

# Jyske Realkredit

Covered bond presentation

March 2022

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## Agenda

- Jyske Bank Group
- Update Danish economy
- Jyske Realkredit covered bonds
- Cover pool (E)
  
- Appendices



# Jyske Bank Group

<p>Jyske Bank</p>	<p>Banking activities cover advisory services relating to traditional financial solutions targeting personal and private banking clients as well as corporate clients and also trading and investment activities targeting large corporate clients and institutional clients. The strategic balance sheet and risk management as well as earnings from investment portfolios are allocated also to Banking activities.</p>
<p>Jyske Realkredit</p>	<p>Mortgage activities comprise financial solutions for the financing of real property carried out by Jyske Realkredit. Mortgage activities are aimed mainly at Danish personal clients, corporate clients and subsidised rental housing.</p>
<p>Jyske Finans</p>	<p>Leasing activities cover financial solutions in the form of leasing and financing within car financing as well as leasing and financing of equipment for the corporate sector. The activities primarily target Danish personal and corporate clients as well as dealer cooperation schemes and partnerships. Secondly, the activities target car financing in Sweden.</p>



**Founded in 1967 – now a Danish SIFI**

**1967**  
Founded by merger of four local banks, some dating back to 1882.

**1970's-1989**  
Seven acquisitions of small and medium-sized banks and establishment of minor, foreign subsidiaries.

**1989-2011**  
Organic growth while carrying out several strategic initiatives.

**History of succesful M&A**

**Proven track-record of succesful recent M&A**  
Acquisitions made at discount to book value and fully integrated to reap synergies

**2011**  
Acquisition of leasing activities from Spar Nord.  
  
Acquired parts of the client portfolio of Fjordbank Mors from Finansiell Stabilitet.

**2013**  
Acquisition of Sparekassen Lolland.

**2014**  
Acquisition of Jyske Realkredit from BRFFonden.

**Focused on core business**

**Divesture of non-core business**  
Sale of Jyske Bank Global Asset Management (US) (2013), Silkeborg Data (2014), stake in Berben's Effectenkantoor (2014), Jyske Bank Schweiz (2015) and Jyske Bank (Gibraltar) Ltd. (2020).

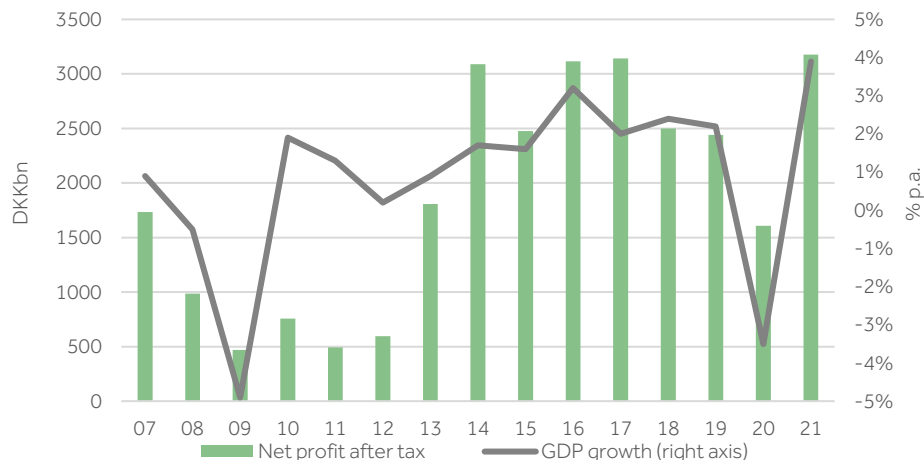
**Ready for new opportunities**  
Growth through acquisitions is an ongoing strategic initiative and Jyske Bank remains willing and able to participate in further consolidation of the Danish financial sector.

## Conservative risk profile

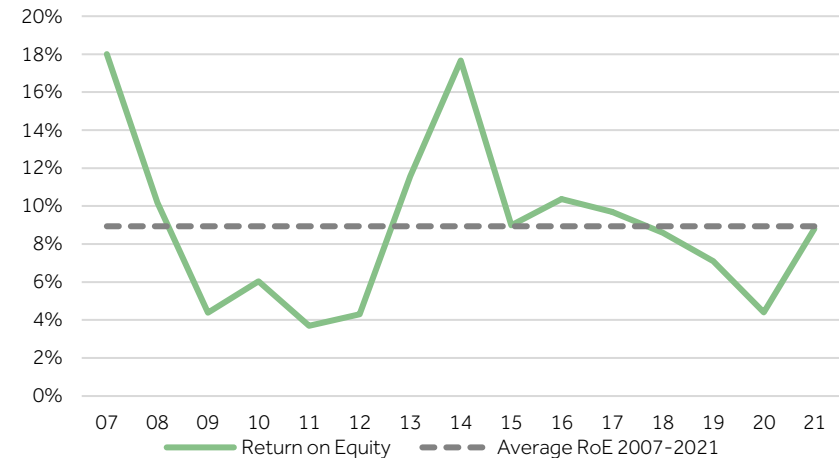
- Conservative group risk profile with large proportion of total assets in Jyske Realkredit
- All secured mortgage lending out of Jyske Realkredit and all bank lending out of Jyske Bank
- Conservative risk profile gives lower return on equity than peers
- Earnings generation capacity has been stressed
  - ... and has shown resilience through the cycle

Key figures Q4 2021	Jyske Bank Group	Jyske Realkredit
Total assets	EUR 87bn	EUR 50bn
Bank loans	EUR 14bn	-
Mortgage loans	EUR 46bn	EUR 46bn
Bank deposits	EUR 16bn	-
Total REA	EUR 25bn	EUR 10bn
REA/total assets	0.29	0.20
ROE	8.8%	5.1%

Net profit after tax and Danish GDP growth 2007 – 2021



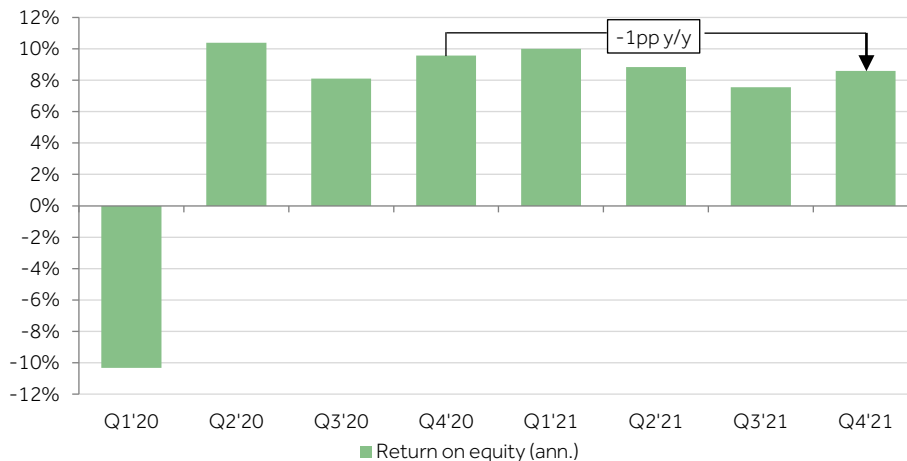
Return on equity 2007 – 2021



## Financial highlights Q4 2021

- Net interest income +7% y/y from deposit repricing and higher interest income from excess liquidity. Corporate bank lending growth accelerated.
- Net fee and commission income +11% y/y due to higher assets under management, strong activity levels and changes to the fee structure.
- Value adjustments of DKK 207m caused by tightening OAS of Danish mortgage bonds as well as positive equity performance.
- Core expenses +18% y/y due to one-off item. Underlying cost inflation primarily caused by higher IT costs.
- Loan impairment charges of DKK -145m despite a DKK 168m higher management's estimate. Very low level of write-offs and NPL ratio.
- Investment portfolio earnings of DKK -21m, as tightening OAS of Danish mortgage bonds was offset by interest rate curve steepener exposure.

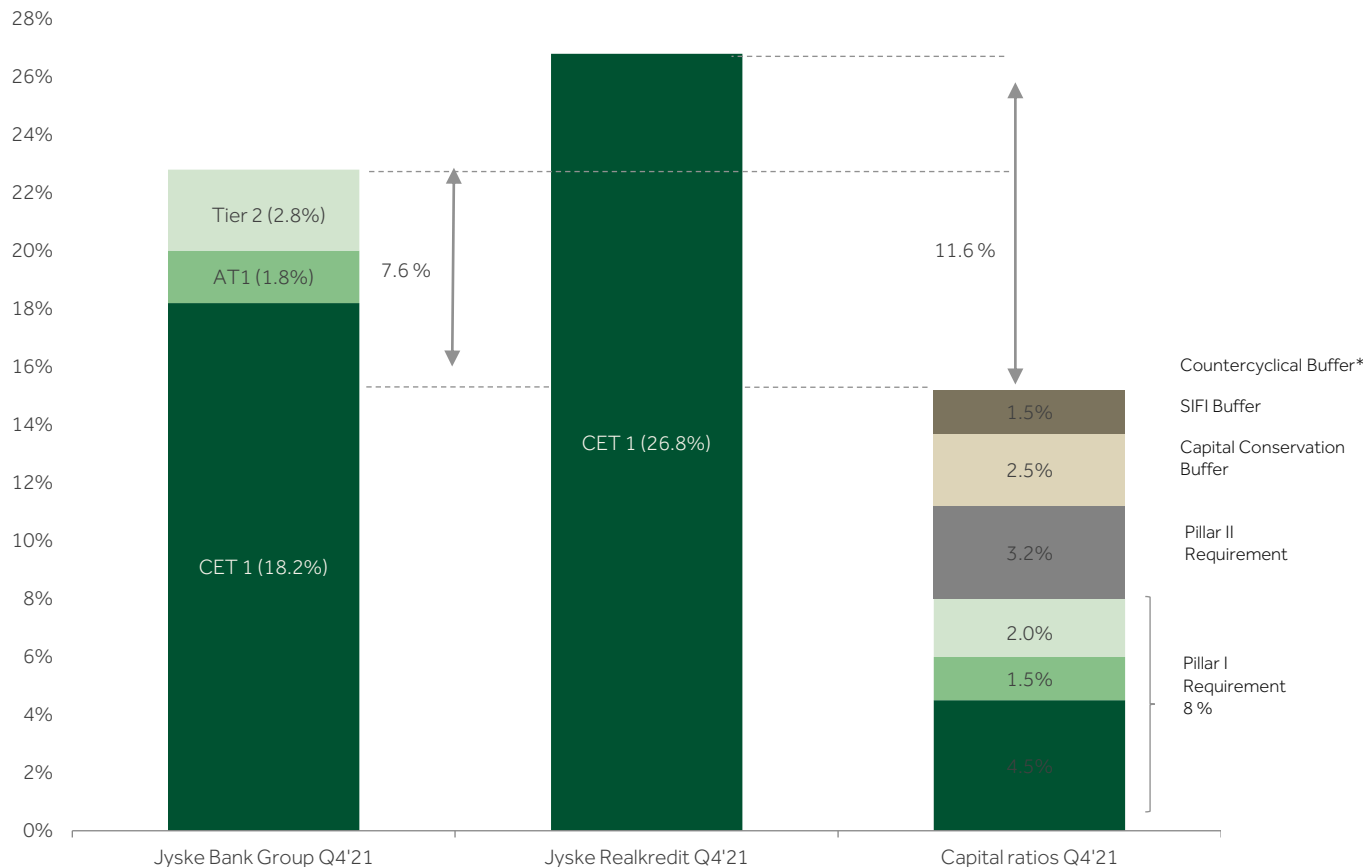
### Return on equity (ann.)



	Q4'21	Q4'20	Index	2021	2020	Index
Net interest income	1,277	1,195	107	4,973	4,966	4,973
Net fee and commission income	645	581	111	2,308	2,091	2,308
Value adjustments	207	278	74	940	685	940
Other income	26	38	68	175	130	175
Income from operating lease	72	34	212	256	110	256
<b>Core income</b>	<b>2,227</b>	<b>2,126</b>	<b>105</b>	<b>8,652</b>	<b>7,982</b>	<b>8,652</b>
Core expenses	1,388	1,179	118	4,904	4,848	4,904
<b>Core profit before loan impairment charges</b>	<b>839</b>	<b>947</b>	<b>89</b>	<b>3,748</b>	<b>3,134</b>	<b>3,748</b>
Loan impairment charges	-145	5	-	-218	968	-218
<b>Core profit</b>	<b>984</b>	<b>942</b>	<b>104</b>	<b>3,966</b>	<b>2,166</b>	<b>3,966</b>
Investment portfolio earnings	-21	157	-	61	-56	61
<b>Pre-tax profit</b>	<b>963</b>	<b>1,099</b>	<b>88</b>	<b>4,027</b>	<b>2,110</b>	<b>4,027</b>
Tax	178	268	66	851	501	851
<b>Net profit for the period</b>	<b>785</b>	<b>831</b>	<b>94</b>	<b>3,176</b>	<b>1,609</b>	<b>3,176</b>
Earnings per share (DKK)	10.9	10.9	100	42.4	19.8	42.4
Return on equity (ann.)	8.6%	9.6%	90	8.8%	4.4%	8.8%
Cost/income ratio	62.3%	55.5%	112	56.7%	60.7%	56.7%
Capital ratio	22.8%	22.9%	100	22.8%	22.9%	22.8%
CET1 ratio	18.2%	17.9%	101	18.2%	17.9%	18.2%

# Capital structure & capital targets

- Total Group capital requirement by end Q4 2021 at 15.2 %
- Well capitalised on group level and in Jyske Realkredit
- Jyske Realkredit with simple capital structure – purely CET1



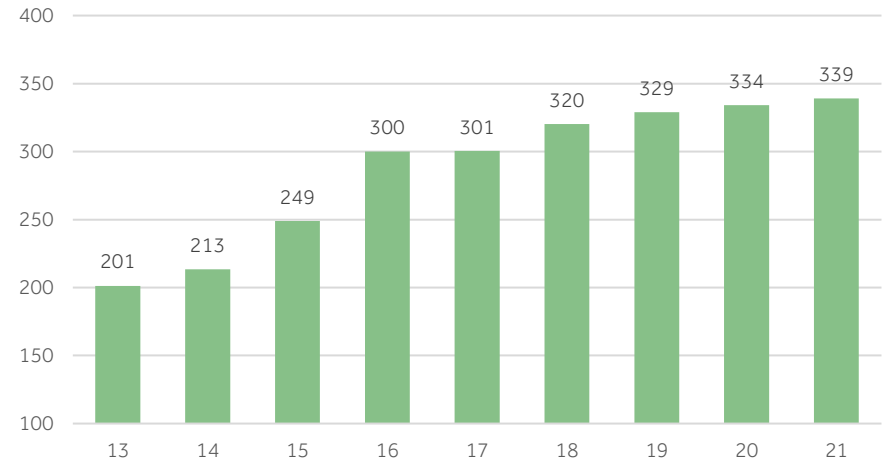
- **Defending and securing a stable S&P rating of A remains a key priority for the Group:**
- Solid capital base remains focal point to allow for continued growth, potential M&A activity, and regulatory uncertainties related to upcoming legislation
- The Jyske Group will pay out amounts not needed to sustain our business strategy and rating
- No pre-set pay-out ratio !

\*) Countercyclical buffer set at 0.0 % in Q1 2020 due to Covid-19. It is expected to change to 1% from 30 September 2022 and 2% from 31 December 2022.

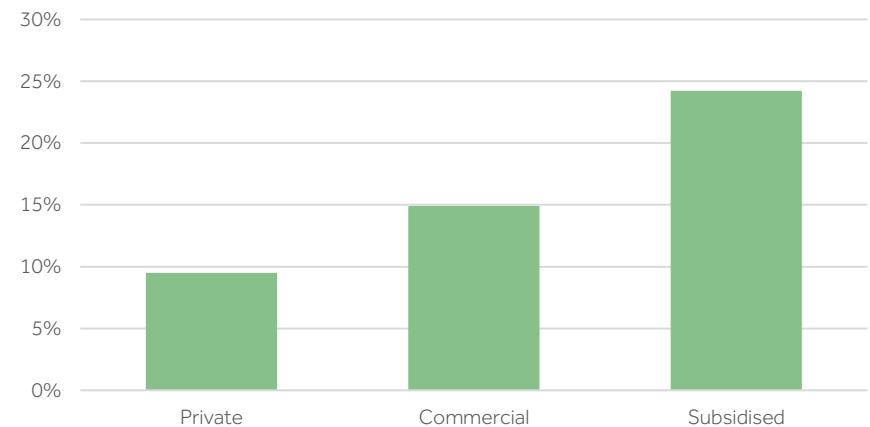
## Growth in mortgage lending

- Nominal mortgage lending increased
  - Nominal mortgage lending increased with DKK 4.8bn in 2021
  - Decline in market value of loans due to declining bond prices
- Net growth in mortgage lending of more than 65 % since 2014
- Net growth primarily in residential segment
- Commercial and subsidised lending growing with DKK 55bn (DKK 42bn in residential properties) since beginning of 2014
- Growth in the portfolio creates larger issuances and lower funding costs

Total mortgage lending at nominal value (DKKbn)



Market share of mortgage market (%)



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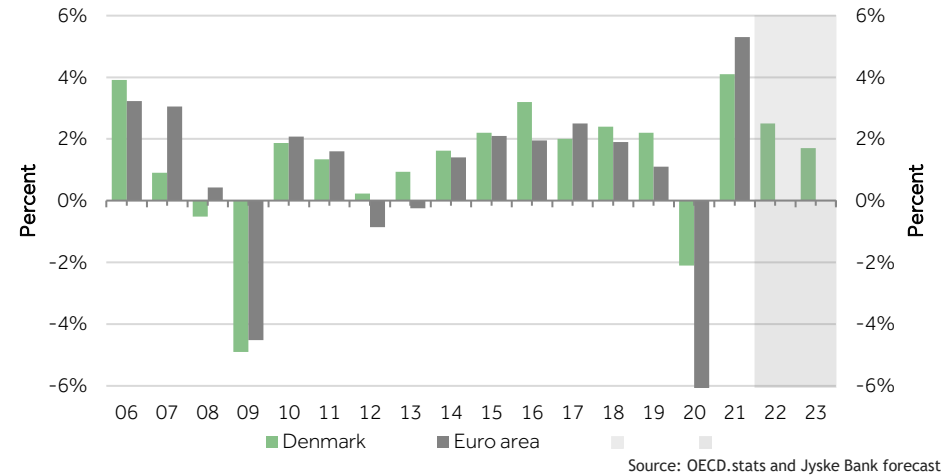




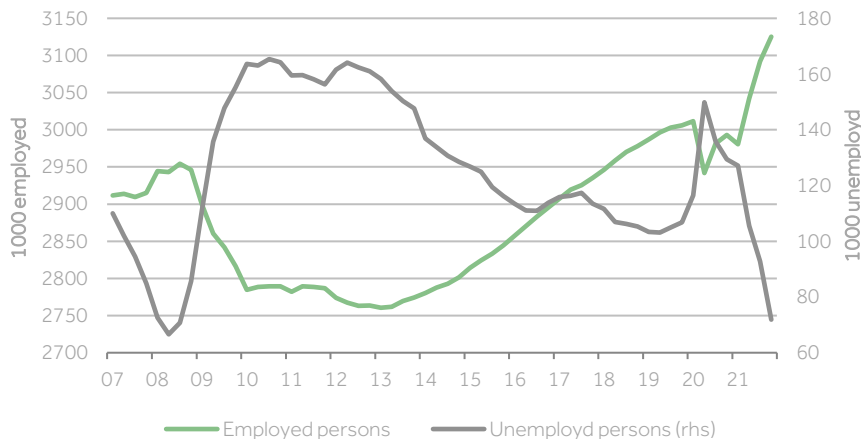
# Danish economy

- Overall the Danish financial sector's operating environment is relatively good
- GDP for Denmark was not affected as much as rest of Europe by the outbreak of Covid-19
- Recovery in Denmark has been very fast – higher level of GDP than before the crisis in Q2'21
- Sharp drop in employment in Q2'20...
  - ... But now at highest observed level

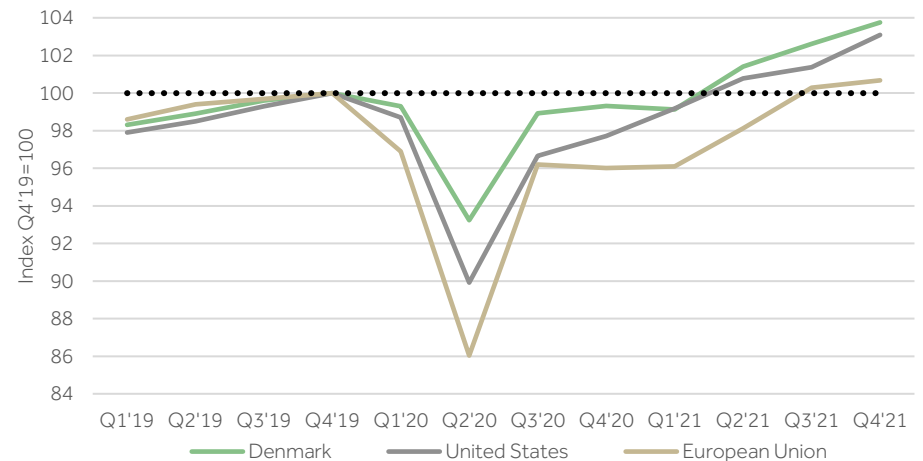
Annual GDP-growth



Employment and unemployment



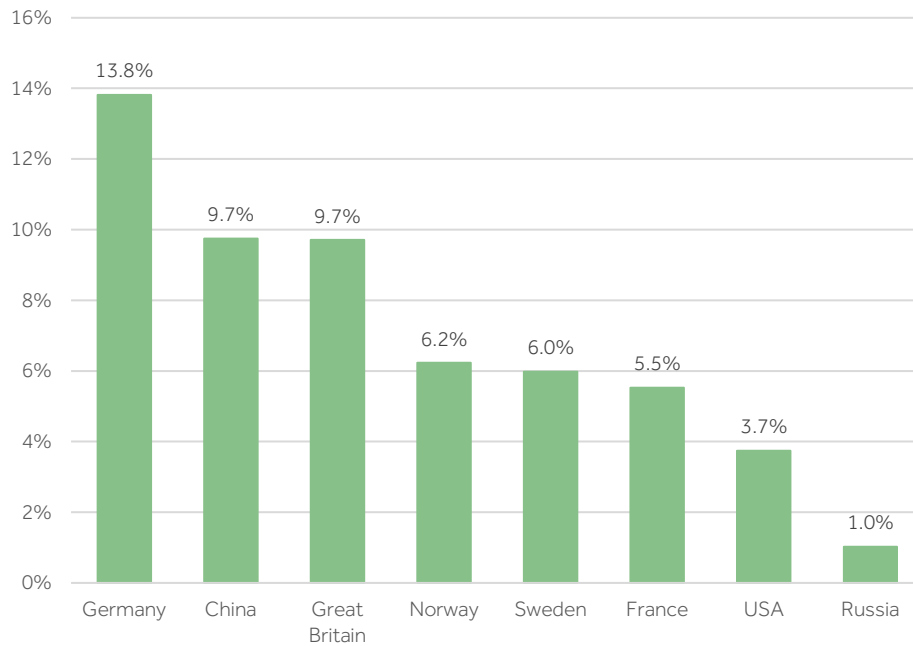
BNP in Denmark, USA and European Union



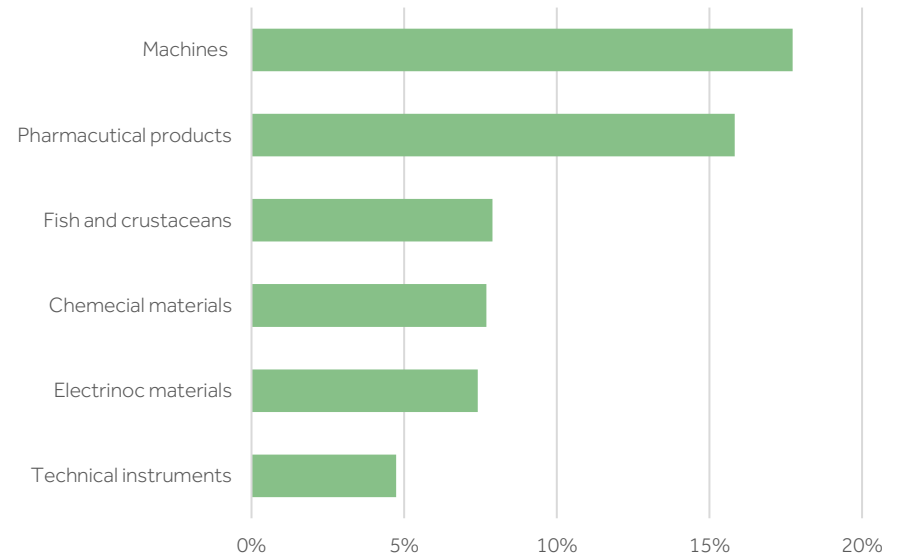
## Effects of war in Ukraine

- The Danish export to Russia is limited – DKK 7bn (EUR 1bn)
- The sanctions in 2014 halved the Danish export to Russia and it has not come back again
- The export is mainly driven by machines and pharmaceutical products
- But the Danish export to other countries could also be affected

*Export from Denmark (excluding shipping and airlines)*



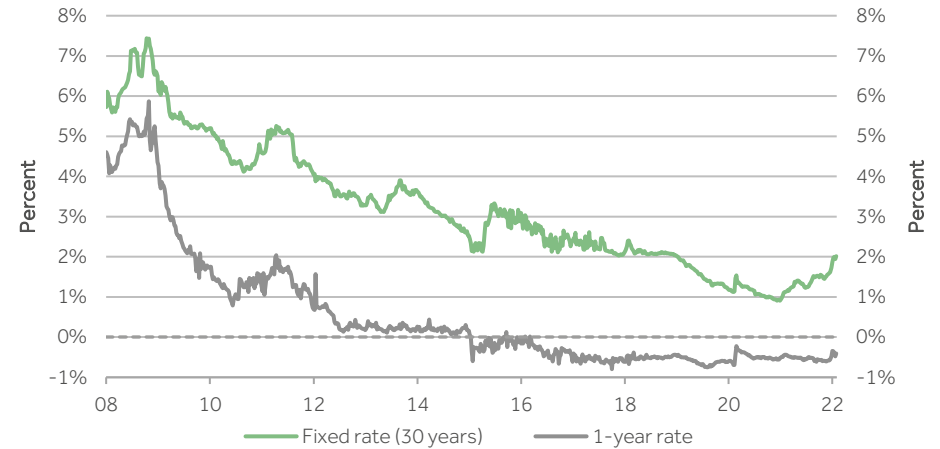
*Export from Denmark to Russia*



# It is becoming more expensive to live in Denmark

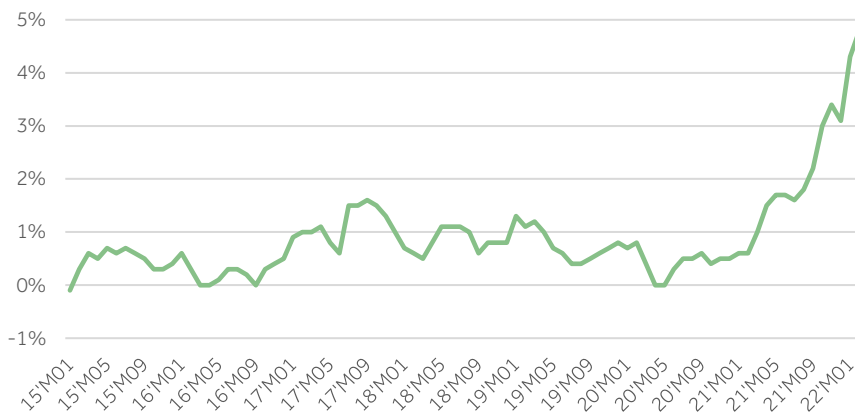
- Interest rates are increasing, but are still at a relatively low level
  - 30-year fixed mortgage interest rate at 3%
- Consumer prices are increasing significantly
- Much of this increase is driven by increasing energy prices
- 25 % of private residential properties in Jyske Realkredit are heated by natural gas...
  - ... and 46% are heated by central heating

Average interest rates on mortgage loans



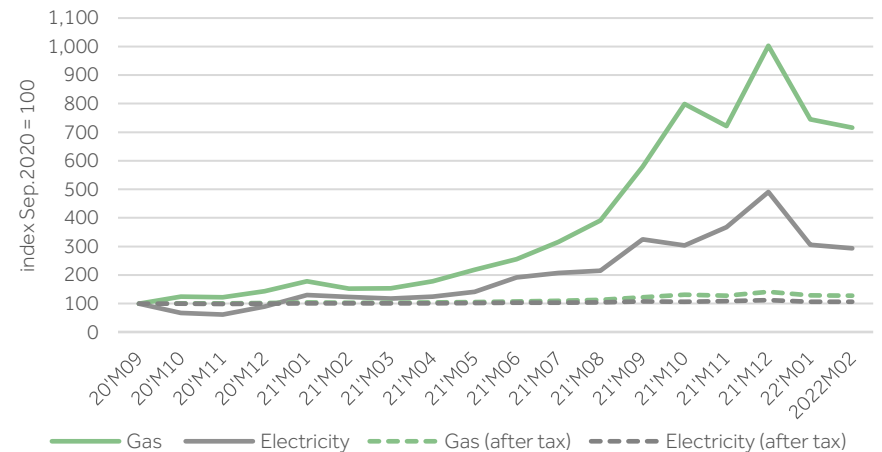
Source: Statistics Denmark

Consumer prices development %, y/y



Source: Statistics Denmark

Price on gas and electricity for Danish households

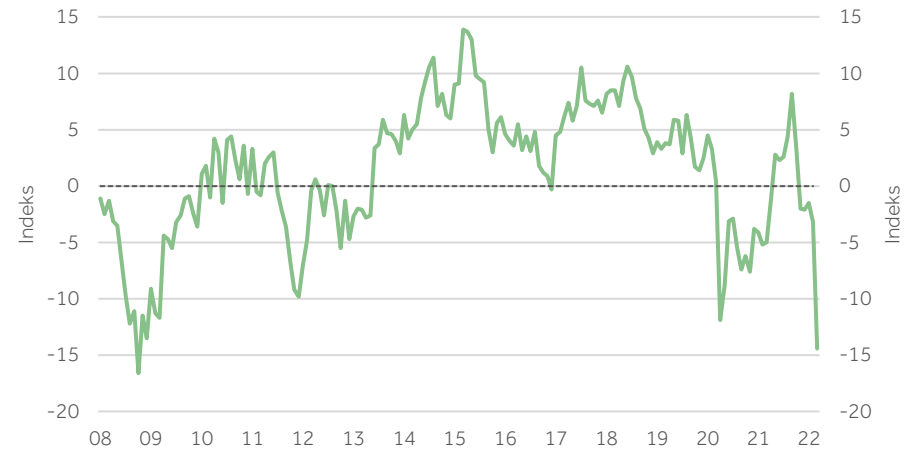


Source: Statistics Denmark

# Household behavior

- Positive development in consumer expectations through 2021
  - Drop after war in Ukraine and increasing consumer prices
- Increase in the financial savings of 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

Consumer expectations



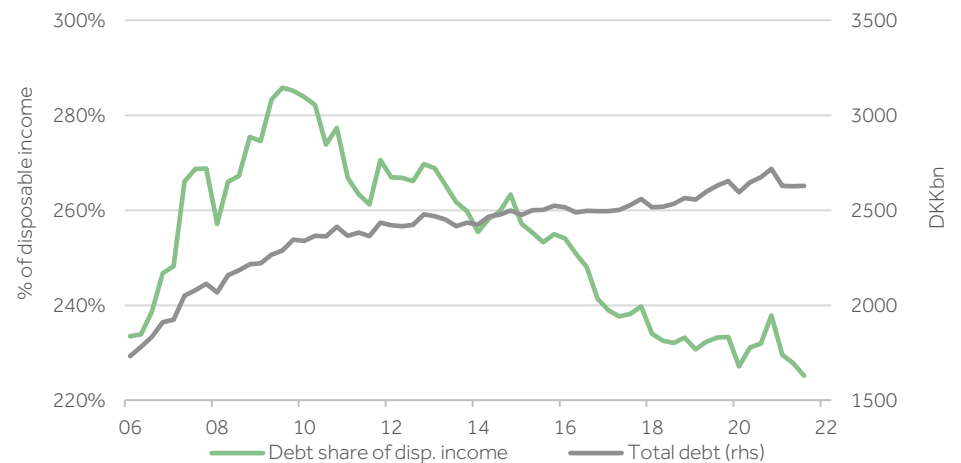
Source: Statistics Denmark

Private sector financial savings



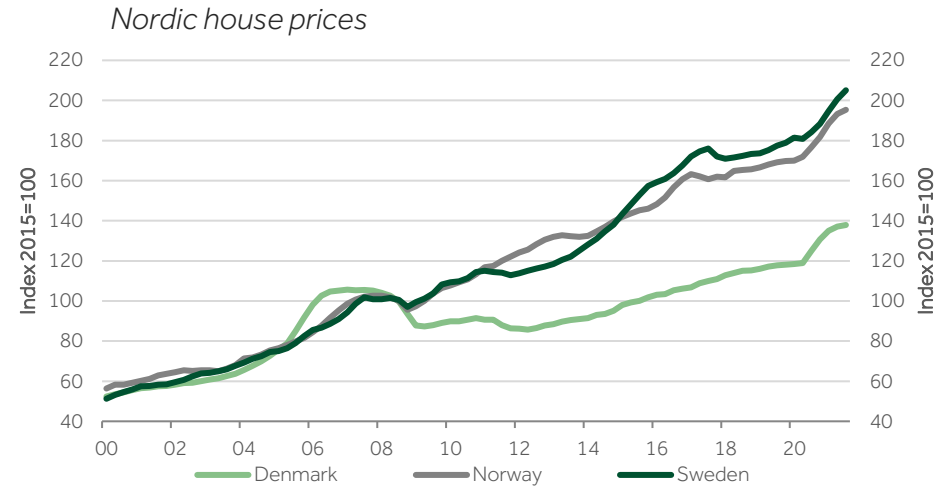
Source: Statistics Denmark

Household gross debt

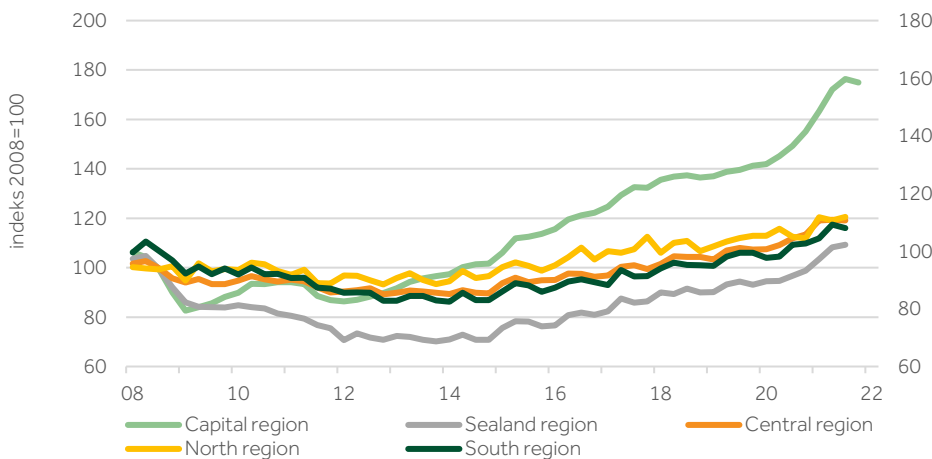


# Danish housing market

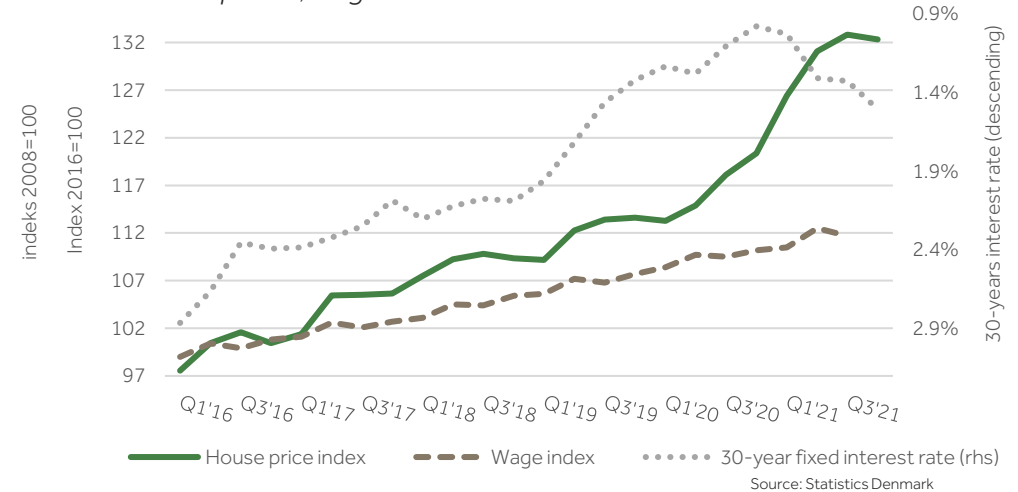
- Increasing house prices driven by high demand for properties
- Compared to Sweden and Norway prices on Danish housing market hasn't grown with same pace
- Price increase in capital region mainly driven by apartment prices
- Growth in house prices has been following wage-growth and development in interest rates
- Housing market has not yet reacted to increasing interest rates



*Regional house prices in Denmark*



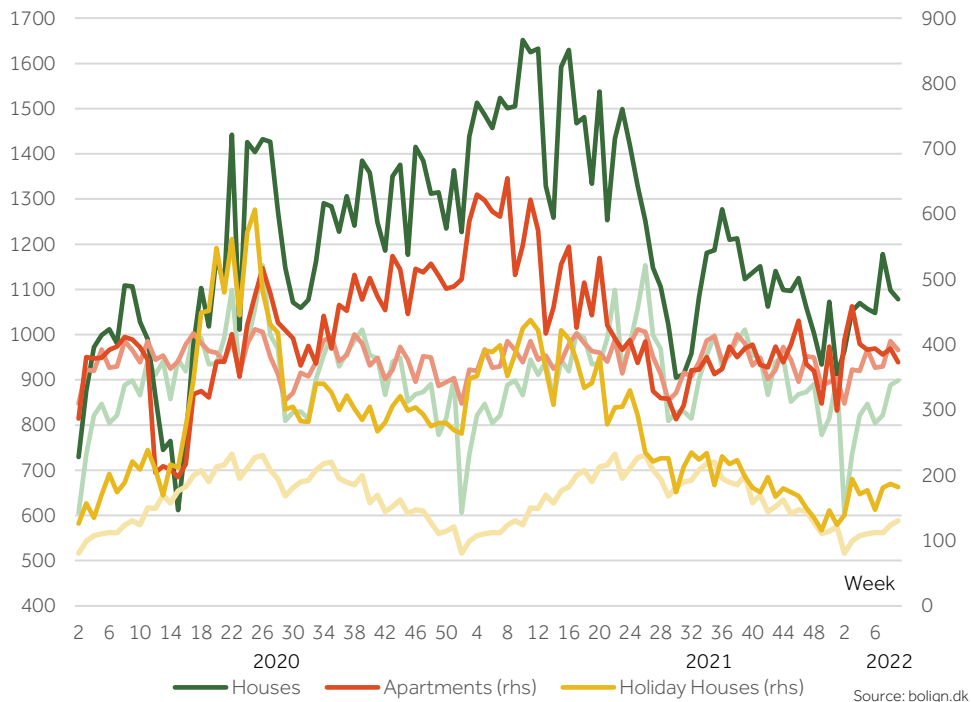
*Houseprices, wages and interest rate*



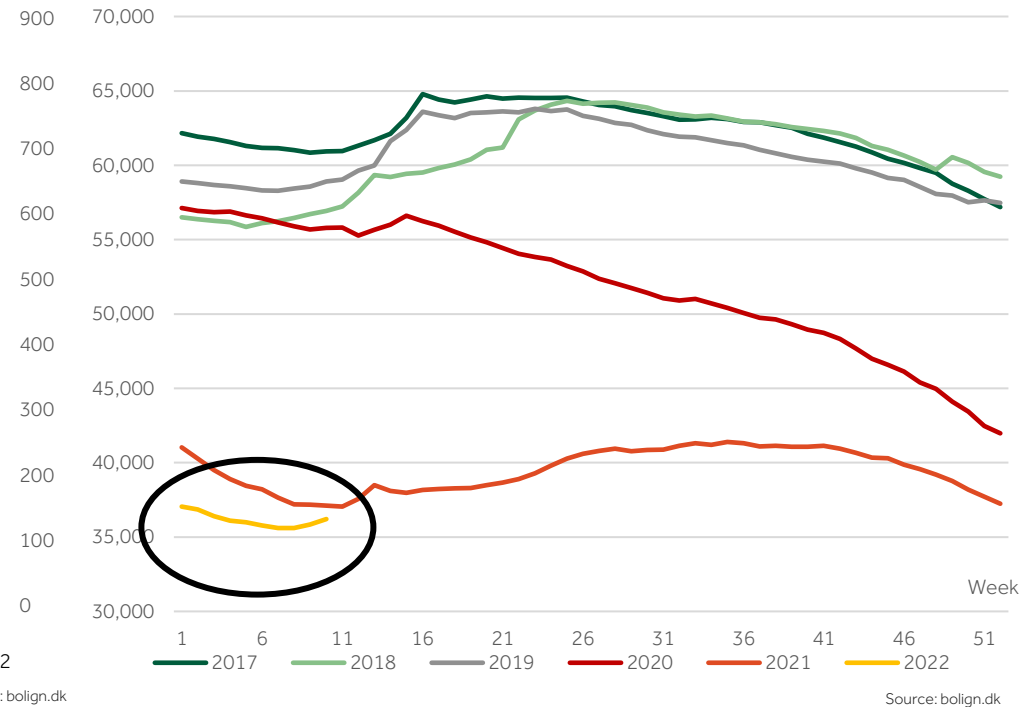
## High activity and few properties for sale

- Despite increasing interest rates and energy prices houseprices have not to been negatively affected
- Very high activity on housing market after outbreak of Covid-19 has led to increasing house prices
  - 8,5% growth in 2020 and 10,5% in 2021
- Historically few properties listed for sale on the Danish housing market has effect on houseprices

Number of sold properties per week (Avg. '15-'19 and '20/'21/'22)



Number of properties listed for sale



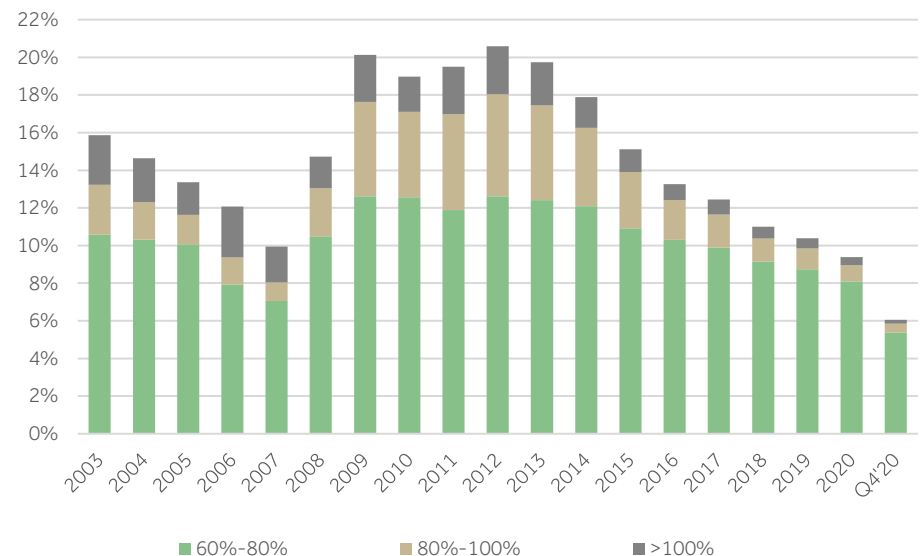
## Development in credit risk

- The covid-19 and Ukraine situation do for now not seem to have affected the credit risk of the portfolio
  - Increasing house prices in all segments
  - No increase in the unemployment level
  - Arrears at a very low level for both commercial and private rental
  - Limited exposure in Jyske Realkredit to the most affected sectors (restaurants, hotels, travel business)
- Impairments increased in due to Covid-19 in Jyske Realkredit with DKK 195m as management estimate

15-day arrears for Jyske Realkredit

Segment	Q4'17	Q4'18	Q4'19	Q4'20	Q4'21
Private	1.3%	1.0%	1.0%	0.7%	0.8%
Commercial	0.7%	0.5%	0.7%	0.5%	0.3%
<b>Total</b>	<b>0.78%</b>	<b>0.58%</b>	<b>0.67%</b>	<b>0.49%</b>	<b>0.44%</b>

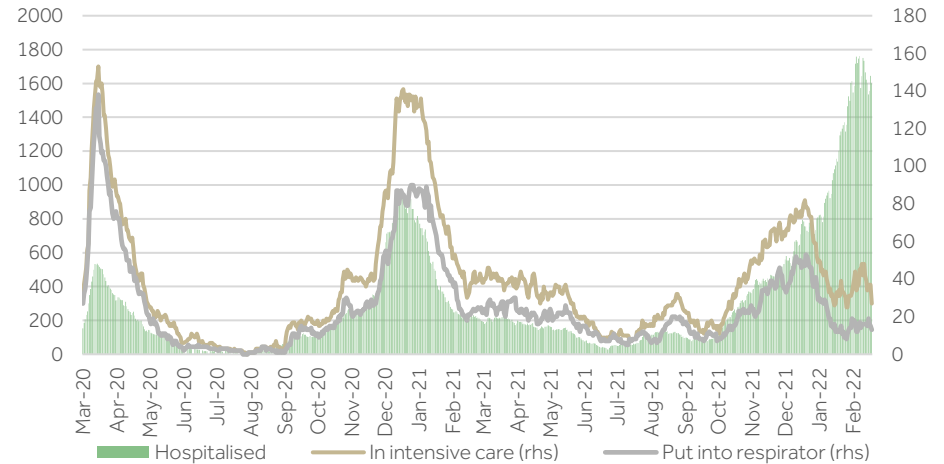
Loan-to-value above 60% as percentage of total lending



# Covid-19 effects on Danish economy

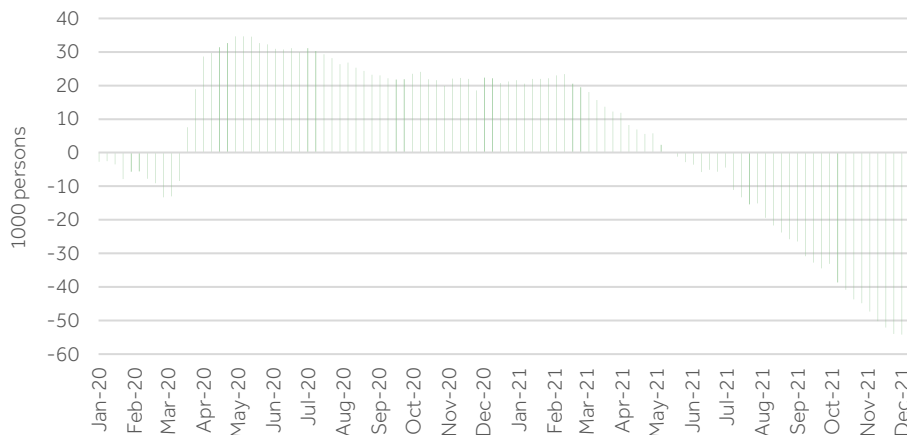
- 3rd wave of Covid-19 has hit Denmark
  - But few people are hospitalized
- 81 % of population are vaccinated two times
  - 61.8% are vaccinated three times
- Sum of unemployed persons since January 2020 is lower than average from last five years
- After reopening of Denmark, few companies expect covid-19 to have large impact on their business

Number of hospitalised persons in Denmark



Source: Statens Seruminstitut

Cumulative change in new unemployed persons to avg. 2015-2019



Source: Styrelse for Arbejdsmarked og Rekruttering

Expectations from corporates (March 2022)

Bankruptcy within 3 mth	Industri	Construction	Service	Retail
No risk	<b>89%</b>	<b>88%</b>	<b>93%</b>	<b>93%</b>
Small risk	11%	11%	5%	5%
Some risk	0%	1%	2%	2%
Large risk	0%	0%	0%	0%

Source: Statistics Denmark



## Agenda

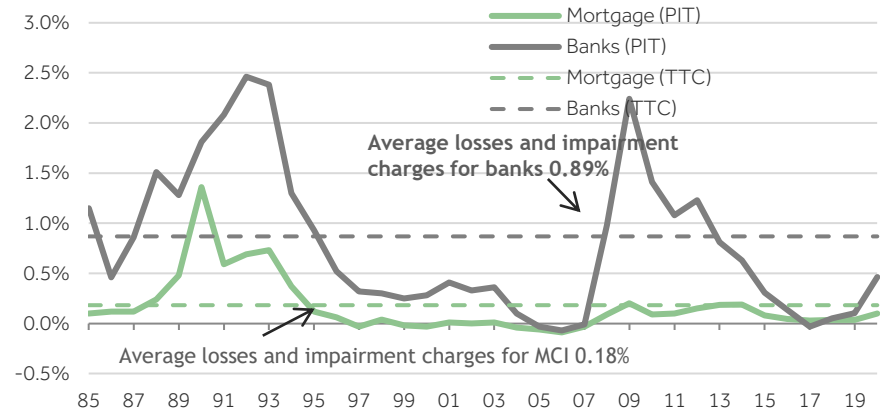
- Jyske Bank Group
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- **Jyske Realkredit covered bonds**
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# The Danish mortgage credit system is robust

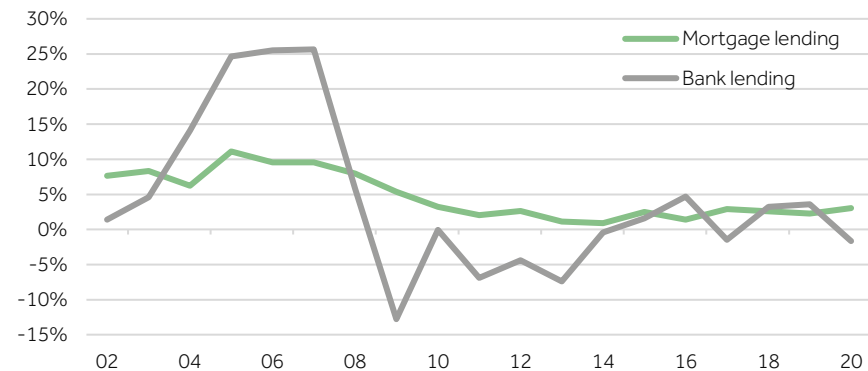
- Possibility to reprice portfolio
- Personal recourse
  - Lending is attached with personal recourse, i.e. the mortgage bank can proceed collection infinitely
- Repossession of properties
  - Due to the Danish legal system it is possible to convict rents within a maximum of 6 months to repossess the property
- Low credit risk
  - Mortgage loans are secured by a mortgage on the borrowers property and loans are capped by statutory LTV limits:
    - 80 % for housing properties
    - 60 % for commercial properties
- Over-collateral
  - The Danish SDO-legislation: any breach of the statutory LTV limit on a loan-by-loan basis should be covered 1:1 with collateral
  - Quarterly indexation
- System based on Danish Principle of Balance
  - Lending fully funded in covered bonds
  - Eliminates market risk

*Sector losses and impairment charges 1985 – 2020  
(as a % of loans)*



Source: Danish FSA

*Lending growth (y/y)*



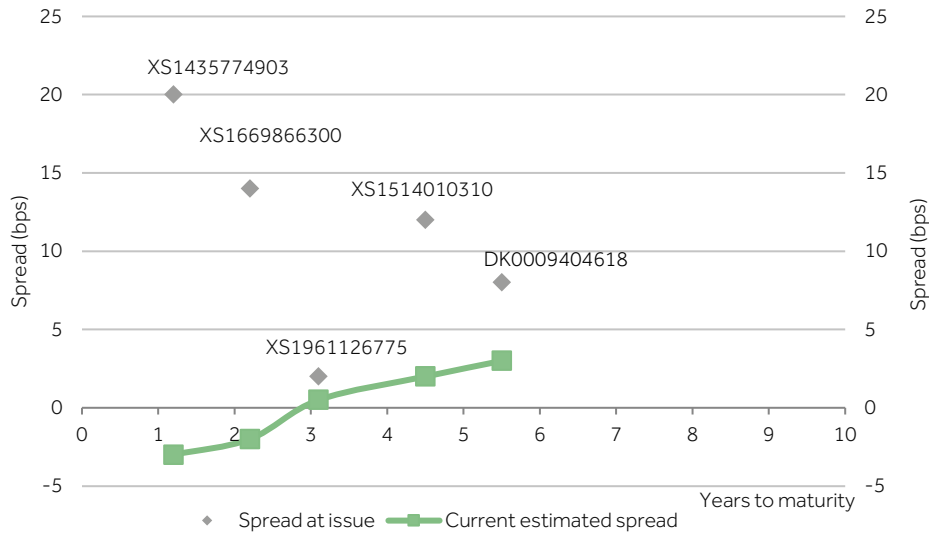
Source: Danish FSA

## Funding of a Danish mortgage bank

	Callable bonds DKK	Non-callable bonds DKK	Non-callable Bonds EUR
Funding of loans	10 – 30 years fixed rate loans	Adjustable rate mortgage loans (ARM) and market based loans (Cibor)	Adjustable rate mortgage loans (ARM) and market based loans (Cibor)
Maturity of cb	10 – 30 years	1 – 10 years	3 – 10 years
Coupon type	Fixed	Fixed or float	Fixed
Callable	At market price or at par	Non-callable	Non-callable
Issuances	Daily tap	Daily tap	Benchmark offering
Proportion of cb issuances in Jyske Realkredit	37 %	56 %	7 %

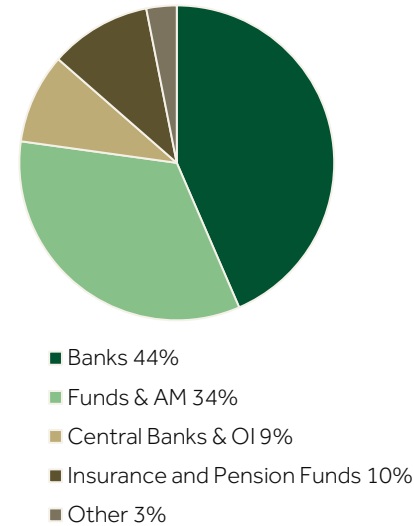
# Jyske Realkredit EUR covered bonds

Jyske Realkredit EUR covered bond issuances\*



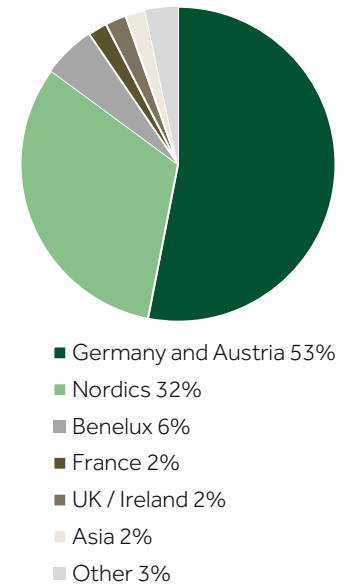
\*Pricing indications end-March 2022

Investor distribution\*



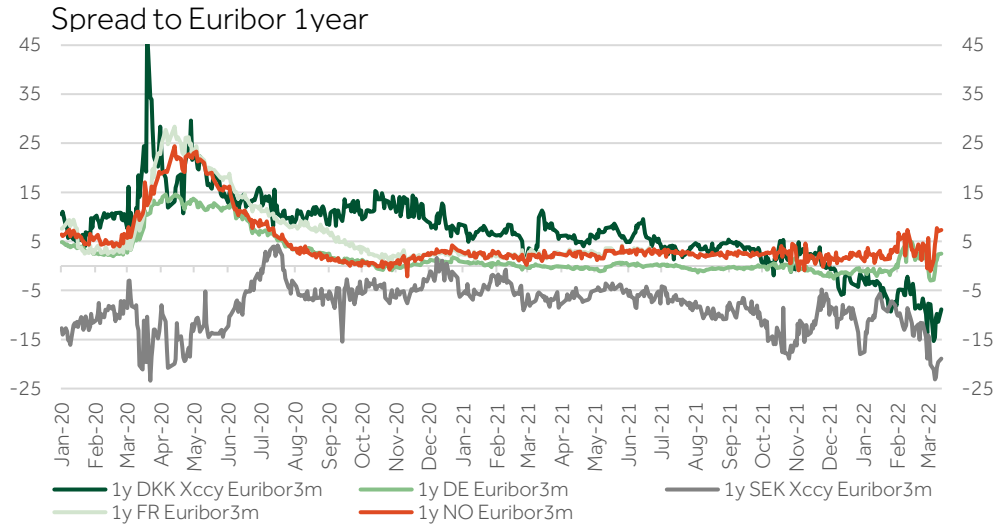
\*Figures are based on allocated amounts

Geographical distribution\*

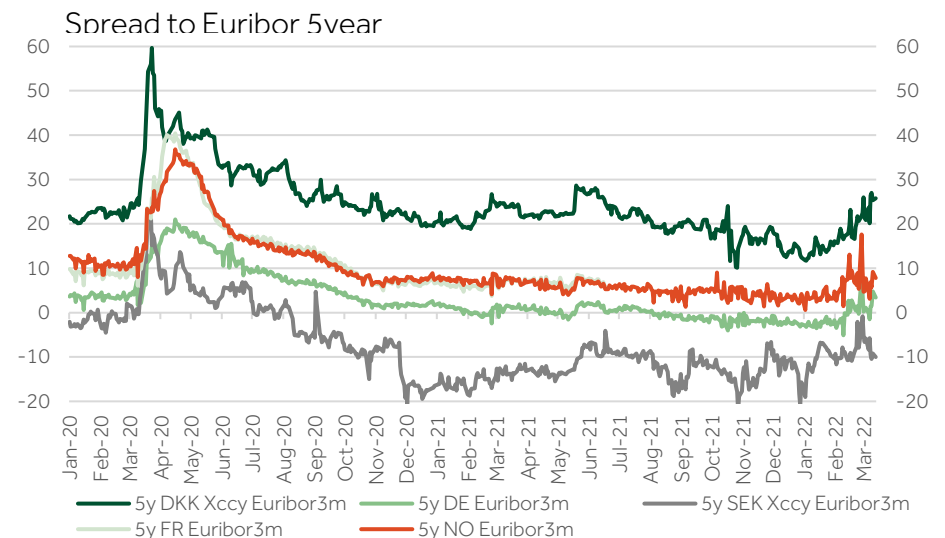
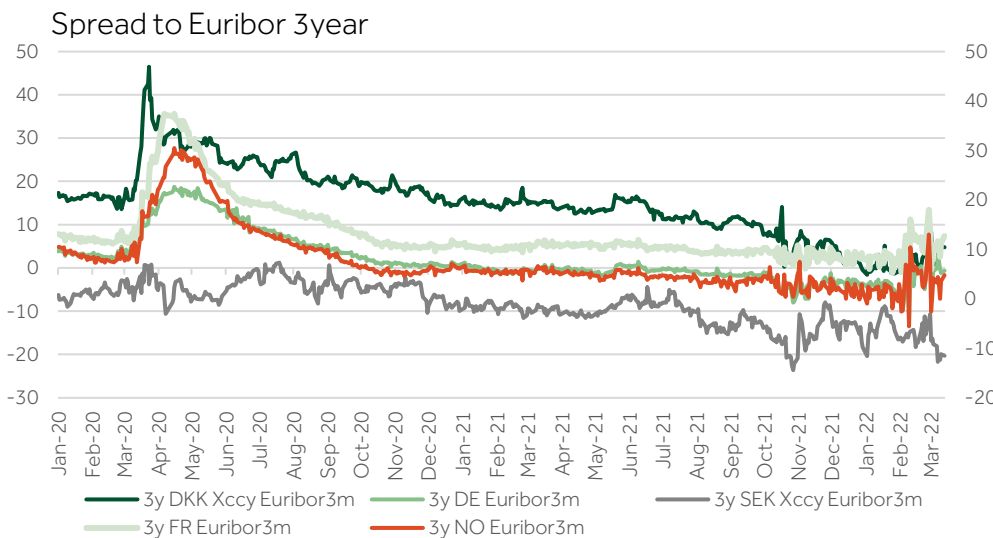


- Three first successful EUR covered bond issuances in 2016 of 5 years (EUR 500m), 7 years (EUR 750m) and 10 years (EUR 750m). One issue in August 2017 (EUR 500m) and one in March 2019 (EUR 500m)
- Latest issue in January 2021
- Large interest from a wide variety of investor from different countries
- Good performance relative to peers

# Value in 5 year DKK covered bonds



- Value in DKK covered bonds for EUR investors
- Real value in DKK bonds compared to other European covered bonds
- Danish non-callable 3- and 5-year covered bonds with largest spread to alternatives



## New European covered bond directive

New European covered bond directive will come into force by end 2021 / beginning 2022

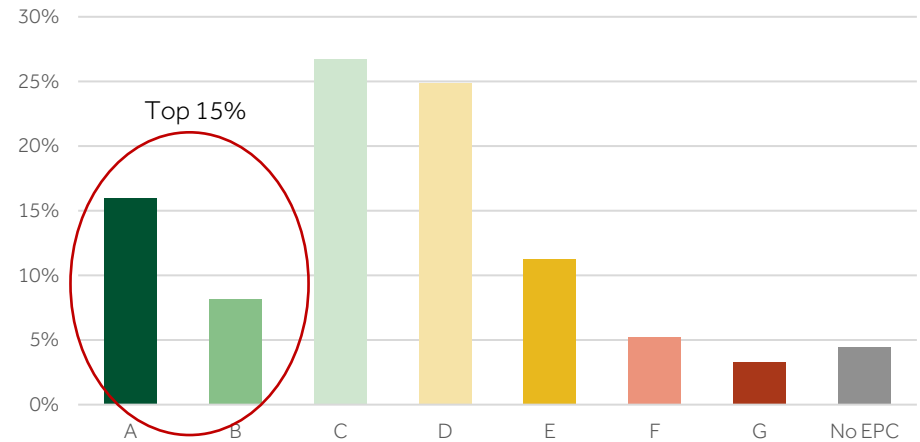
### Key takeaways for Danish covered bonds

- Large liquidity buffer will force covered bonds to have a soft bullet structure
  - Soft bullet structure already implemented in Denmark
  - Not relevant for DKK callable bonds
- Introduction of an OC rule
  - Minimum level of 5 % overcollateralization (OC)
  - Can be lowered a minimum of 2 % if the financial institute take account of risk of underlying asset
- Further loan-to-value (LTV) wording has been clarified in the regulation
  - Limit of 80 % for multifamily housing and 60 %/70 % for commercial
- Premium and non-premium bonds
  - All bonds have to live up to the directive
  - Premium bonds will also live up to Article 129 of Regulation (EU) No 575/2013
- Existing bonds will be grandfathered, meaning investors current holdings are left unaffected

# 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 EPC (Cover pool E)*



*Lending supporting UN SDGs (Cover pool E)*

Property type	SDG	Lending (DKKm)	Prop. of lending
Renewable energy	7.2	1,143	0.4%
Green buildings	7.3, 9.4	67,853	22.5%
Social housing	11.3	12,528	4.2%
<b>Total</b>		<b>81,524</b>	<b>27.0%</b>

## Reporting on CO<sub>2</sub> emissions

- Jyske Realkredit also reports CO<sub>2</sub> emissions in Sustainable Transparency Template
- Calculated CO<sub>2</sub> emissions are based on EPCs
- Gives the investor a possibility to follow the development in CO<sub>2</sub> emissions in lending behind covered bonds from Jyske Realkredit
- Investors can follow the development over time and compare to other institutes
- Follows the recommendations from Forum for Sustainable Finance

### *CO<sub>2</sub>e emissions for Jyske Realkredit capital center E*

Property type	Ton CO <sub>2</sub> e (LTV adjusted)	Kg CO <sub>2</sub> e/m <sup>2</sup>
Owner-occupied homes	111.863	15,5
Subsidised Housing	11.853	7,6
Cooperative Housing	4.858	7,5
Private rental	25.207	7,1
Office, Business, Manufacturing	41.290	13,1
Other	14.986	11,5
<b>Total</b>	<b>210.057</b>	<b>11,6</b>



## Sustainability in standard ECBC template

- From beginning of 2021 the ECBC template also contains optional sheet with sustainable assets in the cover pool
- EPC scores are now also included in the template
- With a standard format from ECBC it easy to compare sustainability for different covered bonds
- Sustainable lending in individual cover pools

*ECBC for Jyske Realkredit cover pool E, Q4 2021*

1. Share of sustainable loans in the total mortgage program				
1. Amount of sustainable loans	Nominal (mn)	Number of loans	% Nominal (mn) to total mortgage program	% No. of Loans to total mortgage program
SM.1.1.1 EE mortgage loans	67.853	14.889	22,5%	10,9%
SM.1.1.2 Social impact mortgage loans	12.528	2.443	4,2%	2,2%
SM.1.1.3 other	1.143	98	0,4%	0,2%
SM.1.1.4 Total sustainable mortgage loans	81.524	17.430	27,0%	13,3%

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# Jyske Realkredit Capital Center E

Rating: AAA from S&P



## Portfolio Characteristics

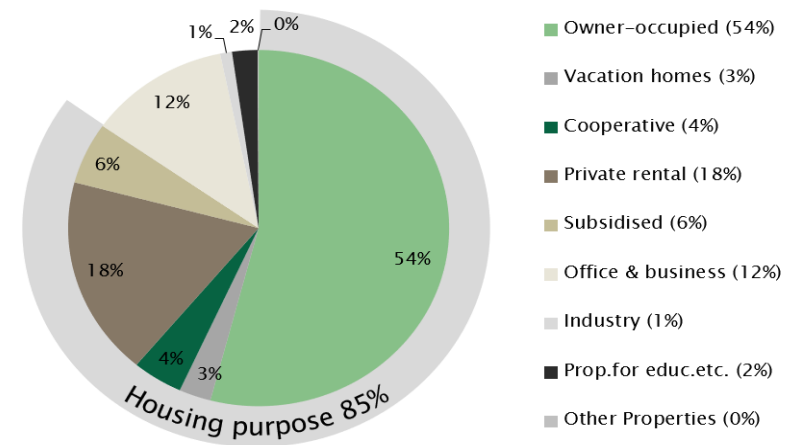
Cover pool size	DKK 320.9bn (EUR 43.0bn)
Proportion of total lending in Jyske Realkredit	88.9 %
Number of loans	137,634
Over collateralisation	<b>6.5 %</b>
Weighted average LTV	<b>50.6 %</b>
Currency covered bonds	DKK/EUR
Compliance	CRD/UCITS

Pool statistics as of 31 December 2021. The pool cut date is coinciding with the financial quarterly reporting.

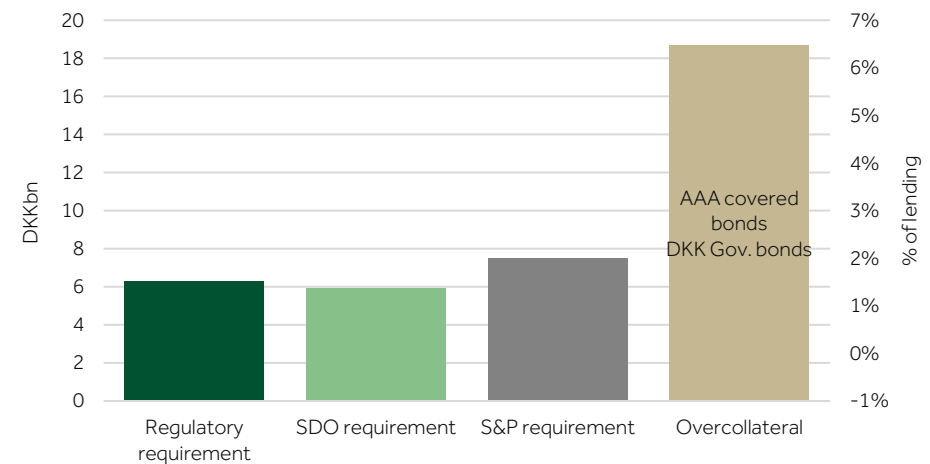
# Capital Center E - Composition

- Owner-occupied and vacation homes
  - Focus on prime rental mortgages
  - Fastest growing area within the coverpool
- Cooperative housing
  - No interest rate swaps with cooperative housing
- Subsidised
  - Covered with public guarantees from LTV 60 %
  - Strong foundation behind the subsidised
  - Very low loss level (< total of DKK 25m over the last 25 years)
- Private rental/multifamily housing
  - Possible to collect rent from borrower after default of owner
- Office & business
  - Office buildings in attractive areas
  - Statutory lending limit of 60 %
- No lending to agriculture and other primary production
- Liquid overcollateral only placed in AAA rated Danish covered bonds or Danish AAA rated government bonds

Property categories

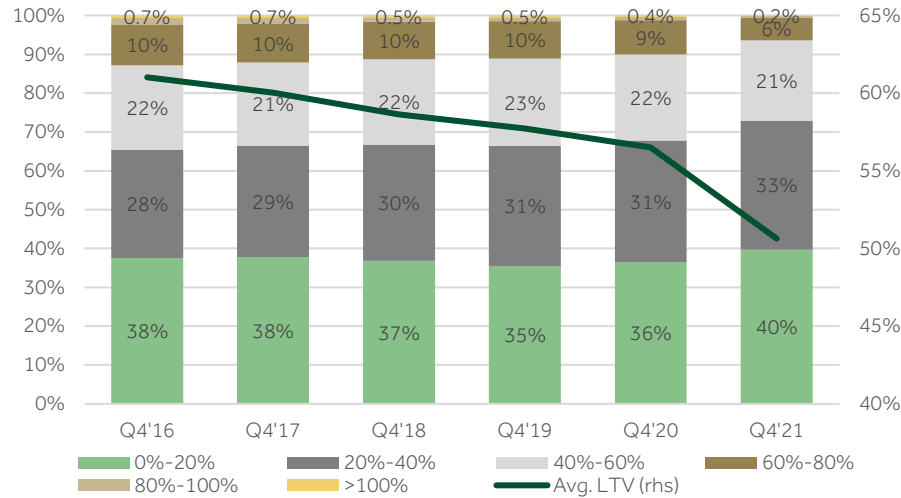


Requirements and OC (DKKbn / % of lending)

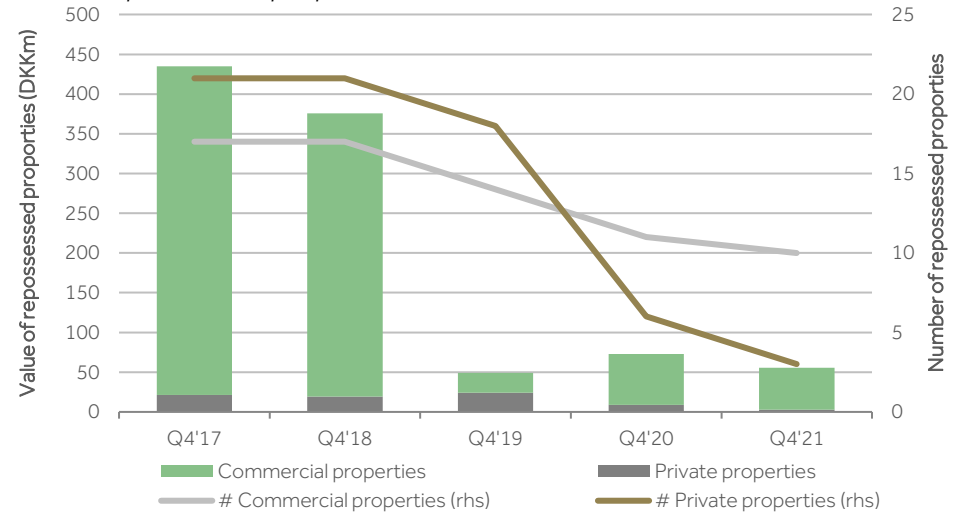


# Capital Center E - Credit quality

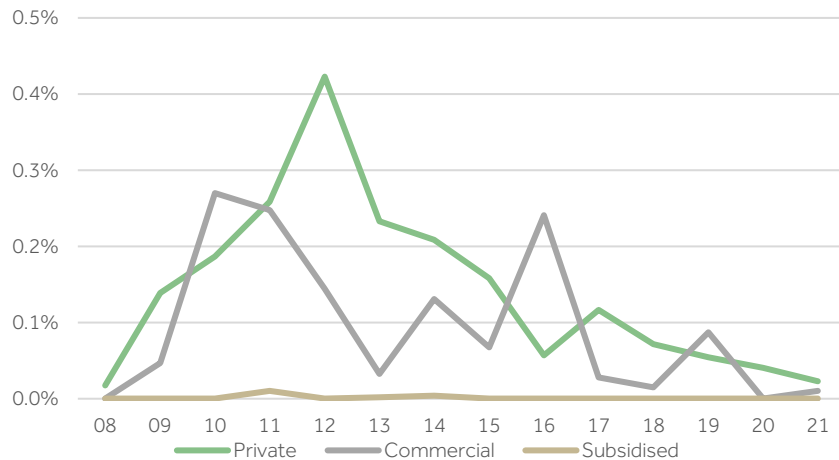
Loan-to-value



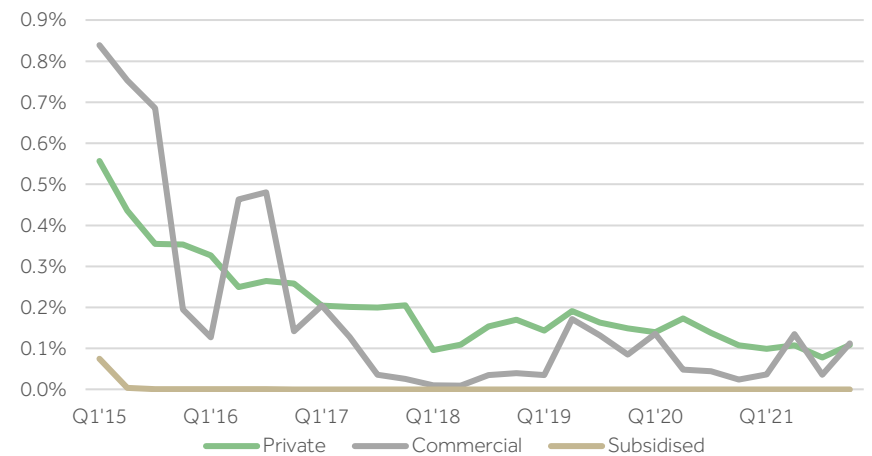
Reposessed properties (DKKm/number)



Yearly realised losses (per cent of lending)



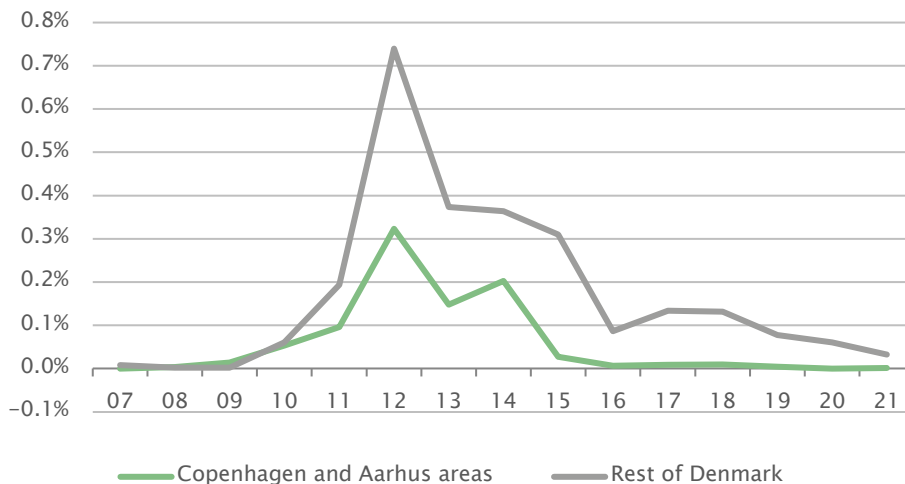
Lending with arrears (per cent of lending)



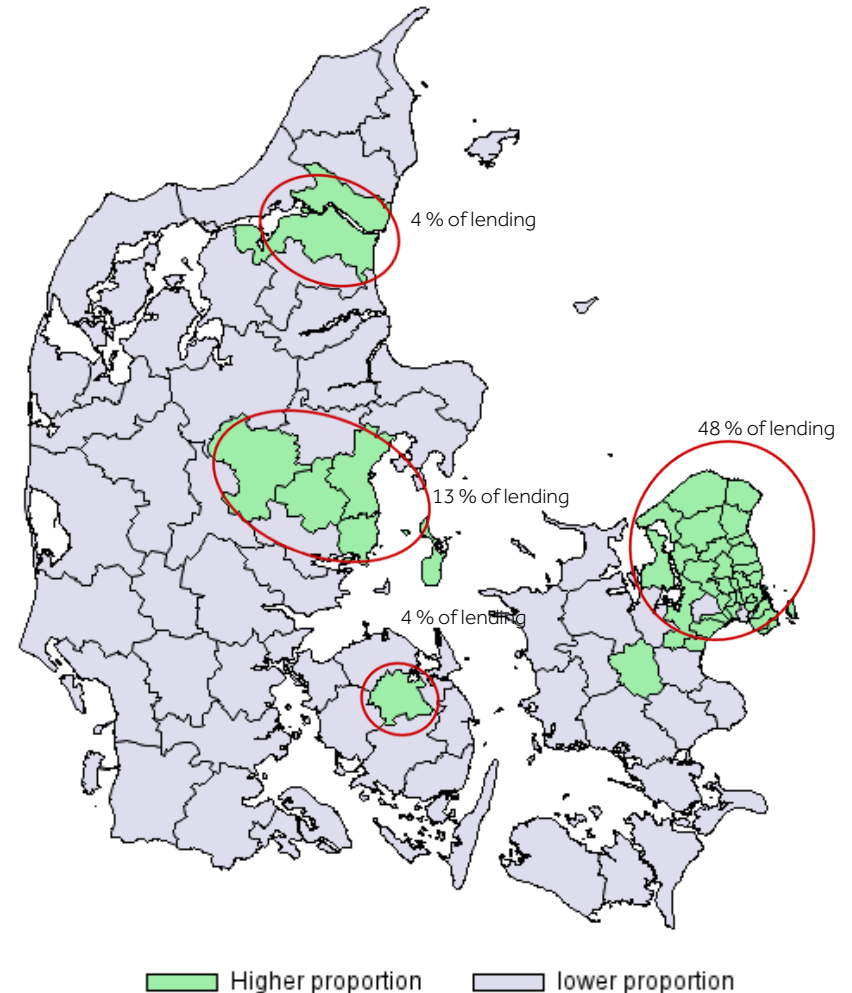
## Geographical distribution

- The primary portfolio is focused around largest cities - areas with increasing housing prices and expected population growth
- Concentration in four largest cities, but lending all across Denmark
- Relative small losses in urban areas through the financial crisis
- High tradability prevent losses

Yearly Loss in % of lending for rental properties



Proportion of rental lending to proportion of population



## Conclusion – Jyske Realkredit covered bonds

- Jyske Realkredit has increased lending with more than 60 % since 2014
  - Most customers already known to the group
- Jyske Realkredit is the first – and so far only Danish mortgage institute to finance DKK mortgage loans using European market standard EUR covered bonds
- Buying into Jyske Realkredit EUR covered bonds is buying into:
  - the resilient Danish mortgage system based on the Danish Principle of Balance
  - a conservative risk profile
  - secured lending with LTV limits set by legislation
  - a strong credit quality with primary lending to urban areas
- The Jyske Bank Group has shown earnings resilience through the crisis and remains dedicated to have solid capital ratios and defending stable ratings
- Publish Sustainable Transparency Template to provide transparency to investors
- The Danish economy is in a good shape and is ready for a potential recession

## Agenda

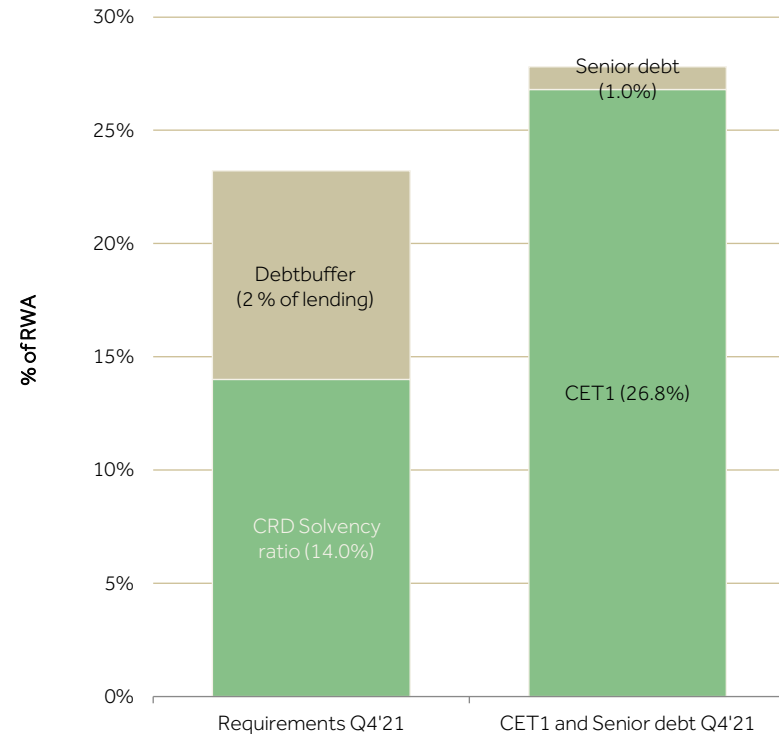
- Jyske Bank Group
- Update Danish economy
- Jyske Realkredit covered bonds
- Cover pool (E)
  
- Appendices





## 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 Q4 2021 with CET1 and senior debt



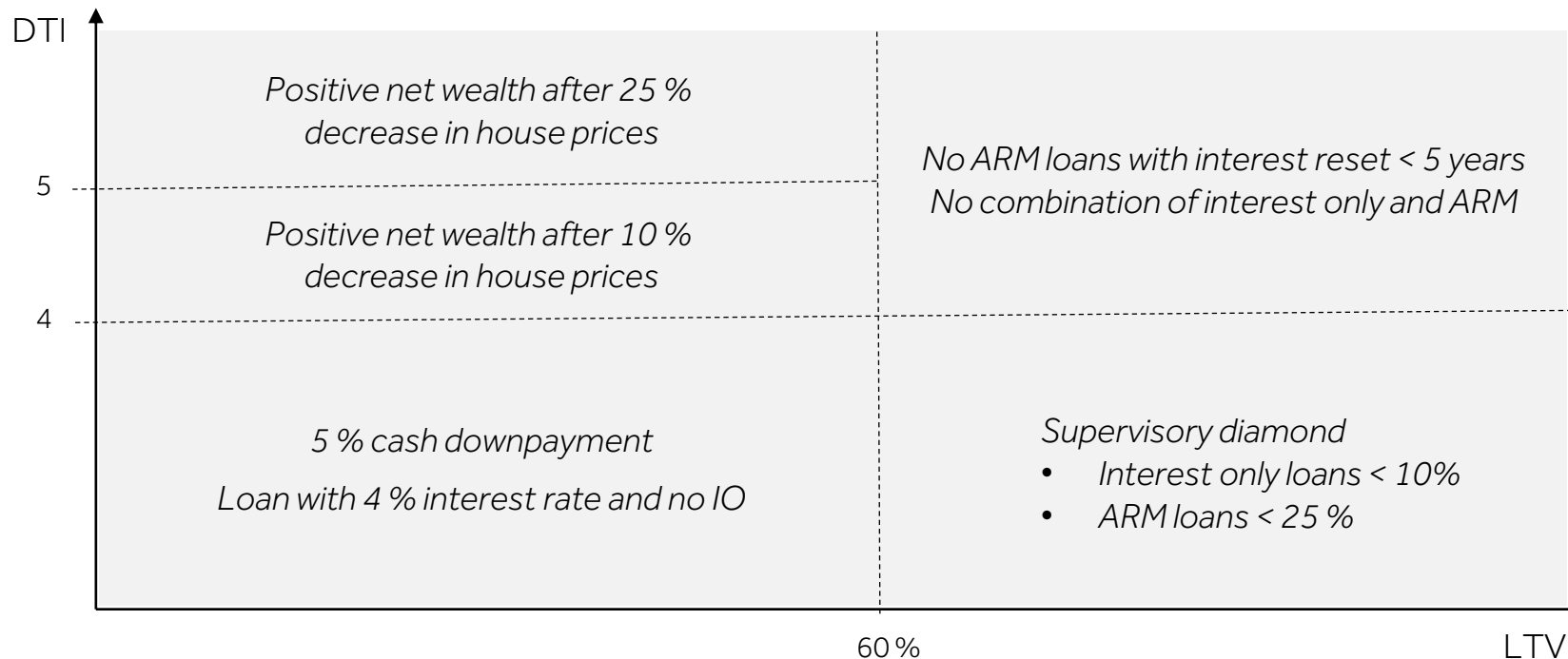
Countercyclical buffer set at 0.0% in Q1 2020 due to Covid-19

## Danish FSA measure limit certain products

### FSA measure introduced

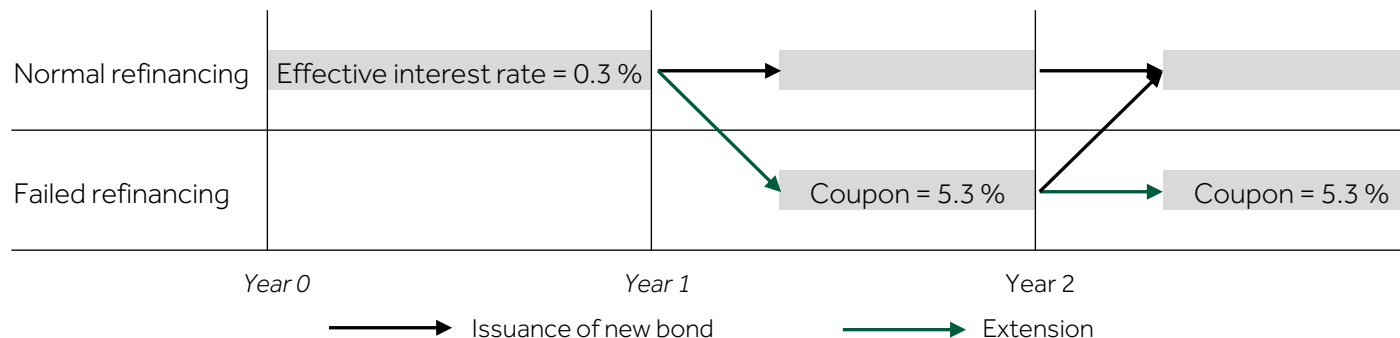
- Limit the proportion of customers with debt-to-income above 4 and ARM or interest-only loans
- Purpose with measures is to limit growth in house and apartment prices in urban areas

*Illustrative example of lending rules and guidance from the Danish FSA*



## The Danish maturity extension law

- The law targets maturity mismatches between loan and funding for all Danish mortgage banks
- The law states that if the bond maturity is shorter than the loan maturity, the bond must carry a maturity extension option from January 1, 2015
  - Currently, Jyske Realkredit finances up to 30-year mortgage loans in 5-year – 10-year EUR covered bonds
  - The law dictates that the bonds must therefore include the following maturity extension option: If refinancing is impossible, the maturity is extended 1 year and the coupon rate of the bond is increased to the refinancing auction's 1-year-rate one year earlier plus 5 %-points.
  - The law only dictates a maturity extension due to interest rate increases for bonds with maturities below 2 years



- Never seen a failed refinancing auction of a Danish covered bond

## Jyske Bank Green Finance Framework



Jyske Bank will finance the generation of a further 3 TWh of renewable energy in 2025 – equivalent to 8% of Denmark's electricity generation in 2018



Jyske Bank will finance additional DKK 10bn commercial green buildings in 2025, equivalent to 25% increase

Jyske Bank will develop products to encourage and motivate clients to renovate their properties in a way that increases their energy performance

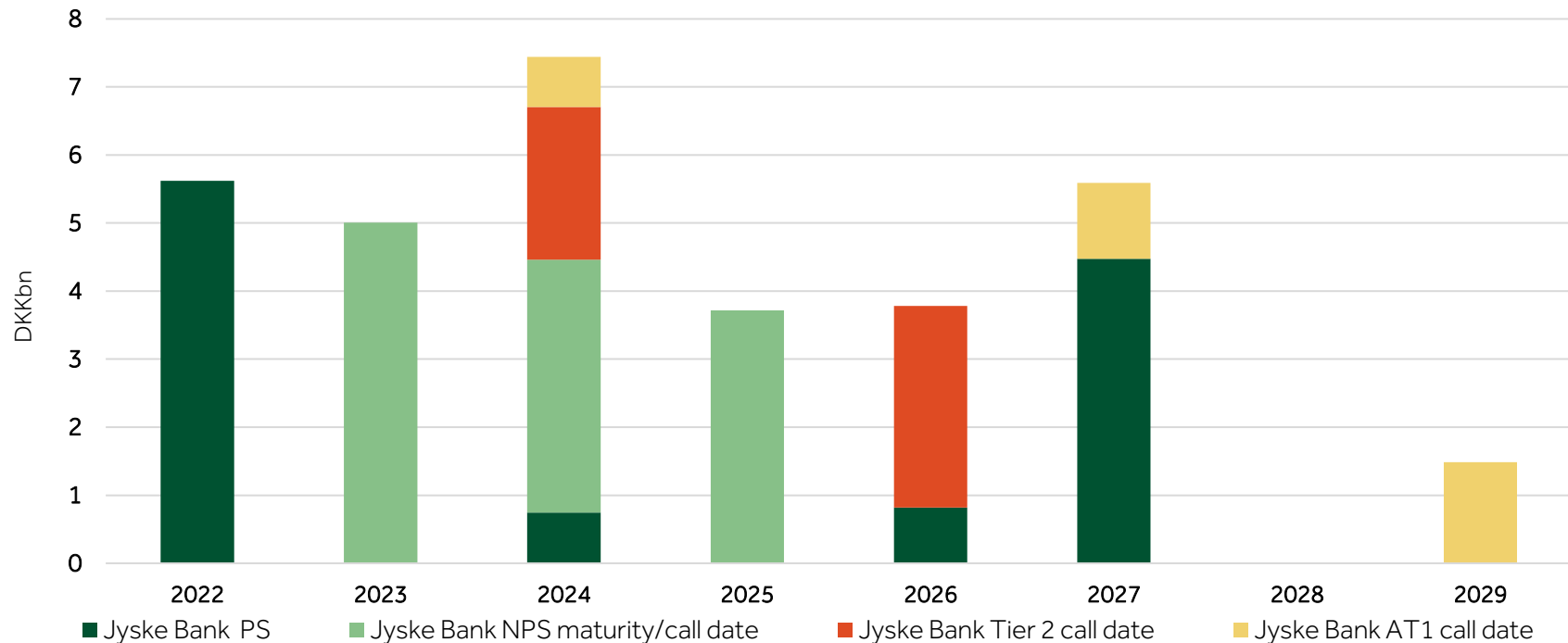


40% of financing of transportation will be for low-emission vehicles in 2025

- Report on existing activities that lives up to the requirements defined in Jyske Bank Green Finance Framework
- Set specific targets for developments in Jyske Bank's financing of activities to green and sustainable activities
- We will implement measures to support financing of the changes our clients want to make to move their activities towards greener and more sustainable activities

## Overall drivers of 2022 Jyske Bank issuing activities

Redemption and call date profile (DKKbn)



- Overall we have had continued focus on the gradual replacement of old grandfathered PS with new NPS debt since 2018
- The release of the countercyclical buffer in March 2020 has reduced Jyske Banks need for new NPS
- On 26 August 2021, Jyske Bank issued EUR 500m non-preferred green senior debt

## The FSA-diamond for mortgage institutes

### Interest-only schemes – 2020

- *Lending exceeding 60 % LTV < 10%*
- *Only retail customers (homeowners)*

### Concentration – 2018

- *Sum of 20 largest exposures < core capital*
- *CRD IV and CRR method*

### Interest rate risk – 2018

- *Fixed rate for less than two years*
- *Lending exceeding 60 % LTV < 25%*
- *Housing purpose segments*

### Lending growth – 2018

- *Annual growth < 15 %*
- *For each category*

### Funding – 2020

- *Successful Refinancing last 12 months < 25 %*
- *Successful Refinancing last 3 months < 12.5 %*

## First mortgage institute to open a callable bond with negative coupon

- Jyske Realkredit is the first Danish mortgage institute to open a both a 10-year callable bond with a coupon of 0 % and also the first to open a 10-year callable bond with a coupon of -0.5%
- The bonds are used for financing of 10-year loans with amortization
- The amortization of the bond with a negative coupon follows a standard annuity amortization with quarterly redemptions
- The bondholder will not pay the negative interests to Jyske Realkredit – instead an amount equal to the negative interest will be redeemed

*Cash flows for a 10-year mortgage loan of DKK 1,000,000 and funding, -0.5 % coupon (at par)*

Quarter	Asset/loan				Liability/bond		
	Outstanding	Amortization	Interests	Payment	Outstanding	Redemption	Payment
1	1,000,000	25,615	-1,250	24,364	1,000,000	25,615	24,364
2	974,385	25,583	-1,218	24,364	997,385	25,583	24,364
3	948,803	25,551	-1,186	24,364	948,803	25,551	24,364
4	923,252	25,519	-1,154	24,364	923,252	25,519	24,364
...	...	...	...	...	...	...	...
40	24,395	24,395	-31	24,364	24,395	24,395	24,364

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