



Jyske Bank 2012



Agenda

- Jyske Bank in brief
- Headlines 2012
- Strategic issues
- Jyske Banks performance 1968-2012
- Macro Economy & Danish Banking 2013
- Volumes
- Capital Structure
- Liquidity
- 2012 in figures
- Credit quality
- Danish FSA
- Fact Book



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 119bn
- 107 domestic branches
- Approx. 565,000 domestic customers
- Business focus is on Danish private individuals, SMEs and international private and institutional investment clients
- International units in Hamburg, Zürich, Gibraltar, Cannes and Weert
- A de-centralised organisation
- 3,574 employees (end of 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, BRF), credit cards (SEB), IT operations (JN Data) and IT R&D (Bankdata)

Branch Network



Jyske Bank in brief

Jyske Bank has a differentiation strategy

"Jyske Differences"

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

Valuebased management

Differentiation

Risk management

Efficiency improvement

Acquisitions

1990

1996

2002

2006 (Q4)

2011/2012





Headlines 2012



Headlines 2012

- ROE pre tax 6.1% - satisfactory
 - Strengthening the earnings capacity
 - Rate hikes on loans (total max. 1.25 pp)
 - Rate cuts on deposits (total max. 0.5 pp)
- All time high solvency ratio (17.3%) and capital buffer (7.1 pp)
 - Rights issue in Q1 2012
- New FSA-guidelines regarding impairment of loans
 - One off impairment of DKK 900m in Q2 2012
- Full goodwill write-off in Berben (Asset Management) DKK 216m in Q4 2012
- Successful it-migration to Bankdata in Q4 2012
- Established and enhanced cooperation with BRFkredit regarding funding and transfer of mortgage backed loans
- Acquisition strategy in place
 - Fjordbank Mors, Finans Nord, Easyfleet (Q4 2011) on target
 - Spar Lolland Q1 2013; profitability to be in line with profitability of existing domestic branches within 2-3 years

Strategic issues

Strategic issues

Acquisitions

- Fjordbank Mors (Q4 2011)
 - Bank loans DKK 2bn, bank deposits DKK 3bn
- Finans Nord, Easyfleet (Q4 2011)
 - Loans & contracts, DKK 2bn
- Spar Lolland (Q1 2013)
 - Bank loans DKK 7bn, bank deposits DKK 10bn, total assets DKK 13bn
 - Staff reduction and branch merge when overlap

IT

- Successful migration to Bankdata
- Synergies partially reaped (costs below IT budget from 2010-2012), further synergies to come: R&D resources, insourcing facilities
- Total Group costs (core earnings) DKK 4.0-4.1bn in 2013 exclusive of costs related to acquisition and integration of Spar Lolland and integration of Fjordbank Mors

Capital

- Rights issue Q1 2012
- All time high solvency ratio (17.3%) and capital buffer (7.1 pp)
- Possible redemption of Tier 2 loan DKK 1.1bn Q2 2013
- CRD IV: expected 0.2-0.5 pp.
- Expected to become a systemic bank in Denmark; solution expected in Q1 2013

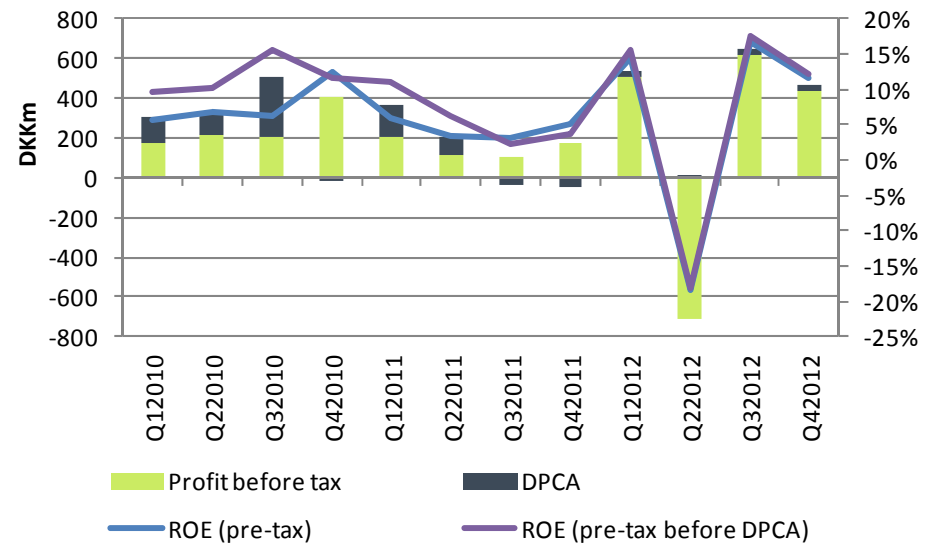
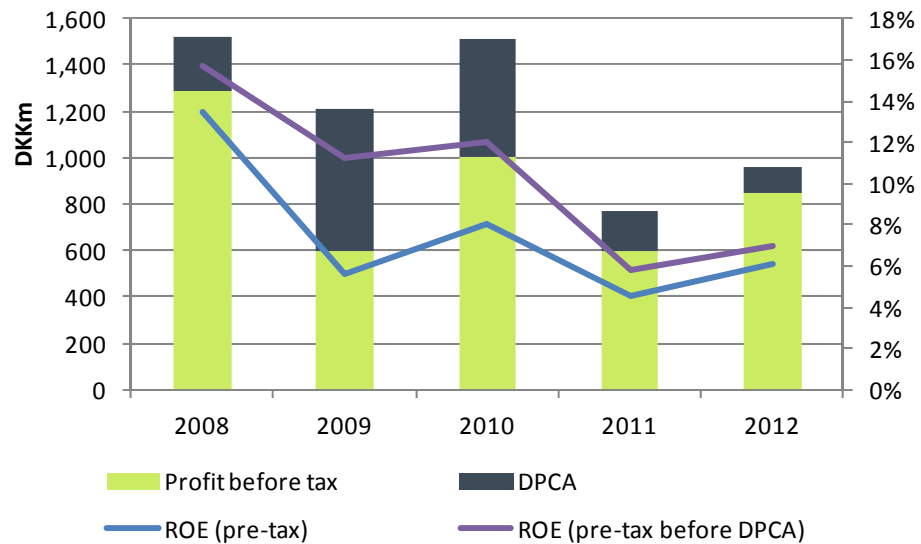
Liquidity

- Acquisitions with deposits surplus; Fjordbank Mors approx. DKK 1bn; Spar Lolland approx. DKK 3bn
- Benchmark issue EUR 500m in Q4 2012 (Euribor + 117bp)
- Issued AAA-rated bonds via BRFKredit DKK 3bn by Q4 2012



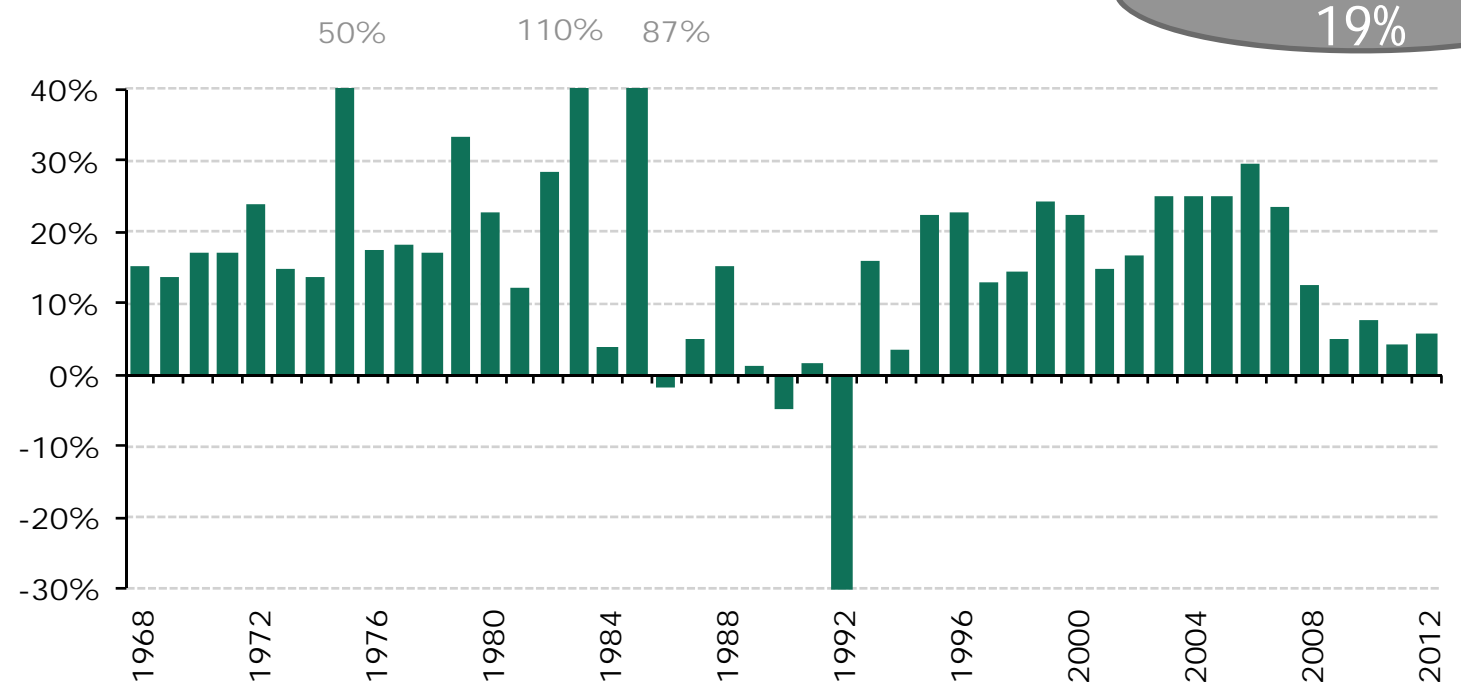
Jyske Bank performance 1968-2012

Profit before tax and DPCA



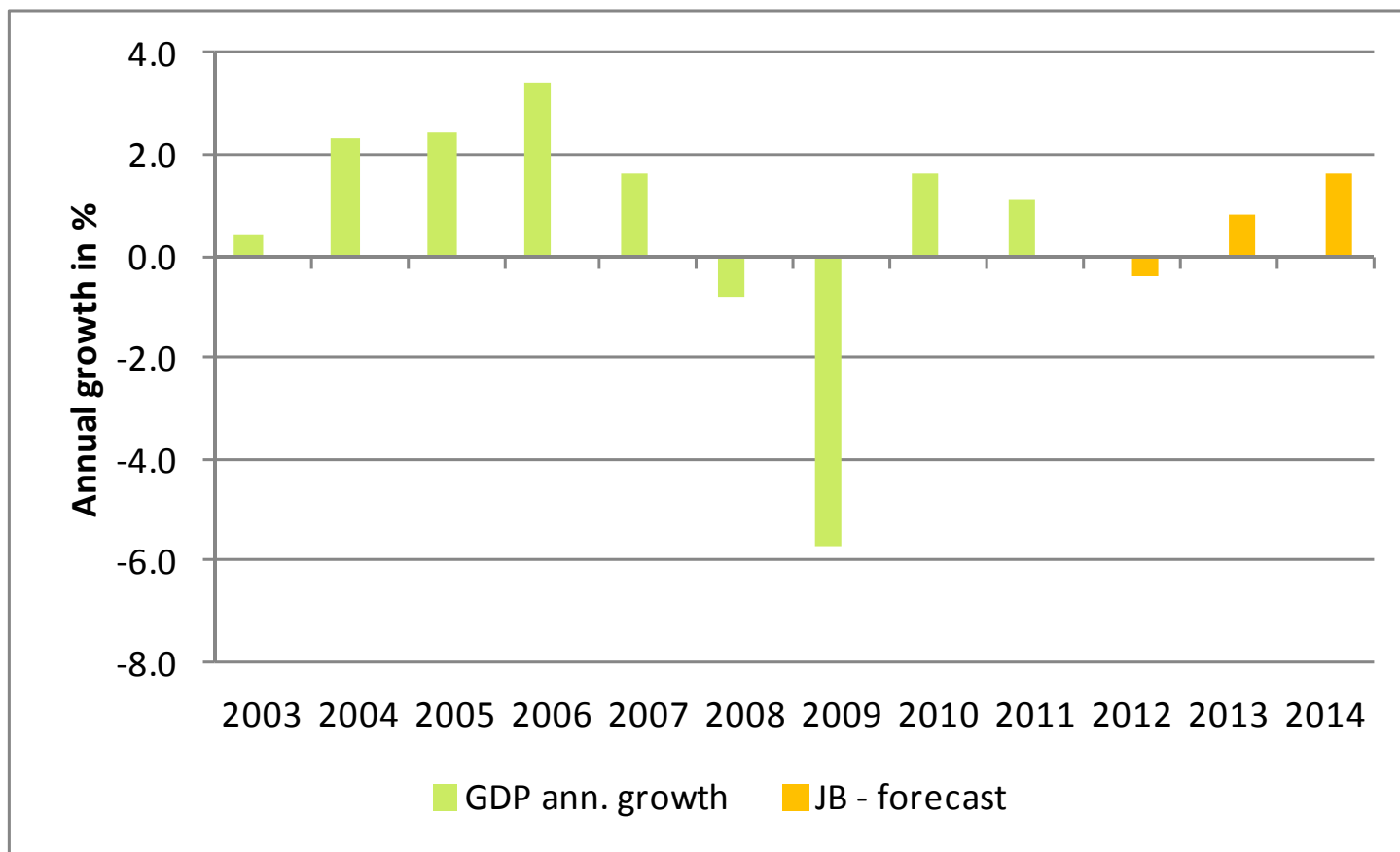
Pre-tax profit
(ROE on avg. equity)

Average:
19%

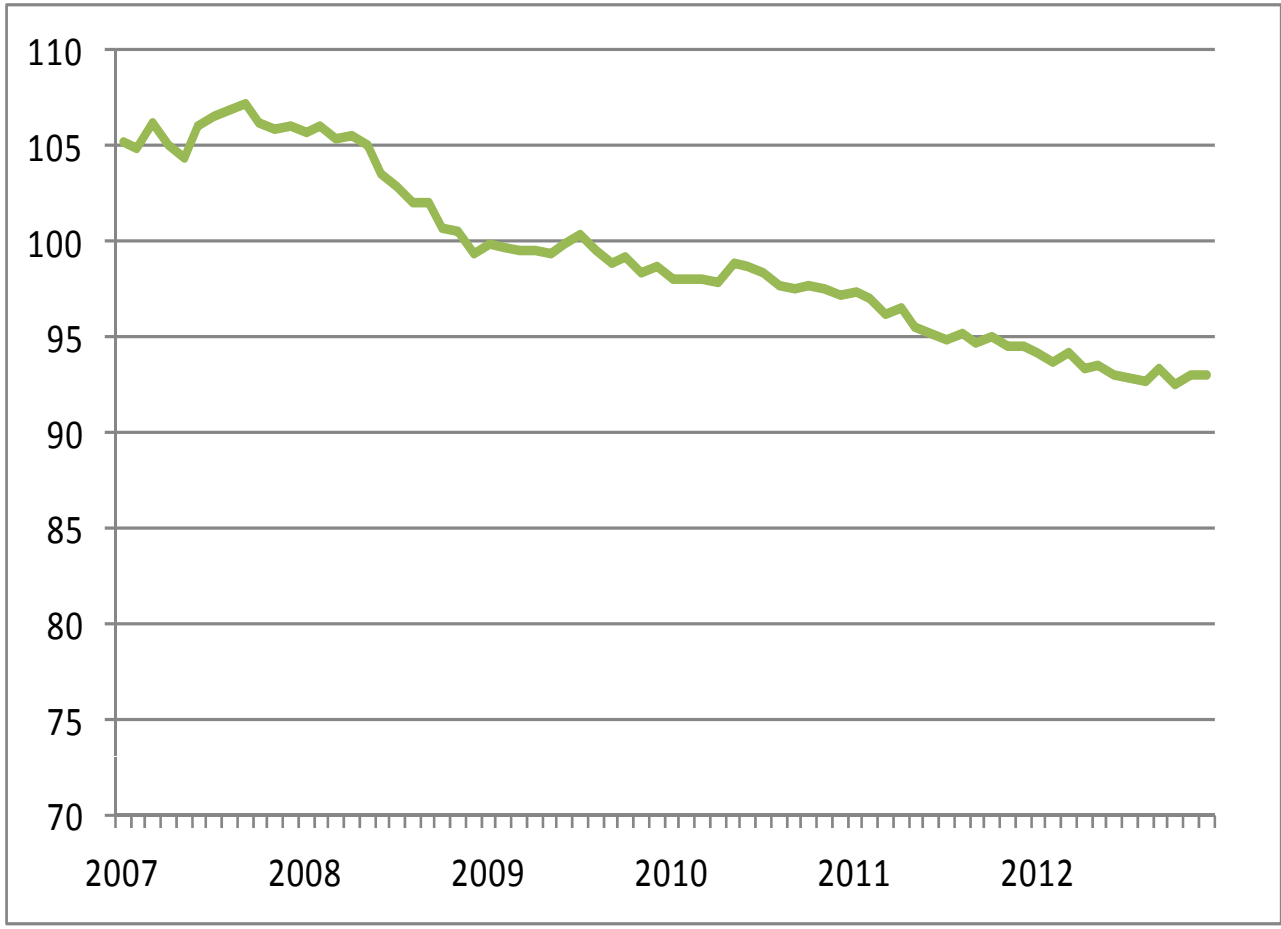


Macro Economy & Danish Banking 2013

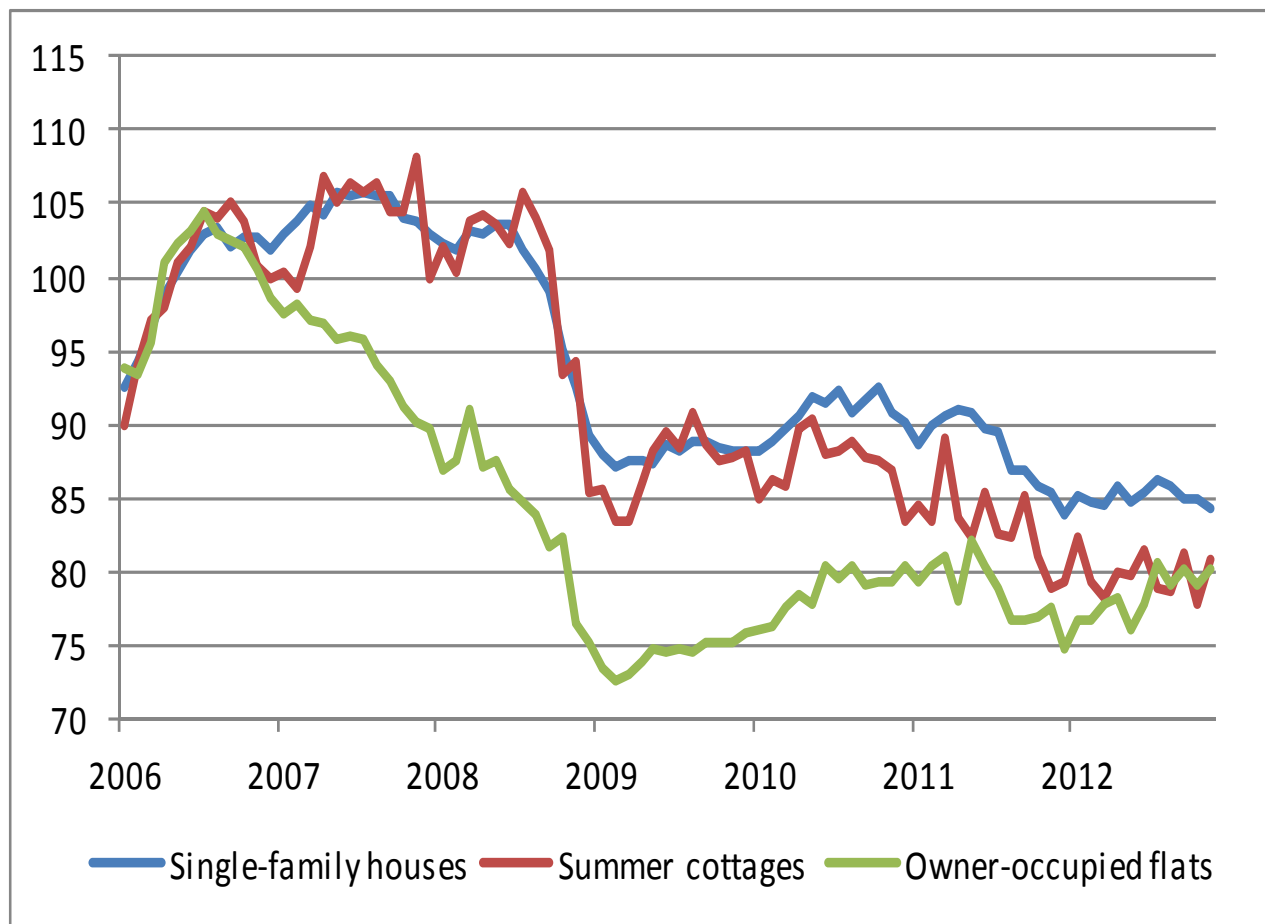
Growth postponed



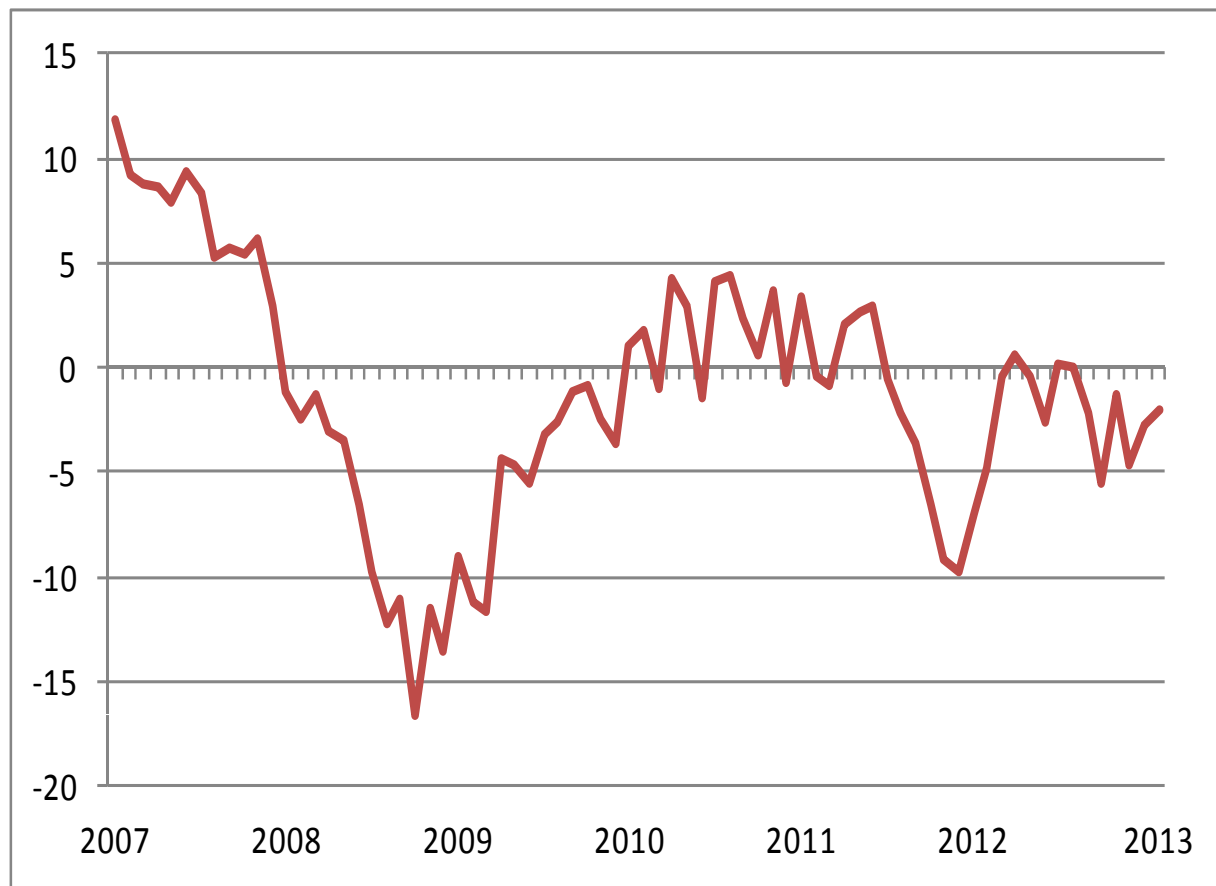
Retail sales



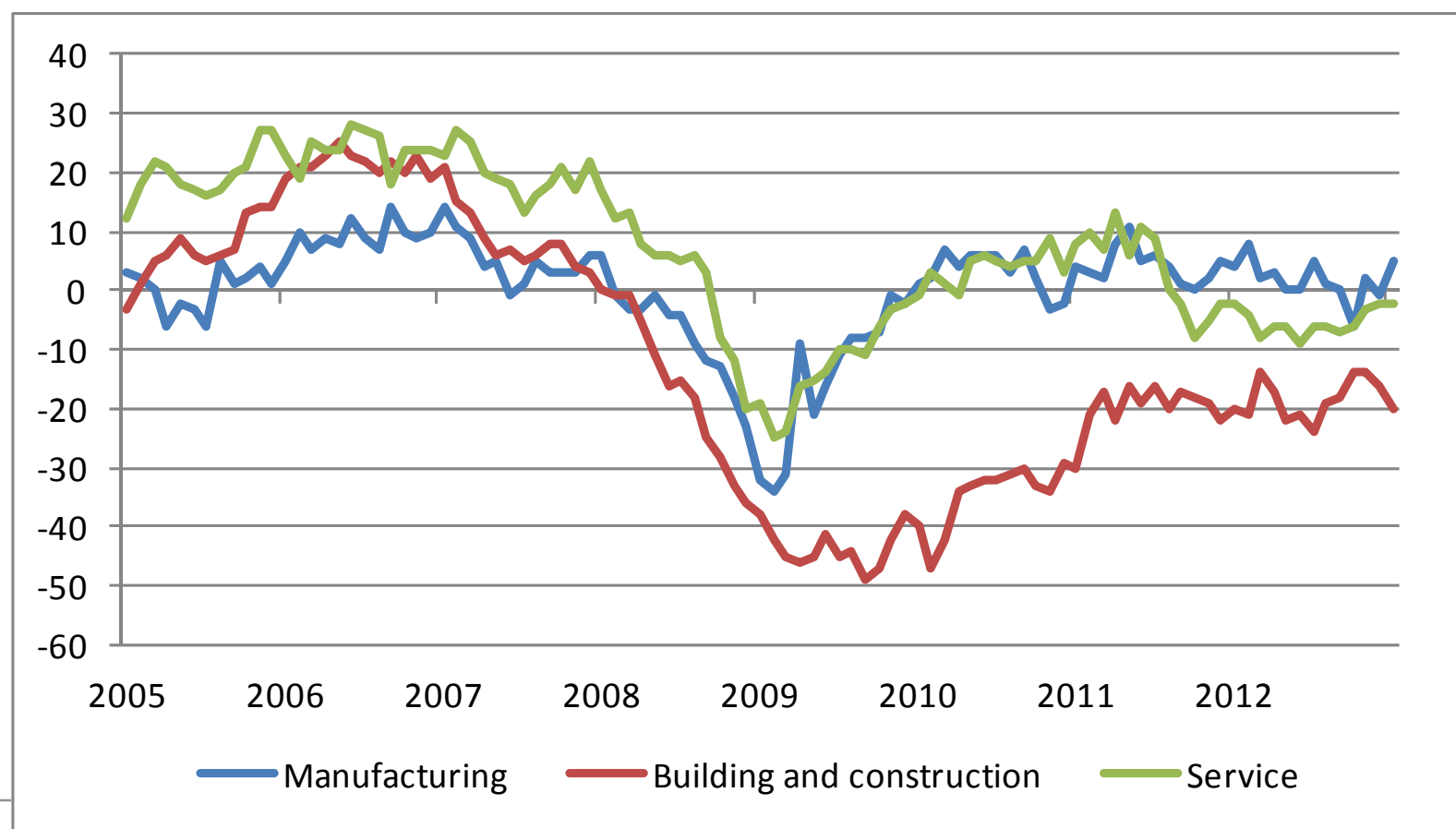
House prices



Consumer confidence



Confidence indicators



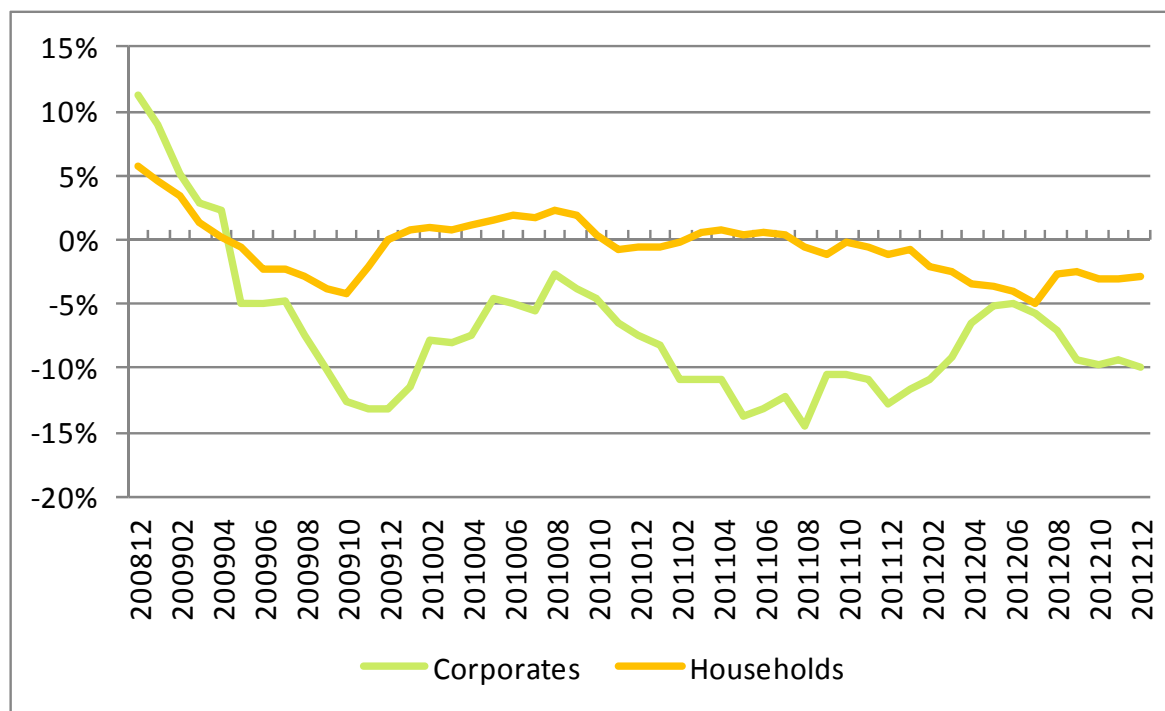
Danish economy 2010-2014

JB prognosis

(growth in pct.)	2010	2011	2012	2013	2014
Private consumption	1.7	-0.5	0.5	0.7	1.5
Public consumption	0.4	-1.5	0.2	1.0	0.8
Investments	-2.4	2.9	1.7	0.8	3.5
Exports	3.0	6.5	1.8	2.2	3.3
Imports	3.2	5.6	3.1	2.4	3.5
GDP	1.6	1.1	-0.4	0.8	1.6
Balance of payments (per cent of BNP)	5.9	5.6	5.2	4.8	4.4
Public sector deficit (per cent of BNP)	-2.7	-2.0	-4.1	-0.8	-2.9

The Danish Market for Loans and Advances shrinking

Corporates and private individuals

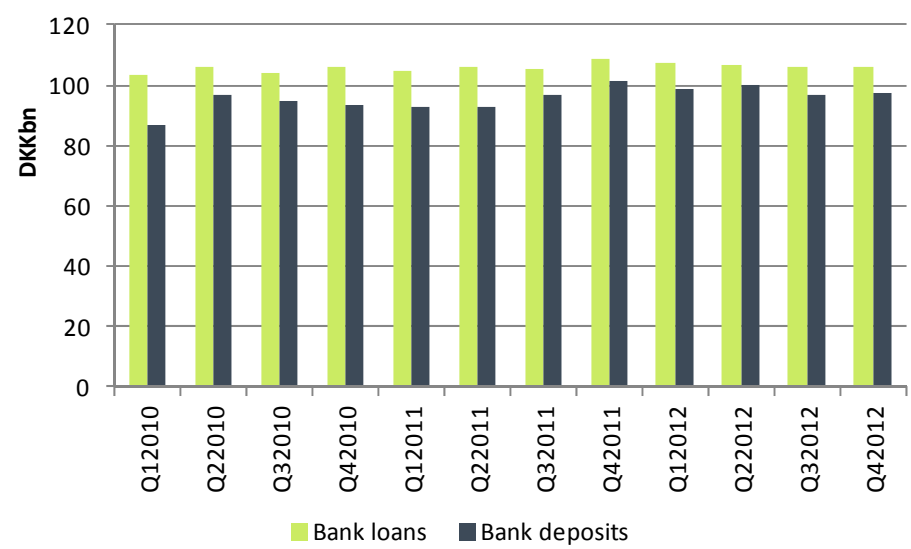
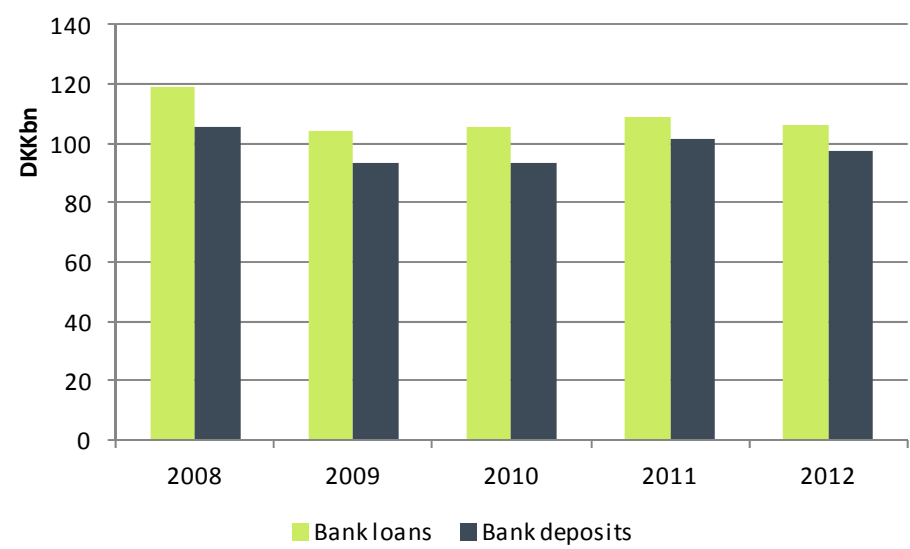


Market conditions

- Shrinking volumes also in 2013
- Earnings capacity close to maximum; further growth via higher volumes
- Capital shortage in some banks due to maturing Tier II capital instruments
- More stringent assessment of solvency requirement (Pillar I+) can lead to lower capital buffers in some banks
- Strategic capital to acquire portfolios limited and only a few larger banks are interested

Volumes

Bank loans and deposits

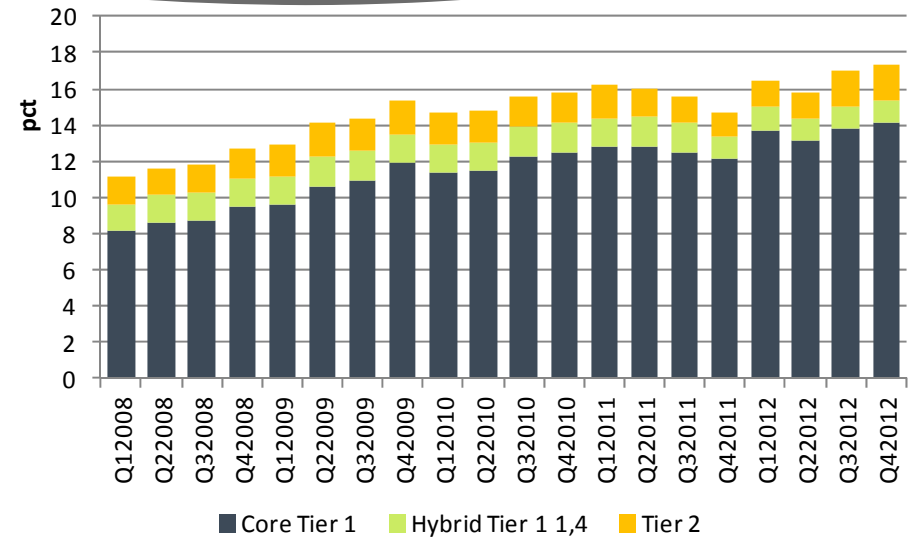
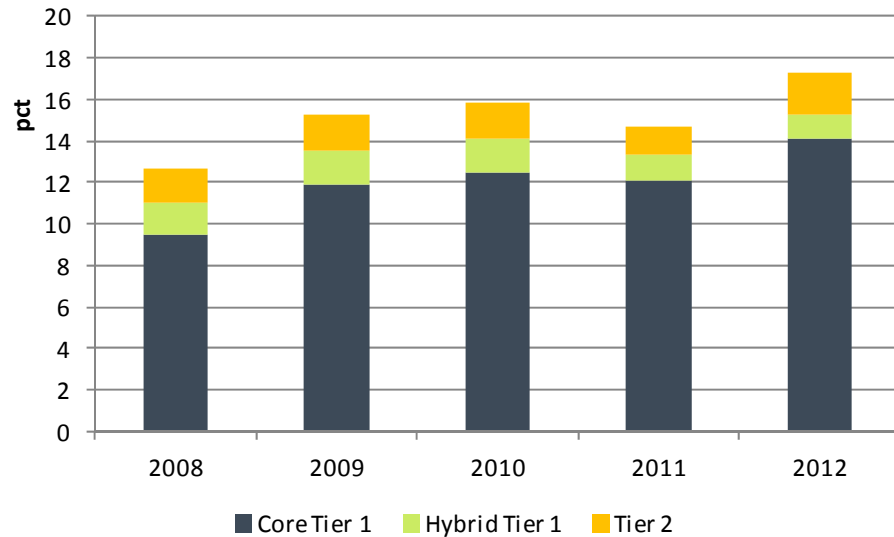


-2.4% y/y in 2012
Spar Lolland +6.7%

Capital Structure

Capital structure

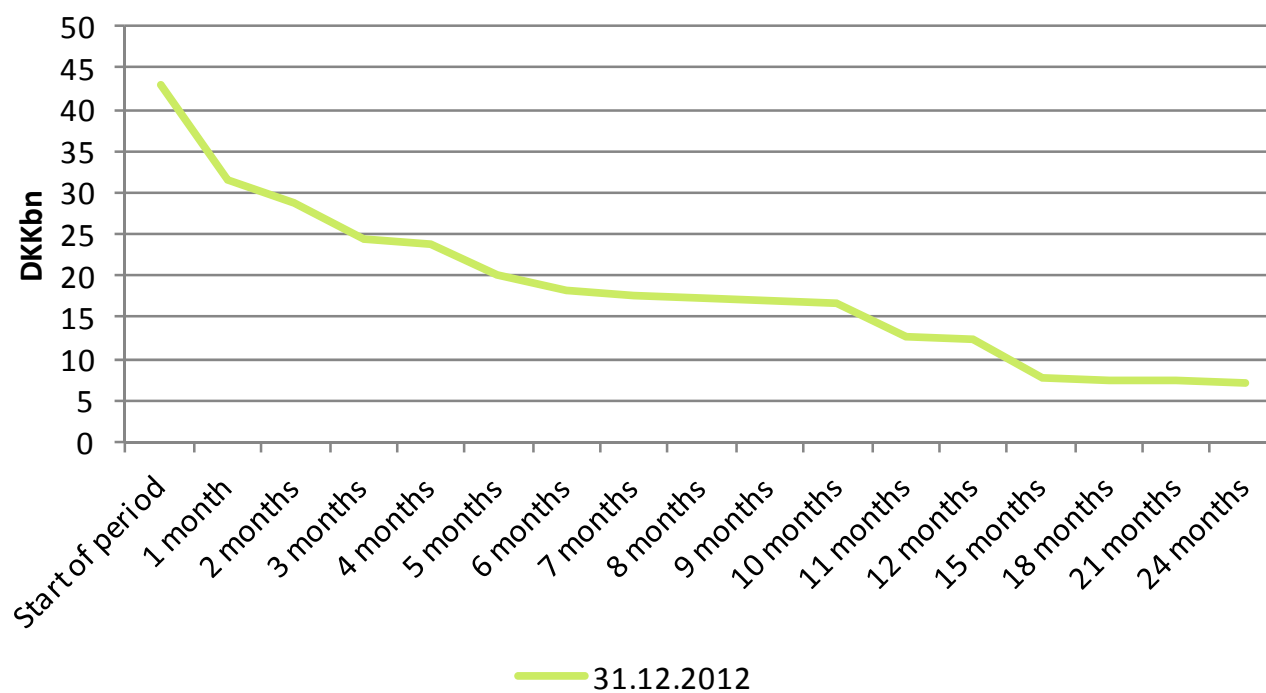
- Core Tier 1 above 12%
- Optimize risk and maximize earnings
- Exploit the market to buy portfolios with an acceptable risk



- Core Tier 1: 14.1%
- Tier 1: 15.3%; 2 perpetuals DKK 1.3bn
- Solvency: 17.3%; 5 Tier II issues DKK 1.4bn; interest rate step-up DKK 1.1bn in Q2 2013
- Capital buffer 7.1 pp

Liquidity

Liquidity position and run-off



Senior unsecured funding strategy

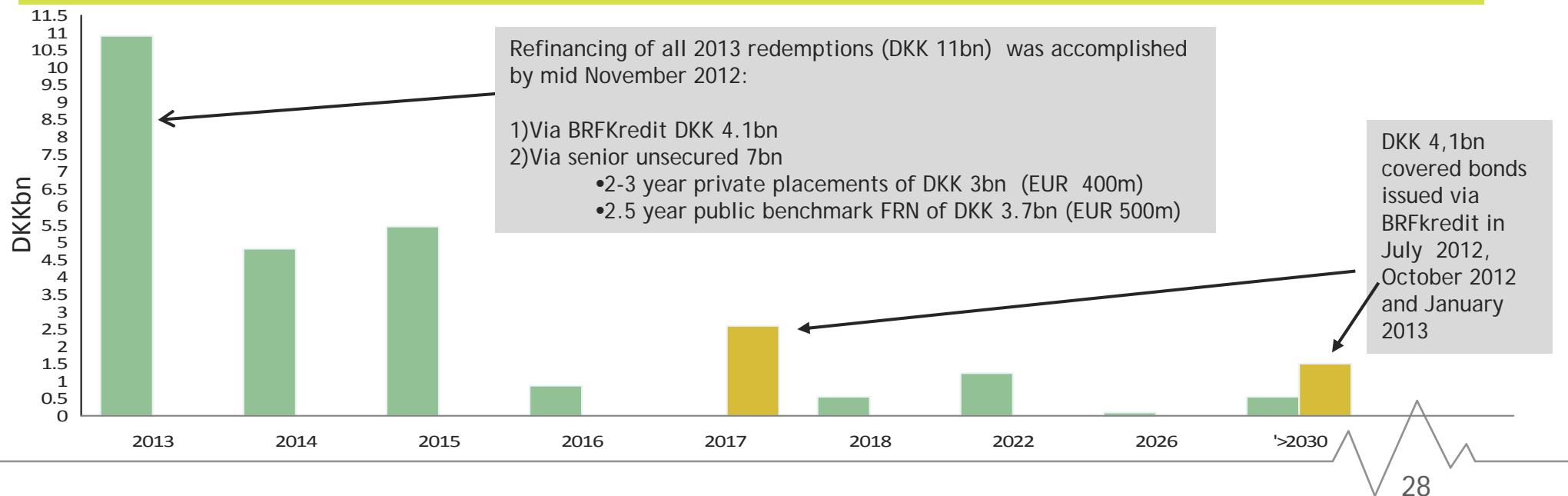
Jyske will be a rare but regular issuer on the EMTN market



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

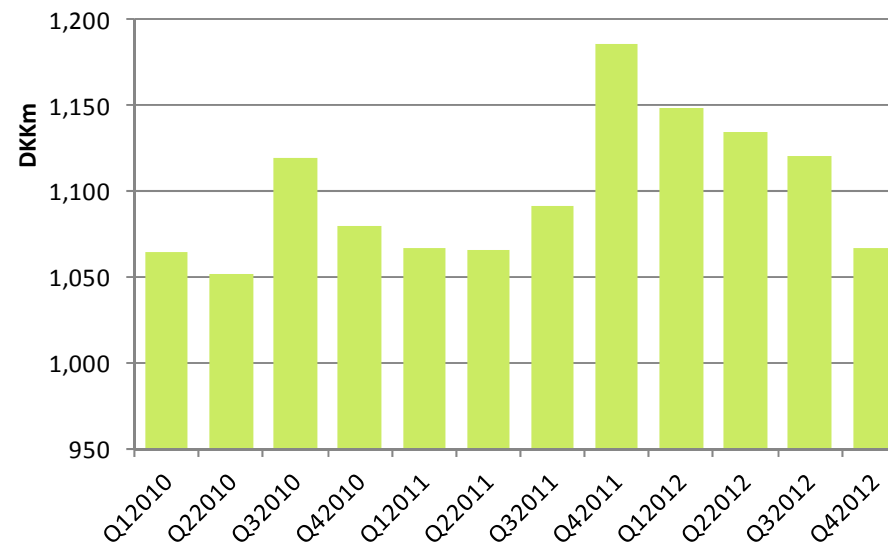
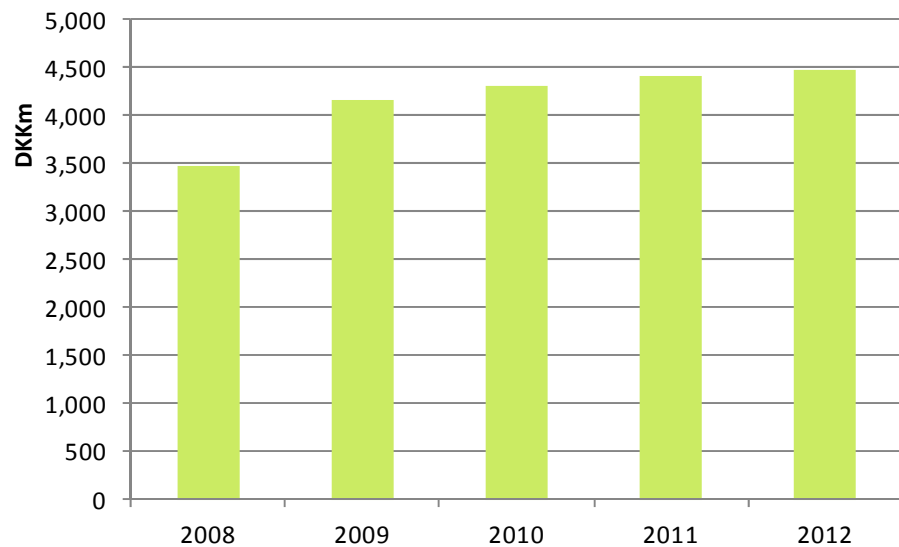
- ***Integrated part of funding strategy to preserve a presence in the debt capital markets***
- Looking at our maturity profile we will have an ongoing refinancing need in the years ahead
- *Expect approximately one public benchmark a year and ongoing activities in the private placement market*
- ***With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

Jyske Bank will continue to maintain a conservative funding profile (as of February 2013)

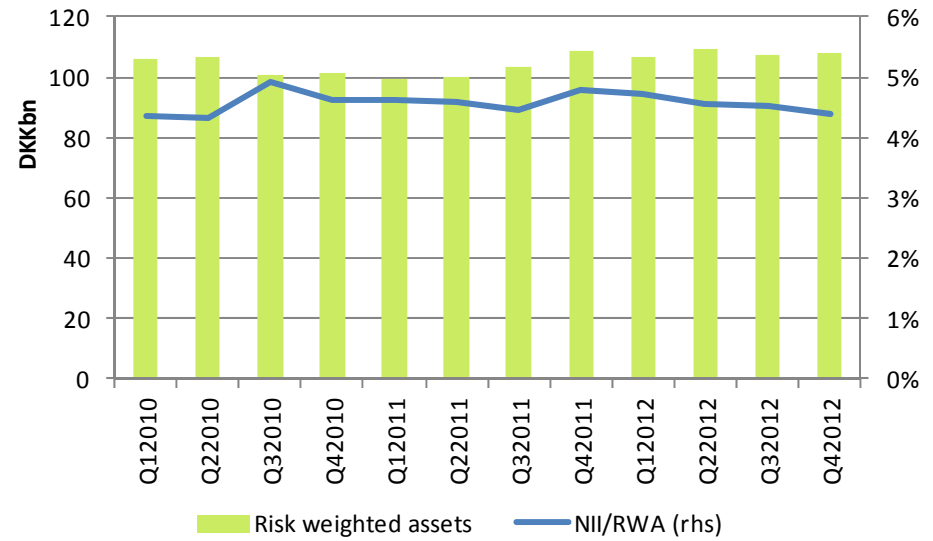
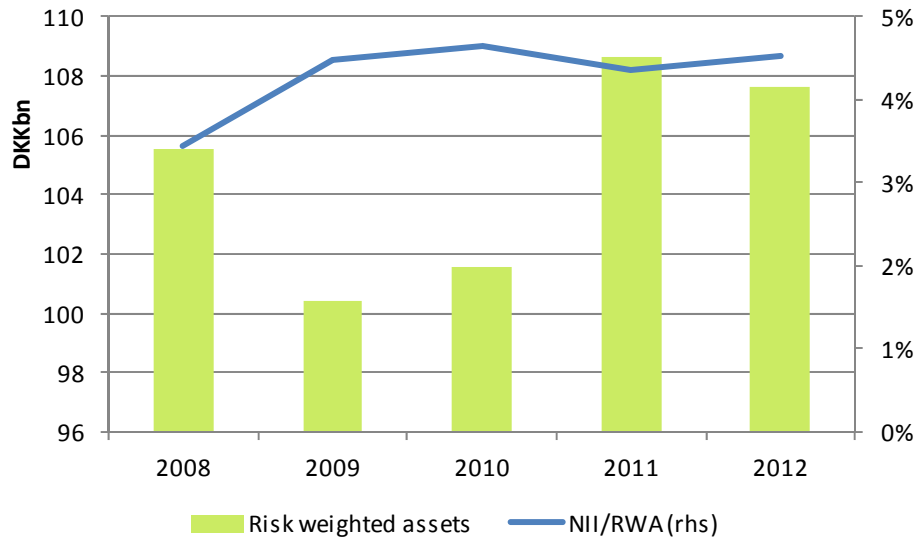


2012 in figures

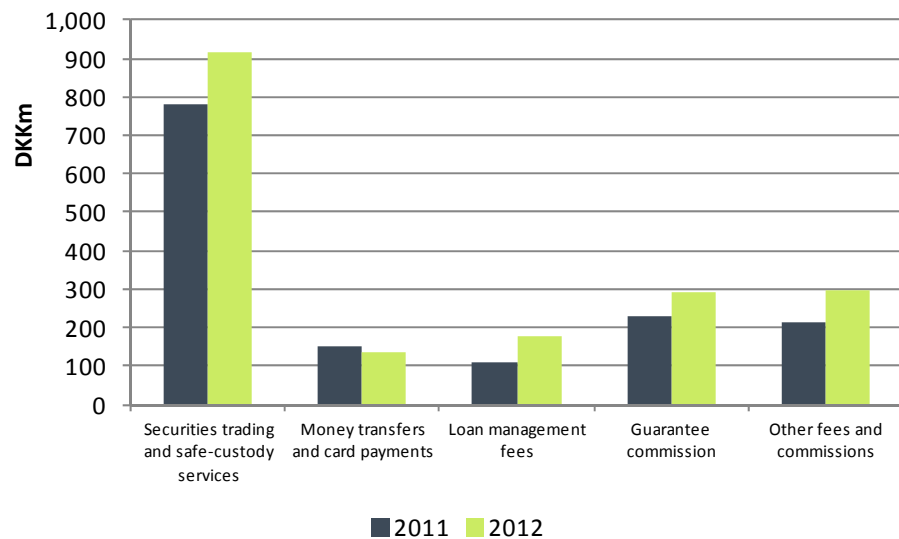
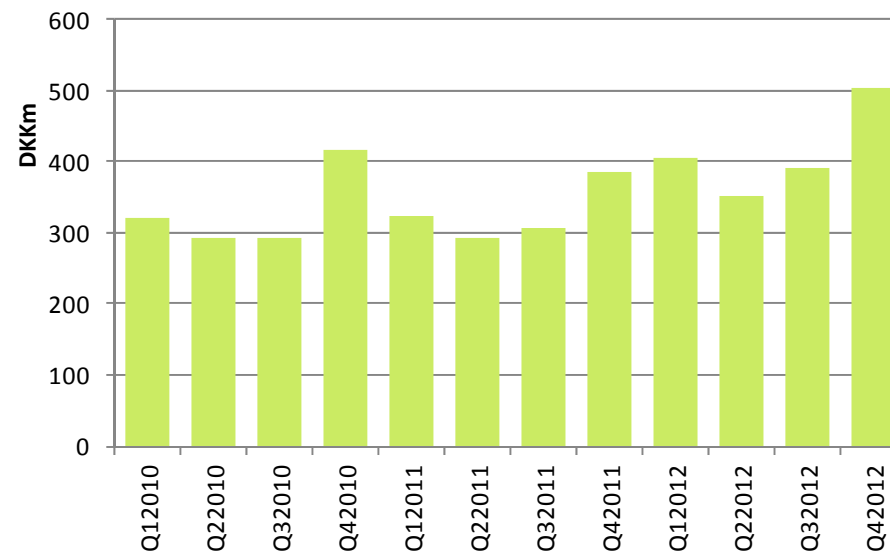
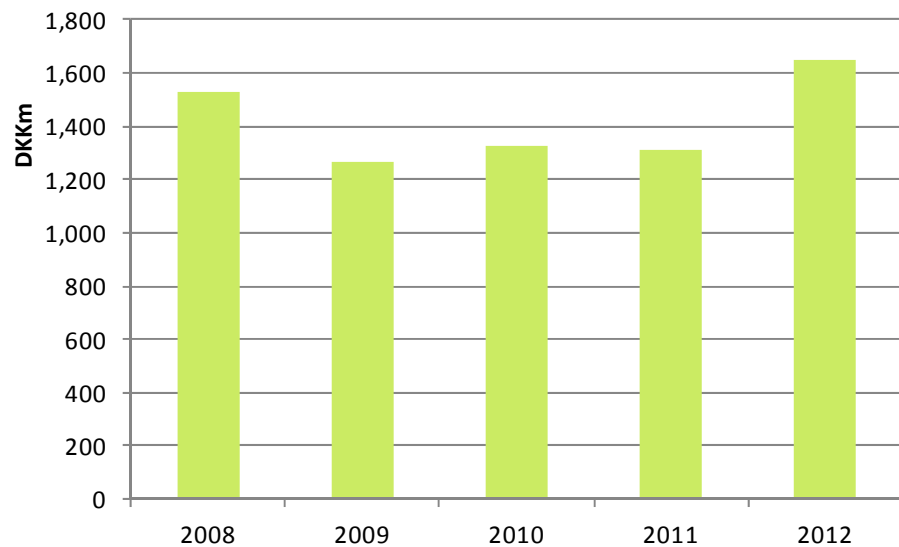
Net Interest Income



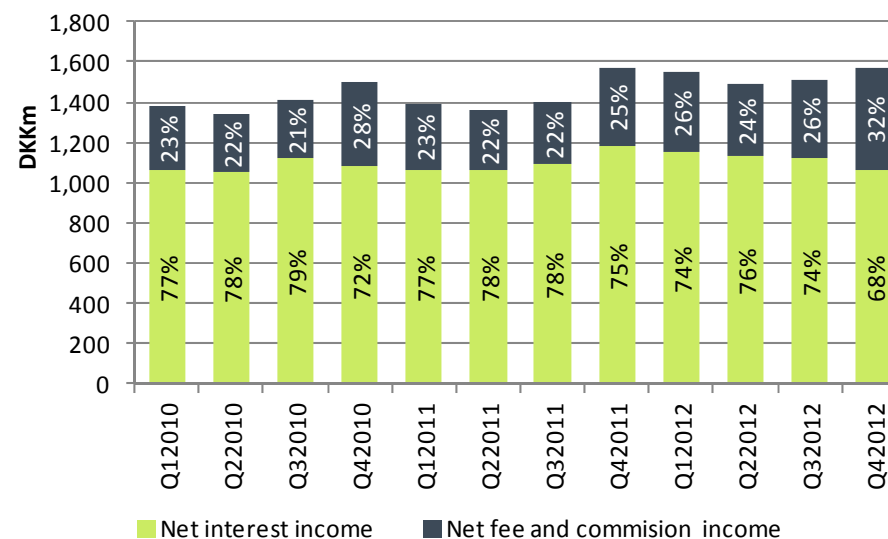
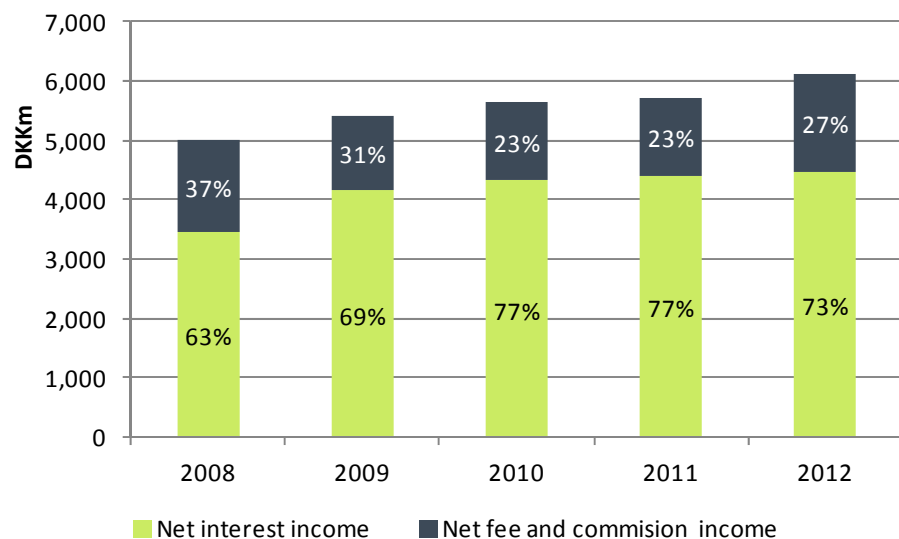
Return/risk-trade off



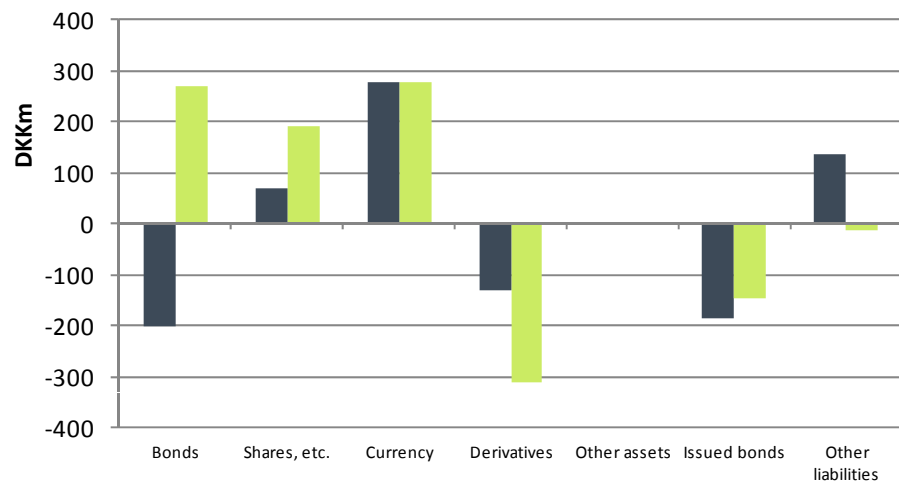
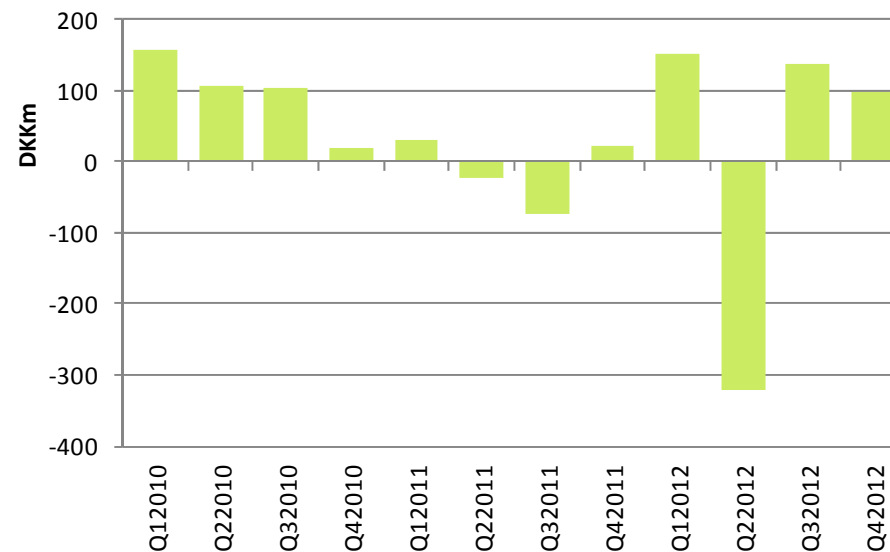
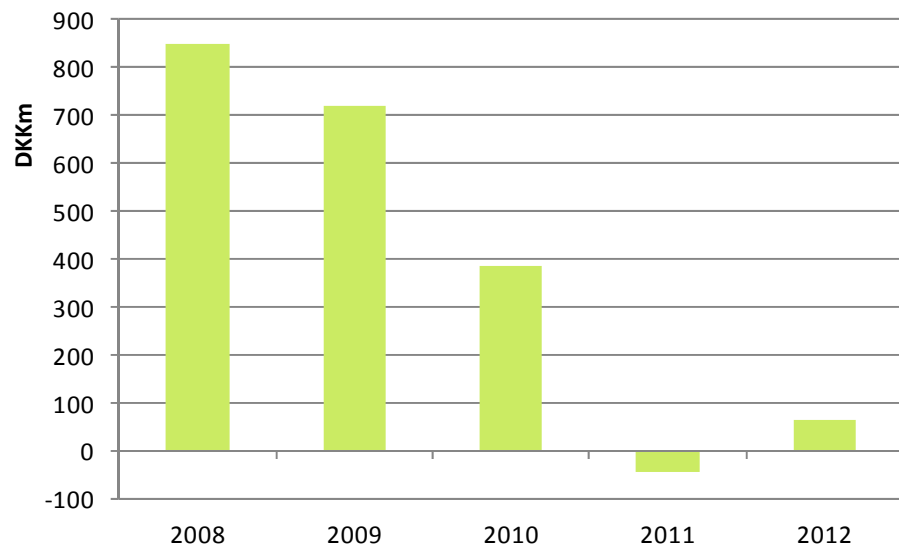
Fee and commission income



Net interest and fee income

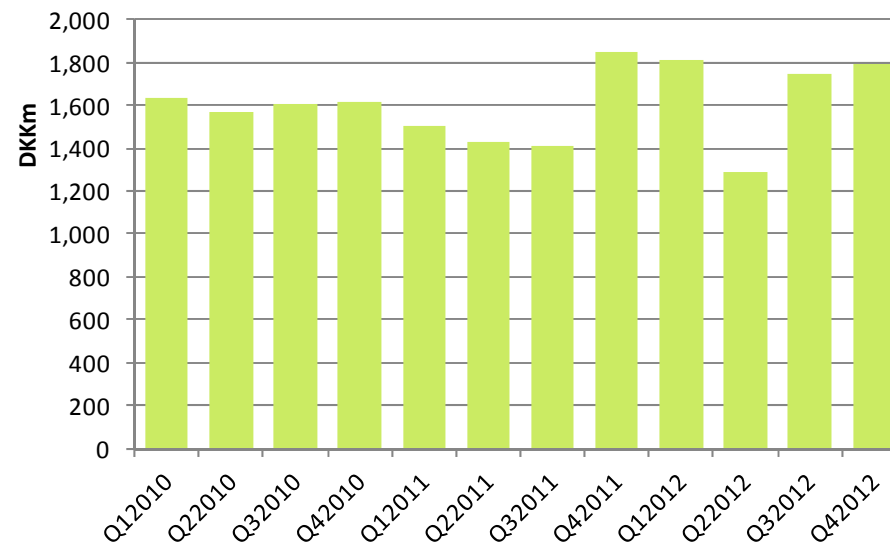
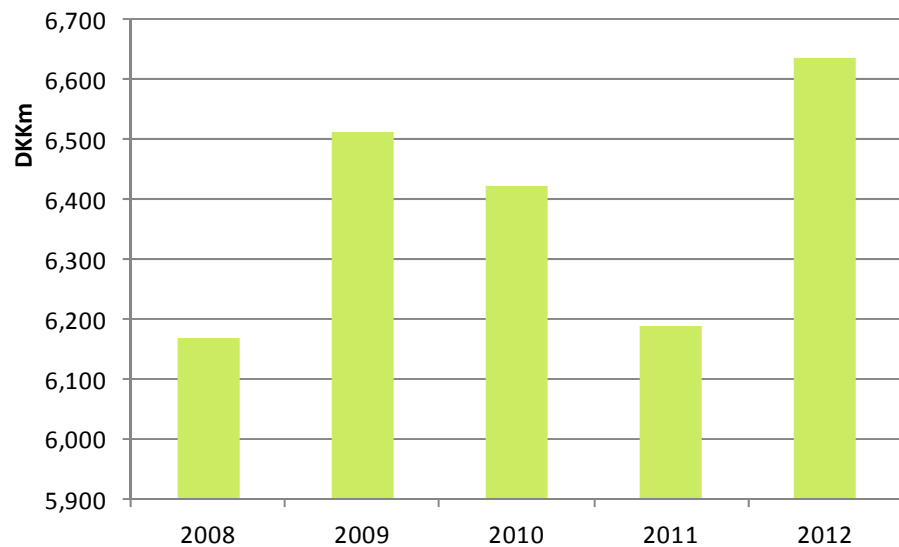


Value adjustments

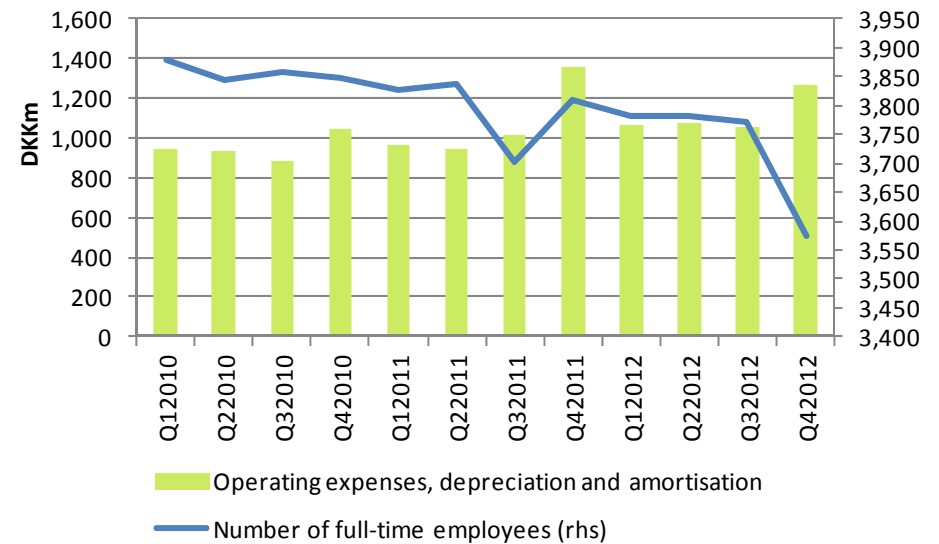
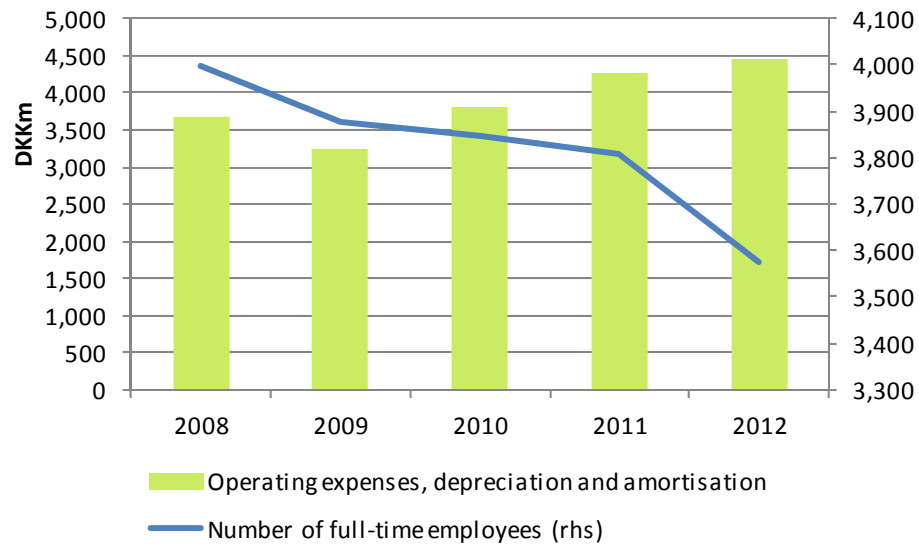


■ 2011 ■ 2012

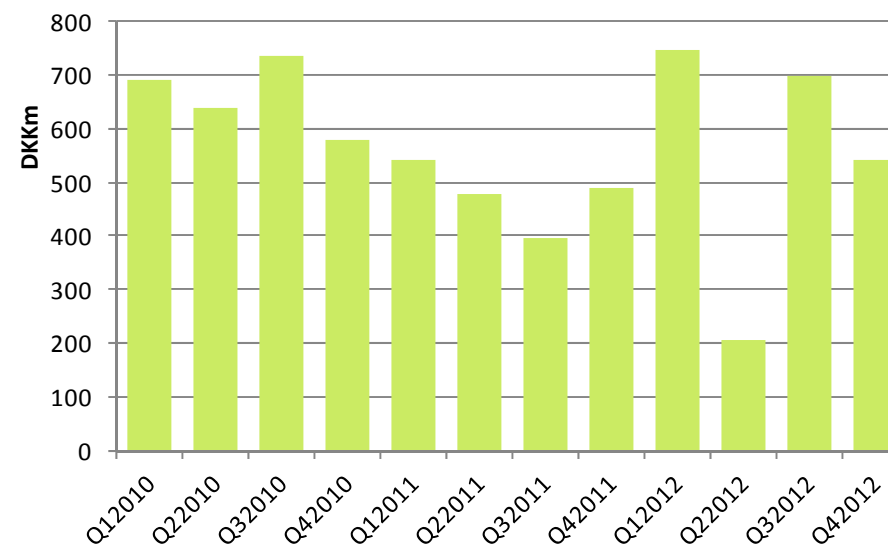
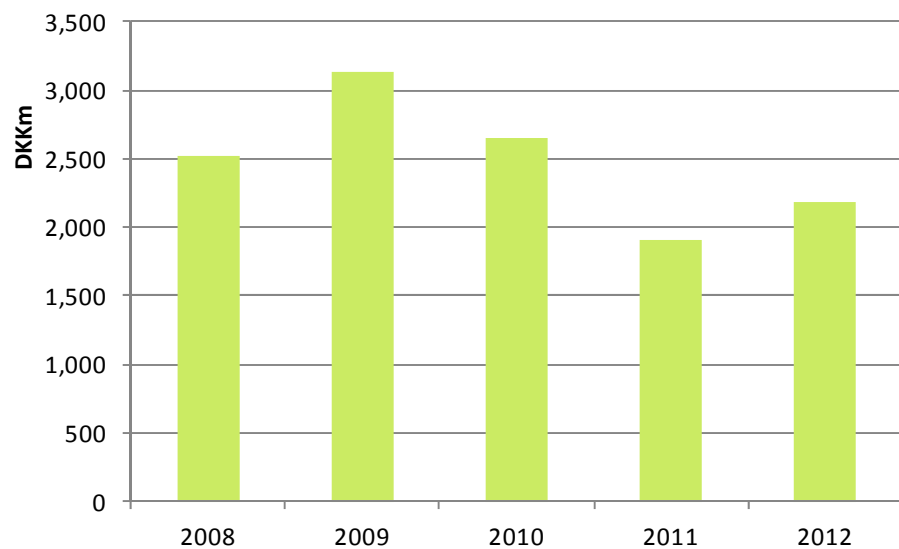
Gross earnings



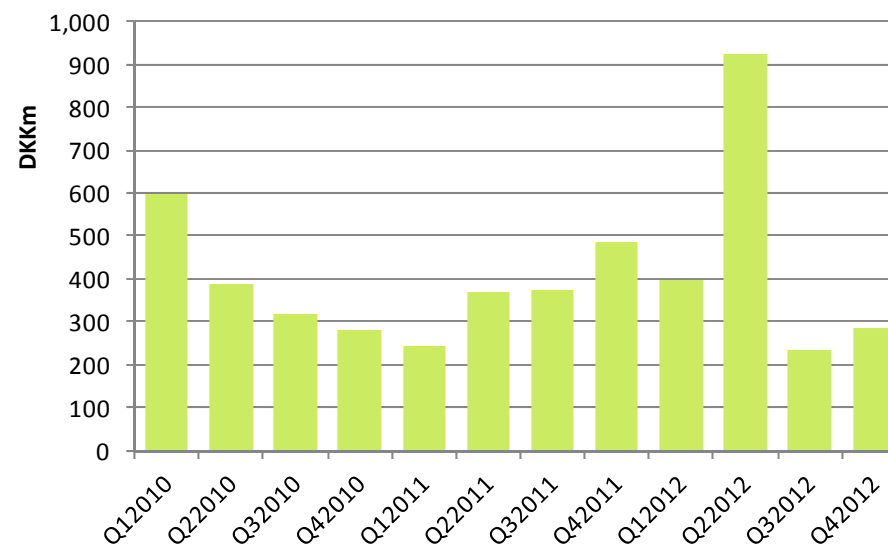
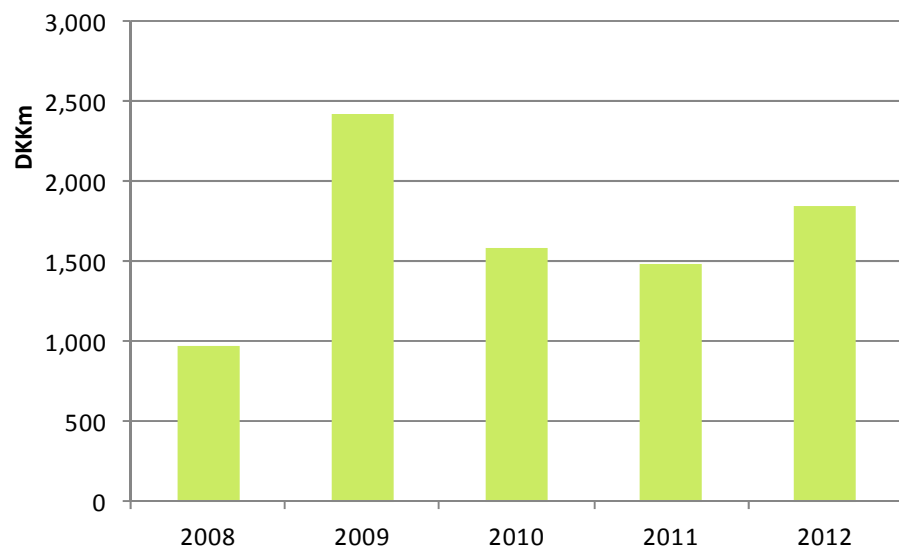
Operating expenses and employees



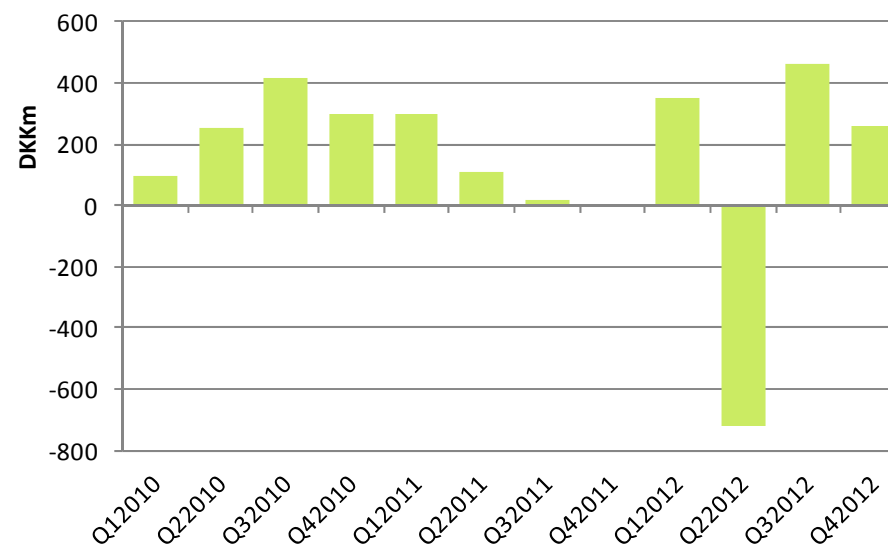
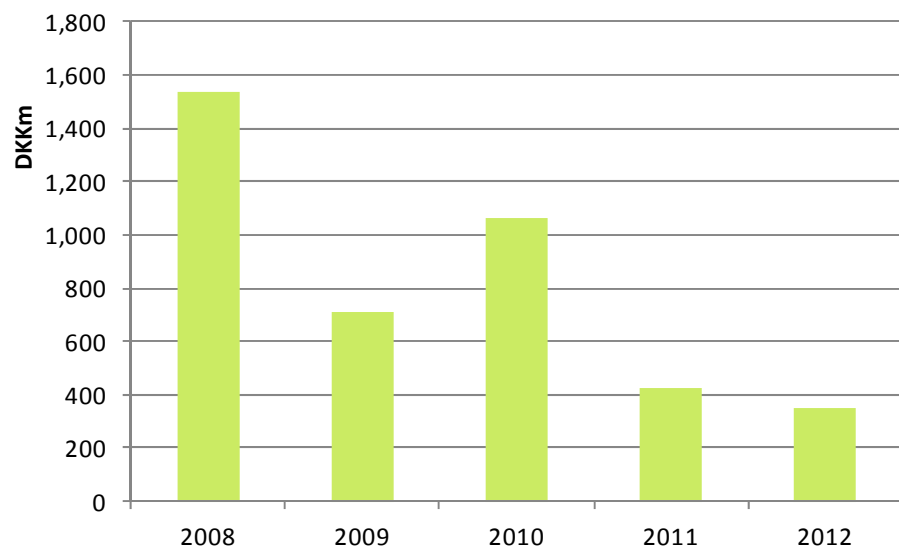
Core earnings before loan impairment charges



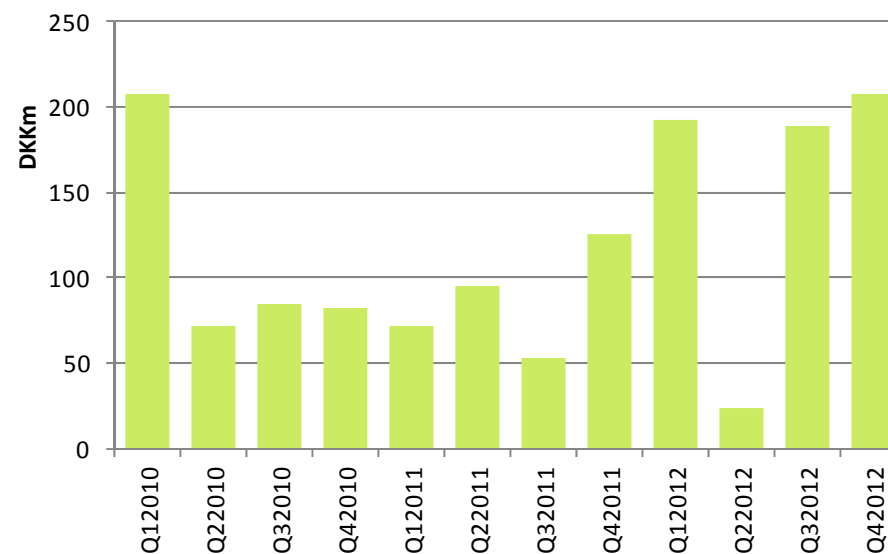
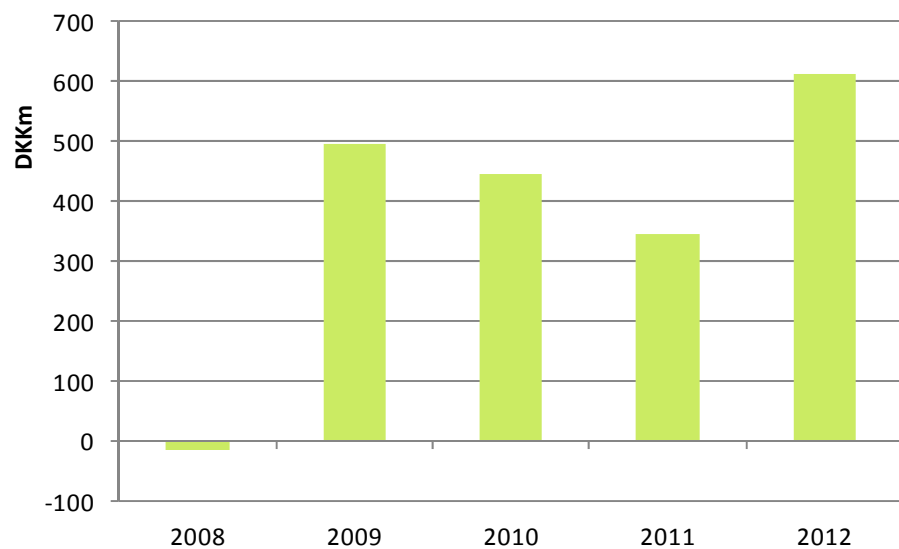
Loan impairment charges



Core earnings



Earnings from investment portfolios



Credit quality

Loans and advances split by sector

Jyske Bank A/S	Loans, advances and guarantees		Balance of loan impairment charges and provisions for guarantees		Loan impairment charges and provisions for guarantees for the year		Losses for the year	
	End-2012	End-2011	End-2012	End-2011	2012	2011	2012	2011
Public authorities	6,624	5,065	0	0	0	0	0	0
Agriculture, hunting, forestry, fishing	8,192	8,174	619	590	245	294	239	273
Manufacturing, mining, etc.	6,619	7,894	173	125	86	31	47	180
Energy supply	2,742	2,355	13	17	-4	27	0	17
Building and construction	2,234	1,966	74	94	38	64	63	70
Commerce	7,279	7,178	241	238	124	98	133	207
Transport, hotels and restaurants	2,961	3,129	37	26	23	8	15	41
Information and communication	447	397	5	12	0	6	6	11
Finance and insurance	35,026	38,179	550	495	176	165	138	888
Real property	9,860	10,739	1,051	780	401	369	168	149
Other sectors	4,802	4,492	278	131	235	-33	107	54
Corporate customers, individually assessed, total	80,162	84,503	3,041	2,508	1,324	1,029	916	1,890
Corporate customers, collective impairment charges			717	506	197	41	5	6
Personal customers, individually assessed	43,385	44,379	446	448	154	329	170	216
Personal customers, collective impairment charges			263	147	130	52	26	25
Total	130,171	133,947	4,467	3,609	1,805	1,451	1,117	2,137

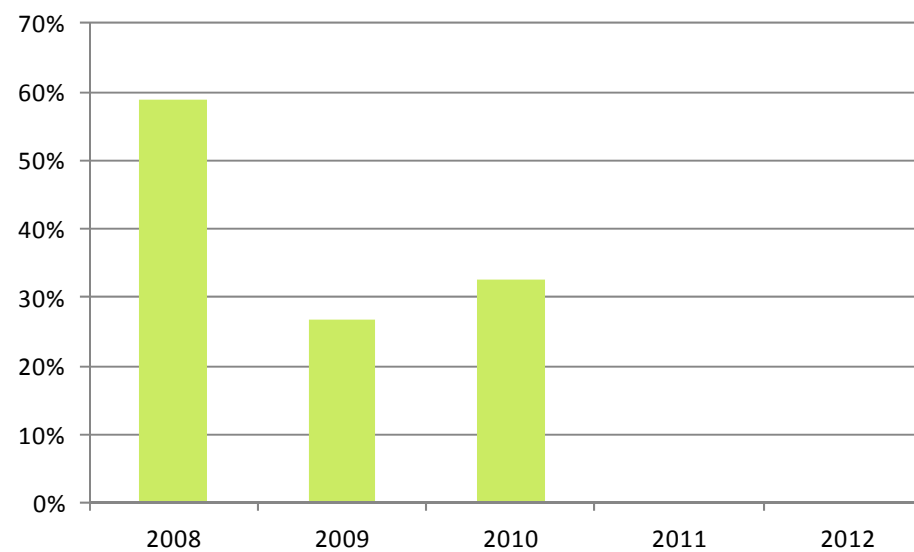


Loans and advances split by sector

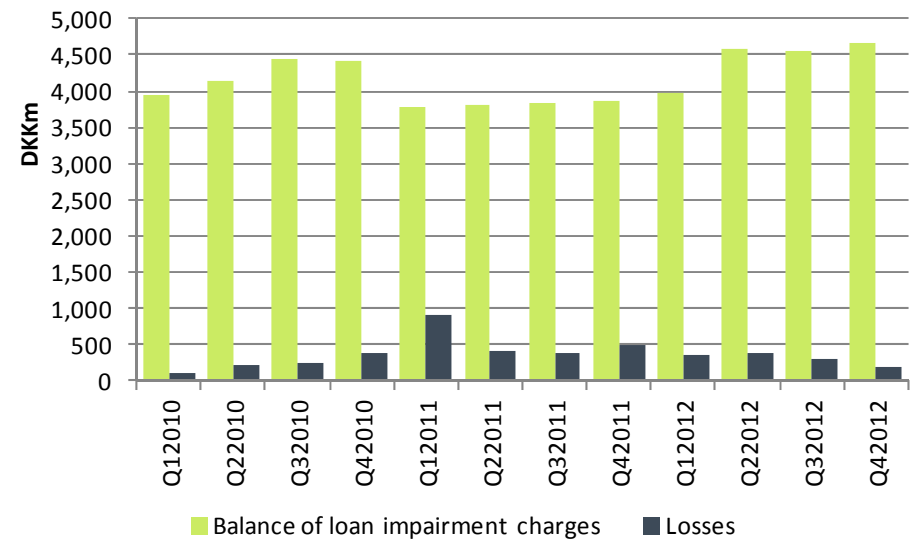
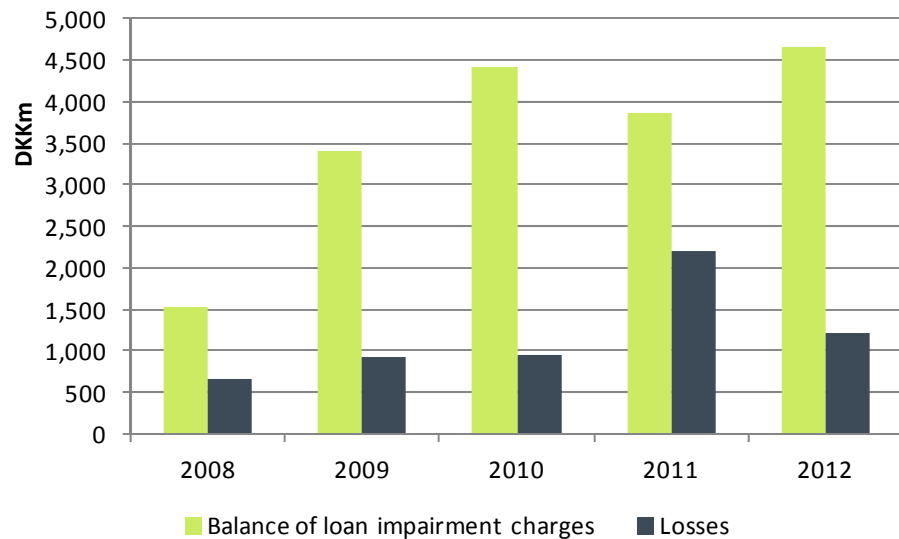
Jyske Bank A/S	Loans, advances and guarantees	Balance of loan impairment charges and provisions for guarantees	Loans, advances and guarantees	Balance of loan impairment charges and provisions for guarantees	Loss for the period/loans, advances	Loan impairment charges for the period/loans, advances
Loans, advances and guarantees as well as loan impairment charges and provisions for guarantees (DKKm)	2012	2012	Change in pct.	Change in pct.	Pct.	Pct.
Public authorities	6,624	0	30.8%		0.0%	0.0%
Agriculture, hunting, forestry, fishing industry	8,192	619	0.2%	4.9%	2.9%	3.0%
Manufacturing and mining, etc.	6,619	173	-16.2%	38.4%	0.7%	1.3%
Energy supply	2,742	13	16.4%	-23.5%	0.0%	-0.1%
Building and construction	2,234	74	13.6%	-21.3%	2.8%	1.7%
Commerce	7,279	241	1.4%	1.3%	1.8%	1.7%
Transport, hotels and restaurants	2,961	37	-5.4%	42.3%	0.5%	0.8%
Information and communication	447	5	12.6%	-58.3%	1.3%	0.0%
Finance and insurance	35,026	550	-8.3%	11.1%	0.4%	0.5%
Real property	9,860	1,051	-8.2%	34.7%	1.7%	4.1%
Other sectors	4,802	278	6.9%	112.2%	2.2%	4.9%
Corporate customers, individually assessed, total	80,162	3,041	-5.1%	21.3%	1.1%	1.7%
Corporate customers, collective impairment charges		717		41.7%		
Personal customers, individually assessed	43,385	446	-2.2%	-0.4%	0.4%	0.4%
Personal customers, collective impairment charges		263		78.9%		
Total	130,171	4,467	-2.8%	23.8%	0.9%	1.4%

Large exposures

per cent of capital base

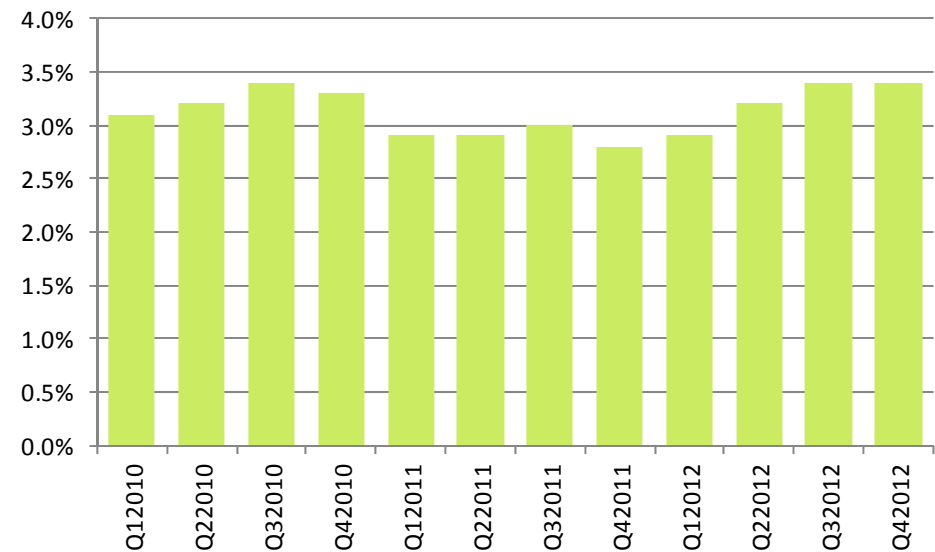
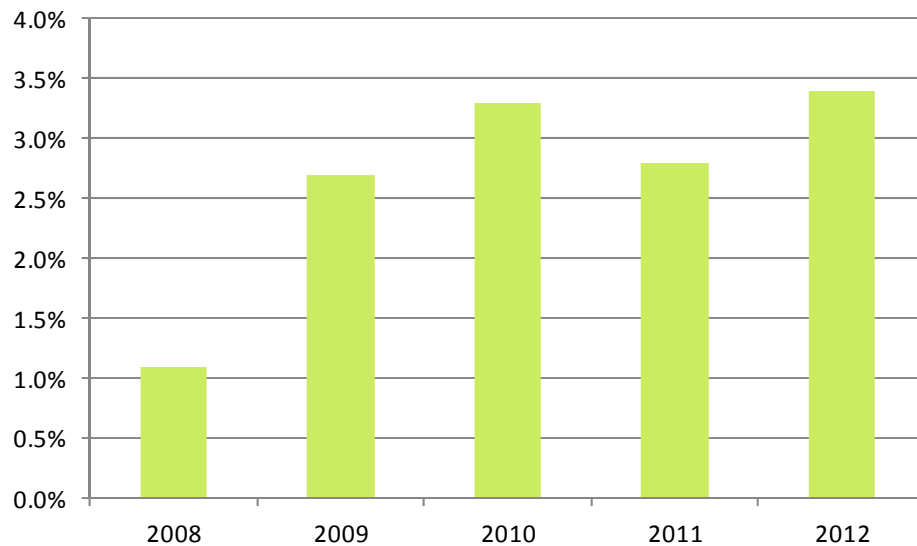


Balance of loan impairment charges



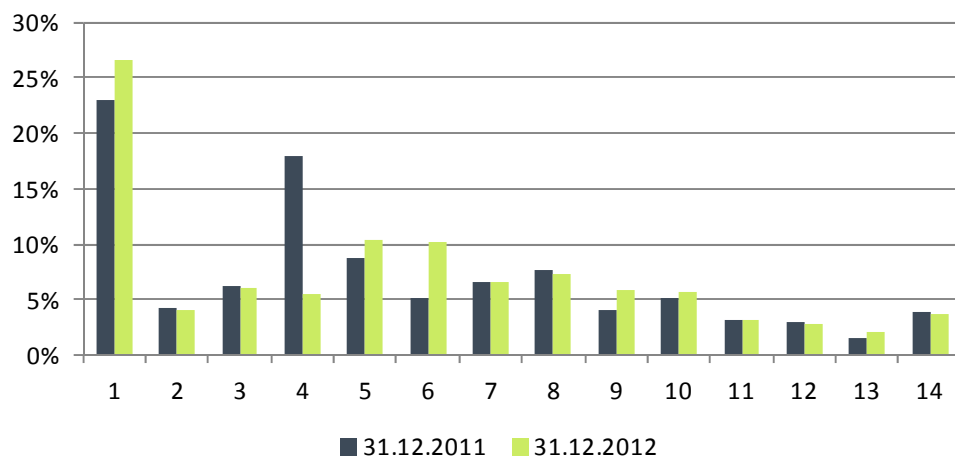
Balance of loan impairment charges

per cent of loans and advances

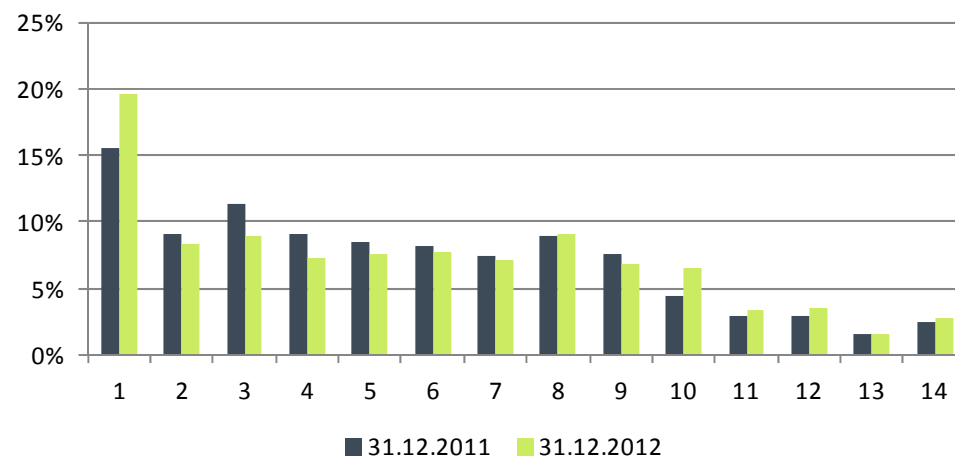


Exposures by credit rating

Corporates



Retail



Danish FSA

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

Danish FSA reports 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

Management and control of credits

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

New stringent guidelines for impairments

- Focus real estate portfolios and agriculture
- More stringent impairment principles (net exposures, asset values)
- Customers interest rate swaps at fair value
- One off effect Q2 2012:
 - Impairments DKK 543m
 - Value adjustments DKK 357m
- Higher volatility in value adjustments and impairments when interest rates changes



Fact Book

Profit/loss

DKKkm	2012					2011				
	Core earnings	Earnings on investment portfolios	The Guarantees Fund, etc.	Re-classification	Total	Core earnings	Earnings on investment portfolios	The Guarantees Fund, etc.	Re-classification	Total
Net interest income	4,471	408	0	0	4,879	4,410	332	0	0	4,742
Dividends, etc.	20	10	0	0	30	17	11	0	0	28
Net fee and commission income	1,652	-2	0	0	1,650	1,310	-3	0	0	1,307
Net interest and fee income	6,143	416	0	0	6,559	5,737	340	0	0	6,077
Value adjustments	66	203	0	0	269	-44	13	0	0	-31
Other operating income	370	0	0	0	370	469	0	0	0	469
Income from operating lease (net)	58	0	0	248	306	27	0	0	138	165
Gross earnings	6,637	619	0	248	7,504	6,189	353	0	138	6,680
Operating expenses, depreciation and amortisation	4,459	9	109	248	4,825	4,277	8	169	138	4,592
Profit on investments in associates and group enterprises	12	0	0	0	12	-7	0	0	0	-7
Core earnings before loan impairment charges and provisions for guarantees	2,190	610	-109	0	2,691	1,905	345	-169	0	2,081
Loan impairment charges and provisions for guarantees	1,842	-2	0	0	1,840	1,478	-1	3	0	1,480
Pre-tax profit for the period	348	612	-109	0	851	427	346	-172	0	601

Core earnings

Core earnings and pre-tax profit	Index							
DKKm	Q4 2012	Q4 2011	12/11	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011
Net interest income	1,067	1,186	90	1,067	1,121	1,135	1,148	1,186
Dividends, etc.	0	0	-	0	0	17	3	0
Net fee and commission income	504	387	130	504	392	351	405	387
Net interest and fee income	1,571	1,573	100	1,571	1,513	1,503	1,556	1,573
Value adjustments	97	22	441	97	138	-320	151	22
Other operating income	113	240	47	113	82	88	87	240
Income from operating lease (net)	16	10	160	16	14	14	14	10
Gross earnings	1,797	1,845	97	1,797	1,747	1,285	1,808	1,845
Operating expenses, depreciation and amortisation	1,270	1,355	94	1,270	1,051	1,076	1,062	1,355
Profit on investments in associates and group enterprises	14	-2	-	14	1	-3	0	-2
Core earnings before loan impairment charges and provisions for guarantees	541	488	111	541	697	206	746	488
Loan impairment charges and provisions for guarantees	283	488	58	283	235	926	398	488
Core earnings	258	0	-	258	462	-720	348	0
Earnings from investment portfolios	208	126	165	208	189	23	192	126
Profit before contribution to the Guarantee Fund, etc.	466	126	370	466	651	-697	540	126
The Guarantee Fund, etc.	-26	49	-	-26	-31	-14	-38	49
Pre-tax profit	440	175	251	440	620	-711	502	175



Questions