

## Interim Financial Report, H1 2021

- Earnings per share DKK 22.2 (H1 2020: DKK 0.0)
- Core income: DKK 4,364m (H1 2020: DKK 3,853m)
- Core expenses: DKK 2,342m (H1 2020: DKK 2,510m)
- Impairment charges: DKK -37m (H1 2020: DKK 1,011m)
- Pre-tax profit of DKK 2,163m, corresponding to a pre-tax return on equity of 12.2% p.a. (H1 2020: DKK 105m and 0.1% p.a.)
- Net profit amounted to DKK 1,685m, corresponding to a return on equity of 9.4% p.a. (H1 2020: DKK 82m and 0.0%)
- Capital ratio 23.0%, of which common equity tier 1 capital ratio of 18.1% (H1 2020: 22.2 and 17.3, respectively)
- Jyske Bank anticipates earnings per share at DKK 34-38 in 2021
- Jyske Bank will launch a new share buy repurchase programme of up to DKK 1bn, running from 1 October 2021 until 31 March 2022 at the latest
- MSCI has raised the ESG rating of Jyske Bank from A to the highest possible rating AAA.

## Summary

*"In the first half of 2021, Jyske Bank delivered higher earnings per share than in full-year 2020. Despite comprehensive COVID-19 restrictions in the Danish society the organisation managed to handle a high level of activity in the housing, car and capital markets. Whereas a high level of activity and favourable financial markets contributed to higher income, productivity improvements and tight cost management also resulted in a reduction of costs. Moreover, credit quality remains solid with a very low level of write-offs, and the common equity tier 1 ratio is at its highest-ever level. This supports the basis of initiating a new share repurchase programme. So far, the positive trend has paved the way for three upgrades of earnings expectations for 2021, which have in aggregate increased by nearly one third from the starting point. Adding to the positive trend, MSCI has raised Jyske Bank's ESG rating from A to the highest possible rating AAA. Only 3% of banks rated by MSCI have a AAA rating," says Anders Dam, Managing Director and CEO.*

Following a period of comprehensive COVID-19 restrictions, the Danish society this spring realised a considerable improvement in employment, and the activity in the housing market is still at a high level. Economic activity is approaching the same level as before the pandemic set in, supported by the continued vaccine rollout and a global industrial upswing. This paves the way for positive growth prospects for the Danish economy.

In the first half of 2021, Jyske Bank launched green mortgage loans to corporate clients, Jyske Frihed, a 30-year fixed-rate interest-only loan, as well as simple and digital investment through Jyske NemInvestering for private clients. Add to this, improved functions in Jyske Mobilbank in the form of, among other things, refinancing and interest rate adjustment of housing loans as well as a pension overview. Also, in the first half of the year, Jyske Bank was named the best bank for private banking for the sixth year running by Voxmeter.

Over the past year, Jyske Bank reduced the number of full-time employees by 156, the number of branches by 15 and reduced opening hours in additionally seven branches. The mergers of personal client branches contribute positively to Jyske Bank's business, for instance by supporting higher specialisation, better cohesion and profitability in the branches. Jyske Bank has also received an award from Jobindex for the highest employee satisfaction in the financial sector.

In addition, organisational changes form a good point of departure for the strategic cooperation with Købstædernes Forsikring called Jyske Forsikring. From the third quarter of 2021, the cooperation will contribute to covering the clients' insurance needs through a complete insurance solution.

In addition, Jyske Bank's work on sustainability objectives continues. The Group's estimated indirect CO<sub>2</sub> emission with respect to loans and investments was reduced by 13% in 2020, and the replacement of Jyske Bank's car park with low-emission cars has been initiated. Jyske Capital joined the Net Zero Asset Managers initiative and hence committed itself to net zero emission in 2050. Jyske Realkredit has become a member of Energy Efficient Mortgage Label which increases transparency on the institution's loans to properties and their energy consumption. Furthermore, MSCI has raised Jyske Bank's ESG rating from A to the highest possible rating AAA.

### **Earnings per share of DKK 22.2 in H1 2021**

The net profit for the period at DKK 1,685m corresponded to a return on equity of 9.4% p.a. against DKK 82m and 0.0% p.a., respectively, for the corresponding period of 2020. Earnings per share rose to DKK 22.2 from DKK 0.0. The considerably higher results were due to a management's estimate of impairment charges following the outbreak of COVID-19 in the first half of 2020 and a favourable development in the financial markets as well as a high level of activity in the first half of 2021.

Jyske Bank's nominal mortgage loans rose by 1% in the first half of the year driven by higher loans to corporate clients. Leasing loans showed the highest semi-annual growth so far with an advance of 7%, which offset lower bank loans for personal clients and public authorities. Bank deposits shed 4%, due primarily to reduced deposits from corporate clients.

Core income rose by 13% relative to the first half of 2020 despite the sale of Jyske Bank (Gibraltar). The trading and housing areas were characterised by a high level of activity, while value adjustments were supported by a favourable development in the financial markets.

Core expenses shed 7% compared with the first half of 2020 and 3% adjusted for expenses in connection with operations and sale of Jyske Bank (Gibraltar). The decrease can be attributed to a 5% reduction in the number of full-time employees and an intensified cost focus.

Loan impairment charges amounted to an income of DKK 37m against an expense of DKK 1,011m in the first half of 2020 when a management's estimate was made to offset potential economic consequences of the COVID-19 pandemic. Credit quality remains solid with a low level of non-performing loans and a very low level of write-offs in the first half of 2021.

Jyske Bank's common equity tier 1 ratio was at the end of the first half of the year at the highest-ever level at 18.3, corresponding to excess capital of DKK 14.6bn compared to regulatory requirements.

In the first half of the year, Jyske Bank issued supplementary tier 2 capital in the amount of NOK 1bn and SEK 1bn and AT1 capital of EUR 200m. In addition, a share repurchase programme of up to DKK 750m was launched. The programme will run up to 30 September 2021 at the latest. Subsequently, Jyske Bank will launch a new share repurchase programme of up to DKK 1bn, running from 1 October 2021 until 31 March 2022 at the latest.

### **Outlook**

As a result of the development in the first half of the year and expectations of the rest of the year, Jyske Bank upgraded its expectations of 2021 in March, April and July. Jyske Bank now anticipates earnings per share at DKK 34-38 in 2021 against the original amount of DKK 25-31. This corresponds to a pre-tax profit of DKK 3.3bn-3.7bn against the original amount of DKK 2.5bn-3.0bn and a net profit of DKK 2.6bn-2.9bn against DKK 1.9bn-2.3bn.

In 2021, the bank's business volumes are expected to be affected by higher bank loans and falling deposits. To some extent, this is expected due to the corporate clients' payment of deferred VAT and taxes as well as pent-up investment demand. Mortgage loans are also expected to increase.

Core income is expected to be at a higher level in 2021 relative to 2020.

For 2021, endeavours will be made to reduce core expenses compared to 2020.

Loan impairment charges are expected to be around zero in 2021.

As a result of the new share buy-back programme, the number of outstanding shares in circulation at the end of 2021 is expected to be approx. 68 million compared with 72.6 million at the end of 2020.

Yours faithfully,  
Jyske Bank

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