Investor presentation

Q3 2023

JYSKE BANK

31 October 2023

Summary

Q3 2023

Aiming for the upper end of the target range for 2023

Upgraded outlook for 2023

Upper end of DKK 70-80

Earnings per share in 2023

Up to +44% vs. all-time high 2022 level

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

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.

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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.

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

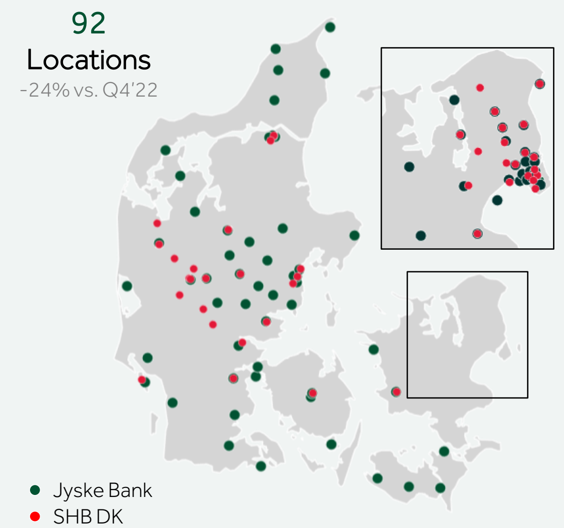
Overview of financial impact

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

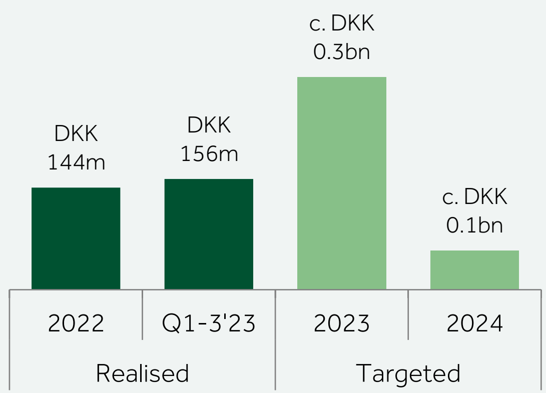
c. DKK 0.4bn p.a.
Targeted cost synergies
Leveraging common platform and scale benefits to replace group services and reduce headcount.

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

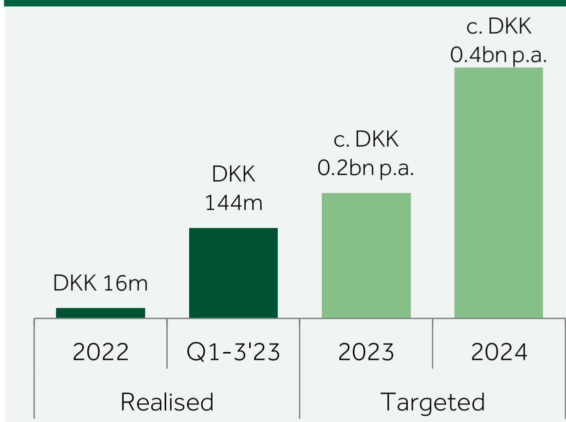
Branch number to be reduced by c. 25%



DKK 300m of integration costs realised



DKK 144m of cost synergies Q1-3 2023

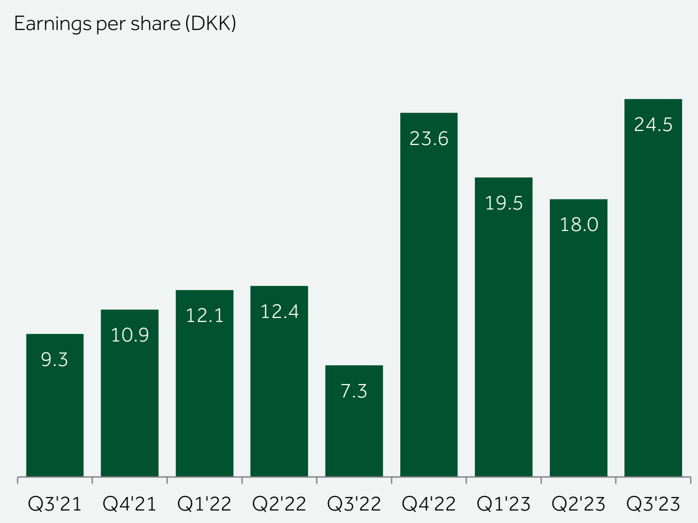


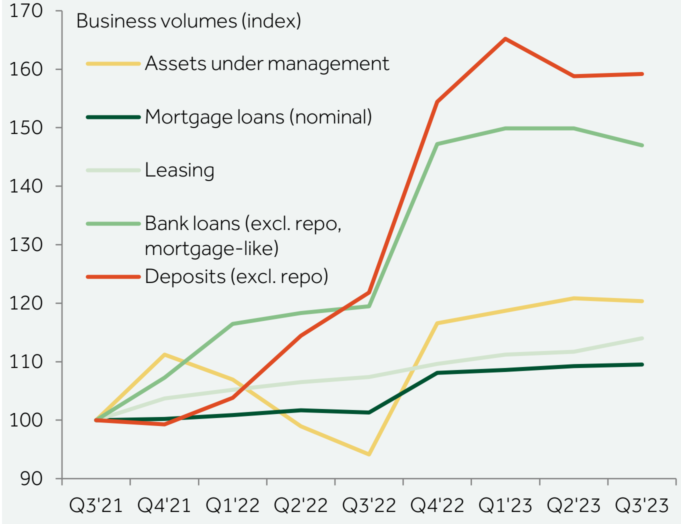
Note: Locations as of the end of Q3 2023. Expected integration/restructuring costs and cost synergies excl. impact from the acquisition of PFA Bank.

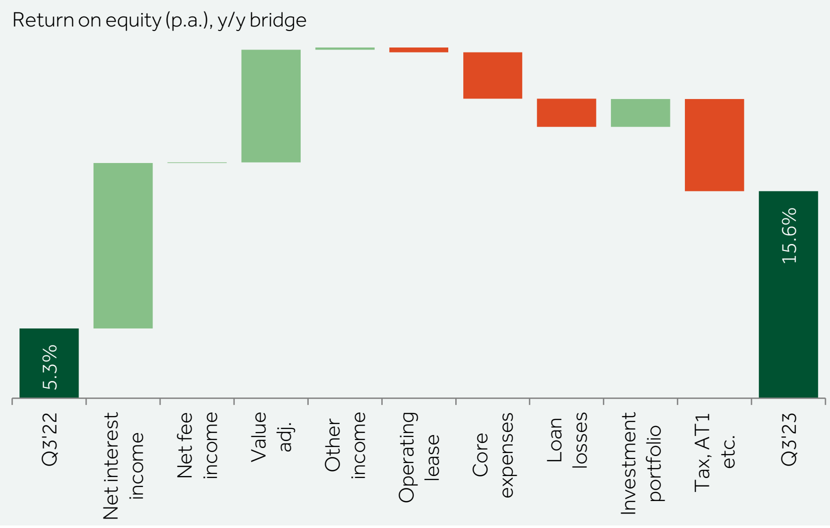
Strongest underlying results on record in Q3 2023

+222% y/y
Net profit

Q3 2023 in brief





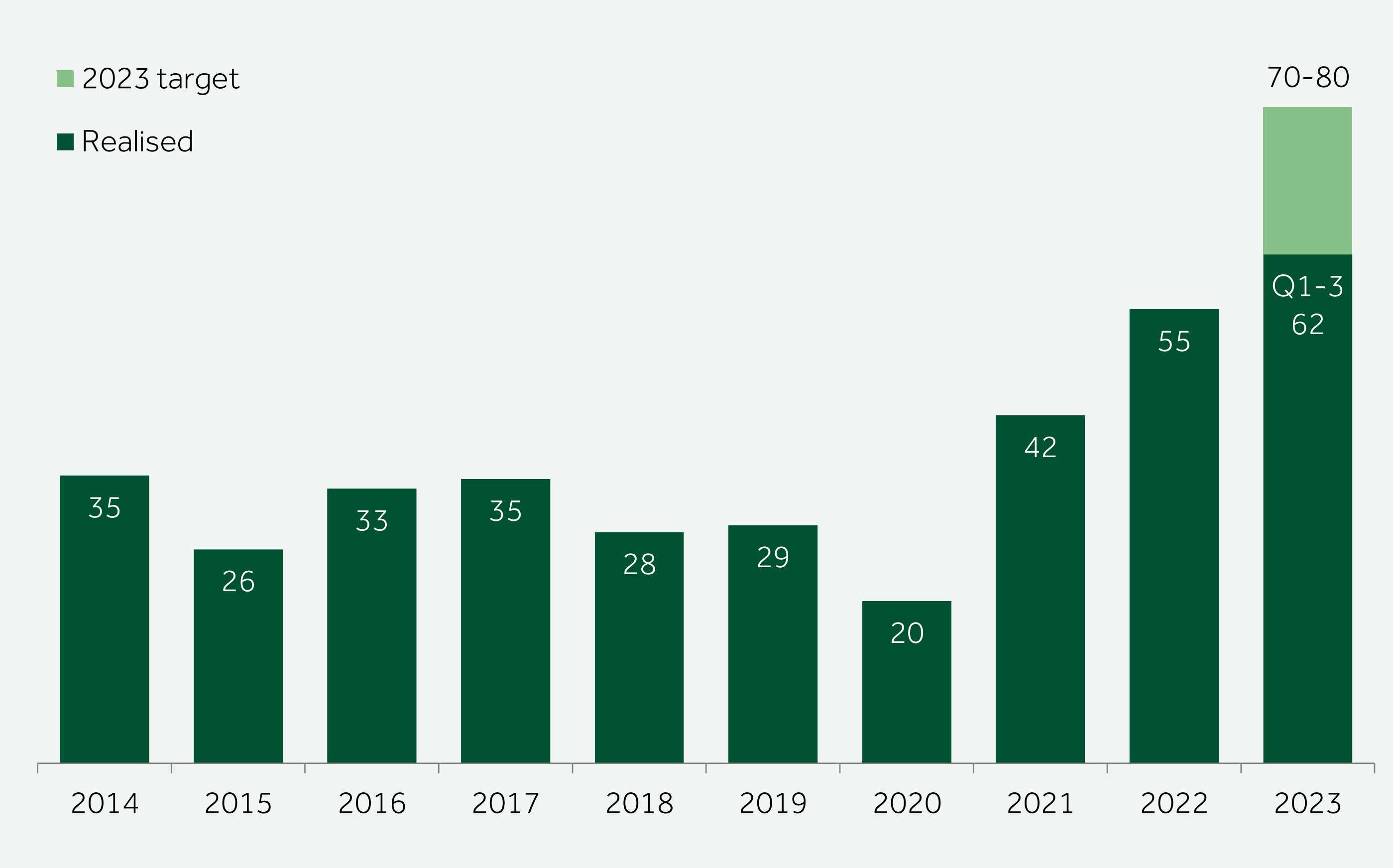


DKKm	Q3'23	Q3'22	Index
Net interest income	2.516	1.412	178
Net fees and commissions	602	598	101
Value adjustments	452	-300	-
Other income	35	20	175
Income from operating lease	66	98	67
Core income	**3.671**	**1.828**	**201**
Core expenses	1.583	1.273	124
Core profit before loan losses	**2.088**	**555**	**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.

Aiming for upper end of target range in record-setting 2023

Earnings per share (DKK)



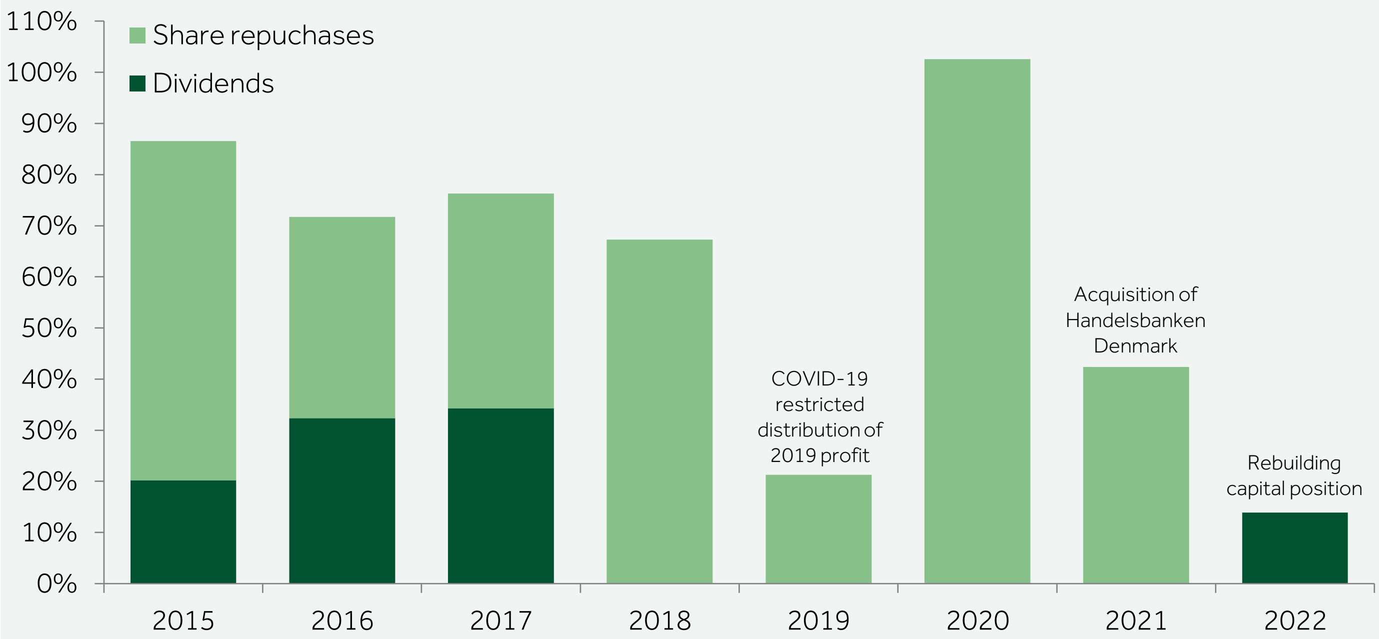
Strong capital rebuild following acquisition of SHB DK

CET1 ratio bridge (target range: 15%-17%)

Note: Other includes AT1 FX hedging and deductions, etc.

Resuming capital distribution with dividend of DKK 500m

Total payout ratio



Mix of dividends and share buybacks

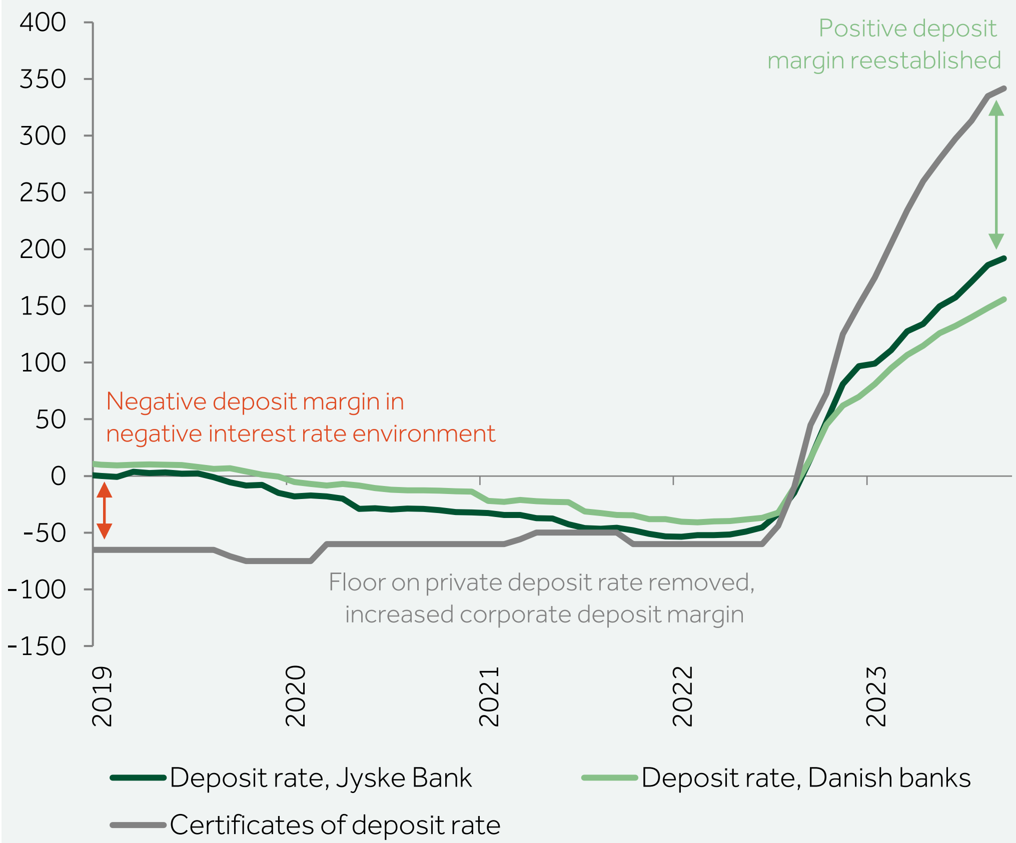
Capital distribution going forward

Increased earnings capacity necessitates dividends

Note: Dividends paid and share repurchases executed in the following year as % of net profit attributable to shareholders. 2022 represents the expected DKK 500m dividend in 2023, etc.

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

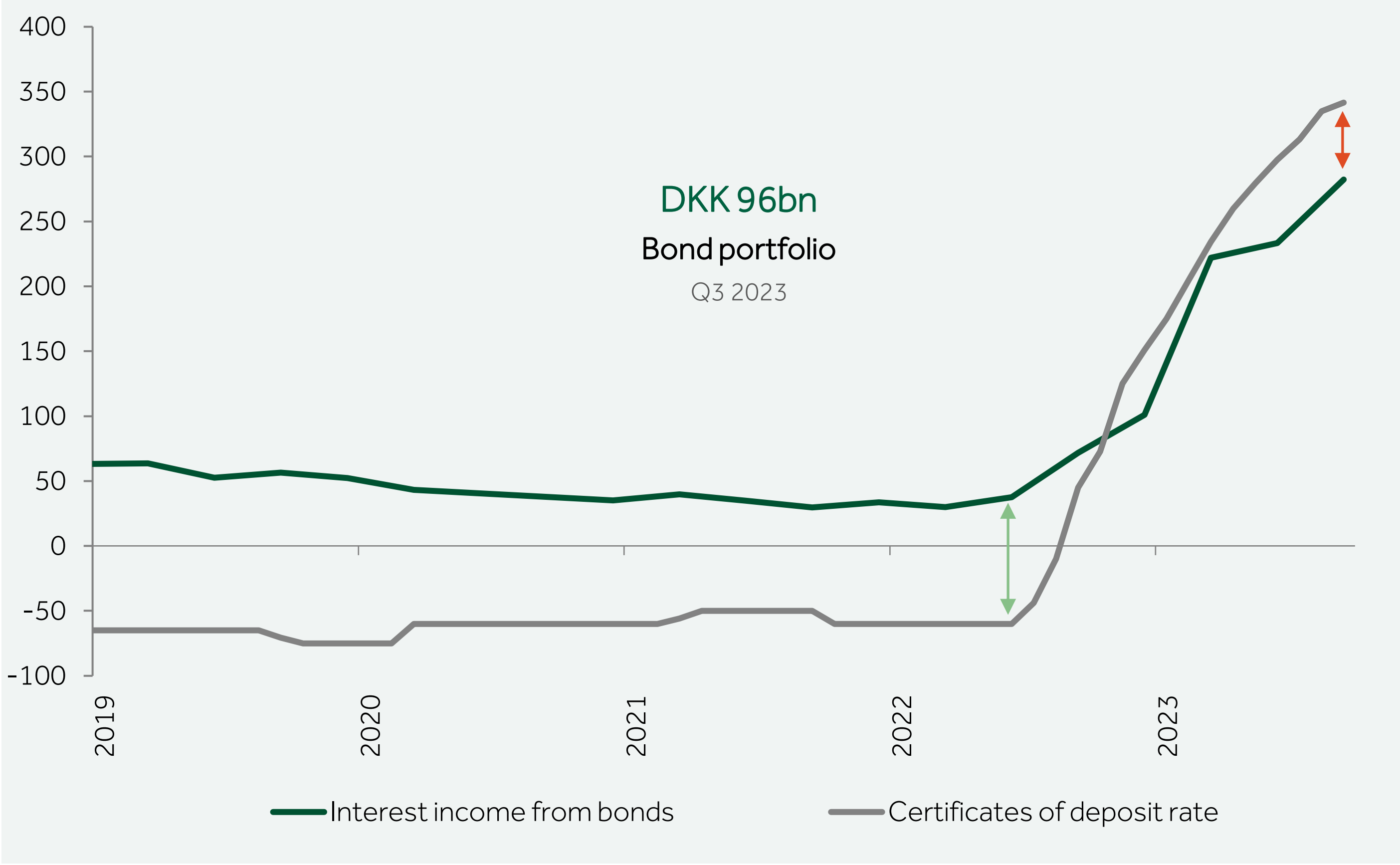
1.5% to 2.0% p.a.
Demand savings deposits
DKK 0 to DKK >500K

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.

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.

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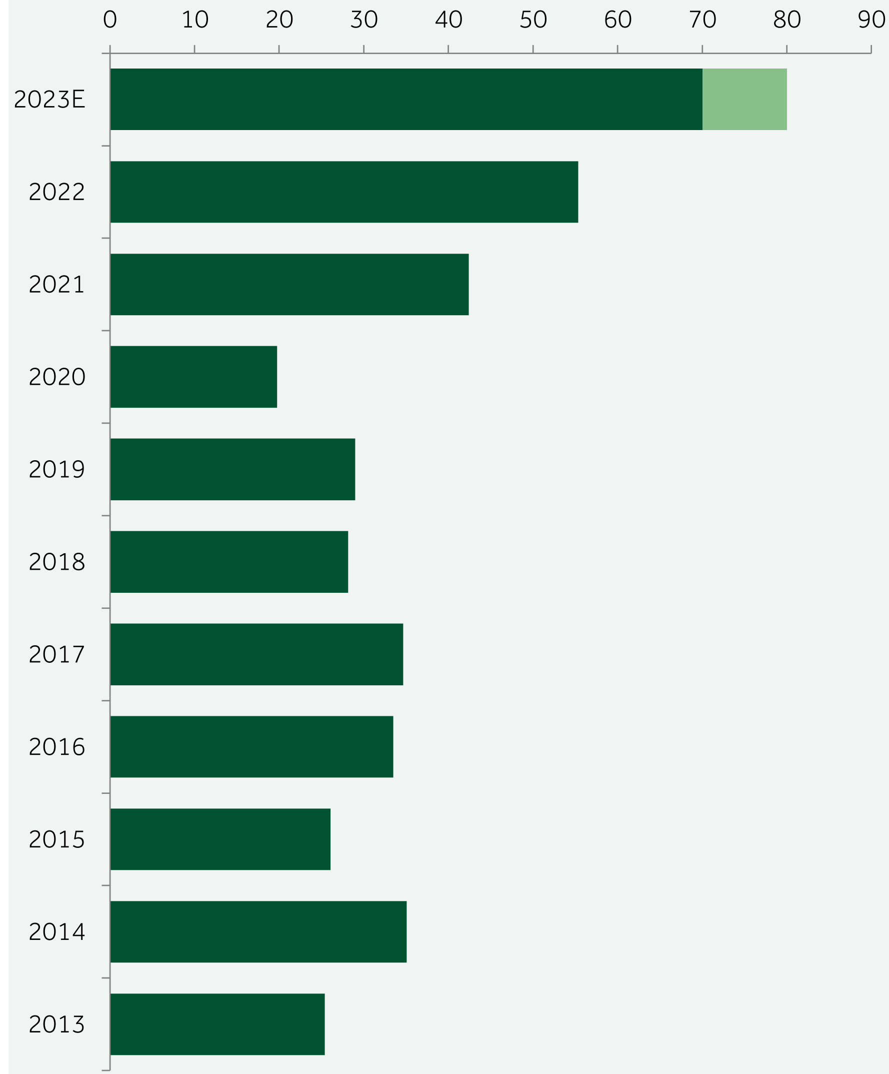
Earnings to reach upper end of target range for 2023

Core income	**Significantly higher in 2023 than in 2022** Mainly due to Handelsbanken Denmark acquisition and a higher level of interest rates
Core expenses	**Significantly higher in 2023 than in 2022** Mainly due to Handelsbanken Denmark acquisition and one-off costs of c. DKK 0.3bn
Loan impairment charges	**A minor expense in 2023** *Previously: An expense in 2023* Post-model adjustment buffer of DKK 1,415m
Net profit	**Upper end of DKK 4.7bn-5.3bn in 2023** *Previously: DKK 4.7bn-5.3bn in 2023* Earnings per share at upper end of DKK 70-80
CET1 ratio	**15%-17% in the short to medium term** Target includes financing of Basel IV impact

Earnings per share (DKK)



Note: Statutory tax rate to increase from 22.0% in 2022 to 25.2% in 2023 and 26.0% in 2024 due to the phasing-in of a special tax on financial companies in Denmark.

Financials

Q3 2023

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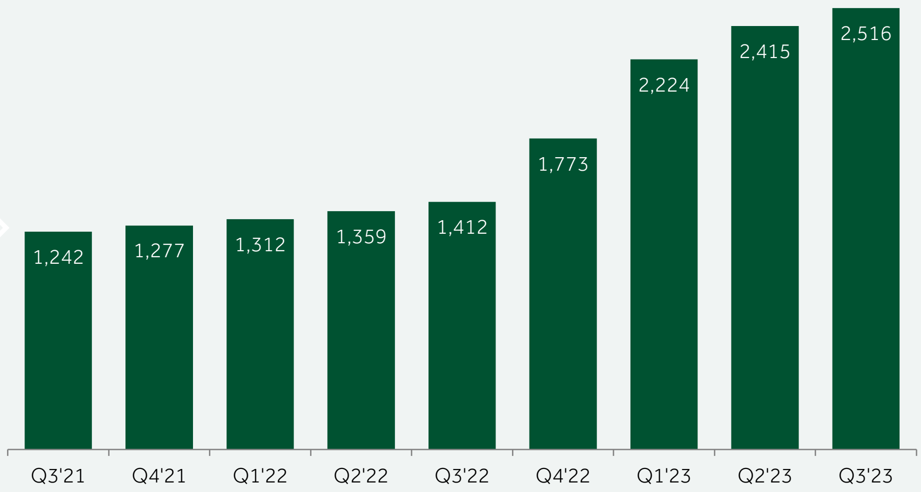
Net interest income up 78% y/y

Net interest income (DKKm)

+78% y/y

Net interest income

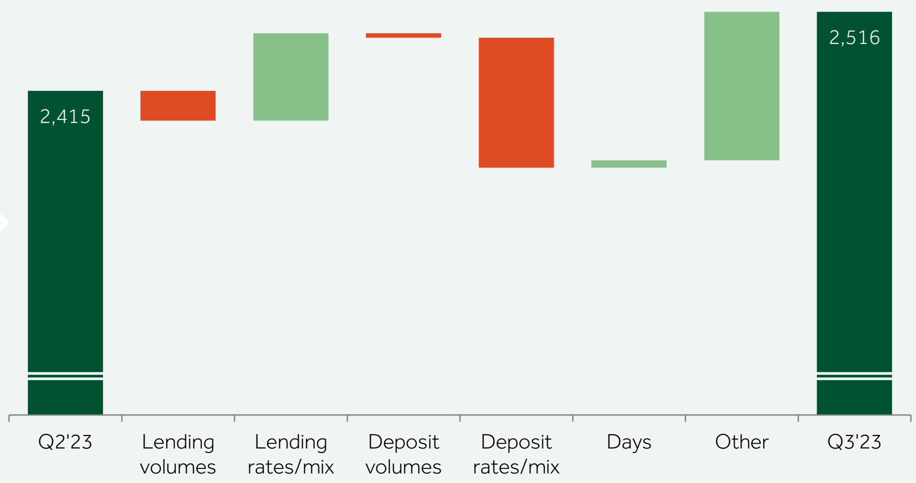
SHB DK and higher interest rates/bank volumes



+4% q/q

Net interest income

Higher lending rates and excess liquidity income



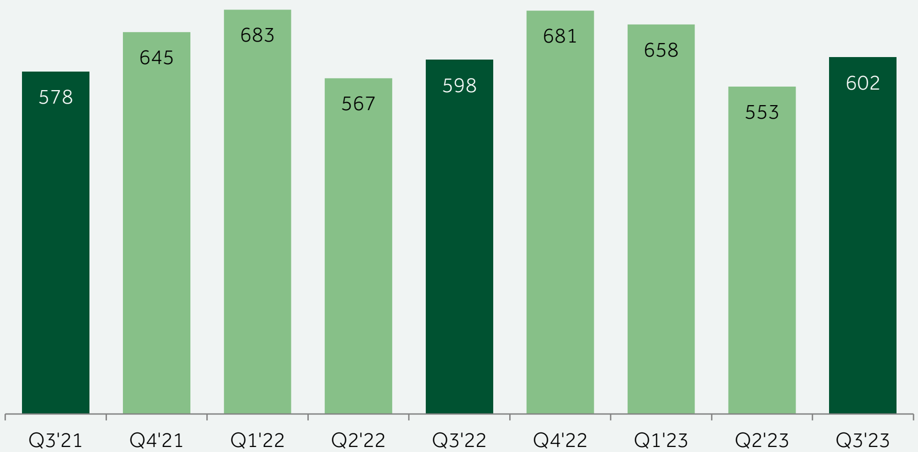
Q3 2023 net interest income (NII) benefitted from a higher level of lending rates and interest income from excess liqiduity.

- **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

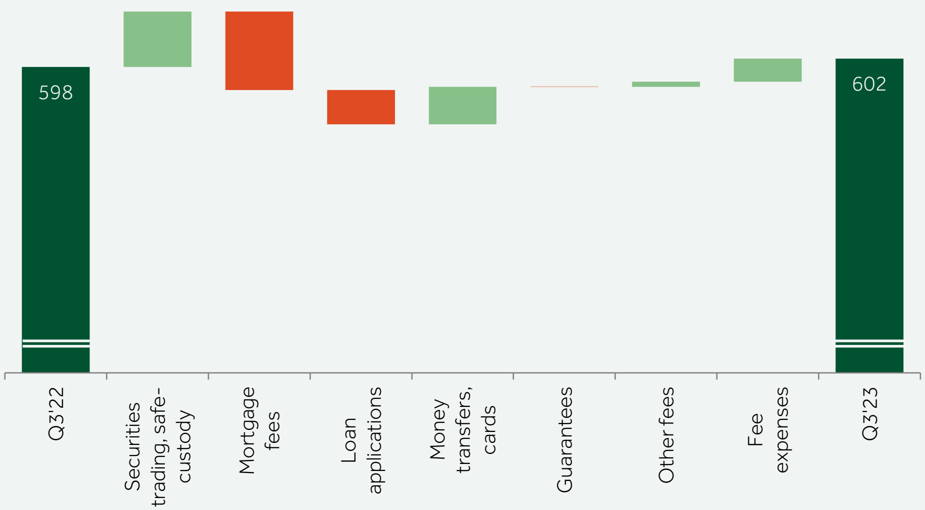
Net fee and commission income (DKKm)



+1% y/y

Net fee income

SHB DK counteracted by low activity



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.

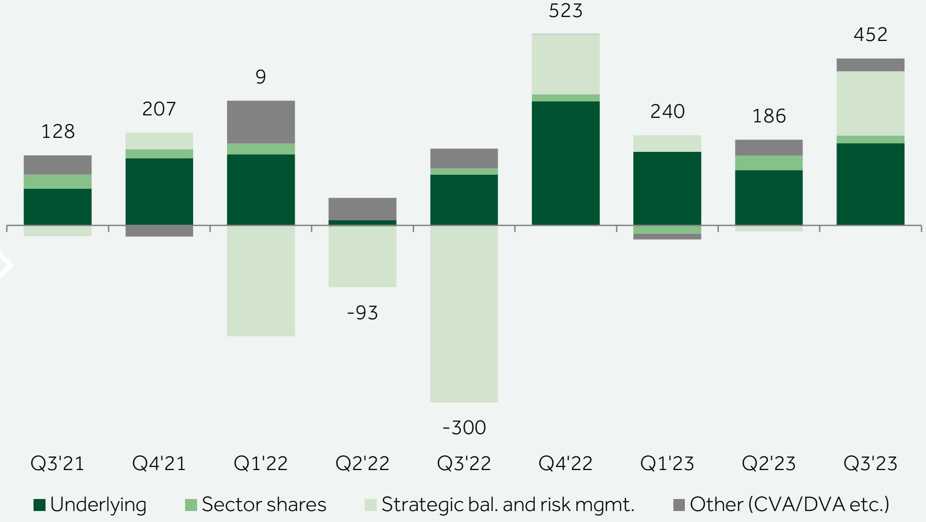
Value adjustments of DKK 1.4bn in the last four quarters

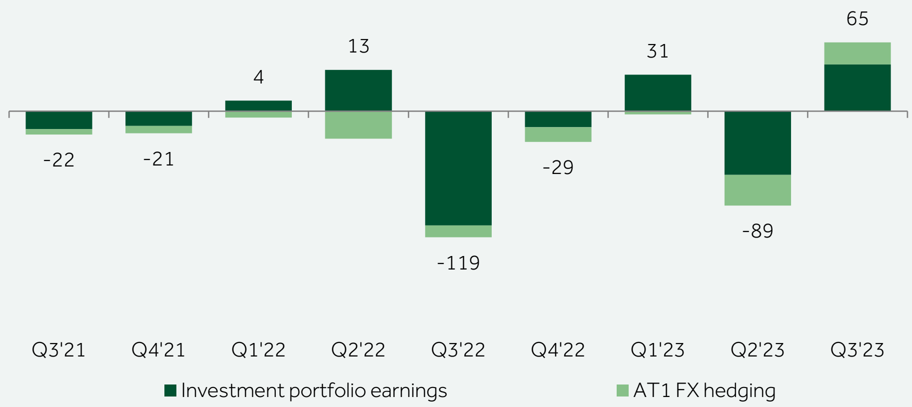
Value adjustments and investment portfolio earnings (DKKm)

DKK +452m

Value adjustments

Mainly driven by Danish mortgage bonds





DKK +65m

Investment portfolio

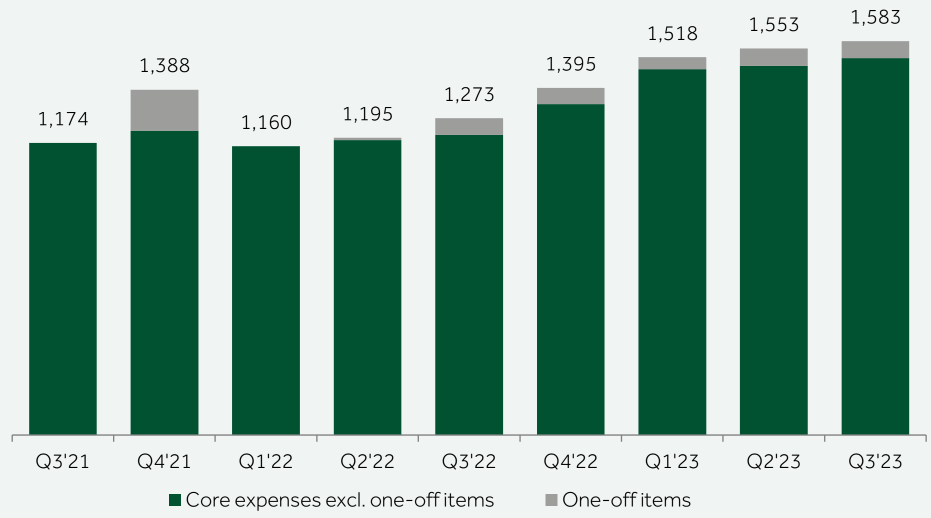
Partly Danish mortgage bonds and FX hedging

- **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

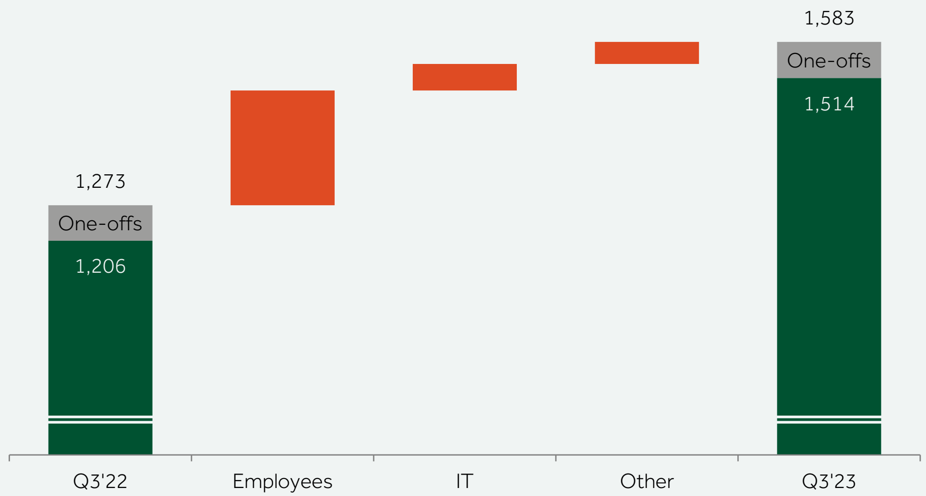
Core expenses (DKKm)



+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.

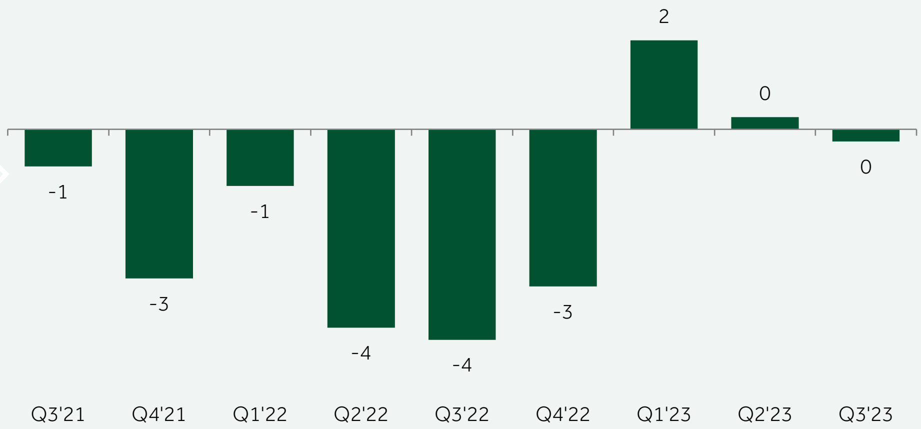
Credit quality remains solid

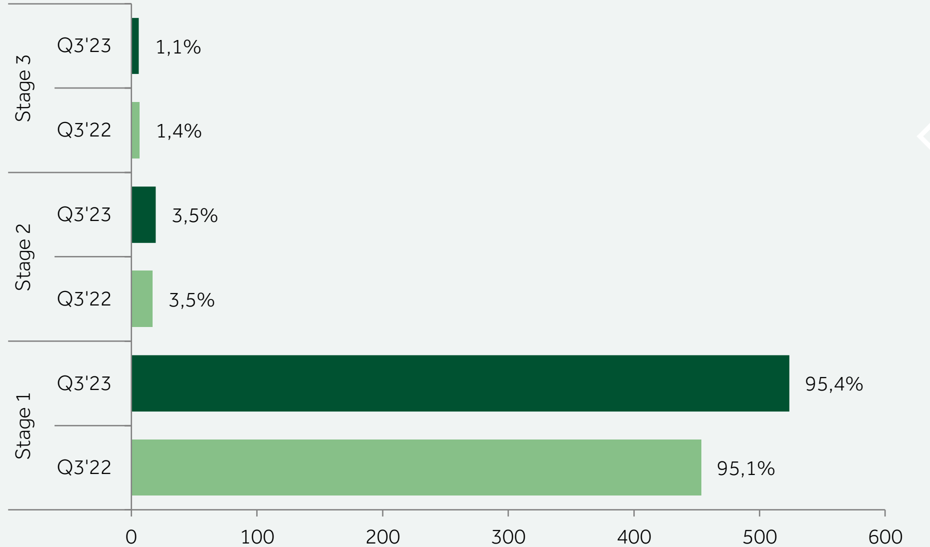
Cost of risk and net exposure by IFRS 9 stages (bp/DKKbn)

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.

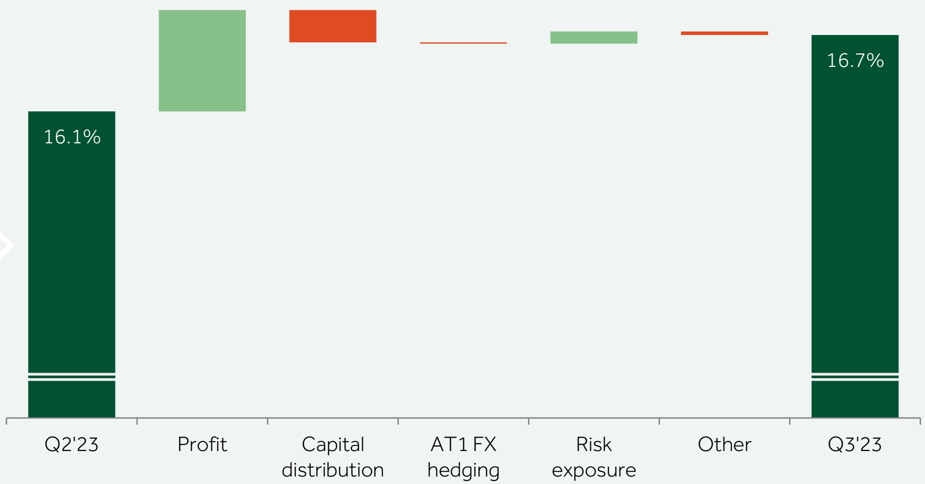
- **Level of post-model adjustments decreased DKK 10m** to DKK 1,415m (28bp) due to improved processes for risk marking. Further significant post-model adjustments are still included in the balance of discounts for acquired assets relating to Handelsbanken Denmark.
- **Level of write-offs at low level** of 4bp so far in 2023.
- **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.

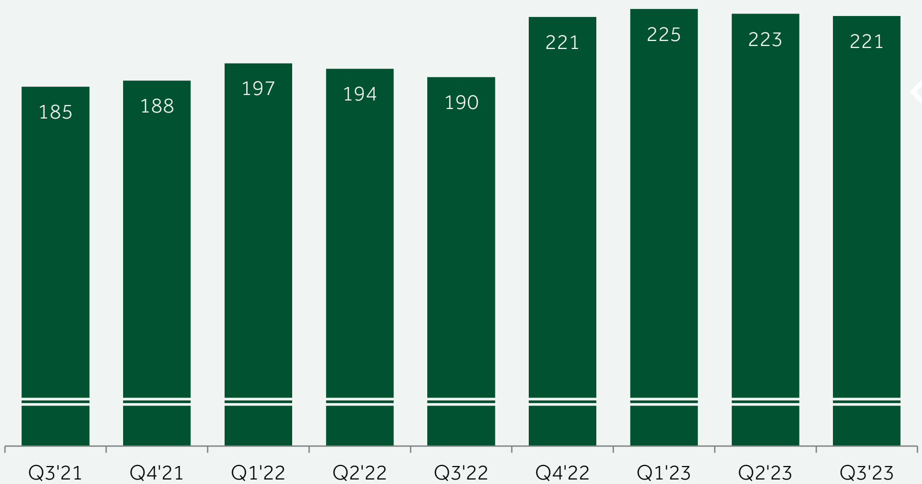
Note: Stage exposures exclude purchased/originated credit impaired exposures (<0.1%).

CET1 ratio up 0.6pp q/q despite DKK 500m dividend

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

16.7%
CET1 ratio
15%-17% target range
12.7% requirement





-1% q/q
Risk exposure amount
Lower market, credit risk

181%
Liquidity coverage ratio
NSFR: 136%

- **16.7% CET1 ratio up 0.6pp q/q** and within 15%-17% target range.
- **Dividend of DKK 500m (DKK 7.78 per share)** to be decided upon at extraordinary general meeting on 1 December 2023.
- 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.
- **Funding plan:** Potential issuance of AT1 capital in 2024 to be based on capital position and market development. MREL eligible debt of DKK 25.9bn vs. revised target of DKK 28bn-30bn. EUR 500m NPS expected for Q4 2023.
- **Loan/deposit ratio** of 0.78 excl. mortgage loans, which are funded by covered bonds with 1:1 matching terms.

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.

Volumes

Q3 2023

Mostly stable business volumes in Q3 2023

Business volumes (index / DKKbn)

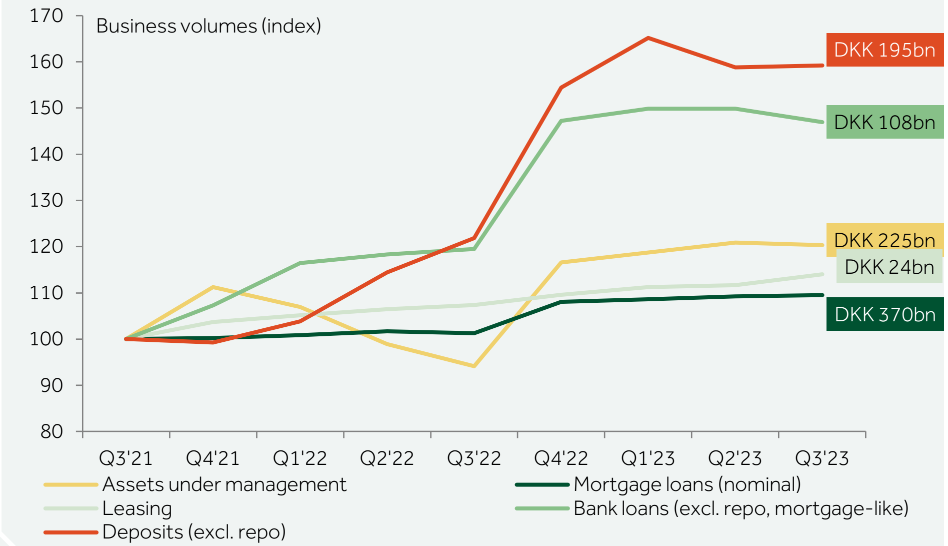
0% q/q
Mortgage loans (nom.)
+8% y/y

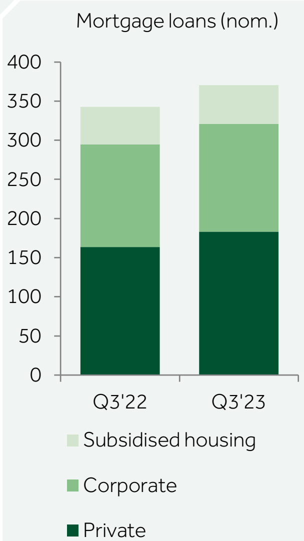
-2% q/q
Bank loans ex. mtg.-like
+23% y/y

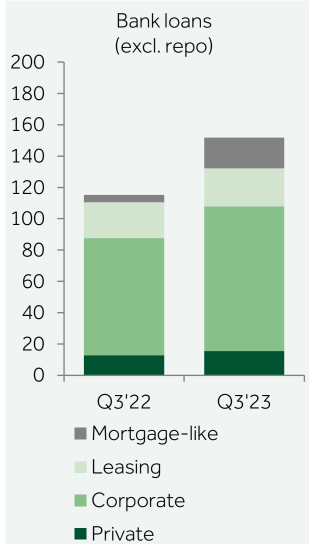
+2% q/q
Leasing
+6% y/y

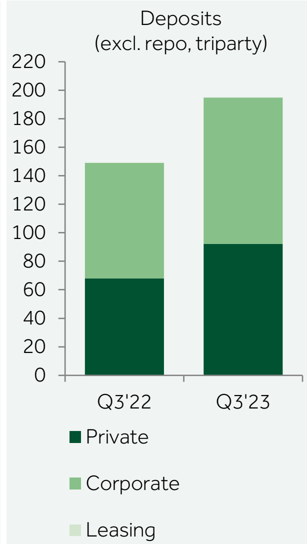
0% q/q
Deposits
31% y/y

0% q/q
Assets under mgmt.
+28% y/y







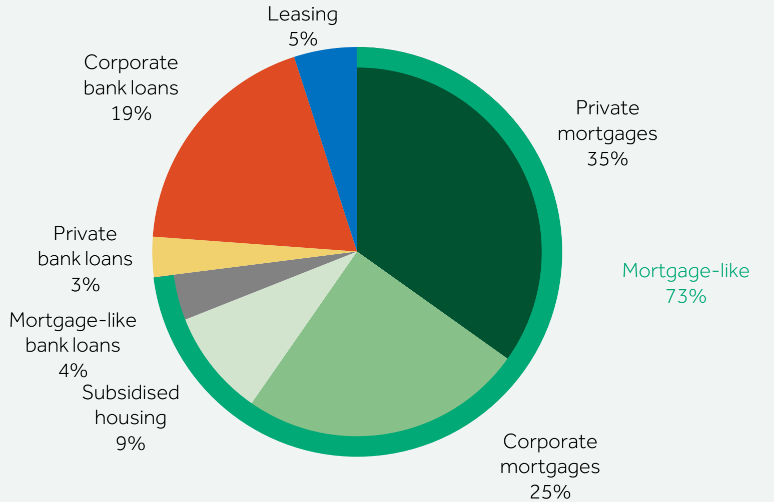


- **Mortgage loans (nominal)**
  Unchanged q/q, as higher corporate lending more than offset lower private lending.
- **Bank loans (excl. mortgage-like)**
  -2% q/q, partly due to postponed VAT and tax payments reducing corporate credit demand.
- **Leasing**
  +2% q/q driven by corporate clients.
- **Deposits**
  Unchanged as private clients continued to gradually migrate from transactional deposits to savings products with higher yield.
- **Assets under management**
  Unchanged amid slight outflow driven by institutional clients.

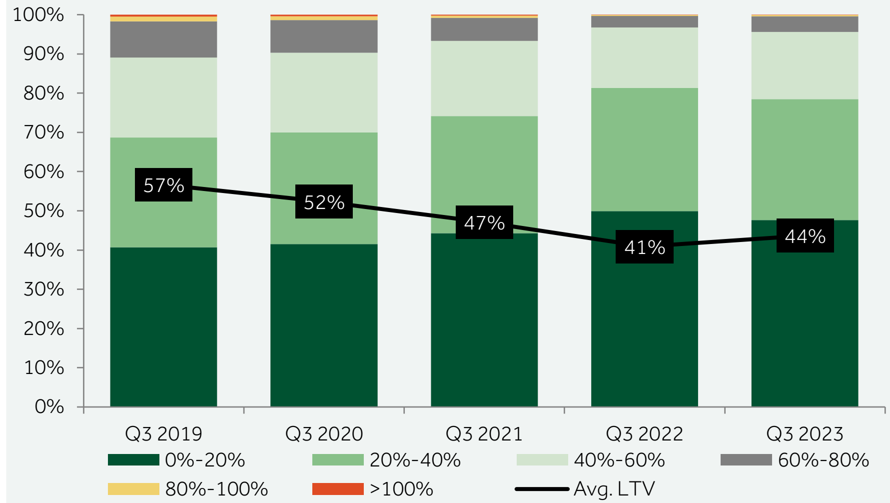
Note: Lending and deposits figures are exclusive of repo. Mortgage-like bank loans are gradually transferred to mortgage lending.

Lending characterised by high mortgage share with low LTV

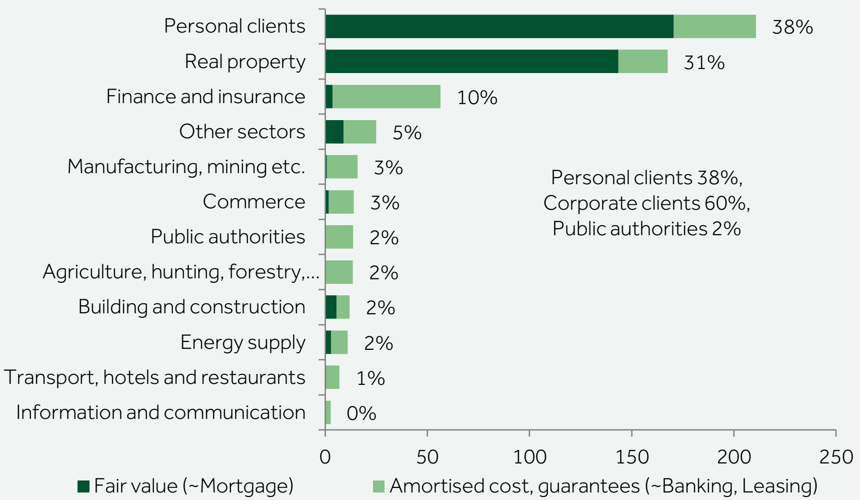
Split of lending volumes (excl. repo)



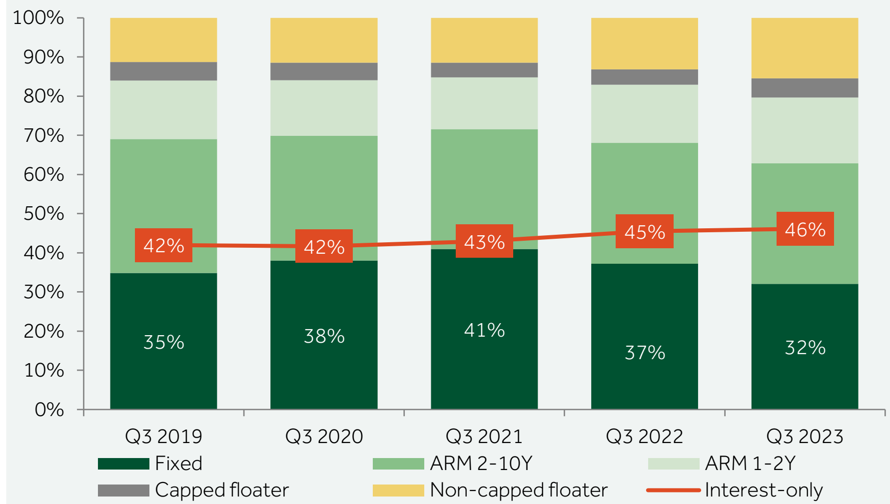
Mortgage lending with low loan-to-value



Loans, advances and guarantees by sector (DKKbn)



Product split of mortgage lending



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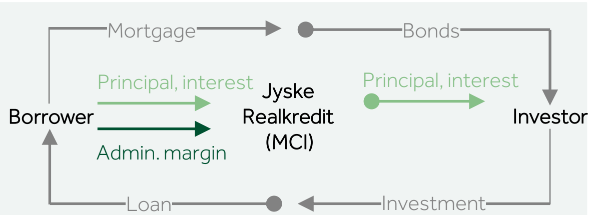
High mortgage lending share underpins stability and growth

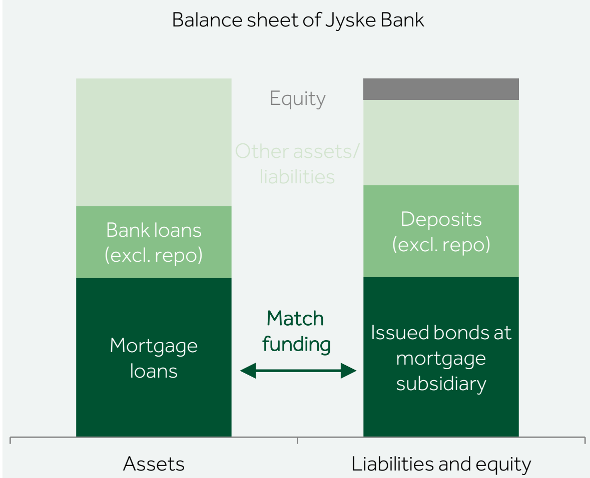
The Danish mortgage model

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

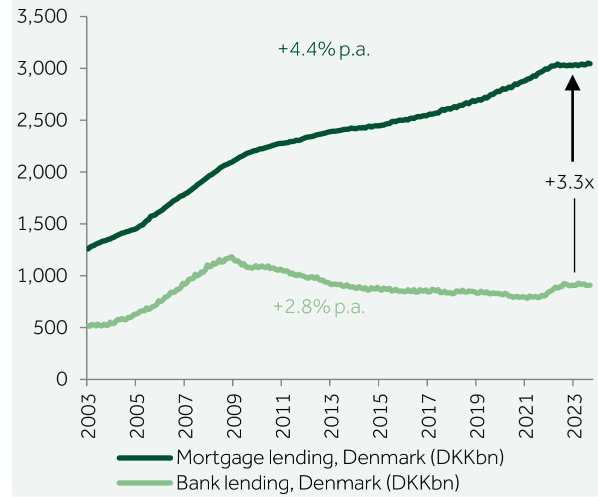
- MCI's **fund loans by issuing covered bonds with 1:1 matching terms**, thus transferring interest rate, currency, liquidity, prepayment risk to investors.
- **Borrowers can prepay loans/remortgage by buying the bonds**, which are traded in a transparent and highly liquid market of AAA-rated covered 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.



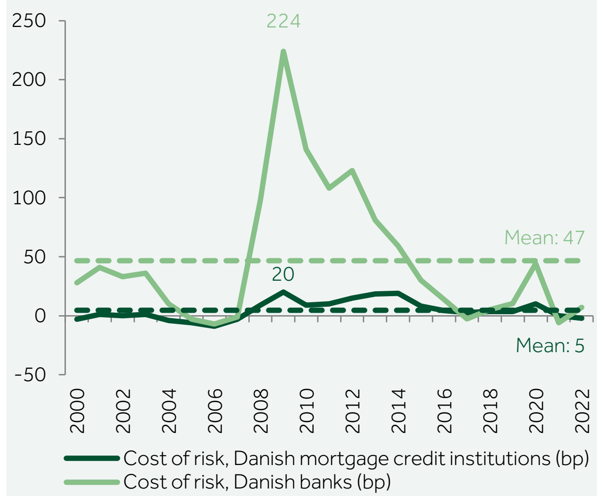
Balance principle limits funding risks



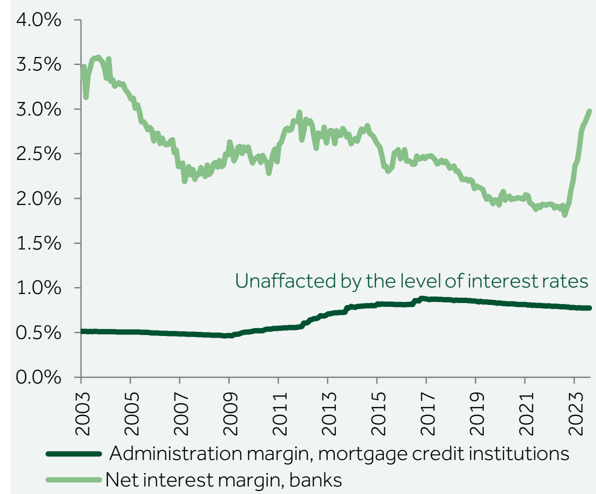
High and resilient growth of mortgages



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.

Sustainability

Sustainable business and responsible banking operations

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.

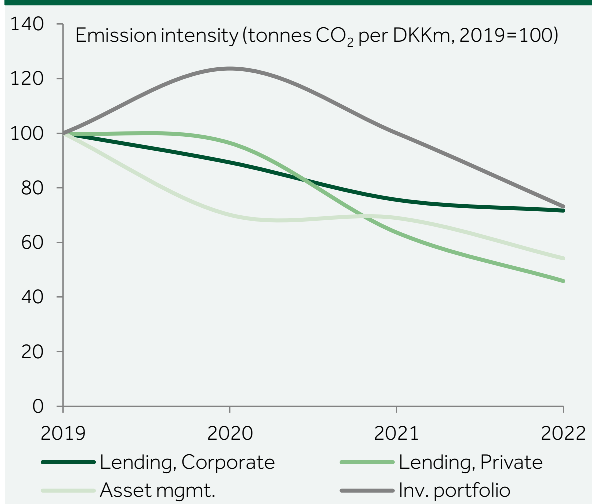
ESG ambitions

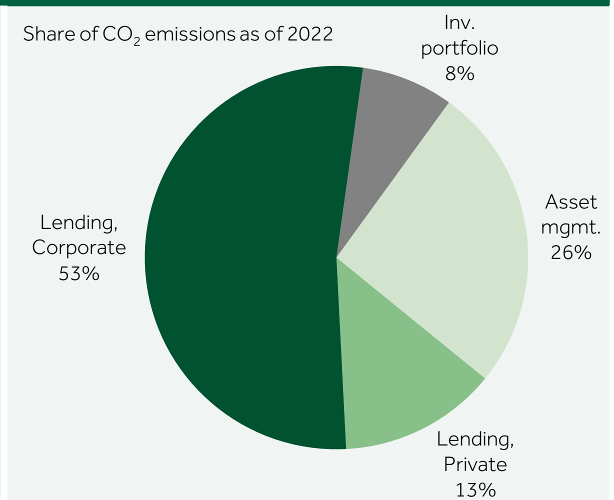
Net zero emissions and green financing
Environmental

Engaged and competent employees
Social

Responsible operations
Governance

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





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

Investments

0.6 million tonnes CO_2

Emissions in 2022

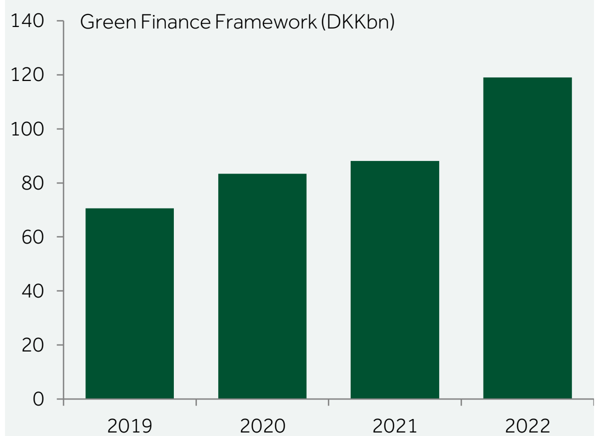
-42% vs. 2019

Targets for emission reduction

From 2019 to 2030

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

Targeting growth in green finance



Own operations

0.02 million tonnes CO_2

Emissions in 2022

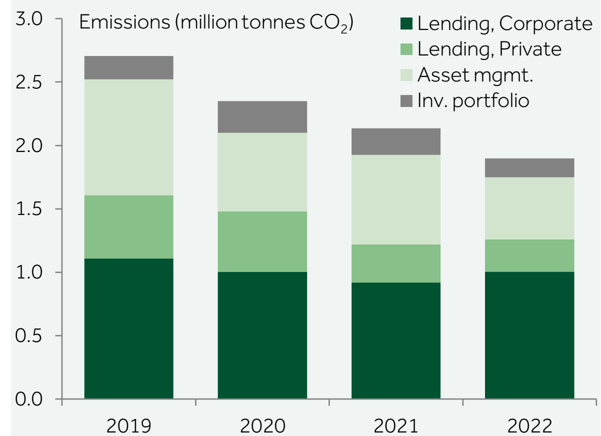
-19% vs. 2020

Target for emission reduction

From 2020 to 2030

Scope 1 and scope 2 Offset by renewable energy production since 2021	65%

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.

Jyske Bank

In brief

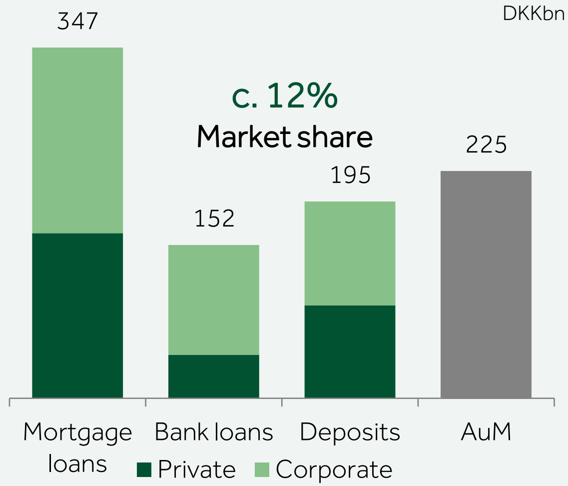
JYSKE BANK

One of the largest financial institutions in Denmark

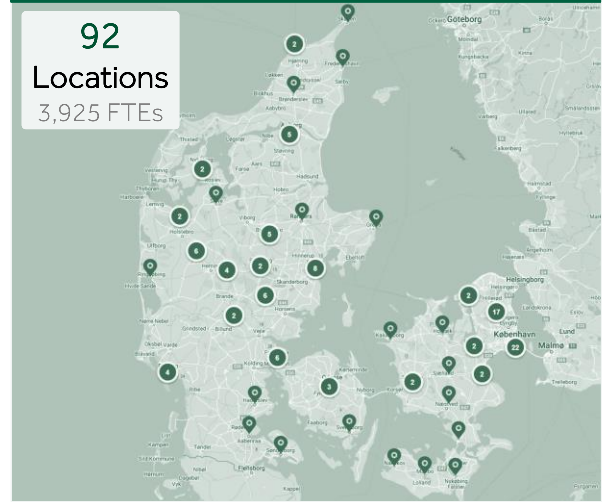
Founded in 1967, now a Danish SIFI

- 1967 **Founded** by merger of four banks in Silkeborg
- 1989 **Seven acquisitions** in 1970s and 1980s
- 2011 **Finans Nord, Easyfleet, Fjordbank Mors** acquired
- 2013 Acquisition of **Sparekassen Lolland**
- 2014 Acquisition of **Jyske Realkredit** from BRFfonden
- 2022 Acquisition of **Handelsbanken Denmark**
- 2023 Acquisition of **PFA Bank**

Focused on structural, low-risk growth



Leading presence in AAA economy



Strong operating performance

Last four quarters

DKK 5.7bn
Net profit

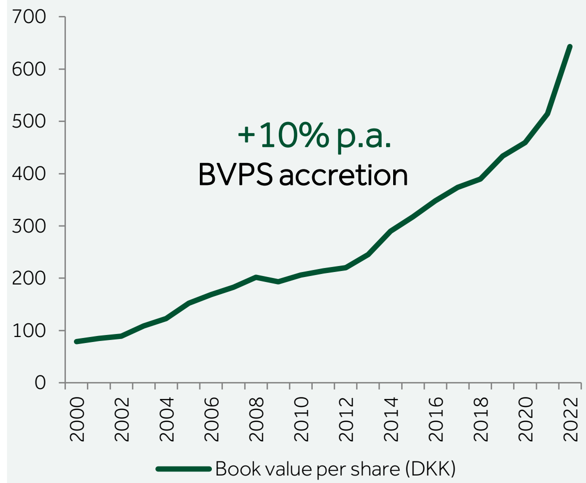
14.3%
Return on equity

45%
Cost/income

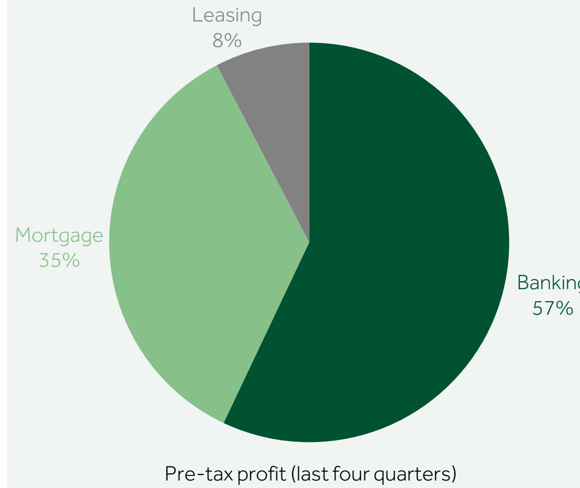
A+/Stable/A-1
S&P issuer credit rating

AA
MSCI ESG rating

Solid book value per share accretion

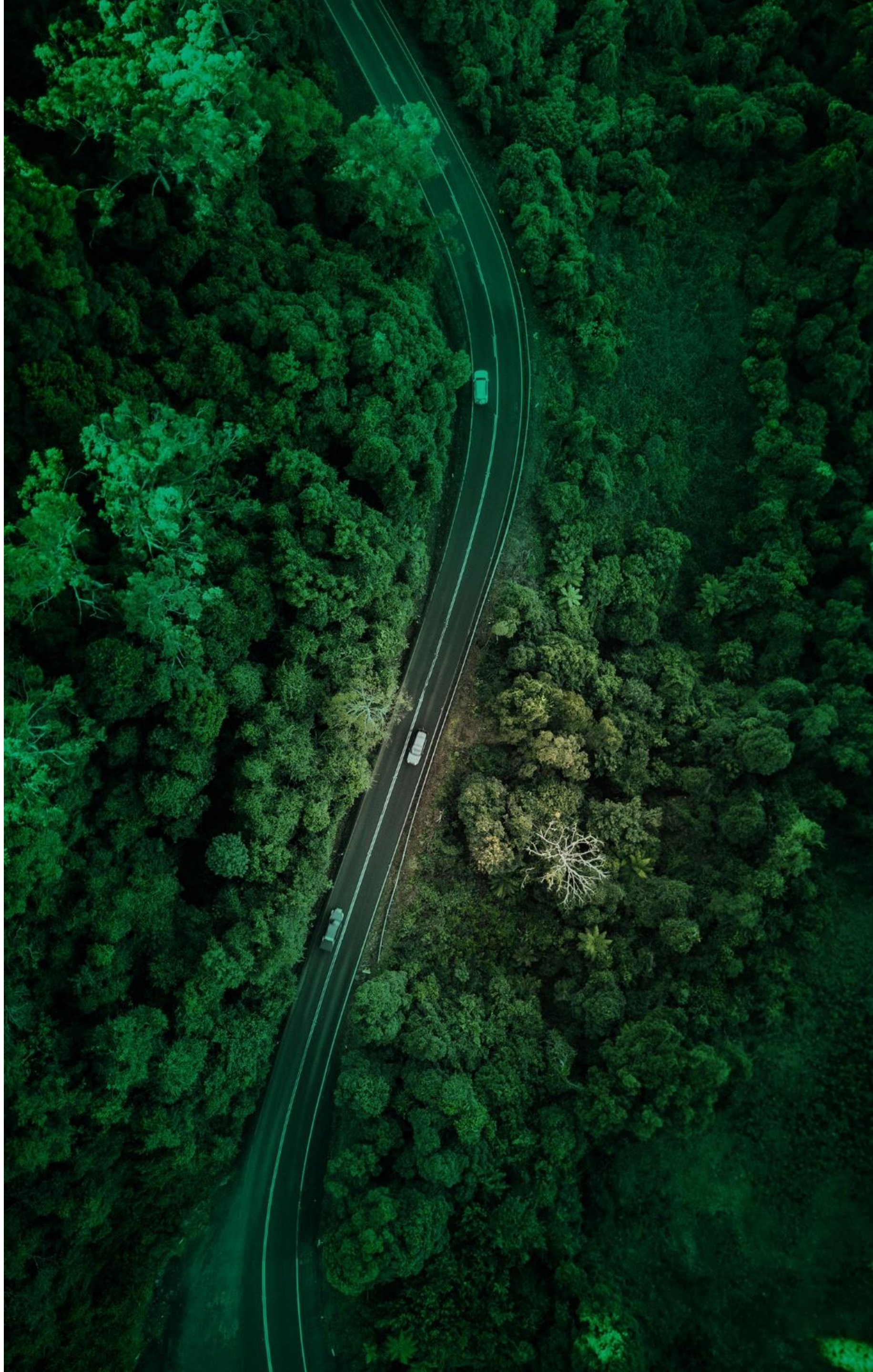


Complementary, full-service offering



Note: Nominal mortgage loans, bank loans/deposits excl. repo. Market share based on lending. Key metrics based on last four quarters or as of the end of last quarter.

Macroeconomics

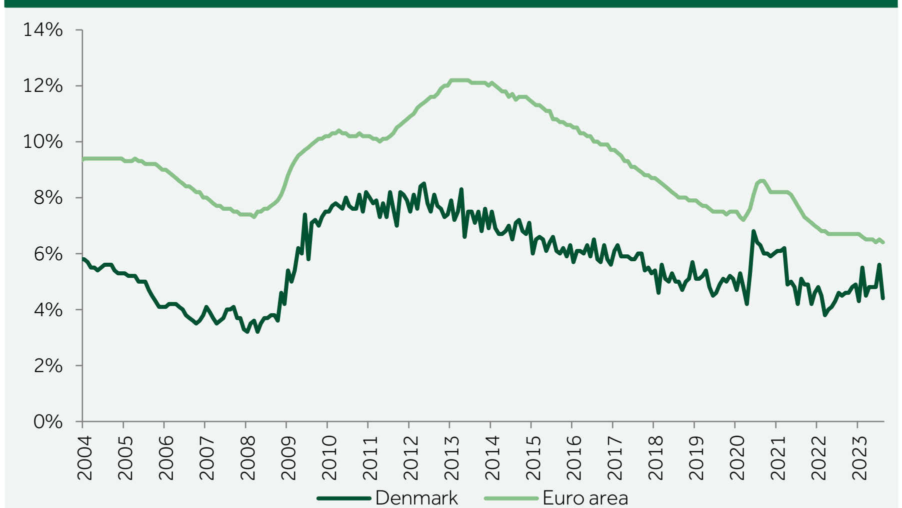


Macroeconomics

Real gross domestic product (2010=100)

Inflation rate (HICP, y/y)

Unemployment rate

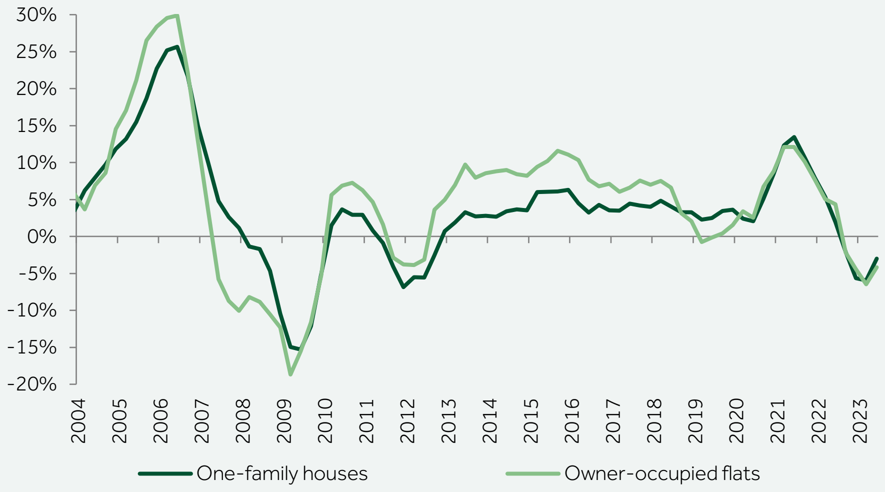


Interest rates, Denmark (monthly averages)

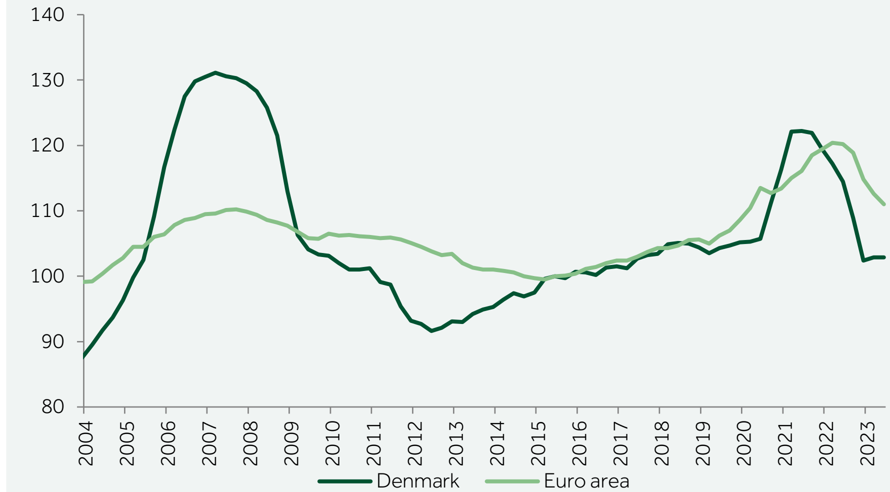
Source: Eurostat.

Macroeconomics

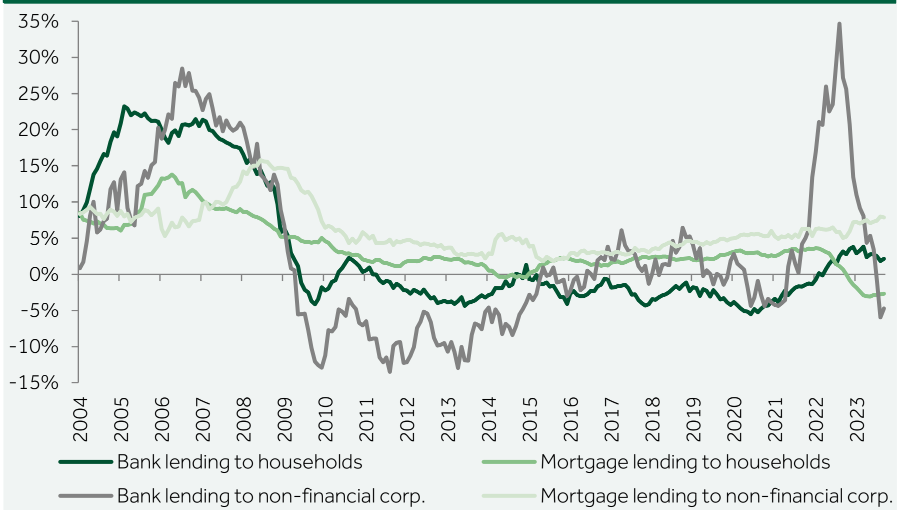
Real estate prices, Denmark (y/y)



House prices to disposable income (2015=100)



Lending growth, Denmark (y/y)



Economic Sentiment Indicator

Sources: Statistics Denmark, OECD, Eurostat.

Forecast

Danish economy	DKKbn 2022	Real growth (%) 2021	2022	2023E	2024E	2025E
Consumer spending	1,225	5.5	-1.4	0.4	0.5	1.3
Public spending	617	4.6	-2.8	1.2	1.9	1.0
Fixed gross investment	616	6.6	3.2	-6.2	-4.0	1.5
Inventory investment*	36	1.8	0.4	-1.4	-0.2	0.0
Exports	1,983	7.7	10.8	6.5	1.6	1.7
Imports	1,668	8.8	6.5	1.7	-0.1	1.6
Gross domestic product (GDP)	**2,832**	**6.8**	**2.7**	**1.2**	**0.9**	**1.3**
Balance of payments						
- DKKbn		231	373	300	330	315
- percentage of GDP		9.1	13.2	10.5	11.2	10.3
Public budget balance						
- DKKbn		103	95	60	30	30
- percentage of GDP		4.1	3.3	2.1	1.0	1.0
Unemployment						
- Gross unemployment, average (thousands)		106	76	84	95	110
- Percentage of workforce		3.4	2.3	2.5	2.9	3.3
Employment, avg. (thousands)		**3,052**	**3,168**	**3,202**	**3,188**	**3,170**
Inflation (%)		**1.9**	**7.7**	**3.4**	**2.3**	**2.0**
Wage index (Private, %)		**3.0**	**3.6**	**3.7**	**4.7**	**4.2**
House prices (nominal prices, %)		**11.0**	**-0.2**	**-2.5**	**-1.4**	**0.7**
Danmarks Nationalbank's lending rate, year-end (%)		**-0.45**	**1.90**	**3.75**	**3.25**	**2.25**
Danmarks Nationalbank's CD rate, year-end (%)		**-0.60**	**1.75**	**3.60**	**3.10**	**2.10**

* Contribution to growth as a percentage of the preceding year's GDP. Sources: Statistics Denmark, Jyske Bank as of 9 October 2023.

Financial calendar 2024

27 Feb.	Announcement of the 2023 results
27 Feb.	Annual report 2023
27 Feb.	Risk management report 2023
21 Mar.	Annual general meeting
7 May	Interim report for the first quarter of 2024
20 Aug.	Interim report for the first half of 2024
29 Oct.	Interim report for the first nine months of 2024

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JYSKE BANK

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