



Annual Report 2023

Please observe that the Danish version of this Annual Report prevails.

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Financial Highlights

Core profit and net profit for the year, DKKm

	2023	2022	Index 23/22	2021	2020	2019
Administration margin income, etc.	2,496	2,356	106	2,343	2,332	2,334
Other net interest income	795	160	497	15	36	58
Net fee and commission income, etc.	-556	-653	85	-706	-603	-641
Value adjustments, etc.	370	2	18,500	107	218	6
Other income	0	0	0	5	14	22
Core income	3,106	1,865	167	1,764	1,997	1,778
Core expenses	445	394	113	389	345	310
Core profit before loan impairment charges	2,661	1,471	181	1,375	1,652	1,468
Loan impairment charges (- is income)	-12	-272	4	64	485	35
Core profit/Pre-tax profit	2,673	1,743	153	1,311	1,168	1,434
Tax	643	383	168	283	259	316
Profit for the year	2,030	1,361	149	1,028	908	1,117

Relationships between income statement items under financial highlights and the income statement appear from note 2 the financial statements.

Summary of Balance Sheet, end of period, DKKm

Mortgage loans, nominal value	373,677	365,595	102	338,965	334,168	329,043
Mortgage loans, fair value	352,663	333,728	106	340,969	344,965	338,666
Bonds and shares, etc.	19,160	12,728	151	15,960	17,533	18,565
Total assets	383,021	359,621	107	369,035	377,132	384,899
Issued bonds, fair value	351,790	329,529	107	344,817	353,357	361,388
Equity	24,189	22,159	109	20,798	19,769	18,861

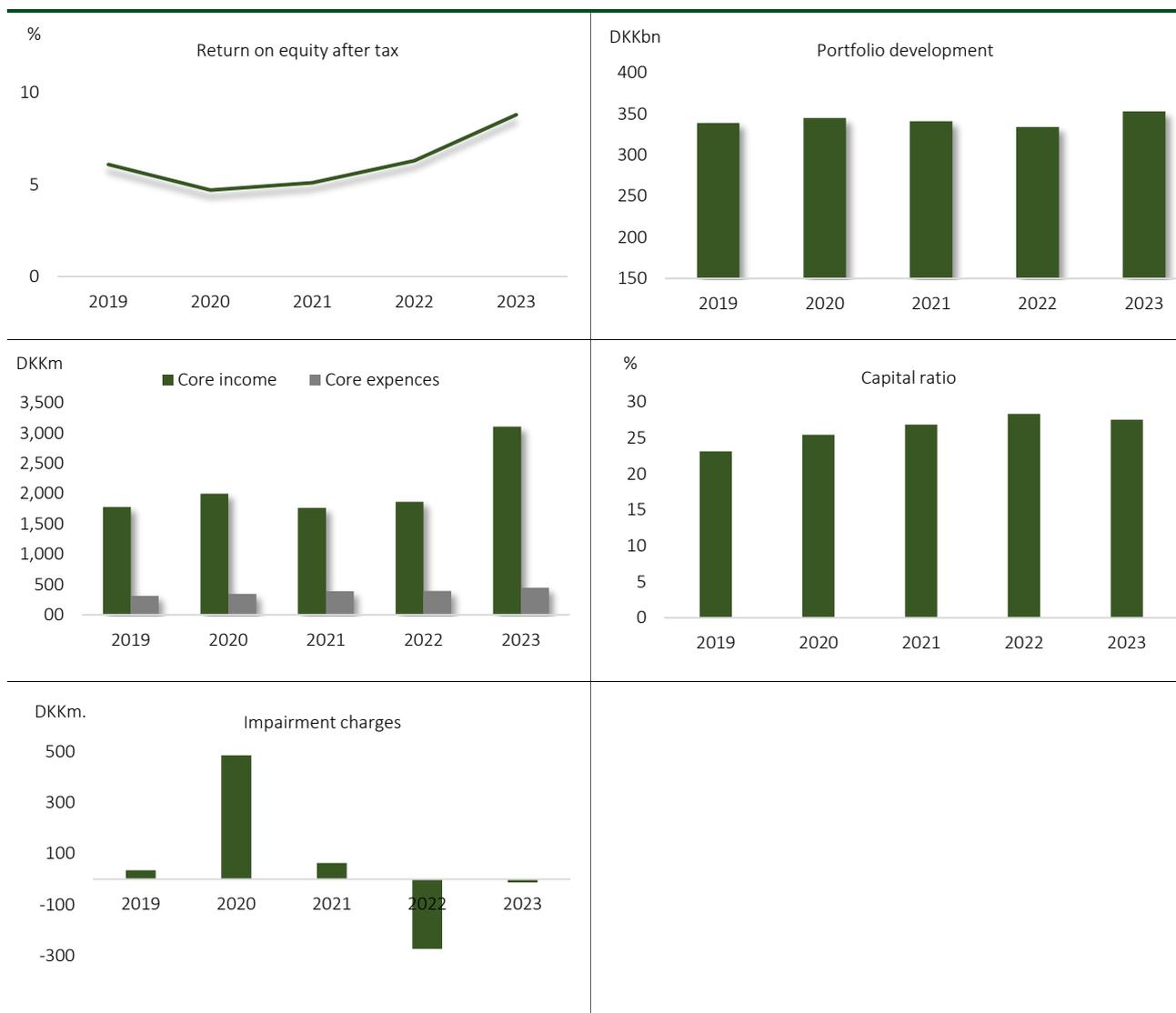
Financial ratios

Pre-tax profit as a pct. of average equity	11.5	8.1	-	6.5	6.0	7.8
Net profit as a percentage of average equity	8.8	6.3	-	5.1	4.7	6.1
Expenses as a percentage of income	14.3	21.1	-	22.1	17.3	17.4
Capital ratio (%)	27.5	28.3	-	26.8	25.4	23.1
Common Equity Tier 1 capital ratio (CET1 %)	27.5	28.3	-	26.8	25.4	23.1
Individual solvency requirement (%)	9.9	9.7	-	10.0	10.0	10.1
Capital base (DKKm)	24,053	22,096	-	20,769	19,743	18,811
Weighted risk exposure (DKKm)	87,469	78,193	-	77,621	77,787	81,321
No. of employees at year-end	27	25	-	25	25	23
No. of employees split between the companies, at year-end ¹	725	594	-	561	496	474
No. of employees split between the companies converted to full-time equivalent	253	239	-	238	201	198

¹ Employees split between the companies are included in the number of employees stated in the Annual Report of Jyske Bank A/S, and their salaries are paid through Jyske Bank A/S. Jyske Realkredit A/S pays this expense for employees split between the companies through a service agreement with Jyske Bank A/S, and it is recognised under the item 'Core expenses'.

Summary

- Pre-tax profit amounted to DKK 2,673m (2022: DKK 1,743m) corresponding to a return of 11.5% on average equity (2022: 8.1%).
- Net profit for the year amounted to DKK 2,030m (2022: DKK 1,361m) corresponding to a return of 8.8% on average equity (2022: 6.3%).
- Core expenses amounted to: DKK 445m (2022: DKK 394m).
- Impairment charges affected core profit by an income of DKK 12m (2022: an income of DKK 272m).
- The loan portfolio at nominal value amounted to DKK 374bn (2022: DKK 366bn), and at a fair value of DKK 353bn (2022: DKK 334 bn).
- At the end of 2023, the capital ratio and the core capital ratio amounted to 27.5% (end of 2022: 28.3%).



Comments by management

In connection with the presentation of the Annual Report 2023, Carsten Tirsbæk Madsen, Chief Executive Officer, states:

'Today Jyske Realkredit announces a profit of DKK 2,030m. The net profit for the year was satisfactory and better than expected at the release of the annual report for 2022. Relative to 2022, the profit increased by DKK 669m or 49%. The higher profit was largely due to a higher level of interest rates and a resultant higher return on Jyske Realkredit's portfolio of securities and the effect from the take-over of housing loans from Handelsbanken's Danish activities in December 2022.

We still see a low level of recognised losses and arrears, and consequently the losses recognised in the income statement and loan impairment charges were at a sustained low level in 2023. As a result of continued uncertainty about the development in property values, Jyske Realkredit raised its management's estimate of impairment charges by DKK 92m in 2023, and they now amount to DKK 677m.

Loans and advances taken over from Handelsbanken's activities in Denmark at the end of 2022 were successfully converted into Jyske Realkredit's systems in the fourth quarter of 2023.

The capital base of Jyske Realkredit is at a high level, and the credit quality is good. Therefore, the company is well prepared to withstand the challenges that the Danish economy is facing.'

Determined at nominal value, Jyske Realkredit's loans and advances rose by DKK 8.1bn in 2023. Hence nominal loans and advances amounted to DKK 373.7bn at the end of 2023. Determined at fair value, loans and advances rose by DKK 18.9bn, which was caused by rising prices of mortgage bonds at the end of 2023 that are used for the valuation of mortgage loans. Hence, loans and advances at fair value amounted to DKK 352.7bn at the end of 2023.

Capital structure

Jyske Realkredit's equity rose by the net profit for the year of DKK 2,030m and amounted to DKK 24,189m at the end of 2023. The capital base, exclusive of various deductions, amounted to DKK 24,053m, an increase of DKK 1,957m.

Jyske Realkredit's capital base is solid with a capital ratio of 27.5% and a capital buffer of DKK 9.9bn. It is assessed that the current financial resources can withstand even severe stress scenarios.

Sustainability

Jyske Realkredit continues its focus on improving investors' insight into the sustainability of loans and advances through our continuous work on refining sustainability reporting. In addition, Jyske Realkredit endeavours on an ongoing basis to meet borrowers' requests for green financing solutions, for instance through the financing of loans through the issue of green bonds.

In 2023, Jyske Realkredit focused on financing of sustainable buildings and projects for the establishment of renewable energy plants. This focus on the financing of sustainable projects was reflected in the fact that Jyske Realkredit was in September 2023 awarded a prize from Euronext Securities Copenhagen for issuing the highest amount of green bonds in volume terms in the first half of 2023.

In 2023, Jyske Realkredit was, as one out of ten Danish companies, nominated to FINANS Climate Award for best ESG project of the year in the business sector. This nomination was awarded to Jyske Realkredit for its work on transparency in sustainability on loans and mortgage bonds. Through its sustainability efforts Jyske Realkredit set up standards for sustainability reporting for mortgage bonds (covered bonds) in Denmark and in the rest of Europe.

In the financial statements and at www.jyskerealkredit.com/sustainable-transparency-template, a breakdown of loans at ISIN code level by Energy Performance Certificate, the estimated CO₂e emission, as well as the distribution of loans according to the UN Sustainable Development Goals are available to investors in Jyske Realkredit's bonds. In addition, as the first issuer in Europe, Jyske Realkredit has published an 'Energy Efficient Mortgage Label Harmonised Disclosure template' designed to increase the transparency of energy-efficient loans for borrowers and investors.

Rating

On 21 July 2023, Standard & Poor's upgraded Jyske Bank's and Jyske Realkredit's joint issuer rating to 'A+' from 'A'. The higher rating was due to a higher level of eligible liabilities, improved profitability, and a solid capital position in the Group. Outlook is considered stable.

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

On 1 December 2022, Jyske Realkredit took over loans and advances 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 was according to plan implemented in the fourth quarter of 2023.

New head office in Copenhagen

In the course of 2025, the Jyske Bank Group expects to gather its activities from Jyske Bank's office at Vesterbrogade, Jyske Realkredit's head office at Kgs. Lyngby and the head office of the former Handelsbanken Danmark at Havneholmen. For this purpose, a tenancy agreement has been signed on the large glass building "Glass Cube" located at Kalvebod Brygge in Copenhagen. The re-location is expected to create a strong professional environment and a good foundation for the Group's activities in Eastern Denmark.

Expansion of 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 in the range of DKK 1.6bn to 1.9bn in 2024. The decline relative to the realised profit for 2023 can be attributed to a lower expected return on the portfolio of securities due to expectations of a declining interest-rate level in 2024. In addition, expectations also point to a minor increase in expenses for losses and loan impairment charges.

The largest element of uncertainty relating to profit expectations for 2024 is the future development of the interest-rate level as well as of losses and impairment charges.

Financial Review

Income statement

Core profit and net profit for the year, DKKm

			Index 23/22	Q4	Q3	Q2	Q1	Q4
	2023	2022		2023	2023	2023	2023	2022
Administration margin income, etc.	2,496	2,356	106	627	617	624	628	600
Other net interest income	795	160	497	249	240	166	140	108
Net fee and commission income, etc.	-556	-653	85	-133	-158	-115	-150	-190
Value adjustments, etc.	370	2	18,500	143	76	64	87	88
Other income	0	0	0	0	-	-	-	0
Core income	3,106	1,865	167	886	775	739	704	606
Core expenses	445	394	113	113	110	116	106	98
Core profit before loan impairment charges	2,661	1,471	181	774	665	624	598	508
Loan impairment charges, etc. (- is income)	-12	-272	4	11	14	9	-46	-167
Core profit/Pre-tax profit	2,673	1,743	153	763	651	614	645	675
Tax	643	383	168	162	164	154	163	148
Profit for the year	2,030	1,361	149	601	487	460	482	527

Profit for the year

For the year, Jyske Realkredit generated a pre-tax profit of DKK 2,673m against DKK 1,743m in 2022. 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 higher value adjustments of Jyske Realkredit's portfolios of securities in 2023.

Calculated tax was DKK 643m (2022: DKK 383m), and hence the net profit for the year amounted to DKK 2,030m against DKK 1,361m for the previous year. Net profit for the year corresponds to a return on average equity of 8.8%, compared to 6.3% in 2022.

Core income

Core income, consisting primarily of administration margin income, etc. as well as other net interest income, amounted to DKK 3,106m against DKK 1,865m in 2022.

Administration margin income etc. rose from DKK 2,356m in 2022 to DKK 2,496m in 2023. The increase primarily relates to the loan portfolio taken over from Handelsbanken in December 2022.

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 795m against an income of DKK 160m in 2022. The reason for the increase is that the interest yield on Jyske Realkredit's fixed portfolio of securities rose in step with the rising interest rate.

Net fee and commission income, etc. amounted to an expense of DKK 556m against an expense of DKK 653m in 2022. In 2023, we saw lower fee income from lending activity, but distribution fees to Jyske Bank showed a steeper decline, and therefore net expenses were lower in 2023.

Value adjustments, etc. amounted to an income of DKK 370m against an income of DKK 2m in the previous year and relate primarily 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 2023. In addition, the year saw positive value adjustments in connection with bond issues.

Core expenses

Core expenses amounted to DKK 445m against DKK 394m 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.

Loan impairment charges

Loan impairment charges amounted to an income of DKK 12m against an income of DKK 272m in 2022.

The income in 2023 was due partly to reversal of loan impairment charges on individual corporate commitments and partly to the decline in model-calculated impairment charges. The decline in model-calculated impairment charges can, for instance, be attributed to improved credit quality of the clients, including continued low arrears. Recognised losses were also at a low level in 2023.

On the other hand, the management's estimates increased by DKK 92m (2022: income at DKK 95m) and are now at DKK 677m at the end of 2023 (end of 2022: DKK 585m). Of the increase, DKK 70m is attributed to commercial property as the Danish Financial Supervisory Authority has requested a more severe stress scenario than the one used in Jyske Realkredit's impairment models. The most important management's estimates relate to macroeconomic risks, including interest-rate increases etc., by DKK 550m (end of 2022: DKK 525m). Hereof DKK 350m (end of 2022: DKK 350m) corporate clients and DKK 200m DKK 175m) personal clients.

For a detailed description of the management's estimates and the uncertainty associated with these, please see Note 10 in the financial statements.

In 2023, recognised losses etc. amounted to DKK 26m (2022: DKK 85m), hereof DKK 11m (2022: DKK 68m) was covered by impairment charges recognised previously. Recognised losses in 2023 relate primarily to the private segment.

The effect on the income statement was in 2023 distributed with an income of DKK 25m (2022: an expense of DKK 1m) on personal clients and an expense of DKK 13m (2022: an income of DKK 273m) on corporate clients.

The total balance of impairment charges amounted to DKK 1,441m at the end of 2023 (end of 2022: DKK 1,384m) corresponding to 0.4% of total loans and advances (2022: 0.4%).

Jyske Realkredit's holding of assets held temporarily amounted to DKK 40m at the end of 2023 against DKK 41m the previous year. In 2023, we saw few inflows and outflows of properties acquired through foreclosure. The properties acquired through foreclosure consist primarily of residential rental property, from which sales of owner-occupied flats take place on an ongoing basis when the original tenants move out.

Fourth quarter of 2023 compared with third quarter of 2023

Profit before tax for the fourth quarter amounted to DKK 763m against DKK 651m for the third quarter.

Administration margin income etc. rose to DKK 627m in the fourth quarter from DKK 617m in the third quarter. The increase is due, among other things, to a larger lending volume in the fourth quarter.

Other net interest income amounted to DKK 249m in the fourth quarter against DKK 240m in the previous quarter. The increase can be attributed to increased interest income from Jyske Realkredit's fixed portfolio of securities.

Net fee and commission income, etc. amounted to an expense of DKK 133m in the fourth quarter against an expense of DKK 158m in the preceding quarter. The decline was due to lower distribution fees paid to Jyske Bank in the fourth quarter.

Value adjustments, relating to Jyske Realkredit's fixed portfolio of securities, among others, amounted to an income of DKK 143m in the fourth quarter against an income of DKK 76m in the third quarter. The increase can be attributed to higher value adjustments of Jyske Realkredit's fixed portfolio of securities as well as value adjustments in connection with bond issues.

Core expenses rose from DKK 110m in the third quarter to DKK 113m in the fourth quarter of 2023. The increase was due to settlement of the intra-group service agreement.

Losses and impairment charges amounted to an expense of DKK 11m in the fourth quarter against an expense of DKK 14m in the third quarter. The fourth quarter saw net reversals of the individually and model-calculated impairment charges. On the other hand, impairment charges according to the management's estimates increased by DKK 102m. On a net basis, an unchanged level of losses and loan impairment charges.

Balance sheet

At the end of 2023, Jyske Realkredit's balance sheet amounted to DKK 383 bn (DKK 360 bn at the end of 2022). Mortgage loans at nominal value increased from DKK 365.6bn at the end of 2022 to DKK 373.7bn, at the end of 2023, corresponding to an increase by 2.2%. Of the increase, DKK 11.0bn relates to corporate clients whereas nominal loans to personal clients declined by DKK 2.9bn.

Summary of Balance Sheet, end of period, DKKm

	2023	2022	Index 23/22	31 Dec. 2023	30 Sept. 2023	30 June 2023	31 March 2023	31 Dec. 2022
Assets / equity and liabilities	383,021	359,621	107	383,021	369,195	366,756	367,725	359,621
Mortgage loans, nominal value	373,677	365,595	102	373,677	370,315	369,402	367,293	365,595
Loans, fair value	352,663	333,728	106	352,663	337,614	337,960	338,214	333,728
Issued bonds, fair value	351,790	329,529	107	351,790	338,315	337,068	338,018	329,529
Equity	24,189	22,159	109	24,189	23,587	23,100	22,640	22,159

Fourth quarter of 2023 compared with third quarter 2023

In the fourth quarter, nominal loans rose by DKK 3.4bn which can primarily be related to corporate clients.

Loans at fair value rose by DKK 15.0bn. Except for the increase in nominal loans, the increase was due to higher prices of the underlying mortgage bonds according to which mortgage lending is valued.

Equity

Equity was affected by the profit for the year by DKK 2,030m and amounted to DKK 24,189m at the end of 2023 (DKK 22,159m at the end of 2022).

Over the past five years, Jyske Realkredit's equity rose from DKK 17,744m to DKK 24,189m. The increase can alone be attributed to the results for the individual years totalling DKK 6,445m.

No dividend was distributed over the period.

Changes in equity, end of period, DKKm

	2023	2022	2021	2020	2019	2019-2023
Shareholders' funds at the beginning of the period	22,159	20,798	19,769	18,861	17,744	17,744
Profit for the year	2,030	1,361	1,028	908	1. 117	6,445
Dividend	-	-	-	-	-	-
Equity, end of period	24,189	22,159	20,798	19,769	18,861	24,189

Profit for the year relative to outlook

The net profit for the year amounted to DKK 2,030m against the expected profit for 2023 in the range of DKK 1.5bn to DKK 1.7bn as stated in the Annual Report for 2022. The reason behind the better-than-expected results is primarily a better return on Jyske Realkredit's holding of securities because the interest-rate level rose more than expected. In addition, losses and loan impairment charges contributed with a small income against an expected minor expense.

Business volume

The mortgage credit market 2023

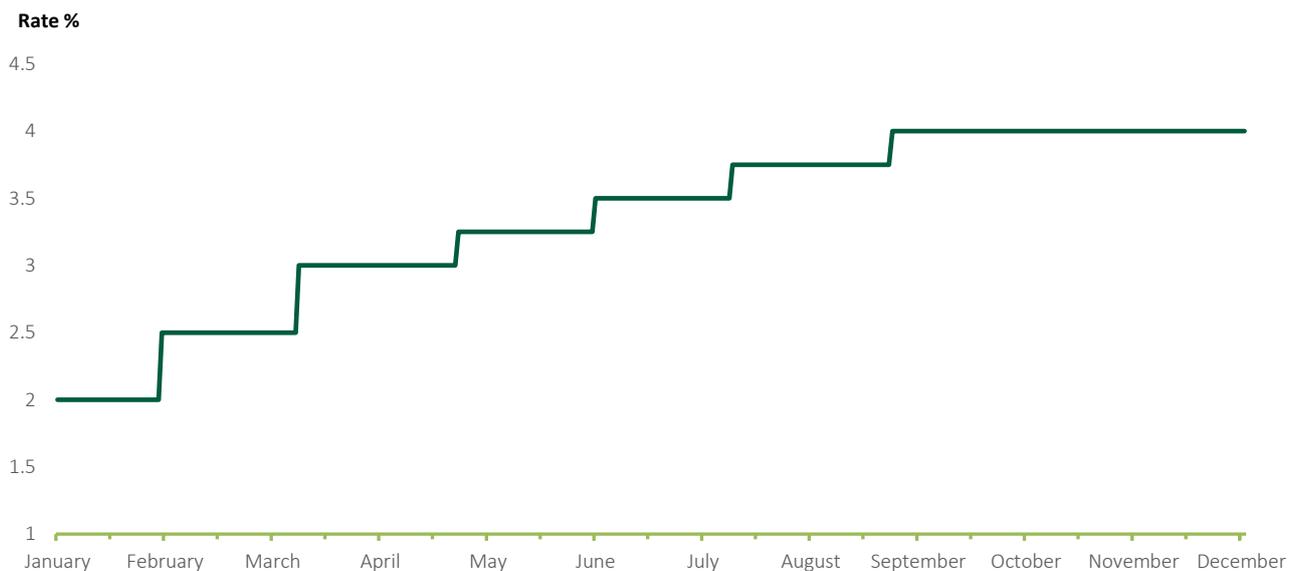
In economic terms, 2023 was characterised by a desire to curb inflation. Consequently, the European Central Bank hiked its leading rate six times in 2023. As Denmark pursues a fixed exchange rate policy relative to the euro, Danmarks Nationalbank hiked its Danish rates correspondingly.

The tight monetary policy was a consequence of the fact that inflation has been above the European Central Bank's inflation target at 2%. To a large extent the policy has been successful. Throughout 2023, the increase in consumer prices is reduced whereas core inflation (consumer prices less energy and food prices) is still above the target.

The purpose of the interest-rate hikes was to put a damper on the activity in society. Yet, the economy has turned out to be resilient to the rising interest rates, and in 2023, we saw a record-high employment rate. The high employment is the main reason why the real economy was not hit harder by the interest-rate increases than was actually the case. Household income is still good due to the high employment, and households were therefore to a high extent able to absorb the rising costs of living. Consequently, the Danish economy has to a higher degree been in a technical recession than in an actual recession.

Because of the slowdown in economic activity over the year, the European Central Bank has not hiked its interest rates since the summer of 2023 as it has been assessing economic trends. Therefore, the end of 2023 was dominated by speculations as to whether the central banks would cut their rates.

Development in monetary policy rate (ECB) in 2023



The higher monetary policy rates have to a high extent affected market rates. Short-term rates are rapidly adapted to the changes in monetary policy rates whereas long-term mortgage rates are rather characterised by expectations of future interest-rate changes.

Hence, the movements in short-term rates outperformed those of long-term rates in 2023. Short-term rates increased whereas long-term rates had at year-end declined by up to one percentage point. This gave rise to a yield structure where the difference between variable and fixed mortgage rates was small.

The interest rate development has a strong impact on activities in the mortgage credit sector. Both directly via refinancing opportunities for mortgage loans and indirectly relative to interest-rate changes it exercises a strong impact on activities in the property market.

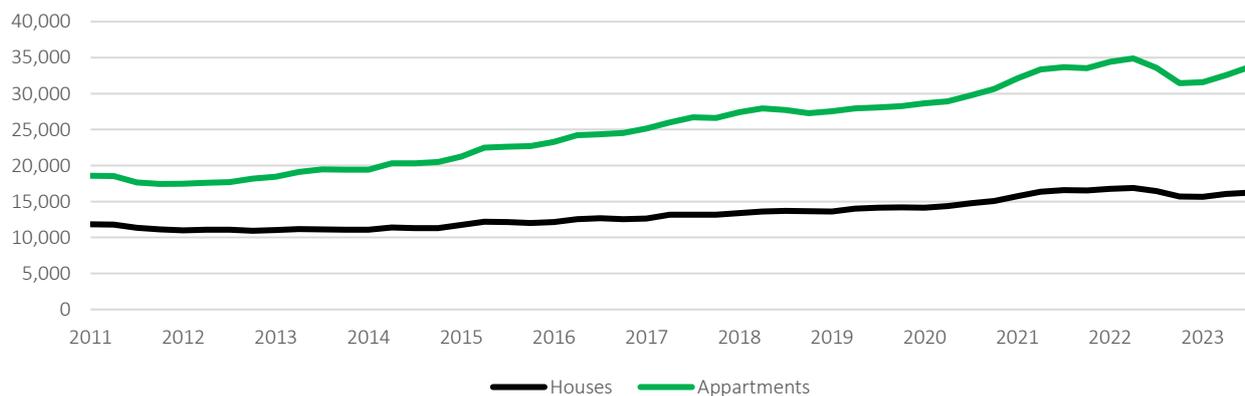
Development of interest rates



The trend of long-term mortgage rates was more stable in 2023 than in 2022 when we saw large shifts in the leading mortgage bond. Due to the increasingly stable interest-rate development the obvious refinancing opportunities were more limited than was the case in 2022. In the fourth quarter of 2023, interest rates fell as the expectations of interest-rate cuts in 2024 from the central banks gained momentum. Consequently, the benchmark mortgage rate dropped back from 5% to 4%.

Short-term rates surged over 2023 as central banks hiked their policy rates. The rising short-term rates triggered a higher interest in redeeming fixed-rate loans and instead taking up floating-rate loans (household financing moved in on the yield curve). This development should be seen in light of general expectations in the financial markets of declining interest rates in the coming years in step with falling inflation.

Development of housing prices, DKK per sq.m



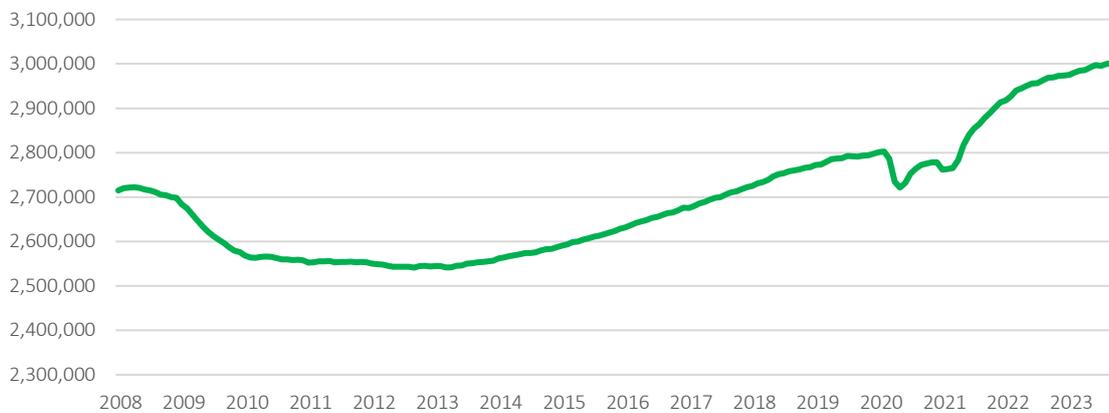
Over 2023, increasing interest rates had a moderate impact on the price trend in the housing market. Due to the good employment situation homeowners have generally been able to pay the higher annuity payments whereas others still had sufficient income to buy a home. This is the case although the higher benchmark mortgage rate has a tightening effect on credit terms in general in the sector.

House prices ended nationally with an increase of 2% for single-family houses and 5% for flats. From 1 January 2024, the new property tax system was introduced with a transitional scheme offering a tax discount on the properties that were traded before 2024. The price increases must therefore also be seen in light of the new property tax system, as a number of home buyers will want to secure the tax discount while there is still time. Therefore, a large part of the price increases

also took place in the private housing market in the last quarter of the year and resulted in higher trading activity than in a normal year.

In general, the new property taxes result in lower taxes for most home owners whereas owner-occupied flats and expensive villas generally pay higher taxes.

Development in the number of employed wage earners



The trading activity in the housing market was on the increase in 2023 compared to 2022. In a wider perspective, fewer home sales took place in 2023 than in an average year. One explanation is that COVID-19 moved forward a great deal of home sales, which resulted in a saturation in the market. A saturation which dominated 2023 in general.

In the professional market, only few transactions were carried out in 2023. Due to the uncertainty surrounding the macroeconomic development and a new tighter regulation, buyers and sellers in the market have had difficulty agreeing on the price level.

However, the fall in interest rates at the end of the year has resulted in new home sales in the market. In connection with the transactions, the required rate of return on the properties has been adjusted. On properties in general, the required rate of return was adjusted upward by approx. 1 percentage point. Therefore, most transactions took place in the fourth quarter of 2023.

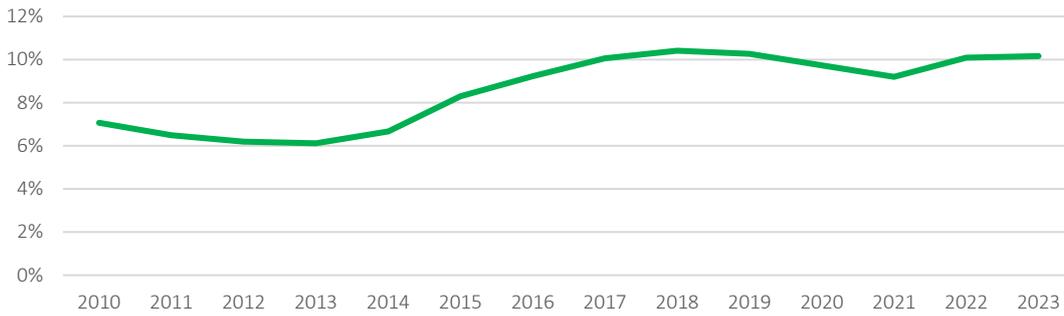
Business areas

Personal Clients

As opposed to 2022, the largest activity in the personal client area was home sales and additional loans whereas we saw fewer remortgagings. Home sales were very important for the activity especially at the last part of the year whereas the new property tax system with an interim scheme fuelled the lending.

The portfolio of mortgage loans in the personal client area declined over the past twelve months due to the refinancing activity which nevertheless took place at the beginning of the year. The decline in Jyske Realkredit's portfolio was lower than the general decline in the market, and consequently Jyske Realkredit won market share. Jyske Realkredit holds 10.2% (2022: 10.1%) of the total mortgage credit market to households.

Market share of Jyske Realkredit in terms of personal client portfolio

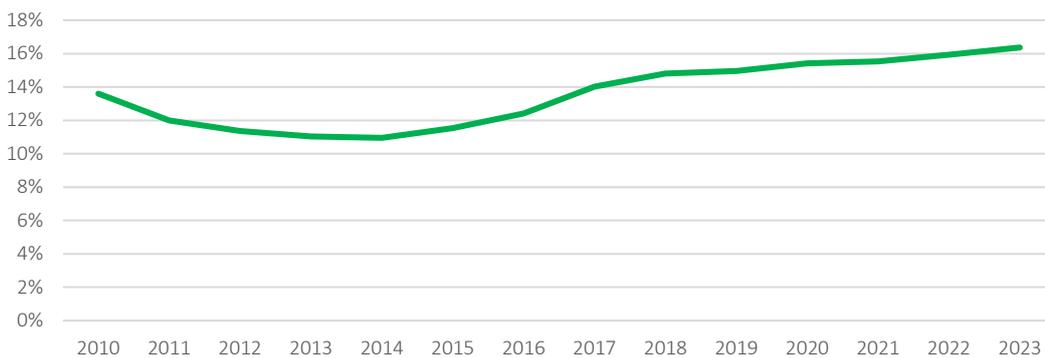


Corporate clients

Activities in the corporate client area were in 2023 dominated by few transactions, partly due to rising interest rates, partly to large macroeconomic uncertainty. In addition, regulation in the form of new guidelines in connection with the financing of residential rental property and the establishment hereof as well as changes to the FSA's Executive Order on the management and control of banks, etc. have put a damper on the activities in the business area.

Despite more difficult conditions than in 2022 lending to corporate clients increased in 2023. Hence, Jyske Realkredit succeeded in winning market share, and consequently Jyske Realkredit's corporate client portfolio accounts for 16.4% (2022: 15.9%) of the total market.

Market share of Jyske Realkredit in terms of corporate client portfolio

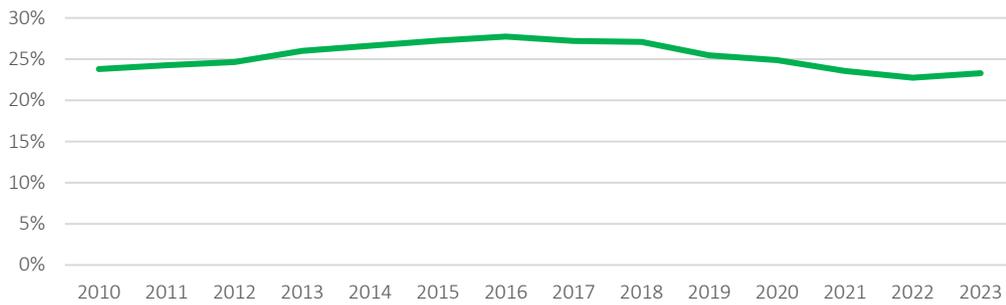


Subsidised housing

The activity in the subsidised housing sector was also affected by the economic development. Hence, lending activity was also affected by a slowdown. Especially the rising construction spending over the past few years resulted in fewer new projects in the subsidised housing sector. Rising prices of building rights in especially major cities are also important. Due to the combination of high construction spending and rising prices of building rights it is difficult for housing associations to stay below the politically regulated maximum amount relative to total construction spending.

Lending figures for the subsidised housing sector do, however, not quite reflect the current activity in the market. The reason is that, in the subsidised-housing sector, there is a certain period from the time a loan application is granted until the loan amount is disbursed. Therefore, we saw rising loans and advances to the subsidised housing sector throughout 2023.

Jyske Realkredit increased its portfolio of loans and advances to the subsidised housing sector to 23.3% in 2023 against 22.7% in 2022.

Market share of Jyske Realkredit in terms of the subsidised housing portfolio

Loan mix

At the end of 2023, Jyske Realkredit's mortgage loans totalled nominally DKK 374bn compared to DKK 366bn at the end of 2022. Jyske Realkredit's loans to the private market fell by DKK 3bn to DKK 183bn. Loans to the commercial market, inclusive of loans to subsidised housing, rose by DKK 11bn to a total of DKK 191bn.

Breakdown of loans by property category (%)

	2023	2022	2021	2020	2019
Personal clients	48.8	51.0	50.0	51.3	53.1
- of which owner-occupied homes	46.1	48.1	47.5	48.8	50.7
- of which vacation homes	2.7	2.9	2.5	2.5	2.5
Corporate clients	51.2	49.0	50.0	48.7	46.9
- of which subsidised housing	13.4	13.0	14.1	14.7	14.8
- of which private rental properties (rental housing)	20.2	19.0	18.3	16.2	14.7
- of which cooperative housing	3.7	3.8	4.2	4.1	4.3
- of which office and commercial properties	10.1	9.9	10.1	10.8	10.6

Loans to private residential rental property still account for a major part of the total loan portfolio. Home loans and loans for vacation homes declined and now account for 48.8% of total loans. On the whole, 88% of Jyske Realkredit's loan portfolio still consists of properties for residential purposes.

Breakdown of loans by loan type (%)

	2023	2022	2021	2020	2019
Adjustable-rate loans	61.2	59.6	50.8	51.5	52.7
- without instalment-free option	28.0	27.1	23.5	24.8	25.2
- with instalment-free option	33.2	32.5	27.3	26.7	27.5
Fixed-rate loans	29.4	30.9	38.7	35.8	33.2
- without instalment-free option	20.0	21.0	26.7	26.4	25.3
- with instalment-free option	9.3	9.9	12.0	9.5	7.8
Capped-rate mortgages, etc.	7.2	7.3	8.1	10.0	11.3
- without instalment-free option	3.2	3.1	3.4	4.2	4.8
- with instalment-free option	4.0	4.2	4.7	5.8	6.5
Other loans, including index-linked loans	2.2	2.2	2.4	2.6	2.8
Mortgage loans, total	100.0	100.0	100.0	100.0	100.0
- without instalment-free option	53.4	53.4	56.0	58.1	58.2
- with instalment-free option	46.6	46.6	44.0	41.9	41.8

The majority of the clients still select short-term interest rate loans. Hence adjustable-rate loans accounted for 61.2% of the portfolio in 2023 compared to 59.6% in 2022. The clients' selection of products depends on market rates and the difference between short-term and long-term yields.

Average loan-to-value ratio by property category

	2023	2022	2021	2020	2019
Personal clients	53.4	48.1	52.7	59.9	61.3
- of which owner-occupied homes	53.9	48.5	53.2	60.4	61.6
- of which vacation homes	46.1	41.3	44.1	50.6	53.8
Corporate clients	48.3	46.8	53.0	55.8	57.4
- of which private rental properties (rental housing)	52.0	50.1	57.4	60.7	62.6
- of which cooperative housing	37.9	36.5	46.9	51.2	53.0
- of which office and commercial properties	47.7	46.8	50.9	53.4	54.7
Subsidised Housing (rental housing)	18.4	18.1	21.4	24.2	27.2
Mortgage loans, total	46.8	42.3	48.0	52.8	54.6

After many years with a constantly falling loan-to-value ratio, the average loan-to-value ratio for mortgage loans increased to 46.8% in 2023 against 42.3% in 2022. Rising prices as a result of a decline in interest rates are a contributory reason behind the increase of the loan-to-value ratio. It is, however, still a historically low average loan-to-value ratio. For loans financing owner-occupied homes and vacation homes the average loan-to-value ratio rose by just above 5 percentage points in 2023, but it is still a decline of 8 percentage points since 2019.

Also the corporate client segment saw an increase in the average loan-to-value ratio of 2 percentage points in 2023. Jyske Realkredit is exposed against private rental properties for which the same trend applies. For private rental properties the average loan-to-value ratio rose to 52.0% in 2023 against 50.1 in 2022.

Economic uncertainty may have a negative impact on the housing market. However, Jyske Realkredit is still well prepared for any declines in housing prices. By comparison, the financial crisis in 2008-2010 resulted in increases of just above 10 percentage points in the average loan-to-value ratio for Jyske Realkredit's loans within the most severely affected property categories.

Credit Quality

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

The majority of Jyske Realkredit's portfolio is still invested at stage 1. Apart from price effects, in 2023 a smaller part of the portfolio consisted of loans to personal clients whose credit rating has improved and has therefore been moved from loans that are credit impaired (stage 3) to loans with a significant increase in credit risk (stage 2).

An increase in management's estimates resulted in an increase of total loan impairment charges at stage 1 whereas loan impairment charges on individually treated exposures at stage 3 in general were on the decline due to improved collateral values.

Losses were in 2023 at a historically low level which can be attributed to a record-low number of non-performing loans and properties subject to foreclosures.

Mortgage loans at fair value exclusive of loan impairment charges, DKKm

			Index 23/22	Q4	Q3	Q2	Q1	Q4
	2023	2022		2023	2023	2023	2023	2022
Loans and advances	353,628	334,757	106	353,628	338,602	338,950	339,185	334,757
Stage 1	340,180	322,395	106	340,180	325,550	325,808	326,171	322,395
Stage 2	9,996	8,601	116	9,996	9,847	9,829	9,391	8,601
Stage 3	3,452	3,761	92	3,452	3,205	3,313	3,623	3,761
Balance of impairment charges	1,441	1,384	104	1,441	1,439	1,400	1,370	1,384
Stage 1	738	668	110	738	762	742	700	668
Stage 2	220	216	102	220	229	227	236	216
Stage 3	483	500	97	483	448	432	433	500
Arrears	74	54	137	74	57	53	63	54
Operational loan impairment charges	-12	-272	4	11	14	9	-46	-167
Operating loss	34	99	34	10	8	12	5	12

The loan impairment charges are highest for properties with the highest risk. In 2023, the impairment ratio on office and commercial properties was 1.0% whereas it was 0.4% for residential properties.

Mortgage loans at fair value exclusive of loan impairment charges - by property category

	Home loans DKKm		Impairment ratio	
	2023	2022	2023	2022
Owner-occupied homes	164,518	160,774	0.4	0.4
Vacation homes	9,691	9,735	0.4	0.2
Subsidised	47,549	44,823	0.0	0.0
Cooperative housing	11,791	11,235	0.4	0.5
Private rental properties	70,826	63,318	0.4	0.3
Manual and manufacturing industries	5,072	3,320	0.1	0.2
Office and commercial properties	36,274	33,999	1.0	1.2
Agriculture, etc.	180	158	0.1	0.2
Properties for social, cultural and educational purposes	7,688	7,353	0.1	0.1
Other properties	39	42	0.2	0.2
Total	353,628	334,757	0.4	0.4

Arrears and losses, etc.

Despite the rising interest rates on home loans, Jyske Realkredit has generally in 2023 not seen any credit quality deterioration.

Arrears rate

	December 2023	September 2023	June 2023	March 2023	December 2022	September 2022
After 90 days	-	0.08	0.09	0.07	0.11	0.15
After 15 days	0.47	0.33	0.32	0.34	0.43	0.52

Generally, the level of arrears was low throughout 2023 for personal as well as corporate loans.

For the December 2023 repayment date, Jyske Realkredit's 15-day arrears rate was 0.47. Although we have seen an increase in the 15-day arrears rate relative to the past quarters, the arrears rate is still low seen in a historical perspective.

The arrears rate measured 90 days after the September 2023 repayment date was 0.08% against 0.15% for the corresponding repayment date in 2022. This is one of the lowest 90-day arrears rates observed at Jyske Realkredit.

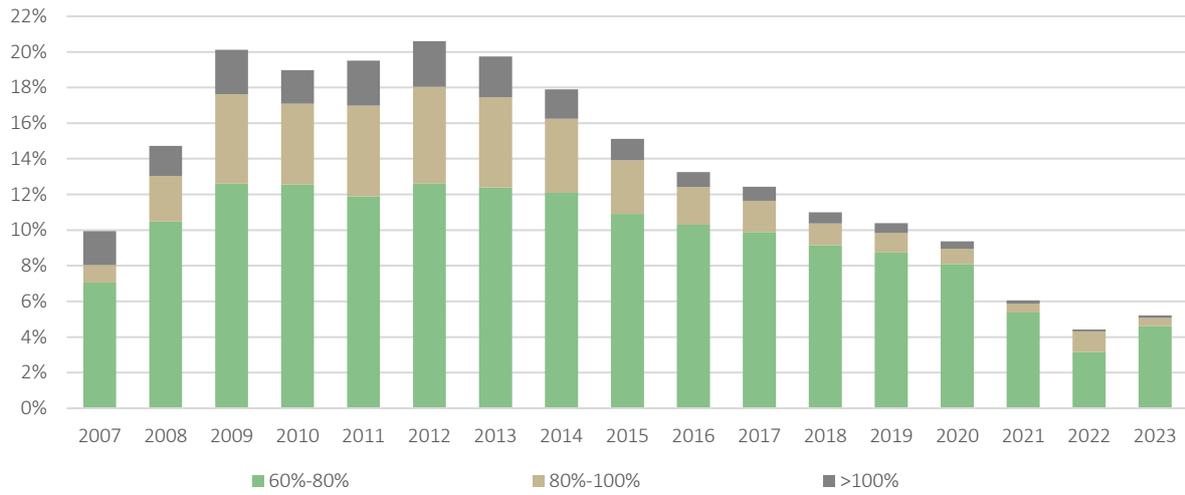
In respect of recognised losses on loans, the situation is similar to that of arrears. For Jyske Realkredit, the loss rate observed is still close to the lowest level observed since the financial crisis.

Loss as a percentage of loans – 12-month moving average



Due to declining property prices at the end of 2022 and rising bond prices at the end of 2023, the proportion of loans with a loan-to-value ratio above 60% increased relative to 2022. Yet, the proportion of properties with a loan-to-value ratio above 80% is down at 0.6% of total loans, and only 0.2% is with a loan-to-value ratio above 100%. The proportion of loans with a loan-to-value ratio above 80% is one of the lowest ever observed at Jyske Realkredit.

Proportion of loans with a loan-to-value ratio above 60%



Capital structure

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 24.1bn (end of 2022: DKK 22.1bn) 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 87.5bn at the end of 2023 against DKK 78.2bn at the end of 2022. The development of the total risk exposure at DKK 9.3bn was due primarily to the addition of corporate clients for the year at a nominal amount of DKK 8.9bn. This lending growth, combined with the price development of the underlying bonds, accounts for DKK 7.0bn of the increase in risk exposure. For loans and advances to personal clients we also saw an increase in the risk exposure, DKK 0.7bn, despite a decline in nominal loans at DKK 1.2bn. The other development in the total risk exposure was due to increases due to larger holdings of covered bonds (DKK 0.7bn), larger items of assets without counterparties (DKK 0.6bn), larger block reservations covering uncertainty relating to non-compliance with requirements of IRB models and for inclusion of risks in connection with the take-over of the loan portfolio from Handelsbanken (DKK 0.2bn) as well as higher exposure against other credit institutions (DKK 0.1bn).

At the end of 2023, the capital ratio at 27.5 (end of 2022: 28.3) 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, DDKm

	2023	2022
Equity	24,189	22,159
Prudent valuation	-31	-36
Other deductions	-104	-26
Common Equity Tier 1 capital / Core capital	24,053	22,096
Capital base	24,053	22,096
Credit risk	83,760	74,563
Operational risk	3,709	3,631
Total risk exposure ¹	87,469	78,193
Common Equity Tier 1 capital ratio (%)	27.5	28.3
Tier 1 capital ratio (%)	27.5	28.3
Capital ratio (%)	27.5	28.3

¹ The risk exposure for market risk was nil at the end of 2023 because Jyske Realkredit has since the third quarter of 2022 applied the option set out in Article 351 of CRR permitting an institution to choose not to calculate a capital requirement for foreign-exchange risk if its overall net foreign-exchange position amounts to less than 2% of total own funds.

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 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 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 8.7bn at the end of 2023, corresponding to an individual solvency requirement of 9.9%, i.e. an increase by 0.2 percentage point 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.

At mid-2024, a systemic risk buffer at 7.0% of the total risk exposure will be introduced for loans and advances to property companies. Given the size of the current loans to property companies and the resultant calculated risk exposure, the systemic risk buffer for Jyske Realkredit can be computed approximately 2 percent of the risk exposure or slightly below the level of the capital conservation buffer as well as the countercyclical buffer.

Jyske Realkredit's adequate capital base plus the combined capital buffer requirement amounted to DKK 14.4bn, corresponding to an individual solvency requirement, inclusive of statutory buffers of 16.4% of the total risk exposure amount. Given the capital base of DKK 24.1 bn, Jyske Realkredit's excess capital adequacy amounts to DKK 9.7 bn.

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

	2023		2022	
	DKKm	%	DKKm	%
Credit risk	6,701	7.7	5,965	7.6
Market risk	0	0.0	0	0.0
Operational risk	297	0.3	290	0.4
Capital requirement, Pillar I	6,997	8.0	6,255	8.0
Credit risk	1,339	1.5	1,001	1.3
Market risk	205	0.2	290	0.4
Operational risk	150	0.2	25	0.0
Capital requirement, Tier II	1,694	1.9	1,316	1.7
Adequate capital base	8,692	9.9	7,571	9.7
Capital conservation buffer	2,187	2.5	1,955	2.5
SIFI buffer	1,312	1.5	1,173	1.5
Countercyclical buffer	2,184	2.5	1,561	2.0
Systemic risk buffer, Faroe Islands	2	0.0	3	0.0
Combined capital buffer requirement	5,685	6.5	4,692	6.0
Adequate capital base, incl. combined capital buffer requirement	14,377	16.4	12,263	15.7
Excess capital adequacy	9,676	11.1	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 2023, the debt buffer requirement amounted to DKK 7.1 bn.

Jyske Realkredit is part of the Jyske Bank Group, which as a consolidated company has been appointed a systemically important financial institution (SIFI). For the Jyske Bank Group, a requirement must be set for the size of the Group's eligible liabilities at a consolidated level, where Jyske Realkredit's 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 December 2023, the leverage ratio for Jyske Realkredit was 6.20%, a minor increase from 6.06% at the end of 2022.

Leverage Ratio	2023	2022
Core capital (DKKm)	24,053	22,096
Total exposure value (DKKm)	388,068	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 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 2023, the OC requirement amounted to DKK 8.7 bn against DKK 8.9 bn 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 value, 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 2023, the SDO requirement amounted to DKK 10.1bn, of which DKK 3.1bn 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 implementation of the last elements of Basel III in the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD IV) has not yet been published which must be expected to happen in the spring of 2024. The rules are still expected to take effect as from 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. Due to the floor requirement, credit institutions will be subject to a capital requirement of at least 72.5% of the capital requirement calculated on the basis of the standardised approaches, which will be phased in gradually over several years. The 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.

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 and market conditions

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 13m (2022: DKK 1.1bn) and the pillar II liquidity requirement at DKK 1.4bn (2022: DKK 1.0bn) corresponding to a total requirement of DKK 1.4bn at the end of 2023 (2022: DKK 2.1bn) which must be met with HQLA. HQLA amounted to DKK 13.7bn (2022: DKK 18.2bn), corresponding to an overcollateralisation of DKK 12.3bn. The LCR where the pillar II requirement is not included in the calculation was at the end of 2023 calculated at 101,387% (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. In September 2023, the NSFR amounted to 262% (2022: 230%) and must according to regulation amount to at least 100%.

The supervisory diamond for mortgage credit institutions

The supervisory diamond defines a number of special risk areas stating the limits that financial institutions should generally not exceed. At the end of 2023, Jyske Realkredit met all benchmarks of the supervisory diamond.

Supervisory diamond – benchmarks, %

	2023	2022
Concentration risk <100 %	45.6	47.8
Increase in loans <15 % annually in the segment:		
- Owner-occupied homes and vacation homes	-1.5	9.3
- Residential rental properties	7.4	6.5
- Other sectors	6.6	6.6
Borrower's interest-rate risk <25 %		
- Residential properties	18.5	17.4
Instalment-free option <10 %		
- Owner-occupied homes and vacation homes	4.3	4.8
Loans with frequent interest-rate fixing:		
- Refinancing (annually) <25 %	18.6	14.1
- Refinancing (quarterly) <12.5%	4.9	1.6

On an on-going basis, Jyske Realkredit reviews its positions relative to the benchmarks.

Market risk

Market risk is the risk of loss following movements in the financial markets (interest rate, share price and foreign currency risks). Jyske Realkredit's market risks relate to the securities portfolio for which the interest-rate risk and the spread risk on the bond portfolio are the most important ones. Jyske Realkredit's currency risk is limited, and the funding denominated in euro is hedged through currency swaps. Market risks that stem from the other part of the balance sheet are modest due to the balance principle and the close correlation between loans and funding.

Interest-rate risk expresses the risk of loss following changes in interest rates corresponding to a parallel shift of the yield curve by 1 percentage point and is measured on a daily basis. Jyske Realkredit's interest-rate instruments, etc. are chiefly placed in bonds with a short time to maturity with a limited interest-rate sensitivity. At the end of 2023, Jyske Realkredit's interest-rate risk was computed at DKK 89m (2022: DKK 58m), which is considerably below the limit defined by the Supervisory Board and far below the requirements of the law at DKK 1.9bn.

Jyske Realkredit's shareholding consisted solely of infrastructure shares and strategic shares outside the trading portfolio. If share prices in general fall by 10%, Jyske Realkredit will suffer an investment loss of DKK 6m (2022: of DKK 6m). The currency positions are very modest in Jyske Realkredit's balance sheet and amounted to 0.0% of the capital base (2022: 0.4%).

Group recovery plan

Being part of the Jyske Bank Group, Jyske Realkredit is covered by the Group's recovery plan, which can be used in the event that the Group or one of the companies gets into critical financial problems.

The recovery plan specifies a number of qualitative and quantitative recovery indicators. The purpose of the indicators is, at an early point in time, to identify an adverse development in the Group's or Jyske Realkredit's capital, liquidity, profitability or asset quality as well as in relevant macroeconomic and market-based indicators.

The recovery plan aims to ensure continuation of the Group's critical business processes in a situation of significant financial stress. Also, the recovery plan includes a series of recovery options that can be initiated with a view to improvement of solvency, etc. The Group recovery plan is revised annually and is submitted to the FSA in October.

In addition, as other Danish credit institutions, Jyske Realkredit pays an annual contribution to the Resolution Fund, which is administered by Finansiell Stabilitet (the Danish resolution authority).

Risk and capital management

Additional information about Jyske Realkredit's internal risk and capital management as well as the regulatory capital requirements is available in Jyske Bank's report 'Risk and Capital Management 2023', available at jyskebank.dk/ir/rating.

Funding and bond issues

In 2023, Jyske Realkredit implemented several measures in order to continue to comply with national and international regulation and at the same time to be able to offer the clients the products they demand.

Mortgage bond issues

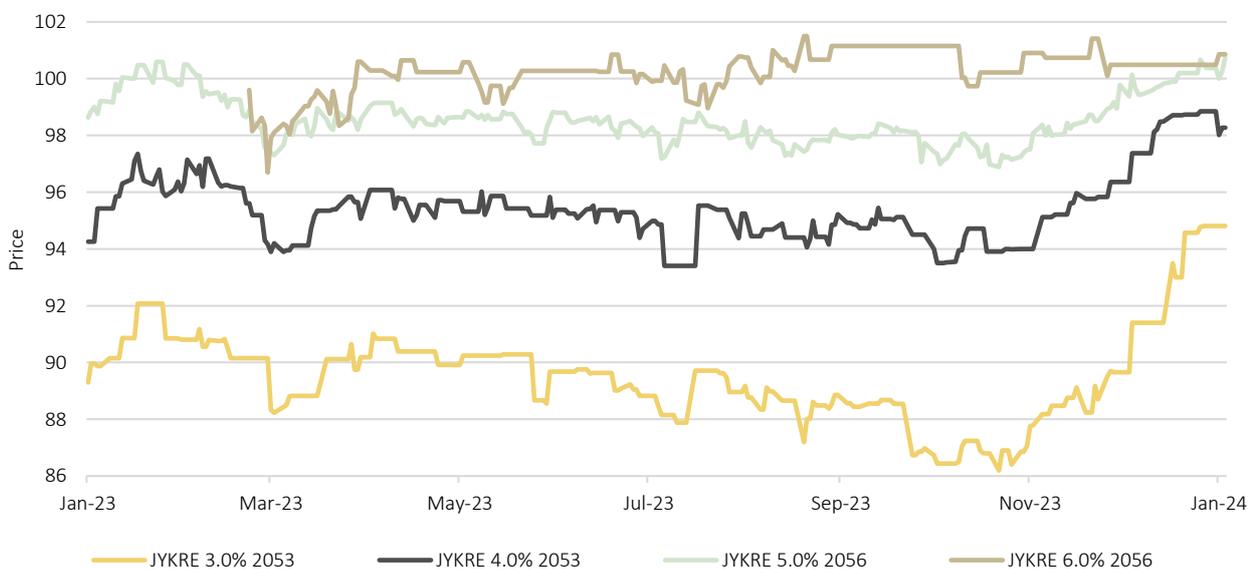
To ensure the best possible liquidity of the bonds issued, Jyske Realkredit chose already in the second quarter of 2022 to bring forward the change of maturity of callable bonds. Instead of having the newly opened 30-year bonds mature in 2053 and hence close for new issues in the course of 2023, Jyske Realkredit chose to extend the time to maturity to 2056 so that they could be used for a longer period than the usual three years. In connection with the "usual" change of series in September 2023 open callable 5% bonds with and without 10-year instalment-free option were already Level 1B (more than 500 million euro in circulation).

In 2023, Jyske Realkredit issued yet another green bond. The bond was issued in order to offer finance to corporate clients who mortgage properties that meet the criteria of the Jyske Bank Green Finance Framework. The green bonds are another addition to Jyske Realkredit's contribution to the green transition. The green bonds can, among other things, be applied to finance properties with a low energy consumption, to finance energy renovation, or to finance production of renewable energy such as wind turbines and solar cells.

Price performance

In 2023 relative to 2022, bond prices were comparatively stable. Throughout 2023, the open fixed-rate 30-year bond closest to 100 was practically fixed at 5%. Still, the 6% bond was briefly open around March and the interest-rate decline at the end of the year resulted in a re-opening of the 4% bond. The continued low prices of the callable bonds issued before 2023 prompted borrowers with fixed-rate loans to remortgage their properties with new fixed-rate loans with a higher coupon or to remortgage their properties with floating rate loans.

Prices of certain Jyske Realkredit 30-year callable SDO bonds without interest-only option

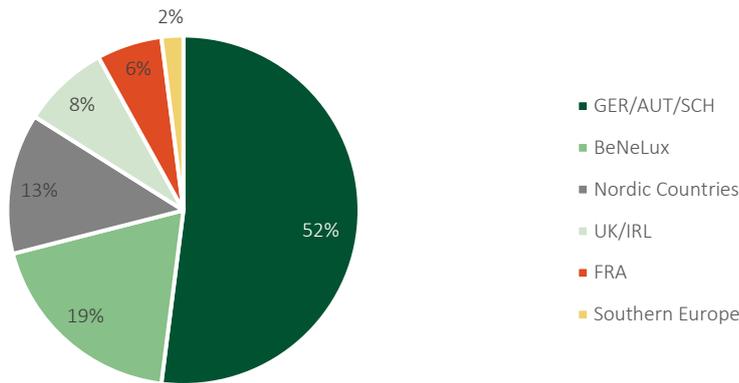


Issues in euro

Jyske Realkredit also issued bonds denominated in euro. Issues take place at fixed benchmark sizes of minimum EUR 500m. Jyske Realkredit has chosen to make issues in euro to obtain greater diversification of investors who buy mortgage bonds from Jyske Realkredit. In connection with the issues in euro, Jyske Realkredit has entered into derivatives agreements with a number of national and international banks to hedge the currency and interest-rate risk in full.

In May 2023, Jyske Realkredit issued yet another benchmark bond in the amount of EUR 750m. Once again, we saw demand for the bond from international investors.

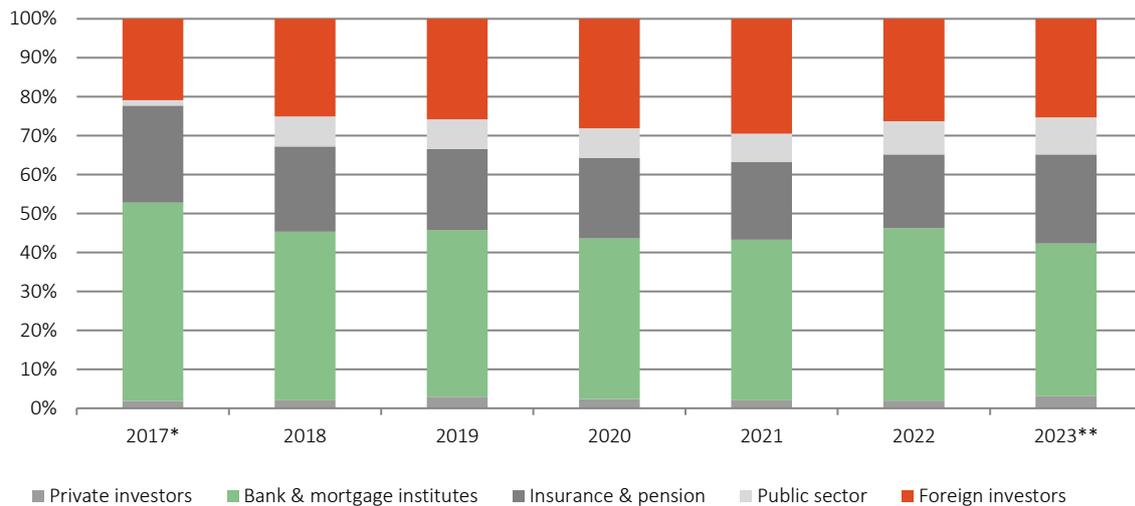
Investors split up on area for Jyske Realkredit's issue in euro in May 2023



Breakdown of equity interest

Also in 2023, foreign investors expressed great interest in buying mortgage bonds issued by Jyske Realkredit.

Distribution of investors in Jyske Realkredit's bond issues



* Changes to the statement by Danmarks Nationalbank, the central bank of Denmark. Danish companies' foreign fund holdings changed to domestic investors.

** October 2023.

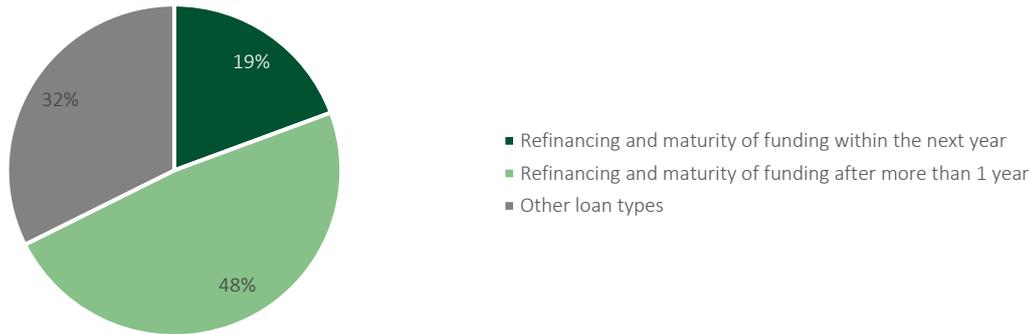
Source: Nationalbanken.dk and own calculations

Jyske Realkredit's mortgage bonds are mainly owned by Danish institutional investors, such as banks, investment associations/mutual funds, pension funds, insurance companies, etc. Over the past couple of years, an increasing number of foreign investors buy Jyske Realkredit bonds. The reason is that many foreign investors bought Jyske Realkredit's issues in euro, but at the same time rising interest in callable Danish bonds issued in Danish kroner on the part of international investors. In 2023, the proportion of international investors in Jyske Realkredit's bonds declined. This decline was caused, among other things, by borrowers having remortgaged their loans in 2023 from fixed-rate loans to floating-rate loans in which the interest on the part of international investors is not as strong and that international investors have not re-invested the redemptions in callable bonds.

Funding of home loans

Jyske Realkredit's clients also refinanced their fixed-rate loans into floating-rate loans in 2023. The proportion of re-financed loans increased over the past year. The proportion of re-financed loans within the coming year was practically unchanged relative to 2022.

Jyske Realkredit's loan portfolio by time of refinancing

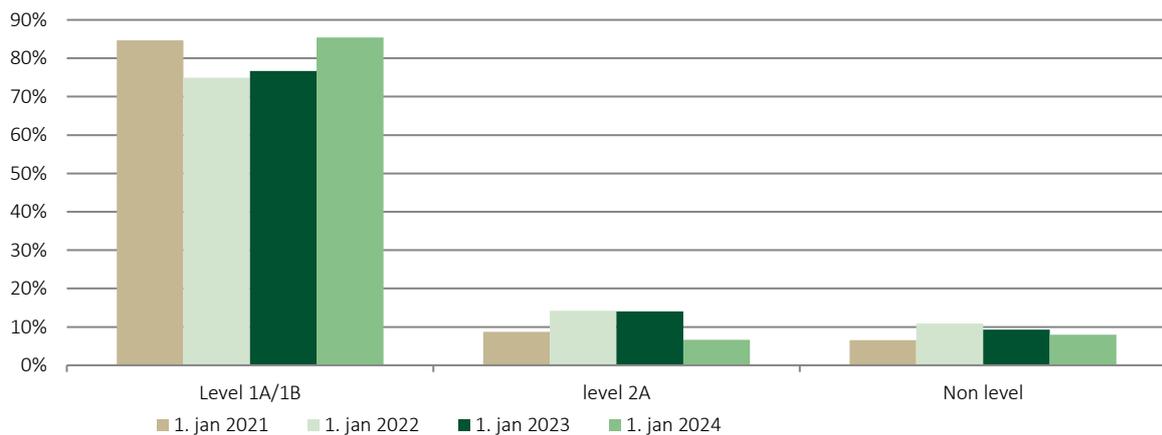


Sizes of series under LCR

To ensure that the issued bond series are of a sufficient size to be categorised as High Quality Liquid Assets (HQLA) in the LCR statement, Jyske Realkredit has chosen to carry out the financing of F2 - F10 loans in April; the financing of F1 loans in January and October; and the loans funded by CIBOR bonds in July.

By gathering the refinancing of loans and issuing euro-denominated bonds in benchmark size, Jyske Realkredit ensures that a high proportion of the issued bonds will qualify for Level 1A/1B. The proportion of Level 1A/1B bonds rose in 2023. Apart from the initiatives taken by Jyske Realkredit to create large series, part of the increase due to borrowers having refinanced their fixed-rate loans into floating-rate loans and that we in 2023 saw a change of series whereby some minor series of callable bonds closed for issue.

Proportion of issued open bonds by LCR level for open Capital Centres (B, E and S)



Due to the 100% guarantee against losses issued by the Danish government, bonds issued by Capital Centre S are classified as Level 1A according to LCR.

Rating

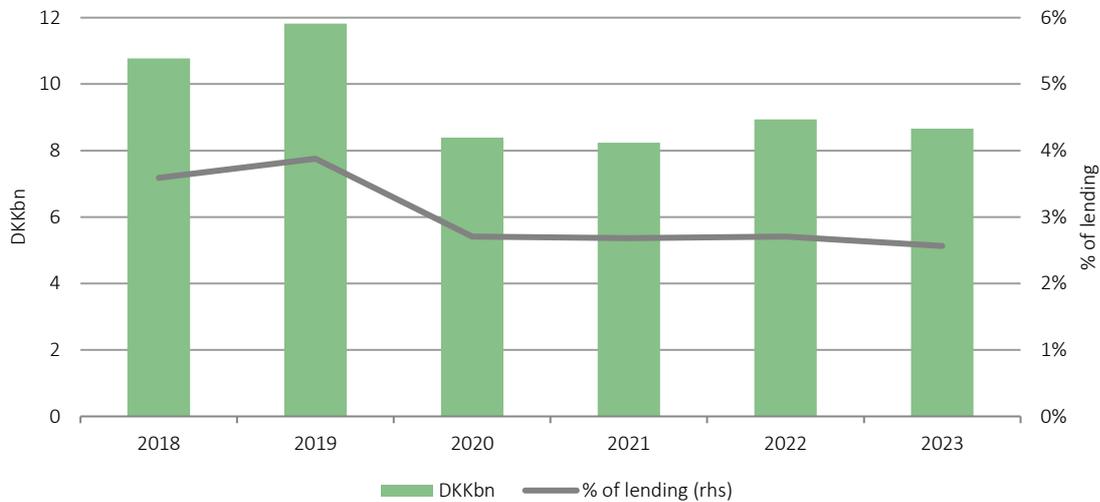
In 2023, Jyske Bank's and Jyske Realkredit's joint issuer rating from Standard and Poor's was upgraded by one notch from single A to A+ (stable outlook). Jyske Realkredit's bonds issued out of Capital Centre E, Capital Centre B and the General Capital Centre are still rated AAA (Stable). Given the upgrade, the Jyske Bank Group's issuer rating can now decline by 3 notches without affecting the AAA rating of the bonds.

Ratings

As at 31 December 2023	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+	21 July 2023
Issuer rating (short-term rating)	A-1	23-10-2019

Standard & Poor's percentage requirement of supplementary collateral to achieve an AAA rating of Jyske Realkredit's bonds was at a stable level throughout 2023.

Supplementary security requirement to achieve an AAA rating from 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 Q4 2023 compared with Q4 last year. The decline was due to a general improvement of the credit quality of existing loans and that Standard & Poor's has lowered its AAA requirement of over-collateralisation for Capital Centre B due to loans previously taken over from Svenska Handelsbanken. The level has not been lower since Standard & Poor's began to rate Jyske Realkredit's bonds in 2011.

Standard & Poor's AAA requirement of over-collateralisation for Capital Centre E and B is at the minimum level, and hence any improvement of the credit quality for Jyske Realkredit's loans will not change the level.

Standard & Poor's overcollateralisation requirement for the capital centres is mainly met through funds from Jyske Realkredit's equity. The overcollateralisation relative to S&P's AAA rating requirements is so high that Jyske Realkredit's issuer rating can be downgraded by three notches without this having any effect on the rating of Jyske Realkredit's bonds. Jyske Realkredit anticipates stable requirements of overcollateralisation in 2024 and is therefore expected, with the current level of liquid assets to meet the AAA requirement.

Sustainability

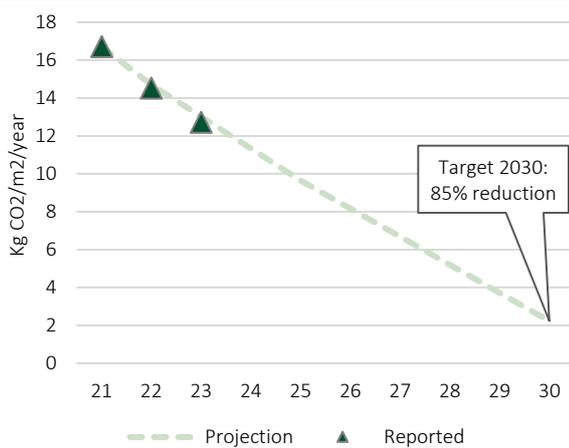
In 2023, Jyske Realkredit still focused on financing of properties, including renewable energy. This focus on the financing of sustainable projects was for instance reflected in the fact that Jyske Realkredit was in September 2023 awarded a prize for issuing the highest amount of green bonds in volume terms in the first half of 2023. The award ceremony took place during Euronext' Sustainability Week in early September 2023 when Euronext Securities Copenhagen awarded prizes for sustainable financing.

In 2023, Jyske Realkredit was, as one out of ten Danish companies, nominated to Finans Climate Award for best ESG project of the year in the business sector. This nomination was awarded to Jyske Realkredit for its work on transparency in sustainability on loans and mortgage bonds. Jyske Realkredit has through its sustainability efforts set up standards for sustainability reporting for mortgage bonds (covered bonds) in Denmark and in the rest of Europe.

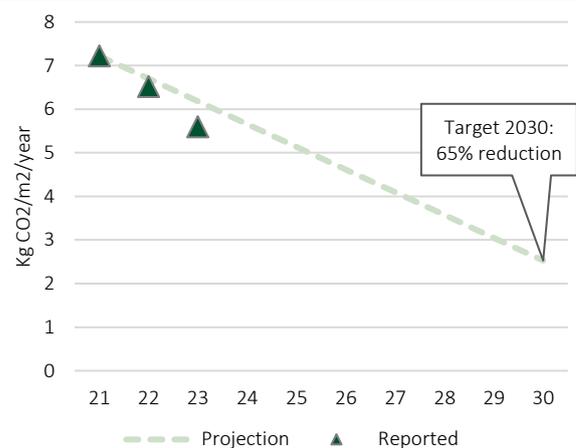
Targets for emission of greenhouse gasses

The Jyske Bank Group has set up a target for a reduction of the emission of greenhouse gasses for sectors in which the Group can, through financing of the sector, contribute to a reduction of emissions. As part of the overall Group target of a reduction of greenhouse gasses, reduction targets for the emission of greenhouse gasses have been set up for loans to owner-occupied homes, residential property, residential rental properties and properties for offices and stores. The targets have been determined on the basis of the Jyske Bank Group's own initiatives of financing a reduction of the emission of greenhouse gasses for the properties, financed by the Jyske Bank Group and the Danish Energy Agency projection of emission factors and pipeline gas (as a larger share of the gas used will consist of bio-natural gas), shift of energy sources to more renewable types of energy and the natural renovation of properties.

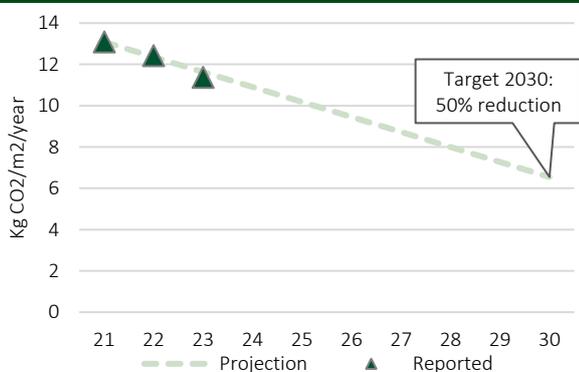
Development in emission intensity of owner-occupied homes



Development in emission intensity of rental property



Development in emission intensity of property for offices and stores



Reduction targets have been set on the basis of the 2021 level of emission intensities. In 2023, Jyske Realkredit's loans and advances follow the expected development to attain the 2030 target.

With respect to loans at Jyske Bank and Jyske Realkredit the targets will be followed up on an ongoing basis.

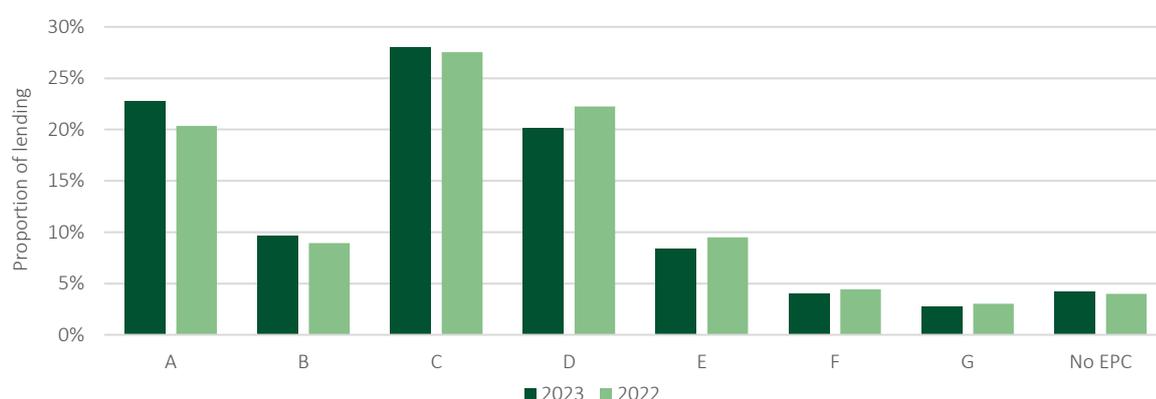
Transparency of sustainability

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 both the energy standard of the homes for which Jyske Realkredit has granted loans and the energy used in the homes broken down by resource. The template is available at www.jyskerealkredit.com/sustainable-transparency-template.

As the first Danish mortgage credit institution, Jyske Realkredit included sustainability data in its notes to the financial statements for 2021. For the sustainability statements to be included in the notes an auditors' report on the statements was required.

In the Sustainable Transparency Template, Jyske Realkredit publishes 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



Relative to the statement for 2022, the proportion of properties with low energy consumption has increased. This increase is due to Jyske Realkredit financing more properties with low energy consumption and the Danish Energy Agency's focus on updating and publishing Energy Performance Certificates.

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 CO₂e emission from properties financed through Jyske Realkredit.

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

Ejendomstype	31 December 2023		31 December 2022	
	Ton CO ₂ e (LTV justeret)	Kg CO ₂ e/m ²	Ton CO ₂ e (LTV justeret)	Kg CO ₂ e/m ²
Private owner-occupied homes and flats	96,039	12.1	107,068	13.8
Subsidised housing	24,931	5.4	28,955	6.4
Cooperative housing	4,054	6.1	4,667	7.1
Residential rental properties	20,833	5.6	22,718	6.4
Office and commercial properties	37,321	11.0	41,659	12.4
Other	14,329	8.3	13,894	8.6
Total	197,507	8.5	218,961	9.8

The estimated CO₂e emission is based on the Energy Performance Certificate, heating source and total floor area of the properties. If the property has not been assigned an energy classification, the energy consumption and CO₂e emission will be estimated on the basis of the characteristics of the property. The estimated CO₂e emission offers a good idea of which properties offer potential for lowering their emission by renovating the properties.

Relative to the statement last year, the proportion of properties with low energy consumption has increased. In addition, the proportion of renewable energy in the total energy production in Denmark has increased, and also a higher

proportion of gas delivered to households consists of bio-natural gas (bio methane). All this contributes to reducing CO₂ emission.

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	31 December 2023		31 December 2022	
		Loans, nominal (DKKm)	Proportion of total loans (%)	Loans, nominal (DKKm)	Proportion of total loans (%)
Renewable energy	7.2	3,059	0.8	1,391	0.4
Green buildings	7.3	116,437	31.2	100,461	27.5
Subsidised housing	11.3	24,210	6.5	27,563	7.5
Recycling	12.5	76	0.0	-	-
Total		143,752	38.5	129,415	35.4

Altogether, 38.5% of Jyske Realkredit's loans support one or more of the UN Sustainable Development Goals. It is expected that this proportion 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 ensure that the activity lives up to human rights and workers' rights (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 future, Jyske Realkredit will endeavour also to classify loans that meet the other criteria.

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

Loan type	Criterion	31 December 2023		31 December 2022	
		Loans (DKKm)	Proportion of total loans (%)	Loans (DKKm)	Proportion of total loans (%)
Electricity from the sun	4.1	645	0.2	35	0.0
Electricity from the wind	4.3	710	0.2	854	0.2
Distribution of electricity	4.9	1,674	0.4	502	0.1
Ownership of existing buildings	7.7	96,254	25.8	85,386	23.4
Total		99,283	26.6	86,777	23.7

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

In 2022, mortgage institutions were allowed to finance solar parks through the issue of mortgage bonds. Lending to solar parks by Jyske Realkredit rose by DKK 610m in 2023.

Apart from the above, Sustainable Transparency Template also includes sustainability data, for instance on CO₂ emissions at a level corresponding to each bond.

Corporate governance

Organisation and management

Jyske Realkredit A/S is 100% owned by Jyske Bank A/S.

The Supervisory Board consists of six members, of which two are elected by the employees. The Executive Board consists of three members since the Board was in 2023 expanded by an extra member. The Supervisory Board and the Executive Board are independent of each other and no person is a member of both the Supervisory Board and the Executive Board.

Jyske Realkredit's employees are either employed directly by Jyske Realkredit or their employment is split between Jyske Bank and Jyske Realkredit. The employees split between the companies are paid by Jyske Bank, and Jyske Realkredit's proportion of their salaries, etc. is settled through a service agreement between the two companies. At the end of 2023, 27 (2022: 25) persons were employed directly by Jyske Realkredit, and there were 725 (2022: 594) whose employment was split between the two companies, where the proportion relating to Jyske Realkredit was calculated at 253 (2022: 239) full-time equivalents.

The guidelines for corporate governance and data ethics are available on www.jyskebank.dk/ir/governance.

Social responsibility

The statutory statement of social responsibility, including human rights, cf. Accounting Order section 135, is included in the Jyske Bank Group's annual report.

Outsourcing

Jyske Bank and Jyske Realkredit cooperate in respect of staff functions as well as business functions. Jyske Realkredit has outsourced a number of material areas of activity to Jyske Bank, including:

- Sales, advisory services, credit assessment and granting of mortgage loans for personal clients as well as client relationship management and servicing of these borrowers.
- Sales, advisory services and credit-improving work when granting mortgage loans secured on commercial properties as well as client relationship management of these borrowers.
- Operation of Jyske Realkredit's system areas.
- Operation and maintenance of the statutory whistleblower programme for Jyske Realkredit, which is operated jointly with Jyske Bank.

Jyske Realkredit has an outsourcing service with an outsourcing officer in charge of management, monitoring and control of outsourcing at Jyske Realkredit. The outsourcing officer reports to the Executive Board of Jyske Realkredit.

Internal control and risk-management systems relating to financial reporting

The Supervisory Board and the Executive Board have overall responsibility for Jyske Realkredit's financial reporting. The financial reporting process is based on the assumption that all relevant financial transactions are entered correctly in the financial management system. To ensure that all financial transactions are entered correctly in the financial management system, and for the purpose of preventing, detecting and correcting any errors, deviations and omissions, daily, monthly and quarterly internal controls are performed as described in procedures.

Controls comprise both system controls and manual controls. Internal controls are performed regularly through reconciliation and proof on a balance of probability for all financial accounts, and the finance function checks and verifies the reconciliation made. The extent of reconciliation and control is based on an assessment of the risk of errors, deviations and omissions in the financial transactions and accounting items. Special focus is on the financial transactions and accounting items where estimates and assessments can have a significant impact on the value of assets and liabilities. See note 51 in the financial statements for a detailed specification.

Reporting to the Supervisory Board, the Executive Board and business area managements takes place on an on-going basis. This reporting includes, among other financial data:

- Income statement and balance sheet with comments on main items
- Review of assets
- Risks on Jyske Realkredit's securities portfolio, including interest rate and foreign currency risk

- Credit risks, loan losses and impairment charges
- Counterparty risks
- Operational risks
- Capital adequacy and solvency requirement
- Liquidity
- Outsourced activities

All reporting is based on joint data. Jyske Realkredit monitors developments in relevant legislation and regulations with a view to ensuring full compliance. In connection with the financial reporting process, detailed checklists are also filled in to ensure that all requirements are met.

The Internal Audit Department continuously reviews and reports on significant areas relating to internal controls, risk management and reporting. Moreover, the Group Audit Committee of the Jyske Bank Group, to which Jyske Realkredit belongs, will also review accounting, auditing and security matters.

Risk Management function

The purpose of the risk management function is to assist the Executive Board of Jyske Realkredit in gaining an overview of all material risks, ensuring a clear and unambiguous allocation of responsibility for proactive risk management, assessing the adequacy of the risk targets, reports and models employed in risk management and communicating its positions on the material risks and their size. Risk management at Jyske Realkredit forms part of the Jyske Bank Group's overall risk management. The function is an entity in Risk Management at Jyske Bank, with which professional interaction has been established.

The Executive Board of Jyske Realkredit has appointed a risk officer (CRO), who is responsible for the risk-management functions at Jyske Realkredit. The CRO reports to the Executive Board of Jyske Realkredit.

For a more detailed description of Jyske Realkredit's risk management, reference is made to the report 'Risk and Capital Management 2023' for Jyske Bank which is available on jyskebank.dk/investorrelations/governance.

Compliance function

According to legislation, Jyske Realkredit has a Compliance function with the purpose of identifying and minimising the risks of violating current legislation, rules, ethical standards in an area, or internal guidelines. The compliance activities are primarily those of carrying out reviews of selected areas on the basis of a multi-year plan and a risk assessment. The Compliance function must report on this and assess whether any measures taken to address shortcomings are effective. The Compliance function reports on an ongoing basis to the Executive Board of Jyske Realkredit on the results of the reviews performed. Likewise, ongoing reporting takes place to the business areas that have been reviewed. In addition, three times a year, the Compliance function prepares a report to the Executive Board and the Supervisory Board of Jyske Realkredit, stating the material compliance risks of Jyske Realkredit.

Internal control procedures

The Supervisory Board sets policies and limits for the conduct of business, and the Supervisory Board and the Executive Board lay down and approve the overall requirements for business procedures and internal controls in key business areas. The internal control system is based on a separation of functions between client-oriented functions, authorisation and control. Controls are performed at several levels and are initiated through self-reviews in the business areas and the securities area as well as regular controls performed by the credit function, the compliance function and the finance function.

In addition, the internal audit regularly reviews selected areas in accordance with the audit plan approved by the Group Audit Committee. The finance function collects and checks financial data on a monthly basis and reports this to Jyske Realkredit's Executive Board.

The Group Audit Committee and the Executive Board continuously monitor compliance with business procedures, internal controls, relevant legislation and other rules and regulations in connection with financial reporting and submit reports to the entire Supervisory Board.

Company auditors

The Annual General Meeting elects an independent auditor on the recommendation of the Supervisory Board. Prior to the election, the Group Audit Committee has evaluated the skills, the independence, etc. of the nominated auditor.

Jyske Realkredit is also covered by the Jyske Bank Group's Internal Audit, which reports to the Supervisory Board. Up to and including 2023, the division of work between Internal Audit and the auditors appointed by the general meeting has been changed to the effect that it is now only auditors appointed by the general meeting who are in charge of the auditing of the annual report.

Internal Audit performs audits of selected areas in accordance with an audit plan approved and submitted to the Group Audit Committee and the Supervisory Board.

As part of the audit, the auditors will report any weaknesses identified in business procedures and internal controls etc. to the Executive Board and the Supervisory Board, and also Internal Audit will regularly follow up on the implementation of recommendations made. The heads of the internal and external audit participate in Group Audit Committee meetings.

Money laundering

Prevention of money laundering and financing of terrorism is a top priority of the Jyske Bank Group.

Jyske Bank has appointed a MLRO (money-laundering reporting officer), who is in charge of the overall reporting to the Group Executive and Supervisory Boards. In addition, a MLRO has been appointed specially for Jyske Realkredit.

As part of the Jyske Bank Group's ongoing endeavours to prevent and fight money laundering and financing of terrorism, the employees of Jyske Realkredit participate in ongoing training programmes targeting the individual employee's function, among other things. Moreover, a whistleblower programme has been created under which employees can anonymously file reports in the event of – or suspicion of – violation of EU law, the financial regulation including the Danish legislation on measures to prevent money laundering and financing of terrorism etc.

For further information about the Jyske Bank Group's handling of money laundering legislation etc, reference is made to jyskebank.com/investorrelations/governance/code-of-conduct.

Target figures and policy for the gender composition of management

At the end of the year, the board of Jyske Realkredit consisted of a total of 6 members, of which 4 were elected by the general meeting and 2 were elected by employees. The underrepresented gender accounts for 0% of the four Supervisory Board members elected by the Supervisory Board. A target figure of 25% has therefore been set, which is sought to be achieved before the end of 2025.

The members elected by the general meeting to Jyske Realkredit's board of directors are traditionally chosen from among the top management levels in Jyske Bank, preferably members of the group management. The gender composition of the board of Jyske Realkredit has therefore reflected this. In order to achieve the target figure before the end of 2025, replacement among the members of the board of directors is sought in a wider circle than before, so that an equal gender distribution can be achieved independently of the distribution at the top management levels in Jyske Bank.

For Jyske Realkredit A/S' other management levels – defined as the Executive Board and persons with managerial responsibility, referring to the Executive Board - the underrepresented gender accounts for 4%. A large part of the managers of the other management levels are employees split between companies and hence also employees of Jyske Bank, and therefore we will see some correlation between the proportion of Jyske Bank and the prioritized initiatives of the two companies.

	2023
Senior management levels	
Total number of members	4
Underrepresented gender (%)	-
Target figure (%)	25
Year of attaining target	2025
Other management levels	
Total number of members	25
Underrepresented gender (%)	4
Target figure (%)	15
Year of attaining target	2025

No comparative figures have been included for the past four years, cf. the transitional provision.

Over the year, efforts were made to increase the proportion of the underrepresented gender through stronger focus on:

- The work with strategic potential and structural succession planning.
- The underrepresented gender in recruitment efforts
- Inclusion and awareness of bias for instance through the work in the Jyske Bank Group's diversity committee.

The Jyske Bank Group endeavours to attain the target figure of 15% before the end of 2025. This is done through a prioritization of the following activities:

- Focus on the issue on the part of the Group's senior management. This is created through a demand for formalised reporting and follow-up on gender diversity and prioritization of the work in the Jyske Bank Group's diversity committee whose objective is to remove barriers for diversity in the organisation.
- Retention of initiated activities to promote an equal gender distribution in the recruitment and selection process.
- The work with structural succession planning and development of strategic potential to Jyske Bank's senior management levels.
- Awareness of gender in connection with appointments.
- Work with attitudes, knowledge and communication about diversity and inclusion.

Other information

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

Dividend

At the Annual General Meeting, the Supervisory Board will propose that no dividend be distributed for 2023.

General Meetings

The Annual General Meeting will be held on 20 March 2024 at the company's address in Kgs. Lyngby.

Financial calendar

Jyske Realkredit anticipates releasing financial statements on the following dates in 2024:

7 May	Interim Financial Report, first quarter of 2024
20 August	Interim Financial Report, first half of 2024
29 October	Interim Financial Report, first nine months of 2024

Events after the end of the financial year

No events have occurred after the balance sheet date that would in any material way influence the income statement or balance sheet set out in these financial statements.

Directorships of the members of the Supervisory Board and the Executive Board

Directorships held by members of the Supervisory Board in other commercial enterprises on 31 December 2023:

Member of the Supervisory Board	Date of birth:	Appointed a Board member	Nomination Committee	Directorships held in other commercial enterprises
Niels Erik Jakobsen, Managing Director, Chairman	1958	2014	Chairman	<ul style="list-style-type: none"> Board member (deputy chairman), Letpension Forsikringsformidling A/S Board member, BI Holding A/S as well as the fully owned subsidiary BI Asset Management Fondsmæglerselskab A/S
Lars Waalen Sandberg, Director, Deputy Chairman	1970	2019	Member	<ul style="list-style-type: none"> Board member, E-Nettet A/S
Per Skovhus, Managing Director	1959	2014	-	-
Peter Schleidt, Managing Director	1964	2018	-	<ul style="list-style-type: none"> Board member (deputy chairman), JN Data A/S
Employee representatives:				
Kim Henriksen	1960	2015	Member	-
Steen Brastrup Clasen	1967	2019	-	<ul style="list-style-type: none"> Beneficial owner of Supermarkedsinvest A/S

Directorships held by members of the Executive Board in other commercial enterprises on 31 December 2023:

Member of the Executive Board	Directorships held in other commercial enterprises
Carsten Tirsbæk Madsen	-
Torben Hansen	-
Anders Lund Hansen	-

Income Statement and Statement of Comprehensive Income

DKKm

Note	2023	2022
Income statement		
4 Interest income	11,470	6,182
5 Interest expenses	8,090	3,659
Net interest income	3,380	2,523
6 Fees and commission received	496	613
Fees and commission expenses	1,052	1,266
Net interest and fee income	2,824	1,870
7 Value adjustment (- is an expense)	281	-6
Other operating income	0	0
8.9 Employee and administrative expenses	407	364
Other operating expenses	38	30
10 Loan impairment charges (- is income)	-12	-272
Pre-tax profit	2,673	1,743
11 Tax	643	383
Profit for the year	2,030	1,361
Distributed to:		
Jyske Realkredit A/S shareholders	2,030	1,361
Total	2,030	1,361
Statement of Comprehensive Income		
Profit for the year	2,030	1,361
Comprehensive income for the year	2,030	1,361
Distributed to:		
Jyske Realkredit A/S shareholders	2,030	1,361
Total	2,030	1,361

Balance Sheet

DKKm

Note	2023	2022	
Assets			
	Cash balance and demand deposits with central banks	6,397	11,335
13	Due from credit institutions and central banks	3,415	854
14.15	Loans at fair value	352,663	333,728
17	Bonds at fair value	19,101	12,668
	Shares, etc.	59	60
18	Deferred tax assets	133	3
19	Assets in temporary possession	40	41
20	Other assets	1,201	923
	Prepayments	11	10
	Assets, total	383,021	359,621
Equity and liabilities			
Liabilities			
21	Due to credit institutions and central banks	79	416
22	Issued bonds at fair value	351,790	329,529
	Issued bonds at amortised cost	750	750
	Current tax liabilities	583	365
23	Other liabilities	5,610	6,370
	Deferred income	18	28
	Liabilities, total	358,830	337,458
Provisions			
24	Other provisions	2	5
	Total provisions	2	5
Equity			
	Share capital	500	500
	Share premium	102	102
	Retained profit	23,587	21,557
	Total equity	24,189	22,159
	Total equity and liabilities	383,021	359,621
25 Off-balance sheet items			
	Guarantees, etc.	0	0
	Other contingent liabilities, etc. (loan offers, etc.)	12,337	13,714
	Total guarantees and other contingent liabilities	12,337	13,714

Statement of Changes in Equity

DKKm

	Share capital	Share premium	Retained profit	Total equity
Equity at 1 January 2023	500	102	21,557	22,159
Profit for the year	-	-	2,030	2,030
Comprehensive income for the year	-	-	2,030	2,030
Equity at 31 December 2023	500	102	23,587	24,189
Equity at 1 January 2022	4,306	102	16,389	20,798
Reduction of nominal share capital	-3,806	-	3,806	-
Profit/loss for the year	-	-	1,361	1,361
Comprehensive income for the year	-	-	1,361	1,361
Equity at 31 December 2022	500	102	21,557	22,159

All shares are owned by Jyske Bank A/S, and the share capital consists of 5,000,000 shares of DKK 100 each.

In May 2022, Jyske Realkredit's nominal share capital was reduced by DKK 3,806m through provisions for a special reserve (distributable reserve). Jyske Realkredit's total equity was not affected by the reduction.

Of the equity an amount of DKK 23,499m (2022: DKK 21,503m) was allocated to meet the capital requirement of Capital Centre E, Capital Centre B, Capital Centre S, Jyske Realkredit's series with joint and several liability and Husejernes Kreditkasse. The remaining equity of DKK 689m (DKK 656m) was allocated to meet the capital requirement of the General Capital Centre. Reference is also made to note 53, summary of Series financial statements.

Capital statement

	2023	2022
Equity	24,189	22,159
Prudent valuation	-31	-36
Other deductions	-104	-26
Common Equity Tier 1 capital / Core capital	24,053	22,096
Capital base	24,053	22,096
Weighted risk exposure involving credit risk, etc.	83,760	74,563
Weighted risk exposure involving operational risk	3,709	3,631
Total weighted risk exposure	87,469	78,193
Capital requirement, Pillar I	6,997	6,255
Capital requirement, Pillar II	1,694	1,316
Capital requirement, total	8,692	7,571
Capital ratio (%)	27.5	28.3
Core capital ratio (%)	27.5	28.3
Common Equity Tier 1 capital ratio (%)	27.5	28.3

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

Notes

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1 Key figures and ratios

	2023	2022	2021	2020	2019
Net interest and fee income	2,824	1,870	1,654	1,779	1,830
Value adjustment (- is an expense)	281	-6	110	218	-53
Employee and administrative expenses	407	364	360	320	283
Loan impairment charges (- is income)	-12	-272	64	485	35
Profit/loss for the year	2,030	1,361	1,028	908	1,117
Loans	352,663	333,728	340,969	344,965	338,666
Equity	24,189	22,159	20,798	19,769	18,861
Total assets	383,021	359,621	369,035	377,132	384,899
Capital ratio (%)	27.5	28.3	26.8	25.4	23.1
Core capital ratio (%)	27.5	28.3	26.8	25.4	23.1
Common Equity Tier 1 capital ratio (%)	27.5	28.3	26.8	25.4	23.1
Pre-tax profit as a percentage of average equity	11.5	8.1	6.5	6.0	7.8
Net profit as a percentage of average equity	8.8	6.3	5.1	4.7	6.1
Income/cost ratio (%)	7.2	15.4	3.9	2.4	5.2
Currency position (%)	0.0	0.4	0.3	0.5	0.5
Accumulated impairment ratio (%)	0.4	0.4	0.5	0.5	0.4
Impairment ratio for the year (%)	0.00	-0.08	0.02	0.14	0.01
Increase in loans for the year (%)	2.2	7.9	1.4	1.6	3.0
Loans relative to equity	14.6	15.1	16.4	17.4	18.0
Return on capital employed	0.53	0.38	0.28	0.24	0.29

Reference is made to definitions of financial ratios, cf. note 52.

2 Alternative performance targets

	2023			2022		
	Core profit (Mortgage loans)	Reclassificat ion	Total	Core profit (Mortgage loans)	Reclassificat ion	Year-end
Administration margin income, etc.	2,496	-	2,496	2,356	-	2,356
Other net interest income, etc.	795	89	884	160	8	167
Net interest income	3,291	89	3,380	2,515	8	2,523
Net fee and commission income	-556	-	-556	-653	-	-653
Net interest and fee income	2,736	89	2,824	1,862	8	1,870
Value adjustments	370	-89	281	2	-8	-6
Other income	0	-	0	0	-	0
Income	3,106	-	3,106	1,865	-	1,865
Expenses	445	-	445	394	-	394
Profit before loan impairment charges	2,661	-	2,661	1,471	-	1,471
Loan impairment charges	-12	-	-12	-272	-	-272
Pre-tax profit	2,673	-	2,673	1,743	-	1,743

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 year will be the same in the alternative performance targets of the management's review and in the profit according to the provisions of the Danish Executive Order on the Preparation of Financial Statements.

The above table illustrates relationships between income statement items under Jyske Realkredit (key financial data), page 2, and income statement items on page 37 prepared according to the Danish Executive Order on the Preparation of Financial Statements. 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.

Reclassification relates to the following:

- Expenses of DKK 89m (2022: expenses of DKK 8m) due to value adjustments relating to the balance principle was reclassified from value adjustments to interest income.

3 Segments - sales, geography and public subsidies

In 2023, Jyske Realkredit's total sales amounted to DKK 11,967m (2022: DKK 6,794m).

The only activity of Jyske Realkredit is the sale of mortgage loans, which takes place solely in Denmark (inclusive of the Faroe Islands).

Neither in 2022 nor in 2023, did Jyske Realkredit receive any special subsidies related to mortgage banking activities.

	2023	2022
4 Interest income		
Due from credit institutions and central banks ¹	191	19
Loans	8,465	3,939
Administration margin	2,011	2,029
Bonds	730	207
Derivatives	200	98
Other interest income	99	0
Interest income before offsetting of interest on own bonds	11,696	6,291
Interest on own mortgage bonds, set off against interest on issued bonds	226	157
Total after offsetting of negative interest income	11,470	6,135
Negative interest income set off against interest income	-	7
Negative interest expenses set off against interest expenses	-	41
Total before offsetting of negative interest income	11,470	6,182
¹ of which interest income on reverse repos carried under 'Due from credit institutions and central banks'	19	-2
5 Interest expenses		
Due to credit institutions and central banks ¹	27	16
Issued bonds	7,620	3,724
Derivatives	669	28
Other interest expenses	-	0
Interest expenses before offsetting of interest on own bonds	8,316	3,768
Interest on own mortgage bonds, set off against interest on issued bonds	226	157
Total after offsetting of negative interest expenses	8,090	3,612
Negative interest expenses set off against interest expenses	-	41
Negative interest income set off against interest income	-	7
Total before offsetting of negative interest income	8,090	3,659
¹ Of which interest expenses on repos carried under 'Due to credit institutions and central banks'	0	0
<p>Interest on swaps, etc. that were entered into in connection with the funding of mortgage loans, where the interest on some of the issued bonds is swapped to interest corresponding to interest on the mortgage loan, is recognised under other interest expenses. Hence the total interest expense for the funding of mortgage loans will be recognised as a whole under interest expenses. In this connection, interest income from swaps was in 2023 not recognised under other interest expenses since it is only interest expenses (2022: DKK 20m).</p>		
6 Fees and commission income		
Securities trading	307	358
Loan application fees	189	255
Other fees and commissions	0	0
Total	496	613

	2023	2022
7 Value adjustment (- is an expense)		
Mortgage loans ¹	10,365	-32,991
Other loans and receivables at fair value	7	-22
Bonds	565	-424
Shares, etc.	-1	6
Currency	1	-0
Currency, interest-rate and other contracts as well as other derivatives ¹	661	-1,483
Issued mortgage bonds ¹	-11,316	34,909
Total	281	-6

¹ Value adjustments of the balance principle for Jyske Realkredit totalled an income of DKK 0.2m (2022: DKK -3m), resulting from a net value adjustment of the following items: Mortgage loans by DKK +10,469m (DKK -33,082m), issued mortgage bonds by DKK -11,316m (DKK +34,909m) and derivatives by DKK +847m (DKK -1,829m), recognised under 'Currency, interest-rate and other contracts as well as other derivatives'.

8 Employee and administrative expenses

Employee expenses

Wages and salaries, etc.	25	23
Pensions	3	2
Payroll tax	4	4
Social security	0	0
Total	32	29

Salaries, etc. to the Executive Board and the Supervisory Board

Executive Board	7	6
Supervisory Board	0	0
Total	8	6

Other administrative expenses

IT	17	17
Other administrative expenses inclusive of intra-group service agreement	351	311
Total	368	328

Employee and administrative expenses, total **407** 364

Wages and salaries, etc.

Wages, salaries and short-term employee benefits	25	23
Total	25	23

In 2022 and in the period 1 January-31 May 2023, the Executive Board consisted of two members and in the period 1 June- 31 December 2023, it consisted of three members. In both 2022 and 2023, the Supervisory Board consisted of six members. Information about the Executive Board's and the Supervisory Board's remuneration is available on Jyske Realkredit's website via the following link: <https://www.jyskerealkredit.dk/om-jyske-realkredit/organisation/vederlag>

Remuneration of risk-takers

Number of members	31	24
Contractual remuneration	15.8	13.5
Variable remuneration	0.5	0.1
Defined contribution pensions	1.9	1.6

The Group comprises employees (exclusive of the Executive Board and the Supervisory Board) with a special impact on Jyske Realkredit's risk profile. Of the above-mentioned 31 (2022: 24) persons, 20 persons (2022: 16) are employees split between the companies and salaried by Jyske Bank A/S, and settlement with Jyske Realkredit takes place through the intra-group service agreement. Salaries of employees split between the companies are recognised with the proportion that relate to Jyske Realkredit. The group does not participate in incentive programmes. For further information of the Jyske Bank Group's remuneration policy, reference is made to:

<https://www.jyskebank.com/investorrelations/governance/code-of-conduct>

	2023	2022
9 Number of employees		
Average number of employees for the financial year (full-time employees)	26	25
No. of employees at year-end	27	25
No. of employees split between the companies, end of the year	725	594
No. of employees split between the companies converted to full-time equivalent	253	239

The increase in the number of employees split between the companies converted into full-time equivalents was primarily due to IT resources. The increase in the number of employees split between the companies was, except for the IT resources, due to the addition of employees from the former Handelsbanken and the distribution of various tasks on more persons.

10 Loan impairment charges (- is income)		
Loan impairment for the year	-27	-289
Recognised as a loss, not covered by impairment charges	24	32
Recoveries	-9	-15
Total	-12	-272

Balance of impairment charges

Balance of impairment charges, beginning of period	1,384	1,741
Loan impairment for the year	-27	-289
Other adjustments	95	-
Recognised as a loss, covered by impairment charges	-11	-68
Balance of impairment charges, end of period	1,441	1,384

Loan impairment charges have been divided as follows:

Mortgage loan impairment charges	1,321	1,276
Impairment charges on other loans and receivables, etc.	120	108
Balance of impairment charges, end of period	1,441	1,384

10 Loan impairment charges (cont.)

Breakdown of balance of impairment charges by stage - 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	135	-68	-67	0
Transfer of impairment charges at the beginning of the period to stage 2	-12	30	-18	0
Transfer of impairment charges at the beginning of the period to stage 3	-5	-5	10	0
Impairment charges relating to new loans	140	34	17	192
Decline in the balance of impairment charges due to repayment of loans	-52	-25	-21	-98
Effect from recalculation	-136	40	71	-26
Previously recognised as impairment charges, now losses	0	-2	-8	-11
Balance of impairment charges, end of period	738	220	483	1,441

Breakdown of balance of impairment charges by stage - 2022

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	86	-80	-6	-
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	-38	40	-
Impairment charges relating to new loans	172	52	21	246
Decline in the balance of impairment charges due to repayment of loans	-67	-143	-190	-399
Effect from recalculation	162	15	-313	-136
Previously recognised as impairment charges, now losses	0	-1	-66	-68
Balance of impairment charges, end of period	668	216	500	1,384

2023:

A large part of the increase in loan impairment charges under stage 1 was due to the development in new loans and advances. In addition, 'the decline in the balance of impairment charges due to repayment of loans' was affected by the refinancing of loans as the refinanced loan has been recognised under 'Impairment charges relating to new loans'. The year 2023 saw a net migration to stages 1 from stage 2 and 3. The migration to stage 1 can be attributed to the improvement of the credit quality of the clients. The effect from recalculation is declining loan impairment charges for stage 1 and rising loan impairment charges for stages 2 and 3. The reason is a shift in the credit quality of the clients.

2022:

The increase in impairment charges under stage 1 in 2022 was caused by the fact that new impairment charges relating to management's estimates in 2022 were mainly distributed on non-credit impaired loans (stage 1). The decline in impairment charges in stage 3 in 2022 can be attributed to the improvement of the credit quality of the clients and an increase in the value of the underlying collateral.

Impairment charges on new loans and the decline in the balance of impairment charges due to repayment of loans relate to a great extent to loans that were remortgaged. The extent of the recalculation reflects some migration between the stages in the individual year.

Management's estimates

In addition to the calculated impairment charges, a management's assessment is performed of the impairment models and the ability of the expert-assessed impairment calculations to take expectations of the future development into consideration. To the extent that it is assessed that circumstances and risks are not included in the models, an addition to the impairment charges is made which is based a management's estimate. This estimate is based on specific observations and is calculated on the basis of the expected risks of the loan portfolio.

The total additions for loan impairment charges and provisions for guarantees estimated by management amounted to DKK 677m against DKK 585m at the end of 2022 and are distributed as stated in the below table.

Specification of management's estimates	2023	2022
Retail clients		
Macroeconomic risks	200	175
Non-linear impairment effects	15	10
Process-related risks	25	35
Total	240	220
Corporate clients		
Macroeconomic risks	350	350
Non-linear impairment effects	17	15
Process-related risks	70	-
Total	437	365
Total	677	585

Notes

10 Loan impairment charges (cont.)

It is essential that the basis of the management's estimates is well-founded on realistic circumstances and expectations that are not fully recognized in the impairment charges calculated. Documentation and determination will always consist of a coherent chain of reasoning between the well-founded circumstances and the expectation of loss. The determination is usually supported by data and is based on the specific sub-portfolio, yet it may also be based on an estimate of the effect. On a quarterly basis, the management's estimates are reassessed on the basis of updated controls and analyses of the specific areas. The table below elaborates on the rationale as well as the method of the individual estimate, also including a statement of which sub-portfolios the management's estimates relate to.

Area	Rationale	Method of measurement, material assumptions and method	Sub-portfolio
Macroeconomic risks	<p>At the end of 2023, management's estimated additions to macroeconomic risks covered expected losses relating to:</p> <ul style="list-style-type: none"> - increasing interest rates, rising housing burden etc. <p>In continuation of the above, expectations point to a challenged property market and by implication declining values of especially commercial property.</p>	<p>The effect on impairment charges has for Jyske Realkredit been computed by assessing the scope of commercial property with LTV>100 in a middle stress scenario in which interest rates increase to 5%, and the required rate of return rises by 1.5 percentage points</p> <p>For loans and advances to private homes at Jyske Realkredit the evaluation of the effect on impairment charges is based on expert estimates of the number of clients who may land in financial difficulties.</p>	Jyske Realkredit's portfolio of corporate and personal clients in stages 1, 2 and 3.
Impairment effects derived from macroeconomic scenarios (quantification of non-linear impairment effects)	<p>The calculation of impairment charges is associated with a number of assumptions about expectations of the future economic development. To take account of uncertainties relating to these assumptions the impairment effect is quantified in several economic scenarios.</p>	<p>The quantification of non-linear impairment effects (sensitivities relating to the base-line scenario) is for clients in stages 1 and 2 calculated by stressing input parameters for PD and the value of property security.</p> <p>In the Jyske Bank Group's ordinary impairment model a probability-weighted expected loss based on several scenarios is calculated for credit-impaired loans and advances (stage 3). Consequently, the result hereof is not included under management's estimates.</p>	Jyske Realkredit's portfolio of corporate and personal clients in stages 1 and 2.
Process-related risks	<p>At the end of 2023, management's estimated additions to process-related risks covered expected losses relating to:</p> <ul style="list-style-type: none"> - Expiry of instalment-free periods where the model cannot to a sufficient degree handle the higher risk at the time of the expiry of the instalment-free period. - Governance as no more scenarios for property exposures in default are set up. 	<p>The scope of process-related risks is identified on the basis of ongoing random samples and controls as well as an examination of the processes by the lines of control.</p>	Jyske Realkredit's portfolio of corporate and personal clients in stages 1 and 2.

	2023	2022
11 Tax		
Current tax	583	383
Change in deferred tax	91	0
Changes in deferred tax due to a change to the tax rate ¹	-0	-0
Adjustment of tax for previous years ²	-31	0
Total	643	383
Effective tax rate		
Corporation tax rate in Denmark	22.0	22.0
Surtax for financial services companies in Denmark	3.2	-
Adjustments as regards previous years	-1.2	0.0
Non-taxable income and non-deductible expenses, etc.	0.0	-0.0
Effect of the change to the corporation tax rate ¹	-0.0	-0.0
Effective tax rate	24.1	21.9

¹ The corporation tax rate for financial services companies was raised from 22.0 in 2022 to 25.2 in 2023 and to 26.0 for 2024 and onwards.

² Adjustment of tax for previous years relates to a change of the time of taxation for the proportion of the purchase sum relating to the take-over of loans and advances from Handelsbanken.

	2023	2022
12 Contractual time to maturity		
Assets		
Due from credit institutions and central banks		
Demand deposits	957	766
Up to 3 months	2,459	88
Over 3 months and up to 1 year	-	-
Over 1 year and up to 5 years	-	-
Over 5 years	-	-
Total	3,415	854
Loans at fair value ¹		
Up to 3 months	1,974	1,691
Over 3 months and up to 1 year	6,484	6,437
Over 1 year and up to 5 years	40,594	39,531
Over 5 years	303,612	286,069
Total	352,663	333,728
Bonds at fair value		
Up to 3 months	3,017	1,576
Over 3 months and up to 1 year	8,588	5,639
Over 1 year and up to 5 years	7,458	5,145
Over 5 years	39	307
Total	19,101	12,668
Liabilities		
Due to credit institutions and central banks		
Demand deposits	-	258
Up to 3 months	79	158
Over 3 months and up to 1 year	-	-
Over 1 year and up to 5 years	-	-
Over 5 years	-	-
Total	79	416
Issued bonds at fair value ¹		
Up to 3 months	7,308	1,733
Over 3 months and up to 1 year	76,408	75,906
Over 1 year and up to 5 years	157,490	138,483
Over 5 years	110,583	113,406
Total	351,790	329,529
Issued bonds at amortised cost		
Up to 3 months	-	-
Over 3 months and up to 1 year	750	-
Over 1 year and up to 5 years	-	750
Over 5 years	-	-
Total	750	750

The above amounts are exclusive of interest.

¹ The cash flow imbalance between mortgage loans (the main item of loans at fair value) and issued bonds at fair value is due to the fact that 30-year adjustable rate mortgage loans (ARM) are financed by bonds with maturities of 1-10 years.

For further details on Jyske Realkredit's liquidity risk, please see note 42.

	2023	2022
13 Due from credit institutions and central banks		
Due from credit institutions	1,017	854
Reverse repos	2,398	-
Total	3,415	854

The major part of amounts due from credit institutions was reduced in connection with the mortgage payments due on 2 January 2024. Cash is deposited with Danmarks Nationalbank, the central bank of Denmark, and Danish banks with ratings between A- and AA- (Standard & Poor's).

14 Loans at fair value		
Mortgage loans, nominal value	373,677	365,595
Adjustment for interest-rate risk, etc.	-20,049	-30,839
Adjustment for credit risk	-1,321	-1,371
Mortgage loans at fair value	352,307	333,386
Arrears before loan impairment charges	74	54
Arrears and outlays, total	74	54
Other loans and receivables	283	289
Total	352,663	333,728

15 Mortgage loans at fair value broken down by property category		
Owner-occupied homes	163,915	160,095
Vacation homes	9,654	9,713
Subsidised housing (rental housing)	47,547	44,819
Cooperative housing	11,739	11,181
Private rental properties (rental housing)	70,578	63,110
Industrial properties	5,065	3,314
Office and business properties	35,911	33,611
Agricultural properties, etc.	180	158
Properties for social, cultural and educational purposes	7,678	7,344
Other properties	39	42
Total	352,307	333,386

16 Collateral by type		
Guarantees	41,251	41,120
Real property, residential	171,433	167,664
Real property, commercial	139,791	125,177
Total	352,475	333,961

The amounts are determined at fair value.

Jyske Realkredit has not seen any significant changes to the quality of the collateral or other credit protection due to deterioration or changes to the company's policy on provision of collateral during the accounting period.

In addition to mortgage on real property, the collateral consists primarily of guarantees from the central government, local government and/or financial counterparties. The collateral values have been reduced in order of priority according to liquidity if the collateral values exceed loans, advances and guarantees at property level. Consequently, surplus collateral values from exposures that have been fully guaranteed are not included in the values. For properties with fully guaranteed exposures in all impairment scenarios, the calculated indication of impairment will generally be DKK 0.

The collateral value of a charge on real property is calculated on the basis of the expected fair value of the property less sales costs and any senior mortgages. Loan values are assessed individually depending on the characteristics of the real property in question, such as type of property, location, and size, less expenses for realisation. The loan value relating to real property was calculated at Jyske Realkredit's current assessment of the mortgaged properties less a haircut of 5%. For impairment calculations, a higher haircut may have been applied.

	2023	2022
17 Bonds at fair value		
Own mortgage bonds	26,872	17,926
Other mortgage bonds	19,101	12,668
Total before offsetting of own mortgage bonds	45,973	30,593
Own bonds (offset against issued bonds)	-26,872	-17,926
Total	19,101	12,668

An important part of the holding of securities is included in Jyske Realkredit's fixed portfolio of securities.

Other securities relate to the investment of temporary excess liquidity resulting from bonds for refinancing of ARM loans, immediate redemptions at par where the bonds have not yet been drawn as well as advance issues of bonds in connection with hedging of fixed-price agreements with loan clients. Investment is solely made in bonds where the issuer's credit rating is within the limits of Jyske Realkredit's risk policy.

18 Deferred tax assets

	Loans and advances at fair value	Property, plant and equipment	Provisions for liabilities	Total
Broken down into the following balance sheet items:				
Carrying amount at beginning of 2022	-	2	1	2
Adjustment change to corporation tax rate ¹	-	0	0	0
Adjustment in income statement	-	-0	0	-0
Carrying amount at end of 2022	-	2	1	3
Adjustment relating to the change of the corporation tax rate ¹	-	0	-	0
Adjustment of deferred tax for previous years ²	221	1	-	221
Adjustment in income statement	-90	0	-1	-91
Carrying amount at end of 2023	130	2	1	133

¹ The corporation tax rate from financial services companies was raised from 22.0 in 2022 to 25.2 in 2023 and to 26.0 for 2024 and onwards.

² 'Adjustment of deferred tax for previous years' is included in the note relating to tax in the line 'readjustments of tax for previous years'.

19 Assets held temporarily

Properties acquired through foreclosure	40	41
Total	40	41

The sales strategy for all assets held temporarily by Jyske Realkredit is to ensure that active efforts are made to sell these assets as quickly as possible at a realistic price and within 12 months.

This item includes properties held temporarily in connection with loan facilities. At the end of 2023, Jyske Realkredit had 12 (2022: 11) properties acquired through foreclosure, of which 2 (2022: 1) were acquired within the past 12 months.

The properties held over the past 12 months consist primarily of residential rental property, from which sales of owner-occupied flats take place on an ongoing basis when the original tenants move out.

	2023	2022
20 Other assets		
Positive fair value of derivatives, etc. ¹	775	854
Interest and commission receivable	225	48
Loan applications in process	150	6
Other assets	51	15
Total	1,201	923

¹ Financial derivatives are used for hedging transactions solely where the counterparty's credit rating is within the limits defined by Jyske Realkredit's risk policy.

21 Due to credit institutions and central banks		
Due to credit institutions	79	416
Total	79	416

22 Issued bonds at fair value		
Issued mortgage bonds, nominal value	400,674	380,506
Adjustment to fair value	-22,012	-33,052
Own mortgage bonds, fair value	-26,872	-17,926
Total	351,790	329,529
Of 'issued mortgage bonds, nominal value':		
Pre-issued	19,813	7,885
Drawn for redemption at next repayment date	22,404	7,989

On a daily basis, Jyske Realkredit issues and redeems a large number of mortgage bonds. Consequently to some extent the change in the fair value of the issued mortgage bonds attributable to the change in credit risk can only be stated subject to some estimation. The model applied performs the calculation on the basis of the change in the option-adjusted spread (OAS) relative to the swap curve. The calculation allows for, among other things, the maturity of the issued bonds as well as the nominal holding at the beginning and at the end of the year, and also a set-off is effected for Jyske Realkredit's own holding of Jyske Realkredit bonds.

The change in the fair value of issued mortgage bonds that can be attributed to credit risk is then calculated so it implies a decline in the fair value by DKK 3.0bn in 2023 (2022: an increase of DKK 2.5bn). Since the issue, the accumulated change in fair value of the issued mortgage bonds at the end of 2023 attributable to credit risk is estimated to be an increase of DKK 0.5bn (2022: an increase of DKK 3.7bn).

The change in fair value of the issued mortgage bonds that can be attributed to credit risk can also be stated relative to corresponding mortgage bonds with the same rating (AAA) from other Danish issuers. In recent years, these bonds have traded at prices showing no measurable price differences between the various issuers' bonds with similar characteristics. Stated according to this method, no changes have taken place to the fair value that can be attributed to credit risk, neither in the course of the year, nor since issue.

Net profit for the year or equity was not affected by the change, since the value of mortgage loans changed correspondingly.

The difference between the fair value of the issued bonds of DKK 352bn (2022: DKK 330bn) and the nominal value of the issued bonds at DKK 373bn (2022: DKK 362bn), corresponding to the value which is to be repaid via redemptions and/or maturity of the bonds, amounts to DKK -21bn (2022: DKK -32bn).

23 Other liabilities		
Negative fair value of derivatives, etc. ¹	1,700	2,403
Interest and commission payable	2,448	1,732
Other liabilities ²	1,462	2,235
Total	5,610	6,370

¹ Financial derivatives are used for hedging transactions solely where the counterparty's credit rating is within the limits defined by Jyske Realkredit's risk policy.

	2023	2022
24 Other provisions		
Beginning of period	5	3
Additions	0	2
Provisions used	2	0
Provisions reversed	0	-
End of period	2	5
Other provisions are expected to fall due:		
Within 1 year	-	-
Over 1 year	2	5

Other provisions relate to payable expenses, liabilities in the form of commitments of support and other liabilities where either the size of the amount or the due date is uncertain. The uncertainty of the provisions made is considered limited.

25 Off-balance sheet items

Guarantees, etc.

Other guarantees	0	0
Total	0	0

Other contingent liabilities, etc.

Irrevocable loan commitments (mortgage offers)	12,329	13,696
Other contingent liabilities	8	17
Total	12,337	13,714

Irrevocable loan commitments (mortgage offers)

Irrevocable credit commitments relate materially to the obligation to pay out loans according to offers for mortgage loans with a term of up to six months made by Jyske Realkredit (the term may be longer within the subsidised housing sector). All offers were made in accordance with Jyske Realkredit's credit policy and constitute a customary part of the process of paying out mortgage loans. However, in the event that a client is subsequently registered with the RKI debtor register, etc., Jyske Realkredit shall not be bound by the loan offer.

Other informations

Jyske Realkredit is jointly taxed with the Jyske Bank Group, of which Jyske Bank A/S is the administration company. Therefore, Jyske Realkredit is liable according to the rules of the Danish Corporation Tax Act on income tax, etc. for jointly taxed companies.

Jyske Realkredit a/s is registered jointly with the Jyske Bank Group for settlement of VAT and payroll tax. The companies are jointly and severally liable for such settlement.

Jyske Realkredit has entered into an agreement with Danmarks Nationalbank, the central bank of Denmark, on the establishment of T2S Auto collateralisation.

At the balance sheet date, Jyske Realkredit was not a party to any pending lawsuits.

26 Collateral

Margin accounts, derivatives, etc.	61	88
Total	61	88

Repo transactions involve an arrangement where bonds are provided as collateral for the amount borrowed. At the end of 2022 and 2023, there were no open repo transactions. See note 27 for further details.

27 Security provided for financial assets and liabilities

	Carrying amount	Offsetting, master netting agreement	Collateral	Net value
2023				
Financial assets				
Derivatives with positive fair value	775	774	-	1
Reverse repos	2,398	-	2,398	-
Total	3,173	774	2,398	1
Financial liabilities				
Derivatives with negative fair value	1,700	774	-79	1,005
Total	1,700	774	-79	1,005
2022				
Financial assets				
Derivatives with positive fair value	854	844	-	10
Total	854	844	-	10
Financial liabilities				
Derivatives with negative fair value	2,403	844	-158	1,717
Total	2,403	844	-158	1,717

On the balance sheet, reverse repo transactions are classified as 'due from credit institutions and central banks'. On the balance sheet, repo transactions are classified as 'due to credit institutions and central banks'.

Master netting agreements and similar agreements will entitle a party to offsetting if a counterparty is in default. This lowers the exposure further when a counterparty is in default. It does not, however, meet the conditions for accounting offsetting on the balance sheet.

Mortgage loans at fair value at DKK 352,307m (2022: DKK 333,386m) and other assets worth DKK 40,156m (2022: DKK 25,532m) were at the end of 2023 registered as collateral for issued mortgage bonds, including covered bonds (SDO).

According to the Danish mortgage legislation, the issued mortgage bonds, including covered bonds, are secured against the underlying mortgage loans.

28 Notes on fair value

Methods for measuring fair value

Fair value is the price which can be obtained at the time of measurement by selling an asset or which must be paid for transferring a liability in an ordinary transaction between independent market participants (exit value).

For all assets listed on active markets, fair values are measured at official prices. Where no price is quoted, a different official price is used, which is taken to reflect most closely the fair value. Financial assets and liabilities of which quoted prices or other official prices are not available or are not taken to reflect the fair value are measured at fair value according to other evaluation techniques and other observable market information. In cases where observable prices based on market information are not available or are not taken to be useful for measuring fair value, the fair value is measured by recognised techniques, including discounted future cash flows, and our own expertise. The basis of the measurement may be recent transactions involving comparable assets or liabilities, interest rates, exchange rates, volatility, credit spreads, etc.

Generally, quoted prices and observable data are obtained in the form of interest rates, share and bond prices, exchange rates, forward premiums, volatilities, etc. from recognised stock exchanges and providers.

Specific details on methods for measuring fair value

Bonds at fair value, shares, derivatives, loans at fair value and issued bonds are measured at fair value in the financial statements.

Generally bonds are measured at prices quoted on a recognised stock exchange. If such listed price is not available for the past 5 business days, a calculated price based on the official market rate will be applied for determining the value. The calculated price is received from SIX Financial Information.

Jyske Realkredit's shareholding consists solely of unlisted shares, where the value is measured, among other things, on the basis of the companies' most recent financial statements available.

28 Notes on fair value, cont.

Derivatives are valued on the basis of discounted future interest payments. Interest payments are calculated by taking into account payment frequencies and market conventions. Variable interest payments are estimated on the basis of market expectations for future values of the benchmark interest rate.

Loans at fair value comprise mortgage loans. These are generally measured at prices of the underlying issued bonds quoted on a recognised stock exchange. If such a market price is not available for the preceding 5 business days, a calculated price based on the official market rate will be applied for determining the value. The calculated price is received from SIX Financial Information. If derivatives are part of the funding of the loans, the value of these will be integrated in the valuation of the loans.

Generally, issued bonds at fair value are measured at prices quoted on a recognised stock exchange. If such a market price is not available for the preceding 5 business days, a calculated price based on the official market rate will be applied for determining the value. The calculated price is received from SIX Financial Information.

Information about differences between recognised value and measurement of fair value

A small holding of the issued bonds is measured at amortised cost. The difference to fair value was calculated on the basis of own issue prices obtained externally.

For the items cash in hand and demand deposits with central banks, amounts due from credit institutions and central banks, and amounts due to credit institutions and central banks, the carrying amount is assessed to amount to a reasonable approximation of fair value.

	2023	2022
29 Recognised financial instruments		
Financial assets at fair value adjusted through the income statement		
Bonds	19,101	12,668
Other assets - derivatives	775	854
Shares, etc.	59	60
Loans	352,663	333,728
Financial assets at amortised cost		
Cash balance and demand deposits with central banks	6,397	11,335
Due from credit institutions and central banks	3,415	854
Financial liabilities at fair value adjusted through the income statement		
Other liabilities - derivatives	1,700	2,403
Issued bonds	351,790	329,529
Financial liabilities at amortised cost		
Due to credit institutions and central banks	79	416
Issued bonds	750	750

30 The fair value hierarchy

	Quoted prices	Observable prices	Non-observable prices	Fair value, total	Recognised value
2023					
Financial assets					
Loans at fair value	-	352,663	-	352,663	352,663
Bonds at fair value	19,088	14	-	19,101	19,101
Shares, etc.	-	-	59	59	59
Derivatives	1	775	-	775	775
Total	19,088	353,452	59	372,599	372,599
Financial liabilities					
Derivatives	71	1,628	-	1,700	1,700
Issued bonds at fair value	251,631	100,159	-	351,790	351,790
Total	251,702	101,787	-	353,490	353,490

2022

Financial assets					
Loans at fair value	-	333,728	-	333,728	333,728
Bonds at fair value	11,817	850	-	12,668	12,668
Shares, etc.	-	-	60	60	60
Derivatives	9	846	-	854	854
Total	11,826	335,424	60	347,310	347,310
Financial liabilities					
Derivatives	0	2,403	-	2,403	2,403
Issued bonds at fair value	251,667	77,862	-	329,529	329,529
Total	251,667	80,265	-	331,932	331,932

	2023	2022
Non-observable prices		
Fair value, beginning of period	60	54
Capital gain and loss recognised in the income statement	-1	6
Fair value, end of year	59	60

No considerable transfers took place between the three levels in neither 2022 nor 2023.

Non-observable prices

Non-observable prices at the end of 2023 referred to unlisted shares recognised at DKK 59m (2022: DKK 60m). At the end of 2023, Jyske Realkredit's shareholding consisted solely of unlisted shares, where the value is measured on the basis of the companies' most recent financial statements. Individual assessment of the individual financial statements is regarded as the best valuation technique, and therefore the shares have an accessible valuation based on a book value with a few corrections. The majority of the companies' assets most often consist of properties and the measurement of the fair value of a property will, however, be subject to some uncertainty, and it is therefore assessed that there is an uncertainty of +/-10% in connection with the price determination.

Jyske Realkredit finds it of little probability that the application of alternative prices in the measurement of fair value would result in a material deviation from the recognised fair value.

31 Fair value of non-financial assets and liabilities

	Quoted prices	Observable prices	Non-observable prices	Total
2023				
Non-financial assets				
Assets held temporarily	-	-	40	40
Total	-	-	40	40
2022				
Non-financial assets				
Assets held temporarily	-	-	41	41
Total	-	-	41	41

No transfers took place between the three levels in 2022 and in 2023.

Assets held temporarily

Assets held temporarily comprise properties acquired temporarily in connection with loan facilities and consist primarily of commercial properties. The commercial properties are measured according to the income method where the operating income of the properties is set in relation to the required return on the properties. Valuations are made by Jyske Realkredit's internal valuers who have specialised in property valuation. The valuations are less of estimated sales costs.

32 Fair value of financial assets and liabilities recognised at amortised cost

The determination at fair value of financial assets and liabilities recognised at amortised cost shows that for neither 2022 nor 2023 there was no total non-recognised unrealised loss.

	2023		2022	
	Recognised value	Fair value	Recognised value	Fair value
Financial liabilities				
Issued bonds at amortised cost	750	750	750	750
Total	750	750	750	750

The fair value is calculated at the most recently traded market price.

For other financial assets and liabilities that are not recognised at fair value, primarily amounts due from and due to credit institutions, the carrying amount corresponds in essence to fair value.

33 Risk exposure

The risk involved in Jyske Realkredit's activities is materially related to credit risks on loans granted. The market risk assumed by Jyske Realkredit consists primarily of interest-rate risk from the portfolio of securities. Risk management in Jyske Realkredit is a central element of day-to-day operations and contributes actively to ensuring that the Supervisory Board and Executive Board have the necessary decision-making basis for conducting Jyske Realkredit's business. Focus is continuously on the quality of risk management, particularly on the credit risk models. This is a natural step in Jyske Realkredit's continued ambition to develop tools and establish procedures for valid quantification of the various risks to which Jyske Realkredit is exposed.

34 Credit risk

By credit risk is understood the risk of a loss resulting from a counterparty's failure to meet its payment obligation to the company. Jyske Realkredit's business model is lending secured against real property. Therefore loans will always be secured by mortgages on immovable property and, also, in a number of cases guarantees are provided by third parties. In connection with loans for social housing, guarantees are provided by municipalities and the state.

Jyske Realkredit's credit risk is calculated on the basis of internal models approved by the FSA. Jyske Realkredit's definition of default is defined as clients with a high or full risk (unlikely to pay) and clients past due more than 90 days on payment of contractual interest and instalments. The definition of default is based on the requirements set forth in Article 178 of the EU Regulation No. 575/2013. For instance, clients are considered associated with high or full risk (defaulted clients) in the event of forced sale, deficit trading, bankruptcy, restructuring, debt rescheduling, indication of current or expected future challenges establishing a balance between income and expenditure, etc. The principles and the definitions of the risk classification have been applied for many years and are assessed to be a well-defined and robust element in the Jyske Bank Group's risk management practice. At Jyske Realkredit, part of the risk classification will be performed automatically due to the business model for mortgage loans (asset financing), where insight into the clients' ongoing finances for the entire portfolio is not offered to the same extent.

Notes

34 Credit risk, cont.

Credit policy and responsibility

The Supervisory Board determines the general lending limits at Jyske Realkredit, including requirements of the types of properties that can be mortgaged with a view to ensuring that only properties of a good quality are mortgaged. Moreover, the Supervisory Board delegates authority to the members of the Executive Board Board.

Credit risk is managed through the credit policy, of which the objective is to keep Jyske Realkredit's risk at an acceptable level in relation to the capital base and business volume of Jyske Realkredit, given the general trend in the Danish economy. Client transactions with Jyske Realkredit must generate a satisfactory long term-return according to RAROC principles.

Specific credit policies have been formulated for all areas in which Jyske Realkredit assumes a credit risk. The credit policies define the credit risk levels and identify undesirable business and property types.

Limits and authorisation

Jyske Realkredit attaches importance to its decentralised credit-authorisation process. The limit structure states which amounts, instances and segments are covered by the limit. The main principle is that regularly occurring credit cases can be authorised locally, and credit-related decisions for major or more complicated cases are authorised centrally.

Credit risk and property price models

Jyske Realkredit uses the advanced internal rating-based method (AIRB) to calculate the capital requirement for the majority of the credit risk. For other exposures, including government exposures and exposures to financial institutions, the standardised approach is used.

The use of the AIRB approach means that Jyske Realkredit calculates credit risk for the individual client on the basis of internally developed credit models. The models estimate the client's probability of default (PD), loss given default (LGD) and exposure at default (EAD) to Jyske Realkredit.

Many factors are relevant for the calculation of a client's PD. Specific factors relating to the client but also factors relating to the situation of the client are taken into account. The calculation of PD therefore takes into account financial data, changes in transaction data, management and market circumstances, sector assessments etc. Also included in the calculation are special danger signals in relation to the client's credit quality, payment profile and loss history.

At Jyske Realkredit, the PD is translated into 9 rating classes, where rating class 9 designates clients in default. In order to reach the best possible overview of client credit quality across the Jyske Bank Group, PD is mapped into internal credit ratings ("STY"), cf. the below mapping.

Internal rating and PD band			
Jyske Bank STY	Jyske Realkredit rating	PD band (%)	External rating equivalence
1	1	0.00-0.10	Aaa-A3
2	1	0.10-0.15	Baa1
3	2	0.15-0.22	Baa2
4	2	0.22-0.33	Baa3
5	2	0.33-0.48	Ba1
6	3	0.48-0.70	Ba2
7	3	0.70-1.02	Ba3
8	4	1.02-1.48	B1
9	4	1.48-2.15	B1-B2
10	5	2.15-3.13	B2
11	6	3.13-4.59	B3
12	6	4.59-6.79	Caa1
13	7 and 8 ¹	6.79-10.21	Caa2
14	7 and 8 ¹	10.21-25.00	Caa3/Ca/C

¹ Jyske Realkredit rating 8 includes PDs above 25%.

In the calculation of the capital requirement, LGD estimates are used which reflect the expected loss rates of the Jyske Bank Group in the event of an economic slowdown. The levels of loss have been calibrated to the period at the end of the 1980s and the beginning of the 1990s.

The models are used for various purposes, including advisory services for Jyske Realkredit's clients, automatic approval of properties for mortgaging, compliance with covered bond requirements and reporting to management.

Notes

34 Credit risk, cont.

Risk categories

At Jyske Realkredit exposures with objective evidence of impairment are divided into three categories: exposures with low, high and full risk. The latter two risk categories consist of defaulted clients. Exposures with low risk are exposures for which it is assessed more probable that the exposure will again become sound, while exposures with high risk are exposures for which it is assessed more probable that the exposure will result in losses and/or forced sale of assets provided as security.

The loan-to-value (LTV) ratio is a key risk management element for Jyske Realkredit as LTV expresses the ratio between the unpaid principal amount of a home loan and the market value of the mortgaged property. In addition to physical surveys, Jyske Realkredit uses property price models in its on-going monitoring of market values.

Mortgage loans before impairment charges by LTV band and per property category (DKKbn)

2023	0-20%	20%-40%	40%-60%	60%-80%	>80%	Total	LTV
Owner-occupied homes	65.4	55.4	32.6	9.5	1.0	163.9	80%
Vacation homes	4.7	3.4	1.3	0.2	0.0	9.7	75%
Cooperative housing	6.2	3.5	1.7	0.3	0.1	11.7	80%
Private rental properties (rental housing)	24.8	23.4	17.6	4.5	0.2	70.6	80%
Industrial properties	2.4	1.7	0.9	0.1	0.0	5.1	60%
Office and business properties	14.7	12.8	7.0	1.0	0.3	35.9	60%-70%
Other property categories	3.9	2.9	0.8	0.2	0.1	7.9	60%-80%
Total excl. subsidised housing (rental housing)	122.0	103.1	62.0	15.9	1.7	304.8	
2022							
Owner-occupied homes	69.6	56.5	28.1	5.5	0.5	160.1	80%
Vacation homes	5.0	3.4	1.1	0.1	0.0	9.7	75%
Cooperative housing	4.1	3.8	2.7	0.6	0.0	11.2	80%
Private rental properties (rental housing)	33.9	19.2	8.7	1.2	0.2	63.1	80%
Industrial properties	1.5	1.2	0.6	0.1	0.0	3.3	60%
Office and business properties	14.2	12.2	6.0	0.9	0.3	33.6	60%-70%
Other property categories	3.8	2.7	0.8	0.2	0.1	7.5	60%-80%
Total excl. subsidised housing (rental housing)	132.0	99.0	48.0	8.4	1.1	288.6	

Loans for Subsidised Housing (residential housing) are not included in the statement of LTV bands as the loans are guaranteed in full or in part by central and/or local government.

Loan impairment charges

Jyske Realkredit recognises loan impairment charges and provisions for guarantees already as of the first recognition. All loans are divided into four stages, depending on the credit-impairment of the individual loans relative to the initial recognition:

1. Loans with no significant increase in credit risk
2. Loans with significant increase in credit risk
3. Credit-impaired loans
4. Loans that are credit-impaired at first recognition.

On an on-going basis, account managers secure that the credit assessment and the credit rating are true and fair, and they assess on an on-going basis - and at least every quarter - the risk classification of the largest exposures, including whether objective evidence of impairment has been established for Jyske Realkredit's clients. For small clients, some of the monitoring takes place automatically. Where easier conditions have been granted to clients with financial problems, this will be regarded as individual objective evidence of impairment.

At Jyske Realkredit, all loans are assessed for objective evidence of impairment. Objective evidence of impairment exists if one or more of the following events have occurred:

- The borrower is facing considerable financial difficulties.
- The borrower is in serious breach of contract, for instance by failing to observe its liability to pay instalments and interest.
- The borrower is granted easier terms that would not be considered if the borrower was not facing financial difficulties.
- The borrower is likely to go bankrupt or undergo some other financial restructuring.

Foreclosures

Jyske Realkredit acquires properties by forced sale if it turns out that no buyers are willing to pay a reasonable market price. In essence, Jyske Realkredit's strategy for selling the foreclosed properties is to sell them within a relatively short period of time, but with due regard to the importance of obtaining a reasonable market price for the property.

Notes

35 Credit exposures by rating class

At Jyske Realkredit, there is correlation between the segmentation to capital statements and loan impairment charges on the weakest clients. Loans with ratings (STY) 1-3 are all ranked in stage 1. For loans with ratings 4-9 a very small proportion has been ranked in stage 1. The proportion was 0.1% (2022: 0.2%) and they are all ranked in stage 2. In 2022, a few loans were credit-impaired at initial recognition. This has not been the case in 2023.

DKKbn	PD level	Stage 1	Stage 2	Stage 3	Total
Rating category (STY)	(%)				
Mortgage loans at fair value 2023					
1	0.00-0.10	43.5	-	-	43.5
2	0.10-0.15	1.0	-	-	1.0
3	0.15-0.22	9.5	-	-	9.5
4	0.22-0.33	13.3	0.0	-	13.3
5	0.33-0.48	97.6	0.0	-	97.6
6	0.48-0.70	62.7	0.0	-	62.7
7	0.70-1.02	62.8	0.0	-	62.8
8	1.02-1.48	18.8	0.1	-	18.9
9	1.48-2.15	18.7	0.1	-	18.8
10	2.15-3.13	4.1	1.0	-	5.1
11	3.13-4.59	3.1	2.2	0.0	5.4
12	4.59-6.79	1.0	1.3	-	2.3
13	6.79-10.21	0.5	2.4	0.1	2.9
14	10.21-25.00	0.4	2.7	0.0	3.1
Non performing loans	0.00-100.00	0.1	0.3	3.5	3.9
Loans not calculated according to the IRB model		1.5	0.2	0.0	1.7
Total		338.4	10.3	3.6	352.3

Mortgage loans at fair value 2022					
1	0.00-0.10	53.0	-	-	53.0
2	0.10-0.15	1.6	-	-	1.6
3	0.15-0.22	11.5	-	-	11.5
4	0.22-0.33	28.2	-	-	28.2
5	0.33-0.48	69.3	0.2	-	69.4
6	0.48-0.70	58.4	0.0	-	58.5
7	0.70-1.02	50.1	0.1	-	50.2
8	1.02-1.48	24.5	0.1	-	24.6
9	1.48-2.15	13.7	0.2	-	13.9
10	2.15-3.13	4.1	0.6	-	4.7
11	3.13-4.59	2.5	1.4	-	4.0
12	4.59-6.79	1.0	1.3	-	2.3
13	6.79-10.21	0.4	1.6	-	2.0
14	10.21-25.00	0.5	2.7	0.0	3.3
Non performing loans	0.00-100.00	0.2	0.3	3.9	4.4
Loans not calculated according to the IRB model		1.8	0.1	0.0	1.9
Total		320.8	8.7	3.9	333.4

Notes

35 Credit exposures by rating class (cont.)

All irrevocable credit commitments are loan offers to clients. Usually, loan offers are only issued to clients with good credit quality and hence clients with good ratings. But in certain instances, it may be necessary to issue loan offers to existing clients with inferior ratings in order to minimise the risk of incurring losses. At the end of 2023, the loan offers in STY 1 to STY 5 amounted to 93.0%.

Irrevocable credit commitments

DKKbn	PD level	Stage 1	Stage 2	Stage 3	Total
Rating category (STY)	(%)				
2023					
1	0.00-0.10	-	-	-	-
2	0.10-0.15	2.5	-	-	2.5
3	0.15-0.22	-	-	-	-
4	0.22-0.33	-	-	-	-
5	0.33-0.48	8.9	-	-	8.9
6	0.48-0.70	-	-	-	-
7	0.70-1.02	0.4	-	-	0.4
8	1.02-1.48	-	-	-	-
9	1.48-2.15	0.3	-	-	0.3
10	2.15-3.13	-	-	-	-
11	3.13-4.59	-	-	-	-
12	4.59-6.79	0.2	-	-	0.2
13	6.79-10.21	-	-	-	-
14	10.21-25.00	0.0	-	-	0.0
Total		12.3	-	-	12.3
2022					
1	0.00-0.10	0.5	-	-	0.5
2	0.10-0.15	-	-	-	-
3	0.15-0.22	-	-	-	-
4	0.22-0.33	1.3	-	-	1.3
5	0.33-0.48	-	-	-	-
6	0.48-0.70	7.1	-	-	7.1
7	0.70-1.02	-	-	-	-
8	1.02-1.48	4.4	-	-	4.4
9	1.48-2.15	-	-	-	-
10	2.15-3.13	0.4	-	-	0.4
11	3.13-4.59	0.1	-	-	0.1
12	4.59-6.79	-	-	-	-
13	6.79-10.21	0.0	-	-	0.0
14	10.21-25.00	-	-	-	-
Total		13.7	-	-	13.7

Neither in 2022 nor in 2023, did Jyske Realkredit make loan offers that were credit-impaired at initial recognition.

36 Maximum credit exposure

Jyske Realkredit's maximum credit exposure consisted of the following:

- Jyske Realkredit's cash in hand and demand deposits with central banks amounted to DKK 6.4 bn (2022: DKK 11.3 bn).
- Jyske Realkredit's receivables from credit institutions and central banks amounted to DKK 3.4 bn (2022: DKK 0.9 bn).
- Jyske Realkredit's loans and other receivables at fair value amounted to DKK 352.7 bn (2022: DKK 333.7 bn).
- Jyske Realkredit's irrevocable loan commitments (mortgage offers) amounted to DKK 12.3 bn. (2022: DKK 13.7 bn).
- Jyske Realkredit's guarantees amounted to DKK 148,000 (2022: DKK 159,000).
- Jyske Realkredit's interest-bearing investments in bonds, etc. amounted to DKK 19.1 bn (2022: DKK 12.7 bn).
- Jyske Realkredit's shareholding amounted to DKK 0.1 bn (2022: DKK 0.1 bn).

The calculation of maximum credit risk is theoretically based on the carrying amounts of the financial assets listed above. The capital requirement, which must cover the risk that is unexpected, the risk that is not hedged, is considerably lower and calculated on the basis of the capital requirement according to pillar 1 (8%), it amounts to DKK 6.7bn (2022: DKK 6.0 bn).

	2023	2022
37 Financial assets credit-impaired on the balance sheet date		
Balance before impairment charges:		
Personal clients	1,497	1,991
Corporate clients	2,101	1,989
Total	3,598	3,980
Collateral:		
Real property, residential	1,418	1,961
Real property, commercial	1,764	1,601
Total	3,182	3,563

38 Market risk

Market risk is the risk of loss following movements in the financial markets (interest rate, share price and foreign currency risks). The most material market risks relate to Jyske Realkredit's securities portfolio for which the interest-rate risk and the price risk on the bond portfolio are the most important ones. Jyske Realkredit has practically no exposure to foreign currencies. Market risks that stem from the other part of the balance sheet are modest due to the balance principle and the close correlation between loans and funding.

Legislation and market risk policy limits ensure that Jyske Realkredit's market risks are at a moderate level, and the on-going close monitoring of risks, combined with short decision-making paths at Jyske Realkredit, means that a reduction of market risks can quickly be implemented if considered necessary in the interests of Jyske Realkredit's general risk profile and capital requirements.

For the determination of market risk relative to solvency, Jyske Realkredit's portfolio of securities is classified as being outside the trading portfolio, and therefore credit risk has been calculated in connection with the portfolio of securities. At the end of 2023, risk-weighted assets caused by the portfolio of securities amounted to DKK 2,080m. (2022: DKK 1,375m) in credit risk as well as DKK 0m (2022: DKK 0m) due to foreign-currency risk.

	2023	2022
39 Interest-rate risk		
Interest-rate risk, the FSA's method	90	73
Interest-rate risk, internal method	89	58

Interest-rate risk expresses the risk of loss following changes in interest rates corresponding to a parallel shift of the yield curve by 1 percentage point and is measured daily. In line with legislation, an interest-rate risk of 8% of the capital base is allowed. At the end of 2023, this amounted to DKK 1,924m (2022: DKK 1,768m). In this statement, partial offsetting between risks in Danish kroner and euros is allowed. As price fluctuations are most limited, the interest-rate risk of Jyske Realkredit is also measured on the basis of an internal method allowing full offsetting between Danish kroner and euros. Jyske Realkredit's Supervisory Board has chosen to reduce the limits in the internal method considerably relative to the statutory provisions.

The scope of responsibilities delegated by the Supervisory Board to the Executive Board has also been delegated to the securities area with additional restrictions. For risk management purposes, daily updated option-adjusted risk ratios are used to calculate the interest rate risk on Jyske Realkredit's portfolio of mortgage bonds. Interest-rate risk is managed on the basis of measurement of net interest-rate risk as well as risk measurements that limit Jyske Realkredit's interest-rate risk across currencies and maturities. In addition, supplementary limits have been set for other types of risk, such as gamma risk.

Jyske Realkredit's interest-rate risk is primarily caused by Jyske Realkredit's portfolio of securities, consisting mainly of Danish mortgage bonds. Moreover, financial instruments are used to manage the overall interest-rate risk. Jyske Realkredit's activities are close to being risk neutral to general changes in interest rates, but due to the large proportion in Danish mortgage bonds, Jyske Realkredit has a certain exposure to changes in the mortgage yield spread. To manage interest-rate risk, Jyske Realkredit uses derivatives, and to limit counterparty risk Jyske Realkredit has entered into relevant netting agreements.

40 Currency risk

Jyske Realkredit's currency risk on its securities portfolio is limited as most investments are denominated in Danish kroner. As a result of its trading in euro-denominated interest rate swaps, Jyske Realkredit has a small exposure in euro.

The currency exposure for other items that are not included in the portfolio of securities was also very limited. Jyske Realkredit's funding denominated in euro is fully hedged and does not, therefore, involve any foreign-currency risk. Overall, at the end of 2023, Jyske Realkredit's foreign exchange risk was calculated at 0.0% of the capital base (2022: 0.4%).

41 Share risk

The share price risk expresses the risk of loss caused by changing share prices. Jyske Realkredit's shareholding consists solely of infrastructure shares and strategic positions. At the end of 2023, Jyske Realkredit's shareholding measured at market value amounted to DKK 59m (2022: DKK 60m) corresponding to 0.3% (2022: 0.3%) of the capital base. If share prices in general fall by 10%, Jyske Realkredit will suffer an investment loss of DKK 6m (2022: of DKK 6m).

42 Liquidity risk

The Danish mortgage legislation prescribes a balance within a narrow range between payments on issued bonds and mortgage loans granted. Hence the ongoing flows are within fixed limits, and the risk relates to somewhat possible funding challenges in connection with remortgaging and supplementary collateral. In addition there is a risk relating to arrears, which, however, in relation to liquidity is small, as well as a risk relating to open remortgaging, which is also of a rather limited nature.

43 Operational risk

Operational risk is understood the risk of a loss arising from inappropriate or inadequate internal procedures, human or system errors as well as external events, including legal risks. Losses arising from operational risks are thus due to non-financial events.

As a natural part of its business management, Jyske Realkredit is focused on identifying and managing operational risks. Hence, Jyske Realkredit pays particular attention to minimising the risk of losses arising from system errors, computer breakdowns, procedural mistakes, fraud, wrong advice, etc. Jyske Realkredit continuously updates business procedures and work routines and has also established emergency plans and safety procedures to ensure swift resumption of operations in case of errors, computer breakdowns or the like.

To meet operational risks, Jyske Realkredit's Supervisory Board has adopted a policy on how to manage operational risks.

The risk management function of Jyske Realkredit reviews the company once a year to identify operational risks. Jyske Realkredit calculates the capital requirements for operational risk on the basis of the standardised approach.

For further information about Jyske Realkredit's risks, management of risks as well as capital structure, see the report on the Jyske Bank Group's report Risk and Capital Management 2023, available on investor.jyskebank.com/investorrelations/capitalstructure.

44 Derivatives

	Net fair value				Gross fair value			Principal amount
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Positive	Negative	Net	Nominal value
2023								
Currency contracts								
Swaps	-	5	-32	29	212	-209	2	26,000
Total	-	5	-32	29	212	-209	2	26,000
Interest-rate contracts								
Forwards/futures, bought	0	-	-	-	0	-0	0	522
Forwards/futures, sold	-120	-	-	-	0	-120	-120	11,261
Swaps	14	-232	-1,062	127	217	-1,371	-1,154	58,831
Caps	-	39	199	108	346	-	346	15,854
Total	-106	-193	-863	235	563	-1,490	-928	86,468
Total	-106	-188	-895	264	774	-1,700	-926	112,468
Outstanding spot transactions					3	-2	1	1,043
2022								
Currency contracts								
Swaps	-	-9	-95	-335	-	-440	-440	25,974
Total	-	-9	-95	-335	-	-440	-440	25,974
Interest-rate contracts								
Forwards/futures, bought	-	-	-	-	-	-	-	-
Forwards/futures, sold	7	-	-	-	7	-0	7	5,186
Swaps	29	0	-1,757	84	320	-1,964	-1,644	61,561
Caps	-	3	326	195	525	-	525	12,914
Total	36	4	-1,431	279	851	-1,964	-1,113	79,661
Total	36	-5	-1,526	-56	851	-2,403	-1,552	105,635
Outstanding spot transactions					2	-0	2	446

45 Transactions involving related parties

Jyske Realkredit A/S is 100% owned by Jyske Bank A/S.

Jyske Realkredit's related parties comprise:

- the parent company, Jyske Bank.
- subsidiaries and associates of Jyske Bank.
- Byggeriets Realkreditfonds Understøttelsesfond.
- Jyske Realkredit's Supervisory Board and Executive Board and the parent company's Supervisory Board and Executive Board and also their related parties.

Jyske Realkredit has, on an on-going basis transactions with a number of related parties, characterised as regular financial transactions and services of an operational nature.

Jyske Realkredit has concluded agreements on joint administrative tasks with the parent company, Jyske Bank A/S, and Byggeriets Realkreditfond's Understøttelsesfond.

Transactions between Jyske Realkredit and related parties were executed on an arm's length basis.

The management's remuneration is published on Jyske Realkredit's website, cf. Note 8.

45 Transactions involving related parties, cont.

The following transactions have been concluded with related parties:

	Interest income	Interest expenses ¹	Fees and commission exp.	Value adjustments	Other ordinary income	Employee and expenses
2023						
The parent company	217	632	956	119	-	336
Supervisory Board and Executive Board, etc.	1	-	-	-	-	8
Other related parties	0	2	-	7	0	0
Total	219	634	956	126	0	344
2022						
The parent company	1	111	1,174	-112	-	298
Supervisory Board and Executive Board, etc.	1	-	-	-	-	7
Other related parties	-	1	-	2	0	0
Total	1	113	1,174	-110	0	305

¹ Interest expenses to the parent amounted to DKK 632m in 2023 (2022: DKK 111m). In this is recognised 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. Hence, the total interest expense for the funding of mortgage loans will be recognised as a whole under interest expenses, see note 5. In this connection, interest expenses from swaps in the amount of DKK 436m from the parent was in 2023 recognised under other interest expenses as opposed to interest income of DKK 4m in 2022.

Jyske Realkredit did not distribute dividend to the parent company Jyske Bank A/S neither in 2022 nor in 2023.

The following outstanding balances with related parties existed at year-end:

	Due from credit institutions etc.	Loans at fair value	Other assets	Due to credit institutions etc.	Issued bonds at fair value	Issued bonds at amortised cost	Other liabilities, etc.
2023							
The parent company	952	-	543	57	6,034	750	1,033
Supervisory Board and Executive Board, etc.	-	48	-	-	-	-	-
Other related parties	-	-	-	-	131	-	1
Total	952	48	543	57	6,165	750	1,033
2022							
The parent company	762	-	709	368	5,372	750	2,988
Supervisory Board and Executive Board, etc.	-	54	-	-	-	-	-
Other related parties	-	-	-	-	72	-	1
Total	762	54	709	368	5,444	750	2,988

Supervisory Board and Executive Board, etc. comprise Jyske Realkredit's Supervisory Board and Executive Board as well as the Supervisory Board and Executive Board of the parent company Jyske Bank and their related parties.

In 2023, Jyske Realkredit bought loans in the amount of DKK 4,057m from the parent Jyske Bank (2022: DKK 4,766m).

In December 2022, the Jyske Bank Group acquired Svenska Handelsbanken's Danish activities. In this connection, Jyske Realkredit took over loans in a nominal amount of DKK 24.3bn.

Under 'other liabilities etc.', the outstanding purchase price relating to loans acquired from Handelsbanken was in 2022 recognised at DKK 1,498m. The amount is recognised as debt to Jyske Bank A/S, as the settlement with Handelsbanken AB took place with a total amount for the Group through Jyske Bank A/S.

In 2023, a joint taxation contribution in the amount of DKK 555m was paid to companies in the Jyske Bank Group (2022: DKK 283m).

Jyske Realkredit did not grant mortgage loans to Jyske Bank in 2022 and 2023.

Jyske Realkredit has granted mortgage loans to members of its Supervisory Board and the Executive Board and their related parties with an outstanding loan balance of DKK 13m as at 31 December 2023 (2022: DKK 17m). All the loans have been granted on normal business terms. Floating-rate loans amounted to DKK 8m (2022: DKK 8m) at a carrying interest of 0.54% to 5.60%, and fixed-rate loans amounted to DKK 4m (2022: DKK 9m), carrying interest at 4.00%.

Jyske Realkredit has granted mortgage loans to members of Jyske Bank's Supervisory Board and Executive Board (exclusive of the members of Jyske Realkredit's Supervisory Board) and their related parties with an outstanding loan balance of DKK 35m at 31 December 2023 (2022: DKK 37m). All the loans have been granted on normal business terms. Floating-rate loans amounted to DKK 35m (2022: DKK 35m) at a carrying interest of -0.15% to 4.59%, and fixed-rate loans amounted to DKK 0m (2022: DKK 1m).

Jyske Realkredit has not provided guarantees to its Supervisory Board and Executive Board, the parent company Jyske Bank's Supervisory Board and Executive Board or their related parties.

	2023	2022
46 Loan portfolio by EPC (%)		
EPC A	22.8	20.3
EPC B	9.9	8.9
EPC C	28.5	27.5
EPC D	19.7	22.2
EPC E	8.1	9.5
EPC F	4.0	4.4
EPC G	2.7	3.0
No emission/no data	4.3	4.0
Total	100.0	100.0

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

47 Estimated CO₂e emission relating to Jyske Realkredit's loans

Loan type	2023		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	96,039	12.1	107,068	13.8
Subsidised housing	24,931	5.4	28,955	6.4
Cooperative housing	4,054	6.1	4,667	7.1
Residential rental properties	20,833	5.6	22,718	6.4
Office and commercial properties	37,321	11.0	41,659	12.4
Others	14,329	8.3	13,894	8.6
Total	197,507	8.5	218,961	9.8

48 Loans supporting the UN Sustainable Development Goals

Loan type	FN SDG	2023		2022	
		Loans (DKKkm)	Proportion of total loans (%)	Loans (DKKkm)	Proportion of total loans (%)
Renewable Energy	7.2	3,029	0.8	1,391	0.4
Green buildings	7.3	116,437	31.2	100,461	27.5
Subsidised housing	11.3	24,210	6.5	27,563	7.5
Recycling	12.5	76	0.0	-	-
Total		143,752	38.5	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 considerably reduced through prevention, reduction, recycling and reuse.

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

Loan type	Criterion	2023		2022	
		Loans (DKKkm)	Proportion of total loans (%)	Loans (DKKkm)	Proportion of total loans (%)
Electricity from the sun	4.1	645	0.2	35	0.0
Electricity from the wind	4.3	710	0.2	854	0.2
Distribution of electricity	4.9	1,674	0.4	502	0.1
Ownership of existing buildings	7.7	96,254	25.8	85,386	23.4
Total		99,283	26.6	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.

Notes

50 Group overview

Jyske Realkredit did not have any subsidiaries in 2023 or 2022.

Parent company prepares consolidated financial statements

Jyske Realkredit A/S is a subsidiary 100% owned by Jyske Bank A/S, which is domiciled in Silkeborg.

Jyske Realkredit is included in the consolidated financial statements of the Jyske Bank Group, which are the largest and smallest consolidated financial statements in which the company is included.

51 Accounting policies

BASIS OF ACCOUNTING

The Annual Report of Jyske Realkredit has been prepared in accordance with the Danish Financial Business Act, including the Danish Executive Order on Financial Reports for Credit Institutions, Stockbrokers, etc., which is consistent with IFRS.

The financial statements are presented in Danish kroner (DKK), which is Jyske Realkredit's functional currency and presentation currency.

All figures in the financial statements are presented in millions of DKK rounded to zero decimal places. Grand totals in the financial statements are based on actual figures, which is the most correct method of calculation from a mathematical point of view. A control check to verify the correctness of the grand totals will in some cases result in a rounding difference, which indicates that the hidden decimals are not visible to the reader of the financial statements. Where figures stated in single inverted commas, '-', in the financial statements, the actual figure for the relevant accounting item is DKK 0.00, whereas '0' means that the figure for the item is between DKK 0.01 and DKK 499,999.99 and, therefore, has been rounded to '0'.

Measurement of mortgage loans, etc., own bond portfolio and issued mortgage bonds

Mortgage loans etc., own bond portfolio and issued mortgage bonds in Jyske Realkredit are recognised in the category of fair value recognized through the income statement according to the provisions of the Danish Executive Order on the Preparation of Financial Statements (corresponding to the exemption clause in IFRS 9 on accounting mismatch). This is so to avoid the accounting mismatch, which will arise if the above-mentioned financial assets and liabilities are recognised at amortised cost while at the same time continuous purchases and sales of own issued bonds take place, for instance in Jyske Realkredit's own securities portfolio.

No changes relative to last year were made in the accounting policies.

Future standards and interpretations

At the time of the publication of the Annual Report, no new rules or changes to rules under the Danish accounting legislation applicable to financial services companies have been proposed or adopted.

Accounting estimates

When preparing the annual report in accordance with generally accepted accounting principles, management needs to make estimates and set assumptions affecting the financial reporting. Management bases its estimate on experience and various other assumptions considered reasonable and relevant by management under the given circumstances. The management of Jyske Realkredit considers the following estimates and related assessments to be material to the preparation of the financial statements:

Loans at fair value

Mortgage lending is Jyske Realkredit's most important asset. Mortgage loans are measured at fair value, which is determined on the basis of the market price of the bonds as well as related derivatives issued to finance loans. Despite a difference in the credit risk of the mortgage loans and the issued bonds etc., the opinion is that the additional earnings on mortgage loans in the form of administration margins, etc. have been determined in an efficient market and hedge the higher credit risk in relation to the issued bonds, administrative expenses, capital adequacy costs and an appropriate profit. Consequently, management is of the opinion that the method applied gives a true and fair view.

In addition, for mortgage loans and other loans, adjustment takes place for credit risk (impairment charges), which is measured as described in the section on 'loans at fair value'. Loans with objective evidence of impairment (OEI) are subject to significant uncertainty as regards the value that the mortgaged property might fetch in the event of compulsory realisation, meaning that the impairment in such cases is subjectively estimated. Valuation of the mortgage includes an assessment of the value of the mortgaged properties, the realisable value of the claim, time-on-market expenses in an estimated settlement period and sales costs. Valuation is made by valuers specialised in assessing properties. In addition to the impairment charges calculated by models and individually determined, impairment charges based on management's estimates are recognised to allow for special risks of loss that have not yet been reflected in the registrations, including the rising interest-rate level, for instance. By nature, such management's additions are associated with significant uncertainty. "For a detailed description of the calculation of impairment charges, please see the section on "loans at fair value".

Assets held temporarily

Assets held temporarily comprise properties that have been acquired through foreclosure and which Jyske Realkredit actively endeavours to sell. There is significant uncertainty about the value the properties might fetch in the event of a sale, as the valuation of such assets is subjectively estimated, see the description under the section on 'loans at fair value' above.

Notes

51 Accounting Policies, cont.

Intra-group transactions

Transactions between Jyske Realkredit and companies which are directly or indirectly affiliated to Jyske Realkredit are settled according to written guidelines on an arm's length basis or at cost.

Foreign currency transactions

Transactions in currencies other than Danish kroner are translated at the official exchange rates on the day of the transactions.

Gains and losses arising from the translation of balance sheet items in foreign currencies are translated into Danish kroner at the official rates of exchange on the balance sheet date.

All currency translation adjustments are recognised in the income statement.

Offsetting

Assets and liabilities are offset when Jyske Realkredit has a legal right to offset the recognised amounts and also intends to net or realise the asset and settle the liability at the same time.

Financial instruments

Financial instruments and issued bonds comprise demand deposits with central banks, receivables from credit institutions and central banks, loans at fair value, bonds at fair value, shares, derivatives, debt to credit institutions and central banks.

Financial instruments are recognised either at the trade date or at the settlement date. When recognition takes place at the trade date, recognition is subsequently said to have taken place according to the trade date approach. When recognition takes place at the settlement date, recognition is subsequently said to have taken place according to the settlement approach.

Recognition of financial instruments ceases when the right to receive or deliver cash flows from the financial instrument has expired, or if the financial instrument has been transferred, and Jyske Realkredit has essentially transferred all risks and returns associated with the ownership.

Financial instruments are measured at fair value or amortised cost.

Fair value means the amount at which an asset can be sold or a liability transferred at in a transaction between informed, willing and mutually independent parties. The publicly available market price is used for financial instruments traded in a marketplace. Different accepted valuation methods, depending on the type of instrument, are used for financial instruments that are not traded in a market-place. The valuation of fixed-income instruments is based on The zero-coupon yield curve at The balance sheet date.

Amortised cost means the amount at which a financial asset or a financial liability is measured for the first time, less principal payments and plus or less accumulated amortisation by application of the effective interest method to any premium or discount.

Loans acquired from Handelsbanken

Jyske Realkredit's acquisition of loans from Handelsbanken in 2022 was not considered a company acquisition as only a group of uniform loans was acquired. Therefore, loans acquired from Handelsbanken were in the financial statements considered an inflow of new loans.

Tax

Jyske Realkredit A/S is assessed for Danish tax purposes jointly with Jyske Bank A/S and its Danish subsidiaries. Full intercompany allocation of tax takes place, and tax is allocated between the individual companies on a pro-rata basis. Domestic tax is paid in accordance with the Danish tax prepayment scheme.

The calculated tax on profit or loss for the year is charged to the income statement. The following elements are recognised in tax on profit or loss for the year:

- Current tax on taxable income for the year.
- Changes in all timing differences between accounting and taxation treatment (deferred tax).
- Changes in deferred tax due to a change to the corporation tax rate.
- Any difference between the amount of tax actually paid and calculated tax for prior years.

Deferred tax is recognised in respect of all timing differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is measured on the basis of the statutory tax rules and tax rates that apply on the balance sheet date and when the deferred tax liability is expected to crystallise as current tax.

Changes in deferred tax as a result of changed tax rates are recognised in the income statement.

Deferred tax linked to items recognised as an expense or income, other comprehensive income is recognised in other comprehensive income.

Deferred tax assets and liabilities are offset where attributable to tax levied by the same tax authority, and where it is the intention of the Jyske Bank Group to net its current tax assets and liabilities.

51 Accounting Policies, cont.

BALANCE SHEET
Demand deposits at central banks and amounts due from credit institutions and central banks

Demand deposits at central banks, money market investments (deposits) and demand deposits with credit institutions are measured on initial recognition at fair value plus directly attributable transaction costs less fees and commissions received which are directly associated with the amount due. Subsequently, money market investments (deposits) and demand deposits with credit institutions are measured at amortised cost in accordance with the effective interest method.

The item also includes reverse transactions in the form of securities purchased, where, at the time of the purchase, a sell-back at a specific price at a later time is agreed.

Furthermore, the item includes margins receivable in connection with financial instruments where the counterparty is a credit institution.

Loans at fair value

Mortgage loans are recognised according to the trade date approach and classified as 'loans at fair value'. Mortgage loans are measured at fair value on initial and subsequent recognition through the income statement. Index-linked loans are measured on the basis of the index value at the end of the year. The loan is initially computed at a market value which is generally measured at prices of the underlying issued bonds quoted on a recognised stock exchange. If no market price is available for the past 5 business days, a calculated price based on the official market rate will be applied to determine the value. If derivatives are part of the funding of the mortgage loans, the value of these will be integrated in the valuation of the loans.

The market value is subsequently reduced by a calculated credit impairment charge to find the fair value. This impairment charge for loans at fair value is calculated according to the same principles that apply to impairments of loans at amortised cost. The impairment charges at Jyske Realkredit are calculated by a joint impairment model used in the Jyske Bank Group.

Other loans related to mortgage operations are measured at fair value on the initial and subsequent recognition through the income statement.

Stages for development of credit risk

The Jyske Bank Group's impairment model is based on calculations of expected losses where the loans are divided into four stages depending on the individual loan's credit impairment relative to the initial recognition:

1. Loans with no significant increase in credit risk
2. Loans with significant increase in credit risk
3. Credit-impaired loans
4. Loans that were credit-impaired at first recognition.

For loans in stage 1, impairment charges corresponding to the expected loss over the following 12 months are recognised, while for loans in stages 2 and 3, impairment charges corresponding to expected losses over the remaining life of the exposures are recognised. Loans that were credit-impaired at first recognitions are, with respect to impairment charges, ranked in stages 1, 2, or 3 according to a principle corresponding to the one attributed to the loan on the balance sheet date, while the loan and the impairment are reported under the category "Loans that were credit-impaired at first recognition".

At the initial recognition, the individual loans are generally placed in stage 1, which means that impairment charges corresponding to the expected losses over the following 12 months are recognised.

Loans with a very low probability of default (PD below 0.2%) and without any other indications of significant increases in the credit risk are considered having a low credit risk and are placed in stage 1 regardless of the probability of default since the initial recognition.

Assessment of whether the credit risk has increased for individual loans and advances, the ranking of loans and advances into stages and the determination of expected losses take place on an on-going basis.

The ranking in the various stages will affect the calculation method applied, and it is determined, among other things, on the basis of the change in the probability of default (PD) over the expected remaining life of the loans. Loans and advances in stage 3 are considered credit-impaired and are classified with risk code 2 or 3, as, under the most likely scenario, a loss is expected.

The risk classification concepts are applied generally in the Jyske Bank Group's risk reports, and there are only minor differences between the Jyske Bank Group's accounting definition of credit-impaired loans (stage 3), the use of the default definition and the definition of non-performing. As the Jyske Bank Group has aligned the entry criteria for stage 3 default and non-performing, only the different exit criteria and quarantine periods associated with the individual risk classification concepts constitute the difference. The concepts of default and non-performing are used in the Jyske Bank Group's capital statement and in its reporting to the authorities.

See note 34 for detailed descriptions of default, credit deterioration and risk classifications used.

Notes

51 Accounting Policies, cont.

Assessment of changes in credit risk

Assessment of whether any significant increase in credit risk has taken place since the first recognition is based on the following circumstances:

- a) An increase in the PD for the expected remaining life of the financial asset by 100% and an increase in the 12-month PD by 0.5 percentage point when, at the initial recognition, the 12-month PD was below 1.0%.
- b) An increase in the PD for the expected remaining life of the financial asset by 100% or an increase in the 12-month PD by 2.0 percentage points when, at the first recognition, the 12-month PD was 1.0% or above.
- c) Loans in arrears by 30 days or more.
- d) The account manager's risk assessment (risk classification), which among other things is based on an assessment of the client's ability and will to honour his payment obligations, possible arrears and/or changes to the initial assumptions on which the client relationship rests

Clients for which the credit risk has increased significantly and with a probability of default (PD above 5%) will be placed in the weak part of stage 2. If the Jyske Bank Group's most likely scenario points to losses, the client is considered credit-impaired and will be by probable bankruptcy. A client is in considerable financial difficulties when, due to changes in its earnings, cash flow or capital/net assets, the most likely scenario assumes that the client cannot meet its obligations to the Jyske Bank Group. In addition, a client may be in considerable financial difficulties if other negative information implies that the Jyske Bank Group or other creditors must expect losses.

Hence, the Jyske Bank Group's most important credit management tools are used directly in the segmentation and the determination of the expected future credit loss. Please see note 34 on risk classification, credit rating process and monitoring.

Statement of expected credit loss

The expected future credit loss is calculated on the basis of the probability of default (PD), the exposure at default (EaD) and the loss given default (LGD). These parameters rest on the Jyske Bank Group's advanced IRB set-up, which is based on the Group's experience. Advanced quantitative credit models are applied to all clients in stages 1 and 2 for which there is no evidence of credit impairment. of loss history and early repayment, among other things. These parameters are adjusted to the Danish accounting rules/ IFRS 9 in a number of specific areas. The purpose of the adjustments is to ensure that the parameters reflect a true and fair picture, which comprises available information and expectations of the future, including the Group's expectations of the real economy trends in GDP, unemployment, house prices, etc. Hence the parameters are adjusted to cover a longer time horizon. The projection allows for client-specific circumstances such as client segment, credit rating, industry, etc.

For most loans in stages 2 and 3, the expected time to maturity is limited to the contractual time to maturity. However, for mortgage loans, allowances are made for expected early repayment. If a loan is secured in full in all scenarios, the impairment charge will generally be zero. This will typically be the case with exposures with a high overcollateralisation and/or fixed-value collaterals such as real property.

The assessment of the indication of impairment for the weakest exposures in stages 2 and 3 is based on individual expert assessments of the probability-weighted expected loss. In connection with the most important loans, an individual assessment of the scenarios are made, including definition of cash flows, security values and scenario probability. At the individual assessment, up to 13 scenarios are applied.

Write-offs

Loans are written off as a loss when there are no reasonable prospects of collecting the debt. Indications of this are, for instance bankruptcy and debt rescheduling. Jyske Realkredit still seeks to collect debts even if they are written off as losses.

Impairment charges determined in this manner are deducted from the respective asset items whereas the shifts in impairment charges over the year and losses realised over the year are charged to the income statement.

Bonds at fair value

All listed bonds and other claims priced in active markets are recognised under bonds at fair value the exception being own mortgage bonds, which are set off against the item under equity and liabilities 'issued bonds at fair value'. Recognition takes place according to the settlement approach.

The bonds are measured at fair value on initial and subsequent recognition through the income statement. The fair value is generally measured at prices of the underlying issued bonds quoted on a recognised stock exchange. If no market price is available for the past 5 business days, a calculated price based on the official market rate will be applied to determine the value. The calculated price is received from SIX Financial Information.

Bonds drawn for redemption and repayable immediately after the financial year end are measured at par.

Index-linked bonds are measured at index values on 31 December.

Notes

51 Accounting Policies, cont.

Shares, etc.

All shares are recognised according to the settlement approach.

Shares are measured at fair value on initial and subsequent recognition through the income statement.

Currently Jyske Realkredit's shareholding consists only of unlisted shares. Unlisted shares are recognised at an estimated fair value on the basis of the available accounting or expected cash flows, etc. of the issuer in question or at management's best estimate.

Assets held temporarily

Assets held temporarily primarily comprise properties acquired through foreclosure, etc. that are only held temporarily by Jyske Realkredit and where a sale is very likely.

Properties held temporarily are recognised at the lower of fair value less costs of sale and the carrying amount

Liabilities relating to the assets in question are presented in the balance sheet as liabilities relating to assets held temporarily.

Other assets

Interest receivable and balances with clients in connection with loan applications in process etc. are recognised in other assets. These assets are measured at amortised cost.

The item also includes positive market values of fixed-rate agreements with clients and derivatives (swap transactions, etc.), which are measured at fair value through the income statement on the initial and subsequent recognition.

Due to credit institutions and central banks

Money market loans and other debt due to credit institutions are on initial recognition measured at fair value equal to payments received less directly attributable transaction costs incurred. Subsequently, they are measured at amortised cost according to the effective interest method.

The item also includes repo transactions in the form of securities sold, where, at the time of the sale, a buy-back at a specific price at a later time is agreed. The amount received is recognised as due to credit institutions and central banks, whereas the 'lent' securities remain recognised in the balance sheet.

Issued bonds at fair value

Issued mortgage bonds are recognised according to the settlement approach and measured at fair value through the income statement (inclusive of the fair value adjustment of own credit risk) on initial and subsequent recognition. As mentioned above, recognition at fair value through the income statement is made to avoid the accounting mismatch, which will arise if mortgage loans and the issued mortgage bonds are recognised at amortised cost while at the same time continuous purchases and sales of own issued bonds take place, for instance in Jyske Realkredit's own securities portfolio.

The fair value is generally measured at prices of the underlying issued bonds quoted on a recognised stock exchange. If no market price is available for the past 5 business days, a calculated price based on the official market rate will be applied to determine the value. The calculated price is received from SIX Financial Information. Mortgage bonds drawn for redemption and repayable immediately after the financial year end are measured at par.

Issued index-linked bonds are measured at index values on 31 December.

The portfolio of own mortgage bonds is deducted.

Issued bonds at amortised cost

Issued senior debt is on the initial recognition measured according to the settlement approach at fair value equal to payments received less directly attributable transaction costs incurred. Subsequently, the senior debt is measured at amortised cost according to the effective interest method.

Other liabilities

Interest payable and balances in connection with loan applications in process are recognised in other liabilities. These liabilities are measured at amortised cost.

Negative bond portfolios (bonds received as collateral for a reverse transaction and sold) are also recognised. These negative portfolios, which equal the repurchase obligation, are recognised according to the settlement approach and measured at fair value on initial and subsequent recognition.

The item also includes negative market values of derivatives (swap transactions, etc.), which are measured at fair value through the income statement on the initial and subsequent recognition.

Finally, liabilities relating to assets held temporarily are recognised.

Notes

51 Accounting Policies, cont.

Provisions

Provisions are recognised when as a result of an event occurred on or before the balance sheet date a legal or factual obligation exists, and it is probable that an outflow of economic benefits will be required to settle the obligation, and that a reliable estimate of the liability can be made. Provisions for debt expected to be payable later than 12 months after the balance sheet date are measured at present value, if this is considered of material importance, otherwise at cost.

Provisions are measured at management's best estimate of the amount which is expected to be required to settle the liability.

Equity

Share capital is classified as equity where there is no obligation to transfer cash or other assets. A proposed dividend is recognised as a liability when the motion has been approved at the Annual General Meeting. Dividend for the year is stated separately under equity.

Share premium comprises amounts paid as share premium when subscribing for the shares.

Reserves in series relate to capital set aside to meet the capital requirement in 'Series not subject to reimbursement/repayment obligation'.

INCOME STATEMENT

Income is recognised in the income statement as earned. This includes recognition of value adjustments of financial assets and liabilities measured at fair value through the income statement. All costs and expenses incurred to generate earnings for the year are also recognised in the income statement.

Interest income and interest expenses

All interest and interest-like items that are determined according to the effective interest method are recognised in interest income and interest expenses. All interest income and expenses as well as administrative contributions are recognised on an accruals basis, i.e. taken to the income statement for the financial year to which they relate.

Interest on mortgage loans and issued mortgage bonds that are governed by the specific balance principle is recognised at the nominal rate of interest on the outstanding bond debt.

Interest on mortgage loans, issued mortgage bonds and relating derivatives that are governed by the general balance principle is recognised at the yield to maturity. Interest relating to the related derivatives is presented together with the interest on the issued mortgage bonds so that the net interest expenses on these are recognised as a whole under Interest expenses.

Negative interest income is recognised under interest expenses, while negative interest expenses are recognised under Interest income. In the notes to 'interest income' and 'interest expenses', negative interest is initially recognised under the original note item and is then transferred net between 'interest income' and 'interest expenses' at the bottom of the notes.

Dividends, etc.

Dividends on investments in shares are recognised as income in the income statement in the financial year in which the dividends are declared.

Fees and commission income

Income from fees, charges and commissions and expenses from fees and charges are recognised in the income statement as paid. Fees, charges, etc. that are part of transaction costs in connection with financial assets and financial liabilities, which are measured at amortised cost, are included in the calculation by application of the effective interest method.

Value adjustments

Value adjustments comprise realised and unrealised value adjustments of loans at fair value, bonds at fair value and issued bonds at fair value. Moreover, currency translation adjustment and realised and unrealised gains and losses regarding financial derivatives are included.

Exceptions are value adjustment of credit risk on loans recognised in the income statement under Loan impairment charges and provisions for guarantees!

Other operating income

Other operating income includes the administration fee for Byggeriets Realkreditfond Understøttelsesfond.

Employee and administrative expenses

All payroll costs as well as expenses for administration, sales activities, etc., including expenses resulting from intra-group service agreements, are included in 'employee and administrative expenses'.

Other operating expenses

Other operating expenses include contributions to the Resolution Fund.

Loan impairment charges and provisions for guarantees

Value adjustments of loans, etc. that can be attributed to changes in the credit risk of the loan as well as recognised losses are recognised under loan impairment charges and provisions for guarantees. Here also recoveries of claims previously written off as well as value adjustments of properties acquired through foreclosure are recognised.

Notes

51 Accounting Policies, cont.

Notes 46-49 on sustainability

EPC distributions

The table with Energy Performance Certificate (EPC) shows the EPC distribution for properties financed by Jyske Realkredit. The Energy Performance Certificates (EPCs) are distributed on the categories A - G as well as loans without any energy consumption, such as parking garages and wind turbines. For properties with a valid EPC, the entire loan is categorised under the EPC in question. For properties without a valid EPC, an EPC is estimated based on the year of construction, source of heating, type of building and geographical area of the property. Estimation of EPC is based on data for valid EPCs for all properties in Denmark.

EPCs for properties are obtained from the Danish Energy Agency's database, while other building-specific data are obtained from the Danish Building and Housing Register (BBR).

CO₂e emission

The method is in line with Finance Denmark's CO₂ model section 7 Mortgage loans (loans secured against real property).

Generally, the determination of CO₂e emission can be divided into three scopes:

- Scope 1 - direct CO₂e emissions from activity, such as CO₂ emission from vehicles being operated.
- Scope 2 - indirect CO₂e emissions from activity, such as consumption of electricity where the CO₂ emissions take place when the electricity is produced.
- Scope 3 - indirect CO₂e emissions financed by a company, yet originating from activities not owned or controlled by the company.

The ratios describe the scope 1 and scope 2 CO₂e emissions for the properties financed by Jyske Realkredit. Hence, Jyske Realkredit's own emissions are not included in the determinations.

Based on a property's actual Energy Performance Certificate or an estimate of this, a building's annual energy consumption for heating is calculated. This is combined with the source of heating of the property and the CO₂e emissions associated with the consumption of one unit of energy. This is calculated on the basis of emission factors based on the annual energy report from the Danish Energy Agency.

The CO₂e emissions financed by Jyske Realkredit are calculated by weighing the total emission from the property in relation to the loan-to-value ratio calculated on the basis of property value and mortgage loans at 31 December. The determination of kg CO₂e/m² is based on the consumption of the entire property.

Since there is no EPC requirement for vacation homes in connection with for instance sales, all properties are given a fixed CO₂e emission. This emission is based on data from the Danish Energy Agency and Statens Byggeforskningsinstitut.

No CO₂e emissions are offset when Jyske Realkredit finances production of renewable energy. Renewable energy is included in the determination with CO₂e emissions of zero, as no direct energy consumption will take place for the building (for instance a wind turbine).

UN Sustainable Development Goals

Jyske Realkredit states the part of its loan portfolio that supports one or more of the 17 UN Sustainable Development Goals. The definition of green loans supporting the UN Sustainable Development Goals is given in Jyske Bank Green Finance Framework (jyskebank.dk/gff). Sustainalytics has given an external 2nd party opinion on the Jyske Bank Group's framework and confirmed those of the UN Sustainable Development Goals that are supported by the loans. Loans supporting the UN Sustainable Development Goals are mainly loans for the subsidised housing sector.

- Renewable energy - 7.2. By 2030, the proportion of renewable energy in the global energy mix must be increased significantly.
- Green buildings - 7.3 By 2030, the global pace for the improvement of energy efficiency must be doubled.
- Subsidised housing - 11.3. By 2030, urban development must be more inclusive and sustainable.
- Reuse - 12.5. By 2030, the amount of waste must be reduced considerably through prevention, reduction, reuse and recycling.

Technical screening criteria of the EU taxonomy regulation's targets to counter climate changes

Jyske Realkredit states the proportion of the loans that meet the technical screening criteria of the EU taxonomy regulation's targets to counter climate changes (2021) compared to the total loans of Jyske Realkredit.

The statement does not consider whether the loans meet the 'Do No Significant Harm' (DNSH) criteria under targets to counter climate changes. The statement includes loans for private properties and buildings owned by companies (both for NFRD and non-NFRD companies). The loans included in the calculation are all for buildings, plants and properties established. The statement is based on actual data and not on estimates.

Notes

51 Accounting Policies, cont.

The following activities from the EU taxonomy regulation's targets to counter climate changes are financed:

- Electricity from the sun (4.2) - Production plants for the production of electricity from solar energy.
- Electricity from wind (4.3) - Production plants for the production of electricity from wind power.
- Transmission and distribution of electricity (4.9) - Electricity grids for distribution of electric power that meet the following criteria:
 - Electricity grids that form part of the central European electricity network.
 - More than 67% of the newly connected production in the electricity grid are produced with an emission below 100 gCO₂e/kWh.
- Ownership of existing buildings (7.7) - Properties that meet the following criteria:
 - Properties built after 2021 for which the primary energy consumption is at least 10% lower than NZEB in Denmark. The NZEB requirements in Denmark correspond to the upper limit of the Energy Performance Certificate A2015.
 - Properties larger than 5,000 m² built between 2021 and 2023 are excluded from the statement.
 - Properties that are built before 2021 with the Energy Performance Certificate A (A2010, A2015, A2020) or that are part of the 15% most energy-efficient properties in terms of primary energy demand (please see jyskerealkredit.dk for a definition of 'Top 15%').
 - Commercial properties built before 2018 with no residential use are excluded from the statement.

OTHER REMARKS

Comprehensive income

Comprehensive income comprises the profit or loss for the year plus other comprehensive income.

Alternative performance targets

The information relating to the alternative performance targets of Jyske Realkredit were prepared in accordance with Jyske Realkredit's internal reporting. The presentation of the performance targets is based on the on-going reporting to Jyske Realkredit's management and thus the principles used in the internal financial planning and control. The distribution reflects performance and risks at Jyske Realkredit. The distribution of costs and expenses between the performance targets is based on a qualified estimate.

Since Jyske Realkredit only operates in Denmark (inclusive of the Faroe Islands), no geographical segmentation has been made.

Publication

The Annual Report is published in the XHTML format in accordance with the Commission Delegated Regulation (EU) 2019/815 with regard to the single electronic reporting format (ESEF regulation).

Notes

52 Definition of financial ratios

Financial ratios and key figures	Definition
Capital ratio (%)	Capital base divided by weighted risk exposure
Tier 1 Capital ratio (%)	Tier 1 Capital after deductions divided by weighted risk exposure.
Common Equity Tier 1 capital ratio (%)	Tier 1 Capital after deductions divided by weighted risk exposure.
Pre-tax profit as a percentage of average equity	Pre-tax profit divided by average equity during the year
Net profit as a percentage of average equity	Net profit divided by average equity during the year
Income/cost ratio (%)	Income divided by expenses inclusive of loan impairment charges and provisions for loss on guarantees
Currency position (%)	Currency exposure indicator 1 at year-end divided by core capital after deductions at year-end
Accumulated impairment ratio (%)	Total of loan impairment charges and provisions for loss on guarantees at year-end divided by total loans, advances, guarantees, provisions and impairment charges at year-end Discount for acquired loans and advances is not included.
Impairment ratio for the year (%)	The year's loan impairments charges and provisions for loss on guarantees divided by total loans, advances, guarantees, provisions and impairment charges at year-end
Increase in loans for the year (%)	The increase in loans divided by opening loans.
Loans relative to equity	Loans at year-end divided by equity at year-end
Return on capital employed	Net profit for the year divided by total assets

The above financial ratios are used in note 1 and are based on the definitions and guidelines laid down by the Danish Financial Supervisory Authority.

Summary of series financial statements

DKKm

53 Summary of series financial statements

The series financial statements of Jyske Realkredit have been prepared in compliance with the FSA's Order of 20 November 1995 on series financial statements of mortgage credit institution. The series financial statements have been summarised below at 'association level', cf. section 30(3) of the Order.

The summary and the transfers between the series have been prepared in compliance with the Supervisory Board's proposal for distribution of net profit. The full and complete series financial statements are available from Jyske Realkredit on demand.

Summary of series financial statements is unaudited.

Summary of series financial statements	Husejernes Kreditkasse	Jyske Realkredit series with joint and several liability	Jyske Realkredit Capital Centre B	Jyske Realkredit Capital Centre E	Jyske Realkredit Capital Centre S	General Capital Centre	Total
2023							
Income statement for the financial year							
Income from lending	0	10	18	1,853	122	8	2,011
Interest, etc. net	0	2	116	1,718	65	56	1,957
Administrative expenses, etc. net	0	1	74	1,100	96	36	1,307
Loan impairment charges and provisions (- is income)	0	3	46	-58	-0	-2	-12
Tax (- is income)	0	2	3	608	22	7	643
Profit	0	6	11	1,921	70	23	2,030
Balance sheet at 31 December							
Assets ¹							
Mortgage loans, etc.	6	6,228	13,153	300,212	29,065	4,265	352,929
Other assets	1	254	1,779	52,174	1,416	1,589	57,213
Total assets	7	6,482	14,932	352,385	30,481	5,854	410,141
Equity and liabilities							
Issued mortgage bonds, etc.	7	6,422	13,443	328,827	29,503	5,127	383,329
Other liabilities	0	42	96	2,254	196	37	2,624
Equity	0	18	1,393	21,305	782	689	24,189
Total equity and liabilities	7	6,482	14,932	352,385	30,481	5,854	410,141
¹ The difference between the total assets in the series financial statements and Jyske Realkredit can be specified in this way:							
Assets in the financial statements							383,021
Assets in series financial statements							410,141
Difference							-27,120
The difference is due to:							
Offsetting of own issued mortgage bonds - note 22							-26,872
Offsetting of interest receivable on own issued bonds							-248
Total							-27,120

Summary of series financial statements

DKKm

Summary of series financial statements	Husejernes Kreditkasse	Jyske Realkredit series with joint and several liability	Jyske Realkredit Capital Centre B	Jyske Realkredit Capital Centre E	Jyske Realkredit Capital Centre S	General Capital Centre	Total
2022							
Income statement for the financial year							
Income from lending	0	10	21	1,873	116	8	2,029
Interest, etc. net	0	1	54	737	9	45	846
Administrative expenses, etc. net	0	2	87	1,180	64	72	1,404
Loan impairment charges and provisions (- is income)	0	2	19	-296	0	3	-272
Tax (- is income)	0	2	-7	379	13	-5	383
Profit	0	6	-24	1,348	48	-17	1,361
Balance sheet at 31 December							
Assets ¹							
Mortgage loans, etc.	7	6,567	15,588	279,729	27,075	4,482	333,448
Other assets	1	350	2,060	38,653	1,546	1,623	44,233
Total assets	8	6,917	17,648	318,382	28,621	6,105	377,681
Equity and liabilities							
Issued mortgage bonds, etc.	8	6,792	16,010	294,409	27,485	5,366	350,070
Other liabilities	0	102	255	4,589	424	83	5,452
Equity	0	22	1,383	19,384	713	656	22,159
Total equity and liabilities	8	6,917	17,648	318,382	28,621	6,105	377,681
¹ The difference between the total assets in the series financial statements and Jyske Realkredit can be specified in this way:							
Assets in the financial statements							359,621
Assets in series financial statements							377,681
Difference							-18,060
The difference is due to:							
Offsetting of own issued mortgage bonds - note 22							-17,926
Offsetting of interest receivable on own issued bonds							-134
Total							-18,060

Statement by the Management and Supervisory Boards on the Annual Report

The Supervisory Board and the Executive Board have today considered and approved the 2023 Annual Report of Jyske Realkredit A/S.

The financial statements and the Management's Review for Jyske Realkredit A/S have been prepared in accordance with the requirements of the law, including the Danish Financial Business Act. Furthermore, the Annual Report was prepared in accordance with the additional Danish disclosure requirements for financial reports of issuers of listed bonds.

In our opinion, the financial statements give a true and fair view of the company's financial position on 31 December 2023 and of its financial performance for the financial year 1 January to 31 December 2023.

In our opinion, the Management's Review gives a fair presentation of the development in the company's performance and financial position as well as a description of the most material risks and elements of uncertainty that may affect the company.

In our opinion, the annual report for the financial year 1 January – 31 December 2023, with the file name 'Jyske Realkredit-2023-12-31.xhtml', has been prepared, in all material respects, in compliance with the ESEF Regulation.

The Annual Report is recommended for adoption at the Annual General Meeting.

Kgs. Lyngby, 27 February 2024

Executive Board

Carsten Tirsbæk Madsen
Managing 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
Employee Representative

Steen Brastrup Clasen
Employee Representative

Independent Auditors' Report

To the shareholder of Jyske Realkredit A/S

Auditor's report on the financial statements

Audit opinion

We have audited the financial statements of Jyske Realkredit A/S for the financial year 1 January – 31 December 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including information on accounting policies. The financial statements are prepared in accordance with the Danish Financial Business Act, and additional Danish disclosure requirements for issuers of listed bonds.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for issuers of listed bonds.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of Jyske Realkredit A/S on 24 March 2020 for the financial year 2020. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 4 years up until the financial year 2023.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2023. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the below key audit matters. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Key audit matters

Measurement of loans

A material part of the Company's assets consists of loans, which are associated with risks of loss in event of the client's inability to pay.

The Company's total loans amounted to DKK 352,663m at 31 December 2023 (DKK 333,728m at 31 December 2022) and provisions for credit losses on loans amounted to DKK 1,441m at 31 December 2023 (DKK 1,384m at 31 December 2022).

We consider the measurement of loans and provisions for credit losses a key audit matter as the measurement of expected losses involves management judgement and is subject to significant uncertainty. This concerns in particular the determination of probability of default, staging assessment and an assessment of indications of credit impairment, realizable value of collateral received as well as the customer's ability to pay in case of default.

Major exposures and high risk exposures are assessed individually, whereas minor exposures and low risk exposures are stated on the basis of models for expected credit losses where methods and assumptions used to state the expected credit loss are based on management estimates. The Company recognizes additional impairment losses based on management estimates in situations where the model-calculated and individually assessed impairment losses are not yet assessed to reflect a specific loss risk.

Reference is made to the accounting policies and notes 10, 34 and 51 to the financial statements for a description of the Company's credit risks, uncertainties and estimates where circumstances that may affect the statement of expected credit losses are described.

How our audit addressed the key audit matter

Based on our risk assessment and knowledge of the industry, we performed the below audit procedures regarding measurement of lending:

- Assessment of the Company's methods for stating expected credit losses, including an assessment as to whether methods applied for model-based and individual statements of expected credit losses comply with the accounting rules.
- Test of the Company's procedures and internal controls among others relating to the monitoring of exposures, stating assessment, recording of indications of credit impairment and recording and valuation of values of collaterals.
- Sample testing among the largest and most risky exposures, including credit-impaired exposures, for i.a. correct risk classification and identification of objective evidence of credit impairment as well as test of the methods applied, values of security and future cash flows in impairment calculations.
- For model-calculated impairments, we tested completeness and accuracy of input data, determination of model assumptions, adjustment for expectations of future financial conditions, the models' calculations of expected credit losses and the Company's validation of models and methods for the statement of expected credit losses.
- For management overlays to the individual and model-calculated impairments, we assessed whether the methods applied are relevant and suitable and assessed and tested the Company's basis for assumptions used and whether they are fair and well-founded compared to relevant bases of comparison.

We also assessed whether the note disclosures related to exposures, impairment losses and credit risks comply with the relevant accounting rules and tested the figures included (notes 10, 14,15 and 34).

Statement on the Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the requirements of the relevant legislation.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the relevant legislation. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Business Act and additional Danish disclosure requirements for issuers of listed bonds.

Moreover, Management is responsible for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards or actions taken to eliminate those threats.

Based on the matters communicated to those charged with governance, we determine which matters were of most importance in our audit of the financial statements for the current period and therefore are key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure.

Report on compliance with the ESEF Regulation

As part of our audit of the financial statements of Jyske Realkredit A/S, we performed procedures to express an opinion as to whether the annual report for the financial year 1 January – 31 December 2023, with the file name 'Jyske Realkredit-2023-12-31.xhtml', is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of an annual report in XHTML format.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes preparing an annual report in XHTML format.

Our responsibility is to obtain reasonable assurance as to whether the annual report has been prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained and to express an opinion. The procedures include testing whether the annual report has been prepared in XHTML format.

In our opinion, the annual report for the financial year 1 January – 31 December 2023, with the file name 'Jyske Realkredit-2023-12-31.xhtml', has been prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 27. February 2024
EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Lars Rhod Søndergaard
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