

Nykredit Realkredit Group

Q1-Q3 Interim Report 2021



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FINANCIAL HIGHLIGHTS

DKK million

Nykredit Realkredit Group	Q1-Q3/ 2021	Q1-Q3/ 2020	Q3/ 2021	Q2/ 2021	Q1/ 2021	Q3/ 2020	2020
BUSINESS PROFIT AND PROFIT FOR THE PERIOD							
Net interest income	7,444	7,280	2,504	2,485	2,454	2,448	9,780
Net fee income ¹	1,737	1,806	521	632	584	618	2,438
Wealth management income	1,695	1,446	595	556	544	459	1,950
Net interest from capitalisation	(362)	(307)	(116)	(132)	(114)	(109)	(421)
Net income relating to customer benefits programmes ²	(294)	(154)	(120)	(103)	(72)	(57)	(203)
Trading, investment portfolio and other income ¹	1,711	179	466	418	826	420	1,026
Income	11,930	10,250	3,850	3,857	4,223	3,779	14,569
Costs	4,550	4,285	1,564	1,539	1,447	1,450	5,762
Business profit before impairment charges	7,381	5,965	2,286	2,318	2,776	2,330	8,807
Impairment charges for loans and advances	(68)	1,985	(157)	(2)	91	230	2,272
Business profit	7,449	3,980	2,443	2,320	2,685	2,099	6,535
Legacy derivatives	353	52	60	56	237	154	258
Badwill, impairment of goodwill and amortisation of customer relationships	0	(2)	0	0	0	0	(2)
Profit before tax for the period	7,802	4,029	2,504	2,376	2,922	2,254	6,791
Tax	1,353	643	410	408	535	438	1,118
Profit for the period	6,449	3,386	2,094	1,968	2,387	1,816	5,673
Other comprehensive income, remaining items	(14)	(27)	1	(13)	(2)	8	(26)
Comprehensive income for the period	6,435	3,358	2,095	1,955	2,385	1,823	5,646
Interest on Additional Tier 1 capital charged against equity	115	174	39	38	38	57	233
Minority interests	31	22	14	8	9	8	21
SUMMARY BALANCE SHEET							
Assets	30.09.2021	30.09.2020	30.09.2021	30.06.2021	31.03.2021	30.09.2020	31.12.2020
Receivables from credit institutions and central banks	43,538	41,497	41,497	47,978	53,437	41,497	59,361
Mortgage loans at fair value	1,360,147	1,332,762	1,360,147	1,357,294	1,348,654	1,332,762	1,350,630
Bank loans excluding reverse repurchase lending	71,358	70,530	70,530	70,844	70,285	70,530	71,146
Bonds and equities	95,448	114,301	114,301	104,526	119,256	114,301	113,776
Remaining assets	79,458	74,339	63,475	74,031	69,352	74,339	70,854
Total assets	1,649,950	1,633,429	1,649,950	1,654,673	1,660,985	1,633,429	1,665,767
Liabilities and equity							
Payables to credit institutions and central banks	14,153	18,090	14,153	13,029	13,221	18,090	14,611
Deposits excluding repo deposits	91,415	85,597	91,415	91,715	85,536	85,597	88,113
Bonds in issue at fair value	1,343,451	1,340,983	1,343,451	1,349,776	1,362,675	1,340,983	1,366,709
Subordinated debt	10,784	10,933	10,784	10,806	11,592	10,933	10,893
Remaining liabilities	96,286	90,188	102,510	97,568	98,032	90,188	95,666
Equity	93,862	87,638	87,638	91,779	89,929	87,638	89,774
Total liabilities and equity	1,649,950	1,633,429	1,649,950	1,654,673	1,660,985	1,633,429	1,665,767
FINANCIAL RATIOS							
Profit for the period as % pa of average business capital (ROAC) ³	12.9	6.8	12.5	11.8	14.5	10.8	8.6
Profit for the period as % pa of average equity ⁴	9.6	5.2	9.2	8.8	10.9	8.4	6.6
Costs as % of income	38.1	41.8	40.6	39.9	34.3	38.4	39.5
Total provisions for loan impairment and guarantees	9,674	9,730	9,674	9,881	9,865	9,730	9,906
Impairment charges for the period, %	(0.00)	0.14	(0.00)	0.00	0.00	0.02	0.15
Total capital ratio, %	24.0	22.4	24.0	24.0	24.3	22.4	24.3
Common Equity Tier 1 capital ratio, %	19.9	19.3	19.9	20.1	20.1	19.3	20.2
Internal capital adequacy requirement, %	11.0	10.8	11.0	11.0	10.9	10.8	11.0
Average number of staff, full-time equivalent	3,883	3,760	4,084	3,734	3,831	3,828	3,799

¹ Fee income pertaining to Shared Valuation has been reclassified from "Trading, investment portfolio and other income" to "Net fee income". Comparative figures have been restated.

² "Net income relating to customer benefits programmes" is described in detail in "Alternative performance measures".

³ "Profit for the period as % pa of average business capital (ROAC)" shows profit for the period relative to business capital. Profit corresponds to net profit or loss less interest expenses for Additional Tier 1 capital.

⁴ For the purpose of return on equity, the AT1 capital is treated as a financial obligation for accounting purposes, and the dividends thereon for accounting purposes are included as interest expenses on subordinated debt in profit for the period. Return on equity is calculated excluding minority interests.

EXECUTIVE SUMMARY

The Nykredit Realkredit Group posted a highly satisfactory profit before tax of DKK 7,802 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 4,029 million).

Nykredit has performed well in 2021, recording underlying business growth. Q1-Q3 was characterised by solid growth in Totalkredit's mortgage lending and in Banking's corporate and institutional clients as well as increasing assets under management and administration in Wealth Management. Furthermore, Nykredit has welcomed many new full-service customers this year. Q1-Q3 results were also influenced by the favourable financial market trends, which impacted trading, investment portfolio and other income positively. Financial performance during the period was higher than expected, particularly in the first months of the year.

Impairment charges for loans and advances in Q1-Q3 were a gain owing to continued positive economic trends, rising property prices and an improved credit quality among our customers.

Against this backdrop Nykredit raised its guidance on 12 October 2021 for profit before tax for 2021 to DKK 9.5-10.0 billion from DKK 8.25-8.75 billion.

At an extraordinary general meeting to be held on 19 November 2021, the Board of Directors will recommend that Nykredit distribute extraordinary dividend of DKK 2.6 billion, as the Danish FSA's recommendation on restriction of distributions issued on 18 December 2020 no longer applies. For further information, see page 17.

We are helping our customers all across Denmark

Nykredit holds a robust capital position and is backed by a group of strong owners. Consequently, we are strongly positioned to continue to offer attractive and secure loans all over Denmark at all times. Through Totalkredit we have recorded lending growth in all of the 98 Danish municipalities since the turn of the year. This underlines the strong collaboration we have with our Totalkredit partners, which provide sound financial advice to customers all across Denmark. It also highlights another central aspect of our corporate responsibility. We should not only be ready to provide loans at all times. We should be ready to provide loans all across Denmark. This way, we can help ensure continued development and growth across every region of Denmark.

We focus on green choices

The green transition is a defining challenge of our time, and as a financial mutual, we naturally strive to make a difference. We have already significantly reduced Nykredit's own carbon footprint and are now focusing on making a difference together with our customers.

All across the Group we have launched several products that will make it easier and more affordable for our customers to make green choices. Nykredit Bank offers green home loans (Grønt Boliglån) to finance energy improvements at 0% interest and no up-front fees. We offer green car loans (Grønt Billån) to finance electric, hydrogen and plug-in hybrid cars at 1% interest and no up-front fees. Totalkredit offers a cash contribution of DKK 10,000 to customers who replace their oil-fired boilers with energy-saving heat pumps.

Moreover, customers with a Totalkredit mortgage loan who want to make energy-saving improvements to their home can get a home energy check-up and get a home energy labelling. Recently, we have introduced green construction loans (Grønt Byggelån) to our public housing clients with green energy renovation or construction plans.

Due to demands of climate reporting, small and medium-sized companies increasingly need to document their corporate responsibility approach in the climate area. These demands come from general legislation as well as customers, suppliers and financial partners. To ease this burden for our customers, we offer access to a digital tool designed to support businesses going green, helping them document and report on their progress. We also offer advisory services to major corporate clients concerning ESG rating issues.

Large selection of investment funds carrying the Nordic Swan Ecolabel

Investment funds may obtain the Nordic Swan Ecolabel if they meet a number of sustainability requirements. In Q3 Nykredit and Sparinvest have launched three new investment funds, which all meet these sustainability requirements. At the same time, five existing funds have been assigned the Nordic Swan Ecolabel in Q3. Nykredit and Sparinvest now have a total of 14 funds carrying the Nordic Swan Ecolabel, and Nykredit is the asset manager offering most such funds in the Nordic region. As a new initiative offered along with our mutual green benefits, customers investing in our funds carrying the Nordic Swan Ecolabel are not charged any trading costs.

Stronger service and advisory proposition to agricultural customers

We strive to be agricultural customers' first choice while at the same time promoting sustainable solutions in the agricultural area, underpinning the positive trend of improved customer satisfaction, increased wealth management sales and strong sustainability positioning. The launch of green machinery financing, Nyskovfonden (foundation supporting afforestation projects) and most recently our no fee policy in cases concerning land set-aside projects have given customers a clear path to the green transition. At the same time, agricultural advisers' green transition training and close customer contact have produced good results.

Top ranking of our products

Our green car loan for plug-in hybrid cars was awarded Best in Test by the Danish Consumer Council in March 2021. The Council labelled the green car loan as "Recommended", and in August, Nykredit/Totalkredit mortgage loans were again recommended. This stamp of approval is based on tests of eight different loan scenarios with Totalkredit loans having the lowest rates in all scenarios. We obtained the same recommendation in 2019.

In March 2021, Nykredit Invest won two out of three main categories at the annual Morningstar Fund Awards. The investment fund Nykredit Invest was awarded best manager of bonds as well as best manager of equities and bonds. This is the fourth year running that Nykredit Invest has won one or more main categories at the Morningstar Fund Awards. In addition the fund Sparindex OMX C25 was awarded best fund for Danish equities, and Sparindex DJSI World was named best fund for global equities. Combined, Nykredit Invest and Sparindex won four out of eight Morningstar Awards.

Benefits of being owned by customers

In H1 we distributed dividend for 2020 to our shareholder. Forenet Kredit, the association that owns nearly 78.9% of Nykredit, received the largest share. The Committee of Representatives of Forenet Kredit subsequently decided to return an amount in excess of one billion Danish kroner to Nykredit, which we will give back to our customers in 2021 through benefits programmes.

This will be the fifth consecutive year where customers gain cash benefits from our mutual ownership structure. Our KundeKroner and ErhvervsKroner discounts have a large impact on the total costs of a mortgage loan. For instance, homeowners' average administration margin payments to Totalkredit are today the lowest for more than seven years. In addition to the mortgage discounts KundeKroner, ErhvervsKroner and the green benefits GrønneFordele, the customer benefits programmes also include our customer discount KundeRabat, home loan discount BoligRabat and savings discount OpsparingsRabat.

Nykredit was one of Denmark's Olympic partners, and with our sponsorship we supported the Danish athletes up to the Olympic Games. Danish athletes are forged from a proud heritage of community sports clubs run by thousands of volunteers. Our strong ties to the long-standing Danish tradition of community sports make it even more important for Nykredit as a company owned by its customers to sponsor the Danish Olympic athletes. In this spirit, Nykredit's owner, Forenet Kredit, has announced its sponsorship of the Danish Football Association's women's and men's national teams, football academies and grassroots football until and including 2025.

Insurance partnership

In alignment with our strategy to strengthen the Totalkredit alliance through more joint activities, Nykredit entered into a non-life insurance

partnership agreement with the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark (LOP), Spar Nord and Codan/Privatsikring earlier this year.

Expanding and strengthening collaboration with our Totalkredit partners is one of the key objectives of Nykredit's strategy, Winning the Double. All stakeholders, not least our customers, will benefit when strong players join forces. Customers of a large number of banks, including Nykredit Bank, have access to some of the top insurance products in the market.


The MREL fund


Nykredit's MREL fund is yet another example of our strategy to expand collaboration with our Totalkredit partners. The minimum requirement for own funds and eligible liabilities (MREL) was introduced in the wake of the financial crisis to ensure banks are sufficiently bolstered to steer through any future crises. The requirement poses a challenge to most institutions, but access to capital markets is generally more difficult for regional and local banks than for SIFIs.

Building on Nykredit's in-depth knowledge of the market, we have set up a fund which will improve regional and local banks' opportunities and conditions for capital market funding. The MREL fund enables large, professional investors to invest in a portfolio comprising a large number of small MREL issues.

Thanks to the MREL fund, the local and regional banks will not have to use equity capital to meet the MREL requirement, which could weaken their capacity for growth and new business going forward. In the coming years, Nykredit expects to regularly launch new MREL funds together with partner banks and large, professional investors.

FINANCIAL REVIEW

	Business profit Q1-Q3/2021	Profit Q1-Q3/2021	Income Q1-Q3/2021
	DKK 7,449 million	DKK 7,802 million	DKK 11,930 million
	Business profit	Profit before tax for the period	Income

	ROAC	Return on equity	Cost:income ratio
	12.9%	9.6%	38.1%
	Profit for the period as % pa of average business capital	Profit for the period as % pa of average equity	Costs as % of income

FINANCIAL PERFORMANCE IN Q1-Q3/2021

The Nykredit Realkredit Group posted a profit before tax for Q1-Q3/2021 of DKK 7,802 million (Q1-Q3/2020: DKK 4,029 million), while business profit for the period was DKK 7,449 million (Q1-Q3/2020: DKK 3,980 million). Results were positively impacted by strong growth in mortgage lending in Totalkredit and to Banking's corporate and institutional clients, as well as high wealth management income. At the same time, business profit was positively impacted by a favourable trend in investment portfolio income and a reversal of impairment charges driven by our customers' good liquidity and conducive economic conditions.

Profit before tax for the period was also positively impacted by a favourable trend in the portfolio of legacy derivatives, primarily in Q1.

Income

Total income was DKK 11,930 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 10,250 million).

Net interest income was satisfactory and came to DKK 7,444 million (Q1-Q3/2020: DKK 7,280 million). The increase was chiefly driven by high housing market activity in the period. In addition, negative personal deposit rates also affected net interest income positively.

Net fee income was DKK 1,737 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 1,806 million). The decrease is mainly due to lower funding income, whereas mortgage lending and banking activities as well as insurance and real estate income increased.

Wealth management income increased to DKK 1,695 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 1,446 million, mainly due to increased asset values driven by new assets under management as well as value gains from existing assets.

Net interest expenses from capitalisation, which includes interest on subordinated debt etc, was DKK 362 million (Q1-Q3/2020: DKK 307 million).

Net income relating to the customer benefits programmes KundeKroner, ErhvervsKroner as well as mutual and green benefits was a negative DKK 294 million in Q1-Q3/2021 (Q1-Q3/2020: a negative DKK 154 million). The amount includes contributions of DKK 974 million received from Forenet Kredit for Q1-Q3/2021.

Trading, investment portfolio and other income, including value adjustment of swaps etc, rose to DKK 1,711 million (Q1-Q3/2020: DKK 179

million), partly driven by considerable gains on the portfolio of strategic equities etc. In addition, income of DKK 114 million was attributable to the fair value adjustment of loans and advances which Nykredit carried at a discount in connection with Nykredit's acquisition of LR Realkredit.

Costs

Total costs in Q1-Q3/2021 came to DKK 4,550 million (Q1-Q3/2020: DKK 4,285 million). Business volumes and activity increased for the period, which entails higher costs of staff as well as the Danish Resolution Fund. The average headcount rose to 3,883 in Q1-Q3/2021 (Q1-Q3/2020: 3,760). The Group maintains focus on building organisational efficiency, while investing significant resources in compliance and implementation of new regulatory requirements, as well as extending the partnership with BEC.

Impairment charges for loans and advances

Impairment charges for loans and advances were a net reversal of DKK 68 million in Q1-Q3/2021 (Q1-Q3/2020: a charge of DKK 1,985 million). Nykredit recorded low write-offs as well as low and reversed individual impairment provisions for homeowners and businesses.

	DKK million			
Nykredit Realkredit Group	Q1-Q3/2021	Q3/2021	Q2/2021	Q1/2021
Impairment charges for loans and advances				
Individual impairment provisions (stage 3)	(517)	(96)	(109)	(312)
Model-based impairment provisions (stages 1, 2 and 3)	449	(61)	107	403
- of the above attributable to covid-19	(107)	(78)	2	(31)
Impairment charges for loans and advances	(68)	(157)	(2)	91

In Q1-Q3/2021, DKK 107 million of the DKK 2.1 billion initially provided for losses anticipated as a consequence of covid-19 was reversed (recognised as income). Such provisions are based on stress tests and portfolio calculations. Write-offs prompted by the covid-19 pandemic remained low due to the financial strength and liquidity of our customers as well as the effect of government relief packages and expanded access to credit in the financial sector. For further information about the impacts of covid-19 on impairment charges for loans and advances and Nykredit's loan portfolio, please refer to "Credit risk" on page 22 of this report as well as our Fact Book Q3 2021, which is available at nykredit.com.

Other items

Income from legacy derivatives, which are not included in business profit, were DKK 353 million (Q1-Q3/2020: DKK 52 million). Legacy derivatives are derivatives Nykredit no longer offers to customers, comprising a portfolio with a total market value of DKK 5.9 billion (end-2020: DKK 7.4 billion). The portfolio was written down to DKK 4.4 billion at end-September 2021 (end-2020: DKK 5.6 billion).

Tax

Tax calculated on profit for the period for Q1-Q3/2021 was DKK 1,353 million (Q1-Q3/2020: DKK 643 million).

Balance sheet

Nominal mortgage lending was DKK 1,375 billion at end-September 2021 (end-2020: DKK 1,321 billion), equal to an increase of DKK 54 billion on end-2020.

The strong alliance between Totalkredit and its partner banks continues to drive growth in Totalkredit's mortgage lending, which amounted to DKK 854 billion at nominal value at end-September 2021 (end-2020: DKK 798 billion). This represents a 7% increase on end-2020.

Lending by Nykredit Bank increased by DKK 0.3 billion to DKK 71.4 billion at end-September 2021 (end-2020: DKK 71.1 billion). Bank lending (including secured homeowner loans transferred to Totalkredit) increased to DKK 77.9 billion (end-2020: DKK 77.8 billion). At 30 September 2021, secured homeowner loans transferred to Totalkredit amounted to DKK 6.5 billion (end-2020: DKK 6.7 billion).

Nykredit had provided guarantees totalling DKK 8.7 billion at end-September 2021 (end-2020: DKK 9.1 billion).

Deposits excluding repo deposits totalled DKK 91.4 billion, and Nykredit Bank's deposits exceeded lending by DKK 20.2 billion at end-September 2021 (end-2020: DKK 17.1 billion).

Equity

The Nykredit Realkredit Group's equity stood at DKK 93.9 billion at end-September 2021 (end-2020: 89.8 billion). In March 2021 dividend was distributed to the Company's shareholder.

RESULTS FOR Q3/2021 RELATIVE TO Q2/2021

Profit before tax was DKK 2,504 million in Q3/2021 (Q2/2021: DKK 2,376 million).

Income totalled DKK 3,850 million in Q3/2021 (Q2/2021: DKK 3,857 million). Together with negative deposit rates, the continued growth in mortgage lending contributed to a rise in net interest. Fee income fell due to lower activity and funding income.

Costs in Q3/2021 were higher than in Q2 and totalled DKK 1,564 million (Q2/2021: DKK 1,539 million), which was mainly due to bonuses paid for high performance well as investments in compliance and digitisation.

Impairment charges for loans and advances were a reversal of DKK 157 million in Q3/2021, which was higher than the reversal for the previous quarter (Q2/2021: a reversal of DKK 2 million). Impairment charges for loans and advances were positively impacted by rising property values and the improved credit quality of our customers.

Legacy derivatives resulted in a positive value adjustment of DKK 60 million (Q2/2021: DKK 56 million).

OUTLOOK AND GUIDANCE FOR 2021

Driven by high activity and satisfactory business growth, lower-than-expected impairment charges for loans and advances as well as a favourable trend in investment portfolio income and the derivatives portfolio, our guidance for 2021 was raised on 12 October 2021. Nykredit raised its guidance for profit before tax for 2021 by DKK 1.25 billion to DKK 9.5-10.0 billion from the former DKK 8.25-8.75 billion.

SPECIAL ACCOUNTING CIRCUMSTANCES

Income from Shared Valuation

In order to present income from activity-driven partnerships on an aggregated basis, customer-driven income from the Shared Valuation partnership has been reclassified from "Trading, investment portfolio and other income" to "Net fee income". The change concerning the business area Totalkredit Partners does not affect profit for the period. The reclassification totalled DKK 52 million in Q1-Q3/2020, and comparative figures have been restated.

OTHER

Changes to the Board of Directors

At the Company's Annual General Meeting held on 25 March 2021, Preben Sunke was elected new member of the Board of Directors. Merete Eldrup, Nina Smith, Michael Demnitz, Per W. Hallgren, Jørgen Høholt, Hans-Ole Jochumsen and Vibeke Krag were re-elected to the Board of Directors. In addition, the Board of Directors includes four staff-elected members: Olav Bredgaard Brusén, Allan Kristiansen, Inge Sand and Kristina Andersen Skiøld.

Immediately following the Annual General Meeting, the Board of Directors elected Merete Eldrup as Chair and Nina Smith as Deputy Chair.

New auditors appointed by the Annual General Meeting

At the Annual General Meeting, EY Godkendt Revisionspartnerselskab was appointed as the Company's new auditors as from the financial year 2021.

Termination of guarantee agreement with partner banks

In January Nykredit and Totalkredit terminated an agreement from 2014 on the provision of additional security by the Totalkredit partner banks. The agreement was an addendum to the partnership agreement, and its termination means that the banks no longer have to provide a 6% guarantee covering the mortgage loans originated by them. As a result of Totalkredit's and the Nykredit Group's strengthened capital position over the last few years, the need for external guarantees has been reduced.

Merger with LR Realkredit

LR Realkredit A/S was merged with Nykredit Realkredit with effect from 1 January 2021 following approval by the Danish Ministry for Industry, Business and Financial Affairs and the Danish FSA of the merger between Nykredit Realkredit A/S and LR Realkredit and approval at the extraordinary general meeting of LR Realkredit A/S held on 25 January 2021.

UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

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

The areas in which assumptions and estimates significant to the Financial Statements have been made include provisions for loan and receivable impairment as well as valuation of unlisted financial instruments, including swaps, see note 1, accounting policies, to which reference is made.

In 2020 the covid-19 pandemic resulted in increased impairments following uncertainty about the effect on the domestic and global economies. The Group has still not seen a rise in write-offs, and the effects of the pandemic are expected to be covered by the current covid-19-related provisions.

MATERIAL RISKS

The Group's material risks are unchanged compared with the risks described in the Annual Report for 2020. See also note 50 in the Annual Report for 2020.

EVENTS SINCE THE BALANCE SHEET DATE

Resolution to distribute extraordinary dividend

At an extraordinary general meeting to be held on 19 November 2021, the Board of Directors will recommend that Nykredit distribute extraordinary dividend of DKK 2.6 billion. For further information, see page 17.

Sale of Depositary Services to Bank of New York Mellon

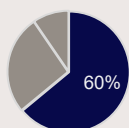
Nykredit Bank A/S has sold its Depositary Services operation to Bank of New York Mellon as from end-October 2021, see the Annual Report for 2020. The sale impacts the Bank's and Group's income by around DKK 300 million. Income from the sale has been allowed for in our guidance for profit before tax for 2021.

No other events have occurred in the period up to the presentation of the Q1-Q3 Interim Report 2021 which materially affect the Group's financial position.

BUSINESS AREAS

Nykredit's governance and organisational structure is based on the business areas below. Percentages show the business divisions' share of business profit for Q1-Q3/2021 excluding Group Items.

Banking



Comprises Retail and Corporates & Institutions.

Retail comprises mortgage lending and banking services tailored to Nykredit's personal customers and SMEs, including agricultural customers and residential rental customers. Retail also includes estate agency and leasing activities.

Corporates & Institutions comprises Nykredit's corporate and institutional clients, the public housing segment, large housing cooperatives and mortgage lending to business customers for properties abroad. The division is also responsible for Nykredit's activities within securities trading and financial instruments.

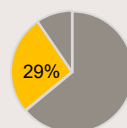
Business profit Q1-Q3/2021:
DKK 4,003 million

Income Q1-Q3/2021:
DKK 7,098 million

Impairment charges for loans and advances Q1-Q3/2021:
reversal of DKK 58 million

Total lending end-September 2021:
DKK 715 billion

Totalkredit Partners



Comprises Totalkredit-branded mortgage loans to personal and business customers arranged by 44 Danish local and regional banks (excluding Nykredit Bank). Mortgage loans arranged by Nykredit are included in the business area Banking.

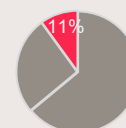
Business profit Q1-Q3/2021:
DKK 1,935 million

Income Q1-Q3/2021:
DKK 2,541 million

Impairment charges for loans and advances Q1-Q3/2021:
DKK 56 million

Total lending end-September 2021:
DKK 715 billion

Wealth Management



Comprises 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.

Business profit Q1-Q3/2021:
DKK 697 million

Income Q1-Q3/2021:
DKK 1,303 million

Total lending end-September 2021:
DKK 17 billion

Assets under management end-September 2021:
DKK 419 billion

Assets under administration end-September 2021:
DKK 1,103 billion

Group Items comprises other income and costs not allocated to business areas as well as income from securities and investment portfolio income.

Please refer to note 3 in the Financial Statements for complete segment financial statements with comparative figures.

BANKING

DKK million

Results –	Q1-Q3/ 2021	Q1-Q3/ 2020	Q3/ 2021	Q2/ 2021	Q1/ 2021	Q3/ 2020	2020
Banking							
Net interest income	5,007	4,955	1,681	1,664	1,661	1,659	6,607
Net fee income	1,285	1,410	419	434	433	492	1,873
Wealth management income	578	477	191	206	181	146	665
Net interest from capitalisation	(239)	(265)	(78)	(86)	(75)	(87)	(349)
Trading, investment portfolio and other income	467	311	108	152	207	238	516
Income	7,098	6,888	2,317	2,374	2,407	2,448	9,311
Costs	3,153	2,945	1,064	1,074	1,015	989	4,078
Business profit before impairment charges	3,945	3,943	1,253	1,300	1,392	1,459	5,233
Impairment charges for mortgage lending	(55)	1,245	(24)	(45)	15	36	1,408
Impairment charges for bank lending	(3)	412	(28)	48	(23)	160	525
Business profit	4,003	2,286	1,306	1,297	1,400	1,263	3,300
Legacy derivatives	352	52	60	55	237	154	258
Profit before tax	4,356	2,338	1,366	1,353	1,637	1,417	3,558

Q1-Q3 in summary

The activity level in Banking has been high this year, and Nykredit has welcomed many new full-service personal and business customers, and also many new private banking clients.

Nykredit customers are offered unique benefits and green solutions, thanks to Forenet Kredit, which is the association of customers that partly owns Nykredit.

Since the beginning of the year, we have been offering:

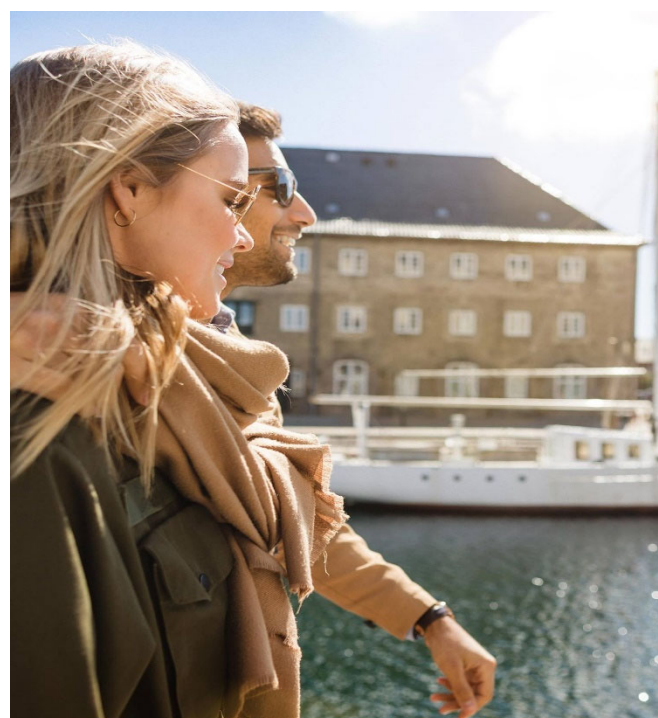
- Customer discounts on selected fees
- Interest discounts on selected bank home loans
- Discounts on mortgage loans
- Discounts on investment management fees
- Green benefits in the form of green home loans, green car loans and green construction loans to public housing clients
- Discounts on business mortgage loans.

We remain focused on delivering a leading customer experience through a range of actions that make it easier to bank with Nykredit and free up more adviser time for customers.

Digital value propositions are a top priority in tandem with Nykredit's focus on having a nation-wide physical presence. In concert with other providers, such as fintech companies, we are working to expand the digital value propositions. With the digital onboarding process launched earlier this year, personal customers are onboarded with Nykredit in a matter of ten minutes. In addition, we are continually expanding the number of self-service solutions offered to customers and further developing our new digital propositions to entrepreneurs, business owners and small businesses to adapt them to more customer segments.

We remain dedicated to promoting sustainable solutions and having a sustainable product range. We recently launched green construction loans for our public housing clients. We will also be focusing on promoting our green solutions and products launched in 2020 as well as deepening our expertise in this area by offering for example sustainability training to our agricultural advisers.

Based on a new insurance partnership between the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark, Spar Nord, Nykredit and Codan, we are establishing Denmark's strongest bancassurance model. We want to offer our customers innovative insurance propositions, efficient digital solutions and competitive prices. Since 1 May 2021, our customers have been offered insurance through Privatsikring, a member of the Codan group. The new insurance propositions were well received by the customers.



DKK million

Selected balance sheet items	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
Banking					
Retail Personal Banking					
Loans and advances	180,966	181,449	182,172	182,605	184,306
- of which mortgage lending, nominal value	163,918	164,353	165,011	165,419	166,945
- of which secured homeowner loans	7,575	7,487	7,561	7,640	7,682
- of which bank lending	9,473	9,609	9,600	9,547	9,679
Deposits	39,086	40,014	40,160	38,938	37,382
Retail Business Banking					
Loans and advances	244,108	242,737	243,389	242,701	243,708
- of which mortgage lending, nominal value	219,131	218,515	218,658	218,921	219,933
- of which bank lending	24,977	24,222	24,730	23,779	23,775
Deposits	25,562	24,890	23,475	24,645	22,954
Corporates & Institutions					
Loans and advances	290,151	285,873	282,687	283,578	277,811
- of which mortgage lending, nominal value	259,060	254,680	252,306	251,224	246,324
- of which bank lending	31,092	31,193	30,382	32,355	31,487
Deposits	9,801	11,585	7,203	8,843	9,813

Results for Q1-Q3/2021 relative to Q1-Q3/2020

Banking delivered a business profit of DKK 4,003 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 2,286 million).

Total income rose to DKK 7,098 million (Q1-Q3/2020: DKK 6,888 million). The underlying business is performing well. Banking saw high mortgage lending growth, primarily driven by Corporates & Institutions clients which, together with negative deposit rates, contributed favourably to the increase in net interest income. Net interest income was DKK 5,007 million (Q1-Q3/2020: DKK 4,955 million) and net fee income totalled DKK 1,285 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 1,410 million). The decrease in net fee income is mainly due to lower funding income, whereas fee income from other activities increased.

Costs amounted to DKK 3,153 million (Q1-Q3/2020: DKK 2,945 million).

Impairment charges for loans and advances were a net reversal of DKK 58 million (Q1-Q3/2020: a charge of DKK 1,657 million), positively impacted by rising property values and improved credit quality of our customers.

Legacy derivatives provided a positive value adjustment of DKK 352 million (Q1-Q3/2020 DKK 52 million).

Results for Q3/2021 relative to Q2/2021

Banking delivered a business profit of DKK 1,306 million in Q3/2021 (Q2/2021: DKK 1,297 million).

Income totalled DKK 2,317 million (Q2/2021: DKK 2,374 million). The decrease was mainly driven by lower trading, investment portfolio and other income.

Impairment charges for loans and advances were a net reversal of DKK 53 million (Q2/2021: a charge of DKK 3 million). Impairment

charges were positively impacted by rising property values and customers' high credit quality in Q3/2021.

Legacy derivatives were a gain of DKK 60 million (Q2/2021: a gain of DKK 55 million).

Activities

Loan volumes totalled DKK 715.2 billion at 30 September 2021 (end-2020: DKK 708.9 billion), of which DKK 642.1 billion was mortgage loans at nominal value (end-2020: DKK 635.6 billion).

Bank lending in Retail Personal Banking came to DKK 9.5 billion (end-2020: DKK 9.5 billion). Bank lending in Retail Business Banking came to DKK 25.0 billion (end-2020: DKK 23.8 billion). Bank lending in Corporates & Institutions came to DKK 31.1 billion (end-2020: DKK 32.4 billion).

Arrears

At the June due date, 75-day mortgage loan arrears were 0.28% of total mortgage payments due against 0.38% at the same date in 2020.

TOTALKREDIT PARTNERS

DKK million

Results –	Q1-Q3/ 2021	Q1-Q3/ 2020	Q3/ 2021	Q2/ 2021	Q1/ 2021	Q3/ 2020	2020
Totalkredit Partners							
Net interest income	2,294	2,182	780	769	745	738	2,978
Net fee income ¹	440	407	105	184	151	136	575
Net interest from capitalisation	(190)	(161)	(62)	(67)	(61)	(60)	(222)
Net income relating to customer benefits programmes ²	-	-	-	-	-	-	(5)
Trading, investment portfolio and other income ¹	(4)	1	(2)	0	(2)	1	0
Income	2,541	2,430	822	885	834	815	3,326
Costs	550	542	179	201	169	173	719
Business profit before impairment charges	1,991	1,888	643	684	665	642	2,607
Impairment charges for mortgage lending	56	269	(34)	3	87	27	291
Business profit	1,935	1,619	677	681	578	614	2,315

¹ Fee income pertaining to Shared Valuation has been reclassified from "Trading, investment portfolio and other income" to "Net fee income". Comparative figures have been restated.

² "Net income relating to customer benefits programmes" is described in detail in "Alternative performance measures".

Q1-Q3 in summary

Totalkredit Partners has welcomed many new full-service personal as well as business customers. Totalkredit Partners is committed to offering customers the best loan propositions in the market as well as strengthening the alliance with its partner banks, which has resulted in:

- The Danish Consumer Council renewing its recommendation of Totalkredit mortgage loans. The recommendation is based on a test of eight different loan scenarios with Totalkredit loans having the lowest rates in all scenarios
- Fastrente+, a fixed-rate loan with a 30-year interest-only option, was offered from January this year
- Lending growth in all 98 municipalities in Denmark and strong customer growth since the turn of the year
- Totalkredit home energy check-up for customers interested in a visit from an energy consultant and getting a home energy labelling. The home energy check-ups are a joint initiative offered in concert with our Totalkredit partner banks
- A contribution of DKK 10,000 is offered to up to 3,000 customers to replace their oil-fired boilers with heat pumps
- An energy calculator, developed together with our partner banks, building on data published by the Danish Energy Agency
- The launch of the "Mit hjem" digital platform; a housing universe aimed at homeowners with mortgages. The platform provides details about mortgage loans and homes.

The Totalkredit alliance is developing a new joint IT platform aimed to secure its market position as the best provider of advisory services and home financing options. All three of the collaborating IT partners have implemented the first part of the platform, offering customers and advisers a better overview of customers' aggregate facilities, including Totalkredit mortgage loans.

Totalkredit business mortgages are offered to the segments Office and Retail, Residential Rental as well as Industry and Trades. More than a quarter of the partnership banks actively make use of the collaboration.

The Nykredit Group has extended the KundeKroner benefits programme on the current terms up to and including 2022 to enhance customers' financial visibility. The KundeKroner programme is a unique strength of our mutual ownership structure, which according to Forenet Kredit's objective is expected to benefit our customers in the coming years.

DKK million

Selected balance sheet items	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
Totalkredit Partners					
Personal Banking					
Loans and advances	705,760	693,544	677,975	660,989	650,656
- of which mortgage lending, nominal value	698,991	686,458	670,502	653,109	642,383
- of which secured homeowner loans	6,768	7,086	7,473	7,881	8,274
Business Banking					
Loans and advances	9,229	8,799	8,614	8,100	7,750
- of which mortgage lending, nominal value	9,229	8,799	8,614	8,100	7,750

Results for Q1-Q3/2021 relative to Q1-Q3/2020

Banking delivered a business profit of DKK 1,935 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 1,619 million).

Income totalled DKK 2,541 million (Q1-Q3/2020: DKK 2,430 million). The increase was mainly driven by higher net interest income and net fee income.

Net interest income was satisfactory and rose to DKK 2,294 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 2,182 million). The increase was mainly driven by rising business volumes.

Impairment charges for loans and advances were DKK 56 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 269 million).

Results for Q3/2021 relative to Q2/2021

Totalkredit Partners delivered a business profit of DKK 677 million in Q3/2021 (Q2/2021: DKK 681 million).

Income came to DKK 822 million (Q2/2021: DKK 885 million). The fall was mainly due to reduced net fee income resulting from lower funding income.

Impairment charges for loans and advances were a net income of DKK 34 million in Q3/2021 (Q2/2021: a charge of DKK 3 million).

Activities

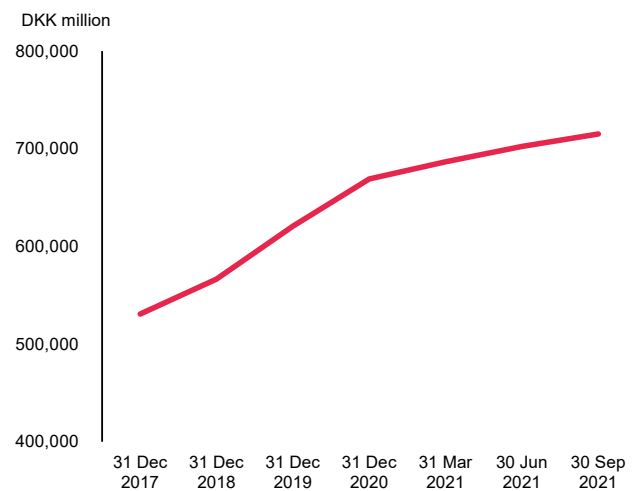
Totalkredit Partners recorded lending growth, and nominal lending to personal customers came to DKK 705.8 billion at end-September 2021 (end-2020: DKK 661.0 billion), equal to an 6.8% increase. The business loan portfolio increased by DKK 1.1 billion to nominally DKK 9.2 billion (end-2020: DKK 8.1 billion).

Arrears

At the June due date, Totalkredit Partners's 75-day mortgage loan arrears were 0.12% of total mortgage payments due against 0.20% at the same date in 2020. 75-day mortgage loan arrears have been trending downwards, also in 2021.



Lending, Totalkredit Partners



WEALTH MANAGEMENT

DKK million

Results –	Q1-Q3/ 2021	Q1-Q3/ 2020	Q3/ 2021	Q2/ 2021	Q1/ 2021	Q3/ 2020	2020
Wealth Management							
Net interest income	148	138	52	50	46	48	185
Net fee income	32	28	3	19	10	12	32
Wealth management income	1,096	950	396	344	356	301	1,261
Net interest from capitalisation	(8)	(7)	(3)	(3)	(2)	(3)	(10)
Trading, investment portfolio and other income	34	25	7	12	16	8	37
Income	1,303	1,134	455	422	426	366	1,505
Costs	672	635	240	227	205	206	883
Business profit before impairment charges	631	499	215	195	221	160	622
Impairment charges for mortgage lending	1	(6)	(1)	1	1	(1)	(6)
Impairment charges for bank lending	(67)	69	(78)	0	11	9	62
Business profit	697	436	294	194	209	153	567
Legacy derivatives	0	0	0	0	0	1	0
Profit before tax	697	436	294	194	209	153	567

Q1-Q3 in summary

Wealth Management performed well in 2021 with continued client growth and increasing assets under management in the Private Banking Elite segment. To this should be added growth in bank and mortgage lending. We continued our commitment to enhancing the customer experience by, for example,

- upscaling digital propositions, channels and customer advisory services
- developing products and solutions, which in addition to our existing product range, provide our customers with even more and better opportunities to make sustainable and responsible investments. We now have 14 investment funds carrying the Nordic Swan Ecolabel, for example three passive investment funds, which, as the first of their kind, invest in accordance with the Paris Agreement
- increasing our investments in alternatives as well as offering alternative investments to more customer segments
- collaborating with our Sparinvest partner banks on offering relevant investment products to wealth clients all over the country, for example, Sparinvest's first funds carrying the Nordic Swan Ecolabel, Sparinvest Bæredygtige Aktier and Sparinvest Bæredygtige Value Aktier
- expanding our business area within administration of credit and lending strategies in Nykredit Portefølje Administration
- upgrading our value proposition to the Private Banking Elite segment to ensure its relevance and holistic approach to wealth clients.

Nykredit wants to invest in alignment with the Paris Agreement and contribute to reaching the UN Sustainable Development Goals (SDGs). We have committed to making our overall investment activities climate neutral by 2050. In our efforts to realise this objective, Nykredit will set specific targets to be reached by 2030, contribute to the development of recognised sector-wide methods and influence investee companies to supply relevant data and thereby enable the attainment of this objective across all asset classes.

In March Nykredit was one of the first asset managers in Denmark to sign the Net Zero Asset Management Initiative, a group of international asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner. To this end, Nykredit has committed to transitioning its investment portfolio to net-zero carbon emissions by 2050 compared with 2020. Furthermore, Nykredit has committed to reducing carbon emissions from its investment portfolio by 60% by 2030 compared with 2020.

As mentioned, so far, 14 of Nykredit's investment funds carry the Nordic Swan Ecolabel, and three fourths of our funds are categorised in the two top sustainability categories in accordance with the EU Disclosure Regulation, which sets common standards for sustainable investment.

Award-winning value propositions

In March, Nykredit Invest won two out of three main categories at the annual Morningstar Fund Awards. The investment fund Nykredit Invest was awarded best manager of bonds as well as best manager of equities and bonds. This is the fourth year running that Nykredit Invest has won one or more main categories at the Morningstar Fund Awards. In addition the fund Sparindex OMX C25 was awarded best fund for Danish equities, and Sparindex DJSI World was named best fund for global equities. Combined, Nykredit Invest and Sparindex won four out of eight Morningstar Awards.

In the latest survey conducted by Prospera, a market research company, Nykredit Private Banking Elite was named the best private banking provider in Denmark for the fourth year running. Furthermore, Nykredit Private Banking Elite won the awards Best Private Bank Client Service and Best Private Bank Talent Management at the Wealth-Briefing European Awards 2020.

58% of Nykredit Asset Management's investment strategies (GIPS composites) generated above-benchmark returns in 2021. Over the past three years, 76% has generated above-benchmark returns.

DKK million

Selected balance sheet items	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
Wealth Management					
Assets under management	419,444	405,795	393,650	371,710	332,439
- of which Nykredit Group investment funds	194,986	188,508	180,280	168,415	157,237
Assets under administration¹	1,103,023	1,092,436	993,679	948,684	897,567
Lending/deposits					
Loans and advances	16,580	16,176	15,239	14,494	14,091
- of which mortgage lending, nominal value	11,877	11,516	10,731	10,170	9,688
- of which secured homeowner loans	1,046	1,058	1,058	1,078	1,090
- of which bank lending	3,657	3,602	3,450	3,245	3,313
Deposits	15,757	14,283	13,408	14,649	14,461

¹ Comparative figures have been restated due to a change in Nykredit funds.

Results for Q1-Q3/2021 relative to Q1-Q3/2020

Wealth Management's business profit remained high at DKK 697 million for Q1-Q3/2021 (Q1-Q3/2020: DKK 436 million).

For the period, income amounted to DKK 1,303 million and rose compared with the previous year (Q1-Q3/2020: DKK 1,134 million) mainly due to increasing assets under management, driven by significant growth in new client assets combined with value gains on the existing assets under management.

Impairment charges for loans and advances were DKK 66 million in Q1-Q3/2021 (Q1-Q3/2020: a charge of DKK 63 million).

Results for Q3/2021 relative to Q2/2021

Wealth Management delivered a business profit of DKK 294 million in Q3/2021 (Q2/2021: DKK 194 million).

Income amounted to DKK 455 million in Q3/2021 (Q2/2021: DKK 422 million), up by DKK 33 million, primarily due to higher Wealth Management income.

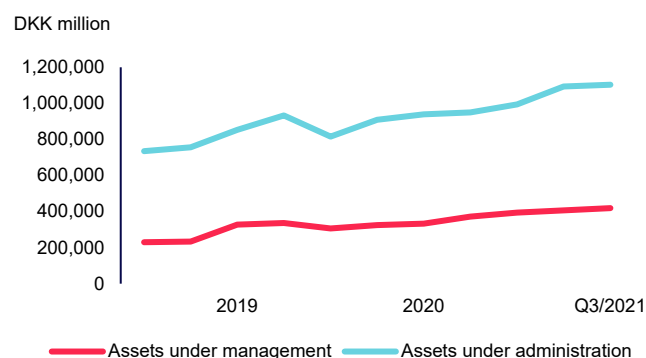
Impairment charges for loans and advances were a net income of DKK 79 million (Q2/2021: impairment charge of DKK 1 million).

Activities

Total assets under management rose by DKK 47.7 billion to DKK 419.4 billion at end-September 2021 (end-2020: DKK 371.7 billion). The rise comprised positive net sales of DKK 34.2 billion, driven by demand from international clients, Private Banking Elite clients and the Group's savings products, as well as positive returns of DKK 13.5 billion.

Total assets under administration increased by DKK 154.3 billion on end-2020 to DKK 1,103 billion at end-September 2021 (end-2020: DKK 948.7 billion) with a net addition of DKK 75.3 billion, driven by demand from institutional clients and the Group's savings products, as well as positive returns of DKK 79 billion.

Assets under management and assets under administration by Wealth Management



GROUP ITEMS

DKK million

Results – Group Items	Q1-Q3/ 2021	Q1-Q3/ 2020	Q3/ 2021	Q2/ 2021	Q1/ 2021	Q3/ 2020	2020
Net interest income	(5)	6	(9)	2	1	3	10
Net fee income	(20)	(40)	(6)	(5)	(10)	(22)	(42)
Wealth management income	20	18	8	6	7	12	24
Net interest from capitalisation	74	127	26	25	24	41	160
Net income relating to customer benefits programmes ¹	(294)	(154)	(115)	(107)	(72)	(57)	(199)
Trading, investment portfolio and other income	1,214	(159)	353	255	606	173	473
Income	988	(202)	256	176	556	150	426
Costs	175	163	81	36	58	81	81
Business profit (loss) before impairment charges	814	(365)	175	140	499	68	345
Impairment charges for bank lending	0	(4)	8	(9)	0	(1)	(8)
Business profit (loss)	814	(361)	167	148	498	69	353
Badwill, impairment of goodwill and amortisation of customer relationships	-	(2)	-	-	-	(2)	(2)
Profit (loss) before tax	814	(363)	167	148	498	69	351

¹ "Net income relating to customer benefits programmes" is described in detail in "Alternative performance measures".

A few income statement and balance sheet items, including badwill, are not allocated to the business areas but are included in Group Items.

Group Items also includes Nykredit's total return on the securities portfolio. The activities of the companies Kalvebod Ejendomme I A/S and Kirstinehøj 17 A/S also form part of Group Items.

Results for Q1-Q3/2021 relative to Q1-Q3/2020

The business profit of Group Items rose by DKK 1,175 million relative to Q1-Q3/2020 to DKK 814 million (Q1-Q3/2020: a negative DKK 361 million).

The increase was mainly driven by investment portfolio income, positively affected by significant capital gains on the portfolio of Danish bank equities, etc.

CAPITAL, LIQUIDITY AND FUNDING

EQUITY AND OWN FUNDS

The Nykredit Realkredit Group's equity stood at DKK 93.9 billion at end-September 2021 (end-2020: DKK 89.8 billion). In March 2021 ordinary dividend of DKK 2.2 billion was distributed to the Company's shareholder, equal to about 40% of profit after tax for 2020.

At an extraordinary general meeting in November 2021, the Board of Directors will recommend that Nykredit distribute extraordinary dividend of DKK 2.6 billion, as the Danish FSA's recommendation on restriction of distributions issued on 18 December 2020 no longer applies. Nykredit has followed the Danish FSA's former recommendation to withhold ordinary dividend based on profit for 2019 and take a cautious approach to distribution based on profit for 2020. Results for the period after Q3/2021 are not included in the extraordinary dividend. Deduction from equity carried for accounting purposes of the extraordinary dividend is pending approval by the General Meeting, whereas the proposed dividend was deducted from own funds for capital adequacy purposes at end-Q3.

Equity carried for accounting purposes includes Additional Tier 1 (AT1) capital. For capital adequacy purposes, AT1 capital is included in Tier 1 capital and not in CET1 capital.

	DKK million	
Nykredit Realkredit Group	30.09.2021	31.12.2020
Equity (including AT1 capital)		
Equity, beginning of period	89,774	84,378
Profit for the period	6,449	5,655
Other adjustments	(2,362)	(259)
Equity, end of period	93,862	89,774

	DKK million	
Nykredit Realkredit Group	30.09.2021	31.12.2020
Capital and capital adequacy		
Credit risk	350,199	333,600
Market risk	27,245	40,128
Operational risk	27,244	28,109
Total risk exposure amount	404,688	401,837
Equity (including AT1 capital)	93,862	89,774
AT1 capital etc	(3,779)	(3,753)
Regulatory deduction for estimated dividend and profit for Q3 not recognised	(4,164)	-
Proposed extraordinary dividend	(2,600)	-
Proposed dividend	-	(2,230)
CET1 regulatory adjustments	(2,489)	(2,534)
CET1 capital	80,829	81,257
AT1 capital	3,719	3,729
AT1 regulatory deductions	(11)	(38)
Tier 1 capital	84,536	84,949
Tier 2 capital	10,776	10,793
Tier 2 regulatory adjustments	2,034	1,932
Own funds	97,347	97,673
CET1 capital ratio, %	19.9	20.2
Tier 1 capital ratio, %	20.8	21.1
Total capital ratio, %	24.0	24.3
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.0	11.0

Own funds and capital adequacy are specified further in note 2 to the Financial Statements. Profit for Q3/2021 is not included in capital and capital adequacy.

Capital and capital adequacy

The Nykredit Group's own funds include CET1 capital, AT1 capital and Tier 2 capital after regulatory deductions.

At end-September 2021 Nykredit Realkredit's risk exposure amount (REA) totalled DKK 404.7 billion (end-2020: DKK 401.8 billion). With own funds at DKK 97.3 billion, this corresponds to a total capital ratio of 24.0% (end-2020: 24.3%). The CET1 capital ratio was 19.9% (end-2020: 20.2%).

Credit risk exposures increased in Q1-Q3/2021 mainly following implementation of new regulatory requirements applying to IRB models. To this should be added the impact of a new standardised approach for measuring counterparty risk (SA-CCR), phased in with the most recent amendments to capital requirements as at 28 June 2021. Market risk exposures reduced, as the model-based risk target, Value-at-Risk, has decreased since last year. The underlying development in REA for credit risk has only been slightly impacted by covid-19, as Nykredit has not recorded rising arrears, overdrafts, property price declines or similar. Nykredit has focused on vulnerable sectors and customers to ensure that any signs of weakness are addressed in the credit process.

CET1 capital totalled DKK 80.8 billion at end-September 2021 (end-2020: DKK 81.3 billion). AT1 capital amounted to DKK 3.7 billion after regulatory adjustments (end-2020: DKK 3.7 billion). Tier 2 capital was DKK 10.8 billion excluding regulatory adjustments (end-2020: DKK 10.8 billion). When determining the Nykredit Group's own funds, minority interests have been excluded from AT1 capital and Tier 2 capital issued by the subsidiary Nykredit Realkredit A/S.

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and the Executive Board to ensure that Nykredit has the required own funds. The required own funds are the minimum capital required, in Management's judgement, to cover all significant risks. This accounted for 11.0% of the risk exposure amount at end-September 2021, equal to the internal capital adequacy requirement of the Nykredit Group.

Capital targets 2021

Nykredit's capital policy is laid down annually by the Board of Directors and is to support the Group's strategy and objectives. In accordance with its business model, Nykredit aims to have stable earnings, a strong capital structure and competitive ratings.

The Board of Directors has set the CET1 target at 15.5-16.5% of REA, whereas the overall target for own funds has been set at 20-21%. This corresponds to Nykredit's capital requirement during a severe recession and is based on stress test results. Furthermore, Nykredit holds CET1 capital to meet the upcoming Basel requirements and may also obtain new CET1 capital from Forenet Kredit and through investment commitments from a number of Danish pension companies.

As a systemically important financial institution (SIFI), Nykredit is subject to a special SIFI buffer requirement of 2%. A capital conservation buffer of 2.5% is also applicable to all financial institutions. Both buffer requirements are included in the overall capital target and must be met using CET1 capital. Upon recommendation by the Danish Systemic Risk Council, the Danish Minister for Industry, Business and Financial Affairs has decided that the countercyclical capital buffer must be restored from the current 0% to 1% from 30 September 2022. The countercyclical buffer will not increase Nykredit's capital requirement, as the capital requirement already includes a stress buffer to absorb the impact of a severe recession, in a situation when the countercyclical buffer is assumed to have been released.

Dividend policy

Nykredit's long-term ambition is to provide our owners with a competitive return in the form of dividend in the region of 50% of profit for the year, taking into account the current capital policy. The purpose is to ensure that Forenet Kredit strengthens its capital position and can continue to make contributions to the Group's customer benefits programmes, for example KundeKroner.

FUNDING AND LIQUIDITY

Nykredit manages its liquidity and funding at Group level and generally issues bonds, senior debt and capital instruments through Nykredit Realkredit A/S.

Bank lending is mainly funded by deposits. At end-September 2021 Nykredit Bank's deposits equalled 128% of lending against 124% at end-2020.

Nykredit's balance sheet mainly consists of match-funded mortgage loans. Mortgage lending is secured by mortgages on real estate and funded through the issuance of mortgage covered bonds (SDOs and ROs).

Liquidity

Nykredit's liquid assets are mainly placed in liquid Danish and other European government and covered bonds. These securities are eligible as collateral in the repo market and with central banks and are directly applicable for raising liquidity.

Nykredit holds substantial liquidity reserves and meets the regulatory requirements by a comfortable margin. This is illustrated in the table below, which shows that the LCRs of the various Group companies are significantly above the regulatory requirement of 100%.

	(%)	
Nykredit Realkredit Group		
LCR determination	30.09.2021	31.12.2020 ¹
Nykredit Realkredit Group*	854	756
Nykredit Realkredit Group, LCR requirement in EUR	586	422
Nykredit Realkredit and Totalkredit	6,296	5,064
Nykredit Realkredit and Totalkredit, including minimum LCR requirement	153	171
Nykredit Bank	207	178

* Since 2016, as a Danish mortgage provider, Nykredit has been exempt from including part of its mortgage-related cash flows in the determination of the LCR, and the Danish FSA has instead set a minimum liquidity requirement. In practice, the requirement means that Nykredit must hold a stock of liquid assets of 2.5% of its mortgage lending.

¹ The LCR of the Nykredit Realkredit Group at end-2020 has subsequently been adjusted downwards by about 2% from 771% to 756%.

Green bonds

Since 2019 Nykredit has been offering green mortgage loans to business customers. We also offer a series of green banking products. At end-September 2021, DKK 21.4 billion-worth of green mortgage bonds and DKK 0.7 billion-worth of green senior bonds had been issued.

Nykredit's Green Bond Framework, which was established in compliance with ICMA's Green Bond Principles (GBP), describes the principles of green loans and determines which sustainable assets are eligible for financing with green bonds. For further information about Nykredit's Green Bond Framework, please refer to [Nykredit.com/investor-relations/debt/green-bonds](https://nykredit.com/investor-relations/debt/green-bonds).

Refinancing and issuance schedule for 2021

Nykredit's SDOs and ROs are issued through daily tap issuance coupled with bond auctions to refinance ARMs and floating-rate loans etc.

Nykredit holds refinancing auctions four times a year to reduce refinancing risk as much as possible.

	DKK billion
Nykredit Realkredit Group	1 October 2021
Refinancing ¹	– 30 Sep 2022
Total maturity before set-off of self-issued bonds	225.8
- ordinary principal payments and scheduled ² prepayments (settled)	35.3
- ordinary principal payments and scheduled ² prepayments (not settled)	27.3
- pre-issued bonds and interest rate risk ²	(0.6)
Total refinancing volume	163.8
- pre-auctioned amount sold under forward contracts	24.9
Refinancing volume remaining for 1 October 2021 – 31 December 2021	138.9
of which SDOs and ROs	138.9
of which other issues	0

¹ Applicable for the October 2021 as well as the January, April and July 2022 payment dates.

² Known as at 30 September 2021.

The annual maturity one year ahead totals DKK 226 billion, of which ordinary principal payments, prepayments etc total DKK 62 billion. Thus, refinancing volumes amount to DKK 164 billion.

Annual refinancing volumes are expected to be maintained at around DKK 160 billion.

	DKK million	
Nykredit Realkredit Group		
Bonds in issue	30.09.2021	31.12.2020
Covered bonds (ROs), see note 16 a	140,952	138,260
Covered bonds (SDOs), see note 16 b	1,311,645	1,282,909
Senior secured debt, see note 16 c	854	852
Senior preferred debt in Nykredit Bank A/S	-	516
Senior preferred debt in Nykredit Realkredit A/S	5,577	5,579
Senior non-preferred debt	48,804	41,651
Tier 2 capital, see note 18	10,784	10,893
AT1 capital, see note 2	3,719	3,729
ECP issues of Nykredit Bank A/S	2,902	4,885

As from 2022, the current regulatory requirement of a debt buffer of 2% of mortgage lending will be adjusted so that, together with own funds and the MREL requirement, the debt buffer must amount to at least 8% of the consolidated balance sheet. At end Q3/2021 Nykredit already fully met the revised 8% debt buffer requirement.

In Q1-Q3/2021 Nykredit issued about DKK 11.1 billion-worth of senior non-preferred debt and DKK 4.5 billion-worth of Tier 2 capital, both eligible for meeting the revised debt buffer requirement. Nykredit has

Supervisory Diamond for mortgage lenders

Benchmark	Definition	Nykredit	Nykredit	Totalkredit A/S	Limit value
		Realkredit Group 30 September 2021	Realkredit A/S 30 September 2021	30 September 2021	
Lending growth in segment					
Personal customers ¹		6.6%	(23.5)%	8.5%	15.0%
Commercial residential properties	Annual lending growth may not exceed 15% in each of the segments personal customers, commercial residential properties, agricultural properties and other commercial.	7.4%	9.7%	26.5% ²	15.0%
Agricultural properties		(1.4)%	(1.4)%	0.0%	15.0%
Other commercial		2.0%	6.0%	13.8%	15.0%
Borrower's interest rate risk					
Private residential and residential rental	The proportion of lending where the LTV ratio exceeds 75% of the statutory LTV limit and where the loan rate is fixed for up to two years only may not exceed 25% of the total loan portfolio.	9.9%	19.7%	7.7%	25.0%
Interest-only loans					
Personal customers	The proportion of IO loans for owner-occupied and holiday homes with an LTV ratio above 75% of the statutory LTV limit may not exceed 10% of total lending.	6.7%	3.3%	6.8%	10.0%
Loans with short-term funding					
Refinancing (annually)	The proportion of loans to be refinanced must be below 25% per year and below 12.5% per quarter.	9.3%	13.2%	7.5%	25.0%
Refinancing (quarterly)		2.5%	4.4%	1.4%	12.5%
Large exposures					
Loans and advances:equity	The sum of the 20 largest exposures must be less than equity.	34.5%	21.8%	4.4%	100.0%

¹ The decrease in loans and advances to personal customers in Nykredit Realkredit A/S is a natural consequence of new lending for personal customers being issued through Totalkredit A/S.

² As Totalkredit's business lending is lower than Totalkredit's own funds, the segment is not subject to the 15% limit.

also issued additional senior non-preferred debt of DKK 1.5 billion since the balance sheet date.

Nykredit expects to issue DKK 0-5 billion in the remaining part of 2021.

Supervisory Diamond

Nykredit is subject to the Danish FSA's Supervisory Diamond, both at the level of the Group and the individual companies.

The Supervisory Diamond models for banks and mortgage lenders, respectively, use five key benchmarks to measure if a bank or a mortgage lender is operating at an elevated risk.

Nykredit complies with all benchmark limits of the Supervisory Diamond models for banks and mortgage lenders as at 30 September 2021.

Nykredit Bank A/S		
Supervisory Diamond	30.09.2021	31.12.2020
Large exposures (limit value <175%)	114.3%	132.3%
Lending growth (limit value <20%)	1.0%	8.7%
Property exposure (limit value <25%)	10.9%	12.6%
Funding ratio (limit value <1.0)	0.57	0.60
Liquidity benchmark (limit value >100%)	191.0%	150.7%

Ratings

Nykredit Realkredit and Nykredit Bank collaborate with the international credit rating agencies S&P Global Ratings (S&P) and Fitch Ratings regarding the credit rating of the Group's companies and their funding.

S&P Global Ratings

S&P has assigned Nykredit Realkredit and Nykredit Bank long-term and short-term Issuer Credit Ratings of A+/A-1 with a stable outlook and long-term and short-term Resolution Counterparty Ratings of AA-/A-1+.

Senior non-preferred debt has a BBB+ rating with S&P.

Covered bonds (SDOs and ROs) issued by Nykredit Realkredit and Totalkredit through rated capital centres are all rated AAA by S&P, which is the highest possible rating. The rating outlook is stable.

Covered bonds initially issued by LR Realkredit are not and will not be rated.

Fitch Ratings

Nykredit Realkredit and Nykredit Bank each have long-term and short-term Issuer Credit Ratings of A/F1 with Fitch and long-term and short-term senior preferred debt ratings of A+/F1.

Senior non-preferred debt is rated A by Fitch.

Listing of ratings

For a complete overview of Nykredit's credit ratings with S&P and Fitch Ratings, please visit nykredit.com/rating.

ESG ratings

ESG ratings (Environmental, Social and Governance) are a tool used by investors and other stakeholders to assess a company's position relative to sustainability, corporate responsibility and governance.

Nykredit currently focuses on the ESG rating agencies, MSCI and Sustainalytics, which consider all ESG factors, as well as on the CDP (formerly Carbon Disclosure Project), which assesses the environmental impact of businesses. The agencies have published unsolicited ratings of Nykredit based on publicly available information.

Sustainalytics revised Nykredit's ESG Risk rating in April 2021. Sustainalytics still considers Nykredit's ESG risk to be low and the rating was changed from 16.5 to 16.4 – a slight improvement. Furthermore, in May 2021, MSCI raised Nykredit's ESG rating from A to AA.

ESG rating agency	Nykredit's rating	Scale
MSCI	AA	AAA to CCC
Sustainalytics	16.4	0 to 100 ¹
CDP	A-	A to D-

¹ The scale shows from highest to lowest rating. Lower score reflects lower risk assessment.

CREDIT RISK

Credit risk reflects the risk of loss resulting from Nykredit's customers and counterparties defaulting on their obligations.

Nykredit's credit exposures mainly consist of mortgage loans. As mortgage loans are secured by real estate, credit risk is low. Credit risk on mortgage loans is typically characterised by a stable development.

Information related to covid-19

There is still substantial uncertainty about the impact of the covid-19 pandemic. When deferred tax and VAT payments fall due, the number of bankruptcies could increase. Nykredit's main scenario is continuously reassessed, and at end-September 2021 the scenario assumed GDP growth of 3.2% in 2021.

Loan impairments related to covid-19 are comprised of three different components based on stress test calculations. Firstly, stress simulations have been performed for the stage 1 and stage 2 personal customer segments and high-attention sectors. Secondly, the property values of stage 3 customers have been stressed to simulate a reduction in collateral values. At stage 3 we have raised the probability of an adverse scenario for customers in vulnerable sectors, and lastly, the macroeconomic scenarios of the impairment model for stage 1 and stage 2 customers have been updated to allow for the covid-19 impact, including relief packages.

We have offered our customers a number of solutions to mitigate the impact of covid-19, including wider access to temporary overdrafts and payment holidays etc. For accounting purposes, these solutions reflect special loan options and not forbearance of existing credit facilities. Accordingly, no special impairment provisions have been made for such credit facilities, provided they were offered to customers who

were creditworthy before the covid-19 crisis and not for reasons of financial distress.

Due to the covid-19 situation, many businesses have taken loans with the Danish tax administration in 2020 and 2021. These loans were raised without prior credit assessment. On 9 September, the Danish government and Finance Denmark issued a joint declaration of intent for businesses to gradually return to market-based financing. Nykredit supports this declaration of intent.

The declaration of intent will not impact Nykredit's provisions for losses as a consequence of covid-19. The provisions are determined based on Nykredit's own loan portfolio. Also note that the final terms and conditions for banks' funding of former government loans such as terms of guarantees still need to be resolved.

For further information about the impacts of covid-19 on impairment charges for loans and advances and lending mix, please refer to our Fact Book Q3 2021, which is available at nykredit.com.

Provisions in Q1-Q3/2021 related to covid-19

For Q1-Q3/2021 Nykredit reversed DKK 107 million of loan impairment provisions (equal to a gain) of the DKK 2.1 billion initially taken to cover the consequential losses arising from covid-19. Reasons for this reversal include a minor reclassification of provisions, as a small number of customers have become subject to individual provisioning as a result of covid-19, and general updates of stress test calculations. 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.

Nykredit Realkredit Group

Loans, advances, guarantees and impairment charges for loans and advances

DKK million	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment charges for loans and advances, earnings impact	
	30.09.2021	31.12.2020	30.09.2021	31.12.2020	Q1-Q3	2020
Mortgage lending, nominal value						
Nykredit Realkredit	521,924	523,062	4,860	5,019	(111)	1,403
Totalkredit	853,575	798,424	1,684	1,633	107	296
Total	1,375,499	1,321,486	6,544	6,652	(4)	1,699
Loans and advances etc						
Nykredit Bank	71,358	71,146	2,833	3,012	(122)	475
Total	71,358	71,146	2,833	3,012	(122)	475
Receivables from credit institutions	10,176	43,215	23	22	1	(6)
Reverse repurchase lending	49,344	37,271	-	-	-	-
Guarantees	8,689	9,086	297	241	56	104
Loan impairment, %¹						
Nykredit Realkredit	-	-	0.93	0.96	(0.02)	0.27
Totalkredit	-	-	0.20	0.20	0.01	0.04
Total	-	-	0.48	0.50	(0.00)	0.13
Nykredit Bank	-	-	3.82	4.06	(0.16)	0.64
Total	-	-	3.82	4.06	(0.16)	0.64

¹ Loan impairment excluding receivables from credit institutions, reverse repurchase lending and guarantees.

The loan portfolio developed positively in Q1-Q3/2021, and individual impairment provisions remained low. Arrears ratios were declining for some portfolios and stable for others. Write-offs were also low. Nykredit has made only a few covid-19-related individual impairment provisions.

Nykredit's macroeconomic forecasts in connection with loan impairments related to covid-19 have been incorporated into the impairment models and in the model-based impairment provisions.

Credit models

Nykredit uses credit models to determine the capital requirement for credit risk. Nykredit also uses internal ratings-based (IRB) models in the determination of credit risk for the greater part of the loan portfolio. The determination of credit risk is based on three key parameters: Probability of Default (PD), expected Loss Given Default (LGD) and expected Exposure at Default (EAD). The three key parameters are estimated on the basis of Nykredit's customer default and loss history.

The PD is customer-specific, while the other parameters are product-specific. One PD is therefore assigned to each customer, while each of the customer's products has a separate LGD and EAD.

Expectations for macroeconomic models

Nykredit's impairment model calculations include forward-looking macroeconomic scenarios. The scenarios must reflect uncertainties relating to the economy as well as both improved and deteriorating outlooks. In Q3/2021 the scenarios were updated to reflect the current and expected economic environment caused by the covid-19 crisis and resulting market conditions. The base scenario must reflect the economic environment, including the effect of covid-19 relief packages, taking into account the economic effects of reopening and vaccine roll-out. The base scenario carries a 55% weighting. The scenario implies expected GDP growth of 3.2% and house price rises of 11.8% in 2021 but based on a significant drop in GDP in 2020 (2.1%). The adverse scenario was included in the models with a weighting of 35%. This scenario implies expected GDP growth of 1.0% and house price declines of 2% in 2021. The improved scenario carries a 10% 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.

	%			
Nykredit Realkredit Group				
Main scenarios for impairment calculations	2020	2021	2022	2023
Short-term rate ¹	(0.2)	(0.2)	(0.2)	(0.1)
Long-term rate ²	(0.4)	0.0	0.1	0.3
House prices ³	4.5	11.8	2.2	3.1
GDP ³	(2.1)	3.2	3.3	2.5
Unemployment ⁴	4.2	3.3	2.8	2.6

¹ Short-term rate reflects the Copenhagen Interbank Offered Rate (Cibor).

² Long-term rate reflects 10-year Danish government bonds.

³ House prices and GDP reflect annual changes as a percentage.

⁴ Unemployment is registered net unemployment as a percentage of the workforce stated as an annual average.

There is still substantial uncertainty about the impact of the pandemic despite the reopening. Nykredit's main scenario assumes that during 2021 and 2022 GDP and house prices will return to the levels prevailing in the period immediately preceding the covid-19 pandemic due to the effects of the relief packages. There is evidence to suggest this already, although the low arrears and overdraft levels are, to some degree, attributable to relief packages and government stimulus. Currently, Nykredit's focus is therefore on the dates of termination and repayment of loans and relief packages.

MORTGAGE LENDING

At end-September 2021, Nykredit Realkredit Group's credit exposure in terms of nominal mortgage lending was DKK 1,375 billion, corresponding to an increase of DKK 54 billion (end-2020: DKK 1,321 billion).

The security underlying mortgage lending is substantial. Furthermore, mortgage loans granted via Totalkredit are covered by set-off agreements. The loss risk relating to personal loans is mitigated through an agreement with the partner banks. Under the agreement, incurred losses corresponding to the cash part of a loan exceeding 60% of the mortgageable value at the time of granting are offset against future commission payments to the partner banks having arranged the loan.

The average LTV was 55.5% at end-September 2021 (end-2020: 61.3%).

Total provisions for mortgage loan impairment

Total provisions for mortgage loan impairment equalled 0.48% of total mortgage lending, excluding credit institutions (end-2020: 0.50%). Total impairment provisions amounted to DKK 6,544 million at end-September 2021 (end-2020: DKK 6,652 million). Covid-19 provisions are based on stress test calculations and have been included in total impairment provisions.

Impairment charges for loans and advances are mainly attributable to:

	DKK million	
	30.09.2021	31.12.2020
Nykredit Realkredit Group		
Total impairment provisions for mortgage lending		
Individual impairment provisions (stage 3)	2,281	2,681
Model-based impairment provisions (stages 1, 2 and 3)	4,263	3,971
- of the above attributable to covid-19	1,454	1,482
Total impairment provisions for mortgage lending	6,544	6,652

Stress test calculations are made as a supplement to model-based impairment provisions to the extent that recent economic changes (such as covid-19, unemployment etc) have not yet been captured by Nykredit's models.

Earnings impact

Impairment charges for mortgage lending for the period were a reversal of DKK 4 million (FY 2020: a charge of DKK 1,699 million). Reversal of impairment charges for loans and advances for the period comprises impairment charges of DKK 80 million attributable to owner-occupied dwellings and a reversal of DKK 84 million attributable to the business segment.

Mortgage lending

Nykredit Realkredit Group

Debt outstanding relative to estimated property values

DKK million	LTV (loan-to-value)						Total	LTV avg, %
	0-40	40-60	60-80	80-90	90-100	>100		
Owner-occupied dwellings	602,176	200,645	65,873	1,472	562	601	871,329	59.5
Private rental ¹	109,164	31,981	10,527	596	251	249	152,770	57.6
Industry and trades	18,443	3,035	166	8	5	7	21,663	44.6
Office and retail	100,988	21,922	1,585	245	162	170	125,072	49.2
Agriculture	59,126	19,988	5,598	378	149	123	85,362	59.7
Public housing	-	-	-	-	-	-	85,225	20.2
Other	14,871	2,671	743	176	124	142	18,727	48.2
Total Q1-Q3/2021	904,768	280,243	84,492	2,875	1,253	1,292	1,360,147	55.5
Total 2020	828,097	286,246	131,100	8,093	1,983	1,909	1,350,630	61.3

Nykredit Realkredit Group

Mortgage lending by property type¹

	30.09.2021		31.12.2020	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Owner-occupied dwellings	2,606	80	2,625	447
Private rental	801	46	766	318
Industry and trades	96	18	84	1
Office and retail	914	(32)	951	452
Agriculture	1,555	(213)	1,727	508
Public housing	24	(10)	27	(69)
Cooperative housing	399	77	326	(8)
Other	149	24	145	40
Total	6,544	(10)	6,652	1,690

¹ The breakdown by property type is not directly comparable with Nykredit's business areas.

Arrears

Mortgage loan arrears are determined 15 and 75 days past the due date. Mortgage loan arrears were 0.20% of total mortgage payments due 75 days past the June due date (December 2020: 0.22%).

Bond debt outstanding affected by arrears as a percentage of total bond debt outstanding also decreased to DKK 1.93 billion (December 2020: DKK 2.28 billion).

Properties acquired by foreclosure

In Q1-Q3/2021 the Group acquired 33 properties and sold 34. The property portfolio counted 7 properties at 30 September 2021 (end-2020: 8).

Nykredit Realkredit Group

Arrears ratio – 75 days past due

Due date	Arrears relative to total mortgage payments	Debt outstanding in arrears relative to total debt outstanding	Debt outstanding affected by arrears
	%	%	DKK billion
2021			
- June	0.20	0.14	1.93
- March	0.22	0.15	2.07
2020			
- December	0.22	0.17	2.28
- September	0.26	0.19	2.41
- June	0.29	0.22	2.84
- March	0.34	0.25	3.15

BANK LENDING

Bank lending at amortised cost amounted to DKK 71.4 billion at end-September 2021 (end-2020: DKK 71.1 billion).

Reverse repurchase lending totalled DKK 49.3 billion at end-September 2021 (end-2020: DKK 37.3 billion). Guarantees provided amounted to DKK 8.7 billion (end-2020: DKK 9.1 billion).

Total provisions for bank loan impairment etc

Provisions for bank loan impairment (exclusive of credit institutions and guarantees) totalled DKK 2,833 million at end-September 2021 (end-2020: DKK 3,012 million). Covid-19 provisions are based on stress test calculations and included in total impairment provisions.

Impairment charges for loans and advances are mainly attributable to:

	DKK million	
Nykredit Realkredit Group		
Total provisions for bank loan impairment	30.09.2021	31.12.2020
Individual impairment provisions (stage 3)	1,639	1,960
Model-based impairment provisions (stages 1, 2 and 3)	1,194	1,052
- of the above attributable to covid-19	515	577
Total provisions for bank loan impairment	2,833	3,012

Guarantees

At end-September 2021, guarantees provided amounted to DKK 8,689 million (end-2020: DKK 9,086 million). At end-September 2021, provisions for guarantees amounted to DKK 297 million (end-2020: DKK 241 million).

Nykredit Realkredit Group

Credit exposures: bank lending, reverse repurchase lending and guarantees by sector¹

DKK million

	30.09.2021			31.12.2020		
	Lending, end of period	Total impairment provisions	Earnings impact	Lending, end of period	Total impairment provisions	Earnings impact
Public sector	422	3	(1)	866	4	3
Agriculture, hunting, forestry and fishing	4,109	191	11	3,431	184	30
Manufacturing, mining and quarrying	10,179	271	(118)	9,759	415	134
Energy supply	4,628	50	10	7,096	40	16
Construction	2,720	215	21	2,631	198	8
Trade	10,632	462	32	8,788	453	111
Transport, accommodation and food service activities	6,855	152	(28)	7,193	183	101
Information and communication	3,229	111	5	3,262	106	5
Finance and insurance	54,926	191	49	43,211	144	33
Real estate	15,515	595	(3)	16,566	595	123
Other	8,133	343	0	8,426	355	54
Total business customers	120,928	2,581	(20)	110,363	2,673	615
Personal customers	26,879	546	(44)	26,914	576	(39)
Total	148,229	3,130	(66)	138,143	3,254	579
- of which provisions for losses under guarantees		297	63		241	105
Impairment provisions for credit institutions		8	(4)		12	(1)
- of which intercompany guarantees and total	18,839	3,138	(70)	20,639	3,266	578

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

NYKREDIT BANK

DKK million

Nykredit Bank Group	Q1-Q3/ 2021	Q1-Q3/ 2020	Q3/ 2021	Q2/ 2021	Q1/ 2021	Q3/ 2020	2020
Business profit and profit for the period							
Net interest income	1,333	1,275	454	445	434	432	1,711
Net fee income	499	391	153	192	153	118	521
Wealth management income	1,695	1,446	595	556	544	459	1,950
Net interest from capitalisation	(27)	(22)	(13)	(7)	(7)	(8)	(29)
Net income relating to customer benefits programmes ¹	(46)	205	(26)	(18)	(2)	69	276
Trading, investment portfolio and other income	741	427	314	197	230	282	634
Income	4,195	3,722	1,478	1,366	1,351	1,351	5,063
Costs	2,122	1,969	730	705	687	665	2,727
Business profit before impairment charges	2,073	1,753	748	661	665	686	2,336
Impairment charges for loans and advances	(70)	477	(97)	39	(12)	168	579
Business profit	2,143	1,277	845	621	676	518	1,757
Legacy derivatives	353	52	60	56	237	154	258
Profit before tax for the period	2,496	1,328	906	677	913	672	2,015
Tax	508	249	170	145	193	135	385
Profit for the period	1,988	1,079	736	532	720	537	1,630
Minority interests	31	22	14	8	9	8	21
Summary balance sheet	30.09.2021	30.09.2020	30.09.2021	30.06.2021	31.03.2021	30.09.2020	31.12.2020
Reverse repurchase lending	49,344	38,396	49,344	44,229	36,282	38,396	37,271
Loans, advances and other receivables at amortised cost	71,358	70,530	71,358	70,844	70,285	70,530	71,146
Payables to credit institutions and central banks	55,601	56,284	55,601	52,126	56,249	56,284	49,121
Repo deposits	6,890	1,088	6,890	6,725	1,858	1,088	2,674
Deposits and other payables	91,607	85,808	91,607	91,840	85,605	85,808	88,269
Equity	28,040	25,531	28,040	27,305	26,802	25,531	26,082
SELECTED FINANCIAL RATIOS							
Profit for the period as % pa of average equity	9.7	5.7	10.5	7.8	10.7	8.4	6.4
Costs as % of income	50.6	52.9	49.4	51.6	50.8	49.2	53.9
Average number of staff, full-time equivalent	969	962	1,018	927	962	972	979

This year Nykredit Bank has introduced new mutual benefits in the form of a customer discount and a savings discount (KundeRabat and OpsparingsRabat) to replace the MineMål benefits programme, which ended at end-2020. We also continue to offer our customers an interest rate discount on their home bank loans (BoligRabat).

The customer discount is offered to full-service customers in proportion to their business with Nykredit. If the entire discount is not used within a given year, it may be saved for up to three years and used for example in connection with loan financing or similar.

We offer a savings discount to full-service customers who invest through one of our wealth management products. The savings discount is 25% of the customer's investment management fee.

Nykredit Bank's green products to finance cars and homes are a key element of Nykredit's ambitions for a greener Denmark. The products (green home loans, green car loans and home energy check-up) are offered to personal customers aimed to ensure that financing costs will not discourage them from buying an electric or hybrid car or making low-energy home improvements. We also offer green products to our agricultural customers, for example green machinery financing. In

Q3 we introduced green construction loans to public housing clients with green energy renovation or green construction projects.

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

In alignment with our strategy to strengthen the Totalkredit alliance through more joint activities, Nykredit entered into a non-life insurance partnership agreement with the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark (LOP), Spar Nord and Codan/Privatsikring earlier this year.

Expanding and strengthening collaboration with our Totalkredit partners is one of the key objectives of Nykredit's strategy, Winning the Double. All stakeholders, not least our customers, will benefit when strong players join forces. Customers of a large number of banks, including Nykredit Bank, have access to some of the top insurance products in the market.

In response to the covid-19 pandemic, Nykredit Bank has launched a number of initiatives aimed at helping Danish families and businesses; initiatives such as a special credit facility, payment holidays on car loans, consumer loans and bank home loans, no-fee overdrafts as well as a corona hotline. The initiatives will be phased out as society returns to normal.

Q1-Q3 in summary

Nykredit Bank delivered a satisfactory financial performance in Q1-Q3/2021. Business profit came to DKK 2,143 million (Q1-Q3/2020: DKK 1,277 million), and profit before tax for the period was DKK 2,496 million (Q1-Q3/2020: DKK 1,328 million). The results were mainly driven by high wealth management income, high trading, investment portfolio and other income as well as low impairment charges. In addition, the number of full-service customers continues to rise.

Income totalled DKK 4,195 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 3,722 million). Favourable financial market trends contributed to a rise in wealth management income as well as trade and investment portfolio income. In addition, negative deposit rates applying to personal accounts affected net interest income positively.

Costs were DKK 2,122 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 1,969 million). The rise was driven by increasing business volumes and activity in the period. The Group maintains focus on building organisational efficiency, while investing significant resources in compliance and implementation of new regulatory requirements, as well as extending the partnership with BEC.

Impairment charges for loans and advances were a net reversal of DKK 70 million (Q1-Q3/2020: a charge of DKK 477 million). Write-offs and individual impairment provisions remain low.

In Q1-Q3/2021 legacy derivatives produced a gain of DKK 353 million (Q1-Q3/2020: DKK 52 million). Legacy derivatives are derivatives Nykredit no longer offers to customers.

The bond and equity portfolio stood at DKK 42.8 billion at end-September 2021 (end-2020: DKK 39.8 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.

Deposits and other payables amounted to DKK 91.6 billion at end-September 2021 (end-2020: DKK 88.3 billion).

Deposits exceeded lending at amortised cost by DKK 20.2 billion at end-September 2021 (end-2020: DKK 17.1 billion).



Totalkredit	Q1-Q3/ 2021	Q1-Q3/ 2020	Q3/ 2021	Q2/ 2021	Q1/ 2021	Q3/ 2020	2020
BUSINESS PROFIT AND PROFIT FOR THE PERIOD							
Net interest income	2,739	2,604	933	919	887	880	3,544
Net fee income ¹	599	495	152	254	193	164	698
Net interest from capitalisation	(186)	(143)	(69)	(57)	(60)	(54)	(201)
Net income relating to customer benefits programmes	(194)	(319)	(70)	(64)	(61)	(112)	(441)
Trading, investment portfolio and other income ¹	(127)	(29)	(43)	(30)	(55)	16	(1)
Income	2,830	2,608	904	1,022	904	895	3,598
Costs	674	650	219	255	199	211	865
Business profit before impairment charges	2,156	1,958	684	767	705	684	2,733
Impairment charges for loans and advances	102	253	(31)	33	100	42	277
Profit before tax for the period	2,054	1,705	716	734	604	643	2,456
Tax	284	245	101	106	77	102	371
Profit for the period	1,769	1,460	614	628	527	541	2,085
Interest on Additional Tier 1 capital not recognised in profit or loss	145	145	44	53	48	49	194
SUMMARY BALANCE SHEET							
Assets	30.09.2021	30.09.2020	30.09.2020	30.06.2021	31.03.2021	30.09.2020	31.12.2020
Mortgage loans at fair value	834,462	799,909	834,462	831,366	819,224	799,909	815,067
Bonds at fair value	57,405	68,583	57,405	82,512	66,388	68,583	74,452
Payables to credit institutions and central banks	866,591	842,508	866,591	887,738	865,703	842,508	877,976
Bonds in issue at fair value	3,952	5,036	3,952	4,215	4,480	5,036	4,751
Equity	34,130	31,930	34,130	33,559	34,984	31,930	32,506
FINANCIAL RATIOS							
Profit for the period as % pa of average equity ²	7.4	5.5	7.7	7.9	6.7	7.1	6.9
Costs as % of income	23.8	24.9	24.3	25.0	22.0	23.5	24.0
Average number of staff, full-time equivalent	241	231	251	233	238	241	233

¹ Fee income pertaining to Shared Valuation has been reclassified from "Trading, investment portfolio and other income" to "Net fee income". Comparative figures have been restated.

² For the purpose of return on equity etc, the AT1 capital is treated as a financial obligation for accounting purposes, and the dividends thereon for accounting purposes are included as interest expenses on subordinated debt in profit for the period.

In August the Danish Consumer Council recommended Totalkredit's mortgage loans. This stamp of approval is based on tests of eight different loan scenarios, with Totalkredit's mortgage loans having the lowest rates in all scenarios. Totalkredit obtained the same recommendation in 2019.

Our alliance with the 45 (including Nykredit Bank) Totalkredit partner banks is the foundation for our commitment to contribute to development and growth and offer attractive and secure loans all over Denmark at all times. The alliance between Totalkredit and its partner banks is strong, and partner satisfaction is high.

Thanks to a DKK 200 million contribution to the Nykredit Group from Forenet Kredit for green initiatives, we can offer a green contribution of DKK 10,000 to up to 3,000 customers who opt to replace their oil-fired boilers with heat pumps. Sustainability has become an important part of our work, and we are working across the Group to support Denmark's green transition.

Together with the Danish Energy Agency, Totalkredit and its partner banks have developed an energy calculator, which is a tool for home energy optimisation. The energy calculator helps raise awareness of sustainable housing and energy renovation. It provides homeowners

with an easy and quick overview of ways to save the most money and obtain the biggest carbon reduction from home energy renovation. This way we can guide our customers towards a more economical and greener path.

Customers with a Totalkredit mortgage loan who want to make energy-saving improvements to their home can get a home energy check-up including a home energy labelling. The home energy check-ups are a joint initiative offered in concert with our Totalkredit partner banks. Thanks to Forenet Kredit's backing of home energy check-ups, we are able to offer them at an attractive price.

Totalkredit launched the "Mit hjem" digital platform in autumn 2021. The platform is a housing universe aimed at homeowners with Totalkredit mortgages. It provides details about mortgage loans and homes.

This year Totalkredit introduced a new fixed-rate loan type (FastRente+) to our customers. FastRente+ is for homeowners with home equity who want a flexible fixed-rate loan with an interest-only period of up to 30 years.

Totalkredit business mortgages are offered to the segments Office and Retail, Residential Rental as well as Industry and Trades. More than a quarter of the partnership banks actively make use of the collaboration.

On 7 April 2021 Pernille Sindby took over as Chief Executive Officer of Totalkredit, replacing Camilla Holm, who resigned from her position to pursue opportunities outside the Group. Pernille Sindby came from a position as Head of Risk & Conduct Compliance of Nykredit.

Q1-Q3 in summary

Totalkredit A/S delivered a profit before tax for Q1-Q3/2021 of DKK 2,054 million (Q1-Q3/2020: DKK 1,705 million). Profit for the period as % pa of average equity came to 7.4% (Q1-Q3/2020: 5.5%).

Income came to DKK 2,830 million (Q1-Q3/2020: DKK 2,608 million), mainly due to increasing net interest and fee income driven by lending growth.

Costs were DKK 674 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 650 million). Business volumes and activity increased for the period, which led to rising costs for staff as well as the Danish Resolution Fund. Costs as a percentage of income totalled 23.8% in Q1-Q3/2021 (Q1-Q3/2020: 24.9%).

Impairment charges for loans and advances equalled DKK 102 million (Q1-Q3/2020: DKK 253 million). Credit quality remains satisfactory.

Mortgage loans at fair value increased to DKK 834.5 billion on end-2020 (end-2020: DKK 815.1 billion). At nominal value, the loan portfolio totalled DKK 853.6 billion at 30 September 2021 (end-2020: DKK 798.4 billion).



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 3 and the business areas (pages 9-15 and note 3) reflect 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, implying that the profit for the period 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 net administration margin income from mortgage lending as well as interest income from bank lending and deposits. The corresponding item in the income statement (page 33) includes all interest.

"Net fee income" comprising income from mortgage refinancing and mortgage lending, 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 areas serving the customers.

"Net interest from capitalisation" comprising the risk-free interest attributable to equity and net interest from subordinated debt etc. Net interest is composed of the interest expenses related to debt, adjusted for the internal liquidity interest. "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, including income from the sale of real estate.

"Net income relating to customer benefits programmes" comprising discounts etc, such as KundeKroner, ErhvervsKroner as well as mutual and green benefits granted to the Group's customers. The amount includes contributions received. The effect of the benefits programmes is included under "Group Items".

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) as % of average business capital (ROAC). The return target appearing from the table in the financial highlights shows profit for the period relative to average business capital. Profit corresponds to net profit or loss less interest expenses for Additional Tier 1 capital, which is treated as dividend in the Financial Statements. Business capital corresponds to a capital target of 16% of the risk exposure amount.

Profit (loss) for the year as % of average equity. Profit for the period corresponds to net profit or loss less minority interests and interest expenses for Additional Tier 1 capital, which is treated as dividend in the Financial Statements. Average equity is calculated on the basis of the value at the beginning of the period and at the end of all quarters of the period.

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

Impairment charges for the period, %. 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 the period 1 January – 30 September 2021 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

The Consolidated Financial Statements have been presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The Interim Financial Statements of the Parent have been prepared in accordance with the Danish Financial Business Act and the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

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 Interim Financial Statements give a true and fair view of the Group's and the Parent's assets, liabilities, equity and financial position at 30 September 2021 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 September 2021.

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, 4 November 2021

Executive Board

Michael Rasmussen
Group Chief Executive

Anders Jensen
Group Managing Director

David Hellemann
Group Managing Director

Tonny Thierry Andersen
Group Managing Director

Board of Directors

Merete Eldrup
Chairman

Nina Smith
Deputy Chairman

Olav Bredgaard Brusén*

Michael Demsitz

Per W. Hallgren

Jørgen Høholt

Hans-Ole Jochumsen

Vibeke Krag

Allan Kristiansen*

Inge Sand*

Kristina Andersen Skiøld*

Preben Sunke

* Staff-elected member

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

Nykredit Realkredit Group	Note	Q1-Q3/2021	Q1-Q3/2020	Q3/2021	Q3/2020
INCOME STATEMENT					
Interest income		17,112	17,546	5,633	5,790
Interest income based on the effective interest method		1,489	1,504	503	503
Interest expenses		10,127	10,630	3,320	3,460
Net interest income	6	8,475	8,419	2,816	2,833
Dividend on equities etc	6	119	43	9	5
Fee and commission income	5	3,211	2,819	1,021	903
Fee and commission expenses		3,121	2,815	1,031	964
Net interest and fee income		8,684	8,467	2,816	2,776
Value adjustments	6, 7	2,498	774	730	803
Other operating income		1,094	1,051	363	353
Staff and administrative expenses		4,120	3,924	1,437	1,343
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets		238	218	79	71
Other operating expenses		190	141	47	35
Impairment charges for loans, advances and receivables etc	8	(68)	1,985	(157)	230
Profit from investments in associates and Group enterprises	10	5	5	1	1
Profit before tax		7,802	4,029	2,504	2,254
Tax		1,353	643	410	438
Profit for the period		6,449	3,386	2,094	1,816
Distribution of profit for the period					
Shareholder of Nykredit Realkredit A/S		6,304	3,189	2,042	1,749
Minority interests		31	22	14	8
Holders of Additional Tier 1 capital notes		115	174	39	58
Profit for the period		6,449	3,386	2,094	1,816
COMPREHENSIVE INCOME					
Profit for the period		6,449	3,386	2,094	1,816
Other comprehensive income					
Items that cannot be reclassified to profit or loss:					
Actuarial gains/losses on defined benefit plans		(21)	(35)	2	10
Tax on actuarial gains/losses on defined benefit plans		5	8	(0)	(2)
Fair value adjustment of owner-occupied properties		2	-	2	-
Total items that cannot be reclassified to profit or loss		(14)	(27)	4	8
Other comprehensive income		(14)	(27)	4	8
Comprehensive income for the period		6,435	3,358	2,098	1,823
Distribution of comprehensive income					
Shareholder of Nykredit Realkredit A/S		6,290	3,162	2,046	1,757
Minority interests		31	22	14	8
Holders of Additional Tier 1 capital notes		115	174	39	58
Comprehensive income for the period		6,435	3,358	2,098	1,823

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

Nykredit Realkredit A/S	Note	Q1-Q3/2021	Q1-Q3/2020	Q3/2021	Q3/2020
INCOME STATEMENT					
Interest income		12,648	13,081	3,823	3,774
Interest expenses		9,702	10,078	2,868	2,774
Net interest income		2,945	3,003	955	1,000
Dividend on equities etc		115	38	8	4
Fee and commission income		637	544	193	186
Fee and commission expenses		293	57	106	24
Net interest and fee income		3,404	3,528	1,050	1,166
Value adjustments	7	1,156	88	299	253
Other operating income		1,065	993	345	355
Staff and administrative expenses		2,268	2,185	794	778
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets		213	188	71	62
Other operating expenses		166	109	36	30
Impairment charges for loans, advances and receivables etc	9	(107)	1,249	(31)	19
Profit from investments in associates and Group enterprises	10	3,857	2,611	1,380	1,112
Profit before tax		6,943	3,490	2,204	1,997
Tax		524	127	124	190
Profit for the period		6,419	3,364	2,080	1,807
Distribution of profit for the period					
Shareholder of Nykredit Realkredit A/S		6,304	3,189	2,042	1,749
Holder of Additional Tier 1 capital notes		115	174	39	58
Profit for the period		6,419	3,364	2,080	1,807
COMPREHENSIVE INCOME					
Profit for the period		6,419	3,364	2,080	1,807
Other comprehensive income					
Items that cannot be reclassified to profit or loss:					
Actuarial gains/losses on defined benefit plans		(21)	(35)	2	10
Tax on actuarial gains/losses on defined benefit plans		5	8	(0)	(2)
Share of comprehensive income in associates and Group enterprises		2	-	2	-
Total items that cannot be reclassified to profit or loss		(14)	(27)	4	8
Other comprehensive income		(14)	(27)	4	8
Comprehensive income for the period		6,405	3,336	2,084	1,815
Distribution of comprehensive income					
Shareholder of Nykredit Realkredit A/S		6,290	3,162	2,046	1,757
Holder of Additional Tier 1 capital notes		115	174	39	58
Comprehensive income for the period		6,405	3,336	2,084	1,815

BALANCE SHEETS

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
31.12.2020	30.09.2021		Note	30.09.2021	31.12.2020
ASSETS					
95	91	Cash balances and demand deposits with central banks		33,363	16,146
46,819	48,278	Receivables from credit institutions and central banks		10,176	43,215
1,413,415	1,392,246	Loans, advances and other receivables at fair value	11	1,360,366	1,350,925
231	252	Loans, advances and other receivables at amortised cost	12	121,087	108,768
40,895	27,702	Bonds at fair value	13	87,162	106,094
637	1,008	Bonds at amortised cost	14	1,008	637
6,349	6,534	Equities etc		7,278	7,046
26	30	Investments in associates		40	40
59,318	62,878	Investments in Group enterprises		-	-
354	371	Intangible assets		2,307	2,291
Land and buildings					
14	14	Owner-occupied properties		43	58
534	416	Leased properties		421	540
548	430	Total		464	598
178	166	Other property, plant and equipment		182	188
67	38	Current tax assets		38	86
26	(0)	Deferred tax assets		120	143
22	7	Assets in temporary possession		8	22
5,791	5,989	Other assets		25,586	29,014
425	493	Prepayments		766	555
1,575,194	1,546,511	Total assets		1,649,950	1,665,767

BALANCE SHEETS

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
31.12.2020	30.09.2021		Note	30.09.2021	31.12.2020
LIABILITIES AND EQUITY					
1,458	2,410	Payables to credit institutions and central banks		14,153	14,611
7,200	-	Deposits and other payables	15	98,304	97,987
1,408,672	1,376,958	Bonds in issue at fair value	16	1,343,451	1,366,709
46,967	54,275	Bonds in issue at amortised cost	17	57,177	52,368
1,137	894	Other non-derivative financial liabilities at fair value	18	12,187	9,723
-	-	Current tax liabilities		538	74
8,870	7,163	Other liabilities		18,611	22,606
0	-	Deferred income		10	14
1,474,304	1,441,699	Total payables		1,544,431	1,564,092
Provisions					
46	37	Provisions for pensions and similar obligations		38	47
183	58	Provisions for deferred tax		258	395
32	31	Repayable reserves in pre-1972 series		31	32
-	-	Provisions for losses under guarantees		297	241
56	129	Other provisions		249	293
316	255	Total provisions		873	1,008
10,896	10,784	Subordinated debt	19	10,784	10,893
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated value adjustments					
-	-	- revaluation reserves		1	5
Other reserves					
25,730	29,294	- statutory reserves		-	-
41,762	41,762	- series reserves		41,762	41,762
3,203	3,203	- non-distributable reserve fund		4,849	4,849
11,819	14,543	- retained earnings		42,190	35,897
2,230	-	- proposed dividend		-	2,230
85,926	89,985	Shareholder of Nykredit Realkredit A/S		89,985	85,926
-	-	Minority interests		98	96
3,753	3,789	Holders of Additional Tier 1 capital		3,779	3,753
89,678	93,774	Total equity		93,862	89,774
1,575,194	1,546,511	Total liabilities and equity		1,649,950	1,665,767
OFF-BALANCE SHEET ITEMS					
34	-	Contingent liabilities		8,689	9,121
9,514	9,177	Other commitments		20,216	20,762
9,548	9,177	Total		28,905	29,883

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Realkredit Group

	Share capital ¹	Revaluation reserves	Series reserves	Non-distributable reserve fund ²	Retained earnings	Proposed dividend	Shareholder of Nykredit Realkredit A/S	Minority interests	Additional Tier 1 capital ³	Total equity
2021										
Equity, 1 January	1,182	5	41,762	4,849	35,897	2,230	85,926	96	3,753	89,774
Profit for the period	-	-	-	-	6,304	-	6,304	31	115	6,449
Total other comprehensive income	-	-	-	-	(14)	-	(14)	-	-	(14)
Total comprehensive income	-	-	-	-	6,290	-	6,290	31	115	6,435
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	-	(77)	(77)
Net transaction costs	-	-	-	-	(1)	-	(1)	-	-	(1)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	2	-	2	-	(2)	-
Tax on Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-
Subsequent adjustment of purchase price allocation	-	-	-	-	-	-	-	-	-	-
Realised from the sale of properties	-	(4)	-	-	4	-	-	-	-	-
Change in own portfolio	-	-	-	-	-	-	-	-	(10)	(10)
Distributed dividend	-	-	-	-	-	(2,230)	(2,230)	(29)	-	(2,259)
Other movements	-	-	-	-	(2)	-	(2)	-	-	(2)
Equity, 30 September	1,182	1	41,762	4,849	42,190	-	89,985	98	3,779	93,862
2020										
Equity, 1 January	1,182	5	48,871	4,849	21,975	3,660	80,543	57	3,777	84,378
Profit for the period	-	-	-	-	3,189	-	3,189	22	174	3,386
Total other comprehensive income	-	-	-	-	(27)	-	(27)	-	-	(27)
Total comprehensive income	-	-	-	-	3,162	-	3,162	22	174	3,358
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	-	(117)	(117)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	12	-	12	-	(12)	-
Subsequent adjustment of purchase price allocation	-	-	-	-	-	-	-	34	-	34
Reversed dividend	-	-	-	-	3,660	(3,660)	-	-	-	-
Distributed dividend	-	-	-	-	-	-	-	(16)	-	(16)
Change in own portfolio	-	-	-	-	-	-	-	-	0	0
Equity, 30 September	1,182	5	48,871	4,849	28,809	-	83,717	97	3,823	87,638

¹ The share capital is divided into shares of DKK 100 and multiples thereof. Nykredit Realkredit A/S has only one class of shares, and all the shares confer the same rights on shareholders.

² A non-distributable reserve fund in Totalkredit A/S of DKK 1,646 million and Nykredit Realkredit A/S of DKK 3,203 million.

³ Additional Tier 1 (AT1) capital is perpetual, and payment of principal and interest is discretionary. For accounting purposes, the AT1 capital is consequently treated as equity. As authorised by the Danish FSA, on 26 October 2020 Nykredit redeemed the AT1 capital (nominally EUR 500 million) raised in 2015. On 15 October 2020, Nykredit issued new AT1 capital of nominally EUR 500 million which carries an interest of 4.125% up to 15 October 2026. The loan is perpetual with an early redemption option from April 2026. The loan will be written down if the Common Equity Tier 1 (CET1) capital of Nykredit Realkredit A/S, the Nykredit Realkredit Group or the Nykredit Group falls below 7.125%.

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Realkredit A/S

	Share capital ¹	Non-distributable reserve fund	Statutory reserves ²	Series reserves	Retained earnings	Proposed dividend	Shareholder of Nykredit Realkredit A/S	Additional Tier 1 capital ³	Total equity
2021									
Balance, beginning of period	1,182	-	25,805	41,762	14,947	2,230	85,926	3,753	89,678
Additions, LR	-	3,203	(75)	-	(3,128)	-	-	-	-
Equity, 1 January	1,182	3,203	25,730	41,762	11,819	2,230	85,926	3,753	89,678
Profit for the period	-	-	3,857	-	2,447	-	6,304	115	6,419
Total other comprehensive income	-	-	2	-	(16)	-	(14)	-	(14)
Total comprehensive income	-	-	3,860	-	2,430	-	6,290	115	6,405
Issuance of Additional Tier 1 capital	-	-	-	-	-	-	-	-	-
Net transaction costs	-	-	-	-	(1)	-	(1)	-	(1)
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	(77)	(77)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	2	-	2	(2)	-
Tax on Additional Tier 1 capital	-	-	-	-	-	-	-	-	-
Distributed dividend	-	-	-	-	-	(2,230)	(2,230)	-	(2,230)
Dividend from associates	-	-	(0)	-	0	-	-	-	-
Dividend from Group enterprises	-	-	(293)	-	293	-	-	-	-
Other adjustments	-	-	(2)	-	-	-	(2)	-	(2)
Equity, 30 September	1,182	3,203	29,294	41,762	14,543	-	89,985	3,789	93,774
2020									
Balance, beginning of period	1,182	-	22,217	48,871	4,613	3,660	80,543	3,778	84,321
Additions, LR	-	3,203	3	-	(3,206)	-	-	-	-
Equity, 1 January	1,182	3,203	22,220	48,871	1,407	3,660	80,543	3,778	84,321
Profit for the period	-	-	2,611	-	578	-	3,189	174	3,364
Total other comprehensive income	-	-	-	-	(27)	-	(27)	-	(27)
Total comprehensive income	-	-	2,611	-	551	-	3,162	174	3,336
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	(117)	(117)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	12	-	12	(12)	-
Reversed dividend	-	-	-	-	3,660	(3,660)	-	-	-
Dividend from associates	-	-	(3)	-	3	-	-	-	-
Dividend from Group enterprises	-	-	(207)	-	207	-	-	-	-
Other reserves transferred to retained earnings	-	-	(1)	-	1	-	-	-	-
Equity, 30 September	1,182	3,203	24,620	48,871	5,841	-	83,717	3,823	87,541

¹ The share capital is divided into shares of DKK 100 and multiples thereof. Nykredit Realkredit A/S has only one class of shares, and all the shares confer the same rights on shareholders.

² Includes a non-distributable reserve fund of DKK 1,646 million in Totalkredit A/S.

³ Additional Tier 1 (AT1) capital is perpetual, and payment of principal and interest is discretionary. For accounting purposes, the AT1 capital is consequently treated as equity. As authorised by the Danish FSA, on 26 October 2020 Nykredit redeemed the AT1 capital (nominally EUR 500 million/AT1 capital) raised in 2015. On 15 October 2026, Nykredit issued new AT1 capital of nominally EUR 500 million which carries an interest of 4,125% up to 15 October 2026. The loan is perpetual with an early redemption option from April 2026. The loan will be written down if the Common Equity Tier 1 (CET1) of Nykredit Realkredit A/S, the Nykredit Realkredit Group or the Nykredit Group falls below 7.125%.

CASH FLOW STATEMENT

DKK million

Nykredit Realkredit Group	Q1-Q3/2021	Q1-Q3/2020
Profit for the period	6,449	3,386
Adjustments		
Net interest income	(8,475)	(8,419)
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	238	218
Profit from investments in associates	(5)	(5)
Impairment charges for loans, advances and receivables etc	(250)	1,985
Prepayments/deferred income, net	(215)	(145)
Tax calculated on profit for the period	1,353	643
Other adjustments	(1,773)	364
Total	(2,678)	(1,973)
Change in operating capital		
Loans, advances and other receivables	(21,510)	(42,141)
Deposits and payables to credit institutions	(141)	384
Bonds in issue	(18,449)	18,274
Other operating capital	2,054	(253)
Total	(40,725)	(25,710)
Interest income received	18,343	18,773
Interest expenses paid	(9,963)	(11,638)
Corporation tax paid, net	(951)	(217)
Cash flows from operating activities	(33,295)	(18,792)
Cash flows from investing activities		
Dividend received from associates	5	9
Purchase and sale of bonds and equities, net	19,789	918
Purchase of intangible assets	(257)	(93)
Sale of intangible assets	157	3
Purchase of property, plant and equipment	(30)	(54)
Sale of property, plant and equipment	19	19
Total	19,683	801
Cash flows from financing activities		
Issuance of subordinated debt instruments	4,436	-
Redemption of subordinated debt	(4,488)	-
Distributed dividend	(2,258)	(16)
Purchase and sale of self-issued subordinated debt instruments	3	10
Payment of lease liabilities	(121)	(117)
Total	(2,429)	(122)
Total cash flows for the period	(16,041)	(18,113)
Cash and cash equivalents, beginning of period	59,361	59,623
Foreign currency translation adjustment of cash	218	(13)
Total cash flows for the period	(16,041)	(18,113)
Cash and cash equivalents, end of period	43,538	41,497
Cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	33,363	16,227
Receivables from credit institutions and central banks	10,176	25,269
Total	43,538	41,497

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Nykredit Realkredit Group

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1. ACCOUNTING POLICIES

General

The Consolidated Financial Statements for Q1-Q3/2021 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 Q1-Q3/2021 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).

Except from reclassification of income in "Business areas" mentioned below, the accounting policies of Nykredit Realkredit A/S and the Nykredit Realkredit Group are unchanged compared with the Annual Report for 2020 (note 1), and compared with the information disclosed in the Annual Report for 2020, no additional new reporting standards or interpretations have been issued or approved, and no amendments have been made to the Danish Executive Order on Financial Reports of the Danish FSA which influence the Q1-Q3 Interim Report 2021.

Full accounting policies as well as a description of the Company's and the Group's material risks appear from the Annual Report for 2020 (note 1).

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.

Business areas

In order to present income from activity-driven partnerships on an aggregated basis, customer-driven income from the Shared Valuation partnership has been reclassified from "Trading, investment portfolio and other income" to "Net fee income" in note 3. Comparative figures have been restated.

The changes do not affect income statement, including total comprehensive income, balance sheet or equity.

Merger with the subsidiary LR Realkredit A/S

As at 1 January 2021 Nykredit Realkredit A/S merged with the wholly-owned subsidiary LR Realkredit A/S, which was acquired on 31 December 2019.

For accounting purposes, the uniting-of-interests method has been applied in connection with the merger, as it is an intercompany business combination. Under this method, the assets and liabilities of the subsidiary have been recognised at the carrying amount in the Financial Statements of Nykredit Realkredit A/S. As the companies have applied the same recognition and measurement principles so far, no further adjustments have been made in connection with the uniting of interests.

Comparative figures for the balance sheet have been restated with effect from 31 December 2019, when Nykredit Realkredit A/S gained a controlling interest in the company. For 2020, comparative figures for the balance sheet, income statement, comprehensive income, cash flow statement and equity have been restated.

The uniting of interests does not impact the Financial Statements of the Nykredit Realkredit Group.

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.

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.

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 accounting policies in the Annual Report for 2020.

Covid-19-related restrictions were gradually lifted in 2021, yet general uncertainty remains high, eg due to the uncertainty about the effect of discontinued relief packages. Moreover, the duration of the crisis is still difficult to predict.

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
31.12.2020	30.09.2021		30.09.2021	31.12.2020
2. CAPITAL AND CAPITAL ADEQUACY				
89,678	93,774	Equity for accounting purposes	93,862	89,774
-	-	Minority interests not included	(98)	(96)
(3,753)	(3,789)	Carrying amount of Additional Tier 1 capital recognised in equity	(3,779)	(3,753)
-	(4,164)	Regulatory deduction for estimated dividend and profit for Q3 not recognised	(4,164)	-
85,926	85,820	Equity excluding Additional Tier 1 capital and minority interests	85,820	85,926
-	(2,600)	Proposed extraordinary dividend	(2,600)	-
(2,230)	-	Proposed dividend	-	(2,230)
(14)	(22)	Prudent valuation adjustment	(56)	(33)
-	-	Minority interests	53	49
(162)	(112)	Intangible assets excluding deferred tax liabilities	(2,048)	(2,099)
-	-	Provisions for expected credit losses in accordance with IRB approach	-	(16)
(337)	(324)	Other regulatory adjustments	(324)	(337)
-	-	Deduction for non-performing exposures	-	-
(2)	-	Tax on interest accrued	(17)	(2)
(2,745)	(3,059)	Common Equity Tier 1 regulatory deductions	(4,991)	(4,669)
83,181	82,762	Common Equity Tier 1 capital	80,829	81,257
3,720	3,708	Additional Tier 1 capital	3,719	3,729
-	-	Additional Tier 1 regulatory deductions	(11)	(38)
-	-	Excess of deduction from AT1 items over AT1 capital (deducted in CET1)	-	-
3,720	3,708	Total Additional Tier 1 capital after regulatory deductions	3,707	3,691
86,901	86,470	Tier 1 capital	84,536	84,949
10,787	10,770	Tier 2 capital	10,776	10,793
1,777	1,955	Tier 2 regulatory adjustments	2,034	1,932
99,464	99,195	Own funds	97,347	97,673
470,524	498,062	Credit risk	350,199	333,600
23,703	11,909	Market risk	27,245	40,128
12,435	12,672	Operational risk	27,244	28,109
506,662	522,644	Total risk exposure amount	404,688	401,837
Financial ratios				
16.4	15.8	Common Equity Tier 1 capital ratio, %	19.9	20.2
17.1	16.5	Tier 1 capital ratio, %	20.8	21.1
19.6	18.9	Total capital ratio, %	24.0	24.3

Capital and capital adequacy have been determined in accordance with Capital Requirements Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) and Regulation (EU) No 876/2019 amending Regulation (EU) No 575/2013 of 20 May 2019 (CRR2).

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% and the temporary countercyclical buffer requirement of 0% in Denmark which must also be met with Common Equity Tier 1 capital. The countercyclical capital buffer will be reactivated at 1% from 30 September 2022.

Nykredit Realkredit at 31 December 2020: Comparative figures for capital and capital adequacy have not been restated after the merger between Nykredit Realkredit A/S and LR Realkredit A/S.

NOTES

DKK million

Nykredit Realkredit 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. Income from the Shared Valuation partnership was reclassified in Q1 from "Trading, investment portfolio and other income" to "Net fee income". The change concerning the business area Totalkredit Partners does not affect total results. The reclassification totalled DKK 52 million in Q1-Q3/2020, and comparative figures have been restated.

The presentation is based on the segments used for internal management reporting.

	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Totalkredit Partners	Wealth Management	Group Items	Total
Results									
Q1-Q3/2021									
Results by business area									
Net interest income	1,457	2,007	3,464	1,543	5,007	2,294	148	(5)	7,444
Net fee income	566	331	897	388	1,285	440	32	(20)	1,737
Wealth management income	349	103	452	126	578	-	1,096	20	1,695
Net interest from capitalisation	(55)	(83)	(138)	(101)	(239)	(190)	(8)	74	(362)
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	-	(294)	(294)
Trading, investment portfolio and other income	16	129	145	322	467	(4)	34	1,214	1,711
Income	2,334	2,487	4,821	2,278	7,098	2,541	1,303	988	11,930
Costs	1,698	875	2,573	580	3,153	550	672	175	4,550
Business profit before impairment charges	636	1,612	2,247	1,698	3,945	1,991	631	814	7,381
Impairment charges for loans and advances	(130)	161	31	(89)	(59)	56	(66)	0	(68)
Business profit	765	1,451	2,217	1,787	4,003	1,935	697	814	7,449
Legacy derivatives	3	199	201	151	352	-	0	-	353
Profit before tax	768	1,650	2,418	1,938	4,356	1,935	697	814	7,802

BALANCE SHEET, 30 SEPTEMBER 2021

Assets

Mortgage loans etc at fair value	167,787	216,685	384,473	256,168	640,641	707,009	12,497	-	1,360,147
Reverse repurchase lending								49,344	49,344
Loans and advances at amortised cost	11,346	25,112	36,458	31,260	67,717	-	3,964	62	71,744
Assets by business area	179,133	241,797	420,930	287,428	708,358	707,009	16,460	49,406	1,481,234
Unallocated assets									168,715
Total assets									1,649,950

Liabilities and equity

Repo deposits								6,890	6,890
Bank deposits and other payables at amortised cost	39,004	25,509	64,513	9,780	74,293	-	15,724	1,397	91,415
Liabilities by business area	39,004	25,509	64,513	9,780	74,293	-	15,724	8,287	98,304
Unallocated liabilities									1,457,783
Equity									93,862
Total liabilities and equity									1,649,950

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

NOTES

DKK million

Nykredit Realkredit Group

3. BUSINESS AREAS, CONTINUED

Results Q1-Q3/2020	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Totalkredit Partners	Wealth Management	Group Items	Total
RESULTS BY BUSINESS AREA									
Net interest income	1,451	2,063	3,514	1,440	4,955	2,182	138	6	7,280
Net fee income	498	464	962	448	1,410	407	28	(40)	1,806
Wealth management income	293	100	394	83	477	-	950	18	1,446
Net interest from capitalisation	(56)	(103)	(159)	(107)	(265)	(161)	(7)	127	(307)
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	-	(154)	(154)
Trading, investment portfolio and other income	11	111	122	190	311	1	25	(159)	179
Income	2,198	2,635	4,833	2,055	6,888	2,429	1,134	(202)	10,250
Costs	1,555	863	2,417	528	2,945	542	635	163	4,285
Business profit (loss) before impairment charges	643	1,773	2,416	1,527	3,943	1,888	500	(365)	5,965
Impairment charges for loans and advances	134	1,113	1,247	410	1,657	269	63	(4)	1,985
Business profit (loss)	509	659	1,169	1,117	2,286	1,618	436	(361)	3,980
Legacy derivatives	(4)	(57)	(60)	112	52	-	(0)	-	52
Badwill	-	-	-	-	-	-	-	(2)	(2)
Profit (loss) before tax	506	603	1,108	1,229	2,338	1,618	436	(363)	4,029

BALANCE SHEET, 30 SEPTEMBER 2020

Assets

Mortgage loans etc at fair value	176,237	224,078	400,315	250,966	651,280	670,814	10,668	-	1,332,762
Reverse repurchase lending								38,396	38,396
Loans and advances at amortised cost	11,388	23,901	35,289	31,654	66,943	-	3,639	321	70,903
Assets by business area	187,625	247,979	435,604	282,620	718,224	670,814	14,307	38,717	1,442,061
Unallocated assets									191,367
Total assets									1,633,429

Liabilities and equity

Repo deposits								11,288	11,288
Bank deposits and other payables at amortised cost	37,290	22,898	60,188	9,789	69,977	-	14,426	1,194	85,597
Liabilities by business area	37,290	22,898	60,188	9,789	69,977	-	14,426	12,482	96,885
Unallocated liabilities									1,448,906
Equity									87,638
Total liabilities and equity									1,633,429

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

Nykredit Realkredit Group

4. RECONCILIATION OF INTERNAL AND REGULATORY INCOME STATEMENT

	Q1-Q3/2021			Q1-Q3/2020		
	Earnings presentation in Management Commentary	Reclassification	Income statement	Earnings presentation in Management Commentary	Reclassification	Income statement
Net interest income	7,444	1,031	8,475	7,280	1,139	8,419
Dividend on equities etc		119	119		43	43
Fee and commission income, net	1,737	(1,647)	90	1,806	(1,801)	5
Net interest and fee income		(496)	8,684		(619)	8,467
Wealth management income	1,695	(1,695)	-	1,446	(1,446)	-
Net interest from capitalisation	(362)	362	-	(307)	307	-
Net income relating to customer benefits programmes	(294)	294	-	(154)	154	-
Trading, investment portfolio and other income	1,711	(1,711)	-	179	(179)	-
Value adjustments		2,498	2,498		774	774
Other operating income		1,094	1,094		1,051	1,051
Income	11,930		10,250	10,250		
Costs	4,550	(1)	4,549	4,285	(2)	4,283
Business profit before impairment charges	7,381		5,965	5,965		
Impairment charges for loans and advances etc	(68)	0	(68)	1,985	0	1,985
Profit from investments in associates and Group enterprises		5	5		5	5
Business profit	7,449		3,980	3,980		
Legacy derivatives	353	(353)	-	52	(52)	-
Badwill	-	-	-	(2)	2	-
Profit before tax	7,802	0	7,802	4,029	0	4,029

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 and Group enterprises" in the income statement of the Financial Statements. The column "Reclassification" 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 for which reason profit before tax is unchanged.

NOTES

DKK million

Nykredit Realkredit Group	Q1-Q3/2021	Q1-Q3/2020
5. FEE AND COMMISSION INCOME		
Revenue from contracts with customers (IFRS 15) by business area		
Retail	509	475
Corporates & Institutions	290	244
Totalkredit Partners	488	605
Wealth Management	1,718	1,461
Group Items	206	35
Total	3,211	2,819

The allocation of fees to business divisions shows the business divisions where fees are included on initial recognition. These fees, together with other income, are subsequently reallocated to the business divisions 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 and transaction costs that are integral to the effective interest rate of an instrument are covered by IFRS 9. The same applies to fees relating to financial guarantees and financial instruments measured at fair value.

Revenue recognised according to IFRS 15 partly includes fees from guarantees and other commitments (off-balance sheet items), credit card fees 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:

- Fees in connection with lending and guarantee activities, consisting of fixed fees and/or determined as a percentage of the amount borrowed or the guarantee amount. Lending activities comprise eg mortgage lending. Fees are recognised at the time of the transaction or at fixed payment dates.
- 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 Realkredit Group

6. NET INTEREST INCOME ETC AND VALUE ADJUSTMENTS

Q1-Q3/2021	Interest income	Interest expenses	Net interest income	Dividend on equities	Value adjustments	Total
Financial portfolios at amortised cost						
Receivables from and payables to credit institutions and central banks	(17)	78	(95)	-	-	(95)
Lending and deposits	1,474	(171)	1,646	-	5	1,651
Repo transactions and reverse repurchase lending	(130)	(39)	(91)	-	-	(91)
Bonds	(2)	-	(2)	-	-	(2)
Subordinated debt	-	227	(227)	-	-	(227)
Other financial instruments	90	77	13	-	-	13
Total	1,416	173	1,243	-	5	1,248
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	16,085	8,940	7,144	-	150	7,294
- of which administration margin income	7,176	-	7,176	-	-	7,176
Bonds	150	-	150	-	(119)	30
Equities etc	-	-	-	119	1,442	1,561
Derivative financial instruments	(63)	-	(63)	-	889	826
Total	16,172	8,940	7,232	119	2,361	9,712
Foreign currency translation adjustment					132	132
Net interest income etc and value adjustments	17,588	9,113	8,475	119	2,498	11,092
Negative interest income	462	462	-			
Negative interest expenses	551	551	-			
Total	18,602	10,127	8,475			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	1,145					
Q1-Q3/2020						
Financial portfolios at amortised cost						
Receivables from and payables to credit institutions and central banks	(30)	23	(53)	-	-	(53)
Lending and deposits	1,502	(85)	1,587	-	2	1,589
Repo transactions and reverse repurchase lending	(144)	(68)	(77)	-	-	(77)
Subordinated debt	-	268	(268)	-	-	(268)
Other financial instruments	106	85	21	-	-	21
Total	1,433	223	1,211	-	2	1,212
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	16,228	9,173	7,055	-	(2)	7,053
- of which administration margin income	6,975	-	6,975	-	-	6,975
Bonds	241	-	241	-	535	776
Equities etc	-	-	-	43	(425)	(382)
Derivative financial instruments	(87)	-	(87)	-	476	389
Total	16,382	9,173	7,209	43	585	7,836
Foreign currency translation adjustment					188	188
Net interest income etc and value adjustments	17,815	9,396	8,419	43	774	9,237
Negative interest income	567	567	-			
Negative interest expenses	667	667	-			
Total	19,049	10,630	8,419			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	1,071					

¹ Recognised at fair value under the fair value option.

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1-Q3/2020	Q1-Q3/2021	Q1-Q3/2021	Q1-Q3/2020
7. VALUE ADJUSTMENTS			
Assets measured at fair value through profit or loss			
360	(9,108)	Mortgage loans	(43,655) 2,209
1,934	(34,492)	Totalkredit mortgage loan funding	0 0
(17)	(16)	Other loans, advances and receivables at fair value	5 2
535	(266)	Bonds	(119) 535
(461)	1,226	Equities etc	1,442 (425)
27	5	Foreign exchange	132 188
7	57	Foreign exchange, interest rate, and other contracts as well as derivative financial instruments	882 472
-	-	Other assets	7 4
Liabilities measured at fair value through profit or loss			
(362)	9,258	Bonds in issue	43,805 (2,211)
(1,934)	34,492	Other liabilities	- (0)
88	1,156	Total	2,498 774
(13)	-	Of which LR Realkredit A/S	

NOTES

DKK million

Nykredit Realkredit 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 fair value	Loans and advances at fair value	Loans and advances at amortised cost	Loans and advances at amortised cost	Credit institutions	Credit institutions	Guarantees etc ¹	Guarantees etc ¹	Total	Total
Total impairment provisions	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Balance, 1 January	6,652	5,365	3,012	2,526	22	28	241	137	9,928	8,056
New impairment provisions as a result of additions and change in credit risk	2,482	3,253	1,073	1,202	5	9	185	128	3,744	4,591
Releases as a result of redemptions and change in credit risk	2,394	1,787	1,171	749	4	10	128	58	3,698	2,605
Impairment provisions written off	192	247	109	79	-	-	-	-	302	326
Other adjustments and interest from impaired facilities	(2)	-	28	46	-	-	-	-	26	46
Transferred to "Impairment provisions for properties acquired by foreclosure"	2	5	-	-	-	-	-	-	2	5
Total impairment provisions	6,544	6,579	2,832	2,945	23	27	297	206	9,697	9,757
Earnings impact										
Change in impairment provisions for loans and advances (stages 1-3)	87	1,465	(99)	453	1	(2)	56	69	46	1,986
Write-offs for the period, not previously written down for impairment	117	211	17	15	-	-	-	-	134	226
Recoveries on claims previously written off	(73)	(68)	(41)	(41)	-	-	-	-	(113)	(109)
Total	132	1,608	(123)	427	1	(2)	56	69	67	2,103
Value adjustment of assets in temporary possession	(3)	13	-	-	-	-	-	-	(3)	13
Value adjustment of claims previously written off	(38)	5	1	(23)	-	-	-	-	(37)	(18)
Losses offset, in accordance with partnership agreement ²	(95)	(114)	-	-	-	-	-	-	(95)	(114)
Earnings impact	(4)	1,513	(122)	404	1	(2)	56	69	(68)	1,984

¹ "Guarantees etc" comprises off-balance sheet items in the form of guarantees and other commitments.

² According to the partnership agreement with the partner banks Totalkredit A/S has a right of set-off against commission in connection with write-offs on lending.

NOTES

DKK million

Nykredit Realkredit Group

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

8 b. Total impairment provisions by stage 2021	Loans and advances at fair value			Loans and advances at amortised cost			Guarantees etc			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Total, 1 January 2021	1,751	2,241	2,661	450	584	2,001	70	104	67	9,928
Transfer to stage 1	857	(817)	(40)	278	(248)	(30)	51	(46)	(5)	-
Transfer to stage 2	(78)	431	(352)	(59)	275	(216)	(7)	12	(6)	-
Transfer to stage 3	(8)	(455)	462	(3)	(66)	69	(1)	(12)	13	-
Impairment provisions for new loans and advances (additions)	259	255	149	89	126	68	22	41	9	1,018
Additions as a result of change in credit risk	204	1,009	606	72	372	351	8	78	26	2,726
Releases as a result of change in credit risk	1,288	526	580	400	229	547	74	30	25	3,698
Previously written down for impairment, now written off	-	-	194	0	0	109	-	-	-	303
Other adjustments and interest from impaired facilities	-	-	(2)	-	-	28	-	-	-	26
Total impairment provisions, end of period	1,697	2,137	2,709	428	814	1,614	69	148	80	9,697
Total, end of period		6,544			2,855			297		9,697
Impairment provisions, end of period, are moreover attributable to:										
Credit institutions				23	-	-				23
Earnings impact for Q1-Q3/2021	(825)	738	175	(239)	269	(128)	(44)	90	11	46

2020	Loans and advances at fair value			Loans and advances at amortised cost			Guarantees etc			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Total, 1 January 2020	1,591	1,233	2,541	425	199	1,930	52	38	46	8,056
Transfer to stage 1	241	(170)	(71)	110	(85)	(25)	14	(14)	(0)	-
Transfer to stage 2	(79)	327	(248)	(16)	156	(140)	(4)	8	(4)	-
Transfer to stage 3	(7)	(183)	190	(10)	(21)	30	(0)	(3)	3	-
Impairment provisions for new loans and advances (additions)	171	81	200	107	12	94	14	4	4	687
Additions as a result of change in credit risk	991	702	1,108	346	127	525	52	31	22	3,904
Releases as a result of change in credit risk	627	584	576	201	156	403	28	13	18	2,605
Previously written down for impairment, now written off	-	-	252	0	0	79	-	-	-	331
Other adjustments and interest from impaired facilities	-	-	-	-	-	46	-	-	-	46
Total impairment provisions, end of period	2,279	1,408	2,892	762	232	1,978	100	53	53	9,757
Total, end of period		6,579			2,972			206		9,757
Impairment provisions, end of period, are moreover attributable to:										
Credit institutions				27	-	-				27
Earnings impact for Q1-Q3/2020	536	199	731	253	(17)	216	38	23	9	1,986

The principles of impairment are described in detail in the accounting policies (note 1) of the Annual Report for 2020.

Stage 1 covers loans and advances etc without significant increase in credit risk since initial recognition. For this category, impairment provisions are made corresponding to the expected credit losses over a period of 12 months for loans and advances etc at amortised cost. For loans and advances at fair value the initial impairment was calculated at DKK 0.

Stage 2 covers loans and advances etc with significant increase in credit risk since initial recognition. For this category, impairment provisions are made corresponding to the expected credit losses over the life of the asset.

Stage 3 covers loans and advances etc that are credit impaired, and which have been subject to individual provisioning on the specific assumption that the customers will default on their loans.

NOTES

DKK million

Nykredit Realkredit Group

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

8 c. Loans, advances and guarantees etc by stage

30 September 2021	Stage 1	Stage 2	Stage 3	Total
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,303,174	45,181	18,554	1,366,910
Total impairment provisions, end of period	1,697	2,137	2,709	6,544
Value, end of period	1,301,478	43,044	15,844	1,360,366
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	107,875	13,500	2,545	123,920
Total impairment provisions, end of period	405	814	1,614	2,832
Value, end of period	107,470	12,686	931	121,087
Guarantees etc				
Guarantees etc	48,265	3,071	363	51,699
Total impairment provisions, end of period	69	148	80	297
Value, end of period	48,196	2,923	283	51,402
End-2020				
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,291,075	52,110	14,392	1,357,577
Total impairment provisions, end of period	1,751	2,241	2,661	6,652
Value, end of period	1,289,324	49,869	11,732	1,350,925
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	96,628	12,201	2,951	111,781
Total impairment provisions, end of period	428	584	2,001	3,012
Value, end of period	96,200	11,618	950	108,768
Guarantees etc				
Guarantees etc	21,698	3,275	231	25,205
Total impairment provisions, end of period	70	104	67	241
Value, end of period	21,628	3,171	164	24,963

NOTES

DKK million

Nykredit Realkredit 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 fair value	Loans and advances at fair value	Credit institutions	Credit institutions	Total	Total
	2021	2020	2021	2020	2021	2020
Total impairment provisions						
Beginning of year	4,944	3,845	10	6	4,954	3,851
Additions LR Realkredit A/S	75	51	-	-	75	51
Balance, 1 January	5,019	3,896	10	6	5,029	3,902
New impairment provisions as a result of additions and change in credit risk	1,601	2,374	4	4	1,605	2,378
Releases as a result of redemptions and change in credit risk	1,682	1,189	-	-	1,682	1,189
Impairment provisions written off	76	137	-	-	76	137
Other adjustments and interest from impaired facilities	(1)	-	-	-	(1)	-
Transferred to "Impairment provisions for properties acquired by foreclosure"	1	2	-	-	1	2
Total impairment provisions	4,860	4,943	13	10	4,873	4,953
Of which LR Realkredit A/S	-	75	-	-	-	75
Earnings impact						
Change in impairment provisions for loans and advances (stages 1-3)	(81)	1,185	4	4	(77)	1,189
Write-offs for the year, not previously written down for impairment	48	73	-	-	48	73
Recoveries on claims previously written off	(47)	(41)	-	-	(47)	(41)
Total	(79)	1,217	4	4	(76)	1,221
Value adjustment of assets in temporary possession	(3)	13	-	-	(3)	13
Value adjustment of claims previously written off	(28)	14	-	-	(28)	14
Earnings impact	(111)	1,244	4	4	(107)	1,248
Of which LR Realkredit A/S	-	24	-	-	-	24

NOTES

DKK million

Nykredit Realkredit A/S

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

9 b. Total impairment provisions by stage 2021	Loans and advances at fair value			Total
	Stage 1	Stage 2	Stage 3	
Beginning of year	1,209	1,420	2,325	4,954
Additions LR Realkredit A/S	11	39	25	75
Total, 1 January 2021	1,221	1,459	2,350	5,029
Transfer to stage 1	620	(584)	(36)	-
Transfer to stage 2	(69)	390	(321)	-
Transfer to stage 3	(6)	(334)	340	-
Impairment provisions for new loans and advances (additions)	237	208	114	559
Additions as a result of change in credit risk	87	567	391	1,046
Releases as a result of change in credit risk	874	346	462	1,682
Previously written down for impairment, now written off	-	-	77	77
Other adjustments and interest from impaired facilities	-	-	(1)	(1)
Total impairment provisions, end of period	1,216	1,360	2,297	4,873
Impairment provisions, end of period, are moreover attributable to:				
Credit institutions	13	-	-	13
Earnings impact for Q1-Q3/2021	(550)	429	43	(77)

2020	Loans and advances at fair value			Total
	Stage 1	Stage 2	Stage 3	
Beginning of year	935	656	2,260	3,851
Additions LR Realkredit A/S	22	9	20	51
Total, 1 January 2020	957	665	2,280	3,903
Transfer to stage 1	138	(71)	(68)	-
Transfer to stage 2	(38)	257	(220)	-
Transfer to stage 3	(3)	(126)	129	-
Impairment provisions for new loans and advances (additions)	146	63	182	392
Additions as a result of change in credit risk	776	353	857	1,986
Releases as a result of change in credit risk	380	324	484	1,189
Previously written down for impairment, now written off	-	-	139	139
Other adjustments and interest from impaired facilities	-	-	-	-
Total impairment provisions, end of period	1,598	817	2,539	4,953
Of which LR Realkredit A/S	11	38	25	75
Impairment provisions, end of period, are moreover attributable to:				
Credit institutions	10	-	-	10
Earnings impact for Q1-Q3/2020	542	92	555	1,189
Of which LR Realkredit A/S	(9)	28	6	24

NOTES

DKK million

Nykredit Realkredit A/S

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

9 c. Loans and advances etc by stage

30 September 2021	Stage 1	Stage 2	Stage 3	Total
Loans and advances etc at fair value, gross				
Loans and advances etc at fair value, gross	491,108	26,054	13,707	530,869
Total impairment provisions, end of period	1,202	1,360	2,297	4,860
Loans and advances, carrying amount	489,905	24,694	11,410	526,009
End-2020	Stage 1	Stage 2	Stage 3	Total
Loans and advances etc at fair value, gross				
Loans and advances etc at fair value, gross	477,771	30,364	11,916	520,052
Total impairment provisions, end of period	1,211	1,459	2,350	5,019
Loans and advances, carrying amount	476,560	28,905	9,567	515,032
Of which LR Realkredit A/S	18,282	1,826	652	20,760

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DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1-Q3/2020	Q1-Q3/2021	Q1-Q3/2021	Q1-Q3/2020
9. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (PARENT) (CONTINUED)			
9 d. Impairment provisions for properties acquired by foreclosure			
36	28	31	41
	Impairment provisions, beginning of period		
2	1 Transfer from impairment provisions for loans and advances	2	5
32	13 Impairment provisions for the period	14	37
(19)	(17) Impairment provisions reversed	(17)	(24)
-	(2) Impairment provisions written off and other disposals	(5)	(4)
50	24 Impairment provisions, end of period	25	55
Impairment provisions for properties acquired by foreclosure have been offset against "Assets in temporary possession".			
10. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES			
(0)	2 Profit from investments in associates	5	5
2,611	3,855 Profit from investments in Group enterprises	-	-
2,611	3,857 Total	5	5

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
31.12.2020	30.09.2021		30.09.2021	31.12.2020
11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
535,665	525,788	Mortgage loans	1,360,147	1,350,630
203	116	Arrears and outlays	219	295
929	797	Loans to Totalkredit serving as collateral in capital centres	-	-
876,618	865,545	Totalkredit mortgage loan funding	-	-
1,413,415	1,392,246	Total	1,360,366	1,350,925
20,760	-	Of which LR Realkredit A/S		
11 a. Mortgage loans				
522,399	523,062	Balance, beginning of period, nominal value	1,321,486	1,262,689
78,056	47,314	New loans	219,967	298,845
135	8	Indexation	8	135
830	(422)	Foreign currency translation adjustment	(422)	830
(16,045)	(11,590)	Ordinary principal payments	(25,312)	(32,299)
(62,313)	(36,448)	Prepayments and extraordinary principal payments	(140,228)	(208,714)
523,062	521,924	Balance, end of period, nominal value	1,375,499	1,321,486
20,209	-	Of which LR Realkredit A/S		
(18)	-	Loans transferred relating to properties in temporary possession	-	(20)
523,044	521,924	Total	1,375,499	1,321,465
17,569	8,644	Adjustment for interest rate risk etc	(8,940)	35,695
Adjustment for credit risk				
(4,948)	(4,781)	Impairment	(6,412)	(6,530)
535,665	525,788	Balance, end of period, fair value	1,360,147	1,350,630
20,760	-	Of which LR Realkredit A/S		
As collateral for loans and advances, Nykredit has received mortgages over real estate and:				
60,833	66,395	Supplementary guarantees totalling	113,939	105,515
1,125	831	Interim loan guarantees totalling	31,989	26,954
4,093	3,299	Mortgage registration guarantees etc totalling	29,139	30,901
11 b. Arrears and outlays				
222	173	Arrears before impairment provisions	305	374
53	23	Outlays before impairment provisions	46	43
(71)	(79)	Individual impairment provisions for arrears and outlays	(132)	(122)
203	116	Total	219	295
11 c. Totalkredit mortgage loan funding				
828,905	858,817	Balance, beginning of period, nominal value	-	-
268,327	218,404	New loans	-	-
(13,790)	(12,929)	Ordinary principal payments	-	-
(224,625)	(180,893)	Prepayments and extraordinary principal payments	-	-
858,817	883,399	Balance, end of period, nominal value	-	-
17,801	(17,854)	Adjustment for interest rate risk	-	-
876,618	865,545	Balance, end of period, fair value	-	-

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DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2020	30.09.2021	30.09.2021	31.12.2020
12. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	74,191	74,158
10	8	-	-
-	-	8	10
-	-	49,344	37,271
221	245	378	342
231	252	123,920	111,781
Adjustment for credit risk			
-	-	(2,833)	(3,012)
231	252	121,087	108,768
9	-		
13. BONDS AT FAIR VALUE			
26,037	29,124	62,196	63,466
18,966	34,589	39,011	27,847
-	-	-	174
8,312	8,170	8,170	8,312
29,283	18,107	75,950	91,554
7,881	6,314	7,106	9,929
3,283	3,281	4,107	4,611
93,763	99,585	196,539	205,892
3,937	-		
(26,028)	(29,116)	(62,188)	(63,456)
(10)	(8)	(8)	(10)
(18,518)	(34,589)	(39,011)	(27,847)
-	-	-	(174)
(8,004)	(8,001)	(8,001)	(8,004)
(308)	(169)	(169)	(308)
40,895	27,702	87,162	106,094
3,622	-		
Of bonds at fair value before set-off of self-issued bonds:			
3,127	5,579	9,872	8,095
As collateral security for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of			
The deposits were made on an arm's length basis in connection with clearing and settlement of securities and foreign exchange trades. The deposits are adjusted on a daily basis and generally have a repayment term of very few days.			
Collateral security was provided on an arm's length basis.			
14. BONDS AT AMORTISED COST			
176	557	557	176
306	300	300	306
154	151	151	154
637	1,008	1,008	637

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DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2020	30.09.2021	30.09.2021	31.12.2020
15. DEPOSITS AND OTHER PAYABLES			
-	-	85,672	83,071
-	-	3,063	2,365
-	-	2,679	2,677
7,200	-	6,890	9,874
7,200	-	98,304	97,987
16. BONDS IN ISSUE AT FAIR VALUE			
142,992	145,334	149,321	147,786
1,309,199	1,294,336	1,294,336	1,309,199
9,031	8,994	8,994	9,031
1,461,222	1,448,664	1,452,651	1,466,015
(52,550)	(71,706)	(109,200)	(99,306)
1,408,672	1,376,958	1,343,451	1,366,709
20,959	-		
16 a. ROs			
133,792	137,235	140,952	138,260
9,200	8,100	8,369	9,525
142,992	145,334	149,321	147,786
(18,518)	(34,589)	(39,011)	(27,847)
124,474	110,745	110,310	119,939
20,959	-		
769	85	85	769
4,190	17,006	17,006	4,441
16 b. SDOs			
1,282,909	1,311,645	1,311,645	1,282,909
26,290	(17,309)	(17,309)	26,290
1,309,199	1,294,336	1,294,336	1,309,199
(26,028)	(29,116)	(62,188)	(63,456)
1,283,171	1,265,220	1,232,148	1,245,743
654	4,280	4,280	654
78,479	37,575	37,575	78,479

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DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2020	30.09.2021	30.09.2021	31.12.2020
16. BONDS IN ISSUE AT FAIR VALUE (CONTINUED)			
16 c. Senior secured debt			
8,856	8,855	8,855	8,856
175	139	139	175
9,031	8,994	8,994	9,031
(8,004)	(8,001)	(8,001)	(8,004)
1,027	993	993	1,027
17. BONDS IN ISSUE AT AMORTISED COST			
-	-	2,902	5,574
10	8	8	10
47,230	54,373	54,373	47,230
45	71	71	45
47,285	54,451	57,354	52,859
-	-	-	(174)
(10)	(8)	(8)	(10)
(308)	(169)	(169)	(308)
46,967	54,275	57,177	52,368
18. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE			
1,137	894	12,187	9,723
1,137	894	12,187	9,723

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2020	30.09.2021	30.09.2021	31.12.2020
19. SUBORDINATED DEBT			
Subordinated debt consists of financial liabilities in the form of subordinate loan capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.			
Subordinated debt is included in Nykredit's own funds etc in accordance with the EU's Capital Requirements Regulation.			
Subordinate loan capital			
Nominally EUR 600 million. The loan matures on 3 June 2036, but may be redeemed at par (100) from 3 June 2021. The loan carries a fixed interest rate of 4.0% pa up to 3 June 2021, after which date the interest rate will be fixed every five years. If the Common Equity Tier 1 capital ratio of Nykredit Realkredit, the Nykredit Realkredit Group or the Nykredit Group falls below 7%, the loan will be written down			
4,486	-	-	4,486
Nominally EUR 800 million. The loan matures on 17 November 2027, but may be redeemed at par (100) on 17 November 2022. The loan carries a fixed interest rate of 2.75% pa up to 17 November 2022, after which date the interest rate will be fixed for the next five years			
6,037	5,998	5,998	6,037
Nominally EUR 50 million. The loan matures on 28 October 2030. The loan carries a fixed interest rate of 4% pa for the first two years after issuance. In the remaining loan term, the interest rate will be fixed every six months			
372	372	372	372
Nominally SEK 1,000 million. The loan matures on 31 March 2031, but may be redeemed at par (100) from 31 March 2026. The interest rate on the loan will be fixed every three months.			
-	730	730	-
Nominally EUR 500 million. The loan matures on 28 July 2031, but may be redeemed at par (100) from 28 April 2026 until and including 28 July 2026. The loan carries a fixed interest rate of 0.875% pa up to 28 July 2026, after which date the interest rate will be fixed for the next five years			
-	3,684	3,684	-
10,896	10,784	10,784	10,896
Total subordinate loan capital			
-	-	-	(3)
Portfolio of self-issued bonds			
10,896	10,784	10,784	10,893
Total subordinated debt			
10,787	10,770	10,776	10,793
Subordinated debt that may be included in own funds			

20. RELATED PARTY TRANSACTIONS AND BALANCES

Forenet Kredit, the Parent Nykredit A/S, Group enterprises and associates of Nykredit Realkredit A/S as stated in the Group structure as well as Nykredit Realkredit A/S's Board of Directors, Executive Board and related parties thereof are regarded as related parties.

No unusual related party transactions occurred in Q1-Q3/2021.

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, 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.

Significant related party transactions prevailing/entered into as at 30 September 2021 include:

Agreements between Nykredit Realkredit A/S and Totalkredit A/S

As part of the Group's joint funding activities, Nykredit Realkredit A/S has funded mortgage loans granted by its subsidiary Totalkredit A/S on an ongoing basis.

Totalkredit A/S funds its lending by issuing a master bond for each capital centre with Nykredit Realkredit A/S as the only creditor. The master bond constitutes security for Nykredit Realkredit A/S's issuance of covered bonds (ROs and SDOs) and serves to ensure that Totalkredit A/S transfers all payments to bondholders under the loans and advances granted by Totalkredit A/S to Nykredit Realkredit A/S, not later than at the same time as Nykredit Realkredit A/S makes payments to bondholders. The bondholders therefore enjoy the same security as if the Totalkredit loans had been granted directly from Nykredit Realkredit A/S's own balance sheet.

Nykredit Realkredit A/S has granted loans, see section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, to Totalkredit A/S serving as supplementary collateral in Totalkredit A/S's capital centres. The loans totalled DKK 0.8 billion at 30 September 2021. The loans constitute secondary preferential claims and rank after the master bond in respect of the assets in Totalkredit A/S's capital centres.

An agreement has been made to hedge market risk relating to collateral, including investments, in Totalkredit's capital centres.

Agreement on the distribution of mortgage loans to personal customers via Totalkredit A/S (this agreement was concluded on the same terms as apply to other business partners, including commission payments).

Nykredit Realkredit A/S has granted loans of DKK 2.0 billion to Totalkredit A/S in the form of subordinated debt and DKK 4.0 billion in the form of Additional Tier 1 capital.

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.

Nykredit Realkredit has granted loans of DKK 2.0 billion to Nykredit Bank A/S in the form of Tier 2 capital.

Nykredit Realkredit has a deposit with Nykredit Bank to cover the Bank's MREL requirement.

Agreements between Nykredit Realkredit A/S and other companies:

LR Realkredit A/S was merged into Nykredit Realkredit A/S with effect from 1 January 2021.

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 mutual benefits in the form of discounts and green solutions.

21. 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, a Funding Valuation Adjustment (FVA) for the valuation of derivatives is used. 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 will be a funding cost resulting from customers' insufficient or lacking provision of collateral. Debit Valuation Adjustment (DVA) is a sub-element of the FVA adjustment.

Net value adjustment due to CVA, DVA and FVA amounted to DKK 373 million at 30 September 2021 (end-2020: DKK 496 million).

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 September 2021, the non-amortised minimum margin amounted to DKK 120 million (end-2020: DKK 119 million). With regard to liquidity and credit risk, these amounts have been included above in the net adjustment of FVA and CVA; DKK 162 million at end-September 2021 (end-2020: DKK 161 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 the Bank 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 1,692 million at 30 September 2021 (end-2020: DKK 2,065 million). Credit value adjustments came to DKK 1,452 million at 30 September 2021 (end-2020: DKK 1,843 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 49 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 September 2021, the proportion was thus 0.4% (end-2020: 0.2%). The proportion of financial liabilities was 0.0% (end-2020: 0.0%).

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 5.4 billion (end-2020: DKK 3.3 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 543 million at 30 September 2021 (0.58% of equity at 30 September 2021), (end-2020: DKK 532 million, equal to 0.59% of equity).

Transfers between categories

Transfers between the categories Listed prices, Observable inputs and Unobservable inputs are made when an instrument is classified differently on the balance sheet date than at the beginning of the financial year. The value transferred to another category corresponds to the fair value at the beginning of the year.

With respect to interest rate swaps that have been fair value adjusted to DKK 0 due to credit risk adjustment, separate calculations are made at the end of each month.

In 2021 and 2020, transfers between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the ratings (credit risk) of counterparties and primarily concerned interest rate swaps, as regards financial instruments with positive market value.

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 September 2021, financial assets of DKK 8.9 billion (end-2020: DKK 10.8 billion) have been transferred from Listed prices to Observable inputs and DKK 8.1 billion (end-2020: DKK 7.6 billion) from Observable inputs to Listed prices. Financial liabilities of DKK 0.7 billion (end-2020: DKK 0.0 billion) were transferred from Listed prices to Observable inputs and DKK 0.7 billion (end-2020: DKK 0.0 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 September 2021, the amount was DKK 0.5 billion (end-2020: DKK 1.2 billion).

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

21. FAIR VALUE DISCLOSURES (CONTINUED)

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

30 September 2021

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets:				
- bonds at fair value	65,662	21,500	-	87,162
- equities measured at fair value through profit or loss	3,583	-	3,695	7,278
- positive fair value of derivative financial instruments	253	15,545	1,692	17,491
- mortgage loans, arrears and outlays ¹	-	1,360,366	-	1,360,366
- owner-occupied properties	-	-	43	43
Total	69,498	1,397,411	5,430	1,472,340
Percentage	4.7	94.9	0.4	100.0
Financial liabilities:				
- other non-derivative financial liabilities at fair value	5,024	7,162	-	12,187
- negative fair value of derivative financial instruments	183	8,769	-	8,953
- bonds in issue at fair value ¹	1,342,450	1,000	-	1,343,451
Total	1,347,658	16,932	-	1,364,590
Percentage	98.8	1.2	-	100.0
Assets measured on the basis of unobservable inputs				
	Real estate	Equities	Derivatives	Total
Fair value, beginning of period, assets	58	3,199	2,064	5,321
Value adjustment recognised through profit or loss	2	469	(315)	156
Value adjustment recognised in "Other comprehensive income"	2	-	-	2
Purchases for the period	-	371	-	371
Sales for the period	(19)	(343)	(53)	(416)
Transferred from Listed prices and Observable inputs ²	-	-	306	306
Transferred to Listed prices and Observable inputs ³	-	-	(310)	(310)
Reclassification to "Other assets"	-	-	-	-
Fair value, end of period, assets	43	3,695	1,692	5,430

¹ Recognised at fair value under the fair value option.

² Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.

³ 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.

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DKK million

Nykredit Realkredit Group

21. FAIR VALUE DISCLOSURES (CONTINUED)

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

31 December 2020

Financial assets:	Listed prices	Observable inputs	Unobservable inputs	Total fair value
- bonds at fair value	21,810	84,284	-	106,094
- equities measured at fair value through profit or loss	3,847	-	3,199	7,046
- positive fair value of derivative financial instruments ⁴	35	20,264	2,064	22,364
- mortgage loans, arrears and outlays ¹	-	1,350,925	-	1,350,925
- owner-occupied properties	-	-	58	58
Total	25,692	1,455,473	5,321	1,486,486
Percentage	1.7	97.9	0.4	100.0
Financial liabilities:				
- other non-derivative financial liabilities at fair value	3,115	6,607	-	9,723
- negative fair value of derivative financial instruments	36	11,988	-	12,024
- bonds in issue at fair value ¹	1,366,699	10	-	1,366,709
Total	1,369,850	18,605	-	1,388,455
Percentage	98.7	1.3	-	100.0

Assets measured on the basis of unobservable inputs

	Real estate	Bonds	Equities	Derivatives	Total
Fair value, beginning of year, assets	75	2	3,014	1,033	4,124
Value adjustment recognised through profit or loss	4	-	252	(385)	(129)
Purchases for the year	0	-	147	-	147
Sales for the year	(22)	(2)	(215)	(117)	(355)
Transferred from Listed prices and Observable inputs ²	-	-	1	373	375
Transferred to Listed prices and Observable inputs ³	-	-	-	(868)	(868)
Reclassification to "Other assets"	-	-	-	-	-
Adjustment ⁴	-	-	-	2,028	2,028
Fair value, year-end, assets	58	-	3,199	2,064	5,321

¹ Recognised at fair value under the fair value option.

² Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.

³ 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.

⁴ An adjustment has been made of the classification between unobservable input and observable input as at 31 December 2020. The change will not impact "Total fair value".

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DKK million

Nykredit Realkredit Group	Q1-Q3/ 2021	Q1-Q3/ 2020	Q1-Q3/ 2019	Q1-Q3/ 2018	Q1-Q3/ 2017
22. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	8,475	8,419	8,210	8,157	8,607
Net fee income etc	209	48	(68)	(194)	(107)
Net interest and fee income	8,684	8,467	8,142	7,963	8,500
Value adjustments	2,498	774	982	1,054	3,691
Other operating income	1,094	1,051	1,110	722	327
Staff and administrative expenses	4,120	3,924	3,485	3,419	3,255
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	238	218	205	83	183
Other operating expenses	190	141	106	97	108
Impairment charges for loans, advances and receivables etc	(68)	1,985	665	213	(550)
Profit from investments in associates and Group enterprises	5	5	1	2	18
Profit before tax	7,802	4,029	5,775	5,929	9,541
Tax	1,353	643	917	1,132	1,907
Profit for the period	6,449	3,386	4,857	4,797	7,633
Value adjustment and reclassification of strategic equities against equity	-	-	-	-	72
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2021	30.09.2020	30.09.2019	30.09.2018	30.09.2017
Assets					
Cash balances and receivables from credit institutions and central banks	43,538	41,497	71,304	29,526	40,064
Mortgage loans at fair value	1,360,147	1,332,762	1,256,233	1,183,494	1,155,047
Bank loans excluding reverse repurchase lending	71,358	70,530	63,289	58,749	57,270
Bonds and equities etc	94,441	114,301	122,535	92,412	95,531
Remaining assets	80,466	74,339	89,235	61,057	51,639
Total assets	1,649,950	1,633,429	1,602,597	1,425,238	1,399,550
Liabilities and equity					
Payables to credit institutions and central banks	14,153	18,090	23,422	18,498	13,233
Deposits and other payables	98,304	96,885	98,340	85,667	69,001
Bonds in issue at fair value	1,343,451	1,340,983	1,319,545	1,184,320	1,161,855
Subordinated debt	10,784	10,933	11,084	10,940	10,985
Remaining liabilities	89,397	78,900	68,333	46,902	65,951
Equity	93,862	87,638	81,873	78,912	78,525
Total liabilities and equity	1,649,950	1,633,429	1,602,597	1,425,238	1,399,550
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	8,689	6,855	6,557	6,074	7,488
Other commitments	20,216	22,906	25,093	9,351	8,241
FINANCIAL RATIOS¹					
Total capital ratio, %	24.0	22.4	23.5	25.3	25.8
Tier 1 capital ratio, %	20.8	19.3	20.4	22.0	22.4
Return on equity before tax, %	8.5	4.7	7.1	7.4	13.0
Return on equity after tax, %	7.0	3.9	6.0	6.0	10.5
Income:cost ratio	2.7	1.6	2.3	2.6	4.2
Foreign exchange position, %	0.0	0.0	0.2	0.0	0.2
Loans and advances:equity (loan gearing)	15.8	16.5	16.7	16.2	15.7
Growth in loans and advances for the period, %	3.9	3.8	4.3	2.5	1.1
Impairment charges for the period, %	0.00	0.14	0.05	0.01	(0.04)
Return on capital employed, %	0.39	0.21	0.30	0.34	0.54

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 57 in the Annual Report for 2020.

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DKK million

Nykredit Realkredit A/S	Q1-Q3/ 2021	Q1-Q3/ 2020	Q1-Q3/ 2019	Q1-Q3/ 2018	Q1-Q3/ 2017
22. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)					
SUMMARY INCOME STATEMENT					
Net interest income	2,945	3,003	2,933	2,971	3,151
Net fee income etc	458	525	530	521	518
Net interest and fee income	3,404	3,528	3,463	3,492	3,670
Value adjustments	1,156	88	1,156	(139)	1,140
Other operating income	1,065	993	974	707	716
Staff and administrative expenses	2,268	2,185	2,021	2,096	1,989
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	213	188	195	76	163
Other operating expenses	166	109	88	79	91
Impairment charges for loans, advances and receivables etc	(107)	1,249	477	78	(384)
Profit from investments in associates	3,857	2,611	2,504	3,457	4,685
Profit before tax	6,943	3,490	5,314	5,189	8,353
Tax	524	127	456	376	647
Profit for the period	6,419	3,364	4,857	4,813	7,705
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2021	30.09.2020	30.09.2019	30.09.2018	30.09.2017
Assets					
Cash balances and receivables from credit institutions and central banks	48,369	48,271	66,538	38,944	48,097
Mortgage loans at fair value	525,788	532,976	514,775	509,687	522,299
Totalkredit mortgage loan funding	865,545	841,238	833,762	707,654	668,837
Bonds and equities etc	34,236	43,402	39,423	42,616	43,022
Remaining assets	72,574	67,323	64,162	59,880	60,641
Total assets	1,546,511	1,533,210	1,518,659	1,358,781	1,342,897
Liabilities and equity					
Payables to credit institutions and central banks	2,410	1,007	2,662	3,811	7,844
Deposits and other payables	-	10,200	12,200	8,000	-
Bonds in issue	1,376,958	1,373,106	1,373,632	1,230,424	1,208,759
Subordinated debt	10,784	10,934	11,084	10,941	10,985
Remaining liabilities	62,586	50,422	37,260	26,629	36,785
Equity	93,774	87,541	81,822	78,976	78,525
Total liabilities and equity	1,546,511	1,533,210	1,518,659	1,358,781	1,342,897
OFF-BALANCE SHEET ITEMS					
Other commitments	9,177	10,604	11,809	1,369	1,303
FINANCIAL RATIOS¹					
Total capital ratio, %	18.9	18.7	19.4	20.6	21.6
Tier 1 capital ratio, %	16.5	16.2	17.0	18.0	18.9
Return on equity before tax, %	7.6	4.1	6.6	6.6	11.2
Return on equity after tax, %	7.0	3.9	6.0	6.1	10.2
Income:cost ratio	3.7	1.9	2.9	3.3	5.6
Foreign exchange position, %	0.0	-	0.3	0.0	0.1
Loans and advances:equity (loan gearing)	5.6	6.1	6.3	6.5	6.7
Growth in loans and advances for the period, %	(0.2)	(0.1)	0.0	(1.8)	(1.1)
Impairment charges for the period, %	(0.02)	0.23	0.09	0.01	(0.07)
Return on capital employed, %	0.42	0.22	0.32	0.35	0.57

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 57 in the Annual Report for 2020.

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DKK million

Nykredit Realkredit Group

23. GROUP STRUCTURE

Name and registered office

	Ownership interest as %, 30 September 2021	Profit for the period, 2021	Equity 30 September 2021	Profit for 2020	Equity 31 December 2020
Nykredit Realkredit A/S (Parent), Copenhagen, a)	-	6,419	93,774	5,652	89,678
Totalkredit A/S, Copenhagen, a)	100	1,769	34,130	2,085	32,506
Nykredit Bank A/S, Copenhagen, b)	100	1,958	27,942	1,610	25,986
Nykredit Portefølje Administration A/S, Copenhagen, f)	100	201	1,471	192	1,271
Nykredit Leasing A/S, Gladsaxe, e)	100	83	1,022	82	939
Sparinvest Holdings SE, Luxembourg, g)	75	85	173	44	211
Nykredit Mægler A/S, Copenhagen, c)	100	98	167	96	169
Kalvebod Ejendomme I A/S, Copenhagen, d)	100	29	608	31	586
Kirstinehøj 17 A/S, Copenhagen, d)	100	1	23	4	71
LR Realkredit A/S, Copenhagen, a) (merged with Nykredit Realkredit A/S as at 1 January 2021)	100	-	-	80	-
Ejendomsselskabet Kalvebod A/S, Copenhagen, g) (dissolved)	100	-	-	24	-
Kalvebod Ejendomme II A/S, Copenhagen, d) (dissolved)	100	-	-	6	-
Greve Main A/S, Copenhagen, d) (dissolved)	100	-	-	2	-

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.

All banks and mortgage providers subject to national financial supervisory authorities must comply with the statutory capital requirements. The capital requirements may limit intercompany facilities and dividend payments.

Geographical distribution of activities

Denmark: Names and activities appear from the Group structure above

Luxembourg: Names and activities appear from the Group structure above

¹ 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) Mortgage bank
- b) Bank
- c) Estate agency business
- d) Property company
- e) Leasing business
- f) Investment management company
- g) Holding company, no independent activities

Nykredit Realkredit A/S is wholly owned by and consolidated with Nykredit A/S for accounting purposes, which is consolidated with Forenet Kredit f.m.b.a. for accounting purposes. The financial statements of Forenet Kredit f.m.b.a. (in Danish) and Nykredit A/S are available from:

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

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DKK million

Nykredit Realkredit A/S	31.12.2020			30.09.2020		
	Annual Report	Restated	Effect of merger	Interim Report	Restated	Effect of merger

24. MERGER OF NYKREDIT REALKREDIT A/S AND LR REALKREDIT A/S

SUMMARY INCOME STATEMENT

Net interest income	3,881	4,031	150	2,889	3,003	115
Net fee income etc	693	678	(15)	537	525	(12)
Net interest and fee income	4,574	4,709	135	3,426	3,528	102
Value adjustments	793	778	(15)	101	88	(13)
Other operating income	1,338	1,339	0	993	993	(0)
Staff and administrative expenses	2,846	2,874	27	2,161	2,185	24
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	253	253	0	188	188	0
Other operating expenses	134	138	4	105	109	4
Impairment charges for loans, advances and receivables etc	1,382	1,407	25	1,224	1,249	25
Profit from investments in associates and Group enterprises	3,908	3,828	(80)	2,639	2,611	(28)
Profit (loss) before tax	5,999	5,981	(18)	3,482	3,490	8
Tax	347	329	(18)	119	127	8
Profit for the period	5,652	5,652	-	3,364	3,364	-

SUMMARY BALANCE SHEET

Assets

Cash balances and receivables from credit institutions and central banks	46,134	46,914	780	47,065	48,271	1,205
Loans, advances and other receivables at fair value and amortised cost	1,392,876	1,413,645	20,769	1,354,032	1,375,581	21,549
Bonds at fair value and amortised cost	38,656	41,532	2,875	34,501	37,377	2,876
Equities etc	6,349	6,349	-	6,025	6,025	-
Investment in Group enterprises and associates	62,723	59,344	(3,379)	61,580	58,253	(3,327)
Intangible assets including land and buildings	902	902	-	938	938	-
Remaining assets	6,452	6,510	58	6,715	6,766	51
Total assets	1,554,091	1,575,194	21,103	1,510,856	1,533,210	22,354

Liabilities and equity

Payables to credit institutions and central banks	1,458	1,458	-	1,007	1,007	-
Deposits and other payables	7,200	7,200	-	10,200	10,200	-
Bonds in issue at fair value and amortised cost	1,434,680	1,455,639	20,959	1,392,222	1,414,439	22,218
Other payables	9,865	10,006	141	8,425	8,556	131
Total liabilities and equity	1,453,204	1,474,304	21,101	1,411,854	1,434,203	22,349
Provisions	314	316	3	527	533	6
Subordinated debt	10,896	10,896	-	10,934	10,934	-
Total equity	89,678	89,678	-	87,541	87,541	-
Total liabilities and equity	1,554,091	1,575,194	21,103	1,510,856	1,533,210	22,354