

## Interim Financial Report, Q1 2024

- Net interest income rose by 11% to DKK 2,462m (Q1 2023: DKK 2,224m)
- Core income was up by 4% to DKK 3,430m (Q1 2023: DKK 3,310m)
- Core expenses rose by 5% to DKK 1,557m (Q1 2023: DKK 1,480m)
- Loan impairment charges amounted to an expense of DKK 82m (Q1 2023: DKK 96m)
- Net profit was nearly unchanged at DKK 1,286m (Q1 2023: DKK 1,289m).
- Capital ratio at 22.0%, of which common equity tier 1 capital ratio at 16.6% (Q1 2023: 19.6% and 15.4%, respectively)
- Dividend of DKK 500m, corresponding to DKK 7.78 per share, adopted at the Annual General Meeting and paid out to the shareholders in March 2024
- Share buy-back programme of up to DKK 1.5bn launches on 3 June.

## Summary

*"Q1 2024 showed a net profit of DKK 1.3bn. This is in line with the highest results for the first quarter of the year so far due especially to the higher level of interest rates which more than offset the effect from low activity in the housing market. The quarter was characterized by continued solid operations and work on the upcoming migration of PFA Bank. Jyske Bank's capital position has been fully restored after the acquisition of Handelsbanken Denmark underpinned by two issuances in Q1 2024. Due to the strong capital position we are able to launch a share buy-back programme of DKK 1.5bn,"* says Lars Mørch, CEO and Managing Director.

In Q1 2024, Jyske Bank's net profit was nearly unchanged at DKK 1,286m against DKK 1,289m the year before. The results were lifted by higher net interest income due to the higher level of interest rates which has improved the profitability of the Group's excess liquidity. Net fee and commission income showed a setback despite the acquisition of PFA Bank due to low activity in the housing market. Value adjustments still contributed positively due to the development in the financial markets. Core expenses rose by 5% as a result of collectively prescribed salary increases and the acquisition of PFA Bank. Credit quality remained solid and post-model adjustments concerning loan impairment charges increased even further to a historically high level.

In 2022, Jyske Bank acquired Handelsbanken Denmark and in 2023, it acquired PFA Bank. The integration of the former Handelsbanken Denmark was completed according to plan in 2023. The integration of PFA Bank is also proceeding according to plan. Administration and management of PFA Invest will be transferred to BankInvest before the end of the first half of 2024, paving the way for a smooth client transfer. The approach underlines Jyske Bank's focus on client needs which contributed to Jyske Bank's private banking clients having been Denmark's most satisfied clients for the past eight years running according to Voxmeter.

In recent years, the corporate clients area has increased business volumes although the development in Q1 2024 reflected a moderate market development. Corporate clients as well as personal clients now also have access to VISA's loyalty programme in cooperation with approx. 1,500 partner stores and webshops. The personal clients area continued recent years' focus on a further strengthening of client retention through initiatives targeted at even better client experience. For instance home improvements, energy optimization, pension payments, etc. are included in holistic advisory services to clients in connection with their remortgaging of loans. During 2024, Jyske Bank has also introduced further attractive savings products and improved the offering of products for home financing. Towards the end of 2024, Jyske Bank expects to update its business strategy.

Jyske Bank aims to be an active and constructive part of the green transition and Jyske Bank's target is net zero CO<sub>2</sub> emission across business-oriented activities in the form of loans and investments not later than in 2045 and 2050, respectively. In addition, Jyske Bank aims at lending growth contributing to mitigate climate changes, and the CO<sub>2</sub> emission from Jyske Bank's own activities must be reduced by 65% from 2020 to 2030.

Jyske Bank's Supervisory Board announced on 21 March 2024 that it had employed Jacob Gyntelberg as Managing Director, Chief Risk Officer (CRO) and new member of the Group Executive Board. Jacob Gyntelberg is 56 years old, PhD from Copenhagen University and has since 2021 been Director of Economic and Risk Analysis at the European Banking Authority (EBA). During the period 2019-2021, Jacob Gyntelberg was Deputy Chief Risk Officer at Nordea, and previously he held executive positions at Danske Bank, Bank for International Settlements (BIS), Nykredit and Danmarks Nationalbank. Jacob Gyntelberg will take office as soon as possible.

### **Earnings per share DKK 19.0 in Q1 2024**

Earnings per share were DKK 19.0 against DKK 19.5 the previous year, corresponding to a net profit of DKK 1,286m corresponding to a return of 11.4% p.a. on equity against DKK 1,289m and 13.2% p.a., respectively in Q1 2023.

Jyske Bank's bank loans were roughly unchanged at the end of the first quarter of 2024 relative to the end of 2023. Bank deposits declined by 5% due to a lower amount of time deposits from corporate clients whereas personal clients continued to opt for savings products with higher interest rates. Nominal mortgage loans were roughly unchanged since higher loans to corporate clients were offset by lower loans to personal clients.

Core income rose by 4% relative to Q1 2023 due to higher net interest income. Net interest income rose by 11% due to the higher level of interest rates which has, among other things, improved the profitability of Jyske Bank's bond holdings and central bank placements. Danmarks Nationalbank's rate of interest on certificates of deposit rose from 1.75% p.a. at the beginning of 2023 to 3.60% p.a. at the beginning of 2024.

Net fee and commission income decreased 8%, due partly to lower mortgage and loan application fees. The low activity level reflects the implementation of the tax reform in the housing market, low remortgaging activity and that large parts of the Danish economy were despite a continued resilient labour market marked by a mild slowdown as a consequence of the interest-rate increases of recent years.

Value adjustments were at the same level as Q1 2023 despite large fluctuations in the financial markets with both increasing interest rates and narrowing spreads of Danish mortgage bonds. Other income declined from a high level due to lower dividends from shares, whereas a gradual normalisation of favourable sales conditions in the used-car market caused a decline in income from operating lease (net) from a high level.

Core expenses rose by 5% compared with Q1 2023. The increase can be attributed to collectively prescribed salary increases relating to the collective agreement at 4.5%, the derived effect from the abolishment of All Prayers Day, the acquisition of PFA Bank and a higher number of full-time employees relating to financial crime prevention. The cost/income ratio was practically unchanged at 45.4% in the first quarter of 2024 against DKK 44.7% in the first quarter of 2023. Add to this, non-recurring costs relating to the acquisitions of Handelsbanken Denmark and PFA Bank at DKK 22m against DKK 38m in the first quarter of 2023.

Loan impairment charges amounted to an expense of DKK 82m in the first quarter of 2024 against an expense of DKK 96m in the first quarter of 2023. Post-model adjustments relating to loan impairment charges were over the quarter raised by DKK 63m to DKK 1,997m as the result of a proposal for a carbon tax on agriculture. The credit quality is still solid with a low level of non-performing loans and a low level of actual write-offs.

At the end of Q1 2024, Jyske Bank's common equity tier 1 capital ratio was 16.6%, which is within the targeted range of 15%-17%. In Q1 2024, Jyske Bank distributed a dividend at DKK 500m or DKK 7.78 per share. Also, Jyske Bank issued tier 2 capital at EUR 500m and additional tier 1 capital at EUR 300m over the quarter. In Q1 2024, the issues contributed to an increase in the total capital ratio to 22.0% from 21.0%, which is at the top end of the targeted range at 20%-22%. The

solid capital position paves the way for a good basis prior to the launch of a new share buy-back programme of up to DKK 1.5bn on 3 June 2024.

### **2024 outlook**

For 2024, Jyske Bank continues to estimate a net profit in the range of DKK 4.3bn-5.1bn, corresponding to earnings per share in the range of DKK 64-76.

Core income is expected to decline in 2024, in particular as a result of lower value adjustments which were at a historically high level in 2023. Expectations mirror slow growth in the Danish economy and a reduction of Danmarks Nationalbank's deposit rate at 0.75 percentage point in 2024.

Core expenses inclusive of non-recurring costs are expected to remain roughly unchanged in 2024. Non-recurring costs for the integration of Handelsbanken Denmark and PFA Bank are expected to total up to DKK 0.2bn. Expenses relating to the collective agreement and PFA Bank are also expected to be practically offset by higher cost synergies from the acquisition of Handelsbanken Denmark as well as lower integration and restructuring costs.

It is presumed that loan impairment charges will be at a higher level in 2024 than in 2023. In 2023, actual write-offs were at the lowest level for more than a decade, the proportion of non-performing loans was also at a low level, and post-model adjustments, mirroring, among other things, risks involved in the expected economic development, amounted to DKK 1.9bn at the end of 2023. This provides a solid basis of addressing macroeconomic risks.

The expectations involve uncertainty and depend, for instance, on macroeconomic circumstances and the development in the financial markets.

### **Webcast and conference call**

Jyske Bank will host a conference call in English targeting investors and analysts today at 2.10 p.m. CET ([link](#)). Conference call and presentation will be available via [jyskebank.com/investorrelations](https://jyskebank.com/investorrelations).

Yours faithfully,  
Jyske Bank

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