

Jyske Bank / Jyske Realkredit

Issuer View • 26. January 2024

Authors: Dr Frederik Kunze // Lukas Kühne

Ratings

Jyske Bank A/S

	Rating	Outlook
Fitch	-	-
Moody's*	A2	Stable
S&P	A+	Stable

Homepage

www.jyskebank.com

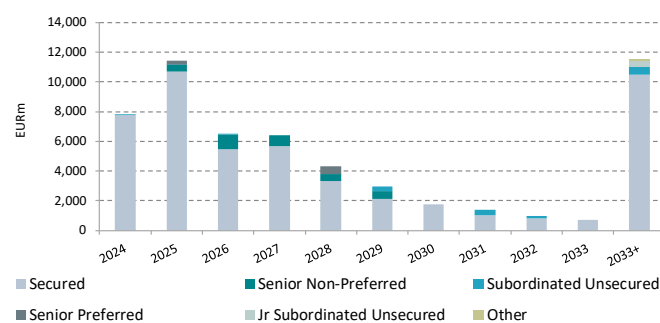
*Senior Unsecured/LT Bank Deposits

Jyske Bank A/S (Jyske) is the third-largest bank in Denmark in terms of total assets (30 September 2023). The largest shareholder of Jyske, which is listed on Nasdaq Copenhagen, is BRFFolding A/S (30 September 2023: 28%), a subsidiary of BRFFonden. The bank's mortgage business is operated via Jyske Realkredit. Jyske Finans is responsible for the leasing business and Jyske Bank for the banking business. The Jyske Group reports in three segments: "Banking" (57% of pre-tax profit; 30 September 2023), "Mortgage" (35%) and "Leasing" (8%). The loan portfolio consisted mainly of mortgage loans (73%; of which around 48% were private mortgage loans) and corporate loans (19%). The market shares for mortgage loans and the deposit business are each around 12%. In December 2022, the purchase of Svenska Handelsbanken's Danish business activities was finalised and fully integrated in 2023, strengthening Jyske's own market position by around one fifth. Jyske acquired Handelsbanken's DKK 65.2 billion loan portfolio, including DKK 35.4 billion in deposits, for DKK 3.0 billion. The majority of the funding consists of covered bonds (44% of total assets; 30 September 2023) and customer deposits (25%). In the period 2020 to 2030, the carbon footprint of the company's own activities is to be reduced by 65%. The "Green Finance" area is also to be expanded. A growth rate of 150% is planned for financing in the "Renewable energy" category between 2019 and 2025, while the target for "Low-energy commercial property" is +43%.

Balance Sheet

(EURm)	2021Y	2022Y	2023/9M
Net Loans to Customers	65,259	72,824	72,159
Total Securities	14,890	16,570	15,732
Total Deposits	17,467	27,053	27,959
Tier 1 Common Capital	4,607	4,511	4,949
Total Assets	87,034	100,829	101,781
Total Risk-weighted Assets	25,309	29,701	29,665

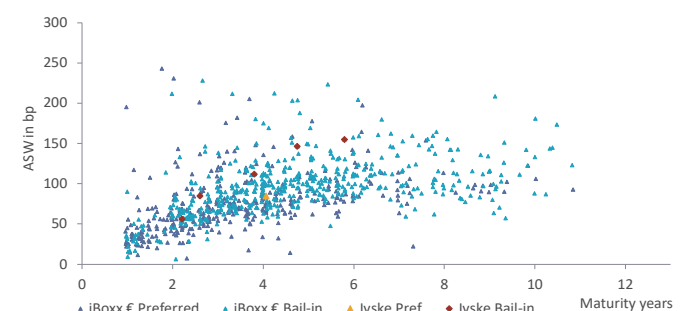
Redemption Profile



Income Statement

(EURm)	2021Y	2022Y	2023/9M
Net Interest Income	678	793	957
Net Fee & Commission Inc.	310	340	243
Net Trading Income	129	-1	126
Operating Expense	707	725	657
Credit Commit. Impairment	-29	-81	13
Pre-tax Profit	541	613	739

Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2021Y	2022Y	2023/9M		2021Y	2022Y	2023/9M
Net Interest Margin	0.77	0.89	1.27	Liquidity Coverage Ratio	448.00	417.00	181.00
ROAE	8.35	9.66	12.88	IFRS Tier 1 Leverage Ratio	5.51	4.67	5.02
Cost-to-Income	56.87	57.02	45.96	NPL/ Loans at Amortised Cost	6.10	5.07	4.53
Core Tier 1 Ratio	18.20	15.19	16.68	Reserves/Loans at Amort. Cost	3.26	2.09	2.26

As of 26.01.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Group franchise in Denmark
- Capitalisation & asset quality

Risks / Weaknesses

- Geographical diversity
- Profitability

Covered Bonds

Authors: Dr Frederik Kunze // Lukas Kühne

"Capital Centre E": Mortgage cover pool with a volume of DKK 337bn

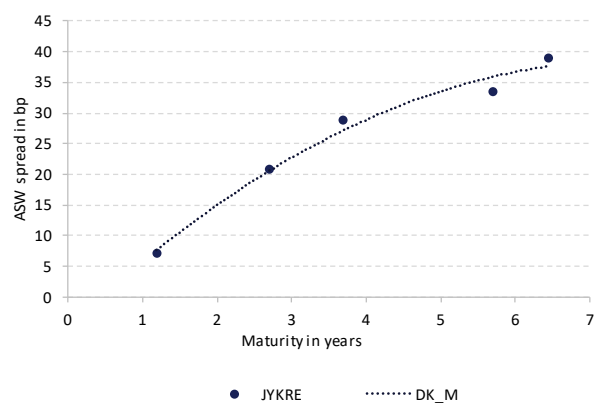
Jyske Realkredit issues EUR benchmarks as part of the covered bond programme known as "Capital Centre E". As at the reporting date of 30 September 2023, the corresponding mortgage-backed cover pool consisted of cover assets with a total volume of DKK 337.2bn (converted as at the reporting date: EUR 45.2bn). The cover assets are offset by issues with a volume of DKK 317.2bn (EUR 42.5bn), resulting in an overcollateralisation ratio of 6.3%. The issuer is represented in the current composition of the iBoxx EUR Covered benchmark index with five issues. The total outstanding volume amounts to EUR 3.0bn (plus a EUR benchmark of EUR 500m maturing in July 2023, which is not included in the iBoxx EUR Covered due to its residual maturity). All of Jyske Realkredit's currently outstanding EUR benchmarks are issued as soft bullet covered bonds.

Programme data

30 September 2023	Mortgage (Capital Centre E)
Covered bonds outstanding	DKK 317,157m (EUR 42,514m)
Cover pool volume	DKK 337,218m (EUR 45,204m)
Current OC (nominal / legal)	6.3% / 2.0%
Type	84.1% Residential
Main country	99.5% Denmark
Main region	46.0% Greater Copenhagen area
Number of loans	134,310
Share top 10 exposures	1.7%
NPL	0.06%
Fixed interest (Cover Pool / CBs)	59.5% / 82.1%
WAL (Cover Pool / CBs)	24.1y / 10.1y
CB Rating (Fitch / Moody's / S&P)	- / - / AAA

Source: Issuer, rating agencies, Bloomberg, NORD/LB Floor Research

Spread overview (BMK) – Denmark



Cover assets located almost exclusively in Denmark

The "Capital Centre E" mortgage cover pool mainly consists of primary cover assets (share: 94.1%). In terms of the type of cover assets, the cover pool is divided into residential cover (84.1%) and commercial cover assets (15.9%). The "Owner-occupied homes" category accounted for 50.7% of the total cover assets as at the reporting date of 30 September 2023, while "Multifamily Housing" accounted for 22.7% and "Office and business" for 11.7%, the second and third largest shares respectively. Geographically, 99.5% of the cover assets are located in the home market of Denmark (Others: Faroe Islands & Greenland and thus Kingdom of Denmark). The granularity of the pool is reflected in the number of loans (134,310, of which 130,787 are residential loans) and the low proportion of the ten largest exposures (1.7%). The average loan-to-value ratio of the commercial cover assets is stated as 44.0% for the indexed case, while the average "indexed LTV" for the residential cover amounts to 49.6%.

Rating and regulatory treatment

The mortgage-backed covered bonds of Jyske Realkredit's "Capital Centre E" have the best-possible rating (AAA) from the rating agency Standard & Poor's. Based on the rating, a preferred risk weight of 10% is applicable for the issuer's covered bonds in accordance with the CRR. In addition, we consider the corresponding EUR benchmark transactions of Jyske Realkredit to be suitable as Level 1 assets within the scope of LCR management. The associated covered bonds are also suitable as collateral in the context of transactions with the ECB and can be marketed under the "European Covered Bond (Premium)" label.

Appendix

Contacts at NORD/LB

Floor Research



Dr. Frederik Kunze

Covered Bonds/Banks

+49 172 354 8977

frederik.kunze@nordlb.de



Dr. Norman Rudschuck, CIIA

SSA/Public Issuers

+49 152 090 24094

norman.rudschuck@nordlb.de



Lukas Kühne

Covered Bonds/Banks

+49 176 152 90932

lukas.kuehne@nordlb.de



Christian Ilchmann

SSA/Public Issuers

+49 157 851 64976

christian.ilchmann@nordlb.de



Lukas-Finn Frese

SSA/Public Issuers

+49 176 152 89759

lukas-finn.frese@nordlb.de

Sales

Institutional Sales	+49 511 9818-9440
Sales Sparkassen & Regionalbanken	+49 511 9818-9400
Institutional Sales MM/FX	+49 511 9818-9460
Fixed Income Relationship Management Europe	+352 452211-515

Origination & Syndicate

Origination FI	+49 511 9818-6600
Origination Corporates	+49 511 361-2911

Treasury

Collat. Management/Repos	+49 511 9818-9200
Liquidity Management	+49 511 9818-9620 +49 511 9818-9650

Trading

Covereds/SSA	+49 511 9818-8040
Financials	+49 511 9818-9490
Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

Sales Wholesale Customers

Firmenkunden	+49 511 361-4003
Asset Finance	+49 511 361-8150

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Öffentliche Kunden	rm-oek@nordlb.de

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