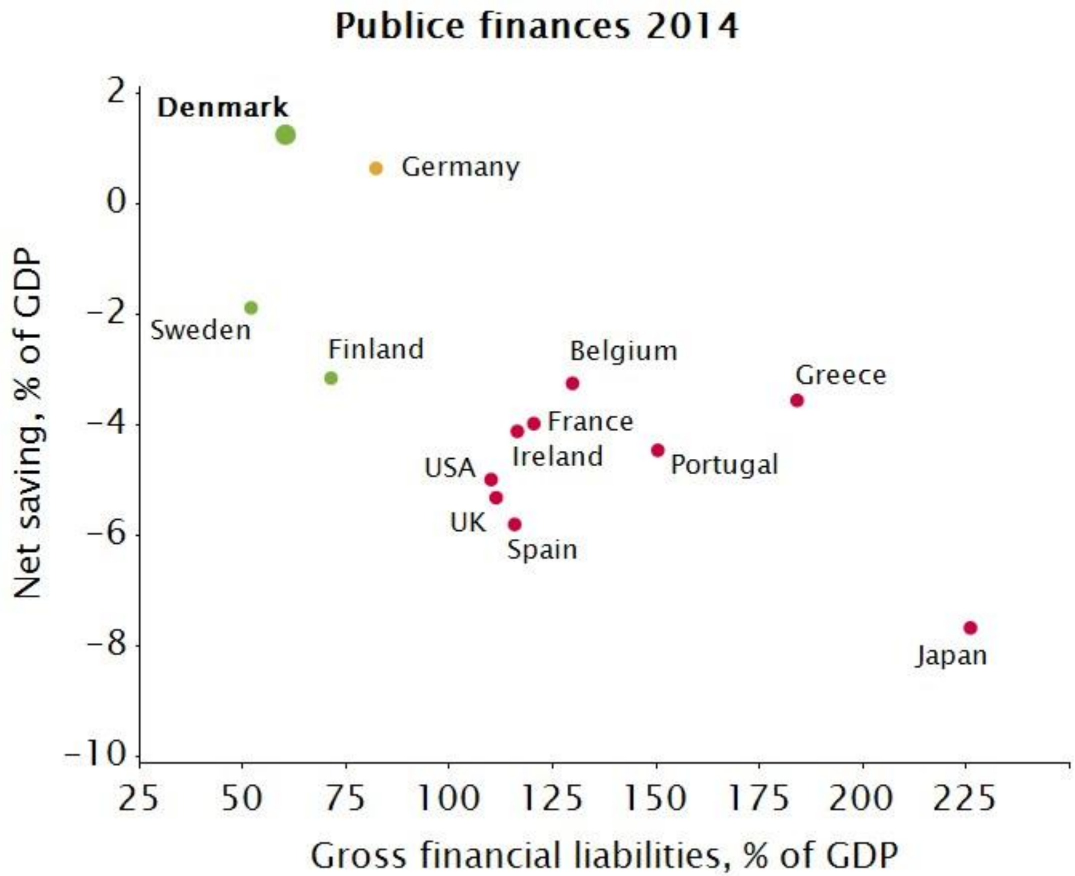
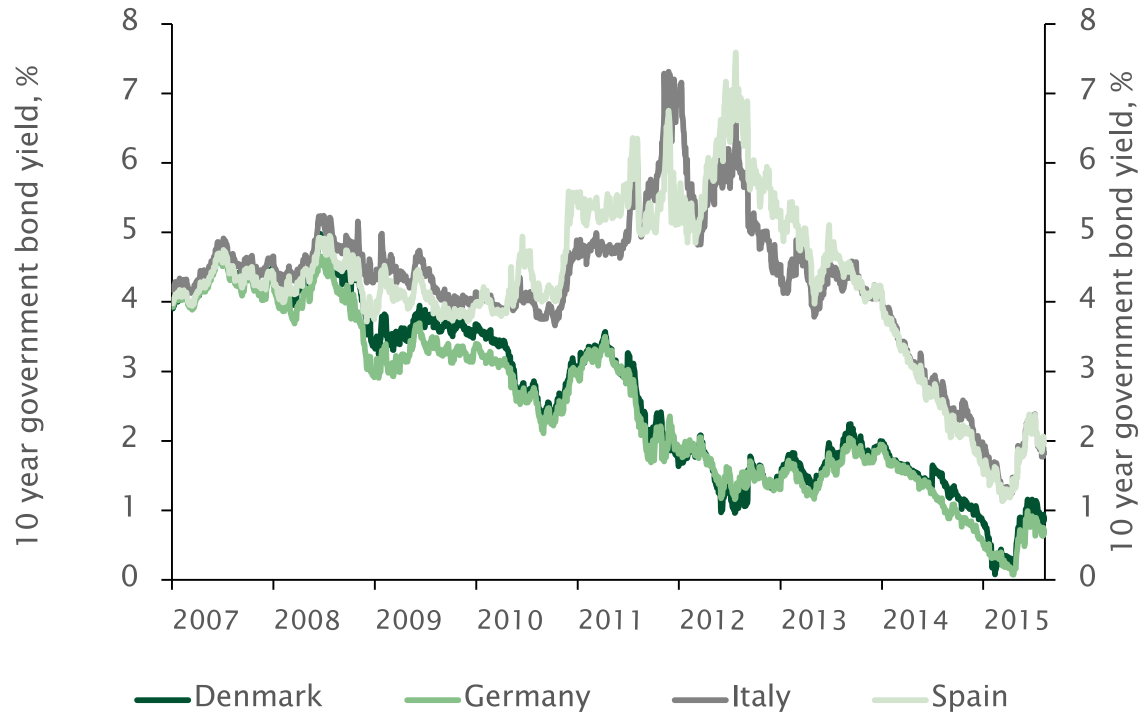
The surplus in 2014 was due to a one-off contribution from pension tax brought forward. Excluding temporary elements net saving was -2 % of GDP. For 2015 we expect -1,8 % of GDP



Source: OECD

… and Denmark is a AAA economy

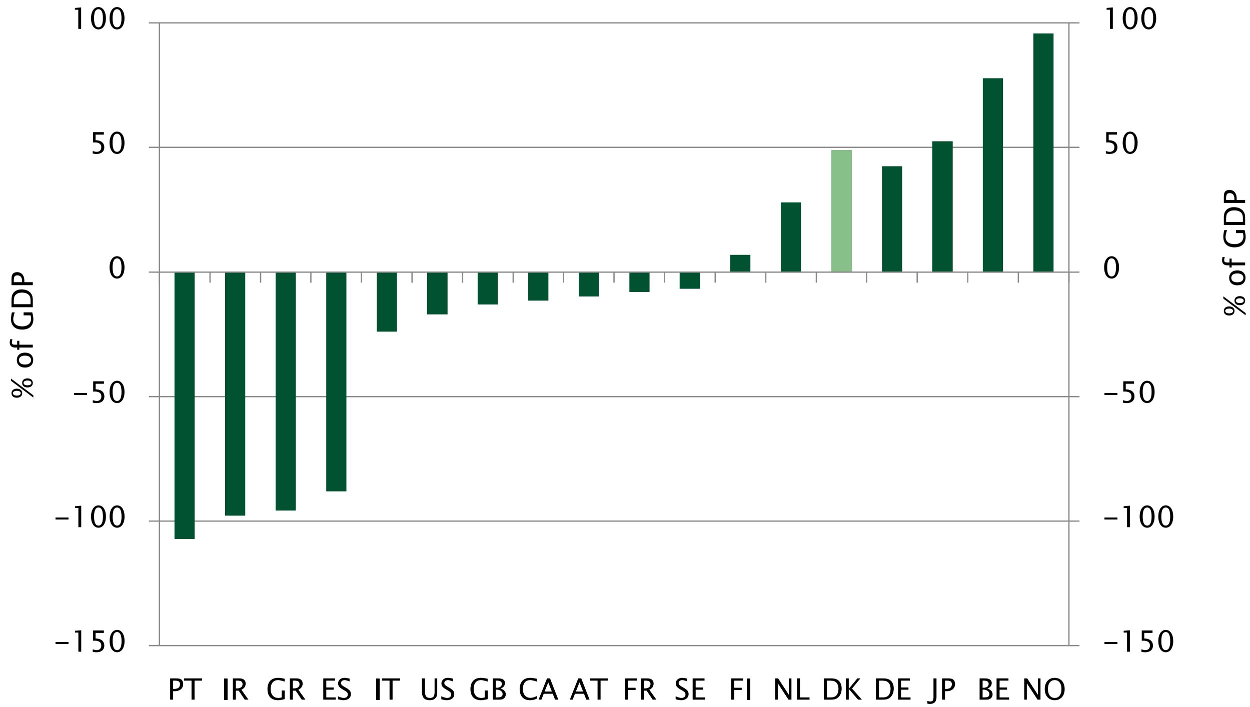
Government bond yield



Source: Datastream

Denmark has huge wealth abroad

Net foreign assets 2010 (Denmark is 2015Q1)



Source: Danmarks Nationalbank

Jyske Bank forecasts

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The Danish economy 2012-2016						
	2014	Real growth (%)				
	DKKbn	2012	2013	2014	2015*	2016*
Consumer spending	904	0.4	0.0	0.9	2.1	1.8
Public spending	511	-0.2	-0.5	0.1	0.9	0.3
Fixed gross investment	359	0.6	1.0	4.0	1.5	4.5
Inventory investment**	15	-0.6	-0.2	0.4½	0.0	0.0
Exports	1031	0.1	0.8	2.6	2.0	3.0
Imports	928	0.9	1.5	3.8	1.7	3.2
Gross domestic product (GDP)	1922	-0.7	-0.5	1.1	1.8	2.0
Current account						
- DKKbn		105	136	121	125	115
- percentage of GDP		5.6	7.2	6.3	6.4	5.7
Public budget balance						
- DKKbn		-73	-20	34	-25	-50
- percentage of GDP		-3.9	-1.1	1.8	-1.3	-2.5
Unemployment						
-Unemployed (thousands), average		162	153	134	126	120
- Percentage of the workforce		5.6	5.3	4.6	4.3	4.1
Employed, average (thousands)		2,748	2,749	2,770	2,790	2,812
Inflation (%)		2.4	0.8	0.6	0.6	1.5
Wage index (manufacturing industry, %)		1.8	1.5	1.4	1.6	1.9
House prices (nominal prices, %)		-3.3	2.7	3.4	5.0	4.0
Nationalbanken's lending rate, year-end (%)		0.20	0.20	0.20	0.05	0.05
Nationalbanken's CD rate, year-end (%)		-0.20	-0.10	0.05	-0.50	-0.35

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

General legal disclaimer

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