

Jyske Bank

Quarterly report Q1 2012



Agenda

Jyske Bank in brief

Off to a good start in 2012

Jyske Bank performance 2008-2011

Jyske Bank actions in 2010, 2011 and 2012

- Strengthening the revenue base
- Cost reductions
- Selective acquisitions including portfolios
- Optimizing capital structure
- Improving funding structure

Danish FSA reports

Potentials

2011 in figures

- Core earnings
- Credit quality
- Investment portfolio earnings
- Fee and commission income
- Value adjustments

The Financial Sector in Denmark



Jyske Bank in brief



Jyske Bank in brief

Jyske Bank focuses on core business

Description

- Established and listed in 1967
- 2nd largest Danish bank by lending
- Total lending of approx. DKK 124bn
- 109 domestic branches
- Approx. 550,000 customers
- Business focus is on Danish private individuals, SMEs and international private and institutional investment clients
- International units in Hamburg, Zürich, Gibraltar, Cannes and Weert
- A de-centralised organisation
- 3,783 employees (end of Q1 2012)
- Full-scale bank with core operations within retail and commercial banking, customer driven trading, asset management and private banking
- Flexible business model using strategic partnerships within life insurance (PFA), mortgage products (Nykredit, DLR), credit cards (SEB) and IT operations (JN Data) and IT R&D (Bankdata, Q4 2012)

Branch Network

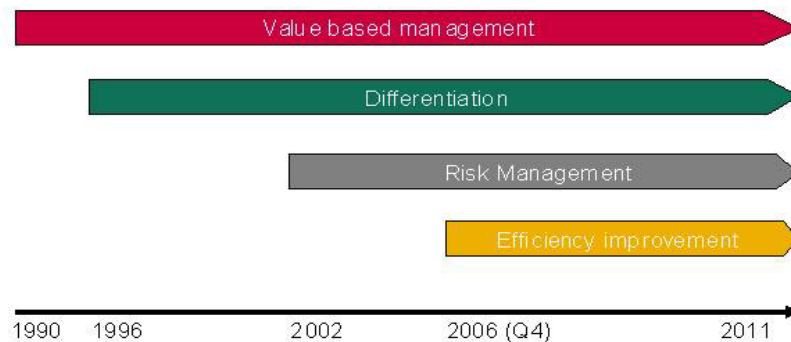


Jyske Bank in brief

Jyske Bank has a differentiation strategy

"Jyske Differences"

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



Acquisitions
Bankdata





Off to a good start in 2012



Off to a good start in 2012

- Change of strategy: Organic growth and select acquisitions
 - Two acquisitions of portfolios in 2011
- Underlying earnings capacity improved during 2011
- 2012 and 2013
 - Reap the fruits of actions taken in 2010, 2011 and beginning of 2012
 - ROE moving towards a normalized level

Off to a good start in 2012 - cont.

Financial figures Q1 2012

- Strong earnings in Q1 2012

Funding agreement using covered bonds

- The agreement with BRFkredit about Covered Bond funding of Jyske Bank's home loans is expected to increase the income by DKK 25m-50m in 2012. The agreement offers a growth potential to the range of DKK 75m-125m p.a. (1.2 - 2% of gross earnings)

Guarantee fund to be established in Denmark

- Costs for the build-up of the Guarantee Fund are expected to be DKK 130m in 2012 (0.9% of equity)

Acquisitions

- In 2012 it is anticipated that the pre-tax profit from the acquired activities in 2011 will amount to about DKK 75m, and it is expected to increase to about DKK 125m in 2014 (2% of gross earnings)
- If attractive opportunities arise, Jyske Bank will consider acquiring further select activities over the coming years as the Danish banking sector is expected to consolidate.

Further interest rate increase



Jyske Bank performance 2008-2011



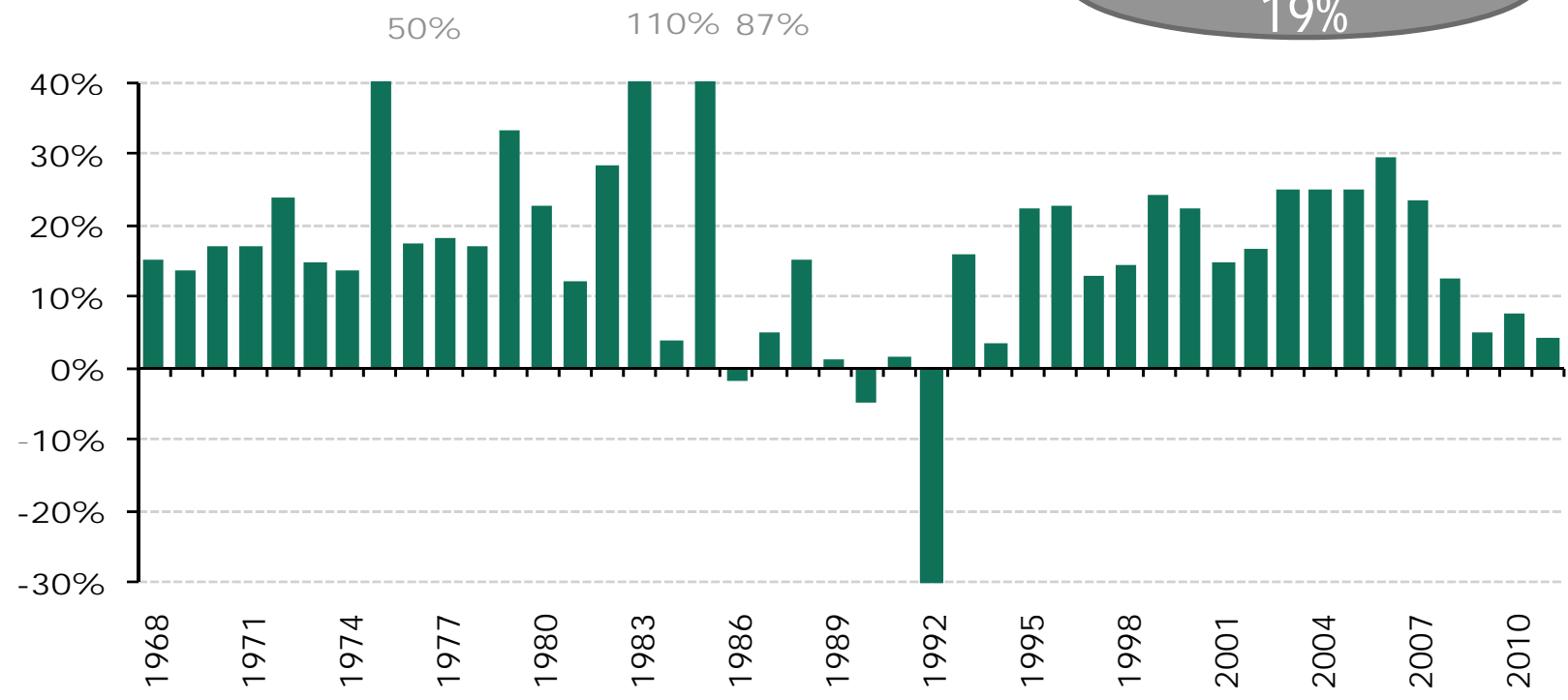
Jyske Bank performance

DKKm	2008	2009	2010	2011	Q1 2012
Profit before Bank Packages, the Guarantee fund and tax	1522	1208	1509	1269*	540
ROE	15.7%	11.3%	12.1%	9.5%	15.6%

* Exclusive of one off items and special items

Pre-tax profit
(ROE on avg. equity)

Average:
19%



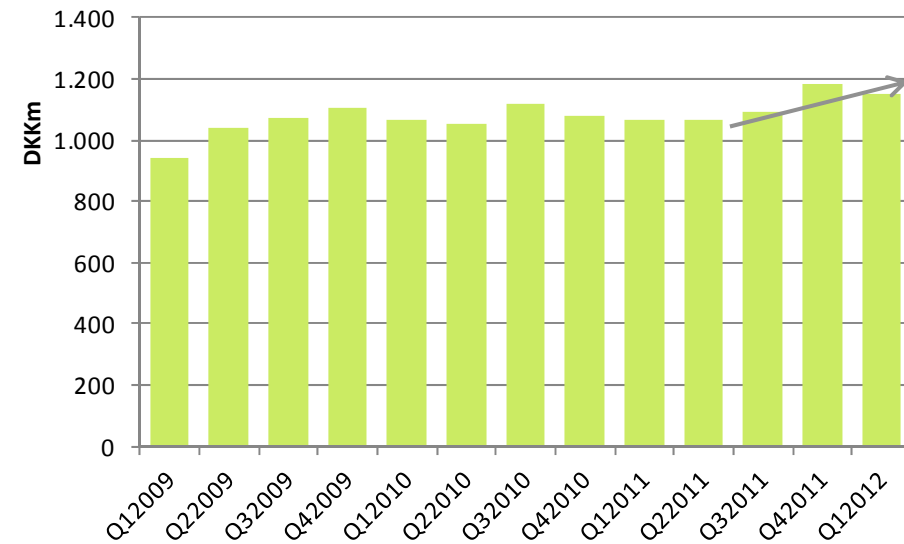
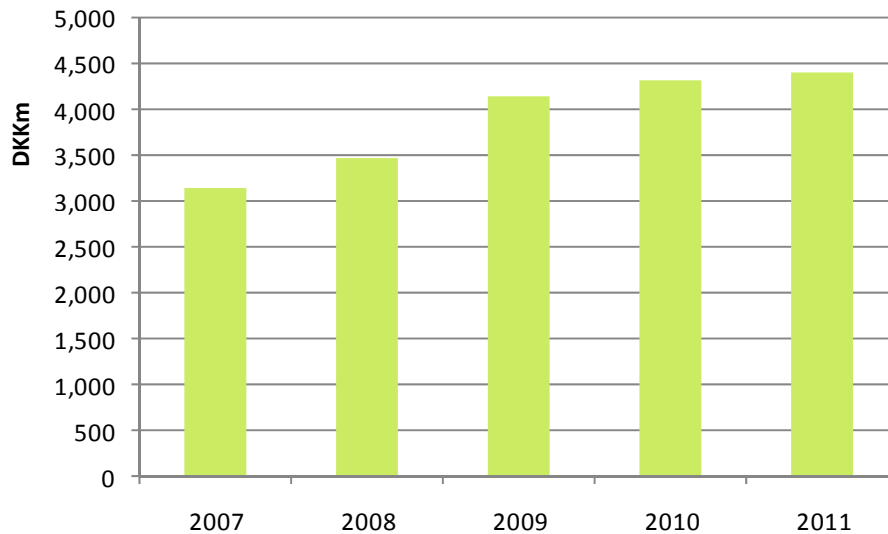
Jyske Bank actions in 2010, 2011 and 2012

- Strengthening the revenue base
- Cost reductions
- Selective acquisitions including portfolios
- Optimizing capital structure
- Improving funding structure

Strengthening the revenue base

- Interest rate hikes in April, July, October, December 2011 and in June 2012
- 150 bp (gross) in 2011 due to higher funding costs and payments to the Guarantee Fund
- Full effect of Q4 2011 hikes from Q2 2012, and of July 2012 from Q3 2012

Net Interest Income

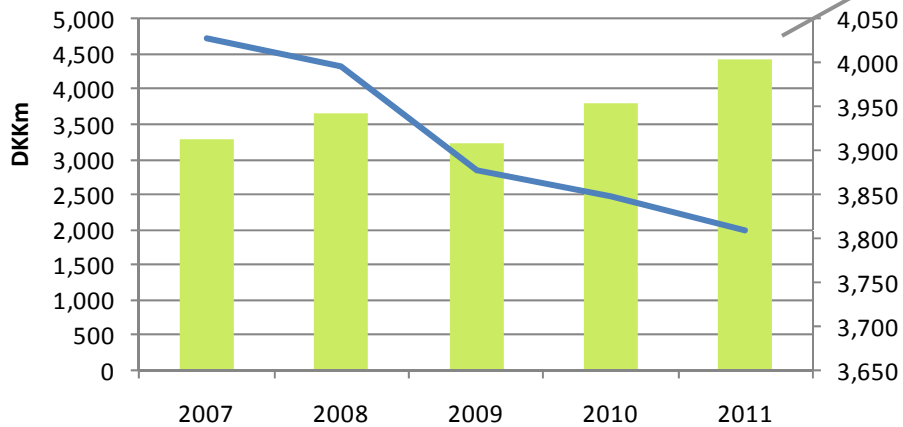


Cost reductions

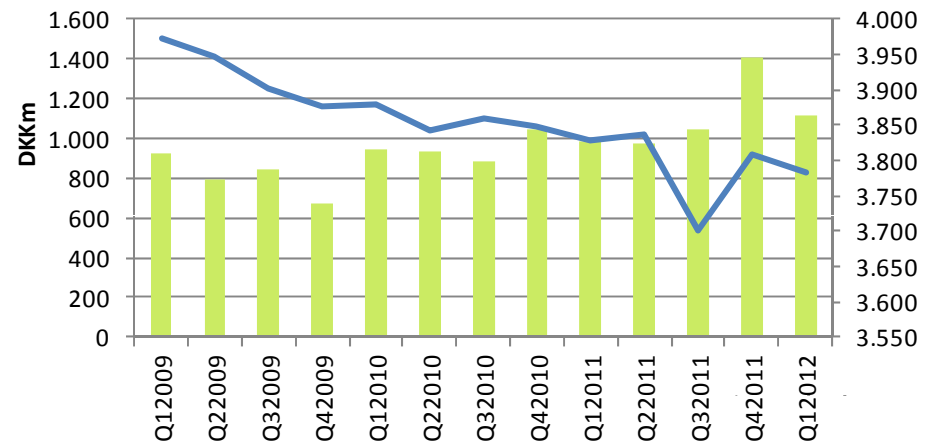
- Underlying growth in costs 2% in 2011 and 0% in Q1 2012
- Staff reductions
 - Expected 3550 employees (exclusive of approx. 50 temporary employees) end of 2012 against 4158 in Q3 2006
- 9 branch mergers in NW Jutland and Copenhagen
- Converting IT systems to Bankdata systems
- *Total reduction in costs annually DKK 400m*

Operating expenses and employees

Special items
DKK 460m



■ Operating expenses, depreciation and amortisation
— Number of full-time employees (rhs)



■ Operating expenses, depreciation and amortisation
— Number of full-time employees (rhs)

Cost reductions

Continued reduction in no. of employees

- 150 employees in Sept 2011 - one off costs of DKK 80m in Q3 2011
- 100 employees by natural wastage in 2012
- Full effect DKK 150m
- +141 employees from acquisitions
- Expected 3.550 employees (exclusive of approx. 50 temporary employees) end of 2012 against 4158 in Q3 2006

Migration of IT-platform to Bankdata in Q4 2012

- Conversion costs DKK -95m in Q4 2011; DKK -117m in budget 2012
- Cost reduction of DKK 200m relative to budget 2010/2013

Merge of branches in Q2 and Q3 2011 and Q1 2012

- 2 in Copenhagen, 7 in NW Jutland
- Continuous focus on profitable branch structure

Selective acquisitions including portfolios

Parts of Finans Nord

- Future new sales and administration of existing corporate leasing portfolio; approx. DKK 6bn (gross), DKK 300m on Jyske Bank balance sheet (branch) by end 2011, expected DKK 1.6bn in 2012.
- Car-leasing company Easyfleet, approx. DKK 400m (subsidiary) by end 2011, expected DKK 800m in 2012.
- Badwill: DKK 4m
- Budget 2012: Earnings before tax DKK 31m, ROE before tax 19% (weighted estimate)

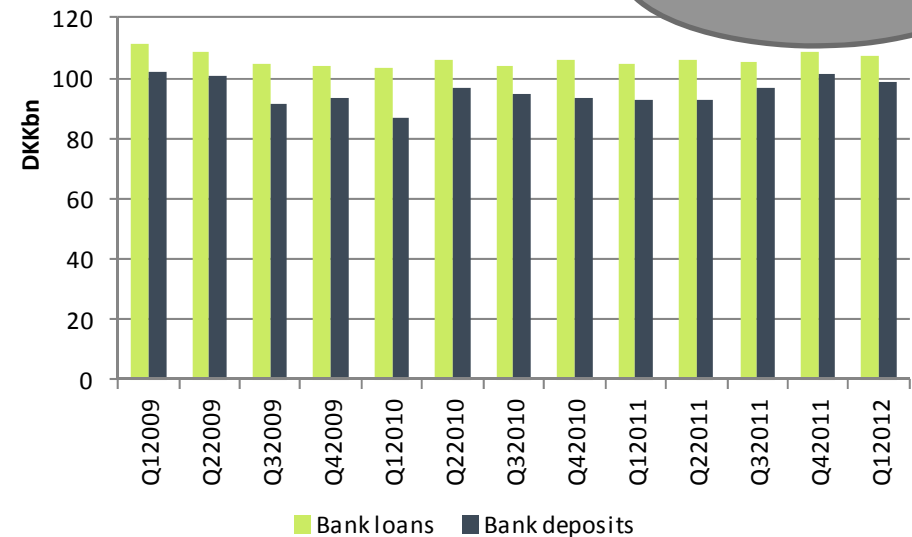
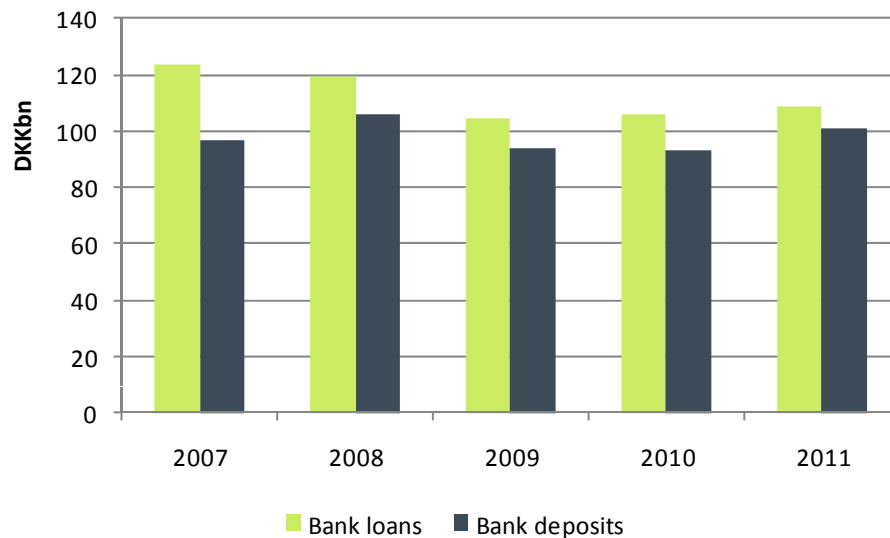
Fjordbank Mors (branch)

- Retail and SME portfolio; 43.000 customers, loans DKK 2.3bn, deposits DKK 3.5bn, AUM approx. DKK 2.4bn
- Badwill: DKK 155m
- Budget 2012: Earnings before tax DKK 48m; ROE before tax 15% (estimate)

2012 expected DKK 75m before tax

2014 expected DKK 125m before tax ("steady state")

q/q and y/y:
-1.2%/2.6%



Optimizing capital structure

Redemption of EUR 25m supplementary capital in Q2 2011

- Profit before tax: DKK - 52m
- 7% bond loan
- Contractual maturity in 2024

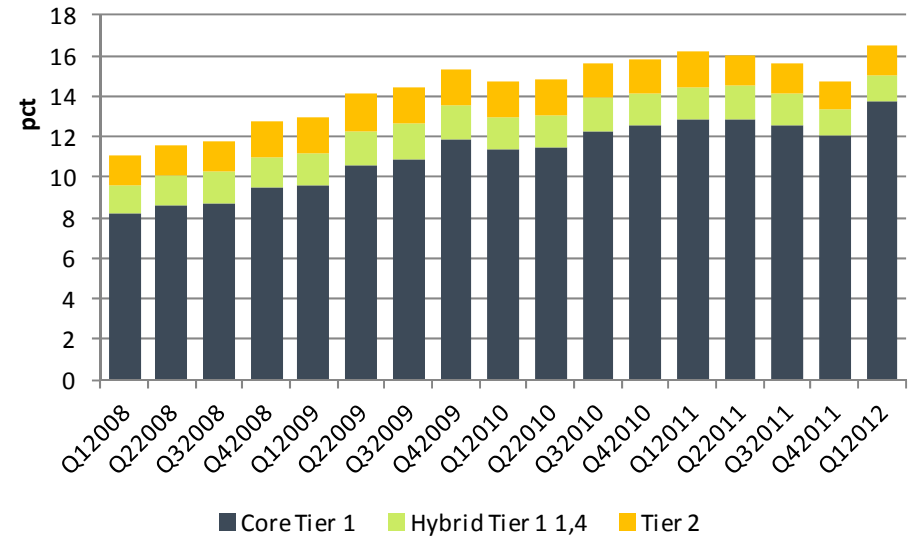
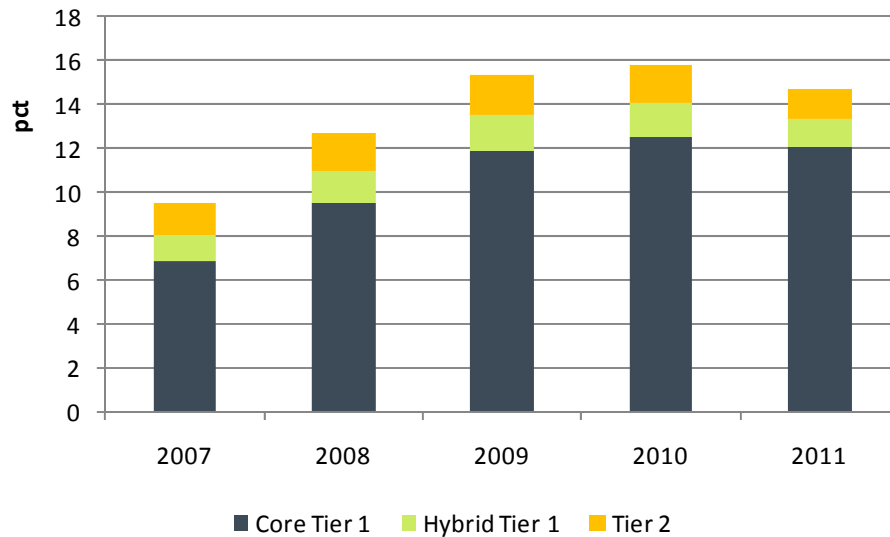
Buy back of EUR 50m hybrid capital in Q4 2011

- Profit after tax: DKK +155m
- Price of 55
- Offers for EUR 68m
- Core Tier 1 Capital ratio increased by 0.1 percentage points

Capital increase Q1 2012

- Core Tier 1 increase DKK 1.1bn
- Core Tier 1 ratio 13.7% (+1 percentage point)

Solvency ratio



- Focus on equity
- Aligned capital targets with requirements for Swedish SIFI's (Core Tier 1 of 12%)
- No government capital
- No dividend payments (since 2000)

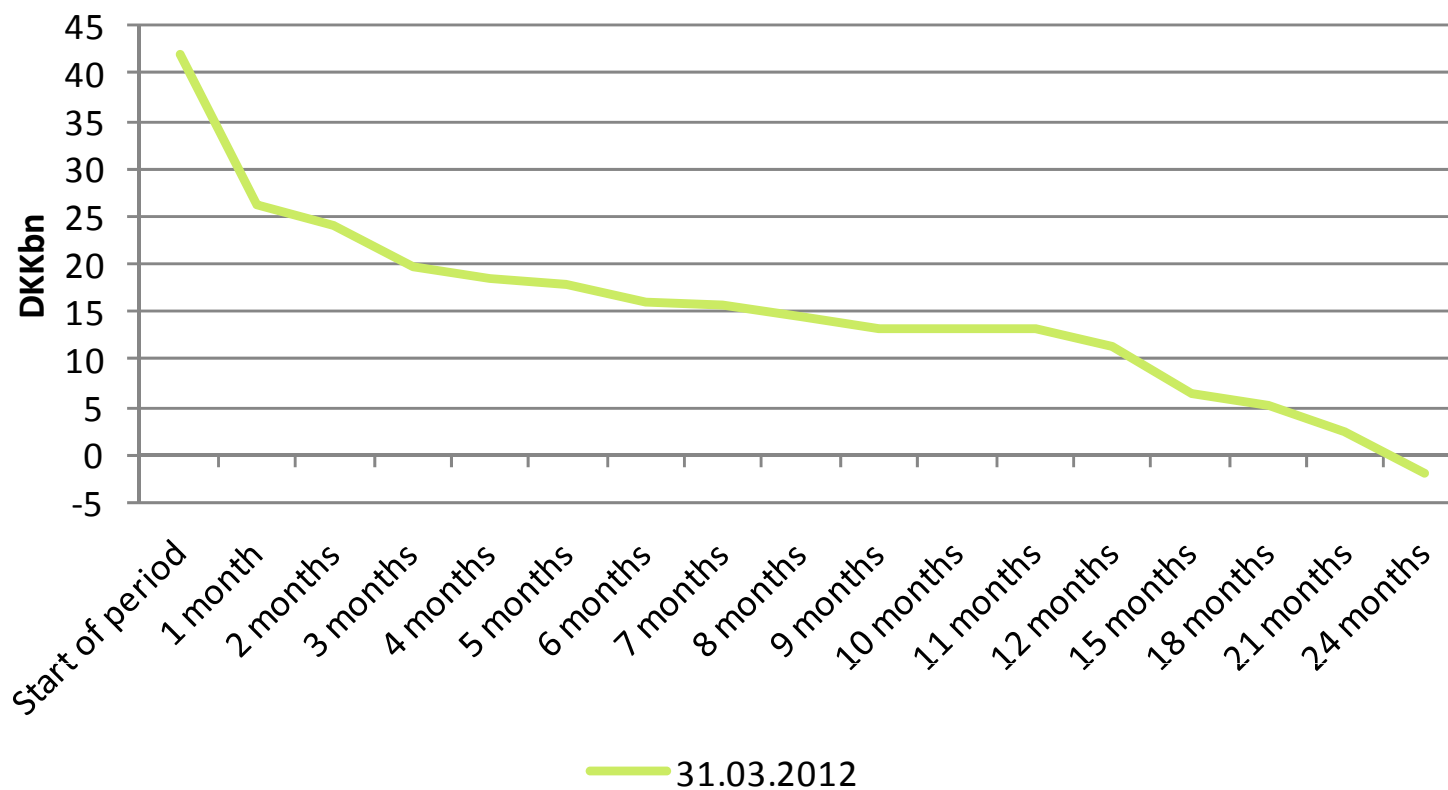
Improving funding structure

Agreement with BRF Kredit to issue covered bonds - Feb. 2012

- Home loans transferred from JB balance sheet to BRF Kredit
- Issue AAA covered bonds from existing capital centre
- All new loans from February 2012
- Part of the existing stock of home loans, dependent on approval from the Danish FSA
- Net Interest Income DKK 25-50m in 2012

- Long term Net Interest Income DKK 75-125m per annum - given the current market conditions

Liquidity position and run-off

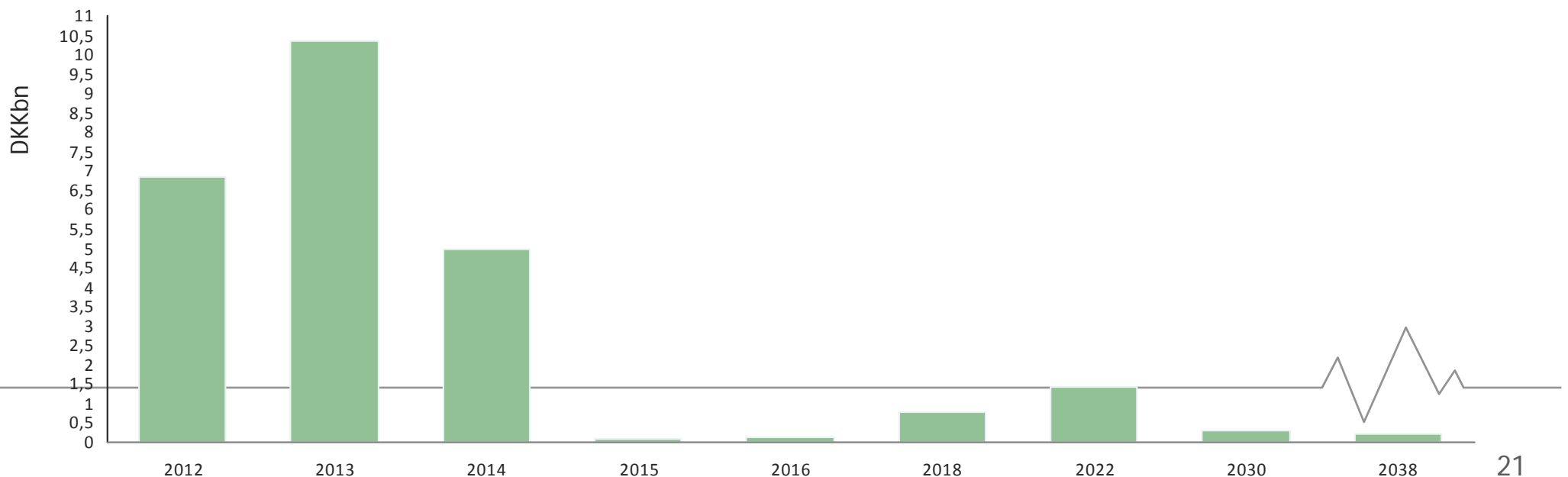


Long-term funding strategy - A rare but regular issuer in the EMTN market

Funding plans from 2012 and beyond will depend on developments in the balance sheet (funding gap) - policy is to maintain a deposit/loan ratio in the region of 90% (end Q1 2012: 92%):

- Looking at our maturity profile we will have an ongoing refinancing need in the years ahead
- Expect 1-2 public benchmarks a year and ongoing activities in the private placement market
- With a very limited funding gap, solid core deposits and the BRFKredit agreement focus will be on 2 to 3-year maturities

Jyske Bank will continue to maintain a conservative funding profile



Danish FSA reports

Danish FSA reports received in 2011 and 2012

SME customers and IRB setup

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

IT inspection

- Principles and policies meet required demands

Market Risk and Compliance

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

Custodian bank for Jyske Invest

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

Agricultural clients

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

Q1 2012 in figures

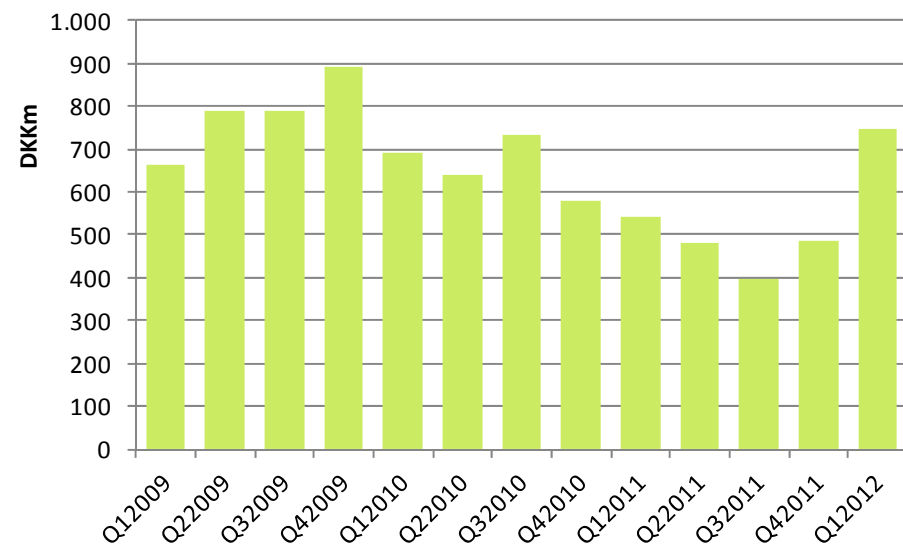
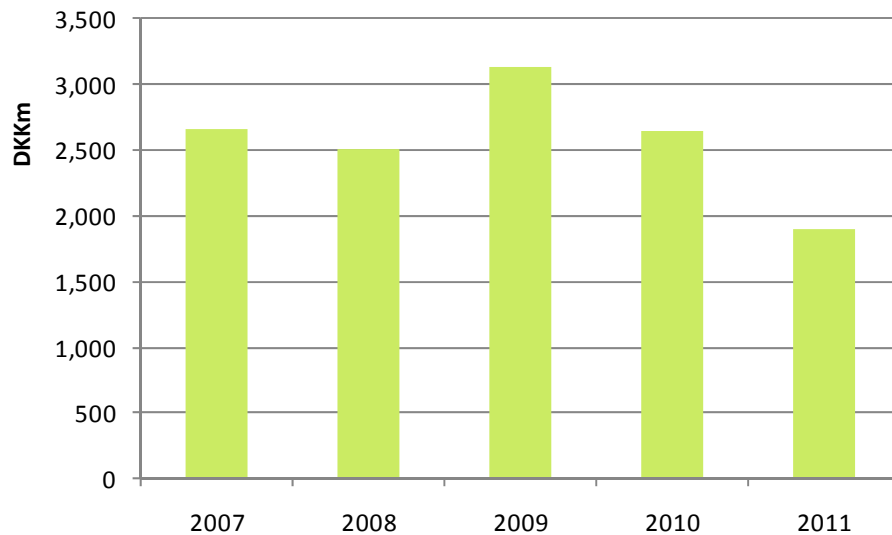
- Core earnings
- Credit quality
- Investment portfolio earnings
- Fee and commission income
- Value adjustments

Core earnings

Core earnings

Profit for the period DKKm	Q1 2012	Q1 2011	Index 12/11	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	2011
Net interest income	1,148	1,067	108	1,148	1,186	1,091	1,066	1,067	4,410
Dividends, etc.	3	2	150	3	0	1	14	2	17
Net fee and commission income	405	325	125	405	387	306	292	325	1,310
Net interest and fee income	1,556	1,394	112	1,556	1,573	1,398	1,372	1,394	5,737
Value adjustments	151	32	472	151	22	-74	-24	32	-44
Other operating income	156	109	143	156	298	114	113	109	634
Gross earnings	1,863	1,535	121	1,863	1,893	1,438	1,461	1,535	6,327
Operating expenses, depreciation and amortisation	1,117	989	113	1,117	1,403	1,044	979	989	4,415
Profit on investments in associates and group enterprises	0	-5	-	0	-2	2	-2	-5	-7
Core earnings before loan impairment charges and provisions for guarantees	746	541	138	746	488	396	480	541	1,905
Loan impairment charges and provisions for guarantees	398	244	163	398	488	376	370	244	1,478
Core earnings	348	297	117	348	0	20	110	297	427
Earnings from investment portfolios	192	72	267	192	126	53	95	72	346
Profit before contribution to the Guarantee Fund, etc.	540	369	146	540	126	73	205	369	773
The Guarantee Fund, etc.	-38	-169	22	-38	49	35	-87	-169	-172
Pre-tax profit	502	200	251	502	175	108	118	200	601
Tax	124	54	230	124	-2	26	30	54	108
Profit for the period	378	146	259	378	177	82	88	146	493

Core earnings before loan impairment charges



- NII improving since Q2 2011
- Q1 driven by positive development in all major business areas
- Expected to improve further in 2012 due to actions in 2011

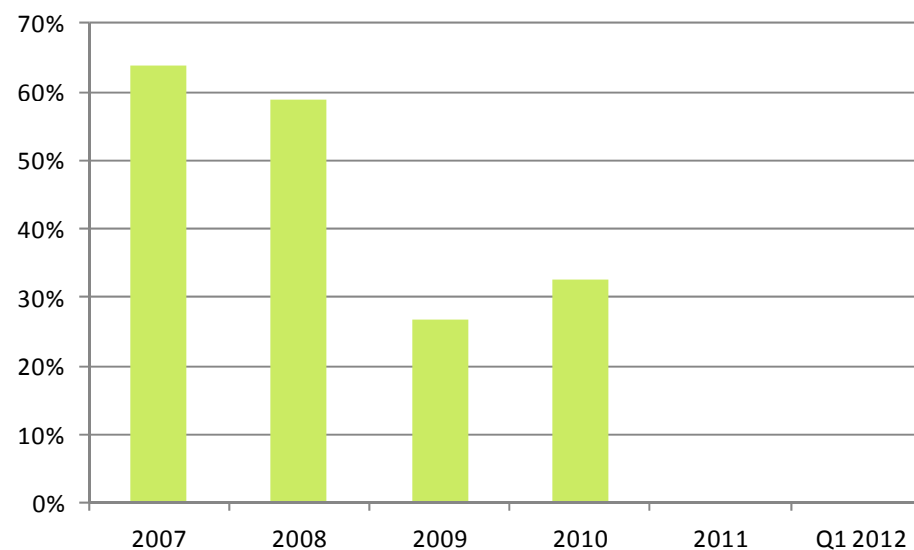
Credit quality

Loans and advances split by sector

Jyske Bank A/S	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees		Loan impairment charges for the period		Loss for the period	
	Loans, advances and guarantees as well as loan impairment charges and provisions for guarantees DKKm		Q1 2012	End-2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011
	Q1 2012	End-2011	Q1 2012	End-2011	Q1 2012	Q1 2011	Q1 2012	Q1 2011
Public authorities	4,521	5,065	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing industry	7,532	8,174	565	590	98	27	130	2
Manufacturing and mining, etc.	9,317	7,894	151	125	26	7	3	24
Energy supply	2,328	2,355	16	17	-1	0	0	0
Building and construction	1,971	1,966	98	94	10	-6	7	18
Commerce	7,575	7,178	242	238	17	32	14	98
Transport, hotels and restaurants	3,288	3,129	42	26	16	9	2	5
Information and communication	501	397	7	12	-2	-1	2	0
Finance and insurance	38,567	38,179	482	495	47	26	63	² 677
Real property	10,373	10,739	831	780	74	76	29	9
Other sectors	4,258	4,493	256	131	22	-35	18	3
Corporate customers, individually assessed, total	85,710	84,504	2,690	2,508	307	135	268	836
Corporate customers, collective impairment charges	¹	¹	500	506	23	-26	0	2
Personal customers, individually assessed	43,944	44,379	337	448	47	123	75	56
Personal customers, collective impairment charges	¹	¹	195	147	14	1	-1	7
Total	134,175	133,948	3,722	3,609	391	233	342	901

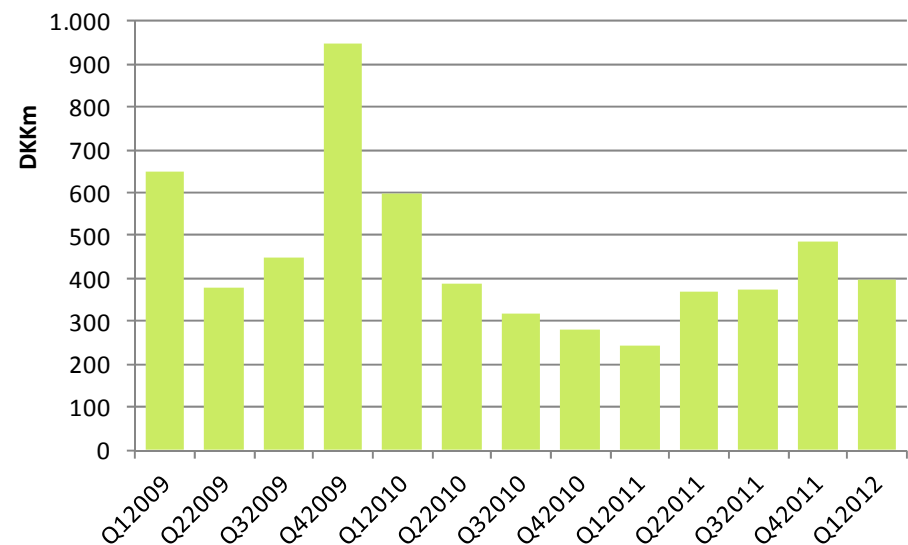
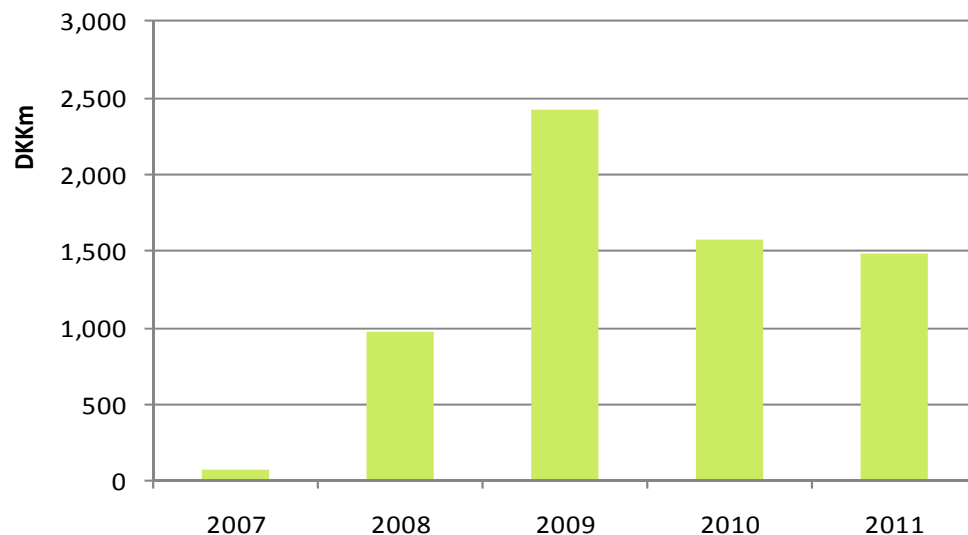
Large exposures

per cent of capital base



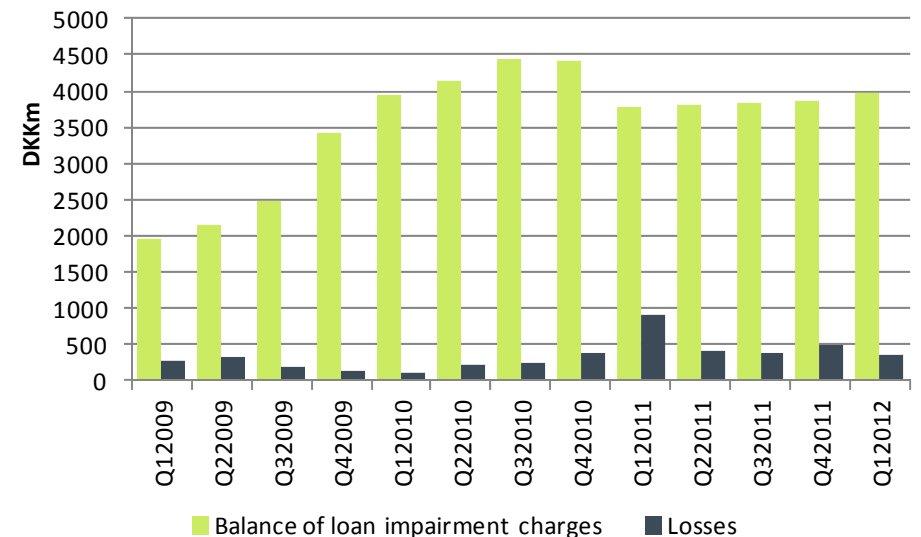
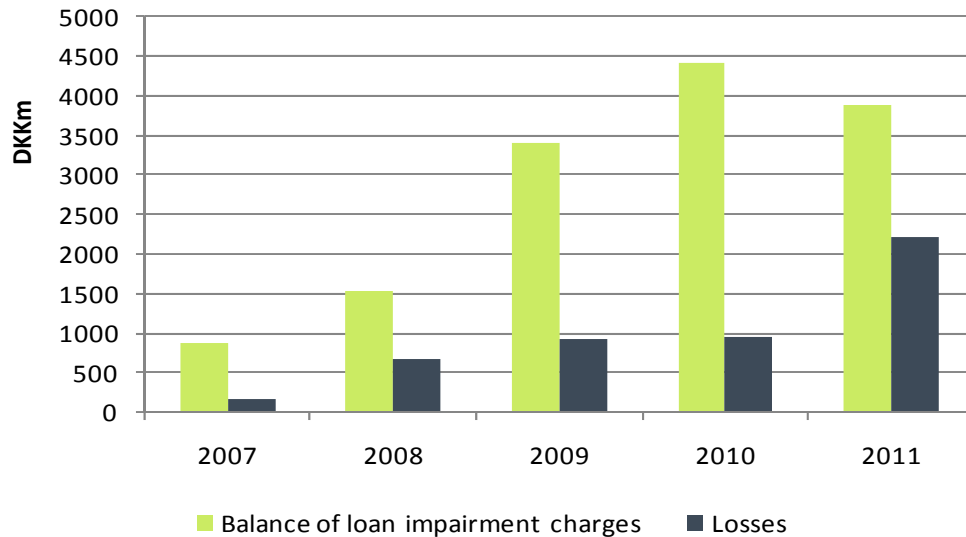
- Long-term strategy is intact to reduce dependence on large corporates

Loan impairment charges



- Strong performance throughout 2010
- Positive trend reversed in Q2 2011 driven by economic standstill
- New level of impairment charges, particularly driven by agriculture, real estate and commerce
- Contribution to impairments retail/corp: 15%/85%

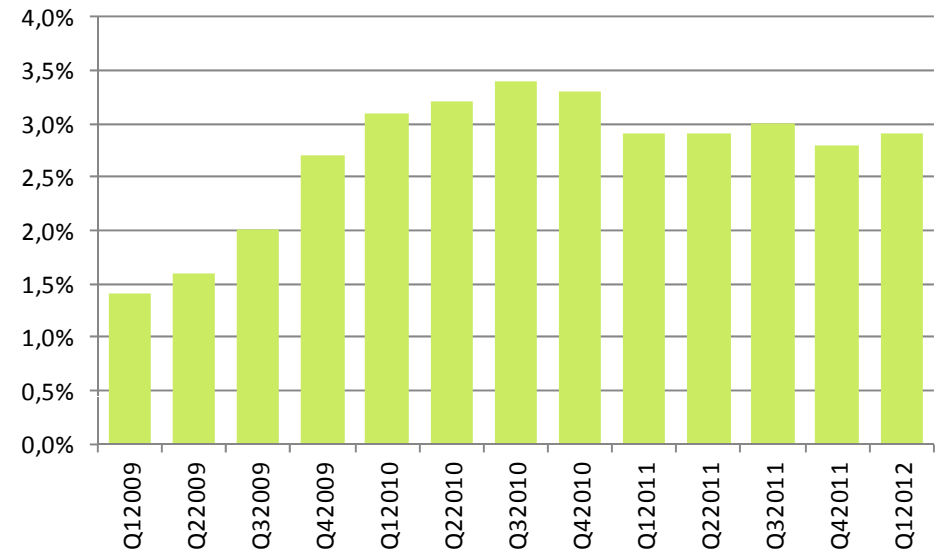
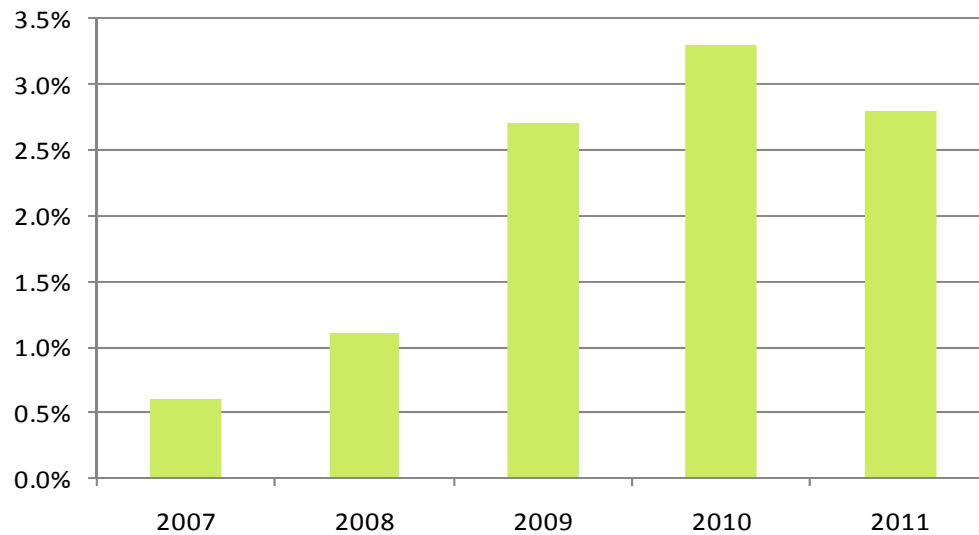
Balance of loan impairment charges



- Loan losses increasing as expected
- Balance of impairment charges retail/corp: 14%/86%
- Balance expected to decrease further in 2012

Balance of loan impairment charges

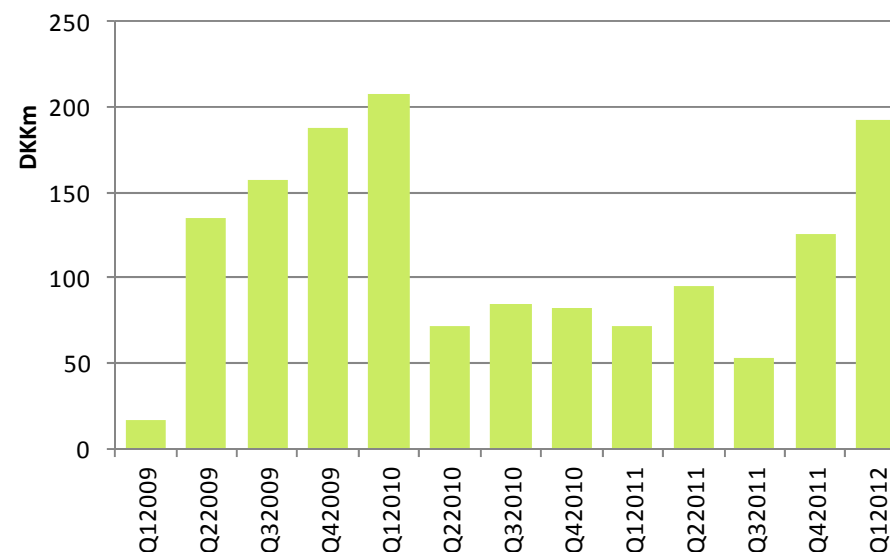
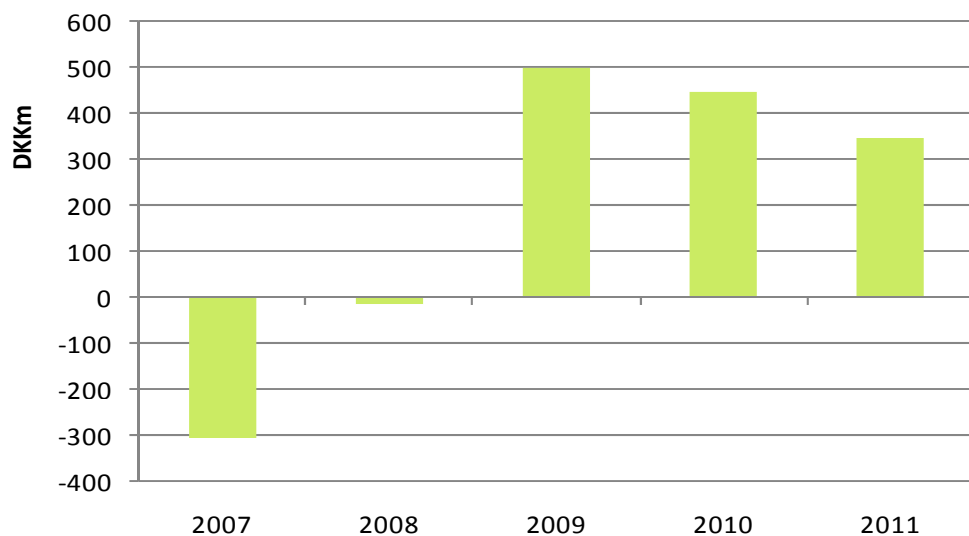
pct. of loans and advances



- Level of 2.9% from peak of 3.4% in Q3 2010
- Normalised interval approx. 2-2.5%

Earnings from investment portfolios

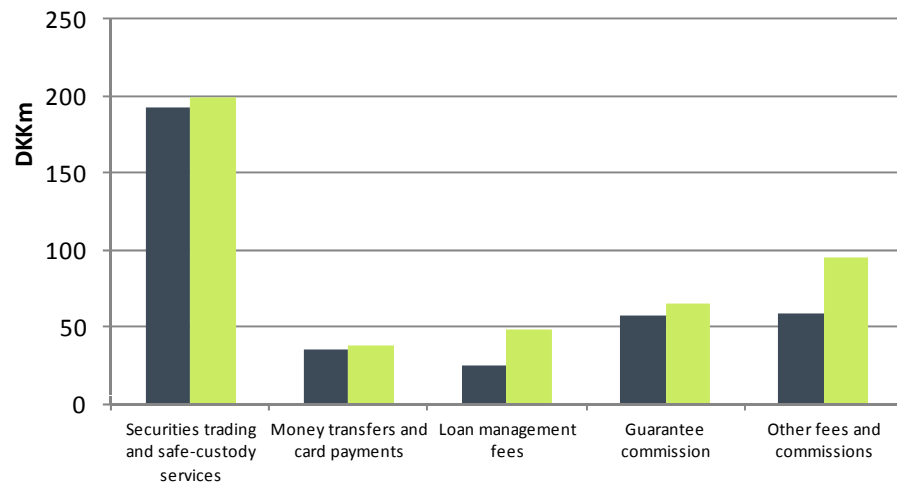
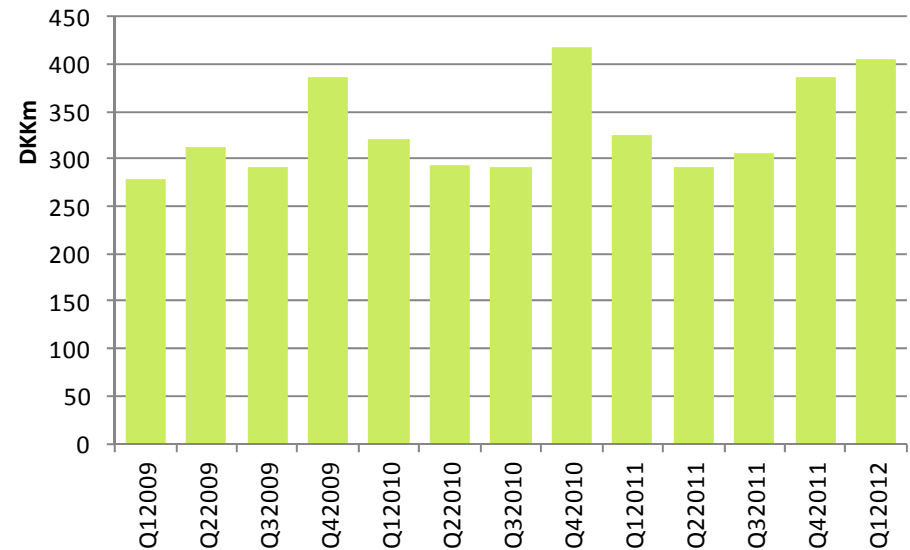
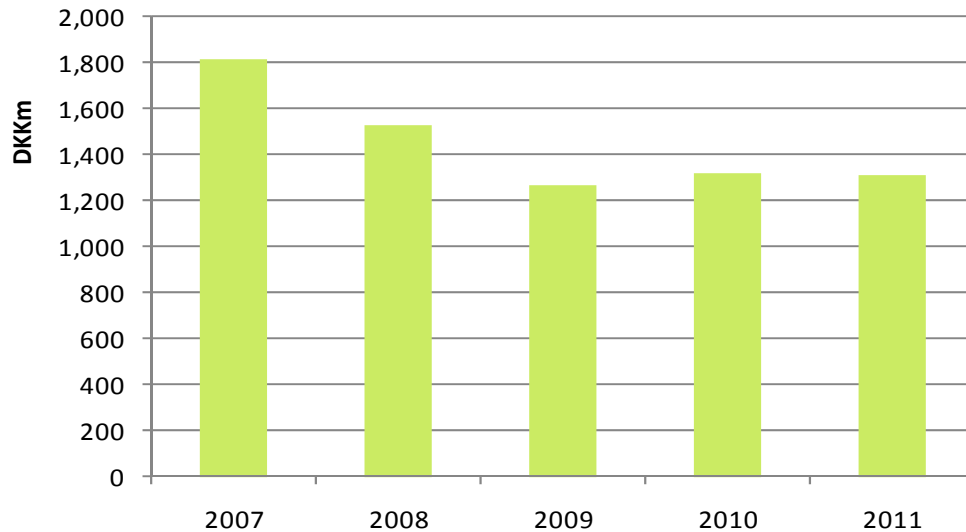
Earnings from investment portfolios



- Very satisfactory return in Q1 2012 of DKK 192m above quarterly 5-year average of DKK 48m after funding costs
 - Low interest rate risk (VaR) in Treasury portfolio
- Interest rate risk hedges interest rate risk in banking book

Fee and commission income

Fee and commission income

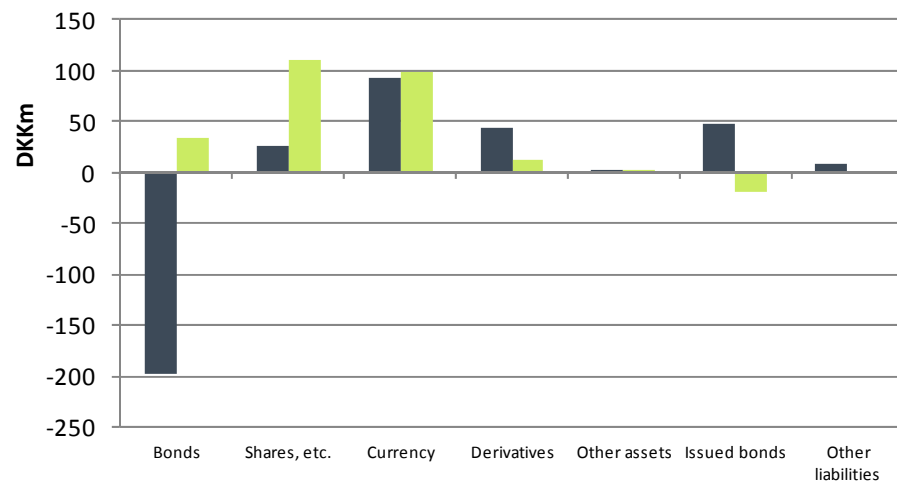
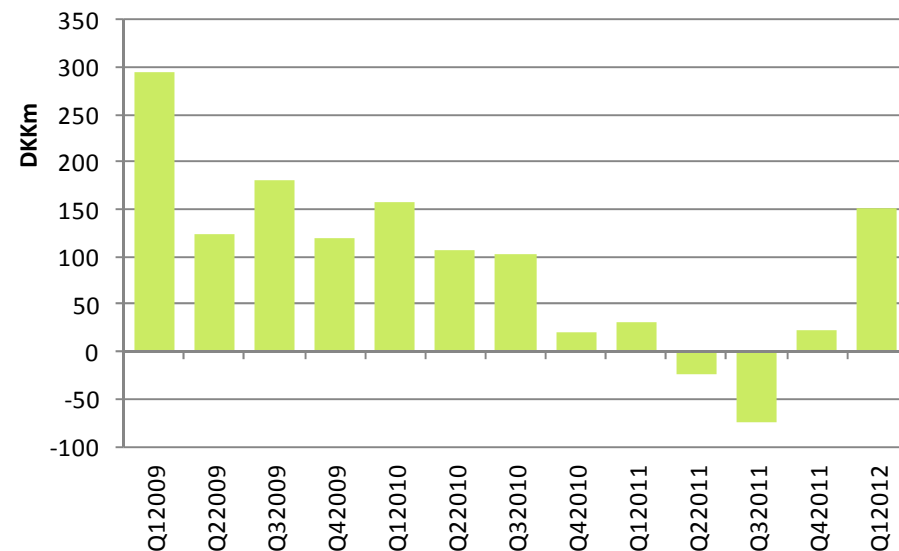
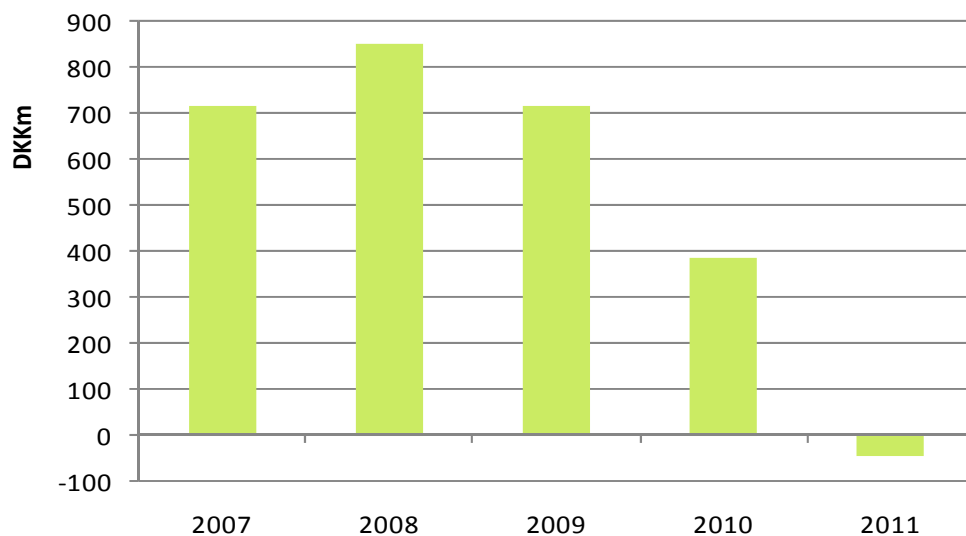


■ Q12011 ■ Q12012

• Q1 2012 change of level compared to 2009-2011
 • Positive development in all components of fees and commissions
 • Low activity level and low risk appetite from Q4 2011 expected to increase slightly in 2012

Value adjustments

Value adjustments



■ Q12011 ■ Q12012

- Rebound in Q1 2012
- Turnover in FX improved, derivatives trading still low,
 - Negative value adj. from holdings of own issued bonds
- Expected positive value adj. in 2012

The Financial sector in Denmark

Danish financial institutions



	2008 equity ^{*)}	2012
1 Danske Bank	104.355	125.855
2 Jyske Bank	9.704	14.984 ☒
3 FIH Erhvervsbank	7.849	7.166
4 Sydbank	6.697	9.595
5 Nykredit bank	6.099	14.202
6 Spar Nord	4.138	5.465 ☒
7 Arbejdernes Landsbank	2.951	3.157
8 Roskilde Bank	2.633	-
9 Amagerbanken	2.319	-
10 Forstædernes Bank	2.208	-
11 Kronjylland, Sparekassen	2.191	2.201
12 Fionia Bank	2.018	-
13 Alm. Brand Bank	1.917	1.534 ☒
14 Den Jyske Sparekasse	1.826	1.562
15 Ringkøbing Landbobank	1.779	2.483
16 Vestjysk Bank	1.714	2.029 ☒
17 Sparekassen Sjælland	1.701	2.093
18 Sparbank Vest	1.673	1.028
19 Sparekassen Himmerland	1.459	1.413
20 Sparekassen Lolland	1.313	984

^{*)} Start of the year ☒ Includes increase of new capital