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## Jyske Bank A/S

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### Table Of Contents

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Ratings Score Snapshot

Credit Highlights

Outlook

Key Metrics

Anchor: 'bbb+', Given That Jyske Operates Predominantly In Denmark

Business Position: We Expect Jyske To Further Diversify Its Solid Franchise In Denmark

Capital And Earnings: We Forecast That Jyske Maintains Its High Capitalization

Risk Position: We Expect Prudent Lending And Provisioning Results With Relatively Solid Asset Quality Metrics To Offset Risks Stemming From High CRE Exposure

Funding And Liquidity: Sound Funding Profile Similar To Larger Danish Peers'

## Table Of Contents (cont.)

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Support: Two Notches Of ALAC Support From Sustainably High ALAC Buffers

Additional Rating Factors: None

Environmental, Social, And Governance (ESG)

Key Subsidiary: Jyske Realkredit

Issue Ratings

Resolution Counterparty Ratings (RCRs)

Key Statistics

Related Criteria

Related Research

# Jyske Bank A/S

## Ratings Score Snapshot

Global Scale Ratings
<b>Issuer Credit Rating</b> A+ / Stable / A-1
<b>Resolution Counterparty Rating</b> AA- / -- / A-1+ <i>Nordic Regional Scale</i> <i>Issuer Credit Rating</i> -- / -- / K-1

SACP: a- → Support: +2 → Additional factors: 0

Anchor	bbb+		ALAC support	+2	<table border="1"> <thead> <tr> <th>Issuer credit rating</th> </tr> <tr> <td><b>A+ / Stable / A-1</b></td> </tr> <tr> <th>Resolution counterparty rating</th> </tr> <tr> <td><b>AA- / A-1+</b></td> </tr> </thead></table>	Issuer credit rating	<b>A+ / Stable / A-1</b>	Resolution counterparty rating	<b>AA- / A-1+</b>
Issuer credit rating									
<b>A+ / Stable / A-1</b>									
Resolution counterparty rating									
<b>AA- / A-1+</b>									

Business position	Adequate	0	GRE support	0	
Capital and earnings	Strong	+1	Group support	0	
Risk position	Adequate	0	Sovereign support	0	
Funding	Adequate	0			
Liquidity	Adequate				
CRA adjustment	0				

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

## Credit Highlights

### Overview

Key strengths	Key risks
A solid domestic franchise in retail and commercial banking.	Scope to further improve profitability and efficiency metrics relative to those of international peers.
Strong risk-adjusted capitalization and sound earnings capacity.	Limited geographic diversity.
Very large buffer of loss-absorbing debt instruments.	Dependence on wholesale funding.

*We expect Jyske Bank A/S (Jyske) to maintain capital as a strength bolstered by solid earnings and the latest issuance of additional tier 1 (AT1) in 2024.* In our view, Jyske will continue to develop its solid domestic position as the third-largest domestic player in Denmark by market share. We project the bank's risk-adjusted capital (RAC) ratio to increase to 13.0%-13.5% in 2024-2026. After acquiring Svenska Handelsbanken activities in Denmark, its RAC ratio temporarily weakened to 11.6% as of year-end 2022, however it recovered to 12.8% as of year-end 2023 as a result of

recognition of higher profits for the year. We also view positively that the bank is committed to a minimum 11% RAC when deciding on capital distributions. We anticipate that capital will continue to be supported by Jyske's improving earnings backed by improved margins, higher lending volumes, manageable increase in risk cost, and the now integrated operations of its recent acquisition. We forecast return on equity (RoE) for Jyske to normalize at about 9% in 2025, after 12.1% for the first six months of 2024 and 14.8% in 2023.

***We anticipate Jyske will maintain relatively resilient asset quality despite concentration risk in the real estate sector.***

We believe the bank will continue to demonstrate sound asset quality metrics, despite its high concentration in domestic mortgage and mortgage-like bank loans, at a very-high 75% of the loan portfolio, of which 48% is for residential loans, and the remainder in commercial real estate (CRE) markets. Accordingly, we remain mindful that Jyske's lending portfolio continues to be vulnerable to generally high property market fluctuations. We exclude Jyske's CRE exposure with social, subsidized, and cooperative housing backed by state or municipality guarantees as we assess them as less vulnerable than more volatile CRE exposure like offices. The risk is also balanced by the high collateralization with average loan-to-value of about 45% as of year-end 2023, the high product diversification, de-risking of the mortgage book, and increased fixed-interest-rate lending in recent years. Along with Denmark's resilient economy, we forecast a manageable increase in credit costs to about 10 basis points (bps) of customer loans by 2026, up from 4bps for first-half 2024 and 3bps as of year-end 2023, following the higher loan impairment charges and loan loss reversals reported in 2023 and 2022, respectively.

***We forecast Jyske will continue to hold a material buffer of bail-in-able debt to support the long-term issuer credit rating.*** On the back of the expected risk-weighted asset growth, Jyske has increased its issuance plans for senior non-preferred debt in 2024 to meet regulatory requirements. As such, we expect it will continue building up its buffer of additional loss-absorbing liabilities, adding further protection for senior creditors. We project that the additional loss-absorbing capacity (ALAC) buffer will be sustainably at about 9% between 2024 and 2026 and remain above the threshold of 6% of S&P Global Ratings' adjusted risk-weighted assets (RWAs) through 2027.

## Outlook

The stable outlook reflects our expectation that Jyske will maintain high buffers in capital and bail-inable debt instruments, represented by our projection of the RAC ratio and the ALAC buffer remaining sustainably above 10% and 6% of S&P Global Ratings' risk-weighted assets, respectively, over the next two years. We also expect the bank will reach targeted improvements in its risk-adjusted profitability while credit loss provisions will remain contained, and Jyske will continue to report sound asset quality metrics in its expanded portfolio by operating with sound risk management broadly in line with those of domestic peers.

### Downside scenario

We could take a negative rating action if the bank fails to generate better risk-adjusted profitability, or substantial asset quality problems were to unexpectedly emerge from its high mortgage loan concentration, particularly CRE. This could materialize, for example, if higher risk costs from concentrations or single customers and lower earnings result in a significant decrease in the bank's RAC to below 10%.

We could also lower the rating if, contrary to our expectations, long-term trends in lending growth and margins highlight a weaker business franchise, or if the bank's risk-adjusted profitability materially underperforms that of peers in the coming 12-24 months. Similarly, we could lower the rating if ALAC declines materially, which is also contrary to our expectations.

### Upside scenario

We are unlikely to raise the long-term issuer credit rating, to which the senior preferred issue ratings are linked, on Jyske in the next two years.

## Key Metrics

### Jyske Bank A/S--Key ratios and forecasts

(%)	--Fiscal year ended Dec. 31--				
	2022a	2023a	2024f	2025f	2026f
Growth in operating revenue	3.6	55.9	(9.8)-(11.9)	(3.5)-(4.3)	(2.0)-(2.4)
Growth in customer loans	9.9	2.9	1.3-1.6	0.9-1.1	1.8-2.2
Growth in total assets	15.9	4.0	1.3-1.5	0.9-1.2	1.5-1.9
Net interest income/average earning assets (NIM)	0.9	1.4	1.3-1.5	1.2-1.4	1.2-1.3
Cost to income ratio	58.6	46.1	50.6-53.2	53.1-55.9	54.9-57.7
Return on average common equity	10.4	14.8	9.7-10.7	8.2-9.1	7.4-8.2
Return on assets	0.5	0.8	0.5-0.6	0.4-0.5	0.4-0.5
New loan loss provisions/average customer loans	(0.1)	0	0.1-0.1	0.1-0.1	0.1-0.1
Gross nonperforming assets/customer loans	1.8	1.8	1.7-1.9	1.7-1.8	1.6-1.8
Net charge-offs/average customer loans	(0.1)	0	0.0-0.0	0.0-0.0	0.0-0.0

**Jyske Bank A/S--Key ratios and forecasts (cont.)**

(%)	--Fiscal year ended Dec. 31--				
	2022a	2023a	2024f	2025f	2026f
Risk-adjusted capital ratio	11.6	12.8	13.1-13.7	13.2-13.9	13.3-14.0

All figures are S&P Global Ratings-adjusted. a--Actual. e--Estimate. f--Forecast. NIM--Net interest margin.

**Anchor: 'bbb+', Given That Jyske Operates Predominantly In Denmark**

We use our Banking Industry Country Risk Assessment economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for a commercial bank operating only in Denmark is 'bbb+', based on an economic risk score of '2' and industry risk score of '4'. Our economic and industry risk trends for the Danish banking sector remain stable.

Our assessment of low economic risks for Denmark reflects our view that Danish banks benefit from operating in a high-income, open economy with mature political and institutional settings that promote fiscal discipline and growth-stimulating policies. We forecast real GDP growth in Denmark of 2.2% in 2024, spurred again on by the pharmaceutical sector--which offsets weaker performance and consumer sentiment in other sectors. We anticipate that the difficult operating environment will continue to pressure weaker players, but to manageable levels, mostly for nonmortgage credit exposure toward small and midsize enterprises.

We believe Danish banks' improved profitability supports their robust capitalization, while the covered bond market provides a stable funding source. Higher interest rates, cost-efficient, stable funding through covered bonds, and relatively low credit cost boosted Danish banks' profitability and facilitated further capital build-up from earnings retention and the funding of typically moderate shareholder dividends. We forecast that Danish banks' sound ROE will improve to 9.0% in 2025, from 7.9% in 2022. Compared with Nordic peers, ROE still lags since muted growth prospects, intense competition in retail mortgages and corporate lending, and higher investments in compliance and digitalization continue to weigh on Danish banks' earnings. Banks rely substantially on wholesale funding, but market depth and a stable domestic covered bond market--operating under Denmark's balance principle--bolster stability, as demonstrated by the Danish covered bond market's solid track record in times of stress.

We view the regulatory environment in Denmark as being in line with that of EU countries overall. This balances a generally robust track record of macroprudential policies and conservative bank supervision with the national anti-money-laundering (AML) governance shortcomings highlighted in Danske Bank's Estonia case. Local banks and regulators have, however, progressed in strengthening the country's overall AML framework and we expect this will continue, considering significant public attention and overall political consensus.

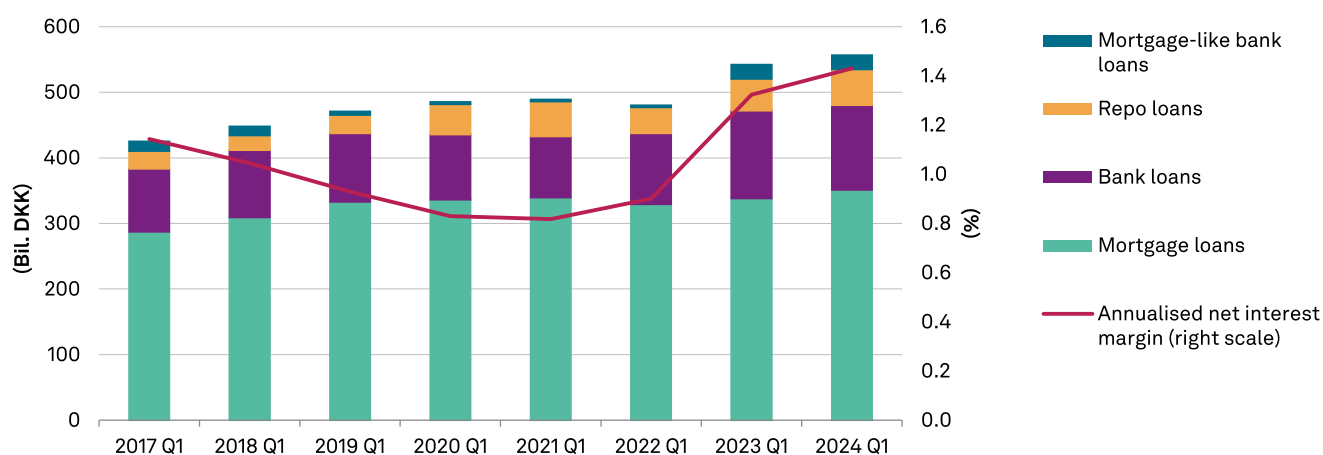
**Business Position: We Expect Jyske To Further Diversify Its Solid Franchise In Denmark**

We anticipate that Jyske will continue to diversify its sound earnings profile based on further improving its solid market share of about 12% in customer loans. In our view, the acquisitions of Svenska Handelsbanken's Danish

business consisting of healthy SME lending and retail mortgage loans (about 16% of Jyske's total loans and advances as of Sept. 30, 2022) further strengthened its domestic market position. The integration was, in our view, successfully concluded in the fourth quarter of 2023. We anticipate that Jyske's acquisition of PFA Bank would strengthen its business volume within asset management and wealth management advice and the ongoing integration will be well managed and smooth. In recent years, Jyske has increased its relative share of mortgage lending by repatriating loans previously financed via mortgage lender Totalkredit, while uncollateralized bank loans--mostly to corporates--have been largely stable. This has positively contributed to lowering the bank's overall risk profile while reducing top-line margins. Furthermore, with material increases in interest rates by the Danish central bank since 2022, Jyske has materially improved its net interest margins.

**Chart 1**

**Jyske Bank A/S changing loan book: Lower risk with higher share of mortgage lending and elevated net interest margin**

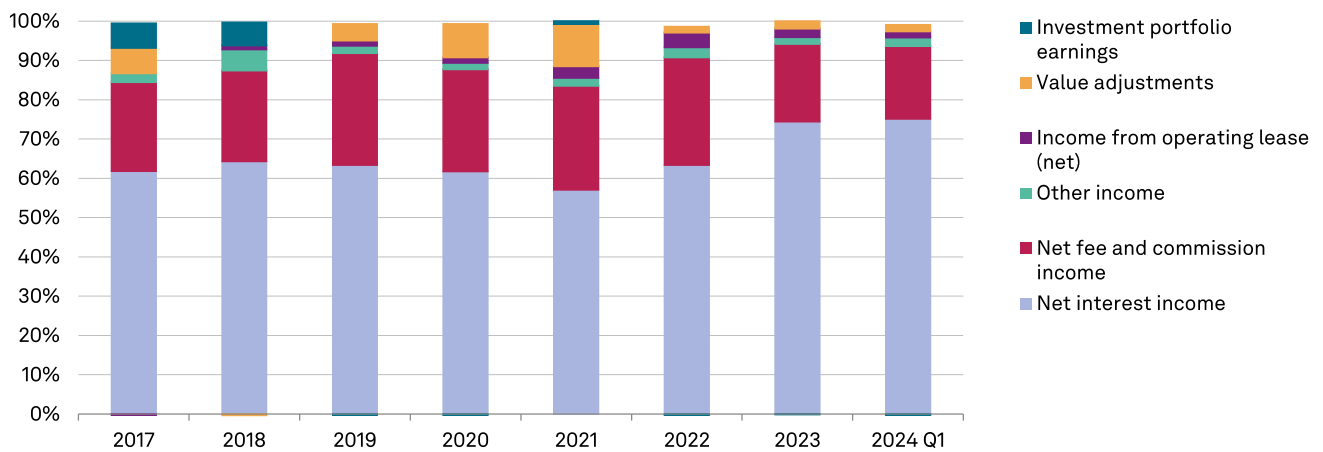


DKK--Danish krone. Q--Quarter. Source: S&P Global Ratings. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

Jyske has demonstrated a stable growth trajectory in terms of assets and revenue over the past five years. In addition to net interest income (about 70% of total income as of June, 2024), Jyske's revenue mix builds largely on generally stable net fees and commissions, composed mostly of securities trading, lending fees, and payments. More volatile performance-related fees have accounted for less than 3% of net fees and commission income on a quarterly average since first-quarter 2016. The bank also provides value-added services such as asset management, mainly to retail clients and leasing to personal and corporate clients.

**Chart 2**

**Jyske Bank's revenue mix provides diversification and stability**

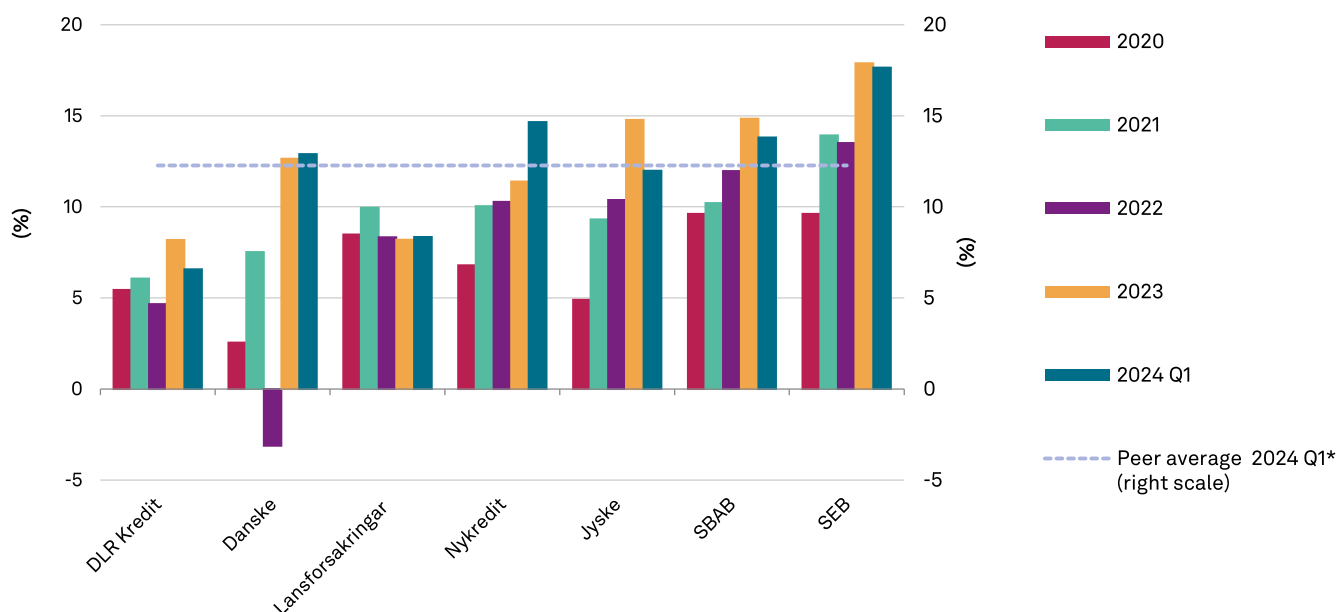


Q--Quarter. Source: Jyske Bank A/S.  
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We anticipate the bank will maintain its strategy of focusing on relationship-based commercial banking for households and SMEs, while working on further improving its digital offering and asset management footprint.

**Chart 3**

**Profitability is in line with domestic peers, but lacks international peers**



\* ROE: Return on average common equity (%). Q--Quarter. Source: S&P Global Ratings.  
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## Capital And Earnings: We Forecast That Jyske Maintains Its High Capitalization

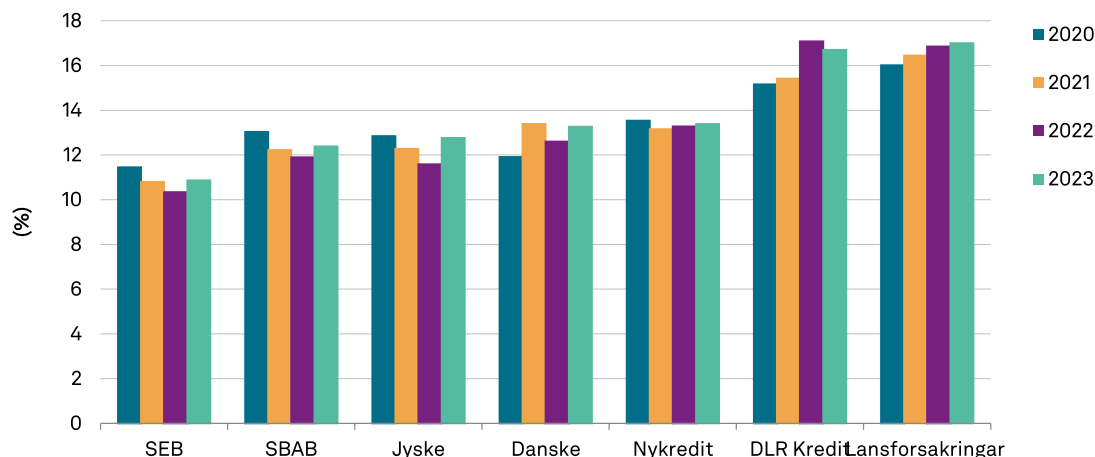
In our view, Jyske will preserve its high capitalization, mainly indicated by our projected RAC ratio of 13.0%-13.5% through 2026. Jyske restored its capital position after the Handelsbanken-acquisition in 2022, which led the RAC ratio to increase to 12.8% at year-end 2023. We expect solid internal capital generation capacity supported by a relatively resilient Danish economy including benefits from higher interest rates and relative stability in real estate prices, ongoing conservative capital distribution, and improved operating efficiency. Our base-case projection incorporates muted 1.0%-2.0% loan growth until 2026, in line with the overall Danish banking system, and cost efficiency measures after mitigation of the impact from the PFA Bank acquisition and inflation.

Accordingly, we expect Jyske to maintain its common equity tier 1 (CET1) ratio within the target range of 15%-16% after the implementation of Basel III in 2025, after posting 16.6% as of June 30, 2024. This is comfortably above the regulatory CET1 requirement of 12.7%. In our view, Jyske also has good quality of capital because the four AT1 instruments included in our assessment of the bank's capital base, amounting to about Danish krone (DKK) 5 billion, represent only 11% of total adjusted capital as of June 30, 2024. Depending on its capital position and market

developments, the bank may issue additional AT1 instruments in 2027.

**Chart 4**

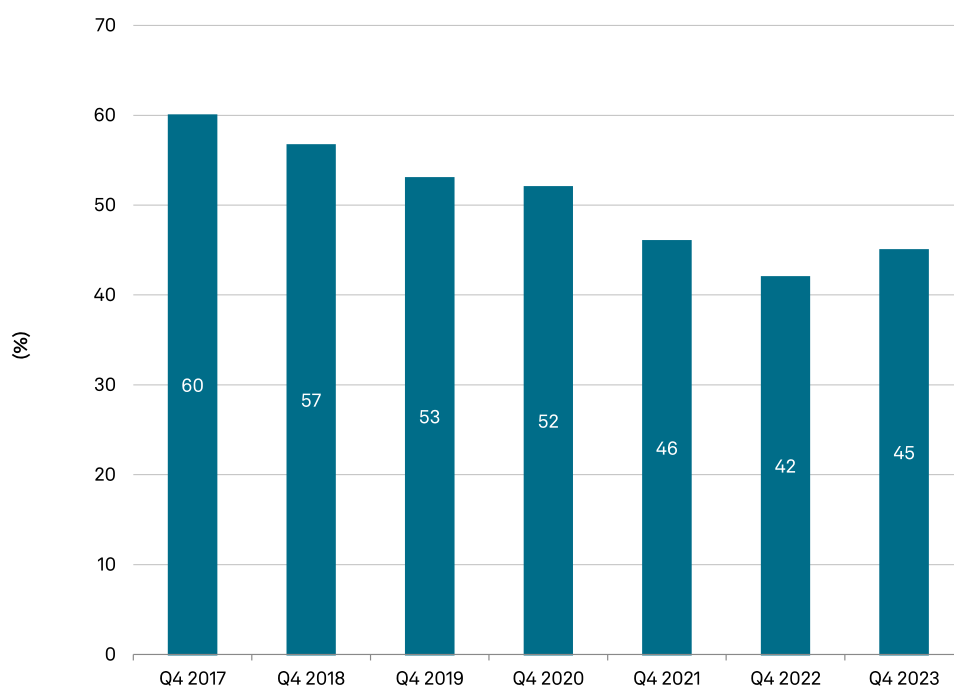
**Jyske Bank has maintained stable RAC ratio over the past years**



RAC--S&P Global Ratings' RAC ratio before diversification (%). SBAB and DLR Kredit data is forecasted for YE 2023. Source: S&P Global Ratings  
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**Risk Position: We Expect Prudent Lending And Provisioning Results With Relatively Solid Asset Quality Metrics To Offset Risks Stemming From High CRE Exposure**

We expect Jyske's risk profile will remain a neutral rating factor. We anticipate that the bank's prudent risk management, cautious lending standards, and very high collateralization will continue to contribute to the ongoing sound asset quality of its loan portfolio, broadly in line with our assessment of economic risk for the Danish banking system. This balances our general concerns about Jyske's concentration in the domestic real estate market standing for 75% of the total loan book. We consider CRE financings as typically more vulnerable to the generally structural, high fluctuations in CRE markets, in which Jyske has one of the highest exposures among its peers.

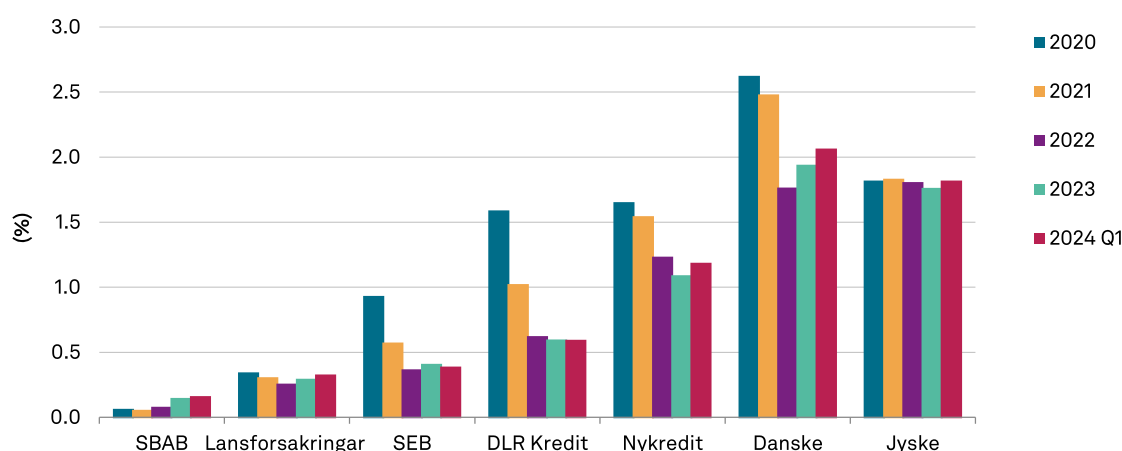
**Chart 5****Jyske Bank A/S is derisking its mortgage portfolio (average LTV ratio)**

Q--Quarter. Sources: Jyske Bank A/S, S&P Global Ratings  
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As a result, we forecast that Jyske's cost of risk is likely to increase to a manageable level of about 10bps by 2026, given the challenging macroeconomic environment, which is up from the favorably low 6bps in the first three months of 2024, or 3bps as of year-end 2023. However, we project that Jyske's gross nonperforming loans will remain at somewhat similar levels, at 1.7% in 2026, after 1.7% on June 30, 2024, due to muted loan growth, this remains somewhat higher than those of many Nordic peers. Jyske's proportion of stage 2 loans increased to 4.2% as of June 2024 from 3.5% as of year-end 2023 but is still well below the 4.8% at year-end 2021.

**Chart 6**

**Jyske Bank's asset quality remains resilient, but slightly weaker than most peers**



Q--Quarter. NPA--Gross nonperforming assets/customer loans + other real estate owned (%). Source: S&P Global Ratings. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

## Funding And Liquidity: Sound Funding Profile Similar To Larger Danish Peers'

We anticipate Jyske's funding and liquidity profile will remain a neutral rating factor, well managed, and in line with domestic peers' over the next two years.

Jyske has a higher share of covered bond financing than many of its international peers (51% of total funding base as of June 2024), benefiting strongly from the stability of the Danish covered bond market and its unique features as supporting an adequate funding assessment. We anticipate the Danish covered bond market--a key investment target for Danish pension funds--will continue to perform well, as highlighted during the turbulence caused by the COVID-19 pandemic in 2020 and more recently in early parts of 2022-2023, when the covered bond markets remained open. In our view, a further supporting factor is the 2014 Danish covered bond legislation that extends bond maturities by 12 months in the event of a failed auction, thus effectively passing refinancing risks to investors and repricing risks onto borrowers.

Moreover, we anticipate Jyske will continue to benefit from its franchise, reflected in diversified core customer deposits at around 28% of the funding base as of June 30, 2024. Despite the substantial contribution of corporate deposits to Jyske's deposit book (>50% of the total in June 2024), we think these deposits are rather stable and do not show material single-name concentrations. This benefits the bank's SME lending profile and provides it with a steady source of funding for its nonmortgage lending. Jyske's stable funding ratio has improved slightly to 98.7% as of June 2024, after reaching 97.2% at year-end 2023, and remains somewhat lower than many peers'. Similarly, Jyske's regulatory net stable funding ratio was 144% in June 2024, compared with 136% at year-end 2023, helped by stable deposit levels.

We expect Jyske to maintain its sound liquidity management including regular stress and backtesting and adequate liquidity position, represented by a 1.1x ratio of broad liquid assets to short-term wholesale funding as of end-June 2024. Similarly, the bank's regulatory liquidity coverage ratio stood at 211% in June 2024, on par with year-end 2023. The bank has an internal guideline setting the minimum liquidity coverage ratio at 150%, compared with a minimum regulatory requirement of 100%.

## **Support: Two Notches Of ALAC Support From Sustainably High ALAC Buffers**

We include two notches of support above Jyske's 'a-' stand-alone credit profile because we expect the bank will continue to build a material ALAC buffer through 2026 that will protect senior bondholders. We forecast Jyske's ALAC ratio will be at about 9% between 2024-2026, up from 9.6% year-end 2023. We consider the bank's strategic commitment to maintain an ALAC buffer well above its 6% threshold and its corresponding updated funding plan with higher planned issuances in 2024-2026.

We continue to view Denmark's resolution regime as effective under our ALAC criteria because, among other factors, we think it contains a well-defined bail-in process under which authorities would permit nonviable systemically important banks to continue critical functions as going concerns, following a bail-in of eligible liabilities.

## **Additional Rating Factors: None**

No additional factors affect the ratings.

## **Environmental, Social, And Governance (ESG)**

We see ESG for Jyske as broadly in line with those of the industry and country peers.

The bank, as part of its ESG program, launched initiatives to increase transparency of the sustainability objectives for clients, while simplifying access to sustainable advice and products. Jyske seeks to increase its share of lending to sustainable areas such as green buildings, clean transport, and renewable energy. By 2025, it aims to finance 5 terawatt-hours of renewable energy and DKK60 billion of low-energy commercial property and promises that 30% of loans for vehicles in its leasing book will be for low-emission vehicles. By 2030, the bank aims to reduce the carbon dioxide footprint of the managed equity investments by 75% and that of the funds with investments in Danish mortgage bonds by 40%, both compared with 2019. Besides those environmental goals, the bank recently increased its transparency on some social and governance targets, by publishing key performance indicators on, among others, employee turnover (9.2% by year-end 2023), gender pay gap (1.16% by year-end 2023), and supervisory board gender diversity (33.3% by year-end 2023).

## **Key Subsidiary: Jyske Realkredit**

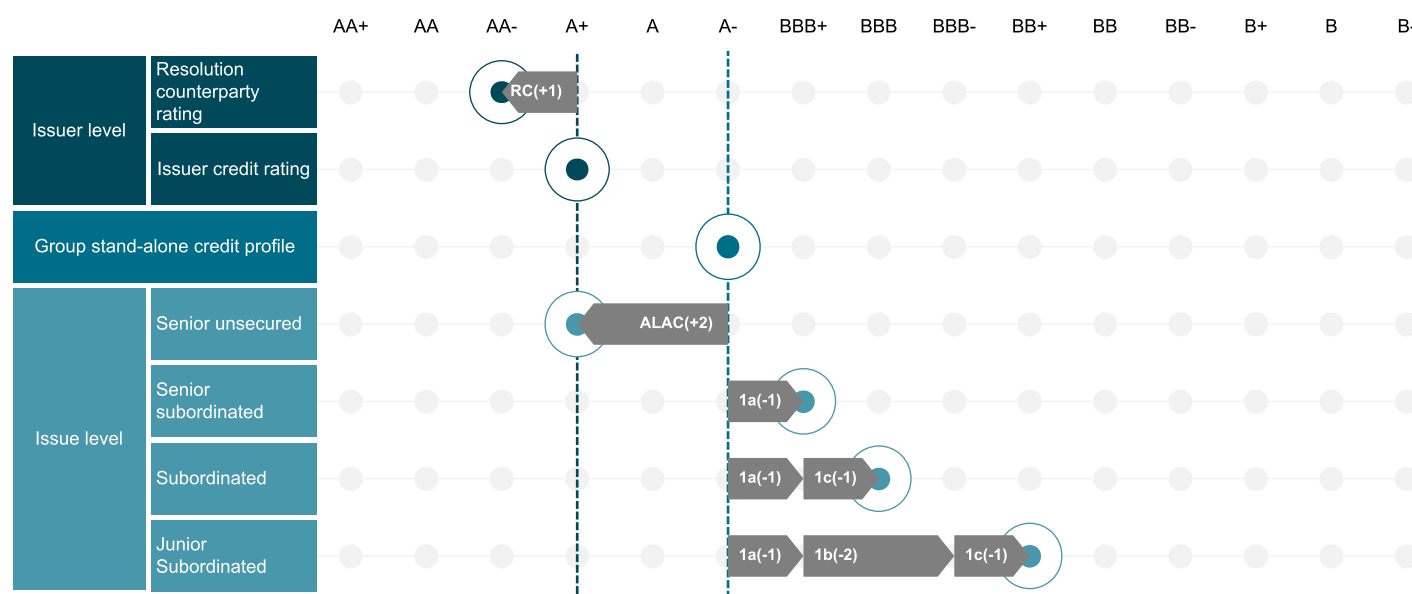
In our view, Jyske Realkredit (Realkredit) remains a core subsidiary of Jyske, and we therefore align our long-term

issuer credit rating and outlook on Realkredit with those on Jyske. We think it is highly unlikely that Realkredit's relevance will diminish within the group given its vital role in the enlarged bank's funding strategy for Danish residential and commercial mortgages.

## Issue Ratings

We rate Jyske's debt instruments according to their respective features.

### Jyske Bank A/S : Notching



#### Key to notching

- Issuer credit rating
- Group stand-alone credit profile

RC	Resolution counterparty liabilities (senior secured debt)
ALAC	Additional loss-absorbing capacity buffer
1a	Contractual subordination
1b	Discretionary or mandatory nonpayment clause and whether the regulator classifies it as regulatory capital
1c	Mandatory contingent capital clause or equivalent

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on March 2, 2022.

The nonoperating holding company (NOHC) issuer credit rating and senior unsecured debt ratings are notched from the group stand-alone credit profile (SACP) under our criteria. Since ALAC notching does not benefit NOHCs, for simplicity the diagram above is stylized to show the positioning of these ratings with reference to the group SACP.

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## Resolution Counterparty Ratings (RCRs)

We assigned 'AA-/A-1+' RCRs, one notch above the long-term issuer credit ratings, to Jyske that relate to certain senior liabilities that we consider explicitly protected from default in an effective bail-in resolution process.

## Key Statistics

**Table 1**

Jyske Bank A/S--Key figures						
--Fiscal year-ended Dec. 31--						
(Mil. DKK)	2024*	2023	2022	2021	2020	2019
Adjusted assets	766,532	776,280	746,669	647,122	672,648	649,737
Customer loans (gross)	505,368	507,756	493,507	448,975	444,613	444,491
Adjusted common equity	40,024	38,514	33,827	34,468	32,375	31,761
Operating revenues	7,029	14,857	9,529	9,202	8,500	8,438
Noninterest expenses	3,392	6,844	5,583	5,432	5,349	5,495
Core earnings	2,620	5,903	3,747	3,145	1,665	2,412

Data as of June 2024. DKK--Danish krone.

**Table 2**

Jyske Bank A/S--Business position						
--Fiscal year-ended Dec. 31--						
(%)	2024*	2023	2022	2021	2020	2019
Loan market share in country of domicile	12	12	12	11	11	12
Total revenues from business line (DKK millions)	7,033.00	14,859.00	9,535.00	9,241.00	8,502.00	8,473.00
Commercial & retail banking/total revenues from business line	91.7	91.1	86.7	85.7	86.5	88.5
Other revenues/total revenues from business line	8.3	8.9	13.3	14.3	13.5	11.5
Return on average common equity	12.1	14.8	10.4	9.3	4.9	7.6

Data as of June 2024. DKK--Danish krone.

**Table 3**

Jyske Bank A/S--Capital and earnings						
--Fiscal year-ended Dec. 31--						
(%)	2024*	2023	2022	2021	2020	2019
Tier 1 capital ratio	18.7	18.3	16.7	20.0	19.9	19.4
S&P Global Ratings' RAC ratio before diversification	N/A	12.8	11.6	12.3	12.8	12.2
S&P Global Ratings' RAC ratio after diversification	N/A	10.8	9.4	9.9	10.8	10.2
Adjusted common equity/total adjusted capital	89	92.1	91.1	91.1	90.7	90.7
Net interest income/operating revenues	68.7	64.9	61.9	54.8	59.4	62.9
Fee income/operating revenues	17.2	17.4	26.5	25.1	24.6	27.4
Market-sensitive income/operating revenues	7.3	11	0	10.4	6.8	1.9
Cost to income ratio	48.3	46.1	58.6	59	62.9	65.1
Preprovision operating income/average assets	0.9	1	0.6	0.6	0.5	0.5
Core earnings/average managed assets	0.7	0.8	0.5	0.5	0.3	0.4

Data as of June 2024. N/A--Not applicable. RAC--Risk-adjusted capital.

Table 4

Jyske Bank A/S RACF--Risk-adjusted capital framework data					
(Mil. DKK)	Exposure*	Basel III RWA	Average Basel III RW(%)	Standard & Poor's Global Ratings' RWA	Average Standard & Poor's Global Ratings' RW (%)
<b>Credit risk</b>					
Government and central banks	115,646	131	0	902	1
Of which regional governments and local authorities	20,948	129	1	495	2
Institutions and CCPs	96,999	7,167	7	9,995	10
Corporate	263,315	102,699	39	159,244	60
Retail	327,134	47,427	14	89,798	27
Of which mortgage	274,780	34,888	13	57,089	21
Securitization§	7,509	1,519	20	1,510	20
Other assets†	6,585	6,132	93	6,642	101
Total credit risk	817,189	165,075	20	268,090	33
<b>Credit valuation adjustment</b>					
Total credit valuation adjustment	--	1,266	--	0	--
<b>Market risk</b>					
Equity in the banking book	1,705	2,115	124	14,296	839
Trading book market risk	--	9,825	--	14,738	--
Total market risk	--	11,940	--	29,033	--
<b>Operational risk</b>					
Total operational risk	--	19,688	--	30,646	--
	<b>Exposure</b>	<b>Basel III RWA</b>	<b>Average Basel II RW (%)</b>	<b>S&amp;P Global Ratings' RWA</b>	<b>% of S&amp;P Global Ratings' RWA</b>
<b>Diversification adjustments</b>					
RWA before diversification	--	229,552	--	327,770	100
Total diversification/ Concentration adjustments	--	--	--	58,175	18
RWA after diversification	--	229,552	--	385,945	118
		<b>Tier 1 capital</b>	<b>Tier 1 ratio (%)</b>	<b>Total adjusted capital</b>	<b>S&amp;P Global Ratings' RAC ratio (%)</b>
<b>Capital ratio</b>					
Capital ratio before adjustments		41,296	18.0	41,827	12.8
Capital ratio after adjustments‡		41,296	17.8	41,827	10.8

\*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. DKK--Danisk krone. Sources: Company data as of Dec. 31, 2023, S&P Global Ratings.

**Table 5**

<b>Jyske Bank A/S--Risk position</b>						
	<b>--Fiscal year-ended Dec. 31--</b>					
<b>(%)</b>	<b>2024*</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Growth in customer loans	(0.9)	2.9	9.9	1.0	0	0.6
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	17.8	23.4	24.3	18.7	19.5
Total managed assets/adjusted common equity (x)	19.2	20.2	22.2	18.8	20.8	20.5
New loan loss provisions/average customer loans	0.0	0.0	(0.1)	(0.1)	0.2	0
Net charge-offs/average customer loans	(0.1)	0.0	(0.1)	(0.1)	0.1	0.1
Gross nonperforming assets/customer loans + other real estate owned	1.7	1.8	1.8	1.8	1.8	2.1
Loan loss reserves/gross nonperforming assets	50.6	50.9	48.9	58.6	64.4	50.8

Data as of June 2024. RWA--Risk-weighted assets. N/A--Not applicable.

**Table 6**

<b>Jyske Bank A/S--Funding and liquidity</b>						
	<b>--Fiscal year-ended Dec. 31--</b>					
<b>(%)</b>	<b>2024*</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Core deposits/funding base	28.5	28.5	28.3	21.2	21.5	22.1
Customer loans (net)/customer deposits	254.3	251.8	258.7	365.5	344.7	346.3
Long-term funding ratio	74.3	73.2	71.9	74.6	74.2	76.4
Stable funding ratio	98.7	97.2	93.4	93.5	95.5	95.8
Short-term wholesale funding/funding base	27.4	28.4	29.7	27.1	27.4	25.1
Regulatory net stable funding ratio	144	136	129	138	N/A	N/A
Broad liquid assets/short-term wholesale funding (x)	1.1	1.0	0.9	0.9	1.0	1.0
Broad liquid assets/total assets	26.2	25.9	24.4	21.4	23	21.6
Broad liquid assets/customer deposits	102.2	101.2	96.6	113.9	121.6	110.4
Net broad liquid assets/short-term customer deposits	6.1	1.3	(8.2)	(13.7)	(5.9)	(2.9)
Regulatory liquidity coverage ratio (LCR) (x)	211	211	417	448	N/A	N/A
Short-term wholesale funding/total wholesale funding	37.9	39.5	41.1	34.1	34.6	32
Narrow liquid assets/3-month wholesale funding (x)	2.1	1.8	1.8	2.3	1.9	1.9

Data as of June 2024. N/A--Not applicable.

<b>Jyske Bank A/S--Rating component scores</b>	
<b>Issuer credit rating</b>	<b>A+/Stable/A-1</b>
SACP	a-
Anchor	bbb+
Economic risk	2
Industry risk	4
Business position	Adequate
Capital and earnings	Strong
Risk position	Adequate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	0

**Jyske Bank A/S--Rating component scores (cont.)**

<b>Issuer credit rating</b>	<b>A+ /Stable/ A-1</b>
Support	+2
ALAC support	+2
GRE support	0
Group support	0
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

**Related Criteria**

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

**Related Research**

- Banking Industry Country Risk Assessment Update: June 2024, June 28, 2024
- Top Nordic Banks Continued Strong Performance In Q1, May 28, 2024
- Research Update: Denmark 'AAA/A-1+' Ratings Affirmed; Outlook Stable, Feb. 09, 2024
- Nordic Banks In 2024: Ploughing On Through Tough Terrain, Feb 07, 2024
- Banking Industry Country Risk Assessment: Denmark, Dec. 07, 2023
- Jyske Bank A/S, Dec. 07, 2023
- Research Update: Jyske Bank And Jyske Realkredit Upgraded To 'A+' From 'A' On Sustainably Higher Bail-Inable Debt Buffer; Outlook Stable, July 21, 2023

**Ratings Detail (As Of August 21, 2024)\*****Jyske Bank A/S**

Issuer Credit Rating

A+ /Stable/ A-1

**Ratings Detail (As Of August 21, 2024)\*(cont.)**

<i>Nordic Regional Scale</i>	--/--/K-1
Resolution Counterparty Rating	AA/--/A-1+
Commercial Paper	
<i>Foreign Currency</i>	A-1
Junior Subordinated	BB+
Senior Subordinated	BBB+
Senior Unsecured	A+
Short-Term Debt	A-1
Subordinated	BBB
<b>Issuer Credit Ratings History</b>	
21-Jul-2023	A+/Stable/A-1
23-Oct-2019	A/Stable/A-1
05-Apr-2018	A-/Positive/A-2
10-Feb-2012 <i>Nordic Regional Scale</i>	--/--/K-1
<b>Sovereign Rating</b>	
Denmark	AAA/Stable/A-1+
<b>Related Entities</b>	
<b>Jyske Realkredit A/S</b>	
Issuer Credit Rating	A+/Stable/A-1
Resolution Counterparty Rating	AA/--/A-1+
Senior Secured	AAA/Stable
Short-Term Secured Debt	A-1+

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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