

Jyske Bank

Q1 2019

8 May 2019

Q1 2019

Return on Equity

- Delivering a return on equity of 6-10% in 2019

ROE
7.3%

Volume 2020

- Total loan portfolio of DKK 350bn in Jyske Realkredit

DKK 333bn

Capital position

- Long-term targets for capital ratio 17.5% and CET1 ratio 14% post-Basel IV implementation
- Building sufficient capital level to cover expected Basel IV-effect on capital ratio of up to maximum 3 percentage points by 1 January 2022
- Gradually building a RAC ratio of about 10.5%

20.1%
and
16.6%

RAC
10.3%

- Net profit of DKK 610m, equal to ROE 7.3% p.a.
- Business volumes:
 - Compared to Q4 2018 loan growth in mortgage and leasing activities
 - AUM up vs. Q4 2018 due to positive developments in the financial markets and net inflow of funds from all customer segments
 - Increase in bank deposits driven by time deposits from large corporates and public authorities
- Core income:
 - NII reflects 2 days less in Q1, continued pressure on margins and increased funding costs for MREL
 - Net fee income supported by satisfactory activity levels
 - Value adjustments positively affected by development in financial markets
- Core expenses DKK 1,285m – up by 1% compared to Q1 2018
 - Lower employee costs given the lower number of FTEs
 - Increased IT-costs, primarily development costs re. capital markets activities
- Reversal of loan impairment charges of DKK 16m

Core profit and profit for the period

DKKm

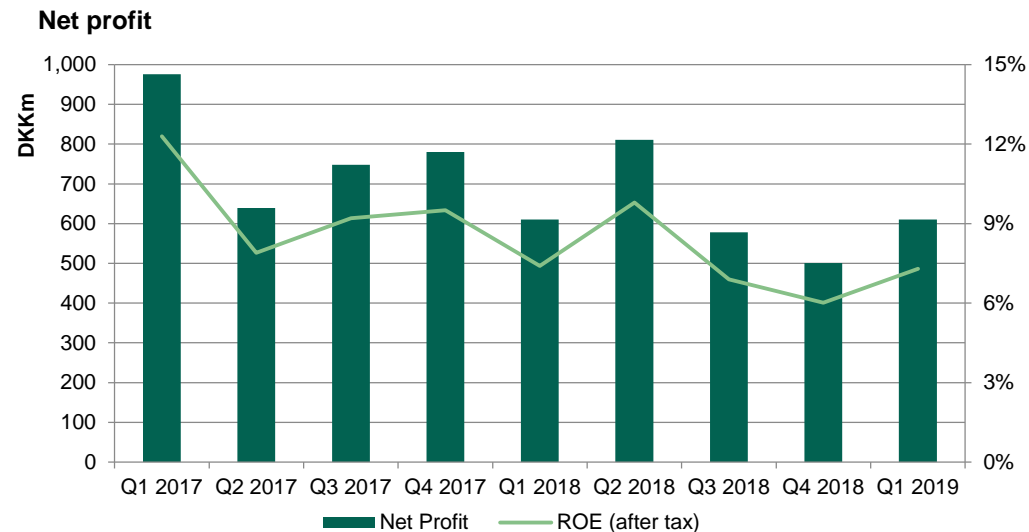
| | Index | | | Index | | |
|---|--------------|--------------|------------|--------------|--------------|------------|
| | Q1 2019 | Q1 2018 | 19/18 | Q1 2019 | Q4 2018 | Q1/Q4 |
| Net interest income | 1,324 | 1,407 | 94 | 1,324 | 1,371 | 97 |
| Net fee and commission income | 463 | 506 | 92 | 463 | 506 | 92 |
| Value adjustments | 193 | -68 | - | 193 | -49 | - |
| Other income | 47 | 65 | 72 | 47 | 32 | 147 |
| Income from operating lease (net) | 24 | 26 | 92 | 24 | 8 | 300 |
| Core income | 2,051 | 1,936 | 106 | 2,051 | 1,868 | 110 |
| Core expenses | 1,285 | 1,272 | 101 | 1,285 | 1,232 | 104 |
| Core profit before loan impairment charges | 766 | 664 | 115 | 766 | 636 | 120 |
| Loan impairment charges | -16 | 308 | - | -16 | 29 | -55 |
| Core profit | 782 | 356 | 220 | 782 | 607 | 129 |
| Investment portfolio earnings | -11 | 407 | - | -11 | -11 | 100 |
| Pre-tax profit | 771 | 763 | 101 | 771 | 596 | 129 |
| Tax | 161 | 153 | 105 | 161 | 95 | 169 |
| Profit for the period | 610 | 610 | 100 | 610 | 501 | 122 |

Summary of balancesheet, end of period

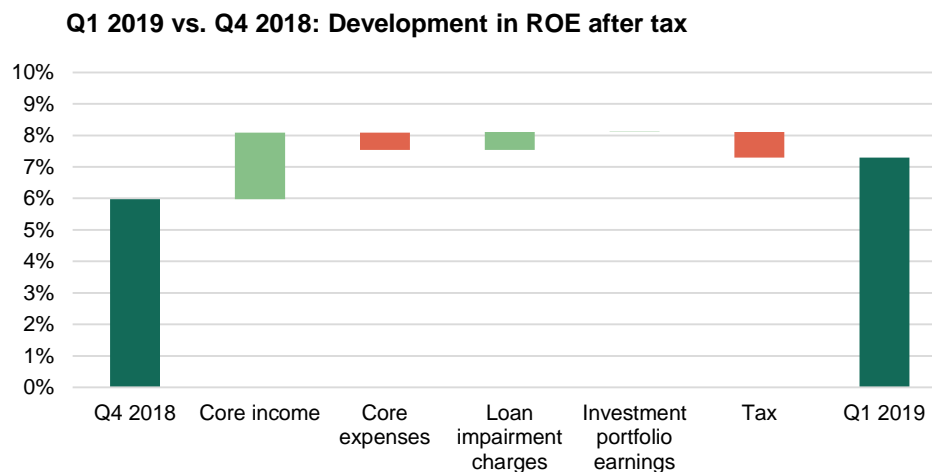
DKKbn

| | Index | | | Index | | |
|-------------------------|---------|---------|-------|---------|---------|-------|
| | Q1 2019 | Q1 2018 | 19/18 | Q1 2019 | Q4 2018 | Q1/Q4 |
| Mortgage loans | 333 | 309 | 108 | 333 | 326 | 102 |
| Traditional bank loans | 104 | 103 | 101 | 104 | 104 | 100 |
| New home loans | 5 | 13 | 38 | 5 | 6 | 83 |
| Bank deposits | 141 | 136 | 104 | 141 | 136 | 104 |
| Assets under management | 156 | 142 | 110 | 156 | 141 | 111 |

- Net profit in Q1 2019 of DKK 610m and ROE of 7.3%



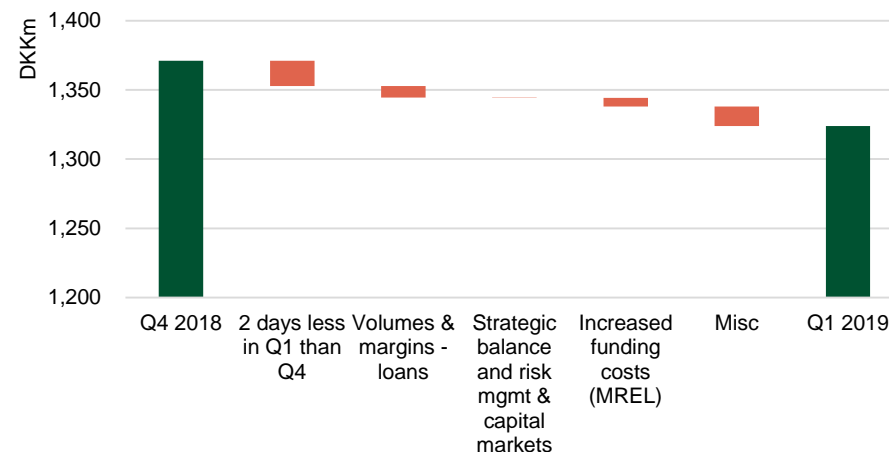
- An increase of 1.3 percentage points compared to Q4 2018 due to:
 - Improved core income attributable to value adjustments
 - Stable underlying development in core expenses – uptick fully explained by costs in Q4 2018 being lowered by positive one-off
 - Reversal of loan impairment charges
 - Investment portfolio earnings unchanged



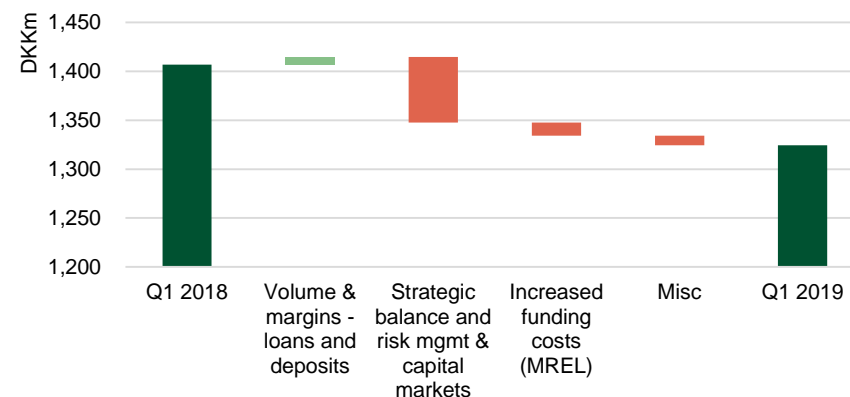
NII of DKK 1,324m compared to DKK 1,371m in Q4 2018 and DKK 1,407m in Q1 2018 – down 3% and 6% respectively

- Compared to Q4 2018 NII is supported by loan growth in mortgage and leasing activities but pressured by:
 - 2 days less in Q1 than Q4
 - Lack of loan growth in banking activities
 - Continued margin compression on corporate bank loans, retail mortgages as product mix shifts towards fixed rate and/or instalment loans and leasing activities
 - Increased MREL-funding costs
 - Other NII from mortgage activities
- Compared to Q1 2018 NII is supported by loan growth in all segments but pressured by:
 - Continued margin compression on corporate bank loans as well as lower avg. administrative margins on mortgages as personal clients choose loans with fixed interest rates and/or amortization
 - Lower NII from strategic balance and risk management as well as trading activities but improvement in overall return as value adjustments increase significantly
 - Increased MREL-funding costs

Q1 2019 vs. Q4 2018: Development in NII

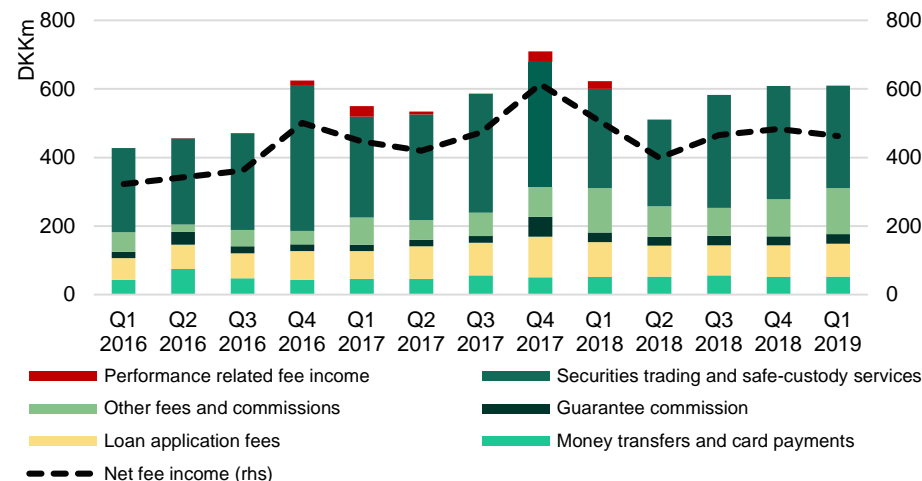


Q1 2019 vs. Q1 2018: Development in NII



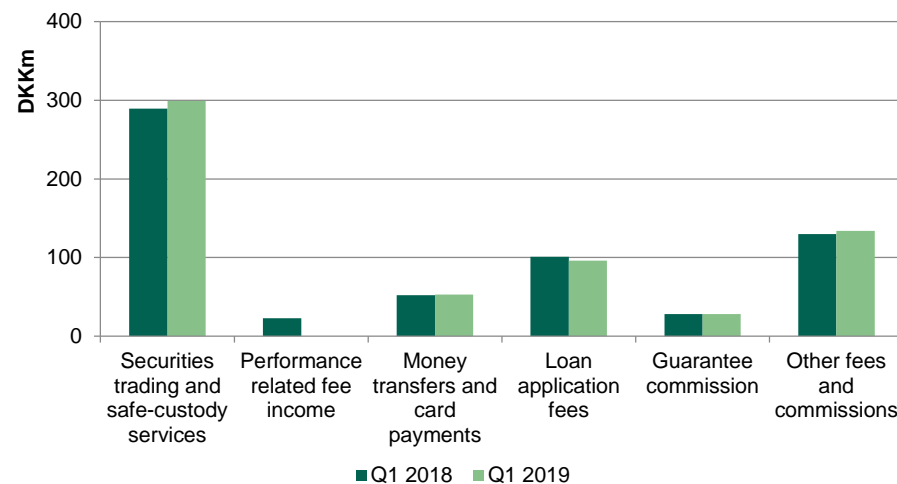
- Net fee income in Q1 2019 of DKK 463m – down by 8% relative to Q1 2018
- Underlying fee income in Q1 2019 at level only seen previously in fourth quarters (when excluding performance related fees) but dampened by increase in paid fees (DKK 147m vs. DKK 117m)
 - High refinancing activity in Q1 supports fee income from mortgage activities
 - Up-tick in Other fees driven by annual fees from Letpension and others

Fee income split by type



- Fee income in Q1 2019 of DKK 610m vs. DKK 623m in Q1 2018
 - Fee income up by 2% when excluding performance related fees in Q1 2018 of DKK 23m
- Securities trading and safe-custody fees supported by high refinancing activity in mortgages as well as favourable development in financial markets
- No performance related fees in Q1 2019
- Stability in other types of fee income

Fee and commission income



- Value adjustments under core income amounted to DKK 193m – up by DKK 242m compared to Q4 2018 due to:

- Positive development in the financial markets
- Narrowing of credit spreads which affected the value adjustments of the Group's bond holdings positively

- Value adjustments from clients' transactions relating to interest-rate hedging (swaps):

- Q1 2019: DKK 12m (Q1 2018: DKK -2m)
- Q4 2018: DKK 19m

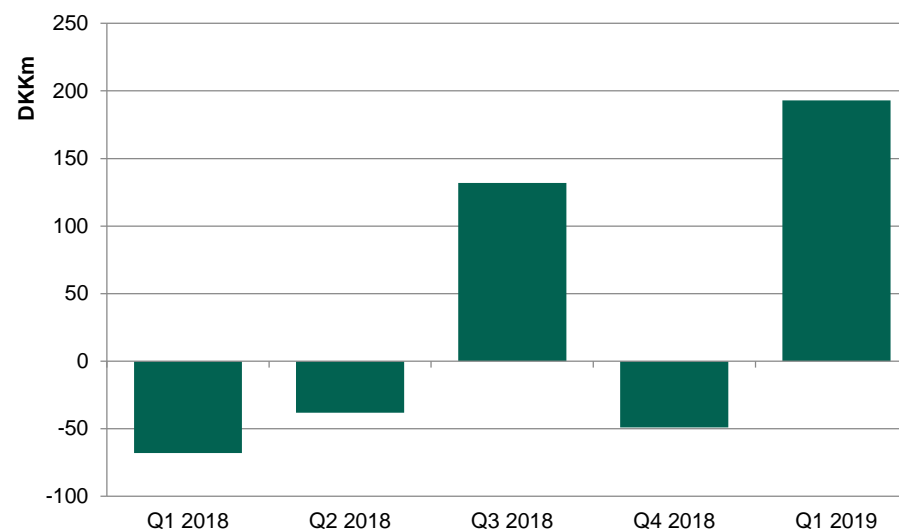
- Improved return on strategic balance and risk management DKK 110m vs. DKK 13m in Q1 2018 and DKK -61m in Q4 2018

- Improvement driven by positive value adjustments as credit spreads have narrowed

- Strategic ALM and risk management is comprised of a liquidity bond portfolio as well as derivatives used for hedging purposes. Overall, limited interest rate risk

- Liquidity portfolio of approx. DKK 35bn end of Q1 2019, consists primarily of Danish mortgage bonds

Value adjustments under core income



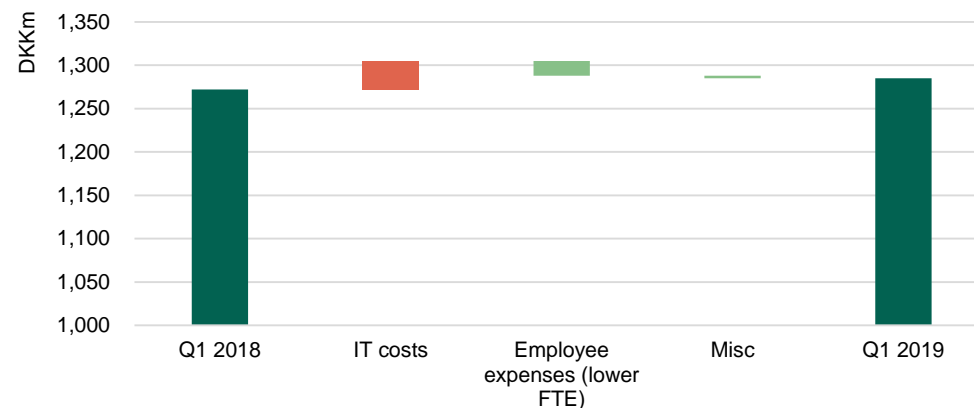
Strategic balance and risk management (DKK m)

| | Q1 2019 | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 |
|-----------------------------------|------------|------------|------------|------------|-----------|
| Net interest income | 27 | 32 | 63 | 75 | 72 |
| Value adjustments | 66 | -83 | 45 | -26 | -61 |
| Banking activities, total | 93 | -52 | 108 | 49 | 11 |
| Net interest income | 24 | 18 | 20 | 24 | 21 |
| Value adjustments | -7 | -28 | -9 | -41 | -19 |
| Mortgage activities, total | 17 | -10 | 11 | -17 | 2 |
| Jyske Bank Group, total | 110 | -61 | 119 | 32 | 13 |

Stable underlying development in core expenses

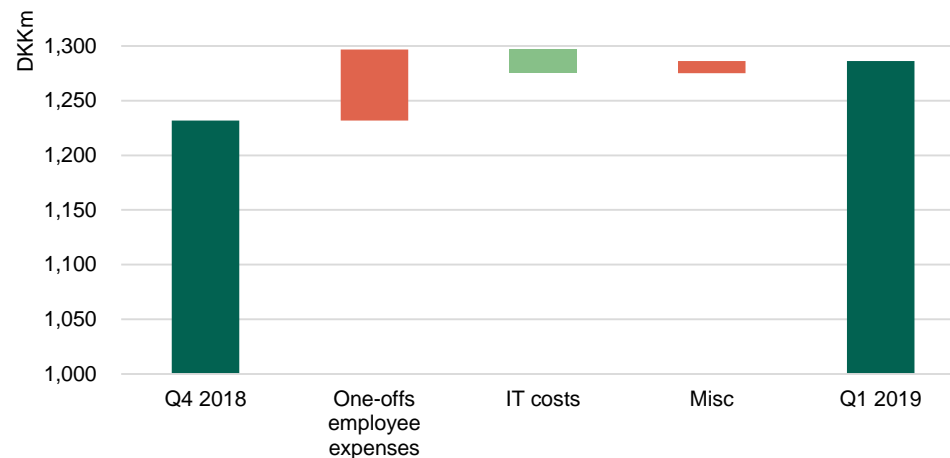
- Core expenses in Q1 2019 at DKK 1,285m
- Compared to Q1 2018 up by DKK 13m due to:
 - Higher IT-related costs
 - Lower number of FTEs

Q1 2019 vs. Q1 2018: Development in core expenses (Group)



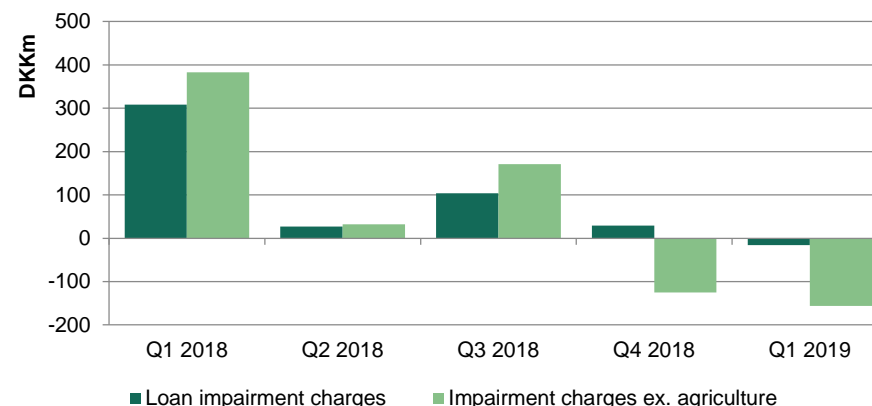
- Compared to Q4 2018 up by DKK 53m. When adjusting for positive one-off in Q4 2018 down by 1% due to lower IT-related costs

Q1 2019 vs. Q4 2018 Development in core expenses (Group)



- Net reversals of DKK -16m under core profit:
 - New defaults at low levels across client segments
 - In Q1 2019 impairment charges of DKK 140m re. agriculture – primarily related to management estimate covering fur farmers and risk of lower prices on agricultural land
- Total balance of management's estimate of DKK 606m, of which DKK 380m relate to agriculture compared to DKK 511m and DKK 275m respectively end of Q4 2018
- Impairment ratios (under core profit):
 - Impairment ratio for Q1 2019 ~1bp
 - Balance of impairment charges and discounts on acquired loans DKK 5.7bn corresponding to an accumulated impairment ratio of 1.2%
 - Excl. discounts on acquired loans a balance of impairment charges of DKK 5.3bn corresponding to an accumulated impairment ratio of 1.1%
- Net loans, advances and guarantees and balance of impairments distributed by IFRS 9 stages are shown in the table on the right

Loan impairment charges (under core profit)



Loans, advances and guarantees broken down by IFRS 9 stages (DKKbn/%)

| | Q1 2019 | | | Q4 2018 | | |
|--------------|--------------------------------|-------------------------------|------------------|--------------------------------|-------------------------------|------------------|
| | Loans, advances and guarantees | Balance of impairment charges | Impairment ratio | Loans, advances and guarantees | Balance of impairment charges | Impairment ratio |
| Stage 1 | 456.9 | 0.6 | 0.1 | 449.1 | 0.6 | 0.1 |
| Stage 2 | 24.3 | 1.3 | 5.1 | 26.0 | 1.3 | 4.8 |
| Stage 3 | 6.4 | 3.4 | 34.7 | 6.5 | 3.6 | 35.6 |
| Total | 487.6 | 5.3 | 1.1 | 481.6 | 5.5 | 1.1 |

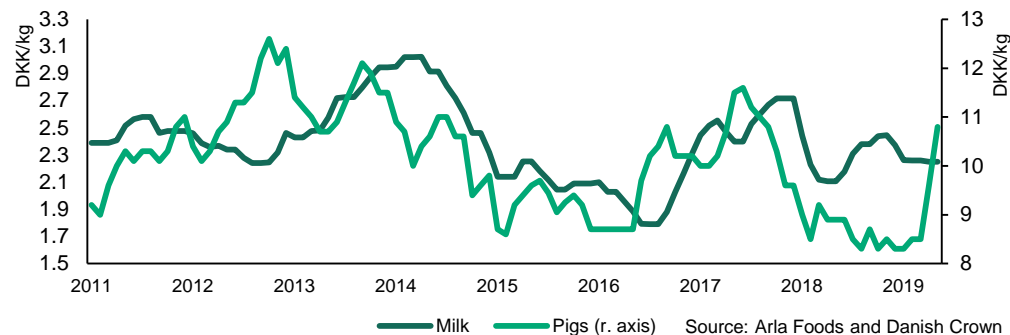
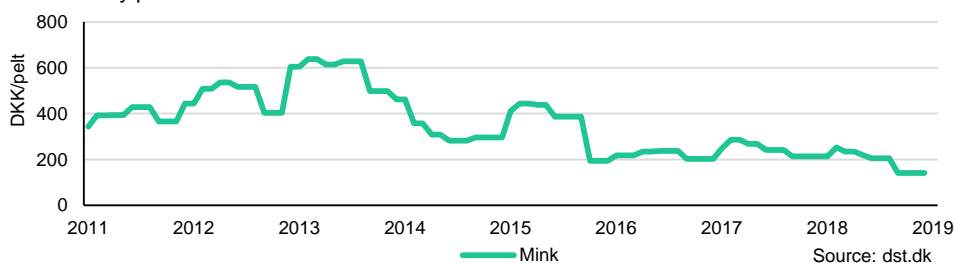
Agriculture: increase in impairment charges needed

- Limited exposure as agriculture excl. fishing accounts for approx. 1% of the Group's loans and guarantees
- Impairment ratios at a higher level end of Q1 2019 than end 2018
- Fur farming: After a long period of sales prices equivalent to the contribution margin (approx. DKK/pelt 250), prices on mink pelts collapsed during 2H 2018
 - Mink farmers are now challenged on capital robustness as well as more structural price and demand issues driven by an increased worldwide focus on ESG/sustainability. The challenges may lead to close downs/defaults
- Pig farming: Increase of sales prices of pigs due to outbreak of African Swine Fever in China driving up pork prices in international markets
- Balance of impairment charges include a management estimate of DKK 380m end of Q1 2019 vs. DKK 275m end of Q4 2018. Covering for effects of:
 - Draught during the summer of 2018
 - Lower sales prices for pelts
 - Indication/Risk of lower prices on agricultural land
- Commodity price development:
 - Mink pelt prices are still very low and at the first auctions in 2019 only 25 – 30% of furs submitted were sold
 - Pork prices increased significantly to 10,8 DKK/kg in May 2019 compared to lowest level in January 2019 of 8.3 DKK/kg
 - Milk price has recovered compared to Q1 2018 and now stands at 2.25 DKK/kg

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

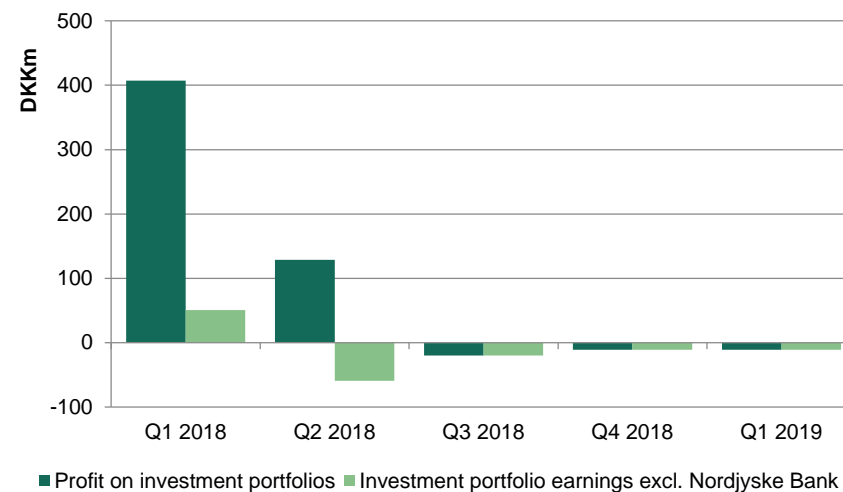
| | Loans, advances and guarantees | | Balance of impairment charges | | Impairment ratio | |
|-------------------|--------------------------------|--------------|-------------------------------|--------------|------------------|------------|
| | Q1 2019 | Q4 2018 | Q1 2019 | Q4 2018 | Q1 2019 | Q4 2018 |
| Milk | 744 | 848 | 415 | 437 | 36% | 34% |
| Pigs | 1,471 | 1,616 | 311 | 264 | 18% | 14% |
| Plants | 2,007 | 2,050 | 135 | 122 | 6% | 6% |
| Fur farmers | 126 | 186 | 137 | 108 | 52% | 37% |
| Other agriculture | 1,366 | 1,384 | 154 | 132 | 10% | 9% |
| Total | 5,714 | 6,084 | 1,152 | 1,063 | 17% | 15% |

Commodity prices



- The investment portfolio earnings continue to generate modest returns
 - Q1 2019 at the same level of Q4 2018 at DKK -11m
 - Investment portfolio earnings for the first quarter of 2019 were positively affected by the narrowing of credit spreads, but on the other hand negatively affected by the flatter interest rate curve over the quarter. Other market risks were fairly neutral

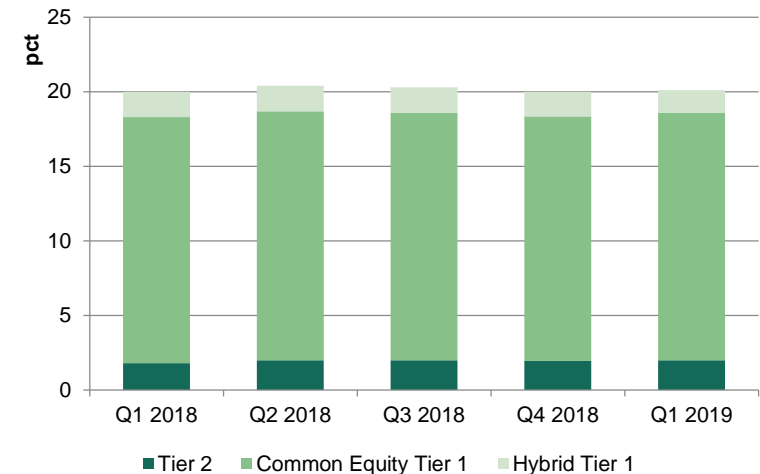
Investment portfolio earnings, quarterly



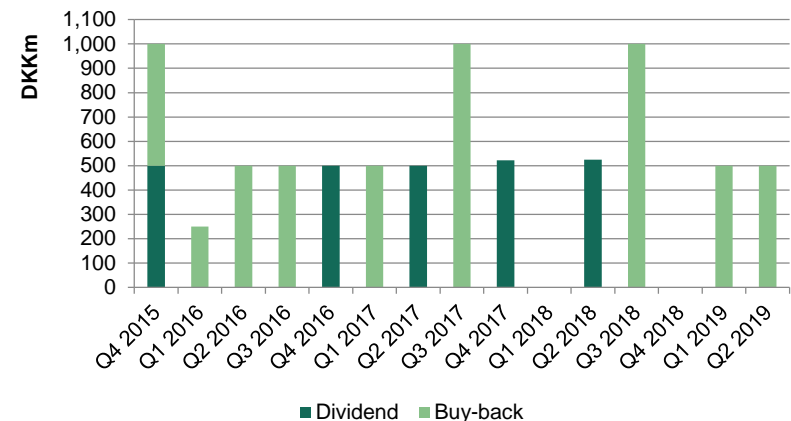
Capital and Liquidity

- Capital ratio 20.1% and CET1 ratio 16.6% end of Q1 2019 vs. long-term targets of 17.5% and 14% post-Basel IV implementation
 - Capital structure almost aligned with long-term targets incl. expected effect of Basel IV
 - After each quarter, Jyske Bank's Supervisory Board assesses the possibilities of distributing dividend and/or implementing share buy-backs if the earnings and capital structure are deemed satisfactory
- Defending and securing a stable S&P rating of A- is a key priority
 - S&P has 'positive outlook' on Jyske Bank's senior ratings based on the FSA's measurement of MREL as well as Jyske Bank's funding plan for the required NPS issuances
 - RAC ratio of 10.3% end of Q1 2019
 - Jyske Bank aims long-term to build a RAC ratio of approx. 10.5%
- Current share buy-back programme of DKK 500 million from 1 April and up to and including 28 June 2019 to be increased by DKK 500m and extended until 27 September 2019
- Capital distribution since November 2015:
 - Share buy-back programmes of DKK 5.25bn in total
 - Dividends of DKK 2.5bn in total

Capital ratios

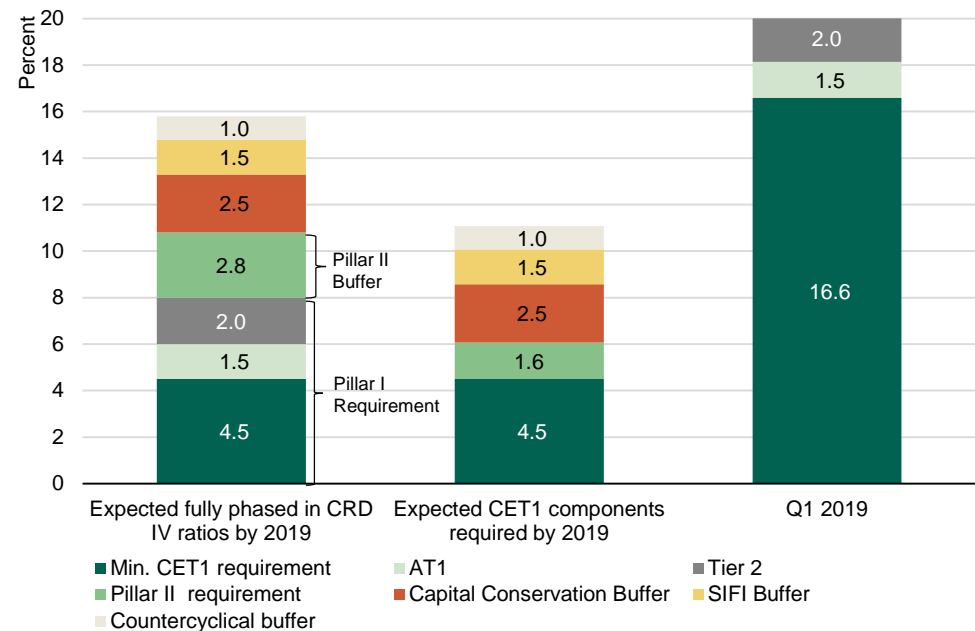


Capital Distribution (time of announcement)



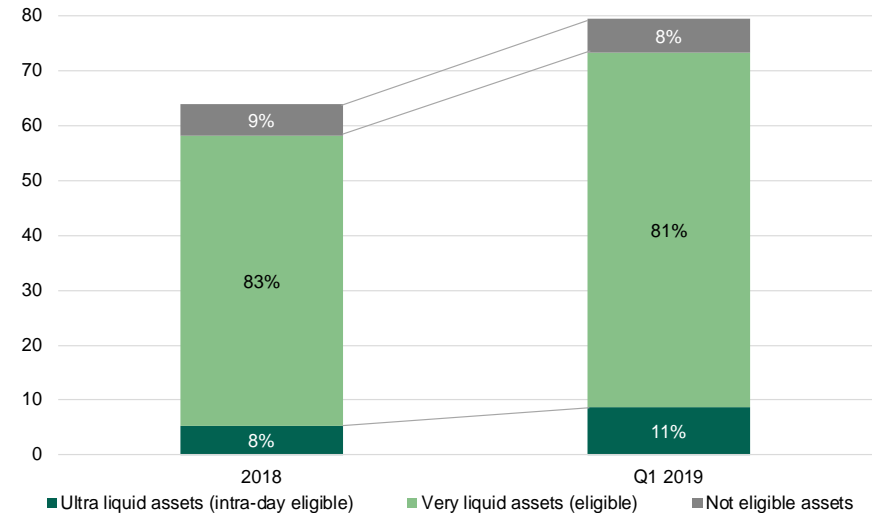
- Long-term capital targets based on fully implemented Basel IV capital requirements:
 - Capital ratio 17.5% and CET1 ratio 14%
 - Capital ratios to remain above long-term targets given upcoming capital requirements
- Basel IV
 - The Basel IV recommendations were announced in December 2017
 - Jyske Bank expects that the Group's capital ratio will be reduced by a maximum of 3 percentage points when Basel IV is fully phased-in
 - Jyske Bank aims to build the needed capital levels prior to the phasing-in period starting 1 January 2022
- Minimum requirement for own funds and eligible liabilities (MREL)
 - Jyske Bank already fulfills MREL (with old PS bonds and capital)
 - Grandfathering of senior debt (preferred senior) issued prior to 1 January 2018
 - MREL must be fulfilled entirely with contractually subordinated debt (non-preferred senior) from 1 January 2022

Expected fully phased-in capital ratios

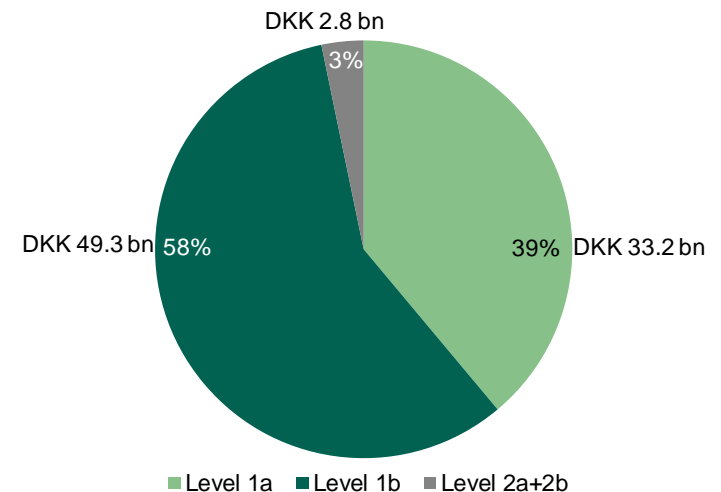


- Liquidity buffer DKK 79bn end of Q1 2019 (DKK 64bn end of 2018)
 - 92% of the buffer - DKK 73bn - is eligible for repo transactions at central banks (Nationalbanken or ECB)
 - Cash placements are categorized as intra-day eligible
- Group's LCR at 222% by end of Q1 2019 vs. 219% end of 2018
 - Primarily comprised of level 1a and 1b assets
 - The Group operates with an internal minimum target for LCR of 150%
- New liquidity benchmark based on simplified LCR with 90-days horizon brought into effect in the FSA's supervisory diamond
 - Stands at 185% end of Q1 2019
- Leverage ratio of 5.2% end of Q1 2019 vs. 5.3% end of 2018.

Group liquidity buffer (DKKbn)



LCR liquidity buffer



The Group has become a frequent EUR issuer

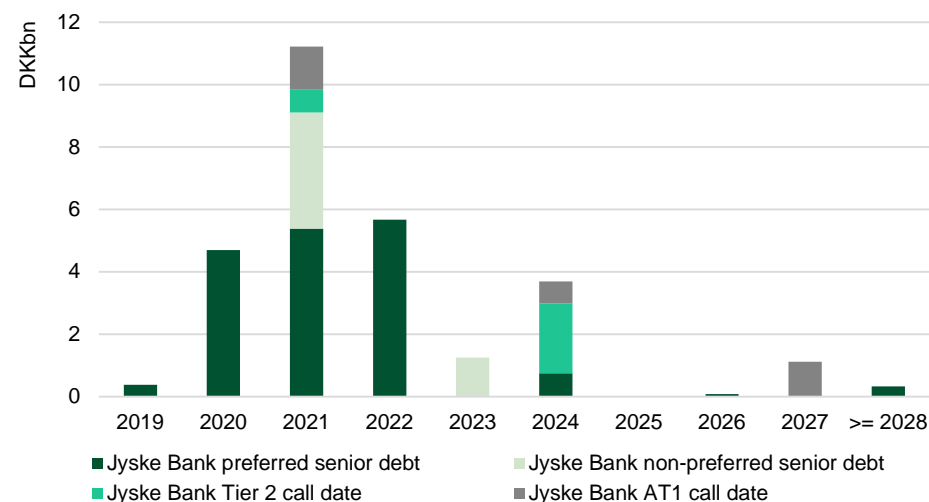
Jyske Bank

- Short term ongoing activities in French CP
- From 2011 to 2017, the Group issued at least one senior unsecured (preferred senior) EUR public benchmark a year (focus on 3-5 year maturities)
- Going forward, the focus will be on non-preferred senior ("NPS") issuance
- Total expected NPS issuance during the period up to end of 2021 is EUR 2.5bn
- 2 NPS issuances in 2018:
 - SEK 1.75bn (August 2018)
 - EUR 500m (November 2018)
- Next EUR 500m NPS planned for Q2-Q3 2019

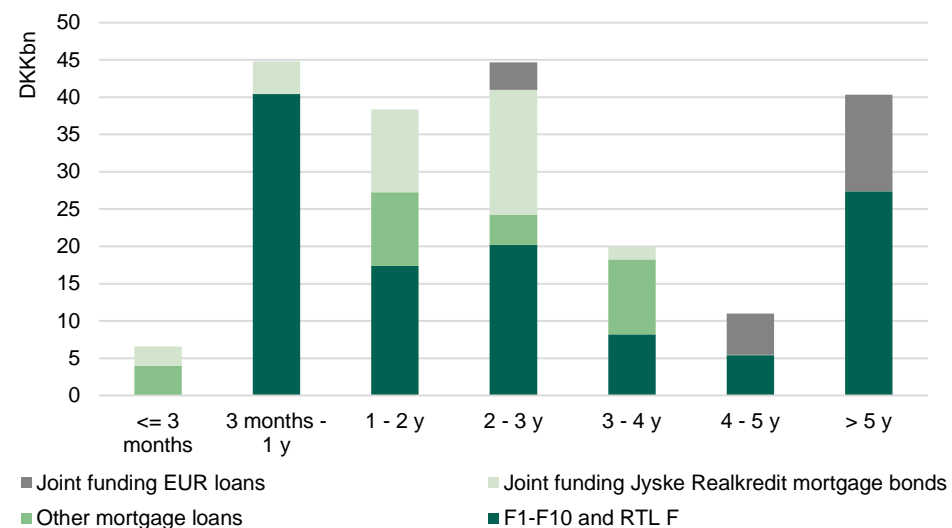
Jyske Realkredit

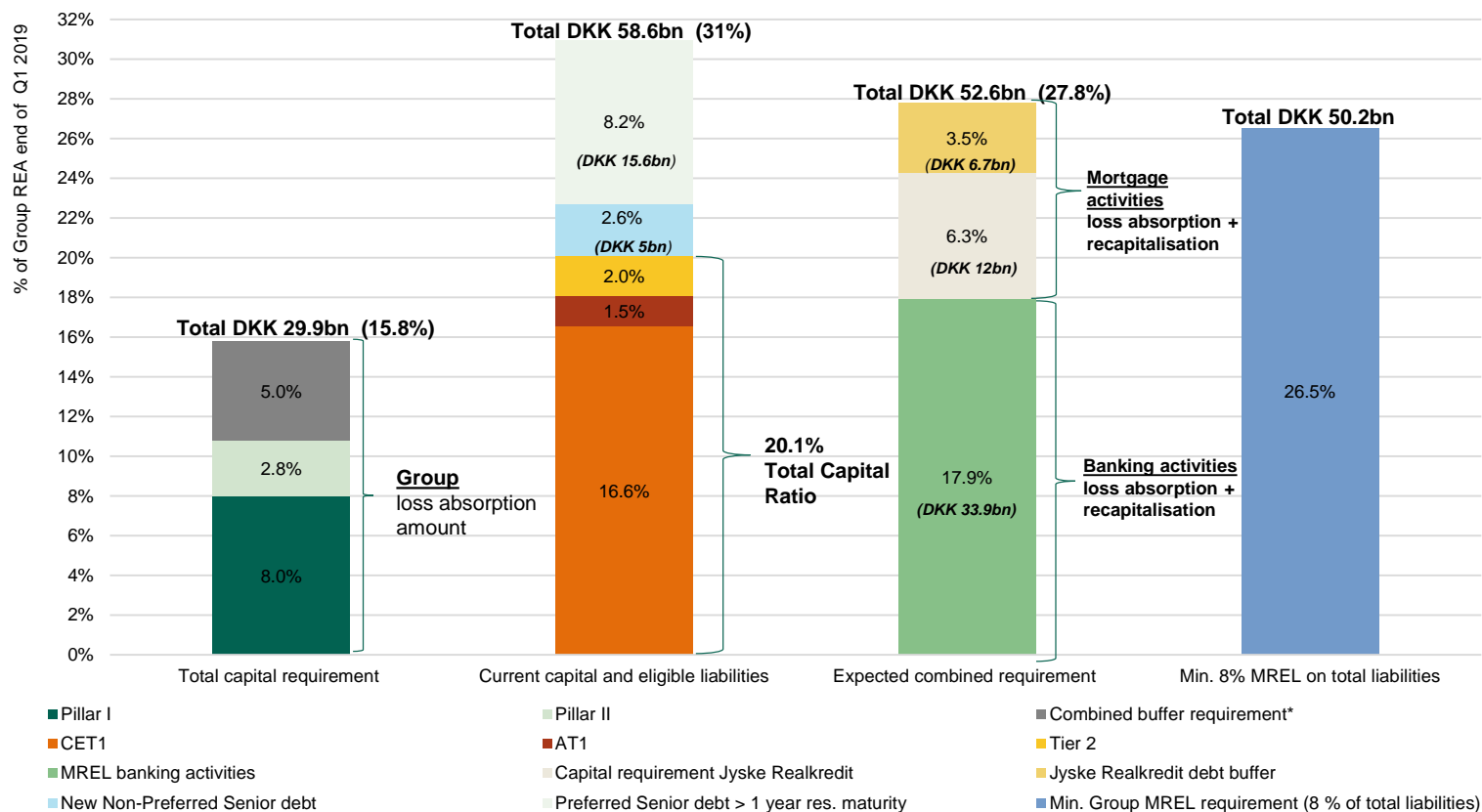
- AAA-rated covered bonds based on 100% Danish primarily residential mortgages
- Daily issuance in DKK
- 4 EUR covered bond benchmarks were issued during 2016-2017
- The 5th EUR 500m covered bond was issued in March 2019

Jyske Bank redemption and call date profile



Maturity profile for SDOs with refinancing risk





Conservative illustration of the MREL and new debt buffer requirement based on the following assumptions:

- End of Q1 2019 REA of DKK 189.2bn
- Fully implemented SIFI and capital conservation buffer
- Including the counter-cyclical buffer* to be implemented from Q1 2019 (0.5%) and Q3 2019 (0.5%)
- Including the full 2% debt buffer in Jyske Realkredit

All components have been translated to a percent of end of Q1 2019 REA

*) Countercyclical buffer will only be accounted for in the loss absorption amount.
The Systemic Risk Council has recommended that the countercyclical buffer increases to 1.5% on the 30 June 2020.

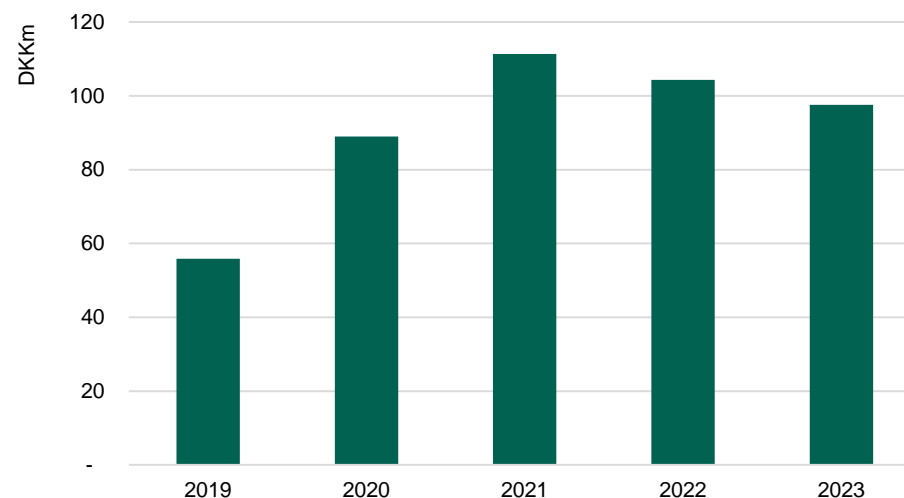
2019-2021:

- Transition period from 1 July 2019 – 1 January 2022 where preferred senior issued before end of 2018 can be used to fulfill MREL requirements ("grandfathering")
- Old SP issuances lose MREL eligibility when time to maturity is less than 1 year, thus NPS debt is issued at least 1 year before maturity of SP debt
- Consequence: Increasing liquidity and adding interest expenses of approx. CIBOR +75 bps
- Based on spreads and run-off profile on existing senior debt and expected spreads and funding plans for NPS issuances interest expenses are expected to increase as follows:
 - 2019: DKK 56m
 - 2020: DKK 33m (DKK 89m accumulated)
 - 2021: DKK 22m (DKK 111m accumulated)
- Thus, elevated funding costs during transition period as required to hold surplus NPS debt

2022 and onwards:

- Approx. DKK 100m in added interest expenses given a premium of 35-40 bps on NPS vs. SP and expected total issuance of EUR 2.5bn (DKK 20bn) before end of 2021

Acc. increase in funding costs 2019-2023 compared to 2018



Appendices:

- 1) Jyske Bank in brief and business segments**
 - 2) Danish Economy Q1 2019**
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- One of the four large financial institutions in Denmark and a Danish SIFI
 - 3 segments (Banking, Mortgage and Leasing)
 - Estimated market share of 12%
 - Danish play
 - Approx. 865,000 customers
 - Nationwide branch network comprised of 92 personal client branches, 32 corporate branches, 9 Private Banking centres distributed between 98 locations
 - Total assets of DKK 628bn and total loans of DKK 471bn of which mortgage loans account for DKK 333bn (71%)
- Strong capital position
 - Long-term capital policy and well-positioned to manage effects of regulatory requirements
 - Capital distribution:
 - 2015 and 2016: DKK 2.25bn (dividend DKK 500m and buy-backs DKK 1.75bn)
 - 2017 and 2018: DKK 4.5bn (dividends DKK 2bn, buy-back DKK 2.5bn)
 - 2019: DKK 1bn (buy-backs DKK 1bn)

Jyske Bank Group key figures

| | Profit before tax, DKKm | Net profit, DKKm | Shareholders' equity at year- end, DKKm | ROE after tax, average equity | Loans and advances, DKKbn | Deposits, DKKbn | Total assets, DKKbn | Number of FTEs |
|---------|----------------------------|---------------------|---|----------------------------------|---------------------------------|--------------------|------------------------|-------------------|
| 1997 | 584 | 443 | 4,772 | 9.6% | 36.6 | 41.5 | 63.1 | 2,671 |
| 1998 | 710 | 511 | 5,173 | 10.3% | 39.7 | 43.8 | 76.9 | 2,772 |
| 1999 | 1,276 | 897 | 5,421 | 16.9% | 49.8 | 49.8 | 92.6 | 2,923 |
| 2000 | 1,255 | 1,083 | 5,887 | 19.2% | 75.4 | 52.3 | 127.4 | 3,107 |
| 2001 | 890 | 623 | 6,174 | 10.3% | 82.5 | 54.4 | 133.2 | 3,418 |
| 2002 | 1,083 | 511 | 6,658 | 8.0% | 95.3 | 59.0 | 153.2 | 3,359 |
| 2003 | 1,809 | 1,284 | 7,843 | 17.7% | 63.8 | 63.8 | 116.4 | 3,547 |
| 2004 | 1,960 | 1,407 | 7,858 | 17.9% | 74.6 | 68.7 | 125.2 | 3,713 |
| 2005 | 2,174 | 1,701 | 9,477 | 19.6% | 90.9 | 79.8 | 141.6 | 4,026 |
| 2006 | 2,810 | 2,134 | 9,637 | 22.3% | 107.2 | 88.8 | 160.7 | 4,216 |
| 2007 | 2,273 | 1,735 | 9,704 | 17.9% | 134.0 | 112.7 | 214.3 | 4,145 |
| 2008 | 1,307 | 988 | 10,722 | 9.7% | 129.1 | 117.0 | 236.8 | 3,996 |
| 2009 | 597 | 471 | 12,523 | 4.1% | 110.6 | 109.3 | 224.5 | 3,877 |
| 2010 | 1,003 | 757 | 13,352 | 5.9% | 114.0 | 115.8 | 244.1 | 3,847 |
| 2011 | 601 | 493 | 13,846 | 3.6% | 124.5 | 127.3 | 270.2 | 3,809 |
| 2012 | 851 | 596 | 15,642 | 4.0% | 118.6 | 121.0 | 258.2 | 3,574 |
| 2013 | 2,301 | 1,808 | 17,479 | 10.9% | 131.4 | 131.4 | 262.0 | 3,774 |
| 2014 | 3,103 | 3,089 | 27,561 | 13.7% | 361.8 | 152.7 | 541.7 | 4,191 |
| 2015 | 3,204 | 2,476 | 30,040 | 8.6% | 396.2 | 144.9 | 543.4 | 4,021 |
| 2016 | 3,906 | 3,116 | 31,038 | 10.1% | 422.4 | 154.6 | 586.7 | 3,981 |
| 2017 | 4,002 | 3,143 | 32,023 | 9.7% | 447.7 | 160.0 | 597.4 | 3,932 |
| 2018 | 3,140 | 2,500 | 31,786 | 7.6% | 462.8 | 148.7 | 599.9 | 3,698 |
| Q1 2019 | 771 | 610 | 32,391 | 7.3% | 470.5 | 154.2 | 627.5 | 3,684 |

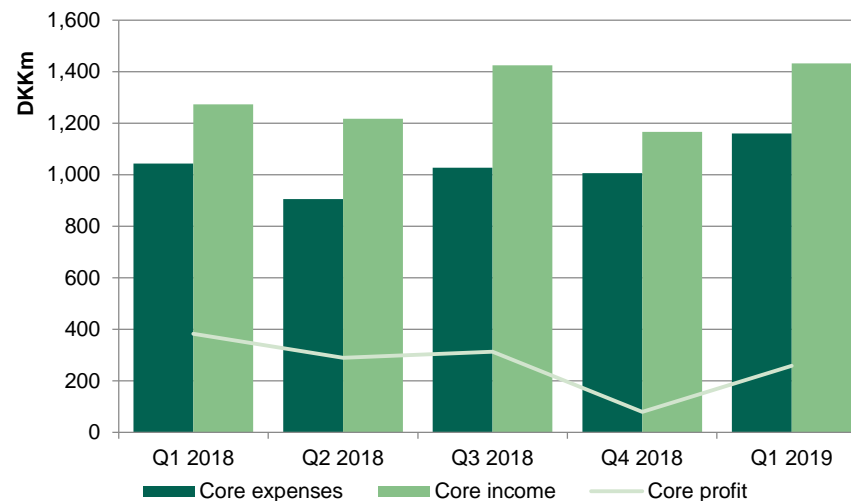
Average ROE after tax 1997 – Q1 2019 of 11.5%

- A new intra-group settlement model has been brought into effect, starting 1 January, 2019:
 - Jyske Realkredit will now pay a fee to JB for distribution
 - Jyske Realkredit will have the right to off-set the potential losses in the commission
- New agreement has no P/L effect at group level and only limited effect on business segments:
 - NII in mortgage activities will increase as NII in banking activities decreases
 - Net fee income will decrease for mortgage activities and increase for banking activities due to the paid distribution fee
- New intra-group service agreement has been brought into effect, starting 1 January, 2019:
 - Agreement covers payment for services provided directly to Jyske Realkredit
 - Due to this agreement core expenses in mortgage activities will decrease and core expenses in banking activities will increase

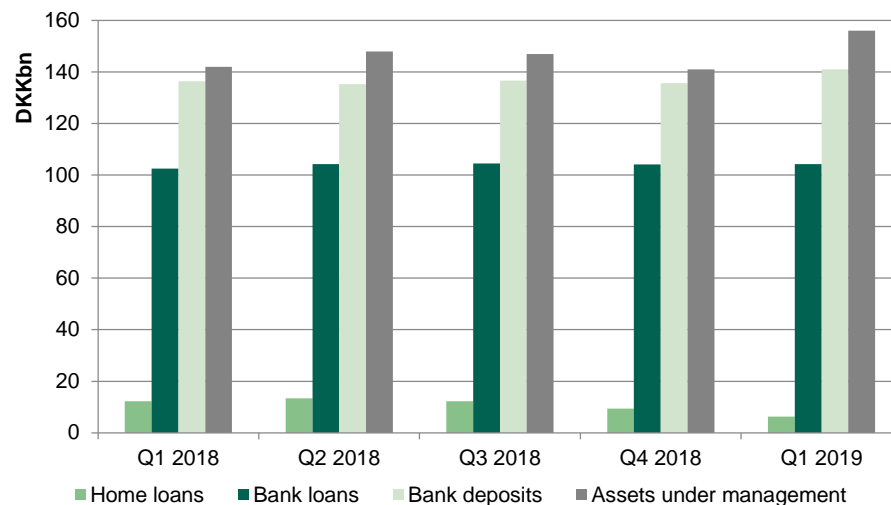
| Jyske Bank (Group) | | | |
|-------------------------------|------------|----------------------------------|------------|
| No effect | | | |
| Jyske Bank | | Jyske Realkredit | |
| Net interest income | - | Net interest income | + |
| | | NII on jointly funded home loans | |
| Net fee and commission income | + | Net fee and commission income | - |
| | | Distribution fee | |
| Core income | + | Core income | - |
| Core expenses | - | Core expenses | + |
| | | Service agreement | |
| Total | ~ 0 | Total | ~ 0 |

- Continued growth in bank loans compared to Q1 2018 but stable development compared to Q4 2018
- Increase in bank deposits
- Increase in AUM due to positive developments in financial markets and inflow of funds
- Core profit below Q1 2018 level
- Impairment charges of DKK 13m in Q1 2019. Excl. agriculture net reversals of DKK 127m

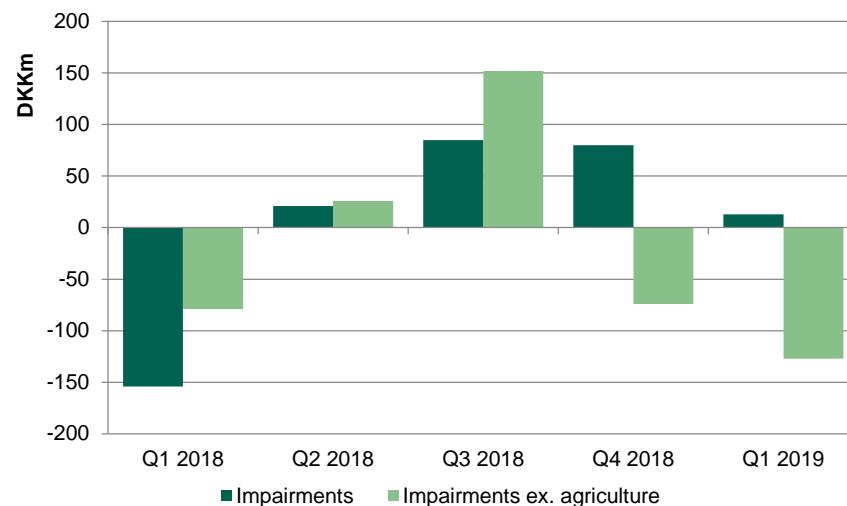
Financials



Business volumes

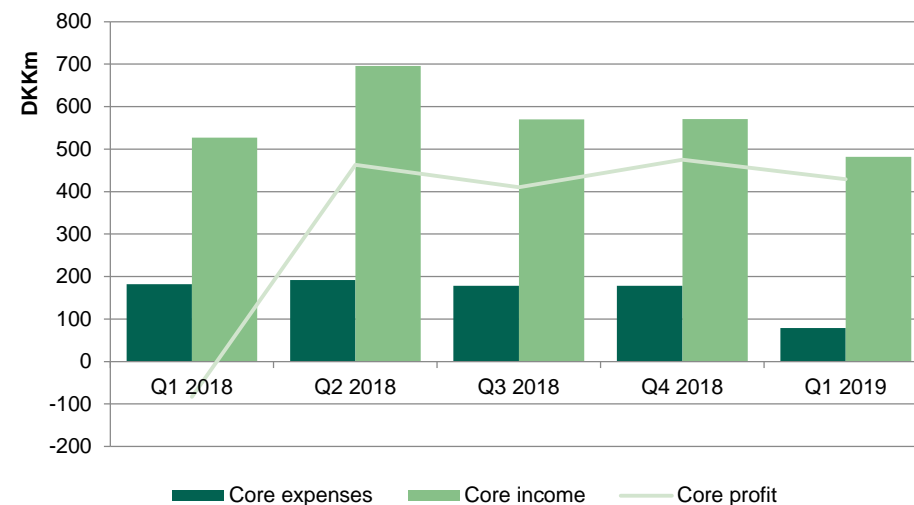


Impairments

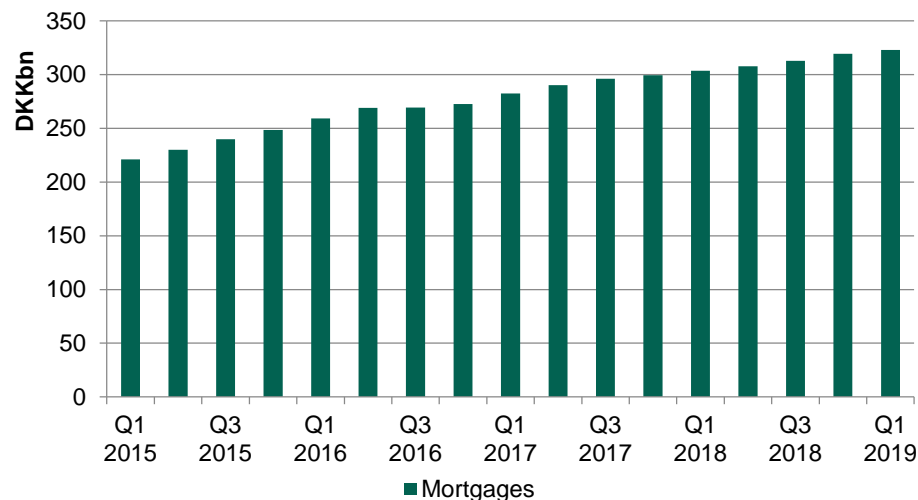


- Continued growth in volume – both home loans and mortgages for corporate clients. Nominal volumes are up 1.1%. Fair value of mortgages saw a further increase due to rising bond prices
- New agreement with JB lowers core income as well as core costs but limited net impact on core profit
- Reversal of impairment charges

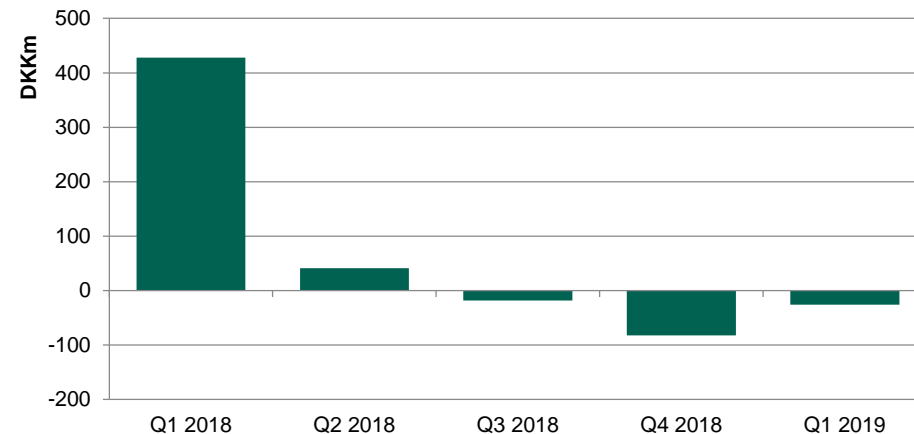
Financials



Business volumes (Jyske Realkredit A/S, nominal values)

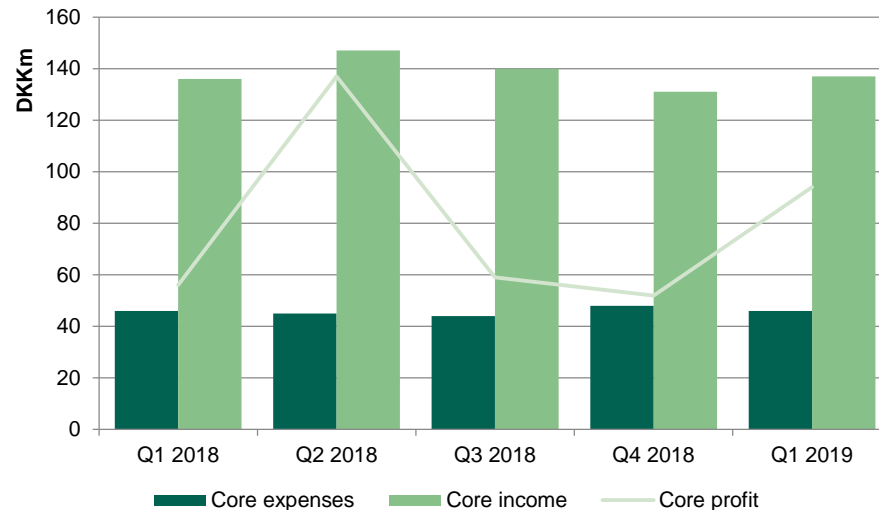


Impairments

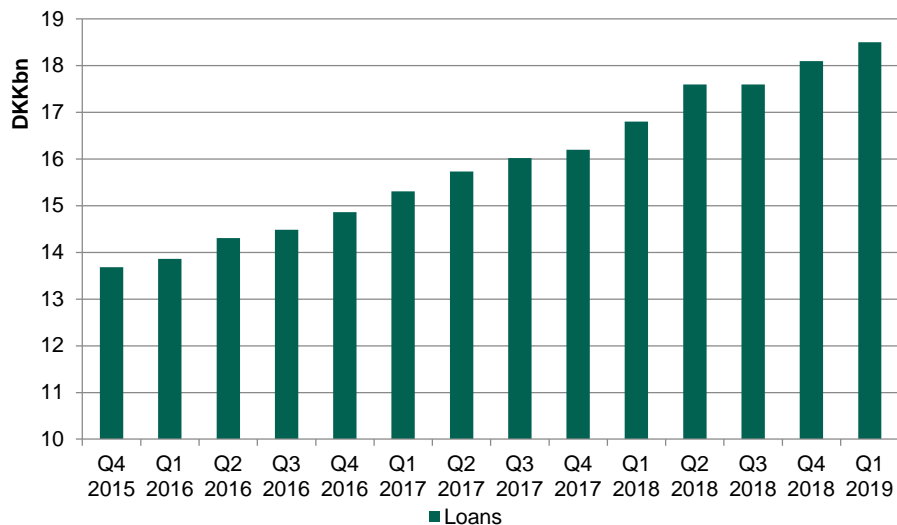


- Loan volumes continue to increase and support NII
- Stable core expenses
- Increase in core profit primarily due to reversals of impairment charges

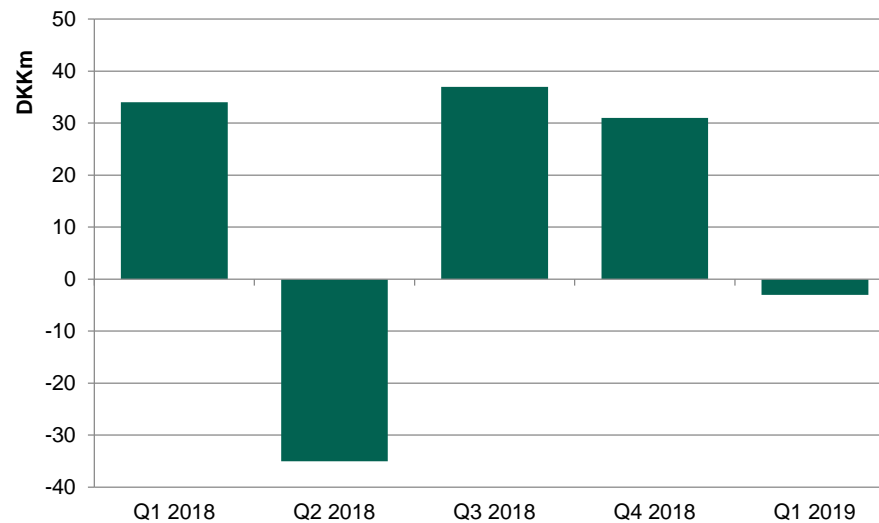
Financials



Business volumes - Leasing

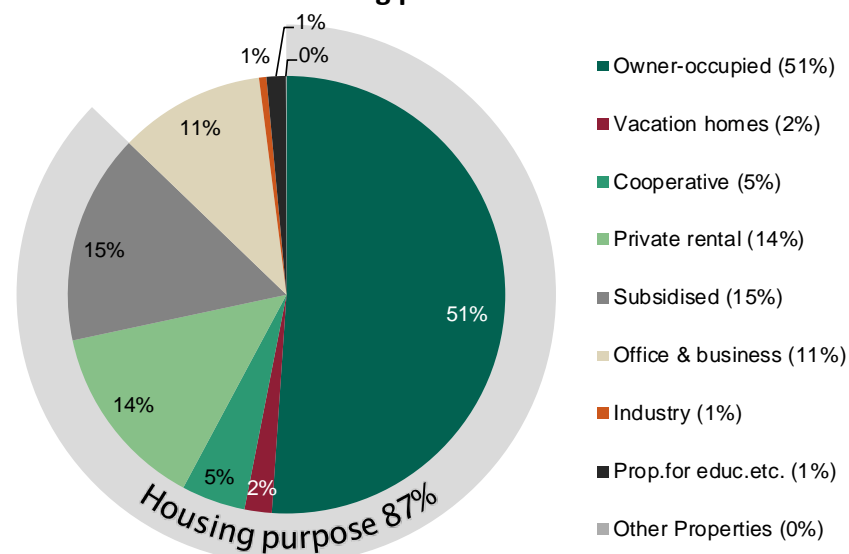


Impairments

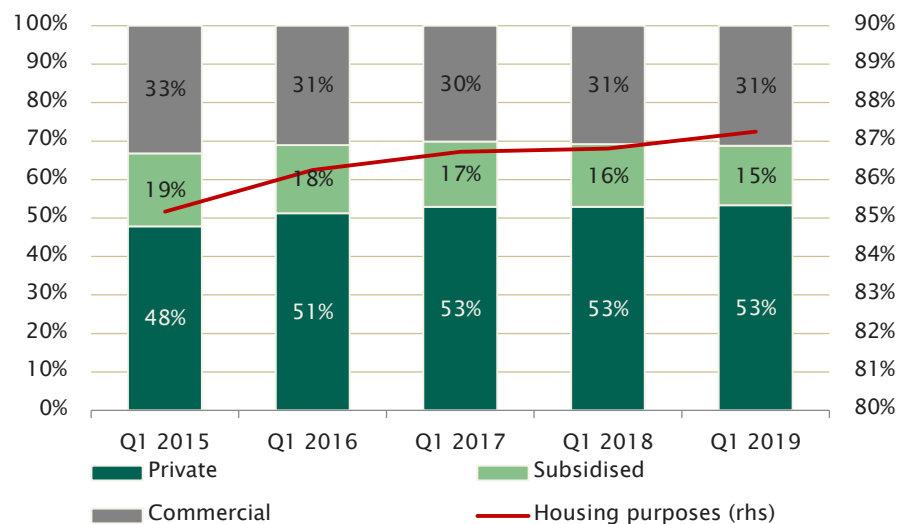


- 87% of lending to properties with housing purposes
 - No loans with swaps to co-operative housing
 - No lending to agriculture and other primary production
- Continued increase in lending for the private residential segment and for the commercial segment
- Continued decrease in the share of F1 and F2 mortgages - at the same time increase in both capped and non-capped floaters

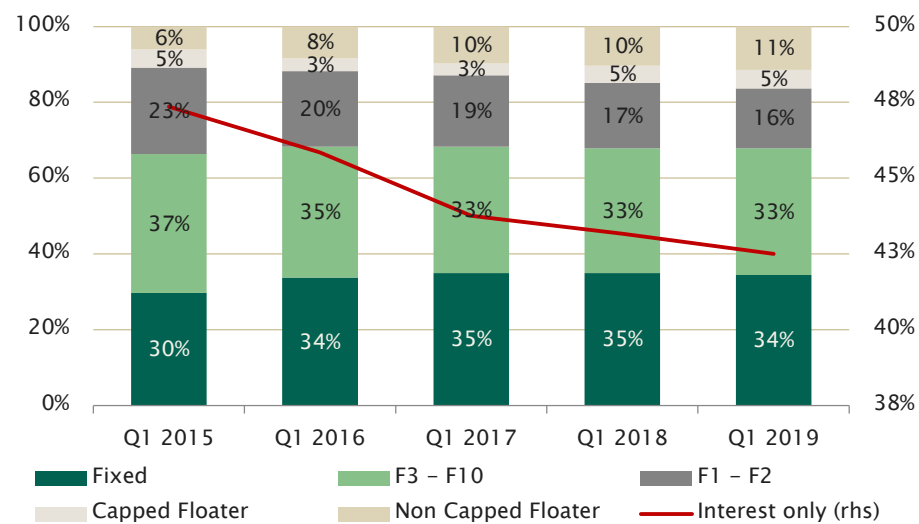
Distribution of lending portfolio



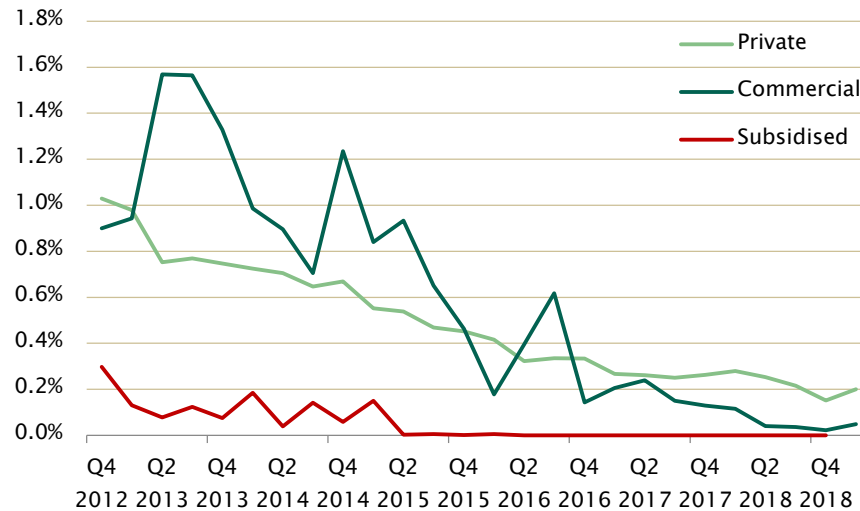
Development in lending portfolio



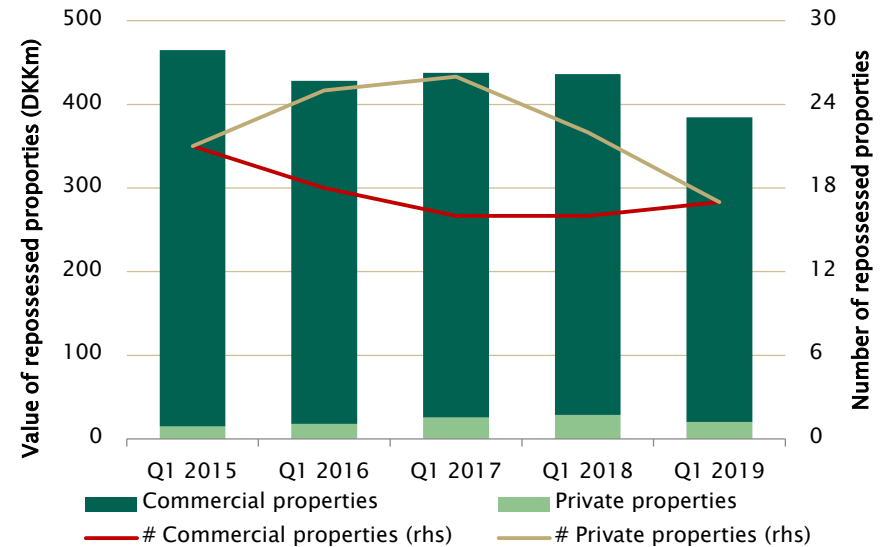
Development in loan types



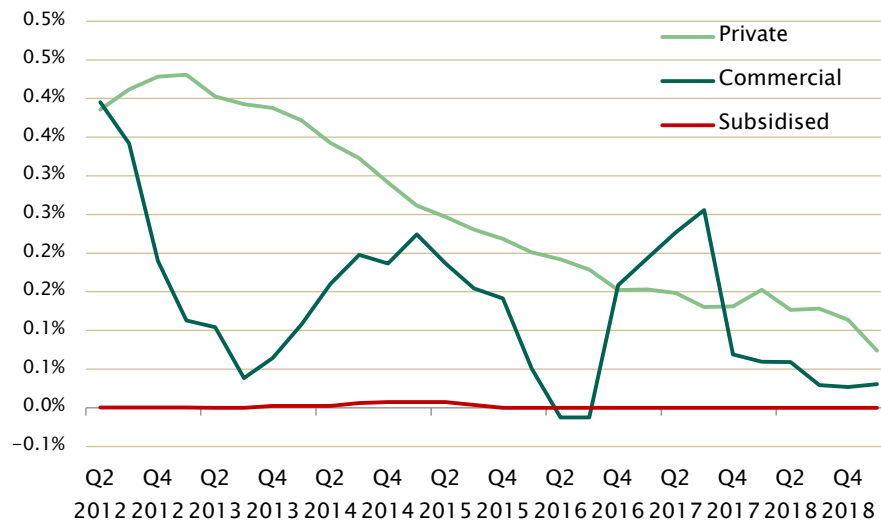
Lending in 90-days arrears (per cent of lending)



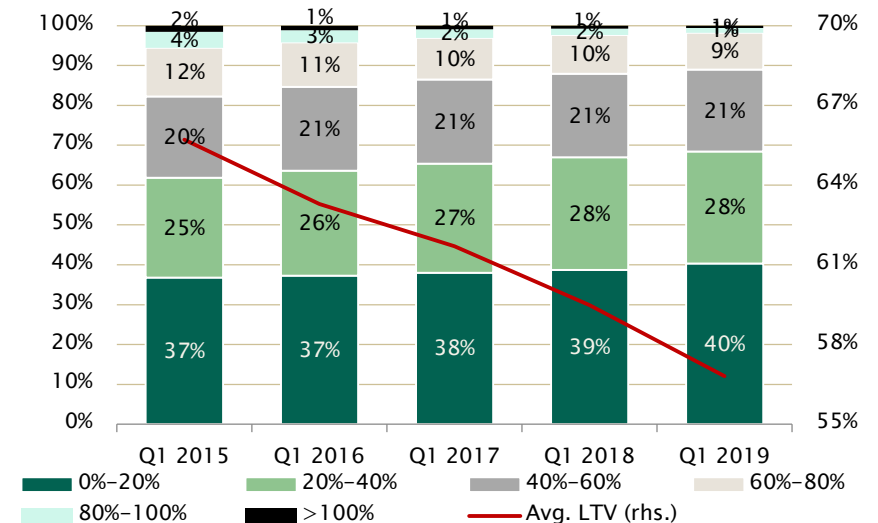
Repossessed properties (DKKm/number)



Yearly realised losses (running year)



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



- Portfolio composition end of Q1 2019:
 - Corporates take up larger proportion, 65% vs. 63% end of 2018 as volume grows
 - Private individuals at 29% compared to 31% end of 2018
 - Public authorities at 6%
- Accumulated impairment ratio total portfolio 3.0%
 - Public authorities 0%
 - Corporates 3.4%
 - Private individuals 2.5%
- Corporates
 - Increase in impairment charges re. agriculture
 - Impairment ratio for Q1 2019 8bp
- Private individuals
 - Net reversals
 - Impairment ratio for Q1 2019 -7bp

Loans and guarantees by sector (DKKm/%)

| | Loans, advances and guarantees | | Balance of loan impairment charges | | Losses | Impairment charges |
|--|--------------------------------|---------|------------------------------------|---------|---------|--------------------|
| | Q1 2019 | Q4 2018 | Q1 2019 | Q4 2018 | Q1 2019 | Q1 2019 |
| Public authorities | 6% | 7% | 0% | 0% | 0 | 0 |
| Agriculture, hunting, forestry and fishing | 5% | 5% | 28% | 25% | 71 | 140 |
| Manufacturing, mining etc. | 5% | 5% | 4% | 6% | 30 | -44 |
| Energy supply | 3% | 3% | 1% | 2% | 0 | -15 |
| Building and construction | 2% | 2% | 2% | 2% | 3 | 16 |
| Commerce | 9% | 8% | 5% | 6% | 18 | -25 |
| Transport, hotels and restaurants | 4% | 3% | 2% | 3% | 7 | -10 |
| Information and communication | 1% | 1% | 1% | 1% | 3 | -16 |
| Finance and insurance (ex repo loans) | 21% | 20% | 15% | 15% | 9 | 4 |
| Real property | 12% | 11% | 10% | 9% | 14 | 21 |
| Other sectors | 4% | 4% | 4% | 4% | 4 | 1 |
| Corporate clients | 65% | 63% | 73% | 72% | 158 | 71 |
| Private individuals | 29% | 31% | 24% | 25% | 34 | -26 |
| Unused credit commitments | 0% | 0% | 3% | 3% | 0 | -25 |
| Total | 100% | 100% | 100% | 100% | 193 | 20 |

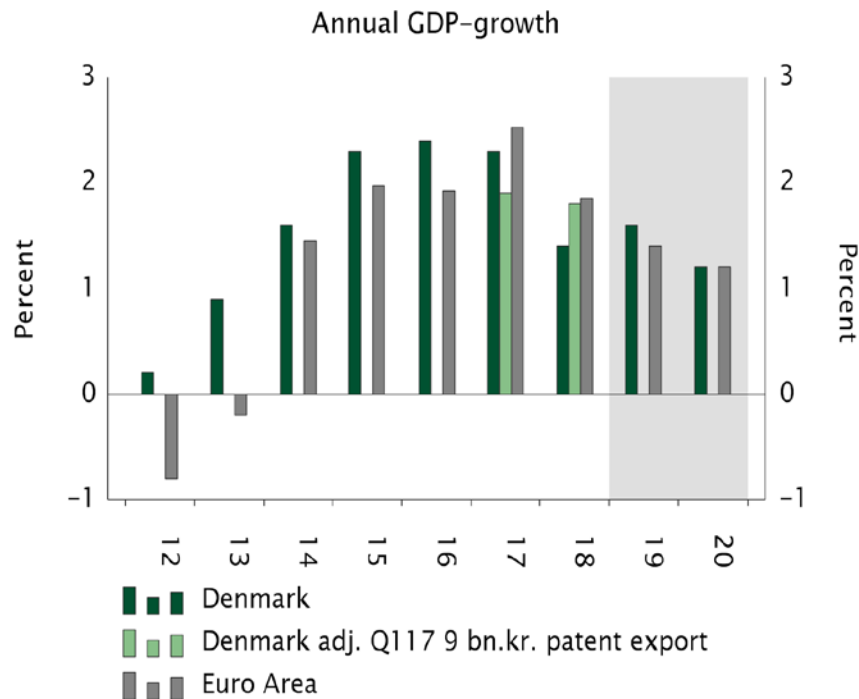
Note: Bank loans, advances and guarantees excl. repo loans. Based on impairment charges as reported according to IFRS (as opposed to impairment charges under core profit)

Danish Economy May 2019

- The Danish economy has been in an upturn for six years
- We expect the upturn to continue in 2019 and 2020 with gradually slower pace if global growth decreases
- Low interest rates, increasing house prices and job growth continue to stimulate domestic demand. Export competitiveness looks healthy
- Saving behaviour is still pronounced. Overall lending growth has turned positive, but is still very modest
- The previous surge in prices on flats have stopped
- Upcoming legislation: The tax freeze on housing is abandoned from 2021 reducing risk of housing bubbles
- Denmark is a AAA economy with strong structural financial features

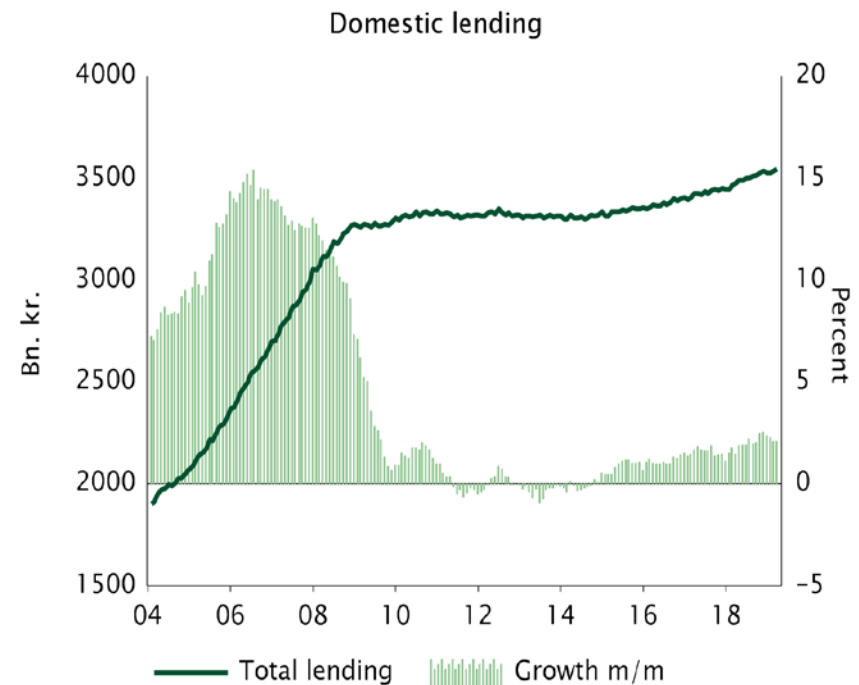
- Overall the Danish financial sector's operating environment is still improving
- Employment data is solid

The upturn will continue, but slowdown



Source: Thomson Reuters Datastream

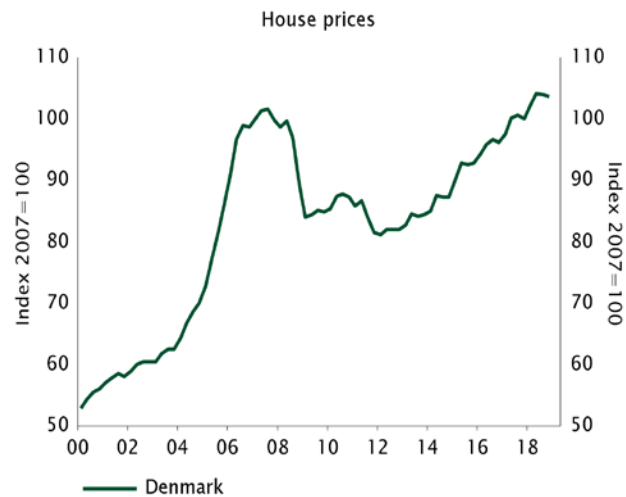
Lending growth is still picking up slowly



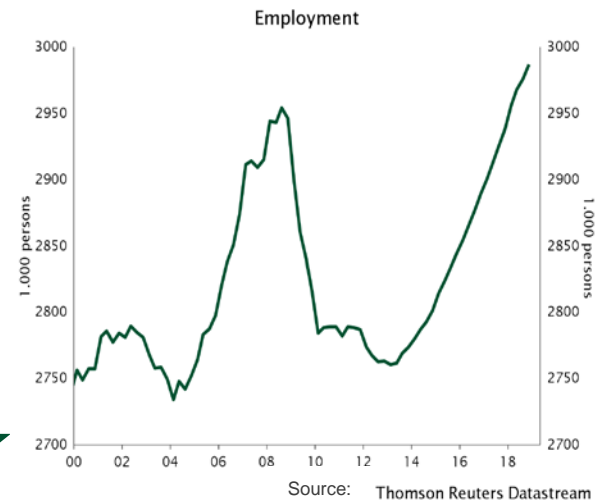
Source: Thomson Reuters Datastream

3 kinds of stimulus support demand

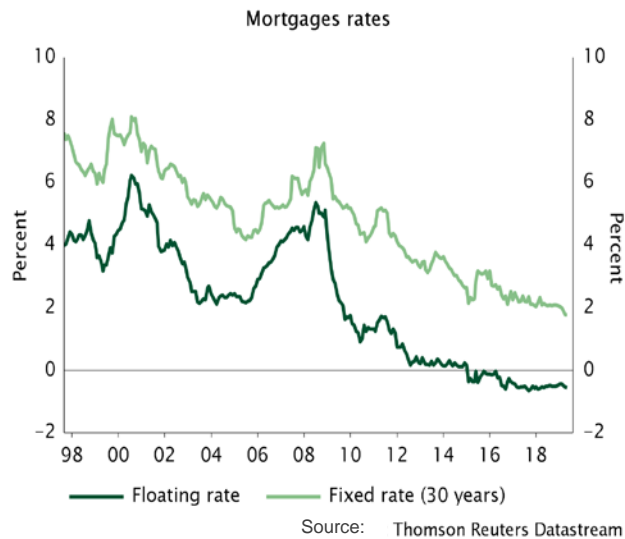
House prices recovering after burst in 08/09



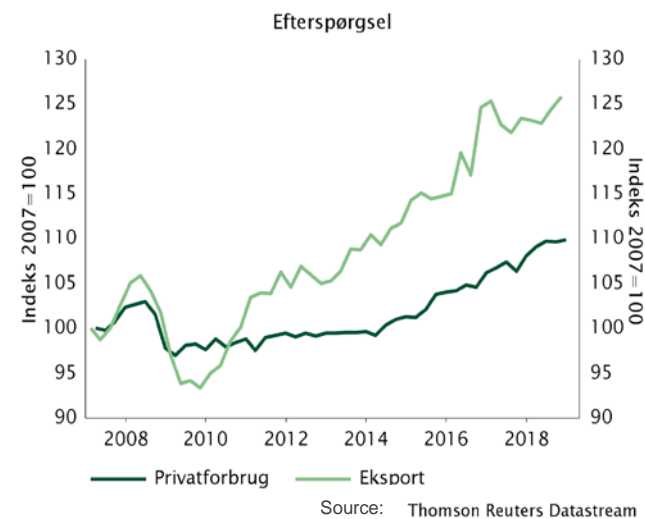
Steady rise in employment



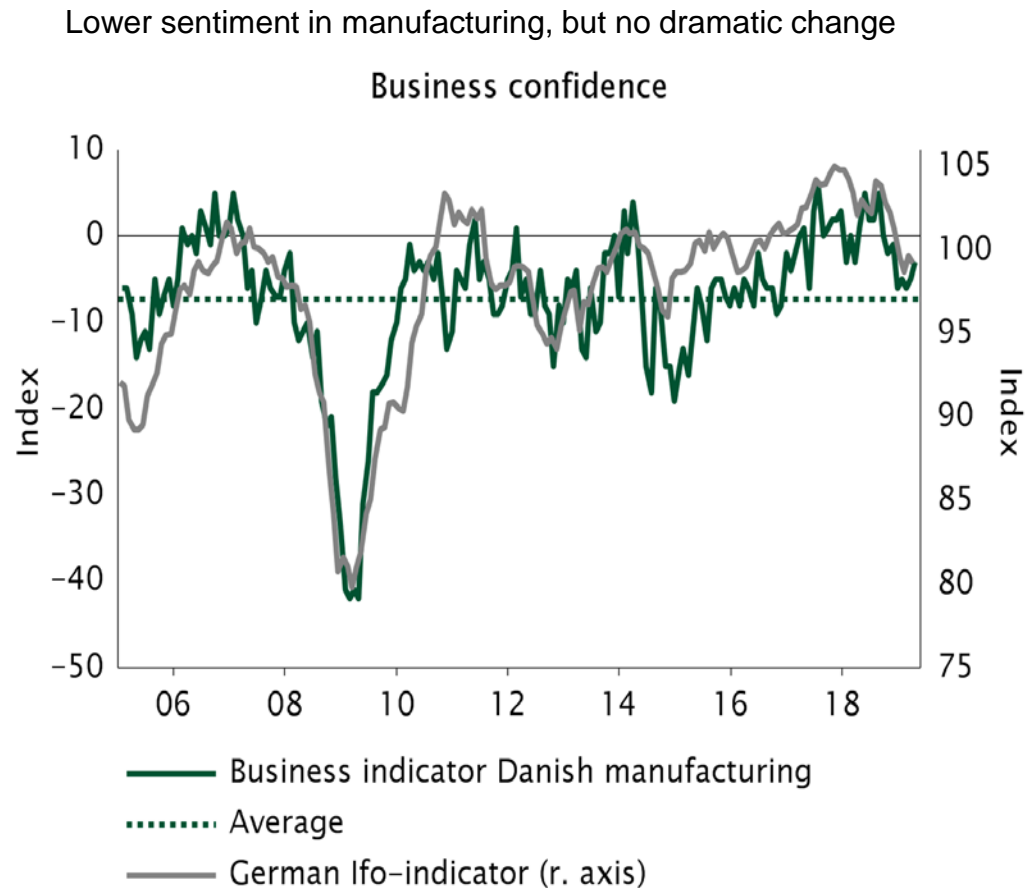
Interest rates are at a historic low



Both domestic and foreign demand is increasing



- There is spill-over to Denmark from weaker economic signals out of Europe. But we still see a tilt to the positive side



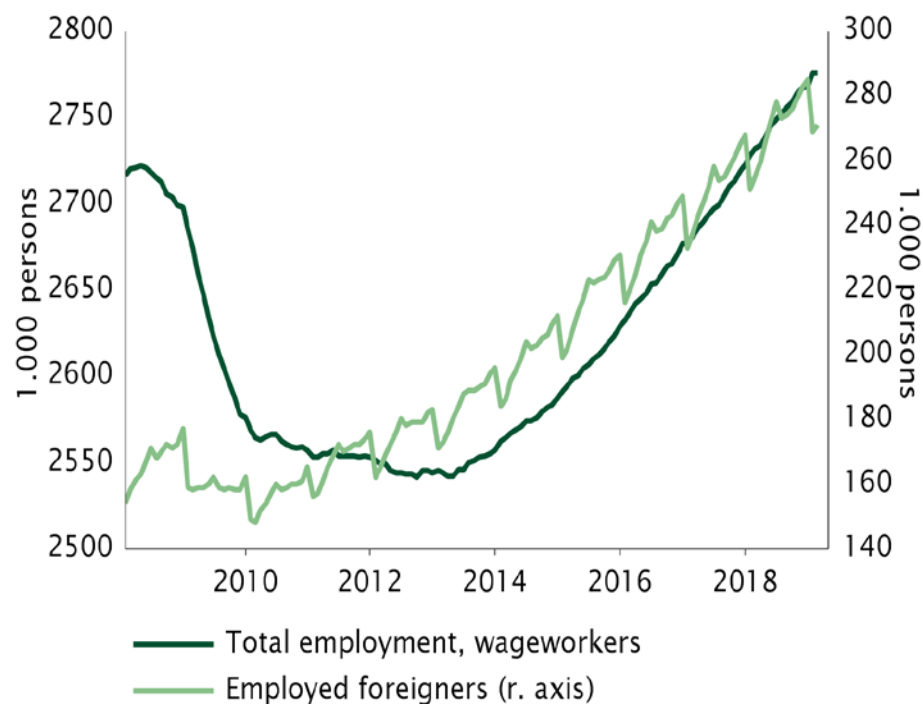
Source: Thomson Reuters Datastream

The labour market performance is strong

- The labour force is increasing from foreign labour supply and a higher retirement age.

Foreign labour accounts for +40% of rise in employment

Employment

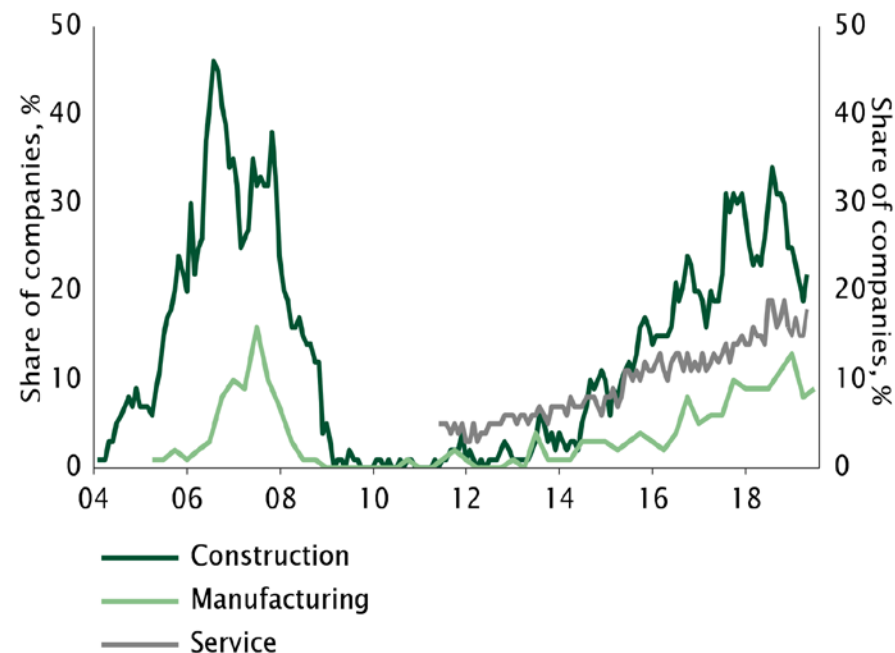


Kilde: Thomson Reuters Datastream og jobindsats.dk

Source:

Lack of labour supply has stopped accelerating

Labour supply shortages limit production



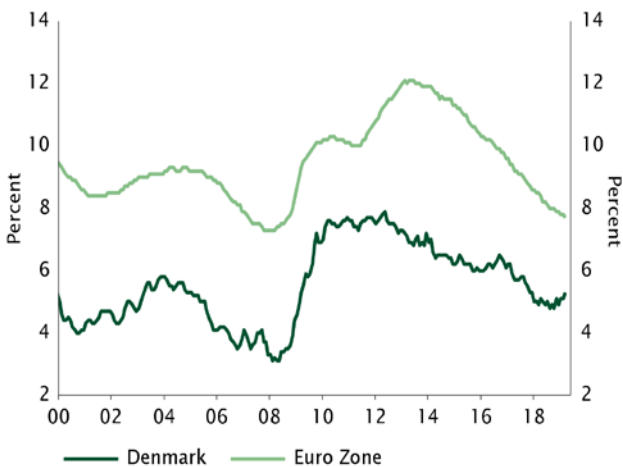
Kilde: Thomson Reuters Datastream

Source:

Improved asset quality – as defaults have normalized

Unemployment has declining

Unemployment rate (harmonized)



Source: Thomson Reuters Datastream

Forced house sales below 0.2% per year

Foreced sales (properties)



Source: Thomson Reuters Datastream

Business bankruptcies at neutral level

Bankruptcies

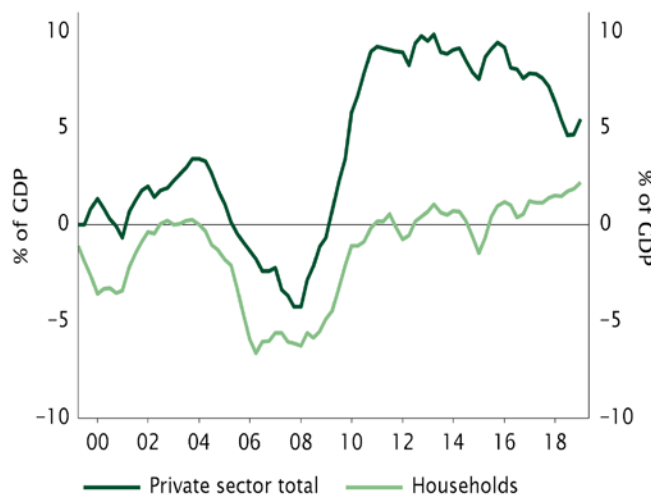


Source: Thomson Reuters Datastream

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

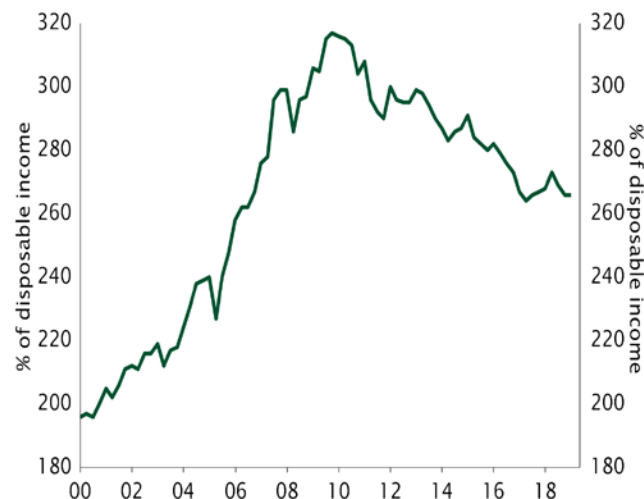
The private sector is saving up

Private sector financial saving

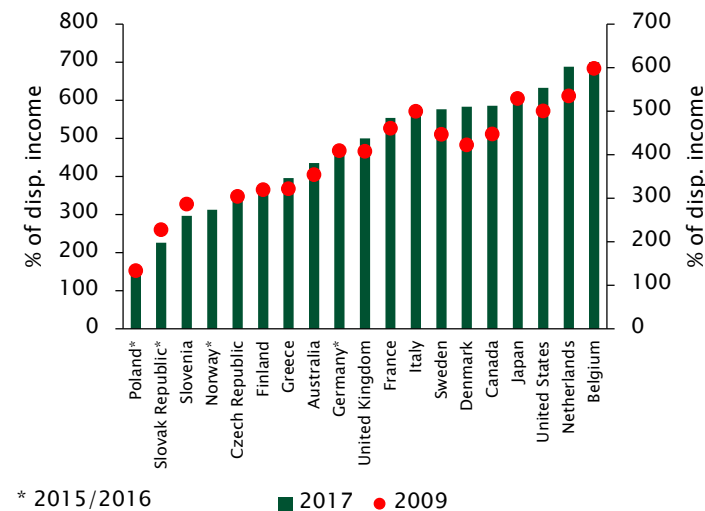


...so household debt has declined

Household gross debt

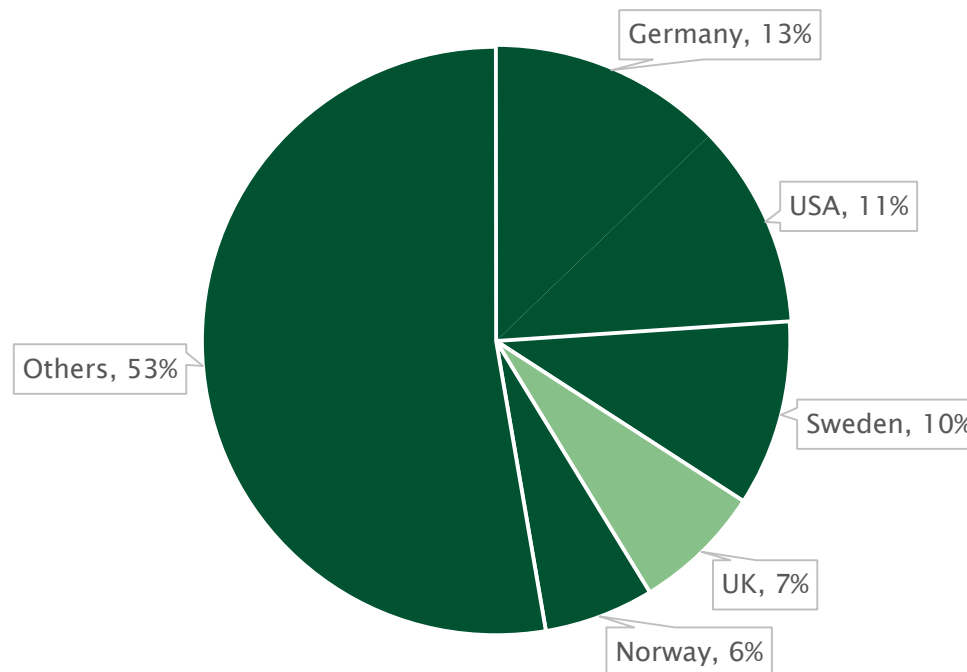


...and household net assets are large



- But there will be significant negative consequences for the most affected sectors
- The UK represents shy of 8% of Danish export, and it's the 4th largest export market
- IMF: Hard Brexit with trade acc. to WTO-rules -> Loss of 1% of GDP in DK (in 2030)

Danish export of goods and services
% of total, 2018

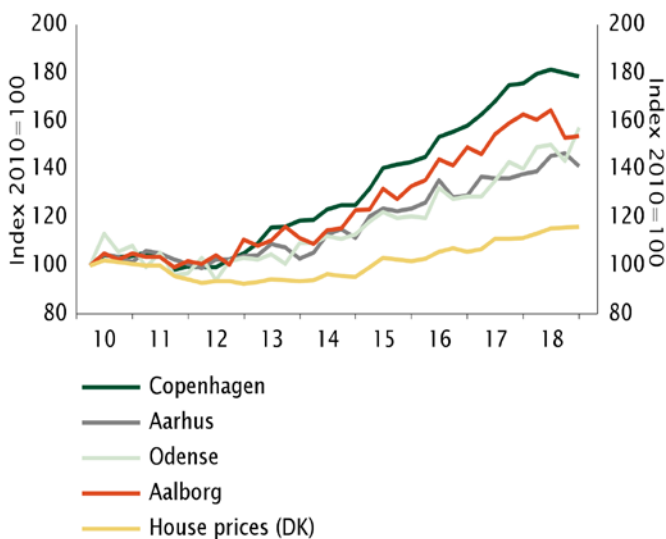


Source: Statistics Denmark

- Large price increases on flats in biggest cities have stopped
- New regulation and a new housing tax model have a dampening effect in biggest cities

Large differences on the housing market

Flat prices in big cities vs. house prices



Source: Thomson Reuters Datastream

Real house prices are up since 2012

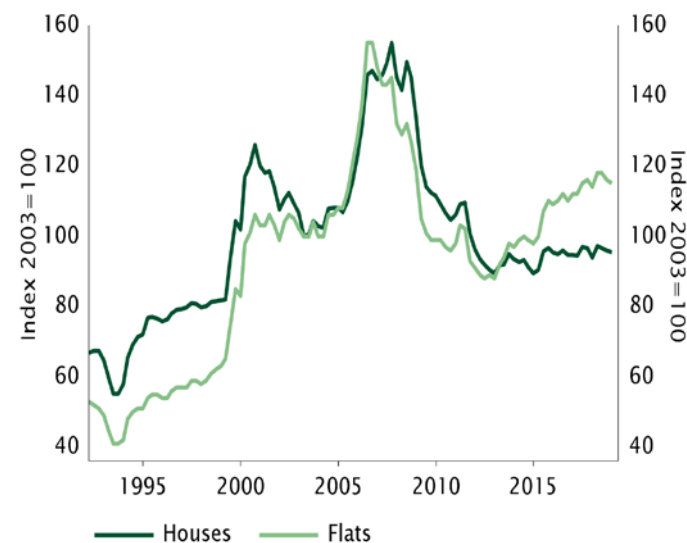
House prices relative to income



Source: Thomson Reuters Datastream and Jyske Bank

But housing costs are at a moderate level

Housing cost burden

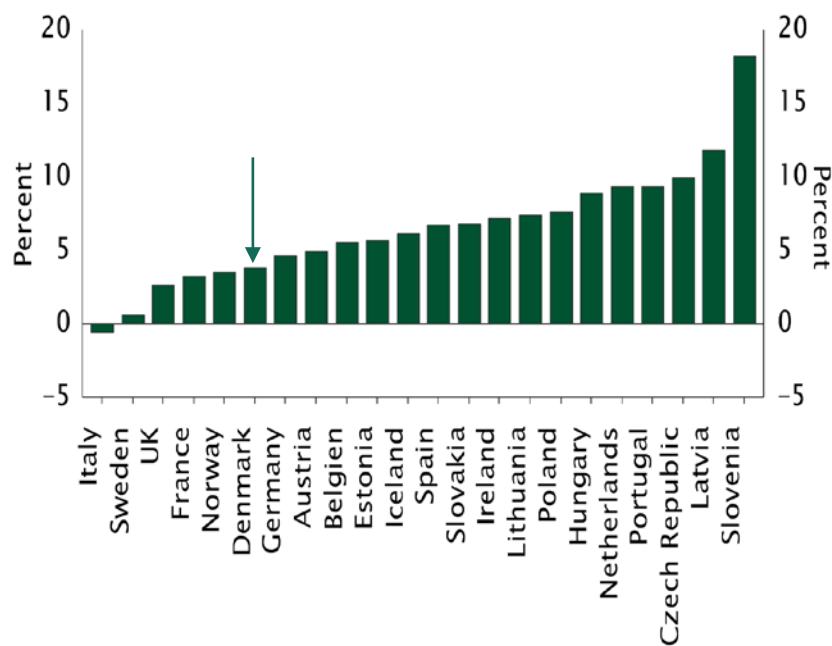


Source: Thomson Reuters Datastream and Jyske Bank

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

European house prices the past year

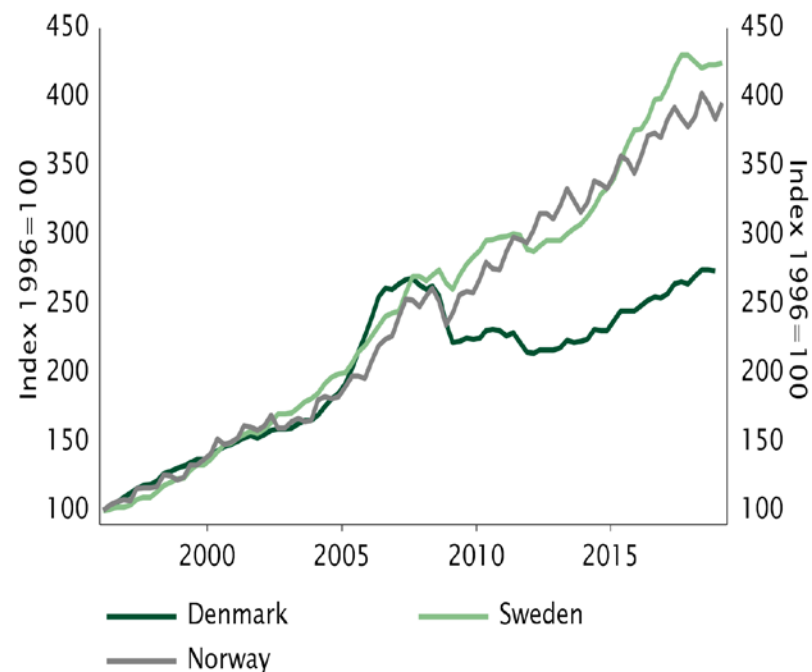
House price increase Q417-Q418



Source: Thomson Reuters Datastream

The development in Scandinavian house prices

House prices



Source: Thomson Reuters Datastream

- The new regulation is turning down heat on the Copenhagen market

Demand and supply are getting closer

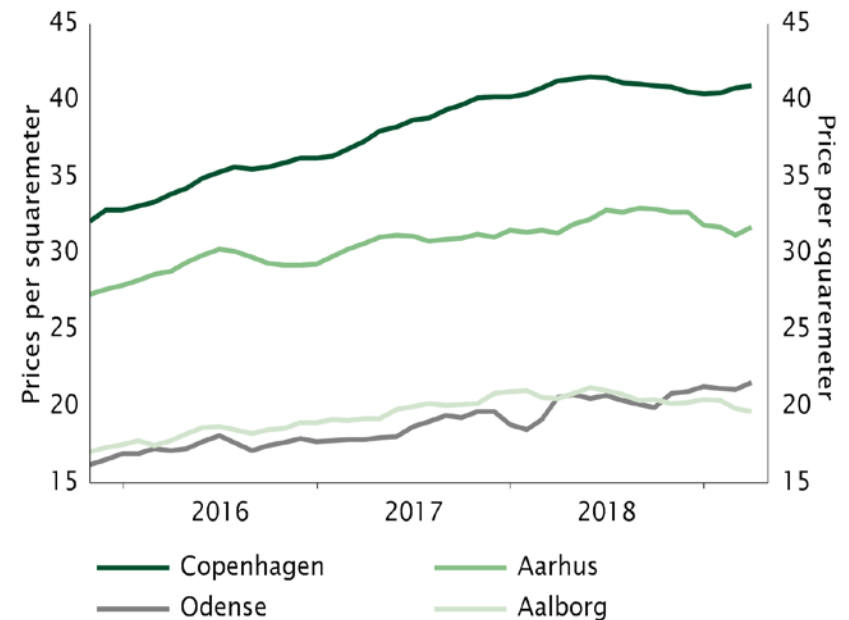
Copenhagen market for flats: Supply and demand



Source: Thomson Reuters Datastream

Recent data show peaking flat prices

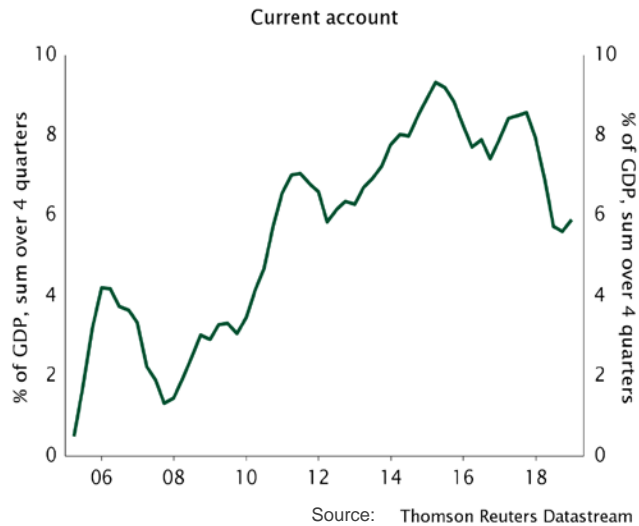
Prices flats



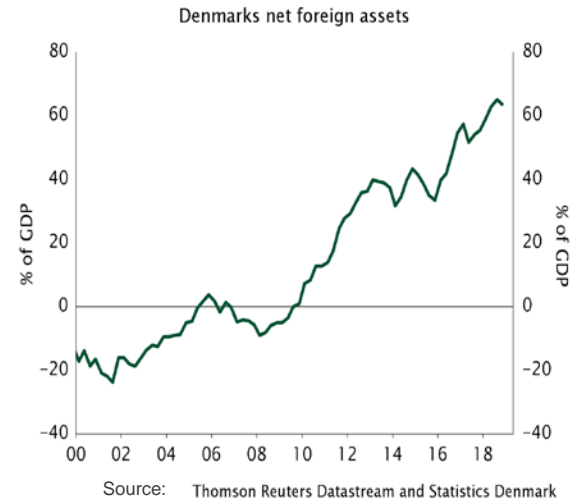
Source: Thomson Reuters Datastream

Denmark is a AAA economy with strong structural financial features

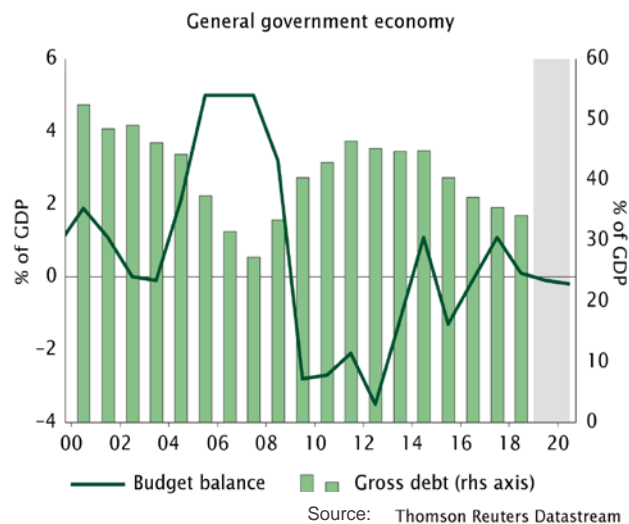
Current account surpluses since late 90s



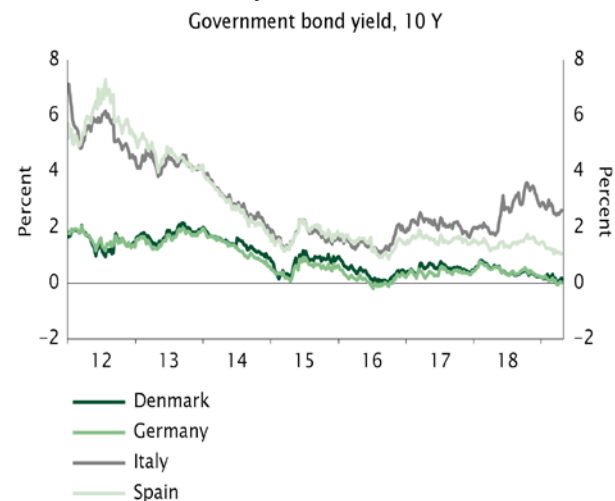
..imply that foreign assets are increasing

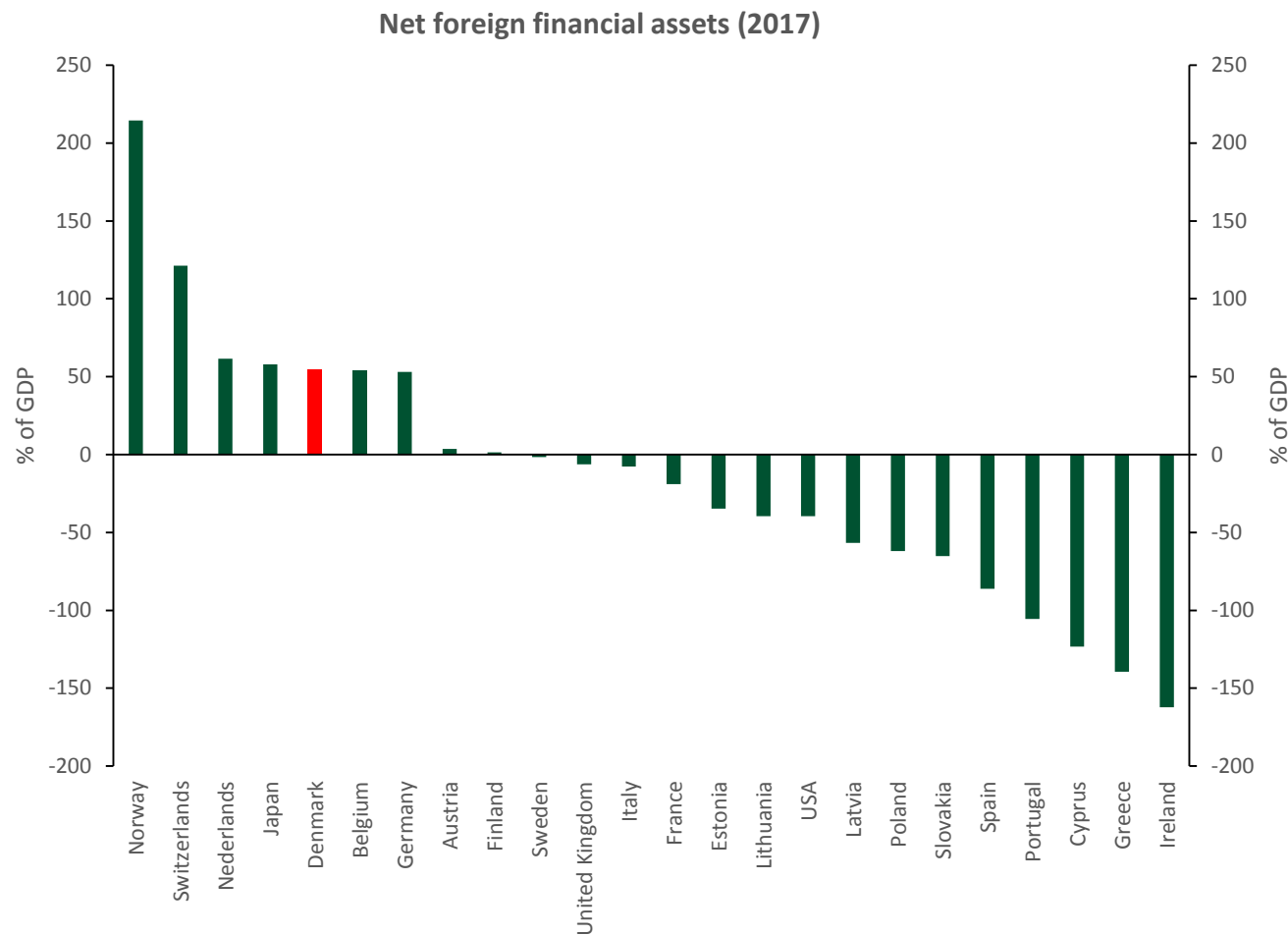


And public sector debt is low



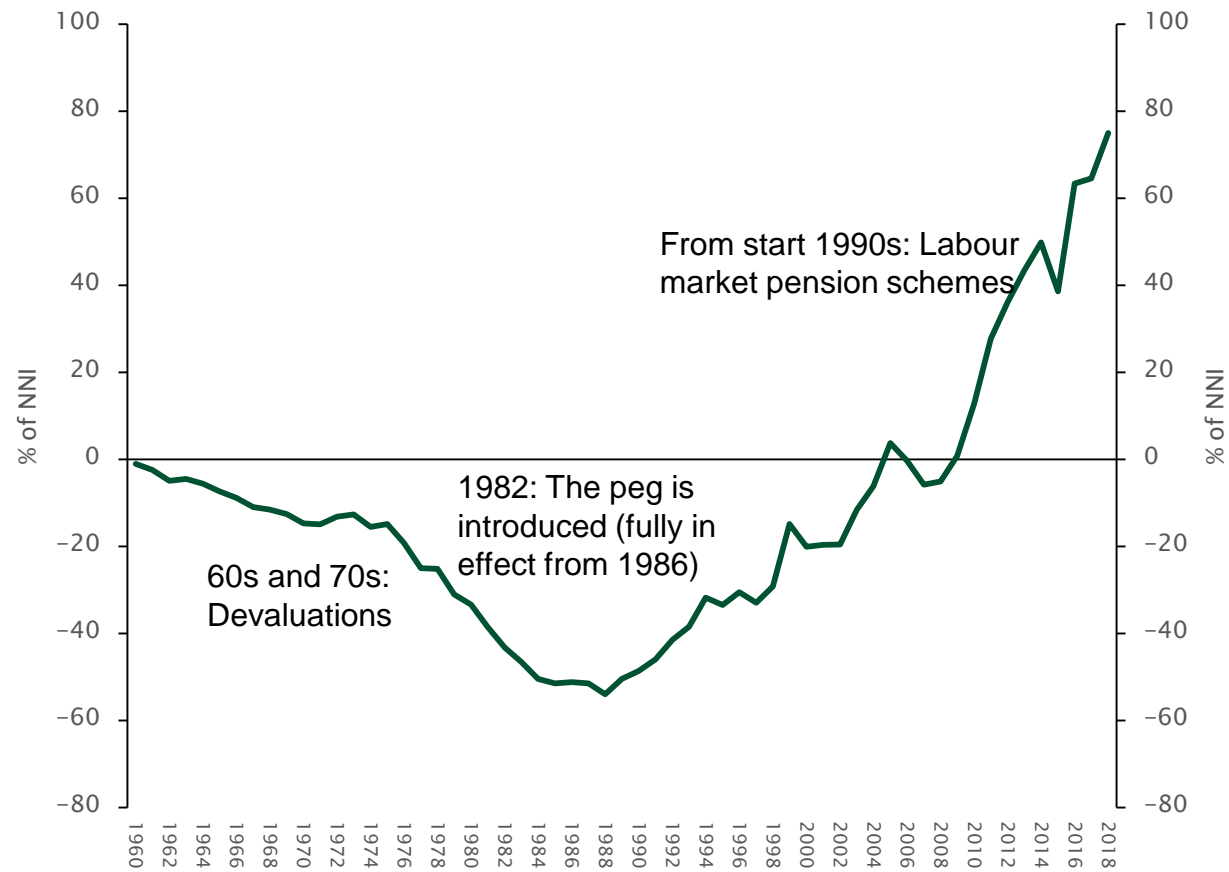
This is why Denmark is AAA





Source: Eurostat and IMF

Denmark's net foreign assets 1960-2018



Source: Danmarks Nationalbank

| Danish economy 2016–2020 | DKKbn | | | Real growth (%) | | |
|--|-------|-------|-------|-----------------|-------|-------|
| | 2018 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Consumer spending | 1050 | 2.1 | 2.1 | 2.3 | 1.3 | 1.5 |
| Public spending | 546 | 0.2 | 0.7 | 0.5 | 0.6 | 0.4 |
| Fixed gross investment | 490 | 7.6 | 4.6 | 5.0 | 0.1 | 4.0 |
| Inventory investment* | 12 | –0.1 | –0.1 | 0.1 | 0.0 | 0.0 |
| Exports | 1212 | 3.9 | 3.6 | 0.5 | 2.9 | 2.0 |
| Imports | 1094 | 4.2 | 3.6 | 2.9 | 1.6 | 3.3 |
| Gross domestic product (GDP) | 2216 | 2.4 | 2.3 | 1.2 | 1.6 | 1.2 |
| Balance of payments | | | | | | |
| – DKKbn | | 166 | 173 | 134 | 138 | 132 |
| – percentage of GDP | | 7.9 | 8.0 | 6.0 | 6.1 | 5.7 |
| Public budget balance | | | | | | |
| – DKKbn | | –2 | 25 | 3 | –2 | –4 |
| – percentage of GDP | | –0.1 | 1.1 | 0.1 | –0.1 | –0.2 |
| Unemployment | | | | | | |
| – Gross unemployment, average (thousands) | | 113 | 116 | 108 | 100 | 95 |
| – Percentage of the workforce | | 3.8 | 3.8 | 3.5 | 3.2 | 3.0 |
| Employment, avg. (thousands) | | 2871 | 2919 | 2972 | 3002 | 3018 |
| Inflation (%) | | 0.3 | 1.1 | 0.8 | 0.9 | 1.3 |
| Wage index (Private, %) | | 1.8 | 1.7 | 2.2 | 2.4 | 2.8 |
| House prices (nominal prices, %) | | 3.9 | 4.0 | 3.9 | 2.4 | 2.0 |
| 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 | –0.65 |

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

Source: Statistics Denmark and Jyske Bank's forecast for 2019 and 2020.



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