JYSKE BANK

Pre-close brief for Q2 2025

Jyske Bank's Q2 2025 report is due on 19 August 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 on volume developments by segment based on recent trends and sector statistics as of May:

- Sector nominal mortgage lending was up 1.0% at the end of May vs. the end of Q1 2025. The increase was driven by both corporates and households.

- For leasing activities, lending decreased 1% q/q in Q1 2025, and growth has recently been somewhat subdued amid low demand.

- Sector bank lending (excl. repo) was up 0.2% at the end of May compared with the end of Q1 2025. The minor increase was mainly caused by financial corporations and households.

  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 down -0.3% as of the end of May vs. the end of Q1 2025. Higher deposits from households were outweighed by lower deposits from corporates.

Secondly, commenting on rate developments by segment based on recent trends and sector statistics:

- Sector mortgage administration margins were close to unchanged in April-May vs. Q1 2025.

- For leasing activities, net interest income has shown a somewhat stable development in recent quarters.

- Sector bank lending rates decreased 31bp in April-May vs. Q1 2025. This indicates a slightly higher bank lending margin vs. 3-month CIBOR, which decreased 37bp in the same period. The slight margin increase was driven by lending to households.

  Sector deposit rates decreased 29bp in April-May vs. Q1 2025. This indicates a lower deposit margin vs. 3-month CIBOR, which decreased 37bp in the same period.

  Please note that the rate changes mentioned for bank lending and deposits only relate to the first two months of Q2.

  The average 3-month CIBOR decreased 42bp for the full quarter compared with the average of Q1 2025.

Thirdly, lower short-term interest rates will also have an impact on other interest-bearing assets and liabilities, incl. placings with central banks, bonds, etc. Also, wholesale funding costs should be impacted by (1) the full quarterly effect from the issuance of EUR 750m non-preferred senior debt on 29 January 2025 at a 3-month CIBOR-equivalent spread of 108bp, and (2) the issuance of EUR 500m non-preferred senior debt on 19 May 2025 at a 3-month CIBOR-equivalent spread of 105bp.

Lastly, the number of days of interest increased from 90 in Q1 2025 to 91 in Q2 2025.

Net fee and commission income

Below we provide some key considerations regarding some of the elements of the net fee and commission income line shown in the updated fact book available at our IR website (link).

- Firstly, asset management and custody fees may exceed the DKK 310m recorded in Q2 2024 driven by higher average assets under management, partly counteracted by a lower number of fund days.

- Secondly, sector mortgage lending offers increased 24% y/y as of April-May from a low level. This indicates a higher level of activity-driven mortgage lending fees.

- Lastly, fee expenses in Q2 2025 could increase significantly, partly due to a reclassification under leasing activities from net fee and commission income to net interest income (low double-digit million figure).

Value adjustments and investment portfolio earnings

Spreads of 3-year non-callable Danish mortgage bonds widened slightly vs. 3-month CIBOR in Q2 2025.

5-year DKK swap rates decreased slightly in Q2 2025 compared with the end of Q1 2025.

Conditioned upon positioning, etc., these developments indicate mixed effects on value adjustments and investment portfolio earnings, which have averaged DKK 233m and DKK 19m, respectively, per quarter over the last five years.

Other income
The starting point for other income could be the Q2 2024 level of DKK 129m. The second quarter of of the year usually reflects a seasonally high 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 19m in Q1 2025.

Core expenses
Total core expenses and one-off items amounted to DKK 1,621m in Q2 2024, including DKK 67m of integration and restructuring costs related to the acquisitions of Handelsbanken Denmark and PFA Bank.

Several factors should be considered when comparing with the Q2 2024 level, including a collectively prescribed, sector-wide salary increase of 3.7% that was implemented on 1 July 2024.

For 2025, we expect total core expenses and one-off items to increase slightly compared to the 2024 level of DKK 6,493m.

Credit quality
The share of stage 3 exposures was at a low level and continued to decline slightly in Q1 2025. Post-model adjustments amounted to DKK 1,869m at the end of Q1 2025, 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. As of the trade date on 30 June 2025, a total of 1,167,662 shares had been repurchased for a total consideration of DKK 645m.

2,765,118 shares repurchased in 2024 was cancelled in Q2 2025, reducing the shares outstanding to 61,506,977.

The stipulated capital reservation for expected payout is based on prior capital distribution and includes an ordinary dividend of 30% and share buybacks equivalent to 41%. The 71% total capital deduction is based on shareholders' profit and equated DKK 845m at the end of Q1 2025.

Outlook
As previously stated, 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 19 August 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 7 July 2025.