Jyske Bank
1st half 2013

Agenda

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- Danish FSA
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Jyske Bank in brief

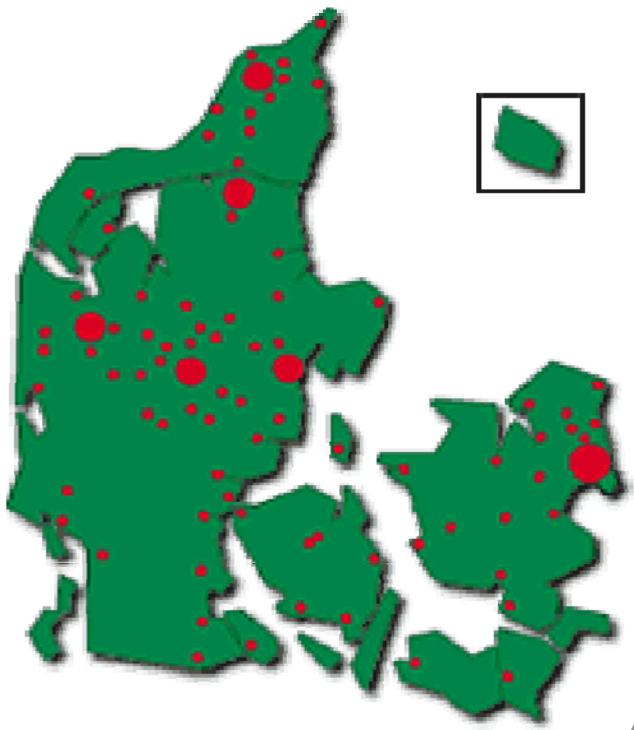
Jyske Bank in brief

Jyske Bank focuses on core business

Description

- Established and listed in 1967
- 2nd largest Danish bank by lending
- Total lending of approx. DKK 130bn
- 104 domestic branches
- Approx. 675,000 domestic customers
- Business focus is on Danish private individuals, SMEs and international private and institutional investment clients
- International units in Hamburg, Zürich, Gibraltar, Cannes and Weert
- A de-centralised organisation
- 3,802 employees (end of Q2 2013)
- Full-scale bank with core operations within retail and commercial banking, customer driven trading, asset management and private banking
- Flexible business model using strategic partnerships within life insurance (PFA), mortgage products (Nykredit, DLR, BRF), credit cards (SEB), IT operations (JN Data) and IT R&D (Bankdata)

Branch Network



Jyske Bank in brief

Jyske Bank has a differentiation strategy

"Jyske Differences"

- Jyske Bank wants to be Denmark's most customer-oriented bank by providing high standard personal financial advice and taking a genuine interest in customers
- The strategy is to position Jyske Bank as a visible and distinct alternative to more traditional providers of financial services, with regard to distribution channels, products, branches, layout and communication forms
- Equal treatment and long term relationships with stakeholders
- Core values driven by common sense
- Strategic initiatives:

Valuebased management

Differentiation

Risk management

Efficiency improvement

Acquisitions

1990 1996 2002 2006 (Q4) 2011/2012

Macro Economy & Danish Banking 2013

Jyske Bank forecasts

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The Danish economy 2011-2015						
	2012	Real growth (%)				
	DKKbn	2011	2012	2013*	2014*	2015*
Private spending	901	-0,5	0,5	0,8	1,4	1,6
Public spending	522	-1,5	0,7	0,5	0,5	0,6
Fixed gross investment	315	2,9	-0,1	1	2	3,9
Inventory investment**	-4	0,5	-0,4	0,2	0	0
Exports	992	6,5	0,2	-0,5	3,1	4,1
Imports	901	5,6	1,0	1,2	2,9	4,4
Gross domestic product (GDP)	1824	1,1	-0,4	0,0	1,4	1,7
Current account						
- DKKbn		101	103	100	100	90
- percentage of GDP		5,6	5,6	5,4	5,3	4,6
Public budget balance						
- DKKbn		-35	-77	-20	-25	-30
- percentage of GDP		-2,0	-4,2	-1,1	-1,3	-1,5
Unemployment						
- Unemployed (thousands), gross		160	162	155	157	155
- Percentage of the workforce		5,4	5,5	5,3	5,4	5,3
Employment (thousands)		2.776	2.769	2.759	2.755	2.759
Inflation (%)		2,8	2,4	0,9	1,4	1,8
Wage index (manufacturing industry, %)		2,2	1,8	1,8	1,9	2,0
House prices (nominal prices, %)		-2,8	-3,2	3,5	2,5	3,0
Nationalbanken's lending rate, year-end		0,7	0,2	0,3	0,4	0,75

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

The Danish economy at a glance

Equal disposable incomes
OECD-ranking lowest Gini coefficient (2005)
1. Denmark
15. Germany
27. USA

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

A welfare state
Total tax revenue as % of GDP (2011)
Denmark 56 % (Highest in the OECD)
Germany 45 %
USA 32 %

Among the rich
Denmark 10th richest country in the OECD
OECD-ranking, GDP (PPP) per capita (2011)

Flexible labour market
Unemployment (latest)
Denmark 7.0 %
Euro Area 12.2 %
USA 7.6 %

Open to the world
Exports as % of GDP (2011)
Denmark 53 %
Germany 50 %
USA 14 %

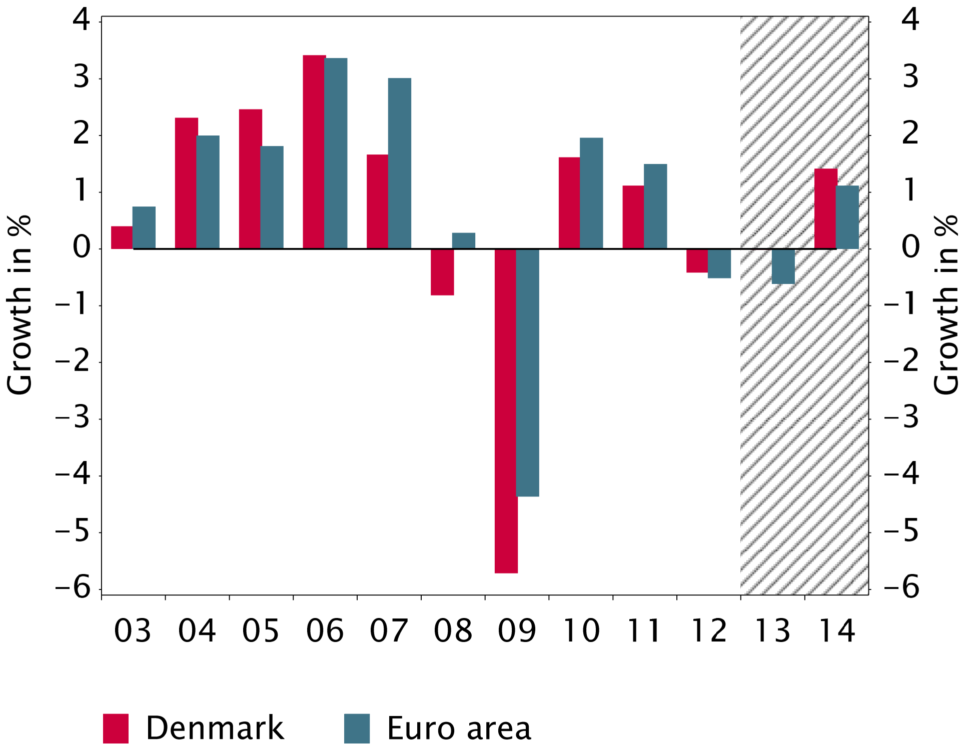
From goods to services

Production, value added (USA)	
Agriculture	1 % (1 %)
Food products	2 % (1 %)
Oil and gas	4 % (1 %)
Manufacturing	11 % (11 %)
Services etc.	82 % (86 %)

The Danish economy:
- currently in a low growth mode

Denmark is a small open economy → affected by the slow down in the EURO area

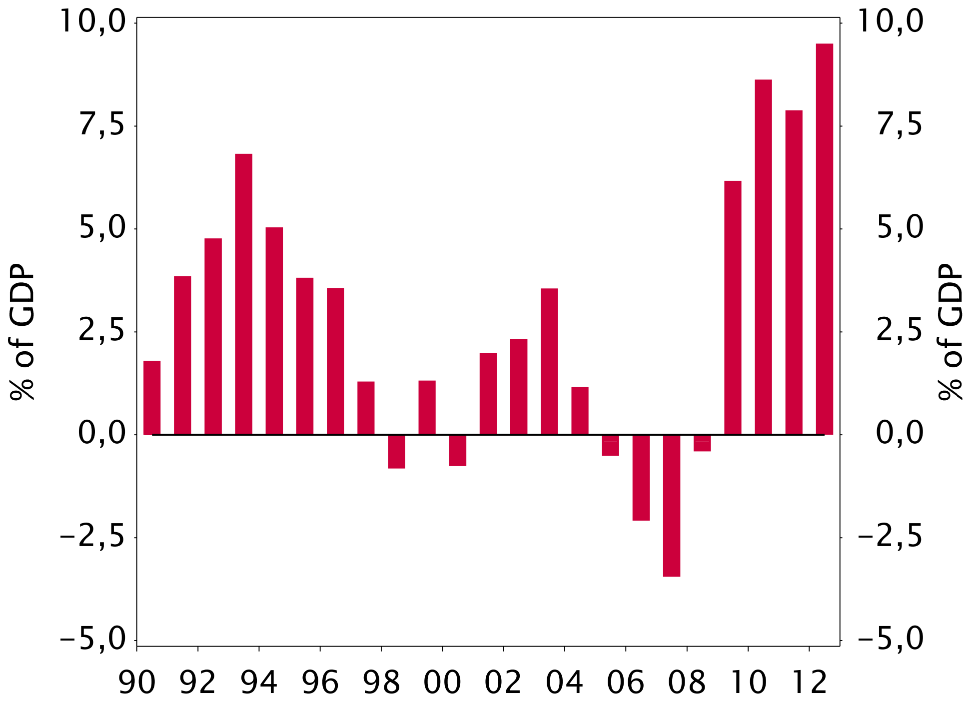
Gross domestic product



Source: Reuters EcoWin and Jyske Bank forecasts

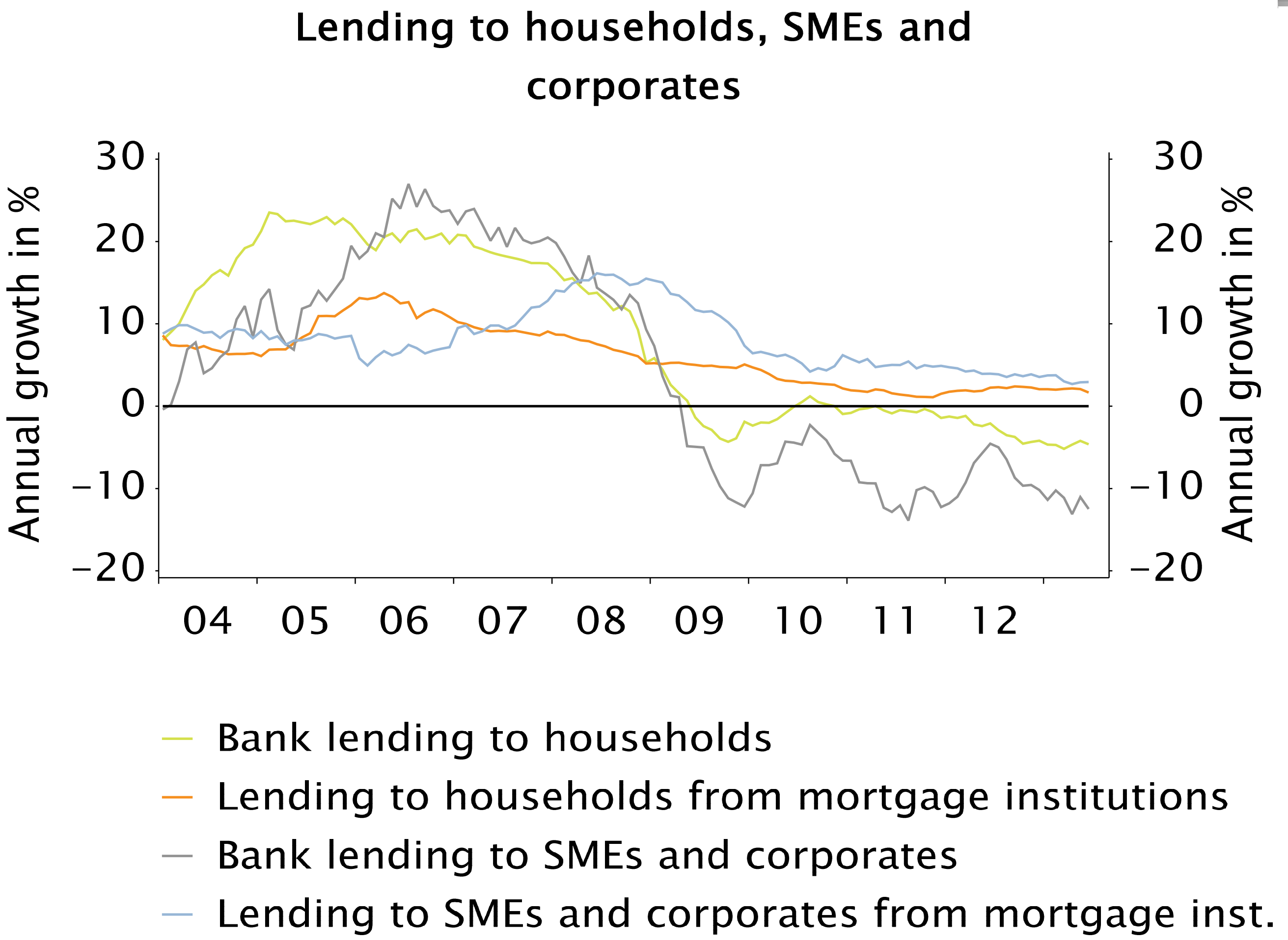
… and private saving is record high both in households and the SME/corporate sectors

Private sector net saving



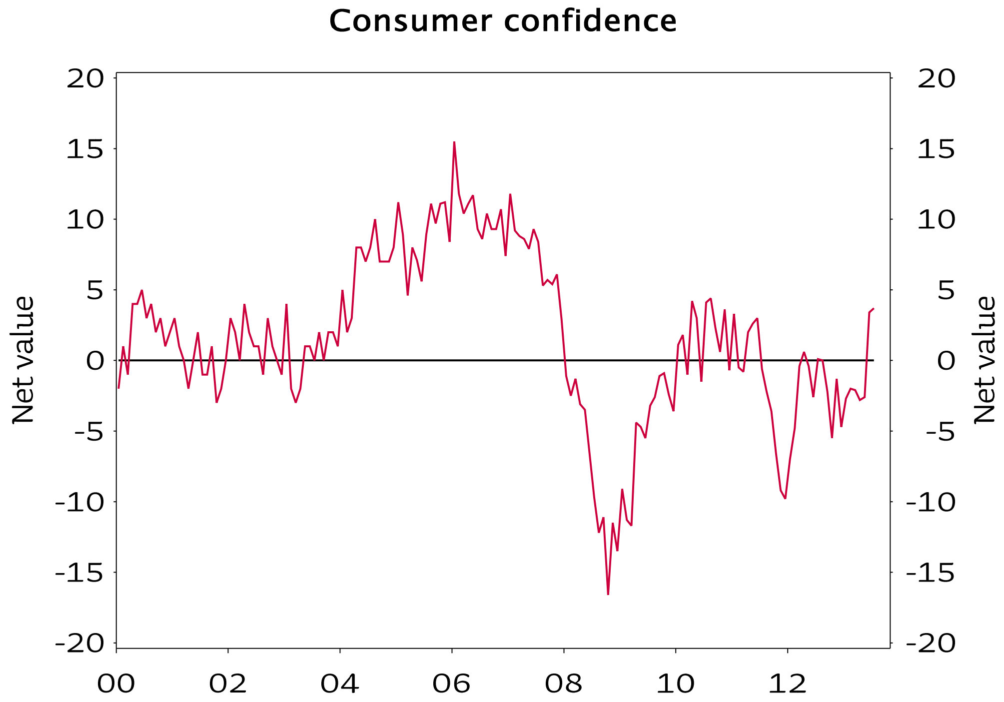
Source: Danmarks Statistik

...and the private sector is reluctant to lend

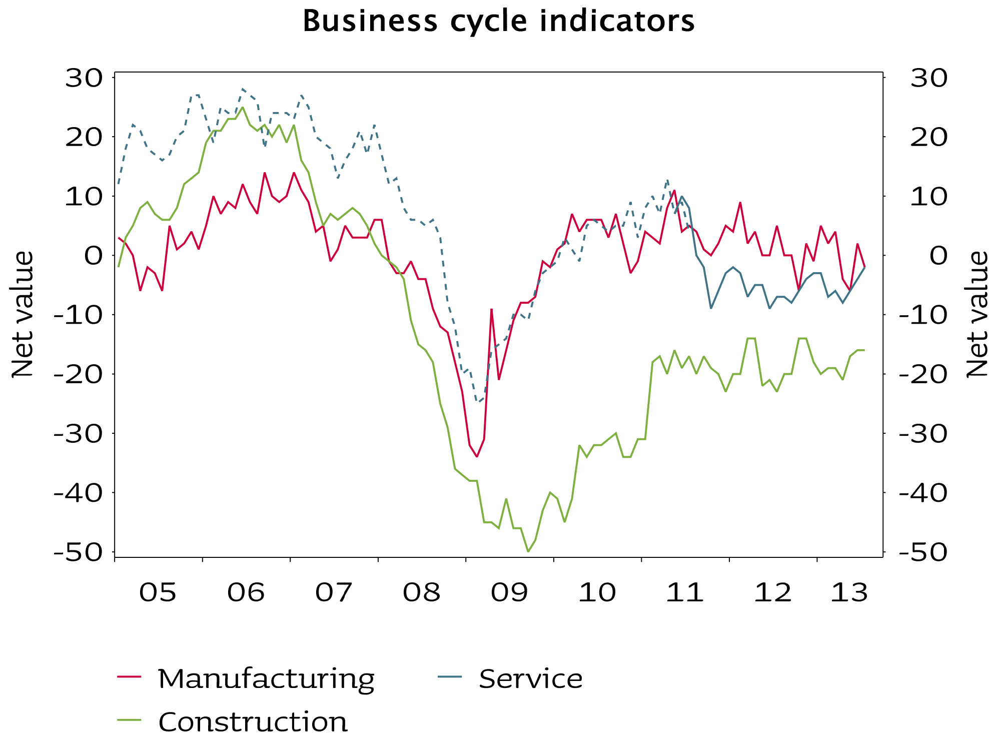


Source: Danmarks Nationalbank

However, sentiment shows improvement now



Source: Reuters Ecowin



Source: Reuters Ecowin

...And house prices are rising. Still, LTVs are high

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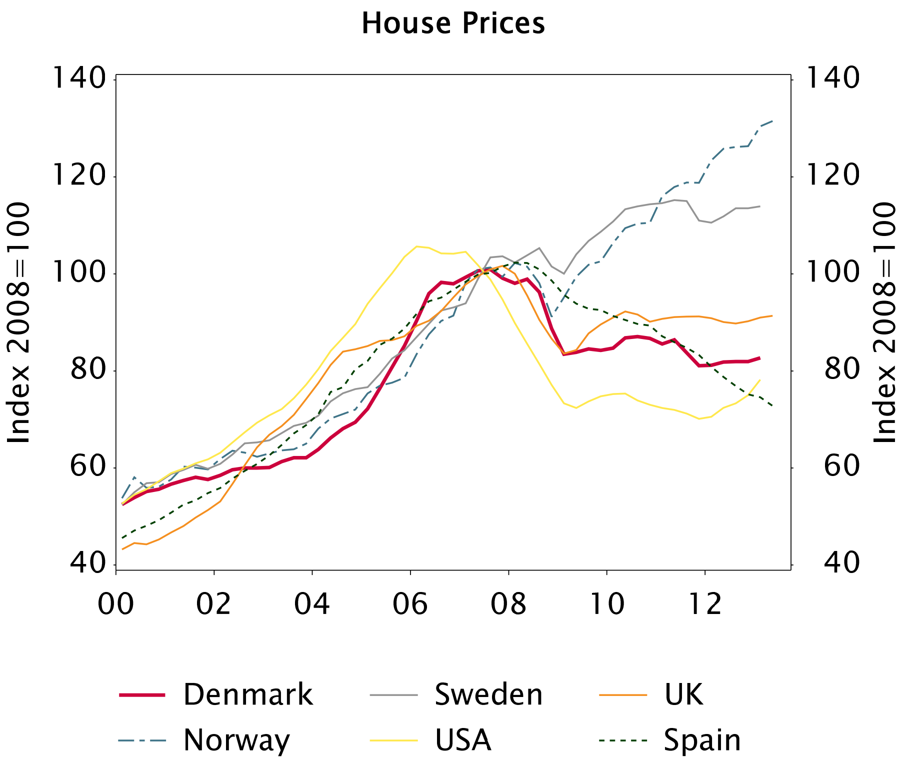
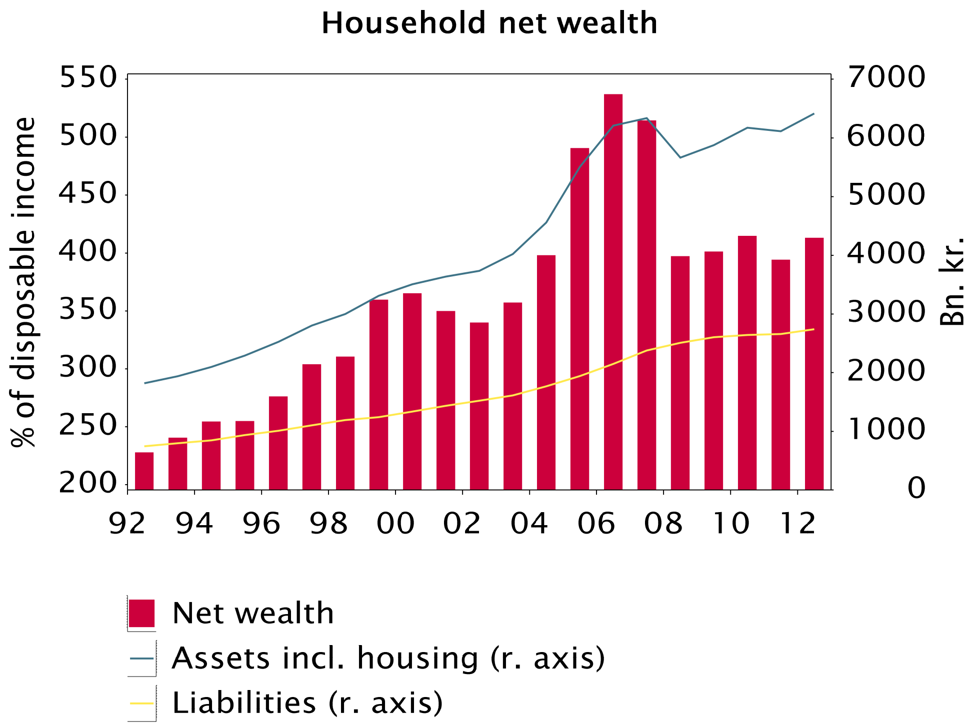
Burst of the housing bubble :
Average LTVs in Danish housing market
2007 : approx. 45 %
2013 : shy of 70 %



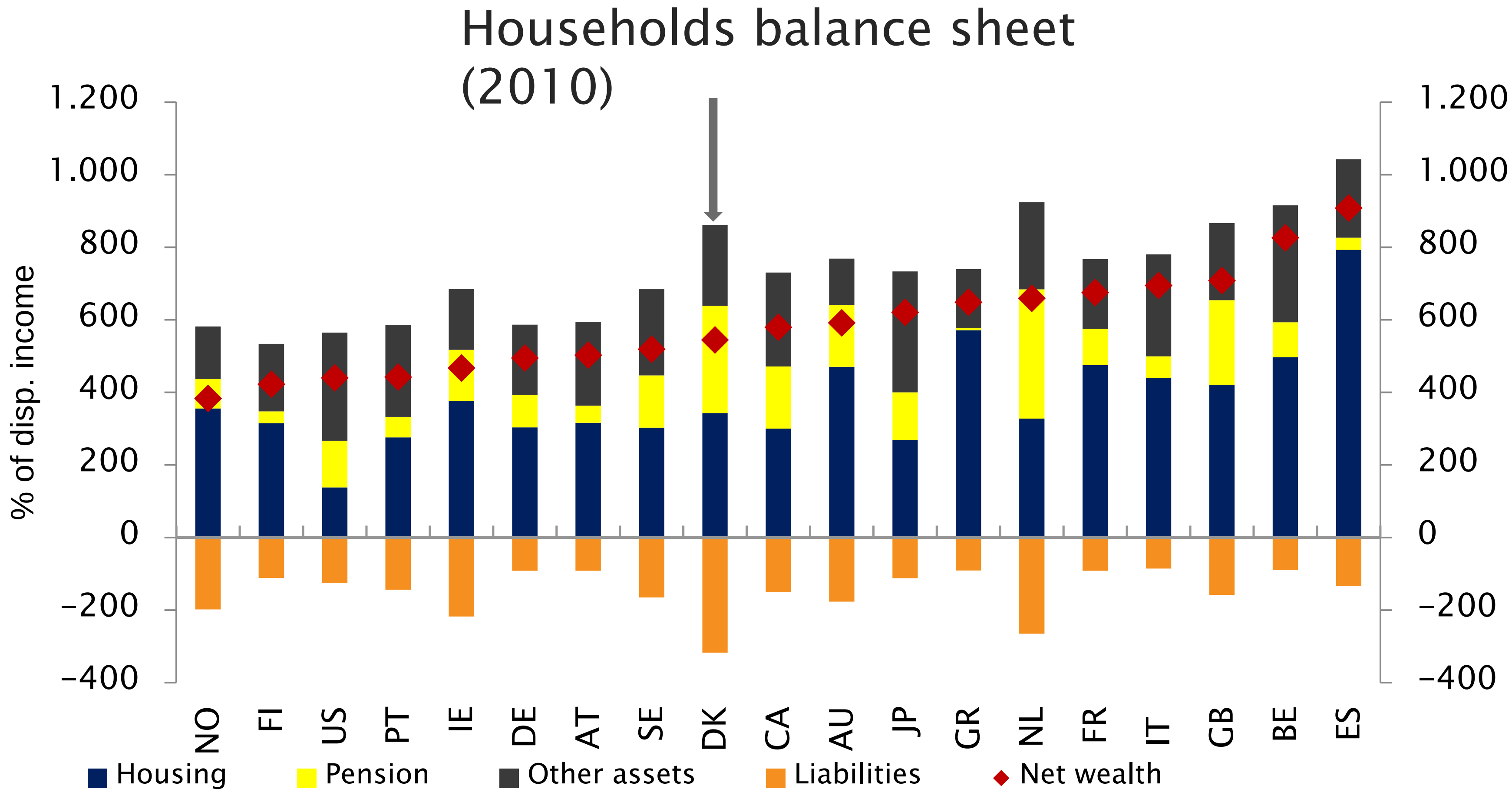
Source: Reuters EcoWin

Combined with the financial crisis:
-Net wealth 25 % below peak levels in 2007
and slightly higher than in 2004
BUT: Increased household leverage



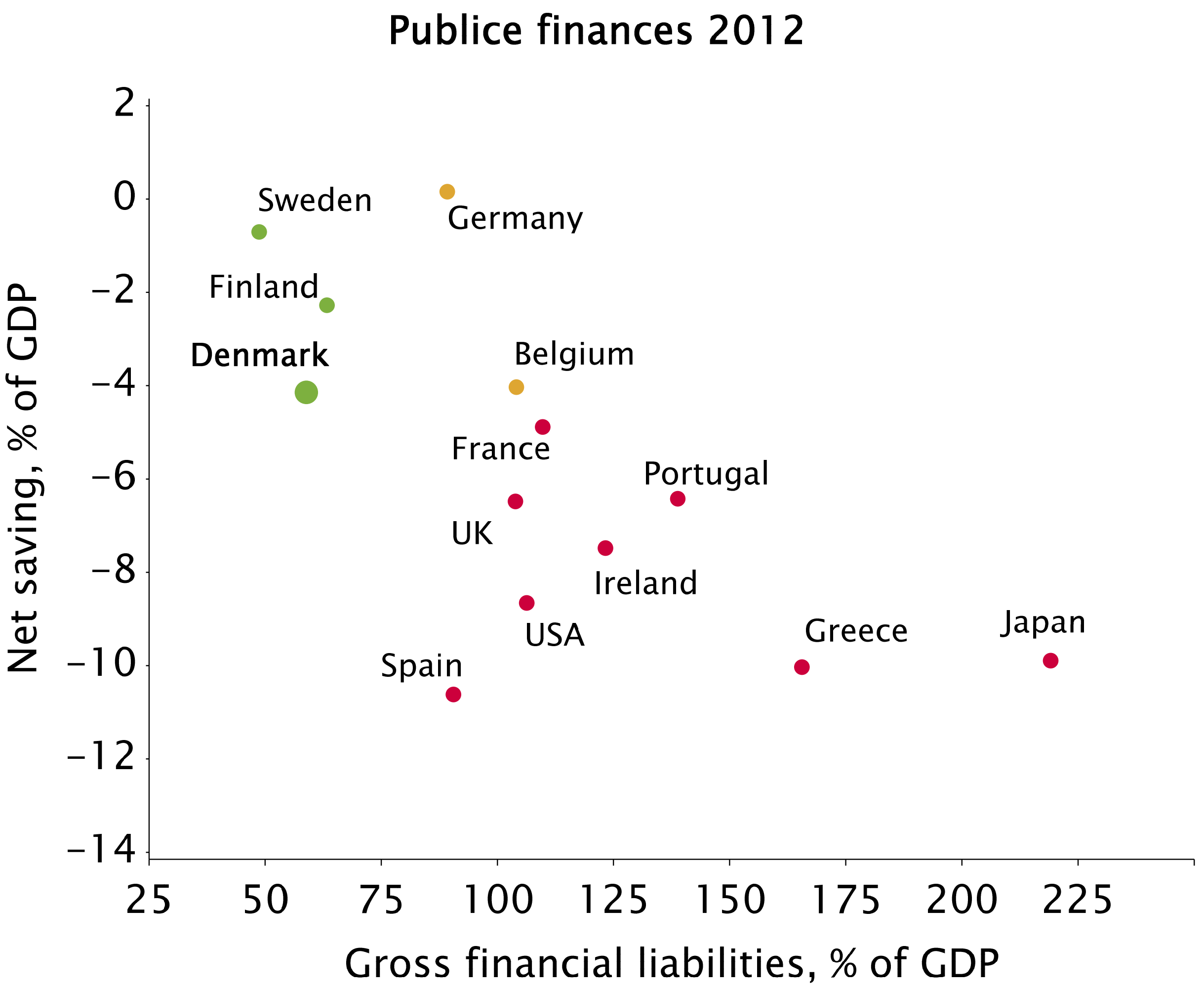
Source: Jyske Bank

Household debt is high, but assets are high too ……also in international comparison



Source: Danmarks Nationalbank

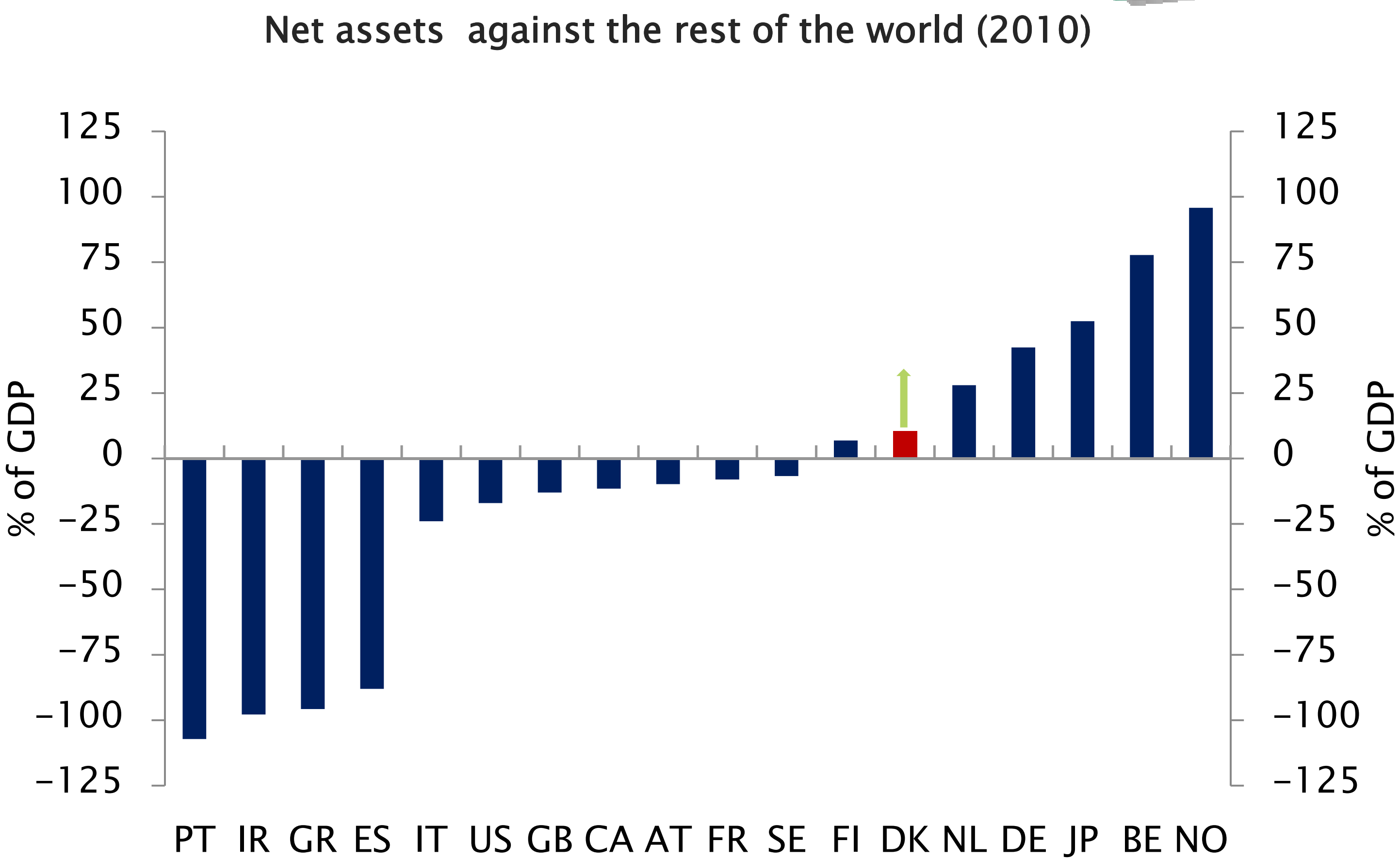
….and Denmark has a healthy public sector economy…



Source: OECD

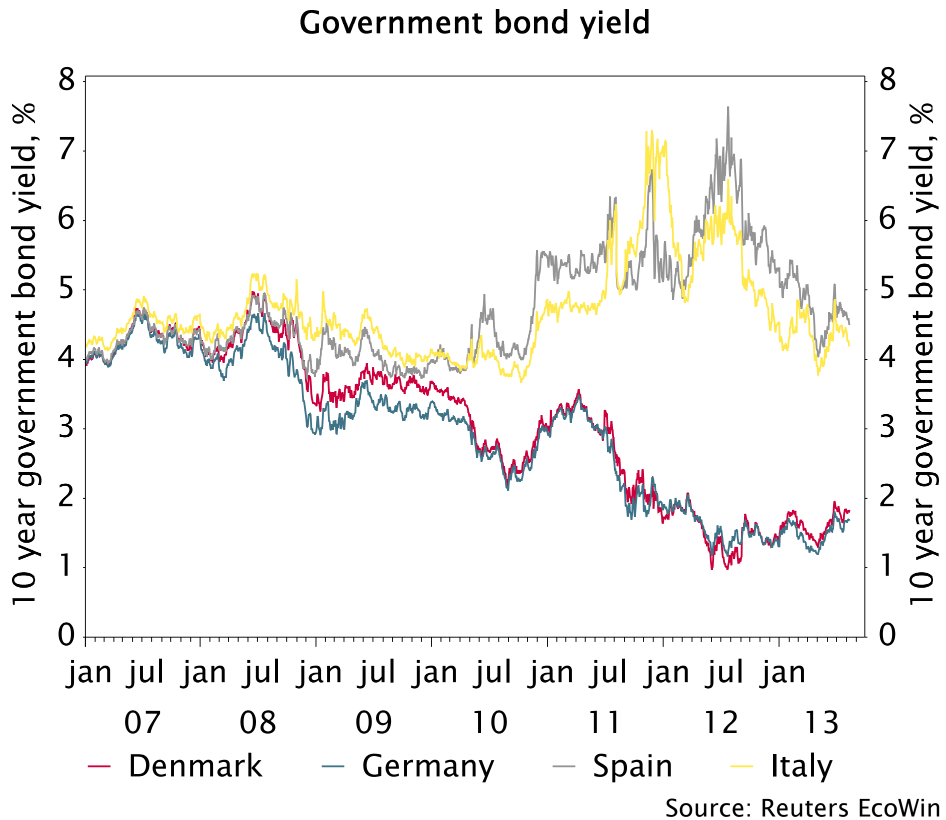
… and overall strong structural features…

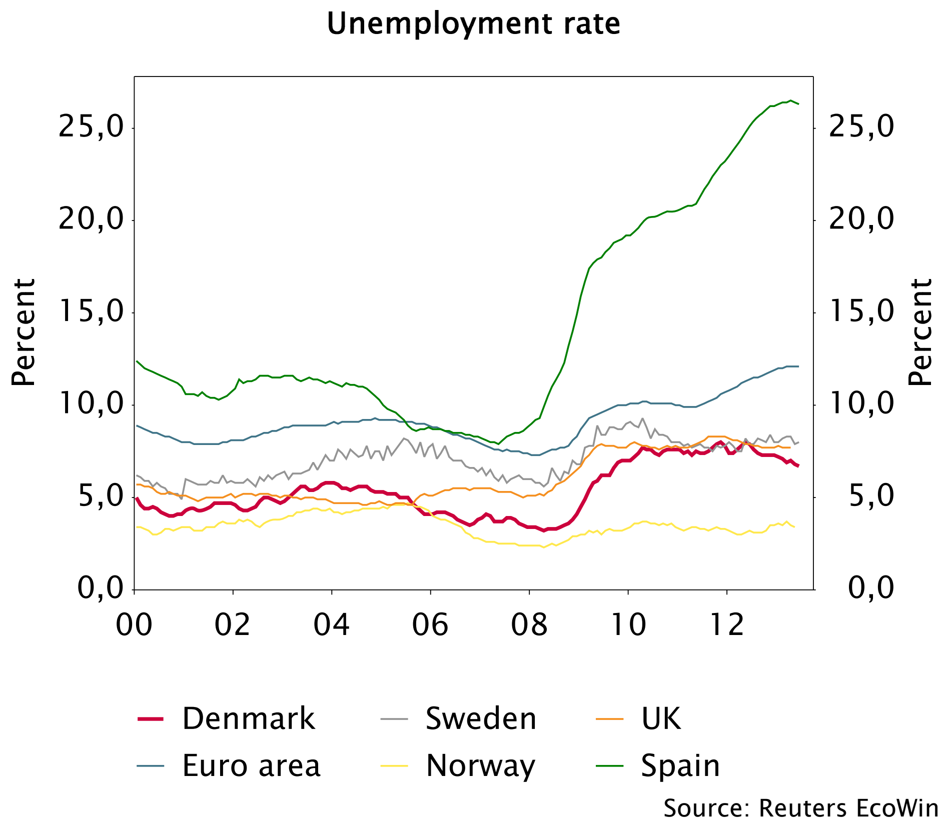
Denmarks net assets against the rest of the world are significantly higher today : around 35 % of GDP



Source: Danmarks Nationalbank

...ensure low interest rates, and unemployment is falling slightly





...causing only few household defaults.
The SME sector suffers, but we see some improvement now

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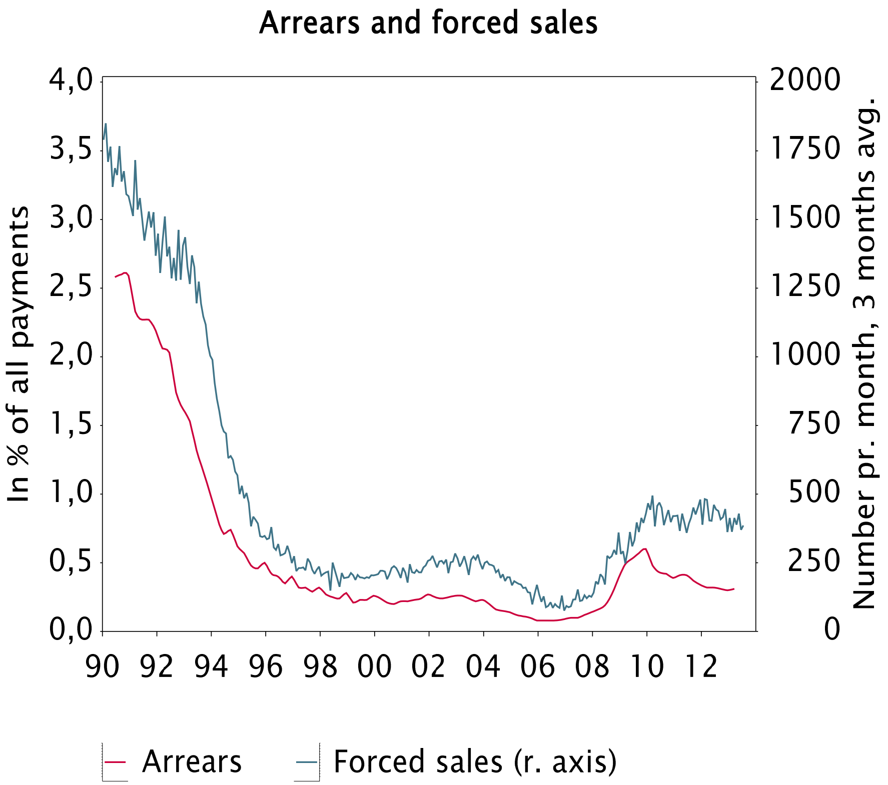
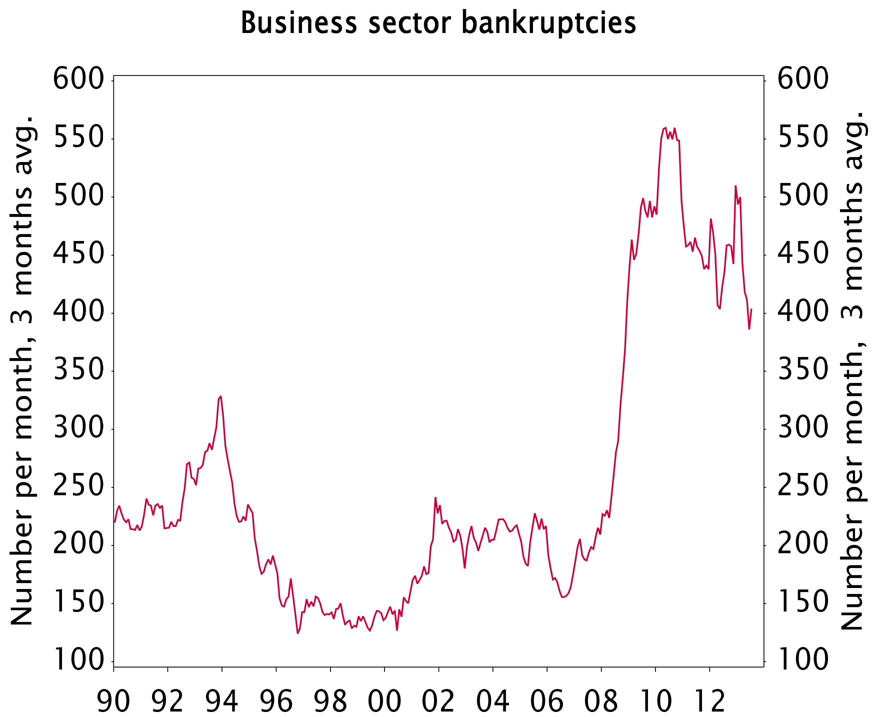


Source: Realkeditrådet and Reuters Ecowin



Source: Reuters EcoWin

The outlook
Growth is likely to pick up. And overall the economy is strong

- The economy is set to **improve in the second half of 2013.** The housing market is stronger and we see higher consumer sentiment.

- However, due to possible continued private sector saving both domestic and foreign **we may still have to wait some time for an outright upturn**.

- A small **fiscal tightning in 2013 is counteracted** by government initiated private sector investments

- The overall **structural features** of the Danish economy continue to **look strong** with large net foreign assets, a current account surplus at 5.5 % of GDP in 2012, and a low public debt level.

Market conditions

- Volumes continue to shrink in 2013
- Earnings capacity pushed further via lower deposit rates and higher loan rates
- Banks are pricing at the expense of risk of loosing volumes
- Growing Net Interest Income only via M&A activities
- Capital shortage in some banks due to maturing Tier II capital instruments and CRD IV requirements
- More stringent assessment of solvency requirement put pressure on capital buffers in some smaller banks
- A couple of banks with negative capital buffer and under intensive supervision by the FSA
- Strategic capital to acquire portfolios limited and only a few larger banks are interested
- Significant improvement in deposit/loans ratio in most banks
- Danish FSA is reassessing the stringent guidelines for impairment charges implemented in Q2 2012 – effect is uncertain

Focus in 1st half 2013

Focus in 1st half 2013

- ROE pre tax 15.4% - satisfactory
  - 14.3% and 15.9% respectively in Q1 and Q2
- Growth in Net Interest Income of 4% due to acquisitions
- Solid growth in fees and commissions of 14% partly driven by performance related fees
- Costs in alignment with 4 – 4.1bn underlying costs in 2013
- Relatively stable asset quality
- Reassesement of acquired portfolios has led to higher Net Interest Income (DKK +144m) and shall be seen in connection with higher impairment charges
- Expected tax relief of DKK 31m in P/L and DKK 12m in equity in Q2 due to tax reform. In the long run neutralised by higher payroll fee

Strategic issues

Strategic issues

Acquisition of Spar Lolland

- Bank loans DKK 6.3bn, bank deposits DKK 9.5bn, total assets DKK 13bn
- Long term earnings fully in line with earnings from other branches
- Integration according to plan
  - All branch relocations in place
  - First phase of cost cuts implemented in Q1 2013
  - Sale of Krone Kapital (subsidiary) in Q3 2013 – immaterial P/L effect
  - IT integration and second phase of cost cuts expected in Q2 2014
- Strategy to acquire is unchanged

Sale of subsidiary

- Jyske Global Asset Management - immaterial P/L effect

Strategic issues

Capital

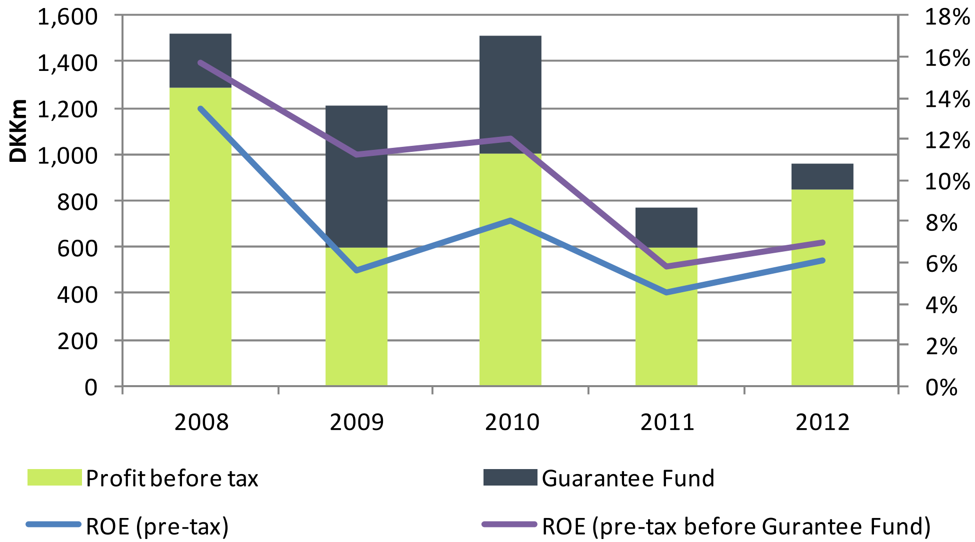
- Solvency ratio 15.6%
- Capital buffer 5.7 percentage points
- Core Tier 1 14.6%
- Capital target - Core Tier I miniumum 12% is unchanged
  - Acquisitions of maximum DKK 24bn in risk weighted assets
- CRD IV insignificant effect due to higher risk weighted assets and higher capital base
- Jyske Bank proposed to become a systemic bank in Denmark among 6 institutions in Denmark

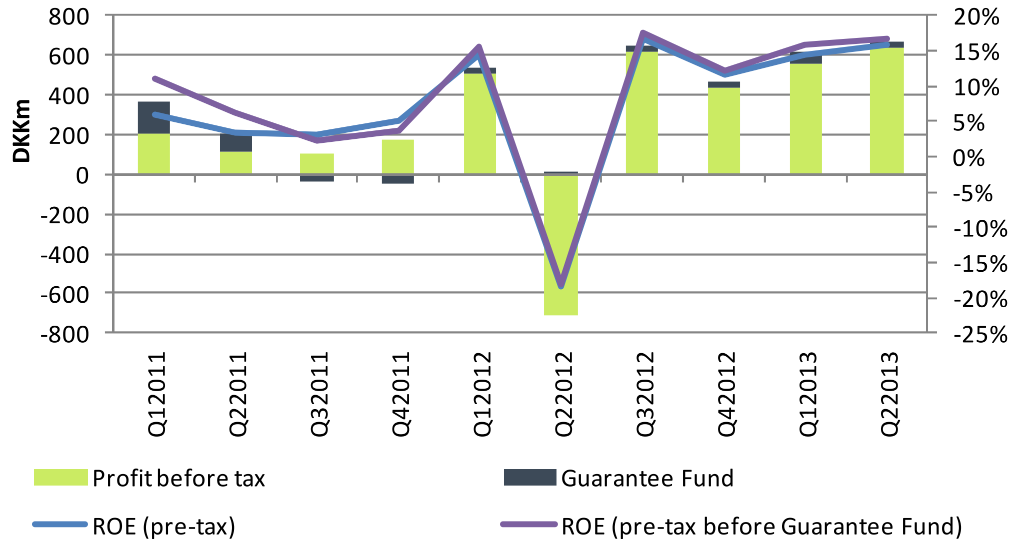
Liquidity

- Liquidity reserve DKK 51bn; liquidity after 12 mths run-off DKK 16bn
- Acquisitions with deposits surplus; Fjordbank Mors approx. DKK 1bn; Spar Lolland approx. DKK 2.5bn
- Issued AAA-rated bonds via BRFkredit DKK 4.4bn by start of Q3 2013
- Refinancing of all 2013 redemptions of senior debt (EMTNs) fully accomplished
- Bank loan portfolio fully funded by deposits

Jyske Bank performance 1968-2012

Profit before tax and Guarantee Fund





ROE on opening equity - 1968-2012

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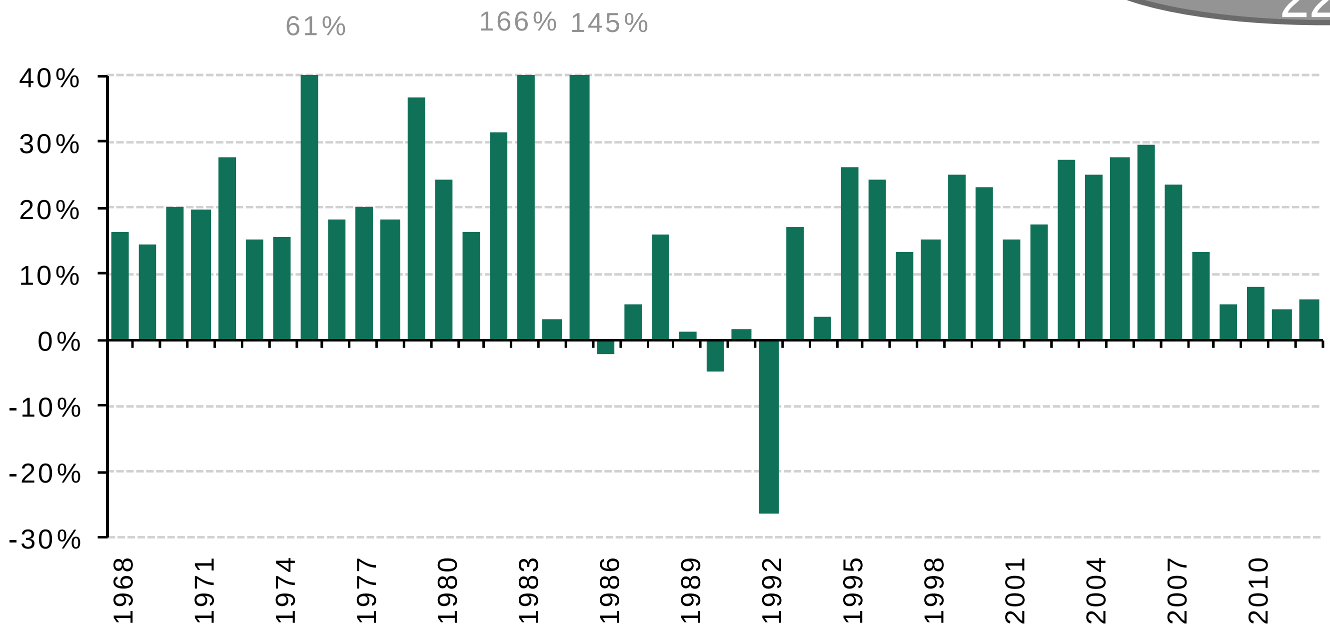
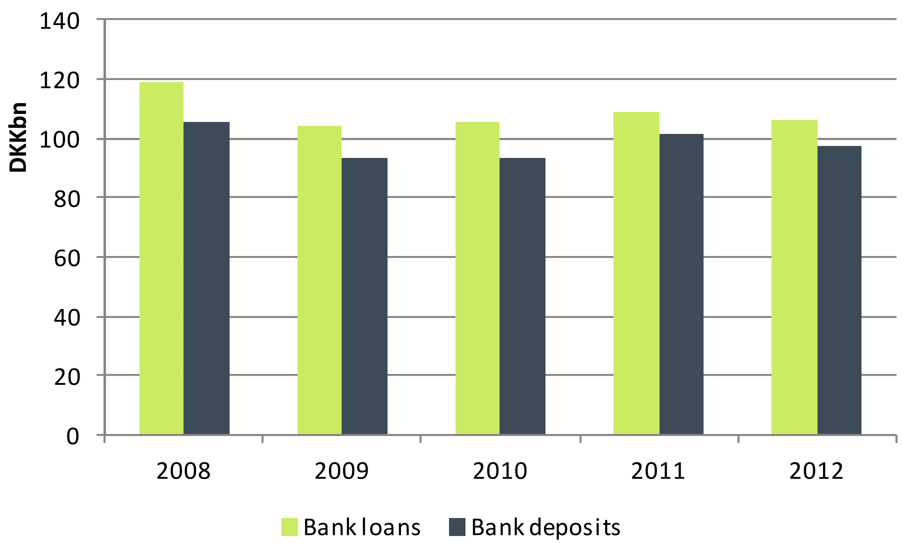
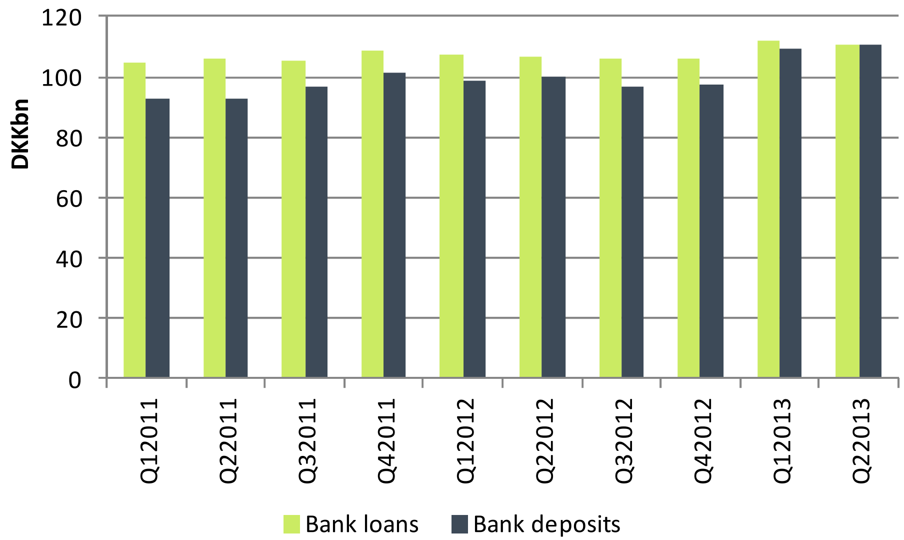
Average:
22%



Volumes

Bank loans and deposits





Bank loans:
Spar Lolland
+5.8%

Bank loans:
3.6% y/y
-0.9% q/q

Capital Structure

Capital structure

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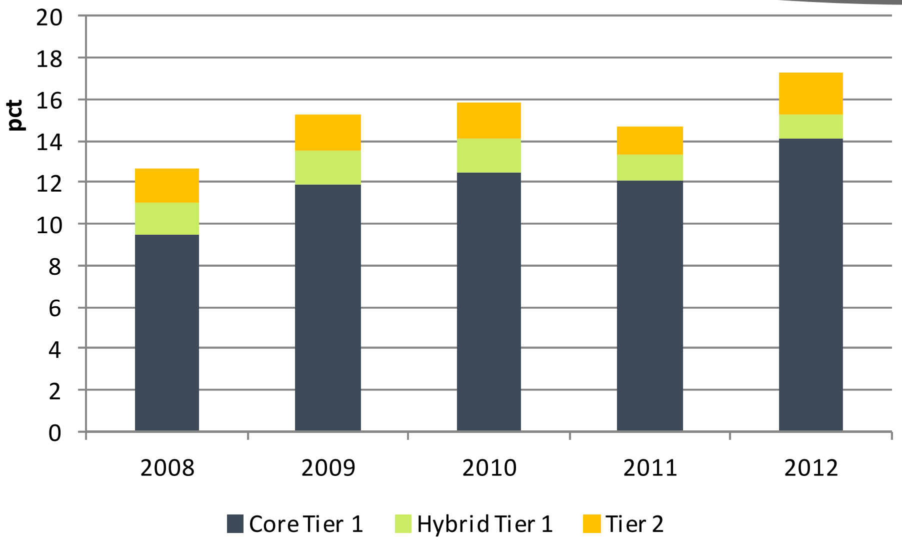
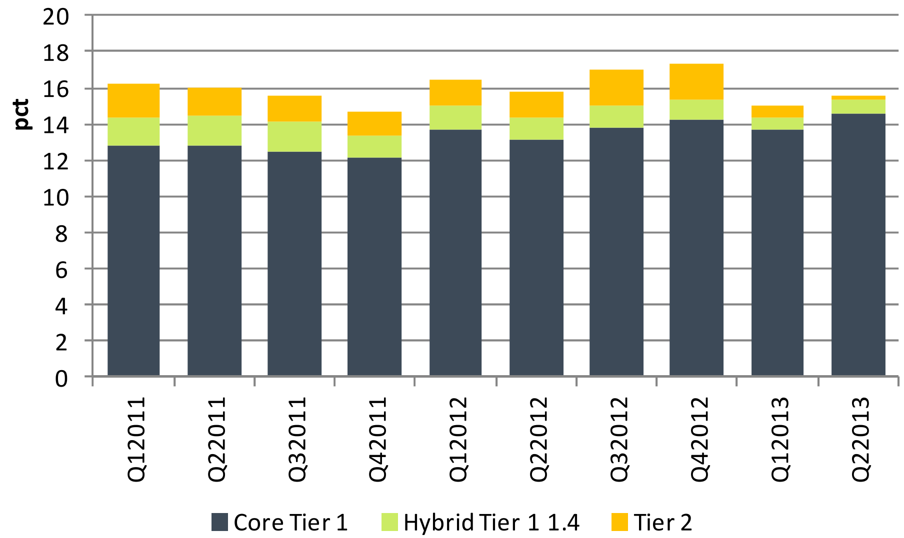
• Core Tier 1 target: above 12%
• Optimize risk and maximize earnings
• Exploit the market to buy portfolios with an acceptable risk

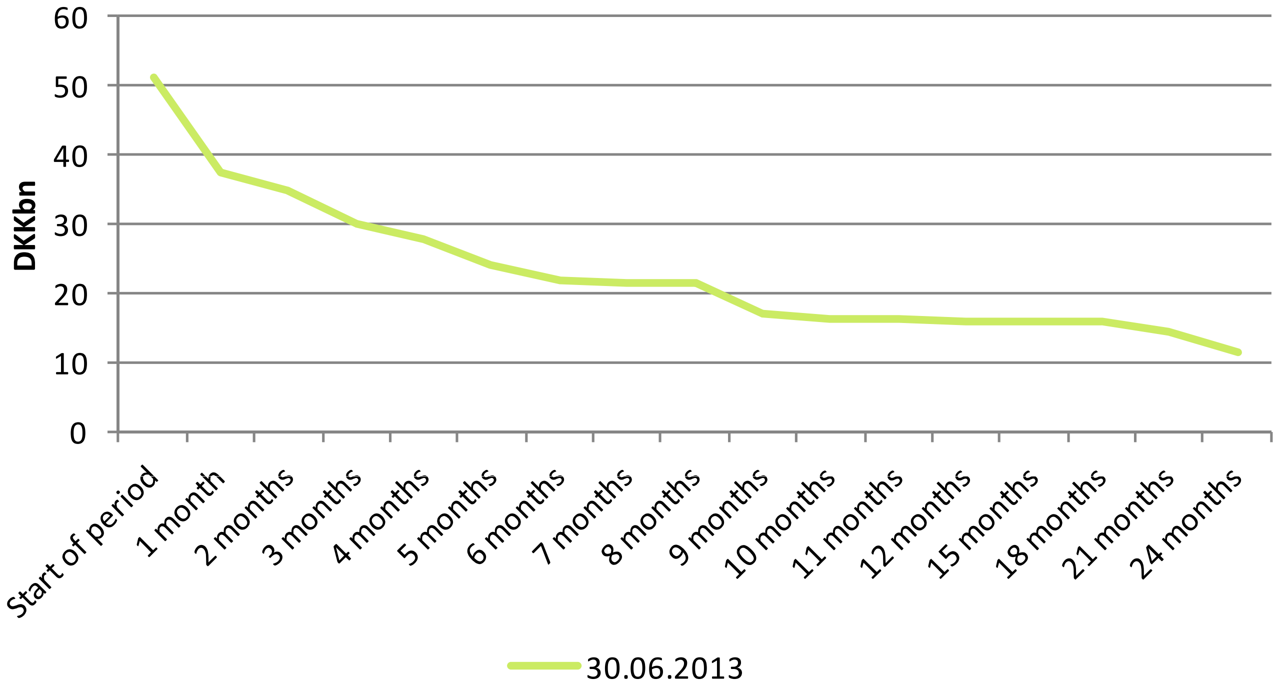




• Core Tier 1: 14.6%
• Tier 1: 15.3%; 2 perpetuals DKK 1.3bn
• Capital base: 15.6%; 4 Tier II issues DKK 0.3bn
• Capital buffer 5.7 pp

Liquidity

Liquidity position and run-off



Senior unsecured funding strategy
Jyske will be a rare but regular issuer on the EMTN market

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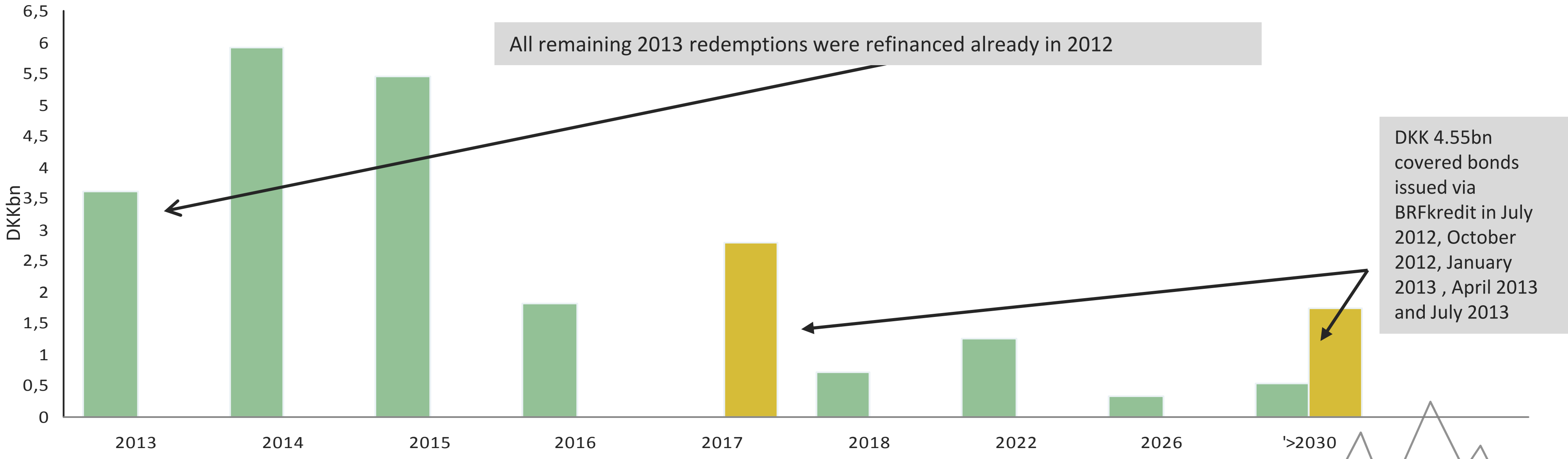
Funding plans will depend on developments in the balance sheet (funding gap)
– and integrated part of policy is to maintain a deposit/loan ratio in the region of 90 -100 % -but:

- **Integrated part of funding strategy to preserve a presence in the debt capital markets**
- Looking at our maturity profile we will have an ongoing refinancing need in the years ahead
- Expect approximately one public benchmark a year and ongoing activities in the private placement market
- **With a very limited funding gap, solid core deposits and the BRFKredit agreement new issue focus will be on 3 year maturities in 2013**

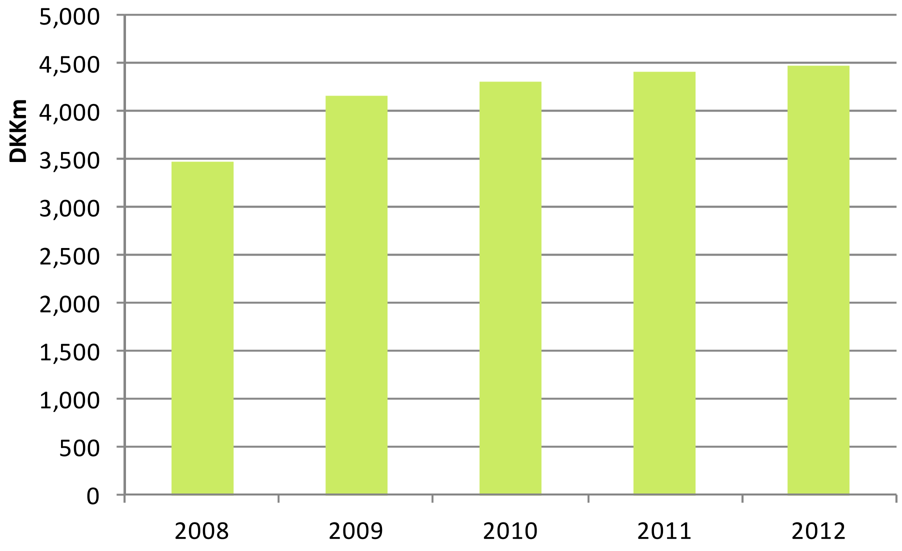
Jyske Bank will continue to maintain a conservative funding profile (mid August 2013)

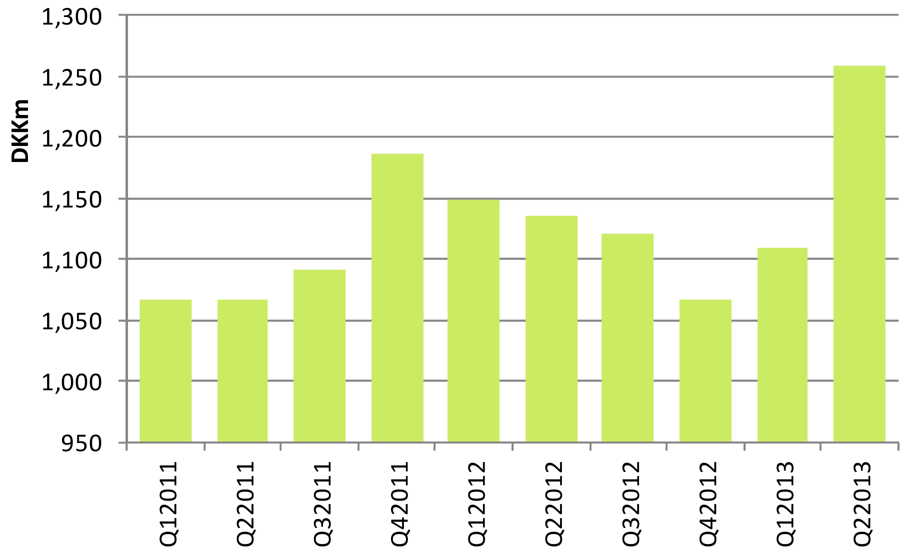


Senior unsecured issuance via private placements during 2013 year to date:
EUR 225m of 3 year FRNs

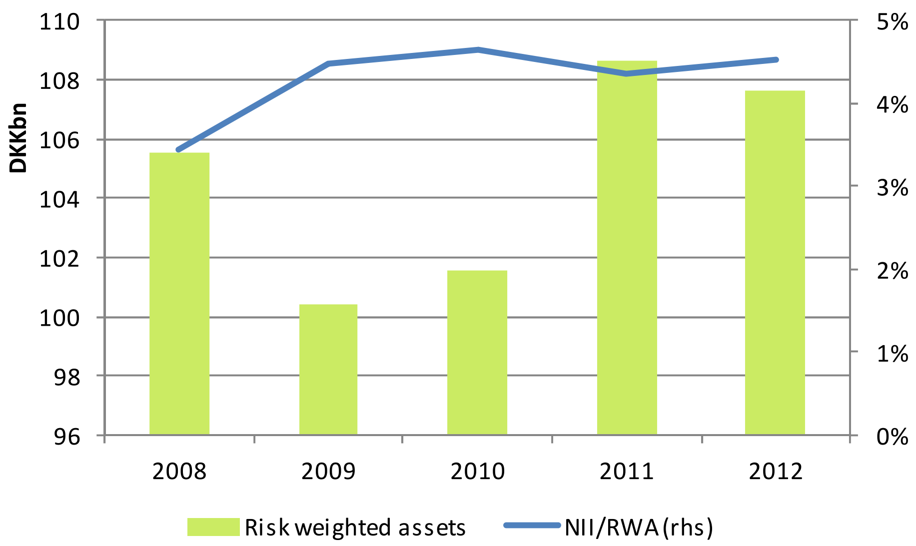
1st half 2013 in figures

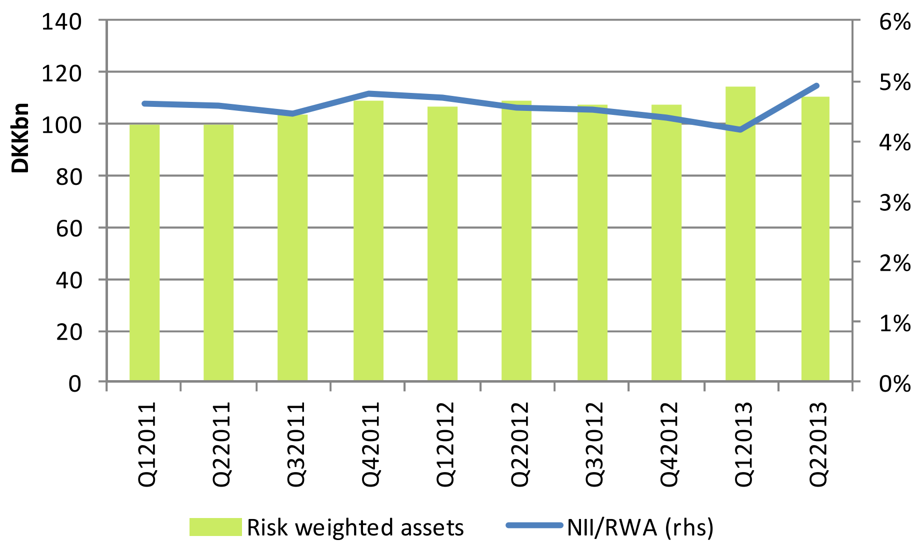
Net Interest Income



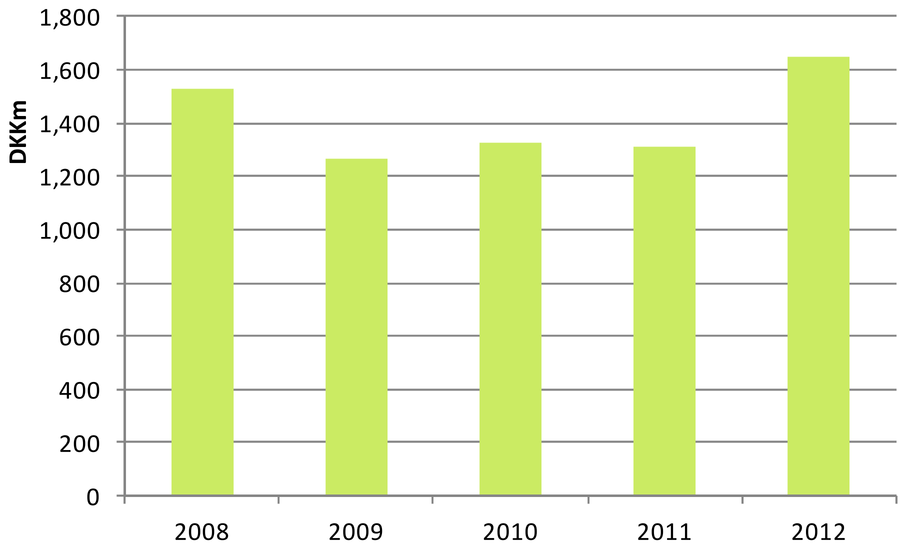


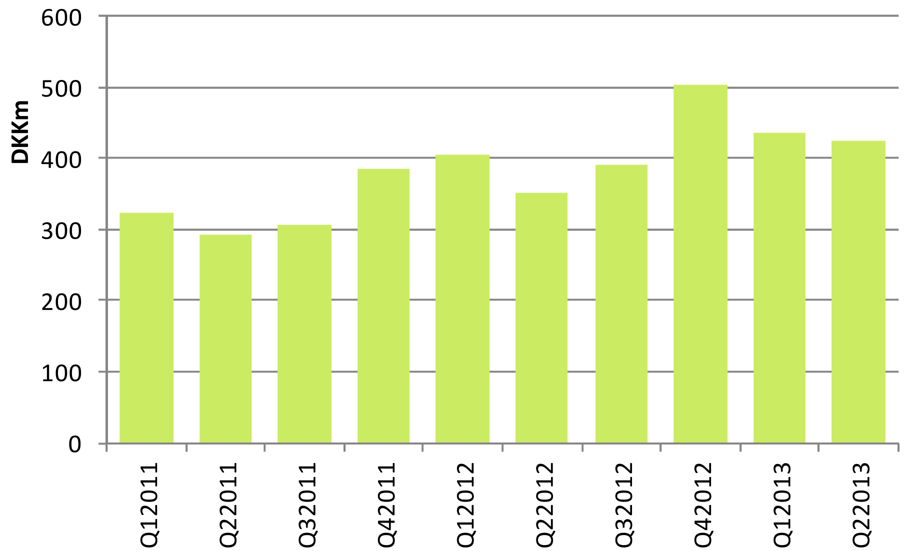
Return/risk-trade off

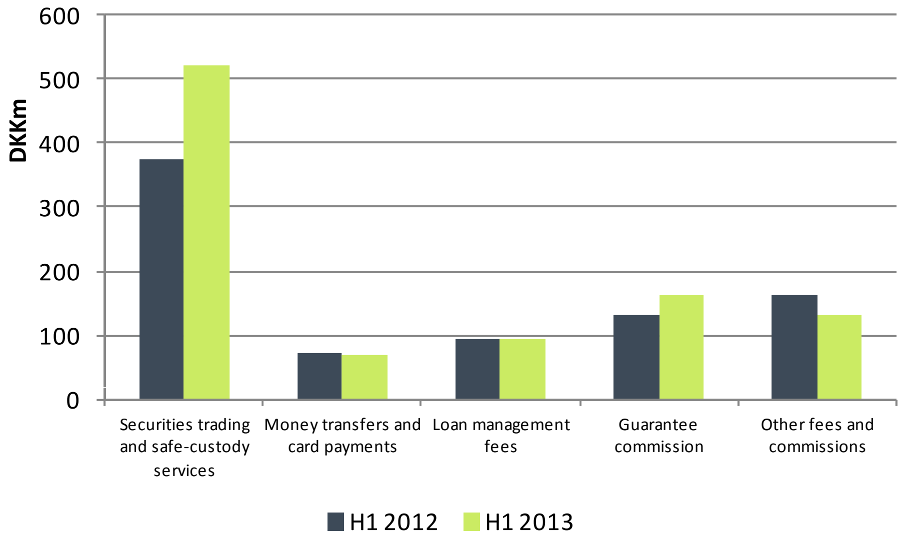




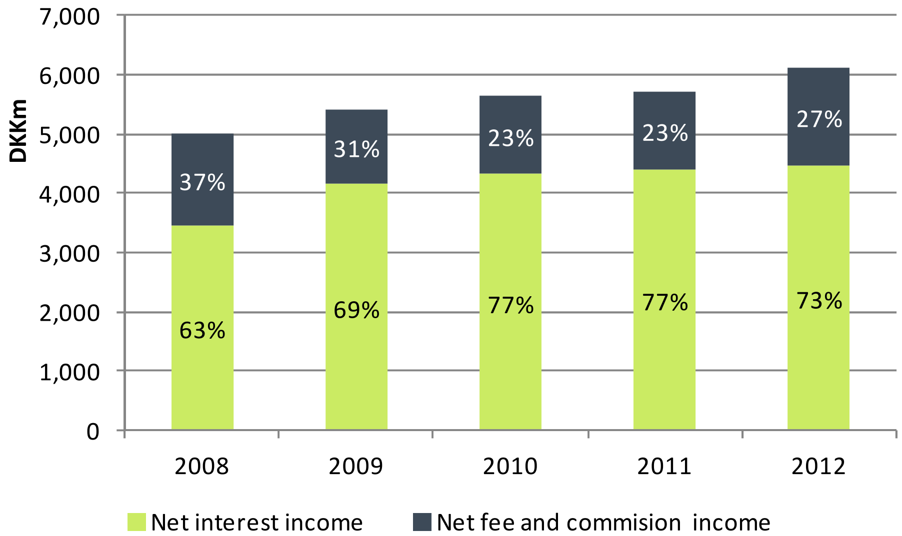
Fee and commision income

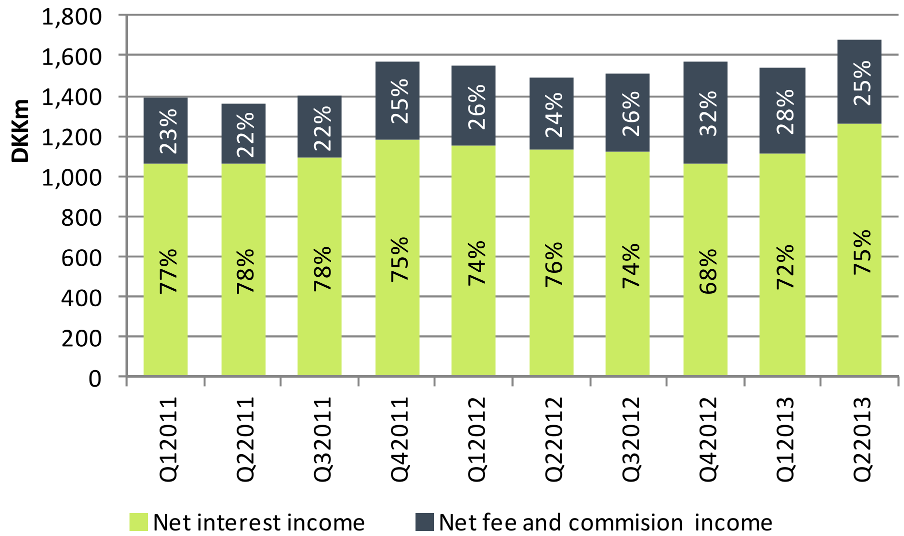




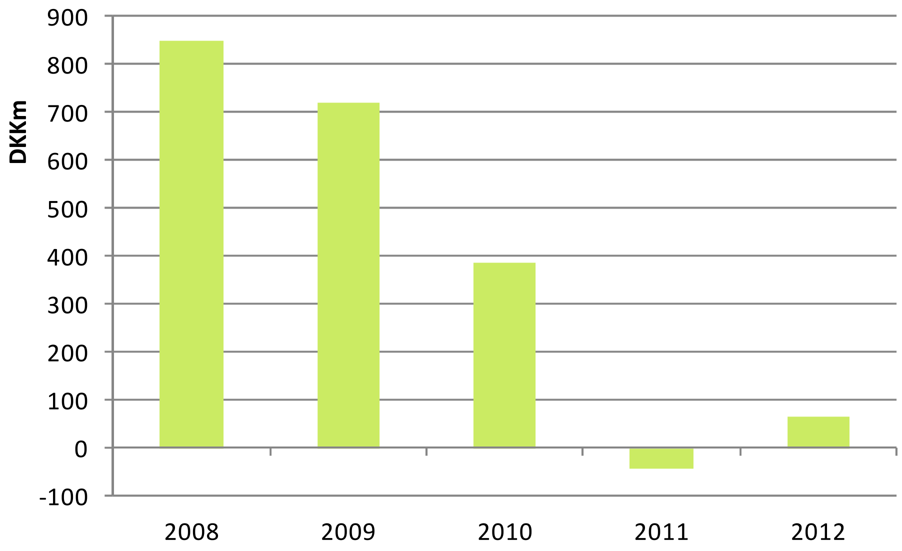


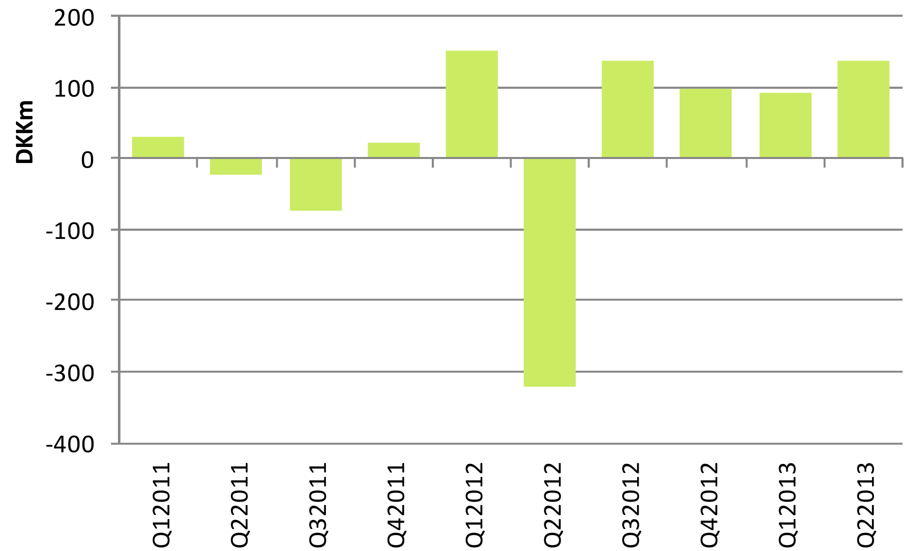
Net interest and fee income

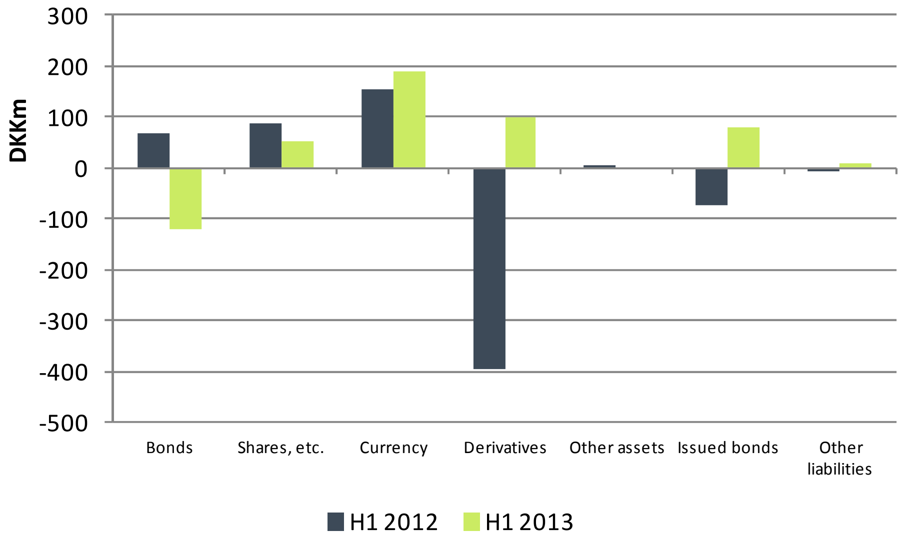




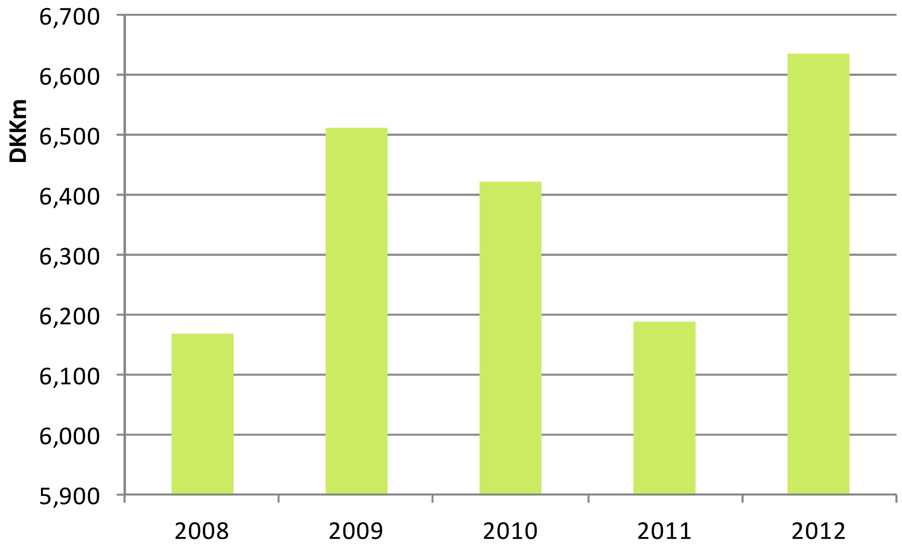
Value adjustments

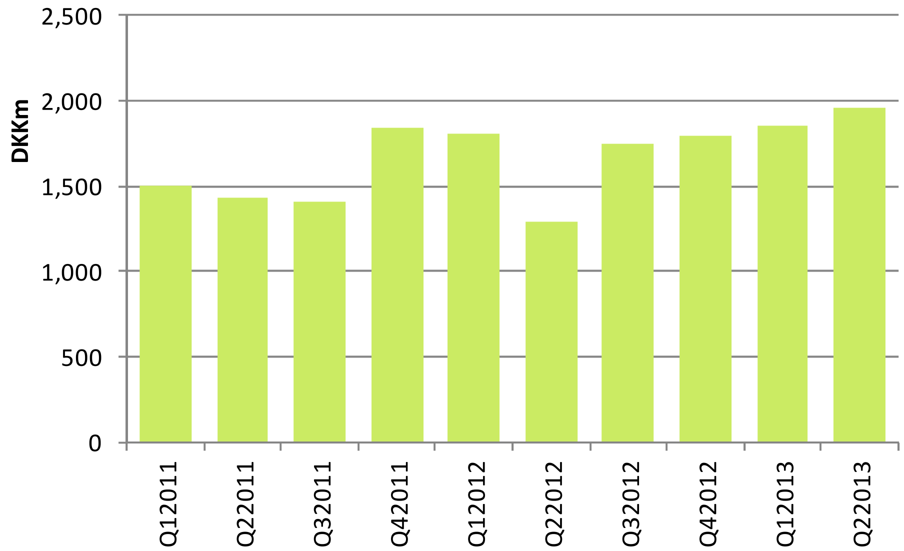




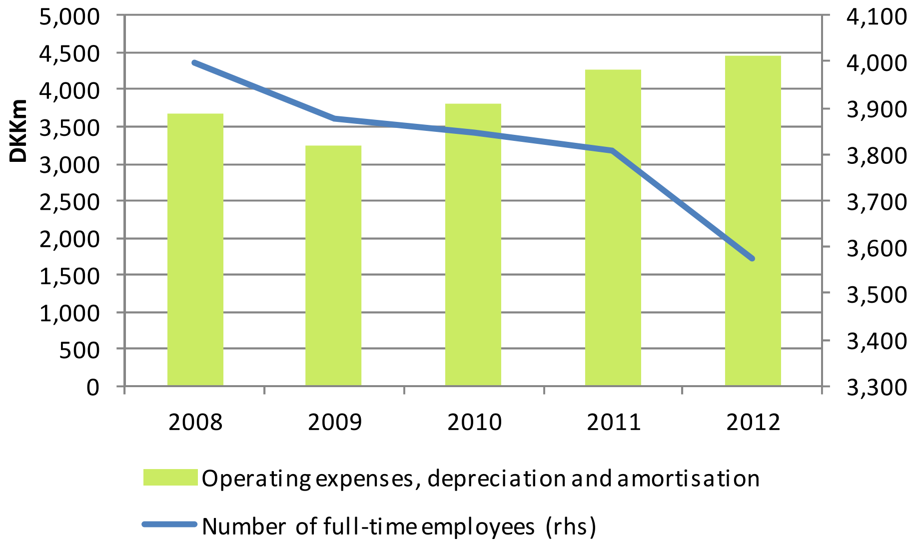


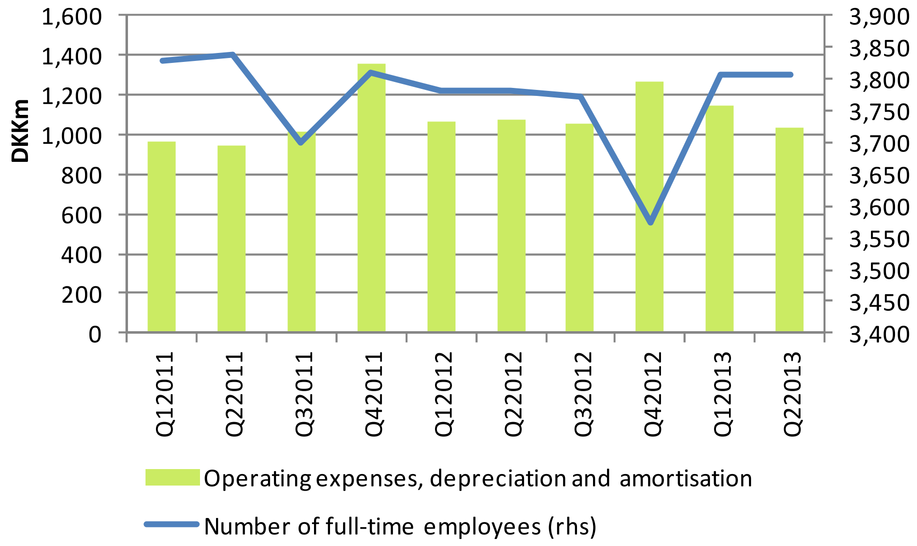
Gross earnings



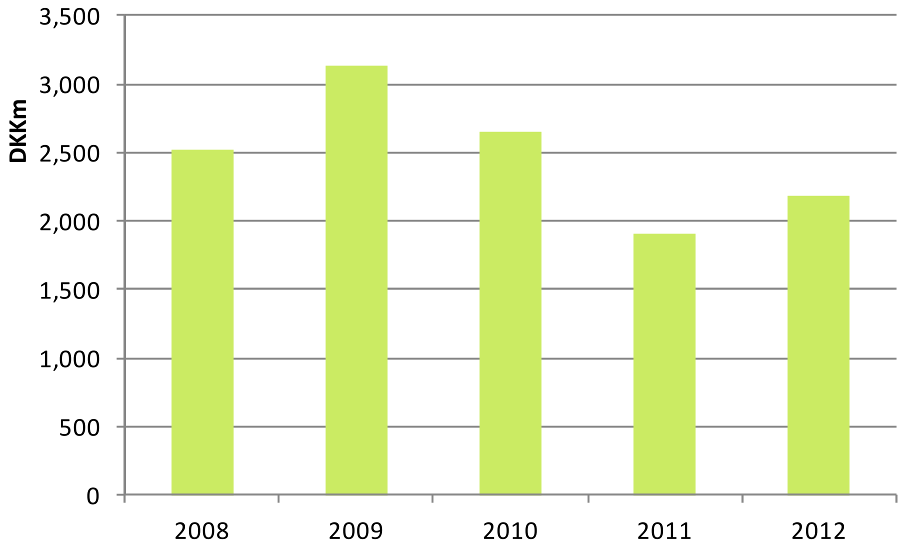


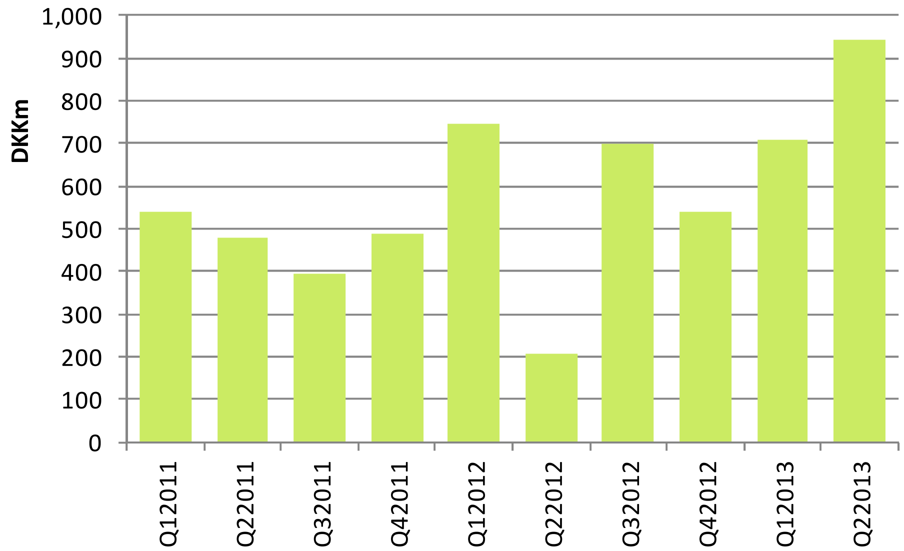
Operating expenses and employees



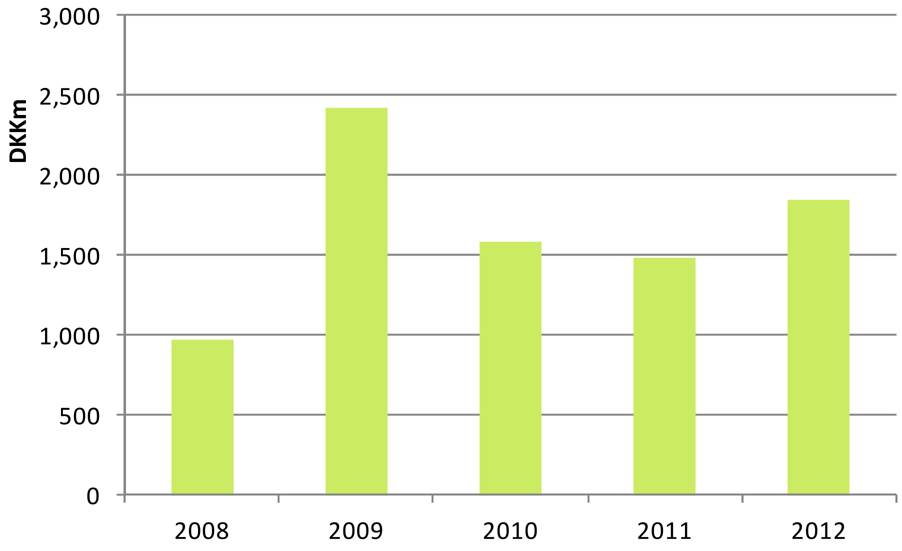


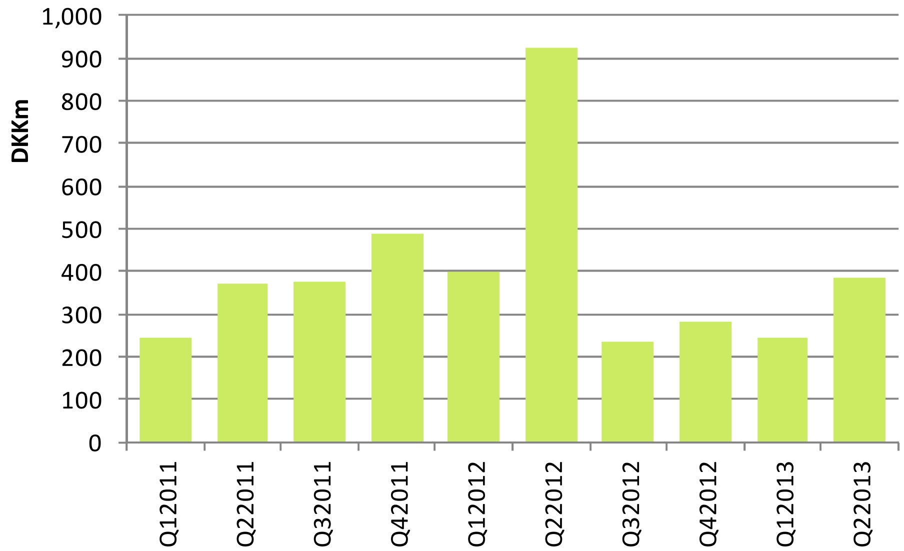
Core earnings before loan impairment charges



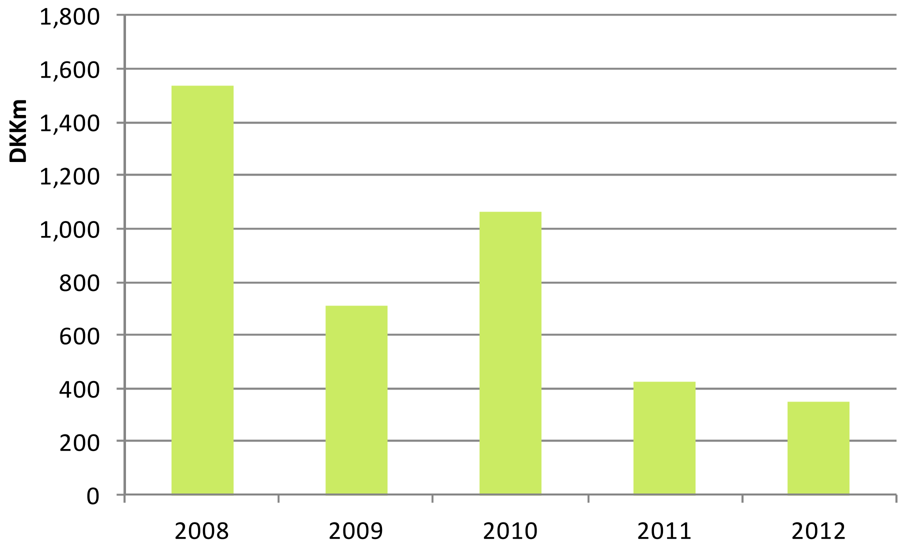


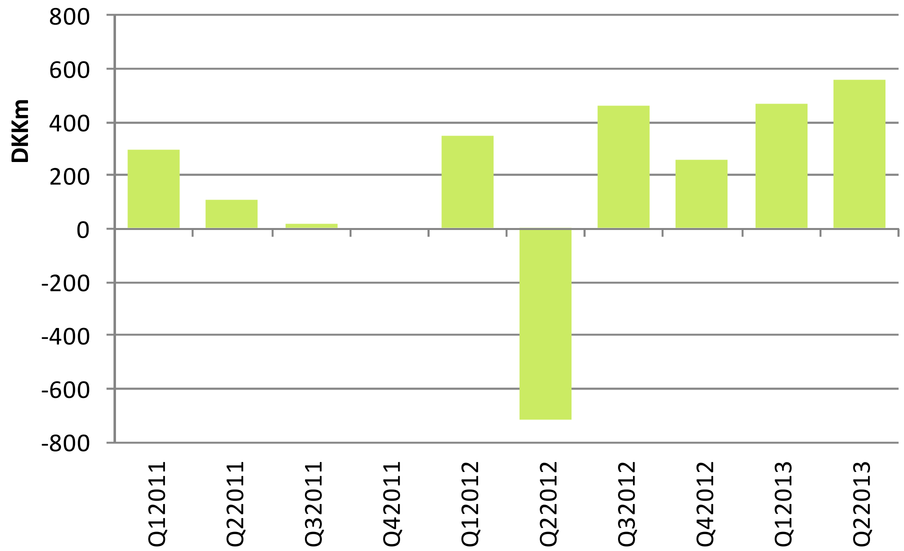
Loan impairment charges



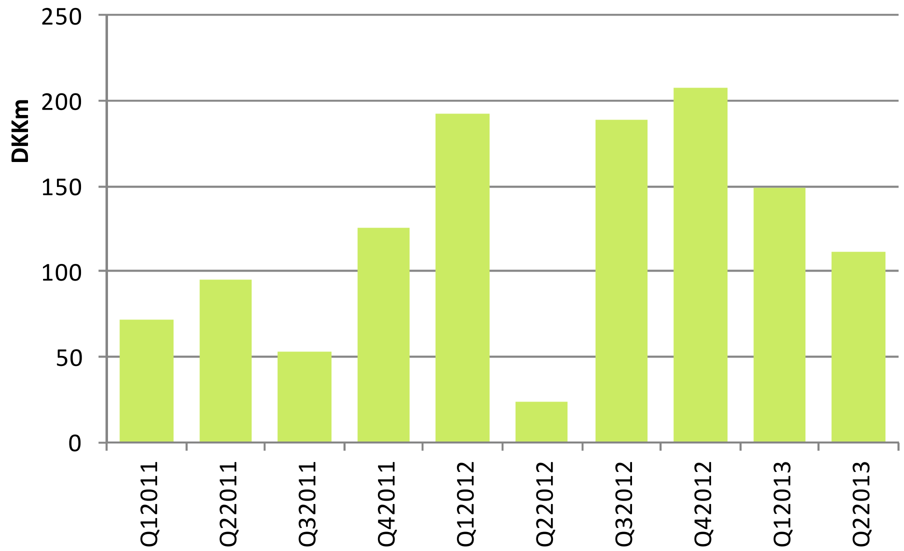


Core earnings





Earnings from investment portfolios



Credit quality

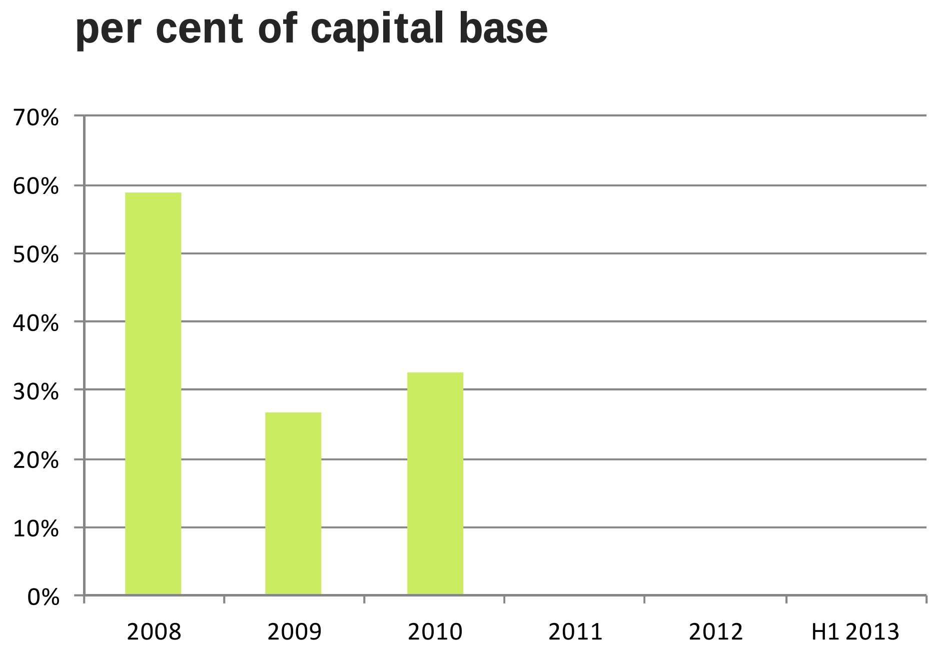
Loans and advances split by sector

Jyske Bank A/S	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees		Impairment charges and provisions for guarantees for the period		Loss for the period	
Loans, advances and guarantees as well as loan impairment charges and provisions for guarantees by sector	**H1 2013**	**End-2012**	**H1 2013**	**End-2012**	**H1 2013**	**H1 2012**	**H1 2013**	**H1 2012**
Public authorities	7.844	6.624	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing	8.646	8.192	645	619	126	135	127	151
Fishing industry	2.496	2.433	11	39	5	13	35	0
Milk producers	1.593	1.533	341	290	81	72	47	42
Plant production	1.342	1.068	16	25	-3	14	6	8
Pig farming	1.975	1.818	249	211	39	16	9	43
Other farming	1.240	1.340	28	54	4	20	30	58
Manufacturing, mining, etc.	6.523	6.619	132	173	61	48	114	15
Energy supply	3.727	2.742	23	13	8	-4	0	0
Building and construction	2.372	2.234	48	74	5	41	32	23
Commerce	7.472	7.279	235	241	58	61	76	85
Transport, hotels and restaurants	2.712	2.961	56	37	37	13	26	7
Information and communication	407	447	7	5	10	-2	11	5
Finance and insurance	40.732	34.982	620	594	109	207	103	109
Real property	10.635	9.860	1.137	1.051	152	300	98	115
Lease of real estate	8.496	8.361	859	392	92	267	75	86
Buying and selling of real estate	1.075	675	142	92	57	12	19	7
Other real estate	1.064	824	136	567	3	21	4	22
Other sectors	5.400	4.933	91	148	-13	15	42	72
Corporate customers, individually assessed, total	88.626	80.249	2.994	2.955	553	814	629	582
Corporate customers, collective impairment charges			682	717	-27	263	2	1
Personal customers, individually assessed	45.040	43.298	504	532	78	158	122	139
Personal customers, collective impairment charges			251	263	-2	72	10	-7
Total	**141.510**	**130.171**	**4.431**	**4.467**	**602**	**1.307**	**763**	**715**

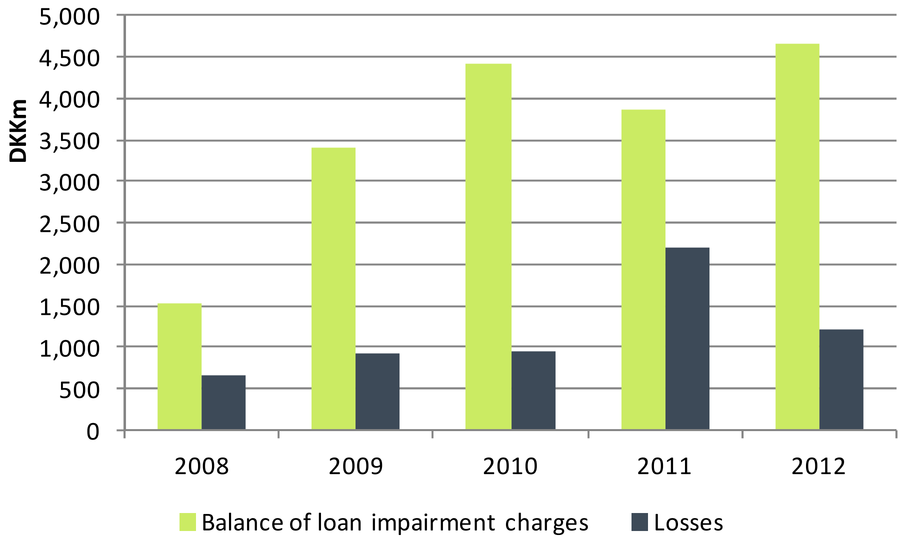
Loans and advances split by sector

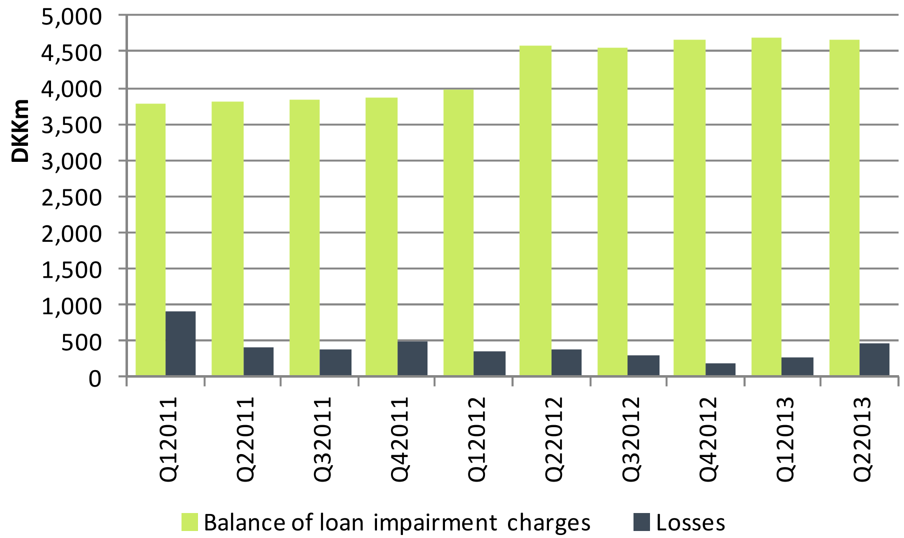
Jyske Bank A/S Loans, advances and guarantees as well as loan impairment charges and provisions for guarantees (DKKm)	Loans, advances and guarantees	Balance of loan impairment charges and provisions for guarantees	Loans, advances and guarantees	Balance of loan impairment charges and provisions for guarantees	Loss for the period/loans, advances	Loan impairment charges for the period/loans, advances
	H1 2013	H1 2013	Change in pct.	Change in pct.	Pct.	Pct.
Public authorities	7,844	0	52.2%		0.0%	0.0%
Agriculture, hunting, forestry, fishing industry	8,646	645	5.3%	10.6%	1.5%	1.5%
Fishing industry	2,496	11	6.6%	-60.7%	1.4%	0.2%
Milk producers	1,593	341	-4.7%	34.8%	3.0%	5.1%
Plant production	1,342	16	41.4%	-20.0%	0.4%	-0.2%
Pig farming	1,975	249	2.9%	2.5%	0.5%	2.0%
Other farming	1,240	28	-6.8%	-28.2%	2.4%	0.3%
Manufacturing and mining, etc.	6,523	132	-12.5%	-18.5%	1.7%	0.9%
Energy supply	3,727	23	65.5%	76.9%	0.0%	0.2%
Building and construction	2,372	48	23.7%	-58.3%	1.3%	0.2%
Commerce	7,472	235	-1.3%	7.8%	1.0%	0.8%
Transport, hotels and restaurants	2,712	56	-15.1%	69.7%	1.0%	1.4%
Information and communication	407	7	-17.4%	75.0%	2.7%	2.5%
Finance and insurance	40,732	620	-5.6%	2.5%	0.3%	0.3%
Real property	10,635	1,137	4.8%	15.2%	0.9%	1.4%
Lease of real estate	8,496	859	-0.1%	19.3%	0.9%	1.1%
Buying and selling of real estate	1,075	142	26.5%	8.4%	1.8%	5.3%
Other real estate	1,064	136	34.0%	0.0%	0.4%	0.3%
Other sectors	5,400	91	21.2%	-53.3%	0.8%	-0.2%
Corporate customers, individually assessed, total	88,626	2,994	-0.2%	2.7%	0.7%	0.6%
Corporate customers, collective impairment charges		682		-12.3%		
Personal customers, individually assessed	45,040	504	1.9%	28.2%	0.3%	0.2%
Personal customers, collective impairment charges		251		-4.6%		
Total	**141,510**	**4,431**	**5.6%**	**1.9%**	**0.5%**	**0.4%**

Large exposures



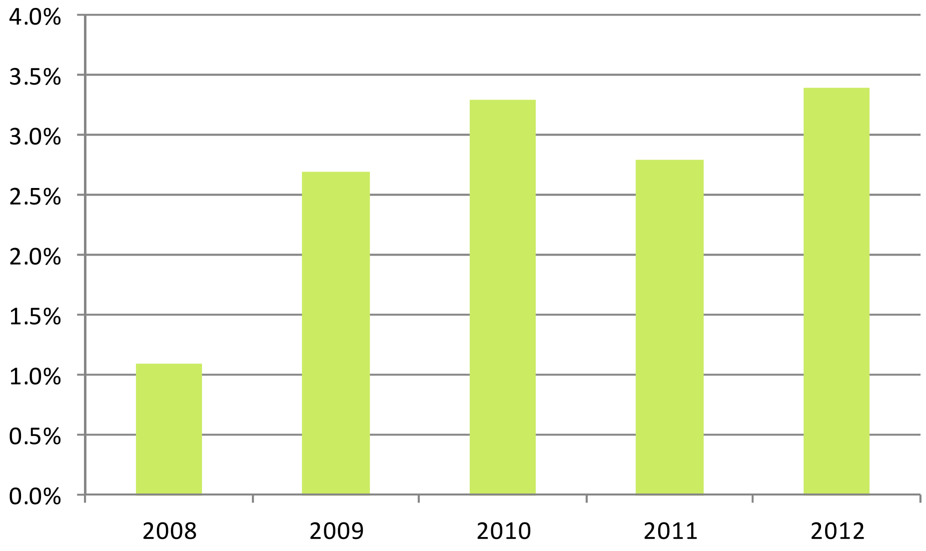
Balance of loan impairment charges



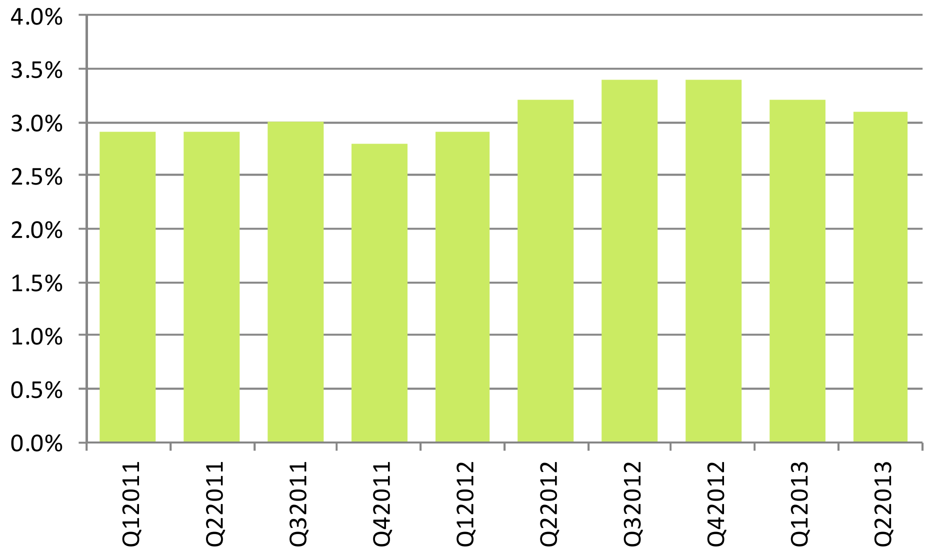


Balance of loan impairment charges

Per cent of loans and advances

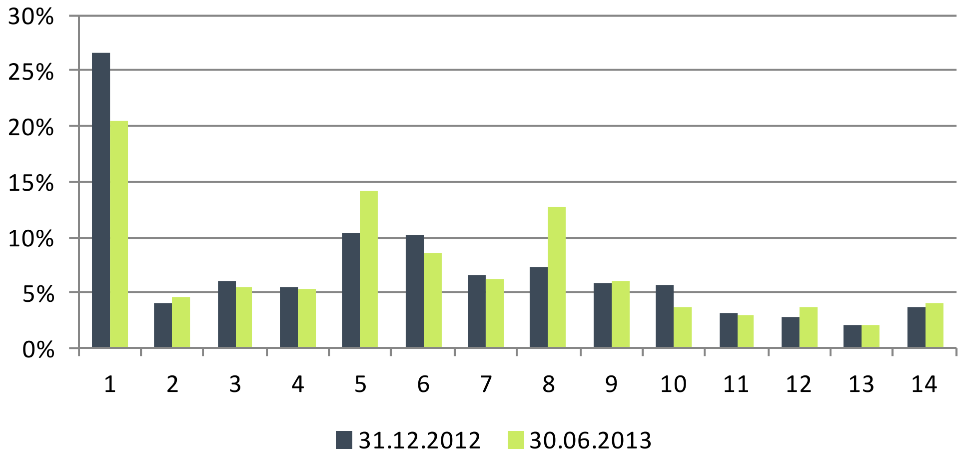


Per cent of loans and advances

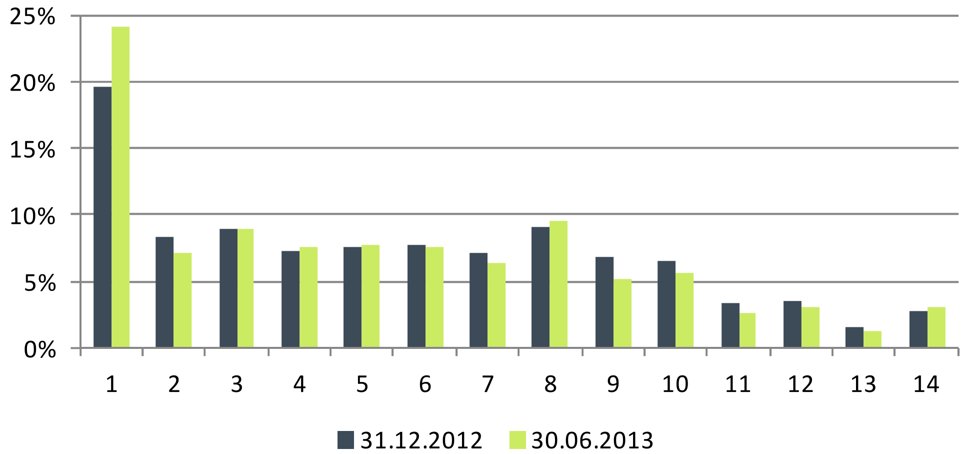


Exposures by credit rating

Corporates



Retail



Danish FSA

- Reports in 2011, 2012 and 2013
- New stringent guidelines for impairments

Danish FSA reports 2011, 2012 and 2013

SME customers and IRB setup

- Decision making material satisfactory
- No ground for changing impairment charges
- IRB models satisfactory

IT inspection

- Principles and policies meet required demands

Market Risk and Compliance

- Management of market risk satisfactory
- Minor change in composition of the compliance report

Custodian bank for Jyske Invest

- The bank should improve some of the control measures in relation to the management of the assets of Jyske Invest – fully implemented

Agricultural clients

- The bank’s credit control in respect of agricultural clients is satisfactory
- No ground for changing impairment charges

Management and control of credits

- The supervisory board’s discussions and assessments of the bank’s risks on the basis of the risk report are not sufficiently evidenced in the minutes. Apart from this, the inspection did not give rise to any important reactions on the part of the FSA.

New stringent guidelines for impairments

- Implemented in Q2 2012
- One off effect:
  - Impairments DKK 543m
  - Value adjustments DKK 357m
- Higher volatility in value adjustments and impairments when interest rates changes

- FSA is currently reassessing the guidelines

Fact Book

Core earnings

JYSKE BANK

Profit for the period DKKm	H1 2013	H1 2012	Index 13/12	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	2012
Net interest income	2,367	2,283	104	1,258	1,109	1,067	1,121	1,135	4,471
Dividends, etc.	34	20	170	21	13	0	0	17	20
Net fee and commission income	859	756	114	424	435	504	392	351	1,652
Net interest and fee income	**3,260**	**3,059**	**107**	**1,703**	**1,557**	**1,571**	**1,513**	**1,503**	**6,143**
Value adjustments	230	-169	-	138	92	97	138	-320	66
Other operating income	294	175	168	103	191	113	82	88	370
Income from operating lease (net)	34	28	121	18	16	16	14	14	58
Gross earnings	**3,818**	**3,093**	**123**	**1,962**	**1,856**	**1,797**	**1,747**	**1,285**	**6,637**
Operating expenses, depreciation and amortisation	2,177	2,138	102	1,030	1,147	1,276	1,051	1,076	4,465
Profit on investments in associates and group enterprises	11	-3	-	10	1	14	1	-3	12
Core earnings before loan impairment charges and provisions for guarantees	**1,652**	**952**	**174**	**942**	**710**	**535**	**697**	**206**	**2,184**
Loan impairment charges and provisions for guarantees	627	1,324	47	385	242	283	235	926	1,842
Core earnings	**1,025**	**-372**	**-276**	**557**	**468**	**252**	**462**	**-720**	**342**
Earnings from investment portfolios	261	215	121	112	149	208	189	23	612
Profit before contribution to the Guarantee Fund, etc.	**1,286**	**-157**	**-819**	**669**	**617**	**460**	**651**	**-697**	**954**
The Guarantee Fund, etc.	-84	-52	162	-28	-56	-26	-31	-14	-109
Pre-tax profit	**1,202**	**-209**	**-575**	**641**	**561**	**434**	**620**	**-711**	**845**
Tax	247	-53	-	121	126	156	150	-177	253
Profit for the period	**955**	**-156**	**-612**	**520**	**435**	**278**	**470**	**-534**	**592**

Profit/loss

DKKm	H1 2013 Core earnings	H1 2013 Earnings on invest-ment portfolios	H1 2013 The Guaran-tee Fund, etc.	H1 2013 Re-classifi cation	H1 2013 Total	H1 2012 Core earnings	H1 2012 Earnings on invest-ment portfolios	H1 2012 The Guaran-tee Fund, etc.	H1 2012 Re-classifi cation	H1 2012 Total
Net interest income	2,367	183	0	0	2,550	2,283	210	0	0	2,493
Dividends, etc.	34	8	0	0	42	20	7	0	0	27
Net fee and commission income	859	-1	0	0	858	756	-1	0	0	755
Net interest and fee income	**3,260**	**190**	**0**	**0**	**3,450**	**3,059**	**216**	**0**	**0**	**3,275**
Value adjustments	230	75	0	0	305	-169	2	0	0	-167
Other operating income	294	0	0	0	294	175	0	0	0	175
Income from operating lease	34	0	0	163	197	28	0	0	117	145
Gross earnings	**3,818**	**265**	**0**	**163**	**4,246**	**3,093**	**218**	**0**	**117**	**3,428**
Operating expenses, depreciation and amortisation	2,177	4	84	163	2,428	2,138	4	52	117	2,311
Profit on investments in associates and group enterprises	11	0	0	0	11	-3	0	0	0	-3
Core earnings before loan impairment charges and provisions for guarantees	**1,652**	**261**	**-84**	**0**	**1,829**	**952**	**214**	**-52**	**0**	**1,114**
Loan impairment charges and provisions for guarantees	627	0	0	0	627	1,324	-1	0	0	1,323
Pre-tax profit for the period	**1,025**	**261**	**-84**	**0**	**1,202**	**-372**	**215**	**-52**	**0**	**-209**

Questions