# Jyske Bank Group


January 2024

Debt IR Presentation
Q3 2023/Q1-Q3 2023 Report

# Executive Summary: Jyske – an Investment in Denmark

Jyske maintains a well-diversified and Danish focused business model. From 2014 the loan portfolio has been derisked and capital built up intensified. 2022 was a strong year for financial performance with strategic milestones achieved with the acquisition of Handelsbanken's Danish operations. For 2023 an all-time high after-tax profit of DKK 5.9bn is expected.

**3rd largest bank on the Danish market & a domestic SIFI**. The Jyske Bank Group has DKK 760bn (~€102bn) of total assets and a c. 12% market share (mortgage lending, bank lending & deposit taking). AuM of DKK 225bn ~ €30bn

**Strategic focus on Denmark –** Since 2015 the Group has divested non-core activities to enhance the strategic focus on Denmark and Danish customers, and Denmark is the absolute center of the Group's business model

**Focus on domestic consolidation –** Jyske recently acquired the Danish operations of Handelsbanken. Since 2011 Jyske has acquired DKK322bn ~ €43bn of Danish assets

**Strong Q3 2023 & solid outlook for 2023 –** net profit in Q3 2023 was +222% y/y and net interest income was +78% y/y (supported by acquisition of Handelsbanken DK). Underlying core expenses cost inflation of ~3 %

**Well capitalized and ready for Basel IV** – 15-17% target CET1 ratio (vs. a current CET1 ratio of 16.7%). Impact of upcoming regulations e.g. Basel IV already factored into target range

**Well diversified and low risk loan portfolio –** 0 bps cost of risk in Q3 2023 and no material impact from the macro-economic backdrop. DKK 1.4bn post model adjustments (28 bps = ~2-3 years of normalized cost of risk)

**ESG at the heart of the organization –** Jyske runs a sustainable and responsible business. 4 years of PRB Impact analysis with estimated financed CO2 emissions. MSCI rating of AA, Sustainalytics rating of Medium Risk and top 20% rated by ISS ESG of C-

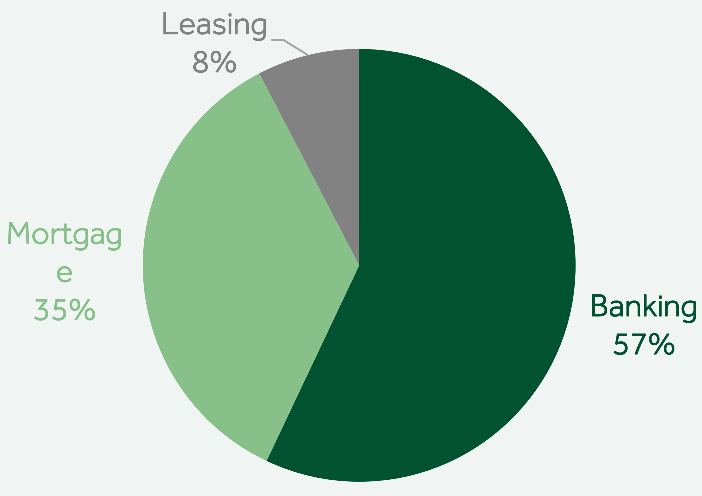
**Strong commitment to € markets –** Jyske has a total € 8bn outstanding stock of € instruments with increased issuance over time. Jyske has 7 benchmark Senior Bonds, 6 Benchmark Covered Bonds as well as Tier 2 and AT1 securities outstanding

**The AAA Danish economy remains solid**. Substantial deleveraging in households and high share of fixed rate mortgages enhance robustness of housing sector despite market price correction. Strong employment market. Outlook for 2024 & 2025: a mild downturn

# Jyske: One of the Largest FI's in Denmark and a Domestic SIFI

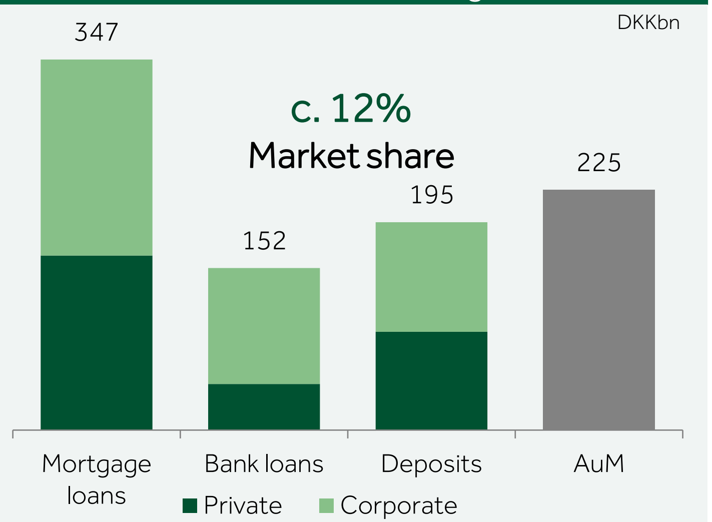
JYSKE BANK

## Complementary, full-service offering




Pre-tax profit (last four quarters)

## Focused on structural, low-risk growth



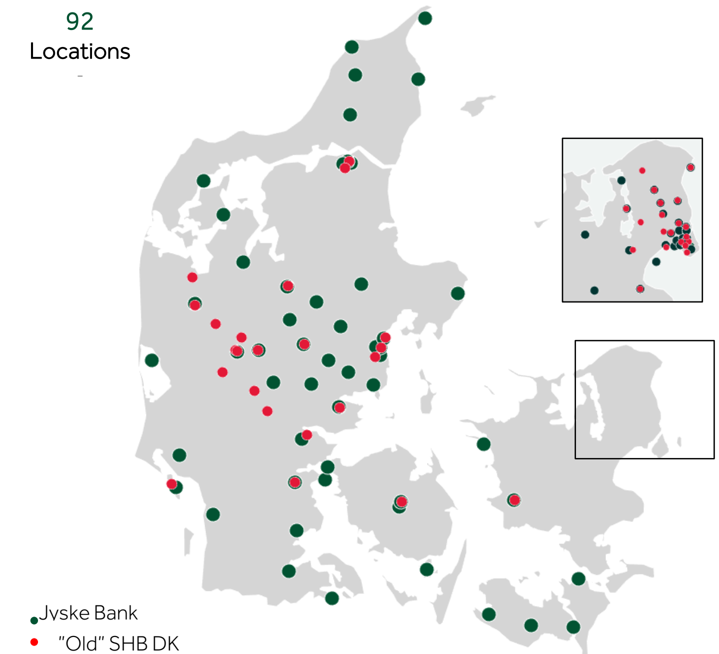


**Total Assets**
EUR 102bn

**A+/Stable/A-1**
S&P issuer credit rating

**AA**
MSCI ESG rating

## Leading presence in strong Danish AAA economy




*) Bank lending excludes DKK 49bn of revers repo loans (no credit risk). Banklending incl.leasing is at amortised cost, mortgage lending is at fair value

# Contents

# Update on Recent Financials

# All Time High Net Profit in 2023

JYSKE BANK

## Annual result 2023 announced

Net Profit 2023:

~ DKK 5.9bn

*Net Profit Q4 2023:*

*~ DKK 1.8bn*

## Resuming capital distribution

DKK 500m

Dividend

Mix of dividends, share buybacks going forward

## New leadership

Lars Stensgaard Mørch

New CEO

Anders Dam retires after 26 years as CEO

## Doubling income

+101% y/y

Core income in Q3 2023

SHB DK acquisition and higher interest rates

## Manageable cost inflation

43%

Cost/income ratio in Q3 2023

Down from 55% in 2022

## Solid credit quality

0bp

Cost of risk in Q3 2023

Post-model adj. of 28bp

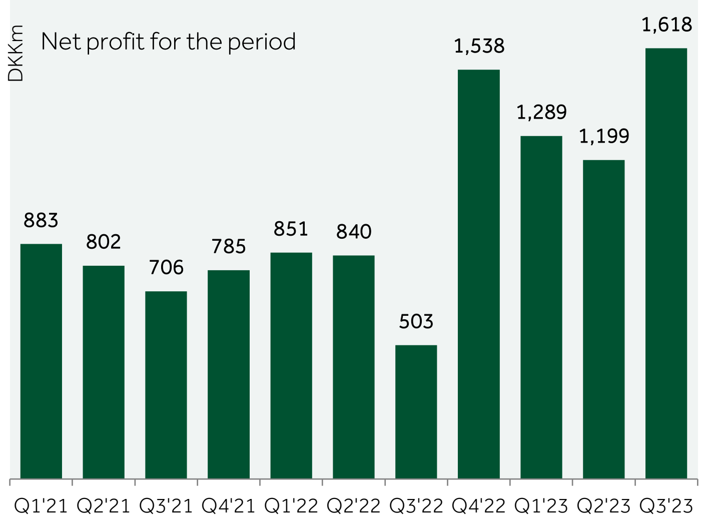
*Q4 2023 loan imp. charges ~DKK 30m*

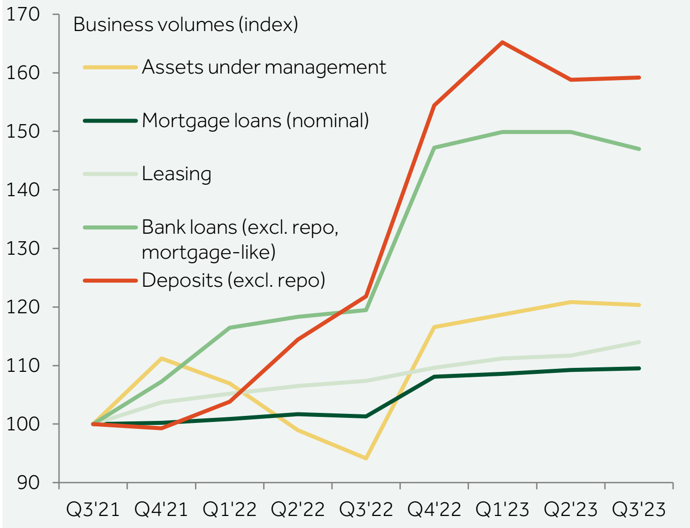
Note: Post-model adjustments exclude the balance of discounts for acquired assets, which also contain significant post-model adjustments. Cost/income ratio includes one-off expenses related to the acquisition of Handelsbanken Danmark.

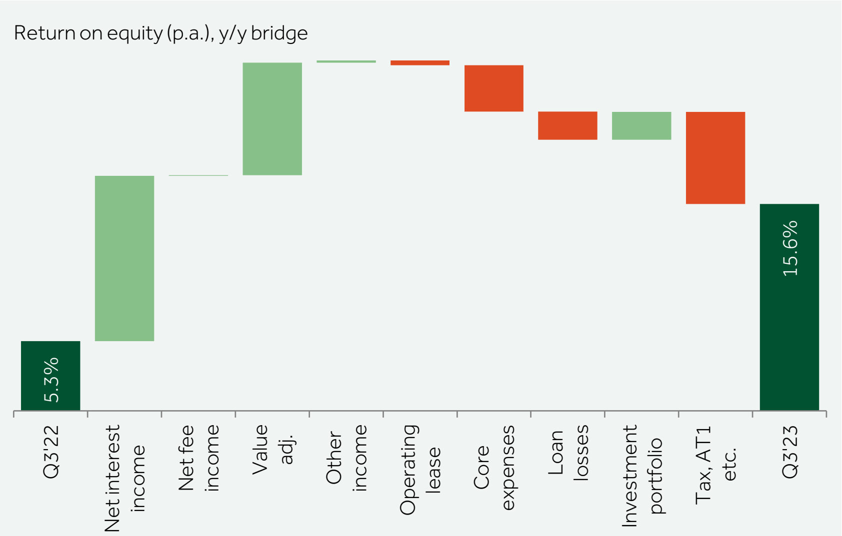
# Strong Underlying Results in Q3 2023

+222% y/y
Net profit

## Q3 2023 in brief




| DKKm | Q3'23 | Q3'22 | Index |
|---|---|---|---|
| Net interest income | 2.516 | 1.412 | 178 |
| Net fees and commissions | 602 | 598 | 101 |
| Value adjustments | 452 | -300 | - |
| Other income | 35 | 20 | 175 |
| Income from operating lease | 66 | 98 | 67 |
| **Core income** | **3.671** | **1.828** | **201** |
| Core expenses | 1.583 | 1.273 | 124 |
| **Core profit before loan losses** | **2.088** | **555** | **376** |
| Loan impairment charges | -13 | -200 | - |
| **Core profit** | **2.101** | **755** | **278** |
| Investment portfolio | 65 | -119 | - |
| **Pre-tax profit** | **2.166** | **636** | **341** |
| Tax | 548 | 133 | 412 |
| **Net profit** | **1.618** | **503** | **322** |

Note: Core expenses include one-off expenses related to the acquisition of Handelsbanken Danmark.

# → 26 Years of Unbroken "Through the Cycle" Profitability

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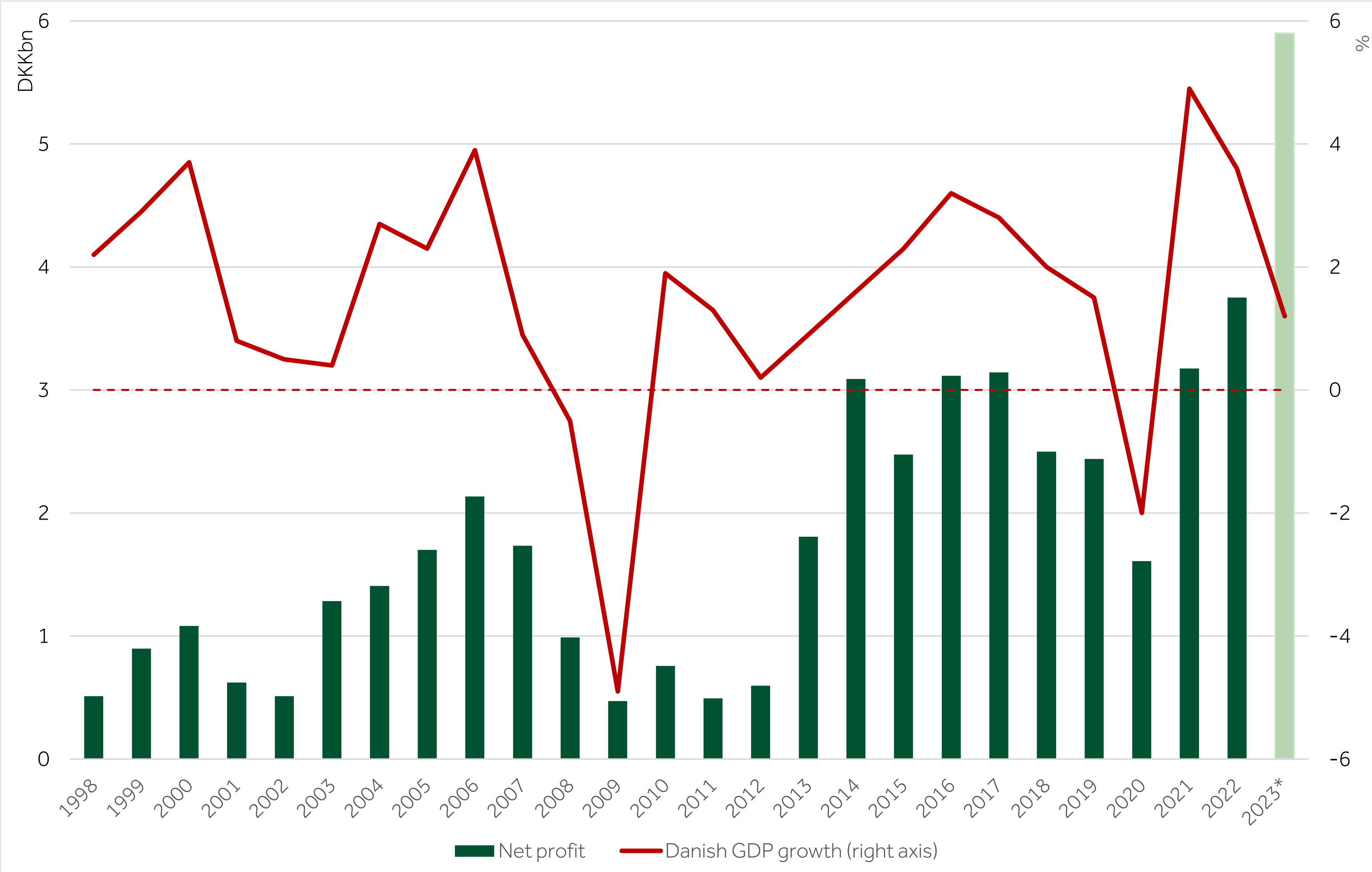
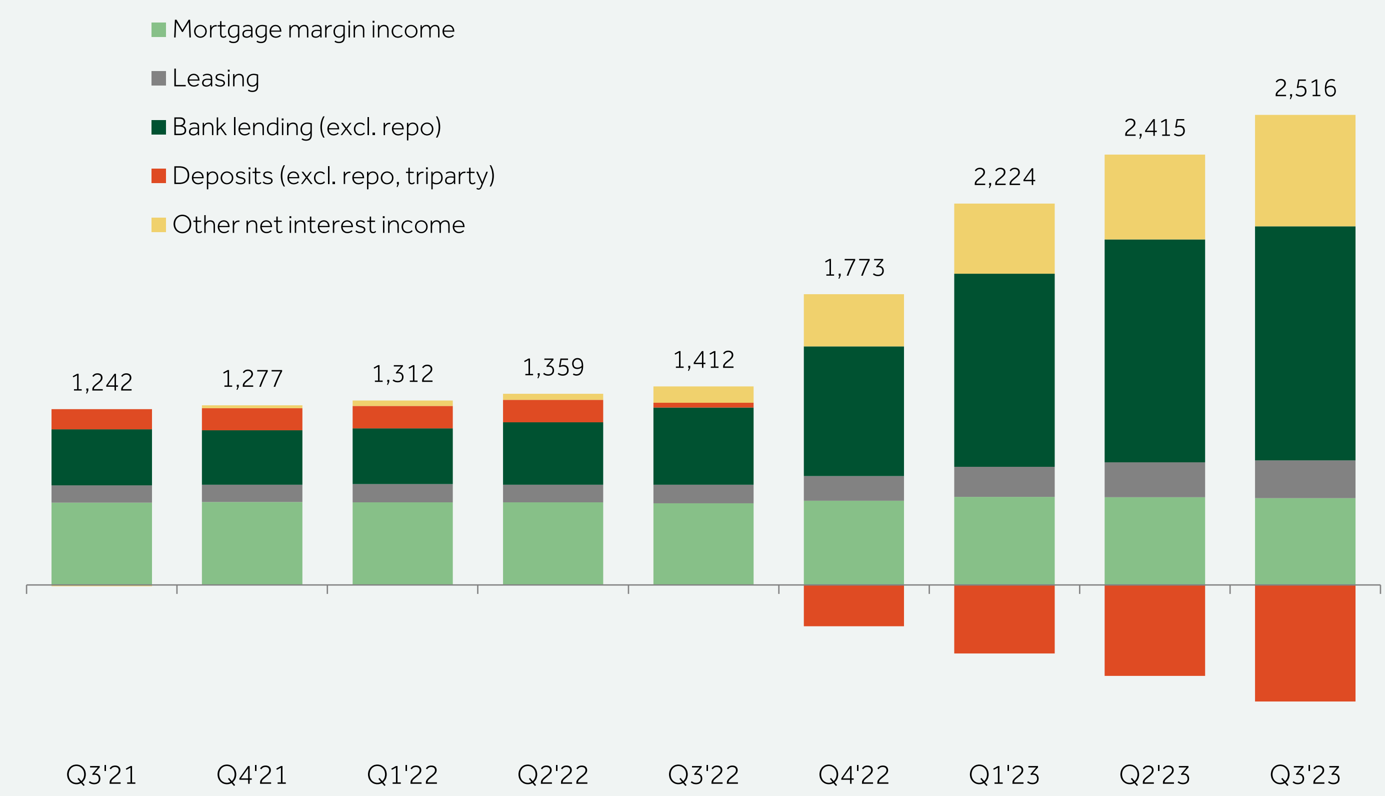
## Net profit & GDP growth




*) 2023 net profit announced on 12 January 2024 to be ~DKK 5.9bn , Danish GDP growth our own forecast of 1.2 %

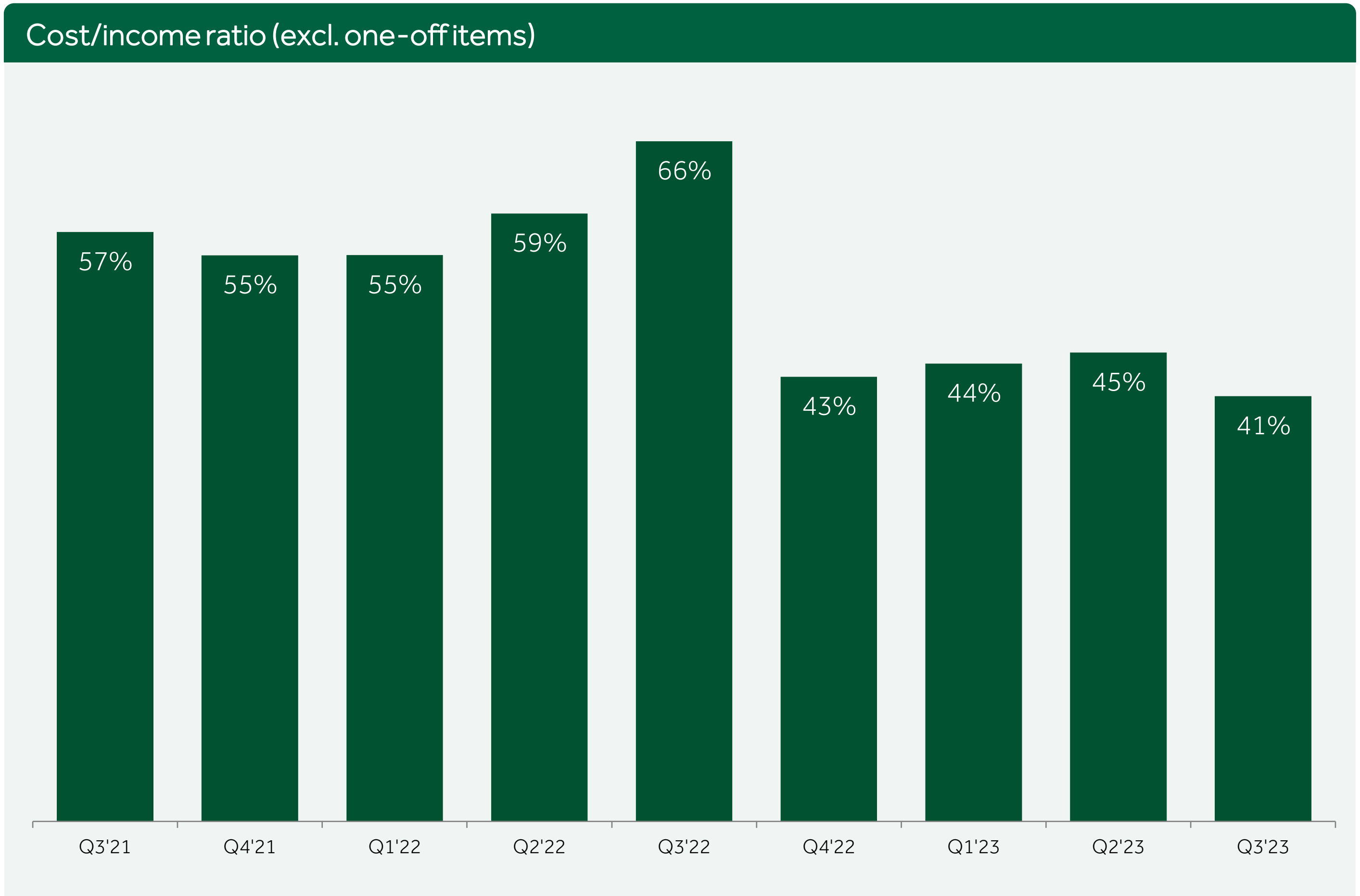
# Q3 Key Driver: NII up 78% y/y from Higher Rates and SHB DK

## Net interest income decomposed (DKKm)



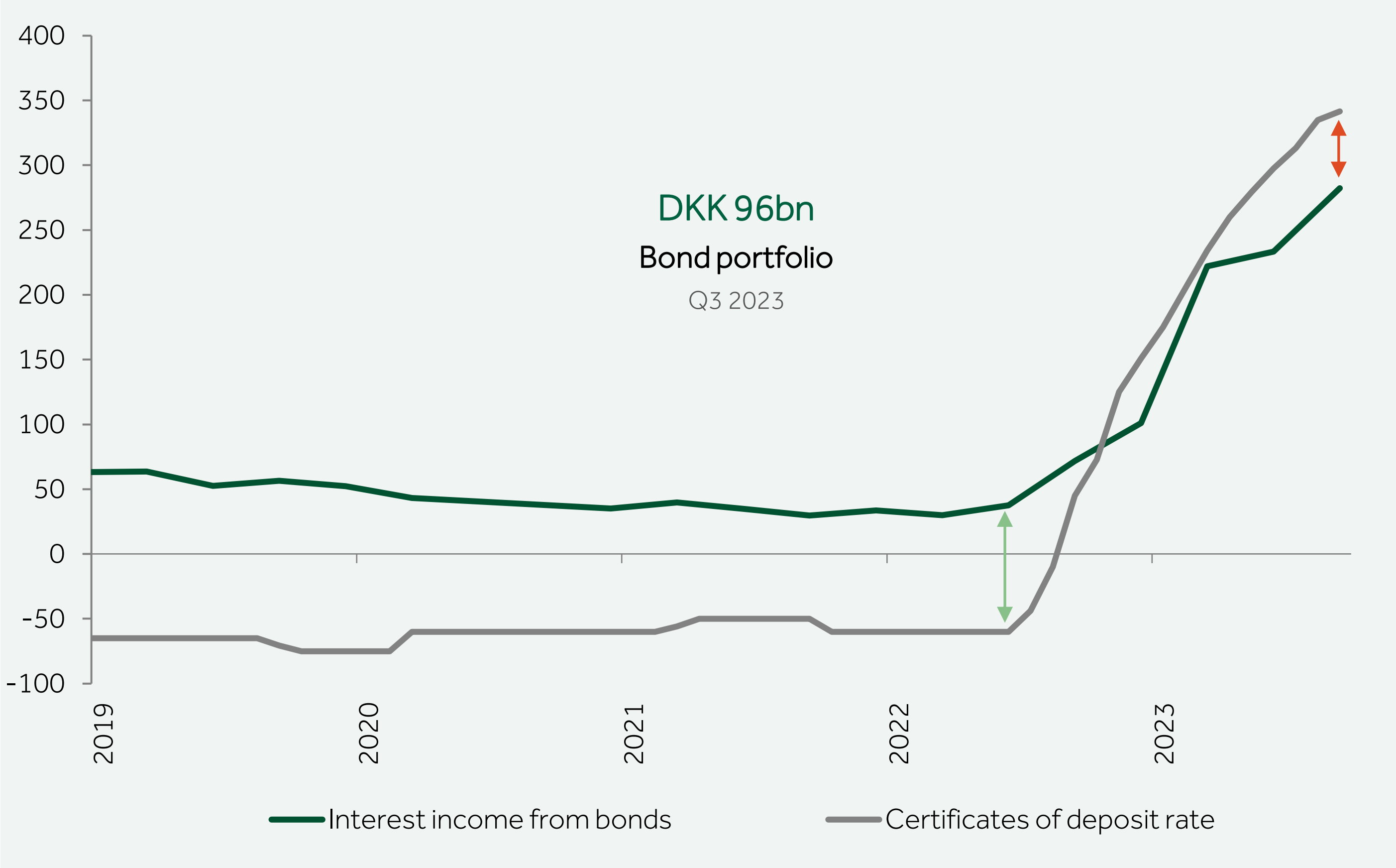

Note: Handelsbanken Denmark (SHB DK) contributed from 1 Dec. 2022. Customer rates, not margins. Mortgage/administration margin income unaffected by level of interest rates. Other net interest income includes bonds, derivatives, liquidity with central banks, wholesale funding, etc.

# Improving Cost/income Ratio has Reached Sub-50% Territory



# Interest Income from Bonds only Partly Reflects Rate Hikes

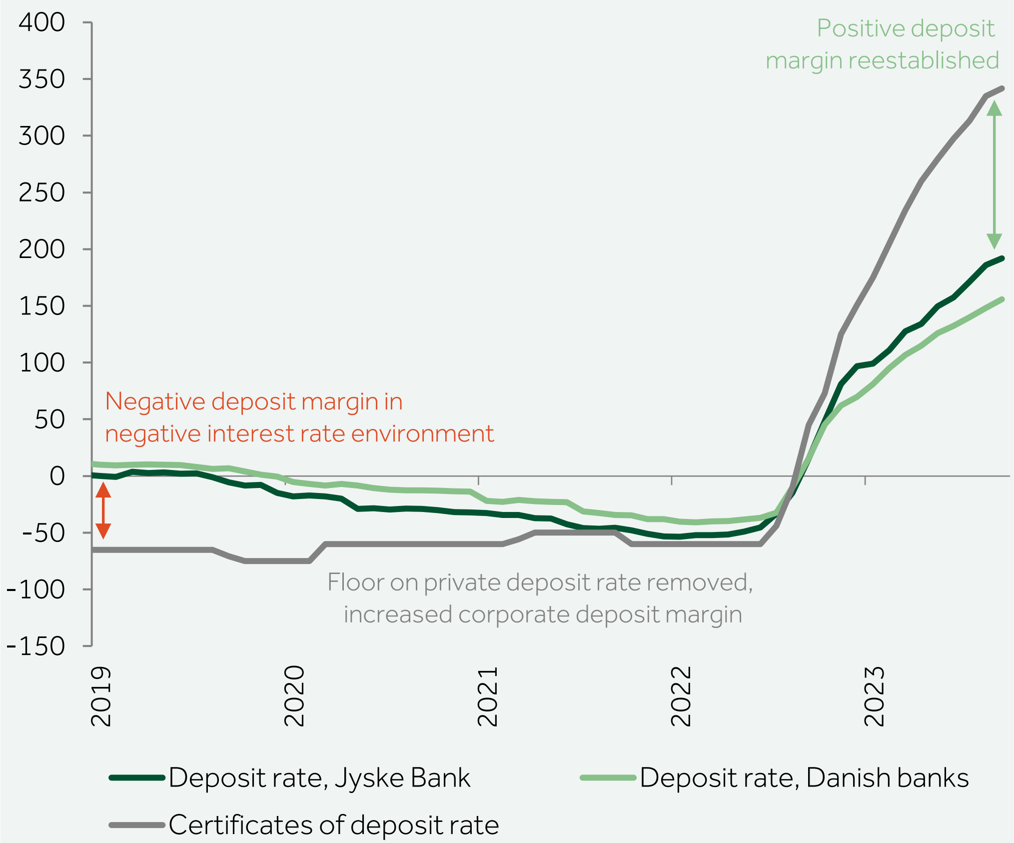
Interest income from bond portfolio vs. certificates of deposit rate (bp p.a.)




Note: Bond portfolio is comprised of DKK 37bn of bonds booked at amortised cost and DKK 59bn of bonds booked at fair value as of the end of Q3 2023. Value adjustments of bonds at fair value is booked as value adjustments in P/L statement. Certificates of deposit rate based on monthly averages.

# Deposit Rates Already Reflect Significant Pass-through

## Deposit rates vs. Danish central bank's certificates of deposit rate (bp p.a.)




**+25bp to +50bp**
Lending/deposit rates
From 27 November 2023

**0.25% p.a.**
Transaction accounts
Private/corporate clients

**1.5% to 2.0% p.a.**
Demand savings deposits
DKK 0 to DKK >500K

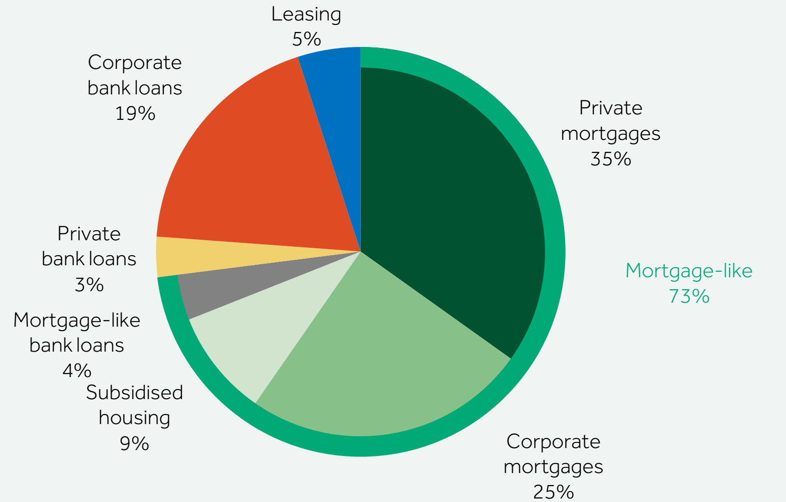
**2.5% to 3.0% p.a.**
Term deposits
6-15 months

Source: Statistics Denmark, Jyske Bank. Note: Incl. repo and triparty deposits. Product prices for private clients as of 27 November 2023. Certificates of deposit rate based on monthly averages.

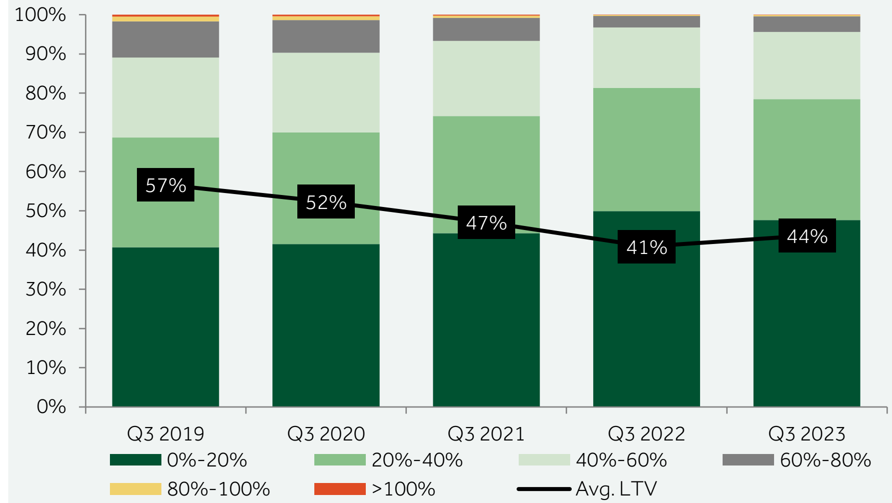
# Balance Sheet

# Lending Characterised by High Mortgage Share with Low LTV

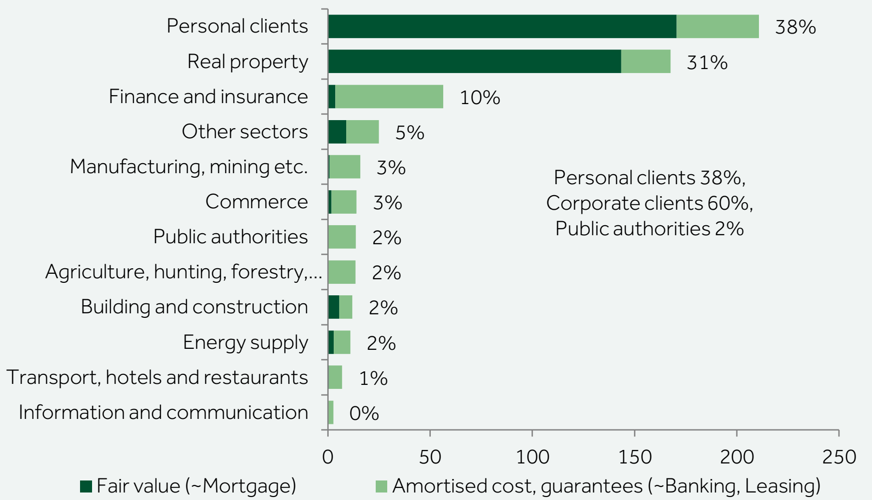
## Split of lending volumes (excl. repo*)



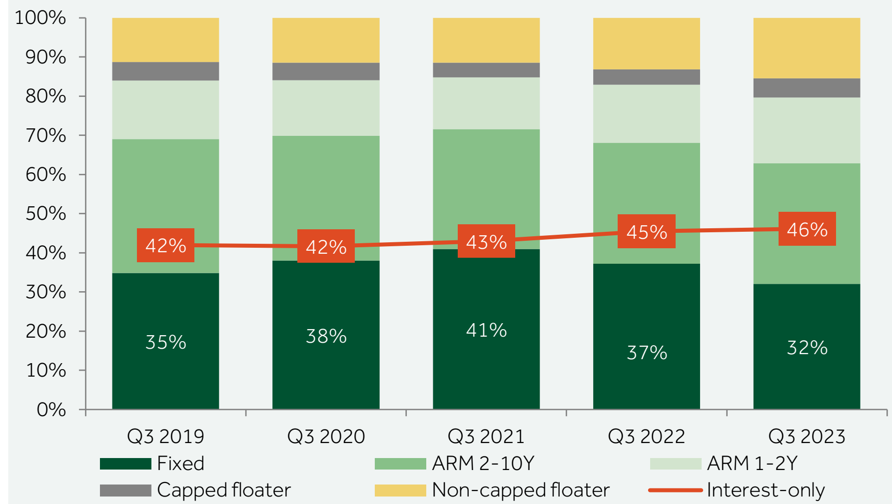

## Mortgage lending with low loan-to-value




## Loans, advances and guarantees by sector (DKKbn)



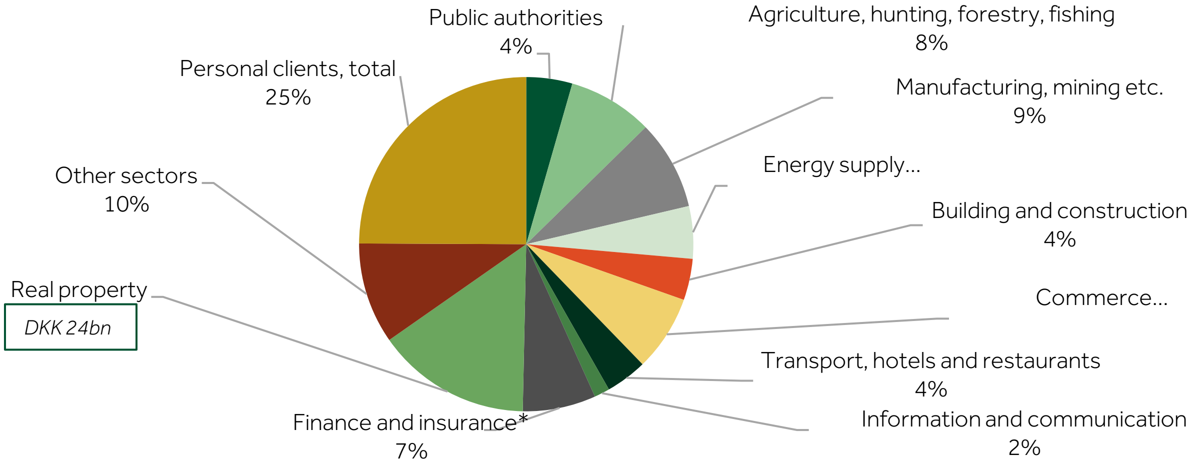

## Product split of mortgage lending



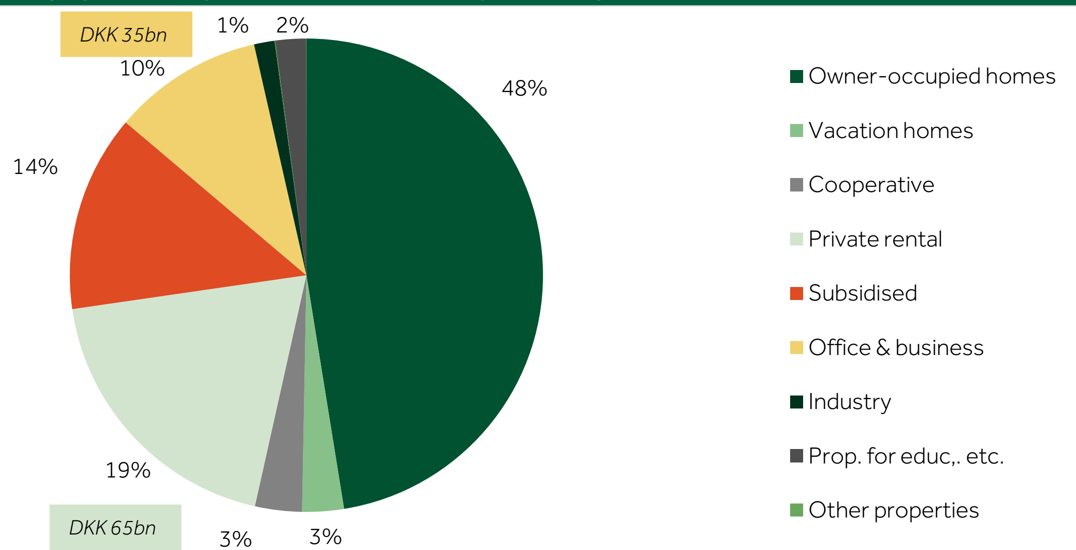

*) Excludes DKK 49bn of revers repo loans (no credit risk). Bank lending incl.leasing is at amortised cost, mortgage lending is at fair value

# DKK 500bn* Loan Portfolio Remains Well Diversified & Low Risk

## Bank lending & guarantees* (incl. leasing) DKK 161bn




## Group mortgage lending DKK 339bn – mainly housing purposes (87 %)




*) Excludes DKK 49bn of revers repo loans (no credit risk). Banklending incl.leasing is at amortised cost, mortgage lending is at fair value

# Credit Quality Remains Solid

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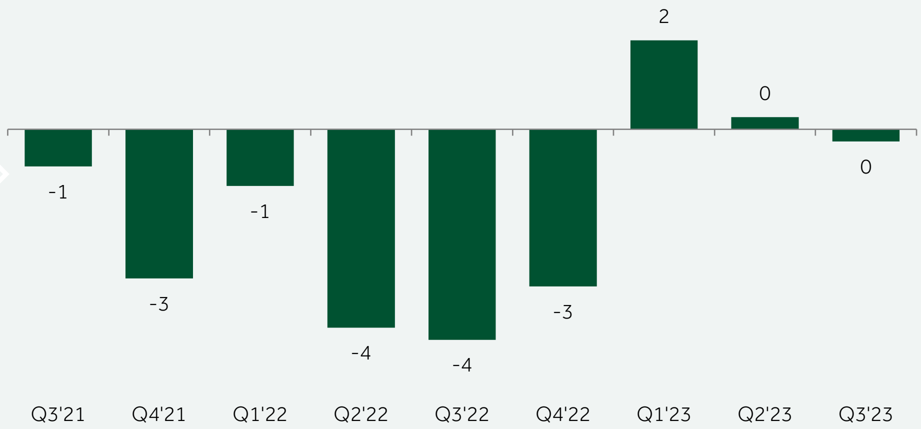
## Cost of risk and net exposure by IFRS 9 stages (bp/DKKbn)

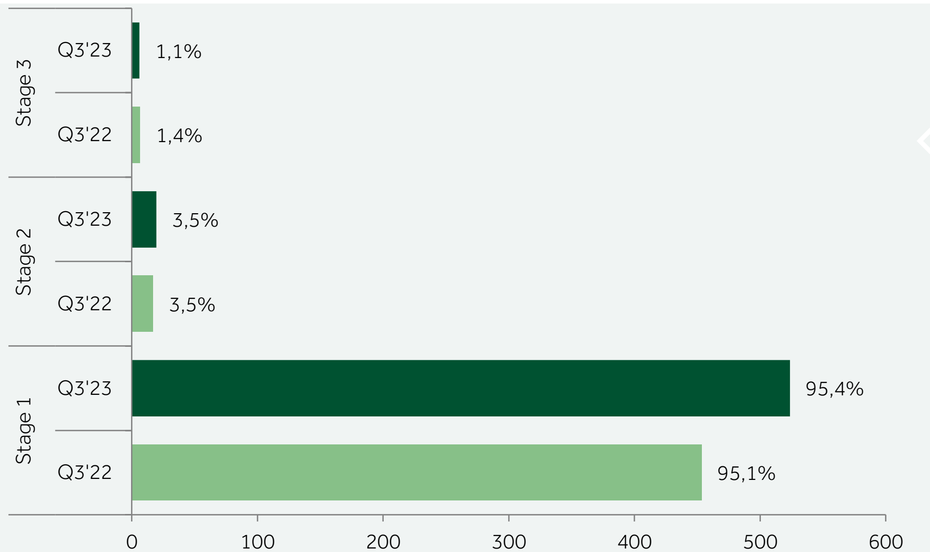
*Q4 2023 loan imp. charges of ~ DKK 30m*

**DKK -13m (0bp)**

Cost of risk

Strong credit quality and significant post-model adj.




**1.1%**

Stage 3 exposure

-0.3pp y/y

**DKK 1,415m**

Post-model adjustments

Equivalent to 28bp

**Low level of loan impairments charges in Q3** as the share of stage 3 exposures remained at a low level.

- **Level of post-model adjustments decreased DKK 10m** to DKK 1,415m (28bp) due to improved processes for risk marking. Further significant post-model adjustments are still included in the balance of discounts for acquired assets relating to Handelsbanken Denmark.
- **Level of write-offs at low level** of 4bp so far in 2023 (Q1-Q3) .
- **Level of stage 3 exposures unchanged at 1.1%.** Loans subject to forbearance measures as well as 90-day mortgage arrears also remain at low levels.

Note: Stage exposures exclude purchased/originated credit impaired exposures (<0.1%).

# Capital and Liquidity

# CET1 Ratio up 0.6pp q/q Despite DKK 500m Dividend

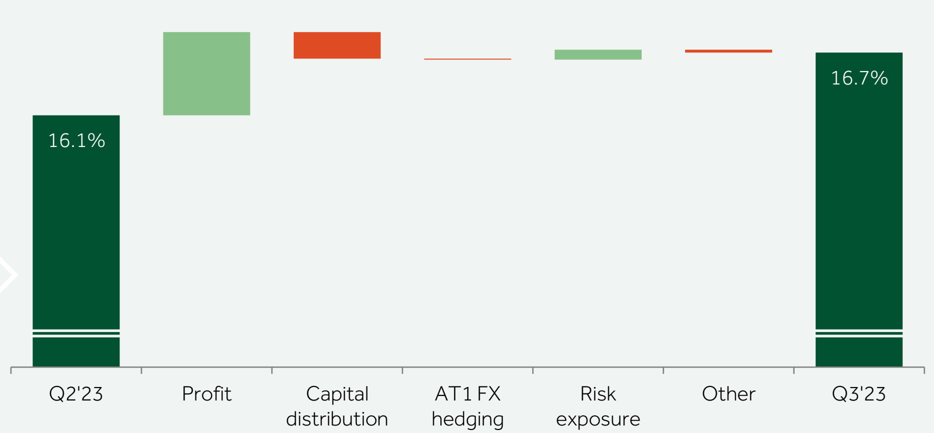
Capital target range for short to medium term: CET1: 15-17 % Total Capital: 20-22 %

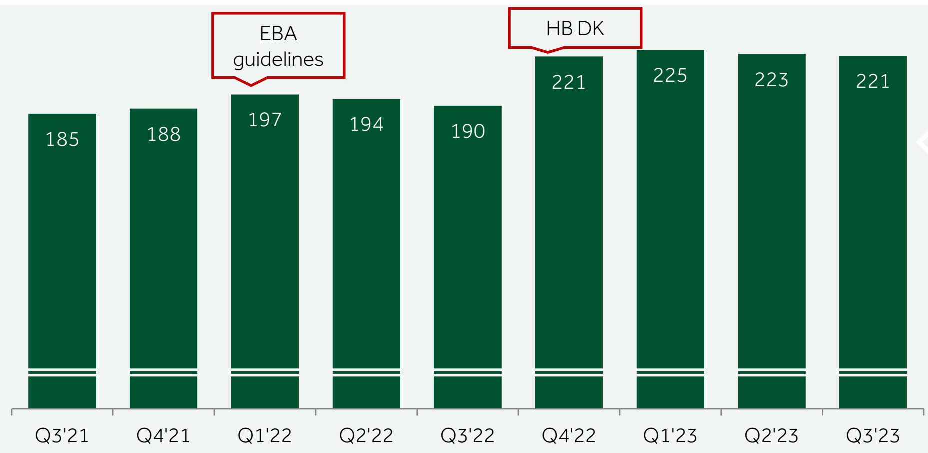
## Common equity tier 1 ratio and risk exposure amount (%/DKKbn)

16.7%

CET1 ratio + 0.6pp q/q

12.7% requirement




-1% q/q

Risk exposure amount

Lower market, credit risk

181%

Liquidity coverage ratio

NSFR: 136%

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5.0%

Leverage Ratio

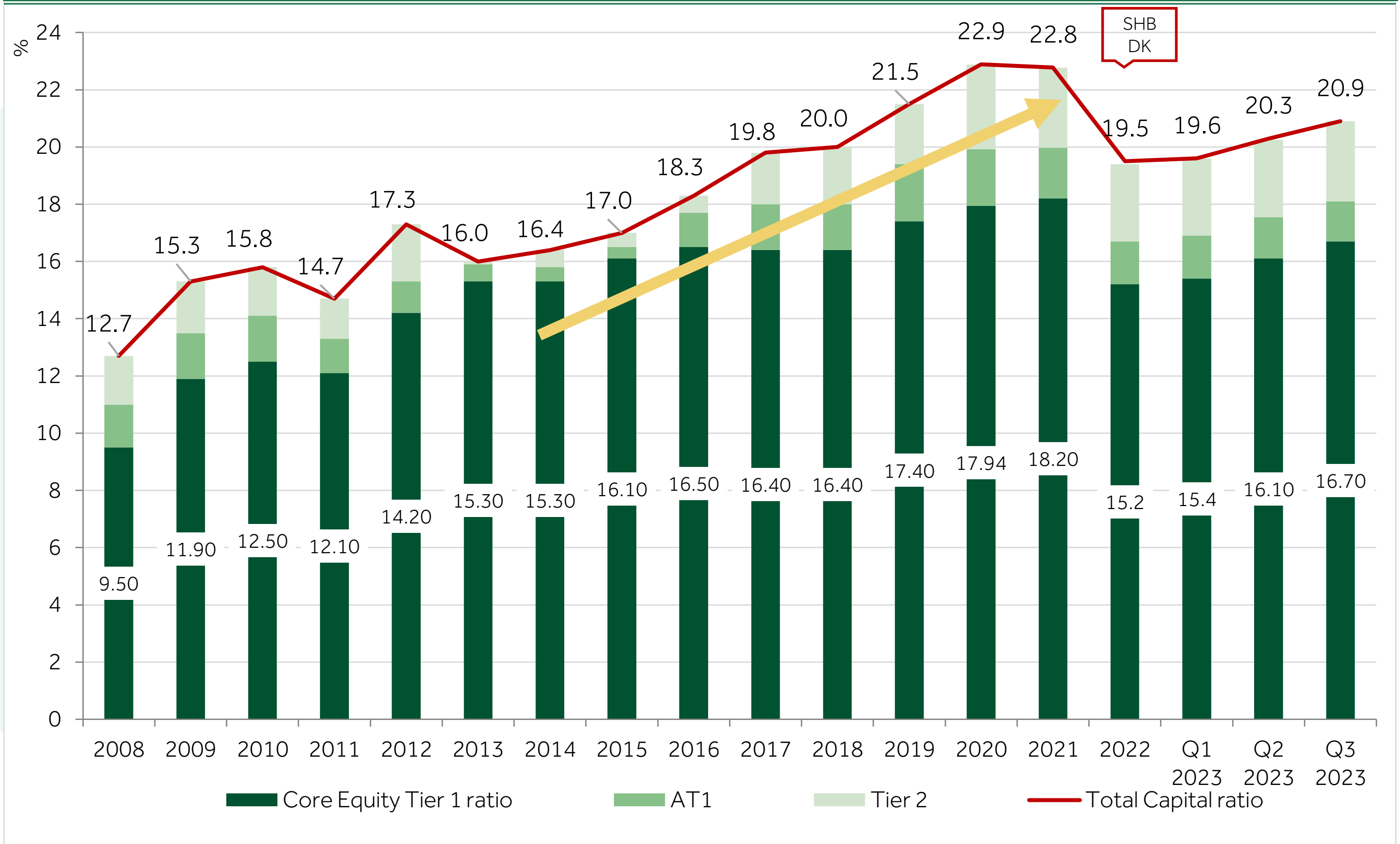
- **Dividend of DKK 500m** to be decided upon at extraordinary general meeting on 1 December 2023.
- The CET1 ratio **impact from upcoming regulation** (incl. Basel IV) ***is included in the current capital targets.***
- After implementation of upcoming regulation, ***capital targets will be re-assessed, with an expectation of being lowered***

NEW CRE BUFFER:

- The Systemic Risk Council has recommended a **sector-specific systemic buffer** for corporate exposures against property companies with a buffer rate of 7% of the weighted risk exposure for the segment effective as from 30 June 2024.

Note: The impact from upcoming regulation (incl. Basel IV) is included in the capital targets. After implementation, the capital targets will be reconsidered and expectedly lowered.

# Strong Capital Built Up Enabled Handelsbanken DK M&A




Share issues:

- 2009 (to remain independant of goverment support during peak of the financial crisis
- 2012 to defend our rating during turbulent times with high partly FSA (regulation) driven loan impairment charges
- 2014 to finance the BRFkredit acquisition (BRF Holding became a 25 % shareholder in Jyske Bank)

# Liquidity Position Remains Very Solid

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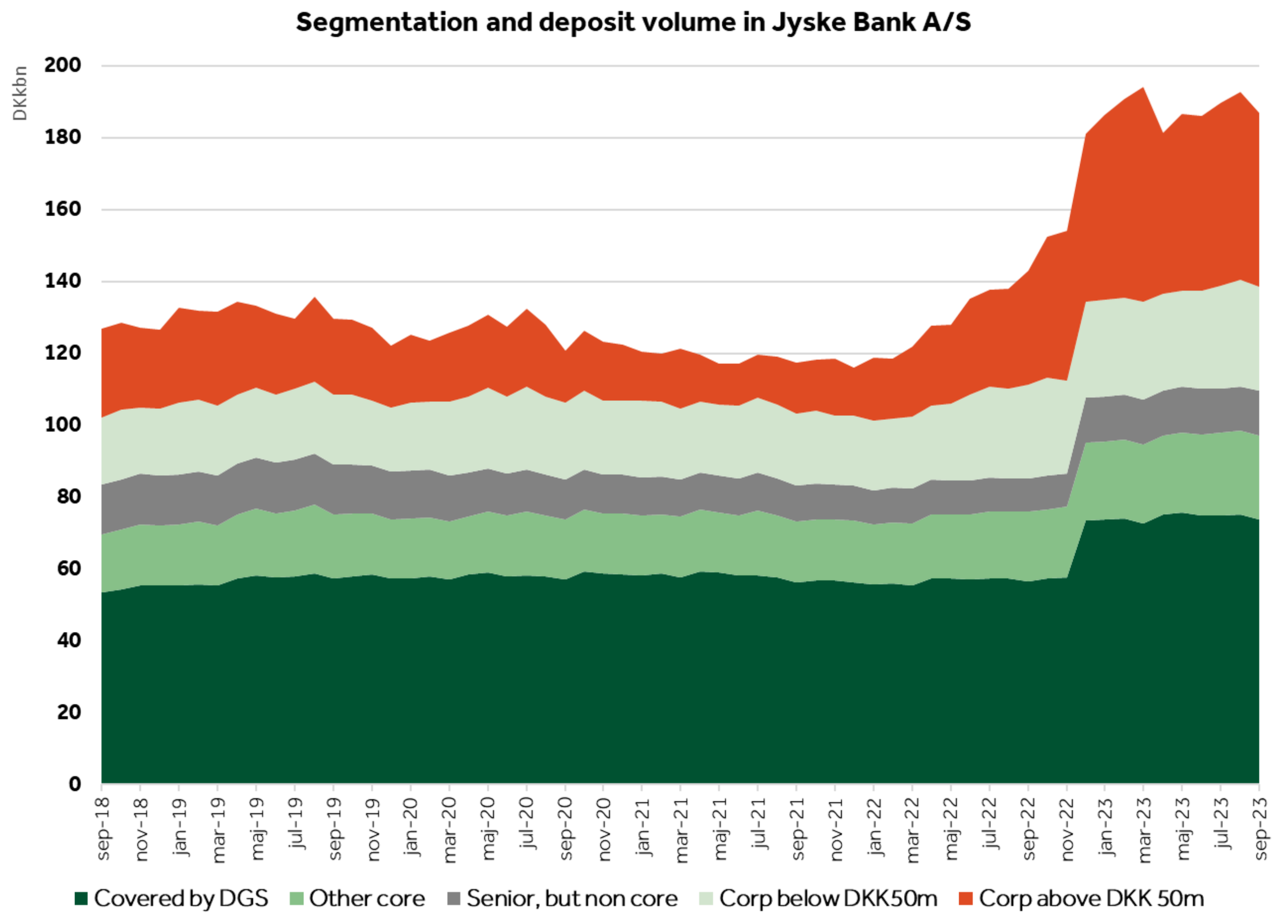
## Strong share of core deposits !!



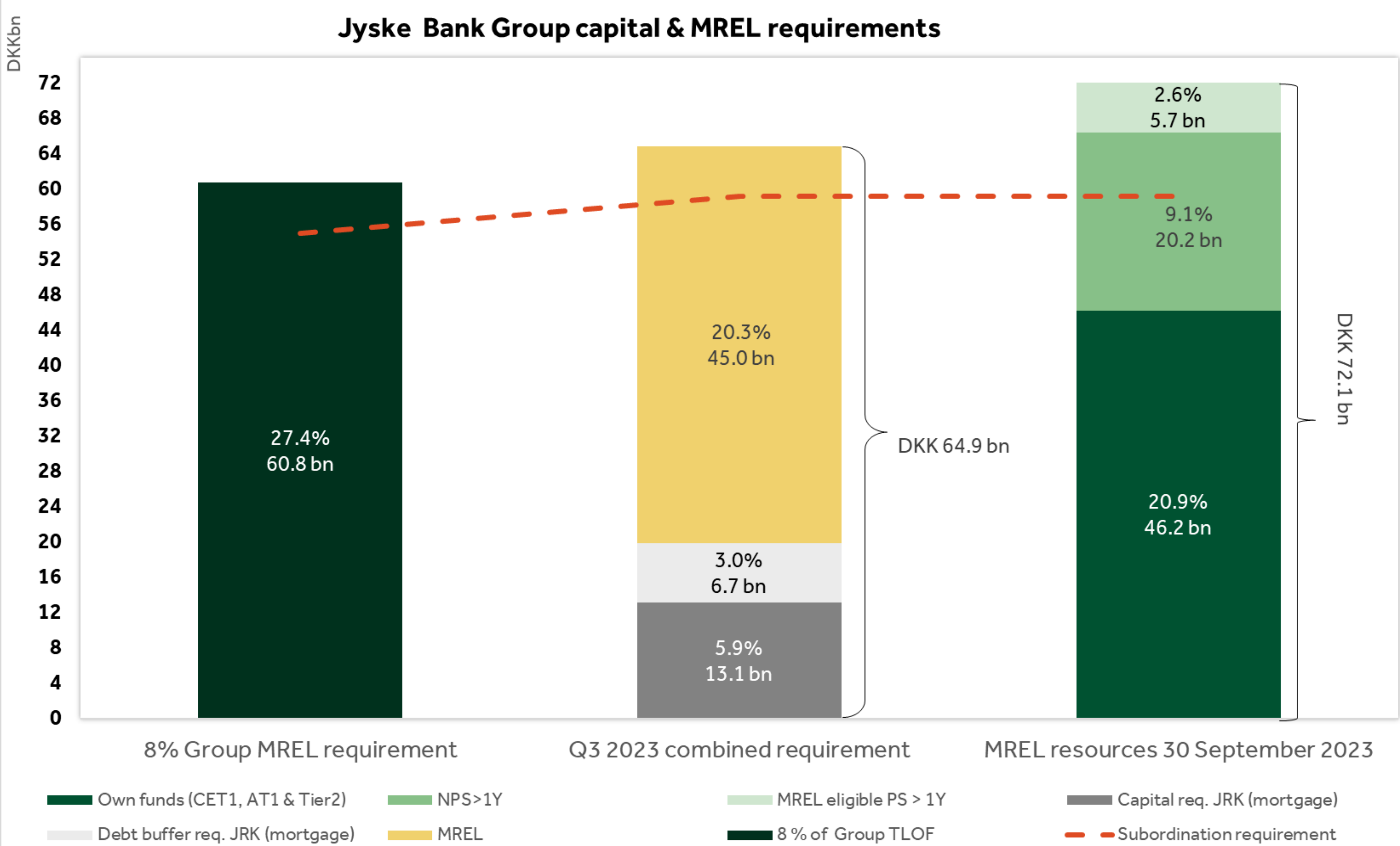

181%
Q3 2023
Liquidity Coverage Ratio

136%
Q3 2023
Net Stable Funding Ratio

## MREL & Funding

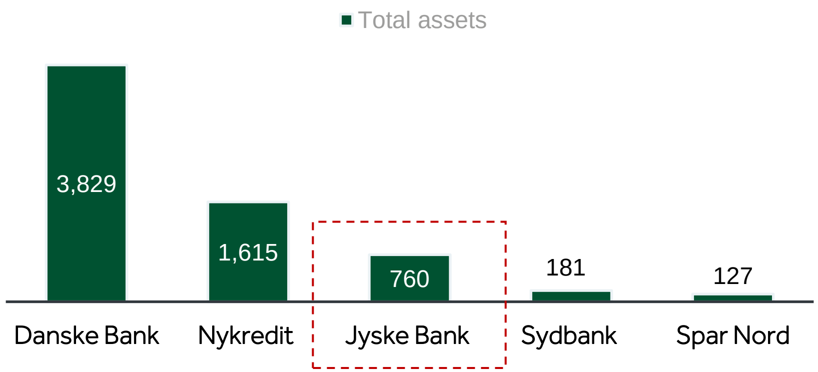
# Group MREL Requirements Q3 2023

Group level DKKbn/%



# What a Difference a Decade Makes…

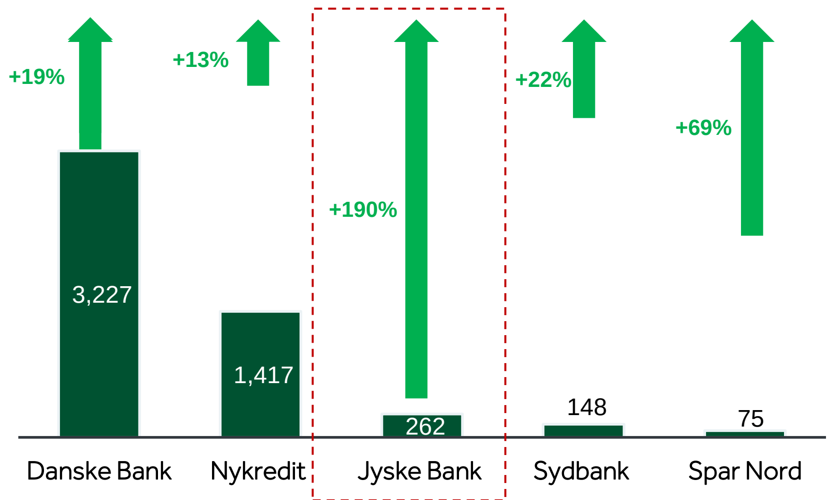
## CURRENT SIZE POSITION IN DENMARK (DKK,BN)




## OUTSTANDING EUR BONDS JANUARY 2024

| | |
|---|---|
| Benchmark size senior bonds | 7 |
| Benchmark size covered bonds | 6 |
| Public Tier 2s | 2 |
| Public AT1s | 2 |

## SIZE POSITION AS OF FY 2013 (PRE BRF ACQUISITION) IN DKK,BN




## OUTSTANDING EUR BONDS END DECEMBER 2013

| | |
|---|---|
| Benchmark size senior bonds | 1 |
| Benchmark size covered bonds | 0 |
| Public Tier 2s | 0 |
| Public AT1s | 0 |

*Source: Company reports. 2013 and Q3 2023*

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# Funding Plans

| Jyske Bank - banking activity capital & MREL requirement in % (of banking activity REA) and in DKKbn | MREL position/ressources DKKbn 30.09.2023 | MREL req. DKKbn 30.09.2023 | MREL buffer DKKbn 30.09.2023 | MREL position/ressources (%) 30.09.2023 | MREL requirement (%) 2023 | MREL buffer % 30.09.2023 |
|---|---|---|---|---|---|---|
| MREL | 52.3 | 45.0 | 7 | 36.8% | 31.7% | 5.1% |
| Hereof subordinated MREL | 46.6 | 39.3 | 7 | 32.8% | 27.7% | 5.1% |
| Hereof non subordinated MREL | 5.7 | 5.7 | 0 | 4.0% | 4.0% | 0.0% |

**MREL eligible debt required in 2024: DKK 28 – 30bn (EUR 3.8-4.0bn) split between:**

- DKK 22-24 bn (~EUR 3.0-3.2bn) NPS debt
- DKK 6bn (~EUR 0.8bn) PS debt

*The predicted amount of outstanding MREL eligible instruments reflect the statutory requirements as well as an internal buffer to the statutory requirements.*

**Preliminary guidance on funding plans into 2024:**

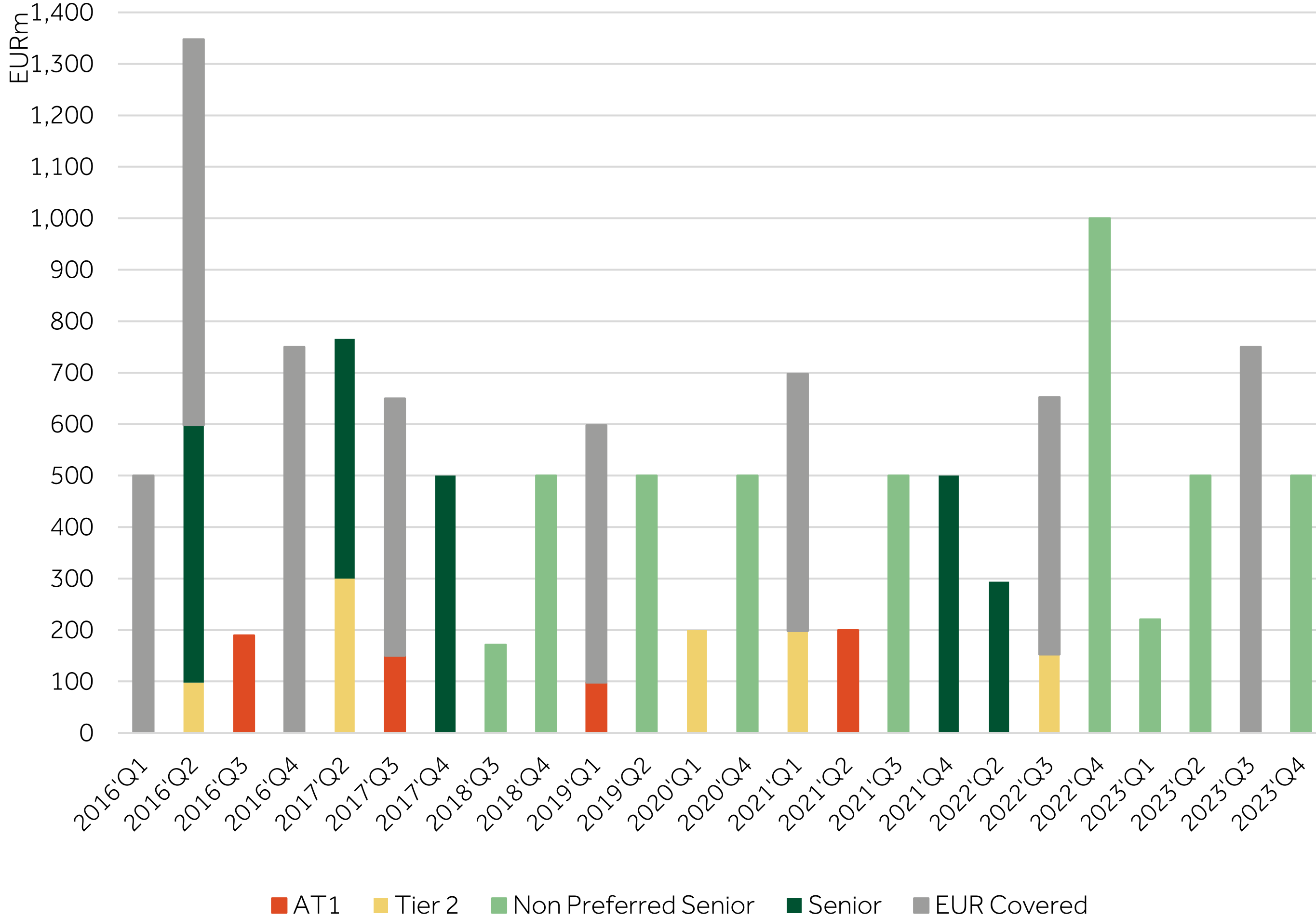
- **AT1**: with the added HB DK REA Jyske has unused capacity for AT1) and issuance is planned during 2024
- **NPS**: 1 EUR 500m benchmark during 2024
- **PS:** No EUR benchmark planned in 2024

**Current outstanding amount of MREL eligible debt instruments:**

**NPS: DKK 24.0bn**
**PS: DKK 5.7bn**

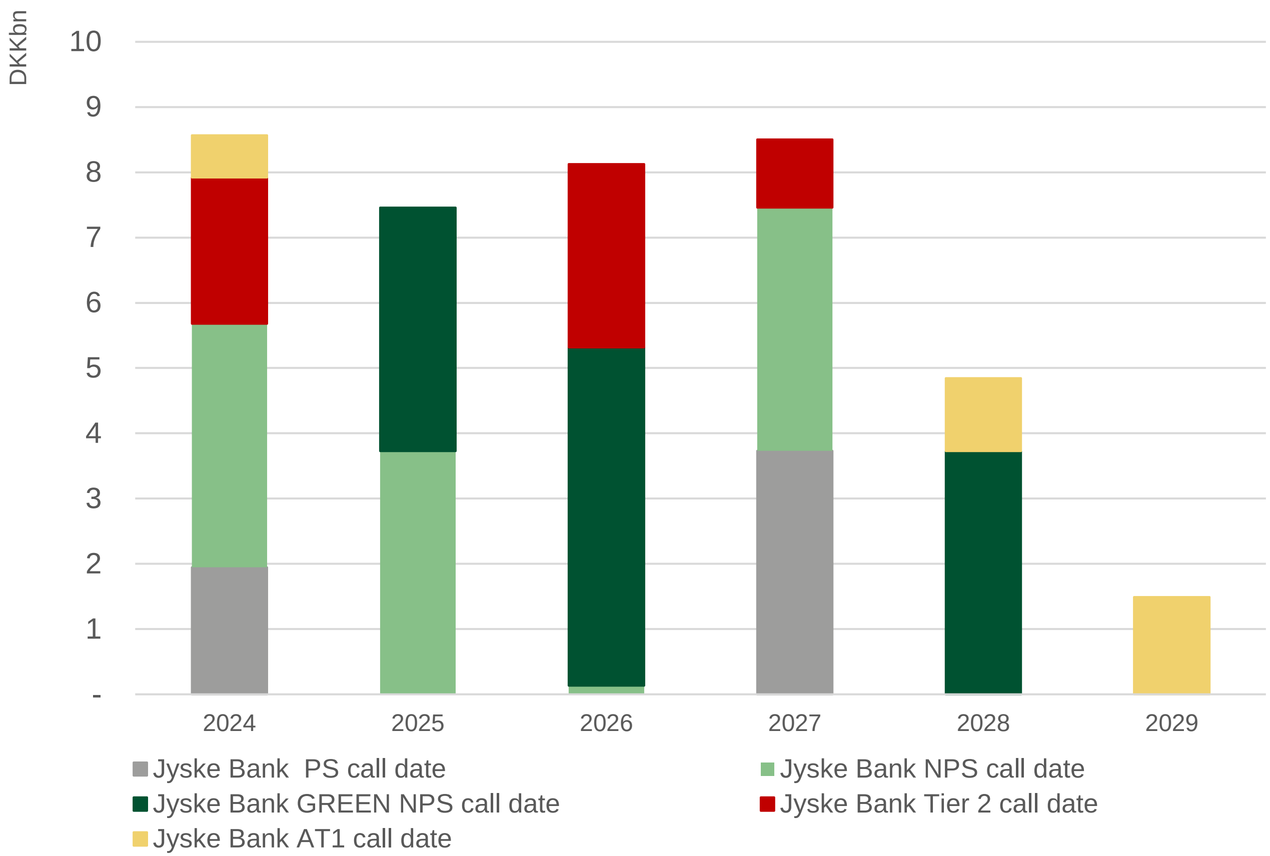
# Jyske is a Dedicated EUR Market Issuer..................

A EUR 500m PS or NPS benchmark has been issued annually for more than a decade (some years even two....)



# Jyske Will Remain an Active Issuer in Future Years ............

## January 2024 call-date profile



# Sustainability and Ratings Overview


# Approach and Ambitions

## Ingrained in identity

"We run a sustainable and responsible business"

First statement in Jyske Bank's Identity

Supporting a wide range of sustainability-related principles, alliances, targets and initiatives

## Focus on financed emissions

Share of $CO_2$ emissions

0.03%
Scope 1
Company cars, local heating

0.08%
Scope 2
Electricity, district heating

99.89%
Scope 3
Financing, investing, etc.

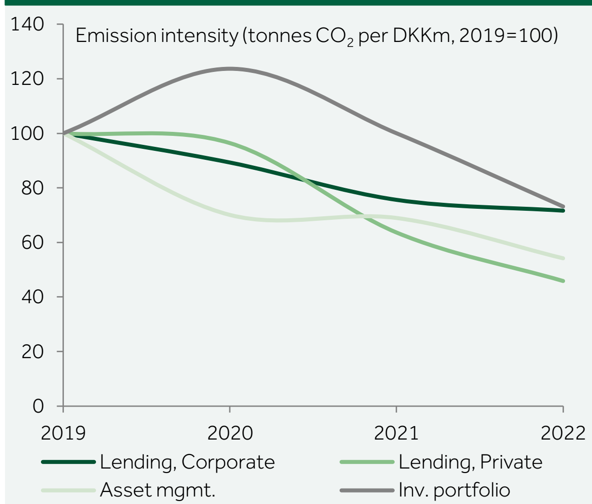
## ESG ambitions

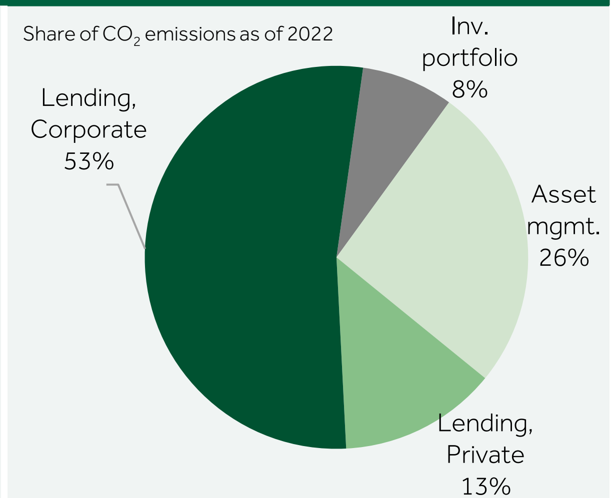
Net zero emissions and green financing
Environmental

Engaged and competent employees
Social

Responsible operations
Governance

## Intensity of financed/invested emissions reduced by 39% since 2019




Note: Estimated scope 3 emissions based on impact analyses. Please visit jyskebank.com/investorrelations/sustainability for more information.

# Targeting Net Zero Emissions by 2050

## Lending

1.3 million tonnes $CO_2$
Emissions in 2022
-22% vs. 2019

### Targets for emission intensity reduction

From 2020 to 2030

| | |
|---|---|
| Owner-occupied property | 65% |
| Office, commercial property | 50% |
| Agriculture | ≥40% |
| Electricity and heating | 30% |
| Road transport (vs. 2019) | ≥15% |

### Targets for growth in green finance

From 2019 to 2025

| | |
|---|---|
| Renewable energy<br>Equivalent to 5 TWh (2022: 3.6 TWh) | +150% |
| Low-energy commercial property<br>Equivalent to DKK 50bn (2022: DKK 47bn) | +43% |
| Low-emission share of vehicles, etc.<br>2022: 18% of financed vehicles, op. equipment | 30% |

## Investments

0.6 million tonnes $CO_2$
Emissions in 2022
-42% vs. 2019

### Targets for emission reduction

From 2019 to 2030

| | |
|---|---|
| Managed equity investments<br>2022: -46% vs. 2019 | 75% |
| Danish mortgage bond investments<br>2022: -49% vs. 2019 | 40% |

## Own operations

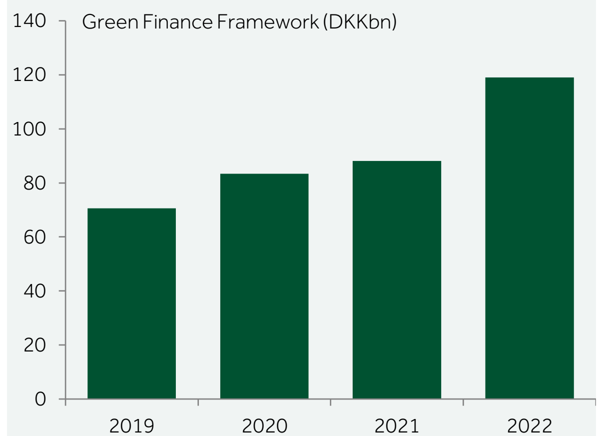
0.02 million tonnes $CO_2$
Emissions in 2022
-19% vs. 2020

### Target for emission reduction

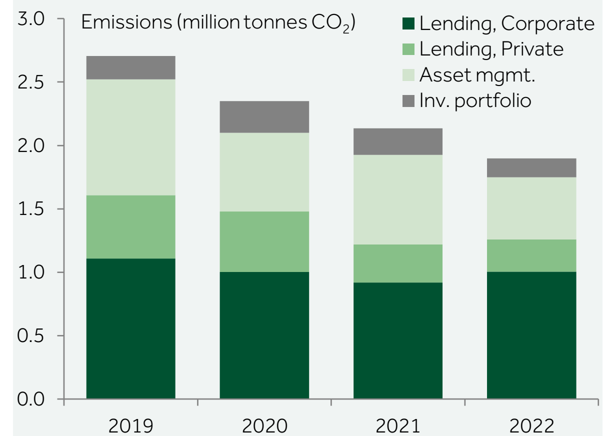
From 2020 to 2030

| | |
|---|---|
| Scope 1 and scope 2<br>Offset by renewable energy production since 2021 | 65% |

## Targeting growth in green finance




## Emissions reduced 30% vs. 2019




Note: Targets for investments cover approx. half of assets under mgmt. Targeting net zero emissions by 2045 for lending and by 2050 for investments.

# Overview ESG Ratings

## How we work

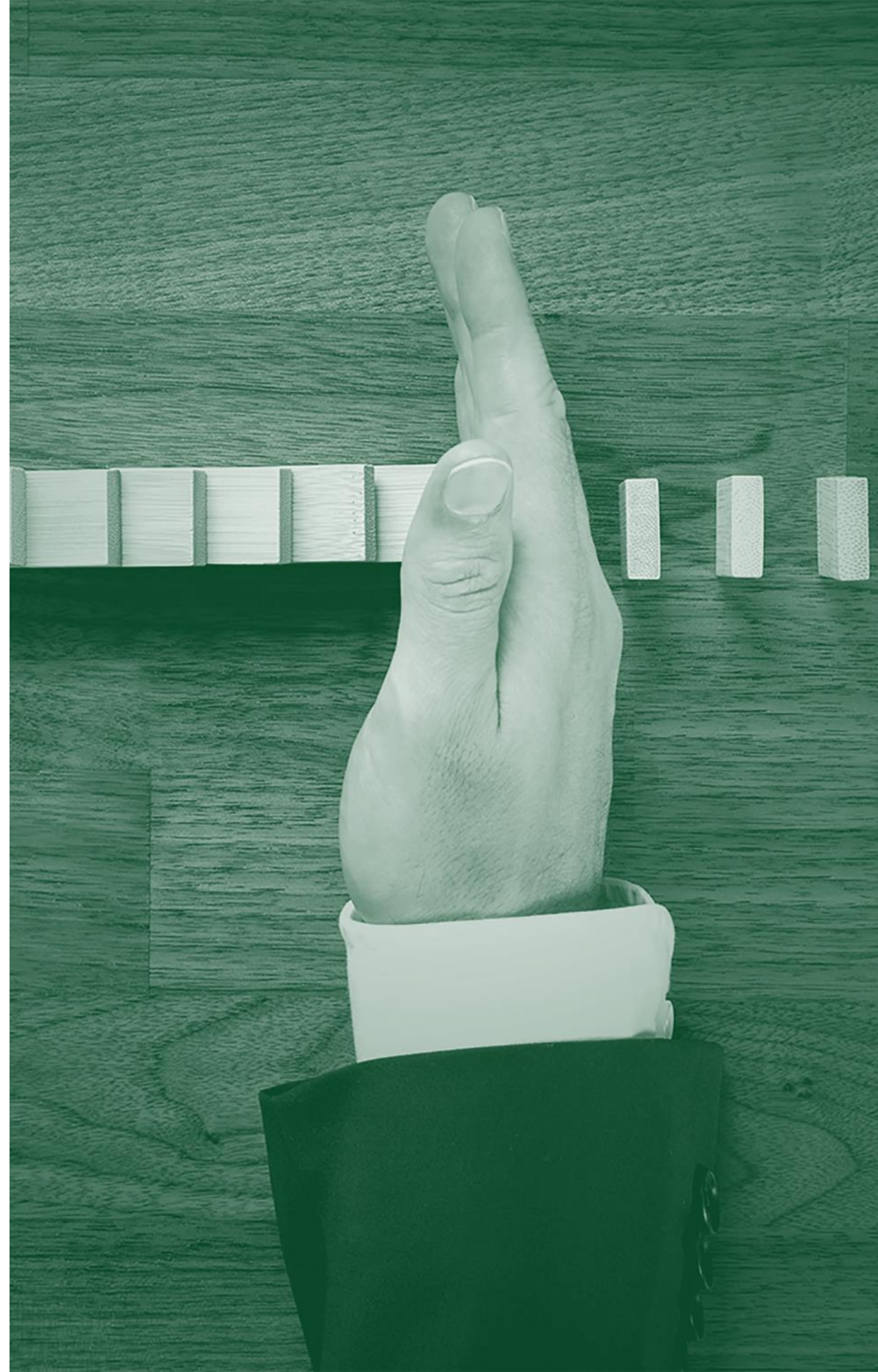
- Systematic approach.
- Jyske Bank has chosen to update data and have a dialogue with selected ESG raters.
- We assess which ESG raters are most relevant to Jyske Bank.
- Centrally anchored – group-wide task.

| | | Jyske Bank ESG ratings | | | | |
|---|---|---|---|---|---|---|
| Rating provider | Rating scale | 2023 | 2022 | 2021 | 2020 | 2019 |
| MSCI | AAA to CCC | AA | AAA | AAA | A | BBB |
| Sustainalytics | Negligible to severe risk | Medium risk | Medium risk | Medium risk | Medium risk | Medium risk |
| ISS ESG | +A to D- | C Prime | C Prime | C- | C- | C- |
| CDP | A to D- | C | C | C | C | D |
| Moody's ESG Solutions | 0-100 | 47 | 47 | 46 | - | - |

# Overview Rating Profile

| Standard & Poor's ratings<br>Jyske Bank<br>issuer rating profile | Rating | Outlook | Jyske Realkredit ratings of mortgage bonds | |
|---|---|---|---|---|
| Issuer Credit Rating ("ICR") | A+ | Stable | CRD-compliant covered bonds | AAA |
| Stand-Alone Credit Profile ("SACP") | A- | Stable | from Capital Center E | |
| Short-term preferred senior | A-1 | Stable | | |
| Long-term preferred senior | A+ | Stable | | |
| Long-term non-preferred senior | BBB+ | Stable | UCITS-compliant mortgage | |
| Tier 2 | BBB | Stable | bonds from Capital Center B | AAA |
| Additional Tier 1 | BB+ | Stable | and the General Capital Center | |

# Appendix A – Jyske History and Recent Activity



# Domestic Consolidation is Part of Jyske Bank's Strategy

JYSKE BANK

## Focused on core business

**Ready for new opportunities**

Growth through acquisitions is an ongoing strategic initiative and Jyske Bank remains willing and able to participate in further consolidation of the financial sector in Denmark

*Divesture of non-core business*

**2013**
Sale of Jyske Bank Global Asset Management (US)

**2014**
Silkeborg Data
Stake in Berben's Effectenkantoor

**2015**
Jyske Bank Schweiz

**2021**
Jyske Bank (Gibraltar) Ltd.

**Founded in 1967 – now a Danish SIFI**
Founded by merger of four local banks, some dating back to 1882

**1967**

**1970s – 1989**
Seven acquisitions of small and medium-sized banks and establishment of minor, foreign subsidiaries

**1989 – 2011**
Organic growth while carrying out several strategic initiatives

**2011**
Acquired leasing activities from Spar Nord and Easyfleet as well as parts of the client portfolio of Fjordbank Mors from Finansiel Stabilitet

**2013**
Acquisition of Sparekassen Lolland

**2014**
Acquisition of Jyske Realkredit from BRFfonden

**2022**
Acquisition of Handelsbanken DK

**2023**
Acquisition of PFA Bank

**Proven track-record of successful recent M&A**

Acquisitions made at discount to book value and fully integrated to reap synergies

## History of successful M&A

→ 2011-ytd. + DKK 322bn (EUR 43bn) assets acquired

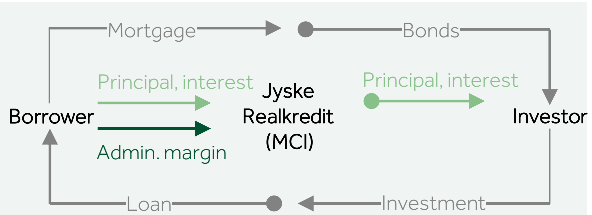
JYSKE BANK

# High mortgage lending share underpins stability and growth

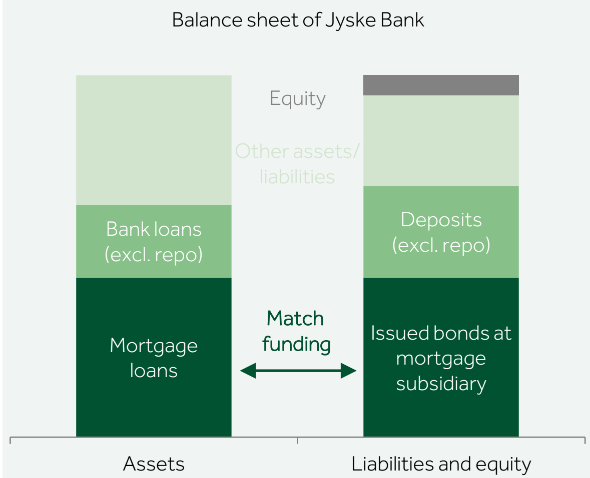
## The Danish mortgage model

**Based on a balance principle with no defaulting mortgage credit institutes (MCI's) since its inception in 1797.**

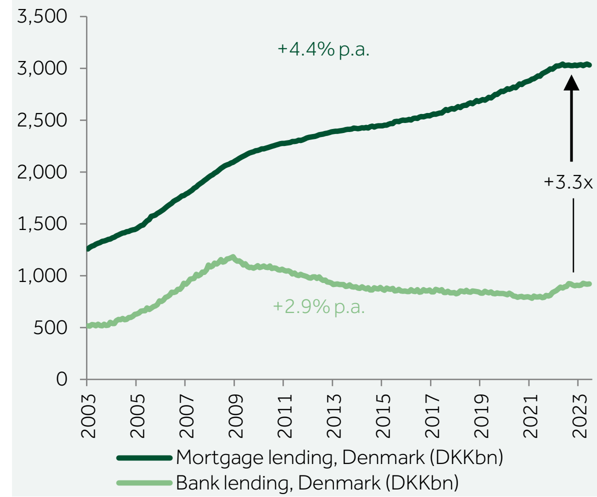
- MCI's **fund loans by issuing covered bonds with 1:1 matching terms**, thus transferring interest rate, currency, liquidity, prepayment risk to investors.
- **Borrowers can prepay loans/remortgage by buying the bonds**, which are traded in a transparent and highly liquid market of AAA-rated covered bonds.
- In addition to the principal and interest paid to the investor, the borrower pays an **administration margin as well as transaction-based fees to the MCI**.
- The **MCI, in return, guarantees payments from the borrower**, who is subject to a thorough credit assessment with a strict 60%-80% loan-to-value limit.



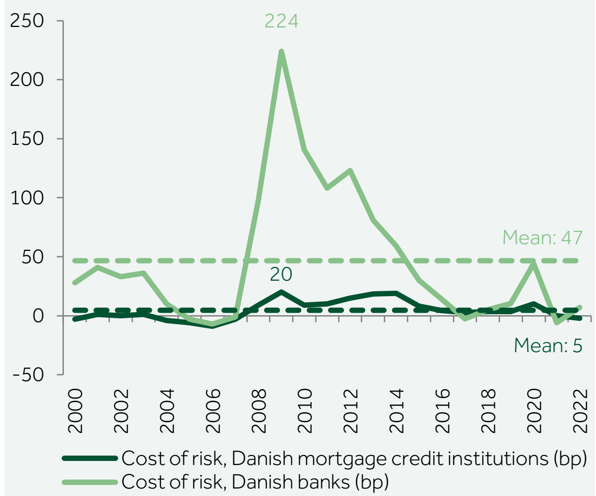

## Balance principle limits funding risks



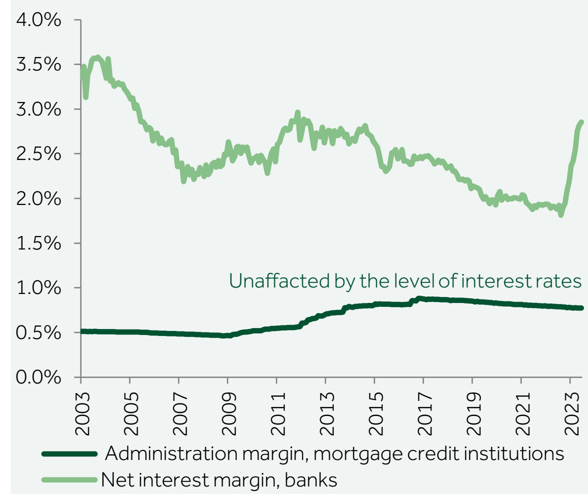

## High and resilient growth of mortgages




## Very low cost of risk for mortgages




## Mortgage margin stabilises income

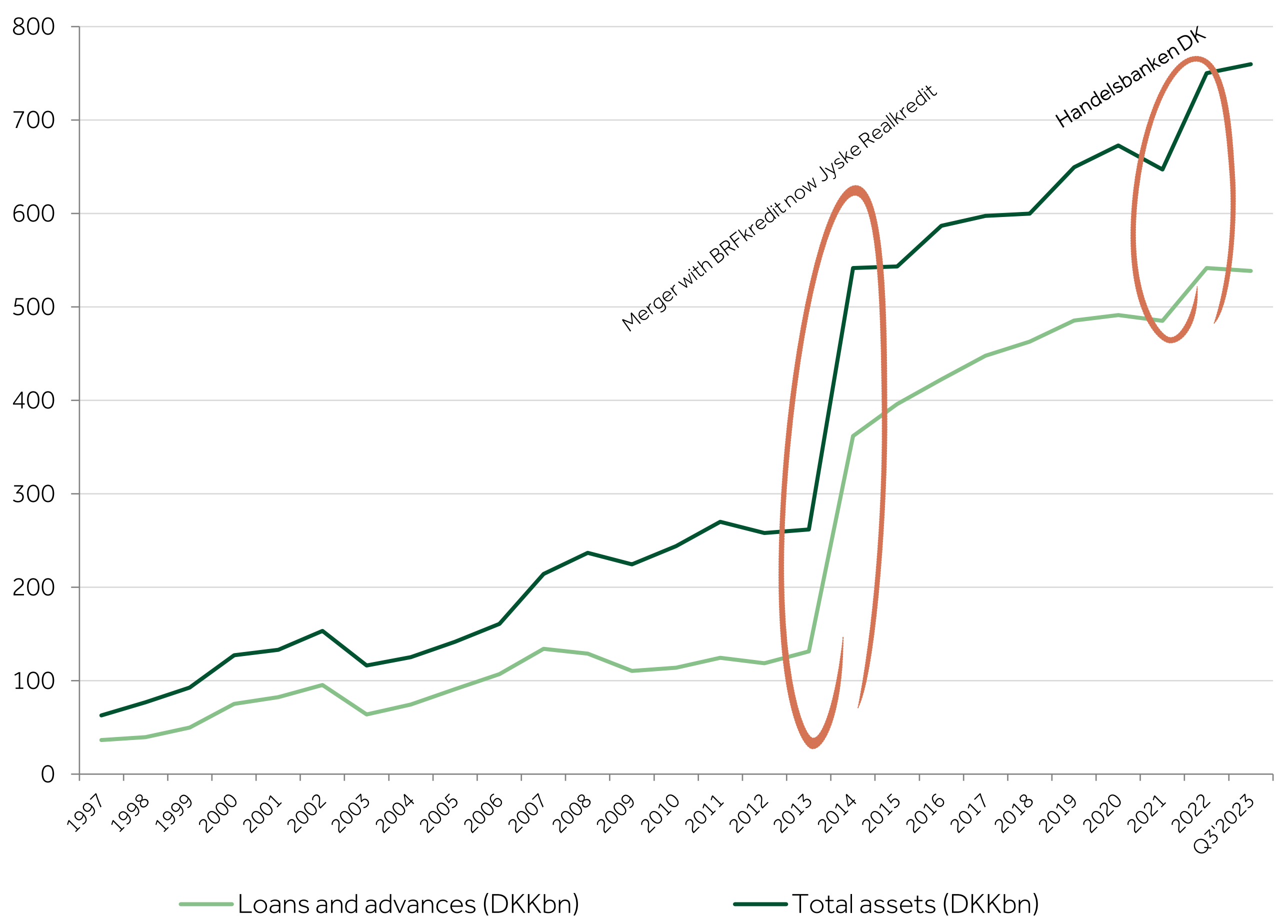



Source: The Danish FSA, Nationalbanken and Finance Denmark. Note: For further information on the Danish mortgage model, please see Finance Denmark.

# Jyske is a Strong Consolidator

JYSKE BANK

DKKbn



# PFA Bank Acquisition Closed on 1 October 2023

## PFA Bank at a glance

No-lending bank established in 2013

c. 10,000 personal/private banking customers, 40 FTEs

DKK 16.1bn AuM, DKK 0.7bn deposits

## Strategic rationale

### Attractive customer base
Adding volumes within asset management and wealth management advice

### Cross-selling potential
Jyske Bank has a strong full-service offering that underpins cross-selling potential

### Supports wealth management strategy
Jyske Bank has had the most satisfied private banking clients for 8 years running

## Financials

### Negligible capital consumption
Total consideration of DKK 247m, <0.1pp net CET1 ratio impact

### Closing effective on 1 October 2023
Administration and management of PFA Invest as well as IT migration in H1 2024

### High return on allocated capital
Full financial impact from 2025, integration costs of c. DKK 50m in 2024

Note: Most satisfied private banking clients in Denmark according to Voxmeter.

# HB DK Integration Process Approaching the Final Steps

## Transition to be finalised in 2023

- June 2022 — Public announcement
- H2 2022 — Tier 2/NPS issuances
- 1 Dec. 2022 — Deal closing
- Feb. 2023 — Merging of organizations
- Oct. 2023 — Branch merging finalised
- Nov. 2023 — IT migration completed

## Overview of financial impact

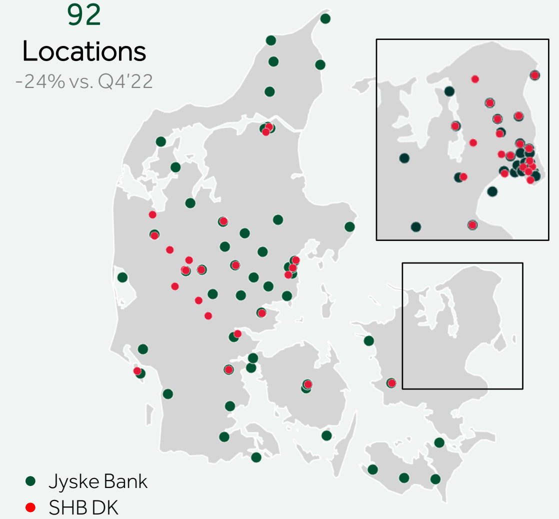
**c. DKK 1.3bn p.a.**
Normalised pre-tax profit by 2025E
Run-rate of c. DKK 0.6bn prior to transaction.

**c. DKK 0.4bn p.a.**
Targeted cost synergies
Leveraging common platform and scale benefits to replace group services and reduce headcount.

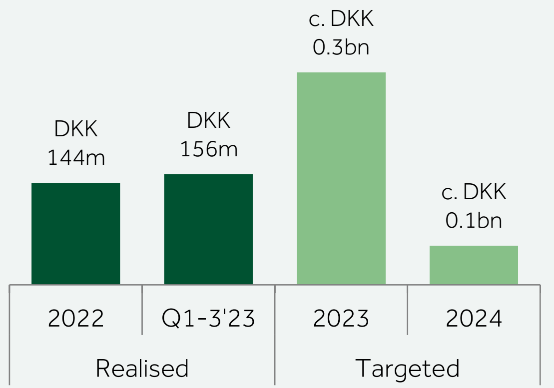
**c. DKK 0.5bn**
Total integration costs
Transaction costs, transitional service agreements, branch merging, IT migration, etc.

## Branch number reduction - c. 25%

92
Locations
-24% vs. Q4'22



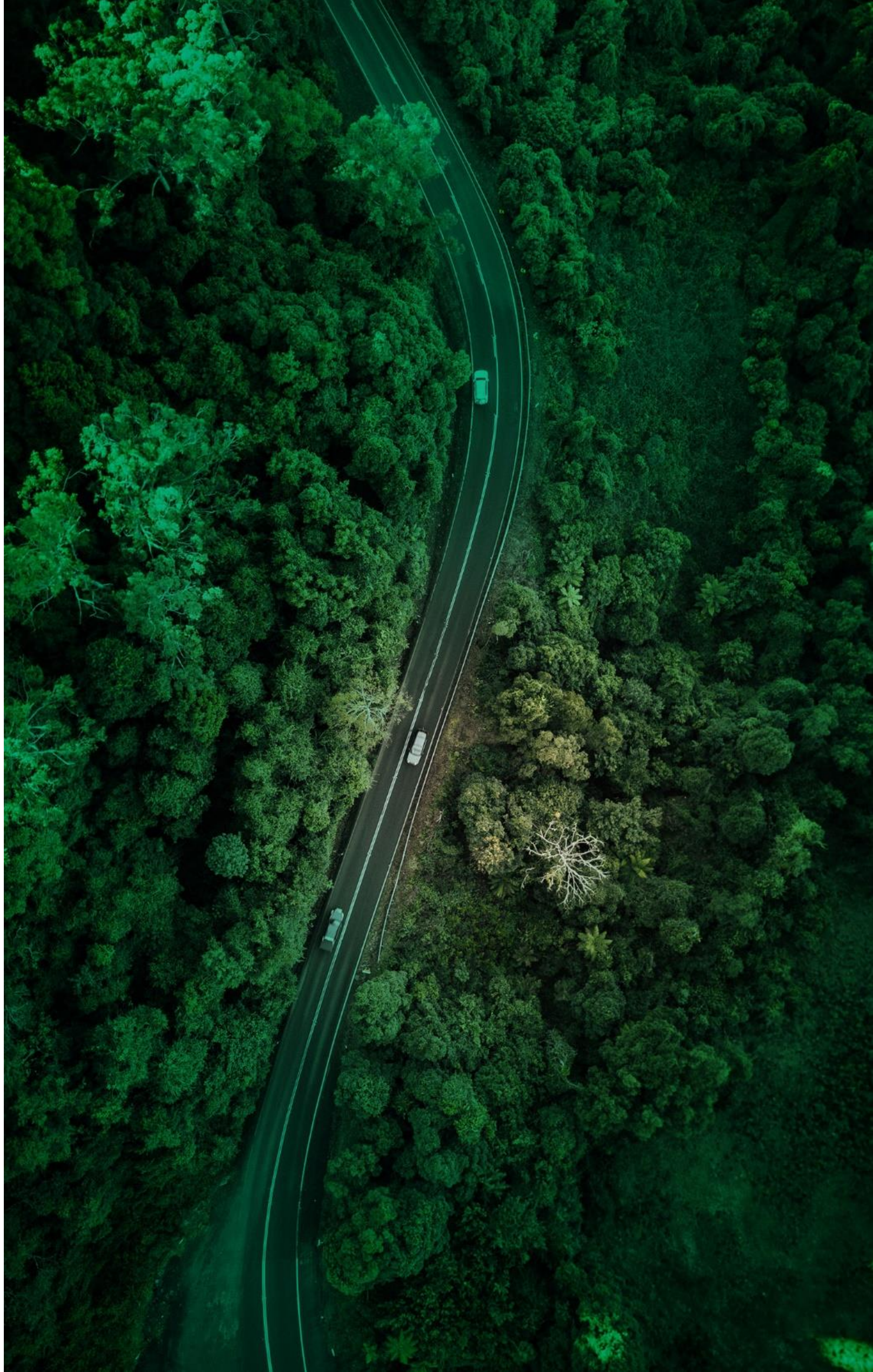

## DKK 300m of integration costs realised




## DKK 144m of cost synergies Q1-3 2023

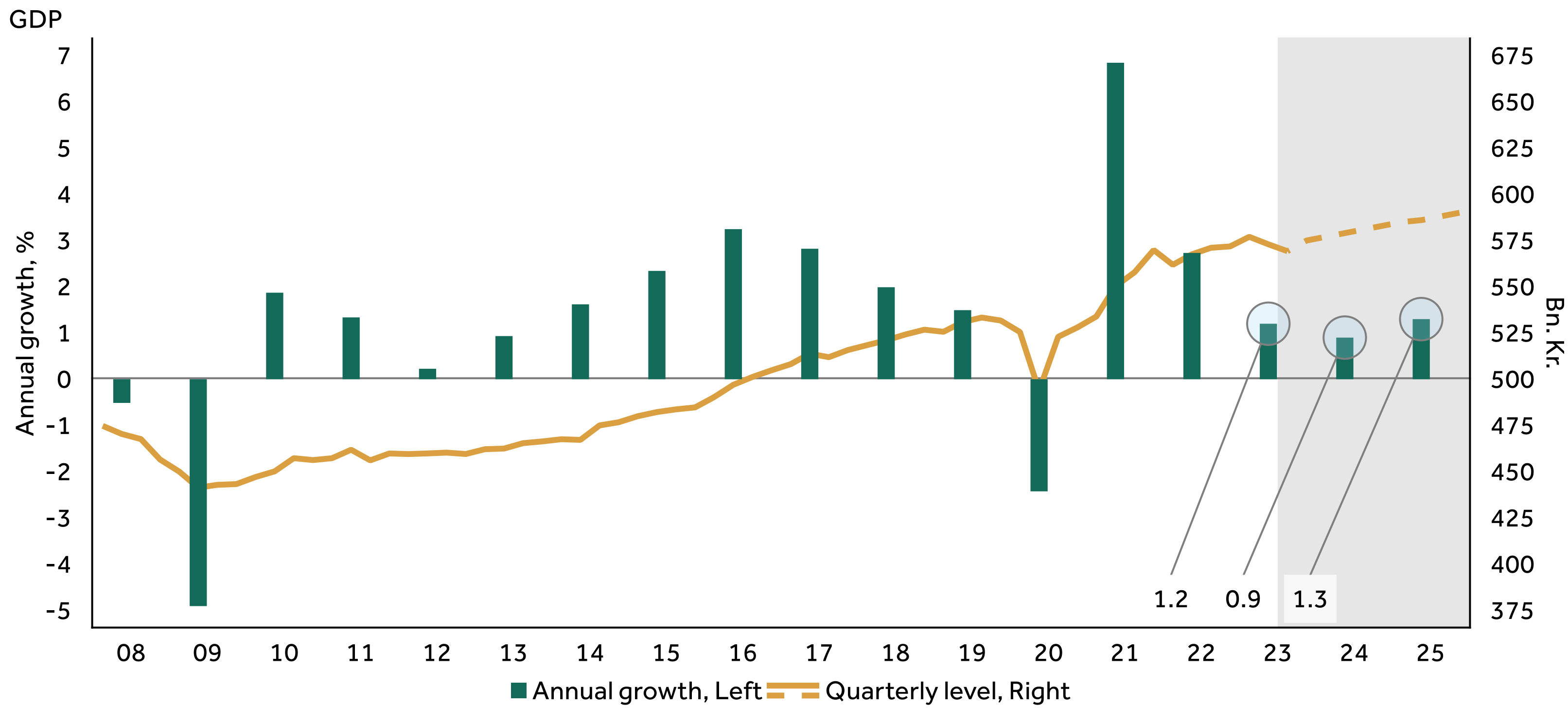

Note: Locations as of the end of Q3 2023. Expected integration/restructuring costs and cost synergies excl. impact from the acquisition of PFA Bank.

# Appendix B - Update on Danish Economy



# What is Yet to Come : Baseline Scenario...Mild Downturn

GDP growth have slowed down. Fall in Q3 related to lower medical production after boom.
2022 + 2.7 %, Q1 2023 + 1.1 %, Q2 2023 - 0.9%, Q3 2023 -0.1 %

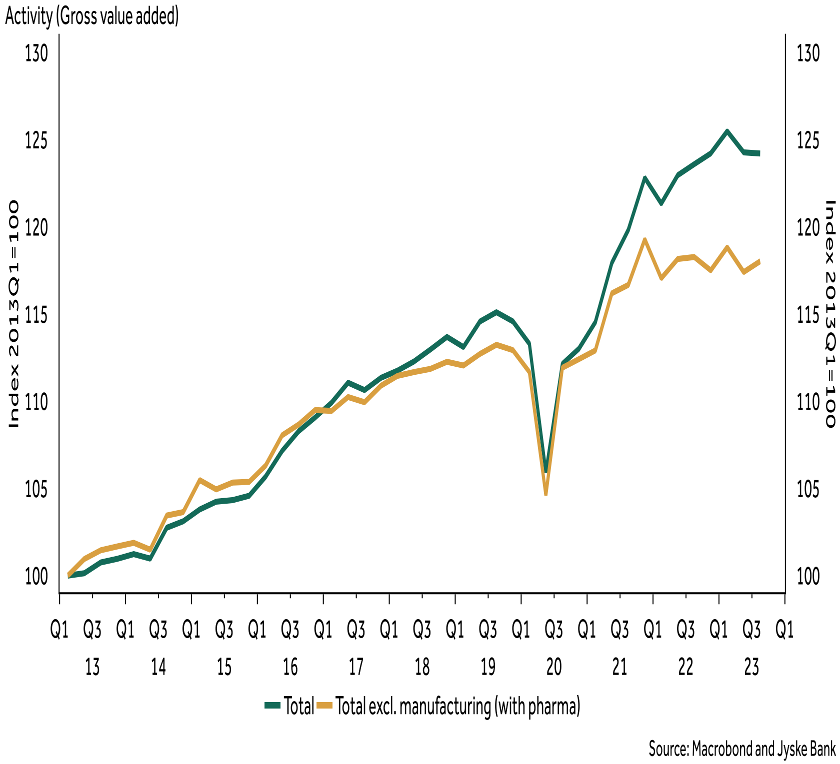


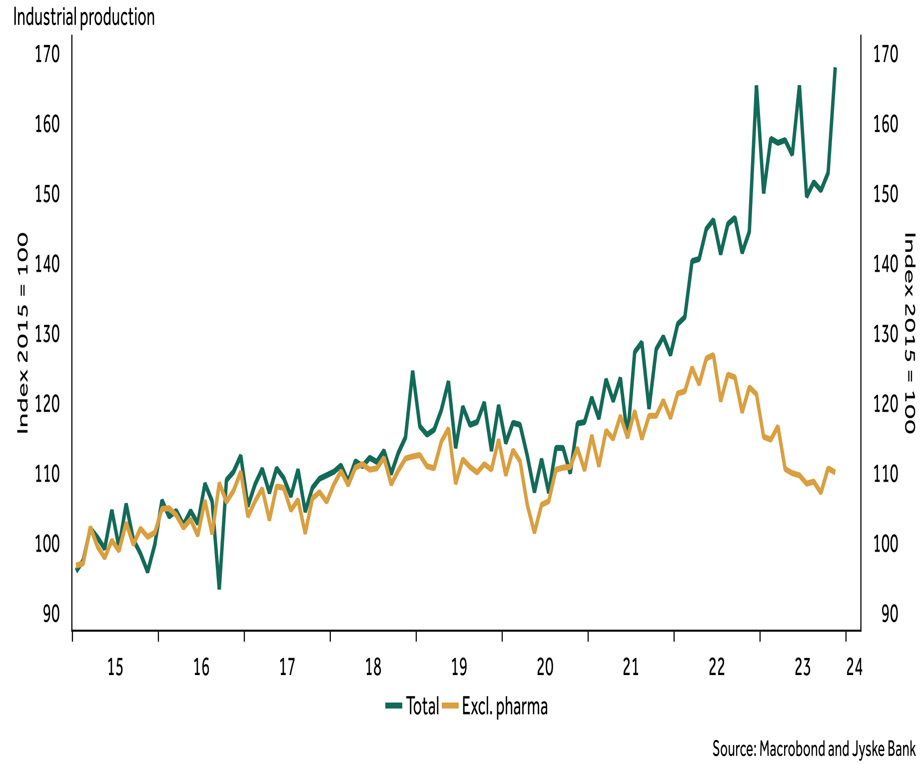

Source: Macrobond and Jyske Bank

# Underlying weakness in activity but GDP Supported by Strong Pharma-Sector

Pharma production constitues 40-50% of total industrial production

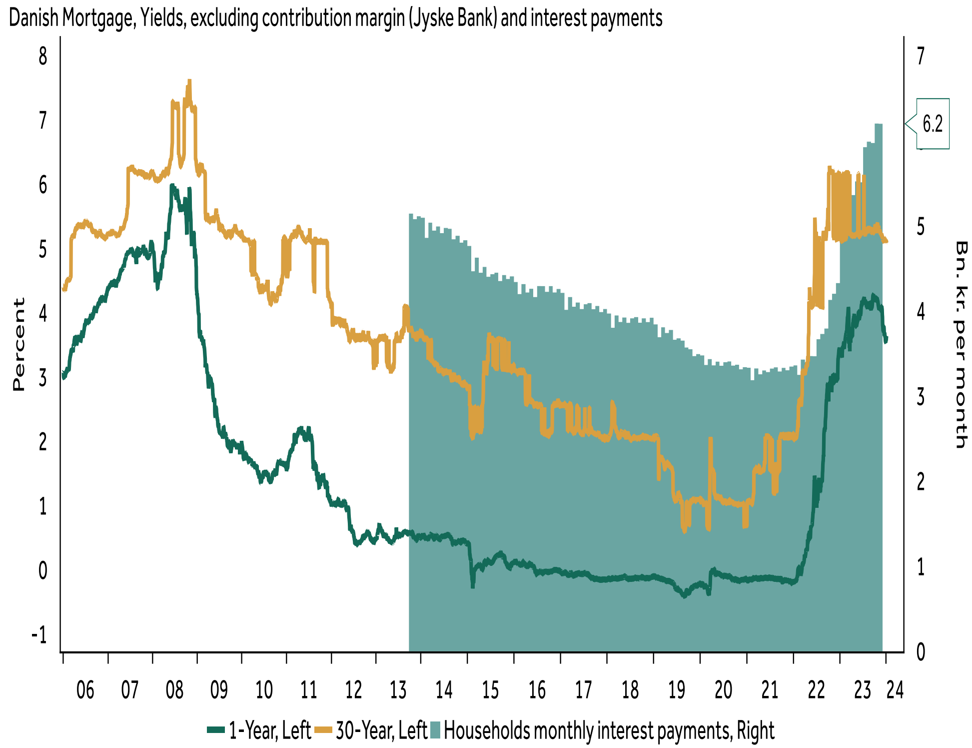
Booming pharmasector
Recent drop in total production from very high level



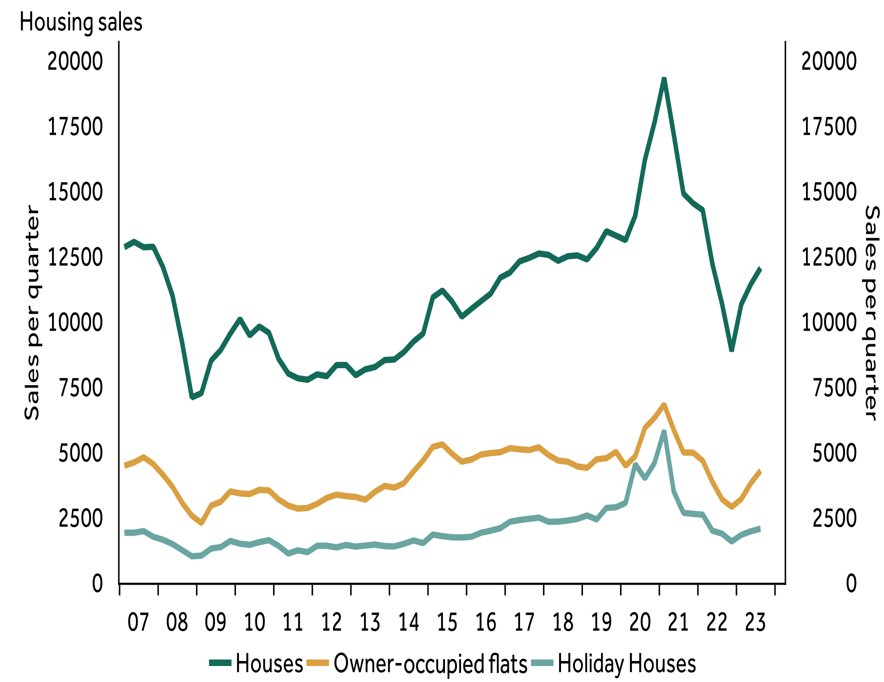



# Higher Lending Rates Gradually Passed Through

Higher lending rates let to sharp decline in housing sales during 2022 ... however recent improvement

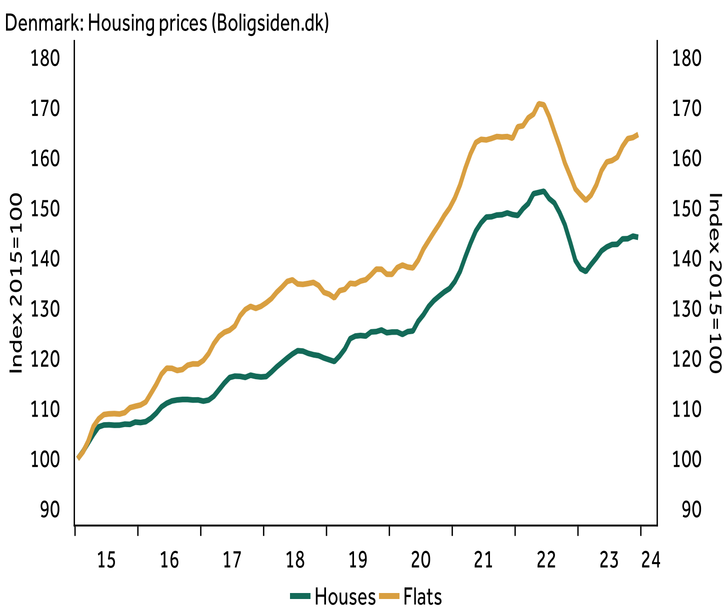



Source: Macrobond and Jyske Bank

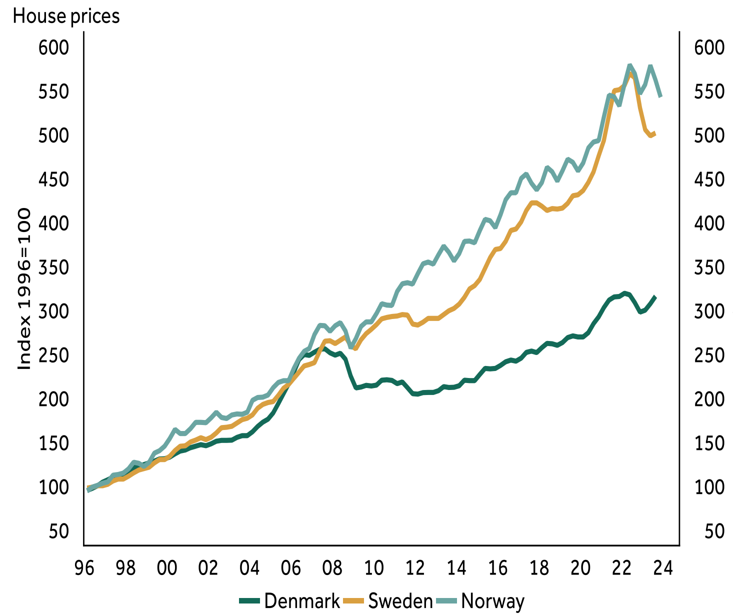



Source: Macrobond and Jyske Bank

# Danish Houseprices in a Broader Nordic Context



Source: Macrobond and Jyske Bank



Source: Macrobond and Jyske Bank

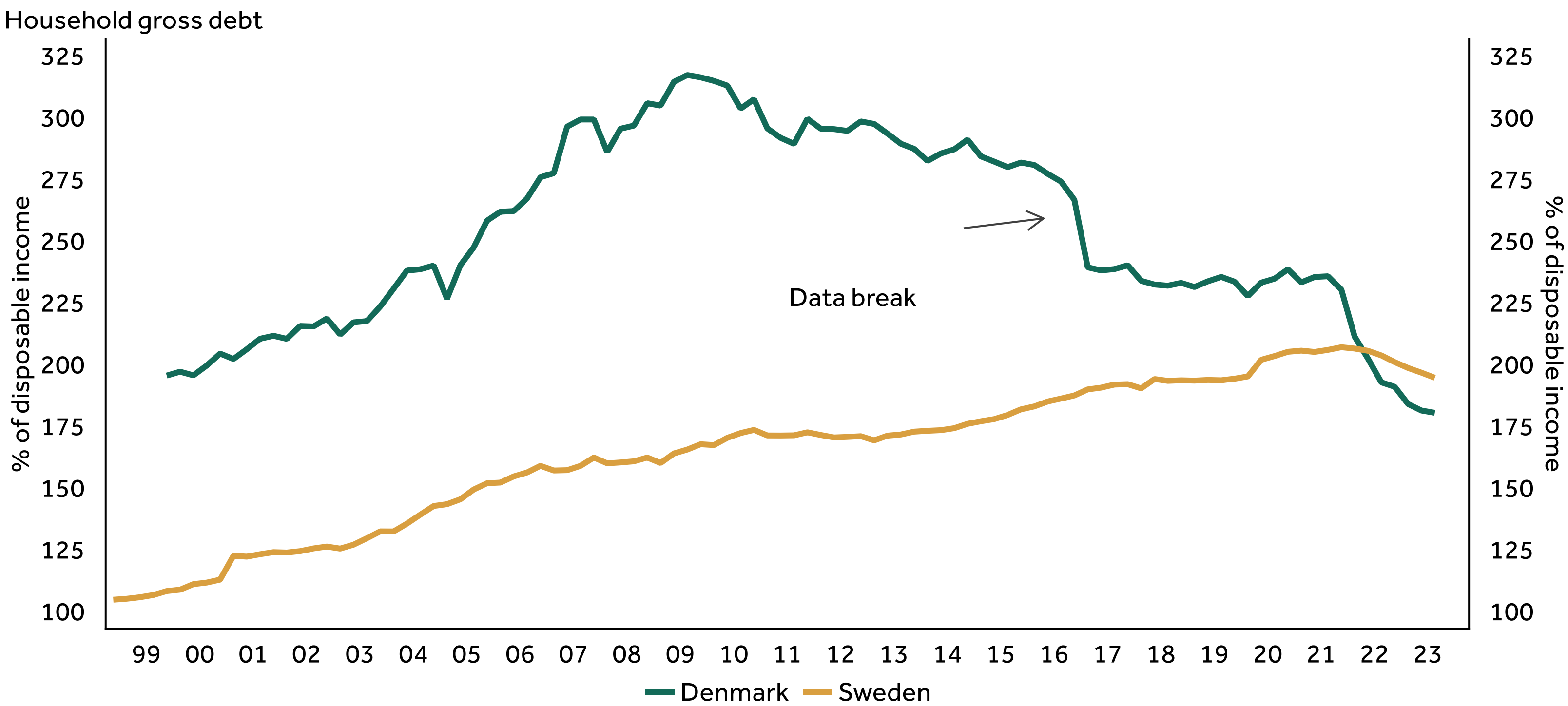
| Type of property - Denmark | Current Salesprice in EUR/m2 | Current Salesprice in DKK/m2 | Quarterly change (Q4 2023) | Yearly change (2023) |
|---|---|---|---|---|
| One family houses | 2,256 | 16,804 | 0.2% | 3.5% |
| Flats | 4,636 | 34,537 | 1.1% | 6.9% |
| Vacation homes | 3,039 | 22,638 | 1.7% | 2.7% |

*) Source:: https://www.boligsiden.dk

# World Household Debt Record Lost .......

## Strong starting point as a decade of high private sectors savings has reduced household debt significantly

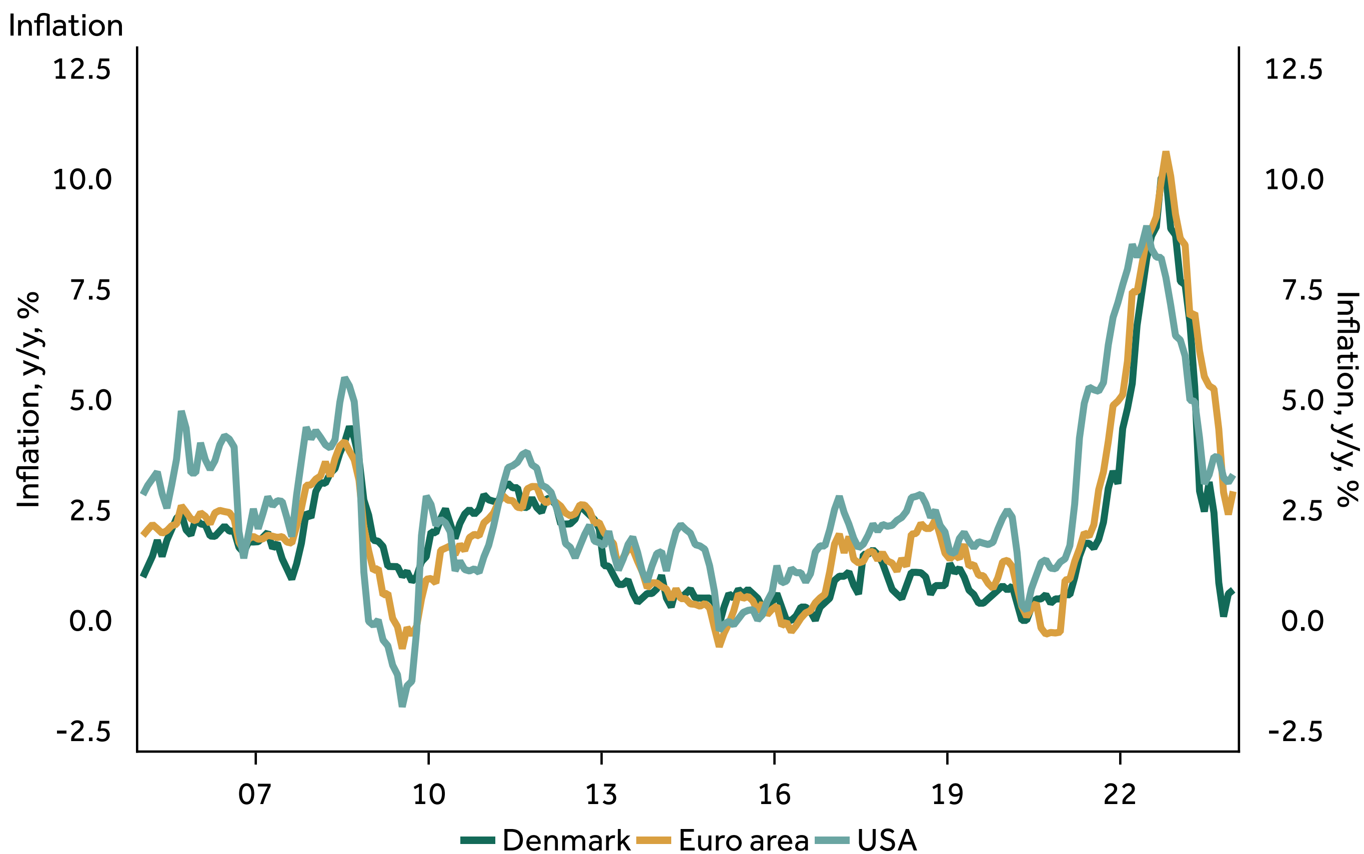
Significant Debt Reduction in Danish Households




Source: Macrobond and Jyske Bank

# Inflation Has Been High in Denmark, now Sharply declining

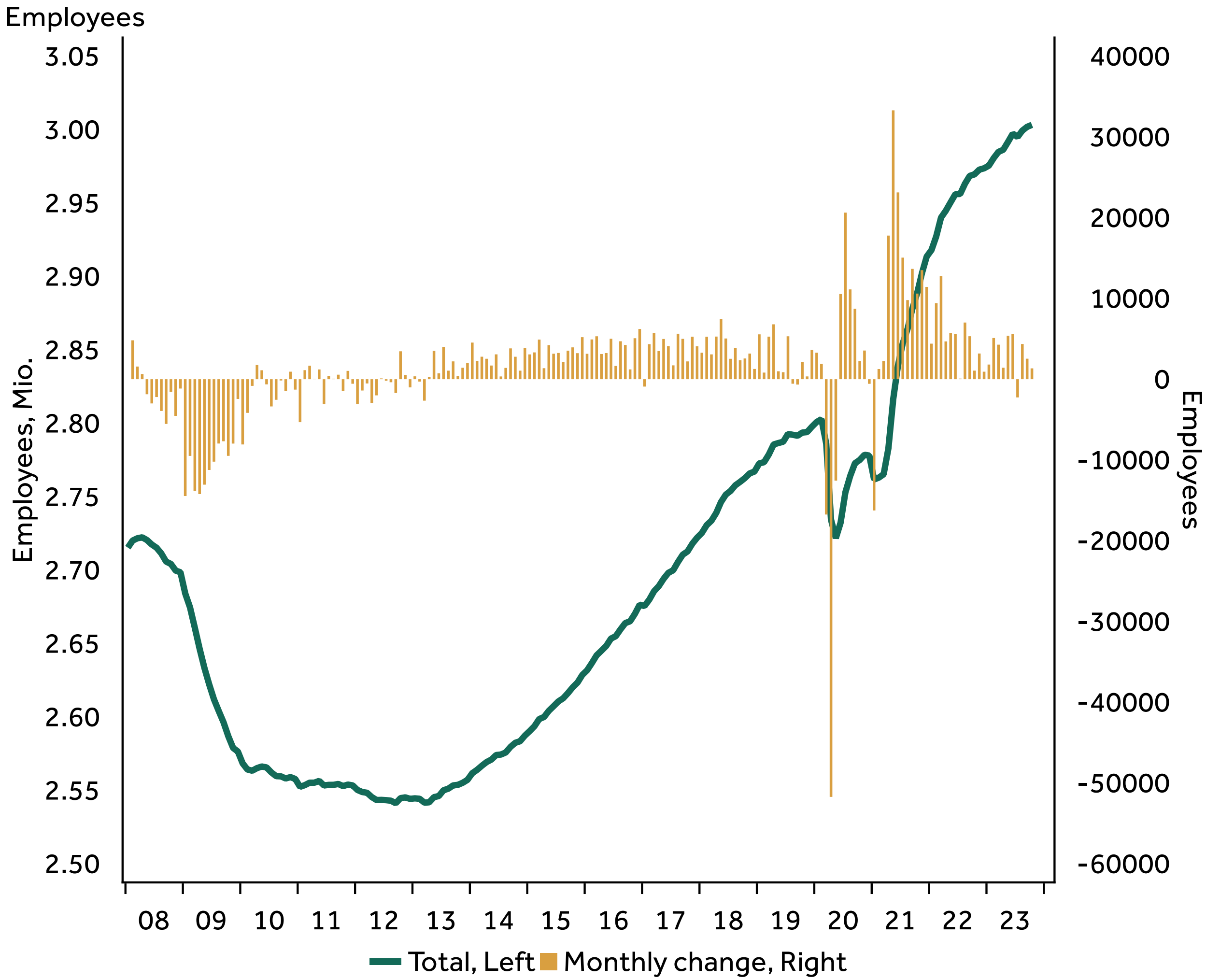
*Core inflation peaked in February 2023 with 6.7 % y/y, now 2.6 % in December 2023*




Source: Macrobond and Jyske Bank

# Employment Remains all-time High

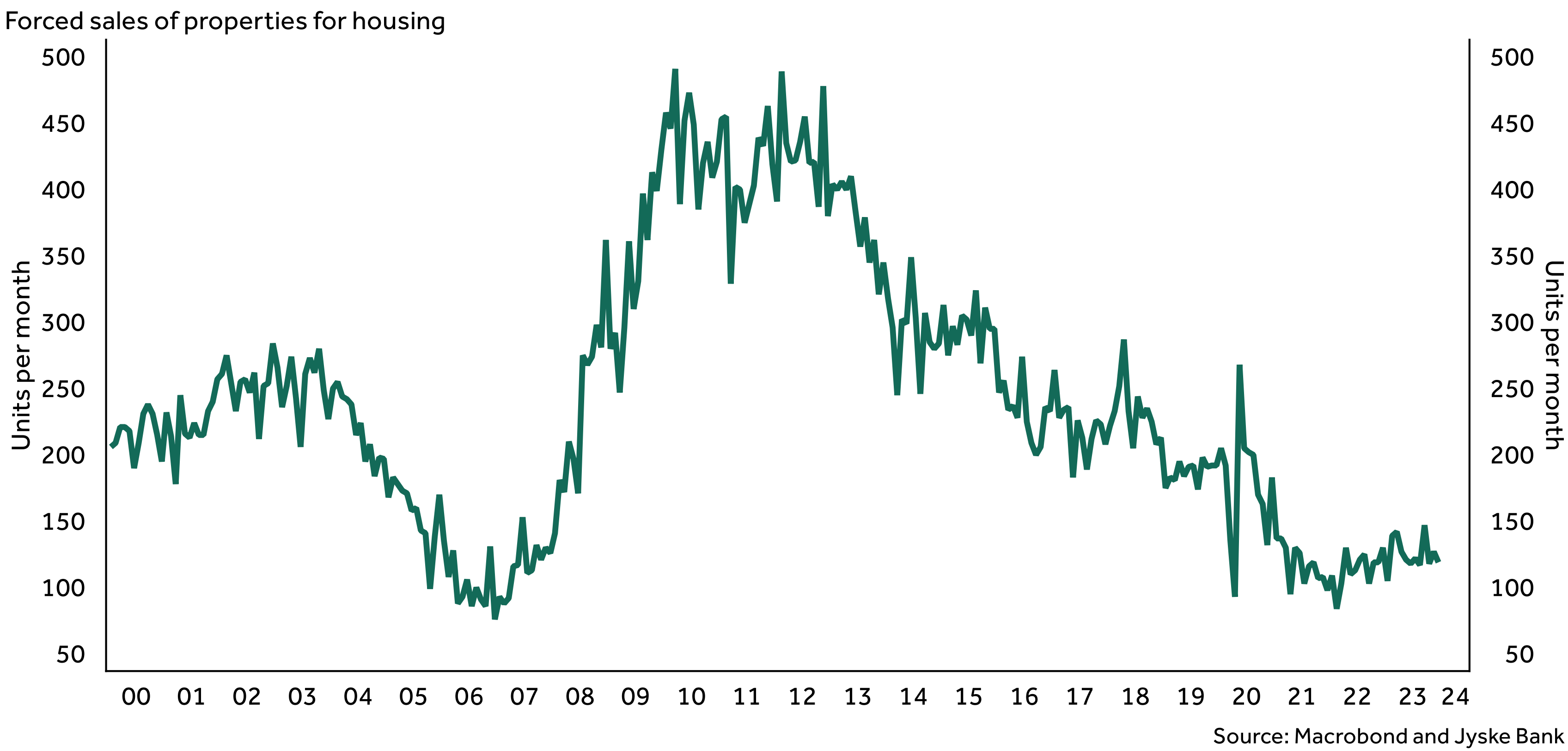
## ...and Danish unemployment only slowly increasing and low (2.8 % in October Danish definition)




Source: Macrobond and Jyske Bank

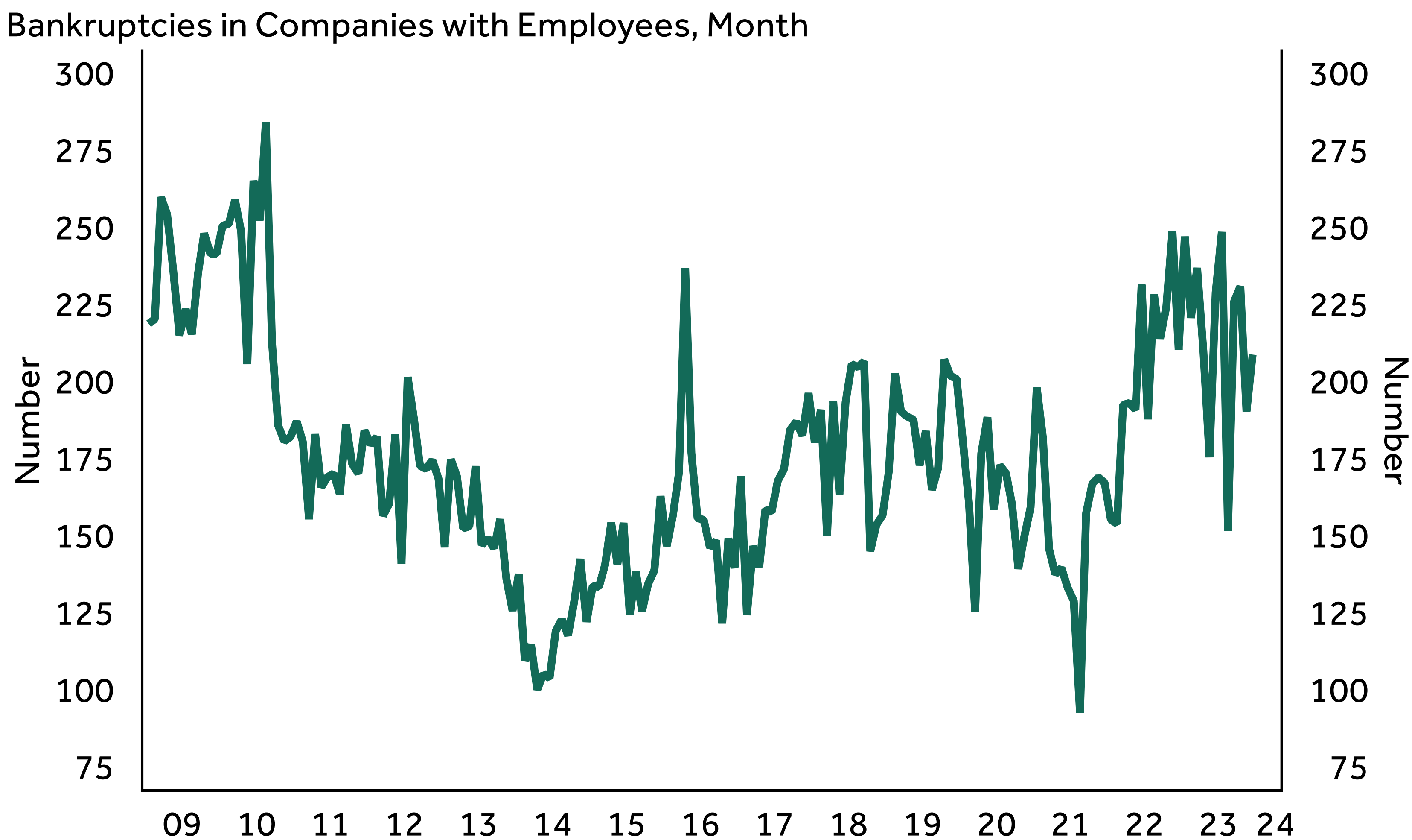
# Consequently, Forced House Sales at Historical Lows

## .........below 0.2 % Per Year



# But Business Bankruptcies Have Increased

## Partly spill-over from repayment of Covid-19 Tax-loans




Source: Macrobond and Jyske Bank

# Appendix C – Further Details on Financials & Asset Quality

Q3 2023

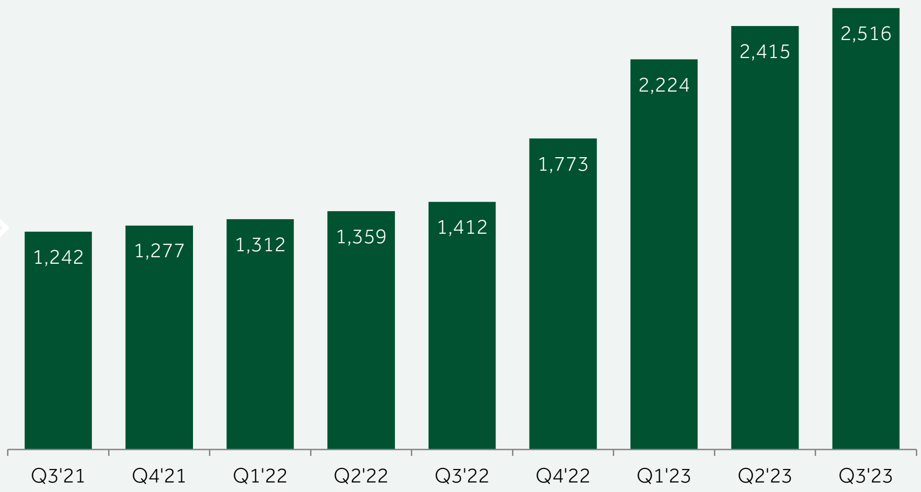
# Net interest income up 78% y/y

## Net interest income (DKKm)

+78% y/y

**Net interest income**

SHB DK and higher interest rates/bank volumes




+4% q/q

**Net interest income**

Higher lending rates and excess liquidity income


Q3 2023 net interest income (NII) benefitted from a higher level of lending rates and interest income from excess liqiduity.

- **NII from lending supported** by higher interest rates and gradual repricing that reflect rate hikes from the Danish central bank. Lending volumes decreased slightly in Q3, partly due to postponed VAT and tax payments.
- **NII from deposits declined** due to higher deposit rates as well as slight mix changes driven by private clients migrating to savings products.
- **Other NII increased significantly**, mainly due to a higher level of income from liquidity placed with central banks and higher income from bonds. This more than offset a lower level of income from FX derivatives.

Note: Other net interest income relates to e.g. wholesale funding, capital and liquidity management as well as trading activities.

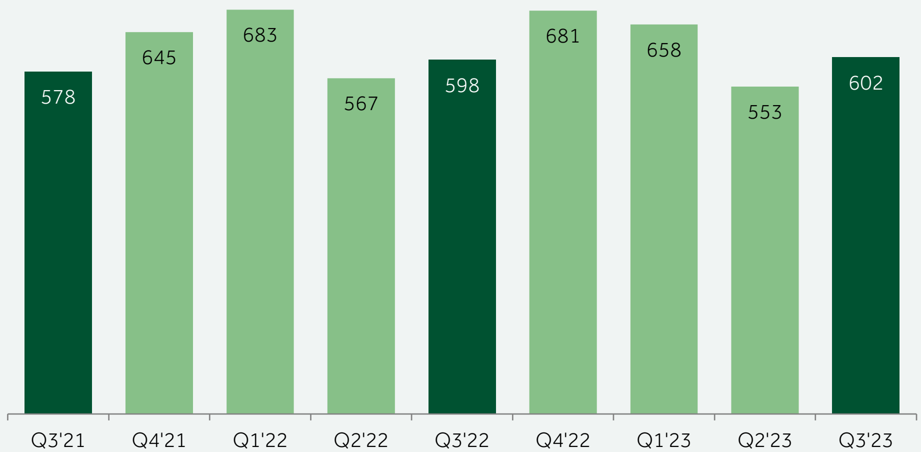
# SHB DK acquisition partly offset low activity levels

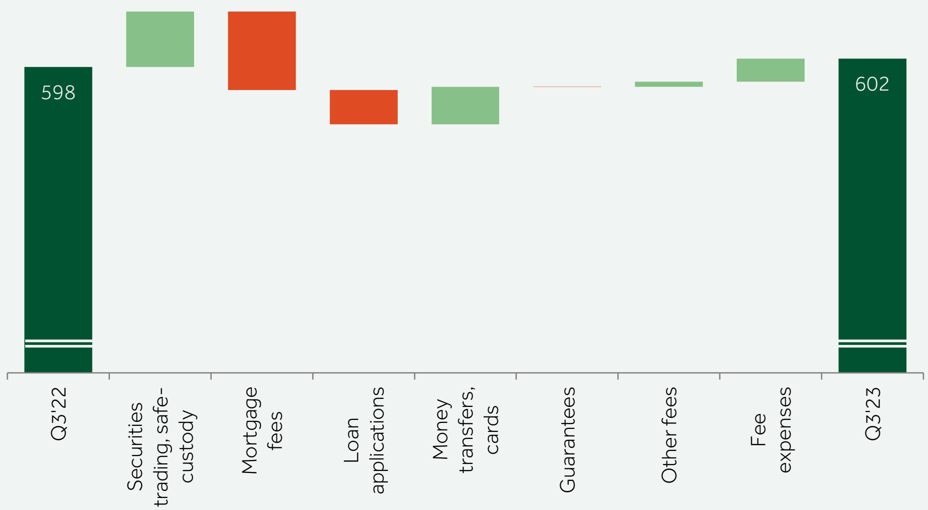
## Net fee and commission income (DKKm)

**+1% y/y**

**Net fee income**

SHB DK counteracted by low activity




JYSKE BANK

Net fee and commission income increased slightly as the acquisition of Handelsbanken Denmark counteracted the effect from lower activity levels.

- **Securities trading and safe-custody increased 12% y/y**, as lower trading activity and price changes were more than offset by SHB DK.
- **Money transfers and card payments increased 32% y/y** due to the acquisition of SHB DK.
- **Mortgage fees and loan application decreased significantly**, as activity levels decreased from high levels amid lower lending growth and reduced remortgaging activity.
- **Fee expenses decreased 9% y/y**, partly due a covered bond issuance at fair value at Jyske Realkredit in Q3 2022.

# Value adjustments of DKK 1.4bn in the last four quarters

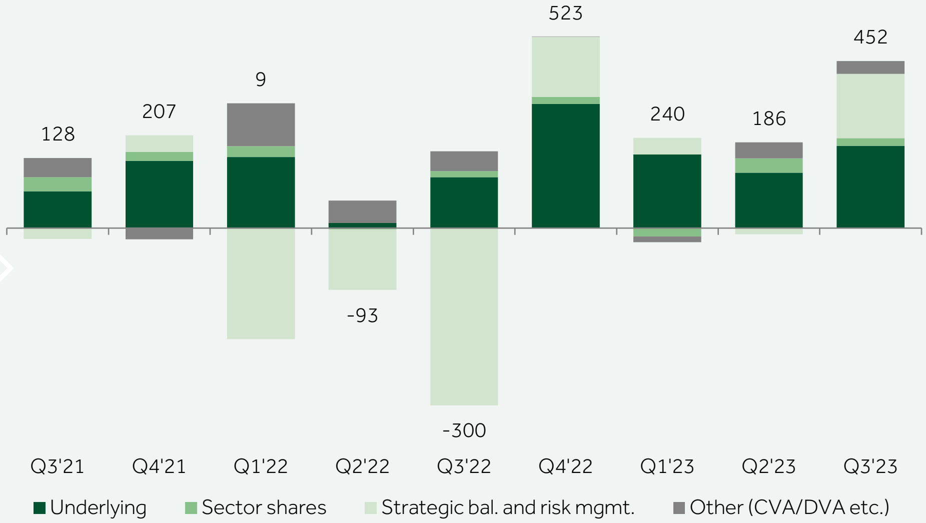
JYSKE BANK

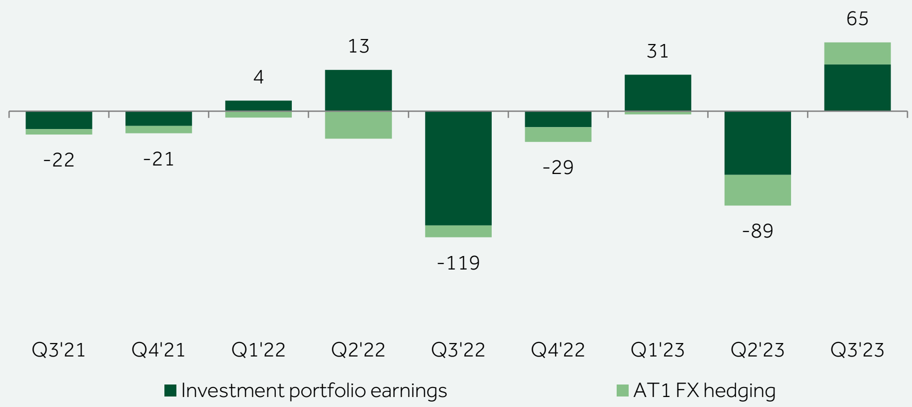
## Value adjustments and investment portfolio earnings (DKKm)

**DKK +452m**

**Value adjustments**

Mainly driven by Danish mortgage bonds




**DKK +65m**

**Investment portfolio**

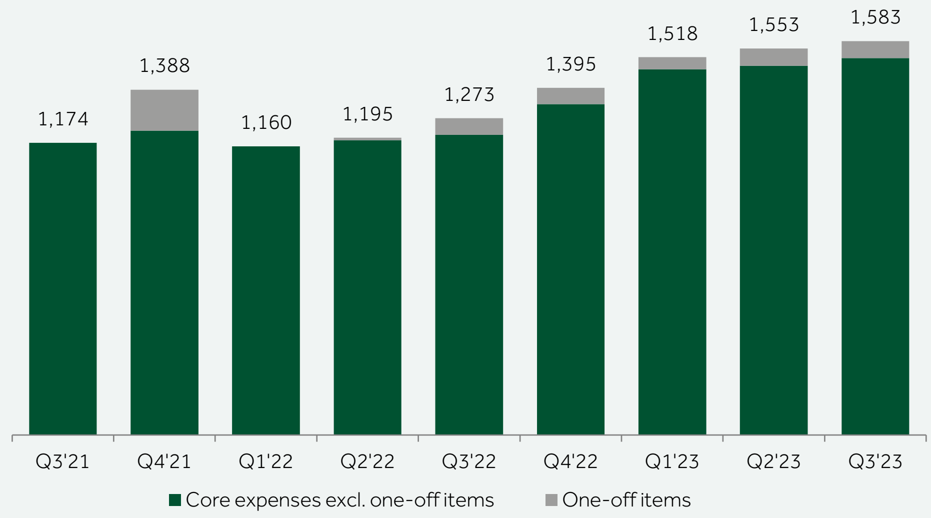
Partly Danish mortgage bonds and FX hedging

- **Value adjustments of DKK 452m in Q3**, significantly above the historical average, mainly driven by Danish mortgage bonds.
- **Investment portfolio income of DKK 65m in Q3**, partly caused by Danish mortgage bonds as well as DKK 21m related to FX hedging of AT1 issuances in SEK (offset by negative adjustment of shareholders' equity).

Note: Impact from AT1 FX hedging is offset by an equivalent adjustment of shareholder's equity. Please note that dividends are booked under other income and not value adjustments.

# Manageable underlying cost inflation following acquisition

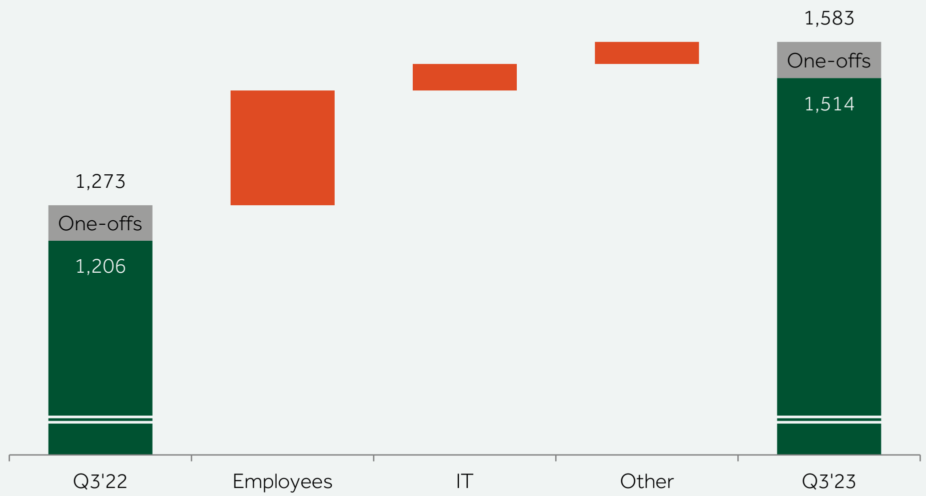
## Core expenses (DKKm)




+30% y/y

Core expenses

+3% y/y excl. one-offs and SHB DK




Core expenses rose c. 3% y/y adjusted for one-off items and the inclusion of SHB DK. The underlying increase was mainly caused by higher employee costs.

- **Acquisition of SHB DK** in December 2022 has increased the cost base significantly, including DKK 59m of integration costs as well as synergies of DKK 60m in Q3.
- **IT costs** increased significantly, primarily caused by expenses for data vendors related to the acquisition of SHB DK.
- **FTEs up 20% y/y** to 3,925, mainly due to SHB DK as well as an increased number of AML employees. Higher employee costs also caused by collectively prescribed salary increase of 4.5%.
- **Amortization of SHB DK customer relations** amounted to DKK 12m in Q3.

Note: Core expenses include one-off expenses related to the acquisition of Handelsbanken Danmark.

# Asset Quality Overview (1)

## Loans and guarantees by IFRS 9 stages (DKKm)

| Loans & guarantees (net) | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|---|---|---|---|---|---|---|---|---|
| Stage 1 | 523,640 | 526,336 | 526,967 | 528,524 | 453,545 | 470,693 | 467,623 | 470,377 |
| Stage 2 | 19,416 | 20,587 | 20,023 | 17,765 | 16,924 | 18,419 | 20,945 | 23,621 |
| Stage 3 | 6,030 | 6,153 | 6,112 | 6,451 | 6,515 | 6,688 | 6,405 | 4,939 |
| Purchased or originated credit impaired ("POCI") | 90 | 90 | 92 | 84 | 0 | 0 | 0 | 0 |
| Loans and guarantees (net) | 549,176 | 553,166 | 553,194 | 552,824 | 476,984 | 495,800 | 494,973 | 498,937 |
| Stage 3 as % of net loans & advances | 1.1% | 1.1% | 1.1% | 1.2% | 1.4% | 1.3% | 1.3% | 1.0% |

| Balance of loan imp. charges & post model adjustments | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|---|---|---|---|---|---|---|---|---|
| Stage 1 | 1,446 | 1,323 | 1,251 | 1,237 | 1,145 | 1,125 | 1,156 | 961 |
| Stage 2 | 991 | 1,077 | 1,159 | 1,024 | 1,065 | 1,010 | 1,033 | 826 |
| Stage 3 | 2,321 | 2,386 | 2,332 | 2,298 | 2,447 | 2,680 | 2,715 | 3,376 |
| POCI | 10 | 12 | 2 | 0 | 0 | 0 | 0 | 0 |
| Balance of loan impairment charges | 4,768 | 4,798 | 4,744 | 4,559 | 4,657 | 4,815 | 4,904 | 5,163 |
| Balance of discounts for acquired assets | 306 | 405 | 498 | 621 | 0 | 45 | 73 | 106 |
| Balance of loan imp.charges and discounts | 5,074 | 5,203 | 5,242 | 5,180 | 4,657 | 4,860 | 4,977 | 5,269 |
| *Hereof post-model adjustments/"management's estimate"* | *1,415* | *1,425* | *1,425* | *1,425* | *1,655* | *1,655* | *1,630* | *1,770* |
| *Balance of loan imp. charges as % of gross loans & advances* | *0.9%* | *0.9%* | *0.9%* | *0.8%* | *1.0%* | *1.0%* | *1.0%* | *1.0%* |

## Loan impairment charges & realised losses

| Loan impairments charges (DKKm) | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|---|---|---|---|---|---|---|---|---|
| Banking - loan impairment charges | -22 | -2 | 119 | -15 | -231 | -125 | -20 | -97 |
| Mortgage - loan impairment charges | 14 | 9 | -46 | -167 | -12 | -56 | -37 | -49 |
| Leasing - loan impairment charges | -5 | 6 | 23 | 24 | 43 | -11 | 2 | 1 |
| Total loan impairment charges (P&L impact) | -13 | 13 | 96 | -158 | -200 | -192 | -55 | -145 |

| Overview realised losses (DKKm) | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|---|---|---|---|---|---|---|---|---|
| *Realised losses* | *157* | *20* | *63* | *80* | *56* | *57* | *245* | *118* |

# Asset Quality Overview (2)

| JYSKE BANK A/S DKKm | Q1-Q3 2023 Loans, advances & guarantees | Q1-Q3 2023 Balance of loan imp. charges & prov. end of period | Loan impairment charges Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 |
|---|---|---|---|---|---|---|---|---|---|
| Public authorities | *13,255* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Agriculture, hunting, forestry, fishing** | *12,396* | 135 | -4 | 4 | -10 | -33 | -83 | -4 | -39 |
| *Fishing* | *4,737* | *7* | -3 | -6 | -2 | 8 | -1 | 1 | *7* |
| *Dairy farmers* | *679* | *44* | -11 | 1 | -6 | -17 | -38 | -12 | *-21* |
| *Plant production* | *3,864* | *41* | 11 | 2 | -3 | -4 | -11 | -8 | *-7* |
| *Pig farming* | *1,706* | *29* | -1 | 4 | -1 | -12 | -31 | 19 | *-15* |
| *Other agriculture* | *1,410* | *14* | 0 | 3 | 2 | -8 | -16 | 10 | *-3* |
| Manufacturing, mining, etc. | *13,303* | 210 | -84 | -36 | 112 | -30 | -59 | -27 | -105 |
| Energy supply | *7,734* | 19 | 0 | -1 | 0 | -1 | -13 | 2 | -11 |
| Building and construction | *4,864* | 62 | -2 | -13 | 6 | -4 | 10 | -5 | -1 |
| Commerce | *9,601* | 269 | -26 | 6 | 11 | 54 | -17 | 11 | -49 |
| Transport, hotels and restaurants | *3,850* | 71 | -8 | 8 | -2 | 18 | -11 | -7 | -17 |
| Information and communication | *2,399* | 26 | -18 | 1 | 5 | 0 | -2 | -1 | -2 |
| Finance and insurance | *81,625* | 907 | 67 | -19 | -23 | 2 | 35 | 54 | 268 |
| **Real property** | *23,953* | 173 | 11 | 16 | -16 | 26 | -11 | -36 | -51 |
| *Lease of real property* | *13,863* | *110* | 1 | 10 | -16 | 17 | -12 | -25 | *-49* |
| *Buying and selling of real property* | *3,895* | *23* | 5 | 1 | 2 | -1 | 2 | -2 | *0* |
| *Other real property* | *6,195* | *40* | 5 | 5 | -2 | 10 | -1 | -9 | *-2* |
| Other sectors | *10,265* | 255 | 20 | 4 | 47 | 16 | 45 | -19 | 12 |
| **Corporate clients** | *169,990* | 2,127 | -44 | -30 | 130 | 48 | -106 | -32 | 5 |
| **Personal clients** | *33,758* | 827 | 23 | 12 | -2 | 8 | -99 | -19 | -95 |
| Unutilised credit lines and loan commitments | - | 178 | -2 | 16 | -8 | -70 | -26 | -74 | 70 |
| **Total** | *217,003* | 3,132 | -23 | -1 | 119 | -15 | -231 | -125 | -20 |

# Key Investor Contacts – Jyske Bank Group Treasury

**Investors in senior preferred, senior non- preferred bonds, Tier2 and AT1**

Director,
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18 years at Jyske Bank

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