

Interim Financial Report Q1 - Q3 2023

- Earnings per share rose by 94% to DKK 62.0 (Q1-Q3 2022: DKK 31.9)
- For 2023, it is now anticipated that earnings per share will be at the upper end of the range of DKK 70-80
- Pre-tax profit of DKK 5,501m is a doubling relative to Q1-Q3 2022 (DKK 2,742m)
- Net interest income rose by 75% to DKK 7,155m (Q1-Q3 2022: DKK 4,083m)
- Core income was up by 70% to DKK 10,244m (Q1-Q3 2022: DKK 6,025m)
- Core expenses rose by 27% to DKK 4,498m (Q1-Q3 2022: DKK 3,550m)
- Loan impairment charges amounted to an expense of DKK 96m (Q1-Q3 2022: income of DKK 447m)
- The capital ratio is 20.9 of this a common equity tier 1 capital ratio at 16.7 compared with 19.5 and 15.2 at end-2022
- The 30 planned branch mergers attributed to the acquisition of Handelsbanken Denmark have been implemented
- The acquisition of Handelsbanken Denmark is expected to contribute with an additional DKK 0.3bn to a total of DKK 1.3bn p.a. to the pre-tax profit with full effect as from 2025
- The acquisition of PFA Bank A/S closed on 1 October 2023
- For adoption at an extraordinary general meeting on 1 December 2023, the Supervisory Board proposes distribution of an extraordinary dividend at DKK 500m, equivalent to DKK 7.78 per share
- Due to the higher earnings capacity, the Supervisory Board will aim for a mix of dividends and share buybacks as capital distribution going forward
- The activities from Kgs. Lyngby, Havneholmen and Vesterbrogade will be gathered at Kalvebod Brygge in Copenhagen as from mid-2025
- Lars Stensgaard Mørch will take over as CEO and Managing Director from Anders Dam on 1 November 2023.

Summary

"Jyske Bank's earnings per share rose by 94% to DKK 62 in the first nine months of 2023 and have already now exceeded the record-setting year 2022. The increase was due to the acquisition of Handelsbanken Denmark, a higher interest-rate level and a favourable development in the financial markets. The integration of the former Handelsbanken Denmark is still on track. The last of the 30 branch mergers were implemented in October, and the migration from BEC to Bankdata will take place on 11 November 2023. On 1 October, we welcomed new colleagues and clients following the acquisition of PFA Bank which contributed to a further strengthening of the business volume within asset management and wealth management advice. On the basis of the positive trend in 2023, we now expect to report results at the upper end of the range of DKK 70-80 per share, and consequently, the Supervisory Board recommend a dividend at DKK 500m at an extraordinary general meeting on 1 December 2023," says Anders Dam, CEO and Managing Director.

Earnings per share amounted to DKK 62.0 in the first nine months of 2023 against DKK 31.9 in the same period in 2022. The improved performance was driven by 75% higher net interest income due to the acquisition of Handelsbanken Denmark and the higher interest-rate level. The Danish central bank's rate of interest on certificates of deposit rose from -0.6% at mid-2022 to 3.6% p.a. Net fee and commission income showed a minor setback due to lower activity in the property market and lower lending activity. The lower activity level mirrors that large parts of the Danish economy were dominated by a slowdown in growth in the first nine months of 2023 despite a continued resilient labour market. The slowdown in growth can primarily be attributed to the solid increase in interest rates. As expected, core expenses were up due to the acquisition of Handelsbanken Denmark whereas the cost/income ratio was reduced to 44% in the first nine months of 2023 from 59% in 2022. Credit quality remained solid and offers a good basis for countering macro-economic uncertainty

and moderate growth prospects for the Danish economy with a management's estimate at DKK 1,415m. Based on the development in the first nine months of 2023, earnings expectations for 2023 were raised three times from originally DKK 55-65 per share and most recently narrowed to the upper end of the range of DKK 70-80 per share.

After almost 34 years with Jyske Bank - of these the past 28 years on the Group Executive Board - Anders Dam has decided to retire at end-October 2023, cf. Corporate Announcement No. 15/2023. Jyske Bank's balance sheet has increased more than tenfold since Anders Dam took over as CEO and Managing Director in 1997, and earnings per share have risen from DKK 9.7 in 1997 to expectedly up to DKK 80 in 2023. With effect as from 1 November 2023, Jyske Bank's Supervisory Board has employed Lars Stensgaard Mørch as new CEO and Managing Director. In addition, Managing Director, Per Skovhus, has announced his wish to retire in the course of the first half of 2024.

On 21 July 2023, Standard & Poor's upgraded Jyske Bank's issuer rating to 'A+' from 'A'. The higher rating was due to a higher level of eligible liabilities, improved profitability, and a solid capital base. Outlook is considered stable. No Danish financial institutions have a higher issuer rating at Standard & Poor's.

On 13 June 2023, Jyske Bank announced the acquisition of PFA Bank and an agreement with PFA Invest on the administration and portfolio management of the clients' funds. The price totalled DKK 247m inclusive of equity of DKK 120m and the acquisition was implemented on 1 October 2023 following approval by the Danish Competition and Consumer Authority. Jyske Bank took over approx. 10,000 personal clients and private banking clients, deposits of DKK 0.7bn, assets under management of DKK 16.1bn and 40 full-time employees. Non-recurring costs are expected to amount to approx. DKK 50m in 2024, inclusive of IT integration in H1 2024. The deal is expected to give a positive contribution to the net profit before non-recurring costs in 2024 and to have its full financial impact as from 2025. Jyske Bank has a good value proposition within asset management and wealth management advice, and the Group's private banking clients have according to the research company Voxmeter been Denmark's most satisfied clients for the past eight years running.

The acquisitions of Handelsbanken Denmark in 2022 and PFA Bank in 2023 mirror Jyske Bank's ambitions of high-quality growth and underline the Group's desired role in market consolidation. The larger scale supports the possibilities of developing and offering attractive products and services to Jyske Bank's existing and future clients. The acquisitions also offer the possibility of realising economies of scale based on a common IT platform starting with Handelsbanken Denmark as of November 2023.

The integration of the former Handelsbanken Denmark is proceeding according to plan as regards financial, business and organisational issues. The future tasks of all employees were clarified in Q1 2023, when also business analyses, forming the basis of the migration of data to Bankdata from BEC, were finalised. Branch mergers in cities where both the former Handelsbanken Denmark and Jyske Bank were present have reduced the total number of branches by 1/4 after the last planned mergers were implemented in October 2023. The preparations for the migration data to Bankdata from BEC are proceeding according to plan following a successful trial run conducted in October 2023 with more than 200 employees involved. The acquisition of Handelsbanken Denmark is already now estimated to have attained the 2025 target of a contribution to the Group's pre-tax profit at DKK 1.0bn p.a., and the potential for the pre-tax profit is estimated to be approx. DKK 0.3bn above the original expectations.

Jyske Bank will gather activities from Jyske Realkredit's head office at Kgs. Lyngby, the head office of the former Handelsbanken Denmark at Havneholmen as well as existing business activities at Vesterbrogade at Kalvebod Brygge in Copenhagen as from mid-2025. The re-location is expected to create a good physical working environment for the employees, a strong professional environment and will also result in cost synergies.

In the first nine months of 2023, the corporate client area realised continued advance in business volume. In July 2023, The European Investment Bank (EIB) and Jyske Bank signed a loan agreement of DKK 1.5bn to support small and medium-sized enterprises in Denmark with particular focus on climate-relevant business models or investment plans. Jyske Forsikring has developed insurance concepts targeted at specific sectors to the benefit of corporate clients. The personal client area launched new strategic initiatives in order to implement best practice in connection with the acquisition of Handelsbanken Denmark and on a further strengthening of the local mandata as well as initiatives to obtain even better client experiences. The first nine months of 2023 were dominated by branch mergers, organisational changes, client sat-

isfaction analyses and a more client-oriented adviser model with easier access to personal advisers and specialised advisory services when required. According to Voxmeter's image survey Jyske Bank reported the most significant improvement among Danish banks.

Jyske Bank's product range was also supported by the recent introduction of the bank mortgage loan "Prioritetslån+". The loan is designed for personal clients who want flexibility in their financial affairs and makes it possible to link a deposit account on attractive terms and conditions. Moreover, Jyske Bank announced positive deposit rates on transaction accounts for both personal clients and corporate clients. The offering of savings products and fixed-term deposits was also improved, including a recently launched interest-rate guarantee of 3% p.a.

Running a sustainable and responsible business is one of Jyske Bank's targets, and climate is the most important impact area for the Group. Jyske Bank's target is net zero CO₂ 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 for the CO₂ emission from Jyske Bank's own activities the target is a reduction of 65% from 2020 to 2030.

In the first nine months of 2023, Jyske Bank established two additional solar cell systems with respect to meeting the intermediate target for 2030. Sustainability was promoted through webinars about energy renovation of properties, climate project days for agricultural clients and the possibility of sustainability-linked financing. Jyske Realkredit was awarded the Euronext prize for issuing the highest amount of green mortgage bonds in terms of volume in 2023. The resources of the special branch, Green Energy, was expanded considerably, supporting the ambition to increase the financing of renewable energy production even further. Jyske Bank also introduced Jyske Billån offering a favourable loan rate for cars with low emission intensity and a "Fyr dit fyr" loan targeting the change of sources of heating. The latter complements the sustainable value proposition to homeowners of energy loans and partnerships targeted at the change of sources of heating.

Earnings per share DKK 62.0 in Q1-Q3 2023

Earnings per share rose to DKK 62.0 from DKK 31.9, corresponding to a net profit of DKK 4,106m and a return of 13.5% p.a. on equity against DKK 2,194m and 7.9% p.a., respectively in the first nine months of 2022.

Jyske Bank's loans and advances were roughly unchanged at the end of the third quarter of 2023 relative to the end of 2022. Loans and advances under banking activities declined by 4%, which can partly be attributed to deferred tax and VAT payments. Bank deposits were up by 3% due to a higher amount of time deposits from corporate clients whereas personal clients selected savings products with higher interest rates. Leasing and car financing realised an increase of 4% driven by corporate clients. Nominal mortgage loans rose by 1% since higher loans and advances to corporate clients more than offset a lower amount of loans and advances to personal clients.

Core income rose by 70% relative to the first nine months of 2022 due to markedly higher net interest income and value adjustments. Net interest income was up by 75% and was supported by a higher interest-rate level as well as higher loans and advances to corporate clients and the acquisition of Handelsbanken Denmark. Net fee and commission income declined from a record-high level due to slower loan and refinancing activity compared with the first nine months of 2022. Value adjustments showed a historically significant increase due to more favourable financial markets. Other income declined from an very high level whereas favourable sales conditions in the used car market contributed to sustained high income from operating lease (net).

Core expenses rose by 27% compared to the first nine months of 2022. The increase can primarily be attributed to the acquisition of Handelsbanken Denmark which contributed, among other things, to an increase in the number of full-time employees as well as higher expenses for data processing centres and write-offs on acquired client relations. Underlying core expenses rose by 3%, among other things, as a result of an increased number of full-time employees allocated to prevention of financial crime as well as wage increases relating to the collective agreement of 4.5%. In addition, non-recurring expenses of DKK 156m relating to the acquisition of Handelsbanken Denmark against DKK 78m the year before.

Loan impairment charges amounted to an expense of DKK 96m against an income of DKK 447m in the first nine months of 2022. Credit quality is still solid with a low level of non-performing loans and the level of post-model adjustments relating to loan impairment charges was DKK 1,415m.

At the end of the third quarter of 2023, Jyske Bank's common equity tier 1 capital ratio was computed at 16.7%, which is within the targeted range of 15%-17%. The capital position has been deducted the expected dividend due to the Supervisory Board's recommendation for an extraordinary dividend at DKK 500m, equivalent to DKK 7.78 per share, based on the solid earnings in the first nine months of 2023. Due to the higher earnings capacity the aim of the Supervisory Board is that capital distribution will consist of both dividends and share buy-backs going forward.

2023 outlook

Jyske Bank anticipates earnings per share at the upper end of the range of DKK 70-80 for 2023. This corresponds to a net profit at the upper end of the range of DKK 4.7bn-5.3bn. Jyske Bank upgraded its earnings expectations on 8 February, 18 April and 11 July. Originally announced expectations pointed to earnings per share of DKK 55-65, corresponding to a net profit of DKK 3.7bn-4.3bn.

Core income is expected to surge in 2023, especially due to the acquisition of Handelsbanken Denmark and the effect from a higher level of interest rates.

Likewise, core expenses are expected to rise significantly in 2023. The increase can primarily be attributed to the acquisition of Handelsbanken Denmark. To this must be added derived integration and restructuring costs of about DKK 0.3bn.

Loan impairment charges are expected to amount to a minor expense in 2023.

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 1.30 p.m. CET ([link](#)). Conference call and presentation will be available via www.jyskebank.dk/ir.

Yours faithfully,
Jyske Bank

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