

Jyske Bank  
Q3 2020

3 November 2020

---

Net profit of DKK 696m,  
return on equity of 8.1%

Jyske Bank realised a return on equity of 8.1% p.a. in Q3 underpinned by an intensified cost focus, which helped reduce expenses 9% y/y. Additionally, core income rose 9% y/y as higher value adjustments and lower deposit rates more than compensated for lower remortgaging activity, lower bank lending and lower other net interest income. Credit quality remained strong in Q3.

Focus on sound credit  
quality

Lending (excl. repo) declined 2% y/y, as bank lending fell 13% due to low credit demand amid the COVID-19 outbreak and government support as well as a tightened credit policy and the sale of Jyske Bank (Gibraltar). Deposits (excl. repo) declined 5% y/y. Credit quality remains solid with an all-time low share of non-performing loans and a total management's estimate of DKK 1,656m.

Healthy activity levels amid  
government support

The COVID-19 outbreak and government-imposed lockdown reduced activity levels in the Danish economy in the Spring. Supported by e.g. compensation schemes and postponed VAT and tax payments, activity levels have rebounded. However, the rebound remains highly dependent on the spread of COVID-19 and the phasing out of extraordinary policy measures.

Strong capital and liquidity  
positions

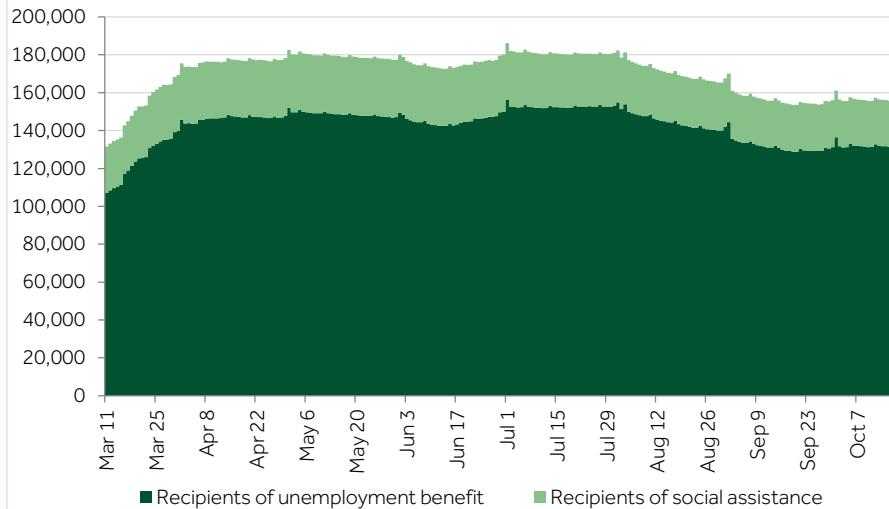
Jyske Bank remains focused on helping clients mitigate the financial consequences of the COVID-19 outbreak and continues to have strong capital, liquidity and funding positions as well as a management's estimate of DKK 1,045m relating to COVID-19. At the end of Q3 2020, Jyske Bank had a record-high capital ratio with a buffer of 7.0pp and a liquidity coverage ratio of 273%.

Outlook slightly improved

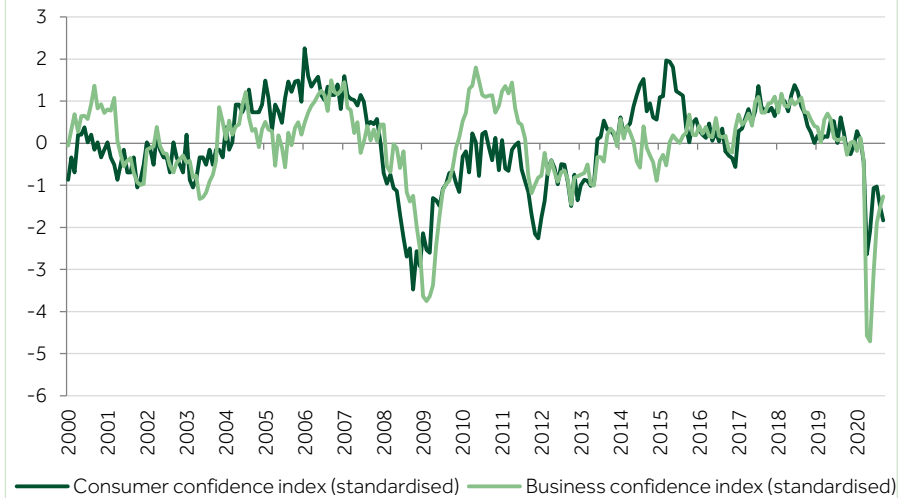
Jyske Bank now expects a net profit for 2020 of DKK 1.0bn-1.5bn incl. one-off expenses (DKK 75m in H1 2020), while core expenses are expected to show a declining trend. The Supervisory Board of Jyske Bank expects to restart capital distribution in 2021, provided the economic outlook does not deteriorate significantly.

# Material initial COVID-19 impact followed by gradual recovery

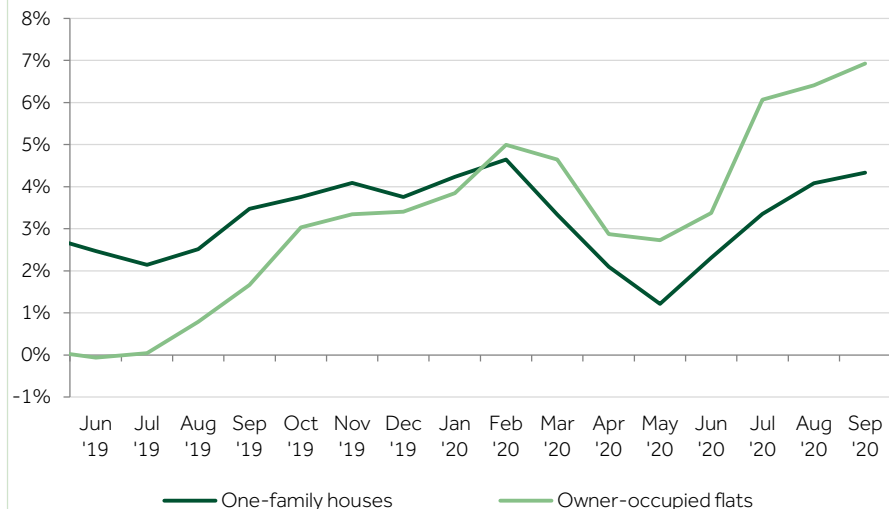
### Initial unemployment increase of 50,000 reduced to c. 25,000



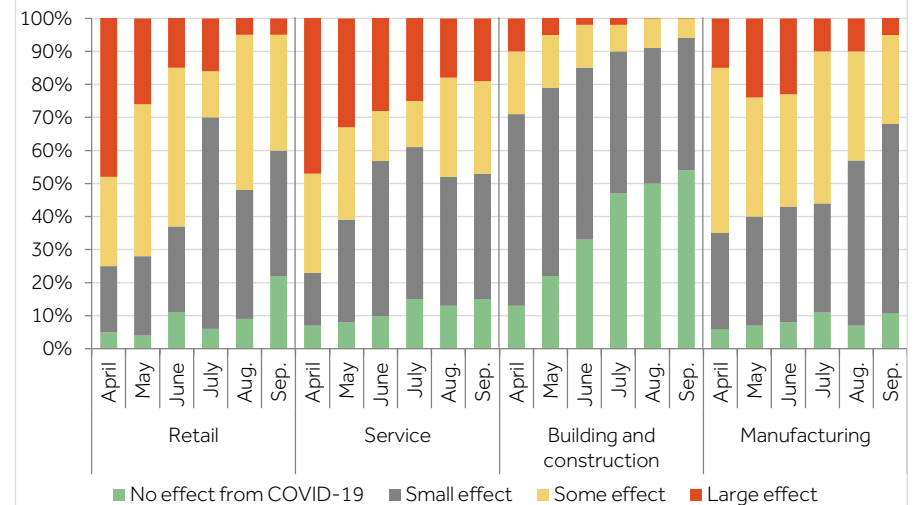
### Danish consumer and business confidence remain subdued



### High activity levels and resilient real estate prices (y/y)



### Impact from COVID-19 has decreased since April



# Jyske Bank in brief

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.

Increasingly stable, low risk business model

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

## 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.

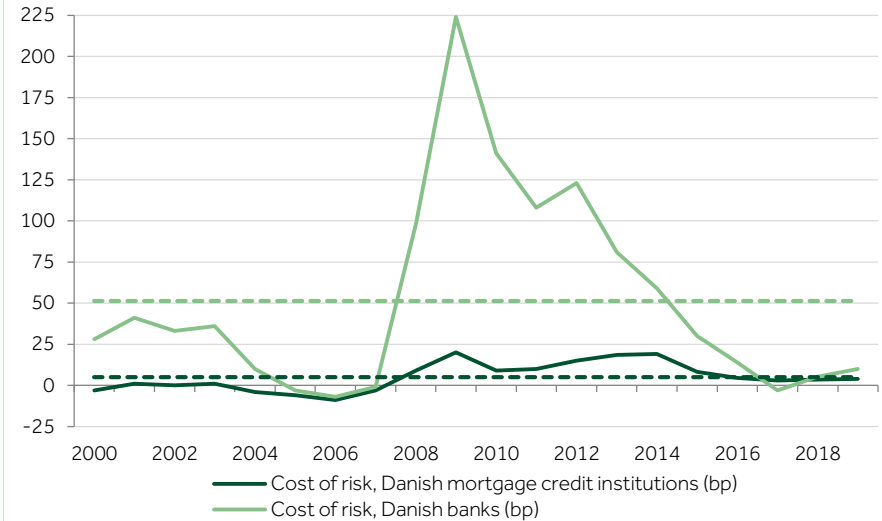
### Growth is resilient during times of financial distress and structurally higher

- 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.

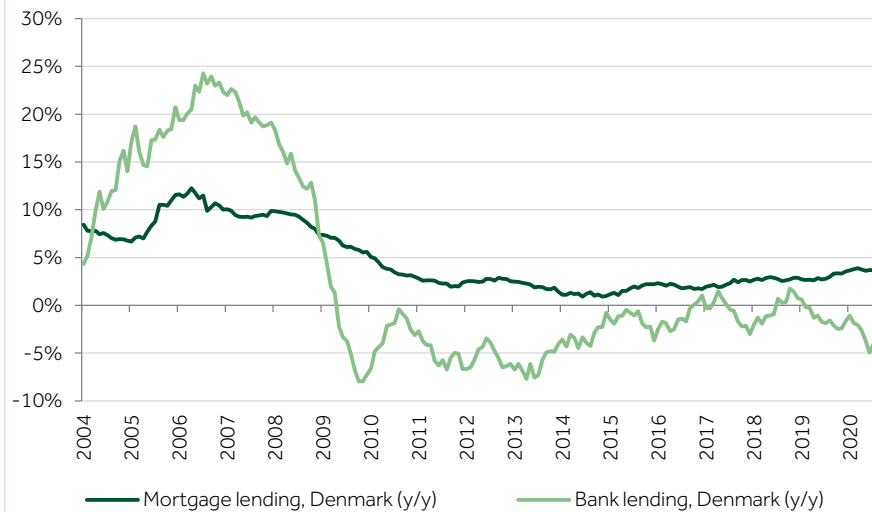
### Mortgage lending supports a more stable margin development

- Due to a more consolidated competitive environment and full pass-through of interest rates, administration margins have risen 60% since 2003, whereas banks' net interest margins have deteriorated 42%.

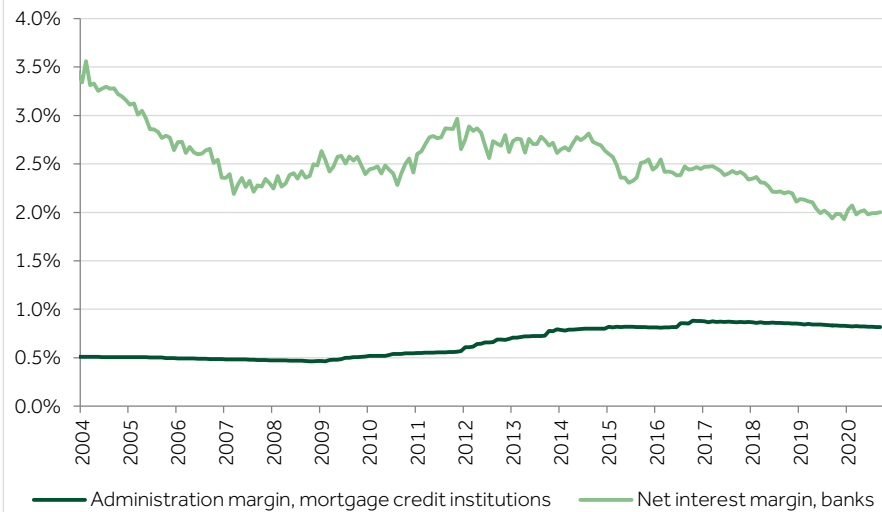
## Credit quality of mortgage lending significantly stronger (bp)



## 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 fully accomplished

- Following a prolonged period of above-market growth, the repatriation of Totalkredit loans was fully accomplished in 2019. Coincidentally, a precautionary credit policy, implemented due to a late-stage credit cycle, also reduced growth.

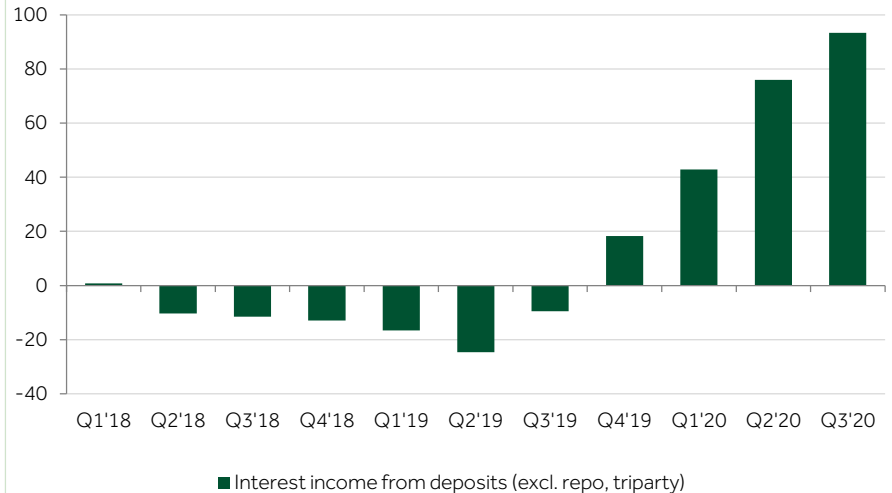
### Significant repricing initiatives to improve profitability following growth period

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

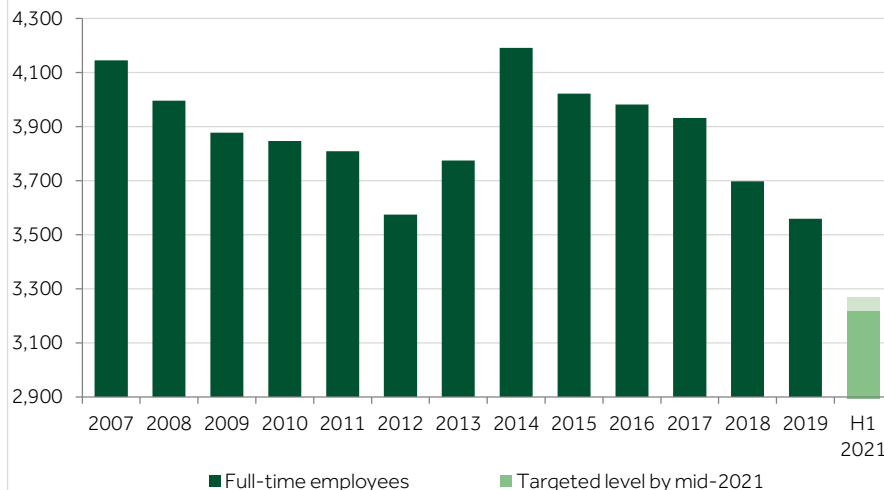
### Branch network to be reduced amid elevated pace of headcount reduction

- Branches will be brought down by approximately 20% and FTEs will be reduced by a further 4-6% from Q2 2020 to mid-2021, given higher demand for digital banking services and normalization of market share of branches following period of above-market growth.

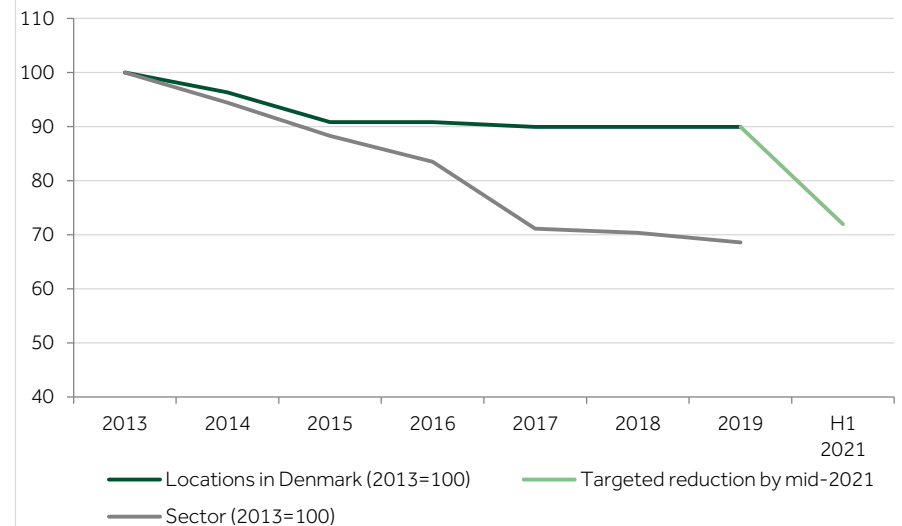
## Lower deposit rates increase net interest income (DKKm)



## Reduction of headcount has accelerated since 2017



## Branch network under structural pressure from digital banking



## Shareholders' view

**Book value per share** has increased 42% since 2015, as the number of shares outstanding was reduced 24%.

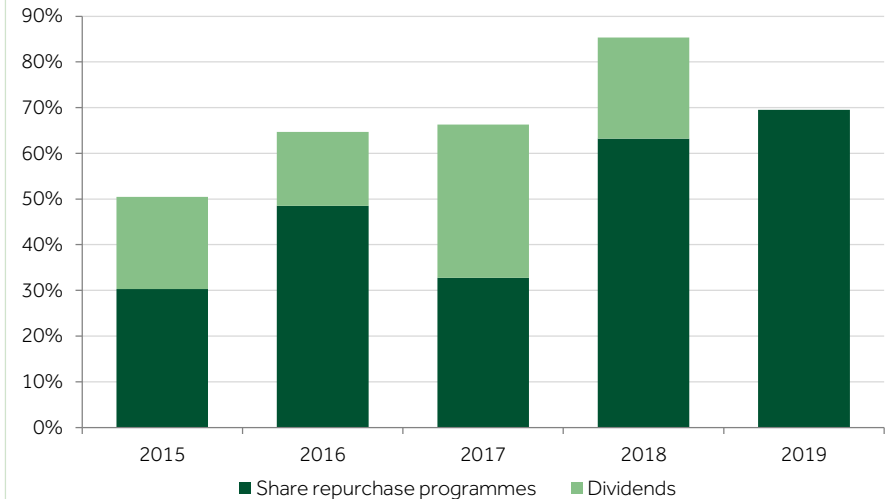
**Earnings per share** increased 11% from 2015 to 2019.

**Total payout ratio** has reached a level of approx. 70% in recent years with an increasing share of share repurchase programmes.

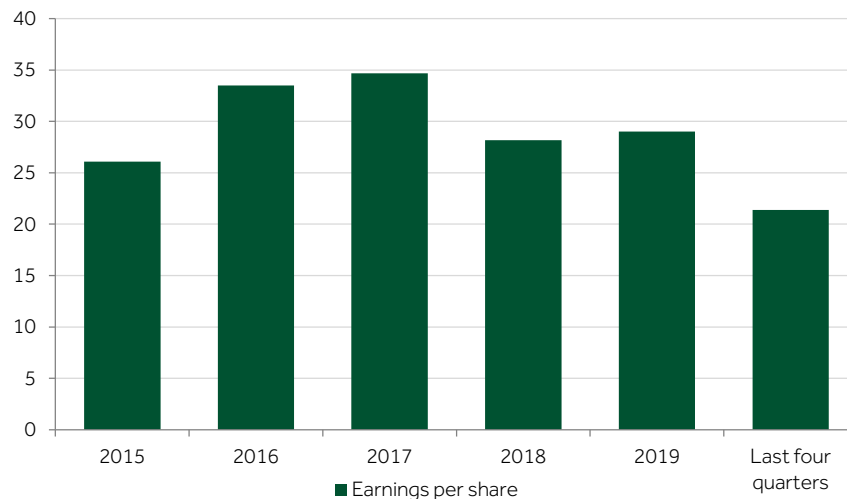
**Solid capital position** with capital ratio of 22.3% and CET1 ratio of 17.5% vs. targets of 20-22% and 15-17% for the next 2-3 years, respectively.

**Potential for capital distribution** underpinned by increasingly low risk business model and excess capital. The Supervisory Board of Jyske Bank expects to restart capital distribution in 2021, provided the economic outlook does not deteriorate significantly.

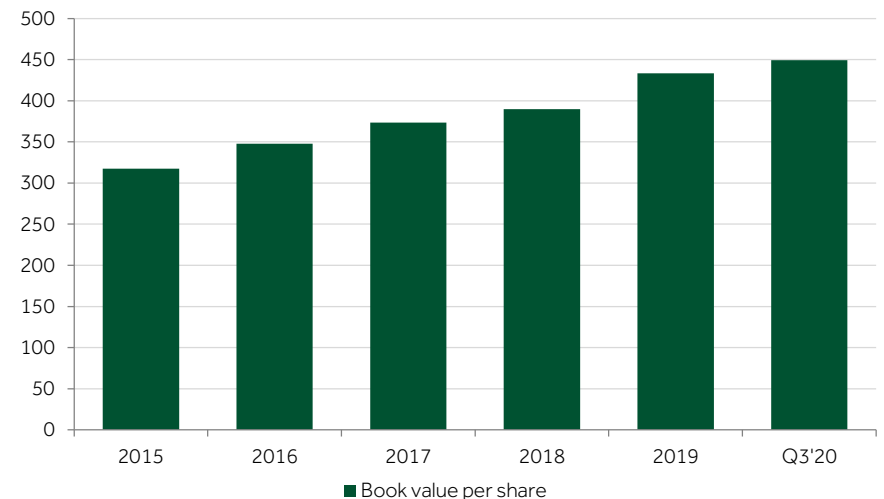
## Total payout ratio



## Earnings per share (DKK)



## Book value per share (DKK)





# Financial highlights

Q3 2020

## Net profit of DKK 696m and return on equity of 8.1% in Q3 2020

**Net interest income** down 2% y/y. Core net interest income rose 3%, as lower deposit rates outweighed lower lending and margin pressure. Other net interest income fell DKK 56m y/y due to a lower impact from trading and mortgage activities.

**Net fee and commission income** declined 26% y/y due to lower remortgaging activity and lower performance fees as well as the sale of Jyske Bank (Gibraltar). Asset mgmt. fees and card payments fell, partly due to the COVID-19 outbreak.

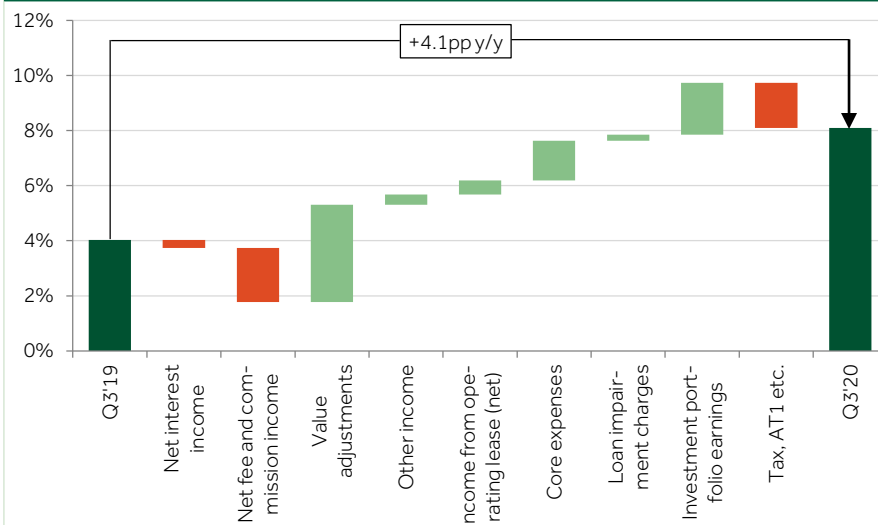
**Value adjustments** of DKK 189m due to a positive development in financial markets and narrowing of credit spreads in Q3 2020.

**Core expenses** down 9% y/y due to an 8% decrease in the number of full-time employees, an intensified cost focus, the sale of Jyske Bank (Gibraltar) and a positive impact from less travelling etc. following the COVID-19 outbreak.

**Loan impairment charges** of DKK -48m, as credit quality remains solid amid the COVID-19 outbreak. Management's estimate was up DKK 87m q/q to DKK 1,656m.

**Investment portfolio earnings** of DKK 14m, as modest effect from narrowing credit spreads was partly offset by a negative effect from FX hedging of AT1 issues.

## Return on equity Q3 2019 vs. Q3 2020



## Income statement and key figures (DKKm)

	Q3 2020	Q3 2019	Index y/y	Q2 2020	Index q/q	Q1-Q3 2020	Q1-Q3 2019	Index y/y
Net interest income	1,256	1,279	98	1,287	98	3,771	3,882	97
Net fee and commission income	453	611	74	407	111	1,510	1,658	91
Value adjustments	189	-95	-	331	57	407	90	452
Other income	36	7	514	26	138	92	113	81
Income from operating lease	69	28	246	-1	-	76	86	88
<b>Core income</b>	<b>2,003</b>	<b>1,830</b>	<b>109</b>	<b>2,050</b>	<b>98</b>	<b>5,856</b>	<b>5,829</b>	<b>100</b>
Core expenses	1,159	1,275	91	1,164	100	3,669	3,816	96
<b>Core profit before loan impairment charges</b>	<b>844</b>	<b>555</b>	<b>152</b>	<b>886</b>	<b>95</b>	<b>2,187</b>	<b>2,013</b>	<b>109</b>
Loan impairment charges	-48	-30	-	8	-	963	-37	-
<b>Core profit</b>	<b>892</b>	<b>585</b>	<b>152</b>	<b>878</b>	<b>102</b>	<b>1,224</b>	<b>2,050</b>	<b>60</b>
Investment portfolio earnings	14	-136	-	223	6	-213	-197	-
<b>Pre-tax profit</b>	<b>906</b>	<b>449</b>	<b>202</b>	<b>1,101</b>	<b>82</b>	<b>1,011</b>	<b>1,853</b>	<b>55</b>
Tax	210	84	250	239	88	233	379	61
<b>Net profit for the period</b>	<b>696</b>	<b>365</b>	<b>191</b>	<b>862</b>	<b>81</b>	<b>778</b>	<b>1,474</b>	<b>53</b>
Earnings per share (DKK)	9.0	4.2	216	11.3	80	8.9	17.0	52
Return on equity (ann.)	8.1%	4.0%	201	10.4%	78	2.7%	5.7%	47
Cost/income ratio	57.9%	69.7%	83	56.8%	102	62.7%	65.5%	96
Capital ratio	22.3%	20.2%	110	22.2%	100	22.3%	20.2%	110
CET1 ratio	17.5%	16.3%	107	17.3%	101	17.5%	16.3%	107
Mortgage lending (nominal)	332,311	325,029	102	330,698	100	332,311	325,029	102
Bank loans (excl. repo)	71,794	82,300	87	76,258	94	71,794	82,300	87
New home loans	2,822	4,033	70	3,367	84	2,822	4,033	70
Leasing	19,565	19,386	101	19,120	102	19,565	19,386	101
Deposits (excl. repo)	125,582	138,174	91	132,021	95	125,363	138,174	91

Core income	Lower in 2020 than 2019 level
Core expenses	<b>Striving for declining expenses</b> <i>Previously: Unchanged 2020 vs. 2019, incl. one-offs of DKK -57m in 2019 and DKK 75m in 2020.</i>
Loan impairment charges	Significantly higher in 2020 than 2019 level
Net profit	<b>DKK 1.0bn-1.5bn in 2020</b> <i>Previously: DKK 1.0bn-1.5bn, excl. DKK 75m one-off costs and assuming stable financial markets.</i>
CET1 ratio	15%-17% for the coming 2-3 years
Capital ratio	20%-22% for the coming 2-3 years

# Financial highlights

Business volumes

## Volume trends point to increasingly low risk business

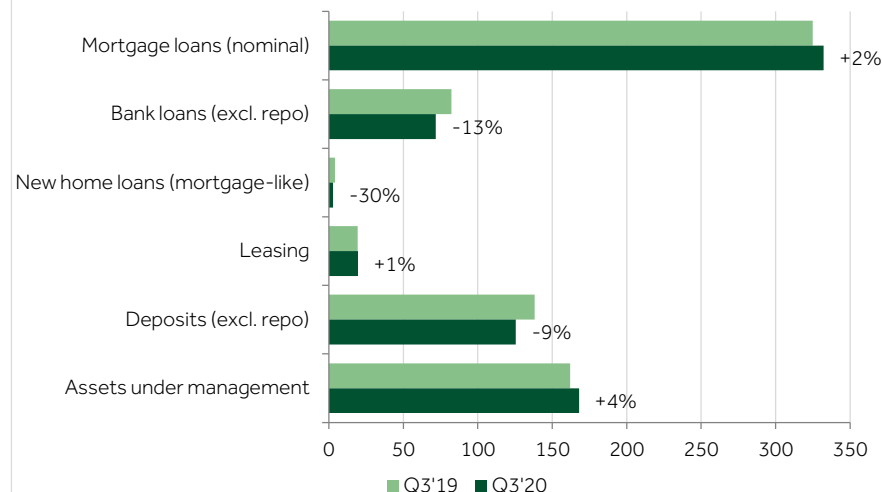
### Q3 2020 vs. Q3 2019:

- Bank lending down 13% due to low credit demand amid COVID-19 outbreak and government support, tightening of credit policy and Jyske Bank (Gibraltar) sale.
- Leasing up 1%, as structural growth was partly offset by COVID-19 outbreak.
- Mortgage lending (nom.) up 2% due to increased lending to corporate clients.
- Deposits down 9% due to private clients and Jyske Bank (Gibraltar) sale.
- Assets under management up 4% with larger share allocated to bonds.

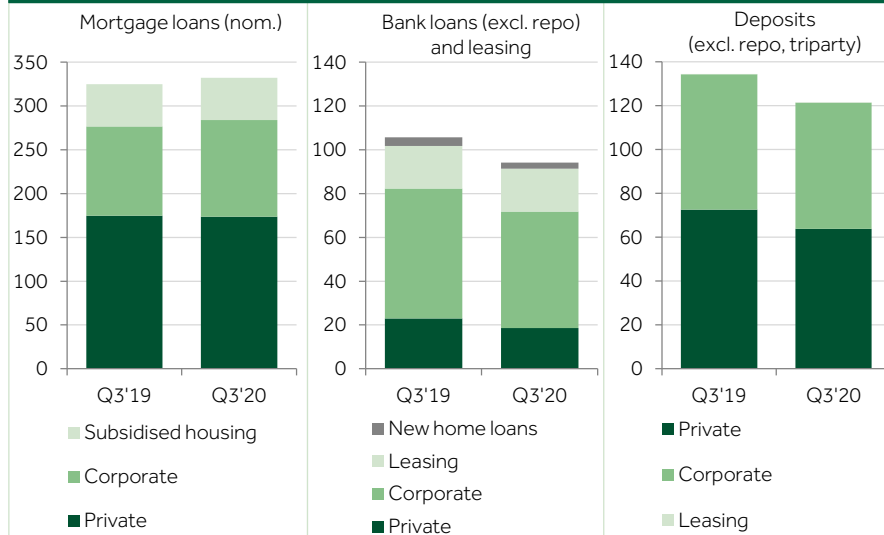
### Q3 2020 vs. Q2 2020:

- Bank lending down 6% due to lower lending to public authorities as well as low demand for credit amid the COVID-19 outbreak and government support.
- Leasing up 2% as volume trends showed signs of normalisation in Q3.
- Mortgage lending (nom.) slightly up due to higher lending to corporate clients.
- Deposits down 5% with lower deposits from both corporate and private clients.
- Assets under management up 2% y/y due to positive financial markets.

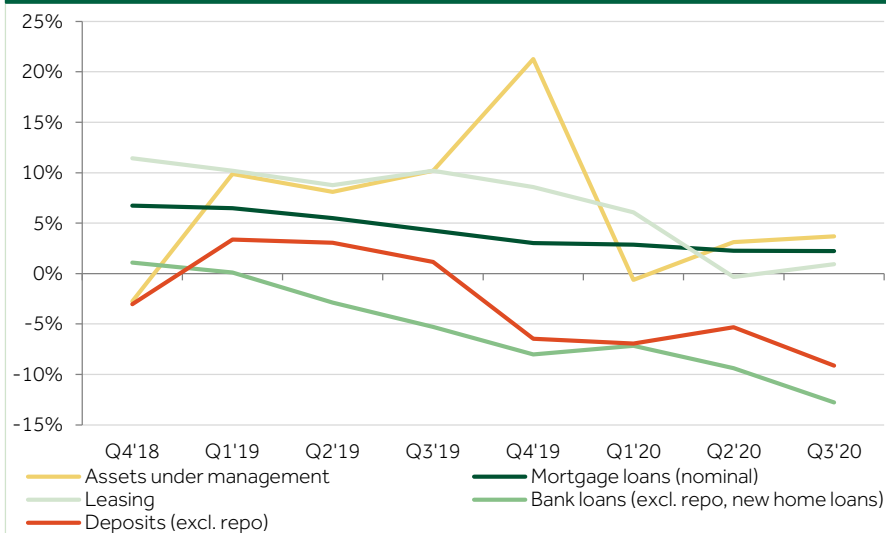
## Business volumes (DKKbn)



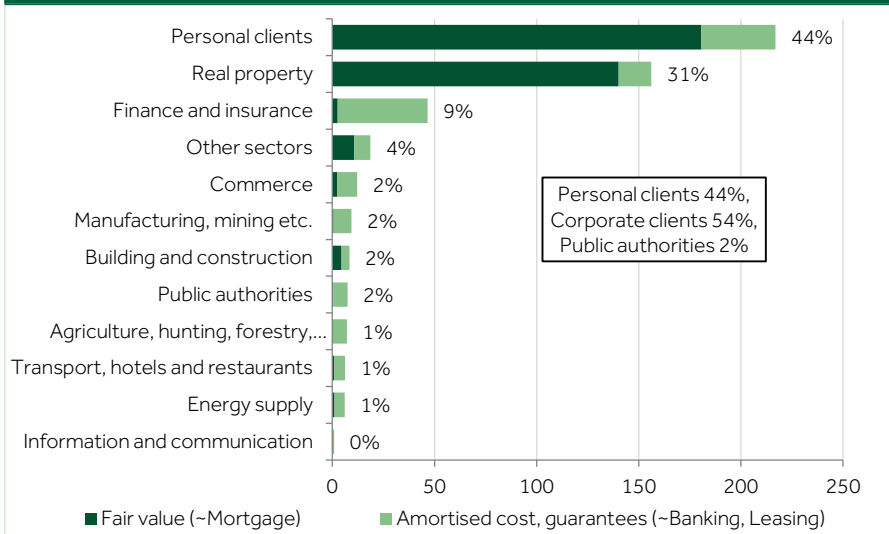
## Business volumes by segment (DKKbn)



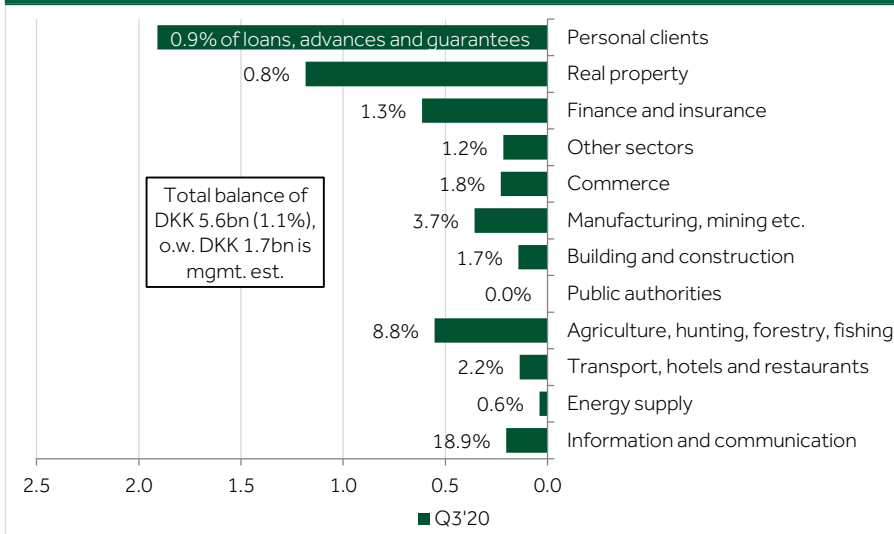
## Mortgage lending growth is showing resilience (y/y)



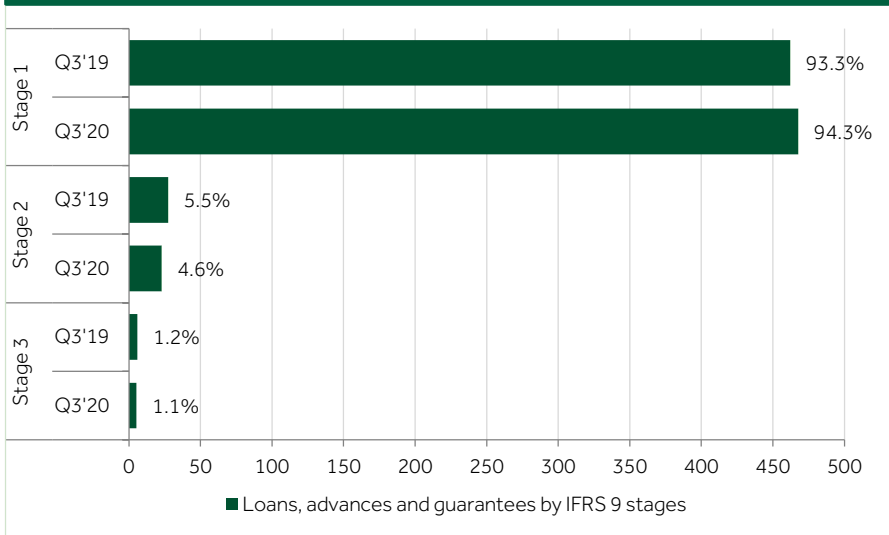
## Loans, advances and guarantees by sector (DKKbn)



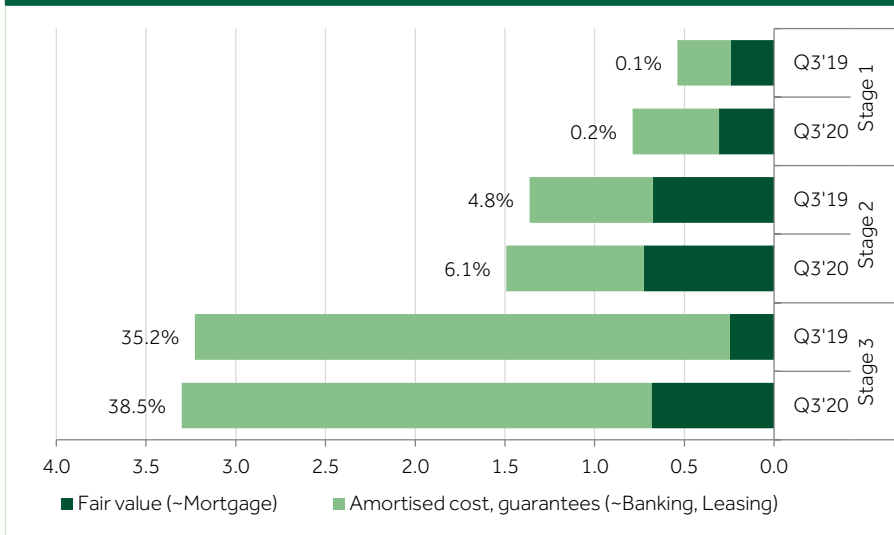
## Balance of impairment charges by sector (DKKbn)



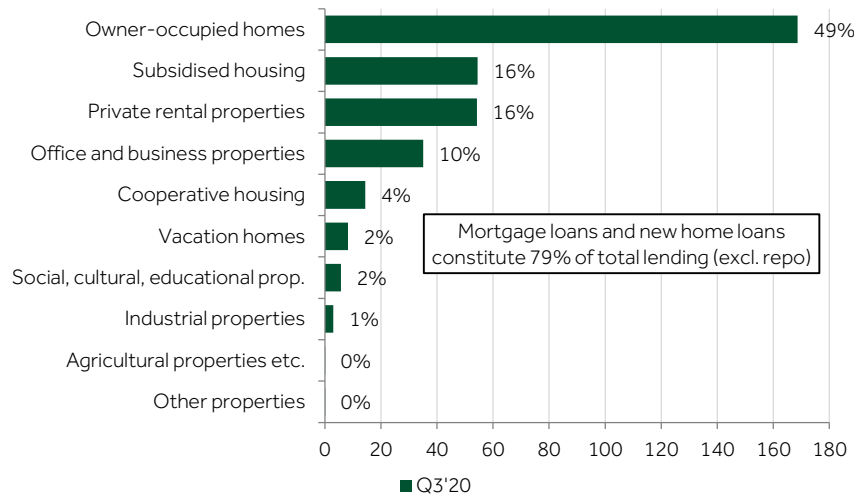
## Loans, advances and guarantees by IFRS 9 stages (DKKbn)



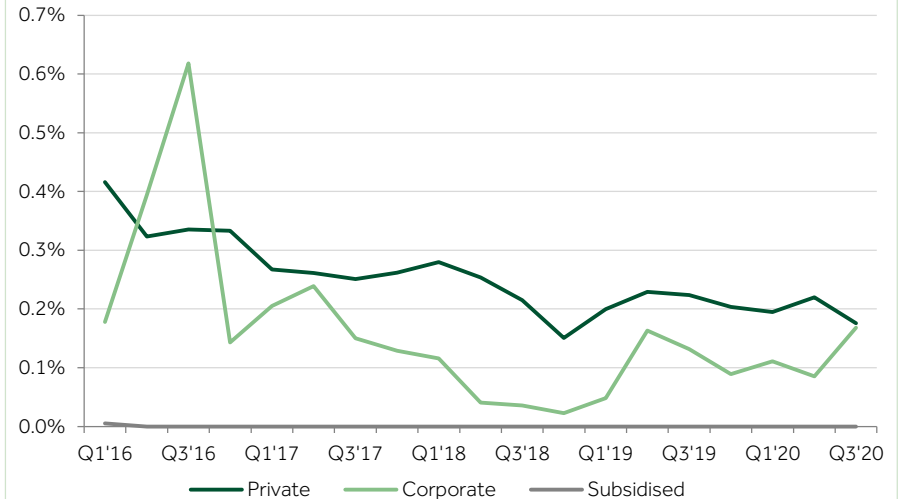
## Balance of impairment charges by IFRS 9 stages (DKKbn)



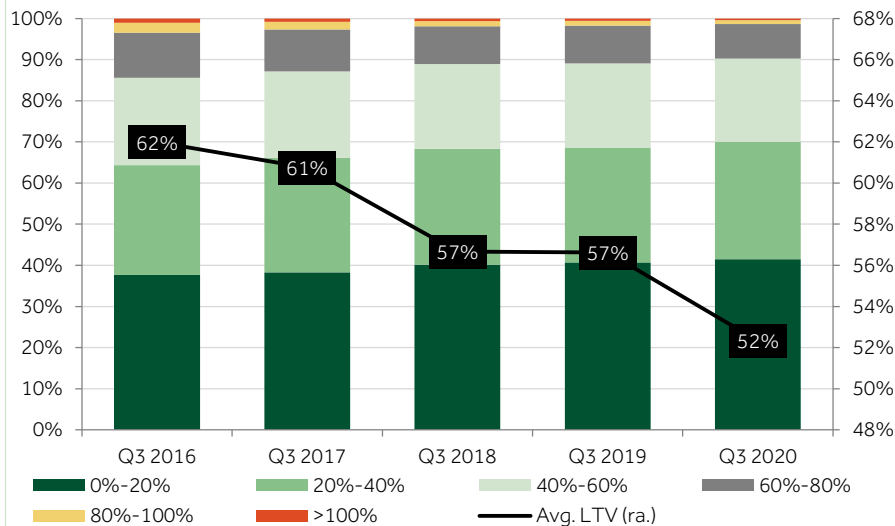
## Loans and advances at fair value by property category (DKKbn)



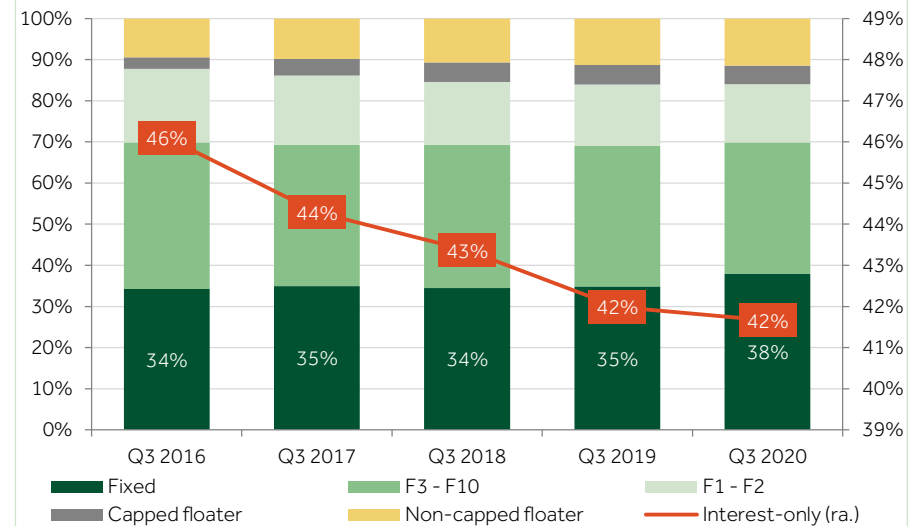
## 90-day mortgage arrears as % of lending by segment



## Significant de-risking of mortgage portfolio LTV in recent years



## Clients are opting for fixed-rate mortgages w/ amortisation



# Financial highlights

Income statement



## Comments

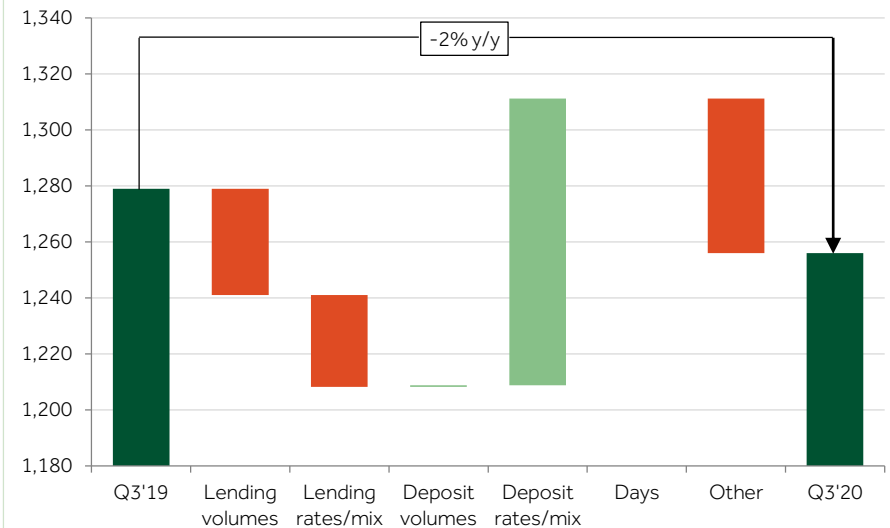
### Q3 2020 vs. Q3 2019: Net interest income down 2% y/y

- Core net interest income rose 3%, as the effect from lower deposit rates was greater than the impact from pressure on lending volumes and margins:
  - Lower bank lending to corporate clients and broad-based negative mix/margin effects.
  - Lower deposit rates for both private and corporate clients.
- Other net interest income impacted by a lower contribution from trading and mortgage activities, the sale of Jyske Bank (Gibraltar) and a tier 2 issue.

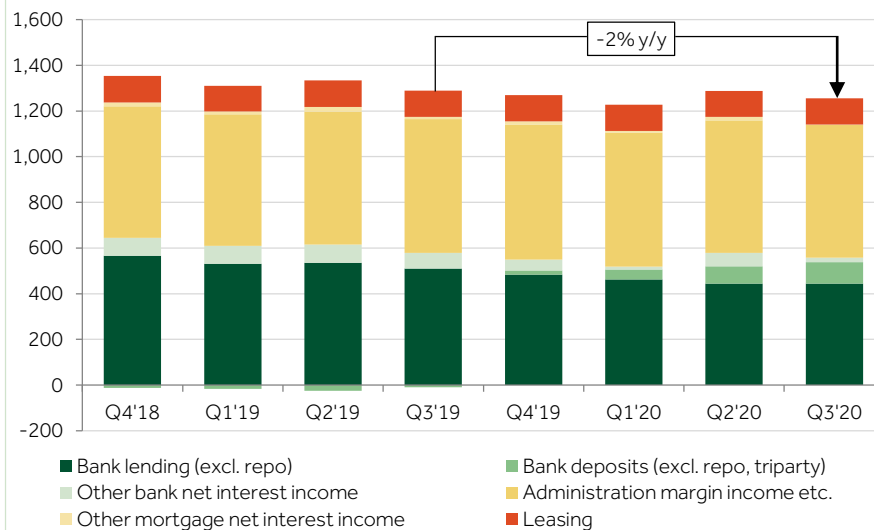
### Q3 2020 vs. Q2 2020: Net interest income down 2% q/q

- Core net interest income up 2%, as lower deposit rates outweighed lower bank loans.
  - Lower bank lending to particularly public authorities was offset by a stabilising negative mix/margin effects in banking and mortgage activities.
  - Lower threshold for zero interest on private clients' deposits from 1 May.
- Other net interest income impacted by a lower contribution from trading and mortgage activities.

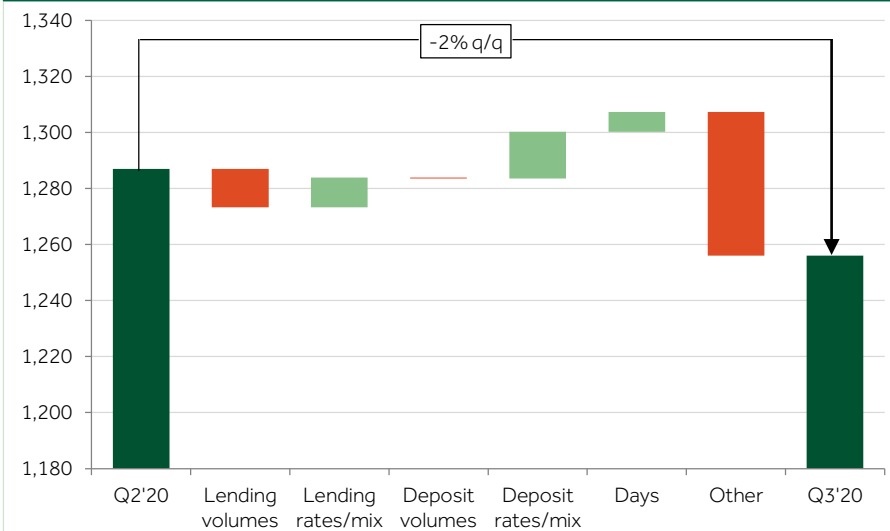
## Net interest income Q3 2019 vs. Q3 2020 (DKKm)



## Net interest income (DKKm)



## Net interest income Q2 2020 vs. Q3 2020 (DKKm)



## Comments

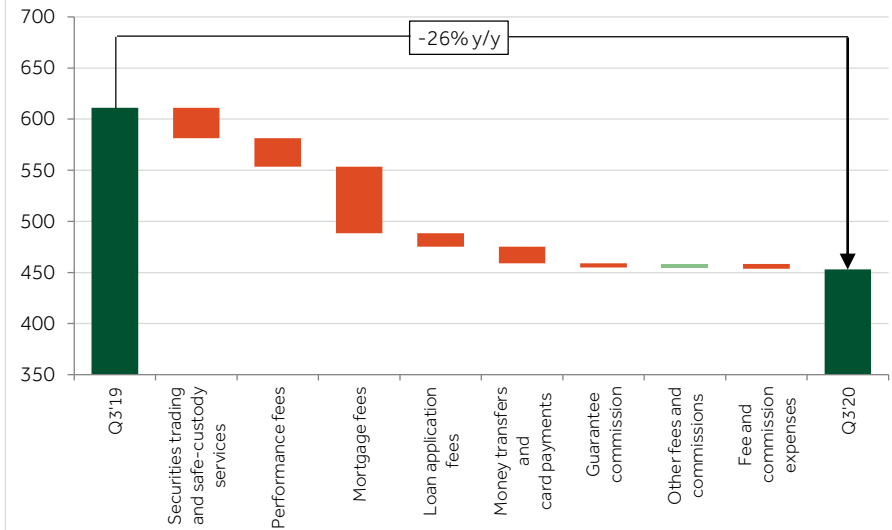
### Q3 2020 vs. Q3 2019: Net fee income down 26% y/y

- Normalising remortgaging activity in Q3 2020 following remortgaging wave starting in Q2 2019 had significant impact on net fee and commission income.
- Additionally, performance-related fees declined to DKK 0m from DKK 28m in Q3 2019.
- Sale of Jyske Bank (Gibraltar) and lower activity levels, particularly in money transfers and card payments, following the COVID-19 outbreak had a further negative impact.
- Assets under management were up 4%. However, the positive effect on asset management fees was more than offset by negative mix effects following the COVID-19 outbreak.

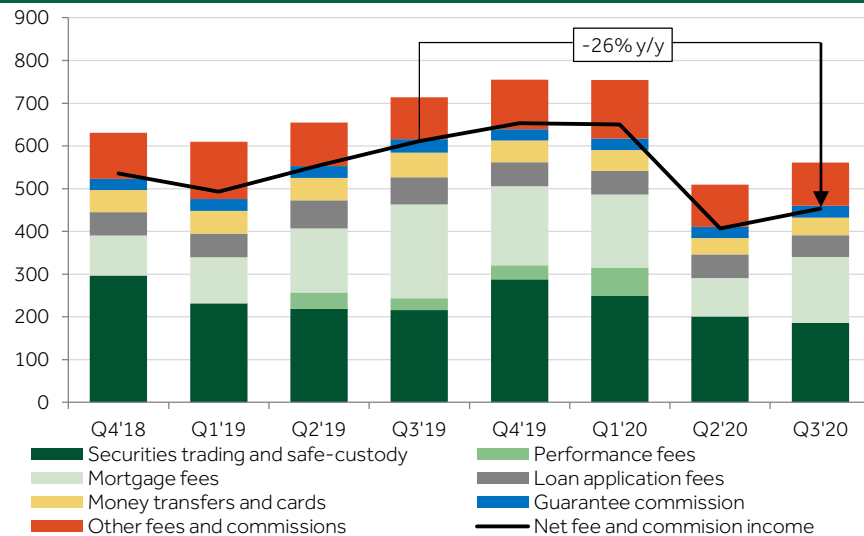
### Q3 2020 vs. Q2 2020: Net fee income up 11% q/q

- Higher remortgaging activity and seasonally higher refinancing activity supported mortgage fees.
- Seasonally lower safe custody fees and slightly lower fee income from customer trading impacted securities trading and safe-custody services negatively.
- Higher average assets under management counteracted by lower margins due to negative mix effects.

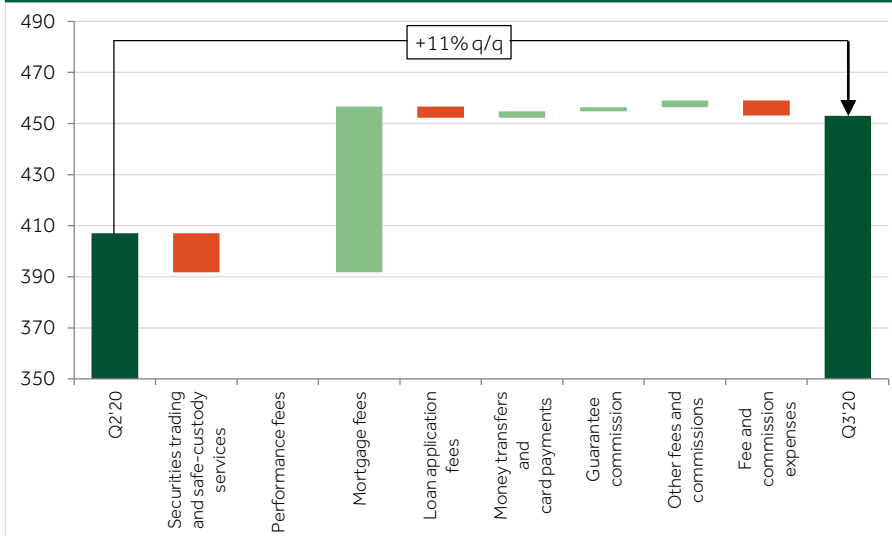
## Net fee and commission income Q3 2019 vs. Q3 2020 (DKKm)



## Net fee and commission income decomposed (DKKm)



## Net fee and commission income Q2 2020 vs. Q3 2020 (DKKm)



## Comments

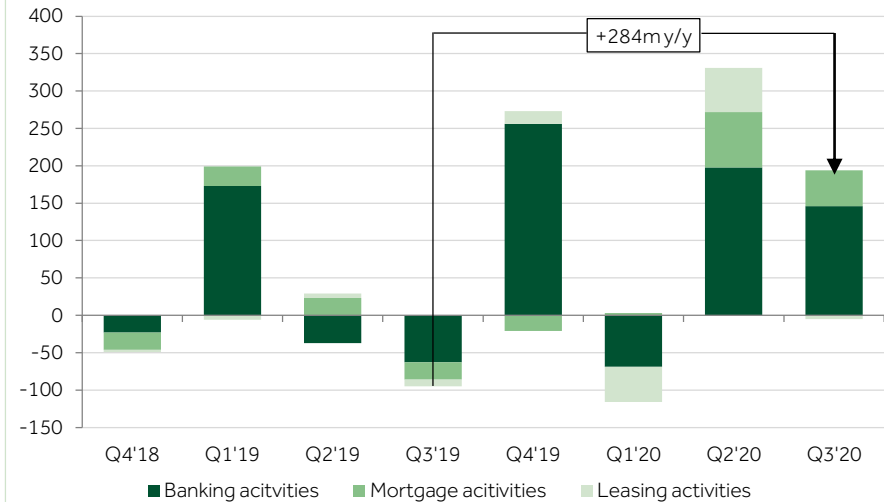
### Value adjustments down DKK 142m q/q to DKK 189m

- Banking activities: Continued broad-based positive development in financial markets supported value adjustments in Q3. Lower contribution from sector shares and strategic balance and risk management.
- Mortgage activities: Lower contribution from strategic balance and risk management and sector shares.
- Leasing activities: Slightly negative effect from FX hedging of the Swedish leasing portfolio and seasonally lower other value adjustments.

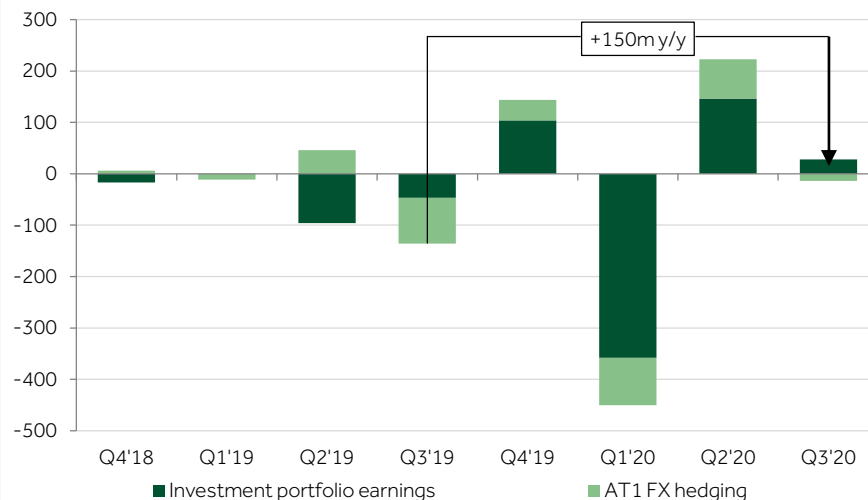
### Investment portfolio earnings down DKK 209m q/q to DKK 14m

- Significant narrowing of option-adjusted spreads on Danish mortgage bonds in Q2.
- FX hedging of AT1 issues in SEK had a negative P/L impact of DKK 14m in Q3, which is counteracted by an equivalent adjustment of shareholders' equity.

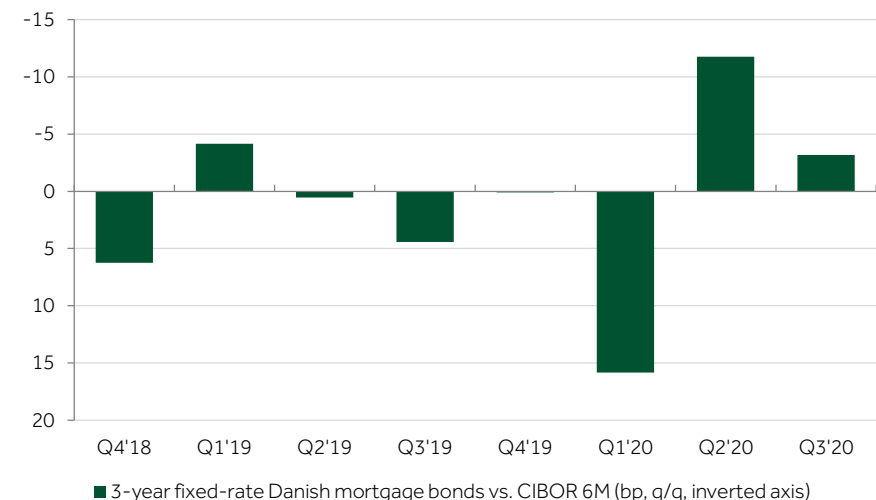
## Value adjustments (DKK m)



## Investment portfolio earnings (DKK m)



## OAS on Danish mortgage bonds narrowed further in Q3 (bp)



# Intensified cost focus helped reduce expenses 9% y/y in Q3

## Comments

### Q3 2020 vs. Q3 2019: Expenses down 9% y/y

- Number of full-time employees declined 8%, which outweighed the yearly increase in salaries prescribed by collective agreement (+2%) and higher payroll tax (15.2% in 2020 vs. 15.0% in 2019).
- Sale of Jyske Bank (Gibraltar) lowered expenses by 2% compared with Q3 2019.
- Broad-based reduction of operating expenses due to intensified cost focus.
- The COVID-19 outbreak reduced expenses for travelling etc.

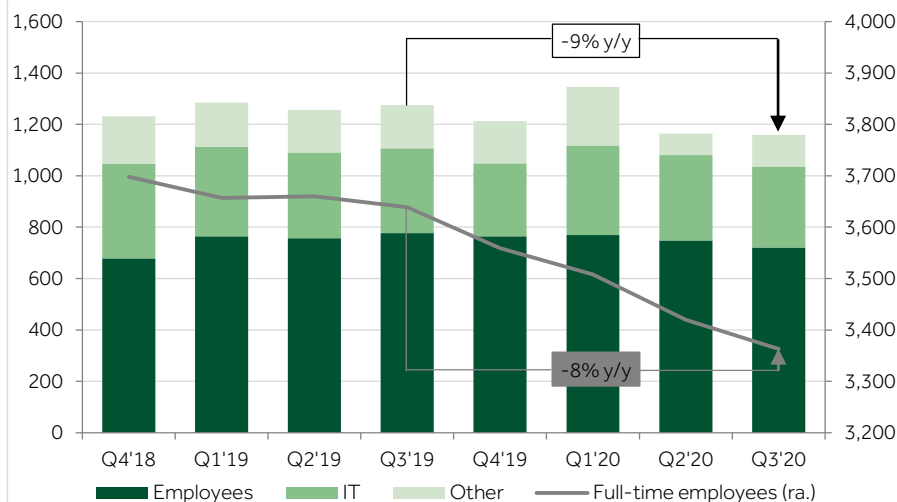
### Q3 2020 vs. Q2 2020: Expenses close to unchanged q/q

- The number of FTE's decreased by 57 q/q and will be reduced by a further 100-150 by mid-2021.
- IT expenses decreased compared with the preceding quarter due to seasonality.
- Other expenses increased compared to Q2, primarily due to seasonality.

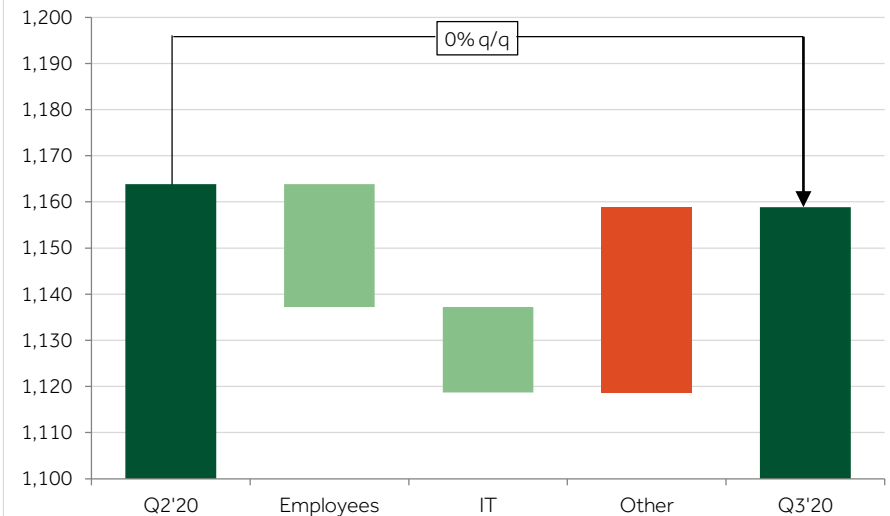
## Expenses Q3 2019 vs. Q3 2020 (DKK m)



## Core expenses (DKK m) and full-time employees



## Expenses Q2 2020 vs. Q3 2020 (DKK m)



## Comments

### Impairment charges down DKK 56m q/q to DKK -48m

- Cost of risk down 5bp q/q to -4bp in Q3 2020 due to a continued positive development in clients' credit quality and despite a higher management's estimate.

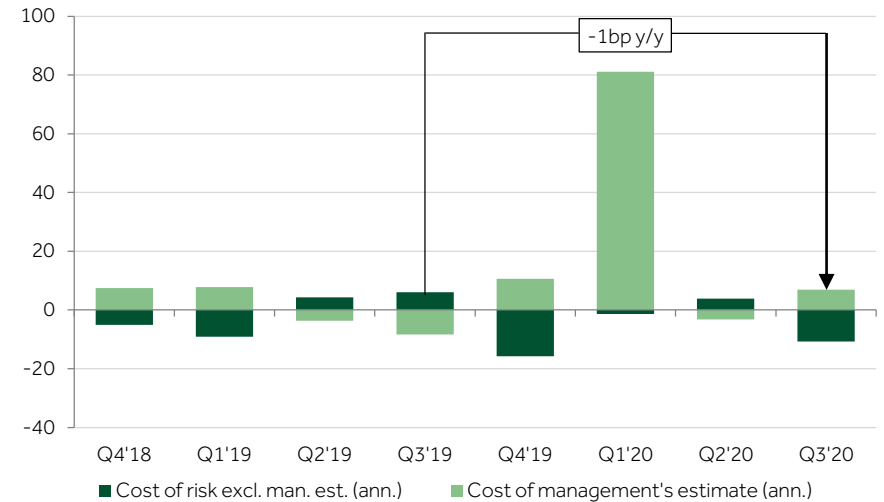
### Balance of impairment charges up 9bp/y to 1.1% in Q3 2020

- The balance of impairment charges is 0.5% for mortgage activities and 3.7% (excl. repo) for banking and leasing activities.
- Total management's estimate of DKK 1,656m up DKK 87m q/q.
  - DKK 1,045m related to the COVID-19 outbreak, with DKK 415m allocated to mortgage activities, DKK 575m to banking and DKK 55m to leasing activities.

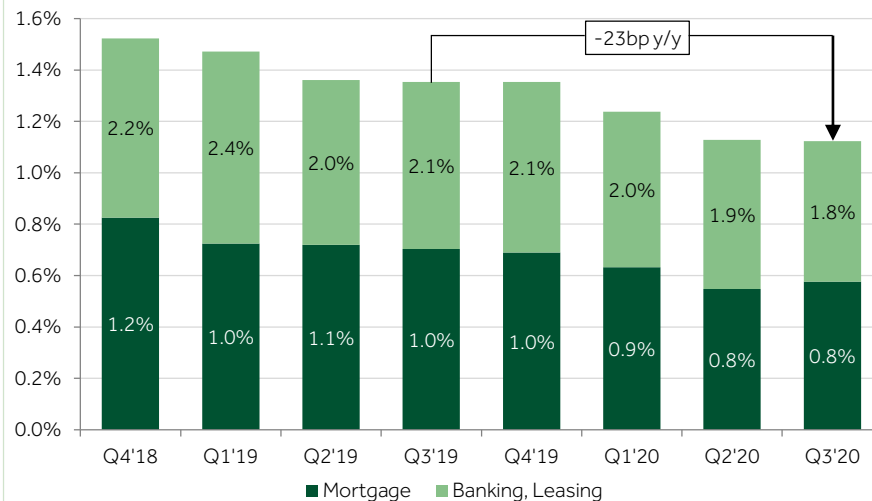
### Non-performing loans declined 23bp/y to a record low of 1.1%,

- Loans subject to forbearance measures amounted to 1.7% vs. 2.0% end-2019.
- 90-day mortgage arrears for private and corporate clients 18bp and 17bp, respectively, vs. 20bp and 9bp in Q4 2019.

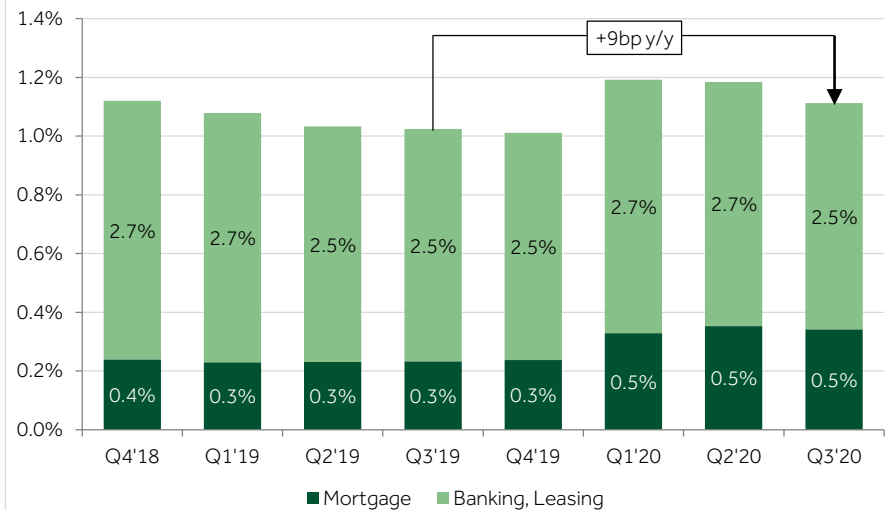
## Cost of risk (bp)



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



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



## Comments

### Banking activities: Profit before tax of DKK 369m, up DKK 313m/y

- Net interest income down 2% y/y. Lower deposit rates for private and corporate clients more than offset lower bank lending and the sale of Jyske Bank (Gibraltar), but a lower contribution to net interest income from trading activities resulted in an overall decline.
- Significantly higher value adjustments and investment portfolio earnings due to a positive development in financial markets in Q3 2020.

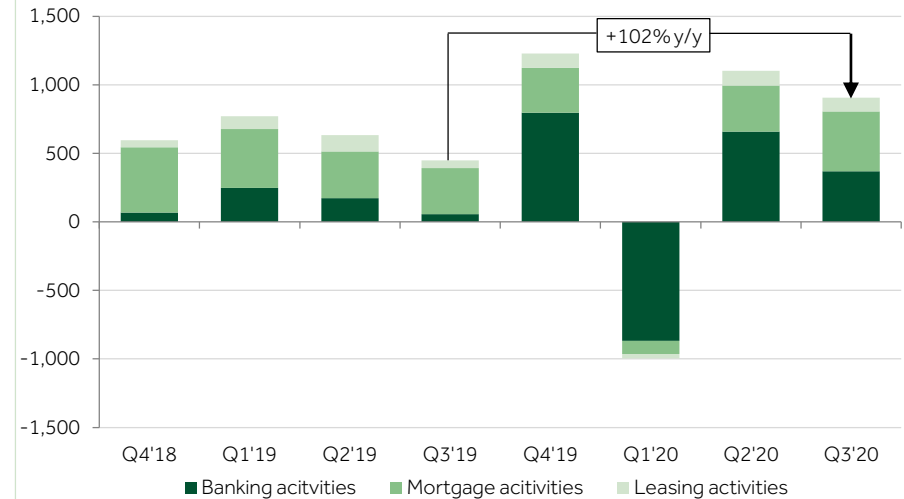
### Mortgage activities: Profit before tax of DKK 436m, up DKK 99m/y

- Net interest income down 2% y/y due to lower other net interest income. Higher lending was offset by clients opting for products with lower margin/risk in remortgaging wave.
- Higher value adjustments due a positive development in financial markets, lower fee expenses and a strong credit quality outweighed an increased number of split employees.

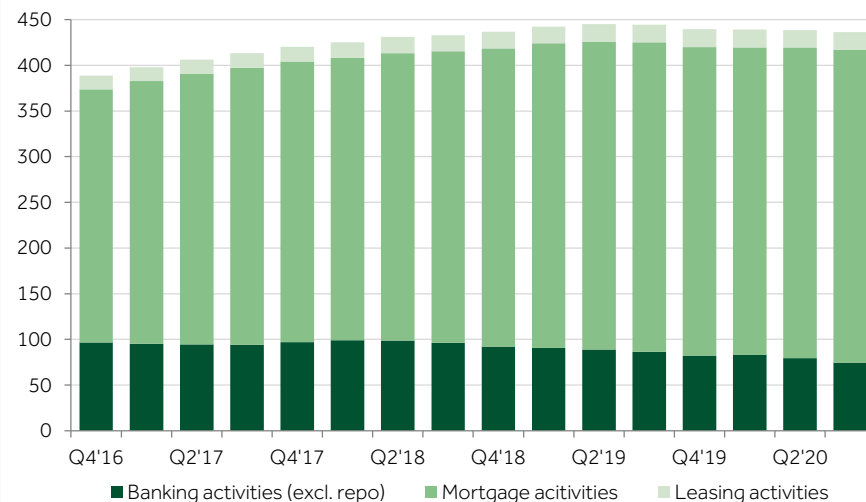
### Leasing activities: Profit before tax of DKK 101m, up DKK 45m/y

- Net interest income unchanged y/y, as margin pressure offset higher lending volumes.
- Lower expenses and higher income from operating lease (net) due to reversal of impairment charges.

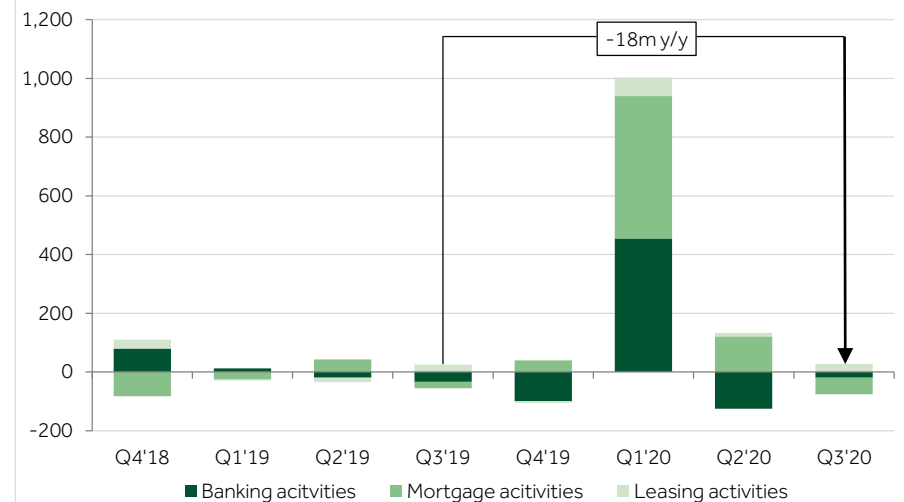
## Profit before tax by segment (DKKm)



## Lending by segment (DKKbn)



## Loan impairment charges by segment (DKKm)



# Financial highlights

Capital and liquidity

## Comments

**Capital ratio of 22.3% and CET1 ratio of 17.5%, up 0.1pp and 1.2pp q/q, respectively**

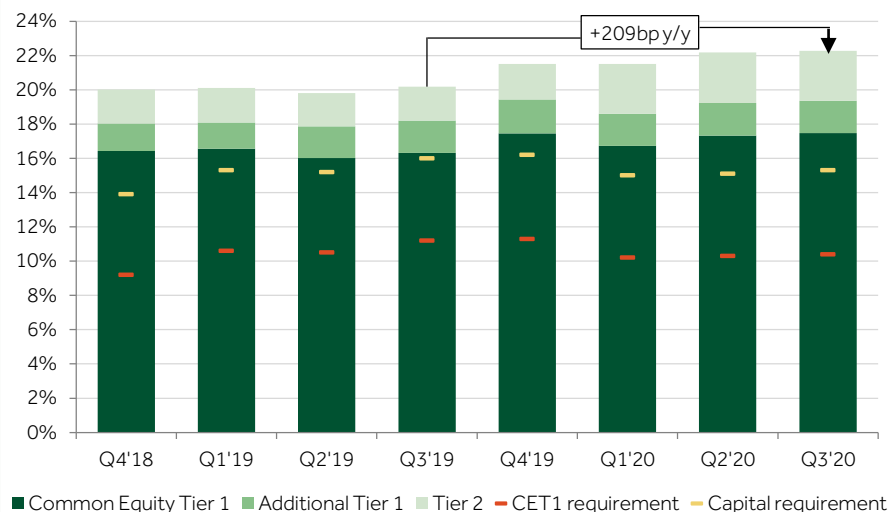
- Positive earnings impact, partly counteracted by increased REA.
- Targeting 20%-22% capital ratio and 15%-17% CET1 ratio for the next 2-3 years.
- Total capital requirement of 15.3% and CET1 requirement of 10.4% in Q3 2020, down 0.9pp. vs. the end of 2019. Total capital buffer of 7.0pp (DKK 12.8bn).

**Risk exposure amount up 1% q/q** due to higher market risk in Q3 2020.

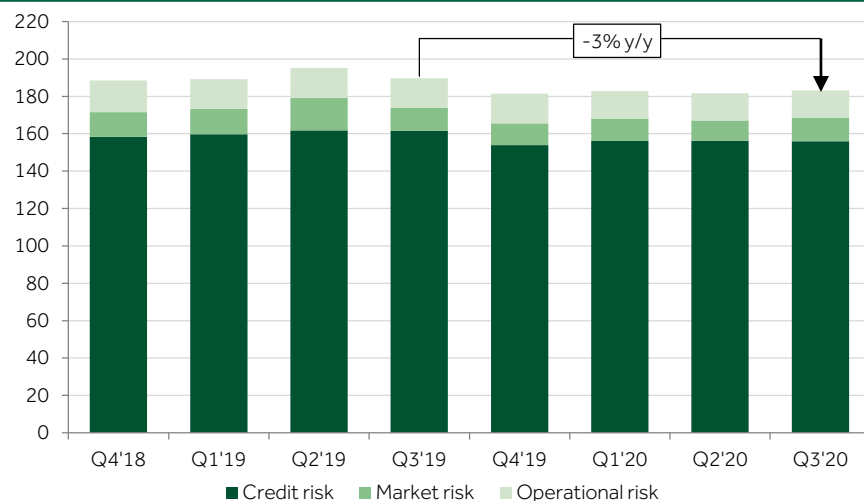
**Potential for capital distribution is assessed on a quarterly basis**

- Capital distribution since November 2015: Share repurchase programmes of DKK 6.34bn and dividends of DKK 2.5bn. DKK 412m of latest share repurchase programme cancelled in light of the COVID-19 outbreak.
- The Supervisory Board of Jyske Bank expects to restart the capital distribution policy in 2021, provided the economic outlook does not deteriorate significantly.

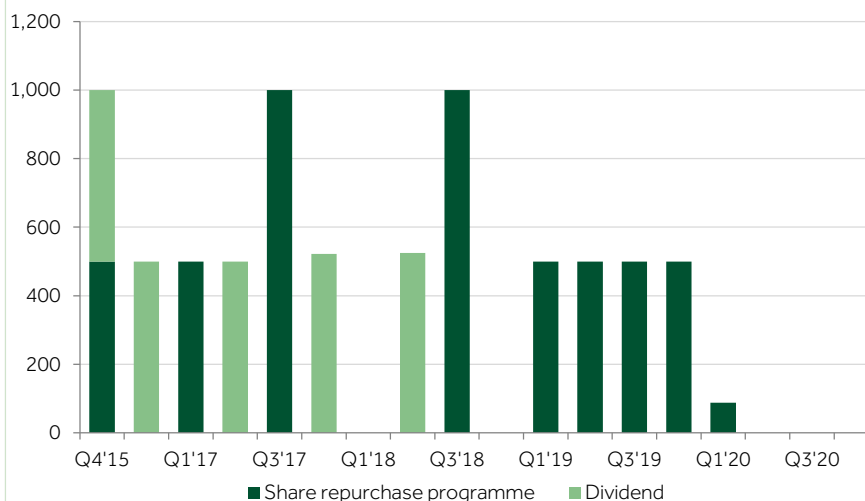
## Capital ratios and capital requirements



## Risk exposure amount (DKKbn)



## Capital distribution by time of announcement (DKKbn)





## Comments

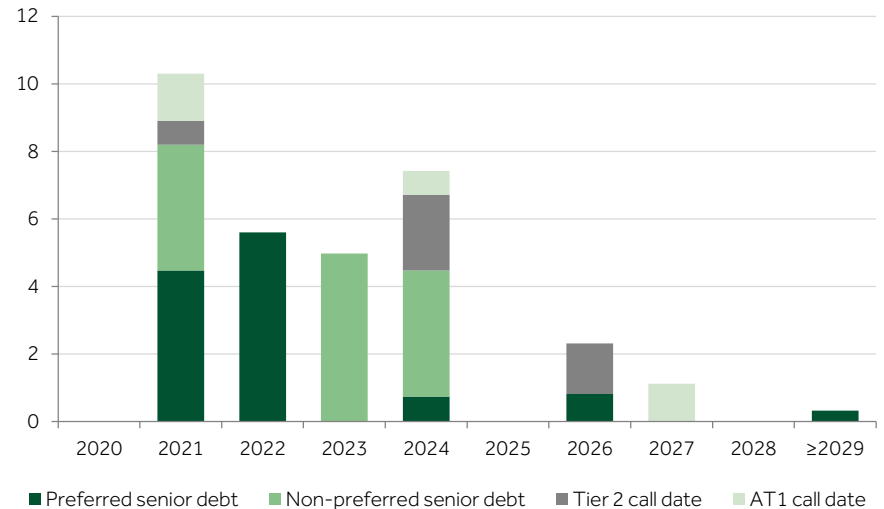
**Liquidity coverage ratio** was 273% Q3 2020 vs. 253% end of 2019 (internal target: >150%).

**Leverage ratio** of 5.3% at the end of Q3 2020, unchanged vs. the end of 2019.

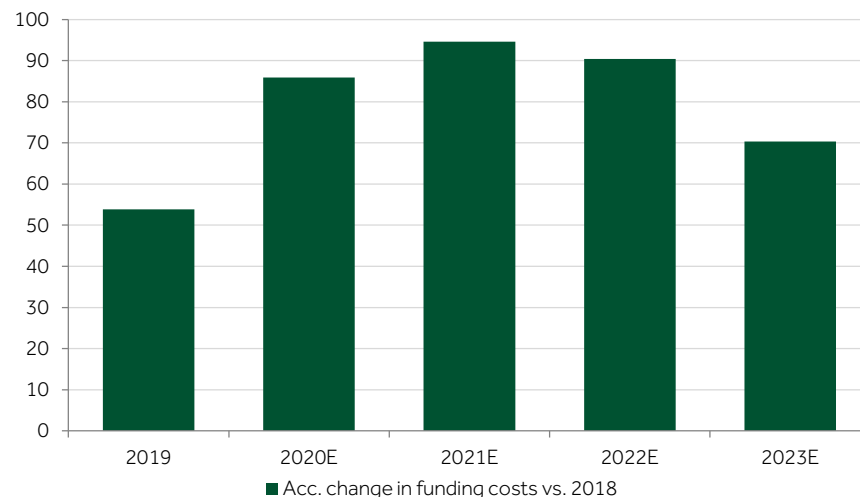
### Funding plans

- Jyske Bank monitors the need for new capital and/or senior bond issuance on an ongoing basis, taking regulatory and market-related circumstances into consideration.
- Preferred senior debt issued before 2018 with residual maturity above 1 year remain MREL-eligible until the end of 2021.
- On 15 October 2020, Jyske Bank issued EUR 500m non-preferred senior debt.
- Jyske Bank expects to issue both non-preferred and preferred senior debt during 2021 in order to build an outstanding amount of MREL eligible instruments of approx. DKK 11bn-12bn non-preferred and DKK 4bn-5bn of preferred senior debt by the end of 2021.

## Maturity/call-date profile (DKKbn)



## Acc. change in yearly funding costs vs. 2018 (DKKm)



Note: Based on current expected spreads, run-off profile and funding plans for senior, NPS and capital instruments.

## Ratings and issues

JyskeBank			JyskeRealkredit	
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		

Latest issues	Value date	Maturity/call-date	Spread over 3M CIBOR
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

# Sustainability

## Sustainability is ingrained in Jyske Bank's vision

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

– Jyske Bank's vision: *To make a difference.*

### Reorganisation furthers sustainability efforts

Investor Relations, CSR activities, and the Sustainability programme have been combined in the IR & Sustainability department, which refers to group CFO.

### Committed to sustainability

- Signatory of UN's Principles for Responsible Banking.
- Member of Global Compact.
- Working according to the UN Principles for Responsible Investment in asset management for a decade.
- Committed to the 20 recommendations developed by Forum for Sustainable Finance (FinansDanmark).

### Recent and upcoming sustainability initiatives

- UN Principles for Responsible Banking: Preliminary impact analysis – greenhouse gas emission.
- Green Finance Framework.
- ESG fact book.
- New website for Investor Relations and Sustainability.
- Aim to make power consumption, incl. share of IT vendors' power consumption, carbon neutral through its own production of renewable energy as from 2021.



#### Jyske Bank identifies sustainable lending areas

Being a financial services group, we can make the biggest difference through our advice and product range. Therefore we now launch our Green Finance Framework with loans from the Jyske Bank Group that make contributions to a green and sustainable transition in society.

#### Jyske Bank's objective and initiatives for selected sustainable lending areas

Jyske Bank will finance production of additional 2 TWh renewable energy in 2025 - corresponding to 6% of the production in Denmark in 2018.



Jyske Bank will develop products that assist and motivate clients to undertake energy renovation of their properties.



In 2025, 40% of new financing of vehicles will finance low-emission vehicles.



# History of Jyske Bank

## 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 Finansiell Stabilitet.
- 2013**  
Acquisition of Sparekassen Lolland.
- 2014**  
Acquisition of Jyske Realkredit from BRFFonden.

## Focused on core business

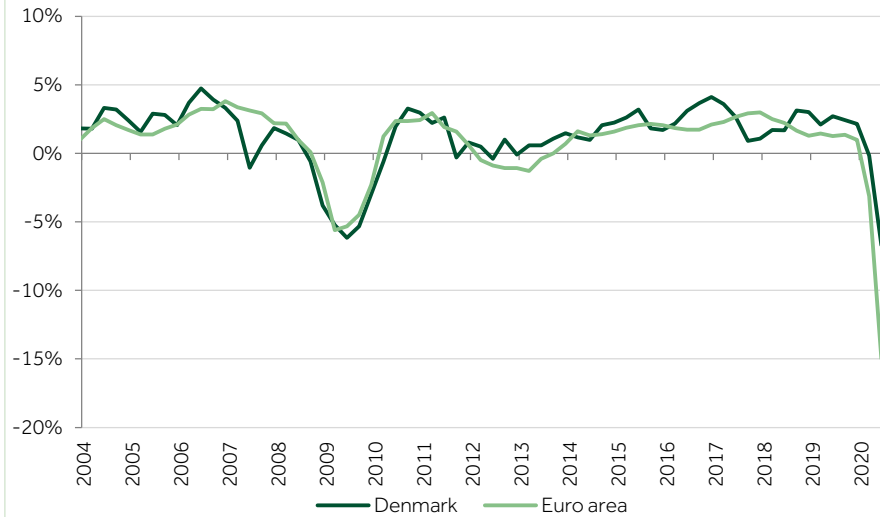
- Divestiture of non-core business**  
Sale of Jyske Bank Global Asset Management (US) (2013), Silkeborg Data (2014), stake in Berben's Effectenkantoor (2014), Jyske Bank Schweiz (2015) and Jyske Bank (Gibraltar) Ltd. (2020).
- Ready for new opportunities**  
Growth through acquisitions is an ongoing strategic initiative and Jyske Bank remains willing and able to participate in further consolidation of the Danish financial sector.

## Financial results and key figures

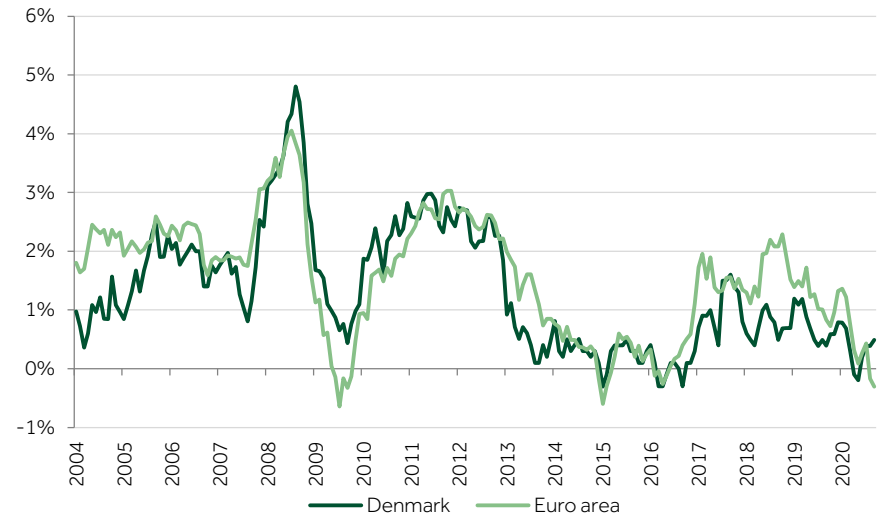
Year	Profit before tax (DKKkm)	Net profit (DKKkm)	Shareholders' equity (DKKkm)	Return on equity	Loans and advances (DKKbn)	Deposits (DKKbn)	Total assets (DKKbn)	Number of FTEs
1997	584	443	4,772	9.6%	36.6	41.5	63.1	2,671
1998	710	511	5,173	10.3%	39.7	43.8	76.9	2,772
1999	1,276	897	5,421	16.9%	49.8	49.8	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
Q1-Q3 2020	1,011	778	32,599	2.7%	479.2	145.2	639.1	3,363

# Macroeconomics

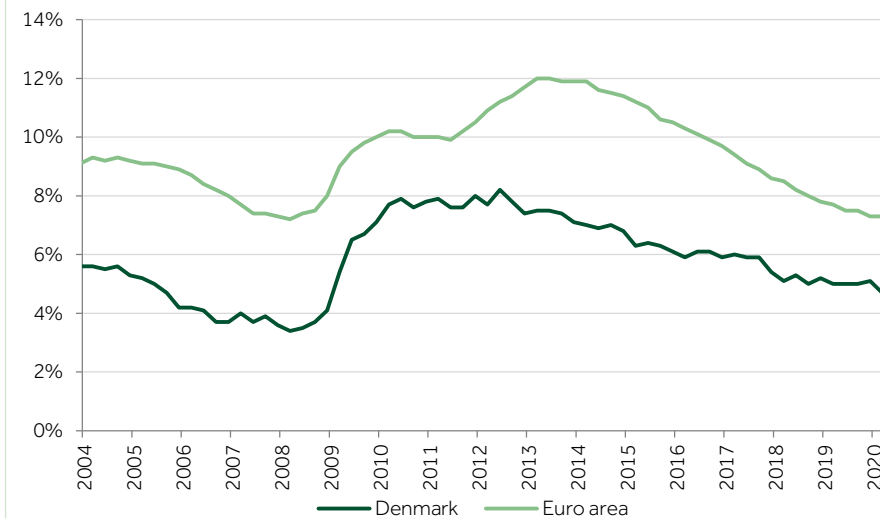
### Real gross domestic product (index 2010, y/y)



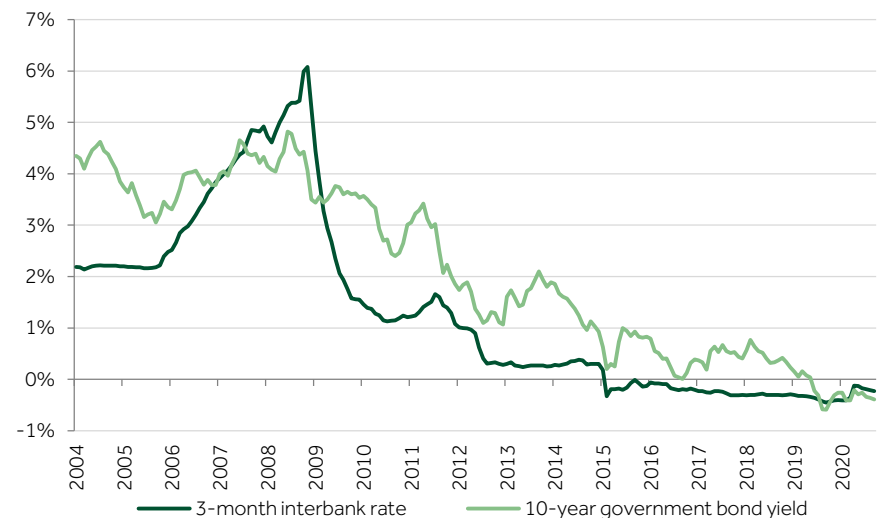
### Inflation rate (HICP, y/y)



### Unemployment rate

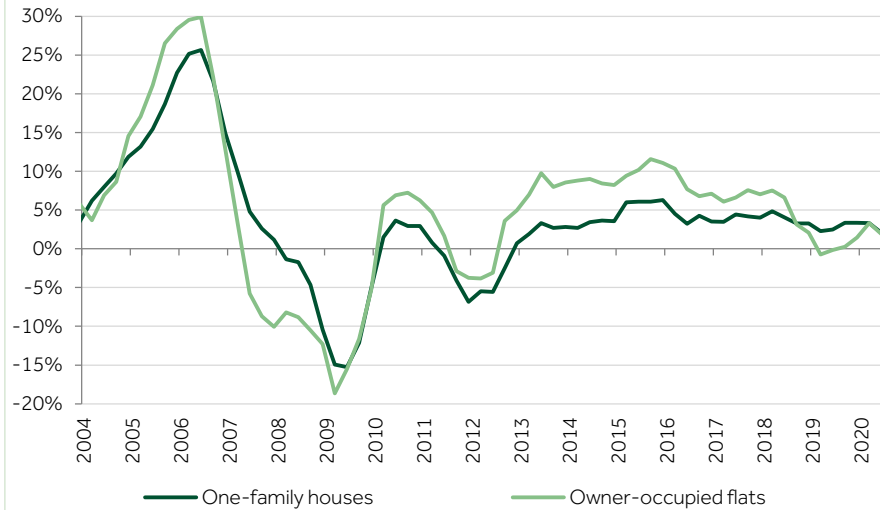


### Interest rates, Denmark (monthly averages)

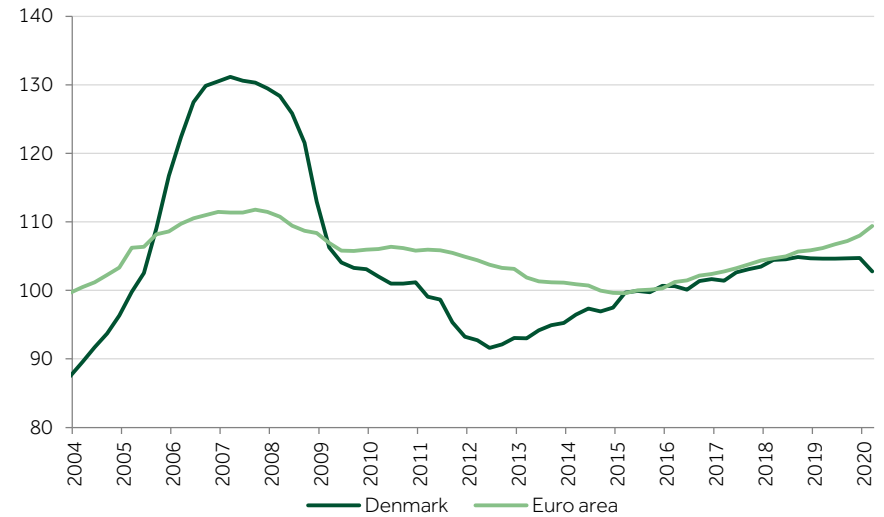




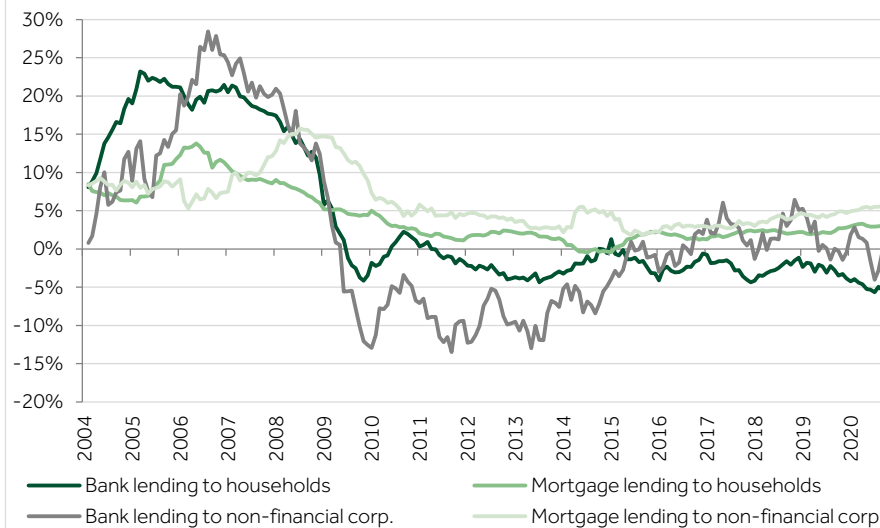
## Real estate prices, Denmark (y/y)



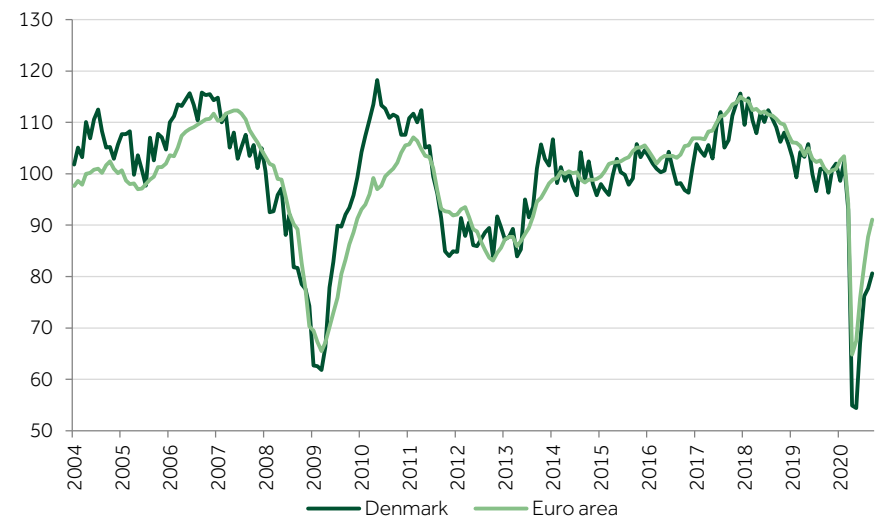
## House prices to disposable income



## Lending growth, Denmark (y/y)



## Economic Sentiment Indicator



Danish economy 2017-2021	DKKbn	Real growth (%)				
	2019	2017	2018	2019	2020	2021
Consumer spending	1,079	1.6	2.7	2.2	-4.2	4.0
Public spending	558	1.0	0.4	1.2	-0.8	1.3
Fixed gross investment	512	3.0	5.4	2.4	-3.3	3.4
Inventory investment*	12	-0.1	0.3	-0.3	-0.3	0.2
Exports	1,300	4.6	2.4	1.8	-8.0	5.2
Imports	1,147	4.3	3.6	0.5	-8.3	5.4
<b>Gross domestic product (GDP)</b>	<b>2,315</b>	<b>2.0</b>	<b>2.4</b>	<b>2.3</b>	<b>-3.6</b>	<b>3.4</b>
<b>Balance of payments</b>						
- DKKbn		176	158	207	171	186
- percentage of GDP		8.1	7.0	8.9	7.6	7.9
<b>Public budget balance</b>						
- DKKbn		32	10	89	-90	-70
- percentage of GDP		1.5	0.4	3.8	-4.0	-3.0
<b>Unemployment</b>						
- Gross unemployment, average (thousands)		116	108	104	140	142
- Percentage of workforce		3.8	3.5	3.4	4.5	4.6
<b>Employment, avg. (thousands)</b>		<b>2,922</b>	<b>2,963</b>	<b>2,998</b>	<b>2,947</b>	<b>2,947</b>
<b>Inflation (%)</b>		<b>1.1</b>	<b>0.8</b>	<b>0.8</b>	<b>0.3</b>	<b>1.2</b>
<b>Wage index (Private, %)</b>		<b>1.7</b>	<b>2.2</b>	<b>2.0</b>	<b>1.9</b>	<b>1.9</b>
<b>House prices (nominal prices, %)</b>		<b>4.0</b>	<b>3.8</b>	<b>3.0</b>	<b>0.8</b>	<b>1.6</b>
<b>Danmarks Nationalbank's lending rate, year-end (%)</b>		<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
<b>Danmarks Nationalbank's CD rate, year-end (%)</b>		<b>-0.75</b>	<b>-0.65</b>	<b>-0.75</b>	<b>-0.60</b>	<b>-0.60</b>

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

## Trine Lysholt Nørgaard

Head of Investor Relations & Sustainability

Phone: +45 89 89 64 29

Mobile: +45 21 58 25 15

E-mail: [trine.norgaard@jyskebank.dk](mailto:trine.norgaard@jyskebank.dk)

## Simon Hagbart Madsen

Senior Analyst, Investor Relations & Sustainability (Equity IR)

Phone: +45 89 89 71 85

Mobile: +45 24 44 83 70

E-mail: [simonhagbart@jyskebank.dk](mailto:simonhagbart@jyskebank.dk)

## 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

This presentation and the information contained therein is furnished and has been prepared solely for information purposes by Jyske Bank A/S. It is furnished for your private information with the express understanding, which recipient acknowledges, that it is not an offer, recommendation or solicitation to buy, hold or sell, or a means by which any security may be offered or sold.

The information contained and presented in this presentation, other than the information emanating from and relating to Jyske Bank A/S itself, has been obtained by Jyske Bank A/S from sources believed to be reliable. Jyske Bank A/S can not verify such information, however, and because of the possibility of human or mechanical error by our sources, Jyske Bank A/S or others, no representation is made that such information contained herein is accurate in all material respects or complete. Jyske Bank A/S does not accept any liability for the accuracy, up-to-dateness, adequacy, or completeness of any such information and is not responsible for any errors or omissions or the result obtained from the use of such information. The statements contained herein are statements of our non-binding opinion, not statement of fact or recommendations to buy, hold or sell any securities. Changes to assumptions may have a material impact on any performance detailed. Historic information on performance is not indicative of future performance. Jyske Bank A/S may have issued, and may in the future issue, other presentations or information that are inconsistent with, and reach different conclusions from, the information presented herein. Those presentations or the information reflect the different assumptions, views and analytical methods of the analysts who prepared them and Jyske Bank A/S is under no obligation to ensure that such other presentations or information are brought to the attention of any recipient of the information contained herein.

Nothing in this presentation constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. This presentation is intended only for and directed to persons sufficiently expert to understand the risks involved, namely market professionals. This publication does not replace personal consultancy. Prior to taking any investment decision you should contact your independent investment adviser, your legal or tax adviser, or any other specialist for further and more up-to-date information on specific investment opportunities and for individual investment advice and in order to confirm that the transaction complies with your objectives and constraints, regarding the appropriateness of investing in any securities or investment strategies discussed herein.

Jyske Bank A/S or its affiliates (and their directors, officers or employees) may have effected or may effect transactions for its own account (buy or sell or have a long or short position) in any investment outlined herein or any investment related to such an investment. Jyske Bank A/S or its affiliates may also have investment banking or other commercial relationship with the issuer of any security mentioned herein. Please note that Jyske Bank A/S or an associated enterprise of Jyske Bank A/S may have been a member of a syndicate of banks, which has underwritten the most recent offering of securities of any company mentioned herein in the last five years. Jyske Bank A/S or an associated enterprise may also have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned herein or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment.

Any particular security or investment referred to in this presentation may involve a high degree of risk, which may include principal, interest rate, index, currency, credit, political, liquidity, time value, commodity and market risk and is not suitable for all investors. Any securities may experience sudden and large falls in their value causing losses equal to the original investment when that investment is realized. Any transaction entered into is in reliance only upon your judgment as to both financial, suitability and risk criteria. Jyske Bank A/S does not hold itself out to be an advisor in these circumstances, nor does any of its staff have the authority to do so.