

Jyske Realkredit A/S

Interim report Q1-Q3 2023

Published 31 October 2023

Result Q1-Q3 2023

Result in Q1-Q3 2023

- Pre-tax profit was DKK 1,910m
- Return on equity was 8.3 % p.a.
- No deterioration of credit quality from increasing interest rates and inflation

Q1-Q3 2023(compared to Q1-Q3 2022)

- Increasing administration margin
- Core earning increased with 76%
 - Positive effect from increasing interest rates on bond holdings
- Impairment charges was reversed with DKK 23m in Q1-Q3 2023 compared to a reverse of DKK 105m in Q1-Q3 2022
 - Reversals due to improved credit quality

Expectations for 2023

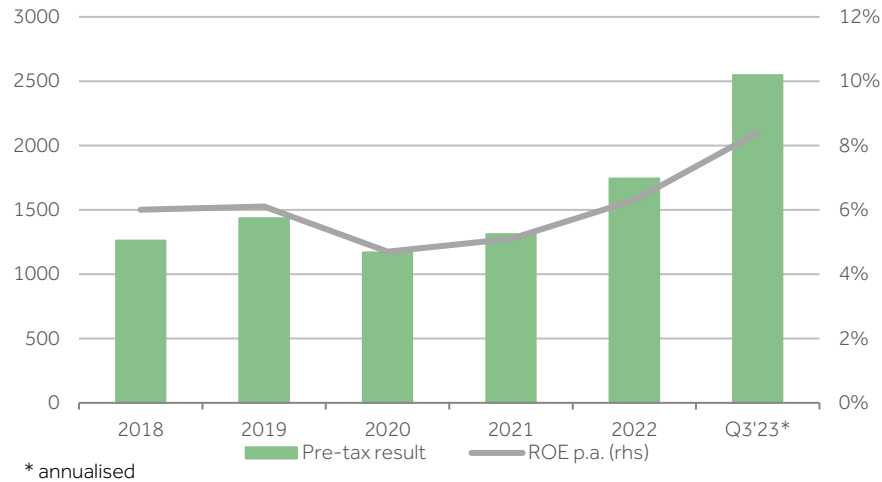
- Expect a full year result for 2023 of DKK 1.7bn – 1.9bn
 - Positive effect from activities bought from Svenske Handelsbanken

Core income statement (DKKm)

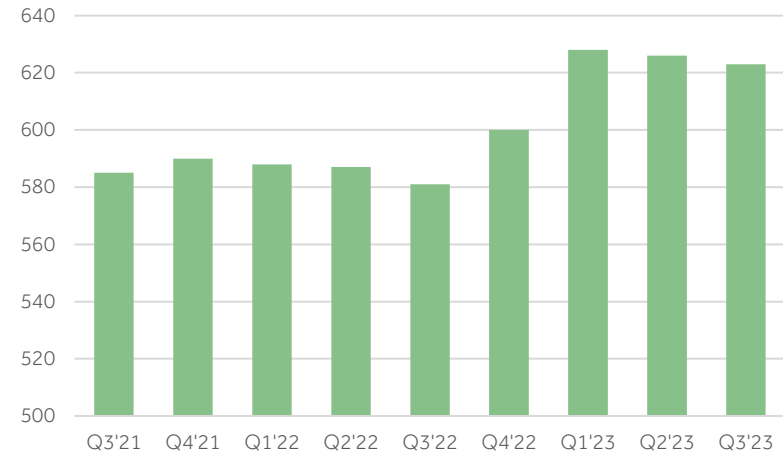
Core profit and net profit for the period	Q1-Q3 2023	Q1-Q3 2022	Index 23/22	Q3'23	Q2'23	Index q/q
Core operations						
Administration margin, etc.	1.869	1.756	106	617	624	99
Other net interest income	631	58	1088	240	166	45
Net fees, charges and commission income etc.	-423	-463	91	-158	-115	137
Value adjustments	142	-92	-154	76	64	119
Other income	0	0	-	0	0	-
Core earnings	2,219	1,259	176	775	739	105
Core expenses	332	295	113	110	116	95
Core earnings before loan impairment charges etc.	1,887	964	196	665	624	107
Loan impairment charges etc.	-23	-105	-	14	9	156
Pre-tax profit	1,910	1,069	179	651	614	106
Tax	481	235	205	164	154	106
Net profit or loss for the period	1429	834	171	487	460	106

Financials - selected graphs

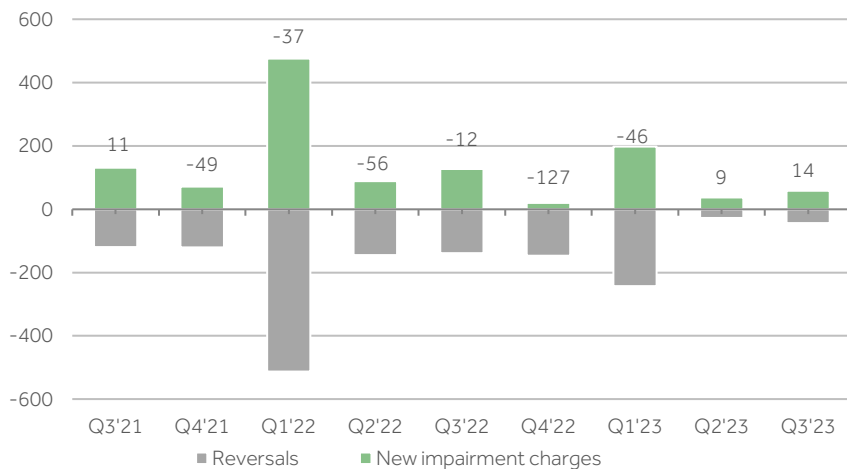
Result and return on equity



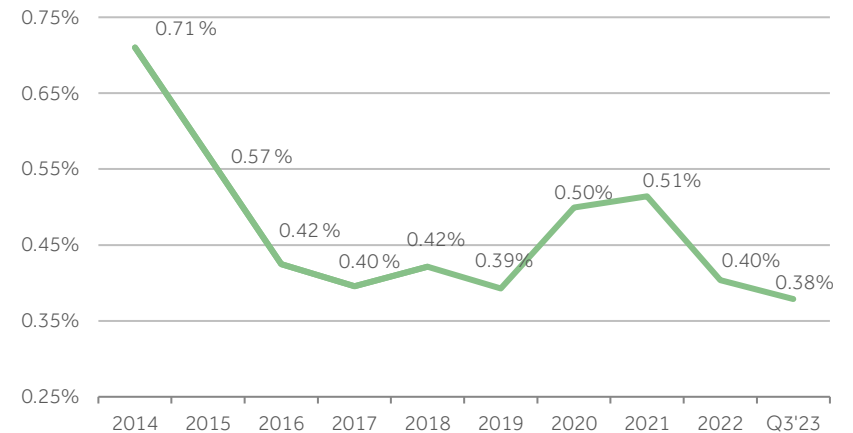
Administrative margin (DKK)



Impairment charges and reversals (DKK)



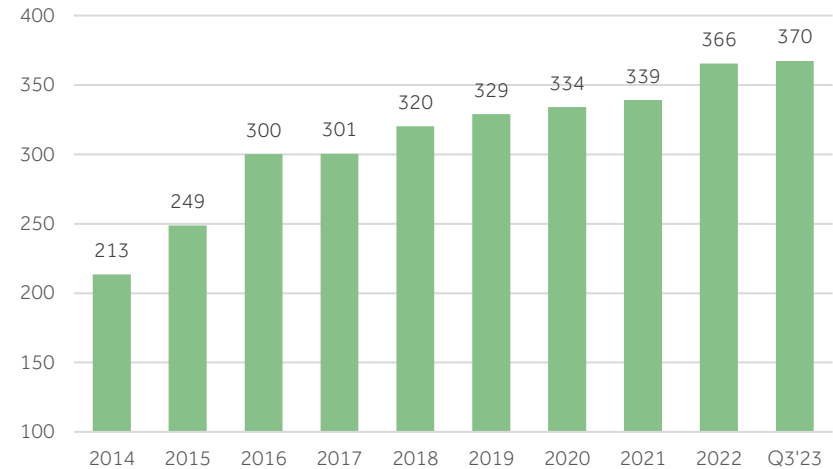
Balance of loan impairments in % of lending



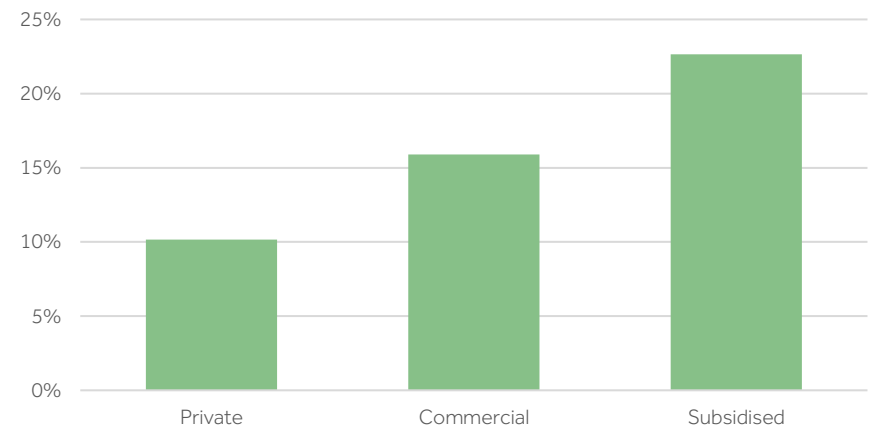
Growth in mortgage lending

- Nominal mortgage lending increased
 - Nominal mortgage lending increased with DKK 4.7bn in 2023
- Increase in lending in Q4 2023 was mainly driven by aquisition of activities from Svenske Handelsbanken
 - Financing loans from Svenske Handelsbanken of DKKbn 25 in Jyske Realkredit
 - Financing of primarely Danish private residential buildings
 - Financing in both covered bonds (premium) and covered bonds
 - The aquisition of activities from Svenske Handelsbanken is expected to have a positive effect on Jyske Realkredits result of approx. DKK 100m
- Growth in the portfolio creates larger issuances and lower funding costs

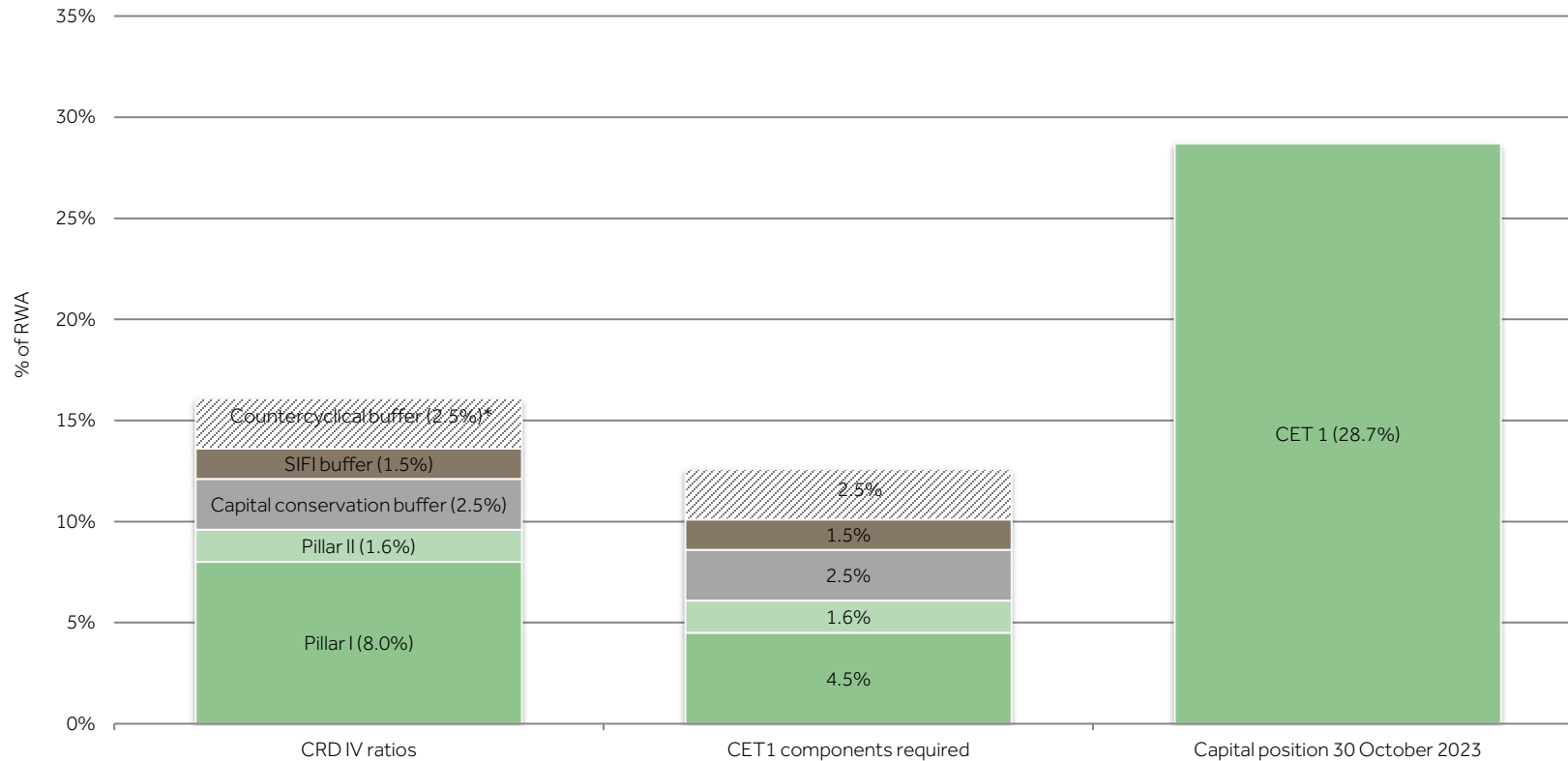
Total mortgage lending at nominal value (DKKbn)



Market share of mortgage market (%)



Jyske Realkredit is well capitalised

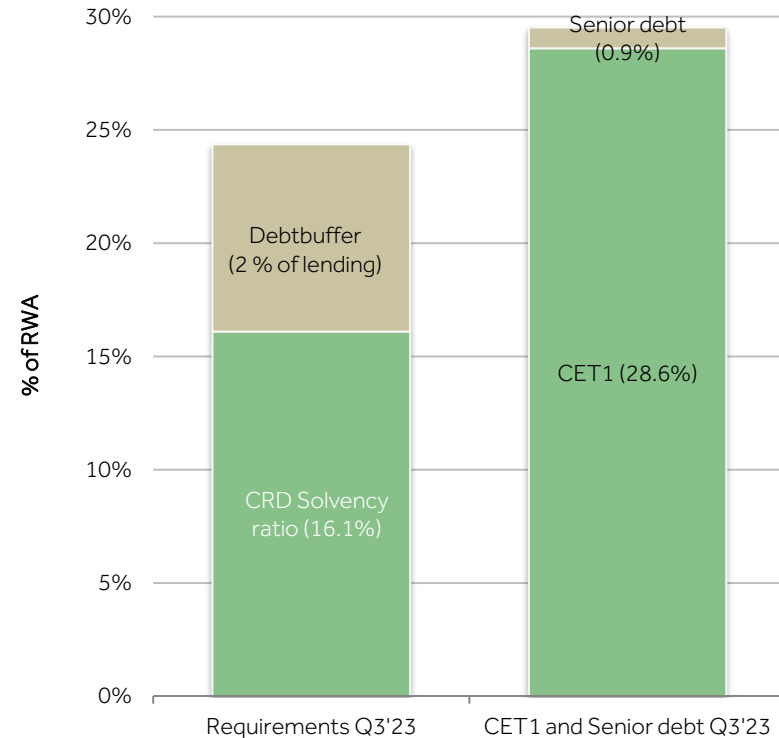


*) Countercyclical buffer set at 2.5% from 31 March 2023.

- The solvency need is at 16.1 % at the end of Q3 2023, of which 12.6 % should be covered with core equity
- Jyske Realkredit is compliant with the fully implemented requirement
- Growth 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 2023 with CET1 and senior debt



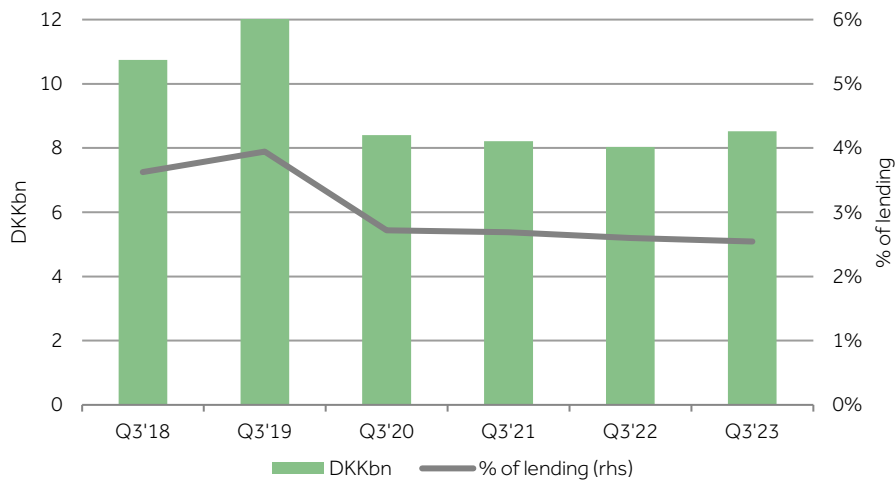
Rating

- 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

AAA rating requirement



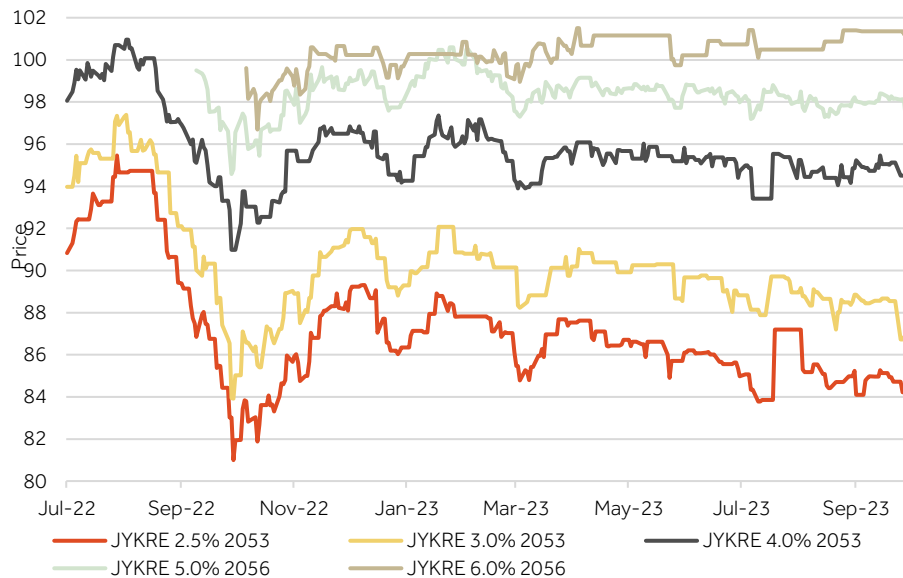
AAA rating requirement and overcollateral



Relative stable bond prices in 3rd quarter of 2023

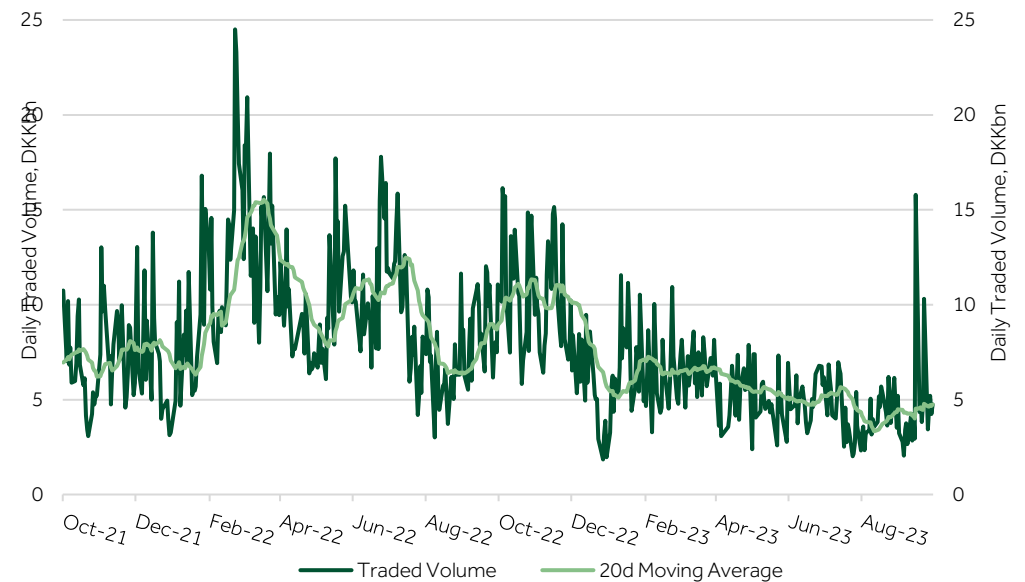
- Bond prices was relatively stable in Q3 2023
- Open series for financing 30-year fixed interest mortgage loans are at end of September 2023 at 5.0%, 5.0% 10YIO and 5.0% 30YIO
- Lower activity in DKK covered bond market in Q3 2023
 - Average traded DKK covered bonds was at DKK 4.4bn (Q2 2022 at DKK 8.3bn)

Prices for selected Jyske Realkredit callable bonds



Source: Bloomberg

Daily traded callable DKK covered bonds

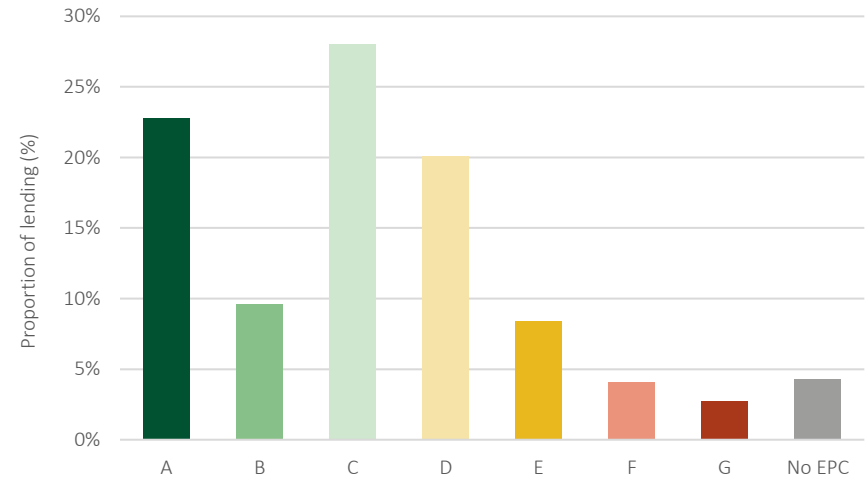


source: nasdaq Copenhagen

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 Q1 2021 the template also shows lending supporting UN Sustainable Development Goals (SDG)
- From Q4 2021 the tamplate also reports on lending in compliant with technical screening criteria of EU Taxonomy
- From end-2021 sustainability also included in financial reporting for Jyske Realkredit
- External audit has verified data published on sustainability

Distribution of energy labels (% of total lending)



Lending supporting UN SDGs

Property type	SDG	Lending (DKKm)	Prop. of lending
Renewable energy	7.2	2.614	0.6%
Green buildings	7.3, 9.4	114.081	30.0%
Social housing	11.3	25.003	6.7%
Recycling	12.5	6	0.0%
Total		141.704	37.3%

Reporting on CO₂ emissions

- Jyske Realkredit also reports CO₂ emissions in Sustainable Transparency Template
- Calculated CO₂ emissions are based on EPCs and type of heating source
- Gives the investor a possibility to follow the development in CO₂ emissions in lending behind covered bonds from Jyske Realkredit
- Follows the recommendations from Forum for Sustainable Finance

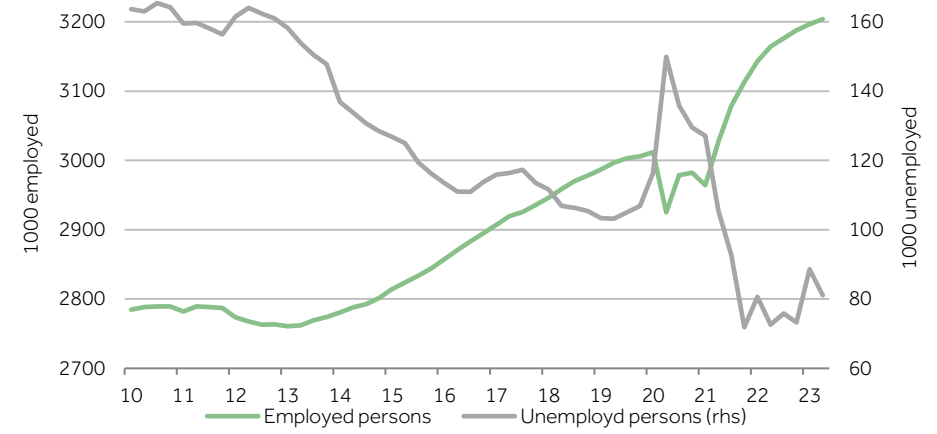
CO₂e emissions for Jyske Realkredit

Property type	Ton CO ₂ e (LTV adjusted)	Kg CO ₂ e/m ²
Owner-occupied homes	104,419	13.1
Subsidised Housing	26,475	5.7
Cooperative Housing	4,379	6.6
Private rental	21,487	6.0
Office, Business, Manufacturing	39,483	11.7
Other	16,529	9.3
Total	212,771	9.2

Strong Danish household sector

- Employment at highest ever observed level
 - Unemployment at a low level
- Still high financial savings in the private sector
- The private sector is well prepared for a potential economic downturn
- There is still a large purchasing power in the private sector
- Household debt is at a low level

Employment and unemployment



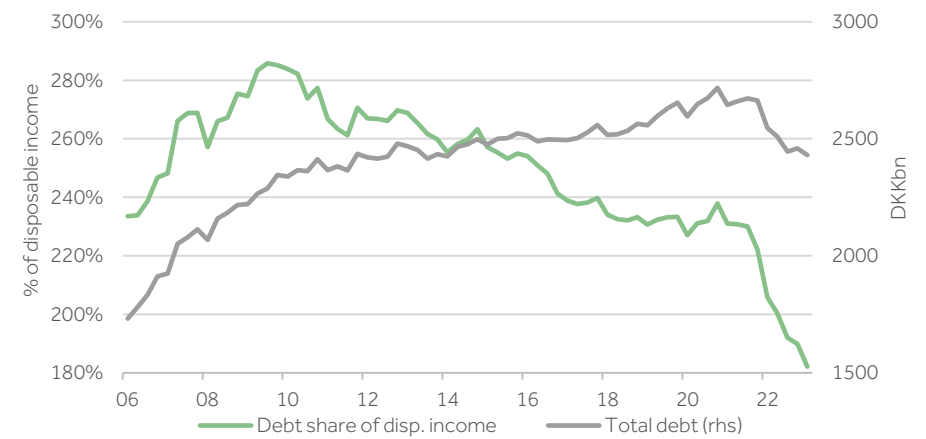
Source: Statistics Denmark

Private sector financial savings



Source: Statistics Denmark

Household gross debt

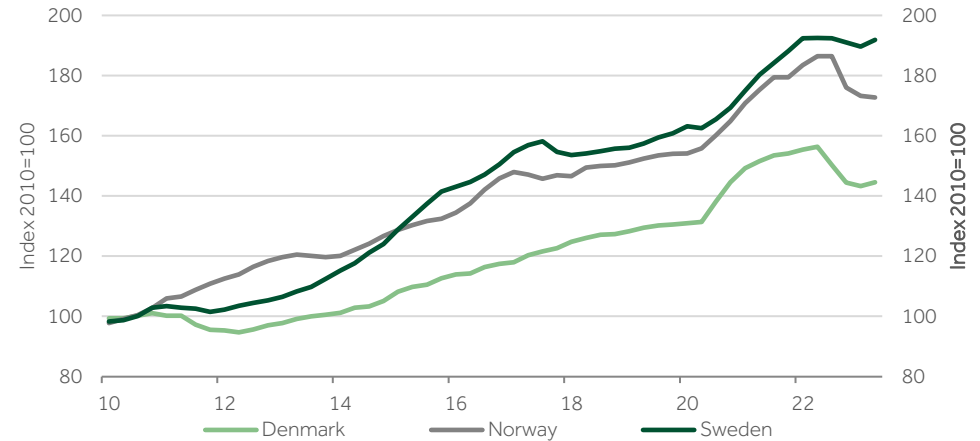


Source: Statistics Denmark

Danish housing market

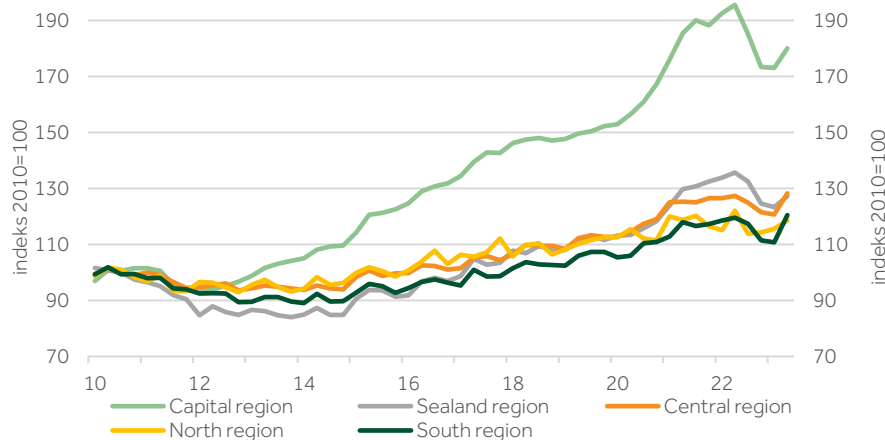
- Decreasing property prices in Q3 and Q4 2022 in Denmark
 - ... but prices have been increasing for the last 6 months
- Price development in capital region mainly driven by apartment prices
- Compared to Sweden and Norway prices on Danish housing market hasn't grown with same pace
- Growth in house prices are following wage-growth and development in interest rates

Nordic house prices



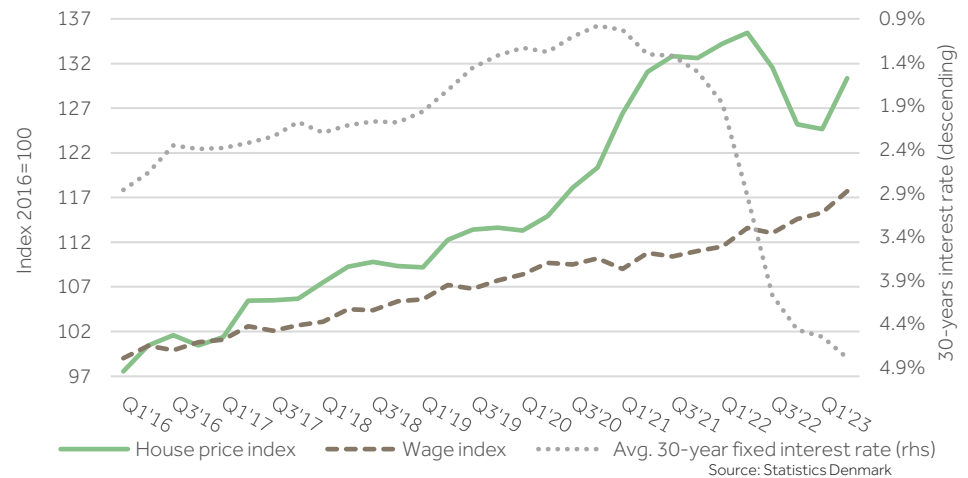
Source: OECD.Stat

Regional house prices in Denmark



Source: Association of Danish Mortgage Banks

Houseprices, wages and interest rate



Source: Statistics Denmark

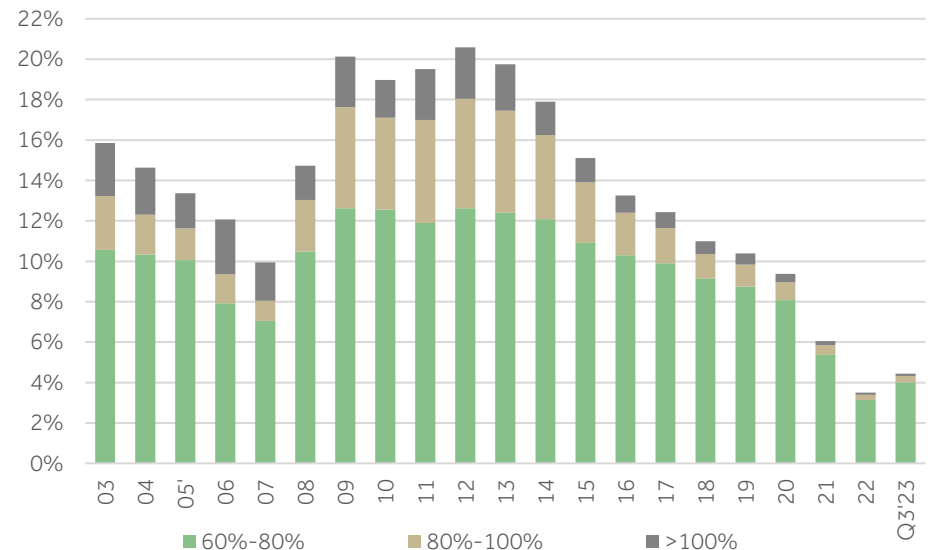
Development in credit risk

- The increasing interest rates and inflation do for now not seem to have affected the credit risk of the portfolio
 - Increasing/stable house prices in all segments
 - No increase in the unemployment level
 - Arrears at a very low level for both commercial and private rental
- Still a high level of impairment charges in Jyske Realkredit
 - Not full reversal of impairment charges taken out during Covid-19

15-day arrears for Jyske Realkredit

Segment	Q3'19	Q3'20	Q3'21	Q3'22	Q3'23
Private	1.0%	0.8%	1.0%	0.9%	0.7%
Commercial	0.4%	0.8%	0.2%	0.3%	0.1%
Total	0.66%	0.63%	0.54%	0.52%	0.33%

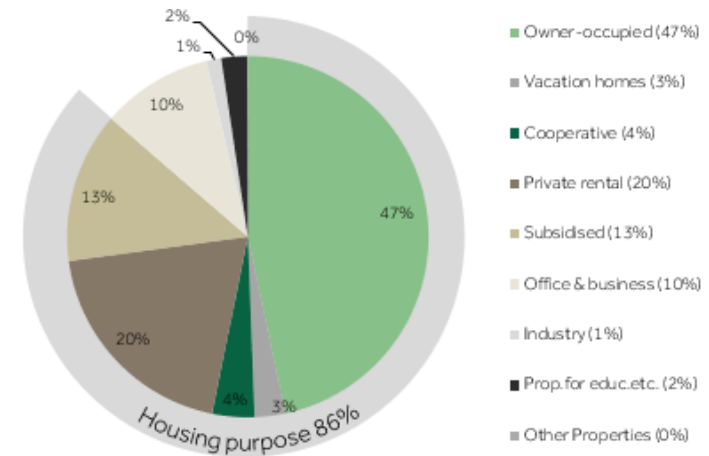
Loan-to-value above 60% as percentage of total lending



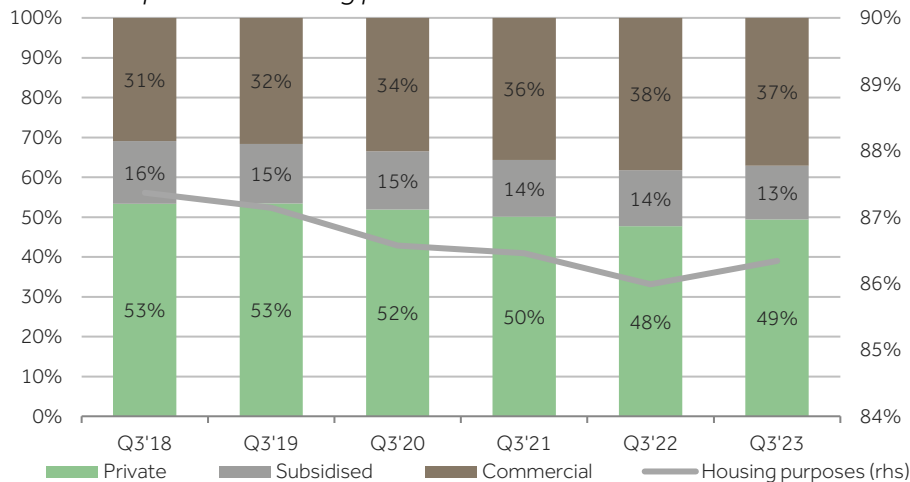
Portfolio

- 86 % of lending to properties with housing purposes
 - Majority of these to private owner-coopied properties
- No lending to agriculture and other primary production
- Stable share of private and commercial lending
- Increase in share of variable rate mortgages
 - Loans from Handelsbanken have mainly variable interest rate

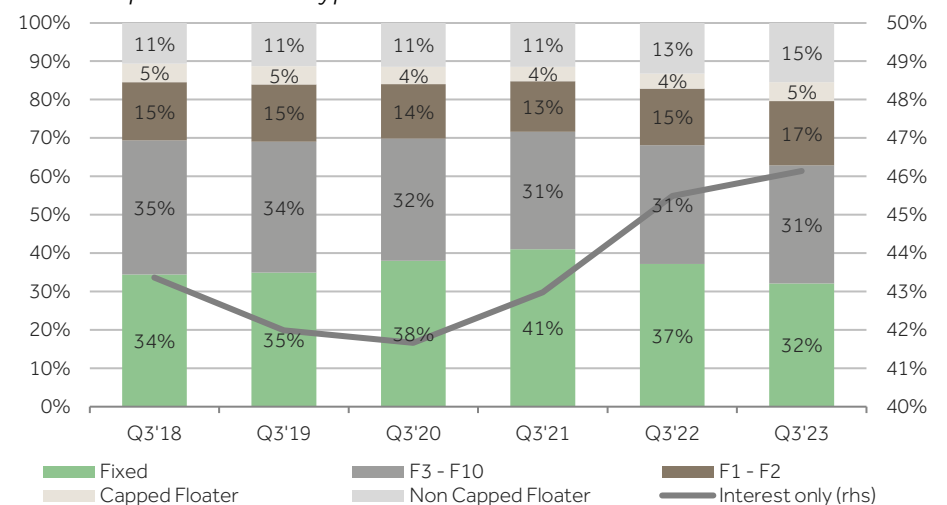
Lending portfolio



Development in lending portfolio

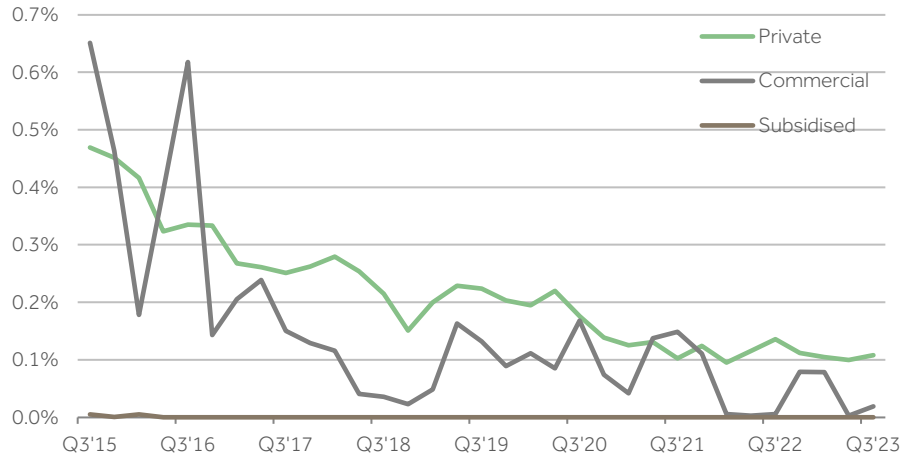


Development in loan types

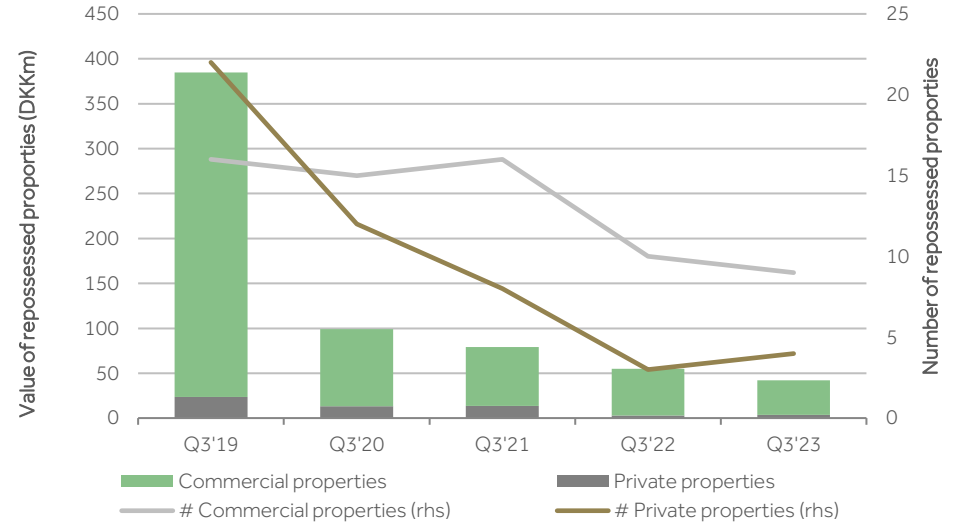


Credit quality

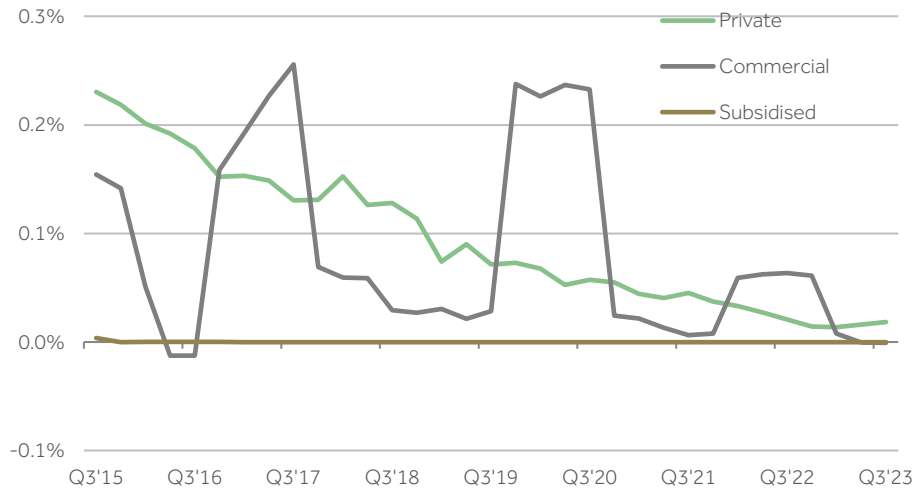
Lending in 90-days arrears (per cent of lending)



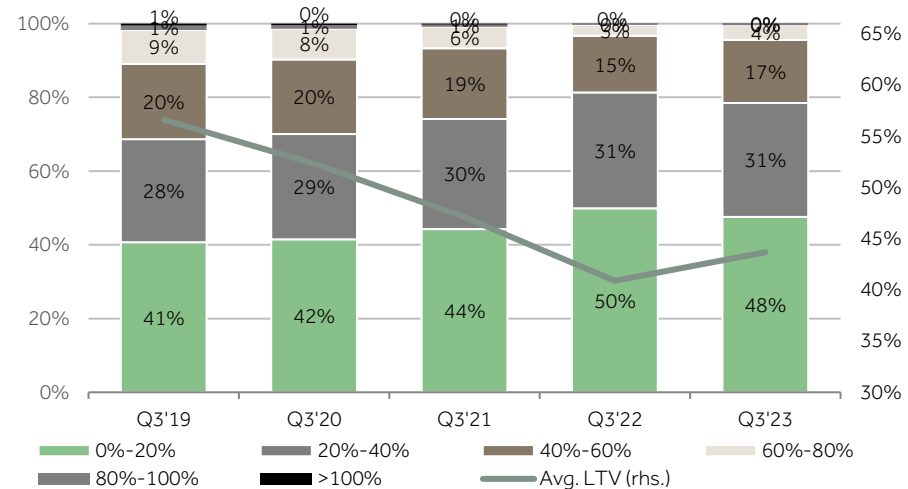
Repossessed properties (DKKm/number)



Yearly realised losses (running year)



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



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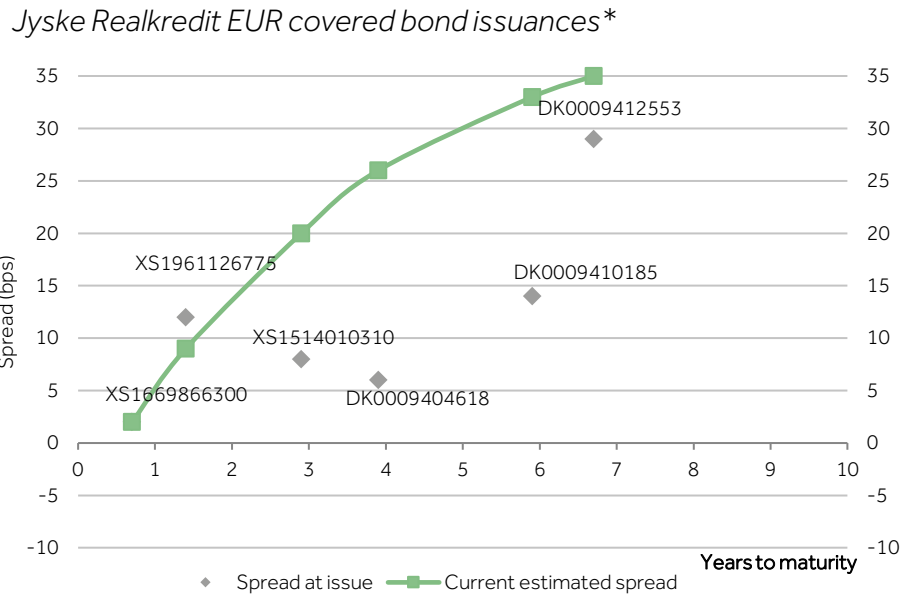
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Appendices

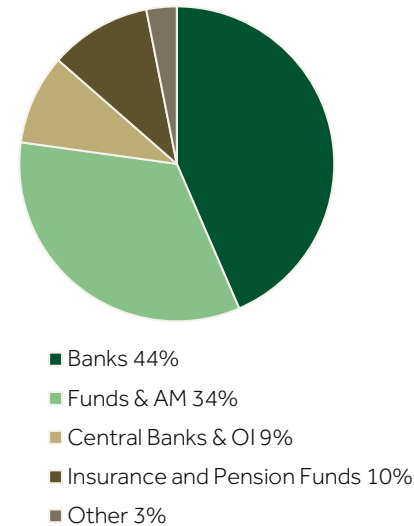


Jyske Realkredit EUR covered bonds



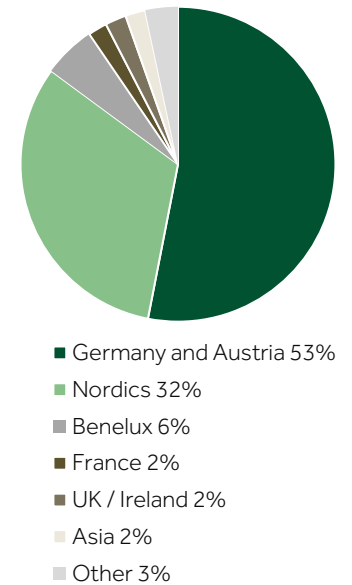
*Pricing indications mid-October 2023

*Investor distribution**








*Figures are based on allocated amounts

*Geographical distribution**



- Issuing benchmark size EUR covered since 2016 - latest covered bond in May 2023 – EUR 750m
- Large interest from a wide variety of investor from different countries
- Strategy to be consistent issuer in EUR market
- Change in loan-behaviour from Danish borrowers could lead to higher activity in EUR

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