



Interim Financial Report Q1 - Q3 2021

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

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Financial Highlights

Core profit and net profit for the period, DKKm

	Q1 - Q3 2021	Q1 - Q3 2020	Index 21/20	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Full year 2020
Administration margin income, etc.	1,753	1,749	100	585	584	584	583	582	2,332
Other net interest income	11	23	48	2	5	4	13	2	36
Net fee and commission income, etc.	-534	-423	126	-181	-160	-193	-180	-177	-603
Value adjustments, etc.	73	125	58	7	20	46	94	48	218
Other income	5	10	50	5	0	-	3	10	14
Core income	1,308	1,484	88	418	450	440	513	465	1,997
Core expenses	290	258	112	101	97	92	86	86	345
Core profit before loan impairment charges	1,018	1,225	83	317	353	348	427	379	1,652
Loan impairment charges (- is income)	113	549	21	11	12	90	-65	-56	485
Core profit/Pre-tax profit	905	676	134	306	341	258	492	435	1,168
Tax	194	153	127	68	74	52	106	95	259
Net profit for the period	711	523	136	238	267	206	386	341	908

Summary of Balance Sheet, end of period, DKKm

Mortgage loans, fair value	338,512	343,405	99	338,512	339,565	340,688	344,965	343,405	344,965
Bonds and shares	15,630	17,529	89	15,630	13,419	15,885	17,533	17,529	17,533
Total assets	367,824	374,912	98	367,824	366,581	378,333	377,132	374,912	377,132
Issued bonds, fair value	342,537	350,964	98	342,537	341,622	354,041	353,357	350,964	353,357
Equity	20,480	19,384	106	20,480	20,242	19,976	19,769	19,384	19,769

Financial ratios and key figures

Pre-tax profit p.a. as a percentage of average equity	6.0	4.7	-	6.0	6.8	5.2	10.1	9.1	6.0
Profit for the period p.a. as % of average equity	4.7	3.6	-	4.7	5.3	4.2	7.9	7.1	4.7
Expenses as a percentage of income	22.2	17.4	-	24.2	21.6	20.9	16.8	18.5	17.3
Capital ratio (%)	27.5	24.0	-	27.5	27.0	26.5	25.4	24.0	25.4
Common Equity Tier 1 capital ratio (CET1 %)	27.5	24.0	-	27.5	27.0	26.5	25.4	24.0	25.4
Individual solvency requirement (%)	10.2	10.0	-	10.2	10.2	10.1	10.0	10.0	10.0
Capital base (DKKm)	20,450	19,355	-	20,450	20,209	19,953	19,743	19,355	19,743
Weighted risk exposure (DKKm)	74,264	80,509	-	74,264	74,913	75,397	77,787	80,509	77,787
No. of full-time employees, at end-period	26	26	-	26	25	25	25	26	25
No. of employees split between the companies, at end-period ¹	565	481	-	565	556	496	496	481	496
No. of employees split between the companies converted to full-time equivalent	238	198	-	238	242	201	201	198	201

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 nine months of 2021, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

‘Today Jyske Realkredit announces a profit of DKK 711m for the first nine months of 2021 against a profit of DKK 523m in the first nine months of 2020. Jyske Realkredit’s capital base is historically high and credit quality is solid. Offhand, the Danish economy is sound and robust following the re-opening of society. Since deferred tax and VAT payments etc., which are supportive of the clients’ financial affairs, do not fall due until the first half of 2022, it is still too early to reverse the Covid-19 reservations. As a result, Jyske Realkredit has decided to keep its impairment level unchanged in the third quarter of 2021.’

Net profit for the period

Net profit for the period came to DKK 711m, corresponding to a return on equity of 4.7%. Impairment charges for the period amounted to DKK 113m and are considerably lower than the ones made during the same period of 2020 when the first lockdown hit Denmark. Even though no deterioration of the clients’ ability to pay has been observed, the real state of the economies will not be uncovered until businesses will again be operating under normal conditions. Deferred VAT and tax payments etc., which were introduced to support healthy companies, will not fall due until the first half of 2022. It is the management’s assessment that the impairment charges made relating to Covid-19 are sufficient to cover the losses which will occur when rescue schemes etc. expire.

In the first nine months of 2021, administration margin income etc. shows an unchanged level compared with the same period last year. Administration margin income was positively affected by the increase in loans, yet negatively affected by slightly falling average administration margin rates, which, among other things, are attributable to clients’ remortgaging from floating rate products to fixed-rate products, on which the administration margin is lower.

Core expenses, which amount to DKK 290m for the first nine months of 2021, increased compared with last year due to rising expenses in connection with the repatriation of activities which had previously been outsourced.

The nominal loan portfolio grew by DKK 4.0bn in the first nine months of 2021 and is now at DKK 338bn.

In 2021, Jyske Realkredit continued to strengthen its work on the green transition. Apart from publication of the underlying energy ratings and carbon footprint on the bonds issued, Jyske Realkredit has as the first issuer in Europe published ‘Energy Efficient Mortgage Label Harmonised Disclosure template’ designed to increase the transparency of energy-efficient loans for borrowers and investors. Also, in 2021, Jyske Realkredit issued a green bond for the financing of green commercial loans.

In 2021, Jyske Realkredit launched ‘Jyske Frihed’ - a fixed-rate loan that makes it possible to attain an up to 30-year interest-only option as required by the client.

The digitization journey continues at Jyske Realkredit with continued improvements of the residential part of the property in Jyske Bank’s Digital Relationship Bank, in the Bedste Lån and Bedste Hjem apps.

Capital

The capital base of Jyske Realkredit is historically solid with a capital and Tier 1 Capital ratio of 27.5%. At the end of the third quarter of 2021, Jyske Realkredit had a capital buffer of DKK 10.2bn. It is assessed that the current financial resources can withstand even severe stress scenarios.

Outlook

Jyske Realkredit anticipates a pre-tax profit of DKK 1.2bn-1.4bn in 2021. Mortgage loans are expected to increase in 2021.

Until the Covid-19 outbreak has been contained and society is fully back at a normal level of activity, any expectations will, however, be associated with widespread uncertainty.

Financial Review

Net profit for the period

In the first nine months of 2021, Jyske Realkredit reported a pre-tax profit of DKK 711m against DKK 523m in the corresponding period of last year. The primary reason behind the improved profit is that the profit for the first nine months of 2020 was adversely affected by impairment charges in the amount of DKK 549m primarily relating to the expected impact on the loan portfolio from the Covid-19 situation. Calculated tax amounted to an expense of DKK 194m (First nine months of 2020: DKK 153m), and the profit for the period amounted to DKK 711m (First nine months of 2020: DKK 523m), corresponding to a return on average equity of 4.7% p.a. (First nine months of 2020: 3.6% p.a.).

Core profit and net profit for the period, DKKm

	Q1-Q3 2021	Q1-Q3 2020	Index 21/20	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Full year 2020
Administration margin income, etc.	1,753	1,749	100	585	584	584	583	582	2,332
Other net interest income	11	23	48	2	5	4	13	2	36
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Value adjustments, etc.	73	125	58	7	20	46	94	48	218
Other income	5	10	50	5	0	-	3	10	14
Core income	1,308	1,484	88	418	450	440	513	465	1,997
Core expenses	290	258	112	101	97	92	86	86	345
Core profit before loan impairment charges	1,018	1,225	83	317	353	348	427	379	1,652
Loan impairment charges (- is income)	113	549	21	11	12	90	-65	-56	485
Core profit/Pre-tax profit	905	676	134	306	341	258	492	435	1,168
Tax	194	153	127	68	74	52	106	95	259
Net profit for the period	711	523	136	238	267	206	386	341	908

Core income

Core income, consisting primarily of administration margin income, etc. as well as brokerage and fee income from mortgage activities, amounted to DKK 1,308m in the first nine months of 2021 against DKK 1,484m in the corresponding period of 2020.

Administration margin income etc. amounted to DKK 1,753m which is at an unchanged level in relation to the same period of 2020. Mortgage loans at nominal value grew by 1% from the end of the third quarter of 2020 to the end of the third quarter of 2021, and since the average administration margin rates declined marginally over the past twelve months, total administration margin income is nearly unchanged compared with the first nine months of 2020.

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 11m against an income of DKK 23m the year before. The decline was due primarily to a lower interest yield (negative interest rates) on the company's fixed securities portfolio.

Net fee and commission income, etc. amounted to an expense of DKK 534m against an expense of DKK 423m in the first nine months of 2020. Of the above, group external fee and commission income amounted to an income of DKK 349m against DKK 358m in the same period of 2020. Distribution fees (expense) relating to mortgage loans etc. to Jyske Bank rose to DKK 883m against DKK 781m in the same period of 2020. The increase in distribution fees was primarily due to changes of rates in the distribution agreement.

Value adjustments, etc. amounted to an income of DKK 73m against an income of DKK 125m in the corresponding period of last year. The decline was due to lower value adjustments of the company's fixed portfolio of securities.

Core expenses

Core expenses amounted to DKK 290m against DKK 258m for the same period in 2020. The increase was due to the fact that Jyske Realkredit at the beginning of the second quarter of 2021 repatriated activities which have previously been outsourced.

Core profit before loan impairment charges and provisions for guarantees then amounted to DKK 1,018m against DKK 1,225m for the first nine months of 2020.

Impairment charges

Loan impairment charges etc. amounted to an expense of DKK 113m against an expense of DKK 549m in the same period of 2020. Of the impairment charges in the first nine months of 2020, DKK 415m could be attributed to a management's estimate for the impact of Covid-19 on the loan portfolio.

Impairment charges are still impacted by the uncertainty relating to the effect of the Covid-19 pandemic. In spite of a recovery of the economy in step with the roll-out of the vaccination programme and the reopening of society, there is still widespread uncertainty about in particular the financial affairs of corporate clients. Since deferred tax and VAT payments etc. do not fall due for payment until 2022, it is difficult to identify clients in financial difficulty. Impairment charges according to a management's estimate related to the Covid-19 pandemic are therefore more or less unchanged. In addition, rising housing prices result in higher security for loans to personal clients and a declining need for impairment charges in this segment. Subsequently, an additional amount of DKK 11m was recognised as an expense in the third quarter of 2021. Impairment charges in 2021 can primarily be attributed to the corporate client segment.

Relative to total loans, the effect from the impairment charges on the income statement amounted to 0.03% in the first nine months of 2021 against 0.16% in the same period of 2020.

Jyske Realkredit's holding of assets held temporarily amounted to DKK 55m as at 30 September 2021 against DKK 73m at the end of 2020.

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

The total balance of impairment charges amounted to DKK 1,793m at the end of September 2021 (end of 2020: DKK 1,723m) corresponding to 0.5% of total loans which is unchanged relative to the end of 2020.

Q3 2021 compared to Q2 2021

The net profit for the third quarter of 2021 amounted to DKK 238m against DKK 267m for the second quarter of 2021.

Administration margin income, etc. in the third quarter of 2021 amounted to DKK 585m against DKK 584m in the second quarter of the year. The increase was due to a rise in loans by a nominal DKK 2.2bn in the third quarter of 2021.

Other net interest income amounted to DKK 2m against DKK 5m in the second quarter of the year. The decline was attributed to lower interest income from the company's fixed portfolio of securities.

Net fee and commission income, etc. amounted to an expense of DKK 181m against an expense of DKK 160m in the second quarter of the year. Group-external fee and commission income amounted to an income of DKK 135m against an income of DKK 80m in the second quarter of the year. The increase in fee income was primarily due to income from refinancing since Jyske Realkredit's largest refinancing auction takes place in the third quarter of the year. Distribution fees to Jyske Bank amounted to DKK 316m against DKK 240m in the second quarter. The rise was primarily due to the above income from refinancing.

Value adjustments, relating to Jyske Realkredit's fixed portfolio of securities, among other things, amounted to an income of DKK 7m against an income of DKK 20m in the second quarter of 2021. The decline was attributed to lower returns from the company's fixed portfolio of securities.

Core expenses amounted to DKK 101m in the third quarter against DKK 97m in the preceding quarter. The increase was due to the fact that Jyske Realkredit in the second quarter of the year received a repayment of DKK 4m relating to contributions to the Resolution Fund in the past six years.

We still see uncertainty about the impact of the Covid-19 pandemic on especially the financial affairs of corporate clients. In addition, rising property prices lead to higher security for loans to personal clients resulting in fewer impairment charges in this segment. Subsequently, losses and impairment charges amounted to an expense of DKK 11m in the third quarter against an expense of DKK 12m in the second quarter of the year.

Profit before tax subsequently amounted to DKK 306m for the third quarter of 2021 against DKK 341m for the second quarter of 2021.

Balance sheet

At the end of September 2021, Jyske Realkredit's balance sheet amounted to DKK 367.8bn (DKK 377.1bn at the end of 2020).

Loans at fair value fell from DKK 345.0bn at the end of 2020 to DKK 338.5bn at the end of September 2021, corresponding to a decline of 1.9%. The decline relates primarily to adjustment for interest-rate risk (value adjustment), as nominal mortgage loans in the first nine months of 2021 grew by DKK 4.0bn from DKK 334.2bn to DKK 338.2bn, corresponding to an increase of 1.2%. In the second quarter of 2021, Jyske Bank repaid its mortgage loans at Jyske Realkredit with DKK 1.1bn, and consequently the group-external loan growth in the first nine months of 2021 amounted to DKK 5.1bn. The growth in loans and advances relates primarily to the corporate client area.

Equity was affected by the profit for the period by DKK 711m and then amounted to DKK 20,480m at the end of September 2021 (DKK 19,769m at the end of 2020).

Summary of Balance Sheet, end of period, DKKm

	30 Sept. 2021	30 Sept. 2020	Index 21/20	30 Sept. 2021	30 June 2021	31 March 2021	31 Dec. 2020	30 Sept. 2020
Assets / equity and liabilities	367,824	374,912	98	367,824	366,581	378,333	377,132	374,912
Mortgage loans, nominal value	338,238	333,440	101	338,238	336,045	335,673	334,168	333,440
Loans at fair value	338,512	343,405	99	338,512	339,565	340,688	344,965	343,405
Issued bonds, fair value	342,537	350,964	98	342,537	341,622	354,041	353,357	350,964
Equity	20,480	19,384	106	20,480	20,242	19,976	19,769	19,384

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		Impairment charges	
	30 Sept 2021	31 Dec. 2020	30 Sept 2021	31 Dec. 2020
Stage 1	327.8	332.1	0.2	0.2
Stage 2	13.6	11.2	0.3	0.4
Stage 3	3.2	3.4	0.6	0.6
Management's estimate	-	-	0.6	0.5
Mortgage loans, total	344.7	346.7	1.8	1.7

The proportion of loans in stage 1 was 95% at 30 September 2021 against 96% at 31 December 2020. The decline was due to the fact that part of the management's estimate relating to Covid-19 has been incorporated in the credit models by increasing the probability of default at clients without any objective indication of credit impairments. Therefore, the development is not an expression of a deterioration of the clients' credit quality.

Loans and impairment charges by internal rating, DKKbn

	Loans before impairment charges		Impairment charges	
	30 Sept 2021	31 Dec. 2020	30 Sept 2021	31 Dec. 2020
PD 1-2	194.9	188.9	0.2	0.1
PD 3-4	121.8	128.4	0.2	0.2
PD 5-6	18.9	18.6	0.2	0.3
PD 7	1.5	1.8	0.1	0.1
PD 8	2.5	2.8	0.2	0.3
PD 9 (default)	3.3	3.3	0.9	0.8
Øvrige	1.7	2.9	0.0	0.0
Realkreditlån i alt	344.7	346.7	1.8	1.7

The breakdown by rating class at 30 September 2021 is predominantly unchanged from the beginning of the year.

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

	Q1-Q3 2021	Q1-Q3 2020	Index 21/20	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Full year 2020
Non-performing loans and guarantees:									
Loans and guarantees before impairment charges	3,256	3,617	95	3,256	3,185	3,326	3,425	3,617	3,425
Impairment charges	910	758	132	910	876	811	777	758	777
Loans and guarantees after impairment charges	2,346	2,859	85	2,346	2,309	2,515	2,648	2,859	2,648
NPL ratio (%)	0.7	0.8	85	0.7	0.7	0.7	0.8	0.8	0.8
NPL contribution ratio (%)	27.9	21.0	139	27.9	27.5	24.4	22.7	21.0	22.7
Past due mortgage loans (90 days)	361	494	81	361	387	266	407	494	407
Operational loan impairment charges, etc.	113	549	17	11	12	90	-64	-56	485
Operating losses	54	91	45	14	23	17	27	3	118

Arrears

The arrears rate measured 90 days amounted to 0.10% for the repayment date in June 2021, against 0.16% for the corresponding repayment date in 2020. The arrears rate measured 15 days after the September 2021 repayment date amounted to 0.54% against 0.63% after the September 2020 repayment date.

Arrears rate

	September 2021	June 2021	March 2021	December 2020	September 2020	June 2020
After 90 days	-	0.10	0.13	0.11	0.14	0.16
After 15 days	0.54	0.39	0.55	0.49	0.63	0.55

The comparative figures have been adjusted as a minor part of the loan portfolio was not previously included in the calculation.

Despite the Covid-19 situation in Denmark, only very few clients are right now defaulting on the payments on their mortgage loans. The levels of arrears observed in 2020 and 2021 are among the lowest ever observed for Jyske Realkredit's loans.

Capital

Capital management

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

Capital base

Jyske Realkredit's capital base amounts to DKK 20.5 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.

The total risk exposure amounted to DKK 74.3bn at the end of the third quarter of 2021 against DKK 77.8bn at the end of 2020. The reduction of overall risk exposure by DKK 3.5bn can primarily be attributed to the adjustment of the method behind the application of the Capital Requirements Regulation's (CRR) possibility of a lower risk weight for small and medium-sized enterprises (SME).

At the end of the third quarter of 2021, the capital ratio at 27.5% was more than 2 percentage points higher than the ratio at the end of 2020 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 September 2021	31 December 2020
Equity	20,480	19,769
Prudent valuation	-15	-24
Deferred tax assets	-2	-3
Other deductions	-13	-
Common Equity Tier 1 capital / Core capital	20,450	19,743
Capital base	20,450	19,743
Credit risk	70,835	74,304
Market risk	10	19
Operational risk	3,419	3,464
Total risk exposure	74,264	77,787
Common Equity Tier 1 capital ratio (%)	27.5	25.4
Tier 1 Capital ratio (%)	27.5	25.4
Capital ratio (%)	27.5	25.4

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 relation 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 I + 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 third quarter of 2021, 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 7.6bn at the end of the third quarter of 2021, corresponding to an individual solvency requirement of 10.2%, i.e. an increase by 0.2 percentage point relative to the end of 2020.

Buffer requirements and excess capital adequacy

The combined capital buffer requirement consists of the statutory buffers in the form of the capital conservation buffer, the systemic risk buffer as well as the countercyclical buffer. The two former amounted to 2.5% and 1.5%, respectively, of the total risk exposure amount, whereas the size of the countercyclical buffer depends on the economic trends. Currently the countercyclical buffer amounts to 0% of the total risk exposure due to the decision by the Minister for Industry, Business and Financial Affairs to release the requirement in the spring of 2020. In June 2021, The Systemic Risk Council announced that it will recommend to the Minister for Industry, Business and Financial Affairs that the countercyclical buffer be set at 1.0% from 30 September 2022. The Council is expected to recommend a further increase of the buffer rate by 1.0 percentage point to 2.0% before the end of 2021.

Jyske Realkredit's adequate capital base plus the combined capital buffer requirement amounts to DKK 10.6bn, corresponding to an individual solvency requirement, inclusive of statutory buffers, of 14.2% of the total risk exposure amount. Given the capital base of DKK 20.5 bn, Jyske Realkredit's excess capital adequacy amounts to DKK 9.9 bn.

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

DKKm/% of REA	30 September 2021		31 December 2020	
Credit risk	5,667	7.6	5,944	7.6
Market risk	1	0.0	2	0.0
Operational risk	274	0.4	277	0.4
Capital requirement, Pillar I	5,941	8.0	6,223	8.0
Credit risk	1,386	1.9	1,366	1.8
Market risk	210	0.3	145	0.2
Operational risk	50	0.1	60	0.1
Capital requirement, Pillar II	1,646	2.2	1,571	2.0
Adequate capital base	7,587	10.2	7,794	10.0
Capital conservation buffer	1,857	2.5	1,945	2.5
Systemic risk buffer	1,116	1.5	1,168	1.5
Countercyclical buffer	0	0.0	0	0.0
Combined capital buffer requirement	2,973	4.0	3,112	4.0
Adequate capital base, incl. combined capital buffer requirement	10,560	14.2	10,907	14.0
Excess capital adequacy	9,890	13.3	8,836	11.4

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 third quarter of 2021, 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. 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 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 the third quarter of 2021, the leverage ratio for Jyske Realkredit was 5.49% against 5.18% at the end of 2020.

Leverage ratio		
DKKm/%	30 September 2021	31 December 2020
Core capital	20,450	19,743
Total exposure value	372,824	381,049
Leverage ratio	5.49	5.18

Other capital requirements

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

To maintain the AAA rating for all Jyske Realkredit's capital centres (B, E and General Capital Centre), Jyske Realkredit must meet the overcollateralisation from Standard & Poor's. The individual capital centres must meet various requirements depending on the composition of the portfolios. At the end of the third quarter of 2021, the OC requirement amounted to DKK 8.2bn against DKK 8.4bn at the end of 2020 and can be met through liquid assets financed with both debt instruments and capital instruments. The lower OC requirement is attributable to ordinary portfolio development.

Issuance of covered bonds (SDO) for the financing of loans takes place in Jyske Realkredit via capital centres E and S. Loans based on the issuance of covered bonds (SDO) must be monitored on an on-going basis to ensure that the LTV limit is complied with for each individual property. If the LTV limit is exceeded, for instance, due to a decline in the value of the property value, Jyske Realkredit must provide supplementary collateral. At the end of the third quarter of 2021, the SDO requirement amounted to DKK 4.2bn against DKK 5.4bn at the end of 2020.

Stress test and capital requirements

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

Liquidity Coverage Ratio (LCR)

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

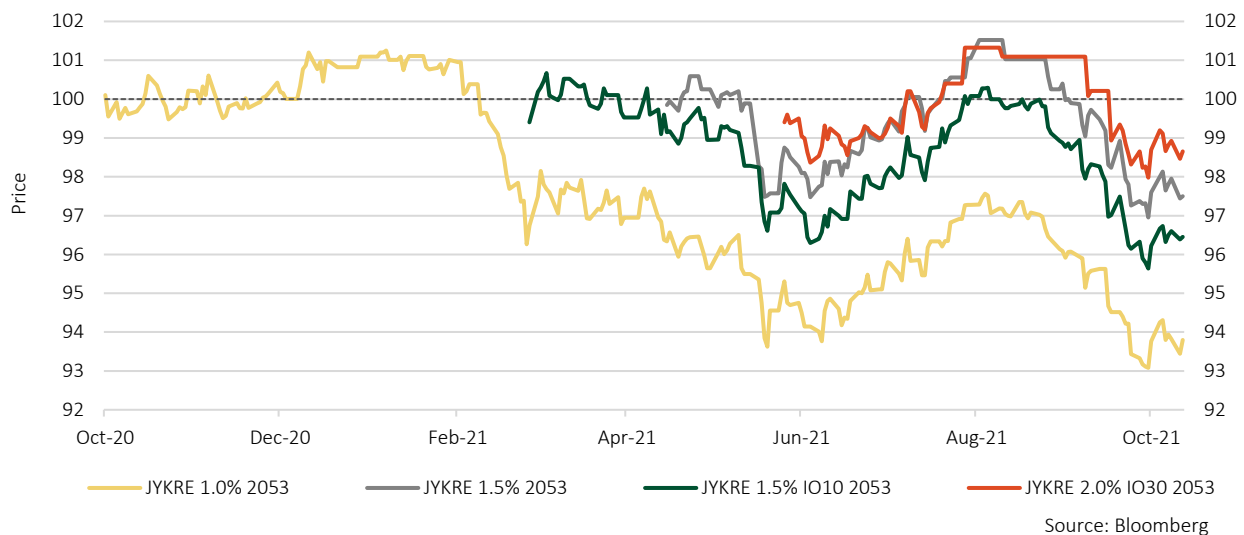
The binding requirement for Jyske Realkredit's holding of liquid assets originates from the LCR floor requirement of 2.5% of total mortgage loans, which at the end of the third quarter of 2021 corresponds to DKK 8.5bn (DKK 8.6bn at the end of the fourth quarter of 2020). Jyske Realkredit had unencumbered liquid assets after haircut in the amount of DKK 16.9bn at the end of the third quarter of 2021 (DKK 15.7bn at the end of the fourth quarter of 2020) 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 was 4,515% at the end of the third quarter of 2021 (1,046,293% at the end of the fourth quarter of 2020) with a net outflow of DKK 374m.

Funding and Bond Issues

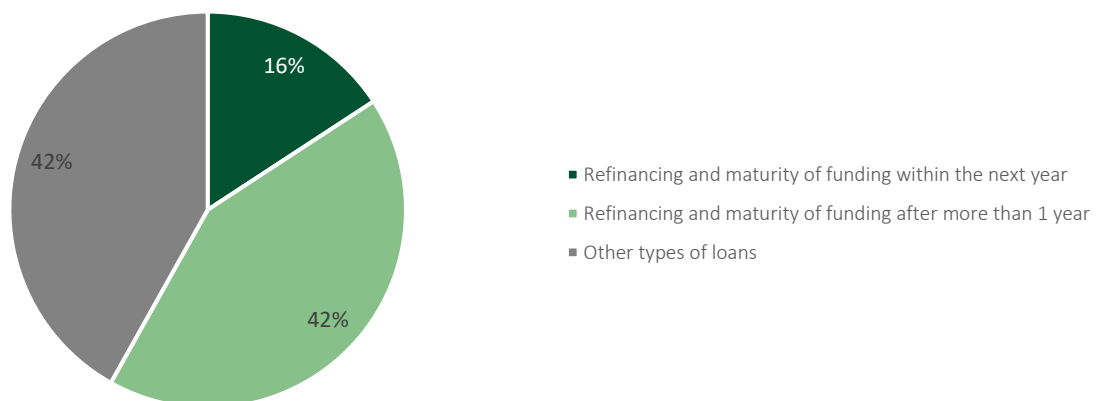
At the beginning of the third quarter of 2021, increases in the bond rates of 30-year callable bonds were observed. This was, however, subsequently followed by falling rates at the end of the quarter, and it now applies that bond rates are at their lowest level since the outbreak of Covid-19 at mid-March 2020. The open 30-year bond with instalment payments with a price closest to 100 has during 2021 moved from being a bond with a coupon of 0.5% at the beginning of 2021 to a bond with a coupon of 1.5% at the end of September. At the end of May, a 30-year 2% callable bond with 30-year interest-only option was opened at Jyske Realkredit.

Prices of certain 30-year callable bonds from Jyske Realkredit



Over the remaining period of 2021, 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 September 2021, by time of refinancing



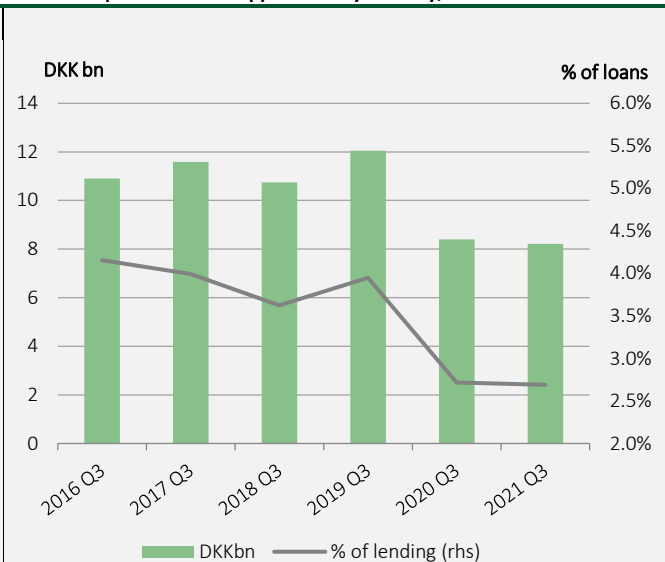
The information according to Article 129(7) of the CRR on covered bonds (SDO) (among other things, disclosure of the value of the cover pool and outstanding covered bonds (SDO), geographical distribution and type of covered assets, maturity structure and loans more than 90 days past due) will be disclosed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

Rating

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

Rating

As at 30 September	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	23/10 2019
Issuer rating (short-term rating)	A-1	23/10 2019

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 was practically unchanged relative to the requirement in the third quarter of 2020. The level has not been lower since S&P began to rate Jyske Realkredit's bonds in 2011. The lower average requirement of supplementary security was primarily caused by a change to S&P's method of calculating supplementary security and a general improvement of the credit quality.

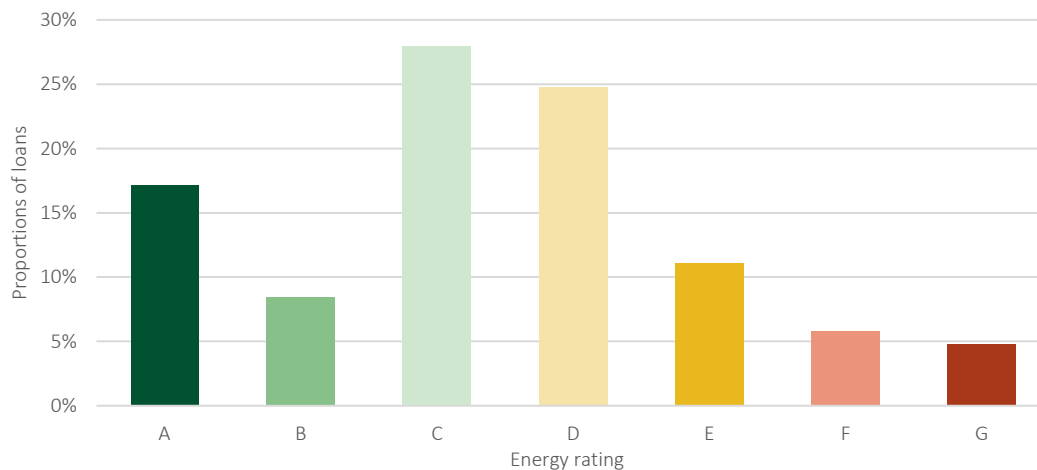
Sustainability

In the first quarter of 2021, Jyske Realkredit introduced a green loan for corporate clients, which is funded through issuance of a green bond. The green loan is, e.g., granted to renewable energy projects, properties with low energy consumption or properties where the energy consumption after renovation of the property has been reduced considerably. With an increased issue of green bonds in the second and third quarter of the year, the green bond series has been classified as LCR level 2A. The green mortgage loan in Jyske Realkredit supports the Jyske Bank Group's target of increasing loans to green commercial properties by DKK 10bn up until the end of 2025.

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

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

Jyske Realkredit's loan portfolio by energy rating



Note: For properties without a valid energy rating, an average energy rating has been calculated for each individual property on the basis of the characteristics of the property.

In respect of the upcoming EU taxonomy for sustainable activities, properties established in 2021 with energy ratings A and B in Denmark will meet the criteria of being a sustainable activity.

Estimated carbon emission relating to Jyske Realkredit's loans

Property type	Tonnes carbon	Tonnes carbon (LTV-adjusted)	Kg carbon/m ²
Private owner-occupied homes and flats	263,060	137,573	17.5
Subsidised housing	34,001	34,001	8.7
Cooperative housing	9,372	3,948	8.4
Residential rental properties	39,634	24,125	8.6
Office and commercial properties	54,253	28,215	10.7
Other	23,944	22,951	11.7
Total	424,264	250,813	13.5

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

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

Loans and advances supporting the UN's Sustainable Development Goals

Loan type	FN SDG	Loans and advances (DKKm)	Share of total loans
Renewable Energy	7.2	544	0.2%
Green buildings	7.3, 9.4	78,521	23.2%
Subsidised housing	11.3	35,495	10.5%
Total		114,570	33.9%

In aggregate, 33.9% of Jyske Realkredit's loans and advances support one or more of the UN's Sustainable Development Goals. It is expected that this proportion will increase over time.

The supervisory diamond for mortgage credit institutions

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

Supervisory diamond - benchmarks, %

	30 September 2021	31 December 2020
Concentration risk <100%	46.7	51.0
Increase in loans <15% annually in the segment:		
- Owner-occupied homes and vacation homes	-2.3	-2.1
- Residential rental properties	7.7	5.9
- Other sectors	2.5	6.6
Borrower's interest-rate risk <25%		
- Residential properties	15.2	16.5
Instalment-free schemes <10%		
- Owner-occupied homes and vacation homes	5.6	6.0
Loans with frequent interest-rate fixing:		
- Refinancing (annually) <25%	15.5	16.2
- Refinancing (quarterly) <12.5%	5.4	1.4

At the end of the third quarter of 2021, Jyske Realkredit met all benchmarks of the supervisory diamond. On an on-going basis, Jyske Realkredit reviews its 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 nine months of 2021.

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 nine months of 2021 can be downloaded from jyskerealkredit.dk.

Contact

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

Income Statement and Statement of Comprehensive Income

DKKm

Note		Q1-Q3 2021	Q1-Q3 2020
Income statement			
5	Interest income	3,873	4,073
6	Interest expenses	2,114	2,306
	Net interest income	1,759	1,767
	Dividends, etc.	5	10
7	Fees and commission income	416	414
	Fees and commission expenses	950	838
	Net interest and fee income	1,230	1,354
8	Value adjustments	78	130
	Other operating income	0	-
9	Employee and administrative expenses	269	242
	Amortisation, depreciation and impairment charges	-	1
	Other operating expenses	21	16
10	Loan impairment charges	113	549
	Pre-tax profit	905	676
11	Tax	194	153
	Net profit for the period	711	523
	Distributed to:		
	Jyske Realkredit A/S shareholders	711	523
	Total	711	523

Statement of Comprehensive Income

Net profit for the period	711	523
Other comprehensive income after tax	-	-
Comprehensive income for the period	711	523
Distributed to:		
Jyske Realkredit A/S shareholders	711	523
Total	711	523

Balance Sheet

		DKKm		
Note		30 Sept. 2021	31 Dec. 2020	30 Sept. 2020
Assets				
	Cash balance and demand deposits with central banks	942	50	22
	Due from credit institutions and central banks	11,887	13,604	12,817
12	Loans at fair value	338,512	344,965	343,405
	Bonds at fair value	15,578	17,350	17,353
	Shares, etc.	53	183	176
	Other property, plant and equipment	-	-	0
	Deferred tax assets	2	3	3
13	Assets in temporary possession	55	73	79
14	Other assets	782	897	1,043
	Prepayments	14	8	13
Assets, total		367,824	377,132	374,912
Equity and liabilities				
Liabilities				
	Due to credit institutions and central banks	1,304	899	990
15	Issued bonds at fair value	342,537	353,357	350,964
	Issued bonds at amortised cost	750	750	750
	Current tax liabilities	442	249	467
16	Other liabilities	2,299	2,090	2,342
	Deferred income	9	15	13
Liabilities, total		347,342	357,361	355,526
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	16,072	15,361	14,975
Total equity		20,480	19,769	19,384
Total equity and liabilities		367,824	377,132	374,912
Off-balance sheet items				
	Guarantees, etc.	0	0	0
	Other contingent liabilities, etc. (loan offers)	11,793	13,253	10,866
Total guarantees and other contingent liabilities		11,794	13,253	10,866

Statement of Changes in Equity

DKKkM

	Share capital	Share premium	Retained profit	Total
Equity at 1 January 2021	4,306	102	15,361	19,769
Net profit for the period	-	-	711	711
Other comprehensive income	-	-	-	-
Comprehensive income for the period	-	-	711	711
Equity at 30 September 2021	4,306	102	16,072	20,480
Equity at 1 January 2020	4,306	102	14,453	18,861
Net profit for the period	-	-	523	523
Other comprehensive income	-	-	-	-
Comprehensive income for the period	-	-	523	523
Equity at 30 September 2020	4,306	102	14,975	19,384

Capital Statement

	30 Sept 2021	31 Dec. 2020	30 Sept 2020
Equity	20,480	19,769	19,384
Deferred tax assets	-2	-3	-3
Prudent valuation	-15	-24	-25
Other deductions	-13	-	-
Common Equity Tier 1 capital / Core capital	20,450	19,743	19,355
Capital base	20,450	19,743	19,355
Weighted risk exposure involving credit risk, etc.	70,835	74,304	77,025
Weighted risk exposure involving market risk	10	19	19
Weighted risk exposure involving operational risk	3,419	3,464	3,464
Total weighted risk exposure	74,264	77,787	80,509
Capital requirement, Pillar I	5,941	6,223	6,441
Capital requirement, total	5,941	6,223	6,441
Capital ratio (%)	27.5	25.4	24.0
Core capital ratio (%)	27.5	25.4	24.0
Common Equity Tier 1 capital ratio (%)	27.5	25.4	24.0

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

Notes

1 Accounting policies

The Interim Financial Report for the period 1 January - 30 September 2021 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 2020.

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 2020. 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 has a significant negative impact on economic growth. However, there is considerable uncertainty about the extent of the negative impact, which adds to the uncertainty when determining loan impairment charges.

The financial statements reflect adjusting events until 2 November 2021.

	30 Sept 2021	31 Dec. 2020	30 Sept 2020
3 Financial ratios			
Capital ratio (%)	27.5	25.4	24.0
Core capital ratio (%)	27.5	25.4	24.0
Return on equity (average) before tax for the period (%)	4.5	6.0	3.5
Return on equity (average) after tax for the period (%)	3.5	4.7	2.7
Income/cost ratio (%)	3.2	2.4	1.8
Currency position (%)	0.3	0.5	0.5
Accumulated impairment ratio (%)	0.5	0.5	0.5
Impairment ratio for the period (%)	0.03	0.14	0.16
Increase in loans for the period (%)	1.2	1.6	1.3
Loans relative to equity	16.5	17.4	17.7
Return on capital employed	0.19	0.24	0.14

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

4 Alternative performance targets

	Q1-Q3 2021			Q1 - Q3 2020		
	Core profit	Reclassi- fication	Total	Core profit	Reclassi- fication	Total
Administration margin income, etc.	1,753	-	1,753	1,749	-	1,749
Other net interest income, etc.	11	-5	7	23	-5	18
Net interest income	1,764	-5	1,759	1,772	-5	1,767
Dividends, etc.	-	5	5	-	10	10
Net fee and commission income	-534	-	-534	-423	-	-423
Net interest and fee income	1,230	1	1,230	1,348	5	1,354
Value adjustments	73	5	78	125	5	130
Other income	5	-5	0	10	-10	-
Income	1,308	-	1,308	1,484	-	1,484
Expenses	290	-	290	258	-	258
Profit before loan impairment charges	1,018	-	1,018	1,225	-	1,225
Loan impairment charges	113	-	113	549	-	549
Pre-tax profit	905	-	905	676	-	676

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 on page 18. Expenses in the above table relate to Employee and administrative expenses, Amortisation, depreciation and impairment charges of property, plant and equipment as well as Other operating expenses in the income statement according to the Danish Executive Order on the Preparation of Financial Statements.

	Q1-Q3 2021	Q1-Q3 2020
5 Interest income		
Due from credit institutions and central banks ¹	-25	-34
Loans	2,302	2,525
Administration margin	1,460	1,392
Bonds	68	74
Derivatives, interest-rate and currency contracts	61	92
Other interest income	-	0
Interest income before offsetting of interest on own bonds	3,866	4,050
Interest on own bonds, set off against interest on issued bonds	79	80
Total after offsetting of negative interest income	3,787	3,970
Negative interest income set off against interest income	45	56
Negative interest expenses set off against interest expenses	41	47
Total before offsetting of negative interest income	3,873	4,073
¹ Of which interest income on reverse repos carried under 'Due from credit institutions and central banks'	-26	-28

Notes - cont.

DKKm

	Q1-Q3 2021	Q1-Q3 2020
6 Interest expenses		
Due to credit institutions and central banks ¹	15	11
Issued bonds	2,126	2,333
Other interest expenses	-34	-61
Interest expenses before offsetting of interest on own bonds	2,106	2,283
Interest on own bonds, set off against interest on issued bonds	79	80
Total after offsetting of negative interest expenses	2,028	2,203
Negative interest expenses set off against interest expenses	41	47
Negative interest income set off against interest income	45	56
Total before offsetting of negative interest income	2,114	2,306
¹ Of which interest expenses on repos carried under 'Due to credit institutions and central banks'	-0	-1

Interest for swaps, etc. that was 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, 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 95m was in the first nine months of 2021 recognised under 'Other interest expenses' (First nine months of 2020: DKK 132m).

7 Fees and commission income		
Securities trading and custody services	239	256
Loan application fees	177	158
Other fees and commissions	0	0
Total	416	414

8 Value adjustments		
Mortgage loans	-10,401	889
Other loans and receivables at fair value	1	0
Bonds	-57	6
Shares, etc.	20	15
Currency	1	-1
Currency, interest-rate and other contracts as well as other derivatives	-201	312
Issued bonds	10,714	-1,092
Total	78	130

Value adjustment of the balance principle amounted to an expense of DKK 8m. (2020: DKK +0m) resulting from a net value adjustment of the following items: mortgage loans by DKK -10,442m (DKK +889m), recognised under mortgage loans, issued mortgage bonds by DKK +10,714m (DKK -1,092m), and derivatives by DKK -282m (DKK +202m), recognised under Currency, interest-rate and other contracts as well as other derivatives.

9 Employee and administrative expenses		
Employee expenses		
Wages and salaries, etc.	16	18
Pensions	2	2
Payroll tax	3	3
Social security	0	0
Total	20	23
Salaries and remuneration to the Executive Board and the Supervisory Board		
Executive Board	5	4
Supervisory Board	0	0
Total	5	5
Other administrative expenses		
IT	12	13
Other administrative expenses	231	202
Total	244	214
Total	269	242

Notes - cont.

DKKm

	Q1-Q3 2021	Q1-Q3 2020
10 Loan impairment charges		
Loan impairment charges for the period	86	500
Recognised as a loss, not covered by impairment charges	39	71
Recoveries	-12	-22
Total	113	549
Balance of impairment charges		
Balance of impairment charges, beginning of period	1,723	1,330
Loan impairment charges for the period	86	500
Recognised as a loss, covered by impairment charges	-16	-20
Balance of impairment charges, end of period	1,793	1,809
Mortgage loan impairment charges	1,671	1,696
Impairment charges on other loans and receivables, etc.	122	113
Balance of impairment charges, end of period	1,793	1,809

Breakdown of balance of impairment charges by stage - first nine months of 2021

	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of period	289	663	770	1,723
Transfer of impairment charges at the beginning of the period to stage 1	167	-158	-9	-
Transfer of impairment charges at the beginning of the period to stage 2	-12	42	-31	-
Transfer of impairment charges at the beginning of the period to stage 3	-1	-45	46	-
Impairment charges relating to new loans	80	58	35	173
Decline in the balance of impairment charges due to repayment of loans	-39	-72	-71	-182
Effect from recalculation	-119	40	174	95
Previously recognised as impairment charges, now losses	0	-1	-14	-16
Balance of impairment charges, end of period	366	526	901	1,793

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 nine months 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	98	-91	-7	-
Transfer of impairment charges at the beginning of the period to stage 2	-7	29	-22	-
Transfer of impairment charges at the beginning of the period to stage 3	-1	-99	100	-
Impairment charges relating to new loans	77	184	79	340
Decline in the balance of impairment charges due to repayment of loans	-55	-173	-52	-280
Effect from recalculation	-130	259	311	440
Previously recognised as impairment charges, now losses	-0	-4	-17	-20
Balance of impairment charges, end of period	293	770	746	1,809

The size of the recalculation relates chiefly to the management's estimate of DKK 415m 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.

11 Tax
Effective tax rate

Corporation tax rate in Denmark	22.0	22.0
Non-taxable income and non-deductible expenses, etc.	-0.6	0.7
Total	21.4	22.7

Notes - cont.

DKKm

	30 Sept 2021	31 Dec. 2020	30 Sept 2020
12 Loans at fair value			
Mortgage loans, nominal value	338,238	334,168	333,440
Adjustment for interest-rate risk, etc.	1,560	12,001	11,300
Adjustment for credit risk	-1,671	-1,607	-1,696
Mortgage loans at fair value	338,126	344,562	343,044
Arrears and outlays	60	65	56
Other loans and receivables	326	337	305
Total	338,512	344,965	343,405
Mortgage loans at fair value broken down by property category			
Owner-occupied homes	158,734	165,251	166,718
Vacation homes	8,303	8,337	8,279
Subsidised Housing (rental housing)	51,966	55,069	54,507
Cooperative housing	13,778	14,416	14,468
Private rental properties (rental housing)	60,432	55,477	54,216
Industrial properties	2,699	3,056	3,055
Office and business properties	34,655	35,986	35,820
Agricultural properties, etc.	142	133	120
Properties for social, cultural and educational purposes	7,330	6,754	5,776
Other properties	88	83	85
Total	338,126	344,562	343,044
13 Assets in temporary possession			
Properties acquired through foreclosure	55	73	79
Total	55	73	79
14 Other assets			
Positive fair value of derivatives	497	651	739
Interest and commission receivable	70	8	80
Loan applications in process	182	88	170
Other assets	33	150	54
Total	782	897	1,043
15 Issued bonds at fair value			
Issued mortgage bonds, nominal value	368,537	353,824	367,448
Adjustment to fair value	2,393	12,916	12,427
Own mortgage bonds, fair value	-28,393	-13,382	-28,911
Total	342,537	353,357	350,964
16 Other liabilities			
Negative fair value of derivatives	245	293	253
Interest and commission payable	1,413	1,337	1,437
Other liabilities	641	460	652
Total	2,299	2,090	2,342

Notes - cont.

DKKm

	30 Sept 2021	31 Dec. 2020	30 Sept 2020
17 Off-balance sheet items			
Guarantees, etc.			
Other guarantees	0	0	0
Total	0	0	0
Other contingent liabilities, etc.			
Irrevocable loan commitments	11,775	13,233	10,844
Other contingent liabilities	18	19	21
Total	11,793	13,253	10,866

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 September 2021, no unusual related party transactions took place. Please see Jyske Realkredit's Annual Report 2020 for a detailed description of transactions with related parties.

Notes - cont.

DKKm

	30 Sept 2021	31 Dec. 2020	30 Sept 2020
19 Contractual time to maturity			
Assets			
Due from credit institutions and central banks			
Demand deposits	496	620	539
Up to 3 months	11,390	12,984	12,278
Over 3 months and up to 1 year	-	-	-
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-
Total	11,887	13,604	12,817
Loans at fair value ¹			
Up to 3 months	2,322	2,154	2,357
Over 3 months and up to 1 year	6,905	7,397	6,986
Over 1 year and up to 5 years	42,105	43,181	42,162
Over 5 years	287,180	292,233	291,900
Total	338,512	344,965	343,405
Bonds at fair value			
Up to 3 months	1,744	598	2,106
Over 3 months and up to 1 year	8,428	9,640	7,958
Over 1 year and up to 5 years	5,382	7,085	7,262
Over 5 years	24	27	28
Total	15,578	17,350	17,353
Liabilities			
Due to credit institutions and central banks			
Demand deposits	829	207	296
Up to 3 months	475	692	693
Over 3 months and up to 1 year	-	-	-
Over 1 year and up to 5 years	-	-	-
Over 5 years	-	-	-
Total	1,304	899	990
Issued bonds at fair value ¹⁾			
Up to 3 months	6,916	8,987	13,551
Over 3 months and up to 1 year	47,910	62,185	52,932
Over 1 year and up to 5 years	132,368	127,763	132,269
Over 5 years	155,343	154,423	152,212
Total	342,537	353,357	350,964
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.

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 September 2021.

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 September 2021 and also of the company's financial performance for the period 1 January to 30 September 2021.

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, 2 November 2021

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