

Preliminary Announcement of Financial Statements 2022

Summary

- Pre-tax profit: DKK 1,743m (2021: DKK 1,311m) corresponding to a return of 8.1% on average equity (2021: 6.5%).
- Net profit for the year: DKK 1,361m (2021: DKK 1,028m) corresponding to a return of 6.3% on average equity (2021: 5.1%).
- Core expenses: DKK 394m (2021: DKK 389m).
- Impairment charges affected core profit by an income of DKK 272m (2021: an expense of DKK 64m).
- The portfolio at nominal value amounted to DKK 366 bn (2021: DKK 339 bn) and at fair value to DKK to DKK 334 bn (2021: 341 bn.).
- At the end of 2022, the capital ratio and the core capital ratio amounted to 28.3% (end of 2021: 26.8%).
- On 1 December 2022, Jyske Realkredit acquired mortgage loans in the amount of DKK 24.3 bn from Svenska Handelsbanken (Stadshypotek), which under Danish mortgage law could be funded through the issue of mortgage bonds.

Comments by Management

In connection with the presentation of the Annual Report 2022, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

'Today Jyske Realkredit announces a profit of DKK 1,361m. This profit is considered satisfactory and somewhat better than expected in the Annual Report for 2021 as published in February 2022. Relative to 2021, the profit increased by DKK 333m or 32%.

The impairment charges recognised previously relating to covid-19 were reversed in 2022 in an amount of DKK 515m as the uncertainty relating to covid-19 is now considered limited. Rising interest rates and inflation as well as the war in Ukraine have resulted in further uncertainty as to the development of the Danish economy and future property values. In the light of this, Jyske Realkredit has raised other management's estimates of impairment charges by DKK 420m.

On 1 December 2022, Jyske Realkredit took over loans in the amount of DKK 24.3 bn in connection with the Jyske Bank Group's acquisition of Handelsbanken's activities in Denmark. The takeover was funded through issues of RO and SDO mortgage bonds. The transaction did not necessitate an increase of the capital base of Jyske Realkredit.

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

In 2022, the property market was characterised by falling activity, and at the end of 2022, it was at the lowest level in several years. Determined at nominal value, Jyske Realkredit's loans rose in 2022 by DKK 26.6 bn of which DKK 24.3 bn related to the acquisition of loans from Handelsbanken. Hence nominal loans amounted to DKK 365.6 bn at the end of 2022. Determined at fair value, the loans fell by DKK 7.2 bn, caused by falling prices of the mortgage bonds (interest rate increases) that are used for the valuation of the mortgage loans. Hence loans at fair value amounted to DKK 333.7 bn at the end of 2022.

Capital

At Jyske Realkredit's Annual General Meeting on 21 March 2022, it was decided to reduce the company's nominal share capital by DKK 3.8 bn through a provision for a special reserve (distributable reserve). Hence Jyske Realkredit's total equity was not affected by the reduction of the nominal share capital, which after the change amounts to DKK 0.5 bn.

Jyske Realkredit's capital base is solid with a capital ratio of 28.3% at the end of 2022 and a capital buffer of DKK 9.8 bn. It is assessed that the current financial resources can withstand even severe scenarios.

Other remarks

In the financial statements and on www.jyskerealkredit.com, a breakdown of loans by Energy Performance Certificate, the estimated CO2 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 its Annual Report 2021, Jyske Realkredit was the first credit institution in Denmark to have these data audited. Hence, the increasing internal and external documentation requirements of the sustainability of the investments will be eased. 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.

Jyske Realkredit endeavours continuously to be at the forefront when it comes to transparency about sustainability data. In consequence of this, Jyske Realkredit expanded in 2022 its Sustainable Transparency Template so it now also includes data, for instance on CO2 emissions at a level corresponding to each bond.

The digitization journey continues at Jyske Realkredit with continued improvements of the part of Jyske Bank's Digital Relationship Bank relating to mortgage loans. Now, a functionality has been added relating to application for additional loans, and the financing proposals in the 'Bedste Lån' app have been integrated in Jyske Bank's Digital Relationship Bank.

Outlook

Jyske Realkredit anticipates a profit in the range of DKK 1.5 bn to 1.7 bn in 2023. The increase relative to the realised profit for 2022 can be attributed to expectations of a higher return on the portfolio of securities due to rising interest rates. In addition, the takeover of loans from Handelsbanken is expected to have a positive effect on the profit for 2023.

The largest element of uncertainty relating to profit expectations for 2023 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 29 March 2023.

Financial calendar

Jyske Realkredit anticipates releasing financial statements on the following dates in 2023:

2 May	Interim Financial Report, first quarter of 2023
15 August	Interim Financial Report, first half of 2023
31 October	Interim Financial Report, first nine months of 2023

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

	2022	2021	Index 22/21	2020	2019	2018
Administration margin income, etc. ¹	2,356	2,343	101	2,332	2,334	1,896
Other net interest income	160	15	1,067	36	58	77
Net fee and commission income, etc. ¹	-653	-706	92	-603	-641	256
Value adjustments, etc.	2	107	2	218	6	-84
Other income	0	5	0	14	22	216
Core income	1,865	1,764	106	1,997	1,778	2,361
Core expenses ¹	394	389	101	345	310	730
Core profit before loan impairment charges	1,471	1,375	107	1,652	1,468	1,631
Loan impairment charges (- is income)	-272	64	-	485	35	-38
Core profit/ Profit before IFRS 9 implementation	1,743	1,311	133	1,168	1,434	1,669
IFRS 9-derived adjustment of impairment charges, beginning of 2018	-	-	-	-	-	407
Pre-tax profit	1,743	1,311	133	1,168	1,434	1,262
Tax	383	283	135	259	316	263
Profit for the year	1,361	1,028	132	908	1,117	999

¹ New intra-group agreements on distribution fees as well as intra-group costs for Jyske Bank affected the items: administration margin income, etc., net fee and commission income, etc. as well as core expenses as of 2019.

Summary of Balance Sheet, end of period, DKKm

Mortgage loans, nominal value	365,595	338,965	108	334,168	329,043	319,454
Mortgage loans, fair value	333,728	340,969	98	344,965	338,666	327,403
Bonds and shares, etc.	12,728	15,960	79	17,533	18,565	18,593
Total assets	359,621	369,035	97	377,132	384,899	353,280
Issued bonds, fair value	329,529	344,817	96	353,357	361,388	332,955
Equity	22,159	20,798	107	19,769	18,861	17,744

Financial ratios and key figures

Pre-tax profit as a pct. of average equity	8.1	6.5	-	6.0	7.8	7.5
Net profit as a percentage of average equity	6.3	5.1	-	4.7	6.1	6.0
Expenses as a percentage of income	21.1	22.1	-	17.3	17.4	31.0
Capital ratio (%)	28.3	26.8	-	25.4	23.1	22.1
Common Equity Tier 1 capital ratio (CET1) (%)	28.3	26.8	-	25.4	23.1	22.1
Individual solvency requirement (%)	9.7	10.0	-	10.0	10.1	9.7
Capital base (DKKm)	22,096	20,769	-	19,743	18,811	17,687
Weighted risk exposure (DKKm)	78,193	77,621	-	77,787	81,321	79,976
No. of employees at year-end	25	25	-	25	23	28
No. of employees split between the companies, at year-end ¹	594	561	-	496	474	358
No. of employees split between the companies converted to full-time equivalent	239	238	-	201	198	183

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

	2022	2021	Index 22/21	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Administration margin income, etc.	2,356	2,343	101	600	581	587	588	590
Other net interest income	160	15	1,067	108	33	21	-2	3
Net fee and commission income, etc.	-653	-706	92	-190	-194	-148	-121	-172
Value adjustments, etc.	2	107	2	88	-10	-67	-9	34
Other income	0	5	0	0	-	-	-	0
Core income	1,865	1,764	106	606	410	393	456	456
Core expenses	394	389	101	98	96	100	100	99
Core profit before loan impairment charges	1,471	1,375	107	508	314	293	356	357
Loan impairment charges, etc. (- is income)	-272	64	-	-167	-12	-56	-37	-49
Core profit/Pre-tax profit	1,743	1,311	133	675	326	349	393	407
Tax	383	283	135	148	72	76	86	89
Profit for the year	1,361	1,028	132	527	254	273	307	317

Summary of Balance Sheet, end of period, DKKm

	2022	2021	Index 22/21	31 Dec. 2022	30 Sept. 2022	30 June 2022	31 March 2022	31 Dec. 2021
Assets / equity and liabilities	359,621	369,035	97	359,621	332,720	341,825	357,414	369,035
Mortgage loans, nominal value	365,595	338,965	108	365,595	342,625	343,972	341,208	338,965
Loans, fair value	333,728	340,969	98	333,728	304,537	319,097	329,534	340,969
Issued bonds, fair value	329,529	344,817	96	329,529	304,458	315,462	331,008	344,817
Equity	22,159	20,798	107	22,159	21,631	21,377	21,104	20,798