

Jyske Bank  
ABG Speed Dating

1 October 2020

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## Mortgage lending is relatively low risk, stable growth, margins

### Increasing share of mortgage lending

- Share of mortgage-like lending has increased 11pp to 78% (excl. repo) since merger with Jyske Realkredit in Q2 2014.
- Mortgage-like lending continues to grow more than bank lending, underpinned by structural trend.

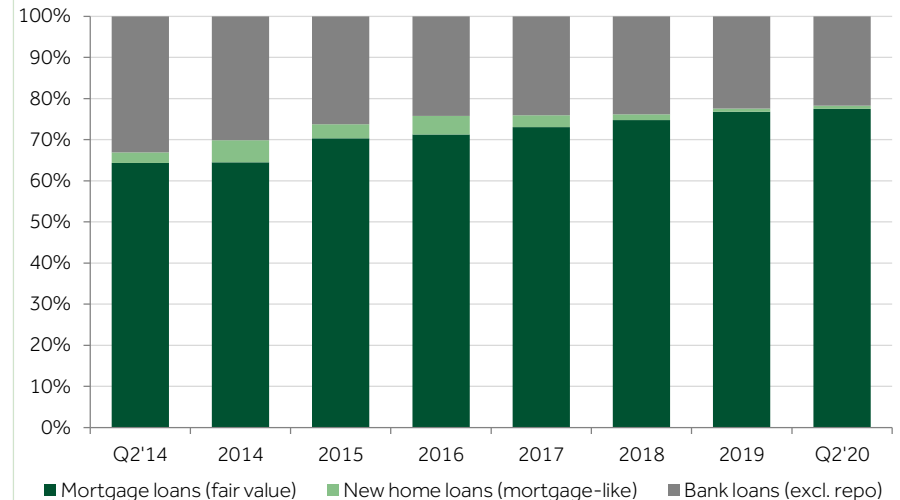
### Significantly more resilient growth prospects and lower cost of risk

- Danish mortgage lending growth remained positive during the financial crisis and has averaged 5% p.a. since 2003 vs. 3% p.a. for bank lending.
- Impairment charges have averaged 5bp for Danish mortgage credit institutions vs. 51bp for Danish banks since 2000, peaking in 2009 at 20bp and 224bp, respectively.

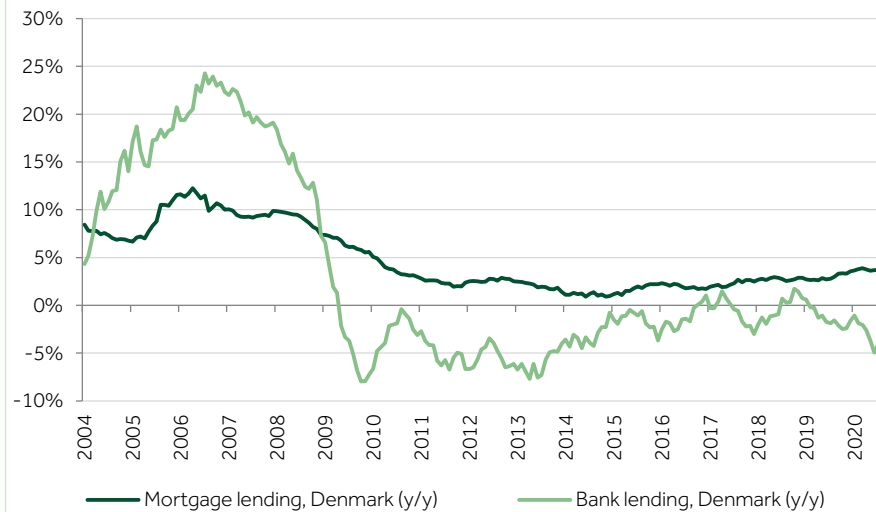
### Repatriation of Totalkredit loans following merger in 2014 fully accomplished

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

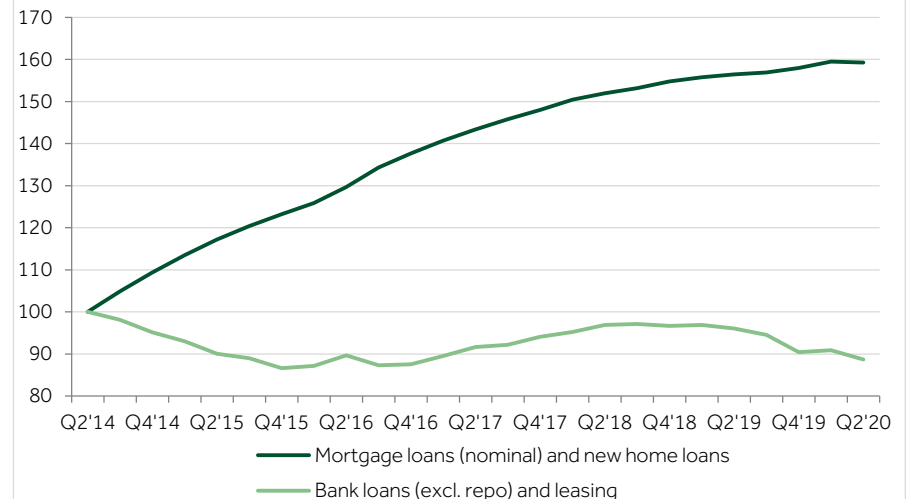
## Mortgage-like share of lending up 11pp since merger to 78%



## Mortgage lending growth remains highly resilient



## Selective repatriation of Totalkredit loans fully accomplished



## Recent repricing initiatives

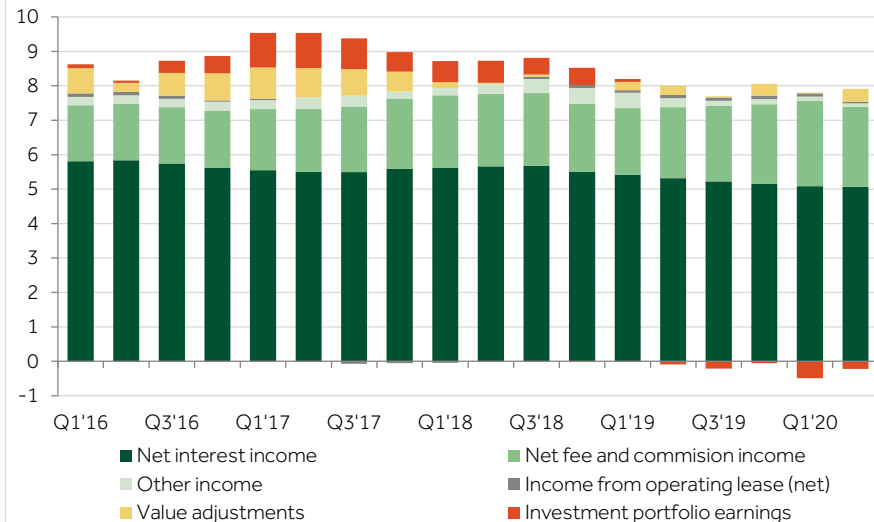
**Lower deposit rates for private clients:** Jyske Bank has successfully introduced negative deposit rates for private clients' deposits.

- A gross amount of DKK 10bn of private clients' deposits impacted with DKK 750K threshold from 1 December 2019. An additional DKK 25bn (gross) of deposits impacted with DKK 250K threshold from 1 May 2020.

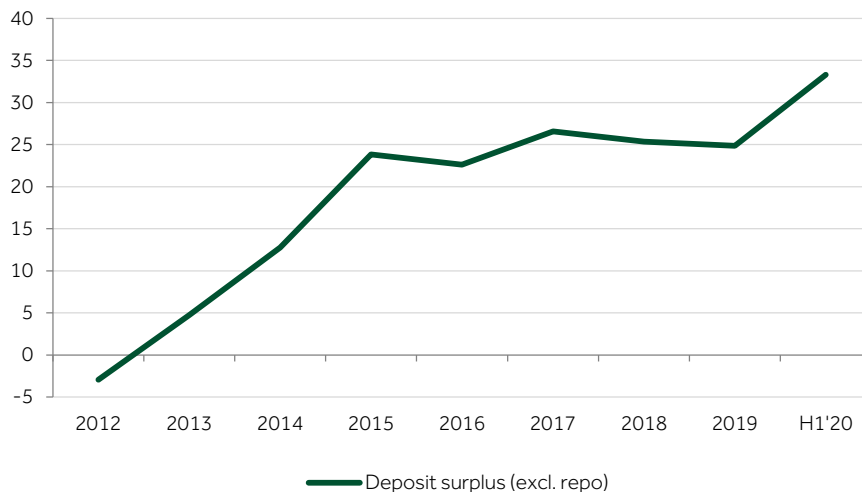
**Lower deposit rates for corporate clients:** Jyske Bank lowered deposit rates for corporate clients during H2 2019. Furthermore, Jyske Bank recently announced that corporate deposit rates will be lowered by an additional 15bp from 1 November 2020.

**Changes to fee structure:** During the last year, Jyske Bank has adjusted the fee structure to reflect the negative interest rate environment and increasingly cashless society. Moreover, services involving assistance from advisors as well as some basic banking services have been repriced. This should support fee income/productivity.

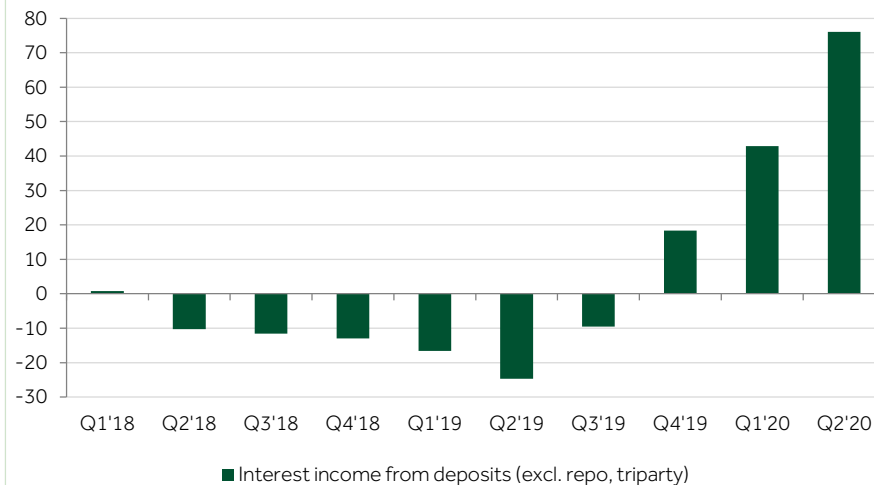
## Total income is under pressure (trailing four quarters, DKKbn)



## Increasing importance of deposit profitability (DKKbn)



## Lower deposit rates have increased interest income (DKKbn)



## Cost-cutting to support profitability initiatives

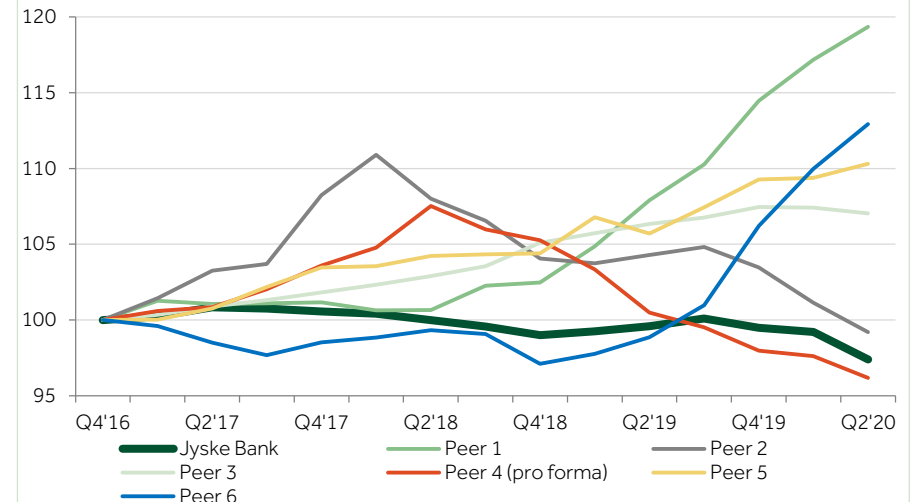
### A strong cost development despite challenging environment

- Since 2016, Jyske Bank has reduced underlying expenses by approximately 3% compared with peers' average increase of 7%. Meanwhile, the number of employees has been reduced 14%.
- Cost reductions have been achieved, while increasing the market share of lending and despite significant inflationary trends in the period.

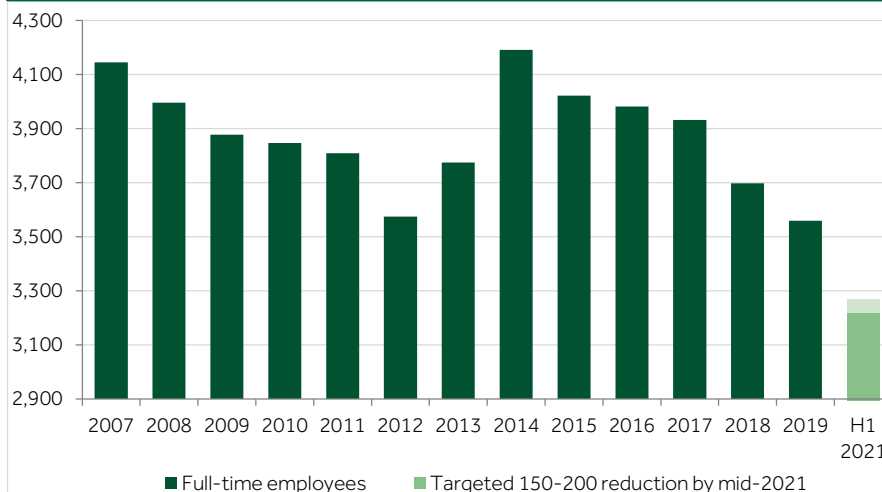
### Branch network to be reduced amid elevated pace of headcount reduction

- The number of branches will be brought down by approximately 20% and the number of FTEs will be reduced by 4-6% by mid-2021.
- The initiatives reflect an increased demand for digital banking services and normalization of market share of branches following period of above-market growth.

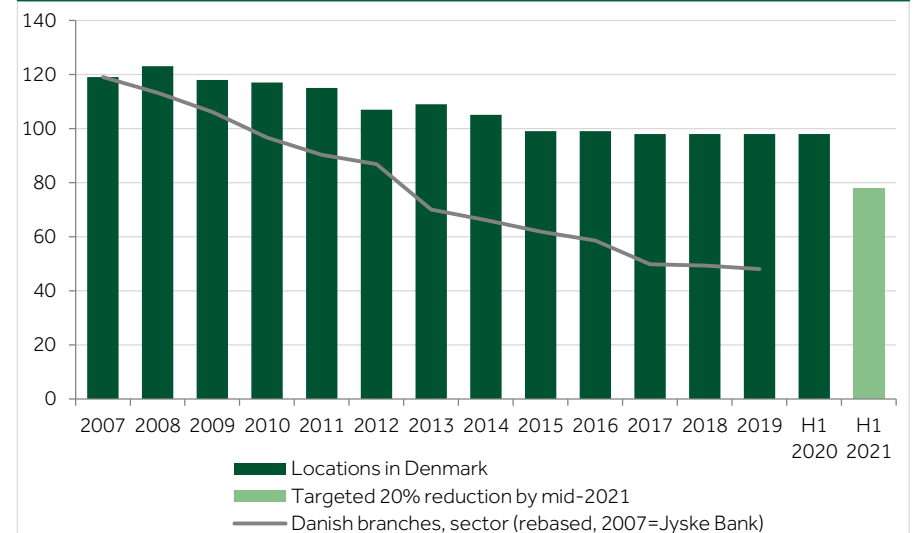
## Expenses excl. one-off items (trailing four quarters, 2016=100)



## Reduction of headcount has accelerated since 2017



## Branch network under structural pressure from digital banking



## Shareholders' view

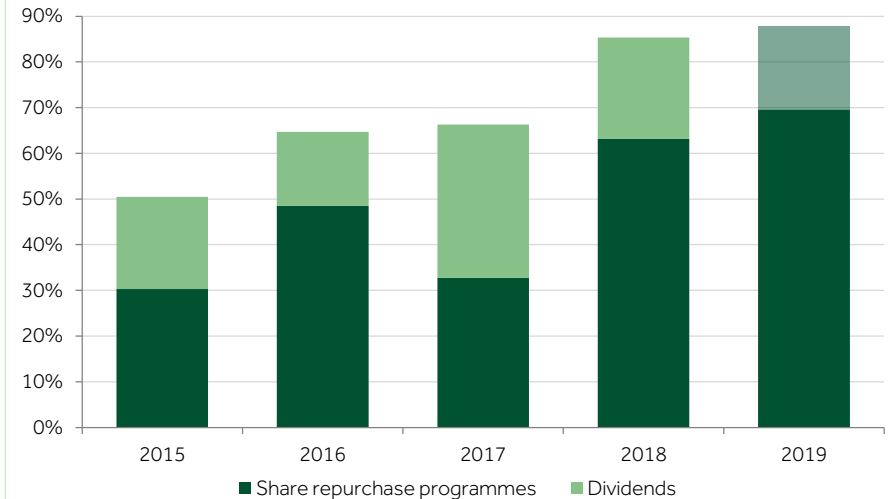
**Book value per share** has increased 39% since 2015, as the number of shares outstanding was reduced 18%.

**Total payout ratio** has increased in recent years with an increasing share of share repurchase programmes, despite cancellation of remaining DKK 412m of a share repurchase programme due to the COVID-19 outbreak.

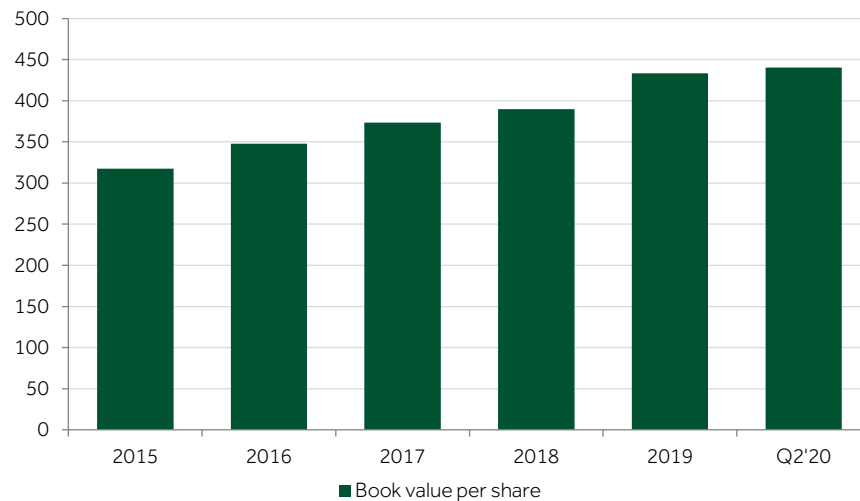
**Solid capital position** with capital ratio of 22.2% and CET1 ratio of 17.3% vs. targets of 20-22% and 15-17% for the next 2-3 years, respectively.

**Potential for capital distribution** is underpinned by increasingly low risk business model. The Supervisory Board of Jyske Bank will consider the possibilities of activating the capital distribution policy, when the economic consequences of the COVID-19 outbreak have been clarified to a greater extent.

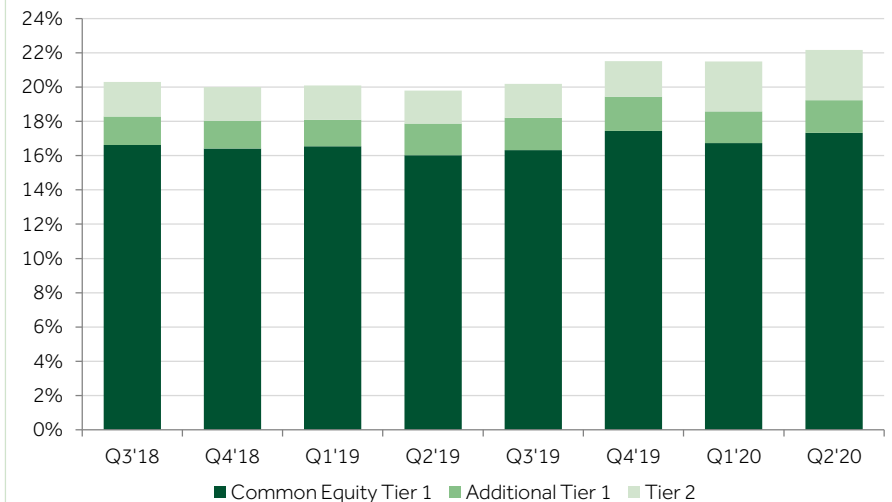
## Total payout ratio



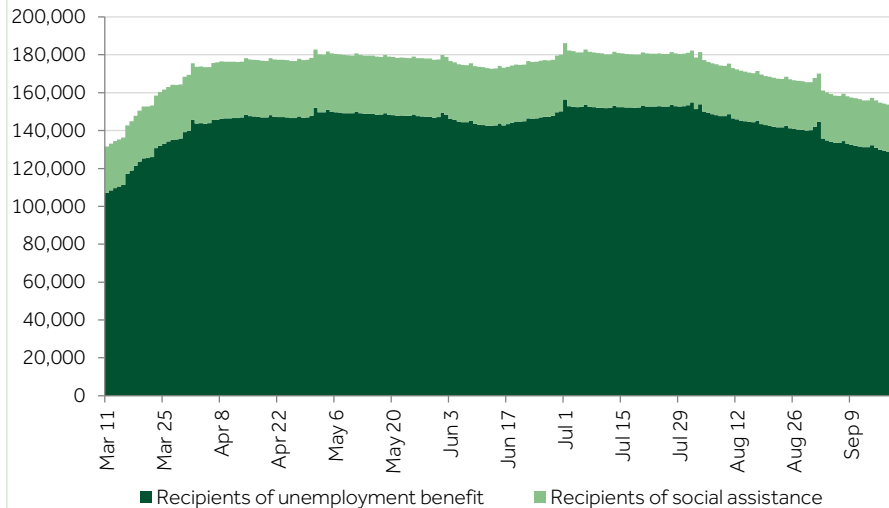
## Book value per share (DKK)



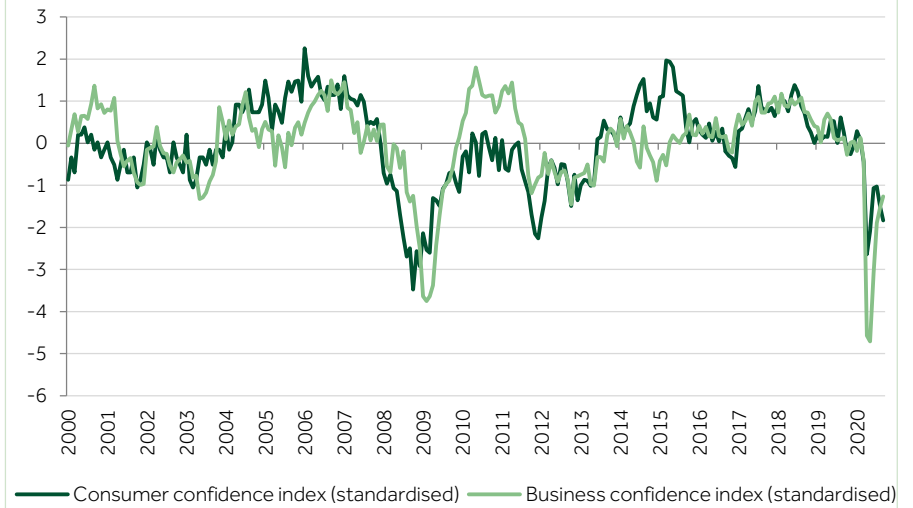
## Capital ratios



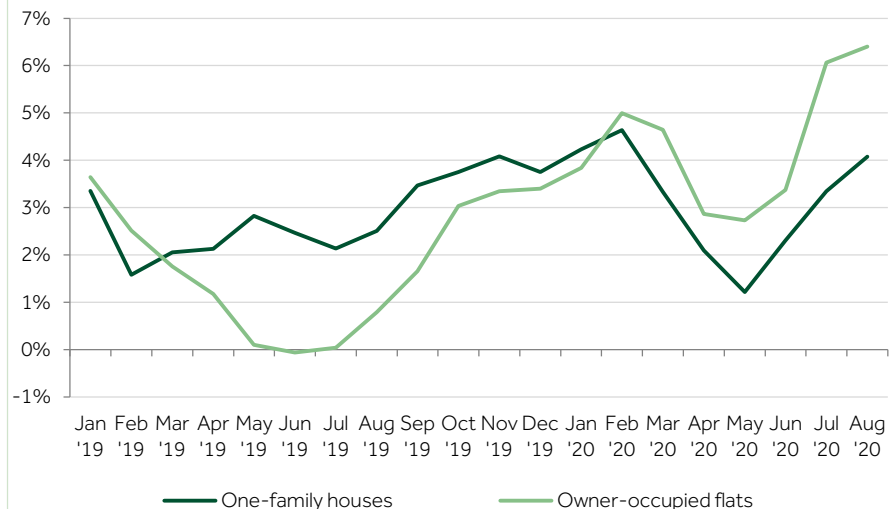
## COVID-19 has increased unemployment by approx. 20,000



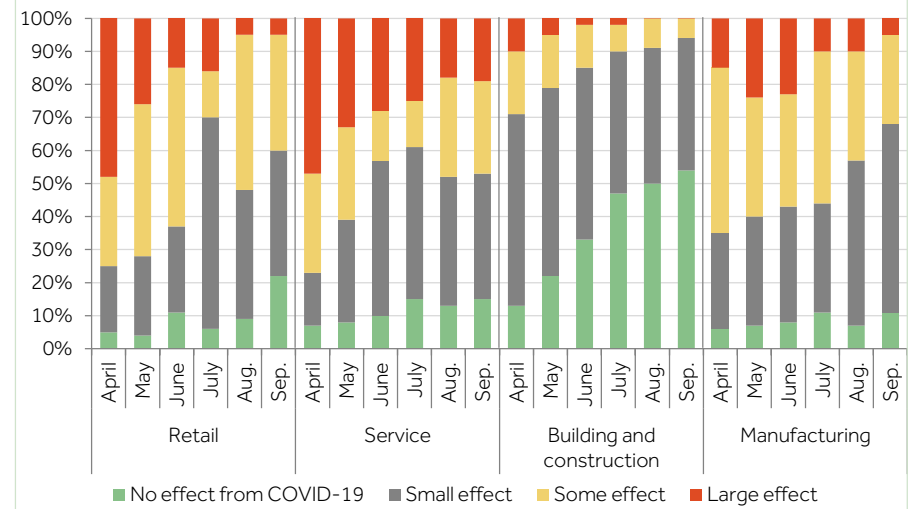
## Danish consumer and business confidence remain subdued



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



## Impact from COVID-19 has decreased since April



## Comments

### Compensation schemes of an accumulated DKK 23bn largely ended in August 2020.

- Commerce, hotels and restaurants and transport have received 51% of COVID-19 compensation. The sectors make up approximately 4% of Danish sector lending.
- Approximately 277,000 workers have at some point been covered by salary compensation scheme.

### Postponed taxes and VAT of potentially DKK >100bn to be paid by mid-2021.

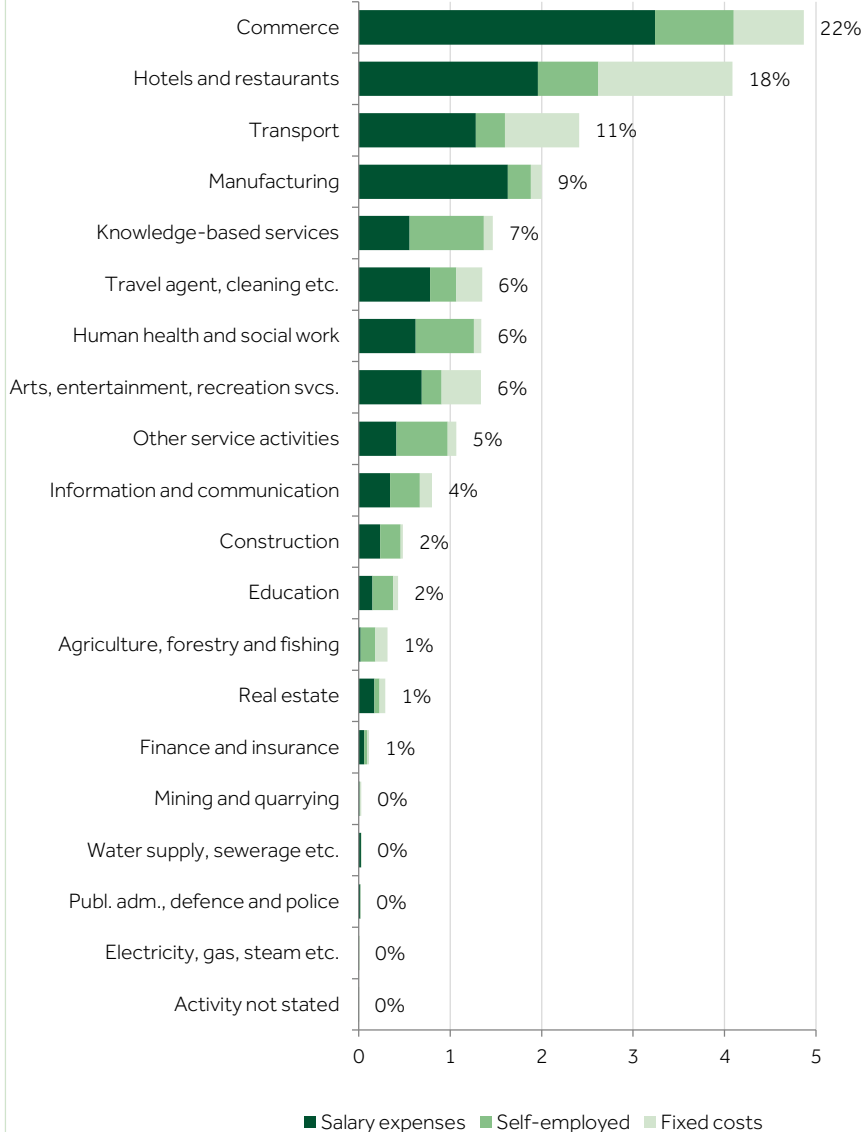
- Postponed VAT of DKK ~50bn to be paid by double payments due in September, October 2020 and March 2021. VAT loans of DKK 7bn due in April 2021.
- Postponed taxes etc. of up to DKK 74bn to be paid with double payments due in January, March and May 2021.

### Holiday allowance of potentially DKK 39bn (net) to be paid out in October 2020.

## Workers covered by salary compensation scheme (#)



## Compensation schemes by sectors (DKKbn/share of total)



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