

25 February 2020

Preliminary announcement of financial statements 2019

Summary

- Profit before tax amounted to DKK 1,434m (2018: DKK 1,262m, inclusive of effects of DKK -407m derived from IFRS 9), corresponding to return of 7.8% on average equity (2018: 7.5%).
- Net profit for the year amounted to DKK 1,117m (2018: DKK 999m, inclusive of effects of DKK -317m derived from IFRS 9) corresponding to a return of 6.1% on average equity (2018: 6.0%).
- Core profit amounted to DKK 1,434m (2018: DKK 1,669m).
- Core expenses amounted to DKK 310m, falling by 58% relative to 2018, and this decline can chiefly be attributed to the new intra-group settlement model.
- Impairment charges affected core profit by an expense of DKK 35m (2018: an income of DKK 38m before recognition of effects derived from IFRS 9, which amounted to an expense of DKK 407m).
- At the end of 2019, the capital ratio and the core capital ratio amounted to 23.1% (end of 2018: 22.1%).

Comments by Management

In connection with the presentation of the Annual Report 2019, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

'Today, Jyske Realkredit announces a profit of DKK 1,117m, which is an increase relative to the profit for 2018. The profit for the year is considered satisfactory and is within the expected range for the year. The year 2019 was characterised by a high degree of refinancing activity, as, to a great extent, Jyske Realkredit's clients took advantage of the low interest-rate level to refinance their mortgages to a mortgage with a fixed, low interest rate. The extensive refinancing will result in loans with lower payments and, on average, lower administration margin rates. Due to the high activity level in 2019, Jyske Realkredit's fee income increases in the short term, but the same level of refinancing activity is not expected in the future. Refinancing to fixed-rate mortgages will reduce the average lending margins due to lower administration margin rates and lower income from price spreads on loans with longer interest rate fixation. In addition, the return on Jyske Realkredit's fixed portfolio of securities was negative in 2019.

The capital base is solid at a capital ratio of 23.1%.'

Outlook

For 2020, lower lending growth is expected relative to growth in 2019 amounting to DKK 11.3 bn. In addition, the increasing capital requirements, the low interest-rate level and the reduction of the average administration margin rate will altogether result in a lower profit for 2020 and a return on equity below 6%.

Other information

General Meeting

The Annual General Meeting will be held in Lyngby on Tuesday 24 March 2020.

Financial calendar

Jyske Realkredit anticipates releasing financial statements on the following dates in 2020:

5 May	Interim Financial Report, first quarter of 2020
18 August	Interim Financial Report, first half of 2020
3 November	Interim Financial Report, first nine months of 2020

Further information

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

Contact

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Financial Highlights

Core profit and net profit for the year, DKKm

	2019	2018	Index 19/18	2017	2016	2015
Administration margin income, etc.	2,334	1,896	123	1,881	1,785	1,687
Other net interest income	58	77	75	-60	-53	-80
Net fee and commission income, etc.	-641	256	-	262	207	244
Value adjustments, etc.	6	-84	-	28	39	-22
Other income	22	216	10	24	50	45
Core income	1,778	2,361	75	2,135	2,028	1,872
Core expenses	310	730	42	851	840	873
Core profit before loan impairment charges	1,468	1,631	90	1,284	1,188	999
Loan impairment charges (- = income)	35	-38	-	202	-32	186
Core profit	1,434	1,669	86	1,082	1,220	813
Investment portfolio earnings	-	-	-	49	80	89
Profit before IFRS 9 implementation	1,434	1,669	86	1,131	1,299	902
IFRS 9-derived adjustment of impairment charges, beginning of 2018	-	407	-	-	-	-
Pre-tax profit	1,434	1,262	114	1,131	1,299	902
Tax	316	263	120	245	284	218
Net profit for the year	1,117	999	112	886	1,015	685

Summary of Balance Sheet, end of year, DKKm

Mortgage loans, fair value	338,666	327,403	103	308,121	278,407	250,892
Bonds and shares, etc.	18,565	18,593	100	18,397	16,307	8,127
Total assets	384,899	353,280	109	337,732	307,027	269,975
Issued bonds, fair value	361,388	332,955	109	316,305	285,676	249,772
Equity	18,861	17,744	106	15,731	12,812	11,781

Financial ratios and key figures

Pre-tax profit as a pct. of average equity	7.8	7.5	-	7.9	10.6	7.9
Net profit as a percentage of average equity	6.1	6.0	-	6.2	8.3	6.0
Expenses as a percentage of income	17.4	31.0	-	39.9	41.4	46.6
Capital ratio (%)	23.1	22.1	-	20.8	19.0	19.1
Common Equity Tier 1 capital ratio (CET1) (%)	23.1	22.1	-	20.8	19.0	18.8
Individual solvency requirement (%)	10.1	9.7	-	9.3	9.3	9.6
Capital base (DKKm)	18,811	17,687	-	15,529	12,593	11,820
Weighted risk exposure (DKKm)	81,321	79,976	-	74,686	66,426	62,033
No. of employees at year-end	23	28	-	212	694	706
No. of employees split between the companies, at year-end ¹	474	358	-	272	-	-

¹ Employees split between the companies are included in the number of part-time employees stated in the annual 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'.

Jyske Realkredit (key financial data), cont.

Core profit and net profit for the year, DKKm

	2019	2018	Index 19/18	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Administration margin income, etc.	2,334	1,896	123	590	586	582	576	483
Other net interest income	58	77	75	16	9	21	12	16
Net fee and commission income, etc.	-641	256	-	-145	-199	-166	-132	74
Value adjustments, etc.	6	-84	-	-21	-23	24	26	-23
Other income	22	216	10	3	18	1	-	21
Core income	1,778	2,361	75	443	391	462	482	571
Core expenses	310	730	42	76	76	78	79	178
Core profit before loan impairment charges	1,468	1,631	90	366	315	384	403	394
Loan impairment charges (- = income)	35	-38	-	40	-22	43	-26	-81
Core profit/ Profit before IFRS 9 implementa- tion	1,434	1,669	86	326	337	341	429	475
IFRS 9-derived adjustment of impairment charges, beginning of 2018	-	407	-	-	-	-	-	-
Pre-tax profit	1,434	1,262	114	326	337	341	429	475
Tax	316	263	120	73	74	76	93	109
Net profit for the year	1,117	999	112	253	263	265	336	366

Summary of Balance Sheet, end of period, DKKm

	2019	2018	Index 19/18	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Assets / equity and liabilities	384,899	353,280	109	384,899	391,582	380,237	363,847	353,280
Mortgage loans, nominal value	329,043	319,454	103	329,043	326,132	324,513	322,971	319,454
Loans and advances, fair value	338,666	327,403	103	338,666	339,778	338,067	334,379	327,403
Issued bonds, fair value	361,388	332,955	109	361,388	367,591	358,435	342,341	332,955
Equity	18,861	17,744	106	18,861	18,608	18,345	18,079	17,744