

Corporate Announcement

## Preliminary announcement of financial statements 2021

- Earnings per share: DKK 42.4 (2020: DKK 19.8)
- Core income: DKK 8,652m (2020: DKK 7,982m)
- Core expenses: DKK 4,904m (2020: DKK 4,848m)
- Loan impairment charges: DKK -218m (2020: DKK 968m)
- Pre-tax profit: DKK 4,027m (2020: DKK 2,110m)
- Net profit: DKK 3,176m (2020: DKK 1,609m)
- Capital ratio: 22.8%, of which the common equity tier 1 capital ratio was 18.2% (end of 2020: 22.9% and 17.9%)
- The number of outstanding shares at the end of 2021: 67.840 million (end of 2020: 72.553 million shares)
- For 2022, the outlook for earnings per share is DKK 40-46. This corresponds to net profit of DKK 2.7 bn - 3.1 bn.

## Summary

*"Jyske Bank's earnings per share of DKK 42.4 for 2021 is the highest level in the Jyske Bank's history. The earnings reflect a significantly higher level of activity in the Danish economy and favourable financial markets. The effect of targeted initiatives such as deposit rate and fee changes, increasing growth of bank loans, historically good credit quality as well as organisational adjustments also contributed to the results. Moreover, Jyske Bank's employees have demonstrated a high degree of flexibility. Jyske Bank is in a good position also to generate value for clients, employees and shareholders in the coming years, and the bank anticipates that for 2022 it will be able still to report a positive financial development with earnings per share of DKK 40-46. Jyske Bank's capital position is still very solid and form the basis of both consolidation and growth initiatives that are expected to affect Jyske Bank also in the years following 2022,"* states Anders Dam, Managing Director and CEO.

The year 2021 saw a favourable development of the Danish economy, resulting in a new employment record. The development could be attributed, among other things, to the reopening of the Danish economy, the COVID-19 vaccine rollout and a global economic recovery. The growth prospects for the Danish economy are also positive, even though the COVID-19 pandemic, difficulties recruiting employees in several industries, supply chains under pressure, rising energy prices and commodity shortages contribute to an increased level of uncertainty relating to the future economic trends.

The period with the COVID-19 pandemic and social restrictions have further strengthened the clients' wish to solve their financial needs and requirements digitally. In 2021, Jyske Bank introduced a series of improved functions on the Jyske Mobilbank platform in the form of,

among other things, extended self-service solutions relating to e.g. mortgage loans, a comprehensive asset and pension overview as well as Jyske NemInvestering.

In addition to simple and digital access to the Group's services, Jyske Bank also meets its clients' wishes for easily accessible personal and specialised advice. In 2021 Jyske Bank merged several private client branches, which paves the way for a higher degree of specialisation to the advantage of both clients and employees. Also, Jyske Bank was by Voxmeter awarded best at Private Banking for the sixth year on end and received a prize from Jobindex for the highest job satisfaction in the financial sector.

Generally, Jyske Bank has in recent years, focused on optimization of the business through significant income and cost-cutting measures, including reduced deposit

rates, changes in the fee structure and major organisational adjustments, for instance in Retail Clients and Business Concepts.

A further initiative that will be introduced as of 1 April 2022 is a new client programme with a view to securing that, in a profitable manner, Jyske Bank can fulfil its promise to all personal clients as regards accessibility, personal and competent advice as well as good and fast service. The client programme will to an increasing degree strengthen the incentive for clients to concentrate their banking activities with Jyske Bank, underpin the loyalty of the most profitable clients and enhance the profitability on clients with a small business volume.

Moreover, Jyske Bank has for certain products and customer segments launched growth initiatives in the business areas. This fuels expectations of higher earnings on private and corporate client business, leasing activities as well as on wealth management. The most recent examples of growth initiatives are the newly established cooperation agreements with the insurance company Købstædernes Forsikring (Jyske Forsikring) and Volvo Car Denmark, both of which got off to a good start in 2021. To this must be added the newly established Debt Solutions department, where competencies from Capital Markets, Corporate Clients and the Legal Division are gathered with a view to meeting the growing demand from large corporate clients for tailored financing arrangements.

In 2021, Jyske Bank was the first Danish bank to achieve the highest possible ESG rating from MSCI. Furthermore, the Jyske Bank Group joined the Net Zero Asset Managers Initiative and is hence obliged to net carbon neutral investments no later than 2050. In order to contribute to this, Jyske Bank will through Climate Action 100+ affect the world's largest corporate carbon emitters. The Group has launched green mortgage loans and construction loans to corporate clients and Jyske Realkredit increased the transparency about the institution's loans to properties and their energy consumption by being a member of Energy Efficient Mortgage Label. Jyske Bank's target for offsetting carbon emission from electricity, heating and own cars was virtually met in 2021.

On the whole, the initiatives ensure that Jyske Bank will have a strong position to grow and still generate value for clients, employees and shareholders, as well as to support consolidation in the Danish banking sector in the years to come.

### **Earnings per share of DKK 42.4 in 2021**

The net profit for the year of DKK 3,176m corresponds to a return on equity of 8.8% p.a. compared to DKK 1,609 m and 4.4% p.a., respectively, in 2020. Earnings per share rose to DKK 42.4 from DKK 19.8. In terms of the number of shares outstanding at the end of the year, earnings per share rose to DKK 44.2 from DKK 19.9. The significantly higher results must be seen in the context of the fact that the results for 2020 were adversely affected by a management's estimate of impairment charges after the outbreak of COVID-19. Add to this, among other things, a favourable development in the financial markets and a broadly based high level of activity in 2021.

Jyske Bank's business volume increased in 2021. Put together, bank loans and advances increased at the highest rate since 2014. Thus, leasing and car financing rose by 11%, particularly fuelled by financing of corporate equipment, while loans and advances under banking activities rose by 7% with increasing growth in lending to corporate clients. Nominal mortgage loans rose by 2% due to higher loans to corporate clients. Bank deposits fell by 5%, which was also primarily caused by corporate clients.

Core income rose by 8% relative to 2020. The increase could primarily be attributed to a growing business volume supplemented by the above-mentioned initiatives relating to deposit rates and fee structure. To this must be added the effects from a high level of activity, favourable financial markets and goods sales conditions in the second-hand car market.

Core expenses rose by 1% compared to 2020. The increase can be attributed to the completion of a new capital market platform in 2021. Adjusted for one-off effects of DKK 165m in 2021 and of DKK 75m in 2020, core expenses fell by 1%. The decrease can primarily be attributed to a 2% reduction in the number of full-time employees. Through tight cost control, Jyske Bank has, for many years, more than compensated for the cost inflation.

Loan impairment charges amounted to an income of DKK 218m despite an increase by DKK 163m to DKK 1,770m of the management's estimate for impairment charges. By comparison, loan impairment charges amounted to an expense of DKK 968m in 2020, when a management's estimate for impairment charges was made due to the COVID-19 pandemic. The credit quality is still very solid with a low level of realised losses and non-performing loans and advances.

Jyske Bank's common equity tier 1 capital ratio was at the end of 2021 calculated at 18.2%, corresponding to an excess capital adequacy of DKK 14.9 bn relative to regulatory requirements. By comparison, Jyske Bank's target range for the common equity tier 1 capital ratio is 15%-17%.

In 2021, Jyske Bank issued senior preferred, senior non-preferred debt as well as subordinated debt and additional tier 1 capital. The issues primarily re-financed redeemed capital and debt instruments over the same period and will result in considerable interest savings for the shareholders in the coming years. Moreover, in 2021, a share repurchases of DKK 1.5 bn was completed. In early February 2022, the current share repurchase programme of DKK 1 bn was raised by DKK 1 bn and extended until 29 July 2022.

### **Outlook 2022**

Jyske Bank anticipates earnings per share at DKK 40-46 for 2022. This corresponds to net profit of DKK 2.7 bn - 3.1 bn as described in the Corporate Announcement No. 4/2022.

For 2022, the business volume is expected to be affected by increasing bank loans 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.

It is expected that loan impairment charges will amount to an income in 2022.

## Annual General Meeting

The Annual General Meeting of Jyske Bank will be held in Silkeborg on Tuesday 22 March 2022.

## Financial calendar

Jyske Bank anticipates releasing financial statements on the following dates in 2022.

### Financial calendar 2022

22 February	Annual Report 2021
3 May	Interim Financial Report, Q1 2022
16 August	Interim Financial Report, H1 2022
1 November	Interim Financial Report, Q1-Q3 2022

## Further information

For further information, please see [investor.jyskebank.com/investorrelations](http://investor.jyskebank.com/investorrelations). Here you will find an interview with Anders Dam, Managing Director and CEO, detailed financial information as well as Jyske Bank's Annual Report 2021 and Risk and Capital Management 2021, which gives further information about Jyske Bank's internal risk and capital management as well as regulatory issues, including a description of the most important risks and elements of uncertainty that may affect Jyske Bank.

Also, please see [www.jyskerealkredit.com](http://www.jyskerealkredit.com). Jyske Realkredit's Annual Report 2021 as well as detailed financial information about Jyske Realkredit are available on that website.

Yours faithfully,  
Jyske Bank

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**Core profit and net profit for the year (DKKm)**

	2021	2020	Index 21/20	2019	2018	2017
Net interest income	4973	4966	100	5152	5505	5585
Net fee and commission income	2308	2091	110	2311	1973	2046
Value adjustments	940	685	137	342	-23	577
Other income	175	130	135	154	463	207
Income from operating lease (net)	256	110	233	101	81	-54
<b>Core income</b>	<b>8652</b>	<b>7982</b>	<b>108</b>	<b>8060</b>	<b>7999</b>	<b>8361</b>
Core expenses	4904	4848	101	5029	4896	5374
<b>Core profit before loan impairment charges</b>	<b>3748</b>	<b>3134</b>	<b>120</b>	<b>3031</b>	<b>3103</b>	<b>2987</b>
Loan impairment charges	-218	968	-	-101	468	-453
<b>Core profit</b>	<b>3966</b>	<b>2166</b>	<b>183</b>	<b>3132</b>	<b>2635</b>	<b>3440</b>
Investment portfolio earnings	61	-56	-	-53	505	562
<b>Pre-tax profit</b>	<b>4027</b>	<b>2110</b>	<b>191</b>	<b>3079</b>	<b>3140</b>	<b>4002</b>
Tax	851	501	170	639	640	859
<b>Profit for the year</b>	<b>3176</b>	<b>1609</b>	<b>197</b>	<b>2440</b>	<b>2500</b>	<b>3143</b>
Interest on additional tier 1 capital, charged against equity	176	168	105	156	127	92

**Summary of balance sheet, end of year (DKKbn)**

Loans and advances	485.2	491.4	99	485.9	462.8	447.7
- of which mortgage loans	340.9	343.9	99	337.5	326.3	306.8
- of which bank loans	103.3	95.5	108	102.1	110.4	113.5
- of which repo loans	41.0	52.0	79	46.3	26.1	27.4
Bonds and shares, etc.	85.7	92.9	92	91.9	83.2	79.1
Total assets	647.1	672.6	96	649.7	599.9	597.4
Deposits	134.2	137.0	98	140.2	148.7	160.0
- of which bank deposits	121.5	127.5	95	126.9	135.7	139.9
- of which repo and triparty deposits	12.7	9.5	134	13.3	13.0	20.1
Issued bonds at fair value	340.3	348.8	98	357.0	324.7	302.6
Issued bonds at amortised cost	73.1	63.7	115	38.6	35.0	38.9
Subordinated debt	5.5	5.8	95	4.3	4.3	4.3
Holder of additional tier 1 capital	3.4	3.3	103	3.3	2.5	2.6
Shareholders' equity	34.9	33.3	105	32.5	31.8	32.0

**Financial ratios**

Earnings per share for the year (DKK)*	42.4	19.8		29.0	28.2	34.7
Earnings per share for the period (diluted) (DKK)*	42.4	19.8		29.0	28.2	34.7
Pre-tax profit as % of average equity*	11.3	5.9		9.1	9.5	12.4
Profit for the year as % of average equity*	8.8	4.4		7.1	7.6	9.7
Expenses as a percentage of income	56.7	60.7		62.4	61.2	64.2
Capital ratio (%)	22.8	22.9		21.5	20.0	19.8
Common equity tier 1 capital ratio (CET1 %)	18.2	17.9		17.4	16.4	16.4
Individual solvency requirement (%)	11.2	11.6		11.2	10.8	10.2
Capital base (DKKbn)	42.9	41.1		39.0	37.7	37.3
Weighted risk exposure (DKKbn)	188.2	179.4		181.4	188.4	188.0
Share price at end of period (DKK)	337	233		243	235	353
Distributed dividend per share (DKK)	0	0		0	11.7	10.9
Book value per share (DKK)*	515	459		434	390	374
Price/book value per share (DKK)*	0.7	0.5		0.6	0.6	0.9
Outstanding shares in circulation ('000)	67,840	72,553		74,841	81,536	85,705
Number of full-time employees, year-end**	3,242	3,318		3,559	3,698	3,932

\* Ratios are calculated as if additional tier 1 capital (AT1) is recognised as a liability.

\*\* The number of employees at the end of 2021, at the end of 2020, at the end of 2019, at the end of 2018 and at the end of 2017 less 15, 31, 54, 25 and 40 employees, respectively, who are financed externally.

**Core profit and net profit for the period (DKKm)**

	2021	2020	Index 21/20	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net interest income	4,973	4,966	100	1,277	1,242	1,230	1,224	1,195
Net fee and commission income	2,308	2,091	110	645	578	509	576	581
Value adjustments	940	685	137	207	128	243	362	278
Other income	175	130	135	26	32	84	33	38
Income from operating lease (net)	256	110	233	72	81	63	40	34
<b>Core income</b>	<b>8,652</b>	<b>7,982</b>	<b>108</b>	<b>2,227</b>	<b>2,061</b>	<b>2,129</b>	<b>2,235</b>	<b>2,126</b>
Core expenses	4,904	4,848	101	1,388	1,174	1,171	1,171	1,179
<b>Core profit before loan impairment charges</b>	<b>3,748</b>	<b>3,134</b>	<b>120</b>	<b>839</b>	<b>887</b>	<b>958</b>	<b>1,064</b>	<b>947</b>
Loan impairment charges	-218	968	-	-145	-36	-47	10	5
<b>Core profit</b>	<b>3,966</b>	<b>2,166</b>	<b>183</b>	<b>984</b>	<b>923</b>	<b>1,005</b>	<b>1,054</b>	<b>942</b>
Investment portfolio earnings	61	-56	-	-21	-22	29	75	157
<b>Pre-tax profit</b>	<b>4,027</b>	<b>2,110</b>	<b>191</b>	<b>963</b>	<b>901</b>	<b>1,034</b>	<b>1,129</b>	<b>1,099</b>
Tax	851	501	170	178	195	232	246	268
<b>Net profit for the period</b>	<b>3,176</b>	<b>1,609</b>	<b>197</b>	<b>785</b>	<b>706</b>	<b>802</b>	<b>883</b>	<b>831</b>
Interest on AT1 capital, charged against equity	176	168	105	36	52	46	42	42

**Summary of balance sheet, end of period (DKKbn)**

	2021	2020	Index 21/20	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Loans and advances	485.2	491.4	99	485.2	482.3	482.3	488.7	491.4
- of which mortgage loans	340.9	343.9	99	340.9	338.5	339.5	339.6	343.9
- of which bank loans	103.3	95.5	108	103.3	97.1	95.3	96.0	95.5
- of which repo loans	41.0	52.0	79	41.0	46.7	47.5	53.1	52.0
Bonds and shares, etc.	85.7	92.9	92	85.7	88.6	85.5	95.4	92.9
Total assets	647.1	672.6	96	647.1	670.5	656.5	682.8	672.6
Deposits	134.2	137.0	98	134.2	136.2	135.1	139.7	137
- of which bank deposits	121.5	127.5	95	121.5	122.5	122.3	126.5	127.5
- of which repo and triparty deposits	12.7	9.5	134	12.7	13.7	12.8	13.2	9.5
Issued bonds at fair value	340.3	348.8	98	340.3	338.5	337.8	349.3	348.8
Issued bonds at amortised cost	73.1	63.7	115	73.1	76.0	71.0	75.6	63.7
Subordinated debt	5.5	5.8	95	5.5	5.5	6.5	7.3	5.8
Holders of additional tier 1 capital	3.4	3.3	103	3.4	3.4	4.8	3.3	3.3
Shareholders' equity	34.9	33.3	105	34.9	34.8	34.5	34.0	33.3

DKKm	2021	2020
<b>Capital Statement</b>		
Shareholders' equity	34,911	33,325
Share buy-back programme, non-utilised limit	-272	-750
Prudent valuation	-285	-360
Other deductions	-102	-21
<b>Common Equity Tier 1 capital</b>	<b>34,252</b>	<b>32,194</b>
Additional tier 1 capital (AT1) after reduction	3,329	3,539
<b>Core capital</b>	<b>37,581</b>	<b>35,733</b>
Subordinated loan capital after reduction	5,275	5,334
<b>Capital base</b>	<b>42,856</b>	<b>41,067</b>
Weighted risk exposure involving credit risk, etc.	163,154	154,452
Weighted risk exposure involving market risk	10,723	10,294
Weighted risk exposure involving operational risk	14,304	14,680
<b>Total weighted risk exposure</b>	<b>188,181</b>	<b>179,426</b>
Capital requirement, Pillar I	15,054	14,354
Capital ratio (%)	22.8	22.9
Tier 1 capital ratio (%)	20.0	19.9
Common equity tier 1 capital ratio (%)	18.2	17.9

For a statement of the individual solvency requirement, please see Risk and Capital Management 2021 or [Investor.jyskebank.com/investorrelations/capitastructure](https://investor.jyskebank.com/investorrelations/capitastructure). Risk and Capital Management 2021 was not covered by the audit.