

## Interim Financial Report, Q1 2022

- Earnings per share: DKK 12.1 (Q1 2021: DKK 11.6)
- Net interest income: DKK 1,312m. (Q1 2021: DKK 1,224m)
- Net fee and commission income: DKK 683m (Q1 2021: DKK 576m)
- Value adjustments: DKK 9m (Q1 2021: DKK 362m)
- Core income: DKK 2,189m (Q1 2021: DKK 2,235m)
- Core expenses: DKK 1,160m (Q1 2021: DKK 1,171m)
- Impairment charges: DKK -55m (Q1 2021: DKK 10m)
- Pre-tax profit amounted to DKK 1,088m, corresponding to a pre-tax return on equity of 12.0% p.a. (Q1 2021: DKK 1,129m and 12.9% p.a.)
- Net profit amounted to DKK 851m, corresponding to a return on equity of 9.3% p.a. (Q1 2021: DKK 883m and 10.0% p.a.)
- Capital ratio 21.6%, of which common equity tier 1 capital ratio of 17.2% (Q1 2021: 23.2% and 18.0%, respectively)
- Individual solvency requirement: 10.7% (Q1 2021: 11.5%).

## Summary

*"Indeed, Russia's invasion of Ukraine left its mark on the first quarter of 2022. The war has resulted in huge human costs, put millions of Ukrainians to flight and changed the geopolitical world order. Jyske Bank attempts to make a small contribution to alleviate the situation for Ukrainian refugees in Denmark by creating 15 - 20 jobs for these refugees. In addition, the employees of the Jyske Bank Group have been given the opportunity to take one or two days off each month over the rest of 2022 to offer voluntary work in consequence of the refugee situation. Furthermore, we focus on assisting clients handling the implications of the war and complying with the extensive international sanctions against Russia. Jyske Bank's direct exposure to Russia and Ukraine is limited. The Group is well-capitalised and well prepared to handle more uncertain economic conditions. Compared to the first quarter of 2021, Jyske Bank realised increasing results exclusive of value adjustments, and as announced the outlook for 2022 has been upgraded. The development is supported by the highest growth in bank loans and advances for more than a decade as well as a generally high level of activity", states Anders Dam, Managing Director and CEO.*

The upswing in the Danish economy continued in the first quarter of 2022. The development was supported by an upswing in economic activity globally with high consumer demand as well as the reopening of society after a period characterised by COVID-19. The positive development continued despite supply chains being under pressure, a tight labour market, as well as accelerating inflation. The Danish economy will be impacted by effects from Russia's invasion of Ukraine, including steeply rising energy prices and lower demand in export markets. On that basis, economic growth will probably be more modest.

In addition to Russia's invasion of Ukraine, rising interest rates, volatile financial markets and accelerating inflation in the first quarter of 2022 intensified our focus on proactive advice to our clients in a situation where consumer confidence has reached the lowest level in several decades. Through dialogue with clients, focused information and numerous webinars, we aim to assist our clients to relate to their financial situation.

Since 2011, Jyske Bank has focused on optimisation of its business through material earnings and cost initiatives, new strategic partnerships, as well as organisational adjustments. Hence Jyske Bank has focused on the Group's core activities and divested non-core activities. Several acquisitions have been integrated, including the merger with BRFKredit in 2014 being the most important one. Throughout the period, increasing productivity has been the target. Organisational changes have been made with a view to focusing and strengthening client-oriented functions through the establishment

of the client units of Personal Clients, Corporate Clients and Private Banking as well as one development organisation across the Jyske Bank Group. On the whole, these initiatives help to ensure that Jyske Bank is well positioned for growth in the years to come.

In the first quarter of 2022, the corporate client area still increased its market share in a market showing high growth in bank loans and advances. The personal client area implemented further branch mergers, and as of 1 April 2022 it has introduced a new client programme with a view to securing that, in a profitable manner, Jyske Bank can offer its personal clients accessible, personal and competent advice as well as good and fast service. Also, the expansion of easy and digital access to Jyske Bank's services, among other things, in the form of self-service ordering of additional loans and a Jyske Forsikring (insurance) overview in Jyske Mobilbank. Finally, extensive training activities for advisers within the area of sustainability have been launched.

### **Earnings per share of DKK 12.1 in Q1 2022**

Net profit for the period at DKK 851m corresponded to a return on equity of 9.3 % p.a. against DKK 883m and 10.0% p.a., respectively, for the first quarter of 2021. Earnings per share came to DKK 12.1 against DKK 11.6. The still solid earnings per share can be attributed to a high level of activity, rising business volume, tight cost management and high credit quality, as well as a still falling number of shares in circulation.

In the first quarter of 2022, Jyske Bank's business volume continued to increase. Loans and advances under banking activities saw one of the highest growth rates reported so far, namely of 16% relative to the first quarter of 2021. The progress was still driven by corporate clients. Leasing and car financing realised an increase of 10%. Nominal mortgage loans rose by 2% due to higher loans to corporate clients, while mortgage loans to personal clients fell slightly. Bank deposits were practically at an unchanged level.

Core income fell by 2% relative to the first quarter of 2021. The decline was solely attributable to lower value adjustments, which fell from a very high level. All other items of income increased thanks to the rising business volume, reduced deposit rates, as well as higher fee income due to the generally high level of activity.

Core expenses fell by 1% relative to the first quarter of 2021. The decline can be attributed to a 1% reduction in the number of full-time employees as well as lower expenses for the shared development of a capital market programme at Bankdata as this was completed in 2021.

Loan impairment charges and provisions for guarantees amounted to an income of DKK 55m against an expense of DKK 10m in the first quarter of 2021. The credit quality is still solid with a low level of non-performing loans and advances. Jyske Bank has, however, made a management's estimate relating to impairment charges to counter any derived effects from Russia's invasion of Ukraine. The total management's estimates relating to impairment charges amounted to DKK 1,630m.

At the end of the first quarter of 2022, Jyske Bank's common equity tier 1 capital ratio was calculated at 17.2%, corresponding to excess capital of DKK 14.2 bn relative to regulatory requirements. The common equity tier 1 capital ratio fell by 1 percentage point in the first quarter of 2022 due to the increase of the current share buy-back programme by DKK 1 bn as well as the implementation of EBA guidelines, which have now been fully recognised. On the other hand, the requirement of the common equity tier 1 capital ratio has been reduced by 0.3 percentage point.

### **Outlook 2022**

Jyske Bank anticipates earnings per share at DKK 44 - 50 in 2022 in accordance with the Corporate Announcement No. 29/2022. This corresponds to a net profit of DKK 3.0 bn - 3.4 bn.

For 2022, the business volume is expected to be affected by increasing bank loans and advances as well as increasing nominal mortgage loans, in particular to corporate clients.

Core income may fall in 2022 due to lower value adjustments than in 2021.

Core expenses exclusive of one-off expenses are expected to decline in 2022 compared to 2021.

Loan impairment charges and provisions for guarantees are expected to amount to an income in 2022.

Yours faithfully,  
Jyske Bank

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