

Jyske Bank
Q4 2020

23 February 2021



Clients experienced

- More online meetings.
- More specialists.
- Fewer branches to visit.
- A brand new mobile banking platform.
- Increased flexibility with Jyske Frihed.
- Energy loans and CO₂ calculator facilitating energy retrofiting.
- A new equity fund offering more sustainable investment solutions.
- New VISA card without Dankort.



Negative rates – for better or worse

- More clients began to invest instead of having cash deposits.
- To an increasing degree, the negative interest rate environment was reflected in deposit rates for personal clients.
- Advantageous interest rates and remortgaging opportunities for home owners remained.



All Progress Counts

- Own wind turbine to offset CO₂ emission from direct and indirect power consumption covered by means of own renewable energy production.
- First estimate of CO₂e emission from business volumes.
- Targets for sustainability in all material business areas.



A changing organisation

- An organisational change in the development organisation with a view to becoming even more agile.
- Organisational changes in Personal Clients to become more focused and specialized.
- Many employees experienced changed working conditions due to COVID-19.
- The sale of Jyske Bank Gibraltar was finalized.

COVID-19

- Lockdown and restrictions affected Danish society in 2020.
- Jyske Bank's employees were most flexible and adaptive, and the bank remained accessible.
- Clients received individual advice and guidance about the COVID-19 situation.
- A COVID-19 management's estimate for impairment charges of DKK 1.1bn.

Summary

Q4 2020



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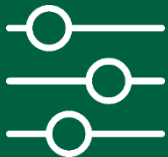
Strong financial performance in recent quarters; DKK 1.9bn - 2.3bn net profit outlook for 2021



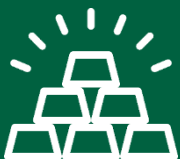
All-time strong credit quality and intact DKK 1.1bn management's estimate for COVID-19



Cost focus intensified with core expenses down 4% in 2020 and a continued decline expected



Several deposit repricing initiatives introduced; zero interest threshold lowered to DKK 100K



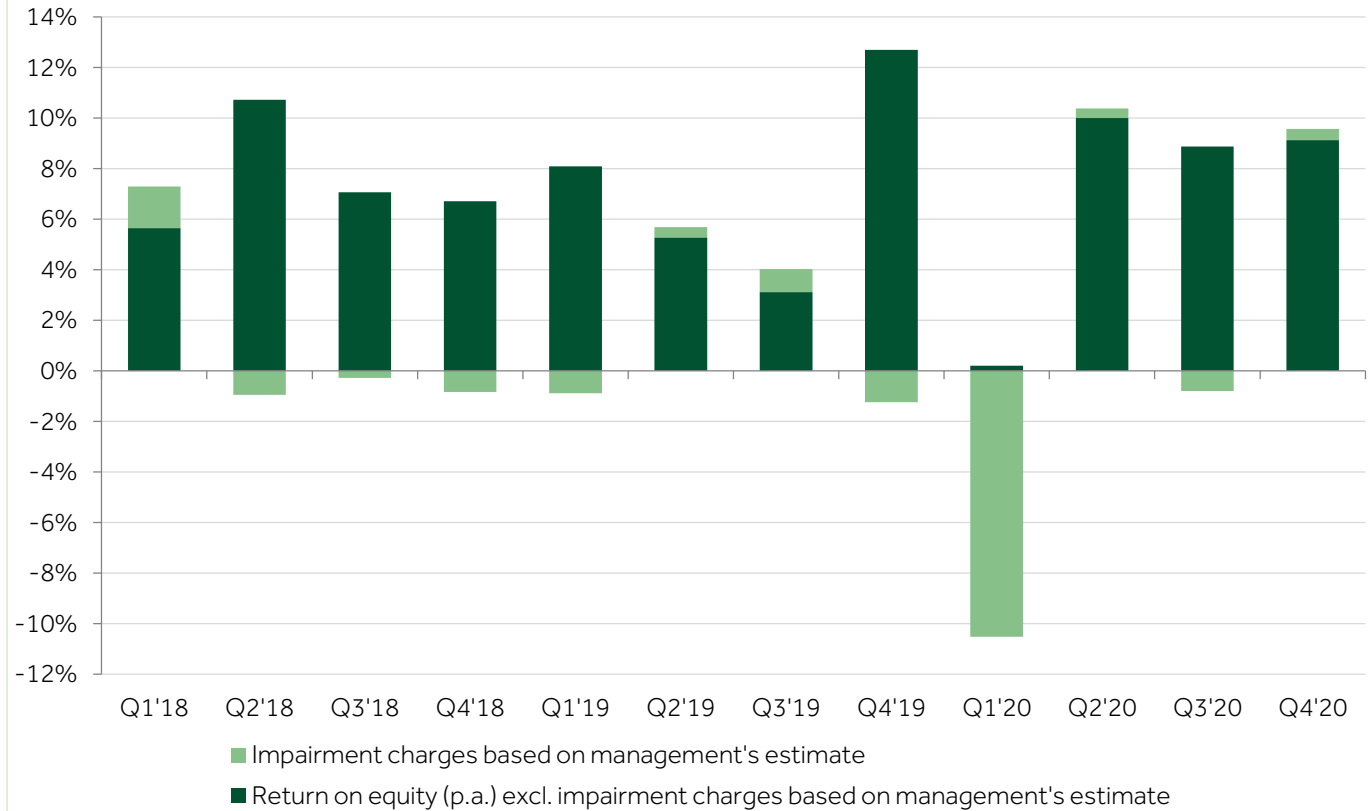
Ample capital ensuring high payout capacity; share buy-backs of DKK 750m initiated

Strong financial performance in recent quarters

DKK 1.9bn - 2.3bn net profit outlook for 2021 vs. DKK 1.6bn in 2020



Return on shareholders' equity (p.a.)

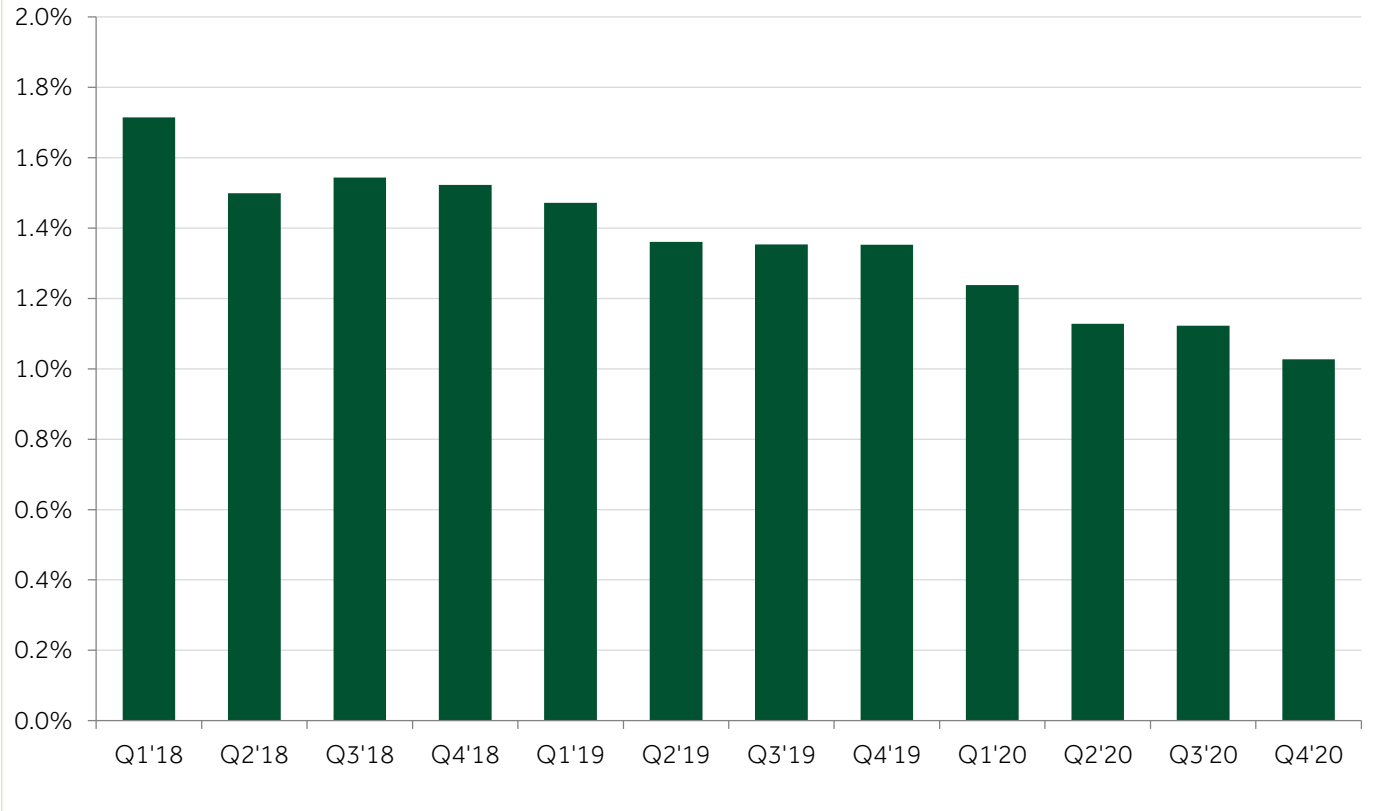


All-time strong credit quality

Intact DKK 1.1bn management's estimate related to COVID-19 pandemic



Non-performing loans (net) as % of loans, advances and guarantees

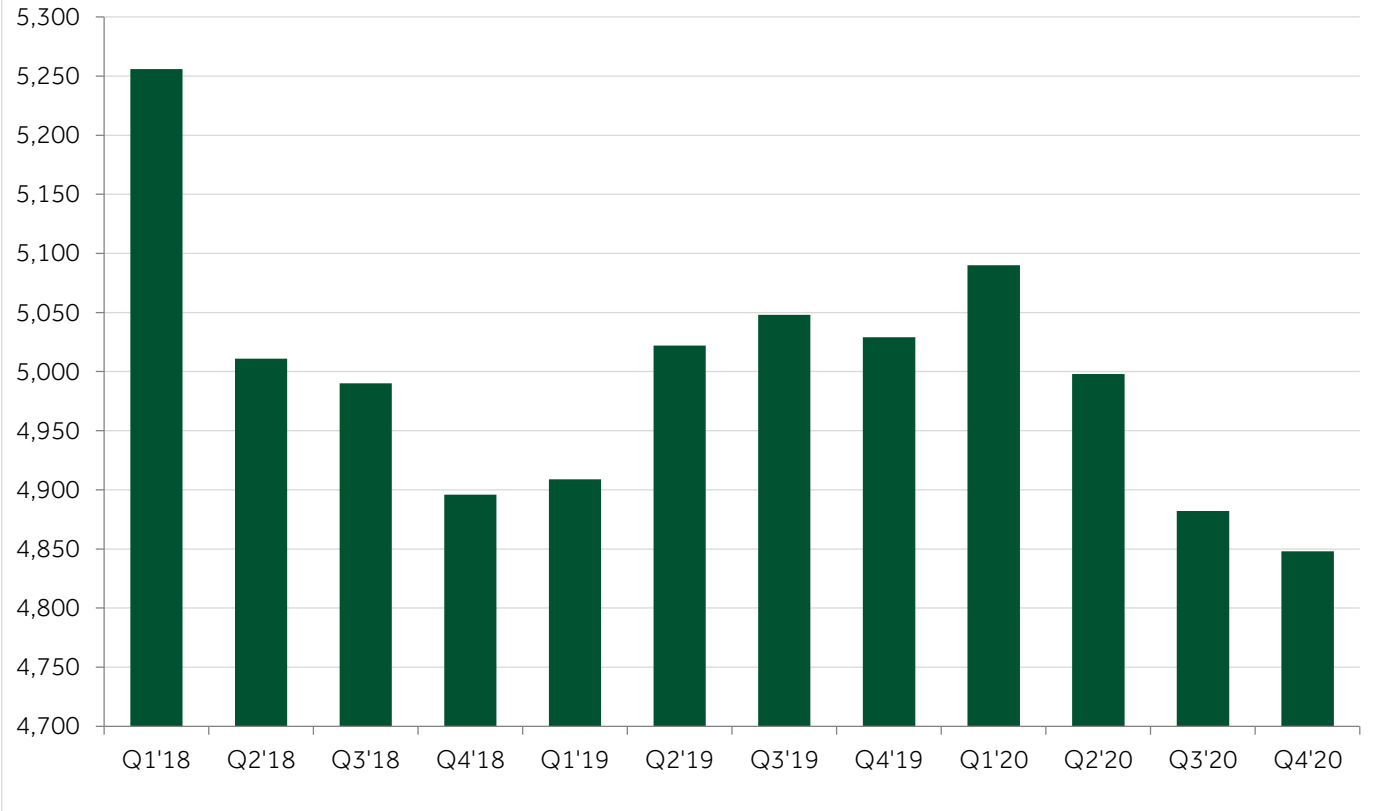


Cost focus intensified with core expenses down 4% in 2020

Decrease of 6% excl. one-offs and a continued decline expected for 2021

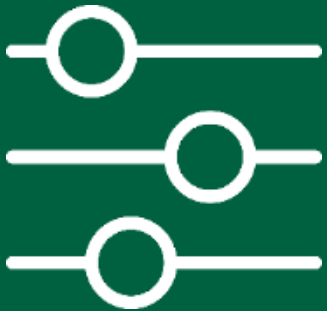
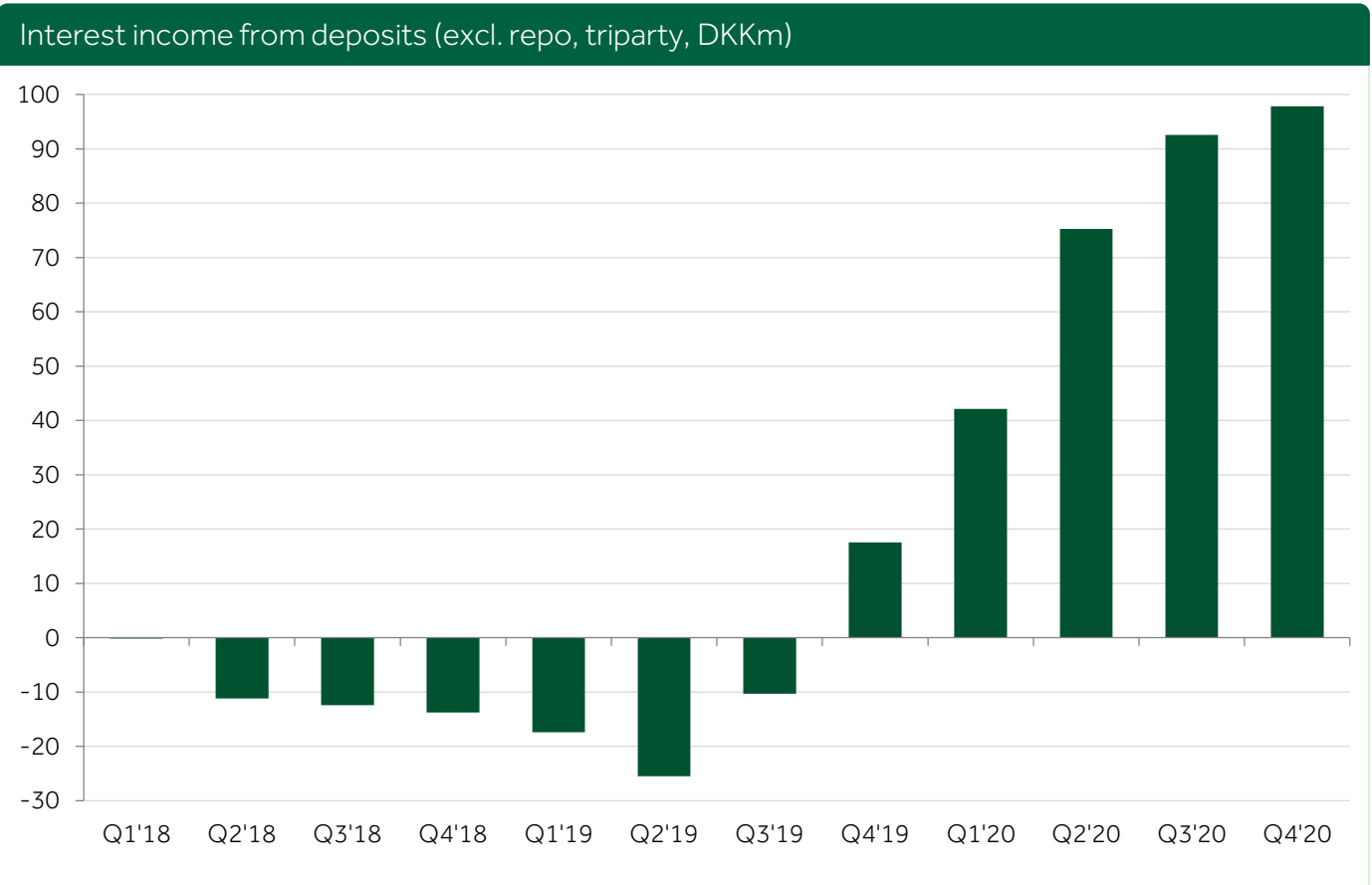


Core expenses (trailing four quarters, DKKm)



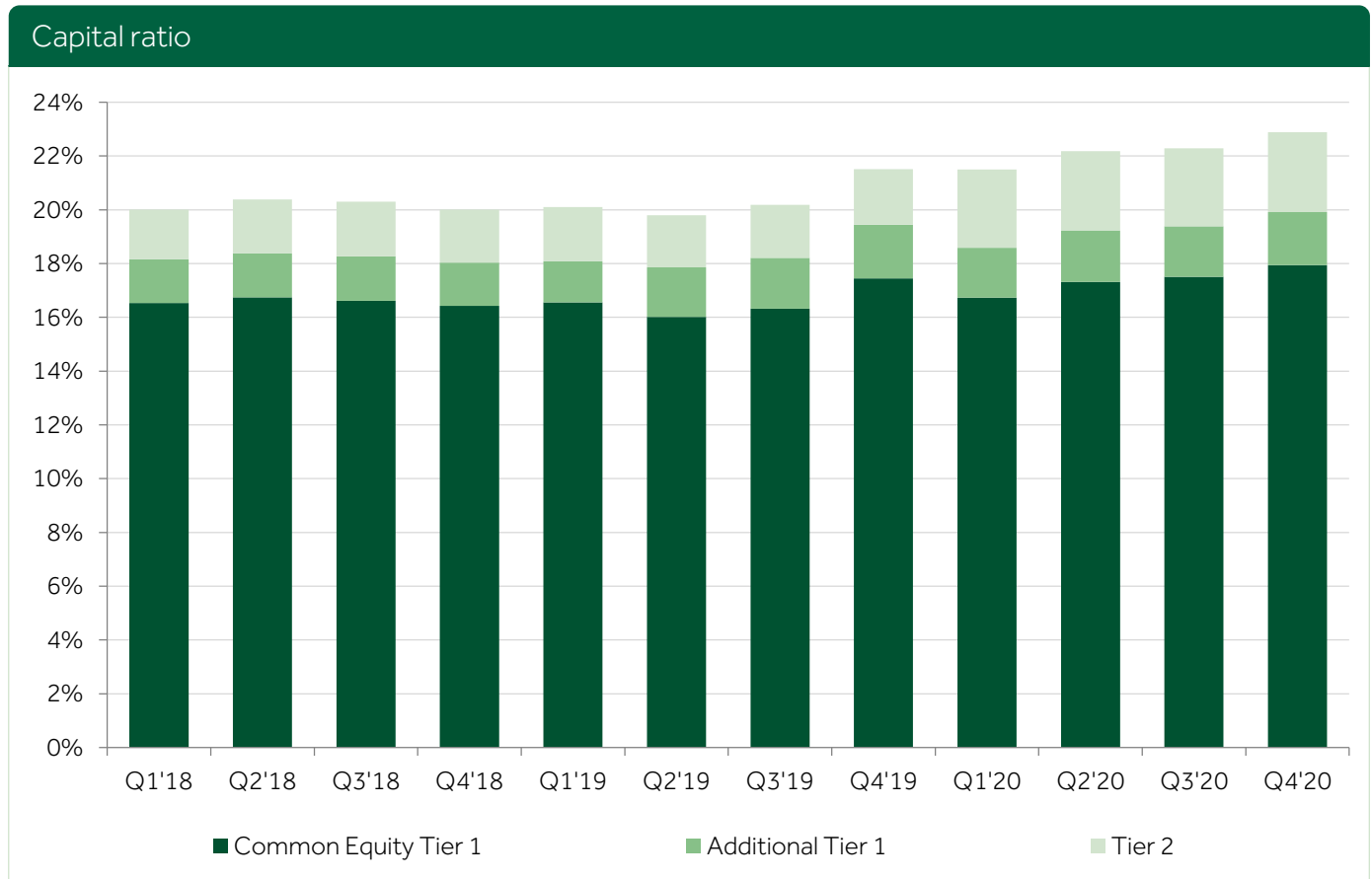
Several deposit repricing initiatives introduced

Zero interest threshold lowered to DKK 100,000 for private clients' deposits



Ample capital ensuring high payout capacity

DKK 750m share buy-back initiated with capital ratio at all-time high level



Net profit of DKK 831m and return on equity of 9.6% in Q4 2020

Net interest income -6% y/y. Reduced deposit rates counteracted lower bank lending. Decline mainly due to lower interest income from bonds.

Net fee and commission income -11% y/y due to lower remortgaging activity, lower performance fees as well as the sale of Jyske Bank (Gibraltar).

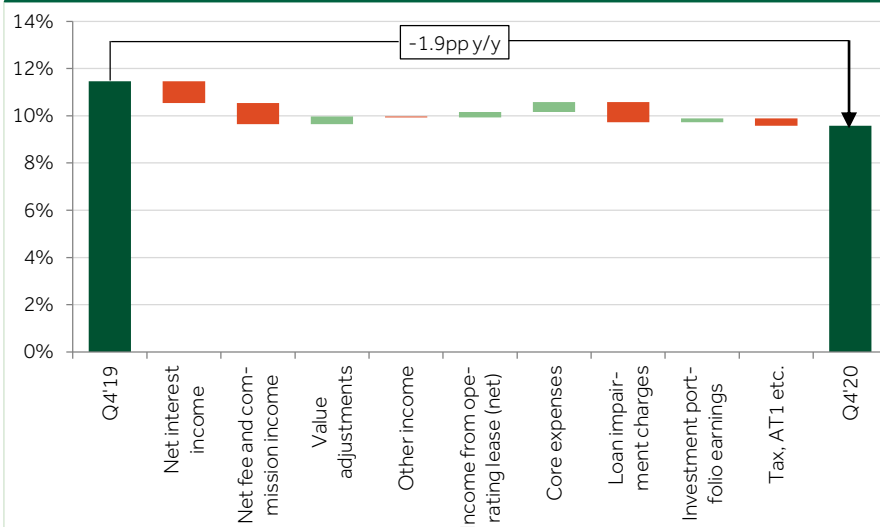
Value adjustments of DKK 278m amid narrowing credit spreads, positive effect of FX positions and high activity levels.

Core expenses -3% y/y and -11% y/y on an underlying basis due to 7% lower FTE's, an intensified cost focus and sale of Jyske Bank (Gibraltar).

Loan impairment charges of DKK 5m, as NPL share reached all-time low. COVID-19 management's estimate of DKK 1.1bn remains intact.

Investment portfolio earnings of DKK 157m from narrowing credit spreads and FX positions.

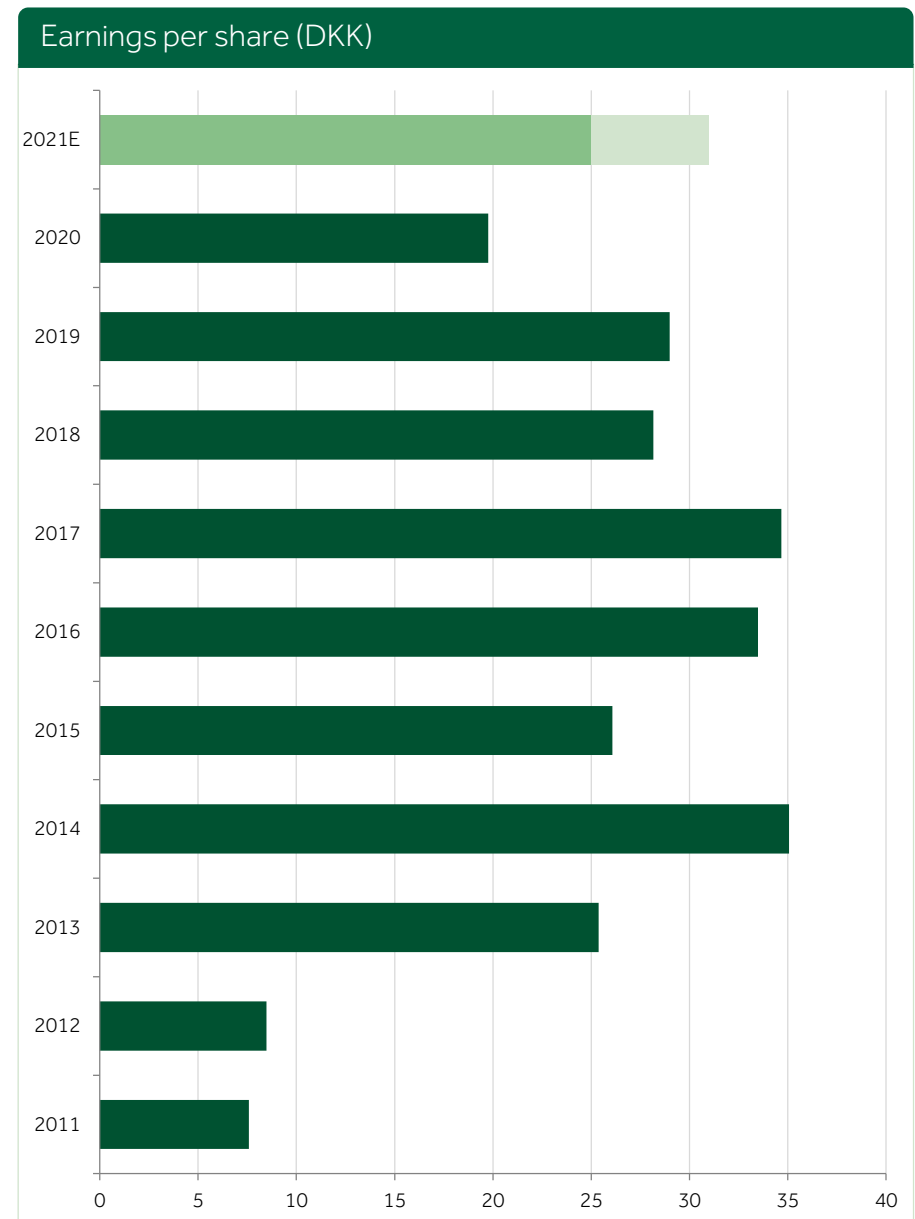
Return on equity Q4 2019 vs. Q4 2020



Income statement and key figures (DKK m)

	Q4 2020	Q4 2019	Index y/y	Q3 2020	Index q/q	FY 2020	FY 2019	Index y/y
Net interest income	1,195	1,270	94	1,256	95	4,966	5,152	96
Net fee and commission income	581	653	89	453	128	2,091	2,311	90
Value adjustments	278	252	110	189	147	685	342	200
Other income	38	41	93	36	106	130	154	84
Income from operating lease	34	15	227	69	49	110	101	109
Core income	2,126	2,231	95	2,003	106	7,982	8,060	99
Core expenses	1,179	1,213	97	1,159	102	4,848	5,029	96
Core profit before loan impairment charges	947	1,018	93	844	112	3,134	3,031	103
Loan impairment charges	5	-64	-	-48	-	968	-101	-
Core profit	942	1,082	87	892	106	2,166	3,132	69
Investment portfolio earnings	157	144	109	14	1,121	-56	-53	-
Pre-tax profit	1,099	1,226	90	906	121	2,110	3,079	69
Tax	268	260	103	210	128	501	639	78
Net profit for the period	831	966	86	696	119	1,609	2,440	66
Earnings per share (DKK)	10.9	12.2	89	9.0	121	19.8	29.0	68
Return on equity (ann.)	9.6%	11.5%	83	8.1%	118	4.4%	7.1%	62
Cost/income ratio	55.5%	54.4%	102	57.9%	96	60.7%	62.4%	97
Capital ratio	22.9%	21.5%	106	22.3%	103	22.9%	21.5%	106
CET1 ratio	17.9%	17.4%	103	17.5%	103	17.9%	17.4%	103
Mortgage lending (nominal)	333,056	327,926	102	332,311	100	333,056	327,926	102
Bank loans (excl. repo)	73,043	79,039	92	71,794	102	73,043	79,039	92
New home loans	2,646	3,400	78	2,822	94	2,646	3,400	78
Leasing	19,879	19,651	101	19,565	102	19,879	19,651	101
Deposits (excl. repo)	127,461	126,939	100	125,582	101	127,461	126,939	100

Volumes	Bank lending to increase and mortgage lending to grow with market in 2021
Core income	Lower in 2021 than 2020 level
Core expenses	Lower in 2021 than 2020 level
Loan impairment charges	Very low level in 2021
Net profit	DKK 1.9bn-2.3bn in 2021
Capital	CET1 ratio of 15%-17% and capital ratio of 20%-22% for the coming years



Financial results

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Net interest income (NII)

NII -6% y/y due to part of NII from bonds moving to value adjustments

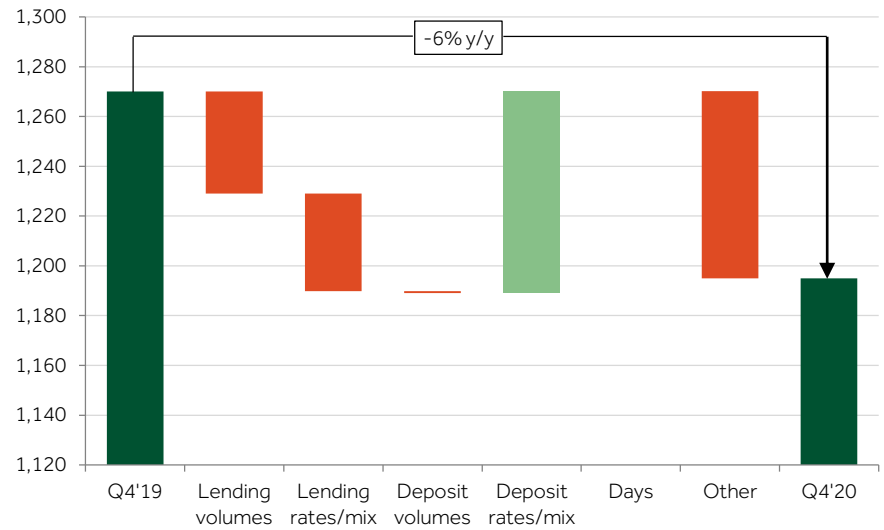
- Core NII unchanged, as reduced deposit rates for private and corporate clients offset negative impact from lower bank lending and mix effects.
- Other NII down due to lower NII from trading activities (see value adjustments), sale of Jyske Bank (Gibraltar) as well as T2 and NPS issues.

NII -5% q/q, partly due to a negative one-off and negative mix effects

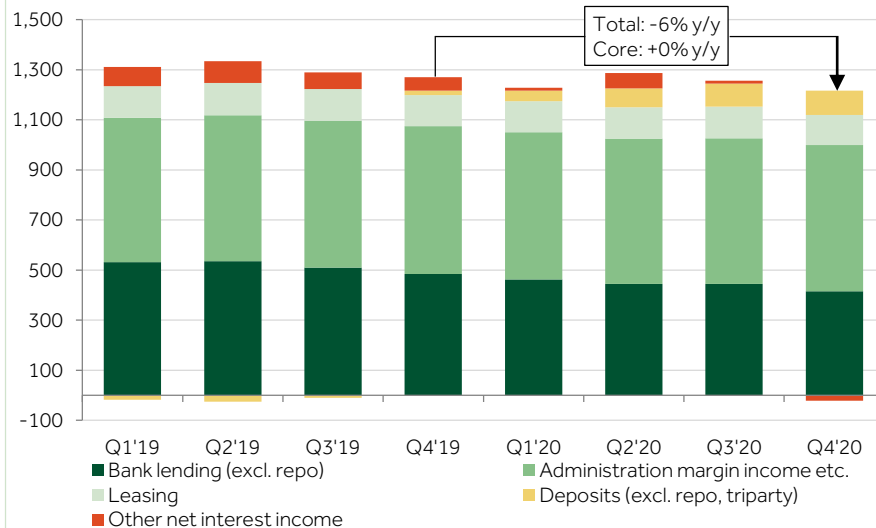
- Core NII -2% due to lower NII from bank lending moderated by reduced deposit rates for corporate clients and higher lending to public auth.
- Other NII down, mainly due to lower NII from bonds and a new NPS issue.
- DKK -19m from one-off and accruing paid commissions under leasing activities with effect from 1 January 2020 booked in Q4 2020.

Threshold for zero interest on private clients' deposits lowered from DKK 250K to DKK 100K effective 1 April 2021.

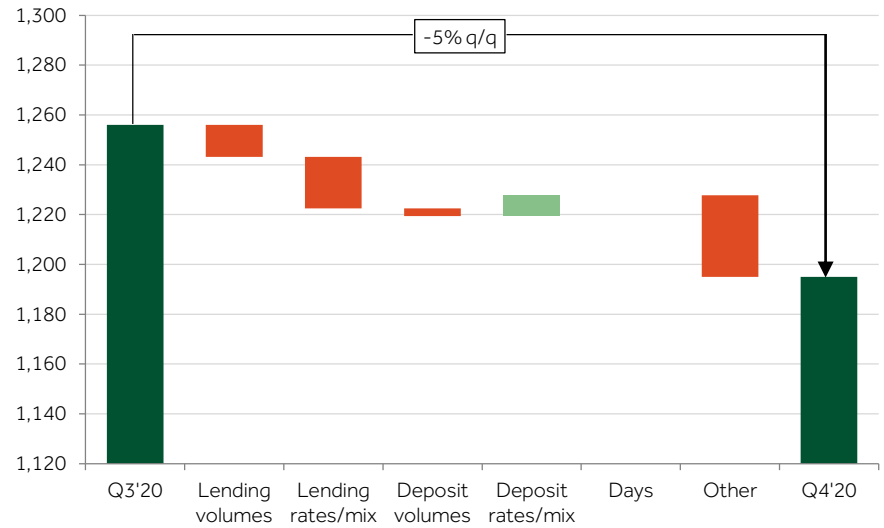
Net interest income Q4 2019 vs. Q4 2020 (DKKm)



Net interest income (DKKm)



Net interest income Q3 2020 vs. Q4 2020 (DKKm)



Net fee and commission income (NFCI)

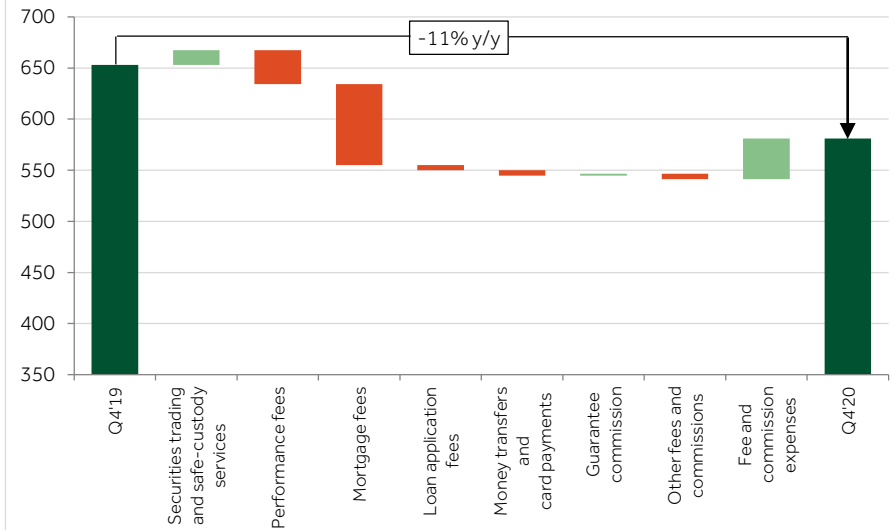
NFCI -11% y/y due to lower remortgaging activity and performance fees

- Remortgaging activity down from elevated level in Q4 2019.
- Performance-related fees declined from DKK 33m to DKK 0m.
- Negative impact from sale of Jyske Bank (Gibraltar) and COVID-19 pandemic, which e.g. lowered money transfers and card payments.

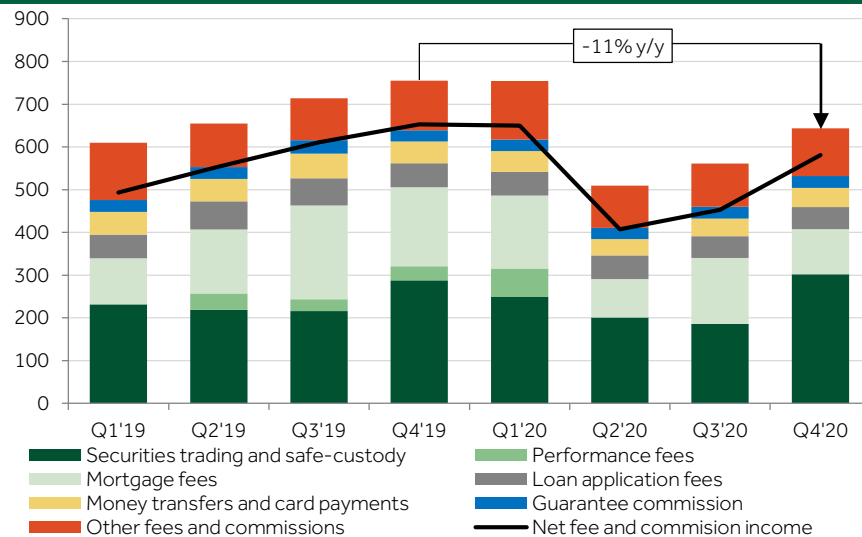
NFCI +28% q/q due to positive one-off, seasonality and high activity level

- Yearly fees from securities trading and safe-custody services more than outweighed seasonally lower refinancing activity.
- Higher customer trading activity levels and increased assets under management.
- Positive effect of DKK 46m from accruing paid commissions under leasing activities with effect from 1 January 2020 booked in Q4 2020.

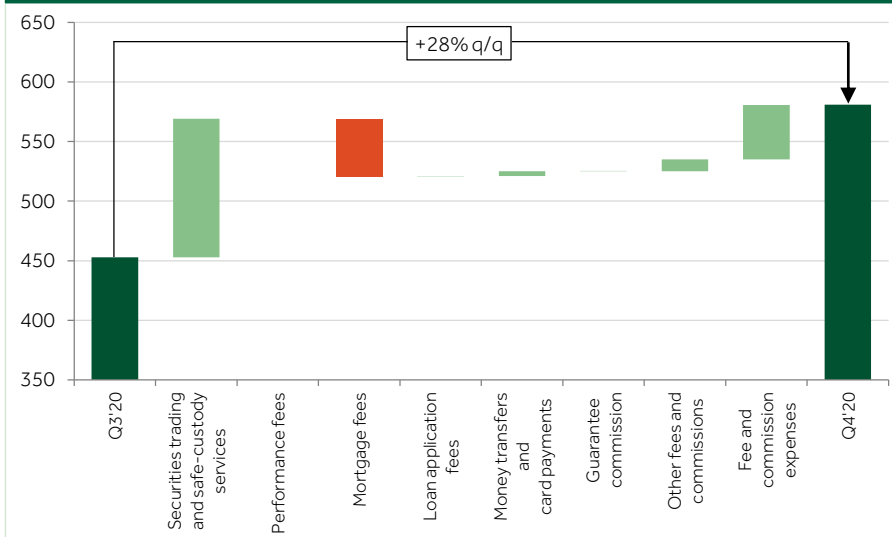
Net fee and commission income Q4 2019 vs. Q4 2020 (DKKm)



Net fee and commission income decomposed (DKKm)



Net fee and commission income Q3 2020 vs. Q4 2020 (DKKm)



Value adjustments and investment portfolio income

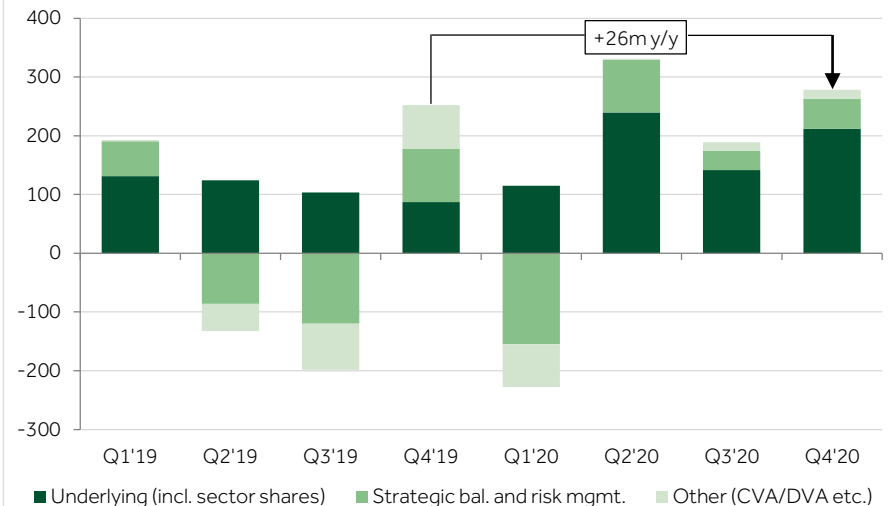
Value adjustments of DKK 278m in Q4 2020

- High activity levels amid a continued broad-based positive development in financial markets.
- Positive contribution from strategic balance and risk management.
- Negative impact from ACVA counteracted by FX hedging of Swedish leasing portfolio and an adjustment related to balancing principle.

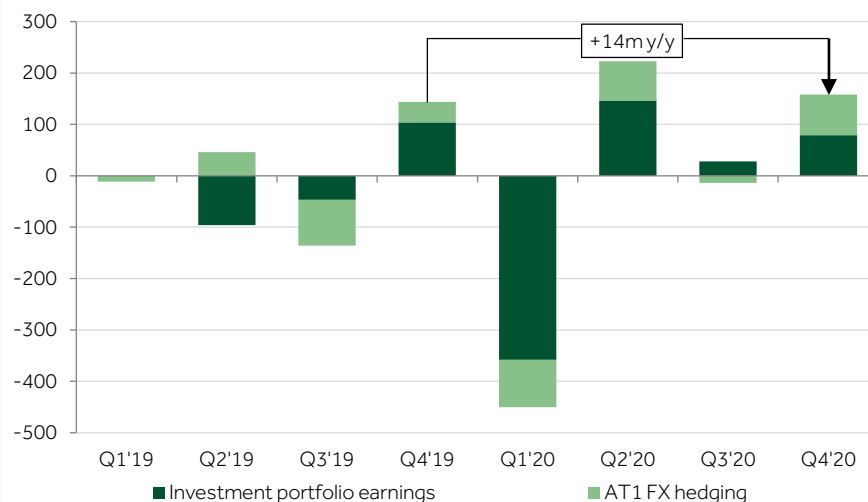
Investment portfolio earnings of DKK 157m in Q4 2020

- Positive value adjustments from FX positions and narrowing of option-adjusted spreads on Danish mortgage bonds.
- FX hedging of AT1 issues in SEK had a positive P/L impact of DKK 79m, counteracted by an equivalent adjustment of shareholders' equity.

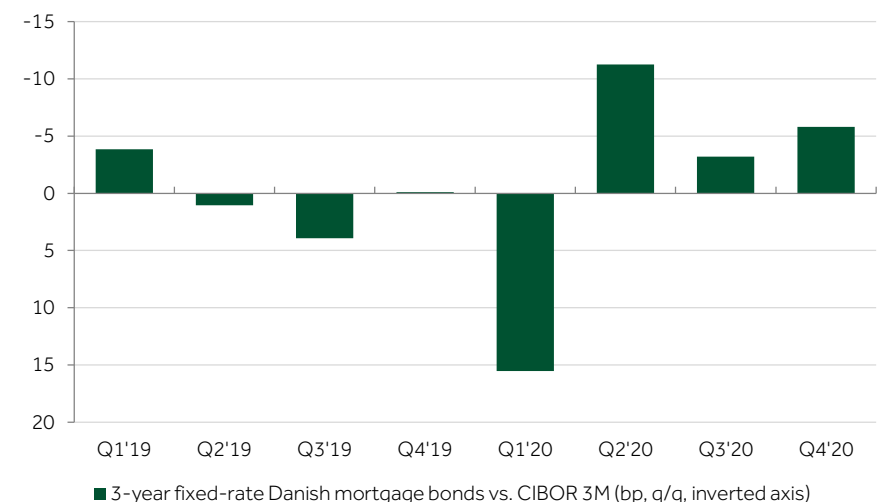
Value adjustments (DKKm)



Investment portfolio earnings (DKKm)



OAS on Danish mortgage bonds narrowed further in Q4 (bp)



Core expenses

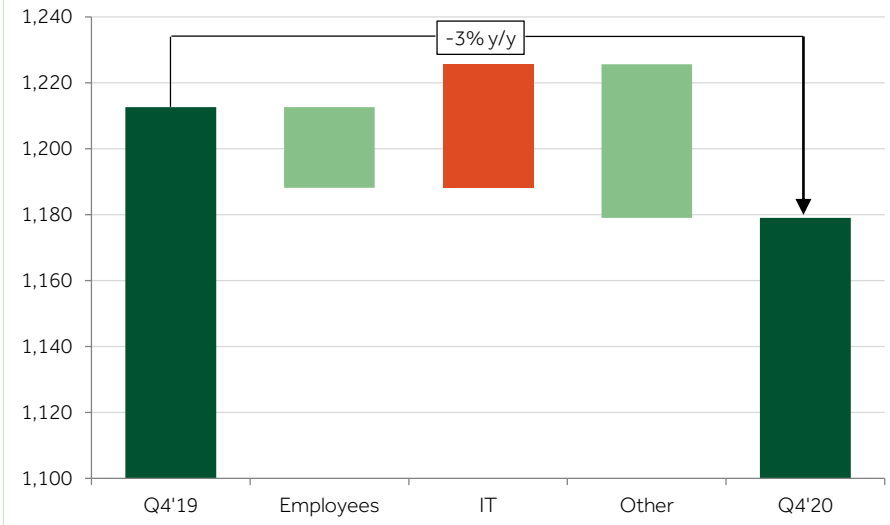
Core expenses -3% y/y and -11% y/y on an underlying basis

- Excluding positive one-off items of DKK 114m in Q4 2019 and DKK 6m in Q4 2020, core expenses declined 11%.
- FTE's down 7%, and sale of Jyske Bank (Gibraltar) lowered expenses 2%.
- Broad-based reduction of operating expenses from intensified cost focus, underpinned by less travelling etc. due to COVID-19 pandemic.

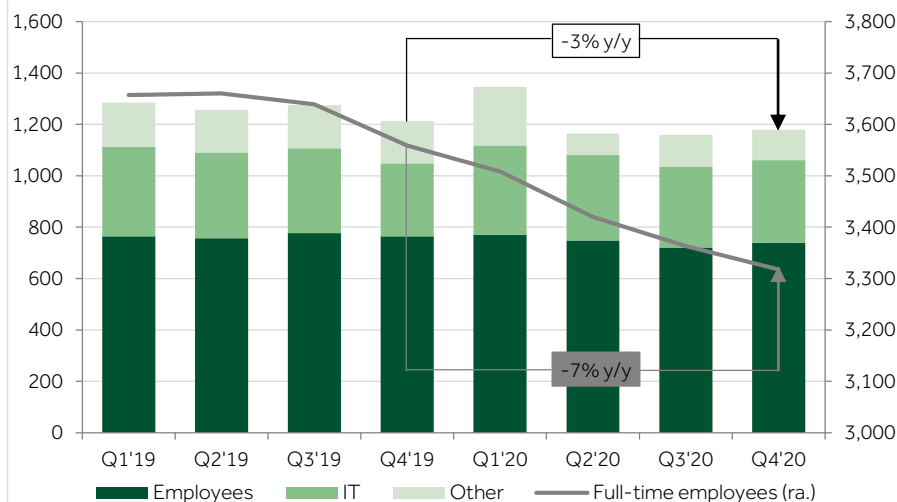
Core expenses +2% q/q due to minor increases in e.g. IT costs

- Number of FTE's down by 102 since Q2 2020, reflecting targeted reduction of 150-200 from mid-2020 to mid-2021.
- IT expenses increased slightly compared with the preceding quarter.
- Lower provisions for court cases partly counteracted by higher employee-related provisions in Q4 2020.

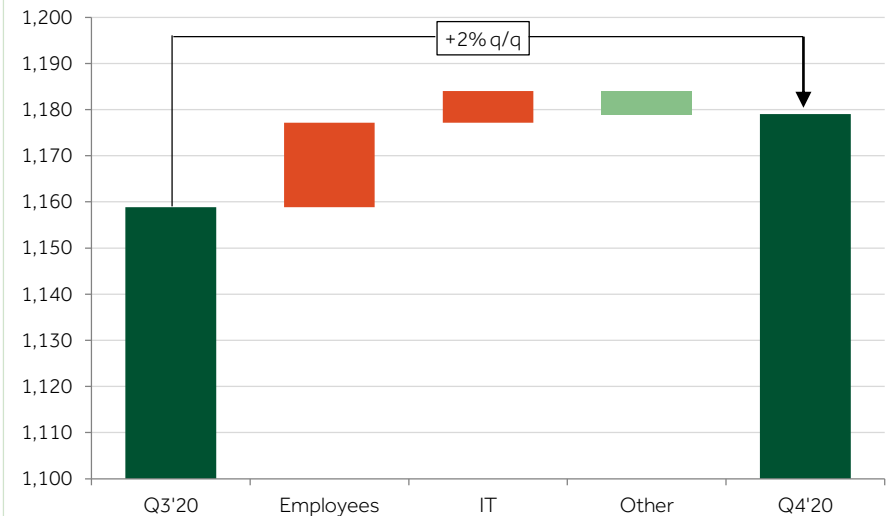
Core expenses Q4 2019 vs. Q4 2020 (DKKm)



Core expenses (DKKm) and full-time employees



Core expenses Q3 2020 vs. Q4 2020 (DKKm)



Credit quality

Loan impairment charges of DKK 5m, 0bp cost of risk, in Q4 2020

- Continued broad-based positive development in clients' credit quality.
- Underpinned by strong property market, limited unemployment claims and low level of bankruptcies amid deferred payments of VAT and taxes.

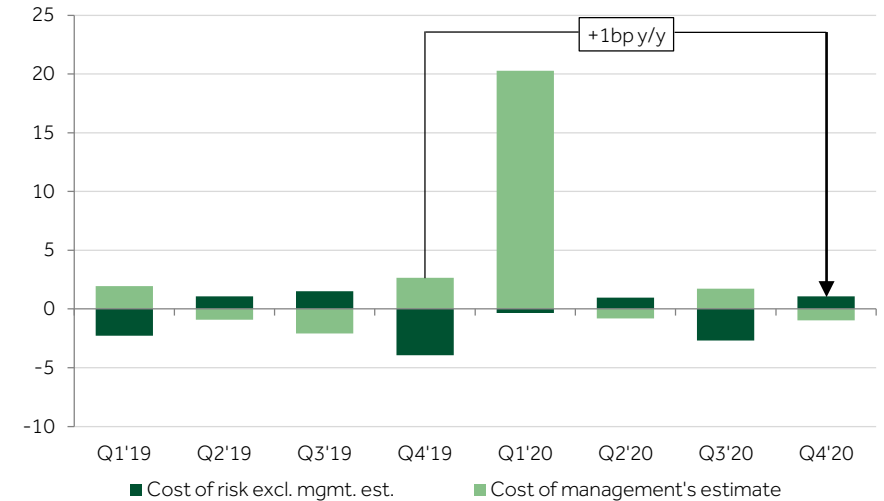
Balance of impairment charges up 6bp y/y to 1.1%

- 0.5% for mortgage activities and 3.6% (excl. repo) for banking/leasing.
- Total management's estimate of DKK 1,607m up DKK 1,018m y/y, of which DKK 1,090m related to COVID-19 pandemic.

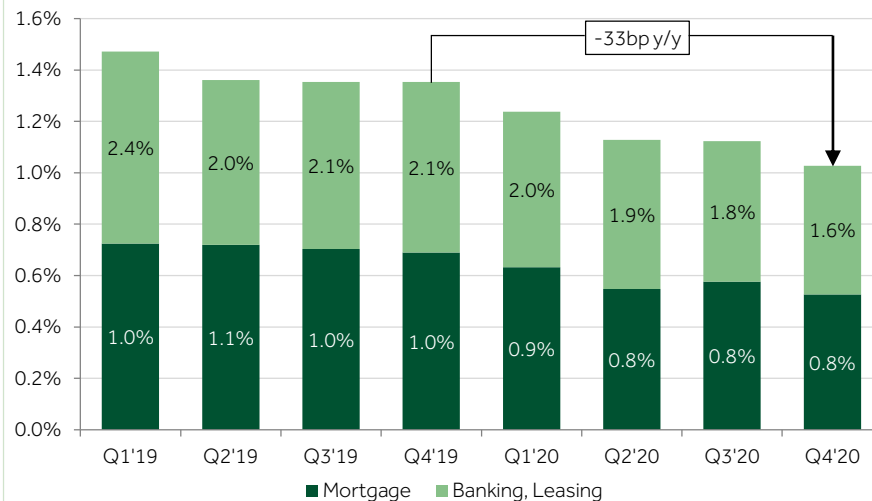
Non-performing loans declined 33bp y/y to a record low of 1.0%

- Loans subject to forbearance measures at 1.6% vs. 2.0% end-2019.
- 90-day mortgage arrears for private and corporate clients 14bp and 7bp.

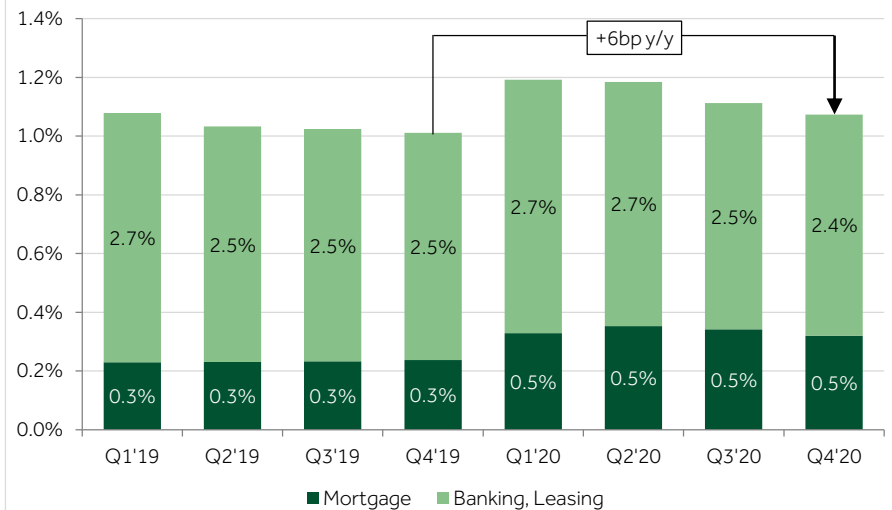
Cost of risk (bp)



Non-performing loans as % of loans, advances and guarantees



Impairment charges as % of gross loans, adv. and guarantees



Capital and liquidity

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Comments on capital position and capital distribution

Capital ratio of 22.9% and CET1 ratio of 17.9% (+0.6pp and +0.4pp q/q)

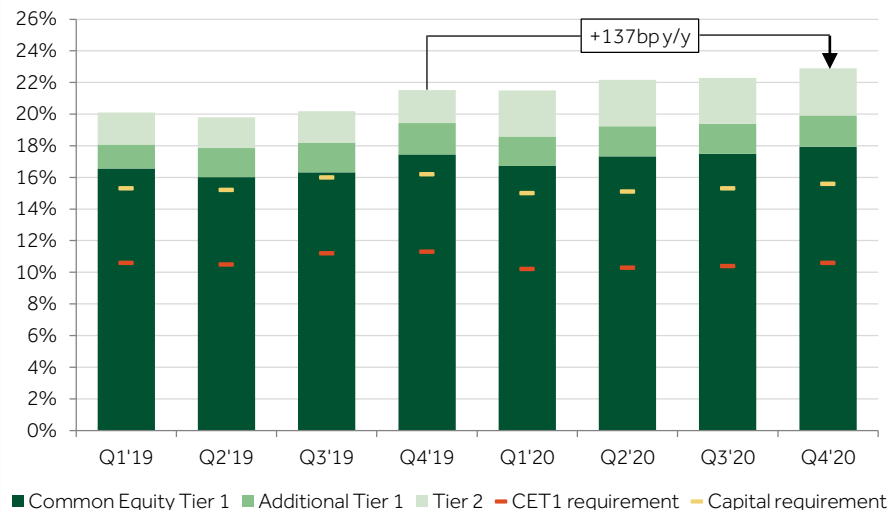
- Positive earnings impact and lower REA, partly counteracted by a new share repurchase programme of DKK 750m.
- Targeting 20%-22% capital ratio and 15%-17% CET1 ratio for the coming years.
- Total capital requirement of 15.6% and CET1 requirement of 10.6% in Q4 2020. Total capital buffer of 7.3pp (DKK 13.1bn).

Risk exposure amount -2% q/q due to reduced credit and market risk.

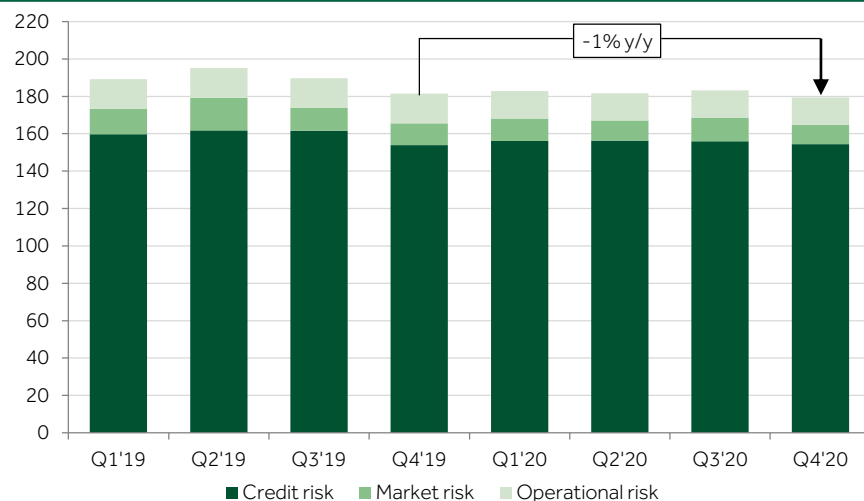
Potential for capital distribution is assessed on a quarterly basis

- Share repurchase programmes of DKK 6.2bn conducted and DKK 2.5bn of dividends paid out in 2016-2020 with avg. payout ratio of approx. 65%.
- New share repurchase programme of DKK 750m to run as from 28 January 2021 and up to and including 30 September 2021 at the latest.

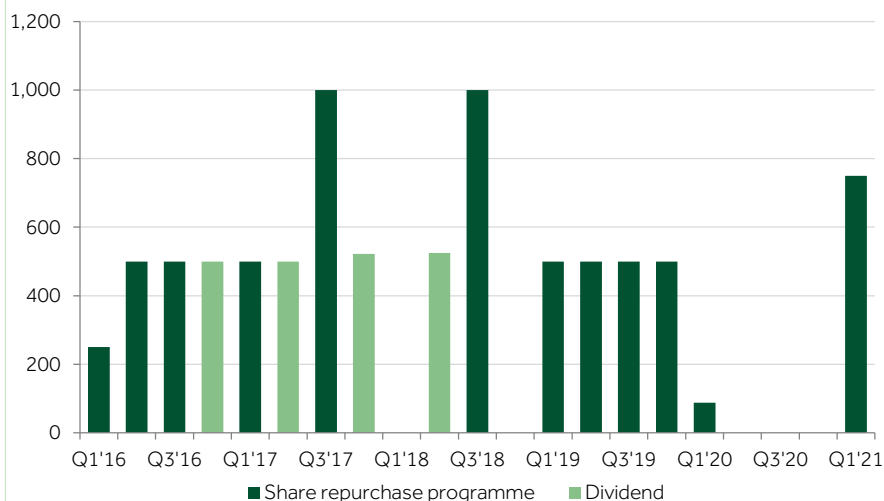
Capital ratios and capital requirements



Risk exposure amount (DKKbn)



Capital distribution by time of announcement (DKKbn)



Comments on liquidity position and funding plans

Liquidity coverage ratio of 339% at end-2020, up 96pp y/y (target: >150%).

Leverage ratio of 5.3% at the end of 2020, unchanged vs. end-2019.

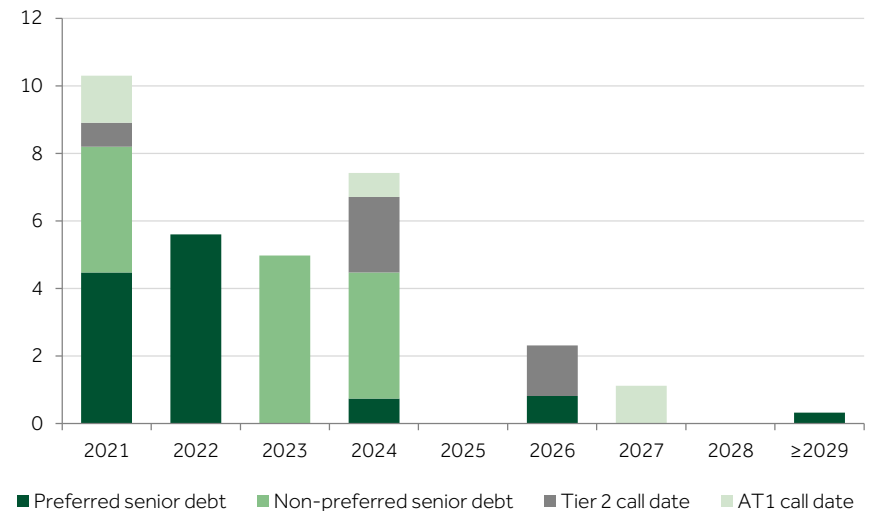
Issuer activity and funding plans

- On 15 October 2020, Jyske Bank issued EUR 500m non-preferred senior debt at a spread of 3M CIBOR + 68bp.
- Approx. EUR 600m preferred senior and approx. EUR 300m non-preferred senior expected to be issued in 2021.

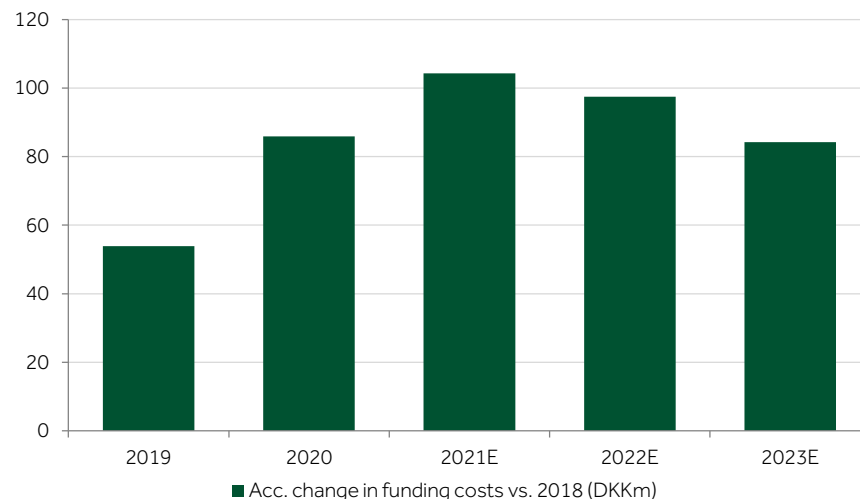
Funding with upcoming maturity/call-date

- PS issue of DKK 3.7bn at 3M CIBOR + 0.57% maturing in April 2021.
- T2 issues of approx. DKK 0.7bn at 3M CIBOR + 2.43% w/ May 2021 call.
- AT1 issues of approx. DKK 1.4bn at 3M CIBOR + 5.62% w/ Sep. 2021 call.
- NPS issue of DKK 3.7bn at 3M CIBOR + 0.90% maturing in Dec. 2021.

Maturity/call-date profile (DKKbn)



Accumulated change in yearly funding costs vs. 2018 (DKKm)



Ratings and issues

Jyske Bank			Jyske Realkredit	
Stand Alone Credit Profile (SACP)	A-	Stable		
Short term unsecured (pref. senior)	A-1	Stable	CRD-compliant covered bonds from Capital Center E	AAA
Long-term unsecured (pref. senior)	A	Stable		
Long-term non-preferred senior	BBB+	Stable		
Tier 2	BBB	Stable	UCITS-compliant mortgage bonds from Capital Center B and the General Capital Center	AAA
Additional Tier 1	BB+	Stable		
Recent issues	Value date	Maturity/call-date	Spread	
SEK 1bn Additional Tier 1	9 April 2019	Perpetual (call 2024)	3M CIBOR + 470bp	
EUR 500m Non-Preferred Senior	20 June 2019	20 June 2024	3M CIBOR + 83bp	
EUR 200m Tier 2	28 January 2020	28 Jan. 2031 (call 2026)	3M CIBOR + 130bp	
EUR 500m Non-Preferred Senior	15 October 2020	15 Oct. 2025 (call 2024)	3M CIBOR + 68bp	
EUR 500m covered bond	20 January 2021	1 October 2027	3M CIBOR - 10bp	

Volumes

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Lending volumes (excl. repo)

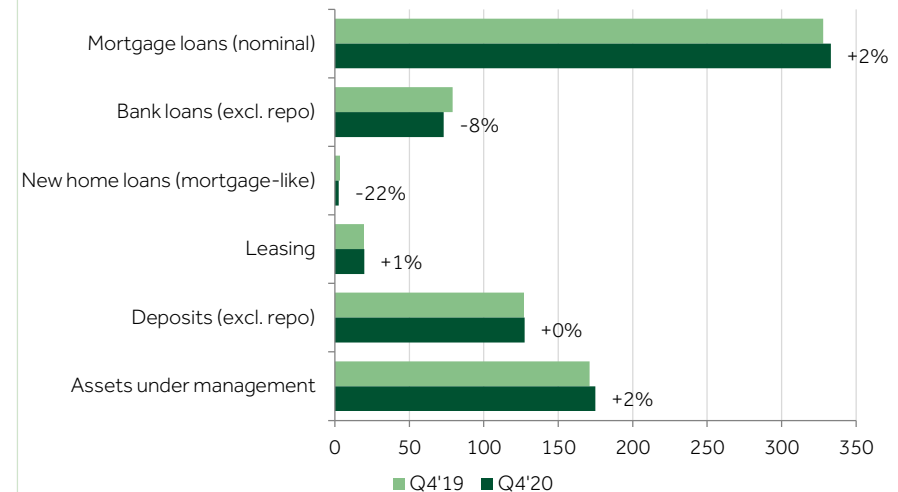
Lending 0% y/y as higher mortgage lending offset lower bank lending

- Bank loans -8% due to low credit demand amid COVID-19 pandemic, wide-reaching government support and continued credit policy focus.
- Mortgage loans +2% as significantly higher lending to corporate clients more than offset lower mortgage lending to private clients.
- Leasing +1% as structural growth outweighed impact from COVID-19.

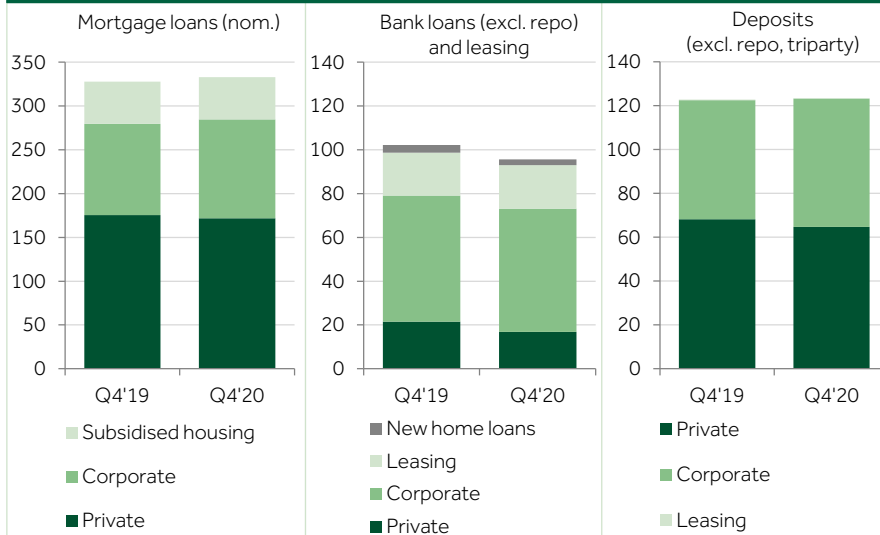
Lending +1% q/q from higher lending to public auth. and mortgage lending

- Bank loans +2% due to higher lending to public authorities, partly counteracted by lower lending to private and corporate clients.
- Mortgage loans unchanged, as higher mortgage lending to corporate clients offset lower mortgage lending to private clients.
- Leasing +2% supported by normalisation following COVID-19 outbreak.

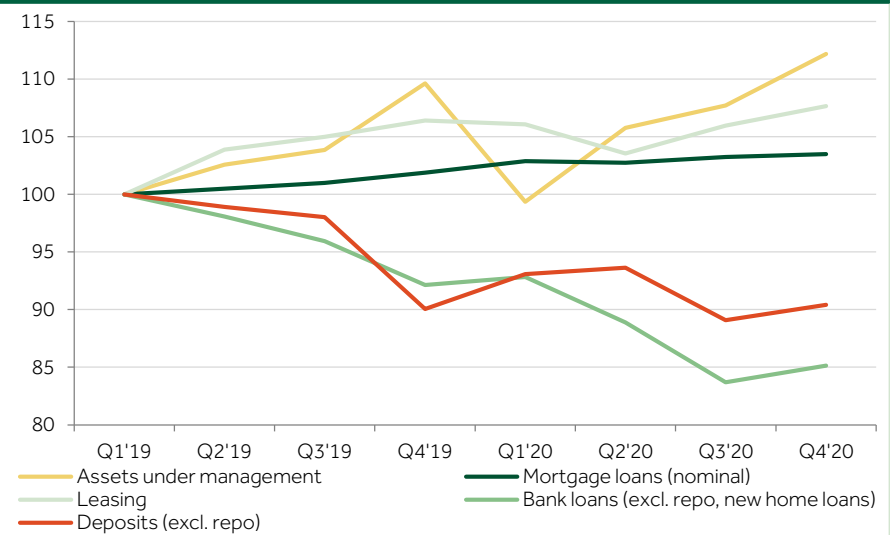
Business volumes (DKKbn)



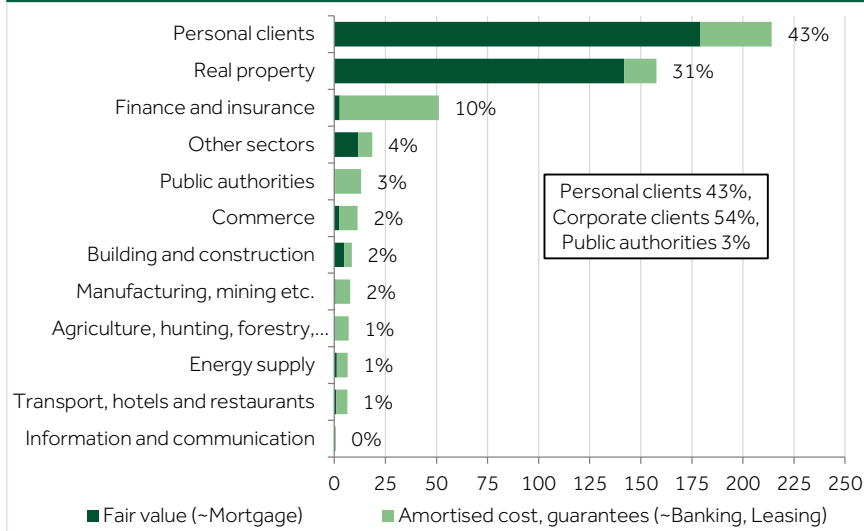
Lending and deposits by segment (DKKbn)



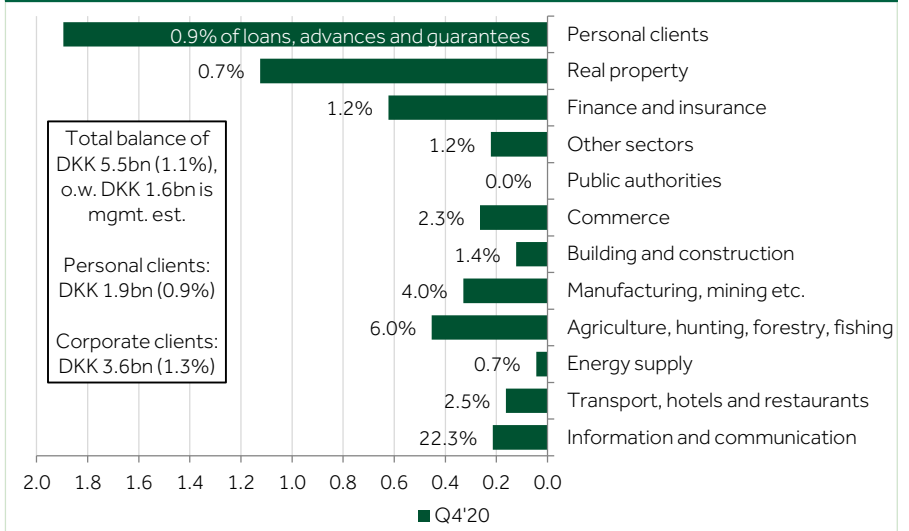
Business volumes (Q1 2019=100)



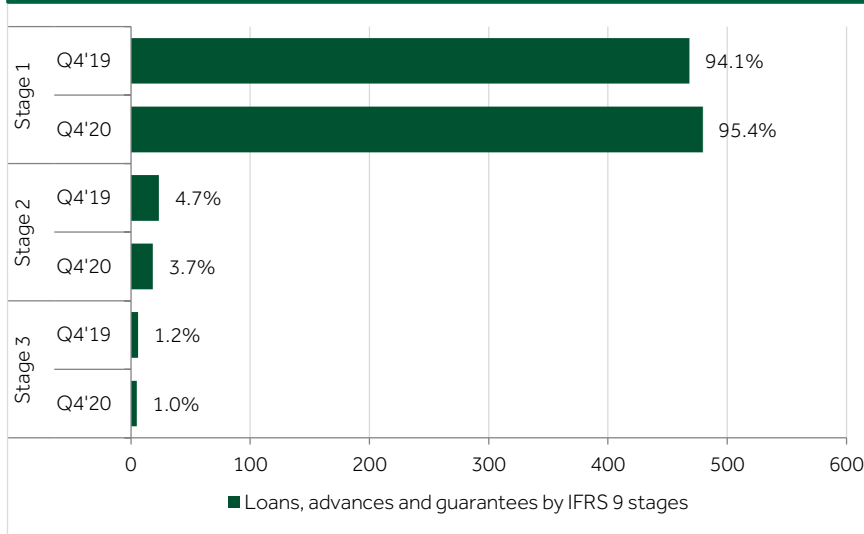
Loans, advances and guarantees by sector (DKKbn)



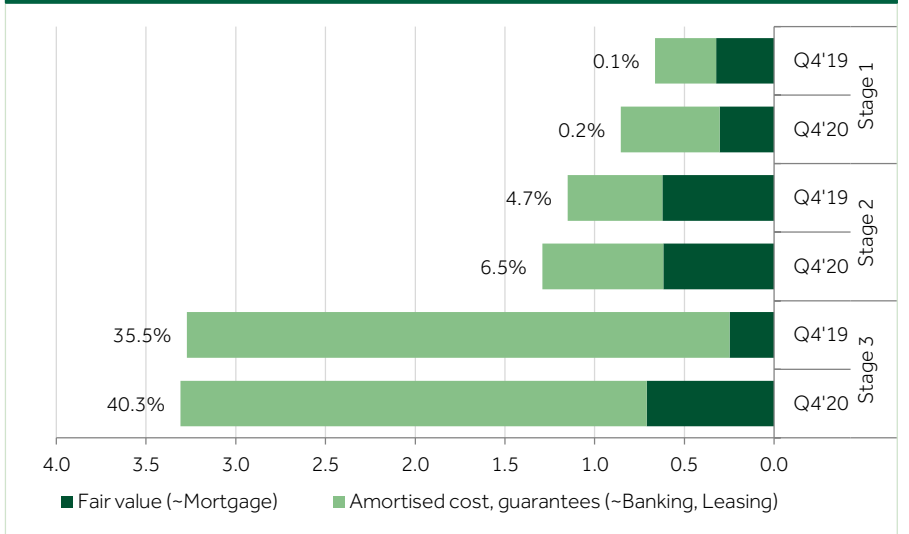
Balance of impairment charges by sector (DKKbn)



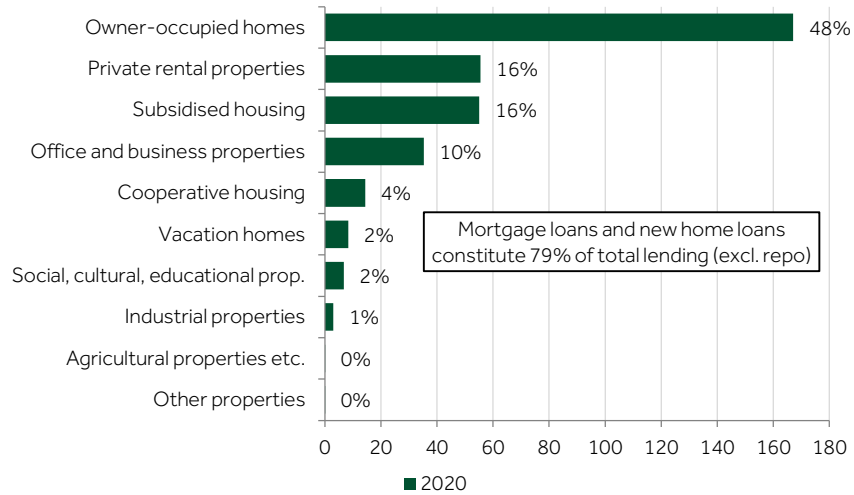
Loans, advances and guarantees by IFRS 9 stages (DKKbn)



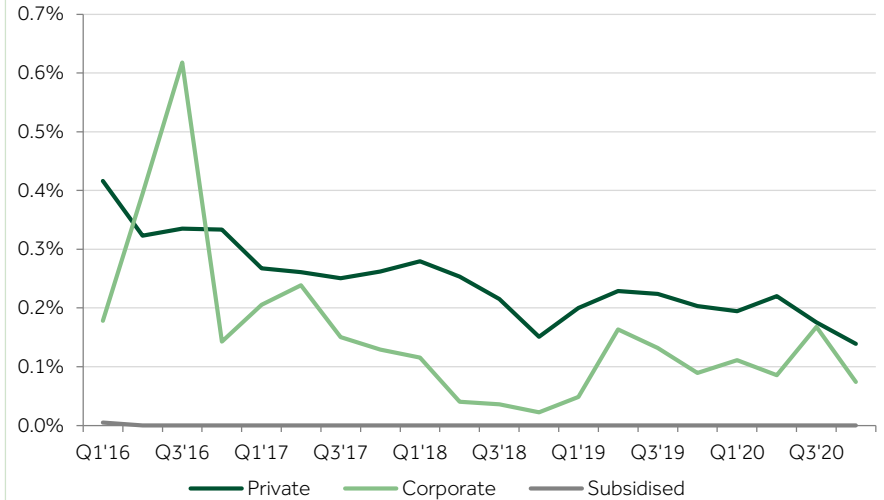
Balance of impairment charges by IFRS 9 stages (DKKbn)



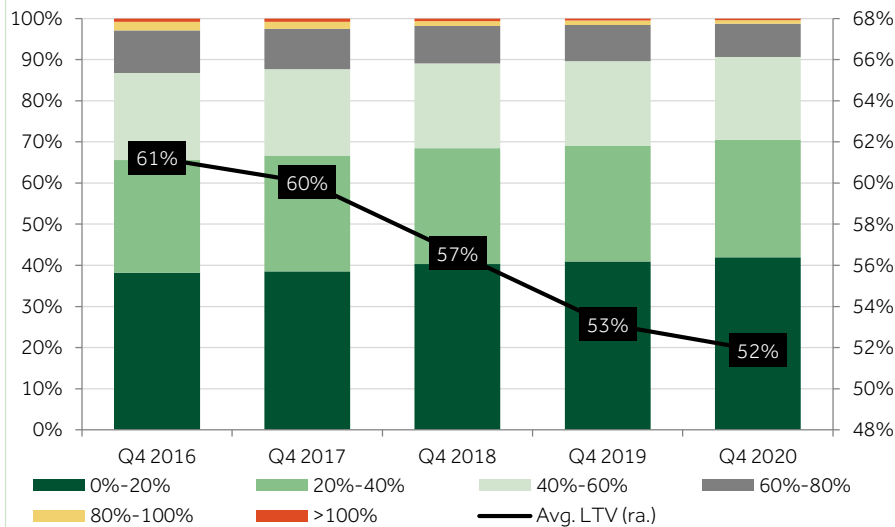
Loans and advances at fair value by property category (DKKbn)



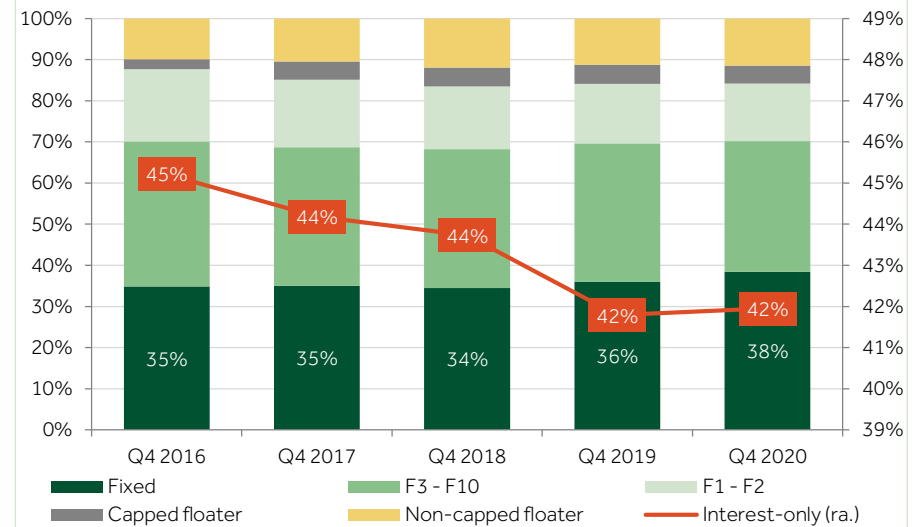
90-day mortgage arrears as % of lending by segment



Significant de-risking of mortgage portfolio LTV in recent years



Clients are opting for fixed-rate mortgages w/ amortisation



Introduction

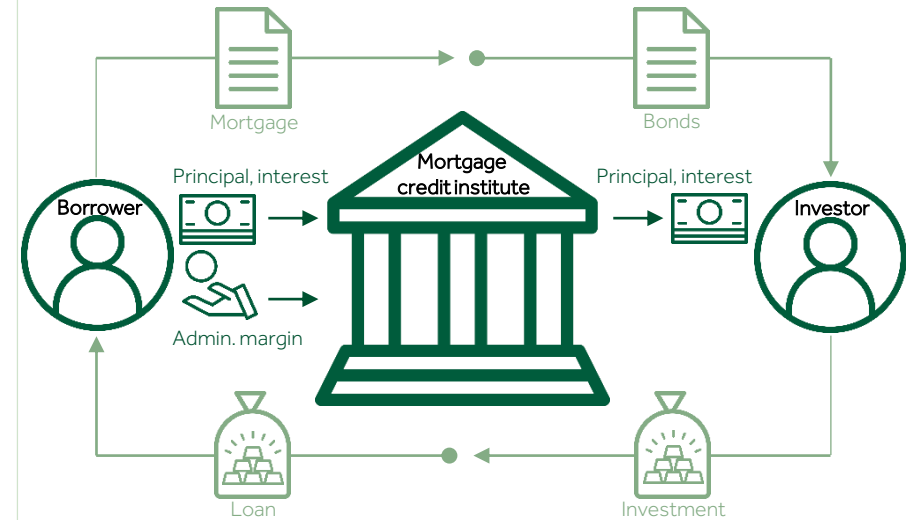
The Danish mortgage model is based on a balance principle with no defaulting mortgage credit institutes (MCI's) since its inception in 1797.

- MCI's fund loans by issuing covered bonds with 1:1 matching terms, thus transferring interest rate, currency, liquidity, prepayment risk to investors.
- Borrowers can prepay loans/remortgage by buying the underlying bonds, which are traded in a transparent and highly liquid market of AAA-rated covered bonds.
- In addition to the principal and interest paid to the investor, the borrower pays an administration margin as well as transaction-based fees to the MCI.
- The MCI, in return, guarantees payments from the borrower, who is subject to a thorough credit assessment with a strict 60%-80% loan-to-value limit.

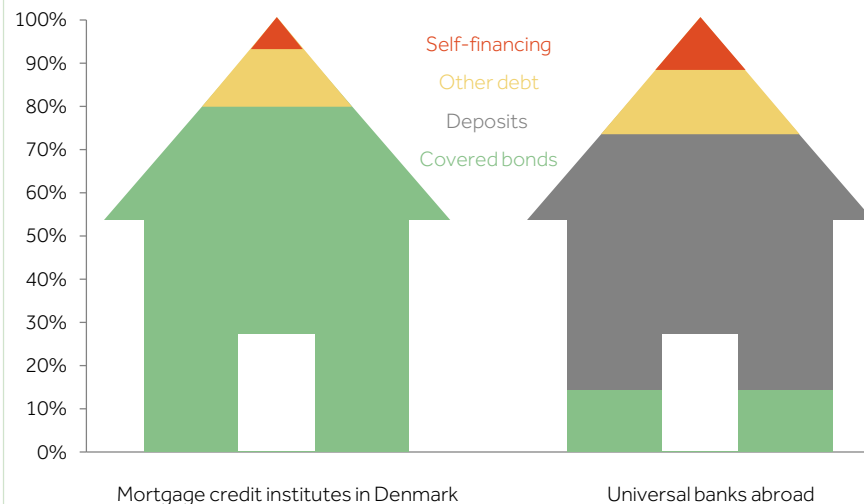
MCI's offer loans with a wide variety of maturities of up to 30 years, prepayment options, interest-only periods and interest rate-resetting at several frequencies.

The Danish mortgage market is consolidated, consisting of four MCI's, and provides some of the most attractive, transparent lending terms at a very low cost of risk.

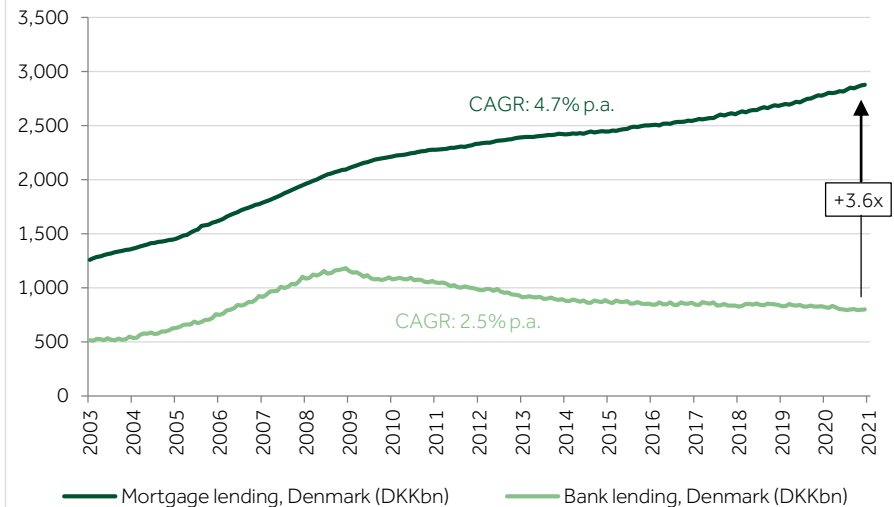
The Danish mortgage model



Financing of property in Denmark and abroad



The Danish mortgage market benefits from structural growth



Sustainability



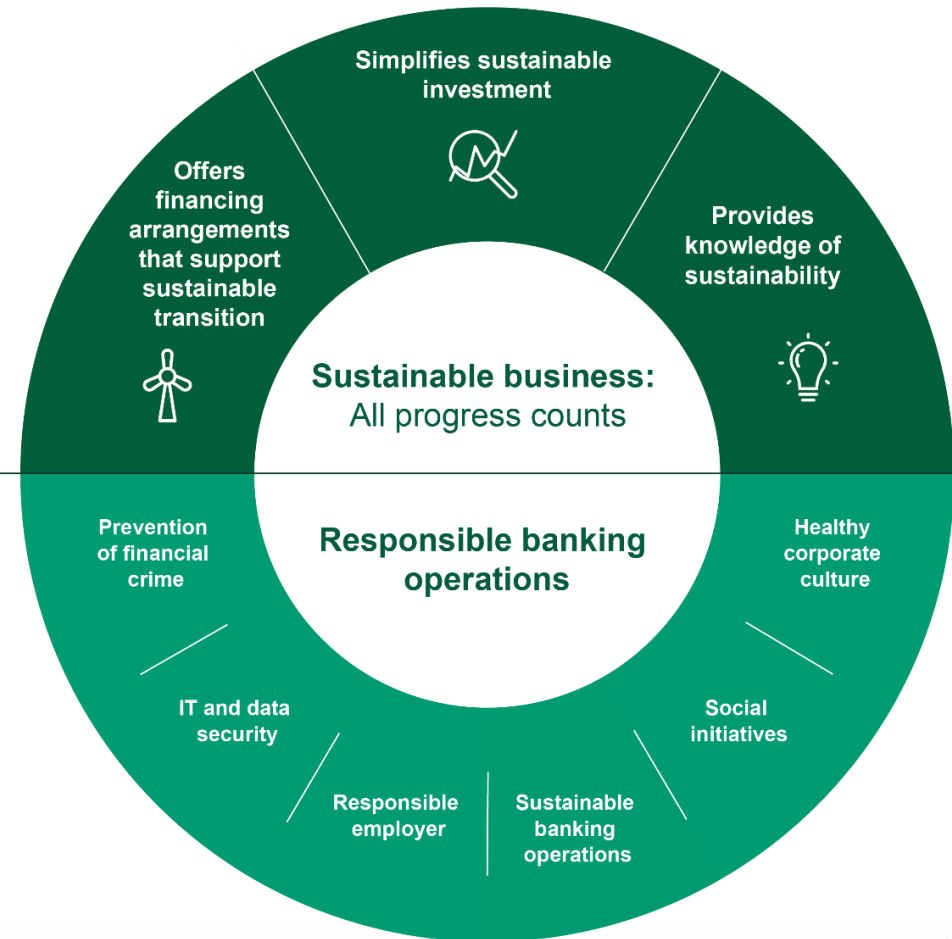
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Sustainability is ingrained in Jyske Bank's vision

"We have an ambition of running our business responsibly and in a way that promotes sustainability."



- Promoting sustainability as expressed in UN's 17 sustainable development goals with focus on both direct and indirect impacts.
- With the approach "All progress counts", responsible banking remain an integrated part of our operations, supplemented by the key priority of promoting sustainability through business activities such as lending and investments.
- Jyske Bank is a signatory of UN's Principles for Responsible Banking and committed to the 20 recommendations developed by the Danish Forum for Sustainable Finance.



Offering financing arrangements that support sustainable transition



Jyske Bank has identified five sustainable lending areas with the largest potential of reducing carbon emissions.

We have set goals to help realise the potential:

- Financing 4 TWh renewable power in 2025 by supporting development of wind and solar energy (2020: 2.5 TWh).
- In 2025, 40% of new vehicles loans will finance low-emission vehicles.
- Financing an additional DKK 10bn of commercial property with low energy consumption by 2025 (2020: DKK 31bn).
- Developing products that assist and motivate clients to undertake energy retrofitting of their properties (e.g. energy loans and CO₂ calculator).



Simplifying sustainable investment



Jyske Bank aims to make sustainable investment simple and accessible for clients by offering sustainable products, advice and services.

Our responsible investment spans four pillars:

- Active ownership and engagement with companies on e.g. sustainability.
- Integration and governance of ESG factors in investment decisions, processes and products.
- Inclusion and exclusion of investment candidates solely based on sustainability-related matters.
- Communication and reporting on investments and the results of our efforts through e.g. sustainability fact sheets.



Providing knowledge of sustainability



Jyske Bank wants to ensure that clients are able to make informed decisions through a nuanced and transparent approach to sustainability.

We have so far focused on three areas:

- Informing clients about energy retrofitting by news letters, webinars and blog posts given subsidies from authorities and favorable remortgaging opportunities.
- What's behind your investments? New methods and workflows facilitate increased transparency on investments' ESG data.
- Got a Minute? Informing on best sustainability practice in a series of mini-portraits of companies that successfully integrated sustainability in business models.



Responsible banking operations



Jyske Bank's wind turbine
During 2020, Jyske Bank acquired a Vestas V136 4.2 MW wind turbine, a part of Denmark's first subsidy-free wind park at Port of Hirtshals. It produced 16.1 GWh in 2020.



Sustainable banking operations

Reducing the negative impact on society.

Electricity consumption is offset by own renewable energy production. By end-2022, emissions related to district heating and company cars will also be offset.

Energy management systems installed on all locations in order to keep reducing consumption. Company cars will gradually be replaced by low-emission vehicles.



Social initiatives

Engaging in several social projects and efforts to make a difference in regards to e.g. financial safety, well-being and social relationships through our resources and skills.



Healthy corporate culture

Promoting integrity as well as highly ethical and professional standards, underpinned by a framework of policies of good practice and education of employees.



Prevention of financial crime

Minimising the risk of being abused for financial crimes such as money laundering and financing of terror through education, governance and systematic surveillance.



Responsible employer

Aiming to stay an attractive place to work that ensures job satisfaction, equal rights and development opportunities for all employees in a healthy environment.



IT and data security

Ensuring a sufficient IT and data security level to withstand the prevailing cyber threat by constantly testing systems and educating employees.

Identifying negative and positive areas of impact on the SDG's

Principles for Responsible Banking as framework for work on sustainability: In the autumn of 2019 - as one of 130 founding signatories - Jyske Bank signed the PRB.

Identifying impact areas: An impact analysis identifies the most significant areas that are challenged in relation to the UN's 17 Sustainable Development Goals on the basis of the current business model ("negative impacts") and similarly the areas of activity that support sustainability ("positive impacts").

Quantification of impacts provides guideline for future efforts:

- Jyske Bank has identified climate as the most relevant impact area and estimated the CO₂e emission for lending and investing activities.
- The estimates are a guideline for the further efforts to identify possibilities of reducing negative impacts and enhancing positive impacts.

Climate impact mainly stems from financed emissions

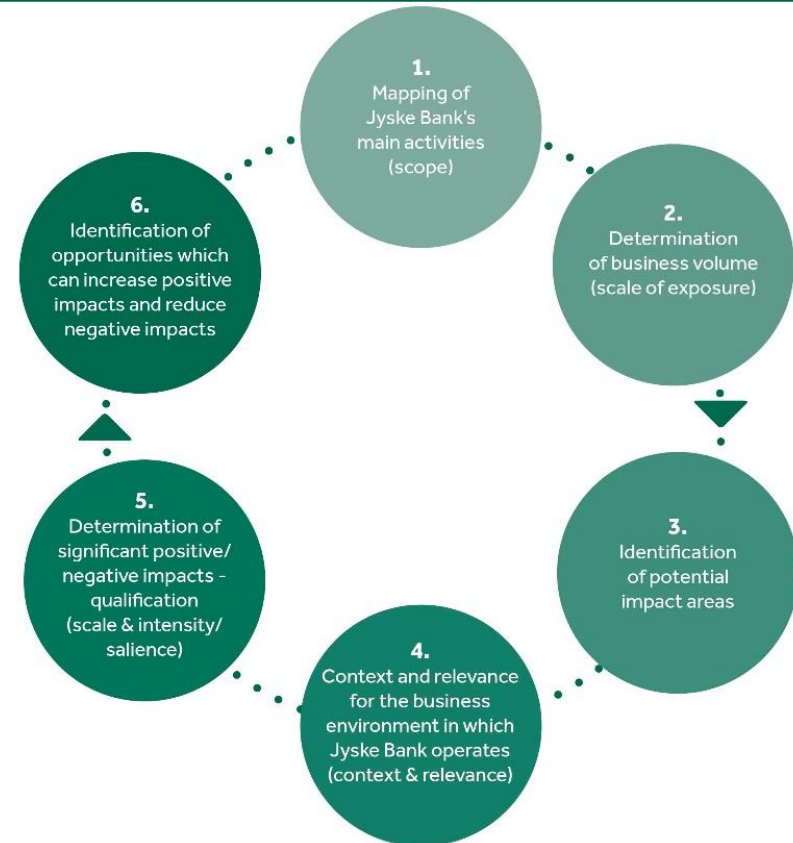
CO₂e emission of 2.7m tonnes: 59% relate to loans and 41% to investments

- Corporate loans account for 41%, mainly caused by the transport industry.
- Loans for personal clients account for 18%, almost equally distributed on home loans and car loans.
- Asset mgmt. on behalf of clients accounts for 34%, mainly due to equity holdings in CO₂e intensive sectors like utilities, materials and energy.

Next step: Reduce negative/increase positive impact and establish targets

- Focus on bringing the impact analysis and the ensuing CO₂e estimates into play as a basis of decision making for the business units.
- Launching products that support sustainability, having launched sustainable investment products, loans for energy improvements of homes as well as car loans/leases with price differentiation according to energy rating.

Impact analysis method



Breakdown of Jyske Bank's indirect CO₂e emission



Jyske Bank in brief

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One of the largest financial institutions in Denmark

Founded in 1967 by a merger of four local banks, some dating back to 1882, now a Danish SIFI with a total market share of approximately 11% following organic growth and successful M&A.

Complementary segments with full-service offering

The third largest bank in Denmark, the fourth largest mortgage credit institute and one of the largest leasing providers offering customers a full range of financial products and services.

Nationwide operations in sound AAA economy

Operating in a supportive AAA macroeconomic environment with a strong presence through nationwide branch network.

High exposure to structural, low-risk growth

Share of mortgage lending has increased significantly and transforms Jyske Bank's business model by heightening credit quality as well as increasing growth and stabilising margins through-the-cycle.

Solid capital position and high payout ratio

Significant capital buffer to regulatory requirements and low risk business model with increasingly stable returns underpin a high payout ratio.

One of the largest financial institutions in Denmark



Jyske Bank

Banking activities cover advisory services relating to traditional financial solutions targeting personal and private banking clients as well as corporate clients and also trading and investment activities targeting large corporate clients and institutional clients.

The strategic balance sheet and risk management as well as earnings from investment portfolios are allocated also to Banking activities.

Jyske Realkredit

Mortgage activities comprise financial solutions for the financing of real property carried out by Jyske Realkredit. Mortgage activities are aimed mainly at Danish personal clients, corporate clients and subsidised rental housing.

Jyske Finans

Leasing activities cover financial solutions in the form of leasing and financing within car financing as well as leasing and financing of equipment for the corporate sector. The activities primarily target Danish personal and corporate clients as well as dealer cooperation schemes and partnerships. Secondly, the activities target car financing in Sweden.

Nationwide presence



Founded in 1967 – now a Danish SIFI

1967
Founded by merger of four local banks, some dating back to 1882.

1970's-1989
Seven acquisitions of small and medium-sized banks and establishment of minor, foreign subsidiaries.

1989-2011
Organic growth while carrying out several strategic initiatives.

History of succesful M&A

Proven track-record of succesful recent M&A
Acquisitions made at discount to book value and fully integrated to reap synergies.

2011
Acquisition of leasing activities from Spar Nord.

Acquired parts of the client portfolio of Fjordbank Mors from Finansiel Stabilitet.

2013
Acquisition of Sparekassen Lolland.

2014
Acquisition of Jyske Realkredit from BRFFonden.

Focused on core business

Divesture of non-core business
Sale of Jyske Bank Global Asset Management (US) (2013), Silkeborg Data (2014), stake in Berben's Effectenkantoor (2014), Jyske Bank Schweiz (2015) and Jyske Bank (Gibraltar) Ltd. (2020).

Ready for new opportunities
Growth through acquisitions is an ongoing strategic initiative and Jyske Bank remains willing and able to participate in further consolidation of the Danish financial sector.

Mortgage lending is low risk, high growth, more stable margins

Mortgage lending has ~10x lower cost of risk than bank lending

- Cost of risk has averaged 5bp for mortgage credit institutions vs. 51bp for banks since 2000, peaking in 2009 at 20bp and 224bp, respectively.

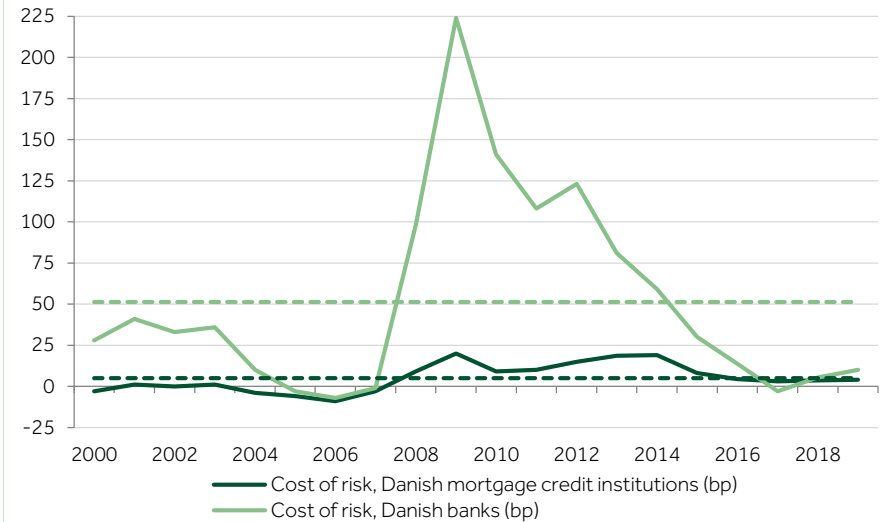
Growth is resilient during times of financial distress and structurally higher

- Mortgage lending growth remained positive during the financial crisis and has averaged 4.7% p.a. since 2004 vs. 2.5% p.a. for bank lending.

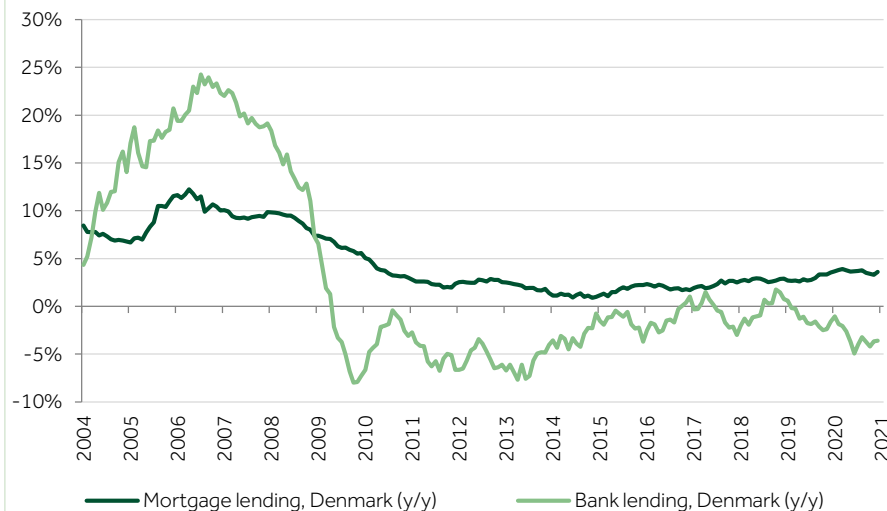
Mortgage lending supports a more stable margin development

- Due to a more consolidated competitive environment and full pass-through of interest rates, administration margins have risen 59% since 2003, whereas banks' net interest margins have deteriorated 42%.

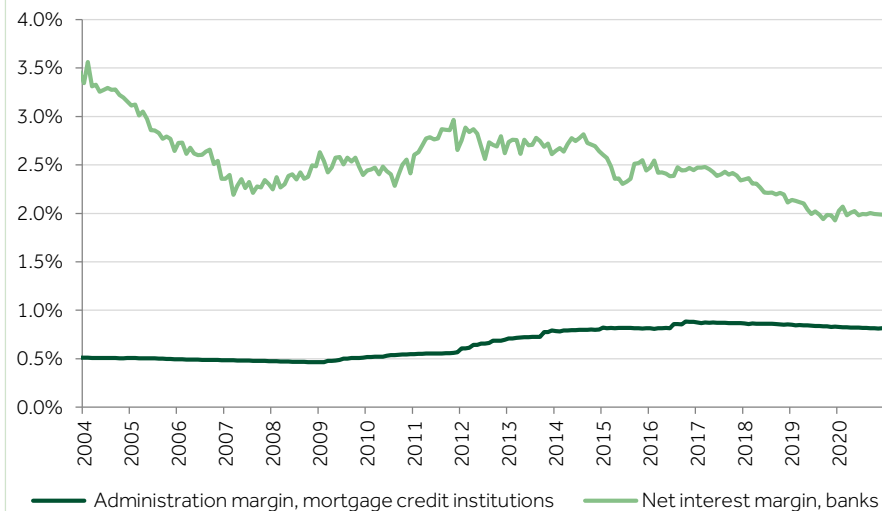
Credit quality of mortgage lending significantly stronger (bp)



Mortgage lending growth stayed positive during the last crisis



Administration margins are unaffected by falling interest rates



Introducing profitability initiatives in next phase of strategy

Repatriation of Totalkredit loans following merger in 2014 accomplished

- Following a prolonged period of above-market growth, the repatriation of Totalkredit loans has been accomplished. Coincidentally, a precautionary credit policy, implemented due to a late-stage credit cycle, also reduced growth.

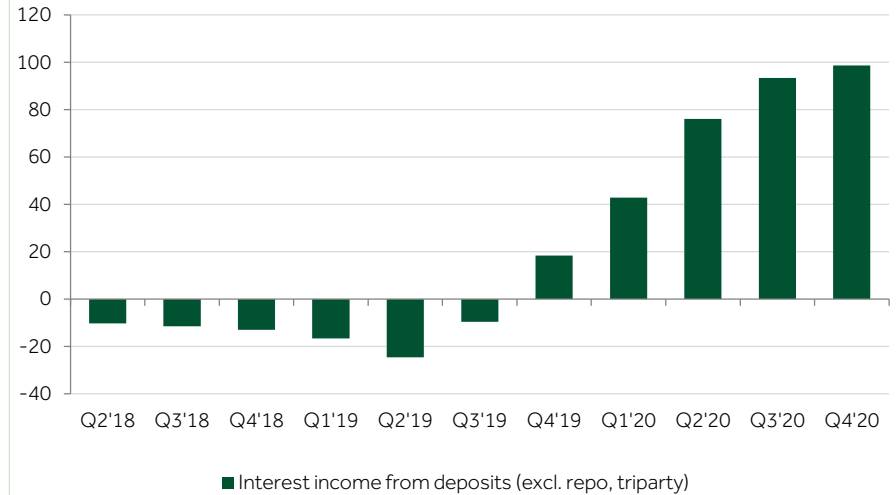
Significant repricing initiatives to improve profitability after growth period

- Jyske Bank has successfully introduced negative deposit rates for private clients' deposits and lowered deposit rates for corporate clients, while also making significant changes to the fee structure.

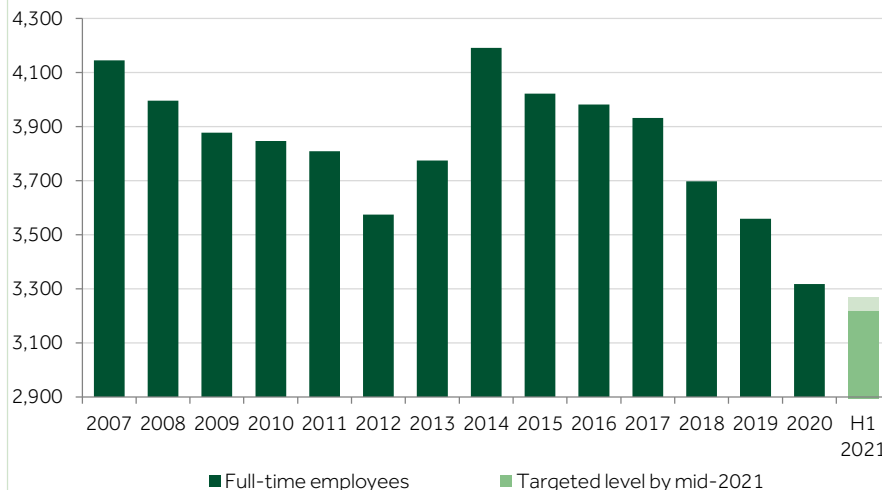
Branch network to be reduced amid elevated pace of headcount reduction

- Branches will be brought down by approximately 20% and FTEs will be reduced by a further 4-6% from mid-2020 to mid-2021, given higher demand for digital banking services and normalization of market share of branches following period of above-market growth.

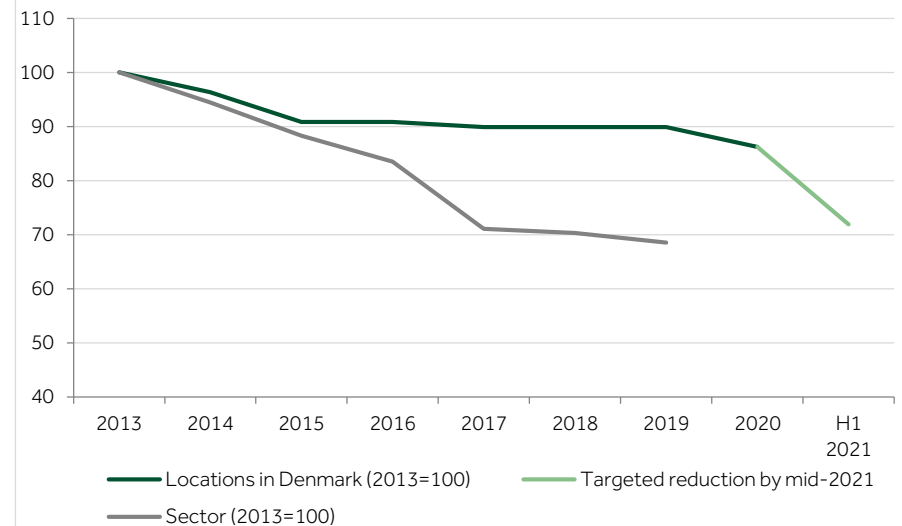
Lower deposit rates increase net interest income (DKKm)



Reduction of headcount has accelerated since 2017



Branch network under structural pressure from digital banking



Shareholders' view

Book value per share has increased 45% since 2015, as the number of shares outstanding was reduced 24%.

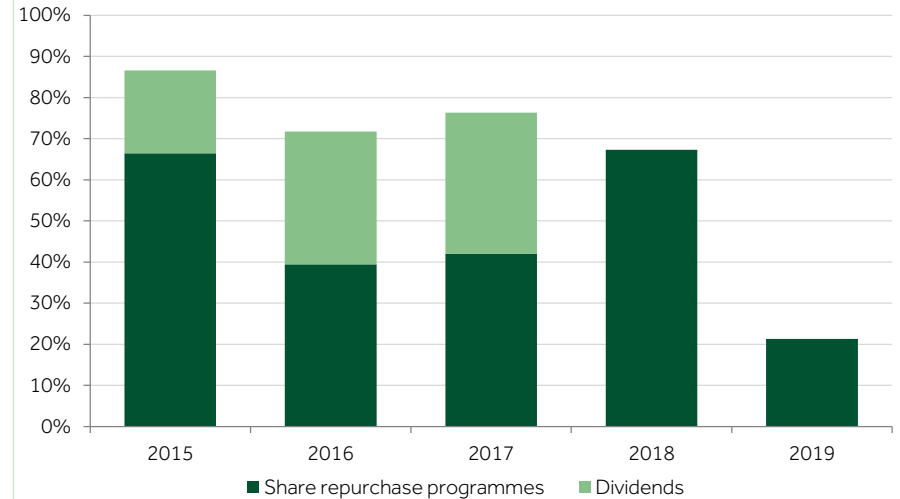
Earnings per share increased 21% from 2015 to 2020 adjusted for intact management's estimate related to COVID-19 pandemic.

Total payout ratio at a level of approx. 70% in recent years (prior to COVID-19 pandemic) with increasing proportion of share repurchase programmes.

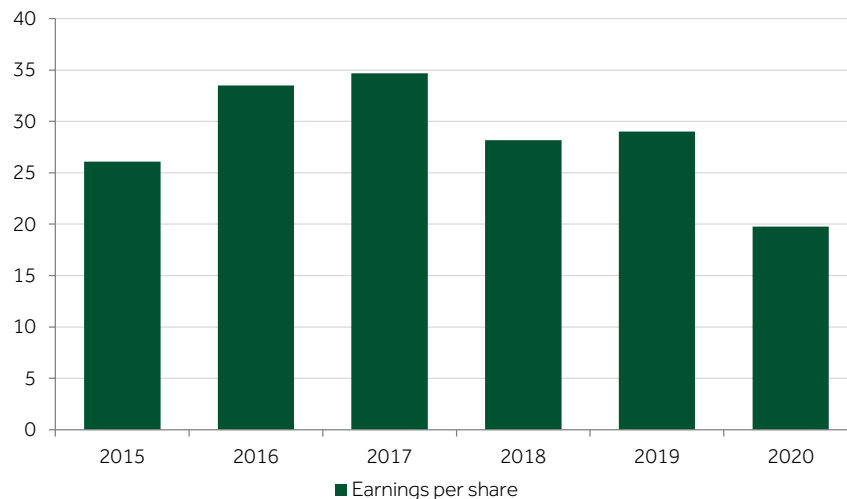
Solid capital position with capital ratio of 22.9% and CET1 ratio of 17.9% vs. targets of 20-22% and 15-17% for the coming years, respectively.

Potential for capital distribution underpinned by increasingly low risk business model and ample excess capital.

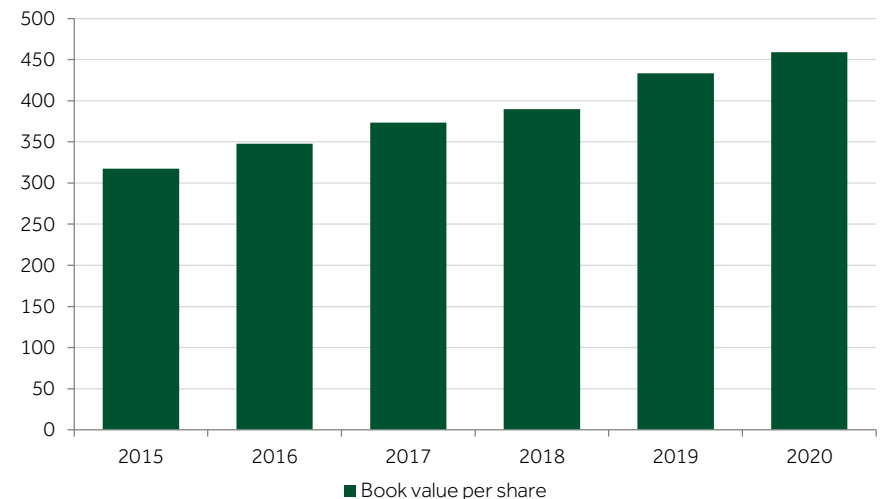
Total payout ratio



Earnings per share (DKK)



Book value per share (DKK)

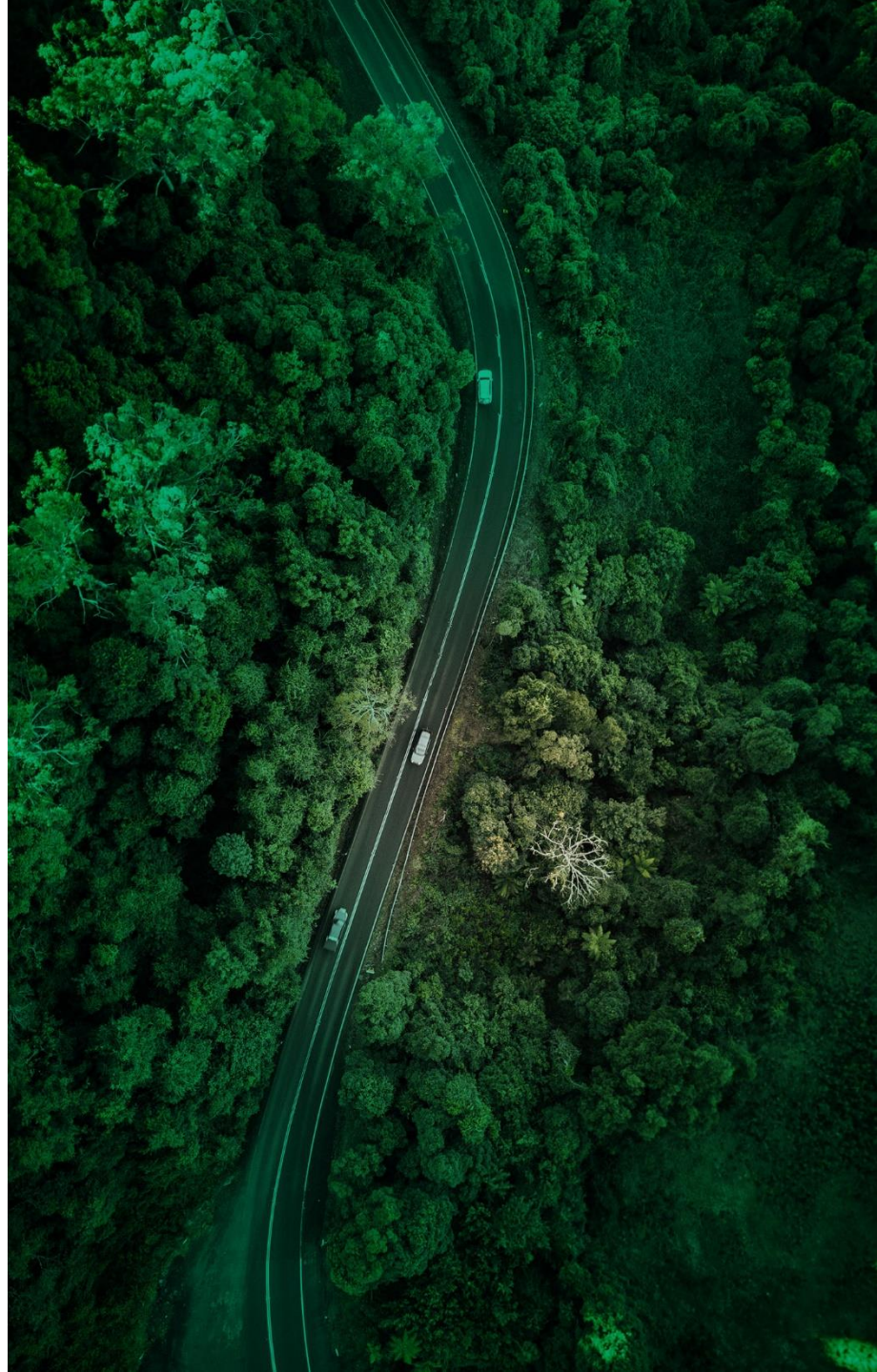


Jyske Bank

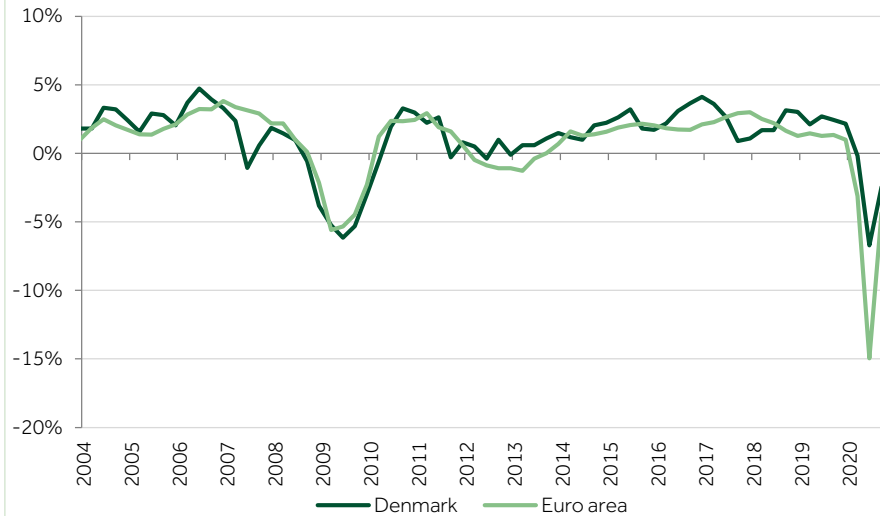
Year	Profit before tax (DKKkm)	Net profit (DKKkm)	Shareholders' equity (DKKkm)	Return on equity	Loans and advances (DKKbn)	Deposits (DKKbn)	Total assets (DKKbn)	Number of FTEs
1997	584	443	4,772	9.6%	36.6	41.5	63.1	2,671
1998	710	511	5,173	10.3%	39.7	43.8	76.9	2,772
1999	1,276	897	5,421	16.9%	49.8	49.8	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
2019	3,079	2,440	32,453	7.1%	485.9	140.2	649.7	3,559
2020	2,110	1,609	33,325	4.4%	491.4	137.0	672.6	3,318

Macroeconomics

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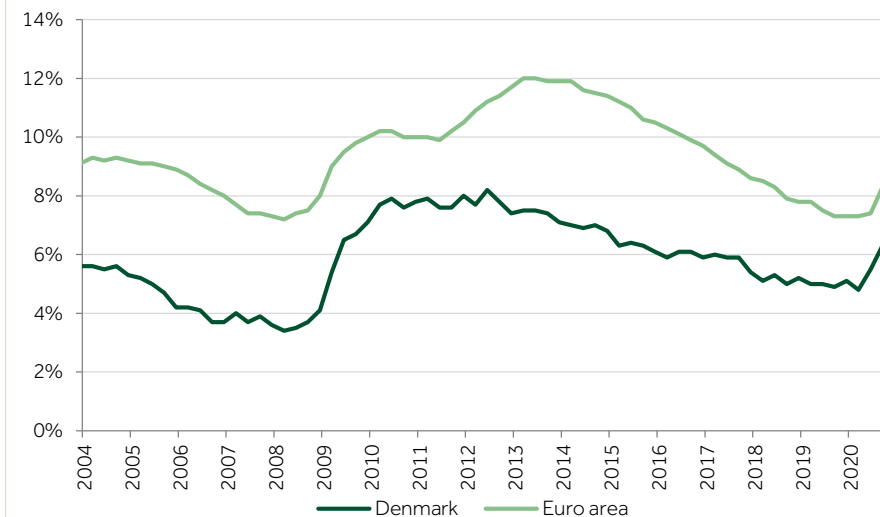
Real gross domestic product (index 2010, y/y)



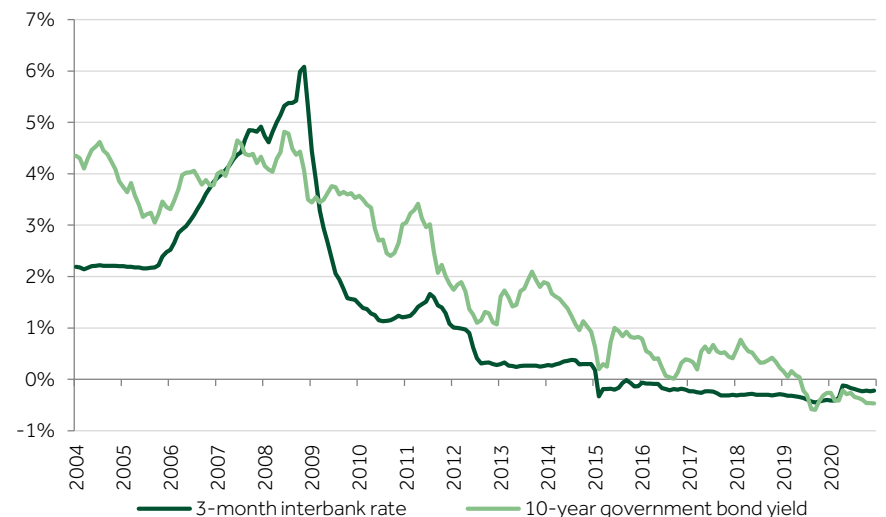
Inflation rate (HICP, y/y)



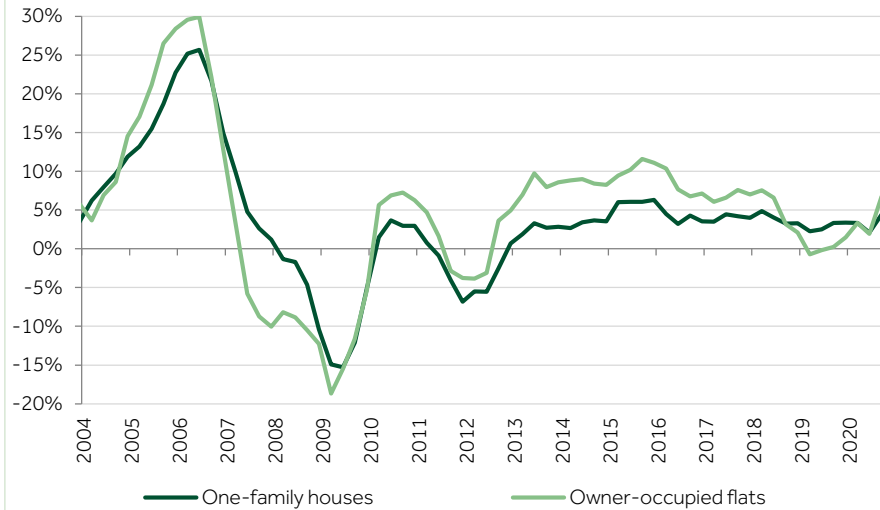
Unemployment rate



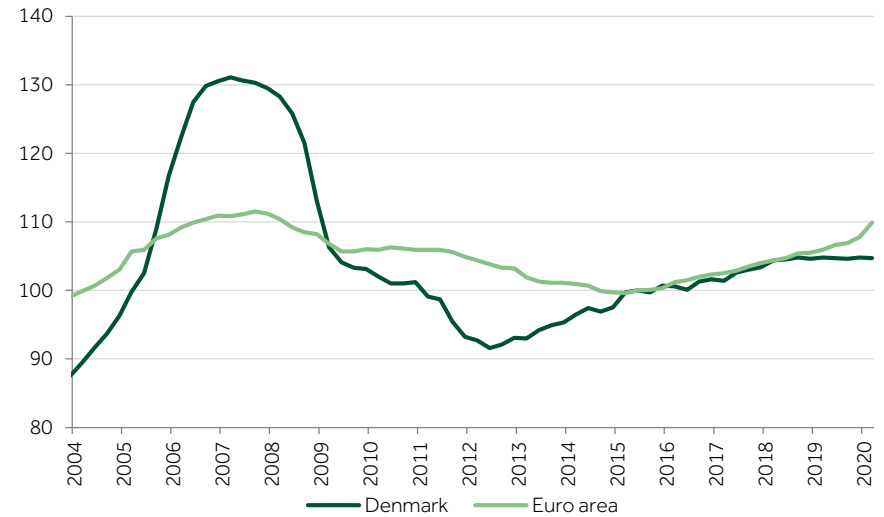
Interest rates, Denmark (monthly averages)



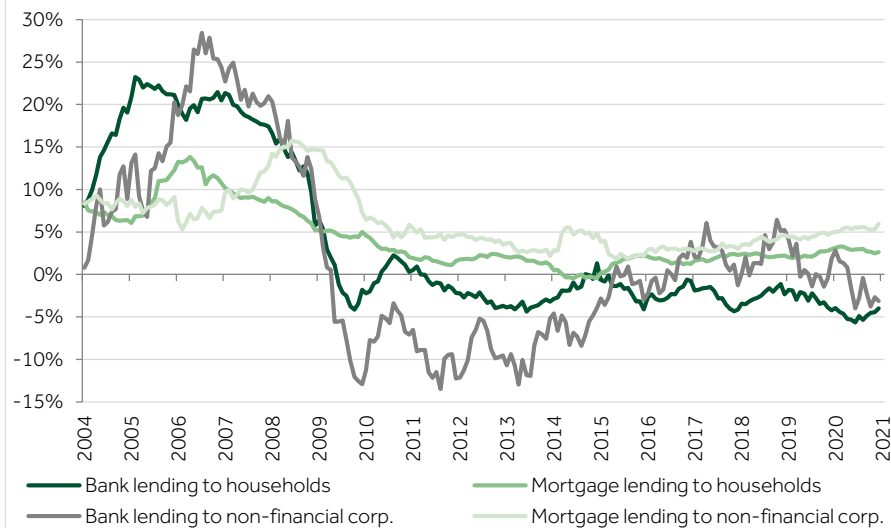
Real estate prices, Denmark (y/y)



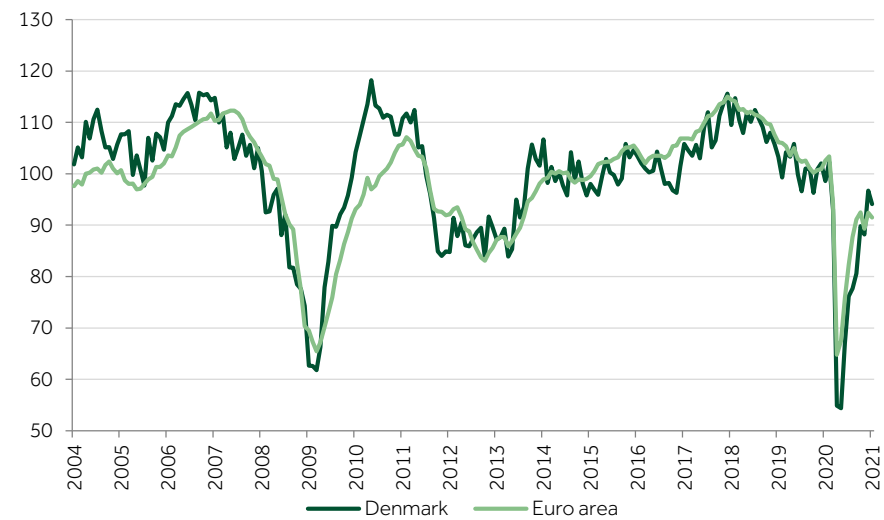
House prices to disposable income (2015=100)



Lending growth, Denmark (y/y)



Economic Sentiment Indicator



Danish economy	DKKbn		Real growth (%)			
	2019	2018	2019	2020	2021	2022
Consumer spending	1,076	2.7	1.4	-5.0	2.1	3.8
Public spending	557	0.3	1.2	-1.5	1.5	0.9
Fixed gross investment	513	4.8	2.8	1.1	3.6	3.7
Inventory investment*	18	0.3	-0.3	-0.2	0.2	0.0
Exports	1,362	3.2	5.0	-9.2	4.7	6.7
Imports	1,190	4.8	2.4	-7.7	4.5	6.7
Gross domestic product (GDP)	2,335	2.2	2.8	-4.1	2.8	3.3
Balance of payments						
- DKKbn		158	207	165	186	184
- percentage of GDP		7.0	8.9	7.3	7.9	7.5
Public budget balance						
- DKKbn		16	88	-73	-45	-45
- percentage of GDP		0.7	3.8	-3.2	-1.9	-1.8
Unemployment						
- Gross unemployment, average (thousands)		108	104	134	131	115
- Percentage of workforce		3.5	3.4	4.3	4.2	3.7
Employment, avg. (thousands)		2,966	3,003	2,979	2,994	3,022
Inflation (%)		0.8	0.8	0.4	0.9	1.4
Wage index (Private, %)		2.2	2.0	1.9	2.1	2.4
House prices (nominal prices, %)		3.8	3.0	3.2	4.1	2.3
Danmarks Nationalbank's lending rate, year-end (%)		0.05	0.05	0.05	0.05	0.05
Danmarks Nationalbank's CD rate, year-end (%)		-0.65	-0.75	-0.60	-0.60	-0.60

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

Financial calendar and contacts

Financial calendar 2021

23 Feb. 2021	Announcement of the 2020 results
23 Feb. 2021	Annual report
23 Feb. 2021	Risk Management Report 2020
23 Mar. 2021	Annual General Meeting
4 May 2021	Interim report for the first quarter of 2021
17 Aug. 2021	Interim report for the first half of 2021
2 Nov. 2021	Interim report for the first nine months of 2021

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