

Pre-close brief for Q1 2025

Jyske Bank's Q1 2025 report is due on 7 May after 7:30 AM CET. Ahead of publication, we would like to bring relevant public data as well as one-off items to your attention on a line-by-line basis.

Net interest income

Firstly, commenting the volume development by segment based on recent trends and sector statistics as of February:

- Sector nominal mortgage lending was up 1.0% at the end of February vs. the end of 2024. The increase was driven by both corporates and households.
- For leasing activities, lending decreased 5% q/q in Q4 2024, and growth has recently been somewhat subdued amid low demand.
- Sector bank lending (excl. repo) was down -2.3% at the end of February compared with the end of 2024. The decrease was mainly driven by non-financial corporations and public authorities.

At Jyske Bank, mortgage-like bank lending continues to be transferred to our mortgage subsidiary, thereby gradually reducing bank lending and increasing mortgage lending.

- Sector deposits (excl. repo) were up 1.8% as of the end of February vs. the end of 2024. The increase was driven by both corporates and households.

Secondly, commenting the development in rates by segment based on recent trends and sector statistics:

- Sector mortgage administration margins showed a slight increase in Q4 2024 driven by non-financial corporations.
- For leasing activities, net interest income has shown a decreasing trend in recent quarters amid lower short-term interest rates.
- Sector bank lending rates decreased 34bp in January-February vs. Q4 2024. This indicates a slightly higher bank lending margin vs. 3-month CIBOR, which decreased 36bp in the same period. The slight margin increase was driven by lending to households.

Sector deposit rates decreased 27bp in January-February vs. Q4 2024. This indicates a lower deposit margin vs. 3-month CIBOR, which decreased 36bp in the same period.

Please note that the mentioned rate changes for bank lending and deposits only relate to the first two months of Q1. The average 3-month CIBOR decreased 42bp for the full quarter compared with the average of Q4 2024.

The number of days of interest decreased from 92 in Q4 2024 to 90 in Q1 2025.

Lastly, wholesale funding costs should be impacted by the issuance of EUR 750m non-preferred senior debt on 29 January 2025 at a 3-month CIBOR-equivalent spread of 108bp in addition to the full quarterly effect from the issuance of EUR 500m preferred senior debt on 5 November 2024 at a 3-month CIBOR-equivalent spread of 49bp.

Net fee and commission income

Below we provide some comments to keep in mind regarding some of the elements of the net fee and commission income line shown in the fact book.

- Firstly, securities trading and safe-custody fees could increase compared to the DKK 275m of Q1 2024 driven by higher average assets under management.
- Secondly, sector mortgage lending offers increased 42% y/y as of January-February from a very low level. This indicates a higher level of activity-driven mortgage fees. Please note that mortgage fees, in addition to the effects from activity levels, remain subject to the seasonal refinancing of adjustable rate mortgages. In 2024, the fee income from refinancing auctions was highest in Q4, closely followed by Q3, significantly lower in Q1 and lowest in Q2.
- Lastly, fee expenses in Q1 2024 were elevated due to DKK 15m related to a covered bond issuance booked at fair value under mortgage activities. Jyske Realkredit has made a similar issuance in Q1 2025 and fee expenses could thus remain somewhat elevated.

Value adjustments and investment portfolio earnings

Spreads of 3-year non-callable Danish mortgage bonds tightened slightly vs. 3-month CIBOR in Q1 2025. 3-year DKK swap rates were close to unchanged in Q1 2025 compared with the end of 2024, whereas 5-year DKK swap rates increased slightly. Conditioned upon positioning, etc., these developments indicate mixed effects on value adjustments and investment portfolio earnings, which in total have averaged DKK 188m per quarter over the last five years.

Other income

The starting point for other income could be the Q1 2024 level of DKK 70m. The first half of the year usually reflects a seasonally higher level of dividends from shares booked under other income. Please note that income from dividends are offset by equivalent negative value adjustments.

Income from operating lease (net)

The favorable sales conditions in the market for used cars continues to normalise, entailing a lower level of income from operating lease (net).

Specifically, as stated in the fact book, gains from the sale of assets remained somewhat elevated at DKK 18m in Q4 2024 following a significant decline of DKK 11m q/q.

Core expenses

Total core expenses and one-off items amounted to DKK 1,579m in Q1 2024, including DKK 22m of integration and restructuring costs related to the acquisitions of Handelsbanken Denmark and PFA Bank.

Please note that several elements should be taken into account compared with the Q1 2024 level, including a collectively prescribed, sector-wide salary increase of 3.7% that was implemented on 1 July 2024.

For 2024, we expect total core expenses and one-off items to increase slightly vs. the 2024 level of DKK 6,493m.

Credit quality

The share of stage 3 exposures remained at a low level in Q4 2024. Post-model adjustments amounted to DKK 1,782m at the end of Q4 2024, equivalent to several years of normalised loan losses.

We have guided for loan impairment charges in 2025 to be at a low level.

Capital

Jyske Bank announced a DKK 2.25bn share buyback programme in connection with the annual report. Share buybacks are included in the financial statements as of the quarter that they are announced, i.e. Q1 2025 in this case with effects on equity and capital statements.

As of the value date on 31 March 2025, a total of 175,405 shares had been repurchased for a total consideration of DKK 101m.

In addition, you should expect a CET1 deduction for expected dividend of 30% of shareholders' profit in Q1 2025, cf. our dividend policy.

Lastly, please note that the Basel IV input floors were implemented on 1 January 2025, thereby increasing Jyske Bank's risk exposure amount. We have guided for a total CET1 ratio impact from upcoming regulation of up to 1.5pp, including the postponed FRTB implementation on 1 January 2026.

Outlook

Jyske Bank expects a net profit of DKK 3.8bn-4.6bn for 2025.

Conference call

Jyske Bank will host a conference call with CEO, Lars Mørch, and CFO, Birger Nielsen, on 7 May at 2 PM CET ([link](#)).

Contact

Please do not hesitate to reach out to Investor Relations if you have any questions. We will be entering our silent period on 8 April 2025.

Disclaimer

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