

## Interim Financial Report, Q1-Q3 2024

- Updated strategy and new long-term targets
- Earnings per share declined by 2% to DKK 60.5 (Q1-Q3 2023: DKK 62.0)
- The net profit was down by 1% to DKK 4,044m (Q1-Q3 2023: DKK 4,106m)
- Net interest income rose by 1% to DKK 7,211m (Q1-Q3 2023: DKK 7,155m)
- Core income was up by 1% to DKK 10,307m (Q1-Q3 2023: DKK 10,244m)
- Core expenses rose by 6% to DKK 4,768m (Q1-Q3 2023: DKK 4,498m)
- Loan impairment charges DKK 13m (Q1-Q3 2023: DKK 96m)
- Capital ratio at 22.6%, of which common equity tier 1 capital ratio of 17.2% (Q1 - Q3: 2023: 20.9% and 16.7%, respectively)
- Expected earnings per share in 2024 upgraded on 11 October to DKK 75-80 from the upper end of the range of DKK 64-76
- Share buy-back programme of DKK 1.5bn completed on 3 October 2024.

## Summary

*"Earlier in the month, Jyske Bank upgraded its outlook for 2024 due to a continued positive development. We are now launching a strategy to become an even better bank for our customers," says Lars Mørch, CEO and Managing Director, and continues:*

*"With a strong foundation in the Danish market and a number of positions of strength in servicing both personal and corporate customers, Jyske Bank will over the coming years do more of what we have shown that we are good at and accelerate development in the areas where we want to do better."*

*"We support customers, e.g., in their sustainable transition and use digitization proactively to the benefit of the customers and to increase efficiency. Based on the strategy, we have set financial targets according to which we aim to obtain a return on tangible equity of 10% based on a cost/income ratio below 50 supplemented by an attractive distribution to shareholders," says Lars Mørch, CEO and Managing Director.*

### Updated strategy

Jyske Bank utilizes the opportunities that arise to create value for customers, and the Group will seek out opportunities for cooperation and, in doing so, be an attractive partner for other players in the sector.

In the lead up to the strategy announcement, Jyske Bank has set up the organisation so that customer orientation is strengthened throughout the value chain and efforts and resources are efficiently channelled to where it benefits the customers the most and contributes the most to the Group's profitability. At the same time, risk management and digitization have been strengthened.

### Long-term financial targets

Jyske Bank expects a return on tangible equity of 10% in 2028 based on a presupposed common equity tier 1 capital ratio at the lower end of 15%-17%, a cost/income ratio below 50, and a normalised cost of risk of 8bp p.a. The ambition to distribute approx. 30% of shareholders' result supplemented by share buy-backs is maintained. In the coming years, the Danish economy is expected to be dominated by lower interest rates and balanced growth with high levels of employment and moderate inflation.

The targets reflect an underlying improvement in profitability aimed at mitigating expectations of significantly lower interest rates over the coming years. The targets will be achieved through stronger customer-orientation and focus on capital-light income as well as structural cost measures, ensuring continued investment in new technology and higher efficiency.

### **Other initiatives**

Prior to the update of its strategy, Jyske Bank changed its organisation to obtain stronger client orientation, higher professionalism in the Group's control set-up and higher development and implementation efficiency. Subsequently, the Group Executive Board will consist of the CEO and Managing Director, a Managing Director of Corporate Clients and Capital Markets, a Managing Director of Personal Clients and Wealth Management, a Managing Director of Digitization and Operations as well as a Chief Risk Officer.

In continuation of the organisational change, Erik Gadeberg was appointed new member of the Group Executive Board as Managing Director, Corporate Clients and Capital Markets. Erik Gadeberg has prior to this held the position as Managing Director of Capital Markets at Jyske Bank. He joined Jyske Bank in 1990 and has primarily been employed in functions associated with Capital Markets, including large corporates and institutional clients.

Managing Director Per Skovhus retired at the end of June 2024. Jacob Gyntelberg will take office on 6 December 2024 as Managing Director, Chief Risk Officer (CRO) and new member of the Group Executive Board. Since 2021, Jacob Gyntelberg has 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.

In 2023, Jyske Bank acquired PFA Bank, and the integration was in the first half of 2024 successfully completed according to plan. The IT migration to Bankdata from BEC was implemented in the second quarter of 2024 when also administration and management of PFA Invest were taken over by BankInvest to ensure smooth transfer for the clients. The approach underlines Jyske Bank's focus on client requirements which contributed to Jyske Bank's Private Banking clients having been Denmark's most satisfied clients for the past nine years running according to the research company Voxmeter.

In September 2024, Jyske Finans, which manages the Group's leasing activities, announced the acquisition of a leasing portfolio from Opendo. The acquisition supports Jyske Finans' leading position in the structurally growing leasing market with higher volume to the portfolio of cars on operational leasing contracts.

In Q1-Q3 2024, Jyske Bank introduced additional attractive savings products and sharper prices and offers for home loan products to personal clients. The flexible mortgage loan, Jyske Prioritet+, was highlighted by TÆNK, the Danish Consumer Council, with the rating 'Recommend'. Clients' credit cards were also improved through travel insurance and purchase warranty as well as VISA's loyalty programme with approx. 1,500 stores and web shops.

Jyske Bank's target is 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 offset climate changes, and the CO<sub>2</sub> emission from Jyske Bank's own activities must be reduced by 65% from 2020 to 2030.

### **Earnings per share DKK 60.5 in Q1-Q3 2024**

Earnings per share were DKK 60.5 against DKK 62.0 the previous year, corresponding to a net profit of DKK 2,623m or a return of 11.8% p.a. on equity against DKK 2,488m and 13.5% p.a., respectively in Q1-Q3 2023. Despite a lower pre-tax profit, the tax expense increased due to a higher special tax.

The reason for the lower results is particularly higher costs as a result of sector-wide, collectively prescribed salary increases and the acquisition of PFA Bank as well as lower gains from the sale of leasing cars. The development in Q1-Q3 2024 reflects a Danish economy growing moderately with continued high employment. The economy withstood interest rate hikes in 2022 and 2023, and an improved inflation outlook in June 2024 paved the way for Danmarks Nationalbank's first interest rate cut for several years, followed up by further cuts in September and October.

Jyske Bank's business volume showed an overall declining development in loans and deposits in Q1-Q3 2024, supplemented by a sizeable increase in the investment area. Bank loans decreased 5% due to lower loans to personal clients compared with end-2023. Bank deposits fell by 2% due to lower time deposits from corporate clients. Nominal mortgage loans were roughly unchanged since lower lending to personal clients were offset by a higher amount of lending to corporate clients. Assets under management rose by 14% due to a favourable development in the financial markets and net sales of investment solutions.

Core income rose by 1% relative to Q1-Q3 2023 due to a slight increase in most income items. Net interest income rose by 1% due to the higher level of interest rates. Net fee and commission income was up by 1% due to the acquisition of PFA Bank and a higher amount of assets under management. Value adjustments still contributed positively due to the development in the financial markets. Other income increased due to higher share dividends whereas a gradual normalisation of favourable sales conditions in the leasing car market caused a decline in income from operating lease (net).

Core expenses rose by 6% compared to Q1-Q3 2023. The increase can primarily be attributed to sector-wide, collectively prescribed salary increases of 3.7%, the derived effect from the abolishment of All Prayers Day and the effect from the acquisition of PFA Bank. In addition, the level of one-off items was at an elevated level.

Loan impairment charges amounted to DKK 13m in Q1-Q3 2024 compared with DKK 96m in Q1-Q3 2023. Management's estimates relating to loan impairment charges were in Q1-Q3 2024 reduced by DKK 151m to DKK 1,783m as the result of lower macroeconomic risks. The credit quality is still solid with a low level of non-performing exposures.

At the end of Q1-Q3 2024, Jyske Bank's common equity tier 1 capital ratio was 17.2%, which is above the targeted range of 15%-17%. In Q1-Q3 2024, Jyske Bank distributed a dividend of DKK 500m or DKK 7.78 per share and executed a share buy-back programme of DKK 1.5bn which was completed in early October. The share buy-back programme was the first since the acquisition of Handelsbanken Denmark and reflects a restored capital base supported by two capital issues in the first quarter of 2024. The issues contributed to an increase in the total capital ratio to 22.6%, above the targeted range at 20%-22%.

## 2024 outlook

For 2024, Jyske Bank estimates a net profit in the range of DKK 5.0bn-5.3bn, corresponding to earnings per share in the range of DKK 75-80. The outlook was in October 2024 upgraded from a net profit in the upper end of the range of DKK 4.3bn-5.1bn, corresponding to earnings per share in the upper half of the range of DKK 64-76. The upward revision was attributed to favourable financial markets and a solid credit quality.

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 moderate growth in the Danish economy and a reduction of Denmark's Nationalbank's deposit rate at 1.0 percentage point in 2024. Core expenses inclusive of non-recurring costs are expected to be slightly higher in 2024 compared with 2023. Non-recurring expenses for the integration of Handelsbanken Denmark and PFA Bank are expected to total DKK 0.1bn.

As in 2023, loan impairment charges are expected to be at a low level in 2024. 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 2.00 p.m. CET ([link](#)). Conference call and presentation will be available via [jyskebank.com/investorrelations](https://www.jyskebank.com/investorrelations).

Yours faithfully,  
Jyske Bank

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