

27 February 2024

Preliminary Announcement of Financial Statements 2023

Summary

- Pre-tax profit amounted to DKK 2,673m (2022: DKK 1,743m) corresponding to a return of 11.5% on average equity (2022: 8.1%).
- Net profit for the year amounted to DKK 2,030m (2022: DKK 1,361m) corresponding to a return of 8.8% on average equity (2022: 6.3%).
- Core expenses amounted to: DKK 445m (2022: DKK 394m).
- Impairment charges affected core profit by an income of DKK 12m (2022: an income of DKK 272m).
- The loan portfolio at nominal value amounted to DKK 374bn (2022: DKK 366bn), and at a fair value of DKK 353bn (2022: DKK 334 bn).
- At the end of 2023, the capital ratio and the core capital ratio amounted to 27.5% (end of 2022: 28.3%).

Comments by Management

In connection with the presentation of the Annual Report 2023, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

'Today Jyske Realkredit announces a profit of DKK 2,030m. The net profit for the year was satisfactory and better than expected at the release of the annual report for 2022. Relative to 2022, the profit increased by DKK 669m or 49%. The higher profit was largely due to a higher level of interest rates and a resultant higher return on Jyske Realkredit's portfolio of securities and the effect from the take-over of housing loans from Handelsbanken's Danish activities in December 2022.

We still see a low level of recognised losses and arrears, and consequently the losses recognised in the income statement and loan impairment charges were at a sustained low level in 2023. As a result of continued uncertainty about the development in property values, Jyske Realkredit raised its management's estimate of impairment charges by DKK 92m in 2023, and they now amount to DKK 677m.

Loans and advances taken over from Handelsbanken's activities in Denmark at the end of 2022 were successfully converted into Jyske Realkredit's systems in the fourth quarter of 2023.

The capital base of Jyske Realkredit is at a high level, and the credit quality is good. Therefore, the company is well prepared to withstand the challenges that the Danish economy is facing.'

Determined at nominal value, Jyske Realkredit's loans and advances rose by DKK 8.1bn in 2023. Hence nominal loans and advances amounted to DKK 373.7bn at the end of 2023. Determined at fair value, loans and advances rose by DKK 18.9bn, which was caused by rising prices of mortgage bonds at the end of 2023 that are used for the valuation of mortgage loans. Hence, loans and advances at fair value amounted to DKK 352.7bn at the end of 2023.

Capital structure

Jyske Realkredit's equity rose by the net profit for the year of DKK 2,030m and amounted to DKK 24,189m at the end of 2023. The capital base, exclusive of various deductions, amounted to DKK 24,053m, an increase of DKK 1,957m.

Jyske Realkredit's capital base is solid with a capital ratio of 27.5% and a capital buffer of DKK 9.9bn. It is assessed that the current financial resources can withstand even severe stress scenarios.

Sustainability

Jyske Realkredit continues its focus on improving investors' insight into the sustainability of loans and advances through our continuous work on refining sustainability reporting. In addition, Jyske Realkredit endeavours on an ongoing basis to meet borrowers' requests for green financing solutions, for instance through the financing of loans through the issue of green bonds.

In 2023, Jyske Realkredit focused on financing of sustainable buildings and projects for the establishment of renewable energy plants. This focus on the financing of sustainable projects was reflected in the fact that Jyske Realkredit was in September 2023 awarded a prize from Euronext Securities Copenhagen for issuing the highest amount of green bonds in volume terms in the first half of 2023.

In 2023, Jyske Realkredit was, as one out of ten Danish companies, nominated to FINANS Climate Award for best ESG project of the year in the business sector. This nomination was awarded to Jyske Realkredit for its work on transparency in sustainability on loans and mortgage bonds. Through its sustainability efforts Jyske Realkredit set up standards for sustainability reporting for mortgage bonds (covered bonds) in Denmark and in the rest of Europe.

In the financial statements and at www.jyskerealkredit.com/sustainable-transparency-template, a breakdown of loans at ISIN code level by Energy Performance Certificate, the estimated CO₂e emission, as well as the distribution of loans according to the UN Sustainable Development Goals are available to investors in Jyske Realkredit's bonds. In addition, as the first issuer in Europe, Jyske Realkredit has published an 'Energy Efficient Mortgage Label Harmonised Disclosure template' designed to increase the transparency of energy-efficient loans for borrowers and investors.

Rating

On 21 July 2023, Standard & Poor's upgraded Jyske Bank's and Jyske Realkredit's joint issuer rating to 'A+' from 'A'. The higher rating was due to a higher level of eligible liabilities, improved profitability, and a solid capital position in the Group. Outlook is considered stable.

Loans and advances taken over from Svenska Handelsbanken's activities in Denmark

On 1 December 2022, Jyske Realkredit took over loans and advances in the amount of DKK 24.3bn in connection with the Jyske Bank Group's acquisition of Svenska Handelsbanken's activities in Denmark. The integration of these loans and advances into Jyske Realkredit's systems was according to plan implemented in the fourth quarter of 2023.

New head office in Copenhagen

In the course of 2025, the Jyske Bank Group expects to gather its activities from Jyske Bank's office at Vesterbrogade, Jyske Realkredit's head office at Kgs. Lyngby and the head office of the former Handelsbanken Danmark at Havneholmen. For this purpose, a tenancy agreement has been signed on the large glass building "Glass Cube" located at Kalvebod Brygge in Copenhagen. The re-location is expected to create a strong professional environment and a good foundation for the Group's activities in Eastern Denmark.

Expansion of Executive Board

On 1 June 2023, the Executive Board of Jyske Realkredit was expanded from two to three members as Anders Lund Hansen was appointed Director. Anders Lund Hansen has for the past five years been Head of Jyske Realkredit's Securities Division and a member of the management of Group Treasury of the Jyske Bank Group.

Outlook

Jyske Realkredit anticipates a profit in the range of DKK 1.6bn to 1.9bn in 2024. The decline relative to the realised profit for 2023 can be attributed to a lower expected return on the portfolio of securities due to expectations of a declining interest-rate level in 2024. In addition, expectations also point to a minor increase in expenses for losses and loan impairment charges.

The largest element of uncertainty relating to profit expectations for 2024 is the future development of the interest-rate level as well as of losses and impairment charges.

Other information

General Meeting

The Annual General Meeting will be held in Kgs. Lyngby on 20 March 2024.

Financial calendar

Jyske Realkredit anticipates releasing financial statements on the following dates in 2024:

7 May	Interim Financial Report, first quarter of 2024
20 August	Interim Financial Report, first half of 2024
29 October	Interim Financial Report, first nine months of 2024

Further information

For further information, please see www.jyskerealkredit.com, which website gives detailed financial information about Jyske Realkredit.

Contact

Carsten Tirsbæk Madsen, Chief Executive Officer,

☎ +45 89 89 90 50 or 📱 +45 40 25 88 74.

Financial Highlights

Core profit and net profit for the year, DKKm

	2023	2022	Index 23/22	2021	2020	2019
Administration margin income, etc.	2,496	2,356	106	2,343	2,332	2,334
Other net interest income	795	160	497	15	36	58
Net fee and commission income, etc.	-556	-653	85	-706	-603	-641
Value adjustments, etc.	370	2	18,500	107	218	6
Other income	0	0	0	5	14	22
Core income	3,106	1,865	167	1,764	1,997	1,778
Core expenses	445	394	113	389	345	310
Core profit before loan impairment charges	2,661	1,471	181	1,375	1,652	1,468
Loan impairment charges (- is income)	-12	-272	4	64	485	35
Core profit/Pre-tax profit	2,673	1,743	153	1,311	1,168	1,434
Tax	643	383	168	283	259	316
Profit for the year	2,030	1,361	149	1,028	908	1,117

Summary of Balance Sheet, end of period, DKKm

Mortgage loans, nominal value	373,677	365,595	102	338,965	334,168	329,043
Mortgage loans, fair value	352,663	333,728	106	340,969	344,965	338,666
Bonds and shares, etc.	19,160	12,728	151	15,960	17,533	18,565
Total assets	383,021	359,621	107	369,035	377,132	384,899
Issued bonds, fair value	351,790	329,529	107	344,817	353,357	361,388
Equity	24,189	22,159	109	20,798	19,769	18,861

Financial ratios

Pre-tax profit as a pct. of average equity	11.5	8.1	-	6.5	6.0	7.8
Net profit as a percentage of average equity	8.8	6.3	-	5.1	4.7	6.1
Expenses as a percentage of income	14.3	21.1	-	22.1	17.3	17.4
Capital ratio (%)	27.5	28.3	-	26.8	25.4	23.1
Common Equity Tier 1 capital ratio (CET1 %)	27.5	28.3	-	26.8	25.4	23.1
Individual solvency requirement (%)	9.9	9.7	-	10.0	10.0	10.1
Capital base (DKKm)	24,053	22,096	-	20,769	19,743	18,811
Weighted risk exposure (DKKm)	87,469	78,193	-	77,621	77,787	81,321
No. of employees at year-end	27	25	-	25	25	23
No. of employees split between the companies, at year-end ¹	725	594	-	561	496	474
No. of employees split between the companies converted to full-time equivalent	253	239	-	238	201	198

¹ Employees split between the companies are included in the number of employees stated in the Annual Report of Jyske Bank A/S, and their salaries are paid through Jyske Bank A/S. Jyske Realkredit A/S pays this expense for employees split between the companies through a service agreement with Jyske Bank A/S, and it is recognised under the item 'Core expenses'.

Financial Highlights, cont.

Core profit and net profit for the year, DKKm

	2023	2022	Index 23/22	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Administration margin income, etc.	2,496	2,356	106	627	617	624	628	600
Other net interest income	795	160	497	249	240	166	140	108
Net fee and commission income, etc.	-556	-653	85	-133	-158	-115	-150	-190
Value adjustments, etc.	370	2	18,500	143	76	64	87	88
Other income	0	0	0	0	-	-	-	0
Core income	3,106	1,865	167	886	775	739	704	606
Core expenses	445	394	113	113	110	116	106	98
Core profit before loan impairment charges	2,661	1,471	181	774	665	624	598	508
Loan impairment charges, etc. (- is income)	-12	-272	4	11	14	9	-46	-167
Core profit/Pre-tax profit	2,673	1,743	153	763	651	614	645	675
Tax	643	383	168	162	164	154	163	148
Profit for the year	2,030	1,361	149	601	487	460	482	527

Summary of Balance Sheet, end of period, DKKm

	2023	2022	Index 23/22	31 Dec. 2023	30 Sept. 2023	30 June 2023	31 March 2023	31 Dec. 2022
Assets / equity and liabilities	383,021	359,621	107	383,021	369,195	366,756	367,725	359,621
Mortgage loans, nominal value	373,677	365,595	102	373,677	370,315	369,402	367,293	365,595
Loans, fair value	352,663	333,728	106	352,663	337,614	337,960	338,214	333,728
Issued bonds, fair value	351,790	329,529	107	351,790	338,315	337,068	338,018	329,529
Equity	24,189	22,159	109	24,189	23,587	23,100	22,640	22,159