

Jyske Realkredit A/S

Interim report Q1-Q3 2024

Published 29 October 2024

Jyske Realkredit financial result Q1-Q3 2024

Result in Q1-Q3 2024

- Pre-tax profit was DKK 2,428m
- Return on equity was 9.5 % p.a.
- Solid credit quality with low loan-to-value and low level of arrears

Q1-Q3'24 (compared to Q1-Q3'23)

- Small decrease in admin. margins
- Core earning increased with 22% and net profit with 26%
 - Positive effect from increasing interest rates on bond holdings
- Impairment charges was reversed with DKK 50m in Q1-Q3'24 compared to a reverse of DKK 23m in Q1-Q3'23

Expectations for 2024

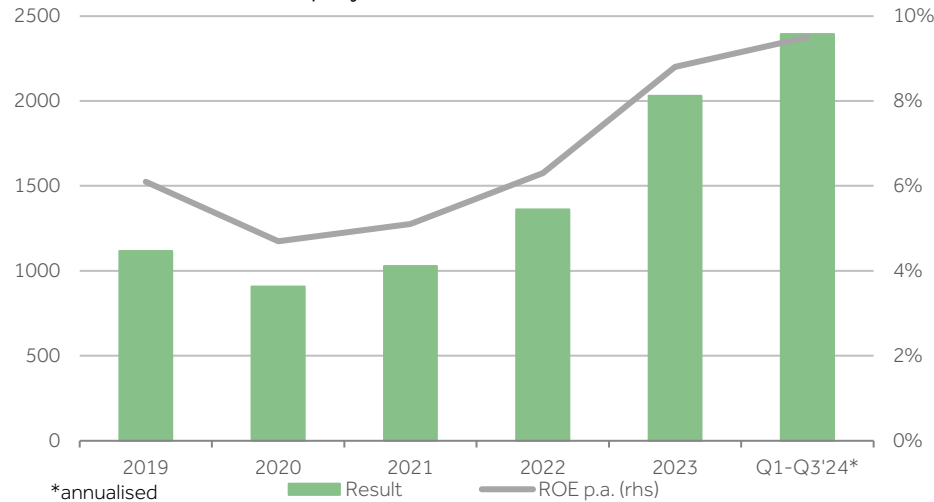
- Expected full year result for 2024 of DKK 2.1bn – 2.3bn

Core income statement (DKKm)

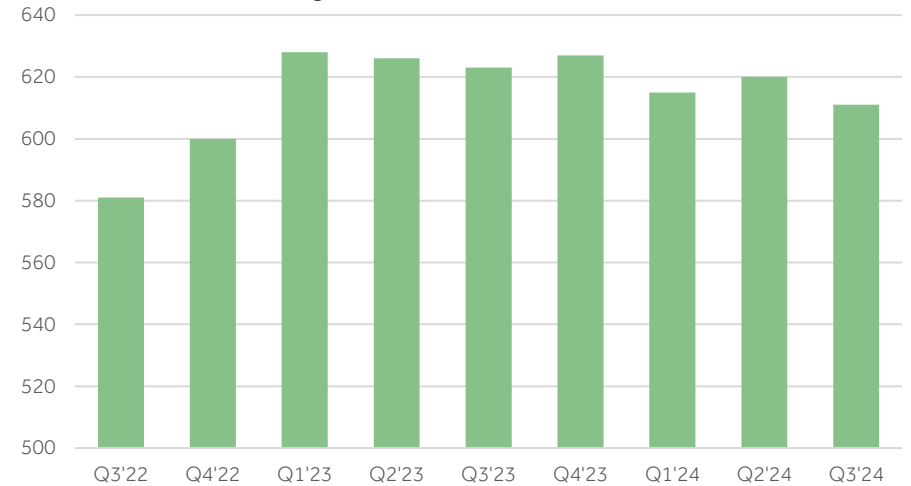
Core profit and net profit for the period	Q1-Q3 '24	Q1-Q3 '24	Index 24/23	Q3'24	Q2'23	Index q/q
Core operations						
Administration margin, etc.	1,845	1,869	99	611	620	99
Other net interest income	790	546	145	272	262	104
Net fees, charges and commission income etc.	-124	-423	29	-82	55	-
Value adjustments	197	227	87	100	43	233
Other income	0	0	-	0	0	-
Core earnings	2,708	2,219	122	901	980	92
Core expenses	331	332	100	109	112	97
Core earnings before loan impairment charges etc.	2,377	1,887	126	792	869	91
Loan impairment charges etc.	-50	-23	217	-6	-66	9
Pre-tax profit	2,428	1,910	127	798	935	85
Tax	632	481	131	208	243	86
Net profit or loss for the period	1,795	1,429	126	590	692	85

Financials - selected graphs

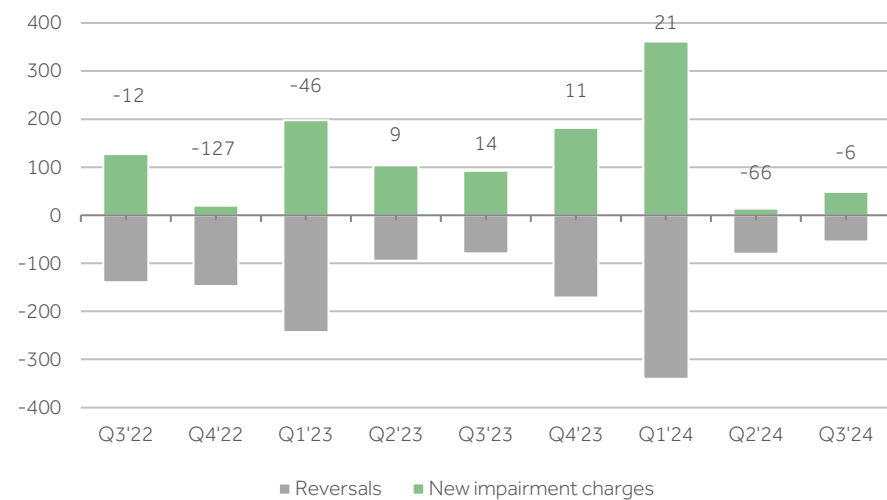
Result and return on equity



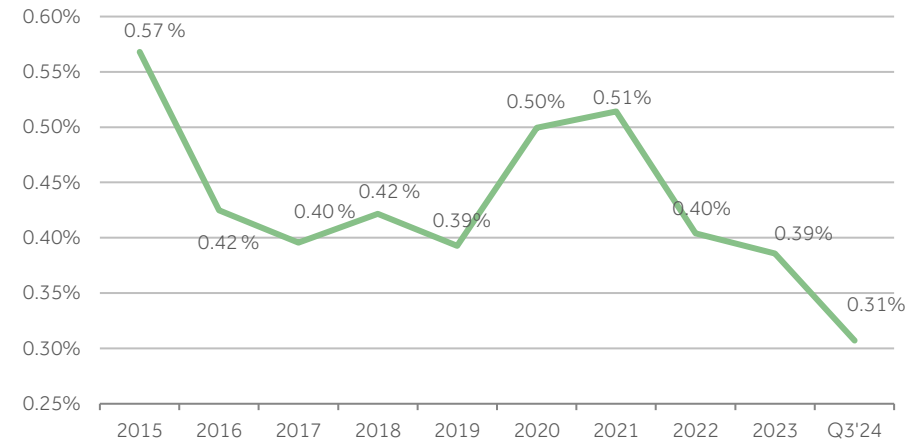
Administrative margin (DKKm)



Impairment charges and reversals (DKKm)



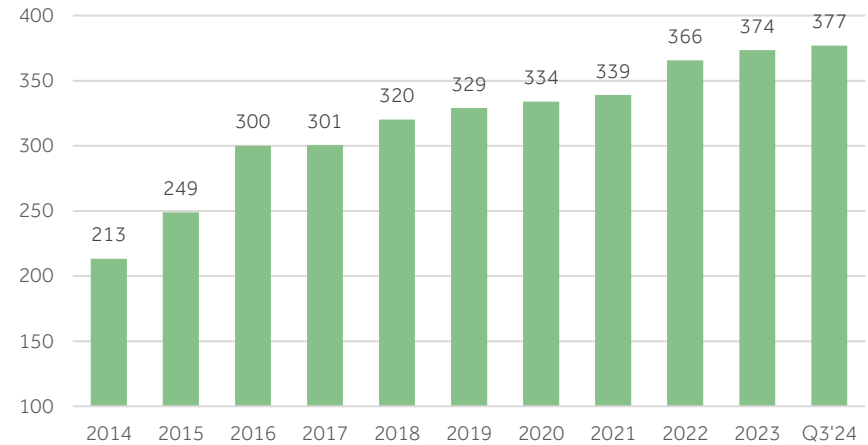
Balance of loan impairments in % of lending



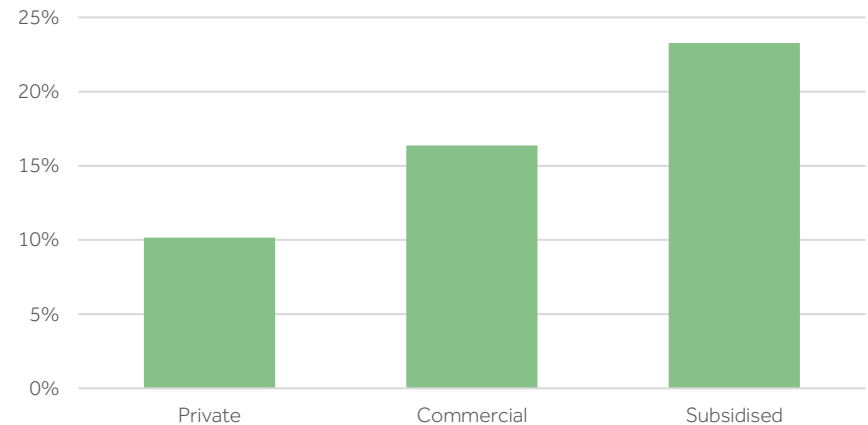
Increasing mortgage lending in Danish market

- After a slight decrease in mortgage lending in first quarter of 2024, the lending grew in the Q2 and Q3 of 2024
- Market share of Jyske Realkredit's lending is unchanged from end of 2023
- Acquired activities in 2022 from Svenske Handelsbanken are now fully integrated into Jyske Realkredit's systems
 - Financing loans from Svenske Handelsbanken of DKKbn 25 in Jyske Realkredit
 - Financing of primarily Danish private residential buildings
 - Financing in both covered bonds (premium) and covered bonds
- Growth in the portfolio creates larger issuances and lower funding costs

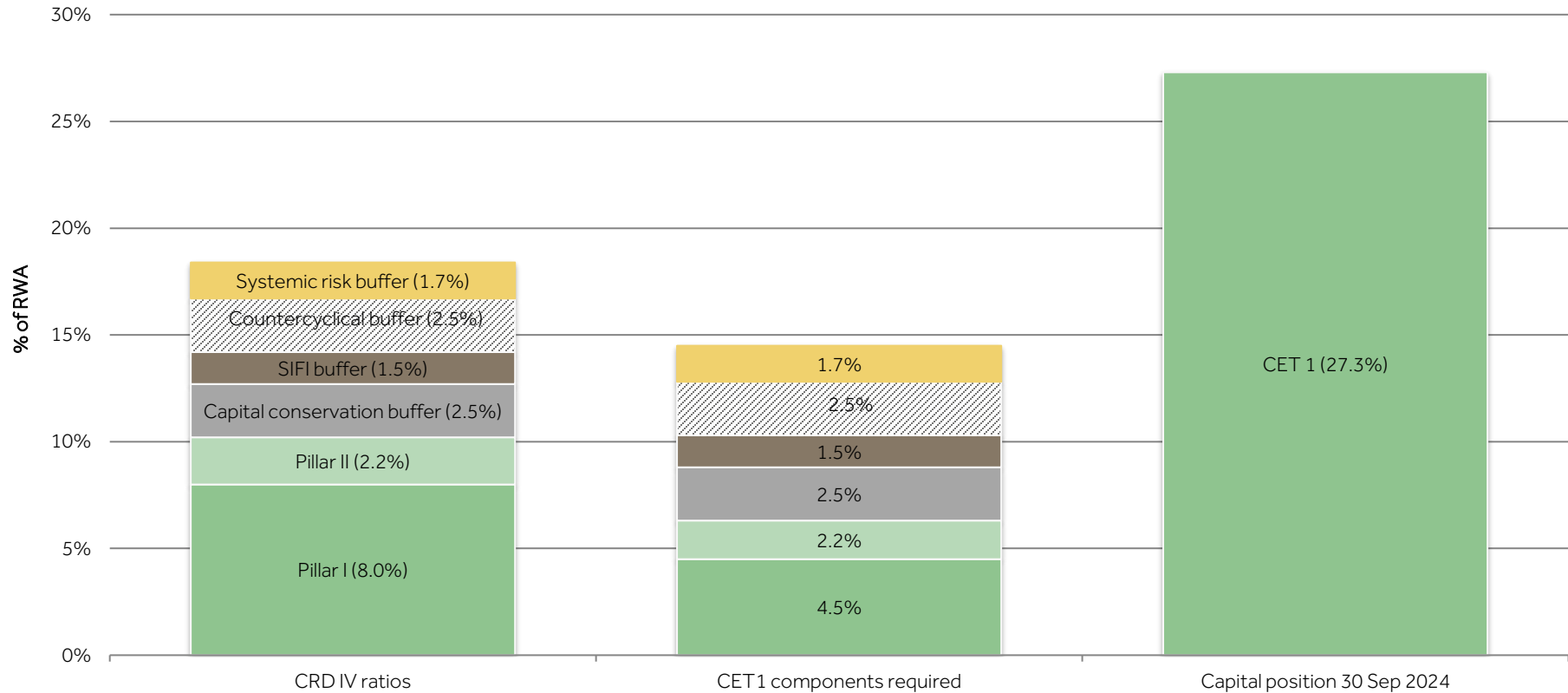
Total mortgage lending at nominal value (DKKbn)



Market share of mortgage market (%)



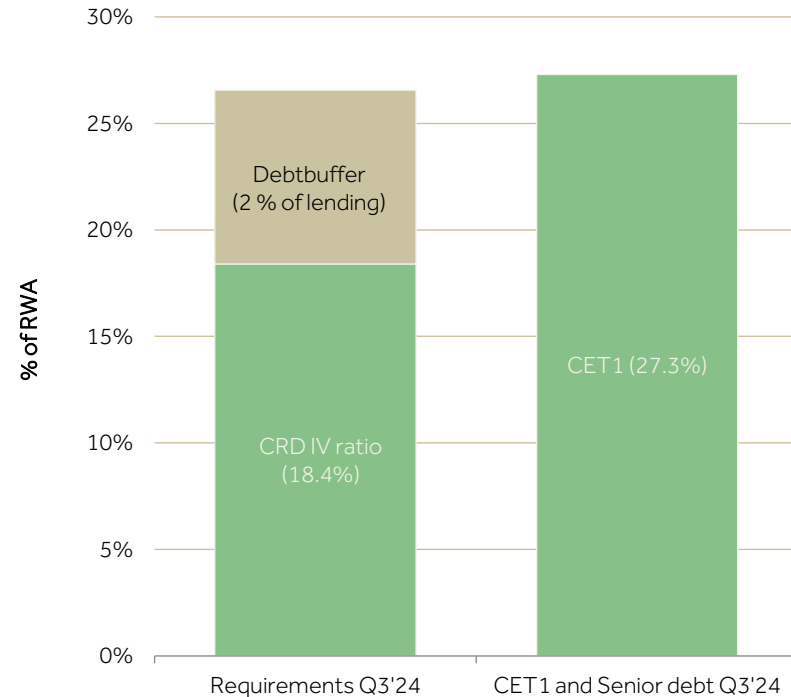
Jyske Realkredit is well capitalised



- The capital requirement is at 18.4 % at the end of Q2 2024, of which 14.0 % should be covered with core equity (CET1)
- Jyske Realkredit is compliant with the fully implemented requirement
- Growth is not constrained by capital requirements

Debt buffer for Danish mortgage institutes

- MREL-debt buffer is fully implemented
- Debtbuffer must be covered by CET1, AT1, AT2 or senior (unsecured) debt
- For capital instruments to be compliant with the debt buffer, the following must apply:
 - Original time to maturity at least two years
 - Appropriate maturity diversification
- The Danish FSA can decide that the debt buffer should be covered fully or partly with bail-inable debt instruments
- Jyske Realkredit fulfils the debt buffer in Q3 2024 with CET1

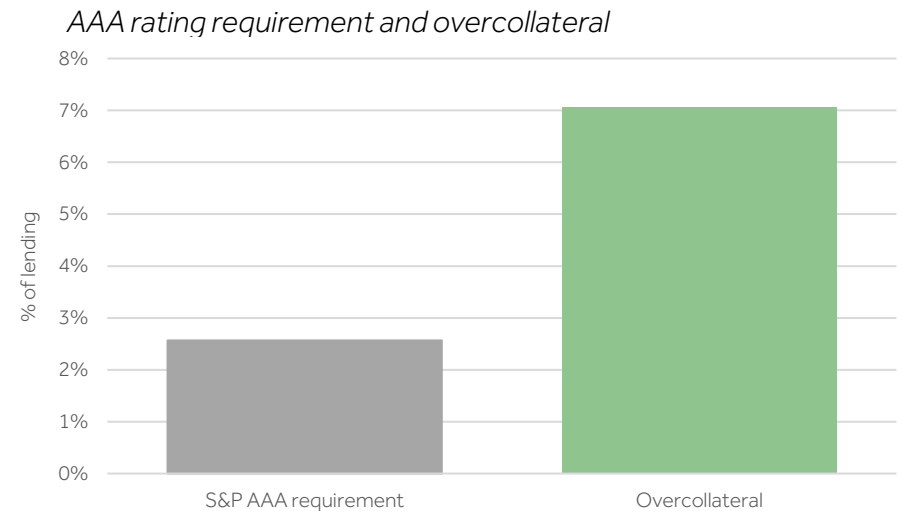
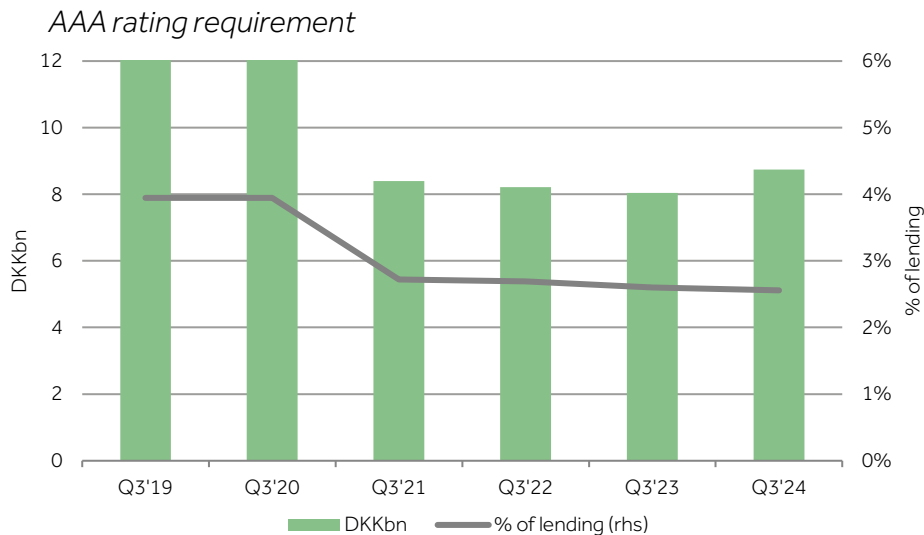


Rating

- Decrease in AAA OC-requirement
 - Capital Center E at S&P minimum AAA OC-requirement
- AAA OC-requirements is at a lower level than in 2015 despite growth of mortgage loans of DKK +120bn
- Improvement in credit quality and composition of cover pool
- Jyske Bank and Jyske Realkredit issuer credit rating upgraded by S&P to A+ in July 2023

Rating Standard and Poor's

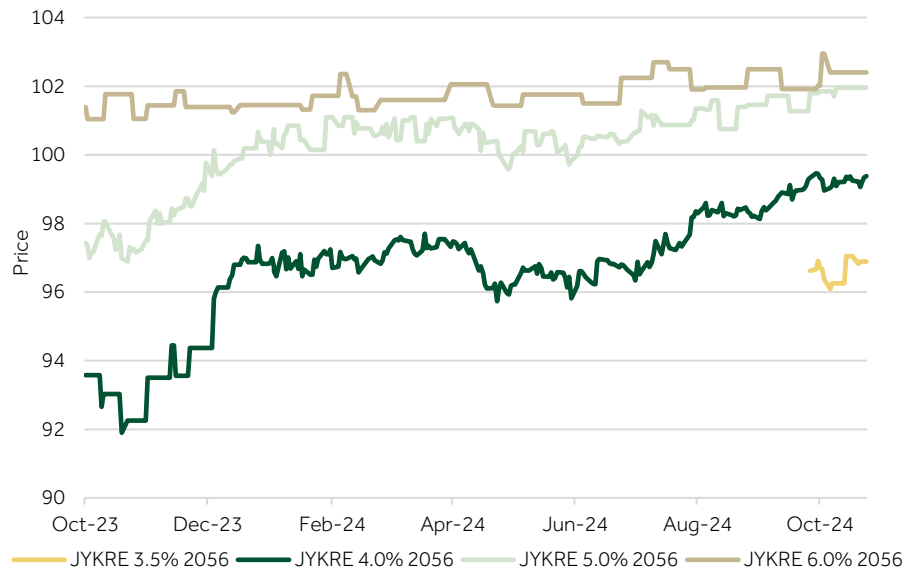
Jyske Realkredit ICR	A+
Outlook	Neutral
Capitalcenter B	AAA
Capitalcenter E	AAA
Capitalcenter General	AAA
Free notches over AAA	3



Relative stable bond prices in H1 of 2024

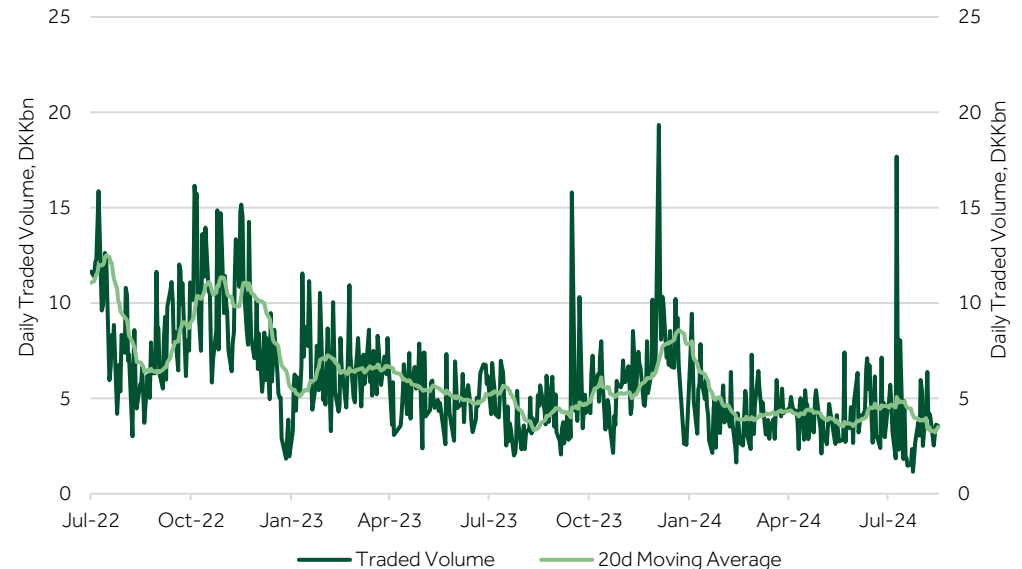
- Bond prices were relatively stable in first half of 2024
- Open series for financing 30-year fixed interest mortgage loans are at end of March 2024 at 4.0%, 4.0% 10YIO and 4.0% 30YIO
- Lower activity in DKK covered bond market in Q3 2024
 - Average traded DKK covered bonds was at DKK 4.5bn (Q3 2023 at DKK 4.4bn)

Prices for selected Jyske Realkredit callable bonds



Source: Bloomberg

Daily traded callable DKK covered bonds

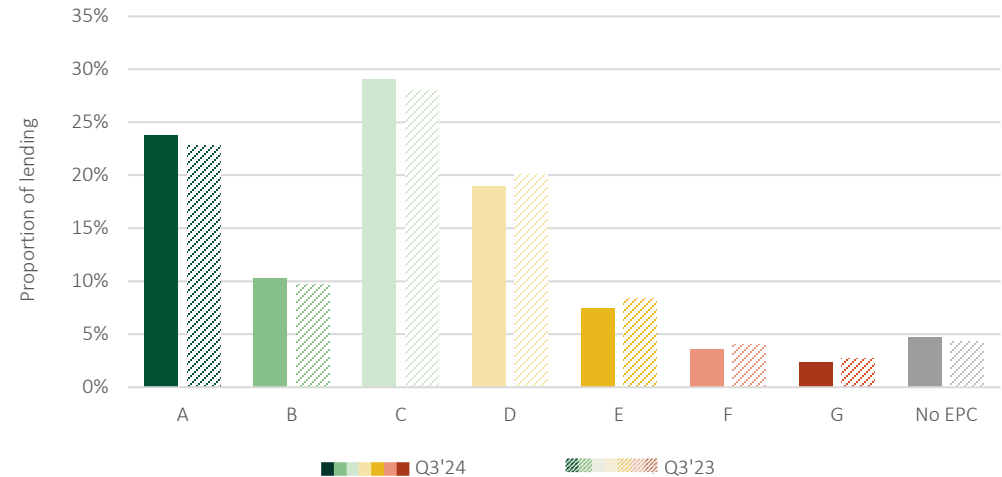


Source: Nasdaq Copenhagen

Sustainable Transparency Template

- As the first financial institution Jyske Realkredit publish Sustainable Transparency Template
- Investors can follow the development over time and compare to other institutes
- From end-2021 sustainability also included in financial reporting for Jyske Realkredit
- External audit has verified data published on sustainability
- Improvement in EPC for lending in Jyske Realkredit from Q3'23 to Q3'24
- Higher proportion of lending supporting one or more of UN SDGs in Q3'24 compared to Q3'23

Distribution of energy performance certificates (% of total lending)



Lending supporting UN SDGs

Lending type	SDG	Q3'24		Q3'23	
		Lending (DKKkm)	Prop. of lending	Lending (DKKkm)	Prop. of lending
Renewable energy	7.2	4,249	1.1	2,555	0.7
Green buildings	7.3, 9.4	122,355	32.4	114,081	30.8
Social housing	11.3	23,551	6.2	25,003	6.7
Recycling	12.5	73	0.0	6	0.0
Total		150,229	39.8	141,645	38.2

Reporting on CO₂e emissions

- Jyske Realkredit also reports CO₂e emissions in Sustainable Transparency Template
- Calculated CO₂e emissions are based on EPCs and type of heating source
- Gives the investor a possibility to follow the development in CO₂e emissions in lending behind covered bonds from Jyske Realkredit
- Improvement in CO₂e emissions from Q3'23 to Q3'24 comes from improved energy efficiency of financed properties and lower CO₂e emissions in production of energy

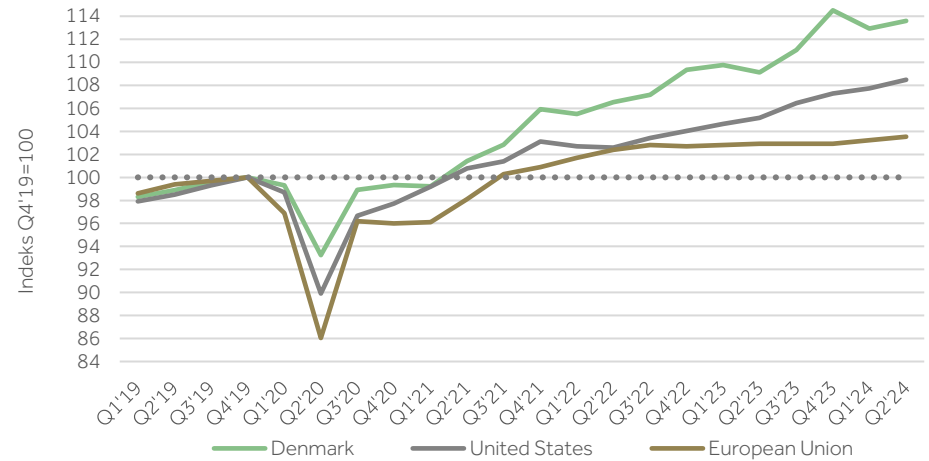
CO₂e emissions for Jyske Realkredit

Property type	Q3'24		Q3'23	
	Ton CO ₂ e (LTV adjusted)	Kg CO ₂ e/m ²	Ton CO ₂ e (LTV adjusted)	Kg CO ₂ e/m ²
Owner-occupied homes	84,769	11.4	104,419	13.1
Subsidised Housing	24,323	5.3	26,475	5.7
Cooperative Housing	3,915	6.0	4,379	6.6
Private rental	20,606	5.3	21,487	6.0
Office, Business, Manufacturing	35,586	10.2	39,483	11.7
Other	23,315	12.7	17,167	9.6
Total	192,514	8.3	213,409	9.2

Danish economy

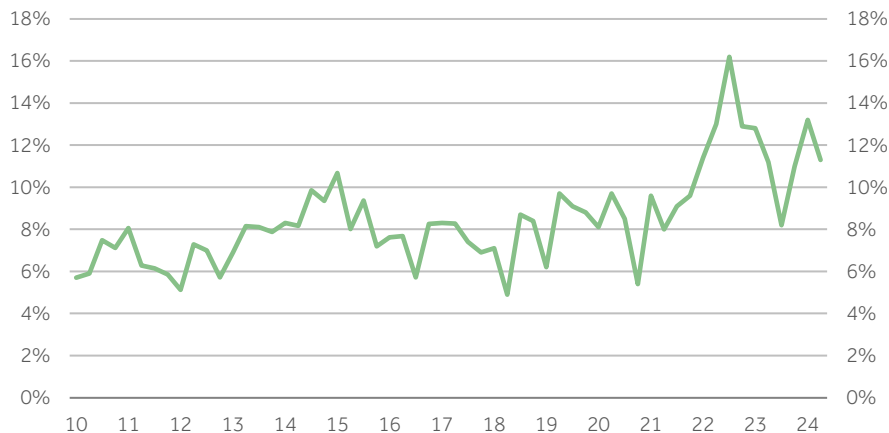
- Strong GDP growth for the Danish economy
 - Despite slight decrease in Q1'24
- Where many other European countries are in a recession/stagnation the Danish economy still looks strong
- Current account positive for the last many years
 - Driven by pharmaceutical sector and shipping
- Employment at highest ever observed level
 - Unemployment at a low level

Quarterly GDP in Denmark, USA and European Union



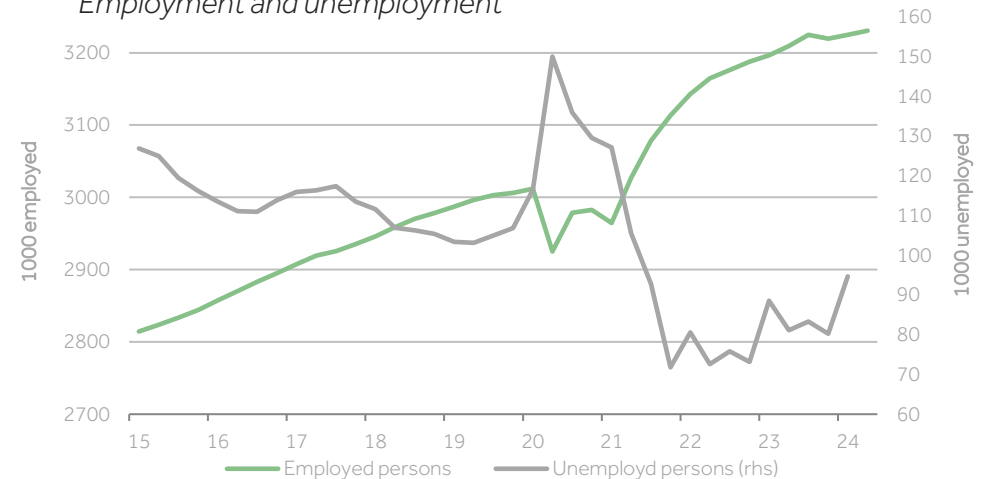
Source: OECD.stats

Current account Denmark (% of GDP)



Source: OECD.stats

Employment and unemployment

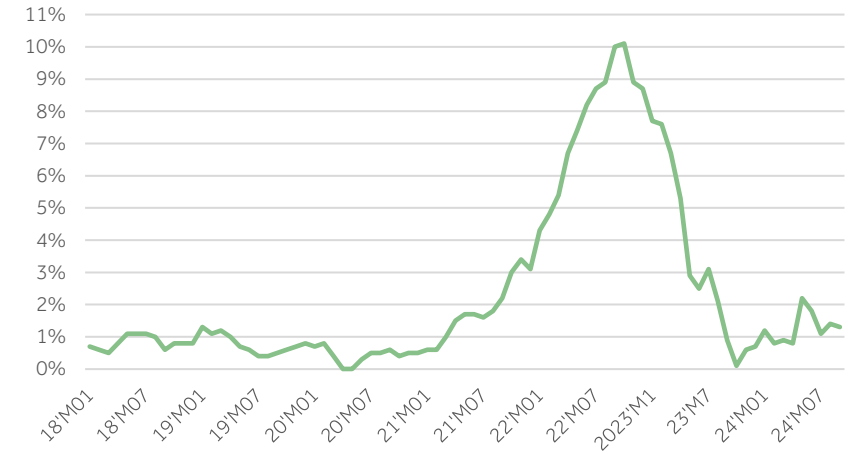


Source: Statistics Denmark

Strong Danish household sector

- Inflation has come down again
- Still high financial savings in the private sector
- The private sector is well prepared for a potential worsening of economic situation
- There is still a large purchasing power in the private sector
- Household debt as a percentage of disposable income is at a low level

Consumer prices development %, y/y



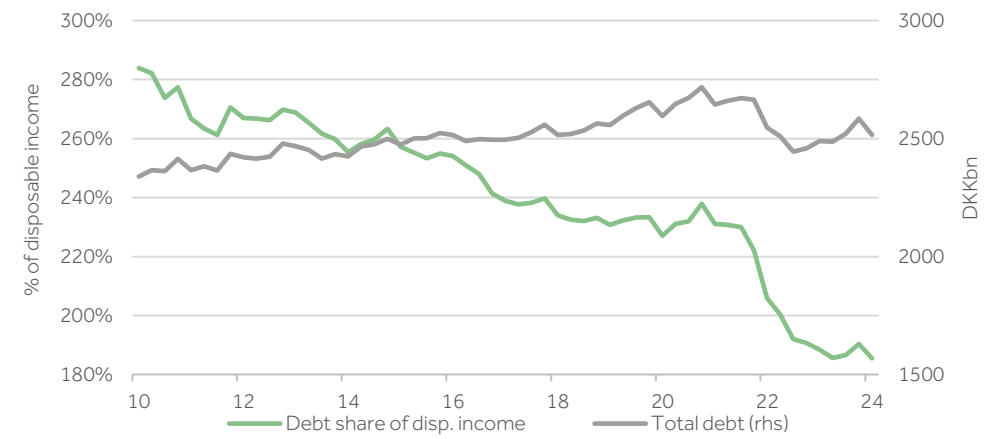
Source: Statistics Denmark

Private sector financial savings



Source: Statistics Denmark

Household gross debt

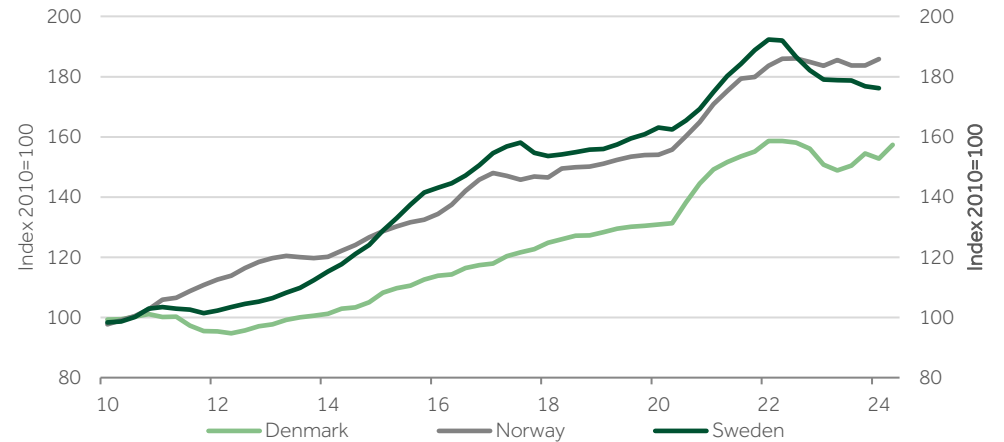


Source: Statistics Denmark

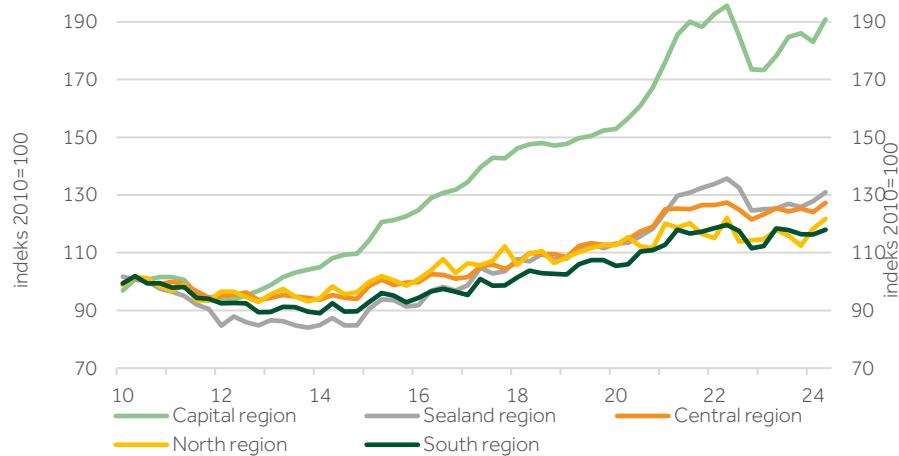
Danish housing market

- Increasing property prices in Denmark in 2024
- Price development in capital region mainly driven by apartment prices
- Compared to Sweden and Norway prices on Danish housing market hasn't grown with same pace
- Growth in house prices are following wage-growth and development in interest rates

Nordic house prices

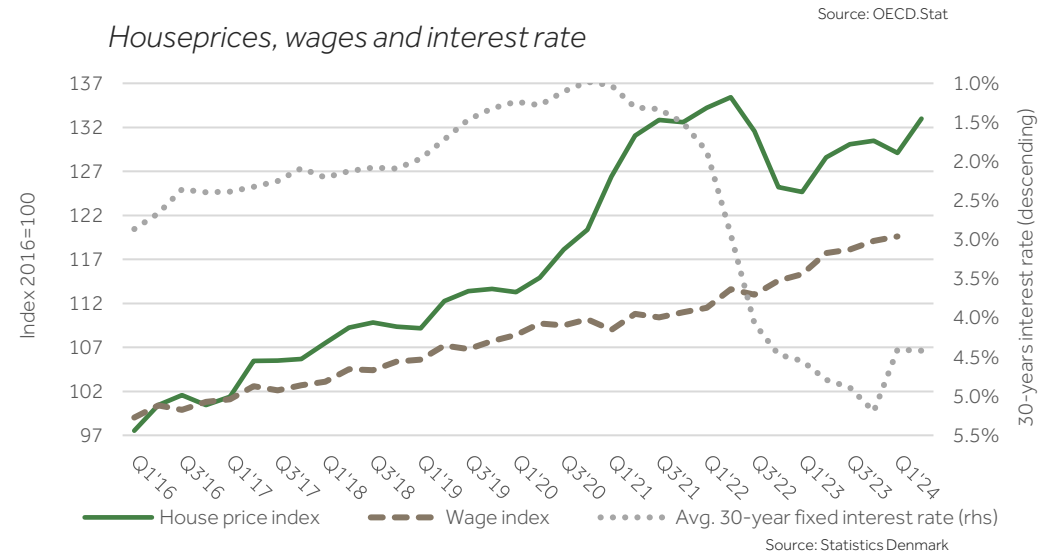


Regional house prices in Denmark



Source: Association of Danish Mortgage Banks

Houseprices, wages and interest rate

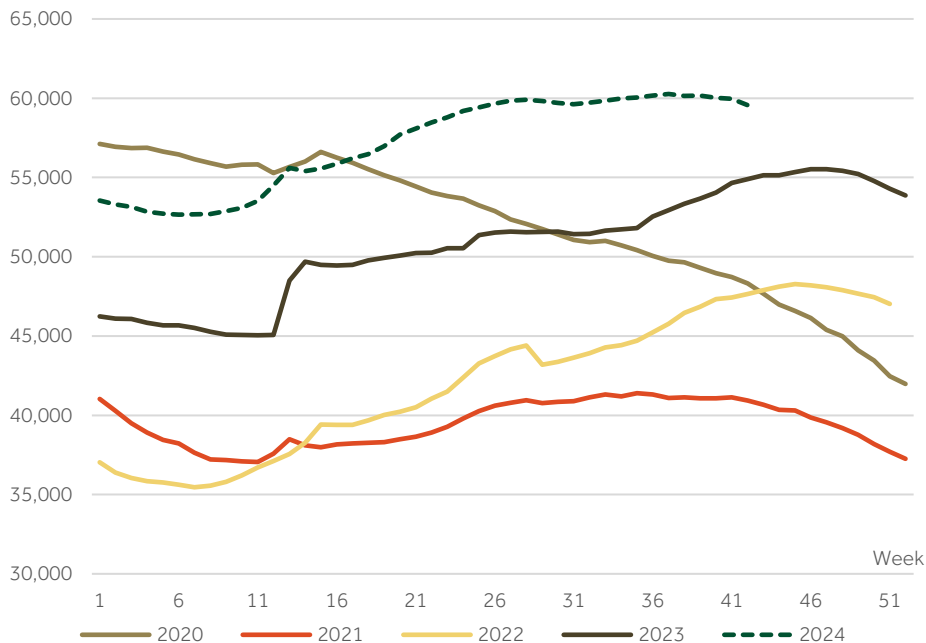


Source: Statistics Denmark

High activity on property market in 2024

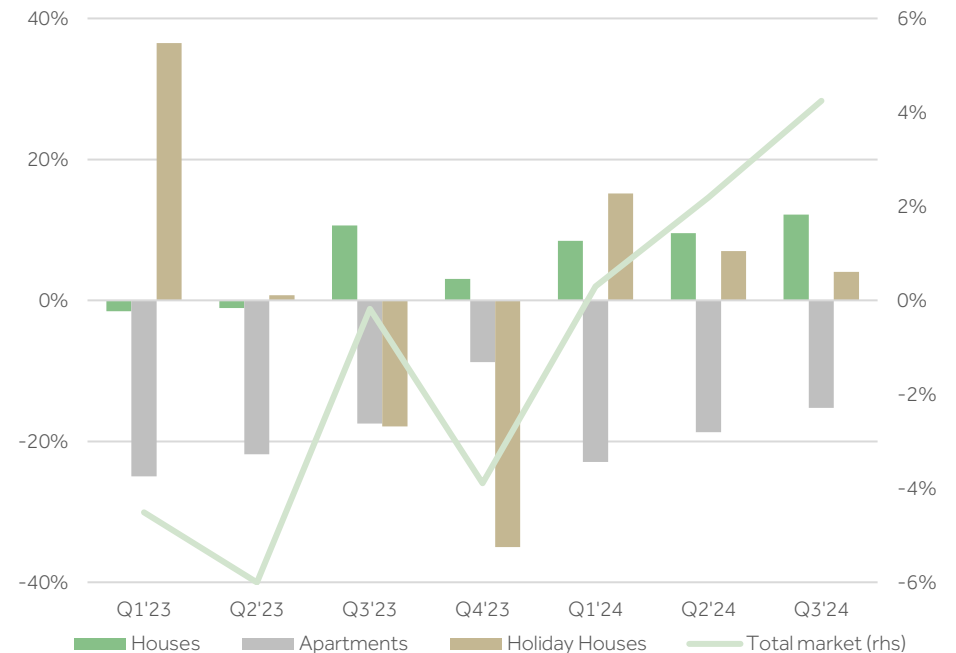
- Number of properties listed for sale is at a higher level than in 2020, before Covid-19
- On overall basis the activity has been high on the residential market in 2024
 - The activity has mainly been driven by single-family houses and holiday houses
 - Activity for apartments is higher than in Q3 2023 but still below average activity 15-19

Number of properties listed for sale



Source: boligsiden.dk

Quarterly change in number of sold properties to avg. '15-'19



Source: boligsiden.dk

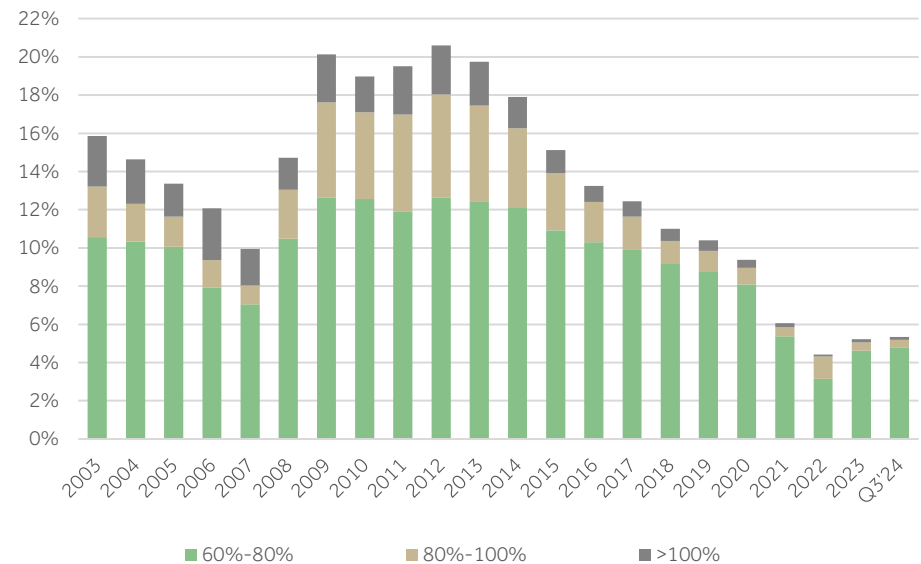
Development in credit risk

- Strong credit risk of the portfolio
 - Increasing/stable house prices in all segments
 - Strong growth in GDP and low level of unemployment in Denmark
 - Arrears at a very low level for both commercial and private clients and have been since Covid-19
- Still a high level of impairment charges in Jyske Realkredit
 - Impairments increased by management adjustment

15-day arrears for Jyske Realkredit

Segment	Q3'20	Q3'21	Q3'22	Q3'23	Q3'24
Private	0.8%	1.0%	0.9%	0.7%	0.7%
Commercial	0.8%	0.2%	0.3%	0.1%	0.1%
Total	0.63%	0.54%	0.52%	0.33%	0.39%

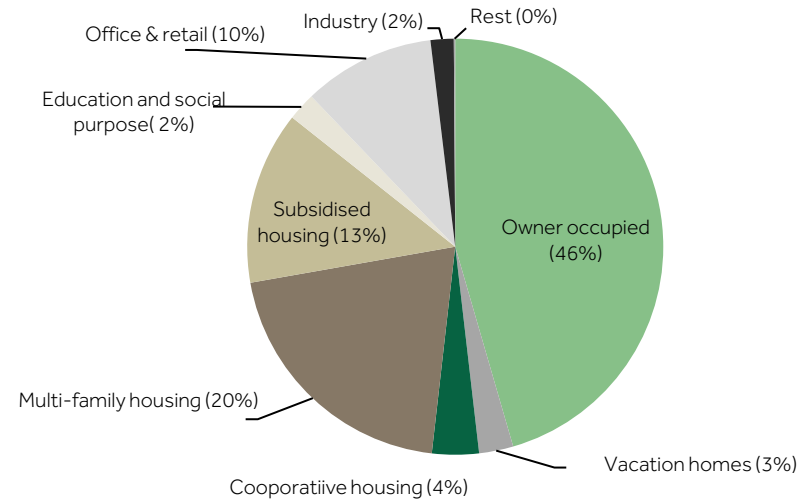
Loan-to-value above 60% as percentage of total lending



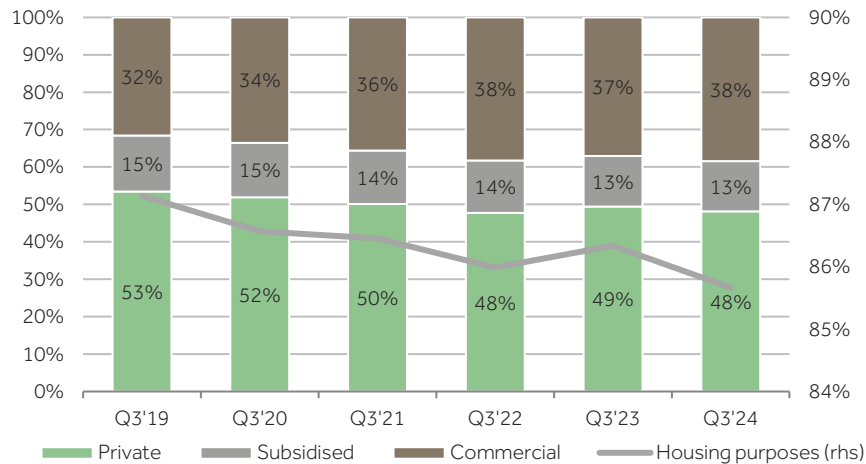
Portfolio

- 86 % of lending to properties with housing purposes
 - Majority of these to private owner-occupied properties
- No lending to agriculture and other primary production
- Stable share of lending with a housing purpose
- Stable share of variable rate mortgages compared to Q3'23

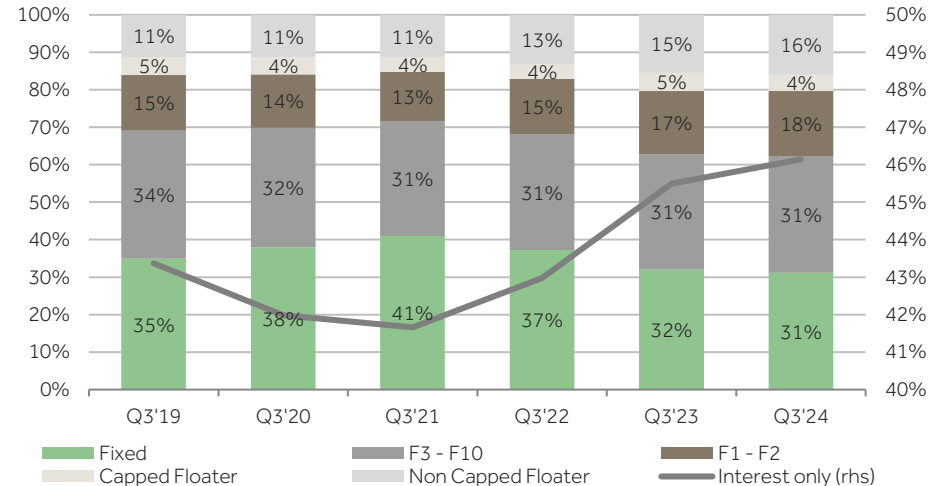
Lending portfolio



Development in lending portfolio



Development in loan types



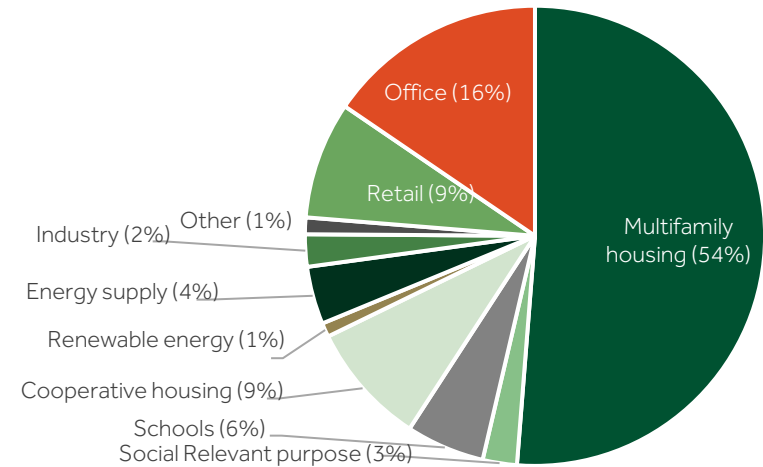
Commercial lending

- Regardless of financing clients must be able to service a 30-year fixed interest rate loan
- Clients should also be able to withstand a 10%-20% loss of rent income or increase of vacancy rates or increase in vacancy rates in addition to a 3pp higher interest rate if debt
- Ongoing monitoring and stress-testing of commercial properties exposures' rent and vacancy rates, cost of equity as well as interest rate for debt

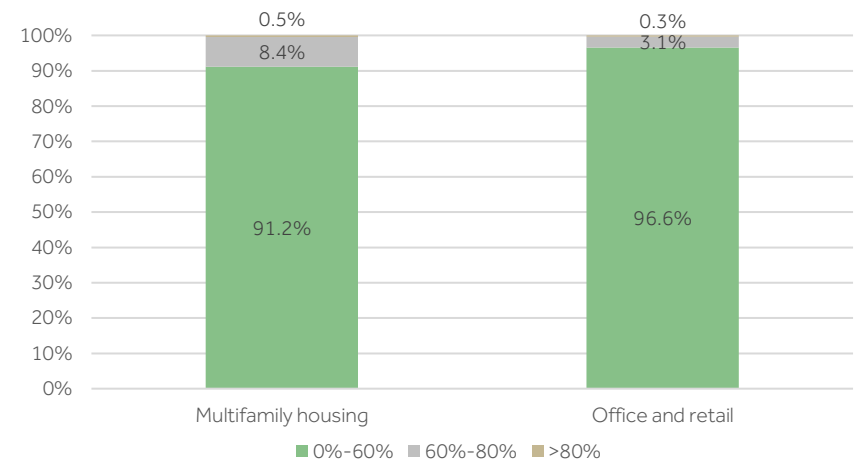
Risk indicators for commercial lending

Indicator	Multi-family housing	Office and retail
90-day arrears as percent of lending	0.02%	0.01%
Average loan-to-value	54.3%	44.6%
Impairments as percent of lending Model based	0.0%	0.4%
Additional impairments as percent of lending Management adjustment	0.4%	0.4%
IFRS Stage 1 as percent of lending	97.3%	93.7%

Distribution of commercial lending

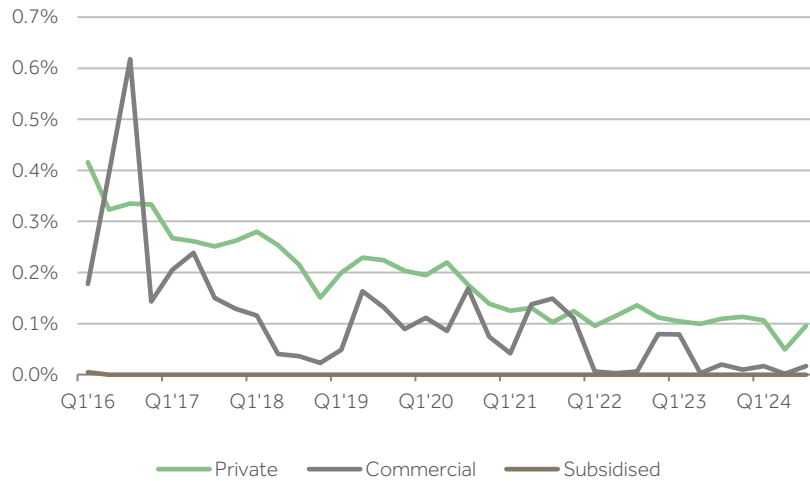


Loan-to-value commercial lending

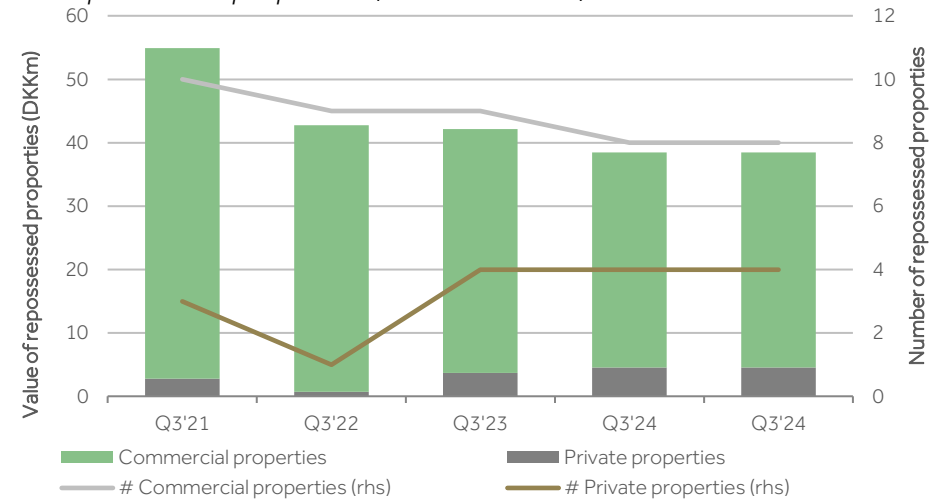


Credit quality

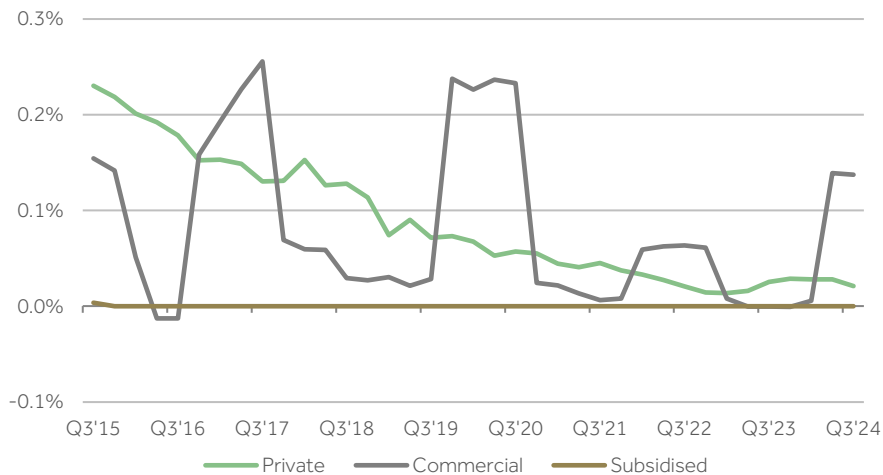
Lending in 90-days arrears (per cent of lending)



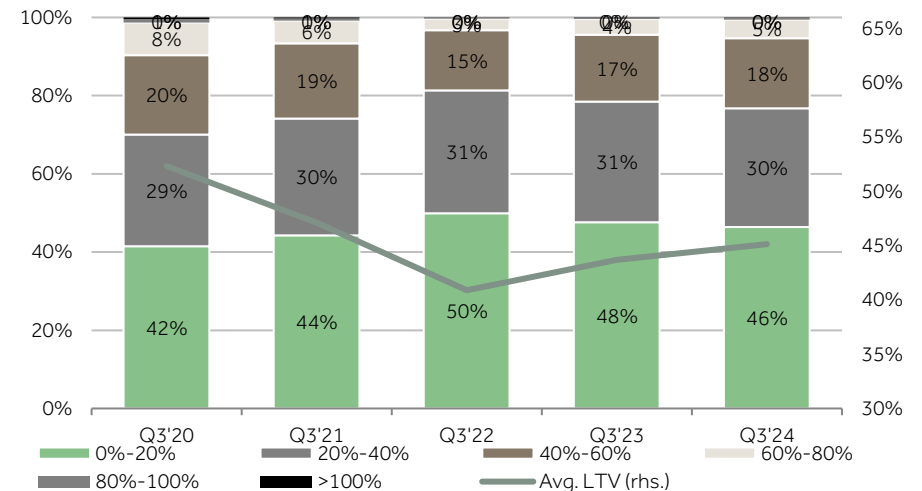
Repossessed properties (DKKm/number)



Yearly realised losses (running year)



Loan-to-Value brackets (per cent of lending)



Contact information

Chief Executive Officer

Carsten Tirsbæk Madsen
+45 89 89 90 50
ctm@jyskerealkredit.dk

Group Mortgage Funding

Anders Lund Hansen
+45 89 89 92 20
alh@jyskerealkredit.dk

Head of Rating & IR

Christian Bech-Ravn
+45 89 89 92 25
cbr@jyskerealkredit.dk

Jyske Realkredit A/S

Klampenborgvej 205
DK-2800 Kgs. Lyngby

Phone: 89 89 92 25

Fax: 45 88 99 64

E-mail: investors@jyskerealkredit.dk

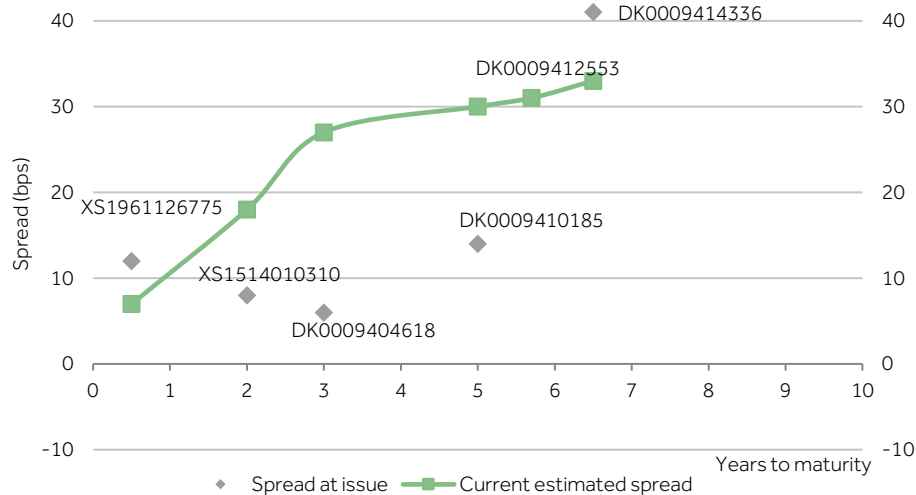
<http://www.jyskerealkredit.com>

Appendices



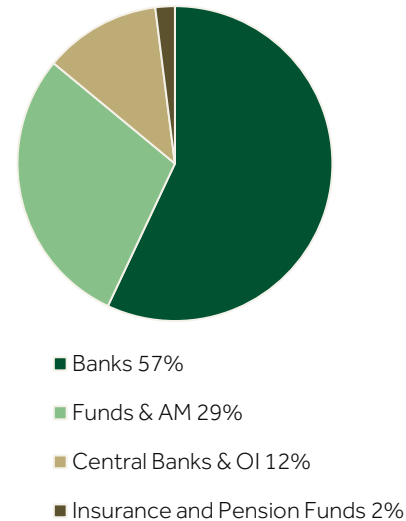
Jyske Realkredit EUR covered bonds

Jyske Realkredit EUR covered bond issuances*



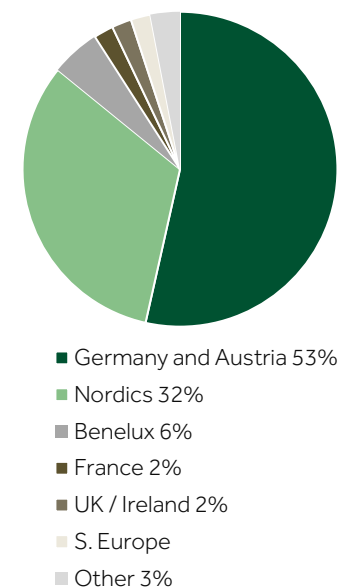
*Pricing indications mid-October 2024

Investor distribution*



*Figures are based on allocated amounts

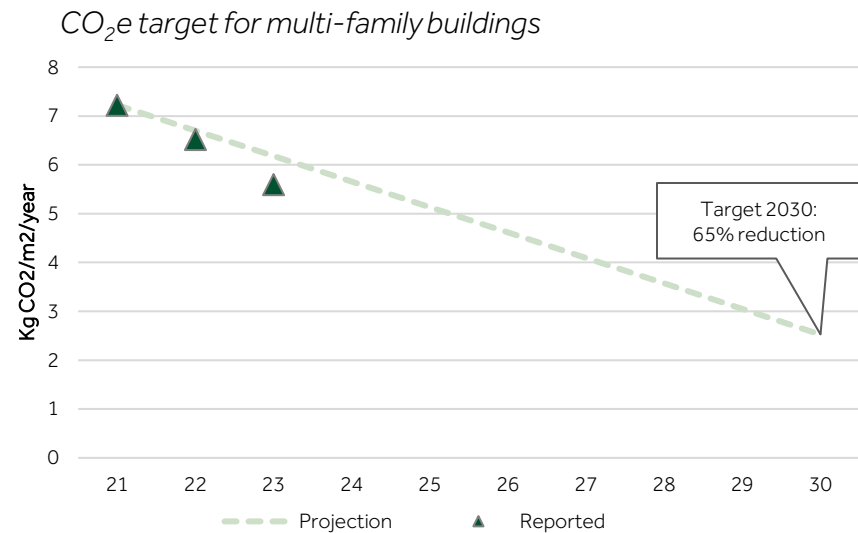
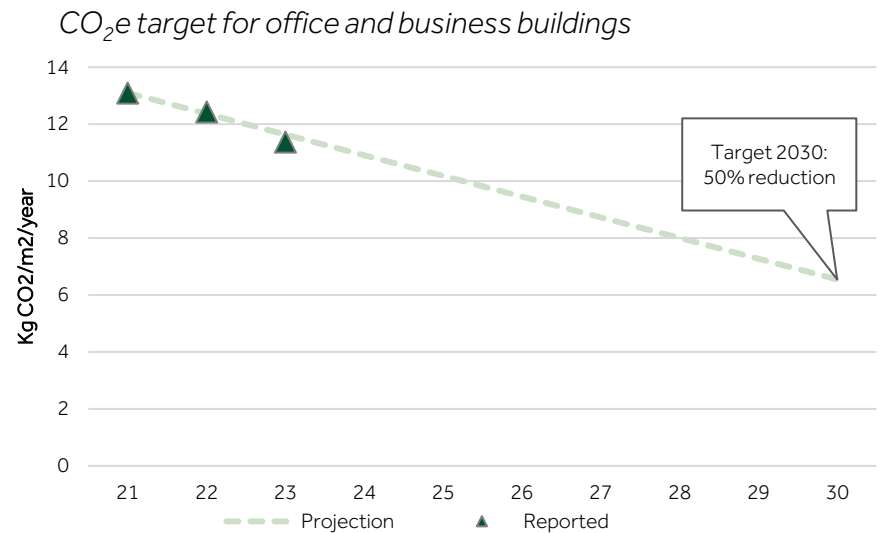
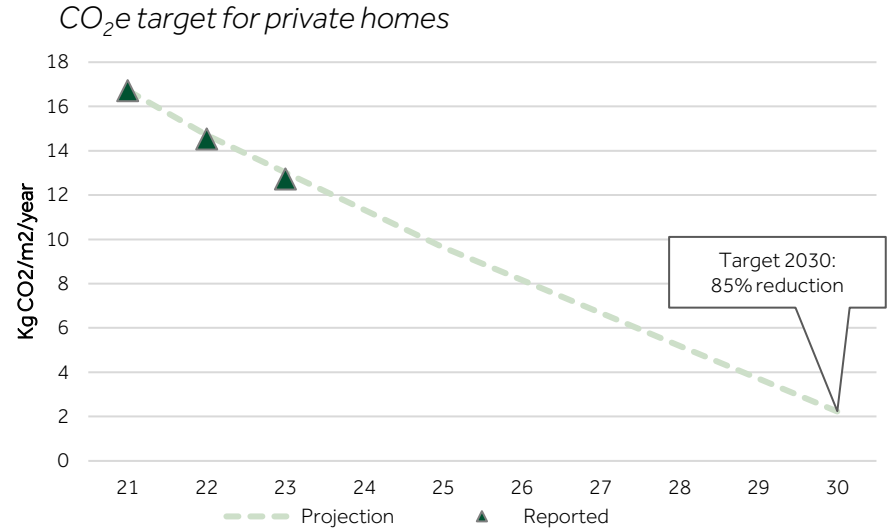
Geographical distribution*








- Issuing benchmark size EUR covered since 2016 - latest covered bond in January 2024 – EUR 750m
- Large interest from a wide variety of investor from different countries
- Strategy to be consistent issuer in EUR market
- Potentially one more benchmark EUR covered bond in 2024

CO₂e-targets for lending in Jyske Bank Group

- Jyske Bank has set CO₂e emission reduction targets for different lending areas
- Targets are based on reduction relative to 2021-level
- Reduction comes from energy renovation, change of heat source and higher proportion of renewable energy in energy production
- Targets will be monitored on a regular basis



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