



Interim Financial Report, First Quarter of 2020

Interim Financial Report, First Quarter of 2020

Management's Review

- 3 Financial Highlights
- 4 Summary
- 5 Financial Review
- 9 Capital
- 17 Other Information

Interim Financial Statements

- 18 Income Statement and Statement of Comprehensive Income
- 19 Balance Sheet
- 20 Statement of Changes in Equity
- 20 Capital Statement
- 21 Notes

Statement by the Executive and Supervisory Boards

- 28 Statement by the Executive and Supervisory Boards

Jyske Realkredit A/S
Klampenborgvej 205
DK-2800 Kgs. Lyngby
Telephone: +45 89 89 77 77
www.jyskerealkredit.dk
Business Reg. No. (CVR): 13409838

Financial Highlights

Core profit and net profit for the period, DKKm

	Index			Full year					
	Q1 2020	Q1 2019	20/19	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
Administration margin income, etc.	586	576	102	586	590	586	582	576	2,334
Other net interest income	6	12	50	6	16	9	21	12	58
Net fee and commission income, etc.	-119	-132	90	-119	-145	-199	-166	-132	-641
Value adjustments, etc. (- is an expense)	4	26	15	4	-21	-23	24	26	6
Other income	-	-	-	-	3	18	1	-	22
Core income	477	482	99	477	443	391	462	482	1,778
Core expenses	87	79	110	87	76	76	78	79	310
Core profit before loan impairment charges	390	403	97	390	366	315	384	403	1,468
Loan impairment charges (- is income)	485	-26	-	485	40	-22	43	-26	35
Core profit/Pre-tax profit	-95	429	-	-95	326	337	341	429	1,434
Tax (- is income)	-21	93	-	-21	73	74	76	93	316
Net profit for the period	-74	336	-	-74	253	263	265	336	1,117

Summary of Balance Sheet, end of period, DKKm

Mortgage loans, fair value	337,693	334,379	101	337,693	338,666	339,778	338,067	334,379	338,666
Bonds and shares	17,414	19,963	87	17,414	18,565	18,954	28,418	19,963	18,565
Total assets	376,685	363,847	104	376,685	384,899	391,582	380,237	363,847	384,899
Issued bonds, fair value	352,402	342,341	103	352,402	361,388	367,591	358,435	342,341	361,388
Equity	18,787	18,079	104	18,787	18,861	18,608	18,345	18,079	18,861

Financial ratios and key figures

Pre-tax profit p.a. as a percentage of average equity	-2.0	9.6	-	-2.0	7.0	7.3	7.5	9.6	7.8
Profit for the period p.a. as a pct. of average equity	-1.6	7.5	-	-1.6	5.4	5.7	5.8	7.5	6.1
Expenses as a percentage of income	18.2	16.4	-	18.2	17.4	19.4	16.9	16.4	17.4
Capital ratio (%)	23.3	22.4	-	23.3	23.1	22.2	21.9	22.4	23.1
Common Equity Tier 1 capital ratio (CET1 %)	23.3	22.4	-	23.3	23.1	22.2	21.9	22.4	23.1
Individual solvency requirement (%)	10.0	9.9	-	10.0	10.1	9.9	9.8	9.9	10.1
Capital base (DKKm)	18,720	18,014	-	18,720	18,811	18,547	18,274	18,014	18,811
Weighted risk exposure (DKKm)	80,393	80,314	-	80,393	81,321	83,432	83,409	80,314	81,321
No. of full-time employees at end-period	27	28	-	27	23	25	28	28	23
No. of employees split between the companies, at end-period ¹	481	362	-	481	474	383	375	362	474

¹ Employees split between the companies are included in the number of employees stated in the interim financial report for 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'.

Summary

In connection with the presentation of the Interim Financial Report of the first quarter of 2020, Carsten Tirsbæk Madsen, CEO, states:

“The first quarter of 2020 was to a great extent affected by the outbreak of COVID-19. The macroeconomic outlook has worsened, resulting in greater uncertainty and, among other things, significant fluctuations in the financial markets.”

Net profit for the period

Net profit for the period came to DKK -74m, corresponding to a return on equity of -1.6% p.a. The profit is adversely affected by management's estimates relating to impairment charges in the amount of DKK 400m due to the possible effects from the Covid-19 situation on the loan portfolio.

In the first quarter, net interest income fell slightly, mainly caused by the fact that clients remortgaged, switching from floating-rate to fixed-rate products, where the administration margin / risk is lower.

In the first quarter of 2020, core expenses rose relative to the same period of 2019. The increase can be attributed to higher expenses relating to the intra-group service agreement, among other things due to more employees being allocated to Jyske Realkredit.

In the first quarter of 2020, the nominal loan portfolio grew by DKK 3 bn, which is in line with the level in 2019. The development of the loan portfolio for the rest of 2020 is uncertain as this can be affected by the Covid-19 situation.

The capital base of Jyske Realkredit is solid with a capital and Tier 1 Capital ratio of 23.3%.

Capital

At the end of the first quarter of 2020, Jyske Bank had a capital buffer of DKK 7.5 bn. It is still expected that the current financial resources can withstand even severe scenarios.

The lower countercyclical buffer reduces the company's need to issue new senior debt. On an ongoing basis, Jyske Realkredit assesses the need for issues subject to regulatory issues and market conditions.

Outlook

Jyske Realkredit anticipates that the economic activity level in Denmark will fall significantly in 2020.

It is expected that core profit before impairment charges will be realised at a slightly lower level than that for 2019. It is expected that the individual loan impairment charges will be at a higher level in 2020 with a gradual increase over the year against a decline in the balance of the management's estimate as from the first quarter.

Financial Review

Net profit for the period

In the first quarter of 2020, Jyske Realkredit generated a pre-tax profit of DKK -95m compared to DKK 429m in the first quarter of 2019. The profit for the first quarter of 2020 was adversely affected by impairment charges in the amount of DKK 400m relating to the expected impact on the loan portfolio from the Covid-19 situation. Calculated tax amounted to an income of DKK 21m (first quarter of 2019: an expense of DKK 93m), and therefore the profit for the period came to DKK -74m (first quarter of 2019: DKK 336m) corresponding to a return of -1.6% p.a. on average equity (first quarter of 2019: 7.5% p.a.).

Core profit and net profit for the period, DKKm

	Q1 2020	Q1 2019	Index 20/19	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Full year 2019
Administration margin income, etc.	586	576	102	586	590	586	582	576	2,334
Other net interest income	6	12	50	6	16	9	21	12	58
Net fee and commission income, etc.	-119	-132	90	-119	-145	-199	-166	-132	-641
Value adjustments, etc. (- is an expense)	4	26	15	4	-21	-23	24	26	6
Other income	-	-	-	-	3	18	1	-	22
Core income	477	482	99	477	443	391	462	482	1,778
Core expenses	87	79	110	87	76	76	78	79	310
Core profit before loan impairment charges	390	403	97	390	366	315	384	403	1,468
Loan impairment charges and provisions for guarantees (- is income)	485	-26	-	485	40	-22	43	-26	35
Core profit/Pre-tax profit	-95	429	-	-95	326	337	341	429	1,434
Tax	-21	93	-	-21	73	74	76	93	316
Net profit for the period	-74	336	-	-74	253	263	265	336	1,117

Core income

Core income consisting primarily of administration margin income, etc. as well as brokerage and fee income from mortgage activities amounted to DKK 477m in the first quarter of 2020 against DKK 482m in the first quarter of 2019.

Administration margin income, etc. for the first quarter of 2020 amounted to DKK 586m against DKK 576m for the corresponding period of 2019, i.e. an increase by 2%. Mortgage loans stated at nominal value grew by 3% over the same period. Recent quarters were affected by a high remortgaging activity both in relation to personal and corporate clients. Quite a number of personal clients remortgaged, switching from floating-rate to fixed-rate products, where the administration margin/risk is lower, which resulted in a small decline in the average administration margin rate.

Other net interest income consists of interest on the portfolio of securities as well as various interest income and amounted to an income of DKK 6m in the first quarter of 2020 against an income of DKK 12m in the first quarter of 2019. The decline by DKK 6m can primarily be attributed to a lower interest yield on the portfolio of securities.

Net fee and commission income, etc. amounted to an expense of DKK 119m in the first quarter of 2020 against an expense of DKK 132m in the first quarter of 2019. The difference can primarily be attributed to the distribution fee agreement relating to mortgage loans, etc. to Jyske Bank, which after set off of recognised losses amounted to DKK 271m for the first quarter of 2020 against DKK 217m for the first quarter of 2019. On the other hand, net fee and commission income rose to DKK 152m in the first quarter of 2020 against DKK 85m in the first quarter of 2019, which can be attributed to the fact that the high remortgaging activity in the second half of 2019 continued into the first quarter of 2020, albeit to a lesser degree.

Value adjustments etc. amounted to an income of DKK 4m in the first quarter of 2020 against an income of DKK 26m in the first quarter of 2019. The decline in the first quarter of 2020 can primarily be attributed to the negative return on the fixed portfolio of securities, which consists chiefly of bonds.

Core expenses

Core expenses amounted to DKK 87m in the first quarter of 2020 against DKK 79m for the same period of 2019. The increase can be attributed to higher expenses relating to the intra-group service agreement, among other things due to more employees being allocated to Jyske Realkredit.

For the first quarter of 2020, core profit before loan impairment charges amounted to DKK 390m against DKK 403m in the first quarter of 2019.

Impairment charges

Loan impairment charges amounted to an expense of DKK 485m in the first quarter of 2020 against an income of DKK 26m in the first quarter of 2019. Of the impairment charges in the first quarter of 2020, DKK 400m can be attributed to a management's estimate for the impact of Covid-19 on the loan portfolio. The management's estimate is based on various assumptions about the development of the Covid-19 situation and its impact on the company's loan portfolio, including the experience from the financial crisis. In addition, in the first quarter of 2020, additional impairment charges of DKK 40m were recognised relating to the company's models for calculation of losses on private properties.

Relative to total loans, the effect from the impairment charges on the income statement amounted to 0.14% in the first quarter of 2020 against -0.01% in the first quarter of 2019.

Jyske Realkredit's holding of assets held temporarily amounted to DKK 93m as at 31 March 2020 against DKK 107m at the end of 2019.

Jyske Realkredit had no exposures after deductions that accounted for more than 10% of the capital base. The concentration risk is followed closely and all large exposures are monitored on an on-going basis.

The total balance of impairment charges amounted to DKK 1,769m at the end of March 2020 (end of 2019: DKK 1,330m) corresponding to 0.5% of total loans, which is an increase by 0.1 percentage point relative to the level at the end of 2019.

Loans, advances and guarantees, DKKm

	Q1 2020	Q1 2019	Index 20/19	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Full year 2019
Non-performing loans and guarantees:									
Loans, advances and guarantees before impairment charges	3,671	3,945	93	3,671	3,888	3,950	4,028	3,945	3,888
Impairment charges	523	413	127	523	457	462	463	413	457
Loans, advances and guarantees after impairment charges	3,148	3,532	89	3,148	3,431	3,488	3,565	3,532	3,431
NPL ratio (%)	0.9	1.1	88	0.9	1.0	1.0	1.1	1.1	1.0
NPL contribution ratio (%)	14.2	10.5	136	14.2	11.8	11.7	11.5	10.5	11.8
Past due mortgage loans (90 days)	461	428	108	461	450	530	571	428	450
Operational loan impairment charges	485	-26	-	485	40	-22	43	-26	35
Operating losses	59	57	104	59	59	-8	40	57	148

Arrears rate

The arrears rate measured 90 days after the December 2019 repayment date amounted to 0.2%, which is the same level after the corresponding repayment date of the previous year. The arrears rate measured 15 days after the March 2020 repayment date amounted to 0.9% against 1.0% after the March 2019 repayment date.

Arrears rate						
	March 2020	December 2019	September 2019	June 2019	March 2019	December 2018
After 90 days		0.2	0.2	0.2	0.3	0.2
After 15 days	0.9	0.8	0.8	0.9	1.0	0.7

The first quarter of 2020 compared to the fourth quarter of 2019

The profit before tax for the first quarter of 2020 amounted to DKK -95m against DKK 326m for the fourth quarter of 2019. The difference of DKK 421m can chiefly be attributed to the impairment charge in the amount of DKK 400m relating to Covid-19.

Administration margin income etc. fell from DKK 590m in the fourth quarter to DKK 586m in the first quarter of 2020. The decline can chiefly be attributed to personal clients' remortgaging of floating-rate products to fixed-rate products, on which the administration margin/risk is lower.

Other net interest income amounted to DKK 6m in the first quarter of 2020 against DKK 16m in the fourth quarter of 2019. The decline can primarily be attributed to the lower interest yield on temporary portfolios of securities due to the lower remortgaging activity.

Net fee and commission income, etc. amounted to an expense of DKK 119m in the first quarter of 2020 against an expense of DKK 145m in the fourth quarter of 2019. Distribution fees to Jyske Bank amounted to DKK 271m in the first quarter of 2020 against DKK 311m in the fourth quarter of 2019. The decline in the distribution fee paid to Jyske Bank can primarily be attributed to the lower fee income from the remortgaging activity in the first quarter of 2020 as well higher recognised losses in the first quarter of 2020, which can be offset against the distribution fee. Other Net fee and commission income fell from an income of DKK 166m in the fourth quarter of 2019 to an income of DKK 152m in the first quarter of 2020. The decline can be attributed to the slightly lower remortgaging activity in the first quarter of 2020.

Value adjustments amounted to an income of DKK 4m in the first quarter of 2020 against a loss of DKK 21m in the fourth quarter of 2019. The increase can primarily be attributed to positive value adjustments on bonds relating to core operations.

No other income, etc. was recognised in the first quarter of 2020 against DKK 3m in the fourth quarter of 2019.

Core expenses amounted to DKK 87m in the first quarter of 2020 against DKK 76m in the fourth quarter of 2019. The increase can be attributed to higher expenses relating to the intra-group service agreement, among other things due to the higher number of employees split between the companies allocated to Jyske Realkredit.

Losses and impairment charges amounted to an expense of DKK 485m in the first quarter of 2020 against an expense of DKK 40m in the fourth quarter of 2019. The difference can chiefly be attributed to the impairment charge in the amount of DKK 400m relating to Covid-19.

Balance Sheet

At the end of the first quarter of 2020, Jyske Realkredit's balance sheet amounted to DKK 377 bn (DKK 385 bn at the end of 2019).

Loans at fair value fell from DKK 338.7 bn at the end of 2019 to DKK 337.7 bn at the end of the first quarter of 2020, corresponding to 0.2%. In actual fact, the loan portfolio increased as bond prices fell over the period. Hence the nominal mortgage loans increased from DKK 329.0 bn to DKK 332.2 bn, corresponding to an increase by 1.0%. This increase can primarily be attributed to the corporate client area.

Equity was affected by the profit for the period by DKK -74m and amounted to DKK 18,787m at the end of the first quarter of 2020 (DKK 18,861m at the end of 2019).

Summary of Balance Sheet, end of period, DKKm

	31 March 2020	31 March 2019	Index 20/19	31 March 2020	31 Dec. 2019	30 Sept. 2019	30 June 2019	31 March 2019
Assets / equity and liabilities	376,685	363,847	104	376,685	384,899	391,582	380,237	363,847
Mortgage loans, nominal value	332,233	322,971	103	332,233	329,043	326,132	324,513	322,971
Loans and advances at fair value	337,693	334,379	101	337,693	338,666	339,778	338,067	334,379
Issued bonds, fair value	352,402	342,341	103	352,402	361,388	367,591	358,435	342,341
Equity	18,787	18,079	104	18,787	18,861	18,608	18,345	18,079

Capital

Capital management

Jyske Realkredit's capital management takes place with a view to ensuring mortgage activities on the basis of the strategy defined by the Supervisory Board. Jyske Realkredit's desired risk profile aims to reach a solvency ratio sufficient for Jyske Realkredit to continue its lending activities during a period of difficult business conditions. The available capital must be such that regulatory and internal capital requirements are met during such a period, and it must be possible for Jyske Realkredit to weather heavy unexpected losses.

Capital base

Jyske Realkredit's capital base amounts to DKK 18.7 bn (at the end of 2019: DKK 18.8 bn) and consists solely of Common Equity Tier 1, i.e. paid-up equity as well as retained profits. Hence, Jyske Realkredit's capital base does not include any loan capital, which is in line with Jyske Realkredit's wish to have a high quality of its capital base.

Capital requirement

The regulatory capital requirement (Tier I) is based on the measurement of the risk exposure for the risk types credit, market and operational risk, for which various methods of accounting can be applied. As regards the majority of Jyske Realkredit's loan portfolio, Jyske Realkredit has obtained permission to use internally developed risk models (AIRB) for the determination of the credit risk, whereas the standardised approach is used for the remaining loans. When determining market risk and operational risk, the standardised approach is applied to the two risk types.

At the end of the first quarter of 2020, the capital ratio at 23.3% was higher than the ratio at the end of 2019 (23.1%) and constituted therefore a solid level relative to Jyske Realkredit's long-term capital management objective of 20.0%. The capital ratio level is identical to the level of the Common Equity Tier 1 capital ratio and hence the core capital ratio.

Own funds, risk exposure and solvency

DKKm	31 March 2020	31 December 2019
Equity	18,787	18,861
Diff. between expected loss and impairment charges (deduction)	-	-23
Prudent valuation	-43	-23
Deferred tax assets	-25	-4
Common Equity Tier 1 capital / Core capital	18,720	18,811
Capital base	18,720	18,811
Credit risk	76,909	77,665
Market risk	20	20
Operational risk	3,464	3,636
Total risk exposure	80,393	81,321
Common Equity Tier 1 capital ratio (%)	23.3	23.1
Tier 1 Capital ratio (%)	23.3	23.1
Capital ratio (%)	23.3	23.1

ICAAP and individual solvency requirement

Jyske Realkredit's ICAAP (Internal Capital Adequacy Assessment Process) forms the basis of the assessment of Jyske Realkredit's capital structure and hence the determination of the company's adequate capital base as well as its individual solvency requirement. The assessment is based on the current relation between the company's risk profile and capital structure as well as forward-looking considerations that may affect this.

Adequate capital base

The determination of the adequate capital base (Pillar + Pillar II) for Jyske Realkredit takes place according to the 8+ method based on the capital requirement of 8% of the total risk exposure with additions to cover further risks that are assessed not to be covered by the capital requirement. These may be either risks that are assessed not to be covered by the capital requirement or risks that are assessed to be above normal in relation to the capital requirement for the risk type in 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's business model and risk profile, the importance of the individual circumstances on Jyske Realkredit's capital structure is assessed. For

the circumstances that are assessed to be most material, the size of the capital addition is quantified, among other things based on the guidelines in the instructions on adequate capital base and solvency requirements.

At the end of the first quarter of 2020, Jyske Realkredit was exposed to credit risks, market risks and operational risks that necessitated a separate addition to the Pillar I capital requirement.

The adequate capital base for Jyske Realkredit amounted to DKK 8.0 bn at the end of the first quarter of 2020, corresponding to an individual solvency requirement of 10.0%, i.e. a decline by 0.1 percentage point relative to the end of 2019.

Buffer requirements and excess capital adequacy

The combined capital buffer requirement consists of the statutory buffers in the form of the systemic risk buffer, the capital conservation buffer as well as the countercyclical buffer. The two former have been fully phased in and amount to 1.5% and 2.5% of the total risk exposure amount, whereas the size of the countercyclical buffer depends on the economic trends. Currently the countercyclical buffer amounts to 0% of the total risk exposure due to the decision by the Minister for Industry, Business and Financial Affairs to release the requirement on 11 March 2020.

Hence, Jyske Realkredit's adequate capital base plus the combined capital buffer requirement amounts to DKK 11.2 bn, corresponding to an individual solvency requirement, inclusive of statutory buffers, of 14.0% of the total risk exposure amount. Given the capital base of DKK 18.7 bn, Jyske Realkredit's excess capital adequacy amounts to DKK 7.5 bn.

Adequate capital base, combined capital buffer requirement and excess capital adequacy

DKKm/% of REA	31 March 2020		31 December 2019	
Credit risk	6,153	7.6	6,213	7.6
Market risk	2	0.0	2	0.0
Operational risk	277	0.3	291	0.3
Capital requirement, Tier I	6,431	8.0	6,506	8.0
Credit risk	1,389	1.7	1,485	1.8
Market risk	144	0.2	144	0.2
Operational risk	60	0.1	60	0.1
Capital requirement, Pillar II	1,593	2.0	1,689	2.1
Adequate capital base	8,024	10.0	8,194	10.1
Capital conservation buffer	2,010	2.5	2,033	2.5
Systemic risk buffer	1,206	1.5	1,220	1.5
Countercyclical buffer	-	-	813	1.0
Combined capital buffer requirement	3,216	4.0	4,066	5.0
Adequate capital base, incl. combined capital buffer requirement	11,240	14.0	12,260	15.1
Excess capital adequacy	7,480	9.3	6,550	8.1

Debt buffer requirement

Mortgage credit institutions are exempt from the minimum requirement for own funds and eligible liabilities (MREL), but on the other hand, they must meet a debt buffer requirement, which - when fully phased in in 2020 - will amount to 2% of non-weighted loans. In addition to applying the unused part of the capital base, the debt buffer requirement can be met by issuing senior debt. Currently Jyske Realkredit has issued senior debt in the amount of DKK 750m, maturing in September 2024. At the end of the first quarter of 2020, the debt buffer requirement amounted to DKK 6.1 bn.

Jyske Realkredit is part of the Jyske Bank Group, which as a consolidated company has been appointed a systemically important financial institution (SIFI). For the Jyske Bank Group, a requirement must be set at the size of the Group's eligible liabilities at a consolidated level, where the debt buffer is set at a level, minimum 2%, to ensure that the overall requirement of the Group's debt buffer, capital base and eligible liabilities amount to at least 8% of the Group's total liabilities. The overall requirement must be met no later than 1 January 2022.

Leverage Ratio

The leverage ratio is defined as the ratio between Jyske Realkredit's core capital and total unweighted exposures (inclusive of items not recognised in the balance sheet) and must amount to at least 3%. The leverage ratio, which does not include the risk relating to the exposures, may be a significant limitation for an institution with a large proportion of

loans with a low risk weighting. At the end of the first quarter of 2020, the leverage ratio for Jyske Realkredit was 4.91% against 4.84% at the end of 2019.

Leverage ratio		
DKKm/%	31 March 2020	31 December 2019
Core capital	18,720	18,811
Total exposure value	380,921	389,003
Leverage ratio	4.91	4.84

Other capital requirements

In addition to the regulatory capital requirements, there are further requirements as to the size of Jyske Realkredit's capital in the form of the requirement from Standard & Poor's as to over-collateralisation (OC requirement) as well as the requirement as to supplementary collateral for covered bonds (SDO requirement).

To maintain the AAA rating for all Jyske Realkredit's capital centres (B, E and General Capital Centre), Jyske Realkredit must meet the overcollateralisation from Standard & Poor's. The individual capital centres must meet various requirements depending on the composition of the portfolios. At the end of the first quarter of 2020, the OC requirement amounted to DKK 11.5 bn against DKK 11.8 bn at the end of 2019 and can be met through liquid assets financed with both debt instruments and capital instruments.

Issue of covered bonds (SDO) for the financing of loans takes place in Jyske Realkredit via capital centres E and S. Loans based on the issue of covered bonds (SDO) must be monitored on an on-going basis to ensure that the LTV limit is complied with for each individual property. If the LTV limit is exceeded, for instance, due to a decline in the value of the property value, Jyske Realkredit must provide supplementary collateral. At the end of the first quarter of 2020, the SDO requirement amounted to DKK 5.4 bn against DKK 5.9 bn at the end of 2019.

Stress test and capital requirements

Jyske Realkredit performs a series of stress tests of the capital structure and overcollateralisation on the basis of various scenarios. Jyske Realkredit conducts stress tests according to internal scenarios as well as scenarios defined by the FSA. These stress tests analyse on a continuous basis the capital structure under an economic downturn involving steep value declines in the property markets. The stress tests must demonstrate that Jyske Realkredit's capital is in compliance with the capital requirements and the related capital buffers. Therefore Jyske Realkredit must maintain a level of capital somewhat in excess of the capital requirement plus capital buffers, otherwise the capital level would not suffice to meet the requirements of one of the demanding capital stress tests. The ongoing capital stress tests form a key part of Jyske Realkredit's capital planning and form part of the Group's capital planning. The stress tests conducted show that the capital structures are robust.

Loan mix

The continued progress in the property market has affected the development of the total mortgage loans granted by Jyske Realkredit, which at the end of first quarter of 2020 amounted to nominally DKK 332 bn against DKK 329 bn at the end of 2019. Jyske Realkredit's loans to the private market - owner-occupied homes and vacation homes - fell by DKK 1 bn to a total of DKK 175 bn. In respect of the commercial market, inclusive of loans for subsidised housing, loans rose by DKK 4 bn to a total of DKK 157 bn.

Breakdown of loans by property category (%)

	31 March 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016
Personal clients	52.5	53.1	53.4	53.5	51.8
- of which owner-occupied homes	50.1	50.7	50.8	51.0	49.3
- of which vacation homes	2.5	2.5	2.5	2.5	2.5
Corporate clients	47.5	46.9	46.6	46.5	48.2
- of which subsidised housing	14.7	14.8	15.4	16.2	17.4
- of which private rental properties (rental housing)	15.3	14.7	13.6	12.1	11.7
- of which cooperative housing	4.2	4.3	4.9	5.2	5.5
- of which office and commercial properties	10.6	10.6	10.7	11.2	11.7

Private rental properties (rental housing) account for a still increasing proportion of the total loan portfolio, whereas loans for the private market continued the downward trend, but it still accounts for more than 50% of the total loans. On the whole, about 87% of Jyske Realkredit's loan portfolio still consists of properties for residential purposes.

Breakdown of loans by loan type (%)

	31 March 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016
Adjustable-rate loans	52.1	52.7	53.2	54.7	59.7
- without interest-only option	25.2	25.2	23.4	22.7	25.6
- with interest-only option	26.8	27.5	29.8	32.0	34.1
Fixed-rate loans	34.2	33.2	31.4	31.6	30.9
- without interest-only option	25.8	25.3	24.5	25.3	26.1
- with interest-only option	8.4	7.8	6.9	6.3	4.8
Capped-rate mortgages, etc.	10.9	11.3	12.3	10.3	5.3
- without interest-only option	4.6	4.8	5.4	4.4	2.0
- with interest-only option	6.3	6.5	7.0	5.9	3.3
Other loans, including index-linked loans	2.8	2.9	3.1	3.5	4.1
Mortgage loans, total	100.0	100.0	100.0	100.0	100.0
- without interest-only option	58.5	58.2	56.3	55.8	57.8
- with interest-only option	41.5	41.8	43.7	44.2	42.2

The trend in recent years towards interest-rate hedging in the form of rising proportions for fixed-rate loans continues in 2020. The same applies to loans without interest-only options, as until the current crisis it was a widespread practice to apply the low interest rates for repayment of the loans. It is to be expected that interest-only options will again be in demand by Jyske Realkredit's clients.

Average loan-to-value ratio by property category

	31 March 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016
Personal clients	61.1	61.3	61.9	63.4	64.0
- of which owner-occupied homes	61.5	61.6	62.2	63.8	64.3
- of which vacation homes	53.3	53.8	53.9	56.2	58.0
Corporate clients	56.5	57.4	58.9	61.4	64.5
- of which subsidised housing	25.2	27.2	31.5	43.0	44.7
- of which private rental properties (rental housing)	61.5	62.6	64.2	66.3	70.1
- of which cooperative housing	52.0	53.0	54.4	59.2	61.9
- of which office and commercial properties	54.1	54.7	55.8	58.7	61.7
Mortgage loans, total	53.9	54.6	56.0	59.4	60.7

From a credit perspective, the loan portfolio developed positively in the first quarter of 2020, and the level of security provided for the loans has increased. Since the end of 2016, the average loan-to-value ratio has fallen by almost three percentage points for loans financing owner-occupied homes.

Also within the corporate client segment, a significant decline has been seen in the average loan-to-value ratio. However, the development within subsidised housing can be attributed to the on-going transfer of loans to the government-guaranteed Capital Centre S.

If the current crisis has an impact on housing prices, the average loan-to-value ratio will increase. During the financial crisis in 2008-2010, Jyske Realkredit saw increases in the average loan-to-value ratio by just above 10 percentage points for the property categories affected most.

Liquidity Coverage Ratio (LCR)

In connection with the determination and compliance with the LCR requirement, Jyske Realkredit has been allowed to offset interdependent incoming and outgoing cash flows related to mortgage loans, cf. Article 26 of the LCR regulation. This permission came with a specific liquidity floor requirement of 2.5% of the total mortgage loans stipulated by the FSA.

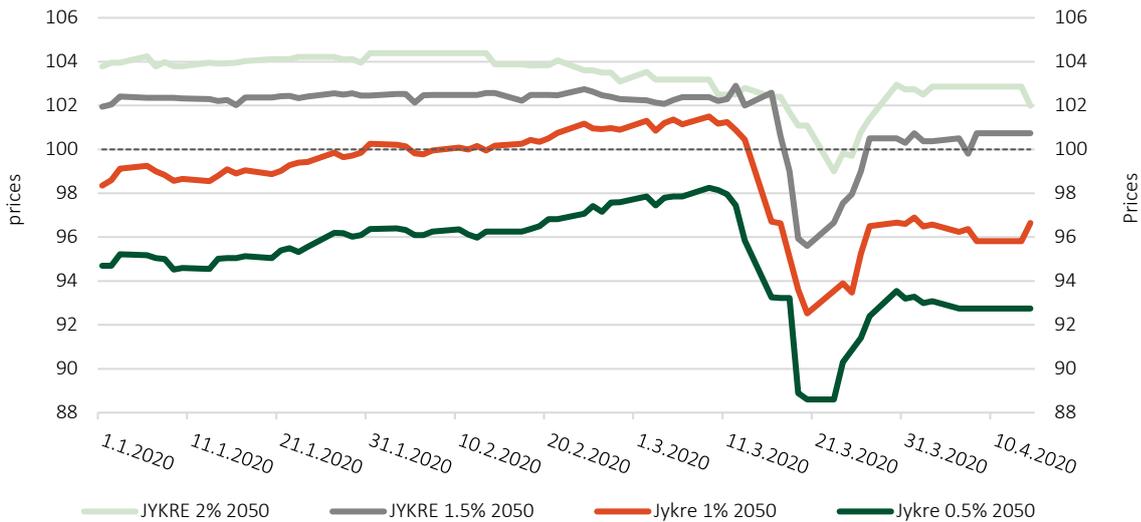
The binding requirement for Jyske Realkredit's holding of liquid assets originates from the LCR floor requirement of 2.5% of total mortgage loans, which at the end of the first quarter of 2020 corresponded to DKK 8.4 bn (DKK 8.3 bn at the end of the first quarter of 2019). Jyske Realkredit had unencumbered liquid assets in the amount of DKK 17.1 bn at the end of the first quarter of 2020 (DKK 10.7 bn at the end of the first quarter of 2019) and hence a significant liquidity surplus relative to the LCR floor requirement.

Jyske Realkredit's HQLA (high-quality liquid assets) is primarily made up by the bond portfolio. The Liquidity Coverage Ratio was calculated at 1,205% at the end of the first quarter of 2020 (could not be calculated at the end of the first quarter of 2019 due to a net outflow of 0).

Funding and refinancing

The past quarter has, due to the Covid-19 situation, seen wide fluctuations in bond prices - particularly in the price of 30-year callable bonds in mid-March 2020. On 13 March, the open 30-year bond with instalment payments had a coupon of 0.5%, while merely 10 days later, a 30-year callable bond with a 2% coupon was open for offers. Subsequently prices increased again, and the open 30-year bond with instalment payments for which offers were made, had in mid-April a coupon on 1%. Despite the wide fluctuations in bond prices due to the Covid-19 crisis, the Danish mortgage credit system once again demonstrated its strength, and each day it was possible to sell Danish mortgage credit bonds and hence secure new loans for borrowers.

Prices of certain 30-year bonds from Jyske Realkredit

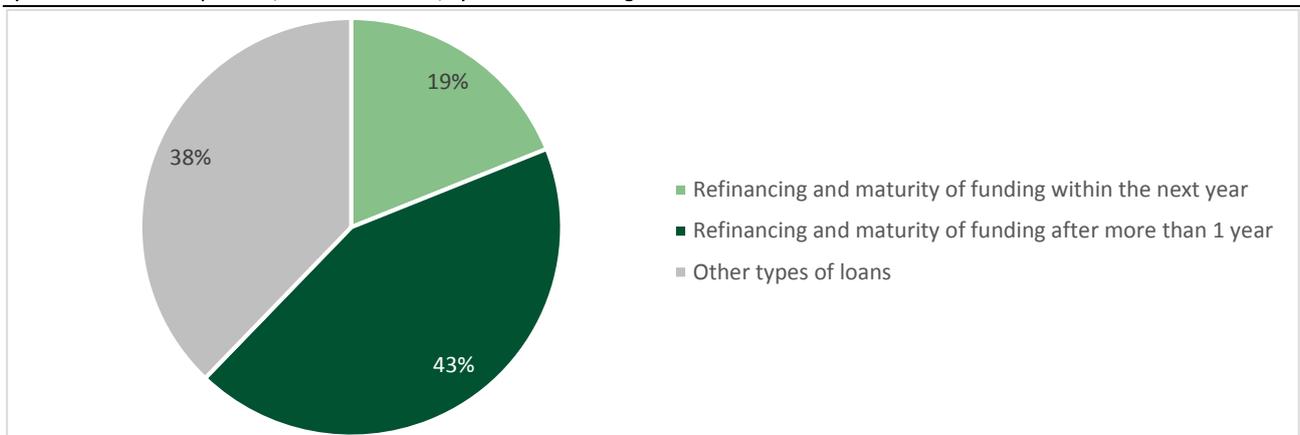


Source: Bloomberg

Due to the very low interest rates on long-term callable bonds, an increasing proportion of Jyske Realkredit’s personal clients choose to finance their properties with a loan at a fixed rate throughout the term of the loan. This helps to minimise the refinancing risk as callable bonds are not to be refinanced but will run throughout the term of the loan.

Over the remaining period of 2020, Jyske Realkredit will continue its efforts to reduce the refinancing risk. This takes place in consideration of the requirement that the individual series must be so large that, in respect of the liquidity buffer of the investors, they meet the LCR requirement (Liquidity Coverage Ratio).

Jyske Realkredit’s loan portfolio, on 31 March 2020, by time of refinancing



The information according to CRR Article 129(7) on covered bonds (SDO) - among other things, disclosure of the value of the cover pool and outstanding covered bonds (SDO), geographical distribution and type of covered assets, maturity structure and loans more than 90 days past due - will be disclosed in an ECBC label template quarterly simultaneously with interim and annual reports. Please see jyskerealkredit.dk.

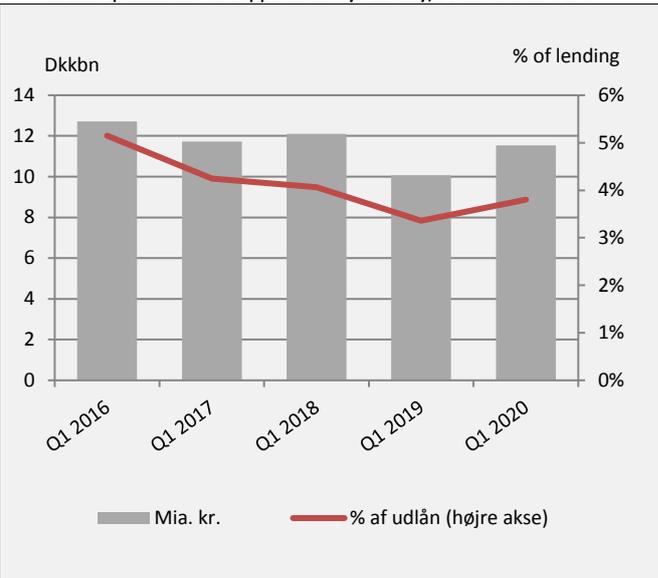
Rating

Jyske Bank's and Jyske Realkredit's joint issuer rating by Standard and Poor's (S&P) is A (stable outlook). The issuer rating's outlook Jyske Realkredit's bonds issued out of Capital Centre E, Capital Centre B and the General Capital Centre have been assigned a triple A (AAA) rating (Stable).

Rating

As at 31 March 2020	Rating	Date of rating / change of rating
Covered bonds		
- issued out of Capital Centre E	AAA	17/10 2011
Mortgage credit bonds		
- issued out of Capital Centre B	AAA	17/10 2011
- issued out of the General		
Capital Centre	AAA	27/12 2013
Issuer rating (long-term rating)	A ¹	23/10 2019
Issuer rating (short-term rating)	A-1 ¹	23/10 2019

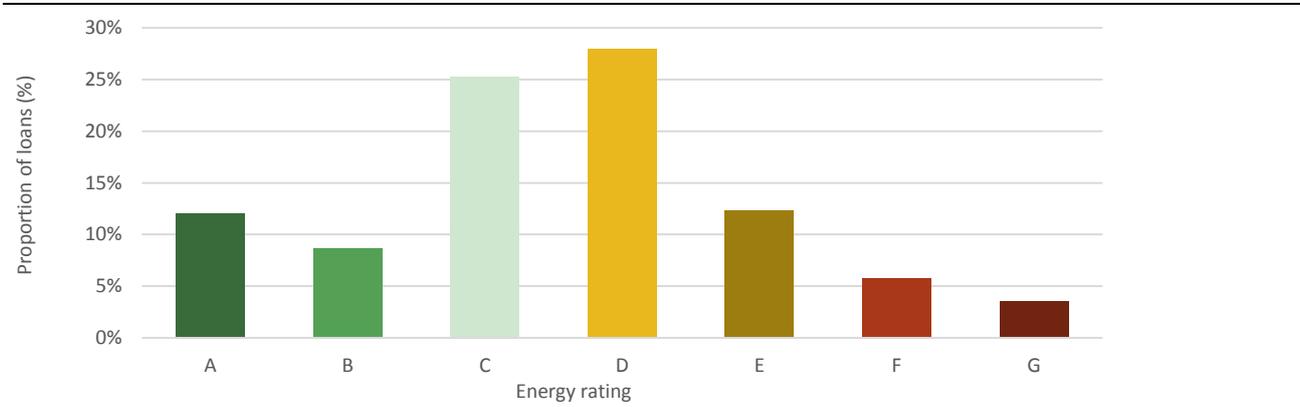
¹ On 23 October 2019, S&P upgraded Jyske Bank and Jyske Realkredit's issuer rating to A/Stable/A-1

AAA requirements of supplementary security, Standard & Poor's


Standard & Poor's requirements for supplementary security to maintain the AAA rating were increased in the course of the past years. The increase in the average requirement of supplementary security can be attributed to minor changes in the composition of the portfolio.

Sustainable Transparency Template

Jyske Realkredit is the first financial institution to launch a Sustainable Transparency Template. The template was prepared by Jyske Realkredit to offer investors insight into both the energy standard of the homes for which Jyske Realkredit has granted loans and the energy used in the homes broken down by resource. As of the first quarter of 2020, the template also includes calculated carbon emissions for loans financed by Jyske Realkredit's Capital Centre E. The template is available at jyskerealkredit.dk.

Jyske Realkredit's loan portfolio by energy rating


The supervisory diamond for mortgage credit institutions

The supervisory diamond defines a number of special risk areas including specified limits that financial institutions should generally not exceed. The supervisory diamond limits applicable to Jyske Realkredit are shown below.

Supervisory diamond - benchmarks, %

	31 March 2020	31 December 2019
Concentration risk <100%	49.8	47.9
Increase in loans <15% annually in the segment:		
- Owner-occupied home and vacation homes	0.8	2.4
- Residential rental property	1.8	0.2
- Other sectors	6.7	6.1
Borrower's interest-rate risk <25%		
- Residential property	17.8	17.8
Interest-only schemes <10%		
- Owner-occupied home and vacation homes	6.1	6.4
Loans with frequent interest-rate fixing:		
- Refinancing (annually) <25%	14.0	15.0
- Refinancing (quarterly) <12.5%	5.2	1.7

At the end of the first quarter of 2020, Jyske Realkredit met all benchmarks of the supervisory diamond. On an on-going basis, Jyske Realkredit reviews the company's positions relative to the benchmarks.

Other information

Resolutions by the Supervisory Board

No other resolution that falls within the duty of disclosure set out in the “Rules for Issuers of Securities Listed on NASDAQ Copenhagen A/S” was adopted by the Supervisory Board during the first quarter of 2020.

Additional information

For further information, please see jyskerealkredit.dk, which website also gives detailed financial information about Jyske Realkredit. Jyske Realkredit's Interim Report for the first quarter of 2020 can be downloaded from jyskerealkredit.dk.

Contact

Carsten Tirsbæk Madsen, Chief Executive Officer,
☎ +45 89 89 90 50 or 📱 +45 40 25 88 74.

Income statement and statement of comprehensive income

DKKm

Note	Q1 2020	Q1 2019
Income statement		
5 Interest income	1,408	1,579
6 Interest expenses	818	991
Net interest income	590	587
7 Fees and commission income	171	108
Fees and commission expenses	290	240
Net interest and fee income	471	455
8 Value adjustments	7	27
9 Employee and administrative expenses	86	74
Amortisation, depreciation and impairment charges	0	1
Other operating expenses	1	5
10 Loan impairment charges and provisions for guarantees (- is income)	485	-26
Pre-tax profit	-95	429
11 Tax (- is income)	-21	93
Net profit for the period	-74	336
Distributed to:		
Jyske Realkredit A/S shareholders	-74	336
Total	-74	336

Statement of Comprehensive Income

Net profit for the period	-74	336
Other comprehensive income after tax	-	-
Comprehensive income for the period	-74	336
Distributed to:		
Jyske Realkredit A/S shareholders	-74	336
Total	-74	336

Balance Sheet

DKKm

Note	31 March 2020	31 Dec. 2019	31 March 2019
Assets			
Cash balance and demand deposits with central banks	26	41	48
Due from credit institutions and central banks	20,091	26,435	8,194
12 Loans and advances at fair value	337,693	338,666	334,379
Bonds at fair value	17,220	18,373	19,746
Shares, etc.	193	192	217
Intangible assets	-	-	0
Other property, plant and equipment	0	1	2
Deferred tax assets	25	4	4
13 Assets in temporary possession	93	107	386
14 Other assets	1,335	1,075	869
Prepayments	8	6	1
Total assets	376,685	384,899	363,847
Equity and liabilities			
Liabilities			
Due to credit institutions and central banks	1,479	1,102	465
15 Issued bonds at fair value	352,402	361,388	342,341
Issued bonds at amortised cost	750	750	-
Current tax liabilities	315	315	356
16 Other liabilities	2,930	2,471	2,590
Prepayments	19	10	14
Total liabilities	357,896	366,036	345,765
Provisions			
Other provisions	2	2	2
Total provisions	2	2	2
Equity			
Share capital	4,306	4,306	4,306
Share premium	102	102	102
Retained profit	14,379	14,453	13,671
Total equity	18,787	18,861	18,079
Total equity and liabilities	376,685	384,899	363,847
17 Off-balance sheet items			
Guarantees, etc.	0	0	0
Other contingent liabilities, etc. (loan offers)	12,936	14,449	14,633
Total guarantees and other contingent liabilities	12,936	14,449	14,633

Statement of Changes in Equity

DKKkM

	Share capital	Share premium	Retained profit	Total
Equity at 1 January 2020	4,306	102	14,453	18,861
Net profit for the period	-	-	-74	-74
Other comprehensive income	-	-	-	-
Comprehensive income for the period	-	-	-74	-74
Equity at 31 March 2020	4,306	102	14,379	18,787
Equity at 1 January 2019	4,306	102	13,335	17,744
Net profit for the period	-	-	336	336
Other comprehensive income	-	-	-	-
Comprehensive income for the period	-	-	336	336
Equity at 31 March 2019	4,306	102	13,671	18,079

Capital statement

DKKkM

	31 March 2020	31 Dec. 2019	31 March 2019
Equity	18,787	18,861	18,079
Intangible assets	-	-	-0
Deferred tax assets	-25	-4	-4
Difference between expected loss and the carrying amount of impairment charges	-	-23	-37
Prudent valuation	-43	-23	-23
Common Equity Tier 1 capital / Core capital	18,720	18,811	18,014
Capital base	18,720	18,811	18,014
Weighted risk exposure involving credit risk etc.	76,909	77,665	76,651
Weighted risk exposure involving market risk	20	20	27
Weighted risk exposure involving operational risk	3,464	3,636	3,636
Total weighted risk exposure	80,393	81,321	80,314
Capital requirement, Pillar I	6,431	6,506	6,425
Capital requirement, total	6,431	6,506	6,425
Capital ratio (%)	23.3	23.1	22.4
Core capital ratio (%)	23.3	23.1	22.4
Common Equity Tier 1 capital ratio (%)	23.3	23.1	22.4

For further information on the individual solvency requirement, please see the section in the management's review on "Capital structure".

Notes

1 Accounting policies

The Interim Financial Report for the period 1 January - 31 March 2020 for Jyske Realkredit A/S was prepared according to the Danish Financial Business Act as well as the relevant accounting rules in compliance with IFRS. Furthermore, the Interim Financial Report was prepared in accordance with the additional Danish disclosure requirements for the interim reports of listed financial undertakings.

The accounting policies are identical to those applied to and described in detail in the Annual Report 2019.

2 Material accounting estimates

Measurement of the carrying value of certain assets and liabilities requires the management's estimate of the influence of future events on the value of such assets and liabilities. Estimates of material importance to the financial reporting are, among other things, based on the impairment of loans and advances and also assets in temporary possession, cf. the detailed statement in the Annual Report 2019. The estimates are based on assumptions which management finds reasonable, but which are inherently uncertain. Besides, the company is subject to risks and uncertainties which may cause the actual results to differ from those estimates.

The Covid-19 outbreak in in first quarter of 2020 has a significant negative impact on economic growth. However, there is considerable uncertainty about the extent of the negative impact, which adds to the uncertainty when determining loan impairment charges.

The financial statements reflect adjusting events until 05 May 2020.

	31 March 2020	31 Dec. 2019	31 March 2019
3 Financial ratios and key figures			
Capital ratio (%)	23.3	23.1	22.4
Core capital ratio (%)	23.3	23.1	22.4
Return on equity (average) before tax for the period (%)	-0.5	7.8	2.4
Return on equity (average) after tax for the period (%)	-0.4	6.1	1.9
Income/cost ratio (%)	0.8	5.2	9.1
Currency position (%)	0.5	0.5	0.8
Accumulated impairment ratio (%)	0.5	0.4	0.4
Impairment ratio for the period (%)	0.14	0.01	-0.01
Increase in loans and advances for the period (%)	1.0	3.0	1.1
Loans and advances relative to equity	18.0	18.0	18.5
Return on capital employed	-0.02	0.29	0.09

4 Alternative performance targets

	Q1 2020			Q1 2019		
	Core profit	Reclassi- fication	Total	Core profit	Reclassi- fication	Total
Administration margin income, etc.	586	-	586	576	-	576
Other net interest income, etc.	6	-3	4	12	-1	12
Net interest income	592	-3	590	588	-1	587
Net fee and commission income	-119	-	-119	-132	-	-132
Net interest and fee income	473	-3	471	456	-1	455
Value adjustments	4	3	7	26	1	27
Income	477	-	477	482	-	482
Expenses	87	-	87	79	-	79
Profit before loan impairment charges and Loan impairment charges (- is income)	390	-	390	403	-	403
Pre-tax profit	-95	-	-95	429	-	429

The alternative performance targets applied in the management's review constitute valuable information for readers of financial statements as they provide a more uniform basis for comparison of accounting periods. No adjusting entries are made, and therefore the pre-tax profit for the period will be the same in the alternative performance targets of the management's review and in the profit according to the provisions of the Danish Executive Order on the Preparation of Financial Statements.

The above table illustrates relationships between income statement items under Jyske Realkredit (key financial data), page 2, and income statement items according to the Danish Executive Order on the Preparation of Financial Statements on page 15. Expenses in the above table relate to Employee and administrative expenses, Amortisation, depreciation and impairment charges as well as Other operating expenses in the income statement according to the Danish Executive Order on the Preparation of Financial Statements.

	Q1 2020	Q1 2019
5 Interest income		
Due from credit institutions and central banks ¹	-21	-1
Loans and advances	862	1,095
Administration margin	461	436
Bonds	29	62
Derivatives, interest-rate and currency contracts	43	12
Other interest income	0	0
Interest income before offsetting of interest on own bonds	1,373	1,604
Interest on own bonds, set off against interest on issued bonds	31	50
Total after offsetting of negative interest income	1,343	1,554
Negative interest income set off against interest income	31	7
Negative interest expenses set off against interest expenses	34	17
Total before offsetting of negative interest income	1,408	1,579
¹ Of which interest income on reverse repos carried under "Due from credit institutions and central banks"	-16	-0

Notes - cont.

DKKm

	Q1 2020	Q1 2019
6 Interest expenses		
Due to credit institutions and central banks ¹	2	3
Issued bonds	802	1,003
Other interest expenses	-20	10
Interest expenses before offsetting of interest on own bonds	784	1,016
Interest on own bonds, set off against interest on issued bonds	31	50
Total after offsetting of negative interest expenses	753	967
Negative interest expenses set off against interest expenses	34	17
Negative interest income set off against interest income	31	7
Total before offsetting of negative interest income	818	991
¹ Of which interest expenses on repos carried under "Due to credit institutions and central banks"	-1	-2
<p>Interest for swaps, etc. that were entered into in connection with the funding of mortgage loans, where the interest on some of the issued bonds is swapped to interest corresponding to interest on the mortgage loan, are, as of 2019, recognised under 'Other interest expenses'. Hence the total interest expense for the funding of mortgage loans will be recognised as a whole under Interest expenses. In this connection, interest income from swaps in the amount of DKK 47m was in the first quarter of 2020 recognised under 'Other interest expenses' (first quarter of 2019: DKK 22m). Comparative figures for the first quarter of 2019 have been adjusted.</p>		
7 Fees and commission income		
Securities trading and custody services	108	67
Loan application fees	63	40
Other fees and commissions	0	0
Total	171	108
8 Value adjustments		
Mortgage loans	-3,672	3,373
Other loans, advances and receivables at fair value	0	0
Bonds	-125	119
Shares, etc.	1	5
Currency	-0	-3
Currency, interest-rate and other contracts as well as other derivatives	150	175
Issued bonds	3,653	-3,643
Total	7	27
<p>Value adjustment of the balance principle brought a total income of DKK 0m (2019: DKK +3m), resulting from a net value adjustment of the following items: Mortgage loans by DKK -3,672m (DKK +3,373m), Issued mortgage bonds by DKK +3,653m (DKK -3,643m), which are recognised under 'Issued bonds', and derivatives by DKK +20m (DKK +274m), recognised under 'Currency, interest and other contracts as well as other derivatives'. 'Currency, interest-rate and other contracts as well as other derivatives'.</p>		
9 Employee and administrative expenses		
Employee expenses		
Wages and salaries, etc.	6	6
Pensions	1	1
Payroll tax	1	0
Total	7	6
Salaries and remuneration to the Executive Board and the Supervisory Board		
Executive Board	1	1
Supervisory Board	0	0
Total	2	1
Other administrative expenses		
IT	6	5
Other administrative expenses	71	60
Total	77	66
Total	86	74

Notes - cont.

DKKm

	Q1 2020	Q1 2019
10 Loan impairment charges (- is income)		
Loan impairment charges for the period	439	-52
Recognised as a loss, not covered by impairment charges	51	42
Recoveries	-5	-16
Total	485	-26
Balance of impairment charges		
Balance of impairment charges, beginning of period	1,330	1,380
Loan impairment charges for the period	447	-52
Recognised as a loss, covered by impairment charges	-7	-15
Balance of impairment charges, end of period	1,769	1,313
Mortgage loan impairment charges	1,730	1,256
Impairment charges on other loans and receivables, etc.	39	58
Impairment charges on balances due from credit institutions and central banks, etc. ¹	0	0
Balance of impairment charges, end of period	1,769	1,313

Breakdown of balance of impairment charges by stage - Q1 2020	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of period	311	665	354	1,330
Transfer of impairment charges at the beginning of the period to stage 1	27	-26	-1	-
Transfer of impairment charges at the beginning of the period to stage 2	-7	38	-31	-
Transfer of impairment charges at the beginning of the period to stage 3	0	-5	5	-
Impairment charges relating to new loans	55	83	8	146
Decline in the balance of impairment charges due to repayment of loans	-25	-131	-29	-185
Effect from recalculation	36	336	113	485
Previously recognized as impairment charges, now losses	0	-1	-7	-7
Balance of impairment charges, end of period	396	959	413	1,769

The above primarily relate to Loans and advances at fair value through the income statement.

The size of the recalculation relates chiefly to the management's estimate of DKK 400m due to Covid-19-related circumstances. To a great extent, the development relating to new loans and repaid loans in Stages 2 and 3 can be ascribed to refinancing of loans.

Breakdown of balance of impairment charges by stage - Q1 2019	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of period	248	705	427	1,380
Transfer of impairment charges at the beginning of the period to stage 1	64	-47	-17	-
Transfer of impairment charges at the beginning of the period to stage 2	-7	88	-82	-
Transfer of impairment charges at the beginning of the period to stage 3	0	-21	21	-
Impairment charges relating to new loans	65	35	4	105
Decline in the balance of impairment charges due to repayment of loans	-34	-25	-46	-105
Effect from recalculation	-94	23	19	-52
Previously recognized as impairment charges, now losses	0	-1	-14	-15
Balance of impairment charges, end of period	244	758	312	1,313

The extent of the recalculation reflects some migration between stages over the period. In addition, some minor model adjustments also affected the recalculation. Due to a general improvement of the clients' credit quality, the period saw more migration from stage 3 to stages 1 and 2 than vice versa. To a great extent, the development relating to new loans and repaid loans in stages 2 and 3 can be ascribed to refinancing of loans.

11 Tax		
Effective tax rate		
Corporation tax rate in Denmark	22.0	22.0
Non-taxable income and non-deductible expenses, etc.	0.1	-0.3
Total	22.1	21.7

Notes - cont.

DKKm

	31 March 2020	31 Dec. 2019	31 March 2019
12 Loans and advances at fair value			
Mortgage loans, nominal value	332,233	329,043	322,971
Adjustment for interest-rate risk, etc.	6,738	10,410	12,137
Adjustment for credit risk	-1,730	-1,286	-1,256
Mortgage loans at fair value	337,241	338,167	333,853
Arrears and outlays	105	148	125
Other loans and receivables	346	351	402
Total	337,693	338,666	334,379
Mortgage loans at fair value broken down by property category			
Owner-occupied homes	166,052	168,479	167,169
Vacation homes	8,195	8,285	8,265
Subsidised Housing (rental housing)	53,707	53,989	54,684
Cooperative housing	14,153	14,820	16,191
Private rental properties (rental housing)	51,320	49,366	45,624
Industrial properties	3,000	2,630	1,800
Office and business properties	34,935	34,982	35,207
Agricultural properties, etc.	63	63	77
Properties for social, cultural and educational purposes	5,681	5,415	4,683
Other properties	134	137	152
Total	337,241	338,167	333,853
13 Assets held temporarily			
Properties acquired through foreclosure	93	107	186
Subsidiaries in possession with a view to sale	-	-	200
Total	93	107	386
14 Other assets			
Positive fair value of derivatives	875	595	394
Interest and commission receivable	84	23	127
Loan applications in process	278	345	314
Other assets	98	112	35
Total	1,335	1,075	869
15 Issued bonds at fair value			
Issued mortgage bonds, nominal value	372,766	365,563	358,509
Adjustment to fair value	7,616	11,003	13,171
Own mortgage bonds, fair value	-27,979	-15,177	-29,339
Total	352,402	361,388	342,341
16 Other liabilities			
Negative fair value of derivatives	284	247	342
Interest and commission payable	1,612	1,489	1,819
Other liabilities	1,034	734	428
Total	2,930	2,471	2,590

Notes - cont.

DKKm

	31 March 2020	31 Dec. 2019	31 March 2019
17 Off-balance sheet items			
Guarantees, etc.			
Other guarantees	0	0	0
Total	0	0	0
Other contingent liabilities, etc.			
Irrevocable credit commitments	12,914	14,427	14,606
Other contingent liabilities	21	22	27
Total	12,936	14,449	14,633

Irrevocable credit commitments relate materially to the obligation to pay out loans according to offers for mortgage loans with a term of up to six months made by Jyske Realkredit (the term may be longer within the subsidised housing sector). All offers were made in accordance with Jyske Realkredit's credit policy and constitute a customary part of the process of paying out mortgage loans. However, in the event that a client is subsequently registered with the RKI debtor register, etc., Jyske Realkredit shall not be bound by the loan offer.

18 Related parties

Jyske Realkredit has debit/credit balances, including bank accounts etc., with a number of its related parties. Transactions between related parties are characterised as ordinary financial transactions and services of an operational nature. Transactions with related parties were executed on an arm's length basis or at cost.

Over the period 1 January to 31 March 2020, no unusual related party transactions took place. Please see Jyske Realkredit's Annual Report 2019 for a detailed description of transactions with related parties.

Notes - cont.

DKKm

	31 March 2020	31 Dec. 2019	31 March 2019
--	------------------	-----------------	------------------

19 Contractual time to maturity

Assets
Due from credit institutions and central banks

Demand deposits	788	705	765
Up to 3 months	19,303	25,730	7,429
Over 3 months and up to 1 year	-	-	-
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-

Total	20,091	26,435	8,194
--------------	---------------	---------------	--------------

Loans and advances at fair value¹

Up to 3 months	2,304	2,076	2,313
Over 3 months and up to 1 year	6,844	7,019	6,416
Over 1 year and up to 5 years	41,290	40,670	38,393
Over 5 years	287,255	288,901	287,257

Total	337,693	338,666	334,379
--------------	----------------	----------------	----------------

Bonds at fair value

Up to 3 months	2,077	1,314	2,954
Over 3 months and up to 1 year	7,700	10,014	9,431
Over 1 year and up to 5 years	7,414	7,014	7,315
Over 5 years	29	30	46

Total	17,220	18,373	19,746
--------------	---------------	---------------	---------------

Liabilities
Due to credit institutions and central banks

Demand deposits	763	89	156
Up to 3 months	716	1,013	309
Over 3 months and up to 1 year	-	-	-
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-

Total	1,479	1,102	465
--------------	--------------	--------------	------------

Issued bonds at fair value¹

Up to 3 months	14,970	24,709	4,715
Over 3 months and up to 1 year	43,081	55,175	35,804
Over 1 year and up to 5 years	142,948	134,398	154,615
Over 5 years	151,403	147,106	147,206

Total	352,402	361,388	342,341
--------------	----------------	----------------	----------------

Issued bonds at amortised cost

Up to 3 months	-	-	-
Over 3 months and up to 1 year	-	-	-
Over 1 year and up to 5 years	750	750	-
Over 5 years	-	-	-

Total	750	750	-
--------------	------------	------------	----------

The above amounts are exclusive of interest.

¹ The cash flow imbalance between mortgage loans (the main item of "Loans and advances at fair value") and "Issued bonds at fair value" is due to the fact that 30-year adjustable rate mortgage loans (ARM) are funded by bonds with maturities of 1-10 years.

Statement by the Executive and Supervisory Boards

We have today discussed and approved the Interim Financial Report of Jyske Realkredit A/S for the period 1 January to 31 March 2020.

The Interim Financial Statements of Jyske Realkredit A/S were prepared in accordance with the Danish Financial Business Act. Furthermore, the Interim Financial Report was prepared in accordance with the additional Danish disclosure requirements for interim financial reports of issuers of listed bonds.

The Interim Financial Report is unaudited and has not been reviewed.

In our opinion, the Interim Financial Report gives a true and fair view of the company's financial position at 31 March 2020 and also of the company's financial performance for the period 1 January to 31 March 2020.

In our opinion, the Management's Review gives a fair presentation of the development in the company's performance and financial position, the profit for the period and the company's financial position as a whole as well as a description of the most material risks and elements of uncertainty that may affect the company.

Kgs. Lyngby, 5 May 2020

Executive Board

Carsten Tirsbæk Madsen
CEO and Director

Torben Hansen
Director

Supervisory Board

Niels Erik Jakobsen
Chairman

Lars Waalen Sandberg
Deputy Chairman

Per Skovhus

Peter Schleidt

Kim Henriksen
Elected by employees

Steen Brastrup Clasen
Elected by employees