

Interim Financial Report H1 2024

- Net interest income rose 5% to DKK 4,877m (H1 2023: DKK 4,639m)
- Core income rose 4% to DKK 6,828m (H1 2023: DKK 6,573m)
- Core expenses rose 6% to DKK 3,160m (H1 2023: DKK 2,974m)
- Loan impairment charges amounted to an expense of DKK 95m (H1 2023: DKK 109m)
- Net profit was up by 5% to DKK 2,623m (H1 2023: DKK 2,488m)
- Capital ratio at 21.9%, of this common equity tier 1 capital ratio at 16.6% (H1 2023: 20.3% and 16.1%, respectively)
- Net profit is expected to be in the upper half of the previously announced range of DKK 4.3bn-5.1bn in 2024
- Organisational change and appointment to the Group Executive Board
- Successful IT migration of PFA Bank from BEC to Bankdata
- Share buy-back programme of up to DKK 1.5bn launched on 3 June 2024

Summary

"In the first half of 2024, net profit was up 5% due to continued solid operations and the higher interest-rate level. The increase defied low housing market activity and significant inflationary headwinds. We anticipate net profit in the upper half of the earnings expectations of 2024 even though Danmarks Nationalbank in June initiated the lowering of monetary policy rates. The first half of 2024 also saw important initiatives, including an improved offering for several products for clients, a successful migration of PFA Bank to Jyske Bank's IT platform, and an organisational change designed to obtain stronger client orientation, higher professionalism in the control set-up and higher development and implementation efficiency,", says Lars Mørch, CEO and Managing Director.

Jyske Bank's net profit rose by 5% to DKK 2,623m in the first half of 2024. The advance was in particular fuelled by higher net interest income due to the higher interest-rate level and a favourable trend in the financial markets which more than offset the impact from higher core expenses as a result of for instance salary adjustments relating to the sector-wide collective agreement as well as the acquisition of PFA Bank. The development in the first half of 2024 reflects a robust Danish economy with continued high employment and a positive trend in activity. So far, the economy has held firm against the higher interest rates, and improved inflationary prospects in June 2024 paved the way for Danmarks Nationalbank's largest interest-rate cut since January 2015.

In May 2024, 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 and 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 until now 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.

As previously announced, Per Skovhus, Managing Director, retired at the end of June 2024. Jacob Gyntelberg will take office not later than 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 finalised successfully in the first half of 2024. 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 the first half of 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 'Recommended'. 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. Finally, a new cooperation agreement with MyHomes will ease Jyske Bank's existing clients' access to holiday homes abroad.

Jyske Bank's target is to be an active and constructive part of the green transition and 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 offset climate changes, and the CO₂ emission from Jyske Bank's own activities must be reduced by 65% from 2020 to 2030.

Earnings per share DKK 38.8 in H1 2024

Earnings per share were DKK 38.8 against DKK 37.5 the previous year, corresponding to a net profit of DKK 2,623m or a return on equity of 11.5% p.a. against DKK 2,488m and 12.5% p.a., respectively in the first half of 2023.

In the first half of 2024, Jyske Bank's general business volume showed a stable development with rising bank and mortgage exposure to private clients towards the end of the period and significant progress in the investment area. Bank loans decreased 2% due to lower mortgage-like bank loans to personal clients compared with end-2023. Nominal mortgage loans rose by 1% due to corporate clients. Bank deposits declined by 1% as a result of lower deposits from corporate clients, due partly to deferred payment deadlines in connection with the government's inflation support to Danish companies. Assets under management rose by 11% due to a favourable development in the financial markets and net sales of investment solutions.

Core income rose by 4% relative to the first half of 2023 due to higher net interest income. Net interest income rose by 5% due to the higher level of interest rates which, among other things, improved the profitability of Jyske Bank's bond holding and central bank placings. Net fee and commission income showed a stable development, as the acquisition of PFA Bank and higher assets under management offset slow activity in the housing market. Value adjustments continue to contribute positively due to the development in the financial markets. Other income increased due to higher 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).

Core expenses rose by 6% compared to the first half of 2023. The increase can be attributed to collectively prescribed, sector-wide salary increases of 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 the combating of financial crime.

Loan impairment charges amounted to an expense of DKK 95m in the first half of 2024 against an expense of DKK 109m in the first half of 2023. Post-model adjustments relating to loan impairment charges were in the first half of 2024 reduced by DKK 29m to DKK 1,905m as the result of lower macroeconomic risks. The credit quality is still solid with a low level of non-performing loans and advances.

At the end of the first half of 2024, Jyske Bank's common equity tier 1 capital ratio was 16.6%, which is within the targeted range of 15%-17%. In the first half of 2024, Jyske Bank distributed a dividend at DKK 500m or DKK 7.78 per share and initiated a share buy-back programme of up to DKK 1.5bn. The share buy-back programme was the first since the acquisition of Handelsbanken Denmark and reflects a rebuilt capital base supported by two capital issues in the first half of 2024. The

issues contributed to an increase in the total capital ratio to 21.9% from 21.0% which is at the top end of the targeted range at 20%-22%.

2024 outlook

For 2024, Jyske Bank estimates a net profit in the upper half 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.

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 be slightly higher in 2024 than in 2023. Non-recurring expenses for the integration of Handelsbanken Denmark and PFA Bank are expected to total DKK 0.1bn.

It is presumed that loan impairment charges will be at a slightly higher level in 2024 than 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 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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