

## Annual Report 2022

- Earnings per share rose by 31% to DKK 55.4 inclusive of one-offs of DKK 2 per share.
- Net interest income rose by 18% to DKK 5,856m.
- Net fee and commission income was up by 10% to DKK 2,529m.
- Core income increased by 5% to DKK 9,106m.
- Core expenses shed 1% to DKK 4,879m.
- Loan impairment charges amounted to an income of DKK 605m (2021: an income of DKK 218m).
- Management's estimates in the balance of impairment charges and discounts DKK 1,777m (2021: DKK 1,770m).
- Core profit exclusive of value adjustments increased 55% to DKK 4,693m.
- Capital ratio at 19.5%, of which common equity tier 1 capital ratio of 15.2%.
- The acquisition of Svenska Handelsbanken's activities in Denmark was completed on 1 December 2022.
- IT migration to Bankdata from BEC is expected to be implemented in November 2023.
- For 2023, Jyske Bank anticipates earnings per share in the range of DKK 60-70, equivalent to a net profit in the range of DKK 4.0bn-4.6bn.
- Based on the preliminary development in 2023, net interest income is expected to rise up to 50% relative to 2022.
- Depending on the development of the capital position, the Supervisory Board will endeavour to resume capital distribution to shareholders in the second half of 2023.
- Jyske Bank has bought back and cancelled 30.8 million shares at an average price of DKK 295 per share since the merger with BRFKredit in 2014.

## Summary

*"In the eventful year 2022, Jyske Bank's earnings per share reached a record-setting level for the second year in a row. The year saw a sudden end to the period of negative interest rates in consequence of the strongly accelerating inflation, which was strengthened by the war in Ukraine. The development led to great turmoil in the financial markets. The year was also characterised by the highest growth in bank loans and deposits for more than a decade, a good level of activity, and still solid credit quality. Hence the core profit exclusive of value adjustments rose by 55%. The year 2022 also saw a milestone in the history of Jyske Bank in the form of the acquisition of Handelsbanken Denmark. The acquisition will to a material degree strengthen the total business and long-term competitive power to the benefit of clients, employees and shareholders. Jyske Bank anticipates to continue the positive development in 2023, expecting earnings per share of DKK 60 - 70, supported by the full-year effect from the acquisition of Handelsbanken Denmark, the higher level of interest rates as well as solid credit quality", states Anders Dam, CEO and Managing Director.*

The upswing in the Danish economy continued in 2022 with strong employment growth. However, the high economic growth after the lifting of the COVID-19 pandemic restrictions slowed down in the course of the year. Capacity pressure in the global supply chains contributed to the accelerating inflation, which reached the highest level for several decades and resulted in historical increases in interest rates. This weakened the purchasing power of households and led to large fluctuations in financial markets, falling housing prices, and a new low in consumer confidence. The development accelerated the prospects of an economic slowdown, which may weaken the debt-servicing ability of some clients. However, the Danish economy is well positioned with respect to being able to handle a period of slower economic growth. The clients' loan-to-value ratios are low, and Jyske Bank is well prepared to counter an economic decline.

The war in Ukraine has resulted in huge human costs, put millions of Ukrainians to flight and changed the geopolitical world order. Jyske Bank contributes to an improvement of the situation for the Ukrainian refugees in Denmark by creating jobs for Ukrainian refugees and by allowing employees time off to do voluntary work. In addition, we focus on assisting clients handling the implications of the war and complying with the extensive sanctions against Russia. Moreover, Jyske Bank has lowered its own energy consumption by more than 15% since September relative to the same period in 2021.

On 20 June 2022, Jyske Bank entered into an agreement to buy the activities of Svenska Handelsbanken in Denmark, with about 600 employees and 42 branches, headquartered in Copenhagen. In connection with the closing on 1 December 2022, Jyske Bank made a cash payment for the assets and liabilities of Handelsbanken Denmark as well as a goodwill payment in the amount of DKK 3.0bn. Handelsbanken Denmark was established in 1992 and grew subsequently organically supplemented by the acquisition of Midtbank and Lokalbanken i Nordsjælland. The transaction involved loans and advances amounting to DKK 65.2bn and deposits amounting to DKK 35.4bn. The acquisition of Handelsbanken will strengthen Jyske Bank's market position, and the business volume will increase significantly. The greater scale will support the possibilities of developing and offering attractive products and services to Jyske Bank's present and future clients. The acquisition will also offer the possibility of realising economies of scale based on a common IT platform from November 2023. The integration of Handelsbanken Denmark is progressing according to plan as regards financial, commercial and organisational issues. The future work tasks for all employees were clarified at the beginning of February 2023, and branch mergers in cities where both Handelsbanken and Jyske Bank are present will reduce the total number of branches by about one fourth. It is expected that all branch mergers will be completed by November 2023.

Jyske Bank is well positioned for both organic growth and the integration of Svenska Handelsbanken's activities in Denmark. Over the past decade, the Jyske Bank Group has optimised its business through significant acquisitions, income and cost initiatives, organisational adjustments and new strategic cooperation agreements, most recently when the Group joined the cooperation on leasing and financing, Opendo.

In 2022, the corporate client area realised a large increase in business volumes. The personal client area implemented further branch mergers, and with effect as of 1 April 2022 it introduced a new customer 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 advisory services as well as good and fast services. These characteristics also apply to Jyske Bank's private banking activities, and for the seventh year in a row Jyske Bank was named the best bank for private banking clients in Denmark according to Voxmeter. In 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 latter was by users named the best mobile bank in Denmark in a survey conducted by I Love Mobile and Shape.

The efforts to meet Jyske Bank's long-term target of net zero CO<sub>2</sub> emissions on loans and investments continued in 2022. For investments, the 2030 intermediate targets for investment in equities and mortgage bonds were approved by the Net Zero Asset Managers Initiative. For lending, Jyske Bank has determined intermediate targets for the reduction of CO<sub>2</sub> emissions for certain industries, covering 33% of financed CO<sub>2</sub> emissions for loans. The CO<sub>2</sub> emissions from own activities were reduced by 15% in 2022, and the target is a reduction of 65% in 2030. Since 2021, emissions associated with the consumption of electricity, heating and the use of the Group's cars have almost been offset by own production of renewable energy. Jyske Bank is determined to integrate sustainability in its own as well as business-oriented activities. As a result of this, the year 2022 saw the implementation of extensive training activities for advisers within sustainability, implementation of the identification of sustainability preferences in investment advice, and the establishment of solar panels at the headquarter.

### **Earnings per share of DKK 55.4 in 2022**

Earnings per share rose to DKK 55.4 from DKK 42.4, which allows for an amount of DKK 144m incurred as one-off expenses relating to the acquisition of Handelsbanken Denmark. The net profit for the year of DKK 3,752m corresponds to a return on equity by 10.0% against DKK 3,176m and 8.8%, respectively, for 2021.

Jyske Bank's business volumes increased significantly in 2022. Lending under banking activities realised one of the highest organic growth rates seen so far, driven by corporate clients, and this was further supported by the acquisition of Handelsbanken Denmark. This resulted in a growth rate of 63% in bank lending, while bank deposits increased by 56%. The full

earnings impact from the growth will not be realised until 2023. Leasing and car financing realised an increase of 6% despite challenged supply chains in the auto industry. Nominal mortgage loans rose by 8% due to the acquisition of Handelsbanken Denmark and a significant increase in lending to corporate clients.

Core income saw broadly based growth of 16% adjusted for a negative impact from value adjustments. Net interest income was supported by higher interest rates as well as higher lending to corporate clients and the acquisition of Handelsbanken Denmark. Net fee and commission income rose, among other things, due to a high level of lending and remortgaging activity as well as a new customer programme for personal clients. Other income was favourably affected by higher dividends, and continued favourable sales conditions in the used-car market resulted in higher income from operating lease (net).

Core expenses fell 1%. To this must be added one-off expenses of DKK 144m relating to the acquisition of Svenska Handelsbanken's activities in Denmark. Adjusted for a one-off expense of DKK 165m in 2021, core expenses rose 3%. The increase can primarily be attributed to the acquisition of Handelsbanken Denmark on 1 December 2022, wage adjustments relating to the sector-wide collective agreement, and a high level of activity.

Loan impairment charges amounted to an income of DKK 605m against an income of DKK 218m in 2021. The credit quality is still solid with a low level of non-performing loans. Jyske Bank maintains a significant management's estimate in the balance of impairment charges and discounts totalling DKK 1,777m against DKK 1,770m at the end of 2021, especially with a view to countering the macroeconomic uncertainty.

At the end of 2022, Jyske Bank's common equity tier 1 capital ratio was 15.2%, which is within the targeted range of 15%-17% despite the acquisition of Handelsbanken Denmark.

## Outlook 2023

Jyske Bank anticipates earnings per share in the range of DKK 60-70 for 2023. This corresponds to net profit in the range of DKK 4.0bn-4.6bn and a pre-tax profit in the range of DKK 5.3bn-6.1bn.

### Earnings per share (DKK)

	2023 (estimate)	2022	2021	2020	2019	2018
Earnings per share	60-70	55.4	42.4	19.8	29.0	28.2

Core income is expected to increase significantly in 2023, especially due to the acquisition of Handelsbanken Denmark and the effects from a higher level of interest rates.

Likewise, core expenses are expected to rise considerably in 2023. The increase can primarily be attributed to the acquisition of Handelsbanken Denmark. To this must be added derived integration and restructuring costs of about DKK 0.3bn.

Loan impairment charges are expected to amount to an expense in 2023.

## Webcast and conference call

Jyske Bank will host a conference call in English targeting investors and analysts today at 1.00 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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