

8 May 2019

Adequate capital base for Jyske Realkredit A/S for Q1 2019

To comply with the requirement of quarterly publication of the adequate capital base for Jyske Realkredit A/S, a separate document regarding the solvency need situation has been prepared as a supplement to the publication of the interim report for Q1 2019.

The determination of the adequate capital base for Jyske Realkredit A/S takes place according to the 8+ method based on the capital base requirement of 8% of the total risk-weighted exposure amount with additions to cover further risks that are assessed not to be covered by the capital base requirement. These may be risks that are assessed not to be covered by the capital base requirement or risks that are assessed to above normal in relation to the capital base requirement for the risk type on question.

When assessing the adequate capital base, all circumstances as mentioned in appendix 1 in the Executive Order on Calculation of Risk Exposures, Own Funds and Solvency Need are included. Based on Jyske Realkredit A/S's business model and risk profile, the importance of the individual circumstances on Jyske Realkredit A/S' capital structure is assessed, and for important circumstances, the size of the capital addition is quantified based on the guidelines in the instructions on adequate capital base and solvency requirements.

Credit risks

Jyske Realkredit A/S has assumed credit risks necessitating separate additions for the capital base requirement for credit risk. These additions cover

- credit risk for large clients with financial problems,
- credit risk for weak clients in the remaining credit portfolio,
- credit risk concentration on individual exposures and sectors,
- model uncertainty.

Market risks

Jyske Realkredit A/S has market risks necessitating a separate addition for the capital base requirement for market risk.

Operational risks

Jyske Realkredit A/S has operational risks necessitating a separate addition for the capital base requirement for operational risk.

Other risks

Jyske Realkredit A/S has no other risks, including the risk of low earnings, lending growth, liquidity risk and re-financing risk that will necessitate separate initiatives.

Capital requirement

The capital requirement for Jyske Realkredit A/S amounts to DKK 7.9bn at Q1 2019, corresponding to a capital requirement ratio of 9.9 %. The statutory buffers currently comprise the SIFI buffer, the capital conservation buffer and the countercyclical buffer of respectively 1.5 %, 2.5 % and 0.5 % of the total risk exposure amount. The adequate capital base including the statutory buffers thus amounts to 14.4 per cent of the total risk exposure amount.

The capital base for Jyske Realkredit A/S amounts to DKK 18.0bn at Q1 2019, corresponding to a capital ratio of 22.4 %.

Adequate capital base and solvency requirement for Jyske Realkredit A/S ¹				
DKKm	Q1 2019	% of REA	Q4 2018	% of REA
Credit risk	7,461	9.3	7,352	9.2
Market risk	115	0.1	90	0.1
Operational risk	341	0.4	334	0.4
Other	0	0.0	0	0.0
Total	7,917	9.9	7,776	9.7

¹ REA is an abbreviation of Risk Exposure Amount and was previously referred to as RWA (Risk-Weighted Assets).