



Interim Financial Report, First Half of 2020

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Financial Highlights

Core profit and net profit for the period, DKKm

	H1 2020	H1 2019	Index 20/19	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Full year 2019
Administration margin income, etc.	1,167	1,158	101	581	586	590	586	582	2,334
Other net interest income	21	33	63	15	6	16	9	21	58
Net fee and commission income, etc.	-247	-298	83	-128	-119	-145	-199	-166	-641
Value adjustments, etc. (- is an expense)	77	50	154	73	4	-21	-23	24	6
Other income	0	1	50	0	-	3	18	1	22
Core income	1,018	944	108	541	477	443	391	462	1,778
Core expenses	172	157	110	85	87	76	76	78	310
Core profit before loan impairment charges	846	787	108	456	390	366	315	384	1,468
Loan impairment charges (- is income)	606	17	3,565	120	485	40	-22	43	35
Core profit/Pre-tax profit	240	770	31	336	-95	326	337	341	1,434
Tax (- is income)	59	169	35	80	-21	73	74	76	316
Net profit for the period	182	601	30	256	-74	253	263	265	1,117

Summary of Balance Sheet, end of period, DKKm

Mortgage loans, fair value	340,929	338,067	101	340,929	337,693	338,666	339,778	338,067	338,666
Bonds and shares	20,082	28,418	71	20,082	17,414	18,565	18,954	28,418	18,565
Total assets	366,986	358,237	102	366,986	376,685	384,899	391,582	380,237	384,899
Issued bonds, fair value	343,320	358,435	96	343,320	352,402	361,388	367,591	358,435	361,388
Equity	19,043	18,345	104	19,043	18,787	18,861	18,608	18,345	18,861

Financial ratios and key figures

Pre-tax profit p.a. as a percentage of average equity	2.5	8.5	-	7.1	-2.0	7.0	7.3	7.5	7.8
Profit for the period p.a. as a pct. of average equity	1.9	6.7	-	5.4	-1.6	5.4	5.7	5.8	6.1
Expenses as a percentage of income	16.9	16.6	-	15.7	18.2	17.4	19.4	16.9	17.4
Capital ratio (%)	23.6	21.9	-	23.6	23.3	23.1	22.2	21.9	23.1
Common Equity Tier 1 capital ratio (CET1 %)	23.6	21.9	-	23.6	23.3	23.1	22.2	21.9	23.1
Individual solvency requirement (%)	10.0	9.8	-	10.0	10.0	10.1	9.9	9.8	10.1
Capital base (DKKm)	19,014	18,274	-	19,014	18,720	18,811	18,547	18,274	18,811
Weighted risk exposure (DKKm)	80,470	83,409	-	80,470	80,393	81,321	83,432	83,409	81,321
No. of full-time employees at end-period	26	28	-	26	27	23	25	28	23
No. of employees split between the companies, at end-period ¹	478	375	-	478	481	474	383	375	474

¹ Employees split between the companies are included in the number of part-time 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 for the first half of 2020, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

“The results for the first half of 2020 were to a great extent affected by the outbreak of COVID-19. Notwithstanding the reopening of the economy and the fact that substantial economic aid packages have reduced the immediate risk in the property market, there is in the long term greater uncertainty about the effects on the price and revenue development as well as the clients’ ability to pay. Even though, right now, no effect can be detected on the credit quality of the loan portfolio, Jyske Realkredit has for reasons of cautiousness chosen to make a general management’s estimate in the amount of DKK 415m and also to recognise impairment charges in the amount of DKK 187m on specific corporate accounts, among other things, due to the COVID-19 situation.”

Net profit for the period

Net profit for the period came to DKK 182m, corresponding to a return on equity of 1.9% p.a. Uncertainty relating to the COVID-19 situation caused considerable impairment charges in the first half of 2020. So far, no deterioration of clients’ ability to pay has been established. However, uncertainty about possible consequences of COVID-19 caused management to take a cautious approach when determining the indication of impairment.

In the first half of 2020, administration margin income rose slightly relative to the first half of 2019 and was positively affected by the increase in loans, yet negatively affected by clients’ refinancing from floating rate products to fixed-rate products, on which the administration margin is lower.

In the first half 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 half of 2020, the nominal loan portfolio grew by DKK 3 bn, which was below the growth by DKK 5 bn in the first half of 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 23.6%.

Capital

At the end of the first half of 2020, Jyske Realkredit had a capital buffer of DKK 7.8 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 in 2020.

It is expected that core profit before impairment charges will be realised at a slightly lower level than that for 2019. The consequences of COVID-19 in the form of losses is uncertain. Until and including July, no material deterioration has been established in the credit quality of the loan portfolio. Arrears and the degree to which respite has been granted are at very low levels. Due to the uncertain macroeconomic situation and the effects from this, Jyske Realkredit has in the first half of 2020 both made significant management’s estimates and increased individual impairment charges. There is every indication that increase in the level of losses, if any, will not be realised until 2021.

Financial Review

Net profit for the period

In the first half of 2020, Jyske Realkredit generated a pre-tax profit of DKK 240m compared to DKK 770m in the first half of 2019. The profit for the first half of 2020 was adversely affected by impairment charges in the amount of DKK 415m relating to the expected impact on the loan portfolio from the Covid-19 situation. Calculated tax amounted to an expense of DKK 59m (first half of 2019: DKK 169m), and therefore the profit for the period came to DKK 182m (first half of 2019: DKK 601m) corresponding to a return of 1.9% p.a. on average equity (first half of 2019: 6.7% p.a.).

Core profit and net profit for the period, DKKm

	H1 2020	H1 2019	Index 20/19	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Full year 2019
Administration margin income, etc.	1,167	1,158	101	581	586	590	586	582	2,334
Other net interest income	21	33	63	15	6	16	9	21	58
Net fee and commission income, etc.	-247	-298	83	-128	-119	-145	-199	-166	-641
Value adjustments, etc. (- is an expense)	77	50	154	73	4	-21	-23	24	6
Other income	0	1	50	0	-	3	18	1	22
Core income	1,018	944	108	541	477	443	391	462	1,778
Core expenses	172	157	110	85	87	76	76	78	310
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Loan impairment charges (- is income)	606	17	3,565	120	485	40	-22	43	35
Core profit/Pre-tax profit	240	770	31	336	-95	326	337	341	1,434
Tax (- is income)	59	169	35	80	-21	73	74	76	316
Net profit for the period	182	601	30	256	-74	253	263	265	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 1,018m in the first half of 2020 against DKK 944m in the first half of 2019.

Administration margin income, etc. for the first half of 2020 amounted to DKK 1,167m against DKK 1,158m for the corresponding period of 2019, i.e. an increase by 1%. Mortgage loans stated at nominal value grew by 2% over the same period. The second half of 2019 and the first quarter of 2020 were affected by high remortgaging activity on the part of both personal and corporate clients. Quite a number of personal clients remortgaged, switching from floating-rate to fixed-rate products, where the administration margin 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 21m in the first half of 2020 against an income of DKK 33m in the first half of 2019. The decline by DKK 12m can be attributed to lower interest income from claims previously written off as well as lower interest income on core portfolios.

Net fee and commission income, etc. amounted to an expense of DKK 247m in the first half of 2020 against an expense of DKK 298m in the first half 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 469m for the first half of 2020 against DKK 512m for the first half of 2019. On the other hand, in the first half of 2020, other net fee and commission income rose to DKK 222m against DKK 215m in the first half of 2019. In 2020, the first quarter still saw some remortgaging activity, while in 2019 the activity began in the second quarter.

Value adjustments etc. amounted to an income of DKK 77m in the first half of 2020 against an income of DKK 50m in the first half of 2019. The increase can be attributed to a higher value adjustment of the fixed portfolio of securities, which is primarily made up of bonds, as well as a value adjustment of the company's shareholding at VP Securities, which holding has been sold in August. On the other hand, value adjustments on bonds relating to core operations were lower due to the lower remortgaging activity.

Core expenses

Core expenses amounted to DKK 172m in the first half of 2020 against DKK 157m 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 half of 2020, core profit before loan impairment charges amounted to DKK 846m against DKK 787m in the first half of 2019.

Impairment charges

Loan impairment charges amounted to an expense of DKK 606m in the first half of 2020 against an expense of DKK 17m in the first half of 2019. Of the impairment charges in the first half of 2020, DKK 415m can be attributed to a management's estimate for the impact of Covid-19 on the loan portfolio.

The management's estimate of effects caused by the COVID-19 outbreak was calculated on the basis of the most recent macroeconomic forecasts as well as qualitative observations of the development. Currently, various rescue packages from the government support businesses, and therefore the effect on the portfolio is still limited.

Moreover, an additional indication of impairment in the amount of DKK 187m on some large corporate accounts has been recognised, as the value of the underlying security provided was reassessed, due to the COVID-19 situation, among other things.

Relative to total loans, the effect from the impairment charges on the income statement amounted to 0.18% in the first half of 2020 against 0.01% in the first half of 2019.

Jyske Realkredit's holding of assets held temporarily amounted to DKK 84m as at 30 June 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 watched closely and all large exposures are monitored on an on-going basis.

The total balance of impairment charges amounted to DKK 1,861m at the end of June 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

	H1 2020	H1 2019	Index 20/19	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Full year 2019
Non-performing loans and guarantees:									
Loans, advances and guarantees before impairment charges	3,367	4,028	84	3,367	3,671	3,888	3,950	4,028	3,888
Impairment charges	665	463	144	665	523	457	462	463	457
Loans, advances and guarantees after impairment charges	2,702	3,565	76	2,702	3,148	3,431	3,488	3,565	3,431
NPL ratio (%)	0.8	1.1	75	0.8	0.9	1.0	1.0	1.1	1.0
NPL contribution ratio (%)	19.8	11.5	172	19.8	14.2	11.8	11.7	11.5	11.8
Past due mortgage loans (90 days)	479	571	84	479	461	450	530	571	450
Operational loan impairment charges and provisions for guarantees	606	17	3,565	121	485	40	-22	43	35
Operating losses	88	97	91	29	59	59	-8	40	148

Arrears rate

The arrears rate measured 90 days after the March 2020 repayment date amounted to 0.3%, which is the same level after the corresponding repayment date of the previous year. The arrears rate measured 15 days after the June 2020 repayment date amounted to 0.6% against 0.9% after the June 2019 repayment date.

Arrears rate						
	June 2020	March 2020	December 2019	September 2019	June 2019	March 2019
After 90 days	-	0.3	0.2	0.2	0.2	0.3
After 15 days	0,6	0.9	0.8	0.8	0.9	1.0

Second quarter of 2020 compared to first quarter of 2020

The net profit for the second quarter of 2020 increased to DKK 182m against DKK -74m for the first quarter of 2020.

Administration margin income etc. fell from DKK 586m in the first quarter to DKK 581m in the second 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 15m in the second quarter of 2020 against DKK 6m in the first quarter. The increase can primarily be attributed to a higher interest yield on the company's fixed portfolio of securities.

Net fee and commission income, etc. amounted to an expense of DKK 128m in the second quarter of 2020 against an expense of DKK 119m in the first quarter. Distribution fees to Jyske Bank amounted to DKK 198m in the second quarter of 2020 against DKK 271m in the first quarter. 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 second quarter of 2020. Other net fee and commission income fell from an income of DKK 152m in the first quarter of 2020 to an income of DKK 70m in the second quarter. The decline can also be attributed to the lower remortgaging activity in the second quarter of 2020.

Value adjustments amounted to an income of DKK 73m in the second quarter of 2020 against an income of DKK 4m in the first quarter. The increase can primarily be attributed to the increase by DKK 56m in value adjustments of the company's fixed portfolio of securities in the second quarter of 2020 relative to the first quarter. The remaining increase relates primarily to value adjustments of the company's shareholding with VP Securities.

Core expenses amounted to DKK 85m in the second quarter of 2020 against DKK 87m in the first quarter.

Losses and impairment charges amounted to an expense of DKK 120m in the second quarter of 2020 against an expense of DKK 485m in the first quarter. Of the impairment charges in the second quarter of 2020, impairment charge relating to Covid-19 amounted to DKK 15m against DKK 400m in the first quarter. The remaining part of the impairment charges in the second quarter of 2020 related primarily to the additional indication of impairment for some large corporate accounts due to a reassessment of the value of the underlying security provided among other things with regard to the Covid-19 situation.

The profit before tax amounted then to DKK 336m for the second quarter of 2020 against DKK -95m for the first quarter.

Balance sheet

At the end of the first half of 2020, Jyske Realkredit's balance sheet amounted to DKK 367 bn (DKK 385 bn at the end of 2019).

Loans at fair value rose from DKK 338.7 bn at the end of 2019 to DKK 340.9 bn at the end of the first half of 2020, corresponding to an increase by 0.7%. Over the same period, nominal mortgage loans increased from DKK 329.0 bn to DKK 331.8 bn, corresponding to an increase by 0.8%. This increase can primarily be attributed to the corporate client area.

Equity was affected by the profit for the period by DKK 182m and amounted to DKK 19,043m at the end of the first half of 2020 (DKK 18,861m at the end of 2019).

Summary of Balance Sheet, end of period, DKKm

	30 June 2020	30 June 2019	Index 20/19	30 June 2020	31 March 2020	31 Dec. 2019	30 Sept. 2019	30 June 2019
Assets / equity and liabilities	366,986	380,237	97	366,986	376,685	384,899	391,582	380,237
Mortgage loans, nominal value	331,826	324,513	102	331,826	332,233	329,043	326,132	324,513
Loans and advances at fair value	340,929	338,067	101	340,929	337,693	338,666	339,778	338,067
Issued bonds, fair value	343,320	358,435	96	343,320	352,402	361,388	367,591	358,435
Equity	19,043	18,345	104	19,043	18,787	18,861	18,608	18,345

Capital

Capital management

The purpose of Jyske Realkredit's capital management is to ensure 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 19.0 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 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.

At the end of the first half of 2020, the capital ratio at 23.6% was higher than the ratio at the end of 2019 (23.1%) and was therefore at 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	30 June 2020	31 December 2019
Equity	19,043	18,861
Diff. between expected loss and impairment charges (deduction)	-	-23
Prudent valuation	-26	-23
Deferred tax assets	-3	-4
Common Equity Tier 1 capital / Core capital	19,014	18,811
Capital base	19,014	18,811
Credit risk	76,987	77,665
Market risk	19	20
Operational risk	3,464	3,636
Total risk exposure	80,470	81,321
Common Equity Tier 1 capital ratio (%)	23.6	23.1
Tier 1 Capital ratio (%)	23.6	23.1
Capital ratio (%)	23.6	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 relationship 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 half 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 half 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 11.3 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 19.0 bn, Jyske Realkredit's excess capital adequacy amounts to DKK 7.8 bn.

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

DKKm/% of REA	30 June 2020		31 December 2019	
Credit risk	6,159	7.7	6,213	7.6
Market risk	2	0.0	2	0.0
Operational risk	277	0.3	291	0.3
Capital requirement, Tier I	6,438	8.0	6,506	8.0
Credit risk	1,396	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	1,600	2.0	1,689	2.1
Adequate capital base	8,038	10.0	8,194	10.1
Capital conservation buffer	2,012	2.5	2,033	2.5
Systemic risk buffer	1,207	1.5	1,220	1.5
Countercyclical buffer	-	-	813	1.0
Combined capital buffer requirement	3,219	4.0	4,066	5.0
Adequate capital base, incl. combined capital buffer requirement	11,257	14.0	12,260	15.1
Excess capital adequacy	7,757	9.6	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 - after being fully phased in in 2020 - amounts 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 half of 2020, the debt buffer requirement amounted to DKK 6.8 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 half of 2020, the leverage ratio for Jyske Realkredit was 5.14% against 4.84% at the end of 2019.

Leverage ratio		
DKKm/%	30 June 2020	31 December 2019
Core capital	19,014	18,811
Total exposure value	370,207	389,003
Leverage ratio	5.14	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 half of 2020, the OC requirement amounted to DKK 11.3 bn against DKK 11.8 bn at the end of 2019 and can be met through liquid assets financed by 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 half of 2020, the SDO requirement amounted to DKK 5.6 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 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 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 half 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 in the second quarter of 2020 by DKK 3 bn to a total of DKK 172 bn, whereas loans to the commercial market, inclusive of loans for subsidised housing, rose by DKK 3 bn to a total of DKK 160 bn.

Breakdown of loans by property category (%)

	30 June 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016
Personal clients	52.2	53.1	53.4	53.5	51.8
- of which owner-occupied homes	49.7	50.7	50.8	51.0	49.3
- of which vacation homes	2.4	2.5	2.5	2.5	2.5
Corporate clients	47.8	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)	15.5	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	10.7	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 (%)

	30 June 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016
Adjustable-rate loans	51.9	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	26.7	27.5	29.8	32.0	34.1
Fixed-rate loans	34.6	33.2	31.4	31.6	30.9
- without interest-only option	26.2	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.	10.7	11.3	12.3	10.3	5.3
- without interest-only option	4.5	4.8	5.4	4.4	2.0
- with interest-only option	6.2	6.5	7.0	5.9	3.3
Other loans, including index-linked loans	2.7	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	58.7	58.2	56.3	55.8	57.8
- with interest-only option	41.3	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 take advantage of the low interest rates to repay loans. It is to be expected that the interest-only option may again be in demand by Jyske Realkredit's clients, depending on the economic development over the coming quarters.

Average loan-to-value ratio by property category

	30 June 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017	31 Dec. 2016
Personal clients	60.9	61.3	61.9	63.4	64.0
- of which owner-occupied homes	61.3	61.6	62.2	63.8	64.3
- of which vacation homes	53.0	53.8	53.9	56.2	58.0
Corporate clients	56.2	57.4	58.9	61.4	64.5
- of which subsidised housing	24.9	27.2	31.5	43.0	44.7
- of which private rental properties (rental housing)	61.6	62.6	64.2	66.3	70.1
- of which cooperative housing	52.3	53.0	54.4	59.2	61.9
- of which office and commercial properties	52.9	54.7	55.8	58.7	61.7
Mortgage loans, total	53.6	54.6	56.0	59.4	60.7

From a credit perspective, the loan portfolio developed positively in the first half 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 3 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 stipulated by the FSA at 2.5% of the total mortgage loans.

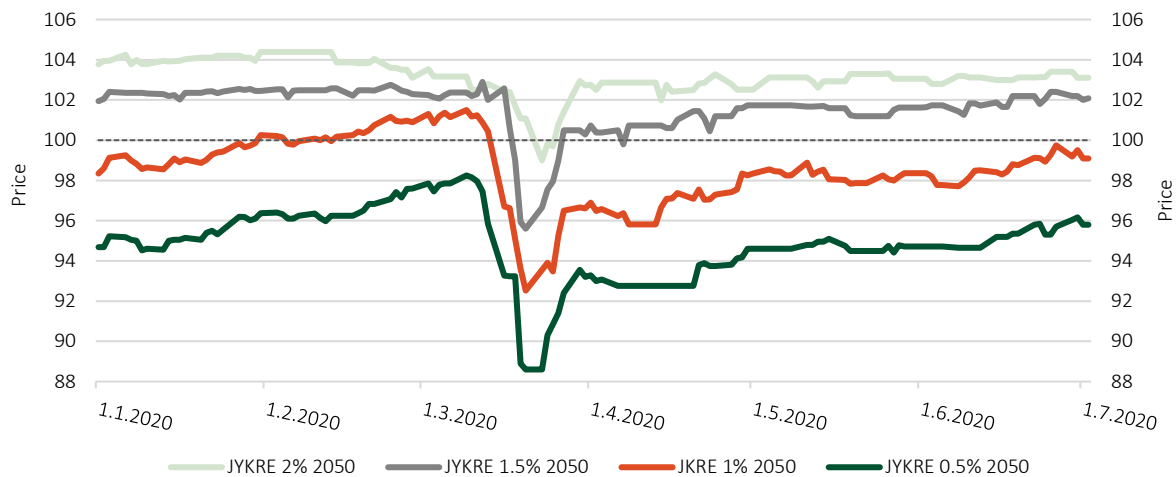
The binding requirement for Jyske Realkredit's holding of liquid assets originates from the LCR floor requirement of 2.5% of total mortgage loans, which at the end of the first half of 2020 corresponded to DKK 8.5 bn (DKK 8.4 bn at the end of the first half of 2019). Jyske Realkredit had unencumbered liquid assets after haircut in the amount of DKK 14.3 bn at the end of the first half of 2020 (DKK 13.4 bn at the end of the first half of 2019) 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 could not be calculated at the end of the first half of 2020 due to a net outflow of 0 (3324% at the end of the first half of 2020).

Funding and refinancing

After the first quarter with very wide fluctuations in prices of Danish mortgage bonds due to the covid-19 situation, the price development was more stable in the second quarter of 2020. Generally, prices of 30-year callable bonds have increased in the second quarter of 2020.

Prices of certain 30-year bonds from Jyske Realkredit

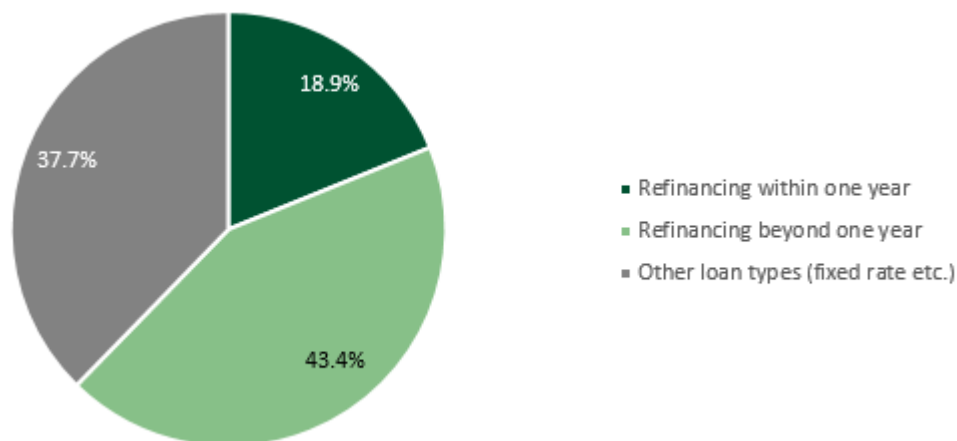


Source: Bloomberg

Due to the very low prices of long-term 30-year 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. On the whole, the proportion of private borrowers who opt for fixed-rate loans has increased by almost 5 percentage points over the past year. This helps to minimise the refinancing risk as 30-year callable bonds are not to be refinanced.

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 30 June 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.

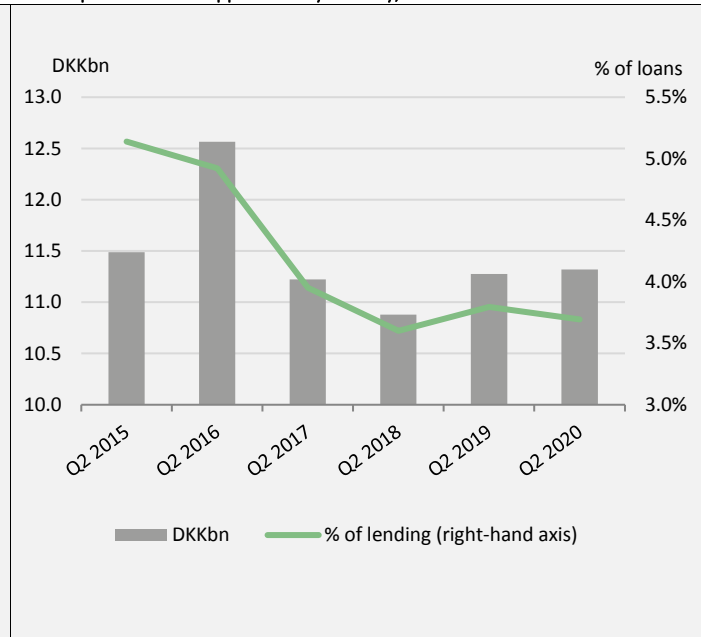
Rating

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

Rating

As at 30 June	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

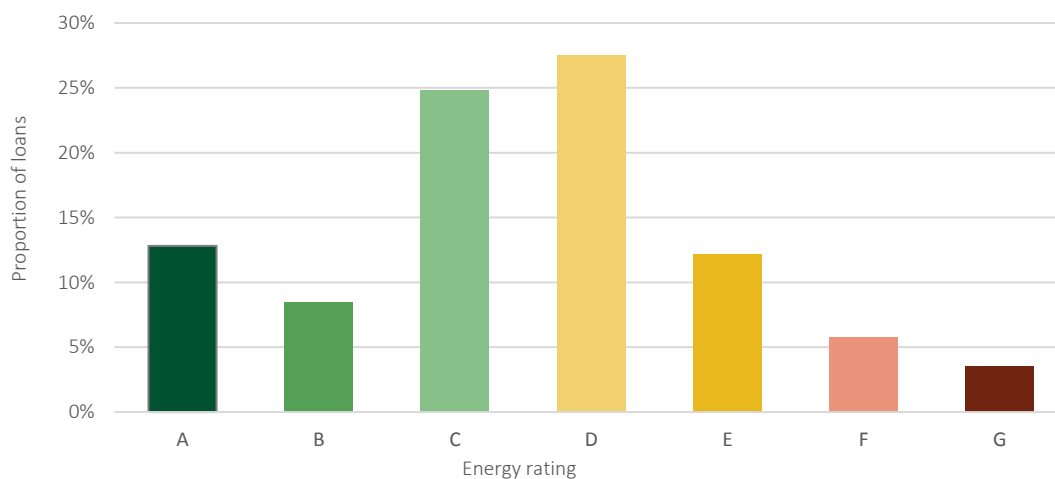
¹⁾ On 23 October 2019, S&P upgraded Jyske Bank and Jyske Realkredit's issuer rating to A/Stable/A-1

AAA requirements of supplementary security, Standard & Poor's


Standard & Poor's average requirement for supplementary security to maintain the AAA rating for mortgage bonds issued by Jyske Realkredit fell relative to the second quarter of 2019. The decline in the average requirement of supplementary security can, among other things, be attributed to the fact that a greater proportion of the borrowers have opted for fixed-rate loans compared to the proportion a year ago.

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 institution

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

Supervisory diamond - benchmarks, %

	30 June 2020	31 December 2019
Concentration risk <100%	48.5	47.9
Increase in loans <15% annually in the segment:		
- Owner-occupied home and vacation homes	-0.2	2.4
- Residential rental property ¹⁾	4.1	0.2
- Other sectors	5.9	6.1
Borrower's interest-rate risk <25%		
- Residential property	17.5	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%	16.3	15.0
- Refinancing (quarterly) <12.5%	4.3	1.7

At the end of the first half 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 half 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 half of 2020 can be downloaded from jyskerealkredit.dk.

Contact

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Income Statement and Statement of Comprehensive Income

DKKm

Note	H1 2020	H1 2019
Income statement		
5 Interest income	2,759	3,316
6 Interest expenses	1,574	2,112
Net interest income	1,186	1,204
Dividends, etc.	0	1
7 Fees and commission income	260	258
Fees and commission expenses	507	555
Net interest and fee income	939	907
8 Value adjustments	79	36
9 Employee and administrative expenses	163	144
Amortisation, depreciation and impairment charges	0	1
Other operating expenses	8	12
10 Loan impairment charges	606	17
Pre-tax profit	240	770
11 Tax	59	169
Net profit for the period	182	601
Distributed to:		
Jyske Realkredit A/S shareholders	182	601
Total	182	601

Statement of Comprehensive Income

Net profit for the period	182	601
Other comprehensive income after tax	-	-
Comprehensive income for the period	182	601
Distributed to:		
Jyske Realkredit A/S shareholders	182	601
Total	182	601

Balance Sheet

		DKKm		
Note		30 June 2020	31 Dec. 2019	30 June 2019
Assets				
	Cash balance and demand deposits with central banks	4	41	48
	Due from credit institutions and central banks	4,831	26,435	12,188
12	Loans and advances at fair value	340,929	338,666	338,067
	Bonds at fair value	19,869	18,373	28,201
	Shares, etc.	213	192	217
	Intangible assets	-	-	0
	Other property, plant and equipment	0	1	1
	Deferred tax assets	3	4	4
13	Assets in temporary possession	84	107	382
14	Other assets	1,035	1,075	1,114
	Prepayments	19	6	15
	Total assets	366,986	384,899	380,237
Equity and liabilities				
Liabilities				
	Due to credit institutions and central banks	1,216	1,102	853
15	Issued bonds at fair value	343,320	361,388	358,435
	Issued bonds at amortised cost	750	750	-
	Current tax liabilities	373	315	431
16	Other liabilities	2,273	2,471	2,131
	Deferred income	9	10	40
	Liabilities, total	347,942	366,036	361,890
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	14,635	14,453	13,936
	Total equity	19,043	18,861	18,345
	Total equity and liabilities	366,986	384,899	380,237
17	Off-balance sheet items			
	Guarantees, etc.	0	0	0
	Other contingent liabilities, etc. (loan offers)	12,122	14,449	15,213
	Total guarantees and other contingent liabilities	12,122	14,449	15,213

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	-	-	182	182
Other comprehensive income	-	-	-	-
Comprehensive income for the period	-	-	182	182
Equity at 30 June 2020	4,306	102	14,635	19,043
Equity at 1 January 2019	4,306	102	13,335	17,744
Net profit for the period	-	-	601	601
Other comprehensive income	-	-	-	-
Comprehensive income for the period	-	-	601	601
Equity at 30 June 2019	4,306	102	13,936	18,345

Capital Statement

DKKkm

	30 June 2020	31 Dec. 2019	30 June 2019
Equity	19,043	18,861	18,345
Intangible assets	-	-	-0
Deferred tax assets	-3	-4	-4
Difference between expected loss and the carrying amount of impairment charges	-	-23	-43
Prudent valuation	-26	-23	-23
Common Equity Tier 1 capital / Core capital	19,014	18,811	18,274
Capital base	19,014	18,811	18,274
Weighted risk exposure involving credit risk etc.	76,987	77,665	79,746
Weighted risk exposure involving market risk	19	20	27
Weighted risk exposure involving operational risk	3,464	3,636	3,636
Total weighted risk exposure	80,470	81,321	83,409
Capital requirement, Pillar I	6,438	6,506	6,673
Capital requirement, total	6,438	6,506	6,673
Capital ratio (%)	23.6	23.1	21.9
Core capital ratio (%)	23.6	23.1	21.9
Common Equity Tier 1 capital ratio (%)	23.6	23.1	21.9

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 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 the first half 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 and provisions for guarantees.

The financial statements reflect adjusting events until 18 August 2020.

Notes - cont.

DKKm

30 June 2020 31 Dec. 2019 30 June 2019

3 Financial ratios and key figures

Capital ratio (%)	23.6	23.1	21.9
Core capital ratio (%)	23.6	23.1	21.9
Return on equity (average) before tax for the period (%)	1.3	7.8	4.3
Return on equity (average) after tax for the period (%)	1.0	6.1	3.3
Income/cost ratio (%)	1.3	5.2	5.4
Currency position (%)	0.5	0.5	0.7
Accumulated impairment ratio (%)	0.5	0.4	0.4
Impairment ratio for the period (%)	0.18	0.01	0.01
Increase in loans and advances for the period (%)	0.8	3.0	1.6
Loans and advances relative to equity	17.9	18.0	18.4
Return on capital employed	0.05	0.29	0.16

4 Alternative performance targets

	H1 2020			H1 2019		
	Core profit	Reclassifi- cation	Total	Core profit	Reclassifi- cation	Total
Administration margin income, etc.	1,167	-	1,167	1,157	-	1,157
Other net interest income, etc.	21	-2	19	33	13	47
Net interest income	1,188	-2	1,186	1,191	13	1,204
Net fee and commission income	-247	-	-247	-298	-	-298
Net interest and fee income	941	-2	939	893	13	907
Value adjustments	77	2	79	50	-13	36
Other income	0	-	0	1	-	1
Income	1,018	-	1,018	944	-	944
Expenses	172	-	172	157	-	157
Profit before loan impairment charges and provisions for guarantees	846	-	846	787	-	787
Loan impairment charges and provisions for guarantees (- income)	606	-	606	17	-	17
Pre-tax profit	240	-	240	770	-	770

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 prepared according to the Danish Executive Order on the Preparation of Financial Statements (page 17). 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.

H1 2020 H1 2019

5 Interest income

Due from credit institutions and central banks ¹	-25	-6
Loans and advances	1,717	2,257
Administration margin	925	878
Bonds	37	78
Derivatives, interest-rate and currency contracts	66	106
Other interest income	0	0
Interest income before offsetting of interest on own bonds	2,720	3,313
Interest on own bonds, set off against interest on issued bonds	43	61
Total after offsetting of negative interest income	2,677	3,252
Negative interest income set off against interest income	42	19
Negative interest expenses set off against interest expenses	40	46
Total before offsetting of negative interest income	2,759	3,316
¹ Of which interest income on reverse repos carried under "Due from credit institutions and central banks"	-18	-3

Notes - cont.

DKKm

	H1 2020	H1 2019
6 Interest expenses		
Due to credit institutions and central banks ¹	7	8
Issued bonds	1,579	2,062
Other interest expenses	-52	38
Interest expenses before offsetting of interest on own bonds	1,534	2,108
Interest on own bonds, set off against interest on issued bonds	43	61
Total after offsetting of negative interest expenses	1,491	2,047
Negative interest expenses set off against interest expenses	40	46
Negative interest income set off against interest income	42	19
Total before offsetting of negative interest income	1,574	2,112
¹ Of which interest expenses on repos carried under "Due to credit institutions and central banks"	-1	-2
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 the end 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 88m was in the first half of 2020 recognised under 'Other interest expenses' (first half of 2019: DKK 46m). Comparative figures for the first half of 2019 have been adjusted.		
7 Fees and commission income		
Securities trading and custody services	157	159
Loan application fees	102	98
Other fees and commissions	0	0
Total	260	258
8 Value adjustments		
Mortgage loans	48	5,566
Other loans, advances and receivables at fair value	0	0
Bonds	-32	148
Shares, etc.	21	5
Currency	-1	-3
Currency, interest-rate and other contracts as well as other derivatives	267	482
Issued bonds	-223	-6,161
Total	79	36
Value adjustment of the balance principle brought a total income of DKK 0m (2019: DKK -2m), resulting from a net value adjustment of the following items: Mortgage loans by DKK +48m (DKK +5,566m), Issued mortgage bonds by DKK -223m (DKK -6,161m), which are recognised under 'Issued bonds', and derivatives by DKK +175m (DKK +593m), recognised under 'Currency, interest and other contracts as well as other derivatives'.		
9 Employee and administrative expenses		
Employee expenses		
Wages and salaries, etc.	13	12
Pensions	1	1
Payroll tax	2	1
Social security	0	0
Total	16	14
Salaries and remuneration to the Executive Board and the Supervisory Board		
Executive Board	3	3
Supervisory Board	0	0
Total	3	3
Other administrative expenses		
IT	10	9
Other administrative expenses	135	118
Total	144	127
Total	163	144

Notes - cont.

DKK m

	H1 2020	H1 2019
10 Loan impairment charges		
Loan impairment charges for the period	551	-31
Recognised as a loss, not covered by impairment charges	68	73
Recoveries	-14	-24
Total	606	17
Balance of impairment charges		
Balance of impairment charges, beginning of period	1,330	1,380
Loan impairment charges for the period	551	-31
Recognised as a loss, covered by impairment charges	-20	-24
Balance of impairment charges, end of period	1,861	1,324
Mortgage loan impairment charges	1,784	1,266
Impairment charges on other loans and receivables, etc.	77	58
Impairment charges on balances due from credit institutions and central banks, etc. ¹	0	0
Balance of impairment charges, end of period	1,861	1,324

Breakdown of balance of impairment charges by stage - first half of 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	96	-92	-4	-
Transfer of impairment charges at the beginning of the period to stage 2	-6	25	-19	-
Transfer of impairment charges at the beginning of the period to stage 3	0	-8	9	-
Impairment charges relating to new loans	67	188	13	268
Decline in the balance of impairment charges due to repayment of loans	-44	-147	-45	-235
Effect from recalculation	-119	407	231	519
Previously recognized as impairment charges, now losses	0	-3	-18	-20
Balance of impairment charges, end of period	305	1,035	521	1,861

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 420m 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 - first half of 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	114	-88	-26	-
Transfer of impairment charges at the beginning of the period to stage 2	-7	83	-76	-
Transfer of impairment charges at the beginning of the period to stage 3	-1	-33	34	-
Impairment charges relating to new loans	65	50	13	128
Decline in the balance of impairment charges due to repayment of loans	-41	-38	-52	-131
Effect from recalculation	-150	61	60	-29
Previously recognized as impairment charges, now losses	0	-2	-22	-24
Balance of impairment charges, end of period	229	738	357	1,324

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.	2.4	-0.1
Total	24.4	21.9

The effective tax rate for the first half of 2020 was affected by corrections of previous years' tax declarations.

Notes - cont.

DKKm

	30 June 2020	31 Dec. 2019	30 June 2019
12 Loans and advances at fair value			
Mortgage loans, nominal value	331,826	329,043	324,513
Adjustment for interest-rate risk, etc.	10,457	10,410	14,334
Adjustment for credit risk	-1,784	-1,286	-1,266
Mortgage loans at fair value	340,498	338,167	337,580
Arrears and outlays	88	148	114
Other loans and receivables	342	351	372
Total	340,929	338,666	338,067
Mortgage loans at fair value broken down by property category			
Owner-occupied homes	166,567	168,479	168,067
Vacation homes	8,232	8,285	8,285
Subsidised Housing (rental housing)	54,304	53,989	55,421
Cooperative housing	14,451	14,820	16,103
Private rental properties (rental housing)	52,358	49,366	46,939
Industrial properties	3,002	2,630	1,832
Office and business properties	35,608	34,982	35,512
Agricultural properties, etc.	120	63	62
Properties for social, cultural and educational purposes	5,722	5,415	5,214
Other properties	134	137	147
Total	340,498	338,167	337,580
13 Assets held temporarily			
Properties acquired through foreclosure	84	107	180
Subsidiaries in possession with a view to sale	-	-	202
Total	84	107	382
14 Other assets			
Positive fair value of derivatives	725	595	721
Interest and commission receivable	15	23	47
Loan applications in process	235	345	298
Other assets	60	112	47
Total	1,035	1,075	1,114
15 Issued bonds at fair value			
Issued mortgage bonds, nominal value	357,345	365,563	358,893
Adjustment to fair value	11,169	11,003	14,938
Own mortgage bonds, fair value	-25,194	-15,177	-15,396
Total	343,320	361,388	358,435
16 Other liabilities			
Negative fair value of derivatives	283	247	273
Interest and commission payable	1,145	1,489	1,349
Other liabilities	845	734	509
Total	2,273	2,471	2,131

Notes - cont.

DKK m

	30 June 2020	31 Dec. 2019	30 June 2019
17 Off-balance sheet items			
Guarantees, etc.			
Other guarantees	0	0	0
Total	0	0	0
 Other contingent liabilities, etc.			
Irrevocable credit commitments	12,102	14,427	15,189
Other contingent liabilities	21	22	24
Total	12,122	14,449	15,213

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 30 June 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

	30 June 2020	31 Dec. 2019	30 June 2019
19 Contractual time to maturity			
Assets			
Due from credit institutions and central banks			
Demand deposits	589	705	907
Up to 3 months	4,242	25,730	11,281
Over 3 months and up to 1 year	-	-	-
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-
Total	4,831	26,435	12,188
Loans and advances at fair value ¹			
Up to 3 months	2,130	2,076	2,051
Over 3 months and up to 1 year	7,189	7,019	6,793
Over 1 year and up to 5 years	41,821	40,670	39,172
Over 5 years	289,789	288,901	290,051
Total	340,929	338,666	338,067
Bonds at fair value			
Up to 3 months	5,810	1,314	7,062
Over 3 months and up to 1 year	6,756	10,014	13,412
Over 1 year and up to 5 years	7,273	7,014	7,684
Over 5 years	29	30	43
Total	19,869	18,373	28,201
Liabilities			
Due to credit institutions and central banks			
Demand deposits	415	89	91
Up to 3 months	801	1,013	762
Over 3 months and up to 1 year	-	-	-
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-
Total	1,216	1,102	853
Issued bonds at fair value ¹			
Up to 3 months	5,995	24,709	17,841
Over 3 months and up to 1 year	56,752	55,175	48,625
Over 1 year and up to 5 years	132,415	134,398	141,941
Over 5 years	148,158	147,106	150,028
Total	343,320	361,388	358,435
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 30 June 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 30 June 2020 and also of the company's financial performance for the period 1 January to 30 June 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, 18 August 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