

An aerial photograph of a coastal town, likely in Denmark, featuring a prominent church with a steeple and a cross on top. The town is built on a hillside overlooking the sea. The houses have red-tiled roofs and are surrounded by lush green trees. The sky is clear and blue.

**Nykredit Bank Group**

**H1 Interim Report 2023**

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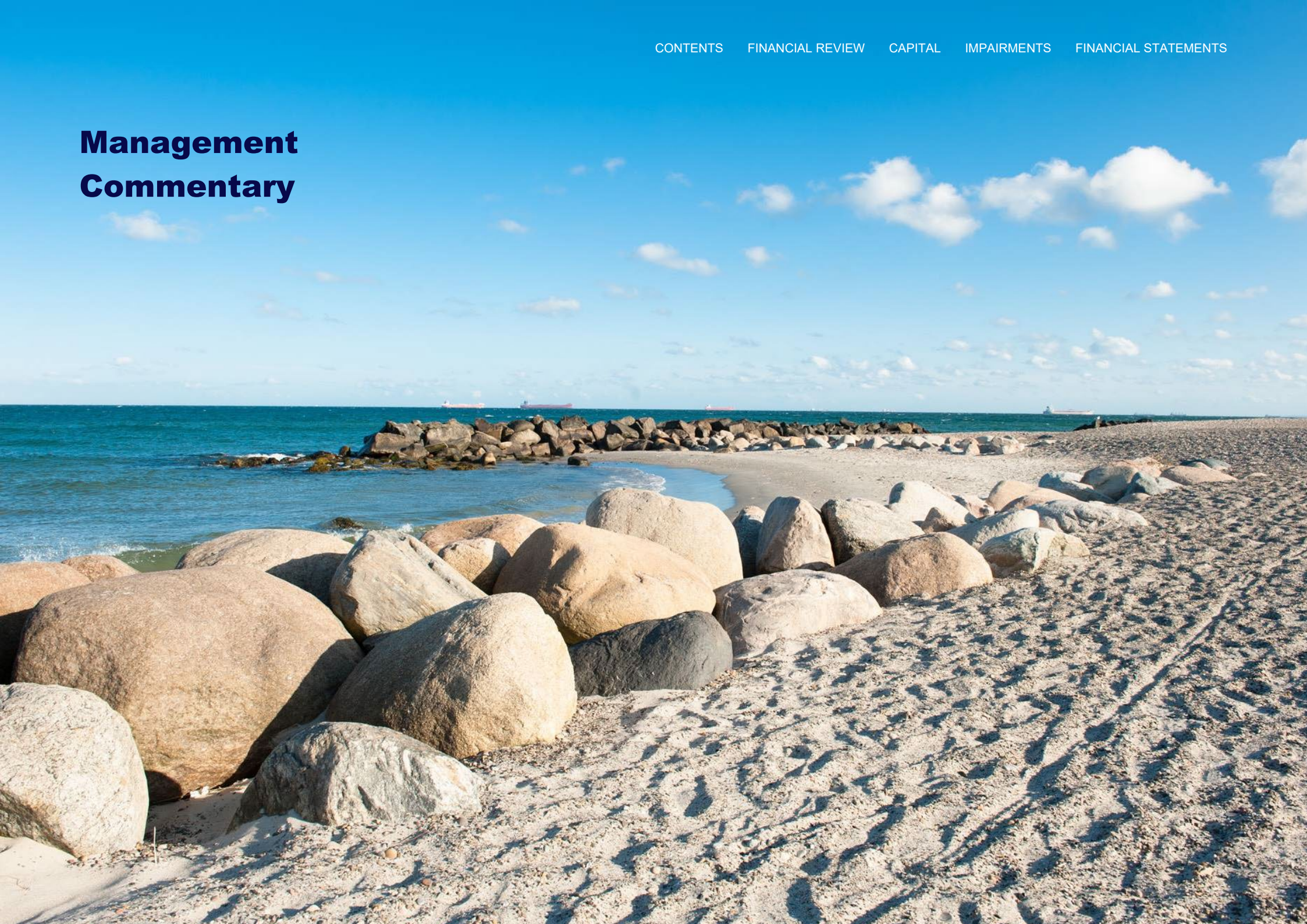
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# Management Commentary





## Financial review



Income  
DKK **3,891m**  
(H1/2022: DKK 2,801m)



Costs  
DKK **1,633m**  
(H1/2022: DKK 1,526m)



Profit  
DKK **1,705m**  
(H1/2022: DKK 1,339m)

							DKK million	
Nykredit Bank Group	H1/ 2023	H1/ 2022	Q2/ 2023	Q1/ 2023	Q2/ 2022	H2/ 2022	2022	
<b>INCOME STATEMENT</b>								
Net interest income	1,823	1,001	1,030	793	516	1,506	2,508	
Net fee income	367	315	185	182	153	309	624	
Wealth management income	1,197	1,171	614	583	579	1,109	2,279	
Net interest from capitalisation	322	(64)	157	164	(33)	(89)	(152)	
Net income relating to customer benefits programmes <sup>1</sup>	(47)	(56)	(21)	(26)	(29)	(84)	(140)	
Trading, investment portfolio and other income	229	433	(68)	297	174	540	973	
<b>Income</b>	<b>3,891</b>	<b>2,801</b>	<b>1,897</b>	<b>1,994</b>	<b>1,360</b>	<b>3,290</b>	<b>6,091</b>	
Costs	1,633	1,526	805	828	757	1,597	3,123	
<b>Business profit before impairment charges</b>	<b>2,258</b>	<b>1,275</b>	<b>1,092</b>	<b>1,166</b>	<b>603</b>	<b>1,693</b>	<b>2,968</b>	
Impairment charges for loans and advances	24	237	73	(49)	190	159	396	
<b>Business profit</b>	<b>2,233</b>	<b>1,038</b>	<b>1,019</b>	<b>1,215</b>	<b>413</b>	<b>1,535</b>	<b>2,573</b>	
Legacy derivatives	32	670	43	(11)	341	261	931	
<b>Profit before tax</b>	<b>2,266</b>	<b>1,708</b>	<b>1,062</b>	<b>1,204</b>	<b>754</b>	<b>1,796</b>	<b>3,504</b>	
Tax	560	369	263	298	162	389	758	
<b>Profit for the period</b>	<b>1,705</b>	<b>1,339</b>	<b>799</b>	<b>906</b>	<b>592</b>	<b>1,407</b>	<b>2,746</b>	
Minority interest	28	27	13	15	12	33	61	

<sup>1</sup> "Net income relating to customer benefits programmes" has been specified under "Alternative performance measures" on page 17.

## Summary balance sheet



Profit as % of average equity (RoE)  
**9.8%**  
(2022: 8.5%)



Cost/income ratio  
**42.0%**  
(2022: 51.3%)



People (FTE)  
**1,013**  
(2022: 1,021)

						DKK million
SUMMARY BALANCE SHEET	H1/ 2023	H1/ 2022	Q2/ 2023	Q1/ 2023	Q2/ 2022	2022
<b>Assets</b>						
Cash balances and receivables from credit institutions and central banks	33,950	28,836	33,950	33,688	28,836	39,473
Reverse repurchase lending	32,996	36,831	32,996	35,536	36,831	37,970
Loans, advances and other receivables at amortised cost	92,023	86,022	92,023	92,075	86,022	86,735
Bonds and equities etc	50,775	53,304	50,775	57,107	53,304	57,818
Remaining assets	15,427	15,971	15,427	16,065	15,971	15,133
<b>Total assets</b>	<b>225,172</b>	<b>220,963</b>	<b>225,172</b>	<b>234,471</b>	<b>220,963</b>	<b>237,129</b>
<b>Liabilities and equity</b>						
Payables to credit institutions and central banks	41,969	51,883	41,969	44,951	51,883	50,660
Repo deposits	5,068	5,641	5,068	5,674	5,641	6,266
Deposits and other payables	107,158	97,189	107,158	106,736	97,189	107,426
Bonds in issue at amortised cost	9,412	7,382	9,412	13,025	7,382	11,670
Other non-derivative financial liabilities at fair value	10,482	15,165	10,482	14,411	15,165	12,738
Remaining liabilities	15,221	10,914	15,221	14,523	10,914	14,087
Provisions	729	678	729	727	678	764
Equity	35,132	32,111	35,132	34,425	32,111	33,518
<b>Total liabilities and equity</b>	<b>225,172</b>	<b>220,963</b>	<b>225,172</b>	<b>234,471</b>	<b>220,963</b>	<b>237,129</b>
<b>FINANCIAL RATIOS<sup>1</sup></b>						
Profit for the period as % pa of average equity	9.8	8.4	9.1	10.5	7.3	8.5
Cost/income ratio (C/I), %	42.0	54.5	42.4	41.5	55.7	51.3
Total provisions for loan impairment and guarantees	3,508	3,342	3,508	3,437	3,342	3,134
Impairment charges for the period, %*	0.02	0.15	0.05	(0.03)	0.12	0.26
Total capital ratio, %	26.6	23.7	26.6	25.6	23.7	24.4
Tier 1 capital ratio, %	26.1	23.3	26.1	25.1	23.3	24.0
Common Equity Tier 1 capital ratio, %	26.1	23.3	26.1	25.1	23.3	23.9
Average number of staff, full-time equivalent	1,013	1,016	1,011	1,015	1,016	1,021

## Business overview

Nykredit Bank has two main business areas; Banking and Wealth Management.

Banking consists of Retail and Corporates & Institutions.

Retail offers banking services tailored to Nykredit's personal customers and SMEs, including agricultural customers and residential rental customers. Retail also includes leasing activities.

Corporates & Institutions serves Nykredit's corporate and institutional clients, the public housing segment and large housing cooperatives. The division is also responsible for Nykredit's activities within securities trading and financial instruments.

Wealth Management is responsible for the Group's asset management propositions and activities as well as portfolio administration services to institutional clients, foundations, municipalities, businesses and high-net-worth clients.

### Deposit rate

As the first large Danish bank, Nykredit has offered all its customers positive current account rates. Recently, we have also made it more attractive for customers to save up for a new home or a green initiative, offering them an attractive interest rate on our home savings and green savings accounts.

### Customer benefits

Being a mutual company, Nykredit has a unique opportunity to share its success with customers. To this end, Nykredit Bank's customer benefits programme includes a customer discount, a savings discount, a discount on bank home loans and a number of green benefits.

The **customer discount** is offered to full-service customers as a discount on some of the charges paid during the year, and in proportion to their business with Nykredit.

We offer a **savings discount** to full-service customers who invest through one of our wealth management propositions. The savings discount is 25% of the customer's direct investment management fee. The **home loan discount** is offered to customers who do everyday banking and home financing with Nykredit Bank. This discount is 0.15% of home loan interest expenses.

### Long-term value for customers and partner banks

Nykredit Bank is working to create long-term value for our customers and our partner banks, whilst also pursuing an ambition of being Denmark's responsible wealth manager. Focus is on enhancing digital investment solutions, incorporating sustainability in advisory services and concepts and expanding our alternative investment propositions.

As a result, the high customer satisfaction from personal as well as business customers continued in the first half of 2023.

### Focus on green choices

As an element of Nykredit's ambitions for a greener Denmark, Nykredit Bank's customers are offered a number of green benefits.

The products **green home loan**, **green car loans** and **home energy check-ups** are targeted at our personal customers and designed to ensure that financing costs do not discourage them from buying an electric car or making home energy improvements. As a new initiative, we have introduced a **green savings account** to customers wishing to save up for a green choice, such as energy optimisation of their home or buying a hydrogen or electric car. We also launched a new **green transport leasing** proposition for businesses wishing to introduce electric or hydrogen-powered commercial vehicles. Furthermore, we offer green products to our agricultural customers, for example green machinery finance. And we offer **green construction loans** to major corporate clients, large residential rental clients and public housing clients with green energy renovation or green construction projects.

Small and medium-sized businesses are increasingly becoming subject to climate-related reporting demands from authorities, customers, suppliers and financial partners. To ease this burden for our customers, we offer access to a digital tool by Valified designed to support businesses going green, helping them document and report on their progress.

We offer corporate clients advice on how to take a more systematic approach to sustainability with a view to increasing their positive impact, while at the same time achieving improved ESG ratings to obtain market recognition for their efforts.

The Danish agricultural sector has set ambitious climate targets. Together with Forenet Kredit and SEGES, Nykredit has developed the ESGreen Tool aimed at providing the agricultural sector with tools and knowledge to find a viable, documentable and effective path forward in the green transition.

## Financial performance

Nykredit Bank delivered a [very satisfactory] financial performance in H1/2023. Business profit came to DKK 2,233 million (H1/2022: DKK 1,038 million), and profit after tax for the period was DKK 1,705 million (H1/2022: DKK 1,339 million).

Nykredit Bank raised its guidance for profit after tax for the year on 29 June 2023 to DKK 3.0-3.5 billion from the former DKK 2.5-3.0 billion.

Results were positively impacted by high net interest income, net interest from capitalisation and low impairments owing to the continued strong performance of the Danish economy and our customers' good credit quality.

H1 was marked by a more moderate housing market compared with 2022. Customers were financially more cautious given the changed market terms with higher interest rates and continued high inflation. Nevertheless, Nykredit Bank recorded lending and customer growth in H1/2023, loans and advances were up by DKK 6.0 billion to DKK 92.0 billion, and deposits exclusive repo deposits rose by DKK 10.0 billion to DKK 107.2 billion.

## Income

Total income was DKK 3,891 million in H1/2023 (H1/2022: DKK 2,801 million). Net interest income amounted to DKK 1,823 million (H1/2022: DKK 1,001 million). Net interest income was positively impacted by rising interest rates and high bank lending.

Net fee income increased by DKK 52 million to a total of DKK 367 million (H1/2022: DKK 315 million). Net fee income was positively affected by the high activity level of corporate clients in the business area Corporates & Institutions.

Wealth management income increased to DKK 1,197 million (H1/2022: DKK 1,171 million), mainly driven by Asset Management.

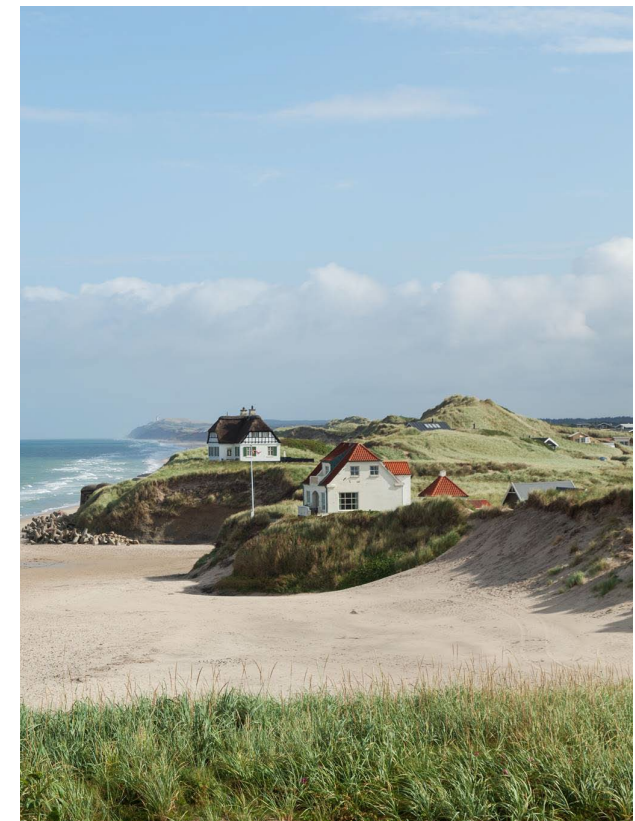
Net interest from capitalisation, which comprises return on equity and interest on subordinated capital, was a gain of DKK 322 million (H1/2022: charge of DKK 64 million). The increase compared to H1/2022 was due to higher interest rates.

Trading, investment portfolio and other income, including value adjustments of swaps currently offered, decreased by DKK 205 million to DKK 229 million (H1/2022: DKK 433 million). Income from value adjustments on derivatives was lower than in H1/2022 and partially offset by higher income from institutional customers.

## Costs

Costs were DKK 1,633 million in H1/2023 (H1/2022: DKK 1,526 million). Wage rises and general price growth due to inflation increased the costs across Nykredit bank. Costs of digitisation and IT also rose compared with H1/2022.

The average number of full-time equivalent staff totalled 1,013 (H1/2022: 1,016).





## Loan impairments

Impairment charges for loans and advances represented 0.02% of lending in H1/2023 (H1/2022: 0.15%). Impairment charges for loans and advances came to DKK 24 million (H1/2022: DKK 237 million) owing to the continued strong performance of the Danish economy and our customers' good credit quality.

## Legacy derivatives

Income from legacy derivatives was DKK 32 million in H1/2023 (H1/2022: DKK 670 million). Legacy derivatives are derivatives that Nykredit no longer offers to customers. These value adjustments are not included in business profit. The portfolio of legacy derivatives had a total market value of DKK 1.0 billion in H1/2023 (end-2022: DKK 1.0 billion).

## Tax

Tax on profit for the period has been calculated at DKK 560 million (H1/2022: DKK 369 million). As a result of the new surtax imposed on companies in the financial sector, the tax rate has been raised from 22% to 25.2% in 2023, leading to an additional tax charge of DKK 58 million. The tax rate for 2024 will be 26%.

## Results for H1/2023 relative to H2/2022

Profit after tax was DKK 1,705 million (H2/2022: DKK 1,407 million), corresponding to an increase of DKK 299 million. Business profit came to DKK 2,233 million in H1/2023 (H2/2022: DKK 1,535 million).

Income went up by DKK 600 million to DKK 3,891 million (H2/2022: DKK 3,290 million). This was primarily driven by an increase in net interest income, net interest from capitalisation and low impairment charges.

Costs amounted to DKK 1,633 million (H2/2022: DKK 1,597 million).

Impairment charges for loans and advances were DKK 24 million (H2/2022: DKK 159 million).

Value adjustment of legacy derivatives was positive at DKK 32 million in H1/2023 (H2/2022: DKK 261 million).



Business profit H1/2023  
**DKK 2,233m**  
 (H2/2022: DKK 1,535m)



## Balance sheet

The balance sheet stood at DKK 225.2 billion in H1/2023 (end-2022: DKK 237.1 billion).

Receivables from credit institutions and cash balances etc decreased to DKK 34.0 billion (end-2022: DKK 39.5 billion), and reverse repurchase lending decreased by DKK 5.0 billion to DKK 33.0 billion (end-2022: DKK 38.0 billion).

Lending at amortised cost (excluding reverse repurchase lending) rose by DKK 5.3 billion relative to end-2022 to DKK 92.0 billion at H1/2023 (end-2022: DKK 86.7 billion).

In recent years, Nykredit Bank has transferred a number of secured homeowner loans to Totalkredit, which has reduced the Bank's balance sheet. At H1/2023, these loans amounted to DKK 9.7 billion (end-2022: DKK 8.2 billion). Loan balances including secured homeowner loans totalled DKK 101.7 billion (end-2022: DKK 94.9 billion).

Bond and equity portfolios totalled DKK 50.8 billion (end-2022: DKK 57.8 billion). The bond portfolio may fluctuate significantly from one reporting period to another, which should be seen in the context of the Bank's repo activities, trading positions and general liquidity management. The same applies to balances with credit institutions.

Remaining assets were DKK 15.4 billion (end-2022: DKK 15.1 billion). At H1/2023, DKK 6.1 billion was attributable to positive market values of derivatives (end-2022: DKK 7.4 billion). The positive market values related to the Bank's customer activities in derivatives and positions for hedging own risk. The Bank's interest rate risk is widely hedged through offsetting interest rate swaps.

Payables to credit institutions and central banks decreased to DKK 42.0 billion (end-2022: DKK 50.7 billion), while repo deposits fell by DKK 1.2 billion to DKK 5.1 billion (end-2022: DKK 6.3 billion).

Deposits and other payables (excluding repo deposits) went down by DKK 0.2 billion to DKK 107.2 billion (end-2022: DKK 107.4 billion).

Bonds in issue totalled DKK 9.4 billion (end-2022: DKK 11.7 billion). Nykredit Bank receives funding from its Parent, Nykredit Realkredit, by way of long-term intercompany loans. Nykredit Realkredit funds such loans through the issuance of debt instruments. Other non-derivative financial liabilities at fair value, which include negative bond portfolios, for which the Bank has a repurchase obligation, came to DKK 10.5 billion (end-2022: DKK 12.7 billion).

Remaining payables and provisions amounted to DKK 16.0 billion (end-2022: DKK 14.9 billion). The item mainly consisted of interest and commission payable and negative market values of derivative financial instruments. The negative market values of derivative financial instruments were DKK 8.4 billion (end-2022: DKK 10.0 billion).

## Outlook and guidance for 2023

In June, we raised our full-year guidance and now expect profit after tax for 2023 in the range of DKK 3.0-3.5 billion compared with the previously guided range of DKK 2.5-3.0 billion. The upgrade was driven by positive business trends and rising interest rates in H1.

Our overall guidance for profit after tax for 2023 reflects that:

- Nykredit Bank expects an increase in total income relative to 2022 based on expectations of higher net interest income and net interest from capitalisation driven by the higher interest rate level.
- Costs are expected to rise due to general salary and price increases.
- We expect lower impairments for 2023 compared with 2022 that was adversely affected by provisions for geopolitical tensions, which exceeded the reversed provisions related to covid-19.
- Charges relating to tax are expected to rise as a result of the new surtax imposed on the financial sector, implying an increase in taxation from 22% in 2022 to 25.2% in 2023.

The most important uncertainty factors applying to the 2023 outlook are related to investment portfolio income, derivatives and impairment charges for loans and advances.

## Special accounting circumstances

There have been no special accounting circumstances in H1/2023.

## Other Changes to the Executive Board

As at 1 June 2023, Lars Moesgaard joined the Executive Board of Nykredit Bank. Lars Moesgaard comes from a position as CEO of Handelsbanken Danmark. At the same time, Henrik Rasmussen resigned from the Executive Board of Nykredit Bank and instead took up the position as Head of Nykredit's South Denmark and Central Denmark regions. Nykredit Bank's Executive Board subsequently comprises Dan Sørensen and Lars Moesgaard.

## Changes to the Board of Directors

In March 2023, Allan Kristiansen resigned from the Board of Directors, and Kathrin Hattens was elected new member of the Board of Directors.

The Board of Directors now consists of Michael Rasmussen (Chair), Anders Jensen (Deputy Chair), Tonny Thierry Andersen, David Hellemann, Susanne Møller Nielsen and Kathrin Hattens.

## Uncertainty as to recognition and measurement

Measurement of certain assets and liabilities is based on accounting estimates made by Management.

The areas in which assumptions and estimates significant to the financial statements have been made include provisions for loan and receivable impairment and unlisted financial instruments see note 1, accounting policies, to which reference is made.

## Events since the balance sheet date

No events have occurred in the period up to the presentation of the H1/2023 Interim Report which materially affect the Group's financial position.





## Capital



CET1 capital ratio  
**26.1%**  
(2022: 23.9%)



Total capital ratio  
**26.6%**  
(2022: 24.4%)



Internal capital adequacy requirement  
**11.4%**  
(2022: 11.6%)

## Equity and own funds

Equity carried for accounting purposes totalled DKK 35.1 billion at end-June 2023 in the Nykredit Bank Group (end-2022: DKK 33.5 billion).

As subsidiary of Nykredit Realkredit A/S, Nykredit Bank is covered by the Nykredit Realkredit Group's capital policy and capital management. Nykredit Bank also has its own capital policy and capital management. To ensure the Nykredit Realkredit Group's flexibility and responsiveness, capital resources are primarily concentrated in the Parent, Nykredit Realkredit A/S. A central element of the Nykredit Realkredit Group's capital policy is that the subsidiaries can receive capital as required. Adequate capitalisation of Nykredit Bank within the Nykredit Realkredit Group is continuously ensured.

### Capital

The Nykredit Bank Group's own funds consist of CET1 capital. No AT1 capital and Tier 2 capital have been issued at this time.

At end-June 2023, the Nykredit Bank Group's risk exposure amount (REA) totalled DKK 126.3 billion (end-2022: DKK 131.1 billion). With own funds at DKK 33.6 billion, this corresponds to a total capital ratio of 26.6% (end-2022: 24.4%). The CET1 capital ratio was 26.1% (end-2022: 23.9%).

REA for credit risk declined by DKK 2.0 billion in H1/2023 in the Nykredit Bank Group, despite volume growth. The decline in REA for credit risk was mainly caused by value adjustment of derivatives contracts/swaps due to interest rate increases and lower risk weights due to low overdrafts. REA for market risk declined by DKK 4.3 billion in H1/2023 due to reduced financial market volatility compared to last year. REA for operational risk rose by DKK 1.5 billion.

DKK million

	30.06.2023	31.12.2022
<b>Nykredit Bank Group</b>		
Capital and capital adequacy		
Equity, year-end	35,132	33,518
Minority interests, not included	(72)	(114)
Prudent valuation adjustment	(26)	(22)
Intangible assets and deferred tax assets	(1,859)	(1,876)
Other regulatory deductions	37	62
Transitional adjustment of deductions	(156)	(102)
<b>Common Equity Tier 1 capital</b>	<b>33,055</b>	<b>31,467</b>
Other regulatory deductions	6	10
<b>Tier 1 capital</b>	<b>33,060</b>	<b>31,477</b>
Tier 2 capital regulatory adjustments	553	571
Transitional adjustment of Tier 2 capital	7	12
<b>Own funds</b>	<b>33,620</b>	<b>32,061</b>
CET1 capital ratio, %	26.1	23.9
Tier 1 capital ratio, %	26.1	24.0
Total capital ratio, %	26.6	24.4
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.4	11.6
Credit risk	103,922	105,913
Market risk	10,755	15,026
Operational risk	11,667	10,205
<b>Total risk exposure amount</b>	<b>126,343</b>	<b>131,143</b>

Common Equity Tier 1 (CET1) capital is the most important capital concept in the determination of capital, as this is the type of capital required to comply with most of the regulatory capital requirements. The Bank's CET1 capital amounted to DKK 33.1 billion (end-2022: DKK 31.5 billion).

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and the Executive Board to ensure that Nykredit Bank has the required own funds. The required own funds are the minimum capital required, in Management's judgement, to cover all significant risks. This is estimated as 11.4% of the Nykredit Bank Group's risk exposure amount at end-June 2023, equal to the internal capital adequacy requirement.

ESG rating agency	Nykredit's rating
MSCI	AAA
Sustainalytics	Low risk
CDP	A-

## Credit ratings

Nykredit Realkredit and Nykredit Bank have rating relationships with the international credit rating agencies S&P Global Ratings (S&P) and Fitch Ratings regarding the credit ratings of the companies and their funding.

## ESG ratings

ESG (Environmental, Social and Governance) ratings are a tool used by investors and other stakeholders to assess a company's position relative to sustainability, corporate responsibility and governance. Nykredit focuses its efforts in part on ESG rating agencies MSCI and Sustainalytics, which consider all ESG factors, and in part on the CDP (formerly Carbon Disclosure Project), which reflects environmental impact.

Nykredit's credit ratings A summary of Nykredit's credit ratings with S&P and Fitch Ratings is available at [nykredit.com/rating](https://nykredit.com/rating)

Issuer	S&P Global Ratings			Fitch Ratings		
	Long-term	Short-term	Outlook	Long-term	Short-term	Outlook
<b>Nykredit Bank A/S</b>						
Resolution Counterparty Rating	AA-	A-1+				
Issuer Credit Rating	A+	A-1	Stable	A	F1	Stable
Senior preferred debt	A+	A-1		A+	F1	

## Supervisory Diamond for banks

The Supervisory Diamond sets out benchmark limits for four key ratios that indicate when a bank is operating at an elevated risk.

Nykredit complied with all benchmark limits of the Supervisory Diamond models for banks at 30 June 2023.

The Bank's property exposure was 13.1% (end-2022: 12.1%).

Nykredit Bank A/S Supervisory Diamond	30.06.2023	31.12.2022
Large exposures (limit value <175%)	115.1%	115.7%
Lending growth (limit value <20%)	4.5%	13.7%
Property exposure (limit value <25%)	13.1%	12.1%
Liquidity benchmark (limit value >100%)	274.1%	272.0%



## Impairments and lending

Impairment charges for loans and advances were DKK 24 million in H1/2023 (2022: DKK 396 million), owing to the continued strong Danish economy and the good credit quality of our customers.

### Geopolitical tensions

Geopolitical tensions, including the war in Ukraine, are expected to affect the credit quality of some customers due to lower economic growth, rising energy prices, current interest rate conditions, house price trends, inflation and value and supply chain disruptions.

Provisions related to geopolitical tensions are based on stress test calculations of three factors. Firstly, stress simulations have been performed for stage 1 and stage 2 personal and business customers. We expect a drop in personal customers' discretionary incomes as a consequence of increased inflation and higher energy prices. Provisions of DKK 115 million have been made to counter such risk.

Secondly, business customers that are heavily reliant on energy for production and manufacturing are also likely to be affected. We have taken provisions of DKK 516 million for exposed sectors.

Thirdly, the property values of stage 3 customers have been stressed to simulate a reduction in collateral values by DKK 50 million.

Total provisions taken to manage increased risk exposures due to geopolitical tensions subsequently came to DKK 681 million including provisions of DKK 18 million with respect to Nykredit Leasing A/S.

### Impact of covid-19

General uncertainty about the impacts of the covid-19 pandemic has fallen significantly. Customers' repayment of loans granted under government relief packages went better than expected, and Nykredit did not suffer additional losses as a result of the repayment of such loans. In consequence, provisions taken to cover covid-19 were reversed at end-H1/2023.

### Expectations for macroeconomic models

Nykredit Bank's impairment models are based on forward-looking macroeconomic scenarios. The scenarios should reflect uncertainties relating to the economy as well as both improved and deteriorating outlooks. At H1/2023, the scenarios were updated to reflect the current and expected economic environment, including the geopolitical turmoil and other derived market conditions.

The base scenario should reflect the economic environment. The base scenario carries a 55% weighting. The scenario implies expected GDP growth of 1.6% and house price decreases of 8.1% in 2023. At end-2022, the main scenario implied expected GDP growth of 0.2% and house price decreases of 5.6% in 2023.

The adverse scenario was included in the models with a weighting of 40%. This scenario implies an expected GDP decline of 0.7% and house price decreases of 11.4% in 2023.

The improved scenario carries a 5% weighting and is based on the macroeconomic conditions observed at the date of this Interim Report. This scenario uses realised levels of interest rates, GDP, house prices and unemployment.

The general macroeconomic situation is monitored by Nykredit's scenario experts, who regularly assess the need for calculation updates based on input concerning relief packages, government aid initiatives and overall international economic trends.

## Post-model adjustments

Corrections and changes to assumptions in the impairment models are based on management judgement. At H1/2023, such post-model adjustments totalled DKK 826 million. The underlying reasons, for example changes in agricultural output prices due to changed economic trends and/or changed export potential as well as financial and legal conditions in the real estate sector, may generally affect credit risk beyond the outcome derived on the basis of model-based impairments.

Local geographical conditions, internal process risk and ongoing monitoring of the loan portfolio may also reflect conditions which macroeconomic projections cannot capture. The estimates are adjusted and evaluated on a regular basis, and it is decided on an individual basis whether to phase out or incorporate an estimate into the models, if necessary. The chart outlines the post-model adjustments made.

DKK million		
Nykredit Bank Group		
<b>Specific macroeconomic risks and process-related circumstances</b>	30.06.2023	31.12.2022
Agriculture	5	5
Covid-19	0	150
Geopolitical tensions	183	127
Concentration risks in loan portfolios	112	125
<b>Total macroeconomic risks</b>	<b>300</b>	<b>407</b>
Process-related	57	2
Model changes	0	43
ESG	175	50
Haircuts	36	47
Other (results of controlling, haircuts etc)	258	221
<b>Total process-related circumstances</b>	<b>526</b>	<b>363</b>
<b>Total post-model adjustments</b>	<b>826</b>	<b>770</b>

Note: As at Q2, an additional DKK 498 million was incorporated into the impairment models as in-model adjustments, where exposed sectors due to geopolitical tensions are stressed, resulting in a change of stage (Q4/2022: DKK 520 million).





## Total provisions

Total provisions increased to DKK 3,509 million at 30 June 2023 (end-2022: DKK 3,475 million).

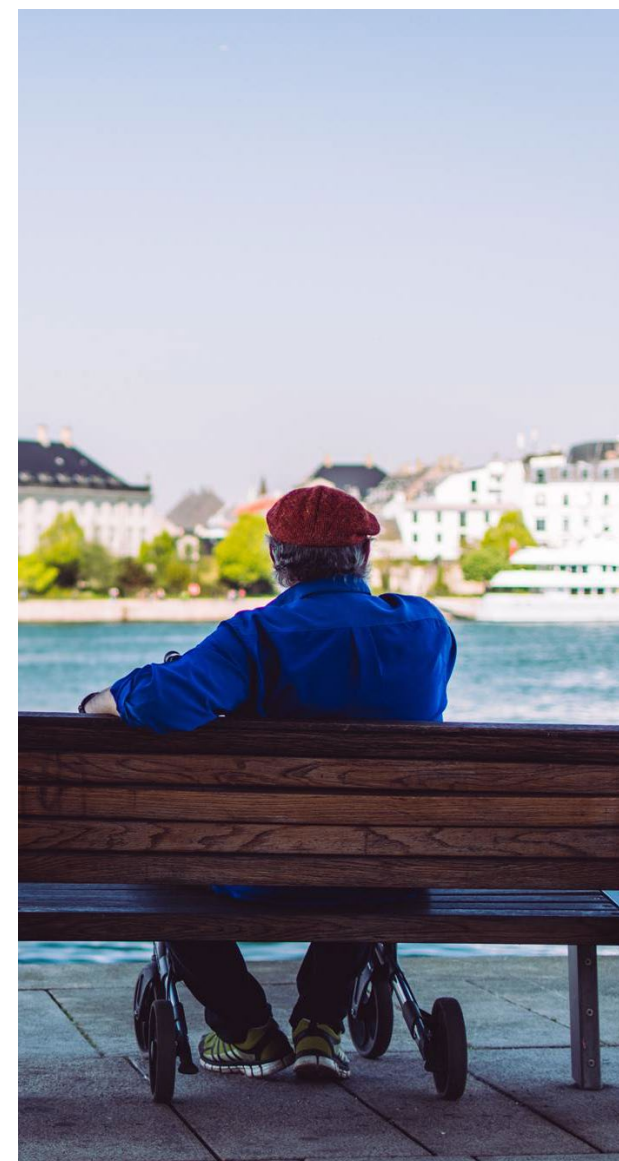
Provisions for guarantees and loan commitments amounted to DKK 330 million (end-2022: DKK 340 million).

Relative to total loans, advances and guarantees, provisions amounted to 2.3% (end-2022: 2.2%).

## Earnings impact

Impairment charges for loans and advances amounted to DKK 24 million in H1/2023 (H1/2022: DKK 237 million). Of this amount, loan impairments etc represented DKK 43 million (H1/2022: DKK 251 million), and recoveries on loans and advances previously written off represented DKK 19 million (H1/2022: DKK 15 million).

	DKK million	
	30.06.2023	31.12.2022
<b>Nykredit Bank Group</b>		
Provisions for loan impairment and guarantees		
Impairment provisions, beginning of period	3,135	2,764
Impairment provisions and reversals	44	371
<b>Impairment provisions, end of period</b>	<b>3,179</b>	<b>3,135</b>
- of which impairment provisions for loans and advances etc	3,178	3,132
- of which impairment provisions for loans and advances to banks	1	3
<b>Provisions for guarantees and loan commitments</b>		
Provisions, beginning of period	340	331
Provisions, end of period	330	340
<b>Total provisions</b>	<b>3,509</b>	<b>3,475</b>
<b>Earnings impact</b>		
New impairment provisions and write-offs for the period, net	54	448
Recoveries on loans and advances previously written off	19	61
<b>Total</b>	<b>35</b>	<b>387</b>
Provisions for guarantees and loan commitments	(11)	9
<b>Total earnings impact</b>	<b>24</b>	<b>396</b>



## Loans, advances and guarantees by sector

The carrying amount of loans, advances and guarantees was DKK 151.2 billion (end-2022: DKK 153.4 billion).

Loans, advances and guarantees included a decrease in reverse repurchase lending of DKK 5.0 billion, a rise in other loans and advances of DKK 5.3 billion and a rise in guarantees of DKK 0.4 billion.

Finance and insurance remained the largest single sector exposure at DKK 39.5 billion (end-2022: DKK 44.8 billion). The exposure widely comprised reverse repurchase lending with bonds serving as security. The increase in lending to personal customers primarily relates to guarantees.

At 30 June 2023, loan impairment provisions for the trade sector totalled DKK 0.8 billion (end-2022: DKK 0.6 billion) or 5.9% of total loans and advances to the sector (end-2022: 4.7%). Loan impairment provisions for the manufacturing, mining and quarrying sector stood at DKK 0.6 billion (end-2022: DKK 0.6 billion) or 4.1% of total loans and advances to the sector (end-2022: 3.8%).

Nykredit Bank Group

Credit exposures in terms of bank lending, reverse repurchase lending and guarantees by sector<sup>1</sup>

DKK million

	30.06.2023			31.12.2022		
	Lending, end of period	Total impairment provisions	Earnings impact	Lending, end of period	Total impairment provisions	Earnings impact
<b>Public sector</b>	<b>204</b>	<b>0</b>	<b>0</b>	<b>961</b>	<b>27</b>	<b>18</b>
Agriculture, hunting, forestry and fishing	4,100	266	62	4,113	189	(7)
Manufacturing, mining and quarrying	15,295	621	57	14,769	563	378
Energy supply	5,618	36	(63)	5,291	98	57
Construction	3,238	287	(69)	2,357	353	142
Trade	13,499	802	184	13,255	618	(42)
Transport, accommodation and food service activities	7,549	227	51	6,823	169	33
Information and communication	5,448	79	(9)	4,896	86	(3)
Finance and insurance	39,509	77	(10)	44,795	84	(2)
Real estate	19,139	313	(124)	18,029	435	(85)
Other	12,965	255	(15)	13,085	270	(73)
<b>Total business customers</b>	<b>126,360</b>	<b>2,964</b>	<b>64</b>	<b>127,413</b>	<b>2,865</b>	<b>397</b>
<b>Personal customers</b>	<b>24,655</b>	<b>543</b>	<b>(38)</b>	<b>25,034</b>	<b>580</b>	<b>(13)</b>
<b>Total</b>	<b>151,218</b>	<b>3,508</b>	<b>26</b>	<b>153,409</b>	<b>3,472</b>	<b>402</b>
- of which provisions for losses under guarantees		330	(11)		340	9
Impairment provisions for credit institutions		1	(1)		3	(7)
<b>- of which intercompany guarantees and total</b>	<b>17,376</b>	<b>3,509</b>	<b>24</b>	<b>20,311</b>	<b>3,475</b>	<b>396</b>

<sup>1</sup>As the breakdown is based on public sector statistics, it is not directly comparable with the Bank's business areas.

## Alternative performance measures

In the opinion of Management, the Management Commentary should be based on the internal management and business division reporting, which also forms part of Nykredit's financial governance. This will provide readers of the financial reports with information that is relevant to their assessment of Nykredit's financial performance.

The income statement format of the financial highlights on page 4 reflects the internal management reporting.

In certain respects, the presentation of the financial highlights differs from the format of the Financial Statements prepared under the International Financial Reporting Standards (IFRS). No correcting entries have been made, which means that the profit for the year is the same in the financial highlights and in the IFRS-based Financial Statements.

The reclassification in note 4 shows the reconciliation between the presentation in the financial highlights table of the Management Commentary and the presentation in the Consolidated Financial Statements prepared according to the IFRS and includes:

"Net interest income" comprising interest income from bank lending and deposits. The corresponding item in the income statement (page 19) includes all interest.

"Net fee income" comprising income from bank lending, service fees, provision of guarantees and leasing business etc.

"Wealth management income" comprising asset management and administration fees etc. This item pertains to business with customers conducted through the Group's entities Nykredit Markets, Nykredit Asset Management, Nykredit Portefølje Administration A/S and Sparinvest but where income is ascribed to the business divisions serving the customers.

"Net interest from capitalisation" comprising the risk-free interest attributable to equity and net interest from subordinated debt.

"Trading, investment portfolio and other income" comprising income from swaps and derivatives transactions currently offered, Nykredit Markets activities, repo deposits and lending, debt capital markets activities as well as other income and expenses not allocated to the business divisions.

"Net income relating to customer benefits programmes" comprising discounts etc such as mutual benefits granted to the customers. The amount includes contributions received.

"Costs" includes the following income statement items "Staff and administrative expenses", "Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets" and "Other operating expenses".

### Supplementary financial ratios etc

In relation to the internal presentation of income, a number of supplementary financial ratios are included in the Management Commentary.

*Profit (loss) for the year as % pa of average equity.* Average equity is calculated on the basis of the value at the beginning of the year and at the end of all quarters of the year.

*Costs/income ratio* is calculated as the ratio of "Costs" to "Income".

*Impairment charges for the year, %.* Impairment charges are calculated based on impairment charges for loans and advances relative to loans and advances.



## Management statement

### Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for 1 January – 30 June 2023 of Nykredit Bank A/S and the Nykredit Bank Group.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for issuers of listed bonds. The Financial Statements for Nykredit Bank A/S and the Management Commentary have been prepared in accordance with the Danish Financial Business Act.

Moreover, the Interim Report has been prepared in accordance with additional Danish disclosure requirements for interim reports of issuers of listed bonds.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the Group's and the Parent's assets, liabilities, equity and financial position at 30 June 2023 and of the results of the Group's and the Parent's operations and the Group's cash flows for the financial period 1 January – 30 June 2023.

Further, in our opinion, the Management Commentary gives a fair review of the development in the operations and financial circumstances of the Group and the Parent as well as a description of the material risk and uncertainty factors which may affect the Group and the Parent.

The Interim Report has not been subject to audit or review.

Copenhagen, 16 August 2023

### Executive Board

Lars Moesgaard

Dan Sørensen

### Board of Directors

Michael Rasmussen  
Chair

Anders Jensen  
Deputy Chair

Tonny Thierry Andersen

David Hellemann

Kathrin Hattens\*

Susanne Møller Nielsen\*

\* Staff-elected member

## STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

		DKK million			
		Nykredit Bank Group			
	Note	H1/2023	H1/2022	Q2/2023	Q2/2022
<b>INCOME STATEMENT</b>					
Interest income based on the effective interest method		3,227	944	1,799	500
Other interest income		410	(189)	236	(90)
Negative interest income		(2)	(123)	(1)	(62)
Positive interest expenses		(25)	(321)	(14)	(159)
Interest expenses		1,615	111	958	56
<b>Net interest income</b>	6	<b>2,044</b>	<b>841</b>	<b>1,089</b>	<b>451</b>
Dividend on equities etc		3	5	1	1
Fee and commission income	5	1,780	1,715	908	848
Fee and commission expenses		444	333	242	192
<b>Net interest and fee income</b>		<b>3,384</b>	<b>2,229</b>	<b>1,756</b>	<b>1,109</b>
Value adjustments	6, 7	476	1,198	153	569
Other operating income		60	40	29	22
Staff and administrative expenses		1,596	1,490	788	740
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets		20	19	10	10
Other operating expenses		17	16	7	7
Impairment charges for loans, advances and receivables etc	8	24	237	73	190
Profit from investments in associates and Group enterprises	10	3	4	2	2
<b>Profit before tax</b>		<b>2,266</b>	<b>1,708</b>	<b>1,062</b>	<b>754</b>
Tax		560	369	263	162
<b>Profit for the period</b>		<b>1,705</b>	<b>1,339</b>	<b>799</b>	<b>592</b>
<b>Proposal for the distribution of profit</b>					
Minority interests calculated		28	27	13	12
Retained earnings		1,677	1,312	786	580
<b>Profit for the period</b>		<b>1,705</b>	<b>1,339</b>	<b>799</b>	<b>592</b>
<b>COMPREHENSIVE INCOME</b>					
<b>Profit for the period</b>		<b>1,705</b>	<b>1,339</b>	<b>799</b>	<b>592</b>
<b>Other comprehensive income</b>		-	-	-	-
<b>Comprehensive income for the period</b>		<b>1,705</b>	<b>1,339</b>	<b>799</b>	<b>592</b>
<b>Distribution of comprehensive income</b>					
Nykredit Bank		1,677	1,312	786	580
Minority interests calculated		28	27	13	12
<b>Comprehensive income for the period</b>		<b>1,705</b>	<b>1,339</b>	<b>799</b>	<b>592</b>

## STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	DKK million			
	Nykredit Bank A/S			
	H1/2023	H1/2022	Q2/2023	Q2/2022
<b>INCOME STATEMENT</b>				
Interest income based on the effective interest method	3,092	863	1,729	460
Other interest income	398	(189)	230	(90)
Negative interest income	(2)	(122)	(1)	(61)
Positive interest expenses	(25)	(321)	(14)	(159)
Interest expenses	1,580	110	938	56
<b>Net interest income</b>	<b>1,933</b>	<b>763</b>	<b>1,033</b>	<b>412</b>
Dividend on equities etc	3	4	0	1
Fee and commission income	1,125	1,082	580	537
Fee and commission expenses	364	257	203	156
<b>Net interest and fee income</b>	<b>2,697</b>	<b>1,591</b>	<b>1,410</b>	<b>795</b>
Value adjustments	7	475	1,207	576
Other operating income		51	27	13
Staff and administrative expenses		1,324	1,232	609
Other operating expenses		16	16	7
Impairment charges for loans, advances and receivables etc	9	24	227	184
Profit from investments in associates and Group enterprises	10	276	255	123
<b>Profit before tax</b>	<b>2,135</b>	<b>1,605</b>	<b>997</b>	<b>706</b>
Tax	457	293	211	126
<b>Profit for the period</b>	<b>1,677</b>	<b>1,312</b>	<b>786</b>	<b>580</b>
<b>Proposal for the distribution of profit</b>				
Statutory reserves	276	255	137	123
Retained earnings	1,402	1,057	649	457
<b>Profit for the period</b>	<b>1,677</b>	<b>1,312</b>	<b>786</b>	<b>580</b>
<b>COMPREHENSIVE INCOME</b>				
<b>Profit for the period</b>	<b>1,677</b>	<b>1,312</b>	<b>786</b>	<b>580</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>	<b>1,677</b>	<b>1,312</b>	<b>786</b>	<b>580</b>



## BALANCE SHEETS

DKK million

Nykredit Bank A/S		Nykredit Bank Group		
End-2022	H1/2023		H1/2023	End-2022
<b>ASSETS</b>				
30,619	23,949	Cash balances and demand deposits with central banks	23,949	30,619
8,668	9,969	Receivables from credit institutions and central banks	10,002	8,855
120,905	121,125	Loans, advances and other receivables at amortised cost	11 125,019	124,705
56,777	49,964	Bonds at fair value	12 50,714	57,709
98	48	Equities etc	61	109
15	17	Investments in associates	17	15
2,718	2,356	Investments in Group enterprises	-	-
893	2,586	Assets in pooled schemes	13 2,586	893
1,770	1,770	Intangible assets	1,890	1,907
<b>LAND AND BUILDINGS</b>				
-	-	Leased properties	9	10
-	-	<b>Total leased properties</b>	<b>9</b>	<b>10</b>
-	-	Equipment	2	2
-	0	Current tax assets	2	19
159	147	Deferred tax assets	148	159
11,917	10,517	Other assets	10,660	12,039
71	95	Prepayments	114	87
<b>234,608</b>	<b>222,543</b>	<b>Total assets</b>	<b>225,172</b>	<b>237,129</b>

**BALANCE SHEETS**

DKK million

Nykredit Bank A/S		Nykredit Bank Group		
End-2022	H1/2023		H1/2023	End-2022
<b>LIABILITIES AND EQUITY</b>				
50,660	41,969	Payables to credit institutions and central banks	14	50,660
114,236	112,649	Deposits and other payables	15	113,691
893	2,586	Deposits in pooled schemes		893
9,545	7,287	Bonds in issue at amortised cost	16	11,670
12,744	10,495	Other non-derivative financial liabilities at fair value	17	12,738
228	577	Current tax liabilities		295
12,378	11,431	Other liabilities		12,895
0	0	Deferred income		4
<b>200,684</b>	<b>186,994</b>	<b>Total payables</b>		<b>202,847</b>
<b>PROVISIONS</b>				
-	-	Provisions for deferred tax		244
340	330	Provisions for losses under guarantees		340
180	159	Other provisions		180
<b>520</b>	<b>489</b>	<b>Total provisions</b>		<b>764</b>
<b>Equity</b>				
12,045	12,045	Share capital		12,045
<b>Other reserves</b>				
1,950	1,581	- statutory reserves		-
19,409	21,433	- retained earnings		21,359
<b>33,404</b>	<b>35,060</b>	<b>Shareholder of Nykredit Bank A/S</b>		<b>33,404</b>
-	-	Minority interests		114
<b>33,404</b>	<b>35,060</b>	<b>Total equity</b>		<b>33,518</b>
<b>234,608</b>	<b>222,543</b>	<b>Total liabilities and equity</b>		<b>237,129</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
28,703	26,199	Contingent liabilities		28,704
11,030	12,737	Other commitments		11,441
<b>39,734</b>	<b>38,935</b>	<b>Total</b>		<b>40,145</b>

## STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Bank Group

	Share capital <sup>1</sup>	Retained earnings	Nykredit Bank Group's equity	Minority interests	Total equity
<b>2023</b>					
<b>Equity, 1 January</b>	<b>12,045</b>	<b>21,359</b>	<b>33,404</b>	<b>114</b>	<b>33,518</b>
Profit for the period	-	1,677	1,677	28	1,705
<b>Total comprehensive income</b>	<b>-</b>	<b>1,677</b>	<b>1,677</b>	<b>28</b>	<b>1,705</b>
Premiums relating to acquisition of minority interest	-	(21)	(21)	-	(21)
Distributed dividend and other adjustments	-	-	-	(70)	(70)
<b>Total changes in equity</b>	<b>-</b>	<b>1,656</b>	<b>1,656</b>	<b>(42)</b>	<b>1,614</b>
<b>Equity, 30 June</b>	<b>12,045</b>	<b>23,015</b>	<b>35,060</b>	<b>72</b>	<b>35,132</b>
<b>2022</b>					
<b>Equity, 1 January</b>	<b>12,045</b>	<b>18,700</b>	<b>30,745</b>	<b>112</b>	<b>30,857</b>
Profit for the period	-	1,311	1,311	27	1,338
<b>Total comprehensive income</b>	<b>-</b>	<b>1,311</b>	<b>1,311</b>	<b>27</b>	<b>1,338</b>
Subsequent adjustment of purchase price allocation	-	(25)	(25)	-	(25)
Distributed dividend and other adjustments	-	-	-	(59)	(59)
<b>Total changes in equity</b>	<b>-</b>	<b>1,286</b>	<b>1,286</b>	<b>(32)</b>	<b>1,254</b>
<b>Equity, 30 June</b>	<b>12,045</b>	<b>19,986</b>	<b>32,031</b>	<b>80</b>	<b>32,111</b>

<sup>1</sup> The share capital is divided into 21 shares in multiples of DKK 5 million. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen, Denmark. Nykredit Bank is included in the Consolidated Financial Statements of this company and the Consolidated Financial Statements of the association Forenet Kredit, Kalvebod Brygge 1-3, Copenhagen, Denmark, which owns 78.9% of Nykredit Realkredit A/S. The Financial Statements (in Danish) of Forenet Kredit f.m.b.a. may be obtained from the association.



## STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Bank A/S

	Share capital <sup>1</sup>	Statutory reserves <sup>2</sup>	Retained earnings	Total equity
<b>2023</b>				
<b>Equity, 1 January</b>	<b>12,045</b>	<b>1,950</b>	<b>19,409</b>	<b>33,404</b>
Profit for the period	-	276	1,402	1,677
<b>Total comprehensive income</b>	<b>-</b>	<b>276</b>	<b>1,402</b>	<b>1,677</b>
Premium paid on acquisition of shares in subsidiary	-	-	(21)	(21)
Dividend received from subsidiaries	-	(644)	644	-
<b>Total changes in equity</b>	<b>-</b>	<b>(368)</b>	<b>2,024</b>	<b>1,656</b>
<b>Equity, 30 June</b>	<b>12,045</b>	<b>1,581</b>	<b>21,433</b>	<b>35,060</b>
<b>2022</b>				
<b>Equity, 1 January</b>	<b>12,045</b>	<b>2,198</b>	<b>16,501</b>	<b>30,743</b>
Profit for the period	-	255	1,057	1,312
<b>Total comprehensive income</b>	<b>-</b>	<b>255</b>	<b>1,057</b>	<b>1,312</b>
Premium paid on acquisition of shares in subsidiary	-	-	(25)	(25)
Dividend received from subsidiaries	-	(758)	758	-
<b>Total changes in equity</b>	<b>-</b>	<b>(503)</b>	<b>1,790</b>	<b>1,287</b>
<b>Equity, 30 June</b>	<b>12,045</b>	<b>1,695</b>	<b>18,291</b>	<b>32,030</b>

<sup>1</sup> The share capital is divided into 21 shares in multiples of DKK 5 million. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen, Denmark. Nykredit Bank is included in the Consolidated Financial Statements of this company and the Consolidated Financial Statements of the association Forenet Kredit, Kalvebod Brygge 1-3, Copenhagen, Denmark, which owns 78.9% of Nykredit Realkredit A/S. The Financial Statements (in Danish) of Forenet Kredit f.m.b.a. may be obtained from the association.

<sup>2</sup> Comparative figures for "Statutory reserves" and "Retained earnings" have been restated. The adjustment has not impacted "Total equity" neither this year nor with regard to the comparative figures.

**CASH FLOW STATEMENT**

DKK million

Nykredit Bank Group	H1/2023	H1/2022
<b>PROFIT FOR THE PERIOD</b>	<b>1,705</b>	<b>1,339</b>
<b>Adjustments</b>		
Net interest income	(2,044)	(841)
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	20	19
Profit from investments in associates	(3)	(4)
Prepayments/deferred income, net	(27)	(197)
Impairment charges for loans, advances and receivables etc	36	223
Tax on profit for the period	560	369
Other adjustments	434	27
<b>Total</b>	<b>682</b>	<b>937</b>
<b>Change in operating capital</b>		
Loans, advances and other receivables	(351)	2,337
Deposits and payables to credit institutions	(10,156)	1,605
Other operating capital	(1,580)	8,844
<b>Total</b>	<b>(11,406)</b>	<b>13,723</b>
Interest income received	3,107	876
Interest expenses paid	(1,308)	(18)
Corporation tax paid, net	(173)	(455)
<b>Cash flows from the above operating activities</b>	<b>(9,779)</b>	<b>14,125</b>
<b>Cash flows from investing activities</b>		
Dividend received from associates	4	4
Purchase of associates	(3)	-
Purchase and sale of bonds and equities, net	6,997	(13,278)
Purchase of intangible assets*	(23)	(34)
Purchase of property, plant and equipment	-	(1)
<b>Total</b>	<b>6,975</b>	<b>(13,309)</b>
<b>Cash flows from financing activities</b>		
Redemption of subordinated debt	-	(2,000)
Bonds in issue	(2,258)	2,967
Distributed dividend	(70)	(50)
Payment of lease liabilities	(4)	(1)
<b>Total</b>	<b>(2,332)</b>	<b>916</b>
<b>Total cash flows for the period</b>	<b>(5,136)</b>	<b>1,732</b>
<b>Cash and cash equivalents, beginning of period:</b>	<b>39,473</b>	<b>27,134</b>
Foreign currency translation adjustment of cash	(387)	(30)
Total cash flows for the period	(5,136)	1,732
<b>Cash and cash equivalents, end of period</b>	<b>33,950</b>	<b>28,836</b>
<b>Cash and cash equivalents, end of period:</b>		
Cash balances and demand deposits with central banks	23,949	22,866
Receivables from credit institutions and central banks	10,002	5,969
<b>Total</b>	<b>33,950</b>	<b>28,836</b>

\* Purchase of intangible assets includes added value from purchase of shares from minority interests.

# NOTES

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Nykredit Bank Group

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# NOTES

Nykredit Bank Group

## 1. ACCOUNTING POLICIES

### General

The Consolidated Financial Statements for H1/2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the Annual Report.

The Parent Interim Financial Statements for H1/2023 have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc (the Danish Executive Order on Financial Reports) issued by the Danish Financial Supervisory Authority (FSA).

The accounting policies of Nykredit Bank A/S and the Nykredit Bank Group are unchanged compared with the Annual Report for 2022 (note 1).

As at 1 January 2023, the following new or amended reporting standards and/or interpretations, which have not impacted the financial reporting, have been implemented:

- IAS 1 and IFRS Practice Statements: Making Materiality Judgements, IAS 8 Accounting Policies, amendments to accounting estimates and errors and IAS 12 Income Taxes.

Full accounting policies as well as a description of the Company's and the Group's material risks appear from the Annual Report for 2022 (notes 1 and 3).

All figures in the Interim Report are rounded to the nearest million Danish kroner (DKK), unless otherwise specified. The totals stated are calculated on the basis of actual figures prior to rounding. Due to the rounding-off to the nearest whole million Danish kroner, the sum of individual figures and the stated totals may differ slightly.

### Significant accounting estimates and assessments

The preparation of the Financial Statements involves the use of qualified accounting estimates and assessments. These estimates and assessments are made by Nykredit's Management in accordance with accounting policies and based on past experience and an assessment of future conditions.

Significant assessments of particular emphasis are assessments of the time of recognition and derecognition of financial instruments as well as assessments of the business models which form the basis for classification of financial assets, including whether the contractual cash flows of a financial asset represent solely payments of principal and interest.

Accounting estimates are tested and assessed regularly. The estimates and assessments applied are based on assumptions which Management considers reasonable and realistic, but which to some extent involves significant uncertainty and unpredictability. Compared with 2022, there have been no fundamental changes to the estimates used.

Areas implying a high degree of assessment or complexity or areas in which assumptions and estimates are material to the Financial Statements include provisions for loan and receivable impairment as well as valuation of unlisted financial instruments, including swaps, see notes 2 and 3 to the Annual Report for 2022 to which reference is made.

A particularly important aspect in the assessment of credit risk on lending is the uncertainty related to geopolitical tensions and covid-19.

The geopolitical tensions are expected to affect the credit quality of some customers because of lower economic growth, rising prices and value and supply chain disruptions. Against this backdrop, provisions totalling DKK 681 million based on stress tests have been taken to counter the worsened risk outlook.

General uncertainty about the impacts of the covid-19 pandemic has fallen significantly. Customers' repayment of loans granted under government relief packages went better, incurring to additional losses to Nykredit. As a consequence, the provision taken to cover covid-19 was reversed at end-H1/2023.

Please refer to the Management Commentary, page 13 etc.



## NOTES

		DKK million		
Nykredit Bank A/S		Nykredit Bank Group		
End-2022	H1/2023		H1/2023	End-2022
<b>2. CAPITAL AND CAPITAL ADEQUACY</b>				
<b>33,404</b>	<b>35,060</b>	<b>Equity</b>	<b>35,132</b>	<b>33,518</b>
-	-	Minority interests not included	(72)	(114)
(22)	(26)	Prudent valuation adjustment	(26)	(22)
(1,770)	(1,770)	Intangible assets excluding deferred tax liabilities	(1,859)	(1,876)
-	-	Other regulatory adjustments	37	62
(102)	(156)	Deduction for non-performing exposures	(156)	(102)
<b>(1,893)</b>	<b>(1,952)</b>	<b>Common Equity Tier 1 regulatory deductions</b>	<b>(2,078)</b>	<b>(2,051)</b>
<b>31,511</b>	<b>33,108</b>	<b>Common Equity Tier 1 capital</b>	<b>33,055</b>	<b>31,467</b>
-	-	Minority interests	6	10
-	-	<b>Total Additional Tier 1 capital after regulatory deductions</b>	<b>6</b>	<b>10</b>
<b>31,511</b>	<b>33,108</b>	<b>Tier 1 capital</b>	<b>33,060</b>	<b>31,477</b>
631	605	Tier 2 capital regulatory adjustments	553	571
-	-	Minority interests	7	12
<b>32,142</b>	<b>33,713</b>	<b>Own funds</b>	<b>33,620</b>	<b>32,061</b>
113,902	110,350	Credit risk	103,922	105,913
14,929	10,664	Market risk	10,755	15,026
7,981	9,384	Operational risk	11,667	10,205
<b>136,812</b>	<b>130,399</b>	<b>Total risk exposure amount</b>	<b>126,343</b>	<b>131,143</b>
<b>Financial ratios</b>				
23.0	25.3	Common Equity Tier 1 capital ratio, %	26.1	23.9
23.0	25.3	Tier 1 capital ratio, %	26.1	24.0
23.4	25.8	Total capital ratio, %	26.6	24.4

Capital and capital adequacy have been determined in accordance with the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) of the European Parliament and of the Council as incorporated into Danish legislation.

Nykredit has been designated as a systemically important financial institution (SIFI) by the Danish authorities. As a result, a special SIFI CET1 capital buffer requirement of 2% applies to the Nykredit Realkredit Group. To this should be added the permanent buffer requirement of 2.5% in Denmark which must also be met using Common Equity Tier 1 capital. The countercyclical capital buffer is currently at 2.5% and thereby fully phased-in.

## NOTES

DKK million

Nykredit Bank Group

## 3. BUSINESS AREAS

The business areas reflect Nykredit's organisation and internal reporting. Banking includes: Retail, which serves personal customers and SMEs (small and medium-sized enterprises). It also includes Corporates & Institutions, comprising activities with corporate and institutional clients, securities trading and derivatives trading. Wealth Management comprises wealth and asset management activities. Please refer to the Management Commentary.

Results H1/2023	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Banking	Wealth Management	Group Items	Total
<b>Results by business area</b>								
Net interest income	628	606	1,234	409	1,644	181	(2)	1,823
Net fee income	122	80	202	163	365	9	(6)	367
Wealth management income	228	62	290	78	368	815	13	1,197
Net interest from capitalisation	40	90	130	132	262	21	38	322
Net income relating to customer benefits programmes <sup>1</sup>	-	-	-	-	-	-	(47)	(47)
Trading, investment portfolio and other income	34	(58)	(24)	339	315	33	(119)	229
<b>Income</b>	<b>1,052</b>	<b>780</b>	<b>1,832</b>	<b>1,121</b>	<b>2,953</b>	<b>1,060</b>	<b>(122)</b>	<b>3,891</b>
Costs	521	271	792	297	1,089	487	57	1,633
<b>Business profit before impairment charges</b>	<b>532</b>	<b>509</b>	<b>1,040</b>	<b>824</b>	<b>1,865</b>	<b>572</b>	<b>(179)</b>	<b>2,258</b>
Impairment charges for loans and advances	(43)	(26)	(69)	79	10	15	0	24
<b>Business profit (loss)</b>	<b>575</b>	<b>535</b>	<b>1,110</b>	<b>745</b>	<b>1,855</b>	<b>558</b>	<b>(179)</b>	<b>2,233</b>
Legacy derivatives	3	7	9	23	32	(0)	-	32
<b>Profit (loss) before tax</b>	<b>577</b>	<b>541</b>	<b>1,119</b>	<b>768</b>	<b>1,887</b>	<b>558</b>	<b>(179)</b>	<b>2,266</b>
<b>BALANCE SHEET</b>								
<b>Assets</b>								
Reverse repurchase lending at amortised cost							32,996	32,996
Loans and advances at amortised cost	12,698	30,334	43,032	43,218	86,250	5,473	301	92,023
<b>Assets by business area</b>	<b>12,698</b>	<b>30,334</b>	<b>43,032</b>	<b>43,218</b>	<b>86,250</b>	<b>5,473</b>	<b>33,297</b>	<b>125,019</b>
Unallocated assets								100,152
<b>Total assets</b>								<b>225,172</b>
<b>Liabilities and equity</b>								
Repo deposits at amortised cost	-	-	-	-	-	-	5,068	5,068
Deposits and other payables at amortised cost	46,245	28,054	74,299	11,138	85,437	17,442	4,280	107,158
<b>Liabilities by business area</b>	<b>46,245</b>	<b>28,054</b>	<b>74,299</b>	<b>11,138</b>	<b>85,437</b>	<b>17,442</b>	<b>9,348</b>	<b>112,226</b>
Unallocated liabilities								77,814
Equity								35,132
<b>Total liabilities and equity</b>								<b>225,172</b>

<sup>1</sup> The item comprises contributions and discounts relating to Nykredit's benefits programmes, see "Alternative performance measures".

## NOTES

DKK million

Nykredit Bank Group

## 3. BUSINESS AREAS (CONTINUED)

Results H1/2022	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Banking	Wealth Management	Group Items	Total
<b>Results by business area</b>								
Net interest income	228	376	604	338	943	59	(0)	1,001
Net fee income	111	85	195	141	336	9	(30)	315
Wealth management income	227	67	294	71	364	789	18	1,171
Net interest from capitalisation	(8)	(17)	(25)	(24)	(49)	(3)	(12)	(64)
Net income relating to customer benefits programmes <sup>1</sup>	-	-	-	-	-	-	(56)	(56)
Trading, investment portfolio and other income	60	141	201	340	542	43	(151)	433
<b>Income</b>	<b>618</b>	<b>652</b>	<b>1,270</b>	<b>866</b>	<b>2,136</b>	<b>896</b>	<b>(231)</b>	<b>2,801</b>
Costs	486	265	751	286	1,037	465	24	1,526
<b>Business profit before impairment charges</b>	<b>132</b>	<b>387</b>	<b>519</b>	<b>580</b>	<b>1,099</b>	<b>431</b>	<b>(255)</b>	<b>1,275</b>
Impairment charges for loans and advances	(43)	306	263	7	270	(24)	(9)	237
<b>Business profit (loss)</b>	<b>175</b>	<b>81</b>	<b>256</b>	<b>573</b>	<b>830</b>	<b>455</b>	<b>(246)</b>	<b>1,038</b>
Legacy derivatives	63	334	397	273	670	0	-	670
<b>Profit (loss) before tax</b>	<b>238</b>	<b>416</b>	<b>653</b>	<b>846</b>	<b>1,499</b>	<b>455</b>	<b>(246)</b>	<b>1,708</b>

## BALANCE SHEET

## Assets

Reverse repurchase lending at amortised cost	-	-	-	-	-	-	36,831	36,831
Loans and advances at amortised cost	12,197	29,248	41,445	38,702	80,147	5,021	854	86,022
<b>Assets by business area</b>	<b>12,197</b>	<b>29,248</b>	<b>41,445</b>	<b>38,702</b>	<b>80,147</b>	<b>5,021</b>	<b>37,684</b>	<b>122,852</b>
Unallocated assets								98,111
<b>Total assets</b>								<b>220,963</b>

## Liabilities and equity

Repo deposit at amortised cost	-	-	-	-	-	-	5,641	5,641
Deposits and other payables at amortised cost	41,670	26,379	68,049	11,257	79,306	16,329	1,553	97,189
<b>Liabilities by business area</b>	<b>41,670</b>	<b>26,379</b>	<b>68,049</b>	<b>11,257</b>	<b>79,306</b>	<b>16,329</b>	<b>7,194</b>	<b>102,829</b>
Unallocated liabilities								86,022
Equity								32,111
<b>Total liabilities and equity</b>								<b>220,963</b>

<sup>1</sup> The item comprises contributions and discounts relating to Nykredit's benefits programmes, see "Alternative performance measures".

## NOTES

DKK million

Nykredit Bank Group

## 4. RECONCILIATION OF INTERNAL AND REGULATORY INCOME STATEMENT

	H1/2023			H1/2022		
	Earnings presentation in Management Commentary	Reclassification	Income statement	Earnings presentation in Management Commentary	Reclassification	Income statement
Net interest income	1,823	221	2,044	1,001	(160)	841
Dividend on equities etc		3	3		5	5
Fee and commission income, net	367	969	1,336	315	1,068	1,383
<b>Net interest and fee income</b>		<b>1,193</b>	<b>3,384</b>		<b>912</b>	<b>2,229</b>
Wealth management income	1,197	(1,197)	-	1,171	(1,171)	-
Net interest from capitalisation	322	(322)	-	(64)	64	-
Net income relating to customer benefits programmes	(47)	47	-	(56)	56	-
Trading, investment portfolio and other income	229	(229)	-	433	(433)	-
Value adjustments		476	476		1,198	1,198
Other operating income		60	60		40	40
<b>Total income</b>	<b>3,891</b>			<b>2,801</b>		
Costs	1,633	-	1,633	1,526	-	1,526
<b>Business profit before impairment charges</b>	<b>2,258</b>			<b>1,275</b>		
Impairment charges for loans and advances etc	24	-	24	237	-	237
Profit from investments in associates		3	3		4	4
<b>Business profit</b>	<b>2,233</b>			<b>1,038</b>		
Legacy derivatives	32	(32)	-	670	(670)	-
<b>Profit before tax</b>	<b>2,266</b>	<b>-</b>	<b>2,266</b>	<b>1,708</b>	<b>-</b>	<b>1,708</b>

Note 4 combines the earnings presentation in the Management Commentary (internal presentation), including the presentation of the financial highlights and the business areas, and the formal income statement of the Financial Statements.

The most important difference is that all income is recognised in two main items in the internal presentation: "Income", including sub-items, and "Legacy derivatives". The sum of these two items corresponds to "Net interest and fee income", "Value adjustments", "Other operating income" and "Profit from investments in associates" in the income statement of the Financial Statements. The column "Reclassification" thus comprises only differences between the internal presentation and the income statement with respect to these items.

"Costs" in the internal presentation corresponds to total costs recognised in the Financial Statements: "Staff and administrative expenses", "Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets" and "Other operating expenses".

"Impairment charges for loans and advances etc" corresponds to the presentation in the income statement.

The internal presentation is based on the same recognition and measurement principles as the IFRS-based Financial Statements. Thus, "profit before tax" is unchanged.



## NOTES

DKK million

Nykredit Bank Group	H1/2023	H1/2022
<b>5. FEE AND COMMISSION INCOME</b>		
<b>Revenue from contracts with customers (IFRS 15) by business area</b>		
Retail	288	255
Corporates & Institutions	200	217
Wealth Management	1,221	1,191
Group Items	26	27
<b>Total</b>	<b>1,734</b>	<b>1,690</b>
Total including income from financial guarantees	1,780	1,715

The allocation of fees to business areas shows the business areas where fees are included on initial recognition. These fees, together with other income, are subsequently reallocated to the business areas serving the customers on a net basis, see note 3.

Nykredit's revenue primarily consists of net income recognised in items governed by the accounting standards IFRS 9 "Financial Instruments" and IFRS 16 "Leases". Fees, including transaction costs, that are integral to the effective interest rate of an instrument as well as fees from financial guarantees are covered by IFRS 9.

Revenue recognised according to IFRS 15 partly includes fees from guarantees and other commitments (off-balance sheet items) as well as net revenue from Nykredit Markets, Asset Management and custody transactions, where revenue is recognised pursuant to the contractual provisions of the underlying agreements or price lists. Generally, business activities do not imply contract assets or liabilities for accounting purposes.

Revenue comprised by IFRS 15 mainly relates to:

- Custody fees are based on a percentage of the size of the individual custody account balance and/or fixed fees. Fees are recognised at fixed payment dates in accordance with contractual provisions or price lists.
- Revenue from Nykredit Markets activities comprises trading in financial instruments and is recognised simultaneously with the transaction. Revenue in connection with eg Capital Markets transactions is recognised at the time of delivery of the service and when Nykredit's obligation has been settled.
- Revenue from wealth management activities comprises Nykredit's business within asset and wealth management, including private banking and pension activities. Revenue is recognised as the services are performed and delivered to the customers. Revenue is determined as a percentage of assets under management and administration or in the form of transaction fees.

Revenue from specific custody and asset management activities is determined based on the price movements of the underlying contracts, and therefore earnings cannot be finally calculated until at a specified, agreed date, but not later than at the end of the financial year.

Recognition of revenue is not impacted by special conditions which may significantly impact the size thereof or cash flows. Nykredit has no IFRS 15 obligations in the form of buybacks or guarantees etc.

## NOTES

DKK million

Nykredit Bank Group

## 6. NET INTEREST INCOME ETC AND VALUE ADJUSTMENTS

H1/2023	Interest income	Interest expenses	Net interest income	Dividend on equities	Value adjustments	Total
<b>Financial portfolios at amortised cost</b>						
Receivables from and payables to credit institutions and central banks	151	551	(400)	-	-	(400)
Lending and deposits	2,335	639	1,696	-	(4)	1,692
Repo transactions and reverse repurchase lending	669	235	434	-	-	434
Bonds in issue at amortised cost	-	135	(135)	-	-	(135)
Other financial instruments	70	31	39	-	-	39
<b>Total</b>	<b>3,225</b>	<b>1,591</b>	<b>1,634</b>	<b>-</b>	<b>(4)</b>	<b>1,630</b>
<b>Financial portfolios at fair value and financial instruments at fair value</b>						
Bonds	558	-	558	-	152	711
Equities etc	-	-	-	3	14	17
Derivative financial instruments etc	(148)	-	(148)	-	242	93
<b>Total</b>	<b>410</b>	<b>-</b>	<b>410</b>	<b>3</b>	<b>408</b>	<b>821</b>
Foreign currency translation adjustment					72	72
<b>Net interest income etc and value adjustments</b>	<b>3,635</b>	<b>1,591</b>	<b>2,044</b>	<b>3</b>	<b>476</b>	<b>2,523</b>
Negative interest income	2	2	-			
Negative interest expenses	25	25	-			
<b>Total</b>	<b>3,662</b>	<b>1,618</b>	<b>2,044</b>			
<b>H1/2022</b>						
<b>Financial portfolios at amortised cost</b>						
Receivables from and payables to credit institutions and central banks	(47)	6	(52)	-	-	(52)
Lending and deposits	989	(205)	1,194	-	2	1,196
Repo transactions and reverse repurchase lending	(127)	(38)	(89)	-	-	(89)
Bonds in issue at amortised cost	-	(3)	3	-	-	3
Other financial instruments	5	30	(25)	-	-	(25)
<b>Total</b>	<b>821</b>	<b>(210)</b>	<b>1,031</b>	<b>-</b>	<b>2</b>	<b>1,033</b>
<b>Financial portfolios at fair value and financial instruments at fair value</b>						
Bonds	(1)	-	(1)	-	(256)	(257)
Equities etc	-	-	-	5	(5)	(0)
Derivative financial instruments etc	(188)	-	(188)	-	1,340	1,152
<b>Total</b>	<b>(189)</b>	<b>-</b>	<b>(189)</b>	<b>5</b>	<b>1,079</b>	<b>894</b>
Foreign currency translation adjustment					117	117
<b>Net interest income etc and value adjustments</b>	<b>631</b>	<b>(210)</b>	<b>841</b>	<b>5</b>	<b>1,198</b>	<b>2,044</b>
Negative interest income	123	123	-			
Negative interest expenses	321	321	-			
<b>Total</b>	<b>1,076</b>	<b>234</b>	<b>841</b>			

**NOTES**

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
H1/2022	H1/2023	H1/2023	H1/2022
<b>7. VALUE ADJUSTMENTS</b>			
<b>Assets measured at fair value through profit or loss</b>			
2	(4)	(4)	2
(248)	150	152	(256)
(5)	14	14	(5)
118	73	72	117
1,338	242	242	1,338
2	-	-	2
3	76	76	3
(3)	(76)	(76)	(3)
<b>1,207</b>	<b>475</b>	<b>476</b>	<b>1,198</b>

**NOTES**

DKK million

Nykredit Bank Group

**8. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC, GROUP**

**8 a. Impairment charges for loans, advances and receivables etc**

	Loans and advances at amortised cost	Loans and advances at amortised cost	Credit institutions and other	Credit institutions and other	Guarantees etc <sup>1</sup>	Guarantees etc <sup>1</sup>	Total	Total
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Total impairment provisions</b>								
<b>Balance, beginning of period</b>	<b>3,132</b>	<b>2,755</b>	<b>3</b>	<b>9</b>	<b>340</b>	<b>331</b>	<b>3,475</b>	<b>3,096</b>
New impairment provisions as a result of additions and change in credit risk	1,037	1,099	0	0	138	187	1,174	1,286
Releases as a result of redemptions and change in credit risk	993	868	2	5	148	171	1,142	1,044
Impairment provisions written off	29	17	-	-	-	-	29	17
Interest on impaired facilities	31	22	-	-	-	-	31	22
<b>Total impairment provisions, end of period</b>	<b>3,178</b>	<b>2,990</b>	<b>1</b>	<b>4</b>	<b>330</b>	<b>348</b>	<b>3,509</b>	<b>3,342</b>
<b>Earnings impact</b>								
Change in impairment provisions for loans and advances (stages 1-3)	44	231	(1)	(5)	(11)	16	32	242
Write-offs for the period, not previously written down for impairment	4	8	-	-	-	-	4	8
Recoveries on claims previously written off	(19)	(15)	-	-	-	-	(19)	(15)
<b>Total</b>	<b>30</b>	<b>224</b>	<b>(1)</b>	<b>(5)</b>	<b>(11)</b>	<b>16</b>	<b>18</b>	<b>235</b>
Value adjustment of claims previously written off	7	2	-	-	-	-	7	2
<b>Earnings impact, H1/2023</b>	<b>37</b>	<b>226</b>	<b>(1)</b>	<b>(5)</b>	<b>(11)</b>	<b>16</b>	<b>24</b>	<b>237</b>

<sup>1</sup> "Guarantees etc" comprises off-balance sheet items in the form of guarantees and other commitments, including loan commitments.



## NOTES

DKK million

Nykredit Bank Group

## 8. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC, GROUP (CONTINUED)

8 b. Total impairment provisions by stage 2023	Loans, advances and receivables at amortised cost			Guarantees			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Total, 1 January 2023</b>	<b>383</b>	<b>914</b>	<b>1,837</b>	<b>75</b>	<b>190</b>	<b>75</b>	<b>3,475</b>
Transfer to stage 1	214	(202)	(11)	43	(42)	(0)	0
Transfer to stage 2	(56)	94	(37)	(6)	9	(3)	0
Transfer to stage 3	(1)	(98)	100	(0)	(4)	4	0
Impairment provisions for new loans and advances (additions)	93	140	49	14	22	8	325
Additions as a result of change in credit risk	161	357	238	13	68	13	849
Releases as a result of change in credit risk	299	254	441	59	75	15	1,142
Previously written down for impairment, now written off	0	0	29	-	-	-	29
Interest on impaired facilities	-	-	31	-	-	-	31
<b>Total impairment provisions, end of period</b>	<b>493</b>	<b>951</b>	<b>1,736</b>	<b>80</b>	<b>168</b>	<b>82</b>	<b>3,509</b>
<b>Total</b>		<b>3,179</b>			<b>330</b>		<b>3,509</b>
<b>Impairment provisions, end of period, are moreover attributable to:</b>							
Credit institutions	1	-	-				1
<b>Earnings impact, H1/2023</b>	<b>(46)</b>	<b>243</b>	<b>(155)</b>	<b>(32)</b>	<b>15</b>	<b>6</b>	<b>32</b>
<b>2022</b>							
	Loans, advances and receivables at amortised cost			Guarantees			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Total
<b>Total, 1 January 2022</b>	<b>364</b>	<b>809</b>	<b>1,591</b>	<b>69</b>	<b>169</b>	<b>94</b>	<b>3,096</b>
Transfer to stage 1	363	(310)	(53)	65	(62)	(3)	(0)
Transfer to stage 2	(74)	134	(61)	(10)	18	(8)	(0)
Transfer to stage 3	(2)	(40)	42	(0)	(5)	5	0
Impairment provisions for new loans and advances (additions)	75	145	97	16	32	25	391
Additions as a result of change in credit risk	95	398	288	25	73	15	896
Releases as a result of change in credit risk	413	201	259	79	62	30	1,044
Previously written down for impairment, now written off	0	0	17	-	-	-	17
Interest on impaired facilities	-	-	22	-	-	-	22
<b>Total impairment provisions, end of period</b>	<b>408</b>	<b>936</b>	<b>1,650</b>	<b>86</b>	<b>164</b>	<b>98</b>	<b>3,342</b>
<b>Total</b>		<b>2,994</b>			<b>348</b>		<b>3,342</b>
<b>Impairment provisions, end of period, are moreover attributable to:</b>							
Credit institutions	4	-	-				4
<b>Earnings impact, H1/2022</b>	<b>(242)</b>	<b>342</b>	<b>127</b>	<b>(38)</b>	<b>44</b>	<b>11</b>	<b>242</b>

The principles of impairment are described in detail in the accounting policies (note 1) of the Annual Report 2022.

## NOTES

DKK million

Nykredit Bank Group

## 8. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC, GROUP (CONTINUED)

## 8 c. Loans, advances and guarantees etc by stage

30 June 2023	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances at amortised cost etc, gross</b>				
Loans and advances at amortised cost etc, gross	105,653	19,981	2,564	128,198
Total impairment provisions, end of period	491	951	1,736	3,178
<b>Loans and advances, carrying amount</b>	<b>105,161</b>	<b>19,030</b>	<b>828</b>	<b>125,019</b>
<b>Guarantees and loan commitments</b>				
Guarantees etc	44,576	4,957	340	49,873
Total impairment provisions, end of period	80	168	82	330
<b>Guarantees and loan commitments, carrying amount</b>	<b>44,496</b>	<b>4,789</b>	<b>258</b>	<b>49,543</b>
<b>End-2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Loans and advances at amortised cost etc, gross</b>				
Loans and advances at amortised cost etc, gross	108,433	16,867	2,536	127,836
Total impairment provisions, end of period	380	914	1,837	3,132
<b>Loans and advances, carrying amount</b>	<b>108,053</b>	<b>15,953</b>	<b>699</b>	<b>124,705</b>
<b>Guarantees and loan commitments</b>				
Guarantees etc	46,248	2,744	375	49,368
Total impairment provisions, end of period	75	190	75	340
<b>Guarantees and loan commitments, carrying amount</b>	<b>46,173</b>	<b>2,554</b>	<b>300</b>	<b>49,027</b>

## NOTES

DKK million

Nykredit Bank A/S

## 9. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC, PARENT

## 9 a. Impairment charges for loans, advances and receivables etc

	Loans and advances at amortised cost	Loans and advances at amortised cost	Credit institutions and other	Credit institutions and other	Guarantees etc <sup>1</sup>	Guarantees etc <sup>1</sup>	Total	Total
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Total impairment provisions</b>								
<b>Balance, beginning of year</b>	<b>2,972</b>	<b>2,619</b>	<b>3</b>	<b>9</b>	<b>340</b>	<b>331</b>	<b>3,315</b>	<b>2,959</b>
New impairment provisions as a result of additions and change in credit risk	989	1,053	0	0	138	187	1,127	1,241
Releases as a result of redemptions and change in credit risk	947	830	2	5	148	171	1,096	1,006
Impairment provisions written off	27	16	-	-	-	-	27	16
Interest on impaired facilities	31	22	-	-	-	-	31	22
<b>Total impairment provisions, end of period</b>	<b>3,019</b>	<b>2,847</b>	<b>1</b>	<b>4</b>	<b>330</b>	<b>348</b>	<b>3,350</b>	<b>3,199</b>
<b>Earnings impact</b>								
Change in impairment provisions for loans and advances (stages 1-3)	42	223	(1)	(5)	(11)	16	30	234
Write-offs for the period, not previously written down for impairment	3	5	-	-	-	-	3	5
Recoveries on claims previously written off	(17)	(14)	-	-	-	-	(17)	(14)
<b>Total</b>	<b>29</b>	<b>214</b>	<b>(1)</b>	<b>(5)</b>	<b>(11)</b>	<b>16</b>	<b>17</b>	<b>225</b>
Value adjustment of claims previously written off	7	2	-	-	-	-	7	2
<b>Total earnings impact, H1</b>	<b>36</b>	<b>216</b>	<b>(1)</b>	<b>(5)</b>	<b>(11)</b>	<b>16</b>	<b>24</b>	<b>227</b>

<sup>1</sup> "Guarantees etc" comprises off-balance sheet items in the form of guarantees and other commitments, including loan commitments.

## NOTES

DKK million

Nykredit Bank A/S

## 9. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC, PARENT (CONTINUED)

## 9 b. Total impairment provisions by stage

2023	Loans, advances and receivables at amortised cost			Guarantees			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Total, 1 January 2023</b>	<b>363</b>	<b>910</b>	<b>1,702</b>	<b>75</b>	<b>190</b>	<b>75</b>	<b>3,315</b>
Transfer to stage 1	206	(202)	(4)	43	(42)	(0)	0
Transfer to stage 2	(56)	90	(34)	(6)	9	(3)	(0)
Transfer to stage 3	(1)	(98)	99	(0)	(4)	4	0
Impairment provisions for new loans and advances (additions)	91	140	45	14	22	8	319
Additions as a result of change in credit risk	161	356	197	13	68	13	808
Releases as a result of change in credit risk	282	248	418	59	75	15	1,096
Previously written down for impairment, now written off	-	-	27	-	-	-	27
Interest on impaired facilities	-	-	31	-	-	-	31
<b>Total impairment provisions</b>	<b>481</b>	<b>948</b>	<b>1,592</b>	<b>80</b>	<b>168</b>	<b>82</b>	<b>3,350</b>
<b>Total impairment provisions, end of period</b>		<b>3,021</b>			<b>330</b>		<b>3,350</b>
<b>Impairment provisions, end of period, are attributable to:</b>							
Credit institutions	1	-	-	-	-	-	1
<b>Earnings impact, H1/2023</b>	<b>(31)</b>	<b>248</b>	<b>(176)</b>	<b>(32)</b>	<b>15</b>	<b>6</b>	<b>30</b>
<b>2022</b>							
2022	Loans, advances and receivables at amortised cost			Guarantees			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Total, 1 January 2022</b>	<b>350</b>	<b>805</b>	<b>1,472</b>	<b>69</b>	<b>169</b>	<b>94</b>	<b>2,959</b>
Transfer to stage 1	359	(309)	(50)	65	(62)	(3)	-
Transfer to stage 2	(74)	134	(60)	(10)	18	(8)	-
Transfer to stage 3	(2)	(39)	41	(0)	(5)	5	-
Impairment provisions for new loans and advances (additions)	72	144	94	16	32	25	383
Additions as a result of change in credit risk	92	397	255	25	73	15	858
Releases as a result of change in credit risk	408	200	228	79	62	30	1,006
Previously written down for impairment, now written off	-	-	16	-	-	-	16
Interest on impaired facilities	-	-	22	-	-	-	22
<b>Total impairment provisions</b>	<b>390</b>	<b>932</b>	<b>1,530</b>	<b>86</b>	<b>164</b>	<b>98</b>	<b>3,199</b>
<b>Total impairment provisions, end of period</b>		<b>2,851</b>			<b>348</b>		<b>3,199</b>
<b>Impairment provisions, end of period, are attributable to:</b>							
Credit institutions	4	-	-	-	-	-	4
<b>Earnings impact, H1/2022</b>	<b>(244)</b>	<b>341</b>	<b>121</b>	<b>(38)</b>	<b>44</b>	<b>11</b>	<b>234</b>



**NOTES**

Nykredit Bank A/S				DKK million	
				Nykredit Bank Group	
H1/2022	H1/2023			H1/2023	H1/2022
		<b>10. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>			
4	3	Profit from investments in associates		3	4
251	272	Profit from investments in Group enterprises		-	-
<b>255</b>	<b>276</b>	<b>Total</b>		<b>3</b>	<b>4</b>

**NOTES**

Nykredit Bank A/S		DKK million		
End-2022	H1/2023		H1/2023	End-2022
		Nykredit Bank Group		
<b>11. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>				
85,907	91,148	Bank loans and advances	95,202	89,866
37,970	32,996	Reverse repurchase lending	32,996	37,970
<b>123,877</b>	<b>124,144</b>	<b>Balance, end of period</b>	<b>128,198</b>	<b>127,836</b>
<b>Adjustment for credit risk</b>				
(2,972)	(3,019)	Impairment provisions	(3,178)	(3,132)
<b>120,905</b>	<b>121,125</b>	<b>Balance after impairment, end of period</b>	<b>125,019</b>	<b>124,705</b>
<p>Fair value of loans, advances and other receivables at amortised cost amounted to DKK 125 billion (end-2022: DKK 125 billion)</p>				
<b>12. BONDS AT FAIR VALUE</b>				
54,642	47,358	Covered bonds	48,108	55,575
1,804	2,079	Government bonds	2,079	1,804
330	527	Other bonds etc	527	330
<b>56,777</b>	<b>49,964</b>	<b>Total</b>	<b>50,714</b>	<b>57,709</b>
<p>The effect of fair value adjustment is recognised in the income statement.</p>				
603	3,525	Of which redeemed bonds	3,528	704
14,664	10,096	Assets sold as part of genuine sale and repurchase transactions	10,096	14,664
<b>13. ASSETS IN POOLED SCHEMES</b>				
164	255	Cash deposits	255	164
661	2,362	Investment fund units	2,362	661
68	(31)	Other items	(31)	68
<b>893</b>	<b>2,586</b>	<b>Total</b>	<b>2,586</b>	<b>893</b>

# NOTES

Nykredit Bank A/S		DKK million		
End-2022	H1/2023		H1/2023	End-2022
		Nykredit Bank Group		
<b>14. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>				
38,364	36,321	Payables to credit institutions	36,321	38,364
3,773	-	Payables to central banks	-	3,773
7,702	5,649	Repo transactions with credit institutions	5,649	7,702
821	-	Repo transactions with central banks	-	821
<b>50,660</b>	<b>41,969</b>	<b>Total</b>	<b>41,969</b>	<b>50,660</b>
<b>15. DEPOSITS AND OTHER PAYABLES</b>				
99,345	93,959	On demand	93,536	98,801
5,396	10,713	Time deposits	10,713	5,396
3,230	2,910	Special deposits	2,910	3,230
6,266	5,068	Repo deposits	5,068	6,266
<b>114,236</b>	<b>112,649</b>	<b>Total</b>	<b>112,226</b>	<b>113,691</b>
<b>16. BONDS IN ISSUE AT AMORTISED COST</b>				
9,545	7,287	Bonds in issue	9,412	11,670
<b>9,545</b>	<b>7,287</b>	<b>Total</b>	<b>9,412</b>	<b>11,670</b>
<b>Issues</b>				
9,545	7,287	ECP issues	7,287	9,545
-	-	Other issues	2,125	2,125
<b>9,545</b>	<b>7,287</b>	<b>Total</b>	<b>9,412</b>	<b>11,670</b>
<b>17. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE</b>				
12,744	10,495	Negative securities portfolios	10,482	12,738
<b>12,744</b>	<b>10,495</b>	<b>Total</b>	<b>10,482</b>	<b>12,738</b>

# NOTES

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Nykredit Bank Group

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## 18. RELATED PARTY TRANSACTIONS AND BALANCES

The Parent, Nykredit Realkredit, its parent as well as Group enterprises and associates are regarded as related parties. In addition, Nykredit Bank's Group enterprises and associates as stated in the Group structure are included as well as the Bank's Board of Directors, its Executive Board and related parties thereof.

No unusual related party transactions occurred in H1/2023 and 2022.

The companies have entered into various intercompany agreements as a natural part of the Group's day-to-day operations. The agreements typically involve financing, provision of guarantees, insurance, sales commission, tasks relating to IT support and IT development projects, payroll and staff administration as well as other administrative tasks.

Intercompany trading in goods and services took place on an arm's length, cost reimbursement or profit split basis.

### Agreements between Nykredit Realkredit A/S and Nykredit Bank A/S

Framework agreement on the terms for financial transactions relating to loans and deposits in the securities and money market areas etc. Transactions in financial instruments are covered by master netting agreements involving an on-going exchange of collateral in the form of cash and bonds.

### Agreements between Totalkredit A/S and Nykredit Bank A/S

Nykredit Bank may transfer secured homeowner loans to Totalkredit A/S.

### Agreements between Forenet Kredit and Group companies

Forenet Kredit annually distributes an amount to the Group companies which use the contribution to offer the Group's customers benefits in the form of discounts and green solutions.

## 19. FAIR VALUE DISCLOSURES

### Listed prices

The Group's assets and liabilities at fair value are to the widest extent possible recognised at listed prices or prices quoted in an active market or authorised marketplace.

Bonds at fair value are recognised at listed prices if external prices have been updated within the past two trading days prior to the balance sheet date. If no listed prices have been observed during this time span, the portfolio is recognised at observable inputs.

### Observable inputs

When an instrument is not traded in an active market, measurement is based on the most recent listed price in an inactive market, the price of comparable transactions or generally accepted valuation techniques based on, for instance, discounted cash flows and option models.

Observable inputs are typically yield curves, volatilities and market prices of similar instruments, which are usually obtained through ordinary providers such as Reuters, Bloomberg and market makers. If the fair value is based on transactions in similar instruments, measurement is exclusively based on transactions at arm's length. Unlisted derivatives generally belong to this category.

Bonds not traded in the past two trading days belong to this category. The valuation is based on the most recent observed price, and adjustments are made for subsequent changes in market conditions, eg by including transactions in similar instruments (matrix pricing). Redeemed bonds are transferred to this category, as there is no access to official prices in active markets.

Further, the valuation of derivatives implies the use of Credit Valuation Adjustment (CVA), thus including counterparty credit risk in the valuation. The CVA of derivatives with positive market value is primarily based on external credit curves such as Itraxx Main, but also on internal data as regards customers without impairment in the lowest rating categories, as there are no external curves suitable for the calculation of credit risk on these customers. Finally, calculations are made to simulate future exposures to interest rate swaps. Calculations entailing increased CVA are included in the value adjustment.

Furthermore, Funding Valuation Adjustment (FVA) is used for the valuation of derivatives. FVA allows for Nykredit's future funding costs incurred by derivatives transactions where clients have not provided sufficient collateral. Nykredit has used a funding curve for this calculation, which is assessed on the basis of objective prices of Danish SIFI banks' traded bonds. This calculation is made on the basis of a discount curve method.

FVA may involve both a funding benefit and a funding cost, but for Nykredit, the net FVA adjustment in 2023 will be a funding benefit. Debit Valuation Adjustment (DVA) is now a sub-element of the FVA adjustment.

Net value adjustment due to CVA, DVA and FVA amounted to DKK -57 million at 30 June 2023 against DKK -45 million at end-2022.

## NOTES

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### 19. FAIR VALUE DISCLOSURES (CONTINUED)

Upon entering into derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity and credit risk and return on capital etc. The minimum margin is amortised at the valuation of derivatives over their times-to-maturity. At 30 June 2023, the non-amortised minimum margin amounted to DKK 108 million (end-2022: DKK 114 million). With regard to liquidity and credit risk, these amounts have been included above in the net adjustment of FVA and CVA; DKK 139 million at end-June 2023 (end-2022: DKK 147 million). Finally, in some instances further value adjustment based on management judgement is made if the models are not deemed to take into account all known risks, including eg legal risks.

In some cases, markets, eg the bond market, have become inactive and illiquid. When assessing market transactions, it may therefore be difficult to conclude whether the transactions were executed at arm's length or were forced sales. If measurement is based on recent transactions, the transaction price is compared with a price based on relevant yield curves and discounting techniques.

#### Unobservable inputs

When it is not possible to measure financial instruments at fair value based on prices in active markets or observable inputs, measurement is based on own assumptions and extrapolations etc. Where possible and appropriate, measurement is based on actual transactions adjusted for differences in eg the liquidity, credit spreads and maturities etc of the instruments. The Group's unlisted equities are generally classified under this heading, and valuation is based on the IPEV Valuation Guidelines.

The positive market values of a number of interest rate swaps with customers in the lowest rating categories have been adjusted for increased credit risk based on additional CVA. The adjustment uses for instance the statistical data applied by Nykredit to calculate expected credit losses on loans and advances at amortised cost. Interest rate swaps which have been fair value adjusted to DKK 0 (after deduction for collateral) due to the creditworthiness of the counterparty are also included in the category "Unobservable inputs".

Following value adjustment, the fair value came to DKK 169 million at 30 June 2023 (end-2022: DKK 201 million). Credit value adjustments came to DKK 299 million at 30 June 2023 (end-2022: DKK 357 million).

The interest rate risk on these interest rate swaps is hedged in all material respects. However, interest rate fluctuations may impact results to the extent that the market value must be adjusted due to increased counterparty credit risk. A 0.1 percentage point change in interest rate levels will impact the fair value by +/- DKK 18 million.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 30 June 2023, the proportion was thus 0.3% (end-2022: 0.3%). The proportion of financial liabilities was 0.0% (end-2022: 0.0%).

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 0.2 billion (end-2022: DKK 0.2 billion) belonged to this category.

Assuming that an actual market price will deviate by +/- 10% from the calculated fair value, the earnings impact will be DKK 18 million at 30 June 2023 (0.05% of equity at 30 June 2023). The earnings impact at 31 December 2022 was estimated at DKK 22 million (0.06% of equity at 31 December 2022).

#### Transfers between categories

Transfers between the categories Listed prices and Observable inputs mainly result from bonds that are reclassified either due to traded volume or the number of days between last transaction and the time of determination. As at 30 June 2023, financial assets of DKK 0.0 billion (end-2022: DKK 4.3 billion) have been transferred from Listed prices to Observable inputs and DKK 0.2 billion (end-2022: DKK 0.0 billion) from Observable inputs to Listed prices. Financial liabilities of DKK 2.7 billion (end-2022: DKK 0.5 billion) were transferred from Listed prices to Observable inputs and DKK 0.7 billion (end-2022: DKK 1.1 billion) from Observable inputs to Listed prices.

Redeemed bonds (usually comprised by Listed prices) are transferred to Observable inputs on the last day before the coupon date, as there is no access to official prices in active markets. At 30 June 2023 the amount was DKK 3.5 billion (end-2022: DKK 0.7 billion).

No transfers were made between the categories Listed prices and Unobservable inputs.

#### Fair value disclosures of assets and liabilities recognised at amortised cost

Balances with credit institutions as well as bank lending and deposits are measured largely at amortised cost. For financial assets and liabilities carrying a floating interest rate and entered into on standard credit terms, the carrying amounts are, in all material respects, estimated to correspond to the fair values.

For financial assets and liabilities which are subject to some differences between carrying amount and fair value, please refer to notes 11, 13, 17 and 19.



## NOTES

DKK million

Nykredit Bank Group

## 19. FAIR VALUE DISCLOSURES (CONTINUED)

## Fair value of assets and liabilities recognised at fair value (IFRS hierarchy)

30 June 2023

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
<b>Financial assets:</b>				
- bonds at fair value	826	49,888	-	50,714
- equities measured at fair value through profit or loss	52	-	9	61
- positive fair value of derivative financial instruments	116	5,782	168	6,065
- assets in pooled schemes	2,362	224	-	2,586
<b>Total</b>	<b>3,356</b>	<b>55,894</b>	<b>177</b>	<b>59,426</b>
<b>Percentage</b>	<b>5.6</b>	<b>94.1</b>	<b>0.3</b>	<b>100.0</b>
<b>Financial liabilities:</b>				
- deposits in pooled schemes	-	2,586	-	2,586
- other non-derivative financial liabilities at fair value	1,945	8,537	-	10,482
- negative fair value of derivative financial instruments	161	8,244	-	8,404
<b>Total</b>	<b>2,106</b>	<b>19,367</b>	<b>-</b>	<b>21,473</b>
<b>Percentage</b>	<b>9.8</b>	<b>90.2</b>	<b>-</b>	<b>100.0</b>

## Assets measured on the basis of unobservable inputs

	Equities	Derivatives	Total
<b>Fair value, beginning of period, assets</b>	<b>15</b>	<b>201</b>	<b>215</b>
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	(1)	46	45
Purchases for the period	0	-	0
Sales for the period	(5)	(7)	(11)
Transferred from Listed prices and Observable inputs <sup>1</sup>	-	22	22
Transferred to Listed prices and Observable inputs <sup>2</sup>	-	(95)	(95)
<b>Fair value, end of period, assets</b>	<b>9</b>	<b>168</b>	<b>177</b>

<sup>1</sup> Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.

<sup>2</sup> Transfers to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

## NOTES

DKK million

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## 19. FAIR VALUE DISCLOSURES (CONTINUED)

## Fair value of assets and liabilities recognised at fair value (IFRS hierarchy)

## 31 December 2022

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
<b>Financial assets:</b>				
- bonds at fair value	729	56,980	-	57,709
- equities measured at fair value through profit or loss	94	-	15	109
- positive fair value of derivative financial instruments	719	6,465	201	7,385
- assets in pooled schemes	661	232		893
<b>Total</b>	<b>2,203</b>	<b>63,677</b>	<b>215</b>	<b>66,096</b>
<b>Percentage</b>	<b>3.3</b>	<b>96.3</b>	<b>0.3</b>	<b>100.0</b>

## Financial liabilities:

- deposits in pooled schemes	-	893	-	893
- other non-derivative financial liabilities at fair value	4,156	8,582	-	12,738
- negative fair value of derivative financial instruments	722	9,281	-	10,003
<b>Total</b>	<b>4,878</b>	<b>18,756</b>	<b>-</b>	<b>23,634</b>
<b>Percentage</b>	<b>20.6</b>	<b>79.4</b>	<b>-</b>	<b>100.0</b>

## Assets measured on the basis of unobservable inputs

	Equities	Derivatives	Total
<b>Fair value, beginning of period, assets</b>	<b>15</b>	<b>1,396</b>	<b>1,411</b>
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement	1	(512)	(512)
Sales for the period	(1)	(171)	(172)
Transferred from Listed prices and Observable inputs <sup>1</sup>	-	39	39
Transferred to Listed prices and Observable inputs <sup>2</sup>	-	(551)	(551)
<b>Fair value, end of period, assets</b>	<b>15</b>	<b>201</b>	<b>215</b>

<sup>1</sup> Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.

<sup>2</sup> Transfers to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

## NOTES

DKK million

Nykredit Bank Group	H1/ 2023	H1/ 2022	H1/ 2021	H1/ 2020	H1/ 2019
<b>20. FIVE-YEAR FINANCIAL HIGHLIGHTS</b>					
<b>SUMMARY INCOME STATEMENT</b>					
Net interest income	2,044	841	740	795	807
Net fee income etc	1,340	1,387	1,368	1,162	893
<b>Net interest and fee income</b>	<b>3,384</b>	<b>2,229</b>	<b>2,108</b>	<b>1,957</b>	<b>1,700</b>
Value adjustments	476	1,198	852	135	68
Other operating income	60	40	46	173	21
Staff and administrative expenses	1,596	1,490	1,367	1,258	1,036
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	20	19	15	19	0
Other operating expenses	17	16	10	28	12
Impairment charges for loans, advances and receivables etc	24	237	28	309	97
Profit (loss) from investments in associates and Group enterprises	3	4	3	3	3
<b>Profit before tax</b>	<b>2,266</b>	<b>1,708</b>	<b>1,590</b>	<b>656</b>	<b>647</b>
Tax	560	369	338	114	141
<b>Profit for the period</b>	<b>1,705</b>	<b>1,339</b>	<b>1,252</b>	<b>542</b>	<b>506</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
	30.06.2023	30.06.2022	30.06.2021	30.06.2020	30.06.2019
<b>Assets</b>					
Cash balances and receivables from credit institutions and central banks	33,950	28,836	25,684	17,040	24,385
Loans, advances and other receivables at amortised cost	125,019	122,852	115,073	102,859	112,652
Bonds and equities etc	50,775	53,304	42,705	45,679	42,539
Remaining assets	15,427	15,971	23,906	29,340	35,057
<b>Total assets</b>	<b>225,172</b>	<b>220,963</b>	<b>207,368</b>	<b>194,919</b>	<b>214,634</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	41,969	51,883	52,126	50,499	77,760
Deposits and other payables	112,226	102,829	98,565	87,110	83,304
Bonds in issue at amortised cost	9,412	7,382	925	4,492	5,511
Other non-derivative financial liabilities at fair value	10,482	15,165	15,144	11,771	9,411
Remaining liabilities	15,221	10,914	10,692	13,432	14,751
Provisions	729	678	611	622	295
Subordinated debt	-	-	2,000	2,000	2,000
Equity	35,132	32,111	27,305	24,994	21,601
<b>Total liabilities and equity</b>	<b>225,172</b>	<b>220,963</b>	<b>207,368</b>	<b>194,919</b>	<b>214,634</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
Contingent liabilities	26,199	35,160	31,287	23,994	28,470
Other commitments	13,228	10,539	10,129	13,533	9,636

**NOTES**

Nykredit Bank Group	H1/ 2023	H1/ 2022	H1/ 2021	H1/ 2020	H1/ 2019
<b>20. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)</b>					
<b>FINANCIAL RATIOS<sup>1</sup></b>					
Total capital ratio, %	26.6	23.7	20.2	21.5	20.7
Tier 1 capital ratio, %	26.1	23.3	18.3	19.3	18.7
Return on equity before tax, %	6.6	5.5	6.0	2.7	3.0
Return on equity after tax, %	5.0	4.3	4.7	2.2	2.4
Income:cost ratio	2.37	1.98	2.13	1.40	1.56
Foreign exchange position, %	0.0	0.0	0.3	0.3	0.6
Loans and advances:equity (loan gearing)	3.6	3.8	4.2	4.1	5.2
Growth in loans and advances for the period, excluding repo transactions, %	6.1	15.4	(0.4)	2.4	4.9
Impairment charges for the period, %	0.0	0.2	0.0	0.2	0.1
Return on capital employed, %	0.8	0.6	0.6	0.3	0.2
Average number of staff, full-time equivalent	1,013	1,016	944	958	843

<sup>1</sup> Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 52 in the Annual Report 2022.

## NOTES

	DKK million				
Nykredit Bank A/S	H1/ 2023	H1/ 2022	H1/ 2021	H1/ 2020	H1/ 2019
<b>20. FIVE YEAR FINANCIAL HIGHLIGHTS (CONTINUED)</b>					
<b>SUMMARY INCOME STATEMENT</b>					
Net interest income	1,933	763	655	708	720
Net fee income etc	764	829	877	716	681
<b>Net interest and fee income</b>	<b>2,697</b>	<b>1,591</b>	<b>1,531</b>	<b>1,424</b>	<b>1,402</b>
Value adjustments	475	1,207	852	136	68
Other operating income	51	27	34	156	5
Staff and administrative expenses	1,324	1,232	1,108	991	932
Other operating expenses	16	16	9	27	10
Impairment charges for loans, advances and receivables etc	24	227	21	274	84
Profit (loss) from investments in associates and Group enterprises	276	255	230	167	155
<b>Profit before tax</b>	<b>2,135</b>	<b>1,605</b>	<b>1,510</b>	<b>592</b>	<b>605</b>
Tax	457	293	275	64	99
<b>Profit for the period</b>	<b>1,677</b>	<b>1,312</b>	<b>1,235</b>	<b>528</b>	<b>506</b>
<b>SUMMARY BALANCE SHEET, END OF PERIOD</b>					
	30.06.2023	30.06.2022	30.06.2021	30.06.2020	30.06.2019
<b>Assets</b>					
Cash balances and receivables from credit institutions and central banks	33,918	28,675	25,590	16,984	24,377
Loans, advances and other receivables at amortised cost	121,125	121,157	113,519	101,412	111,289
Bonds and equities etc	50,012	52,362	41,481	44,536	48,111
Remaining assets	17,488	18,136	26,216	31,299	30,314
<b>Total assets</b>	<b>222,543</b>	<b>220,331</b>	<b>206,805</b>	<b>194,231</b>	<b>214,090</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	41,969	51,883	52,126	50,499	77,760
Deposits and other payables	112,649	103,058	98,779	87,284	83,400
Bonds in issue at amortised cost	7,287	7,382	925	4,492	5,511
Other non-derivative financial liabilities at fair value	10,495	15,184	15,247	11,878	9,411
Remaining liabilities	14,594	10,308	10,100	12,780	14,247
Provisions	489	484	407	393	159
Subordinated debt	-	-	2,000	2,000	2,000
Equity	35,060	32,030	27,221	24,905	21,601
<b>Total liabilities and equity</b>	<b>222,543</b>	<b>220,331</b>	<b>206,805</b>	<b>194,231</b>	<b>214,090</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
Contingent liabilities	26,199	35,160	31,286	23,994	28,569
Other commitments	12,737	10,283	9,950	13,363	9,411



**NOTES**

Nykredit Bank A/S	H1/ 2023	H1/ 2022	H1/ 2021	H1/ 2020	H1/ 2019
<b>20. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)</b>					
<b>FINANCIAL RATIOS<sup>1</sup></b>					
Total capital ratio, %	25.8	22.7	19.3	20.5	19.7
Tier 1 capital ratio, %	25.3	22.3	17.5	18.4	17.8
Return on equity before tax, %	6.2	5.2	5.7	2.4	2.8
Return on equity after tax, %	4.9	4.2	4.6	2.1	2.4
Income:cost ratio	2.57	2.10	2.33	1.46	1.59
Foreign exchange position, %	0.0	0.0	0.3	0.3	0.6
Loans and advances:equity (loan gearing)	3.5	3.8	4.2	4.1	5.2
Growth in loans and advances for the period, excluding repo transactions, %	6.3	15.6	(0.6)	2.3	4.8
Impairment charges for the period, %	0.0	0.1	0.0	0.3	0.1
Return on capital employed, %	0.8	0.6	0.6	0.3	0.2
Average number of staff, full-time equivalent	749	752	677	675	668

<sup>1</sup> Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 52 in the Annual Report 2022.

# NOTES

DKK million

Nykredit Bank Group

## 21. GROUP STRUCTURE

### Name and registered office

Name and registered office	Owner-ship interest as %, 30 June 2023	Profit (loss) for the period, 2023	Equity 30 June 2023	Profit for 2022	Equity 31 December 2022
Nykredit Bank A/S (Parent), Copenhagen, a)	-	1,677	35,060	2,686	33,404
Nykredit Portefølje Administration A/S, Copenhagen, b)	100	87	824	202	1,138
Nykredit Leasing A/S, Gladsaxe c)	100	65	1,199	80	1,135
Sparinvest Holdings SE, Luxembourg, d)	81	287	178	222	195
Sparinvest Investment Solutions A/S, e)	100	(0)	1	0	1
Garanti Invest A/S, f)	100	0	20	0	20

The Group structure only includes significant subsidiaries. Financial information is provided in the order in which the subsidiaries are recognised in the Consolidated Financial Statements.

### Geographical distribution of activities

Denmark: Names and activities appear from the Group structure above

Luxembourg: Names and activities appear from the Group structure above

	Number of staff	Revenue <sup>1</sup>	Profit before tax	Tax	Government aid received
Denmark	3,949	27,097	6,797	1,501	-
Luxembourg	28	275	135	38	-

<sup>1</sup> For companies preparing financial statements in accordance with the Danish Financial Business Act, revenue is defined as interest, fee and commission income and other operating income.

- a) Bank
- b) Investment management company
- c) Leasing business
- d) Holding company, no independent activities
- e) Investment company
- f) Activities auxiliary to financial service activities

Nykredit Bank A/S is wholly owned by Nykredit Realkredit A/S and consolidated with Nykredit A/S for accounting purposes, which is consolidated with Forenet Kredit for accounting purposes.

The financial statements of Forenet Kredit (in Danish) and Nykredit A/S are available from:

Nykredit Realkredit A/S  
 Kalvebod Brygge 1-3  
 DK-1780 Copenhagen V