

Jyske Bank 2017

20 February 2018

Our targets

Q1-Q4 2017

- Delivering an attractive long-term return on equity of 8-12%
- Volume growth
 - DKK 100bn in housing-related loans
 - DKK 20bn in property loans for corporate clients
- Maintaining a strong capital position
 - Long-term targets for capital ratio 17.5% and CET1 ratio 14%
 - Capital levels above long-term targets in order to manage future regulatory requirements
 - S&P rating A- (stable outlook)

9.7%

DKK 96.0bn

DKK 19.3bn

19.8% and
16.4%

Highlights 2017

Organisation



New client-focused organisation

Jyske Bank has strong focus on new growth area

Innovation



- Thousands of clients have Apple Pay after one week
- Jyske Bank thinks the dankort will be a thing of the past
- Jyske Visa Mobil for Apple Pay

Client satisfaction



OCTOBER 2017

- "Affluent Danes say: This is the best bank" *finans.dk*, on 22 April 2017.
- Jyske Bank has the most satisfied corporate clients, *Aalunds bankbarometer*, October 2017
- Ranked second best of the eight largest banks by Voxmeter's satisfaction survey of personal clients.

Prices

Prices:

1. Clients with mortgage loans in JB have not seen 'increases in administration margins' since the introduction in 2002.
2. We do not increase the price due to expected legislation.
3. We do not increase the price in order, for a short while, to pay it back in part of in full.
4. We make no price guarantees.

Contribution to society (Tax)

Jyske Bank was the ninth largest contributor of corporation taxes in Denmark in the income year 2016

Danish Minister for Taxation, Karsten Lauritzen, personally acknowledges Jyske Bank for the big contribution that Jyske Bank makes

Home loans



Holmens Kanal – Copenhagen

Home loans:

- Number of home appraisals ordered:
2016: 112.8 each banking day
2017: 108.4 each banking day
2018: 130.4 each banking day over the first six weeks
- Home loans of DKK 96bn at the end of 2017 and DKK 100bn at the end of February 2018

2017 highlights



- Net profit of DKK 3,143m, equal to ROE 9.7%
- Business volumes:
 - Growth in all segments except bank loans for private individuals
 - Total new home loans of DKK 96bn end of 2017 corresponding to net growth in 2017 of DKK 16.5bn
- Core income in line with 2016:
 - NII support from growth in business volumes outweighs margin pressure. NII lifted by on-off item of approx. DKK 100m. Lower NII from liquidity portfolio. Increased interest expenses for Tier 2 capital
 - Net fee income continues strong performance
 - Income from operational leases challenged by impairments
- Core expenses excl. one-offs stable compared to 2016 and in line with expectations
- Net reversals of DKK 453m - overall improvement in credit quality, low number of new defaults
- Capital distribution
 - Ordinary dividend of DKK 5.85 per share proposed at AGM in March 2018

CORE PROFIT AND PROFIT FOR THE PERIOD

DKKm

	Index			Index		
	2017	2016	17/16	Q4 2017	Q3 2017	Q4/Q3
Net interest income	5,674	5,748	99	1,537	1,381	111
Net fee and commission income	1,957	1,531	128	654	436	150
Value adjustments	577	781	74	38	96	40
Other income	207	257	81	-29	29	-100
Income from operating lease (net)	-54	44	-123	-6	-43	14
Core income	8,361	8,361	100	2,194	1,899	116
Core expenses	5,374	5,108	105	1,326	1,270	104
Core profit before loan impairment charges	2,987	3,253	92	868	629	138
Loan impairment charges	-453	-149	304	-139	-194	72
Core profit	3,440	3,402	101	1,007	823	122
Investment portfolio earnings	562	504	112	-30	135	-22
Pre-tax profit	4,002	3,906	102	977	958	102
Tax	859	790	109	197	210	94
Net profit for the period	3,143	3,116	101	780	748	104

SUMMARY OF BALANCE SHEET, END OF PERIOD

DKKbn

	Index			Index		
	2017	2016	17/16	Q4 2017	Q3 2017	Q4/Q3
Mortgage loans	307	277	111	307	303	101
Traditional bank loans	101	94	108	101	99	102
New home loans	12	17	70	12	11	111
Bank deposits	140	134	104	140	134	104
Assets under management	145	127	114	145	135	107

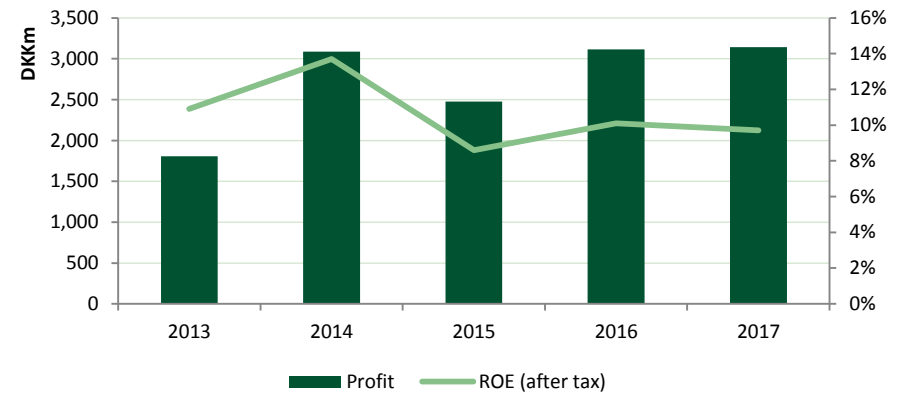
ROE in line with target and starting to show stability

- Delivering a net profit of DKK 3,143m and ROE of 9.7% in 2017 and thus within target range of 8-12%
- Quarterly returns are becoming less volatile
- A decrease of 0.4 percentage points compared to 2016:
 - Stable core income not sufficient to maintain return as equity increases
 - No significant change re. core expenses - without one-offs core expenses would have contributed to an increase in ROE of 0.4%
 - Significant reversals of impairment keeps ROE at level with 2016

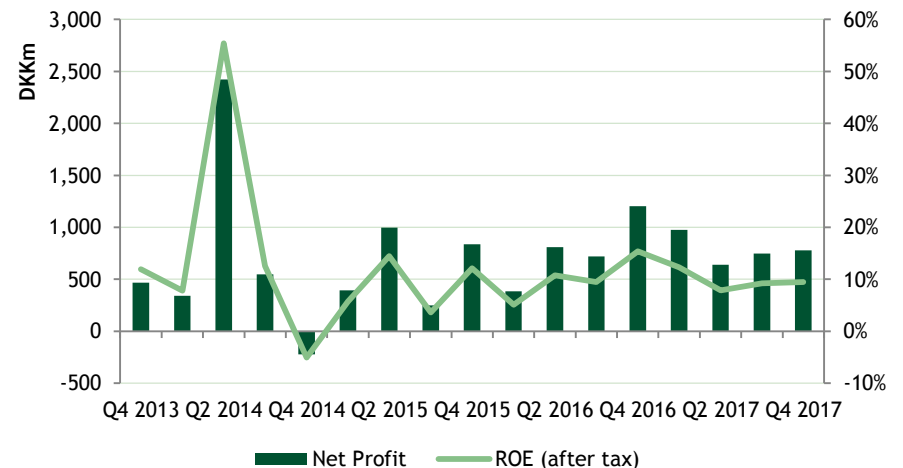
2017 vs. 2016: Development in ROE after tax



Net profit



Net profit





**Outlook 2018:
Setting new targets**

Setting new targets



Return on Equity

Delivering an attractive long-term return on equity of 8-12%



FTEs

Number of FTE back to 2013-level 5 years after the merger
From 3,932 FTE end-2017 to approx. 3,774 FTE mid-2019



Capital distribution

Maintain a stable dividend

Use additional dividends and share buy-backs when current profit and capital structure provide the opportunity



Volume growth 2018-2020

Total loan portfolio of DKK 350bn in Jyske Realkredit

+DKK 20-25bn in housing related loans

+DKK 15-20bn in property loans for corporate clients



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 3 percentage points by January 1st 2022

Gradually building a RAC ratio of about 10.5%

Home loans:
One brand, one product
range and one process



New area of growth:
Trading/investment/
wealth management

Jyske Bank wishes, externally and internally, to come across as quite a different bank at the end of 2018

Anders Dam on Twitter, 27 December 2017

New area of growth: Trading/investment/wealth management

Our set-up

- Through Jyske Markets, we service institutional clients with a broad range products and services within FICC (fixed income, interest rates, currencies and commodities)
- Asset management via Jyske Capital, where portfolio managers have DKK 145bn in assets under management - up by 14% in 2017
- Retail clients are serviced via 10 specialised Private Banking centres as well as investment and wealth advisors located in branches throughout Denmark

2017 achievements

- Development and implementation of service and advisory concept compliant with Mifid II
- Darwin - execution only concept provided by BankInvest
- Agreement with PFA to distribute pension plans to corporate clients
- Improved distribution: Acquisition of Jyske Invest Fund Management and establishment of SICAV in Luxembourg
- Upgrading the capital markets IT-platform (on-going initiative in co-operation with Bankdata)


Focus areas in 2018

- We aim to further enhance the client experience and product offering in line with the needs of the client base
- We wish to be in front when it comes to introducing new products, solutions and services, e.g Munnypot
- The recent re-organisation of the development organisation adds further focus on trading/investment/wealth management and supports a strategy where new initiatives are introduced on a continuous basis

Strategic themes




Digitization
We are where the clients are
[Learn more](#)


Differentiation
We make a difference
[Learn more](#)




Business
We make money
[Learn more](#)


Corporate social responsibility
We take responsibility
[Learn more](#)


Regulation
We are prepared
[Learn more](#)

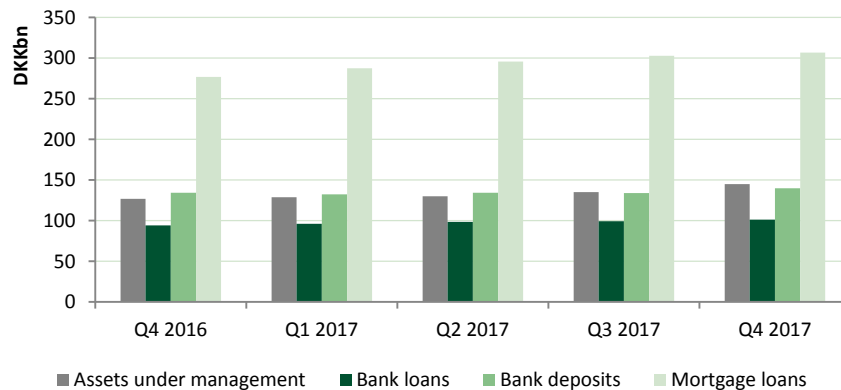


VERDENSMÅL
for bæredygtig udvikling

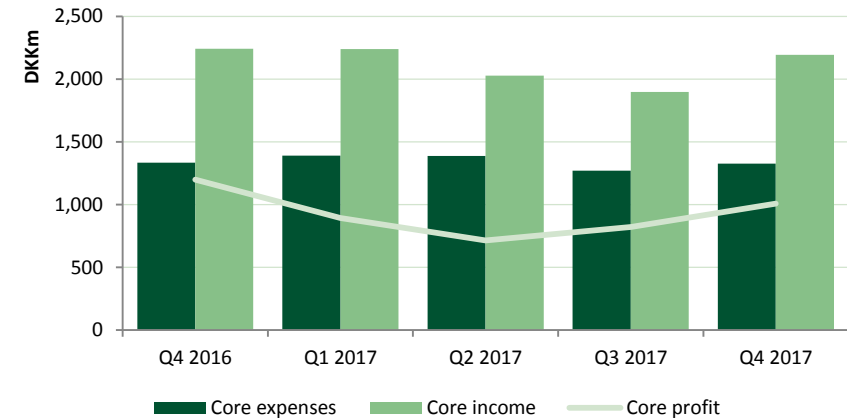
Financials 2017

- Continued growth in mortgages and home loans
- Bank loans increase by 8% and bank deposits by 4%
- Increase in AUM of 14%
- Core income increases due to Q4 seasonality in investment related fee income
- Core expenses in Q4 up due to IT-related expenses
- Net reversals of impairments in all four quarters in 2017

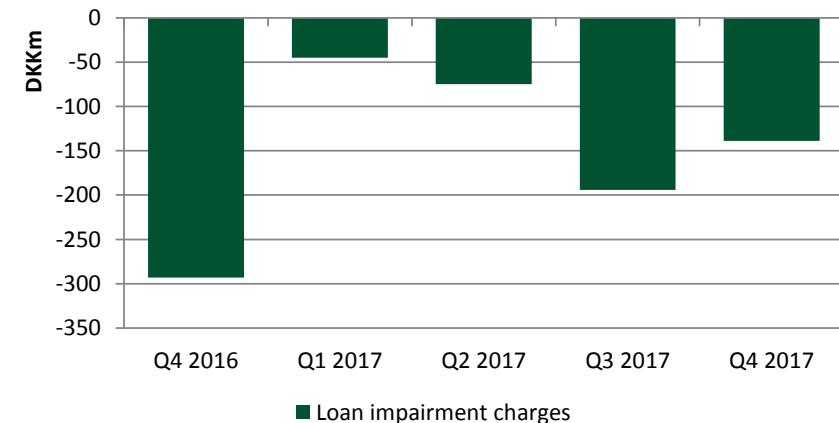
Business volumes



Financials

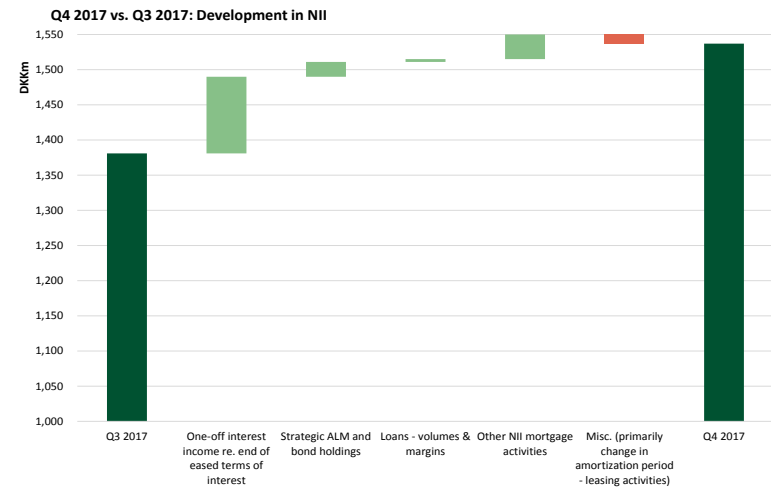
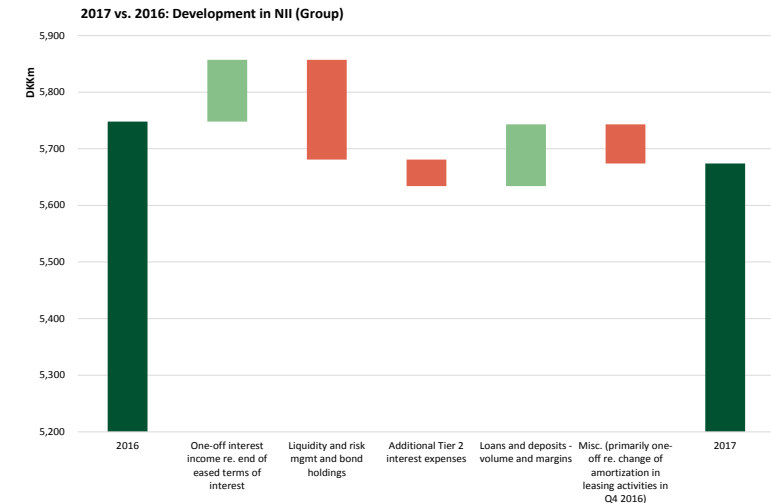


Loan impairment charges (under core profit)



NII slightly down

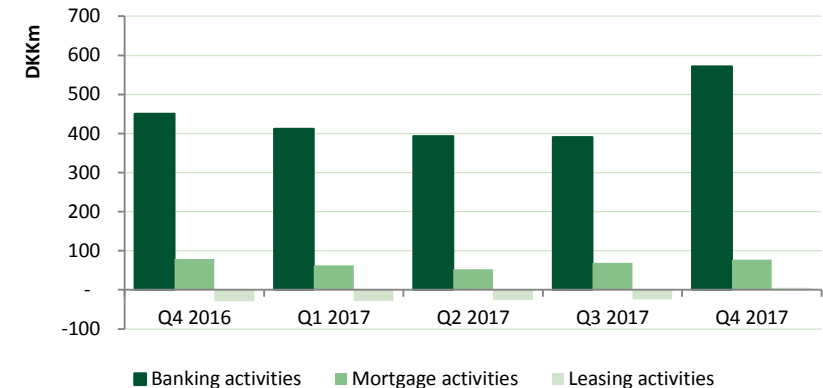
- NII in 2017 at level with 2016 - 3% down adjusted for approx. DKK 100m in one-off income re. end of eased terms of interest
 - NII supported by
 - Volume growth in all 3 segments
 - Introduction of negative interest rates on demand deposits from corporate clients
 - NII pressured by
 - Lower net interest income from strategic balance & risk management as well as trading portfolio of bonds
 - Continued margin compression on corporate bank loans
 - Additional Tier 2 interest expenses
- Increase in NII of DKK 156m from Q3 to Q4 2017 primarily explained by one-off interest income and other NII from mortgage activities but also:
 - Increase in NII from strategic balance & risk management and bond holdings
 - Growth in volume outweighs pressure on margins
- Average coupon of liquidity portfolio has increased due to changed portfolio composition, therefore - all other things being equal - net interest income is expected to increase by about DKK 20m per quarter going forward



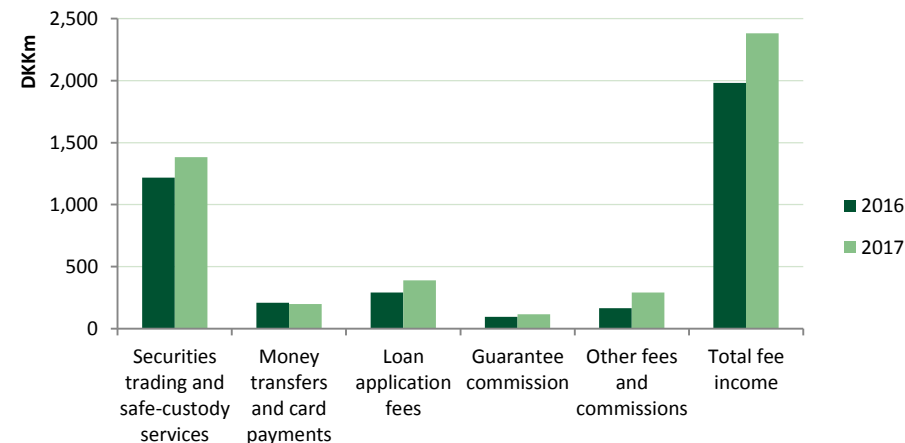
Net fee income continues at high level

- Net fee income in 2017 of DKK 1,957m
 - Adjusted for Jyske Invest Fund Management and change in recognition of DLR fees, net fee income is up by 21%
 - Q4 seasonality increased by positive performance in financial markets resulting in performance related fees
- The improved performance can be attributed to:
 - Banking activities: Primarily a combination of investment related fees and performance related fees, secondarily loan application fees
 - Mortgage activities: Fee income increased by higher activity level (loan application fees) and refinancing activity
- Securities trading etc.:
 - Increasing fees and commissions primarily driven by increased activity and increase in assets under management but also performance related fees
 - Increased activity within mortgage activities (refinancing) leads to higher brokerage income
- Loan application fees:
 - Higher activity within mortgage activities and reinstatement of up-front fees on home loans
- Other fees and commissions:
 - Q2-Q4 2017 include DKK 60m re. Jyske Invest Fund Management

Net fee income



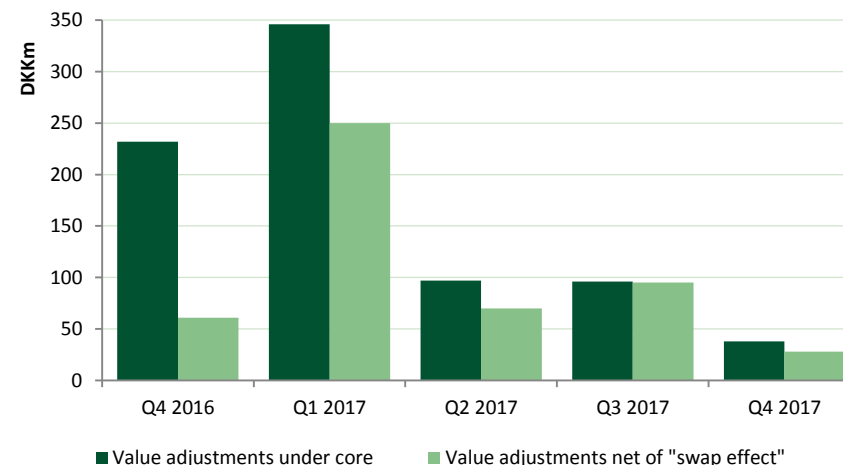
Fee income



Moderate value adjustments

- Value adjustments from clients' transactions relating to interest-rate hedging (swaps):
 - Q4 2017: a positive effect of DKK 10m primarily driven by minor increase in long-term interest rates (2017: DKK 134m and 2016: DKK 243m)
 - Only limited effect in future as clients' credit quality has improved
- Strategic balance & risk management
 - Liquidity portfolio of approx. DKK 39bn end of Q4 2017, consists primarily of Danish mortgage bonds
 - Average coupon has increased due to changed portfolio composition, therefore - all other things being equal - net interest income is expected to increase by about DKK 20m per quarter
- Net effect of NII and value adjustments of DKK 46m in Q4 2017 - compared to Q3 higher NII and lower value adjustments
 - Q3 2017: DKK 85m
 - Q4 2016: DKK 170m

Value adjustments under core income

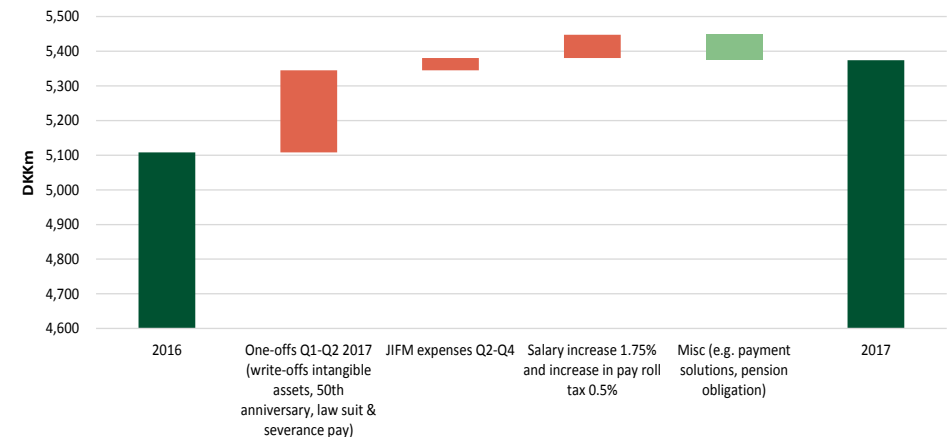


STRATEGIC BALANCE AND RISK MANAGEMENT					
DKKm					
	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net interest income	87	77	67	85	89
Value adjustments	-41	8	-44	30	81
	46	85	23	115	170

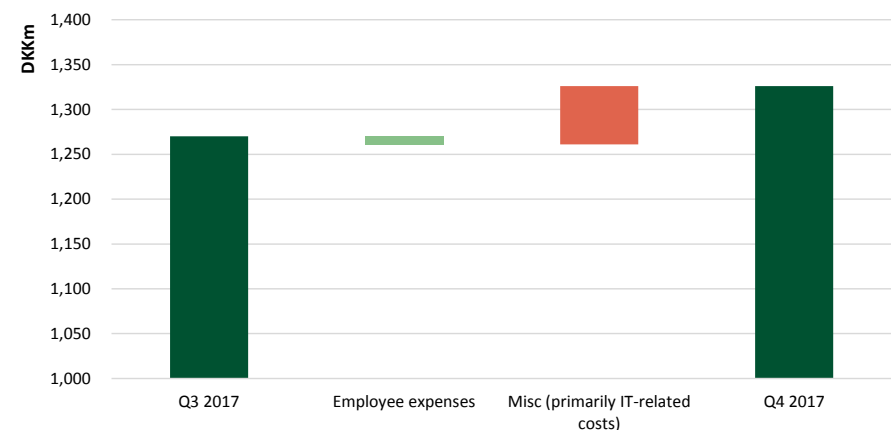
Stable trend in core expenses

- 2017 vs. 2016:
 - Stable core expenses excl. one-offs
 - Inflation in employee expenses off-set by general spending restraint on other administration expenses
- Q4 2017 vs. Q3 2017:
 - Stable employee expenses
 - Uptick in other expenses driven primarily by IT-related expenses such as consultants, licenses and IT-operations, secondarily annual FSA payment

2017 vs. 2016: Development in core expenses



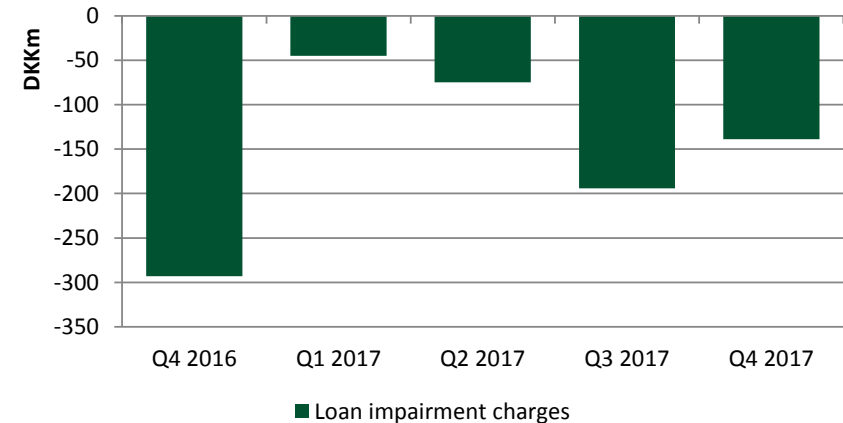
Q4 2017 vs. Q3 2017: Development in core expenses



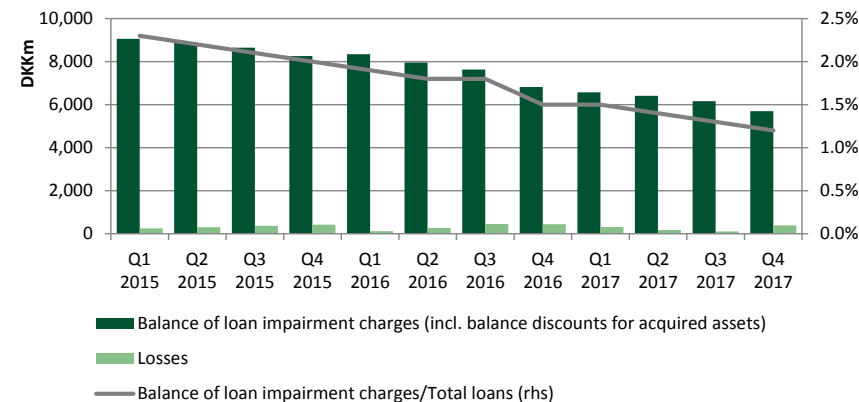
Net reversals and improved credit quality

- Net reversals of DKK 453m under core profit
- Total balance of management's estimate of DKK 466m end of 2017, of which DKK 75m relate to agriculture, compared to DKK 471m and DKK 235m respectively end of 2016
- Impairment ratios (under core profit):
 - Impairment ratio for Q4 2017 -3bp and 2017 -10bp
 - Accumulated impairment ratio 1.2% (incl. balance of discounts for acquired loans)
- Banking:
 - Overall credit quality continues to improve
 - Low number of new defaults and improvement in credit quality of previously defaulted clients
 - Significant reversals in corporate segment
- Mortgage:
 - Overall positive development in credit quality
 - Alignment of the Group's loss models resulted in an increase of DKK 175m in collective impairment charges. Of which DKK 169m relates to the Private segment

Loan impairment charges (under core profit)



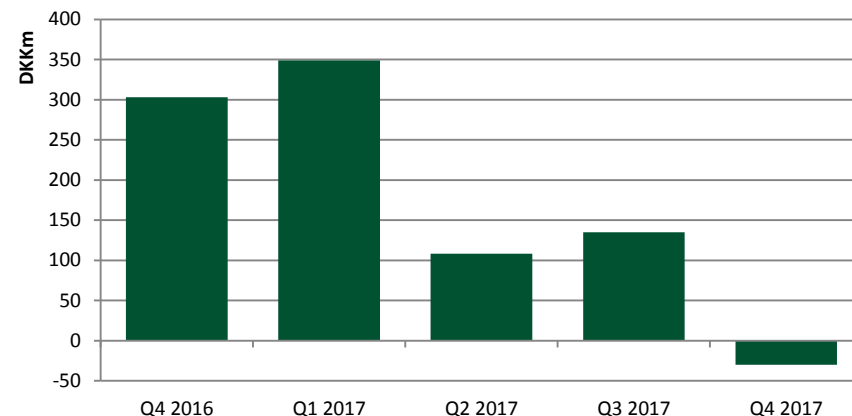
Balance of loan impairment charges and losses



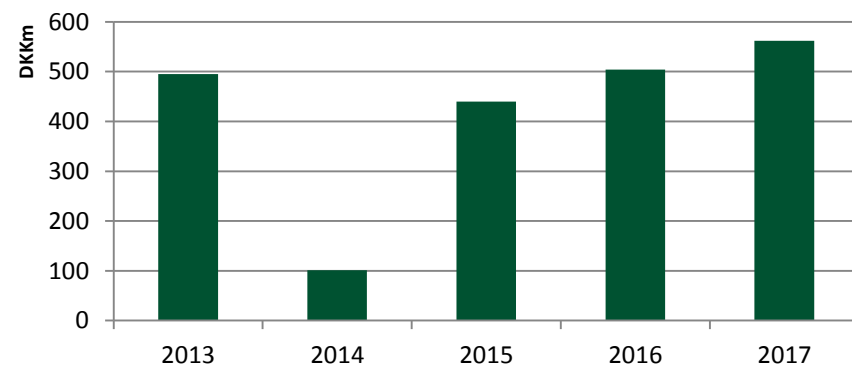
Investment portfolio earnings

- The effect of negative value adjustments caused “drift to par” becomes more evident on investment portfolio earnings as credit spreads stabilise
- Nordjyske Bank share priced at 121.5 end of Q4 2017 vs. 120 end of Q3 2017. Thus, positive value adjustment of DKK 11m (Q3: DKK +46m)
- Annual investment portfolio earnings have been ranging between DKK 100-600m the past 5 years
 - With an average of approx. DKK 400m

Investment portfolio earnings, quarterly



Investment portfolio earnings, last 5 years

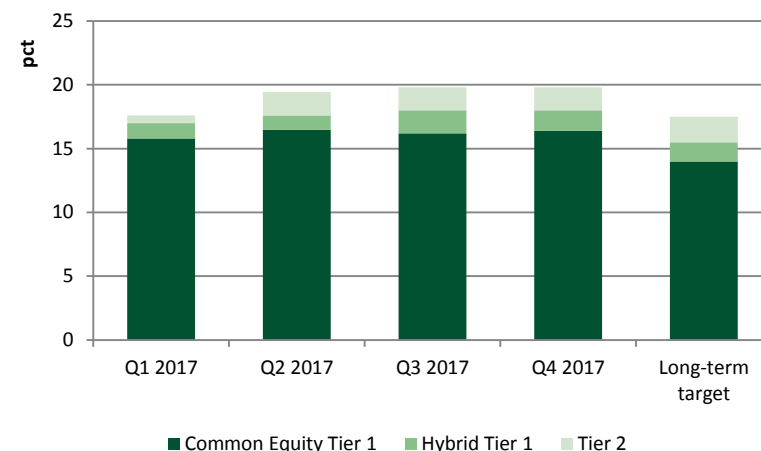


Capital

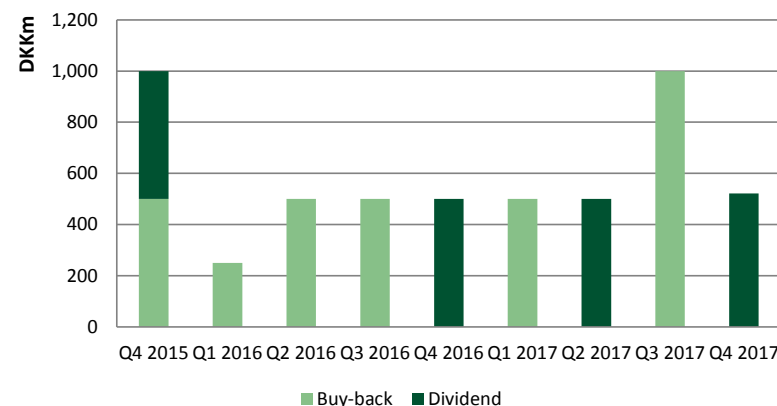
Aligned with long-term capital targets

- Capital ratio 19.8% and CET1 ratio 16.4% end of 2017 vs. long-term targets of 17.5% and 14%
 - Capital structure aligned with long-term targets
- Defending and securing a stable S&P rating of A- remains a key priority
 - S&P requirement to maintain "strong" on Capital and Earnings: Risk Adjusted Capital (RAC) ratio above 10%
 - Jyske Bank will gradually build a RAC ratio of approx. 10.5%
 - RAC ratio of 10.2% end of 2017
 - Implementation of IFRS 9 will have a negative impact on the RAC ratio in 2018
- Capital distribution:
 - Share buy-back programmes of DKK 3.25bn in total:
 - DKK 750m (Nov 2015-Jun 2016)
 - DKK 1bn (Jul - Dec 2016)
 - DKK 1.5bn (Mar 2017 - Mar 2018)
 - Dividends of DKK 2bn in total:
 - DKK 500m (March 2016)
 - DKK 500m (March 2017)
 - DKK 500m (June 2017)
 - Ordinary dividend of DKK 5.85 per share to be proposed at AGM in March 2018

Capital ratios

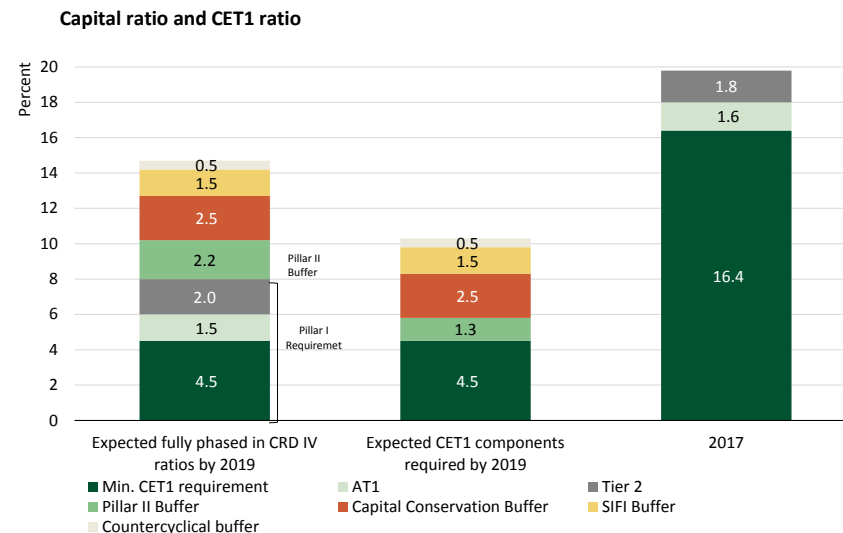


Capital distribution (time of announcement)



Capital structure, targets and requirements

- 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 now expects the effect on the capital ratio to be 3 percentage points compared to previously 4 percentage points
 - Jyske Bank aims to build the needed capital levels prior to the phasing-in period starting 1 January 2022
- IFRS 9
 - In effect as per 1 January 2018
 - Balance of impairment charges is expected to increase by DKK 1,000-1,200m. A post-tax amount of DKK 800-1,000m will be deducted from equity in Q1 2018
 - Of the total effect DKK 7-800m relate to loans recognised at amortized cost and DKK 3-400m to loans recognised at fair value. The after tax amount pertaining to loans at fair value will have P/L effect
 - Jyske Bank has opted not to make use of the 5-year phase-in period proposed by the EU Commission



- Minimum requirement for own funds and eligible liabilities (MREL)
 - Final MREL requirements received in February 2018: 2 x solvency requirement incl. all buffer requirements corresponding to 28.1% of REA (DKK 33bn as per end-2016)
 - According to preliminary calculations Jyske Bank most likely already fulfills MREL
 - Grandfathering of senior debt (senior preferred) issued prior to 1 January 2018
 - MREL must be fulfilled entirely with contractually subordinated debt (senior non preferred) from 1 January 2022

Appendices:

- 1) Jyske Bank in brief and business segments**
- 2) Asset Quality**
- 3) Liquidity**
- 4) Danish Economy Q4**
- 5) NPLs**

- 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. 810,000 customers
 - Nationwide branch network comprised of 95 personal client branches, 29 corporate branches and 10 Private Banking centres
 - Total assets of DKK 597bn and total loans of DKK 448bn of which mortgage loans account for DKK 307bn (69%)
- Growth strategy primarily focused on property lending: home loans and mortgages
 - Creating growth and challenging the border between banks and mortgage credit institutions
- Strong capital position
 - Long-term capital policy and well-positioned to manage effects of regulatory requirements
 - Capital distribution:
 - 2015 and 2016: DKK 2.25bn (dividend DKK 500m and buy-backs DKK 1.75bn)
 - 2017 and 2018: DKK 2.5bn (dividends DKK 1bn, buy-back DKK 1.5bn)
 - Ordinary dividend of DKK 5.85 per share to be proposed at AGM in March 2018
 - Able and willing to participate in further consolidation of the Danish financial sector

Jyske Bank in brief

Jyske Bank Group key figures

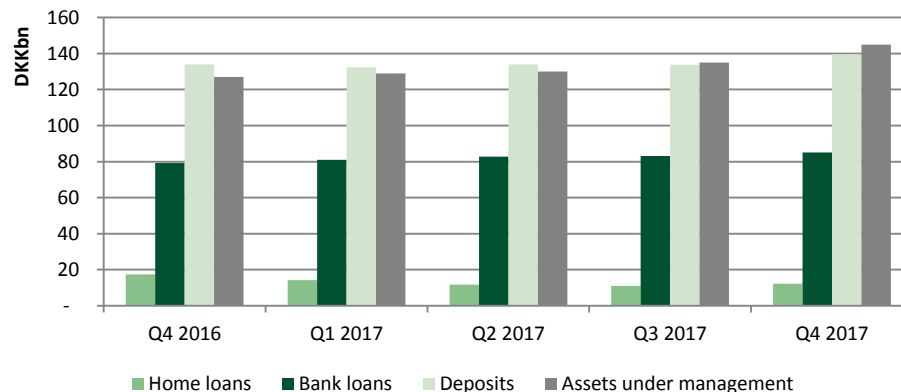
	Profit before tax, DKKm	Net profit, DKKk	Shareholders' equity at year- end, DKKk	ROE after tax, average equity	Loans and advances, DKKbn	Deposits, DKKbn	Total assets, DKKbn	Number of FTEs
1997	584	443	4,772	11.5%	36.6	41.5	63.1	2,671
1998	710	511	5,173	10.7%	39.7	43.8	76.9	2,772
1999	1,276	897	5,391	17.3%	49.8	49.8	92.6	3,013
2000	1,255	1,083	5,887	20.1%	75.4	52.3	127.4	3,190
2001	890	623	6,174	10.6%	82.5	54.4	133.2	3,418
2002	1,083	511	6,658	8.3%	95.3	59.0	153.2	3,359
2003	1,809	1,284	7,843	19.3%	63.8	63.8	116.4	3,547
2004	1,960	1,407	7,858	17.9%	74.6	68.7	125.2	3,713
2005	2,174	1,701	9,477	21.6%	90.9	79.8	141.6	4,026
2006	2,810	2,134	9,637	22.5%	107.2	88.8	160.7	4,216
2007	2,273	1,735	9,704	18.0%	134.0	112.7	214.3	4,145
2008	1,291	988	10,722	10.2%	129.1	117.0	236.8	4,112
2009	589	471	12,523	4.4%	110.6	109.3	224.5	3,877
2010	1,012	757	13,352	6.0%	114.0	115.8	244.1	3,847
2011	631	493	13,846	3.7%	124.5	127.3	270.2	3,809
2012	849	596	15,642	4.3%	118.6	121.0	258.2	3,574
2013	2,301	1,808	17,479	11.6%	131.4	131.4	262.0	3,774
2014	3,103	3,089	27,561	17.7%	361.8	152.7	541.7	4,191
2015	3,204	2,476	30,040	9.0%	396.2	144.9	543.4	4,021
2016	3,906	3,116	31,038	10.1%	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

Average ROE 1997- 2017 of 11.9%

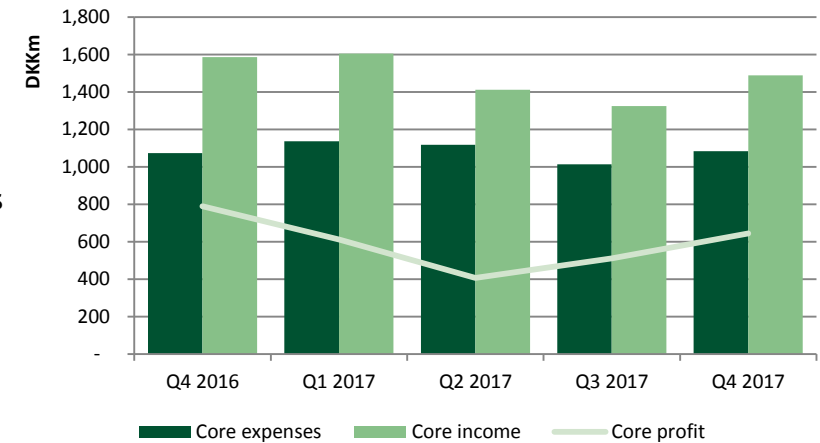
Banking activities

- Increasing volume in bank loans and deposits
- Positive development in AUM
- Core income close to DKK 1,500m - partly helped by one-off interest rate income of approx. DKK 100m - but primarily due to a surge in fee income driven by Q4 seasonality, performance related fees and loan application fees
- Core expenses revert to Q4 2016 level, no one-offs incurred in Q4 2017 but various end of year expenses lead to increase compared to Q3 2017
- Significant net reversals of impairments - especially corporate clients

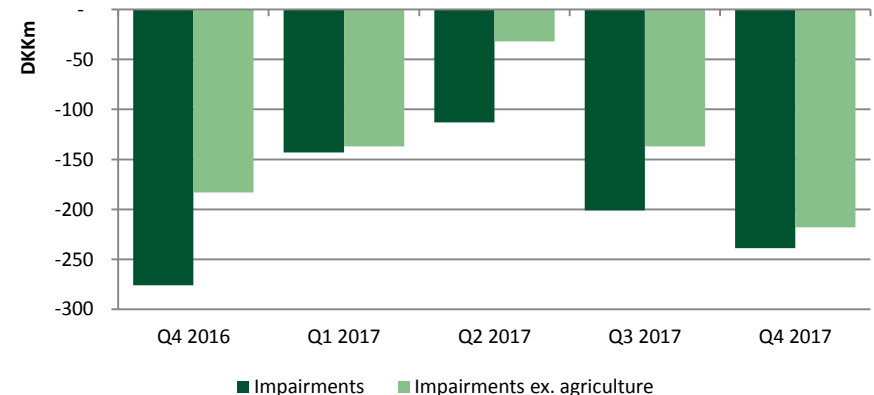
Business volumes



Financials



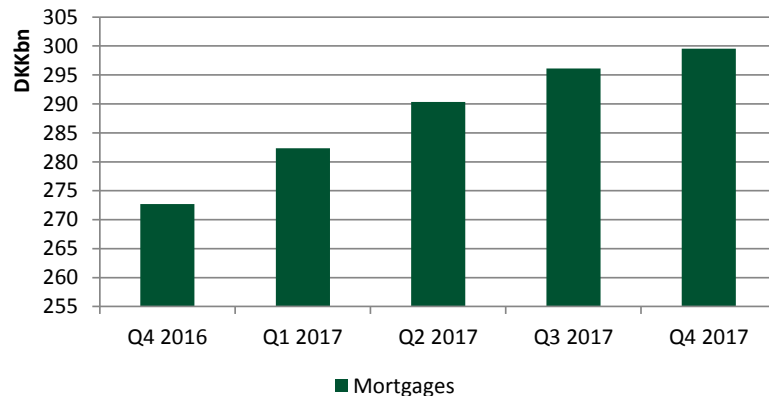
Impairments



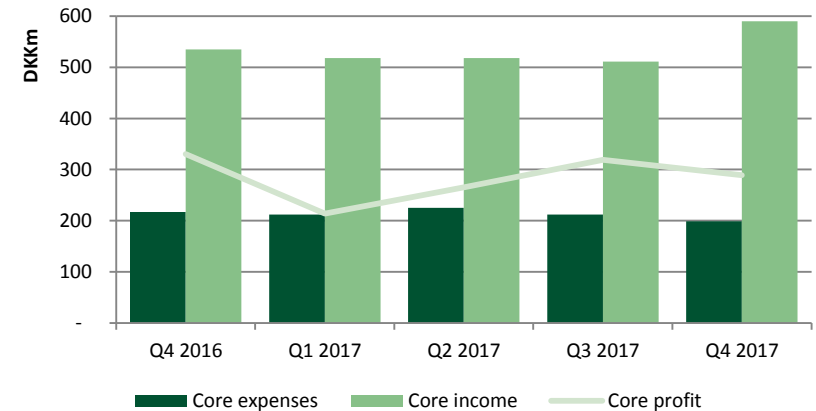
Mortgage activities

- Growth in Private and Commercial segment
- Volume growth supports stability in core income - one-off NII and other NII drive up Q4 2017.
- Minor decline in avg. administrative margin as private individuals move into products with lower margins, e.g. fixed rate loans, and as credit quality of commercial clients improves.
- Core expenses as expected
- Overall continuation of improvement in credit quality. However, alignment to the Group's loss models results in an increase in collective impairment charges of DKK 175m

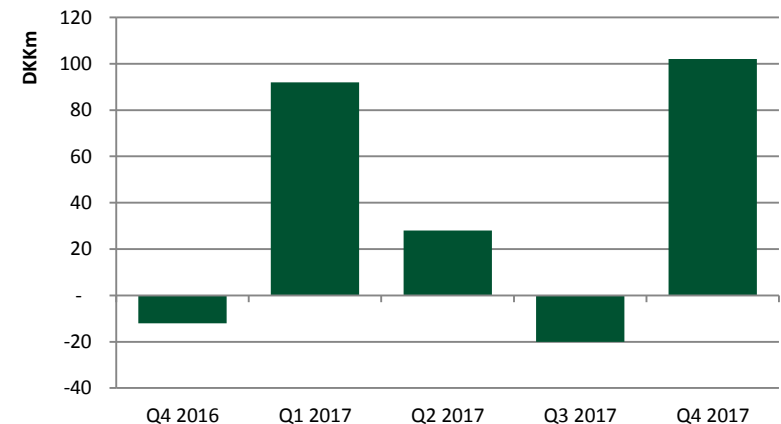
Business volumes (BRFkredit A/S, nominal values)



Financials



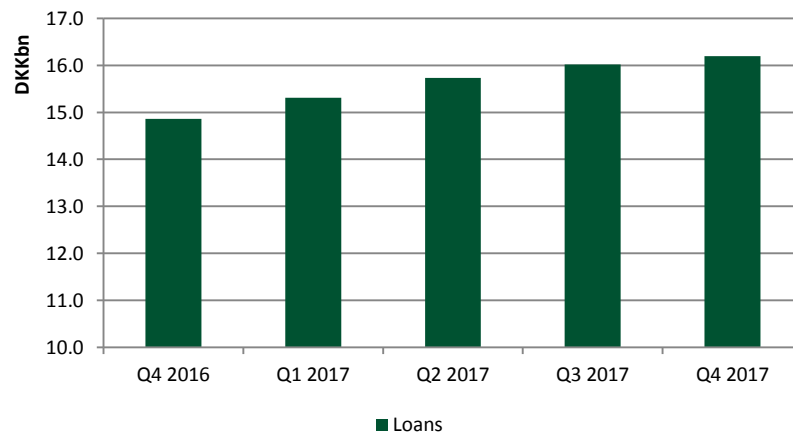
Impairments



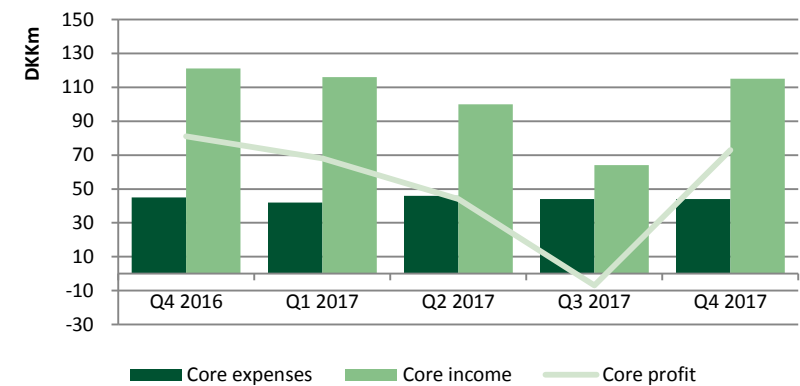
Leasing activities

- Loan volumes continue to increase
- Core income pressured by operating leases as impairments are incurred due to expected changes in tax rules and lower residual market values on certain models
- Core expenses develop as expected
- Impairment charges return to reversals

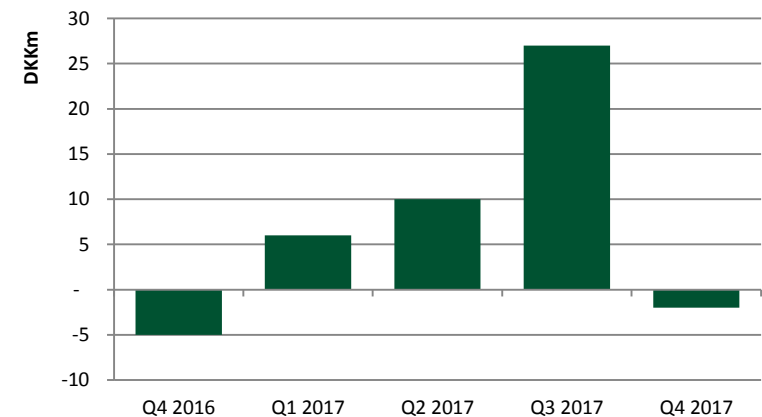
Business volumes



Financials



Impairments

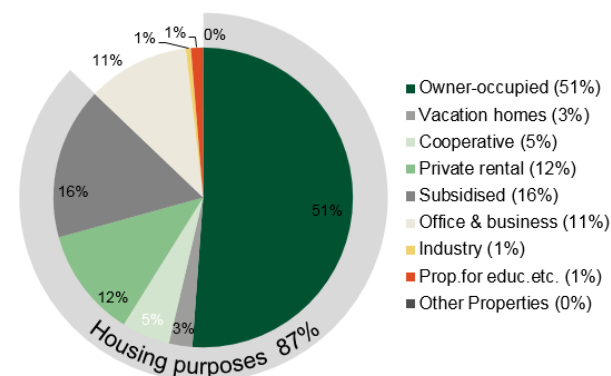


Credit Quality

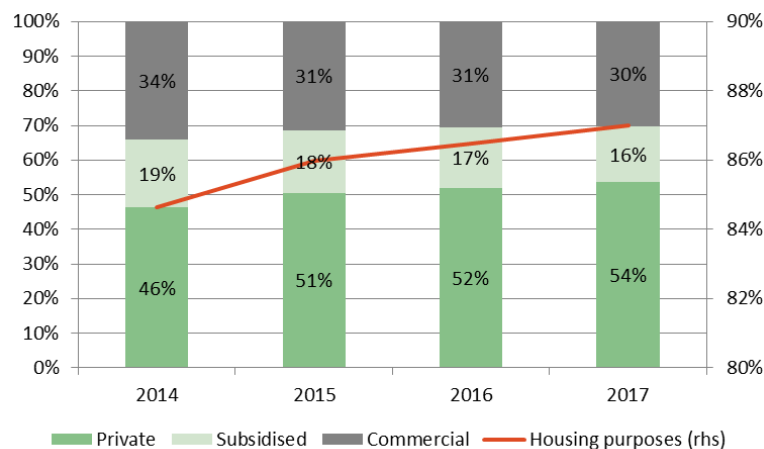
Mortgages: The portfolio

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

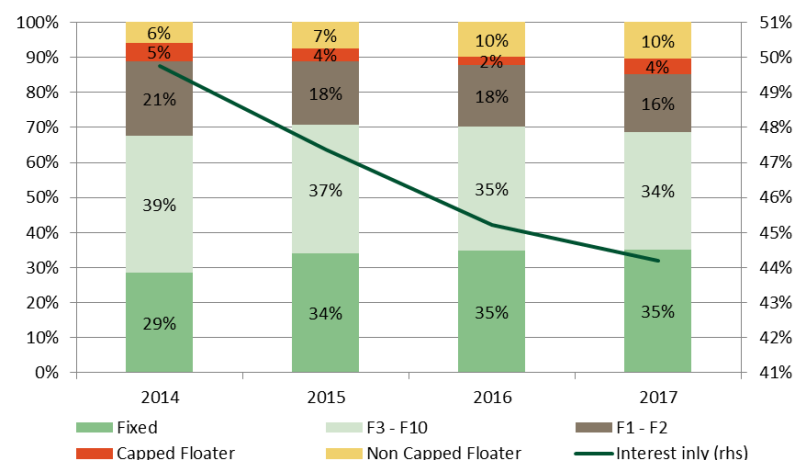
Distribution of lending portfolio



Development in lending portfolio

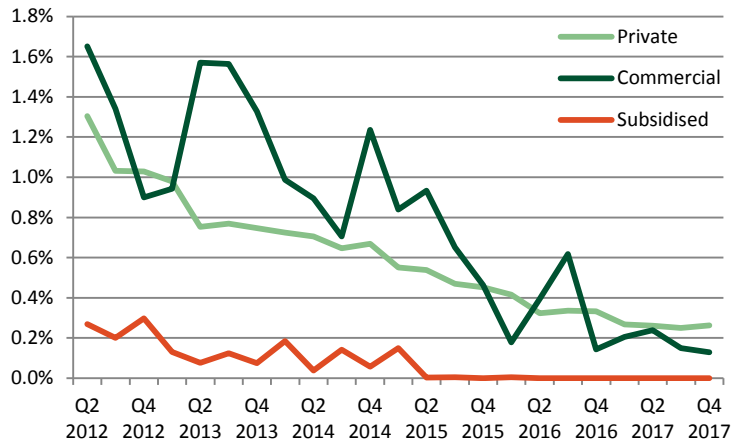


Development in loan types

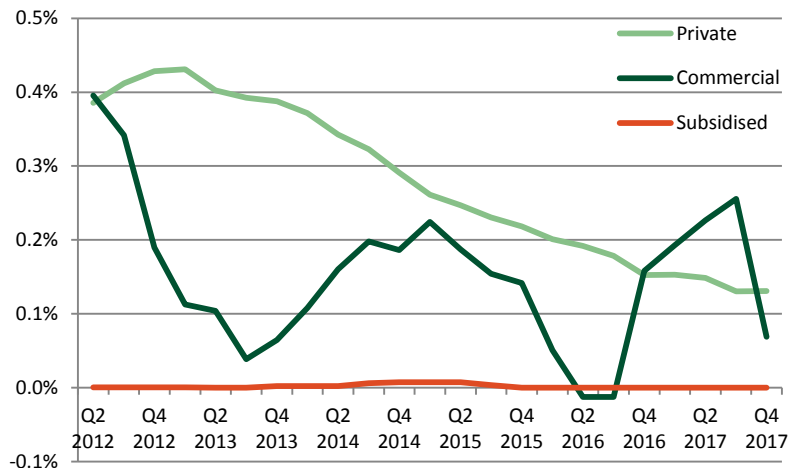


Mortgages: Improved credit quality

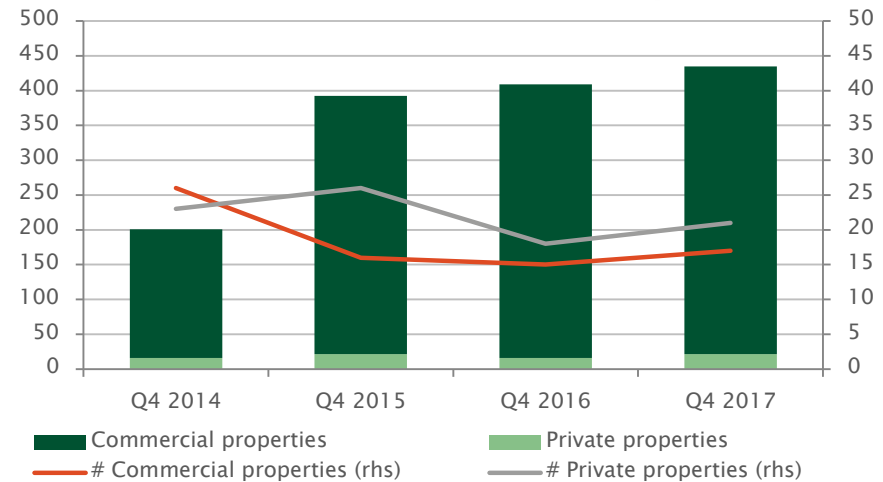
Lending in 90-days arrears (per cent of lending)



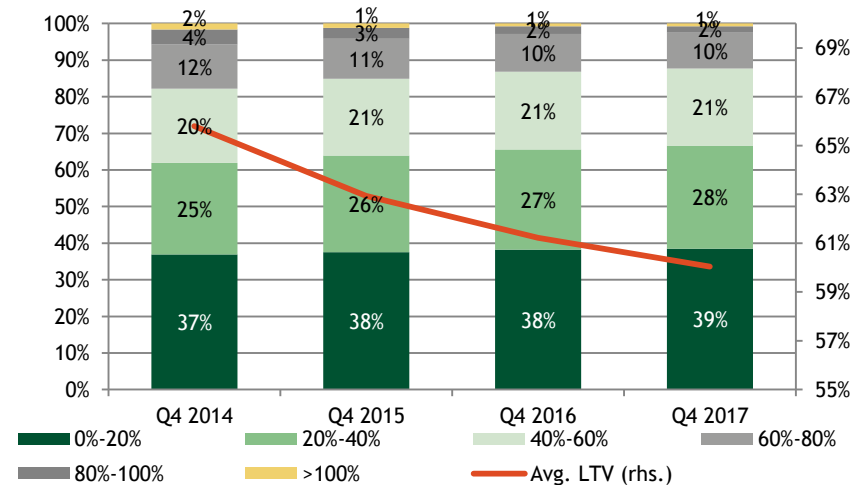
Yearly realised losses (running year)



Reposessed properties (DKKm/number)



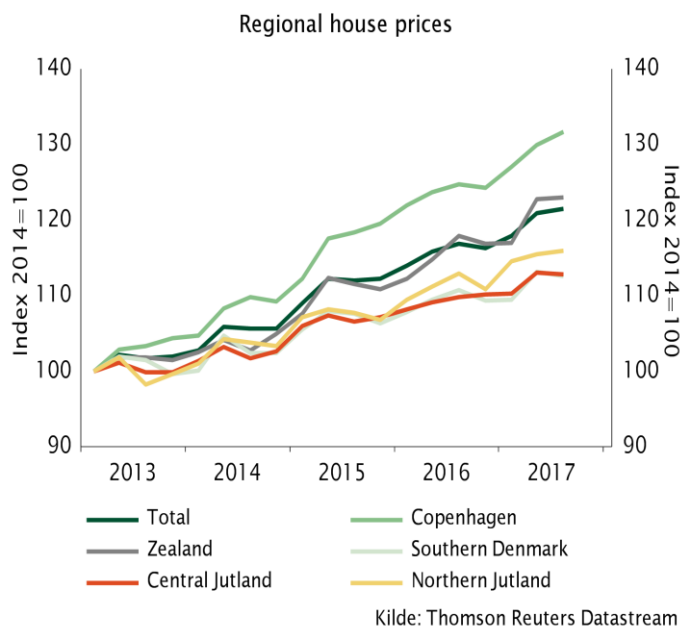
Loan-to-Value brackets (per cent of lending)



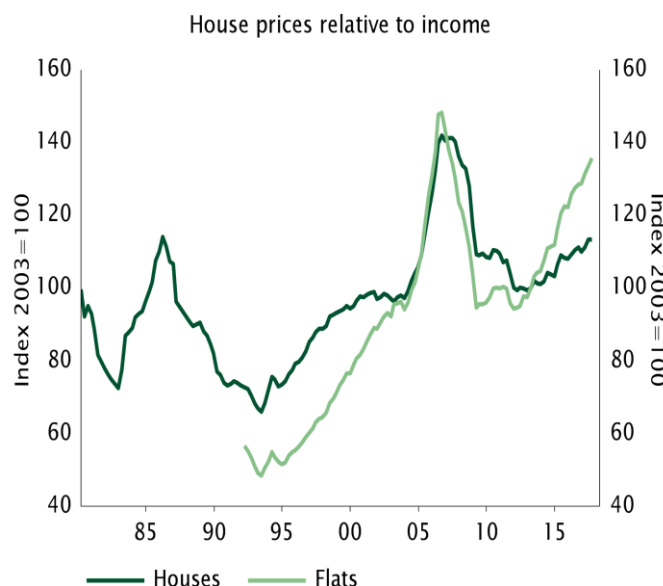
House prices continue up in all regions

- Lately, the Zealand Region posts the largest prices increase
- 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

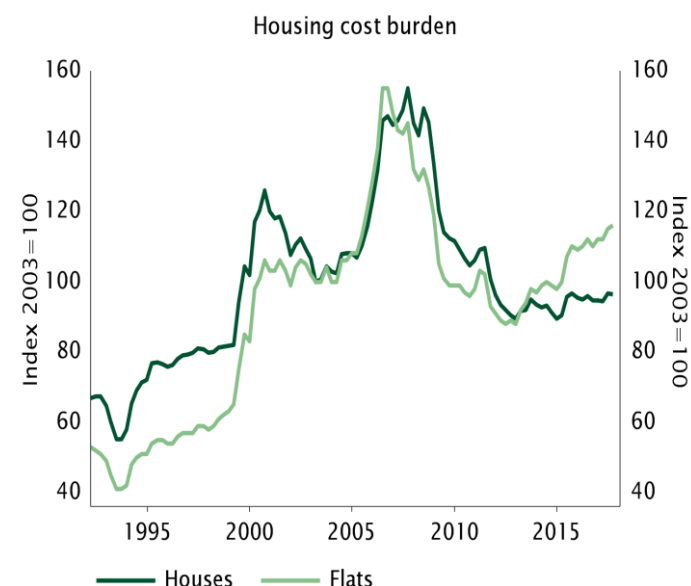
House prices set for 4.5 % increase in 2017



Real house prices are up since 2012



But housing costs are at a moderate level



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

Bank loans: the portfolio

- Portfolio composition end of Q4 2017:
 - Corporates take up larger proportion, 58% vs. 53% end of Q4 2016 as volume grows
 - Private individuals account for 35% compared to 42% end of Q4 2016. Decrease primarily ascribed to transfer of home loans to BRFKredit (mortgages)
 - Public authorities at 7%
- Accumulated impairment ratio total portfolio 3.0% (Q4 2016: 3.7%)
 - Public authorities 0% (Q4 2016: 0%)
 - Corporates 3.8% (Q4 2016: 5.3%)
 - Private individuals 2.1% (Q4 2016: 2.0%)
- Corporates
 - Net reversals in most sectors
 - Impairment ratio for Q4 2017 -28bp and 2017 -69bp
- Private individuals
 - Low number of new defaults
 - Impairment ratio for Q4 2017 0bp and 2017 0bp

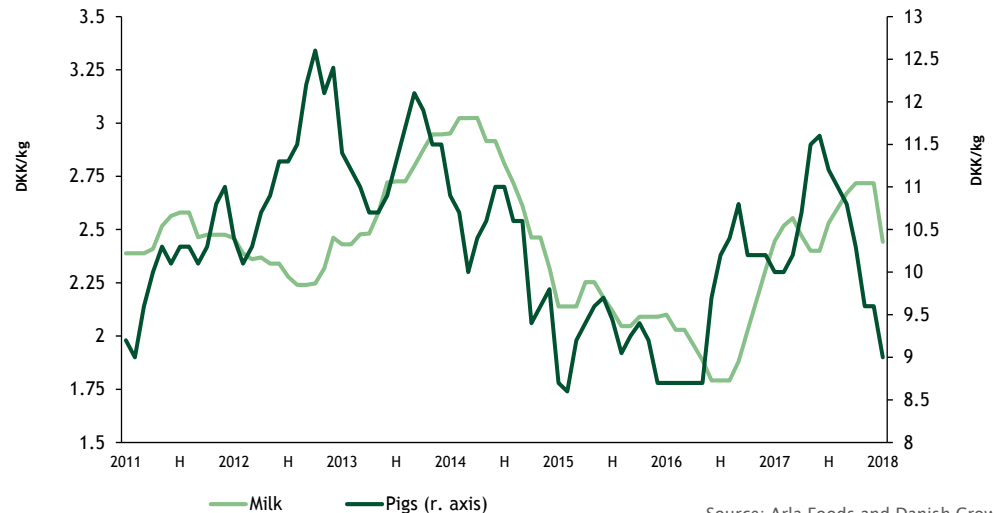
	Loans, advances and guarantees		Balance of loan impairment charges	Losses	Impairment charges
	Q4 2017	Q4 2016	Q4 2017	Q4 2017	Q4 2017
Public authorities	7%	5%	0%	0%	0%
Agriculture, hunting, forestry and fishing	5%	4%	26%	13%	9%
Manufacturing, mining, etc.	5%	6%	5%	0%	16%
Energy supply	4%	3%	1%	0%	-2%
Building and construction	2%	2%	2%	0%	4%
Commerce	7%	6%	4%	5%	-1%
Transport, hotels and restaurants	2%	1%	2%	1%	-3%
Information and communication	1%	0%	1%	0%	-1%
Finance and insurance (ex repo loans)	19%	16%	17%	10%	-39%
Real property	11%	9%	14%	69%	114%
Other sectors	4%	5%	4%	2%	3%
Corporate clients	58%	53%	76%	100%	100%
Private individuals	35%	42%	24%	0%	0%
Total	100%	100%	100%	100%	100%

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

Limited exposure to dairy and pig farmers

- Decreasing impairment ratios for both dairy and pig farmers, 37% and 22% respectively end of Q4 2017 versus 45% and 26% end of Q4 2016
- Commodity price development:
 - Pork: Prices reached a new high of 11.6 DKK/kg in June 2017. End-2017 prices were 10% lower than end-2016
 - Milk: After reaching a high of 2.72 DKK/kg in the autumn prices end-2017 were back at level at end-2016
- Pig and dairy farmers are still facing a challenging situation as they remain structurally challenged by high levels of debt, of which a large proportion has variable interest rates
- Exposure to dairy and pig farmers accounts for 0.4% of the Group's loans and guarantees

Commodity prices



Dairy farmers and pig farming (DKKm/%)

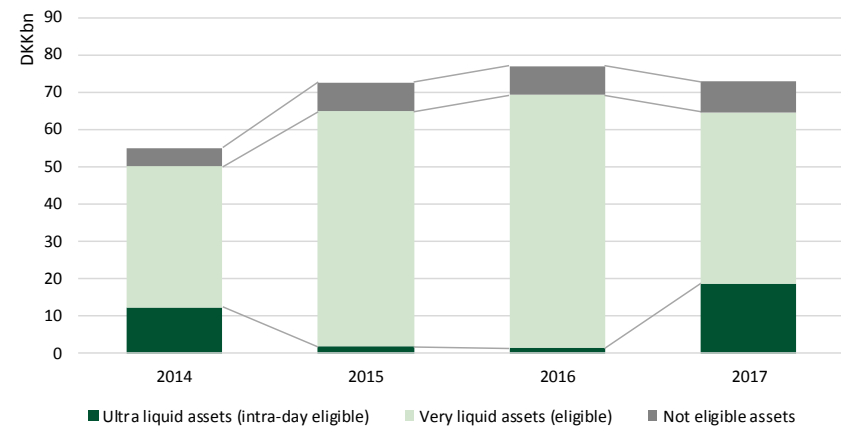
	Loans, advances and guarantees		Balance of impairment charges		Impairment ratio	
	2017	2016	2017	2016	2017	2016
Milk	917	889	529	722	37%	45%
Pigs	1,161	1,237	329	431	22%	26%
Total	2,078	2,126	858	1,153	29%	35%

Liquidity

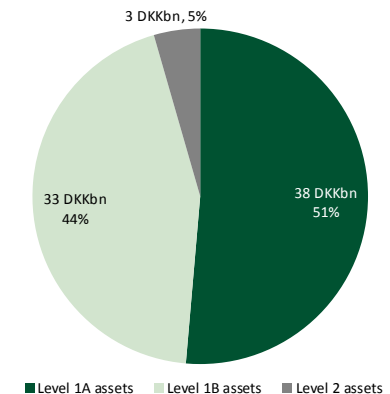
The Group has ample liquidity

- Liquidity buffer DKK 73bn end of 2017 (DKK 77bn end of 2016)
 - 89% of the buffer - DKK 65bn - is eligible for repo transactions at central banks (Nationalbanken or ECB)
 - The increase in ultra-liquid assets from 2016 to 2017 is due to large cash deposits in the ECB
- Group's LCR at 189% by end of 2017 vs. 193% end of 2016
 - Primarily comprised of level 1a and 1b assets
 - The Group operates with an internal minimum target for LCR of 150%

Group liquidity buffer



LCR liquidity buffer



A frequent EUR issuer

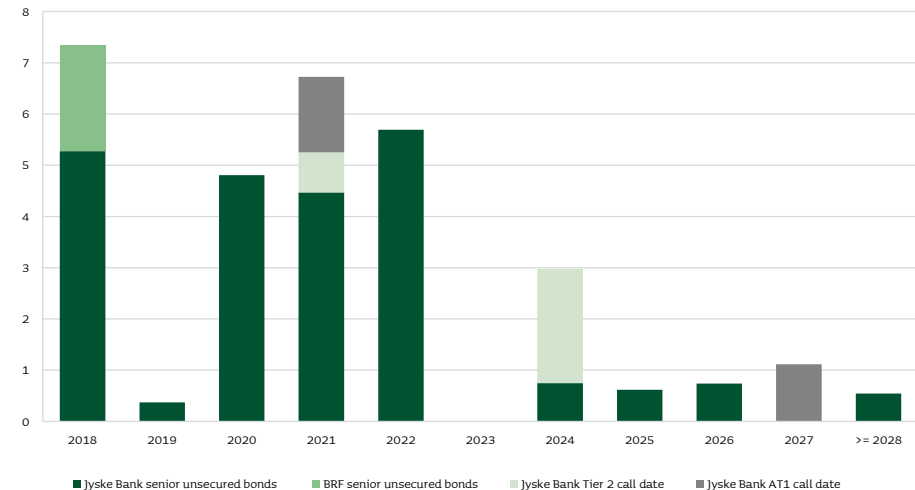
Ongoing access to a diversified European investor base helps Jyske Bank maintain a prudent risk - and funding - profile

Since 2012 more than 500 different investors have bought into the Group's senior unsecured debt (senior preferred), capital (Tier 2 and AT1) or EUR covered bonds

Jyske Bank:

- **Short term:** ongoing activities in French CP
- **Longer term:** From 2011 and year to date the Group has issued one senior unsecured EUR public benchmark a year (focus on 3-5 year maturities)
- From 2018 it is expected that the issuance of long term senior debt will be replaced by issuance of senior non-preferred debt (to fulfill the Groups MREL* requirement which is expected to be phased in from 1 January 2019 until 1 January 2022)
- **Capital:** Issuance of a EUR 300m Tier 2 (12NC5) in April 2017 and a EUR 150m AT1 (perpNC10) in September 2017. Only minor adjustments of AT1 and Tier 2 are expected in 2018

Redemption and call date profile (DKKbn)



BRFkredit:

- AAA rated covered bonds based on 100 % Danish primarily residential mortgages. One EUR benchmark a year to be expected
- Extending the maturity profile in covered bond issuance from BRFkredit remains key to underpin compliance with S&Ps SFR and the Danish FSA's upcoming Supervisory Diamond for mortgage institutions

*) As a Danish mortgage institution BRFkredit is exempt from the MREL requirements, but BRFkredit must comply with the Danish BRRD framework's "debt buffer" requirements for mortgage institutions which are phased in gradually from 2016 until 2020. The debt buffer requirement is 2% of the total unweighted mortgage lending.

Danish Economy Q4

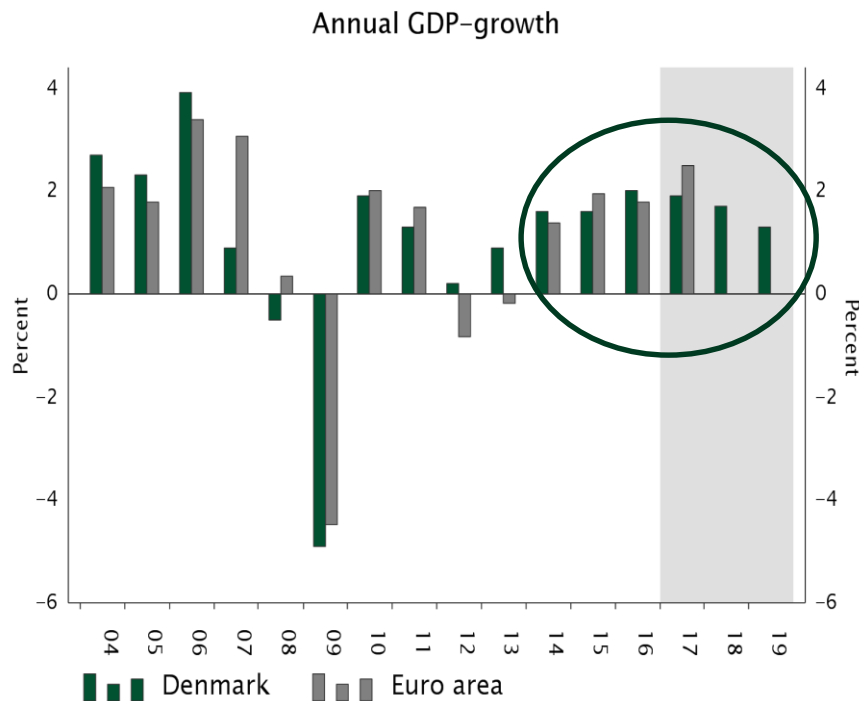
Headlines on the Danish Economy

- We expect the upturn in the Danish economy to continue in 2018 and 2019
- Low interest rates, increasing house prices and export market growth stimulates demand. Export competitiveness looks healthy
- Gradually the pace of the upturn is likely to decline due to labour supply shortages and less tailwind from the global economy
- Still, we see employment continue up in both 2018 and 2019
- Overall lending growth has turned positive, but is still very modest
- New legislation: The tax freeze on housing is abandoned from 2021 reducing the risk of bubbles in house prices, 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

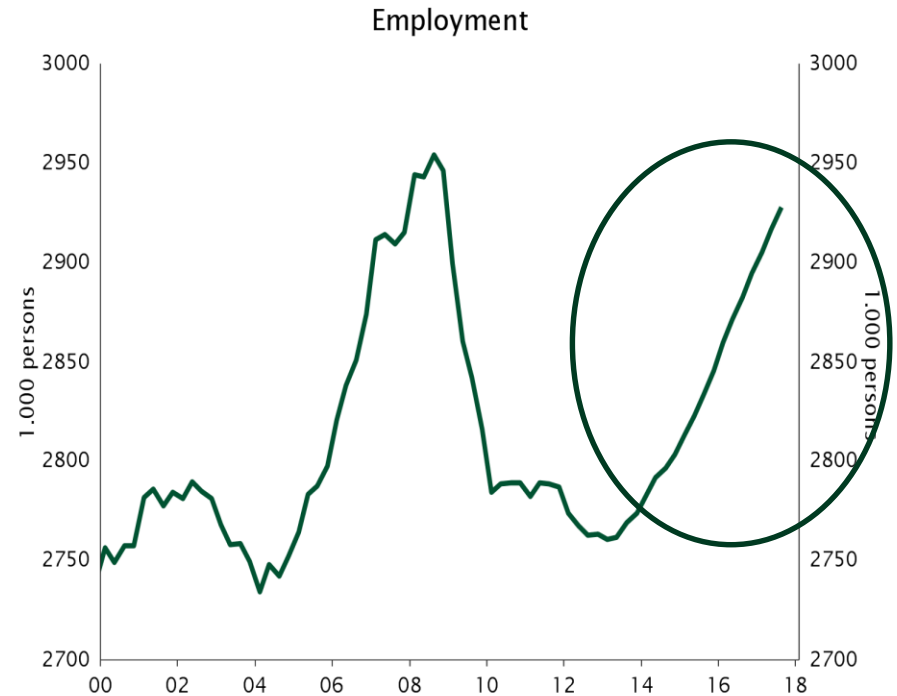
- Overall the Danish financial sector's operating environment is still improving

The upturn will continue



Kilde: Thomson Reuters Datastream and Jyske Bank forecasts

The private sector is driving the 6% increase in employment



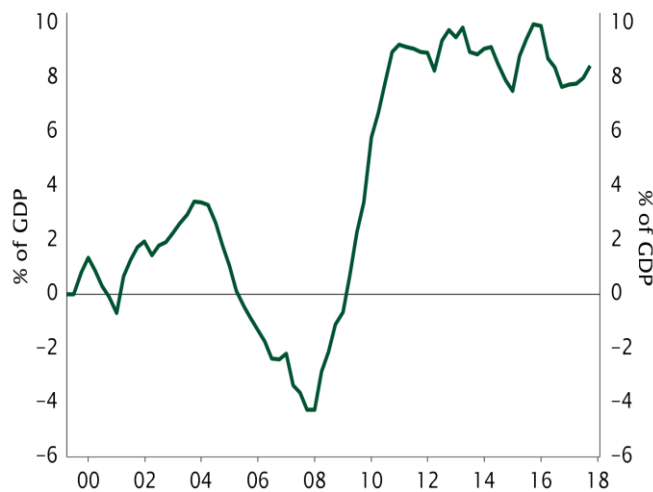
Kilde: Thomson Reuters Datastream

Turnaround and consolidation at the same time

- 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

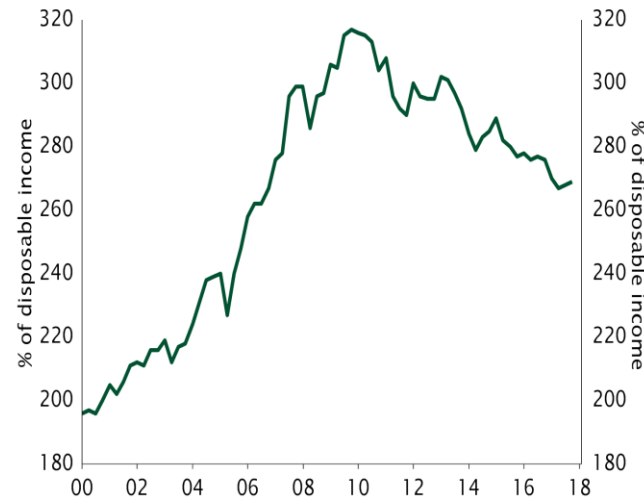
Private sector financial saving



Kilde: Thomson Reuters Datastream

...so household debt has declined

Household gross debt



Kilde: Thomson Reuters Datastream

...and household net assets are large

Net assets incl. housing



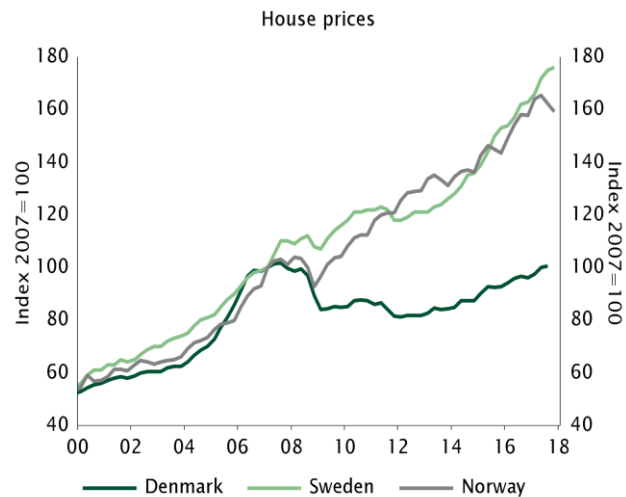
*2014-data

■ 2015 ● 2009

Source: OECD

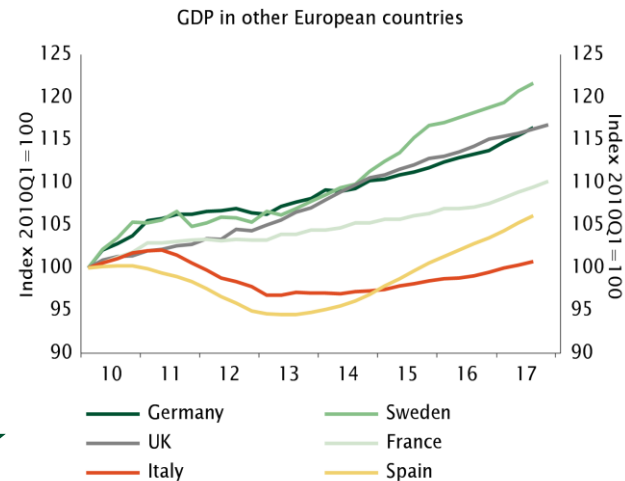
3 kinds of stimulus support demand

House prices recovering after burst in 08/09



Kilde: Thomson Reuters Datastream

Spill-over from European recovery



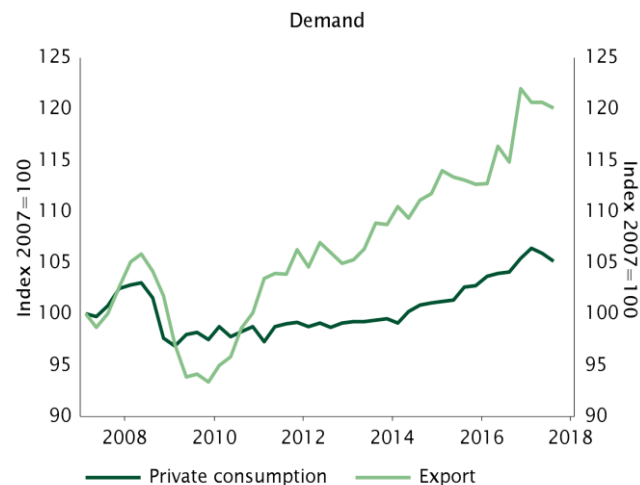
Kilde: Thomson Reuters Datastream

Interest rates are at a historic low



Kilde: Thomson Reuters Datastream

Demand has increased



Kilde: Thomson Reuters Datastream

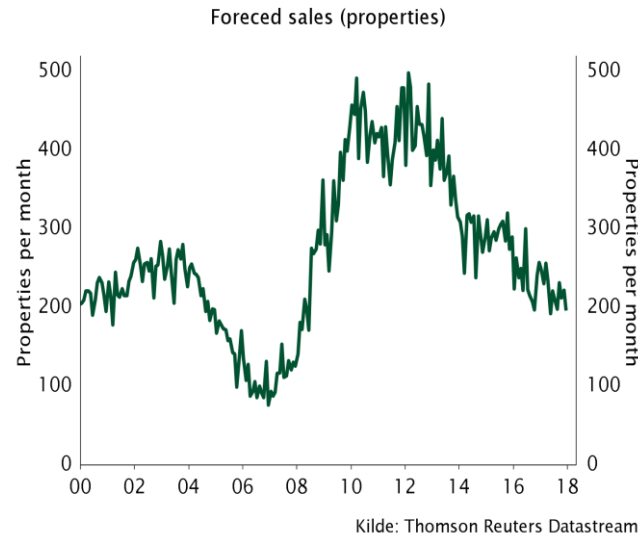
Note:
GDP declined in Q3, but is expected to rebound in Q4. Danish data are very volatile. Car sales plunged in Q3 before a cut in registration tax.

Improved asset quality - as defaults have normalized

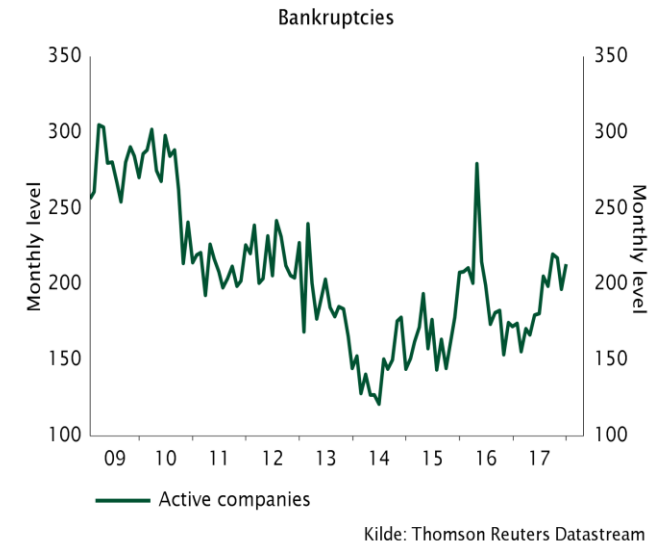
Unemployment is relatively low



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



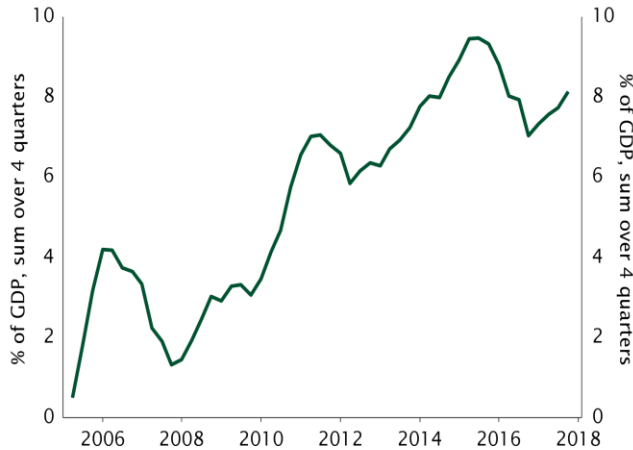
Business bankruptcies at neutral level



Denmark is a AAA economy with strong structural financial features

Current account surpluses since late 90s

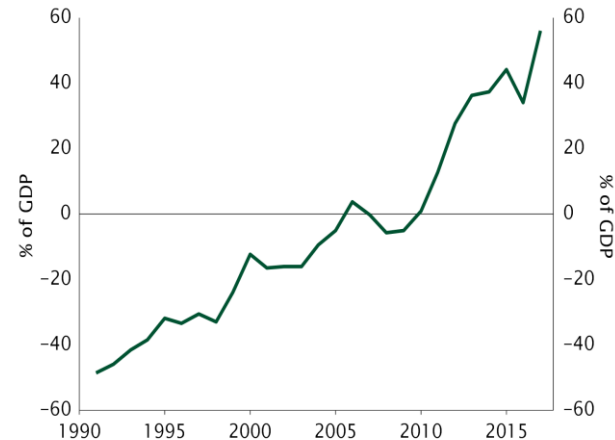
Current account



Kilde: Thomson Reuters Datastream

..imply that foreign assets are increasing

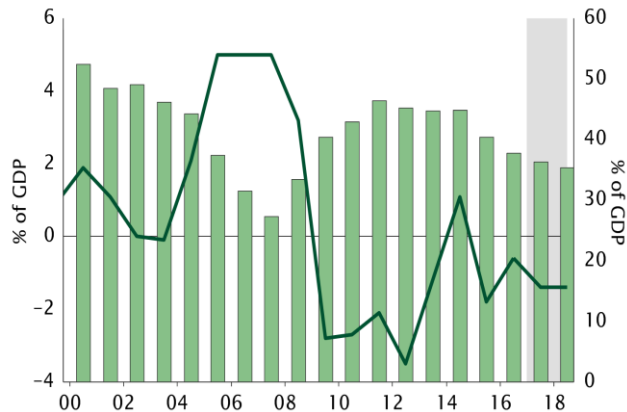
Denmarks net foreign assets



Kilde: Thomson Reuters Datastream and Statistics Denmark

And public sector debt is low

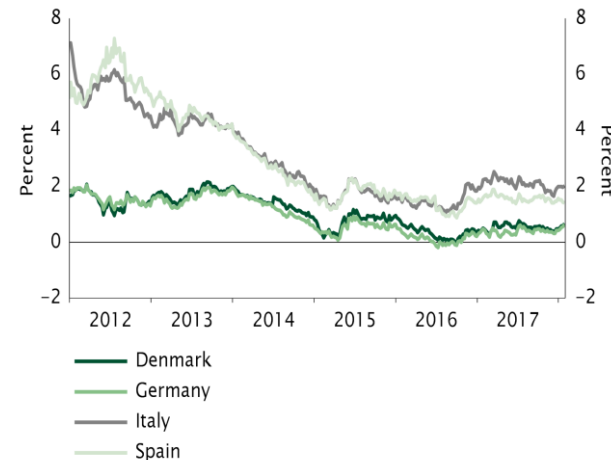
General government economy



Kilde: Thomson Reuters Datastream

This is why Denmark is AAA

Government bond yield, 10 Y



Kilde: Thomson Reuters Datastream

The Danish economy 2015–2019

	2016	Real growth (%)		2017	2018	2019
	DKKbn	2015	2016			
Household spending	980	1.6	2.0	1.8	1.7	1.7
Public spending	525	1.1	0.3	0.9	0.5	0.8
Fixed gross investment	422	3.1	6.0	2.0	4.9	3.6
Inventory investment*	9	–0.3	0.0	–0.1	0.0	0.0
Exports	1107	2.3	2.8	3.6	3.6	3.2
Imports	979	1.9	3.8	2.7	4.6	4.5
Gross domestic product (GDP)	2066	1.6	2.0	1.9	1.7	1.3
Current account						
– DKKbn		179	151	181	179	175
– percentage of GDP		8.8	7.3	8.4	8.1	7.7
Public budget balance						
– DKKbn		–36	–13	0	–15	–15
– percentage of GDP		–1.8	–0.6	0.0	–0.7	–0.7
Unemployment						
– Unemployed, average (thousands)		123	113	117	114	110
– Percentage of the workforce		4.2	3.8	3.8	3.7	3.6
Employment, avg. (thousands)		2829	2877	2921	2947	2960
Inflation (%)		0.5	0.3	1.2	1.6	1.8
Wage index (Private, %)		1.5	1.8	1.8	2.0	2.2
House prices (nominal prices, %)		6.1	3.9	4.6	4.6	2.3
Danmarks Nationalbank's lending rate, year-end (%)		0.05	0.05	0.05	0.05	0.05
Danmarks Nationalbank's CD rate, year-end (%)		–0.75	–0.65	–0.65	–0.65	–0.3

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

Source: Statistics Denmark and Jyske Bank's forecast for 2017, 2018 and 2019.

Non-performing loans

Non-performing loans

- At group level NPLs amounted to 2.9% of loans and advances at the end of Q4 2017
- Jyske Bank has been submitting information about non-performing loans (NPLs) since end of Q3 2014
- Jyske Bank has chosen to apply EBA's technical standards as definition for NPLs
- NPLs comprise exposures with individually assessed impairment charges and exposures with high or full risk as well as past due exposures. If criteria for non-performing exposures are no longer present, and if previously credit easing measures have been granted, clients are still subject to the criterion for non-performing exposures for at least a year after the credit easing was granted
- Please refer to the following slides for further details as well as a breakdown by banking and mortgage activities.

NPLs - Jyske Bank Group

JYSKE BANK GROUP DKKm	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Carrying amount	466.402	459.709	453.526	441.941	438.592
Balance of loan impairments charges and provisions for guarantees	5.157	5.576	5.710	5.790	5.937
Balance of discounts for acquired assets	499	582	714	782	879
Gross carrying amount (incl. discounts)	472.058	465.866	459.950	448.513	445.408
NON-performing					
Carrying amount - loans and advances	12.565	13.179	14.082	14.787	15.498
Carrying amount - guarantees	889	638	517	887	851
Carrying amount	13.454	13.817	14.599	15.674	16.348
Balance of impairment charges on non-performing exposures	4.748	5.250	5.384	5.561	5.730
- loans and advances	4.419	4.866	4.996	5.160	5.313
- guarantees	329	384	387	401	417
Balance of discounts for acquired assets	490	569	664	730	857
Gross carrying amount (incl. discounts)	18.692	19.637	20.647	21.966	22.936
NPL Coverage ratio ¹	28,0%	29,6%	29,3%	28,6%	28,7%
NPL Level ²	2,9%	3,0%	3,2%	3,5%	3,7%
Performing					
Carrying amount	452.948	445.892	438.927	426.266	422.244
Balance of loan impairments charges and provisions for guarantees	409	326	326	229	207
Balance of discounts for acquired assets	8	12	50	52	22
Gross carrying amount (incl. discounts)	453.365	446.230	439.303	426.547	422.472

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

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

NPLs - Banking activities

BANKING, DKKm	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Carrying amount	158.273	155.435	156.366	153.146	160.159
Balance of loan impairments charges and provisions for guarantees	4.246	4.734	4.858	5.007	5.182
Balance of discounts for acquired assets	191	242	325	383	451
Gross carrying amount (incl. discounts)	162.709	160.411	161.549	158.536	165.792
NON-performing					
Carrying amount - loans and advances	5.110	5.412	5.402	6.090	6.426
Carrying amount - guarantees	889	638	517	887	851
Carrying amount	5.999	6.050	5.920	6.977	7.277
Balance of impairment charges on non-performing exposures	4.128	4.610	4.736	4.908	5.091
- loans and advances	3.799	4.226	4.348	4.507	4.674
- guarantees	329	384	387	401	417
Balance of discounts for acquired assets	189	240	322	381	448
Gross carrying amount (incl. discounts)	10.316	10.901	10.978	12.266	12.816
NPL Coverage ratio ¹	41,8%	44,5%	46,1%	43,1%	43,2%
NPL Level ²	3,8%	3,9%	3,8%	4,6%	4,5%
Performing					
Carrying amount	152.274	149.385	150.446	146.169	152.882
Balance of loan impairments charges and provisions for guarantees	118	123	123	99	91
Balance of discounts for acquired assets	2	2	3	2	3
Gross carrying amount (incl. discounts)	152.394	149.510	150.572	146.270	152.976

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

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






NPLs - Mortgage activities

MORTGAGE, DKKm	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Carrying amount	308.129	304.274	297.160	288.794	278.433
Balance of loan impairments charges and provisions for guarantees	911	842	851	783	755
Balance of discounts for acquired assets	308	340	389	399	428
Gross carrying amount (incl. discounts)	309.348	305.456	298.401	289.976	279.616
NON-performing					
Carrying amount - loans and advances	7.456	7.767	8.679	8.697	9.071
Carrying amount - guarantees					
Carrying amount	7.456	7.767	8.679	8.697	9.071
Balance of impairment charges on non-performing exposures	620	640	648	653	639
- loans and advances	620	640	648	653	639
- guarantees					
Balance of discounts for acquired assets	301	329	342	349	409
Gross carrying amount (incl. discounts)	8.377	8.736	9.670	9.700	10.120
NPL Coverage ratio ¹	11,0%	11,1%	10,2%	10,3%	10,4%
NPL Level ²	2,4%	2,6%	2,9%	3,0%	3,3%
Performing					
Carrying amount	300.674	296.507	288.481	280.097	269.362
Balance of loan impairments charges and provisions for guarantees	291	202	203	130	116
Balance of discounts for acquired assets	7	11	47	50	18
Gross carrying amount (incl. discounts)	300.972	296.720	288.731	280.277	269.496

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

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

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