

Interim Financial Report, H1 2022

- Earnings per share DKK 24.5 (H1 2021: DKK 22.2)
- For 2022, it is anticipated that earnings per share will be at the upper end of the range of DKK 44-50, and a net profit is expected at the upper end of the range of DKK 3.0 bn - 3.4 bn
- Net interest income: DKK 2,671m (H1 2021: DKK 2,454m)
- Net fee and commission income: DKK 1,250m (H1 2021: DKK 1,085m)
- Value adjustments: DKK -84m (H1 2021: DKK 605m)
- Core income: DKK 4,197m (H1 2021: DKK 4,364m)
- Core expenses: DKK 2,355m (H1 2021: DKK 2,342m), of which one-off expenses of DKK 11m due to the acquisition of Handelsbanken's activities in Denmark
- Loan impairment charges: DKK -247m (H1 2021: DKK -37m)
- Net profit: DKK 1,691m, corresponding to a return on equity of 9.2% p.a. (H1 2021: DKK 1,685m and 9.4% p.a.)
- Common equity tier 1 capital ratio: 17.9 (H1 2021: 18.3)
- The process relating to the approval of the acquisition of Svenska Handelsbanken's activities in Denmark is proceeding according to plan, and the transaction is expected to be completed in the fourth quarter of 2022.

Summary

"For a period characterised by the invasion of Ukraine as well as accelerating inflation and challenging financial markets, Jyske Bank is able to report one of the best interim profits in the history of the Group and the ninth consecutive quarter with a profit of about DKK 1 bn before tax. This can in particular be attributed to an increase in net interest and fee income, supported by a growing business volume and a high level of activity. To this must be added that the underlying development of core expenses is stable, and the credit quality remains solid. The first half of 2022 saw a landmark development in the history of Jyske Bank in the form of an agreement to buy the activities of Svenska Handelsbanken in Denmark. Through the merger, we can develop the overall business further, to the benefit of our clients, create new career opportunities for employees across the Group and create value for our shareholders. We are very much looking forward to welcoming clients and employees," says Anders Dam, Managing Director and CEO.

The upswing in the Danish economy continued in the first half of 2022 with a substantial increase in employment and an unemployment rate in line with the low in 2008. However, it is assessed that the economy may be in for a slowdown in growth of an unknown extent and length. Consumer confidence is at a low level due to a heavy inflationary pressure, the war in Ukraine, and significant increases in interest rates, which will probably put a damper on demand and lead to lower housing prices. The Danish economy is well positioned to handle a period of lower growth, and Jyske Bank is focusing on helping its clients through times of economic uncertainty.

The war in Ukraine has resulted in huge human costs, put millions of Ukrainians to flight and changed the geopolitical world order. Jyske Bank attempts to make a contribution to alleviate the situation for Ukrainian refugees in Denmark by creating 15 - 20 jobs for these refugees, and until now five have been employed. Employees of the Jyske Bank Group can still apply for time off with full wage compensation in order to offer voluntary work in consequence of the refugee situation. In addition, we focus on assisting clients handling the implications of the war and complying with the extensive international sanctions against Russia.

On 20 June 2022, Jyske Bank entered into an agreement to buy the activities of Svenska Handelsbanken in Denmark, comprising about 600 employees and 43 branches with a headquarter in Copenhagen. The Danish activities were established in 1992 and have since then grown organically supplemented by acquisitions of Midtbank and Lokalkbanken. Based

on the level at the end of 2021, the transaction comprises more than 130,000 clients, loans and advances of DKK 66 bn and deposits of DKK 36 bn. According to the agreement, Jyske Bank will on the acquisition date make a payment in cash for assets and liabilities in addition to a payment for goodwill in the amount of DKK 3.0 bn. The acquisition will strengthen Jyske Bank's market position, and its business volume will increase by about a fifth. The greater scale will also support the possibilities of developing and offering attractive products and services to Jyske Bank's current and future clients on a common IT platform. It is expected that the transaction will be completed in the fourth quarter of 2022, subject to approval by the authorities.

Jyske Bank is well positioned for both organic growth and integration of Svenska Handelsbanken's activities in Denmark. Over the past decade, the business has been optimised through significant income and cost initiatives, new strategic co-operations, as well as organisational adjustments. Several acquisitions have been integrated, including the merger with BRFkredit in 2014 being the most important one. Since the financial crisis, asset totalling DKK 257 bn have been acquired.

In the first half of 2022, the corporate client area realised a large increase in business volume. The personal client area implemented further branch mergers, and with effect as of 1 April 2022 it has introduced a new client programme. The purpose of this programme is to secure that, in a profitable manner, Jyske Bank will still be able to offer its personal clients accessible, personal, and competent advice as well as good and fast service. These characteristics also apply to Jyske Bank's private banking activities, and for the seventh year in a row Jyske Bank has according to Voxmeter been voted the best bank for private banking clients in Denmark.

In the first half of 2022, the expansion of easy and digital access to Jyske Bank's services continued in the form of, among other things, self-service ordering of additional loans and a Jyske Forsikring (insurance) overview in Jyske Mobilbank. The first half of the year also saw the implementation of extensive training activities for advisers in respect of sustainability, and Jyske Bank joined the Green Building Council Denmark, which endeavours to promote sustainability in construction to the whole range of players.

Earnings per share of DKK 24.5 in the first half of 2022

Earnings per share rose to DKK 24.5 from DKK 22.2 in the first half of 2021. Net profit for the period at DKK 1,691m corresponded to a return on equity of 9.2% p.a. against DKK 1,685m and 9.4% p.a., respectively, for the first half of 2021. The still solid profit can be attributed to a high level of activity, rising business volumes, tight cost management, and solid credit quality. These factors more than compensated for the effect from the challenging financial markets resulting in lower value adjustments.

In the first half of 2022, Jyske Bank's business volumes continued to increase. Loans and advances under banking activities saw one of the highest growth rates reported so far, namely of 22% relative to the first half of 2021. The progress was driven by corporate clients. Leasing and car financing realised an increase of 7% despite challenged supply chains in the auto industry. Nominal mortgage loans rose by 2% due to higher loans to corporate clients, while mortgage loans to personal clients fell slightly, partly due to an increased level of remortgaging activity, as clients with fixed-rate loans took advantage of the opportunity to reduce their outstanding debt. Bank deposits rose by 15%, which can partly be attributed to the lowering of the limit for payments from companies' tax accounts.

Core income fell by 4% relative to the first half of 2021. However, adjusted for a negative development of value adjustments due to challenging financial markets, core income rose by 14%. Hence other income items showed increases supported by increasing business volumes as well as a generally high activity level.

Core expenses rose by 1% compared to the first half of 2021 due to one-off expenses of DKK 11m relating to the acquisition of Svenska Handelsbanken's activities in Denmark. Restructuring and integration costs relating to the acquisition are estimated at a total of about DKK 0.5 bn. The underlying costs were kept down due to lower expenses for the joint development of a capital market program at Bankdata, which was completed in 2021, as well as a 1% reduction in the number of full-time employees.

Loan impairment charges amounted to an income of DKK 247m against an income of DKK 37m in the first half of 2021. The credit quality is still solid with a low level of non-performing loans. Jyske Bank maintains a significant management's

estimate for possible effects from the war in Ukraine as well as COVID-19. The total management's estimate for impairment charges amounted to DKK 1,655m against DKK 1,770m at the end of 2021.

At the end of the first half of 2022, Jyske Bank's common equity tier 1 capital ratio was calculated at 17.9%, corresponding to an excess capital adequacy of DKK 14.7 bn relative to regulatory requirements.

Outlook 2022

For 2022, Jyske Bank anticipates earnings per share at the upper end of the range of DKK 44-50 and a net profit at the upper end of the range of DKK 3.0 bn - 3.4 bn.

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 fall in 2022 compared to 2021.

Loan impairment charges are expected to amount to an income in 2022.

Yours faithfully,
Jyske Bank

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