



Interim Financial Report, First Half of 2022

Please observe that the Danish version of this Interim Financial Report prevails.

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Financial Highlights

Core profit and net profit for the period, DKKm

	H1 2022	H1 2021	Index 22/21	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Full year 2021
Administration margin income, etc.	1,175	1,168	101	587	588	590	585	584	2,343
Other net interest income	19	9	211	21	-2	3	2	5	15
Net fee and commission income, etc.	-269	-353	76	-148	-121	-172	-181	-160	-706
Value adjustments, etc.	-76	66	-	-67	-9	34	7	20	107
Other income	-	0	-	-	-	0	5	0	5
Core income	849	890	95	393	456	456	418	450	1,764
Core expenses	200	189	106	100	100	99	101	97	389
Core profit before loan impairment charges	649	701	93	293	356	357	317	353	1,375
Loan impairment charges (- is income)	-93	102	-	-56	-37	-49	11	12	64
Core profit/Pre-tax profit	742	599	124	349	393	407	306	341	1,311
Tax	163	126	129	76	86	89	68	74	283
Net profit for the period	580	473	123	273	307	317	238	267	1,028

Summary of Balance Sheet, end of period, DKKm

Mortgage loans, nominal value	343,972	336,045	102	343,972	341,208	338,965	338,238	336,045	338,965
Mortgage loans, fair value	319,097	339,565	94	319,097	329,534	340,969	338,512	339,565	340,969
Bonds and shares	15,588	13,419	116	15,588	15,242	15,960	15,630	13,419	15,960
Total assets	341,825	366,581	93	341,825	357,414	369,035	367,824	366,581	369,035
Issued bonds, fair value	315,462	341,622	92	315,462	331,008	344,817	342,537	341,622	344,817
Equity	21,377	20,242	106	21,377	21,104	20,798	20,480	20,242	20,798

Financial ratios

Pre-tax profit p.a. as a percentage of average equity	7.0	6.0	-	6.6	7.5	7.9	6.0	6.8	6.5
Profit for the period p.a. as a pct. of average equity	5.5	4.7	-	5.1	5.9	6.1	4.7	5.3	5.1
Expenses as a percentage of income	23.6	21.2	-	25.4	21.9	21.7	24.2	21.6	22.1
Capital ratio (%)	27.6	27.0	-	27.6	26.7	26.8	27.5	27.0	26.8
Common Equity Tier 1 capital ratio (CET1 %)	27.6	27.0	-	27.6	26.7	26.8	27.5	27.0	26.8
Individual solvency requirement (%)	9.5	10.2	-	9.5	9.5	10.0	10.2	10.2	10.0
Capital base (DKKm)	21,319	20,209	-	21,319	21,063	20,769	20,450	20,209	20,769
Weighted risk exposure (DKKm)	77,302	74,913	-	77,302	78,824	77,621	74,264	74,913	77,621
No. of full-time employees, end of period	27	25	-	27	26	25	26	25	25
No. of employees split between the companies, at end-period ¹	584	556	-	584	586	561	565	556	561
No. of employees split between the companies converted to full-time equivalent	236	242	-	236	236	238	238	242	238

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 distributes 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 for the first half of 2022, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

'Today Jyske Realkredit announces a profit of DKK 580m for the first half of 2022 against a profit of DKK 473m in the first half of 2021. In the first half of 2022, reversals were recognised on a net basis, including a part of the management's estimate relating to Covid-19. Rising interest rates and inflation as well as the war in Ukraine result in further uncertainty as to the development of the Danish economy and future property values. In the light of this, Jyske Realkredit has raised its total management's estimates of impairment charges. Jyske Realkredit's capital base is at a historically high level and credit quality is good.'

In June, it was announced that the Jyske Bank Group, including Jyske Realkredit, had entered into an agreement to take over Svenska Handelsbanken's activities in Denmark. In connection with this, Jyske Realkredit expects to acquire mortgage and property loans in the amount of DKK 25 bn - 30 bn that fulfil the Danish rules applicable to mortgage financing. An expansion of the capital base in Jyske Realkredit is not necessary in connection with the transaction.'

Net profit for the period

Net profit for the period came to DKK 580m, corresponding to a return on equity of 5.5% p.a. Impairment charges for the period amounted to an income of DKK 93m against an expense of DKK 102m in the first half of 2021. In the first half of 2022, impairment charges were on a net basis reversed due to the improving credit quality of the clients, and also the management's estimates relating to the uncertainty about Covid-19 were reduced. On the other hand, the war in Ukraine has resulted in a heavy inflationary pressure as well as significant increases in interest rates, also in the Danish economy, indicating both lower turnover in the property market and lower prices. In the light of this, Jyske Realkredit has recognised additional impairment charges. On the whole, the management's estimates were increased by DKK 65m in the first half of 2022 and amount now to DKK 745m.

Administration margin income etc. amounted to DKK 1,175m, which amount is DKK 7m higher relative to the same period last year. Administration margin income was positively affected by the increasing loans yet negatively affected by falling average administration margin rates.

Core expenses, which amounted to DKK 200m in the first half of 2022, were DKK 11m higher relative to the first half of 2021, which can be attributed to insourcing in the second quarter of 2021 of activities, which had previously been outsourced. Subsequently, the level of expenses was unchanged in recent quarters.

The nominal loan portfolio grew by DKK 5.0 bn in the first half of 2022 and amounts now to DKK 344.0 bn.

Takeover of Svenska Handelsbanken's activities in Denmark

On 20 June 2022, it was announced that Jyske Bank has entered into a binding agreement with Svenska Handelsbanken about the purchase of this company's activities in Denmark. In connection with the implementation of the transaction, it is expected that Jyske Realkredit will acquire the mortgage and property loans with Handelsbanken and Stadshypotek AB that meet the Danish rules on mortgage financing. The loans are primarily granted to personal clients and are expected to amount to DKK 25 bn - 30 bn. It is expected that the transaction will be completed in the fourth quarter of 2022, subject to the relevant regulatory and competition law approvals.

The takeover of the loans from Handelsbanken and Stadshypotek is expected to be funded through the issue of SDO and RO bonds from Jyske Realkredit's existing capital centres. The transaction does not require any increase of the capital base of Jyske Realkredit and is expected to raise Jyske Realkredit's annual profit by about DKK 100m as of 2024.

Other remarks

In the financial statements and on www.jyskerealkredit.dk, 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.

The digitization journey continues at Jyske Realkredit with continued improvements of the part of Jyske Bank's Digital Relationship Bank relating to home loans. Now, a functionality has been added relating to application for additional loans, and also the financing proposals in the Bedste Lån app have been integrated in Jyske Bank's Digital Relationship Bank. In early April 2022, the Jyske Bank Group launched the concept of "Boligklar på 2 timer" (ready for home loan in two hours), which aims at notifying clients within two hours whether the bank is able to give them approval for the purchase of a specific home.

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 3,806m 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 500m.

The capital base of Jyske Realkredit is solid with a capital and Tier 1 Capital ratio of 27.6%. At the end of the first half of 2022, Jyske Realkredit had a capital buffer of DKK 10.9 bn. It is assessed that the current financial resources can withstand even severe stress scenarios.

Outlook

Jyske Realkredit anticipates a profit for 2022 in the range of DKK 0.9 bn to 1.1 bn, i.e. an unchanged level relative to the previous announcements. The expected profit will, however, be affected by the development of the level of interest rates and the development of losses.

Financial Review

Net profit for the period

In the first half of 2022, Jyske Realkredit reported a pre-tax profit of DKK 742m against DKK 599m in the corresponding period of last year. The primary reason for the higher profit is that, in the first half of 2022, impairment charges were on a net basis reversed relative to the first half of 2021, where impairment charges amounted to an expense. Calculated tax amounted to DKK 163m (first half of 2021: DKK 126m), and hence the profit for the period came to DKK 580m (first half of 2021: DKK 473m) corresponding to a return of 5.5% p.a. on average equity (first half of 2021: 4.7% p.a.).

Core profit and net profit for the period, DKKm

	H1 2022	H1 2021	Index 22/21	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Full year 2021
Administration margin income, etc.	1,175	1,168	101	587	588	590	585	584	2,343
Other net interest income	19	9	211	21	-2	3	2	5	15
Net fee and commission income, etc.	-269	-353	76	-148	-121	-172	-181	-160	-706
Value adjustments, etc.	-76	66	-	-67	-9	34	7	20	107
Other income	-	0	-	-	-	0	5	0	5
Core income	849	890	95	393	456	456	418	450	1,764
Core expenses	200	189	106	100	100	99	101	97	389
Core profit before loan impairment charges	649	701	93	293	356	357	317	353	1,375
Loan impairment charges (- is income)	-93	102	-	-56	-37	-49	11	12	64
Core profit/Pre-tax profit	742	599	124	349	393	407	306	341	1,311
Tax	163	126	129	76	86	89	68	74	283
Net profit for the period	580	473	123	273	307	317	238	267	1,028

Core income

Core income, consisting primarily of administration margin income, etc. as well as brokerage and fee income from mortgage activities, amounted to DKK 849m against DKK 890m in the first half of 2021.

Administration margin income etc. amounted to DKK 1,175m, which is at a minor increase in relation to the same period of 2021. An increase in nominal mortgage loans was offset by a marginal decrease in average administration margin rates, and therefore the administration margin income, etc. was at an unchanged level over the past year.

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 19m against an income of DKK 9m the year before. The increase was primarily due to a higher interest yield on the company's portfolios of securities.

Net fee and commission income, etc. amounted to an expense of DKK 269m against an expense of DKK 353m in the first half of 2021. Of the above, extra-group fee and commission income amounted to an income of DKK 269m against DKK 214m in the same period of 2021. The increase can be attributed to higher lending activity, particularly in the first quarter of 2022. The expense relating to distribution fees in connection with mortgage loans etc. to Jyske Bank amounted DKK 538m against DKK 567m in the same period of 2021. The reason for the decline in sales commission was that in the first half of 2022 higher losses were recognised in the statement of sales commission compared to the same period in 2021.

Value adjustments, etc. amounted to an expense of DKK 76m against an income of DKK 66m in the corresponding period of last year. The primary reason for the decline was the poorer return on Jyske Realkredit's fixed portfolio of securities, particularly in the second quarter of 2022. Jyske Realkredit's portfolio of securities typically includes short-term securities with a low interest-rate risk, however, the steep increase in interest rates in the first half of 2022 resulted in a fairly large, negative value adjustment of the portfolio of securities. In addition, the first half of 2021 saw a capital gain from the sale of a shareholding.

Core expenses

Core expenses amounted to DKK 200m against DKK 189m for the same period in 2021. The increase was due to the fact that, in the second quarter of 2021, Jyske Realkredit insourced activities which were previously outsourced. Over the past five quarters, the cost level has been stable.

Core profit before loan impairment charges and provisions for guarantees then amounted to DKK 649m against DKK 701m for the first half of 2021.

Loan impairment charges

Loan impairment charges etc. amounted to an income of DKK 93m against an expense of DKK 102m in the same period of 2021.

In the first half of 2022, impairment charges on a net basis were reversed due to increasing values of the properties that secure the loans as well as falling prices on non-performing loan. Some of the reversed individual impairment charges relate to two corporate exposures that were realised in the first half of 2022, and at the same time the final loss was recognised, and this resulted in a positive effect on the income statement in the first half of 2022.

The uncertainty about the effects on the economy after the Covid-19 lockdowns has been reduced, and the management's estimates relating to Covid-19 were lowered by DKK 185m in the first half of 2022 to now DKK 330m.

On the other hand, new uncertainty has arisen as to how higher interest rates and inflation as well as the war in Ukraine will affect the Danish economy, including to which degree indication of impairment will have to be recognised for Jyske Realkredit's loan portfolio. In response to this uncertainty, the management's estimate has been increased by DKK 250m, of which DKK 100m can be related to personal clients and DKK 150m to corporate clients. The latter amount relates to the risk of falling values of commercial properties.

Hence the total management's estimate was increased by DKK 65m in the first half of 2022 and amounts now to DKK 745m.

The total balance of impairment charges amounted to DKK 1,572m at the end of June 2022 (end of 2021: DKK 1,741m) corresponding to 0.5% of total loans which is unchanged relative to the level at the end of 2021.

Relative to total loans, the effect from the impairment charges on the income statement amounted to - 0.03% in the first half of 2022 against 0.03% in the same period of 2021.

Jyske Realkredit's holding of assets held temporarily amounted to DKK 42m as at 30 June 2022 against DKK 55m at the end of 2021. The decline can primarily be attributed to the sale of one commercial property at a value close to the carrying amount.

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.

Second quarter of 2022 compared to first quarter of 2022

Administration margin income, etc. in the second quarter of 2022 amounted to DKK 587m against DKK 588m in the first quarter of the year. A minor increase in loans was offset by a minor decline in the average administration margin rates, with the result that the administration margin income, etc. was at an unchanged level.

Other net interest income amounted to an income of 21m against an expense of DKK 2m the first quarter. The increase can be attributed to higher interest income on Jyske Realkredit's portfolios of securities.

Net fee and commission income, etc. amounted to an expense of DKK 148m against an expense of DKK 121m in the first quarter of the year. Extra-group fee and commission income amounted to an income of DKK 114m against an income of DKK 155m in the preceding quarter. The reason for the decline was that the first quarter saw a higher level of lending activity as well as higher earnings from remortgaging. Distribution fees to Jyske Bank amounted to DKK 262m against DKK 276m in the first quarter. The decline can primarily be related to the falling fee income. On the other hand, in the first quarter of 2022, higher recognised losses were set off against the distribution fee, as a result of which this did not decrease to the same extent as fee income.

Value adjustments, relating to Jyske Realkredit's fixed portfolio of securities, among other things, amounted to an expense of DKK 67m against an expense of DKK 9m in the first quarter. Due to the extensive increases in interest rates in the first half of 2022, particularly the second quarter of 2022 saw negative value adjustments of Jyske Realkredit's portfolios of securities.

Core expenses amounted to DKK 100m, i.e. an unchanged level relative to the first quarter of 2021.

Losses and impairment charges amounted to an income of DKK 56m against an income of DKK 37m in the first quarter. Both the first and the second quarter of 2022 saw reversals of impairment charges, especially relating to individually calculated impairment charges due to improving credit quality on the part of the clients as well as rising prices of the properties that were provided as security for the loans. At the end of the second quarter of 2022, the management's estimates for impairment charges were unchanged relative to the first quarter. On the whole, in consequence of this, losses and impairment charges amounted to an income in both the first and the second quarter of 2022.

Profit before tax for the second quarter of 2022 then amounted to DKK 349m against DKK 393m for the first quarter.

Balance sheet

At the end of June 2022, Jyske Realkredit's balance sheet amounted to DKK 341.8bn (DKK 369.0 bn at the end of 2021).

Loans at fair value fell from DKK 341.0 bn at the end of 2021 to DKK 319.1 bn at the end of June 2022, corresponding to a decline by 6.4%. The decline relates primarily to value adjustments for interest-rate risk, as nominal mortgage loans in the first half of 2022 grew by DKK 5.0 bn from DKK 339.0 bn to DKK 344.0 bn, corresponding to an increase by 1.5%. The growth in loans relates primarily to the corporate client area.

Equity was affected by the profit for the period by DKK 580m and amounted subsequently to DKK 21,377m at the end of June 2022 (DKK 20,798m at the end of 2021).

Summary of Balance Sheet, end of period, DKKm

	30 June 2022	30 June 2021	Index 22/21	30 June 2022	31 March 2021	31 Dec. 2021	30 Sept 2021	30 June 2021
Assets / equity and liabilities	341,825	366,581	93	341,825	357,414	369,035	367,824	366,581
Mortgage loans, nominal value	343,972	336,045	102	343,972	341,208	338,965	338,238	336,045
Loans at fair value	319,097	339,565	94	319,097	329,534	340,969	338,512	339,565
Issued bonds, fair value	315,462	341,622	92	315,462	331,008	344,817	342,537	341,622
Equity	21,377	20,242	106	21,377	21,104	20,798	20,480	20,242

Credit Quality

The breakdown of Jyske Realkredit's loans and impairment charges by IFRS 9 impairment category:

Loans and impairment charges broken down by IFRS 9 stages, DKKbn

	Loans before impairment charges		Loan impairment charges	
	30 June 2022	31 Dec. 2021	30 June 2022	31 Dec. 2021
Stage 1	306.4	325.5	0.1	0.2
Stage 2	9.5	13.2	0.1	0.2
Stage 3	4.4	3.6	0.5	0.7
Management's estimate	-	-	0.7	0.7
Mortgage loans, total	320.2	342.3	1.6	1.7

The proportion of loans in stage 1 was 96% on 30 June 2022 against 95% on 31 December 2021. A change to the credit process for follow-up on personal clients with overdraft at Jyske Bank, caused the proportion of loans in stage 3 rose as at 30 June 2022.

Loans and impairment charges by internal rating, DKK bn

	Loans before impairment charges		Loan impairment charges	
	30 June 2022	31 Dec. 2021	30 June 2022	31 Dec. 2021
PD Ratings 1-2	183.3	192.7	0.3	0.1
PD Ratings 3-4	111.5	121.7	0.2	0.2
PD Ratings 5-6	15.5	17.9	0.2	0.2
PD 7	1.6	1.4	0.1	0.1
PD 8	1.2	2.0	0.0	0.1
PD 9 (default)	4.9	4.0	0.8	1.1
Other	2.3	2.7	0.0	0.0
Mortgage loans, total	320.2	342.3	1.6	1.7

The breakdown of loans by rating class at 30 June 2022 is predominantly unchanged since 31 December 2021. The increase in loans with PD 9 (default) in the first half of 2022 related to the above-mentioned change in the credit process for personal clients.

The decline in loans in general was primarily caused by falling prices of the underlying bonds and hence falling fair values of the loans.

A larger proportion of impairment charges relates to clients in PD 1-2, which can be attributed to a change to the method of distribution of the management's estimates.

Non-performing loans and guarantees (NPL) (DKK million)

	H1 2022	H1 2021	Index 22/21	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Full year 2021
Non-performing loans and guarantees:									
Loans and guarantees before impairment charges	4,848	3,185	152	4,848	4,521	3,715	3,256	3,185	3,715
Loan impairment charges	774	876	88	774	793	1,046	910	876	1,046
Loans and guarantees after impairment charges	4,074	2,309	176	4,074	3,728	2,669	2,346	2,309	2,669
NPL ratio (%)	1.3	0.7	188	1.3	1.1	0.8	0.7	0.7	0.8
NPL contribution ratio (%)	16.0	27.5	58	16.0	17.5	28.2	27.9	27.5	28.2
Past due mortgage loans (90 days)	185	387	48	185	168	356	361	387	356
Operational loan impairment charges (minus is income)	-93	102	-	-56	-37	-49	11	12	64
Operating losses	86	40	215	21	65	10	14	23	64

The increase in non-performing loans in the first half of 2022 related to the above-mentioned change in the credit process for personal clients.

Arrears

The arrears rate measured 90 days after the March 2022 repayment date amounted to 0.07% against 0.13% for the corresponding repayment date in 2021. The arrears rate measured 15 days after the June 2022 repayment date amounted to 0.43% against 0.39% after the June 2021 repayment date.

Arrears rate

	June 2022	March 2022	December 2021	September 2021	June 2021	March 2021
After 90 days	-	0.07	0.06	0.11	0.10	0.13
After 15 days	0.43	0.45	0.44	0.54	0.39	0.55

Despite Covid-19, the situation in Ukraine and generally rising cost of living in Denmark, only very few clients are right now defaulting on the payments on their mortgage loans. The levels of arrears observed in 2021 and 2022 are among the lowest ever observed for Jyske Realkredit's loans.

Capital

Capital management

The purpose of Jyske Realkredit's capital management is to ensure and optimise 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 21.3 bn (at the end of 2021: DKK 20.8 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 risk, market risk 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.

Total risk exposure amounted to DKK 77.3 bn at the end of June 2022 against DKK 77.6 bn at the end of 2021. The development of the overall risk exposure in the amount of DKK 1.2 bn can mainly be attributed to another block reservation of DKK 4.5 bn for uncertainty relating to compliance with future requirements of IRB models. The opposite effect was seen from the price development for the loans, which resulted in a lower REA for the loan portfolio.

At the end of June 2022, the capital ratio at 27.6% was higher than the capital ratio at the end of 2021, and constituted therefore a solid level relative to Jyske Realkredit's capital management objective of 20%-22%. The capital ratio level is identical to the level of the Common Equity Tier 1 capital ratio and hence the core capital ratio.

Capital base, risk exposure and solvency

DKKm	30 June 2022	31 December 2021
Equity	21,377	20,798
Prudent valuation	-36	-17
Deferred tax assets	-3	-2
Other deductions	-20	-10
Common Equity Tier 1 capital / Core capital	21,319	20,769
Capital base	21,319	20,769
Credit risk	74,032	74,190
Market risk	7	11
Operational risk	3,263	3,419
Total risk exposure	77,302	77,621
Common Equity Tier 1 capital ratio (%)	27.6	26.8
Tier 1 Capital ratio (%)	27.6	26.8
Capital ratio (%)	27.6	26.8

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 Jyske Realkredit's adequate capital base as well as its individual solvency requirement. The assessment is based on the current relationship between Jyske Realkredit'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 June 2022, 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 7.4 bn at the end of June 2022, corresponding to an individual solvency requirement of 9.5%, i.e. a decline by 0.5 percentage point relative to the end of 2021.

Buffer requirements and excess capital adequacy

The combined capital buffer requirement consists of the statutory buffers in the form of the capital conservation buffer, the systemic risk buffer as well as the countercyclical buffer. The two former amounted to 2.5% and 1.5%, respectively, of the total risk exposure amount, whereas the size of the countercyclical buffer depends on the economic trends. Currently the countercyclical buffer amounts to 0.0% of the total risk exposure, but three increases totalling 2.5% of the total risk exposure are expected in the second half of 2022 and the first quarter of 2023.

Jyske Realkredit's adequate capital base plus the combined capital buffer requirement amounts to DKK 10.5 bn, corresponding to an individual solvency requirement, inclusive of statutory buffers of 13.5% of the total risk exposure amount. Given the capital base of DKK 21.3 bn, Jyske Realkredit's excess capital adequacy amounts to DKK 10.9 bn.

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

DKKm/% of REA	30 June 2022		31 December 2021	
Credit risk	5,923	7.7	5,935	7.6
Market risk	1	0.0	1	0.0
Operational risk	261	0.3	274	0.4
Capital requirement, Tier I	6,184	8.0	6,210	8.0
Credit risk	959	1.2	1,322	1.7
Market risk	203	0.3	210	0.3
Operational risk	23	0.0	23	0.0
Capital requirement, Tier II	1,185	1.5	1,555	2.0
Adequate capital base	7,370	9.5	7,765	10.0
Capital conservation buffer	1,933	2.5	1,941	2.5
Systemic risk buffer	1,163	1.5	1,167	1.5
Countercyclical buffer	0	0.0	0	0.0
Combined capital buffer requirement	3,096	4.0	3,108	4.0
Adequate capital base inclusive of combined capital buffer requirement	10,465	13.5	10,873	14.0
Excess capital adequacy	10,854	14.0	9,896	12.7

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, amounting 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 June 2022, the debt buffer requirement amounted to DKK 6.4 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.

Leverage Ratio

The leverage ratio is defined as the ratio between Jyske Realkredit's core capital and total non-weighted exposures (inclusive of off-balance sheet items) 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 June 2022, the leverage ratio for Jyske Realkredit was 6.13% against 5.52% at the end of 2021.

Leverage ratio		
DKKm/%	30 June 2022	31 December 2021
Core capital	21,319	20,769
Total exposure value	347,920	375,947
Leverage ratio	6.13	5.52

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 overcollateralisation (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 June 2022, the OC requirement amounted to DKK 7.6 bn against DKK 8.2 bn at the end of 2021 and can be met through liquid assets financed with debt instruments as well as capital instruments.

Issuance of covered bonds (SDO) for the financing of loans takes place in Jyske Realkredit via capital centres E and S. Loans based on the issuance 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 June 2022, the SDO requirement amounted to DKK 2.6 bn against DKK 3.7 bn at the end of 2021.

On 8 July 2022, new rules relating to SDO bonds took effect, including the requirement of supplementary security. In future, supplementary security calculated as 2% of the issued amount of SDO bonds will be required. This requirement corresponds to DKK 6.4 bn for Jyske Realkredit. Therefore the requirement of supplementary security will, on 8 July 2022, increase to DKK 9.0 bn, which can be met by Jyske Realkredit's current supplementary security for SDO bonds, which on 30 June 2022 amounted to DKK 19.5 bn.

Basel III/IV

On 27 October 2021, the EU Commission published its proposal for implementation of the last elements of Basel III in the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD IV) to take effect on 1 January 2025. The proposed rules will - if adopted in the present form - have significant implications for the capital requirements applying to Danish mortgage credit institutions, especially in consequence of the introduction of an output floor (single stack approach) and changes to the risk weights of both the IRB and the standardised approach. Due to the floor requirement, credit institutions will be subject to a capital requirement of at least 72.5% of the capital requirement calculated on the basis of the standardised approaches, which will be phased in gradually over several years. The easing applicable to the determination of the output floor for loans secured against properties will only be temporary as it is to be clarified how the permanent treatment of loans secured against a mortgage on properties is to be defined. Based on the current proposal, the capital requirements for Jyske Realkredit are expected to increase due to the transition to the new capital adequacy rules.

In addition, higher capital requirements are expected due to the implementation of new EBA guidelines, which took effect on 1 January 2022.

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 development of the capital structure under an economic downturn involving steep price 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 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 Jyske Bank Group's capital planning. The stress tests conducted show that the capital structures are robust.

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 stipulated by the FSA at 2.5% of the total mortgage loans.

The binding requirement for Jyske Realkredit's holding of liquid assets originates from the LCR floor requirement of 2.5% of total mortgage loans, and at the end of June 2022 this corresponded to DKK 8.0 bn (DKK 8.5 bn at the end of 2021). Jyske Realkredit had unencumbered liquid assets after haircut in the amount of DKK 17.4 bn at the end of June 2022 (DKK 17.4 bn at the end 2021) and hence a significant liquidity surplus relative to the LCR floor requirement.

Jyske Realkredit's HQLA (high-quality liquid assets) consist primarily of the bond portfolio. The Liquidity Coverage Ratio (LCR) was calculated at 839% at the end of the June 2022 (could not be calculated at the end of 2021). According to regulation, the ratio must be at least 100%.

Net Stable Funding Ratio (NSFR)

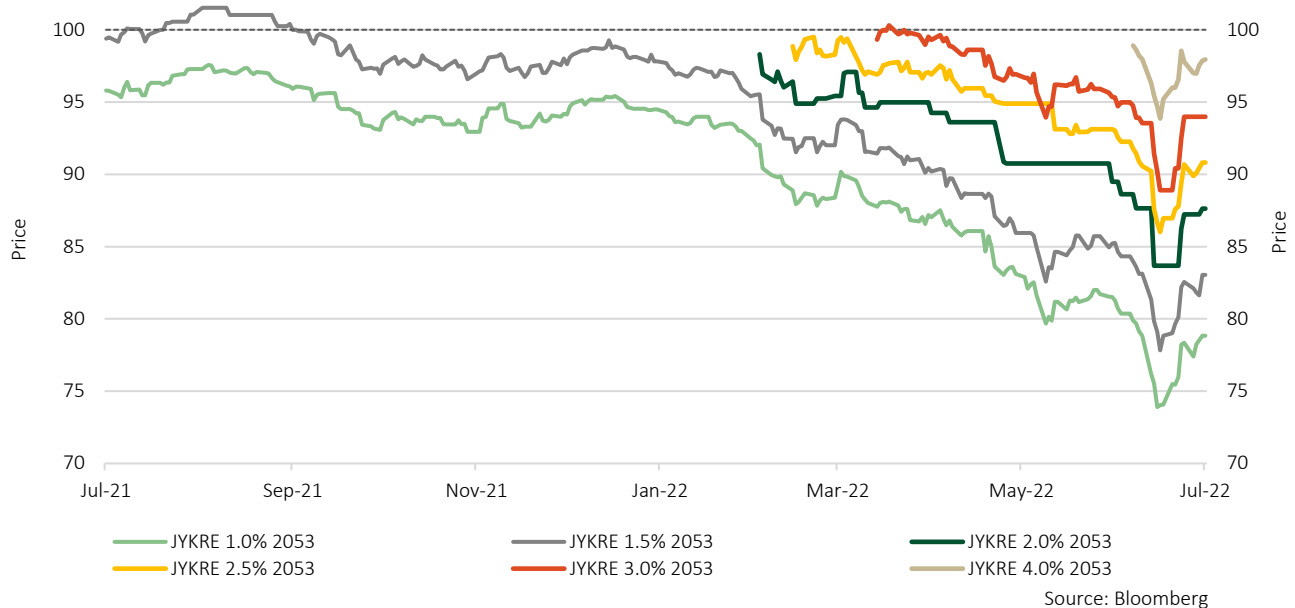
The purpose of the NSFR is to ensure that the funding profiles of credit institutions are of a sufficiently long-term nature and are stable over a period of one year under normal as well as stressed conditions. The purpose of the ratio is to secure stable funding of the institutions' assets in the 12-month term. The funding of Jyske Realkredit's loans is stable, as loans and issued mortgage bonds can be considered mutually dependent. The Net Stable Funding Ratio (NSFR) was calculated at 373% at the end of June 2022 (at the end of 2021: 256%) and must amount to at least 100% according to regulation.

Funding and bond issues

The fall in prices of callable bonds seen in the first quarter of 2022 continued in the second quarter. The price of 30-year callable Danish mortgage bonds fell significantly in the second quarter of 2022. Hence, in the second quarter, Jyske Realkredit issued new 30-year callable bonds with a coupon of both 4.0% and 5.0%. However, the callable bond with a coupon of 5.0% and without the instalment-free option was closed for issuance again at the end of the quarter. Over the past year the 30-year callable bond with instalment payments and a price closest to 100 has changed from having a coupon of 1.0% at the beginning of the second quarter of 2021 to being a bond with a coupon of 4.0% at the end of June 2022.

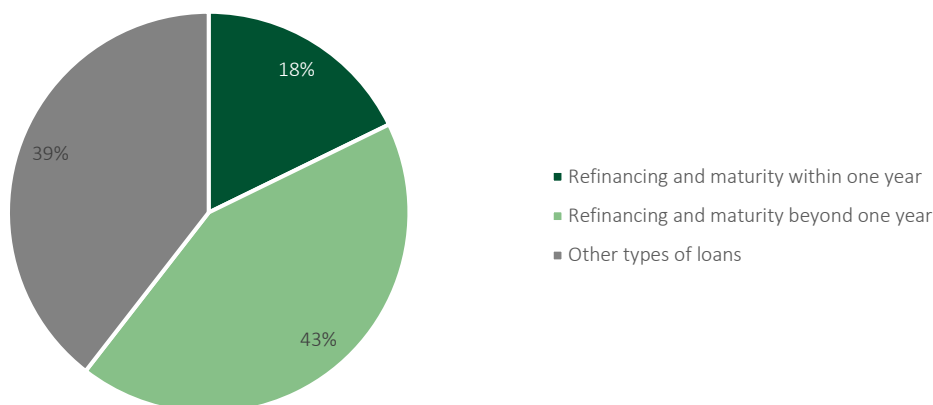
To ensure the liquidity of the bonds issued, Jyske Realkredit chose in the second quarter to bring forward the change of maturity of callable bonds. Instead of having the newly opened 30-year bonds mature in 2053, the choice was made to extend the time to maturity to 2056 so that the bonds could be used for a longer period than the usual three years.

Prices of certain 30-year callable bonds from Jyske Realkredit



Over the remaining period of 2022, 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 30 June 2022, by time of refinancing



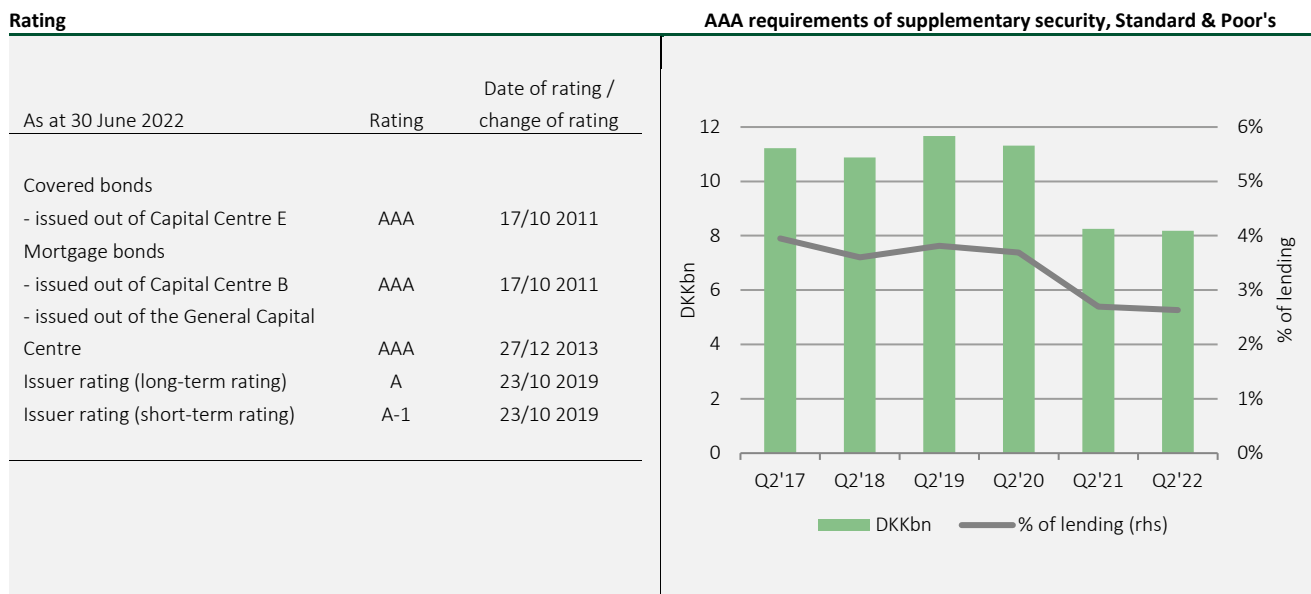
Due to the rising interest rates, particularly on 30-year callable bonds, more borrowers have chosen to remortgage so they reduce the debt outstanding on their mortgages by redeeming their existing fixed-rate mortgages at price below

100 and taking out a new mortgage. Clients who remortgage tend to a higher degree than before to take out a floating rate mortgage. Hence the proportion of personal borrowers with fixed-rate loans relative to the preceding quarter fell for the first time since early 2017, while the proportion of personal clients with short-term adjustable-rate loans (Jyske F1 and Jyske Kortrente) increased.

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). 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).



Standard & Poor's average requirement in percentage terms for supplementary security to maintain the AAA rating for mortgage bonds issued by Jyske Realkredit was at the end of June 2022 practically unchanged relative to the requirement in the second quarter of 2021. The level has not been lower since S&P began to rate Jyske Realkredit's bonds in 2011. The lower average requirement of supplementary security was primarily caused by a change to S&P's method of calculating supplementary security and a general improvement of the credit quality.

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, %

	30 June 2022	31 December 2021
Concentration risk <100%	44.5	46.8
Increase in loans <15% annually in the segment:		
- Owner-occupied homes and vacation homes	-2.2	-1.2
- Residential rental properties	8.9	8.3
- Other sectors	6.3	-0.5
Borrower's interest-rate risk <25%		
- Residential properties	15.8	14.9
Instalment-free schemes <10%		
- Owner-occupied homes and vacation homes	5.0	5.6
Loans with frequent interest-rate fixing:		
- Refinancing (annually) <25%	11.6	15.1
- Refinancing (quarterly) <12.5%	0.2	1.0

At the end of June 2022, Jyske Realkredit met all benchmarks of the supervisory diamond. On an on-going basis, Jyske Realkredit reviews its positions relative to the benchmarks.

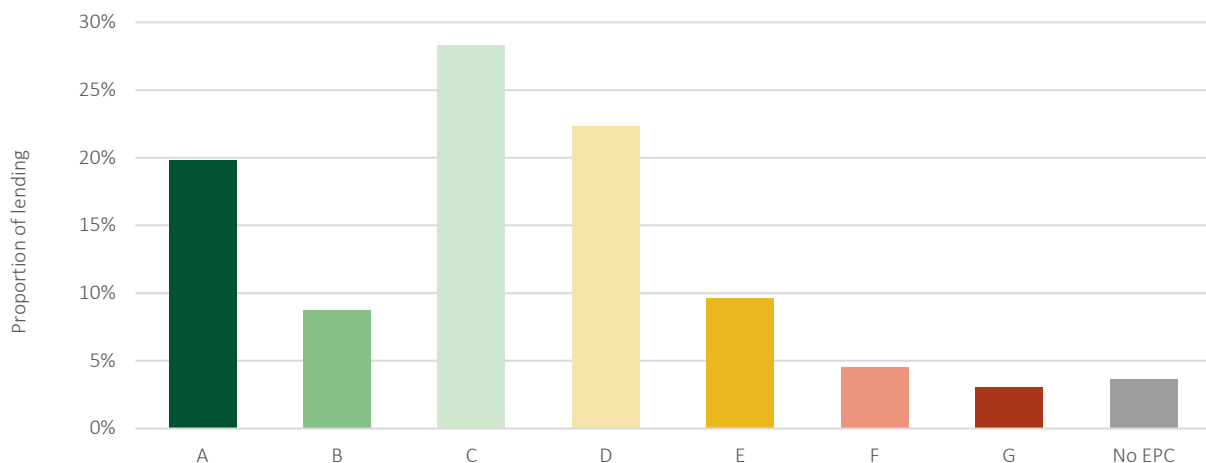
Sustainability

Jyske Realkredit is the first financial institution to launch a Sustainable Transparency Template (STT). The template was prepared by Jyske Realkredit to offer investors insight into the energy standard of the homes for which Jyske Realkredit has granted loans. The template includes, among other things, calculated CO₂ emission for loans and advances financed in Jyske Realkredit's capital centre E and the proportion of loans for properties supporting one or more of the UN's 17 Sustainable Development Goals. The template is available at jyskerealkredit.dk/stt.

In June 2021, Jyske Realkredit acceded to Energy Efficient Mortgage (EEM) Label. EEM label gives a transparent quality stamp for investors and borrowers so that they are able to identify financial institutions' loans to energy-efficient properties. Jyske Realkredit was the first institution under EEM Label that published EEM Label Harmonised Disclosure Template (HDT). That Jyske Realkredit was the first financial institution to publish the EEM Label template was due to the large focus which has prevailed in the entire Jyske Bank group on transparency within sustainability. It has been an obvious choice by Jyske Realkredit to focus on transparency within sustainability as a supplement to the issue of green bonds for the financing of sustainable loans and advances.

In its Annual Report for 2021, Jyske Realkredit included, for the first time, information of sustainability relating to Jyske Realkredit's loans. The notes included the breakdown by Energy Performance Certificate and CO₂ emission for all Jyske Realkredit's loans and the proportion of loans that support the UN's Sustainable Development Goals. In order to include figures reflecting sustainability relating to Jyske Realkredit's loans in the notes to the Annual Report for 2021, the figures were subject to audit by an external firm of auditors.

Jyske Realkredit's loan portfolio by energy rating



Note: For properties without a valid Energy Performance Certificate (EPC), an average EPC has been calculated for each individual property on the basis of the characteristics of the property.

In respect of the upcoming EU taxonomy for sustainable activities, properties established in Denmark can at the latest in 2020 with energy ratings A and B meet the criteria of being a sustainable activity. Properties established after 2020 will only be able to meet the criteria if the energy consumption of the property is lower than the minimum requirement as set out in the Danish building regulations.

Estimated CO₂e emission per year relating to Jyske Realkredit's loans

Type of property	Tonnes CO ₂ e (LTV-adjusted)	Kg CO ₂ e/m ²
Private owner-occupied homes and flats	110,244	15.3
Subsidised housing	31,059	6.9
Cooperative housing	5,080	7.4
Residential rental properties	24,547	6.8
Office and commercial properties	41,114	12.8
Other	11,533	8.5
Total	223,577	10.5

The estimated CO₂ emission is based on the Energy Performance Certificate, heating source and total floor area of the property. If the property has not been assigned an energy classification, the energy consumption and CO₂ emission will be estimated on basis of the characteristics of the property. The estimated CO₂ emission will offer a good idea of which properties offer potential for lowering their emission by renovating the properties. As Jyske Realkredit finances new properties with a low energy consumption, and at the same time also finances energy retrofitting of existing properties, it is expected that the average emission will fall over time. Jyske Realkredit will on an ongoing basis report on this development.

As part of Jyske Realkredit's Sustainable Transparency Template, it is also reported how much of the loans supports one or more of the UN's Sustainable Development Goals.

Loans and advances supporting the UN's Sustainable Development Goals

Loan type	FN SDG	Loans, nominal (DKKm)	Proportion of total loans (%)
Renewable energy	7.2	1,115	0.3
Green buildings	7.3	91,758	26.7
Subsidised housing	11.3	28,772	8.4
Total		121,645	35.4

Altogether, 35.4% of Jyske Realkredit's loans and advances support one or more of the UN Sustainable Development Goals. It is expected that this proportion will increase over time.

Other information

Further 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 half of 2022 can be downloaded from jyskerealkredit.dk.

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Income Statement and Statement of Comprehensive Income

Income Statement and Statement of Comprehensive Income		DKKkm	
Note		H1 2022	H1 2021
Income statement			
5	Interest income	2,762	2,584
6	Interest expenses	1,561	1,405
	Net interest income	1,201	1,179
7	Fees and commission income	313	261
	Fees and commission expenses	582	614
	Net interest and fee income	933	826
8	Value adjustment (- is an expense)	-84	64
	Other operating income	-	0
9	Employee and administrative expenses	185	177
	Other operating expenses	15	13
10	Loan impairment charges (- is income)	-93	102
	Pre-tax profit	742	599
11	Tax	163	126
	Net profit for the period	580	473
	Distributed to:		
	Jyske Realkredit A/S shareholders	580	473
	Total	580	473
Statement of Comprehensive Income			
	Net profit for the period	580	473
	Other comprehensive income after tax	-	-
	Comprehensive income for the period	580	473
	Distributed to:		
	Jyske Realkredit A/S shareholders	580	473
	Total	580	473

Balance Sheet

		DKKm		
Note		30 June 2022	31 Dec. 2021	30 June 2021
Assets				
	Cash balance and demand deposits with central banks	524	367	861
	Due from credit institutions and central banks	5,993	11,110	11,970
12	Loans at fair value	319,097	340,969	339,565
	Bonds at fair value	15,530	15,906	13,361
	Shares, etc.	58	54	58
	Deferred tax assets	3	2	3
13	Assets in temporary possession	42	55	58
14	Other assets	555	562	687
	Prepayments	22	9	20
Assets, total		341,825	369,035	366,581
Equity and liabilities				
Liabilities				
	Due to credit institutions and central banks	618	343	1,739
15	Issued bonds at fair value	315,462	344,817	341,622
	Issued bonds at amortised cost	750	750	750
	Current tax liabilities	445	283	375
16	Other liabilities	3,157	2,030	1,842
	Deferred income	10	12	10
Liabilities, total		320,443	348,235	346,337
Provisions				
	Other provisions	5	3	2
Total provisions		5	3	2
Equity				
	Share capital	500	4,306	4,306
	Share premium	102	102	102
	Retained profit	20,776	16,389	15,834
Total equity		21,377	20,798	20,242
Total equity and liabilities		341,825	369,035	366,581
Off-balance sheet items				
17	Guarantees, etc.	0	0	0
	Other contingent liabilities, etc. (loan offers)	15,291	14,614	13,449
Total guarantees and other contingent liabilities		15,291	14,614	13,450

Statement of Changes in Equity

DKKmn

	Share capital	Share premium	Retained profit	Total
Equity at 1 January 2022	4,306	102	16,389	20,798
Capital reduction	-3,806	-	3,806	-
Net profit for the period	-	-	580	580
Comprehensive income for the period	-	-	580	580
Equity at 30 June 2022	500	102	20,776	21,377

In May 2022 the nominal capital in Jyske Realkredit was reduced through a provision for a special reserve (distributable reserve). Jyske Realkredit's total equity was not affected by the reduction of the nominal share capital.

Equity on 1 January 2021	4,306	102	15,361	19,769
Net profit for the period	-	-	473	473
Comprehensive income for the period	-	-	473	473
Equity at 30 June 2021	4,306	102	15,834	20,242

Capital statement

	30 June 2022	31 Dec. 2021	30 June 2021
Equity	21,377	20,798	20,242
Deferred tax assets	-3	-2	-3
Prudent valuation	-36	-17	-18
Other deductions	-20	-10	-12
Common Equity Tier 1 capital / Core capital	21,319	20,769	20,209
Capital base	21,319	20,769	20,209
Weighted risk exposure involving credit risk etc.	74,032	74,190	71,482
Weighted risk exposure involving market risk	7	11	12
Weighted risk exposure involving operational risk	3,263	3,419	3,419
Total weighted risk exposure	77,302	77,621	74,913
Capital requirement, Pillar I	6,184	6,210	5,993
Capital requirement, total	6,184	6,210	5,993
Capital ratio (%)	27.6	26.8	27.0
Core capital ratio (%)	27.6	26.8	27.0
Common Equity Tier 1 capital ratio (%)	27.6	26.8	27.0

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 - 30 June 2022 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 2021.

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 also assets in temporary possession, cf. the detailed statement in the Annual Report 2021. 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 financial statements reflect adjusting events until 16 August 2022.

	30 June 2022	31 Dec. 2021	30 June 2021
3 Financial ratios and key figures			
Capital ratio (%)	27.6	26.8	27.0
Core capital ratio (%)	27.6	26.8	27.0
Return on equity (average) before tax for the period (%)	3.5	6.5	3.0
Return on equity (average) after tax for the period (%)	2.7	5.1	2.4
Income/cost ratio (%)	8.0	3.9	3.1
Currency position (%)	0.3	0.3	0.3
Accumulated impairment ratio (%)	0.5	0.5	0.5
Impairment ratio for the period (%)	-0.03	0.02	0.03
Increase in loans for the period (%)	1.5	1.4	0.6
Loans relative to equity	14.9	16.4	16.8
Return on capital employed	0.16	0.28	0.13

The financial ratios in this note are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority.

4 Alternative performance targets

	H1 2022			H1 2021		
	Core profit	Reclassification	Total	Core profit	Reclassification	Total
Administration margin income, etc.	1,175	-	1,175	1,168	-	1,168
Other net interest income, etc.	19	8	27	9	2	11
Net interest income	1,193	8	1,201	1,177	2	1,179
Net fee and commission income	-269	-	-269	-353	-	-353
Net interest and fee income	925	8	933	824	2	826
Value adjustments	-76	-8	-84	66	-2	64
Øvrige indtægter	-	-	-	0	-	0
Income	849	-	849	890	-	890
Expenses	200	-	200	189	-	189
Profit before loan impairment charges	649	-	649	701	-	701
Loan impairment charges	-93	-	-93	102	-	102
Pre-tax profit	742	-	742	599	-	599

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) on page 2 and income statement items prepared according to the Danish Executive Order on the Preparation of Financial Statements (page 21). Expenses in the above table relate to Employee and administrative expenses as well as Other operating expenses in the income statement according to the Danish Executive Order on the Preparation of Financial Statements.

	H1 2022	H1 2021
5 Interest income		
Due from credit institutions and central banks ¹	-14	-17
Loans	1,639	1,545
Administration margin	1,015	965
Bonds	72	40
Derivatives, interest-rate and currency contracts	55	45
Other interest income	0	-
Interest income before offsetting of interest on own bonds	2,766	2,579
Interest on own bonds, set off against interest on issued bonds	68	48
Total after offsetting of negative interest income	2,698	2,531
Negative interest income set off against interest income	26	28
Negative interest expenses set off against interest expenses	38	25
Total before offsetting of negative interest income	2,762	2,584
¹ Of which interest income on reverse repos carried under 'Due from credit institutions and central banks'	-14	-18

Notes

DKKm

	H1 2022	H1 2021
6 Interest expenses		
Due to credit institutions and central banks ¹	8	9
Issued bonds	1,574	1,417
Other interest expenses	-17	-26
Interest expenses before offsetting of interest on own bonds	1,565	1,400
Interest on own bonds, set off against interest on issued bonds	68	48
Total after offsetting of negative interest expenses	1,497	1,352
Negative interest expenses set off against interest expenses	38	25
Negative interest income set off against interest income	26	28
Total before offsetting of negative interest income	1,561	1,405
¹ Of which interest expenses on repos carried under 'Due to credit institutions and central banks'	-0	-0

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, is 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 60m was in the first half of 2022 recognised under Other interest expenses (2021: DKK 65m).

7 Fees and commission income		
Securities trading and custody services	171	136
Loan application fees	142	125
Other fees and commissions	0	0
Total	313	261

8 Value adjustment (- is an expense)		
Mortgage loans	-26,898	-7,158
Other loans and receivables at fair value	-18	1
Bonds	-854	-34
Shares, etc.	4	26
Currency	0	1
Currency, interest-rate and other contracts as well as other derivatives	-364	-171
Issued bonds	28,046	7,399
Total	-84	64

Value adjustment of the balance principle amounted to an expense of DKK 4m (2021: DKK 8m), resulting from a net value adjustment of the following items: mortgage loans by DKK -26,979m (DKK -7,185m) recognised in Mortgage loans, issued mortgage bonds by DKK +28,046m (DKK +7,399m) as well as derivatives by DKK -1,071m (DKK -222m), recognised in Currency, interest-rate and other contracts as well as other derivatives.

9 Employee and administrative expenses		
Employee expenses		
Wages and salaries, etc.	11	11
Pensions	1	1
Payroll tax	2	2
Social security	0	0
Total	14	14
Salaries and remuneration to the Executive Board and the Supervisory Board		
Executive Board	3	3
Supervisory Board	0	0
Total	3	4
Other administrative expenses		
IT	8	9
Other administrative expenses	160	150
Total	168	159
Total	185	177

Notes

DKKm

	H1 2022	H1 2021
10 Loan impairment charges (- is income)		
Loan impairment charges for the period	-107	83
Recognised as a loss, not covered by impairment charges	25	30
Recoveries	-11	-11
Total	-93	102
Balance of impairment charges		
Balance of impairment charges, beginning of period	1,741	1,723
Loan impairment charges for the period	-107	83
Recognised as a loss, covered by impairment charges	-61	-11
Balance of impairment charges, end of period	1,572	1,795
Mortgage loan impairment charges	1,450	1,679
Impairment charges on other loans and receivables, etc.	123	116
Balance of impairment charges, end of period	1,572	1,795

Breakdown of balance of impairment charges by stage H1 2022

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of period	323	382	1,036	1,741
Transfer of impairment charges at the beginning of the period to stage 1	68	-67	-1	-
Transfer of impairment charges at the beginning of the period to stage 2	-9	26	-17	-
Transfer of impairment charges at the beginning of the period to stage 3	-2	-39	40	-
Impairment charges relating to new loans	91	28	10	130
Decline in the balance of impairment charges due to repayment of loans	-36	-71	-153	-260
Effect from recalculation	116	23	-117	23
Previously recognised as impairment charges, now losses	-0	-1	-61	-61
Balance of impairment charges, end of period	553	282	738	1,572

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. The increase in impairment charges under Stage 1 is caused by the fact that impairment charges relating to management's estimates in the first half of 2022 were mainly distributed on non-credit impaired loans (Stage 1).

Breakdown of balance of impairment charges by stage H1 2021

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of period	289	663	770	1,723
Transfer of impairment charges at the beginning of the period to stage 1	129	-119	-10	-
Transfer of impairment charges at the beginning of the period to stage 2	-13	41	-28	-
Transfer of impairment charges at the beginning of the period to stage 3	-1	-43	43	-
Impairment charges relating to new loans	61	35	28	124
Decline in the balance of impairment charges due to repayment of loans	-25	-58	-65	-147
Effect from recalculation	-59	26	140	107
Previously recognised as impairment charges, now losses	-0	-1	-10	-11
Balance of impairment charges, end of period	382	544	869	1,795

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	-0.9
Total	21.9	21.1

Notes

DKKmn

	30 June 2022	31 Dec. 2021	310 June 2021
12 Loans at fair value			
Mortgage loans, nominal value	343,972	338,965	336,045
Adjustment for interest-rate risk, etc.	-23,768	3,223	4,818
Adjustment for credit risk	-1,450	-1,613	-1,679
Mortgage loans at fair value	318,755	340,575	339,184
Arrears and outlays	53	72	47
Other loans and receivables	290	322	334
Total	319,097	340,969	339,565
Mortgage loans at fair value broken down by property category			
Owner-occupied homes	144,761	159,298	160,773
Vacation homes	7,834	8,386	8,282
Subsidised Housing (rental housing)	46,801	52,141	52,984
Cooperative housing	11,975	14,163	14,076
Private rental properties (rental housing)	63,042	61,890	58,559
Industrial properties	2,681	2,729	2,475
Office and business properties	33,839	33,582	34,844
Agricultural properties, etc.	135	148	146
Properties for social, cultural and educational purposes	7,629	8,181	6,957
Other properties	57	56	87
Total	318,755	340,575	339,184
13 Assets in temporary possession			
Properties acquired through foreclosure	42	55	58
Total	42	55	58
14 Other assets			
Positive fair value of derivatives	416	325	539
Interest and commission receivable	18	17	6
Loan applications in process	15	41	68
Other assets	107	179	74
Total	555	562	687
15 Issued bonds at fair value			
Issued mortgage bonds, nominal value	360,010	352,080	354,133
Adjustment to fair value	-24,868	3,773	5,465
Own mortgage bonds, fair value	-19,679	-11,037	-17,976
Total	315,462	344,817	341,622
16 Other liabilities			
Negative fair value of derivatives	1,179	239	282
Interest and commission payable	1,194	1,285	1,104
Other liabilities	784	507	456
Total	3,157	2,030	1,842

Notes

DKKm

	30 June 2022	31 Dec. 2021	30 June 2021
17 Off-balance sheet items			
Guarantees, etc.			
Other guarantees	0	0	0
Total	0	0	0
Other contingent liabilities, etc.			
Irrevocable loan commitments	15,271	14,593	13,431
Other contingent liabilities	21	21	18
Total	15,291	14,614	13,449

Irrevocable loan 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 30 June 2022, no unusual related party transactions took place. Please see Jyske Realkredit's Annual Report 2021 for a detailed description of transactions with related parties.

	30 June 2022	31 Dec. 2021	30 June 2021
19 Contractual time to maturity			
Assets			
Due from credit institutions and central banks			
Demand deposits	779	542	1,131
Up to 3 months	5,214	10,568	10,838
Over 3 months and up to 1 year	-	-	-
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-
Total	5,993	11,110	11,970
Loans at fair value ¹			
Up to 3 months	1,849	2,175	2,081
Over 3 months and up to 1 year	6,576	7,389	7,201
Over 1 year and up to 5 years	39,782	43,102	42,154
Over 5 years	270,890	288,304	288,129
Total	319,097	340,969	339,565
Bonds at fair value			
Up to 3 months	1,932	661	435
Over 3 months and up to 1 year	6,593	8,778	7,311
Over 1 year and up to 5 years	6,358	6,443	5,590
Over 5 years	647	23	24
Total	15,530	15,906	13,361
Liabilities			
Due to credit institutions and central banks			
Demand deposits	526	78	1,243
Up to 3 months	93	265	496
Over 3 months and up to 1 year	-	-	-
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-
Total	618	343	1,739
Issued bonds at fair value ¹⁾			
Up to 3 months	1,456	2,741	6,362
Over 3 months and up to 1 year	61,887	65,377	58,002
Over 1 year and up to 5 years	124,946	124,687	121,697
Over 5 years	127,174	152,012	155,560
Total	315,462	344,817	341,622
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	750
Over 5 years	-	-	-
Total	750	750	750

The above amounts are exclusive of interest.

¹ The cash flow imbalance between mortgage loans (the main item of 'Loans 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.

Notes

DKKm

	30 June 2022	31 Dec. 2021
20 Loan portfolio by EPC (%)		
EPC A	19.8	17.5
EPC B	8.7	8.3
EPC C	28.3	27.4
EPC D	22.4	24.0
EPC E	9.6	10.7
EPC F	4.5	4.9
EPC G	3.1	3.2
No emission/no data	3.6	4.1
Total	100.0	100.0

For properties without a valid Energy Performance Certificate (EPC), an estimated EPC has been applied to each individual property on the basis of the characteristics of the property.

21 Estimated CO₂e emission per year relating to Jyske Realkredit's loans

Loan type	30 June 2022		31 december 2021	
	Tonnes CO ₂ e (LTV- adjusted)	kg CO ₂ e/m ²	Tonnes CO ₂ e (LTV- adjusted)	kg CO ₂ e/m ²
Private owner-occupied homes and flats	110,244	15.3	117,224	15.8
Subsidised housing	31,059	6.9	28,973	7.1
Cooperative housing	5,080	7.4	5,487	7.6
Residential rental properties	24,547	6.8	25,808	7.1
Office and commercial properties	41,114	12.8	41,906	13.1
Other	11,533	8.5	15,216	11.4
Total	223,577	10.5	234,613	11.0

The yera's CO₂ emission are calculated as estimated emissions for the past 12 month.

22 Loans supporting the UN Sustainable Development Goals

Loan type	30 June 2022			31 December 2021		
	FN SDG	Loans nominal (DKKm)	Proportion of total loans (%)	FN SDG	Loans nominal (DKKm)	Proportion of total loans (%)
Renewable Energy	7.2	1,115	0.3	7.2	1,143	0.3
Green buildings	7.3	91,758	26.7	7.3	80,857	23.9
Subsidised housing	11.3	28,772	8.4	11.3	32,339	9.5
Total		121,645	35.4		114,339	33.7

UN Sustainable Development Goals

7.2: By 2030, the proportion of renewable energy in the global energy mix must be increased significantly.

7.3: By 2030, the global pace for the improvement of energy efficiency must be doubled.

11.3: By 2030, urban development must be more inclusive and sustainable.

Statement by the Executive and Supervisory Boards

Today we have discussed and approved the Interim Financial Report of Jyske Realkredit A/S for the period 1 January to 30 June 2022.

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 on 30 June 2022 and of the company's financial performance for the period 1 January to 30 June 2022.

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 well as a description of the most material risks and elements of uncertainty that may affect the company.

Kgs. Lyngby, 16 August 2022.

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