



Interim Financial Report, first half of 2023

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

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Jyske Realkredit A/S
Klampenborgvej 205
DK-2800 Kgs. Lyngby
Telephone: +45 89 89 77 77
FSA No. (CVR nr.) 13409838
Email: investors@jyskerealkredit.dk
Website: www.jyskerealkredit.dk

Financial Highlights

Core profit and net profit for the period, DKKm

	H1 2023	H1 2022	Index 23/22	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Full year 2022
Administration margin income, etc.	1,252	1,175	107	624	628	600	581	587	2,356
Other net interest income	306	19	1,611	166	140	108	33	21	160
Net fee and commission income, etc.	-265	-269	99	-115	-150	-190	-194	-148	-653
Value adjustments, etc. (- is an expense)	151	-76	-	64	87	88	-10	-67	2
Other income	-	-	-	-	-	0	-	-	0
Core income	1,444	849	170	739	704	606	410	393	1,865
Core expenses	222	200	111	116	106	98	96	100	394
Core profit before loan impairment charges	1,222	649	188	624	598	508	314	293	1,471
Loan impairment charges (- is income)	-37	-93	40	9	-46	-167	-12	-56	-272
Core profit/Pre-tax profit	1,259	742	170	614	645	675	326	349	1,743
Tax	317	163	194	154	163	148	72	76	383
Net profit for the period	942	580	162	460	482	527	254	273	1,361

Summary of Balance Sheet, end of period, DKKm

Mortgage loans, nominal value	369,402	343,972	107	369,402	367,293	365,595	342,625	343,972	365,595
Mortgage loans, fair value	337,960	319,097	106	337,960	338,214	333,728	304,537	319,097	333,728
Bonds and shares	16,896	15,588	108	16,896	15,322	12,728	13,720	15,588	12,728
Total assets	366,756	341,825	107	366,756	367,725	359,621	332,720	341,825	359,621
Issued bonds, fair value	337,068	315,462	107	337,068	338,018	329,529	304,458	315,462	329,529
Equity	23,100	21,377	108	23,100	22,640	22,159	21,631	21,377	22,159

Financial ratios

Pre-tax profit p.a. as a percentage of average equity	11.1	7.0	-	10.7	11.5	12.3	6.1	6.6	8.1
Profit for the period p.a. as percentage of average equity	8.3	5.5	-	8.0	8.6	9.6	4.7	5.1	6.3
Expenses as a percentage of income	15.4	23.6	-	15.7	15.1	16.2	23.4	25.4	21.1
Capital ratio (%)	29.1	27.6	-	29.1	28.4	28.3	29.6	27.6	28.3
Common Equity Tier 1 capital ratio (CET1 %)	29.1	27.6	-	29.1	28.4	28.3	29.6	27.6	28.3
Individual solvency requirement (%)	9.7	9.5	-	9.7	9.7	9.7	9.7	9.5	9.7
Capital base (DKKm)	23,058	21,319	-	23,058	22,578	22,096	21,588	21,319	22,096
Weighted risk exposure (DKKm)	79,183	77,302	-	79,183	79,637	78,193	72,859	77,302	78,193
No. of full-time employees, at end-period	26	27	-	26	24	25	25	27	25
No. of employees split between the companies, at end-period ¹	684	584	-	684	661	594	576	584	594
No. of employees split between the companies converted to full-time equivalent	251	236	-	251	248	239	221	236	239

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 2023, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

‘Today Jyske Realkredit announces a profit of DKK 942m for the first half of 2023 against a profit of DKK 580m in the first half of 2022. The higher profit is due to a higher return on Jyske Realkredit’s portfolios of securities due to the rising interest-rate level and the addition of loans taken over from Handelsbanken in December 2022. The capital base of Jyske Realkredit is still at a high level, and the credit quality is good. Therefore, Jyske Realkredit is well prepared to withstand the challenges that the Danish economy is facing.’

Net profit for the period

Net profit for the period came to DKK 942m, corresponding to a return on equity of 8.3% p.a. Loan impairment charges for the period amounted to an income of DKK 37m against an income of DKK 93m in the first half of 2022. In the first half of 2023, loan impairment charges etc. were on a net basis reversed due to the improving credit quality of the clients. Management's estimates amount to DKK 585m and remain unchanged relative to the end of 2022. Management's estimates relate to macro-economic risks relating to the uncertainty in the Danish economy as a result of the war in Ukraine, inflationary pressure and considerable interest-rate increases pointing to lower revenue in the property market and lower prices.

Administration margin income etc. amounted to DKK 1,252m, which amount is DKK 77m higher relative to the same period last year. Administration margin income was positively affected by the addition of loans taken over from Handelsbanken at the end of 2022 and generally rising loans and advances but was adversely affected by slightly declining average administration margin rates.

Core expenses, amounting to DKK 222m, were DKK 22m higher compared to the same period in 2022, due, among other things, to higher payroll costs taken over from Handelsbanken.

The nominal loan portfolio grew by DKK 3.8bn in the first half of 2023 and now amounts to DKK 369.4bn. In the first half of 2023, Jyske Realkredit's market share increased for both new loans and the total portfolio.

Loans and advances taken over from Svenska Handelsbanken's activities in Denmark

On 1 December 2022, Jyske Realkredit took over loans in the amount of DKK 24.3bn in connection with the Jyske Bank Group's acquisition of Svenska Handelsbanken's activities in Denmark. The integration of these loans and advances into Jyske Realkredit's systems is proceeding according to the plan, and it is expected to be fully implemented in the fourth quarter of 2023.

Rating

Standard & Poor's upgraded Jyske Bank's and Jyske Realkredit's joint issuer rating to 'A+' from 'A' on 21 July 2023. The higher rating is due to an increased level of write-down liabilities, an improved profitability, and a solid capital position in the group. Out is described as stable.

Expansion of the Executive Board

On 1 June 2023, the Executive Board of Jyske Realkredit was expanded from two to three members as Anders Lund Hansen was appointed Director. Anders Lund Hansen has for the past five years been Head of Jyske Realkredit's Securities Division and a member of the management of Group Treasury of the Jyske Bank Group.

Outlook

Jyske Realkredit anticipates a profit for 2023 at the upper end of the range of DKK 1.6bn to 1.8bn. This is an upward adjustment of the original announced expectation of a result in the range of DKK 1.5bn to 1.7 bn. 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 2023, Jyske Realkredit reported a pre-tax profit of DKK 1,259m against DKK 742m in the corresponding period of last year. The primary reason behind the higher profit is higher interest income from Jyske Realkredit's portfolios of securities due to the rising interest-rate level and rising net interest income from loans taken over from Handelsbanken. In addition, we saw positive value adjustments of Jyske Realkredit's portfolios of securities in the first half of 2023.

Calculated tax was DKK 317m (2022: DKK 163m), and the profit for the period amounted to DKK 942m (2022: DKK 580m), corresponding to a return on average equity of 8.3% p.a. (2022: 5.5% p.a.).

Core profit and net profit for the period, DKKm

	H1 2023	H1 2022	Index 23/22	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Full year 2022
Administration margin income, etc.	1,252	1,175	107	624	628	600	581	587	2,356
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Net fee and commission income, etc.	-265	-269	99	-115	-150	-190	-194	-148	-653
Value adjustments, etc. (- is an expense)	151	-76	-	64	87	88	-10	-67	2
Other income	-	-	-	-	-	0	-	-	0
Core income	1,444	849	170	739	704	606	410	393	1,865
Core expenses	222	200	111	116	106	98	96	100	394
Core profit before loan impairment charges	1,222	649	188	624	598	508	314	293	1,471
Loan impairment charges (- is income)	-37	-93	40	9	-46	-167	-12	-56	-272
Core profit/Pre-tax profit	1,259	742	170	614	645	675	326	349	1,743
Tax	317	163	194	154	163	148	72	76	383
Net profit for the period	942	580	162	460	482	527	254	273	1,361

Core income

Core income, consisting primarily of administration margin income, etc. brokerage and fee income from mortgage activities and return on Jyske Realkredit's portfolios of securities, amounted to DKK 1,444m against DKK 849m in the same period of the previous year.

Administration margin income etc. amounted to DKK 1,252m, which is an increase of DKK 77m relative to the same period of 2022. A significant part of the increase relates to the addition of loans and advances in December 2022 in connection with the Jyske Bank Group's takeover of Handelsbanken's Danish activities.

Other net interest income consists of interest on the portfolio of securities as well as various interest income and amounts to an income of DKK 306m against DKK 19m in the same period the year before. The increase is primarily due to a higher interest yield on Jyske Realkredit's portfolios of securities because of the rising interest-rate level.

Net fee and commission income, etc. amounted to an expense of DKK 265m against an expense of DKK 269m in the first half of 2022. In the first half of 2023, we saw lower fee income from lending activity, but at the same time, we saw lower distribution fees to Jyske Bank, and therefore net expenses were in line with first half of 2023.

Value adjustments, etc. amounted to an income of DKK 151m against an expense of DKK 76m in the corresponding period of last year and relate to Jyske Realkredit's portfolios of securities. The portfolios of securities have to a high extent been invested in short-term bonds acquired below par and held to maturity which contributed to the positive price adjustments in first half of 2023.

Core expenses

Core expenses amounted to DKK 222m against DKK 200m for the same period in 2022. The increase was due, among other things, to higher payroll costs taken over from Handelsbanken and a higher contribution to the Resolution Fund.

Core profit before loan impairment charges then amounted to DKK 1,222m against DKK 649m for the first half of 2022.

Loan impairment charges

Loan impairment charges amounted to an income of DKK 37m against an income of DKK 93m in the same period of 2022.

The income in the first half of 2023 was dominated by a reversal of impairment charges in the individual corporate commitments. The management's estimate amounts to DKK 585m and remains unchanged from the end of 2022. The management's estimate relates primarily to macro-economic risks concerning uncertainty as to how increasing interest rates and inflation as well as the war in Ukraine will affect the Danish economy, and hence to which degree indication of impairment will have to be recognised for Jyske Realkredit's loan portfolio.

The total balance of impairment charges amounted to DKK 1,400m at the end of June 2023 (end of 2022: DKK 1,384m) corresponding to 0.4% of total loans which is unchanged relative to the level at the end of 2022.

Relative to total loans, the effect from the impairment charges on the income statement amounted to -0.01% in the first half of 2023 against -0.03% for the same period of 2022.

Jyske Realkredit's holding of assets held temporarily amounted to DKK 42m as of 30 June 2023 against DKK 41m at the end of 2022.

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.

Second quarter of 2023 compared to first quarter of 2023

Administration margin income, etc. in the second quarter of 2023 amounted to DKK 624m against DKK 628m in the first quarter of 2023.

Other net interest income amounted to an income of DKK 166m against an income of DKK 140m in the first quarter of 2023. The increase was due to a higher interest income on Jyske Realkredit's portfolios of securities because of the rising interest-rate level.

Net fee and commission income, etc. amounted to an expense of DKK 115m against an expense of DKK 150m in the first quarter of 2023. The lower expense is due, among other things, to lower distribution fees vis-a-vis Jyske Bank in second quarter.

Value adjustments, relating to Jyske Realkredit's portfolios of securities, among other things, amounted to an income of DKK 64m against an income of DKK 87m in the preceding quarter. The decline related to lower value adjustments of Jyske Realkredit's portfolio of securities.

Core expenses amounted to DKK 116m against DKK 106m in the first quarter of 2023. The increase was due, among other things, to a higher contribution relating to the Resolution Fund.

Losses and impairment charges amounted to an expense of DKK 9m against an income of DKK 46m in the first quarter of 2023. In the second quarter 2023, we saw no major changes to loan impairment charges and recognised losses were at a low level. The income in the first quarter of 2023 related primarily to a reversal of impairment charges in individual corporate commitments.

Pre-tax profit for the second quarter of 2023 then amounted to DKK 614m against DKK 645m for the first quarter of 2023.

Balance sheet

At the end of June 2023, Jyske Realkredit's balance sheet amounted to DKK 366.8bn (DKK 359.6bn at the end of 2022).

Loans at fair value rose from DKK 333.7bn at the end of 2022 to DKK 338.0bn at the end of June 2023, corresponding to an increase of 1.3%. DKK 3.8bn was due to an increase in nominal loans and DKK 0.5bn was due to value adjustment because of changed interest-rate conditions since last quarter. The growth in loans relates primarily to the corporate client area.

Equity was affected by the profit for the period by DKK 942m and subsequently amounted to DKK 23,100m at the end of June 2023 (DKK 22,159m at the end of 2022).

Summary of Balance Sheet, end of period, DKKm

	30 June 2023	30 June 2022	Index 23/22	30 June 2023	31 March 2023	31 Dec. 2022	30 Sept 2022	30 June 2022
Assets / equity and liabilities	366,756	341,825	107	366,756	367,725	359,621	332,720	341,825
Mortgage loans, nominal value	369,402	343,972	107	369,402	367,293	365,595	342,625	343,972
Loans at fair value	337,960	319,097	106	337,960	338,214	333,728	304,537	319,097
Issued bonds, fair value	337,068	315,462	107	337,068	338,018	329,529	304,458	315,462
Equity	23,100	21,377	108	23,100	22,640	22,159	21,631	21,377

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 2023	31 Dec. 2022	30 June 2023	31 Dec. 2022
Stage 1	325.4	322.1	0.2	0.1
Stage 2	10.1	8.7	0.1	0.1
Stage 3	3.5	3.9	0.4	0.5
Stage 4	0.0	0.0	0.0	0.0
Management's estimate	-	-	0.6	0.6
Total	339.0	334.7	1.3	1.3

The proportion of loans in stage 1 was 96% as of 30 June 2023 which is unchanged relative to the end of 2022.

Loans and impairment charges by internal rating, DKKbn

	Loans before impairment charges		Loan impairment charges	
	30 June 2023	31 Dec. 2022	30 June 2023	31 Dec. 2022
PD Ratings 1-2	202.0	198.5	0.4	0.4
PD Ratings 3-4	112.7	112.7	0.2	0.2
PD Ratings 5-6	14.0	14.1	0.2	0.2
PD 7	1.9	1.9	0.1	0.1
PD 8	1.2	1.2	0.0	0.0
PD 9 (default)	4.1	4.6	0.4	0.5
Other	3.1	1.6	0.0	0.0
Total	340.2	334.7	1.3	1.3

The breakdown of loans by rating class on 30 June 2023 is predominantly unchanged since the end of 2022.

Arrears

The arrears rate measured 90 days after the March 2023 repayment date amounted to 0.15% against 0.07% for the corresponding repayment date in 2022. The arrears rate measured 15 days after the June 2023 repayment date amounted to 0.32% against 0.43% after the June 2022 repayment date.

Arrears rate

	June 2023	March 2023	December 2022	September 2022	June 2022	March 2022
After 90 days	-	0.15	0.11	0.15	0.07	0.07
After 15 days	0.32	0.34	0.43	0.52	0.43	0.45

Despite the rising costs of living in Denmark, very few clients are right now defaulting on their payments on their mortgage loans. The levels of arrears observed in 2023 and 2022 are among the lowest ever observed for Jyske Realkredit's loans.

Capital structure

Capital management

The purpose of Jyske Realkredit's capital management is to ensure and optimise mortgage activities based on 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 23.1bn (end of 2022: DKK 22.1bn) and consists solely of Common Equity Tier 1, i.e. paid-up equity as well as retained earnings. 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 of 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.

The total risk exposure amounted to DKK 79.2bn at the end of the second quarter of 2023 against DKK 78.2bn at the end of 2022. The development of the total risk exposure of DKK 1.0bn is due partly to portfolio growth in the first half 2023 and partly to the annual re-calculation of REA for operational risk.

At the end of the second quarter, the capital ratio of 29.1% increased 0.8 percentage point relative to the capital ratio at the end of 2022, and therefore constituted 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

DKKmn	30 June 2023	31 December 2022
Equity	23,100	22,159
Other deductions	-43	-62
Common Equity Tier 1 capital / Core capital	23,058	22,096
Capital base	23,058	22,096
Credit risk	75,474	74,563
Operational risk	3,709	3,631
Total risk exposure	79,183	78,193
Common Equity Tier 1 capital ratio (%)	29.1	28.3
Tier 1 capital ratio (%)	29.1	28.3
Capital ratio (%)	29.1	28.3

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 the second quarter of 2023, 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 7.7bn at the end of the second quarter 2023, corresponding to an individual solvency requirement of 9.7%, i.e., unchanged relative to the end of 2022.

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 SIFI 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 2.5% of the total risk exposure. In addition, a systemic risk buffer of 2.0% of the total risk exposure relating to limited lending in the Faroe Islands.

Jyske Realkredit's adequate capital base plus the combined capital buffer requirement amounts to DKK 12.8bn, corresponding to an individual solvency requirement, inclusive of statutory buffers of 16.2% of the total risk exposure amount. Given the capital base of DKK 23.1 bn, Jyske Realkredit's excess capital adequacy amounts to DKK 10.2 bn.

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

DKKm/% of REA	30 June 2023		31 December 2022	
Credit risk	6,038	7.6	5,965	7.6
Operational risk	297	0.4	290	0.4
Capital requirement, Pillar I	6,335	8.0	6,255	8.0
Credit risk	1,047	1.3	1,001	1.3
Market risk	290	0.4	290	0.4
Operational risk	25	0.0	25	0.0
Capital requirement, Pillar II	1,361	1.7	1,316	1.7
Adequate capital base	7,696	9.7	7,571	9.7
Capital conservation buffer	1,980	2.5	1,955	2.5
Systemic risk buffer	1,188	1.5	1,176	1.5
Countercyclical buffer, inclusive of systemic risk buffer for the Faroe Islands	1,979	2.5	1,561	2.0
Combined capital buffer requirement	5,146	6.5	4,692	6.0
Adequate capital base, incl. combined capital buffer requirement	12,842	16.2	12,263	15.7
Excess capital adequacy	10,215	12.9	9,834	12.6

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 the second quarter of 2023, the debt buffer requirement amounted to DKK 6.8bn.

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 2023, the leverage ratio for Jyske Realkredit was 6.20%, a minor increase from 6.06 computed at the end of 2022.

Leverage Ratio

DKKm/%	30 June 2023	31 December 2022
Core capital	23,058	22,096
Total exposure value	372,189	364,662
Leverage ratio	6.20	6.06

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 overcollateralization (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 overcollateralization from Standard & Poor's. The individual capital centres must meet various requirements depending on the composition of the portfolios. At the end of the second quarter of 2023, the OC requirement amounted to DKK 7.9bn against DKK 8.9bn at the end of 2022 and can be met through liquid assets financed with both debt instruments and 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, Jyske Realkredit must provide supplementary collateral. In addition, supplementary security calculated as 2% of the issued amount of SDO bonds is required. At the end of the second quarter of 2023, the SDO requirement amounted to DKK 9.8bn, of which DKK 3.0bn related to declining property values, etc. At the end of 2022, the SDO requirement amounted to DKK 9.1bn.

Basel III/IV

The EU Commission's proposal for the implementation of the last elements of Basel III in the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD IV) is expected to take effect on 1 January 2025. The proposed rules, if adopted in the present form, will have a considerable effect on Danish mortgage credit institutions' capital requirements, especially in consequence of the introduction of an output floor (single stack approach) and changes in the risk weighing for both the IRB and the standardised approach. In consequence of the floor requirement, credit institutions will be subject to a capital requirement of at least 72.5% of the capital requirement, calculated based on the standardised approaches, which will be phased in gradually over several years. The special terms applicable to the statement of the output floor for loans secured on properties will only be temporary, and subsequently it is to be clarified how the permanent processing of loans secured on properties is to be drawn up. 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, Jyske Realkredit is already subject to higher capital requirements 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 based on 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 follows 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 of LCR, Jyske Realkredit has obtained permission to offset interdependent incoming and outgoing cash flows relating to mortgage loans, cf. Article 26 of the LCR regulation. In addition, a Pillar II liquidity requirement has been imposed on Jyske Realkredit.

The binding requirement on Jyske Realkredit's holding of liquid assets (HQLA - high-quality liquid assets) is based on the sum of the net outflow from LCR at DKK 2.3bn (end of 2022: DKK 1.1bn) and the pillar II liquidity requirement at DKK 0.7bn (end of 2022: DKK 1.0bn) corresponding to a total requirement of DKK 3.0bn at the end of June 2023 (end of 2022: DKK 2.1bn) which must be met with HQLA. HQLA amounted to DKK 15.2bn (end of 2022: DKK 18.2 bn), corresponding to an overcollateralisation of DKK 12.1bn. The LCR where the pillar II requirement is not included in the calculation was at the end of June 2023 calculated at 660% (end of 2022: 1.665%). According to regulation, the LCR must be at least 100%.

Net stable funding ratio (NSFR)

The NSFR must ensure that the credit institutions' funding profile is of a sufficiently long-term and stable nature relative to lending on the assets side. It is calculated with a time horizon of one year. Parallel to the LCR statement, interdependent assets and liabilities can be exempt from the NSFR calculation. The NSFR amounts to 275% at the end of June 2023 (end-2022: 230%) and must according to regulation amount to at least 100%.

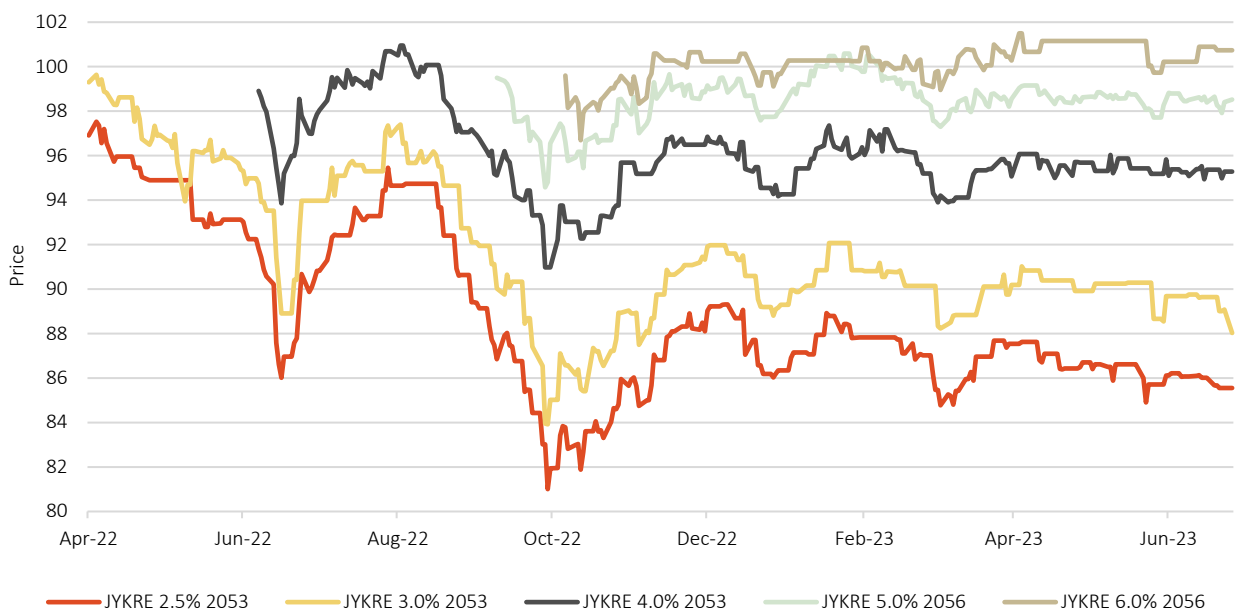
Funding and Bond Issues

In the first half 2023, the prices were comparatively stable relative to the large fluctuations seen throughout 2022. In the first half 2023, the open 30-year callable bond with instalment payments closest to 100 had a coupon of 5% except for short periods in March and May when the bond with a coupon of 6% was briefly below 100. Over the past year, the open 30-year callable bond with instalment payments changed from a bond with a coupon of 3% to a bond with a coupon of 5% at the end of June 2023.

In May 2023, Jyske Realkredit issued a benchmark covered bond in EUR at EUR 750m with a maturity of just above seven years. Although there had in 2023 up to Jyske Realkredit's issue been most EUR covered bond issues with a maturity of five years or less, we saw great interest in Jyske Realkredit's issue. Investors from several different countries participated in the auction and especially investors from Germany, Benelux and the Nordic countries showed interest in the bonds.

To ensure the liquidity of the bonds issued, Jyske Realkredit chose in the second quarter of 2022 to bring forward the change of maturity of callable bonds. Instead of having the newly opened 30-year bonds mature in 2053, Jyske Realkredit chose to extend the time to maturity of these bonds to 2056 so that they could be used for a longer period than the usual three years.

Prices of certain 30-year callable bonds from Jyske Realkredit



Source: Bloomberg

Over the remaining period of 2023, 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 requirements (Liquidity Coverage Ratio).

Jyske Realkredit's loan portfolio, on 30 June 2023, by time of refinancing

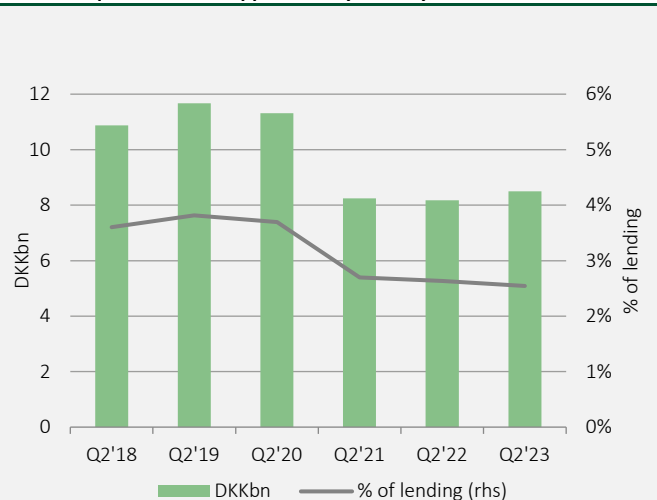

due to the rising yields, particularly on 30-year callable bonds, several borrowers have chosen to remortgage so that they reduce the debt outstanding on their mortgages by redeeming their existing fixed-rate mortgages, as they can be priced below par and taking out a mortgage. Clients who remortgage tend to a higher degree than before to take out a floating rate mortgage. Hence the proportion of personal borrowers with fixed-rate loans has fallen, while the proportion of personal clients with short-term adjustable-rate loans (Jyske F1 and Jyske Kortrente) has 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/covered-bond-data.

Rating

On 21 July 2021, Jyske Bank's and Jyske Realkredit's joint issuer rating by Standard and Poor's (S&P) has been upgraded from 'A' to '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).

Rating

	Rating	Date of rating / change of rating
Covered bonds		
- issued out of Capital Centre E	AAA	17/10 2011
Mortgage 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+	21/07 2023
Issuer rating (short-term rating)	A-1	23/10 2019

AAA requirements of supplementary security, Standard & Poor's


Standard & Poor's average percentage requirement for supplementary security to maintain the AAA rating for mortgage bonds issued by Jyske Realkredit was lower in the first half 2023 compared with the first half 2022. The fall is due to a general improvement of the credit quality of existing loans and takeover of loans and advances from Svenska Handelsbanken, which also has a good credit quality. The level has not been lower since Standard & Poor's began to rate Jyske Realkredit's bonds in 2011. The lower average requirement of supplementary security was primarily caused by a change of Standard & Poor's method of calculating supplementary security as well as the general improvement of credit quality.

The supervisory diamond for mortgage credit institutions

The supervisory diamond defines several 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 2023	31 December 2022
Concentration risk <100%	45.1	47.8
Increase in loans <15% annually in the segment:		
- Owner-occupied homes and vacation homes	11.7	9.3
- Residential rental properties	4.6	6.5
- Other sectors	5.7	6.6
Borrower's interest-rate risk <25%		
- Residential properties	20.2	17.4
Instalment-free schemes <10%		
- Owner-occupied homes and vacation homes	4.1	4.8
Loans with frequent interest-rate fixing:		
- Refinancing (annually) <25%	12.2	14.1
- Refinancing (quarterly) <12.5%	0.6	1.6

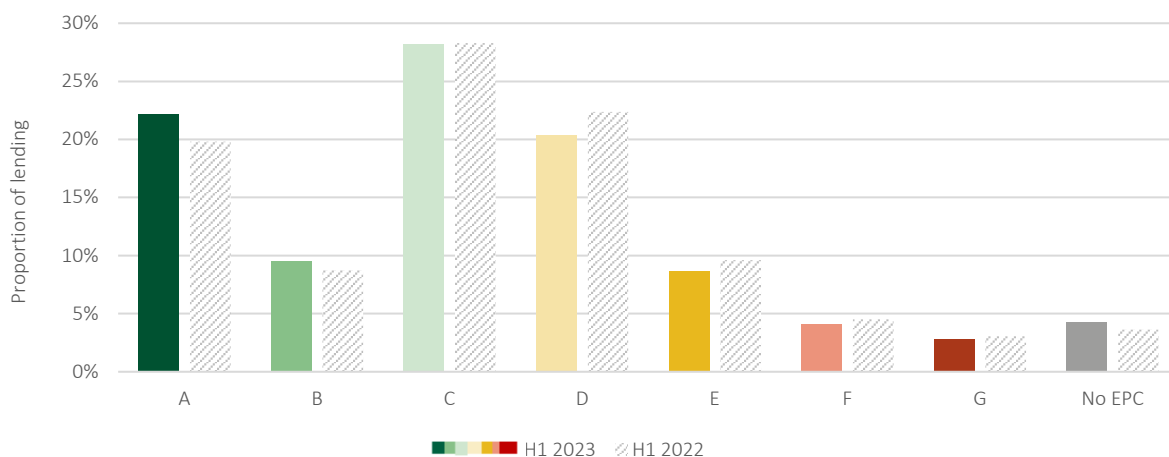
At the end of June 2023, Jyske Realkredit met all benchmarks of the supervisory diamond. On an on-going basis, Jyske Realkredit reviews its positions relative to the benchmarks.

Sustainability

Jyske Realkredit is the first financial institution to launch a Sustainable Transparency Template. The template was prepared by Jyske Realkredit to offer investors insight into for instance the energy standard and CO₂ emission of the homes for which Jyske Realkredit has granted loans. With its focus on transparency within sustainability, Jyske Realkredit has contributed to setting up national as well as international standards for reporting on sustainability. The template is available at jyskerealkredit.dk/stt.

In the Sustainable Transparency Template, Jyske Realkredit publishes the distribution of Energy Performance Certificates for the properties it has financed. For the properties for which no valid Energy Performance Certificate has been issued, Jyske Realkredit estimates Energy Performance Certificates based on characteristics of the properties.

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.

Relative to the statement for the end of second quarter 2022, the proportion of properties with low energy consumption has increased.

In its attempts to increase the transparency for investors of how Jyske Realkredit through its lending contributes to the green transition, Jyske Realkredit also publishes the total CO₂ emission from properties financed through Jyske Realkredit's Capital Centre E.

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

Property type	30 June 2023		31 December 2022	
	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	106,501	13.2	107,068	13.8
Subsidised housing	26,228	5.7	28,955	6.4
Cooperative housing	4,454	6.7	4,667	7.1
Residential rental properties	21,495	6.1	22,718	6.4
Office and commercial properties	40,159	11.9	41,659	12.4
Other	16,876	9.5	13,894	8.6
Total	215,714	9.3	218,961	9.8

The total financed emission declined relative to the end of 2022. Despite a significant increase in lending volume, given the take-over of loans from Svenska Handelsbanken, total emission declined. The properties financed by Jyske Realkredit have in recent years reduced emission, which is evidenced by a decline in CO₂e intensity (kg/m²).

The estimated CO₂e emission is based on the Energy Performance Certificate, heating source, and total floor area of the individual property. The estimated CO₂e 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 – see jyskerealkredit.dk/stt.

As part of Jyske Realkredit's Sustainable Transparency Template, it is also reported how much of Jyske Realkredit's lending 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	30 June 2023		31 December 2022	
		Loans, nominal (DKKm)	Proportion of total loans (%)	Loans, nominal (DKKm)	Proportion of total loans (%)
Renewable Energy	7.2	2,324	0.6	1,391	0.4
Green buildings	7.3	110,796	30.0	100,461	27.5
Subsidised housing	11.3	24,730	6.7	27,563	7.5
Recycling	12.5	6	0.0	-	-
Total		137,856	37.3	129,415	35.4

Altogether, 37.3% (35.4% at end-2022) of Jyske Realkredit's loans support one or more of the UN's Sustainable Development Goals. The increase relative to the statement at the end of 2022 is due to a general improvement in energy consumption in the properties financed by Jyske Realkredit. The decline in subsidised housing is not due to a decline in loans but the fact that a larger proportion of the subsidised housing is now also classified as green properties. To avoid double counting, it has been decided that green subsidised housing falls under green properties.

It is expected that the proportion of properties supporting the UN's targets will increase over time.

Criteria of which loans that support UN Sustainable Development Goals are defined in Jyske Bank Green Finance Framework. So far there have been many different definitions of which financial activities can be qualified as sustainable. The EU wishes to change this, and therefore, in 2021, the first version of the EU Taxonomy Regulation (the EU Taxonomy) was published. The Taxonomy Regulation defines six climate and environment objectives with criteria defined under each objective that activities must meet in order to qualify as climate and environmentally sustainable. In order for an activity to support one of the objectives, it must meet the technical screening criteria as well as criteria ensuring that the activity does no significant harm to any of the other objectives and lives up to the minimum social safeguard.

At present, the Jyske Realkredit Sustainable Transparency Template states the activities that Jyske Realkredit finances and that meet the technical screening criteria under the objective of climate change mitigation. In the future, Jyske Realkredit will endeavour also to classify loans that meet the other objectives under the Taxonomy Regulation.

Loans subject to the technical screening criteria of the EU taxonomy regulation's targets to counter climate changes

Loan type	Criterion	30 June 2023		31 December 2022	
		Loans and advances (DKKm)	Proportion of total loans (%)	Loans and advances (DKKm)	Proportion of total loans (%)
Electricity from the sun	4.1	133	0.0	35	0.0
Electricity from the wind	4.3	798	0.2	854	0.2
Distribution of electricity	4.9	1,393	0.4	502	0.1
Ownership of existing buildings	7.7	93,372	25.3	85,386	23.4
Total		95,697	25.9	86,777	23.7

The loan criteria are stated in the notes to the financial statements.

In 2022, Jyske Realkredit expanded its Sustainable Transparency Template, so it now also includes sustainability data, for instance on CO₂ emissions at a level corresponding to each bond.

Other information

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 2023 can be downloaded from jyskerealkredit.dk/regnskaber.

Contact

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

Income Statement and Statement of Comprehensive Income

		DKKm	
Note		H1 2023	H1 2022
Income statement			
5	Interest income	5,338	2,762
6	Interest expenses	3,727	1,561
	Net interest income	1,611	1,201
7	Fees and commission income	206	313
	Fees and commission expenses	471	582
	Net interest and fee income	1,346	933
8	Value adjustments (- is an expense)	98	-84
9	Employee and administrative expenses	203	185
	Other operating expenses	19	15
10	Loan impairment charges (- is income)	-37	-93
	Pre-tax profit	1,259	742
11	Tax	317	163
	Net profit for the period	942	580
	Distributed to:		
	Jyske Realkredit A/S shareholders	942	580
	Total	942	580
Statement of Comprehensive Income			
	Net profit for the period	942	580
	Other comprehensive income	-	-
	Comprehensive income for the period	942	580
	Distributed to:		
	Jyske Realkredit A/S shareholders	942	580
	Total	942	580

Balance Sheet

		DKKm		
Note		30 June 2023	31 Dec. 2022	30 June 2022
Assets				
	Cash balance and demand deposits with central banks	1,212	11,335	524
	Due from credit institutions and central banks	9,572	854	5,993
12	Loans at fair value	337,960	333,728	319,097
	Bonds at fair value	16,836	12,668	15,530
	Shares, etc.	60	60	58
	Deferred tax assets	3	3	3
13	Assets in temporary possession	42	41	42
14	Other assets	1,046	923	555
	Prepayments	27	10	22
	Assets, total	366,756	359,621	341,825
Equity and liabilities				
Liabilities				
	Due to credit institutions and central banks	369	416	618
15	Issued bonds at fair value	337,068	329,529	315,462
	Issued bonds at amortised cost	750	750	750
	Current tax liabilities	682	365	445
16	Other liabilities	4,761	6,370	3,157
	Deferred income	24	28	10
	Liabilities, total	343,653	337,458	320,443
Provisions				
	Other provisions	3	5	5
	Total provisions	3	5	5
Equity				
	Share capital	500	500	500
	Share premium	102	102	102
	Retained earnings	22,499	21,557	20,776
	Total equity	23,100	22,159	21,377
	Total equity and liabilities	366,756	359,621	341,825
Off-balance sheet items				
	Guarantees, etc.	0	0	0
	Other contingent liabilities, etc. (loan offers)	15,695	13,714	15,291
	Total guarantees and other contingent liabilities	15,695	13,714	15,291

Statement of Changes in Equity

DKKm

	Share capital	Share premium	Retained earnings	Total
Equity at 1 January 2023	500	102	21,557	22,159
Net profit for the period	-	-	942	942
Comprehensive income for the period	-	-	942	942
Equity at 30 June 2023	500	102	22,499	23,100

Equity on 1 January 2022	4,306	102	16,389	20,798
Nominal reduction of share capital	-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

Capital statement

	30 June 2023	31 Dec. 2022	30 June 2022
Equity	23,100	22,159	21,377
Prudent valuation	-30	-36	-36
Deferred tax assets	-	-	-3
Other deductions	-13	-26	-20
Common Equity Tier 1 capital / Core capital	23,058	22,096	21,319
Capital base	23,058	22,096	21,319
Weighted risk exposure involving credit risk etc.	75,474	74,563	74,032
Weighted risk exposure involving market risk	-	-	7
Weighted risk exposure involving operational risk	3,709	3,631	3,263
Total weighted risk exposure	79,183	78,193	77,302
Capital requirement, Pillar I	6,335	6,255	6,184
Capital requirement, total	6,335	6,255	6,184
Capital ratio (%)	29.1	28.3	27.6
Core capital ratio (%)	29.1	28.3	27.6
Common Equity Tier 1 capital ratio (%)	29.1	28.3	27.6

Since Q3 2022 deferred tax assets have been risk-weighted and are therefore no longer deducted from the capital base.

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 2023 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 2022.

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 2022. 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 15 August 2023.

3 Financial ratios and key figures

	30 June 2023	31 Dec. 2022	30 June 2022
Capital ratio (%)	29.1	28.3	27.6
Core capital ratio (%)	29.1	28.3	27.6
Return on equity (average) before tax for the period (%)	5.6	8.1	3.5
Return on equity (average) after tax for the period (%)	4.2	6.3	2.7
Income/cost ratio (%)	7.8	15.4	8.0
Currency position (%)	0.2	0.4	0.2
Accumulated impairment ratio (%)	0.4	0.4	0.5
Impairment ratio for the period (%)	-0.01	-0.08	-0.03
Increase in loans for the period (%)	1.0	7.9	1.5
Loans relative to equity	14.6	15.1	14.9
Return on capital employed	0.26	0.38	0.16

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 2023			H1 2022		
	Core profit	Reclassification	Total	Core profit	Reclassification	Total
Administration margin income, etc.	1,252	-	1,252	1,175	-	1,175
Other net interest income, etc.	306	53	359	19	8	27
Net interest income	1,558	53	1,611	1,193	8	1,201
Net fee and commission income	-265	-	-265	-269	-	-269
Net interest and fee income	1,293	53	1,346	925	8	933
Value adjustments	151	-53	98	-76	-8	-84
Income	1,444	-	1,444	849	-	849
Expenses	222	-	222	200	-	200
Profit before loan impairment charges	1,222	-	1,222	649	-	649
Loan impairment charges (- is an income)	-37	-	-37	-93	-	-93
Pre-tax profit	1,259	-	1,259	742	-	742

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 19). 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 2023	H1 2022
5 Interest income		
Due from credit institutions and central banks ¹	95	-14
Loans	3,940	1,639
Administration margin	1,001	1,015
Bonds	291	72
Derivatives, interest-rate and currency contracts	75	55
Other interest income	34	0
Interest income before offsetting of interest on own bonds	5,437	2,766
Interest on own bonds, set off against interest on issued bonds	100	68
Total after offsetting of negative interest income	5,338	2,698
Negative interest income set off against interest income	-	26
Negative interest expenses set off against interest expenses	-	38
Total before offsetting of negative interest income	5,338	2,762
¹ Of which interest income on reverse repos carried under 'Due from credit institutions and central banks'	15	-14

Notes

DKK m

	H1 2023	H1 2022
6 Interest expenses		
Due to credit institutions and central banks ¹	12	8
Issued bonds	3,501	1,574
Other interest expenses	313	-17
Interest expenses before offsetting of interest on own bonds	3,827	1,565
Interest on own bonds, set off against interest on issued bonds	100	68
Total after offsetting of negative interest expenses	3,727	1,497
Negative interest expenses set off against interest expenses	-	38
Negative interest income set off against interest income	-	26
Total before offsetting of negative interest income	3,727	1,561
¹ Of which interest expenses on repos carried under 'Due to credit institutions and central banks'	-	-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 the first 6 months of 2023, in this connection, there is not included interest income from swaps under other interest expenses, as this quarter only concerns interest expenses (2022: DKK 60m).

7 Fees and commission income		
Securities trading and custody services	115	171
Loan application fees	90	142
Other fees and commissions	0	0
Total	206	313

8 Value adjustment (- is an expense)		
Mortgage loans	144	-26,898
Other loans and receivables at fair value	0	-18
Bonds	179	-854
Shares, etc.	0	4
Currency	-2	0
Currency, interest-rate and other contracts as well as other derivatives	127	-364
Issued bonds	-349	28,046
Total	98	-84

Value adjustment of the balance principle amounted to an expense of DKK 2m (2022: DKK -4m), resulting from a net value adjustment of the following items: mortgage loans by DKK +226m (DKK -26,979m) recognised in Mortgage loans, issued mortgage bonds by DKK -349m (DKK +28,046m) as well as derivatives by DKK 122m (DKK -1.071m), recognised in Currency, interest-rate and other contracts as well as other derivatives.

9 Employee and administrative expenses		
Employee expenses		
Wages and salaries, etc.	12	11
Pensions	1	1
Payroll tax	2	2
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	8	8
Other administrative expenses	176	160
Total	184	168
Total	203	185

Notes

DKK m

	H1 2023	H1 2022
10 Loan impairment charges (- is income)		
Loan impairment charges for the period	-45	-107
Recognised as a loss, not covered by impairment charges	12	25
Recoveries	-5	-11
Total	-37	-93
Balance of impairment charges		
Balance of impairment charges, beginning of period	1,384	1,741
Loan impairment charges for the period	-45	-107
Other adjustments	66	-
Recognised as a loss, covered by impairment charges	-5	-61
Balance of impairment charges, end of period	1,400	1,572
Mortgage loan impairment charges	1,291	1,450
Impairment charges on other loans and receivables, etc.	109	123
Balance of impairment charges, end of period	1,400	1,572

Breakdown of balance of impairment charges by stage Q2 2023

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of period	668	216	500	1,384
Transfer of impairment charges at the beginning of the period to stage 1	47	-44	-3	-
Transfer of impairment charges at the beginning of the period to stage 2	-12	27	-15	-
Transfer of impairment charges at the beginning of the period to stage 3	-1	-2	4	-
Impairment charges relating to new loans	59	12	5	76
Decline in the balance of impairment charges due to repayment of loans	-39	-16	-81	-137
Effect from recalculation	21	36	26	82
Previously recognised as impairment charges, now losses	0	-2	-3	-5
Balance of impairment charges, end of period	742	227	432	1,400

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 Q2 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.

11 Tax

Effective tax rate

Corporation tax rate in Denmark	22.0	22.0
Special tax for financial companies	3.2	-
Non-taxable income and non-deductible expenses, etc.	-0.0	-0.1
Effect due to a change to the tax rate ¹	-0.0	-
Total	25.2	21.9

¹ The corporation tax rate for financial services companies is going to be raised from 25.2 in 2023 to 26.0 in 2024 and onwards.

Notes

DKK m

	30 June 2023	31 Dec. 2022	30 June 2022
12 Loans at fair value			
Mortgage loans, nominal value	369,402	365,595	343,972
Adjustment for interest-rate risk, etc.	-30,452	-30,839	-23,768
Adjustment for credit risk	-1,320	-1,371	-1,450
Mortgage loans at fair value	337,630	333,386	318,755
Arrears and outlays	53	54	53
Other loans and receivables	277	289	290
Total	337,960	333,728	319,097
Of the adjustment for credit risk, DKK 29m was attributed to the discount balance in connection with the acquisition of loans stemming from Handelsbanken's Danish activities.			
Mortgage loans at fair value broken down by property category			
Owner-occupied homes	160,699	160,095	144,761
Vacation homes	9,749	9,713	7,834
Subsidised Housing (rental housing)	45,203	44,819	46,801
Cooperative housing	11,177	11,181	11,975
Private rental properties (rental housing)	64,271	63,110	63,042
Industrial properties	4,433	3,314	2,681
Office and business properties	34,691	33,611	33,839
Agricultural properties, etc.	173	158	135
Properties for social, cultural and educational purposes	7,197	7,344	7,629
Other properties	37	42	57
Total	337,630	333,386	318,755
13 Assets in temporary possession			
Properties acquired through foreclosure	42	41	42
Total	42	41	42
14 Other assets			
Positive fair value of derivatives	850	854	416
Interest and commission receivable	160	48	18
Loan applications in process	9	6	15
Other assets	27	15	107
Total	1,046	923	555
15 Issued bonds at fair value			
Issued mortgage bonds, nominal value	394,010	380,506	360,010
Adjustment to fair value	-32,363	-33,052	-24,868
Own mortgage bonds, fair value	-24,578	-17,926	-19,679
Total	337,068	329,529	315,462
16 Other liabilities			
Negative fair value of derivatives	2,277	2,403	1,179
Interest and commission payable	1,914	1,732	1,194
Other liabilities	570	2,235	784
Total	4,761	6,370	3,157

Notes

DKKm

	30 June 2023	31 Dec. 2022	30 June 2022
17 Off-balance sheet items			
Guarantees, etc.			
Other guarantees	0	0	0
Total	0	0	0
Other contingent liabilities, etc.			
Irrevocable loan commitments	15,687	13,696	15,271
Other contingent liabilities	8	17	21
Total	15,695	13,714	15,291

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 2023, no unusual related party transactions took place. Please see Jyske Realkredit's Annual Report 2022 for a detailed description of transactions with related parties.

Notes

DKKkm

	30 June 2023	31 Dec. 2022	30 June 2022
19 Contractual time to maturity			
Assets			
Due from credit institutions and central banks			
Demand deposits	809	766	779
Up to 3 months	8,763	88	5,214
Over 3 months and up to 1 year	-	-	-
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-
Total	9,572	854	5,993
Loans at fair value ¹			
Up to 3 months	1,728	1,691	1,849
Over 3 months and up to 1 year	6,356	6,437	6,576
Over 1 year and up to 5 years	38,790	39,531	39,782
Over 5 years	291,086	286,069	270,890
Total	337,960	333,728	319,097
Bonds at fair value			
Up to 3 months	867	1,576	1,932
Over 3 months and up to 1 year	8,148	5,639	6,593
Over 1 year and up to 5 years	7,799	5,145	6,358
Over 5 years	22	307	647
Total	16,836	12,668	15,530
Liabilities			
Due to credit institutions and central banks			
Demand deposits	261	258	526
Up to 3 months	108	158	93
Over 3 months and up to 1 year	-	-	-
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-
Total	369	416	618
Issued bonds at fair value ¹⁾			
Up to 3 months	7,784	1,733	1,456
Over 3 months and up to 1 year	83,355	75,906	61,887
Over 1 year and up to 5 years	130,437	138,483	124,946
Over 5 years	115,492	113,406	127,174
Total	337,068	329,529	315,462
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 2023	31 Dec. 2022
20 Loan portfolio by EPC (%)		
EPC A	22.2	20.3
EPC B	9.5	8.9
EPC C	28.2	27.5
EPC D	20.4	22.2
EPC E	8.7	9.5
EPC F	4.1	4.4
EPC G	2.8	3.0
No emission/no data	4.2	4.0
Total	100.0	100.0

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

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

	30 June 2023		31 December 2022	
Loan type	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	106,501	13.2	107,068	13.8
Subsidised housing	26,228	5.7	28,955	6.4
Cooperative housing	4,454	6.7	4,667	7.1
Residential rental properties	21,495	6.1	22,718	6.4
Office and commercial properties	40,159	11.9	41,659	12.4
Other	16,876	9.5	13,894	8.6
Total	215,714	9.3	218,961	9.8

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

22 Loans supporting the UN Sustainable Development Goals

	30 June 2023			31 December 2022		
Loan type	FN SDG	Loans nominal (DKKm)	Proportion of total loans (%)	FN SDG	Loans nominal (DKKm)	Proportion of total loans (%)
Renewable energy	7.2	2,324	0.6	7.2	1,391	0.4
Green buildings	7.3	110,796	30.0	7.3	100,461	27.5
Subsidised housing	11.3	24,730	6.7	11.3	27,563	7.5
Recycling	12.5	6	0.0	12.5	-	-
Total		137,856	37.3		129,415	35.4

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.

12.5: Before 2030, waste generation must be significantly reduced through prevention, reduction, recovery and recycling.

23 Loans subject to the technical screening criteria of the EU taxonomy regulation's targets to counter climate changes

	30 June 2023			31 December 2022		
Loan type	Criterion	Loans (DKKm)	Proportion of total loans (%)	Criterion	Loans (DKKm)	Proportion of total loans (%)
Electricity from the sun	4.1	133	0.0	4.1	35	0.0
Electricity from the wind	4.3	798	0.2	4.3	854	0.2
Distribution of electricity	4.9	1,393	0.4	4.9	502	0.1
Ownership of existing buildings	7.7	93,372	25.3	7.7	85,386	23.4
Total		95,697	25.9		86,777	23.7

Jyske Realkredit reports the technical screening criteria voluntarily. The statement does not consider whether the loans meet the Do No Significant Harm (DNSH) criteria.

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 2023.

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 2023 and of the company's financial performance for the period 1 January to 30 June 2023.

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, 15 August 2023.

Executive Board

Carsten Tirsbæk Madsen
CEO and Director

Torben Hansen
Director

Anders Lund 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