

Nykredit Realkredit Group



Q1 Interim Report 2022

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FINANCIAL HIGHLIGHTS

DKK million

| Nykredit Realkredit Group | Q1/ 2022 | Q1/ 2021 | Q4/ 2021 | 2021 |
|---|------------------|------------------|------------------|------------------|
| BUSINESS PROFIT AND PROFIT FOR THE PERIOD | | | | |
| Net interest income | 2,546 | 2,454 | 2,535 | 9,978 |
| Net fee income | 635 | 584 | 669 | 2,406 |
| Wealth management income | 592 | 544 | 629 | 2,324 |
| Net interest from capitalisation | (138) | (114) | (122) | (484) |
| Net income relating to customer benefits programmes ¹ | (81) | (72) | (120) | (414) |
| Trading, investment portfolio and other income | 406 | 826 | 1,007 | 2,718 |
| Income | 3,959 | 4,223 | 4,598 | 16,529 |
| Costs | 1,546 | 1,447 | 1,793 | 6,343 |
| Business profit before impairment charges | 2,413 | 2,776 | 2,806 | 10,186 |
| Impairment charges for loans and advances | (162) | 91 | (47) | (115) |
| Business profit | 2,575 | 2,685 | 2,853 | 10,302 |
| Legacy derivatives | 329 | 237 | 79 | 432 |
| Profit before tax | 2,904 | 2,922 | 2,932 | 10,733 |
| Tax | 497 | 535 | 511 | 1,863 |
| Profit for the period | 2,407 | 2,387 | 2,421 | 8,870 |
| Other comprehensive income, remaining items | (12) | (2) | 0 | (19) |
| Comprehensive income for the period | 2,394 | 2,385 | 2,421 | 8,852 |
| Interest on Additional Tier 1 capital charged against equity | 38 | 38 | 39 | 153 |
| Minority interests | 15 | 9 | 15 | 45 |
| SUMMARY BALANCE SHEET | | | | |
| Assets | 31.03.2022 | 31.03.2021 | 31.12.2021 | 31.12.2021 |
| Receivables from credit institutions and central banks | 45,144 | 53,437 | 45,294 | 45,294 |
| Mortgage loans at fair value | 1,343,920 | 1,348,654 | 1,382,551 | 1,382,551 |
| Bank loans excluding reverse repurchase lending | 79,890 | 70,285 | 74,513 | 74,513 |
| Bonds and equities | 95,044 | 119,256 | 92,955 | 92,955 |
| Remaining assets | 73,060 | 69,352 | 78,160 | 78,160 |
| Total assets | 1,637,058 | 1,660,985 | 1,673,473 | 1,673,473 |
| Liabilities and equity | | | | |
| Payables to credit institutions and central banks | 21,163 | 13,221 | 14,917 | 14,917 |
| Deposits excluding repo deposits | 88,085 | 85,536 | 92,696 | 92,696 |
| Bonds in issue at fair value | 1,322,973 | 1,362,675 | 1,362,926 | 1,362,926 |
| Subordinated debt | 10,571 | 11,592 | 10,737 | 10,737 |
| Remaining liabilities | 102,643 | 98,032 | 98,606 | 98,606 |
| Equity | 91,623 | 89,929 | 93,591 | 93,591 |
| Total liabilities and equity | 1,637,058 | 1,660,985 | 1,673,473 | 1,673,473 |
| FINANCIAL RATIOS | | | | |
| Profit for the period as % pa of average business capital (ROAC) ² | 14.5 | 14.5 | 14.7 | 13.4 |
| Profit for the period as % pa of average equity ³ | 10.6 | 10.6 | 10.5 | 9.8 |
| Costs as % of income | 39.0 | 34.3 | 39.0 | 38.4 |
| Total provisions for loan impairment and guarantees | 9,389 | 9,865 | 9,601 | 9,601 |
| Impairment charges for the period, % | (0.01) | 0.00 | (0.01) | (0.01) |
| Total capital ratio, % | 22.7 | 24.3 | 24.7 | 24.7 |
| Common Equity Tier 1 capital ratio, % | 18.9 | 20.1 | 20.6 | 20.6 |
| Internal capital adequacy requirement, % | 11.1 | 10.9 | 11.2 | 11.2 |
| Average number of staff, full-time equivalent | 4,031 | 3,831 | 3,980 | 3,907 |

¹ "Net income relating to customer benefits programmes" is described in detail in "Alternative performance measures" on page 30.

² "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 as well as minority interests.

³ "Profit for the period as % of average equity" shows profit for the period relative to equity. Profit corresponds to net profit or loss less interest expenses for Additional Tier 1 capital as well as minority interests.

EXECUTIVE SUMMARY

Nykredit posted a highly satisfactory profit before tax of DKK 2,904 million in Q1/2022 (Q1/2021: DKK 2,922 million). At the same time, we raise our guidance for business profit and profit before tax for 2022 to DKK 8.5-9.5 billion from the former DKK 7.5-8.5 billion.

Nykredit has performed well in Q1/2022, recording underlying business growth. Our satisfactory results build on Nykredit's continued business growth all across the Group in recent years.

The first quarter of the year saw continued growth in mortgage lending in Totalkredit and bank lending in Nykredit Bank, which recorded a rise in lending to corporate and institutional clients in Banking etc. But the quarter under review was also affected by Russia's invasion of Ukraine, adversely impacting assets under management by Wealth Management despite highly satisfactory positive growth in assets of Sparinvest.

We help our customers get through the crisis

Q1 was particularly dominated by the war in Ukraine, which has affected millions of lives and has left its mark on the global economy. The war in Ukraine has also emphasised the urgency of accelerating the green transition. Nykredit obviously supports the political goal of breaking the dependency on imported gas. For this reason, both Totalkredit and Nykredit Bank launched initiatives in Q1 aimed at ending our reliance on imported gas.

One of our initiatives is contributions of DKK 10,000 offered to homeowners with a Totalkredit loan, who are looking to replace their oil-fired boilers with heat pumps. Nykredit Bank moreover launched a special energy credit facility to customers who need help with their energy bills here and now.

Totalkredit has a nation-wide presence

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. The Danish Consumer Council has recommended Totalkredit as the Danish mortgage lender offering the lowest mortgage prices in the market.

Our Totalkredit partners provide sound financial advice to customers all across Denmark. This 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.

Our collaboration helps preserve a Danish mortgage system built on transparency and solidarity; all homeowners, no matter their income, financial position, accounts volume or geographic location, pay the same loan rates and administration margins.

We facilitate green choices

One of our main objectives is for Nykredit to be the customer-owned, responsible financial provider for people and businesses all over Denmark. The green transition is one of the areas in which we strive to make a difference.

Nykredit has significantly reduced our own carbon footprint over the years and is now focusing on making a difference together with our customers. Thanks to a green contribution from our majority owner, Forenet Kredit, we are uniquely positioned to launch products, making it easier and more affordable for our customers to make green choices.

The green products have been well received by Totalkredit's and Nykredit Bank's customers. Today, we offer green propositions to personal and business customers as well as agricultural and investment customers.

Recognition of our products

Products and services across the Group are recognised by our customers.

Each year Morningstar, an independent research provider, distributes awards to the best investment funds across the world. For the fifth consecutive year, Nykredit Invest is among the winners of the main categories at the Morningstar Awards.

In Denmark, Nykredit Invest won five out of eight awards this year, including the three category awards as "Best manager of equities", "Best manager of bonds" as well as "Best manager of equities and bonds". In addition to the category awards, Nykredit Invest won awards in the categories "Global Equities" and "Danish Bonds". Particularly the award "Global Equities" stands out, which was won by "Bæredygtige Aktier", one of Nykredit's sustainable equities funds carrying the Nordic Swan Ecolabel.

Our green car loans were awarded Best in Test by the Danish Consumer Council in February and recommended as the cheapest loan for electric cars in the market.


Attractive home financing


Nykredit offers attractive home financing to Danes. Our KundeKroner and ErhvervsKroner discounts have a large impact on the total costs of a mortgage loan. The KundeKroner discount also enables Totalkredit to offer the cheapest mortgage loans in the market.

Benefits of being owned by customers

In Q1 we distributed dividend of DKK 4,350 million for 2021 to our shareholders. Forenet Kredit, the association that owns 78.9% of Nykredit, received the largest share. Once again, the Committee of Representatives of Forenet Kredit decided to return a large amount of money to Nykredit, enabling us to return some DKK 1,859 million to customers via our customer benefits programmes.

FINANCIAL REVIEW

| | | | |
|---|--------------------------------|----------------------------------|--------------------------|
|  | Business profit Q1/2022 | Profit Q1/2022 | Income Q1/2022 |
| | DKK 2,575 million | DKK 2,904 million | DKK 3,959 million |
| | Business profit | Profit before tax for the period | Income |

| | | | |
|---|--|--|--------------------------|
|  | ROAC | Return on equity | Cost:income ratio |
| | 14.5% | 10.6% | 39.0% |
| | Profit for the period as % of average business capital | Profit for the period as % of average equity | Costs as % of income |

PERFORMANCE HIGHLIGHTS IN Q1/2022

Nykredit delivered a highly satisfactory profit before tax for Q1/2022 of DKK 2,904 million (Q1/2021: DKK 2,922 million), while business profit for the period was DKK 2,575 million (Q1/2021: DKK 2,685 million). Results were positively impacted by underlying business growth, characterised by high mortgage activities and rising lending, and a net reversal of impairment charges for loans and advances. Trading, investment portfolio and other income was lower compared with the same period in 2021, which was affected by significant capital gains on the portfolio of Danish equities, etc.

Income

Income totalled DKK 3,959 million in Q1/2022 (Q1/2021: DKK 4,223 million).

Net interest income came to a satisfactory DKK 2,546 million (Q1/2021: DKK 2,454 million), equal to an increase of DKK 91 million, and was positively impacted by bank and mortgage lending growth partly driven by high mortgage activity in Q1/2022.

Net fee income amounted to DKK 635 million (Q1/2021: DKK 584 million). Mortgage activity continued to be high, whereas funding income was lower compared with the same period in 2021.

Wealth management income rose to DKK 592 million in Q1/2022 (Q1/2021: DKK 544 million), primarily due to rising Asset Management income.

Net interest from capitalisation, which includes interest on subordinated debt etc, was a negative DKK 138 million (Q1/2021: a negative DKK 114 million).

Net income relating to the customer benefits programmes KundeKroner and ErhvervsKroner was a negative DKK 81 million (Q1/2021: a negative DKK 72 million). The amount includes contributions of DKK 363 million received from Forenet Kredit.

Trading, investment portfolio and other income, including value adjustment of swaps etc, came to DKK 406 million (Q1/2021: DKK 826 million) in Q1/2022, driven by capital gains on equities held for business purposes, which was partly offset by a negative impact from rising yield spreads on Danish covered bonds in the remaining trading book. Q1/2021 was impacted by considerable capital gains on the portfolio of Danish equities etc.

Costs

Costs totalled DKK 1,546 million (Q1/2021: DKK 1,447 million). Business volumes and activity increased, which entails rising costs for staff as well as a higher contribution to the Danish Resolution Fund. The average headcount rose to 4,031 (Q1/2021: 3,831). In 2021 Nykredit launched a major upgrade/replacement of several IT platforms to provide secure solutions that keep pace with future requirements. This work has continued in 2022 and will continue in the coming years. The Group is moreover investing significant resources in compliance, implementation of new regulatory requirements and expansion of the BEC partnership, whilst also maintaining focus on initiatives enhancing business efficiency.

Impairment charges for loans and advances

Impairment charges for loans and advances were a net reversal of DKK 162 million (Q1/2021: charge of DKK 91 million) owing to continued positive economic trends, rising property prices and good credit quality.

| | DKK million | |
|--|--------------|------------|
| Nykredit Realkredit Group | 31.03.2022 | 31.03.2021 |
| Impairment charges for loans and advances | | |
| Individual impairment provisions (stage 3) | (259) | (312) |
| Model-based impairment provisions (stages 1, 2 and 3) | 97 | 403 |
| - of which attributable to covid-19 and the war in Ukraine | 214 | (31) |
| Impairment charges for loans and advances | (162) | 91 |

Of total loan impairment provisions of DKK 2.1 billion made in 2020 taken to cover the consequential losses arising from covid-19, Nykredit reversed DKK 791 million in Q1/2022. The impairment provisions are based on stress tests and portfolio calculations.

The war in Ukraine is expected to affect the credit quality of some customers, as it curbs economic growth and causes value and supply chain disruptions. Against this backdrop, provisions based on stress tests to counter the increased risk totalled DKK 1,005 million.

For further information about the impacts of covid-19 and the war in Ukraine on impairment charges for loans and advances and our portfolio distribution, please refer to our Fact Book Q1 2022, which is available at nykredit.com.

Other items

Legacy derivatives, which are not included in business profit, were DKK 329 million (Q1/2021: DKK 237 million). Legacy derivatives are derivatives Nykredit no longer offers to customers, comprising a portfolio with a total market value of DKK 5.6 billion (end-2021: DKK 5.6 billion). The portfolio totalled DKK 4.5 billion at end-March 2022 (end-2021: DKK 4.3 billion).

Tax

Tax calculated on profit for the period was DKK 497 million (Q1/2021: DKK 535 million).

Balance sheet

Nominal mortgage lending was DKK 1,412 billion at end-March 2022 (end-2021: DKK 1,391 billion), up DKK 1.5% on end-2021.

The strong alliance between Totalkredit and its partner banks continues to drive growth in Totalkredit's mortgage lending, which amounted to DKK 884 billion at nominal value at end-March 2022 (end-2021: DKK 866 billion). About 910,000 homeowners now have Totalkredit loans.

Lending by Nykredit Bank increased by DKK 5.4 billion to DKK 79.9 billion at end-March 2022 (end-2021: DKK 74.5 billion). Bank lending (including secured homeowner loans transferred to Totalkredit) went up to DKK 86.7 billion (end-2021: DKK 81.0 billion). At 31 March 2022, secured homeowner loans transferred to Totalkredit amounted to DKK 6.8 billion (end-2021: DKK 6.5 billion).

Guarantees etc provided by Nykredit amounted to DKK 9.1 billion at end-March 2022 (end-2021: DKK 9.0 billion). Deposits excluding repo deposits totalled DKK 88.0 billion (end-2021: DKK 92.7 billion). Nykredit Bank's deposits exceeded lending by DKK 8.3 billion at end-March 2022 (end-2021: DKK 18.4 billion).

Equity

The Nykredit Realkredit Group's equity stood at DKK 91.6 billion at end-March 2022 (end-2021: DKK 93.6 billion). In March 2022 dividend was distributed to the Company's shareholders.

RESULTS FOR Q1/2022 RELATIVE TO Q4/2021

Profit before tax was DKK 2,904 million in Q1/2022 (Q4/2021: DKK 2,932 million).

Income totalled DKK 3,959 million in Q1 (Q4/2021: DKK 4,598 million); income in Q4/2021 included the sale of the Depository Services unit.

Costs dropped to DKK 1,546 million in Q1 (Q4/2021: DKK 1,793 million). Costs in Q4/2021 included costs resulting from non-recurring IT write-offs.

Impairment charges for loans and advances were a net reversal of DKK 162 million (Q4/2021: a net reversal of DKK 47 million), positively impacted by high property values and the strong credit quality of our customers.

Legacy derivatives resulted in a positive value adjustment of DKK 329 million, primarily as a result of generally rising interest rates (Q4/2021: DKK 79 million).

OUTLOOK AND GUIDANCE FOR 2022

Based on financial results, growth, new customers and high mortgage activity in the quarter, we raise our 2022 guidance for business profit and profit before tax to DKK 8.5-9.5 billion from the former DKK 7.5-8.5 billion.

Our 2022 guidance for business profit and profit before tax compared with 2021 reflects that:

- Nykredit expects a decrease in total income relative to the exceptionally high level in 2021, including investment portfolio income at a lower level than in 2021. Nykredit expects higher interest income and wealth management income, driven by growing balances and rising assets under management but falling fee income due to expectations of a more normalised activity level for the rest of 2022.
- Costs are expected to be on a level with 2021.
- Impairment charges for loans and advances are expected at a more normalised level compared with the extraordinarily low level in 2021. Provisions for covid-19-induced losses have been reduced and supplemented by provisions for consequential impacts arising from the war in Ukraine.

The main uncertainties applying to the 2022 outlook are related to investment portfolio income due to Nykredit's portfolio of bank equities, legacy derivatives as well as impairment charges for loans and advances.

OTHER

The war in Ukraine

On 24 February Russia invaded Ukraine. Ukraine is under strong pressure from the war, and in response the Western World has brought massive sanctions on Russia. This has consequently led to turmoil in financial markets and rising commodity and energy prices, which results in inflationary pressures and a risk of supply chain collapse.

Nykredit takes a very serious view of the situation in Ukraine and monitors developments closely to ensure that our actions are in line with the Danish foreign policy stance and the sanctions imposed by the EU and the US.

Already in early February 2022 before Russia's invasion of Ukraine, a decision was made to divest all Nykredit Invest's and Sparinvest's Russian government bonds. After the Russian invasion, Nykredit sold off all remaining investments in Russian companies. Despite difficult market conditions, we managed to dispose of all positions but one. Before we could execute a sale of our last remaining position, a share in a company not subject to sanctions, trading was suspended on 25 January 2022. We successfully completed the sale in April 2022, however.

Nykredit continuously monitors and analyses the financial market developments. Throughout the period we have sought close dialogue with our customers and business partners and continue to offer our advice and share knowledge.

The war in Ukraine is expected to affect the credit quality of some customers, as it curbs economic growth and causes value and supply chain disruptions. Against this backdrop, provisions based on stress tests have been made to counter the increased risk.

At end-March 2022, Nykredit had no direct credit exposures to Russia or Ukraine.

Changes to the Board of Directors

At the Company's Annual General Meeting held on 24 March 2022, Nina Smith resigned from the Board of Directors, and Mie Krog was elected new member of the Board of Directors. Merete Eldrup, Preben Sunke, Michael Demsitz, 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 Preben Sunke as Deputy Chair.

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.

MATERIAL RISKS

The Group's material risks are unchanged compared with the risks described in the Annual Report for 2021. See also note 52 in the Annual Report for 2021.

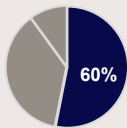
EVENTS SINCE THE BALANCE SHEET DATE

No events have occurred in the period up to the presentation of the Q1 Interim Report 2022 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 share of the business divisions' business profit for Q1/2022 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.

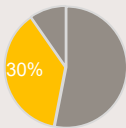
Business profit Q1/2022:
DKK 1,520 million

Income Q1/2022:
DKK 2,520 million

Impairment charges for loans and advances Q1/2022:
net reversal of DKK 98 million

Total lending end-March 2022:
DKK 735 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.

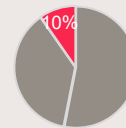
Business profit Q1/2022:
DKK 742 million

Income Q1/2022:
DKK 900 million

Impairment charges for loans and advances Q1/2022:
net reversal of DKK 34 million

Total lending end-March 2022:
DKK 740 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 Q1/2022:
DKK 262 million

Income Q1/2022:
DKK 471 million

Total lending end-March 2022:
DKK 17 billion

Assets under management end-March 2022: DKK 427 billion

Assets under administration end-March 2022: DKK 1,098 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/ | Q1/ | Q4/ | |
|--|--------------|--------------|--------------|--------------|
| Banking | 2022 | 2021 | 2021 | 2021 |
| Net interest income | 1,707 | 1,661 | 1,658 | 6,664 |
| Net fee income | 450 | 433 | 472 | 1,757 |
| Wealth management income | 187 | 181 | 224 | 802 |
| Net interest from capitalisation | (85) | (75) | (92) | (331) |
| Trading, investment portfolio and other income | 261 | 207 | 137 | 604 |
| Income | 2,520 | 2,407 | 2,399 | 9,497 |
| Costs | 1,097 | 1,015 | 1,161 | 4,314 |
| Business profit before impairment charges | 1,423 | 1,392 | 1,238 | 5,183 |
| Impairment charges for mortgage lending | (175) | 15 | (6) | (62) |
| Impairment charges for bank lending | 78 | (23) | (53) | (57) |
| Business profit | 1,520 | 1,400 | 1,298 | 5,301 |
| Legacy derivatives | 329 | 237 | 79 | 431 |
| Profit before tax | 1,849 | 1,637 | 1,377 | 5,732 |

Q1/2022 in summary

Activity was high in Q1, and we welcomed many new customers.

Nykredit customers are offered unique benefits and green solutions, thanks to Forenet Kredit, the association of customers that partly owns Nykredit. We call them mutual benefits, and they make for more affordable loans and green solutions to customers who want to live, drive, renovate, invest and operate a business sustainably. As a new initiative, customers can now calculate themselves how much they can receive as mutual benefits, and new customers can calculate their potential annual mutual benefits, should they decide to bank with Nykredit.

Nykredit offers the following mutual benefits (ForeningsFordele):

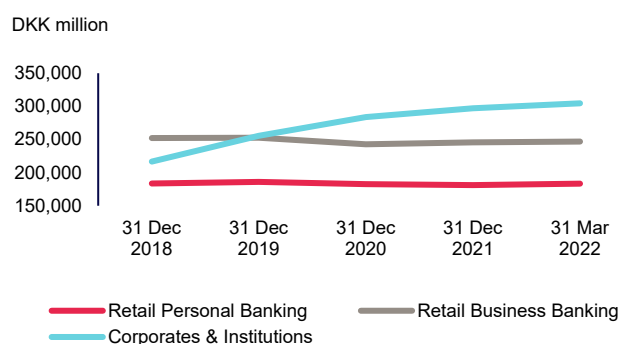
- Customer discounts on selected fees.
- Interest discounts on selected bank home loans
- Discounts on mortgage loans.
- Discounts on investment management fees.
- Green benefits in the form of green home loans, green car loans, home energy check-ups, green machinery leasing and green construction loans to public housing clients.
- Discounts on business mortgage loans.
- Digital climate tool through collaboration with SEGES.

Customers have a growing preference for digital solutions designed to simplify everyday banking and adapted to their needs. During the covid-19 pandemic, customers have grown accustomed to digital tools and therefore increasingly want a say in terms of where, when and how. This year we are introducing online appointment booking, allowing customers to easily and swiftly schedule appointments on their own. We are also working on other digital solutions designed to make everyday banking with Nykredit easier for customers as well as advisers.

Last year we launched a new, strong insurance partnership with Privatsikring, a member of the Codan group. The insurance proposition is a joint initiative between Spar Nord, Nykredit, Codan and the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark aimed at making strong propositions to our customers. The insurance propositions were well received by customers, and we continue developing products for business and agricultural customers in addition to optimising digital processes for the benefit of our customers.

Yet with the increase in energy prices, homeowners may suffer hard blows to their wallets. To counter these blows, Nykredit offers various short-term options, for example, helping to pay for extra expenses as well as longer-term options for help to customers wishing to make energy renovations.

Lending, Banking



| Selected balance sheet items | 31.03.2022 | 31.12.2021 | 30.09.2021 | 31.03.2021 |
|--|------------|------------|------------|------------|
| Banking | | | | |
| Retail Personal Banking | | | | |
| Loans and advances | 183,201 | 181,124 | 180,966 | 182,172 |
| - of which mortgage lending, nominal value | 165,678 | 164,140 | 163,918 | 165,011 |
| - of which secured homeowner loans | 8,131 | 7,718 | 7,575 | 7,561 |
| - of which bank lending | 9,393 | 9,266 | 9,473 | 9,600 |
| Deposits | 39,636 | 39,814 | 39,086 | 40,160 |
| Retail Business Banking | | | | |
| Loans and advances | 246,835 | 245,545 | 244,108 | 243,389 |
| - of which mortgage lending, nominal value | 220,063 | 219,591 | 219,131 | 218,658 |
| - of which bank lending | 26,771 | 25,954 | 24,977 | 24,730 |
| Deposits | 24,427 | 25,832 | 25,562 | 23,475 |
| Corporates & Institutions | | | | |
| Loans and advances | 304,623 | 296,996 | 290,151 | 282,687 |
| - of which mortgage lending, nominal value | 268,250 | 264,047 | 259,060 | 252,306 |
| - of which bank lending | 36,373 | 32,949 | 31,092 | 30,382 |
| Deposits | 8,415 | 9,782 | 9,801 | 7,203 |

Results for Q1/2022 relative to Q1/2021

Banking recorded a business profit of DKK 1,520 million in 2022 (Q1/2021: DKK 1,400 million).

Total income rose to DKK 2,520 million (Q1/2021: DKK 2,407 million). The underlying business is performing well. Banking saw continued high growth in mortgage and bank lending, which, together with negative deposit rates, contributed favourably to net interest income. Net interest income was DKK 1,707 million (Q1/2021: DKK 1,661 million), and net fee income totalled DKK 450 million (Q1/2021: DKK 433 million). The rise in net fee income was mainly due to high mortgage lending activity.

Costs amounted to DKK 1,097 million (Q1/2021: DKK 1,015 million).

Impairment charges for loans and advances were a net reversal of DKK 98 million (Q1/2021: a net reversal of DKK 8 million), positively impacted by reversed provisions for loan impairment relating to covid-19, high property values and the strong credit quality of our customers.

Legacy derivatives saw a positive value adjustment of DKK 329 million (Q1/2021: DKK 237 million).

Results for Q1/2022 relative to Q4/2021

Banking delivered a business profit of DKK 1,520 million in Q1/2022 (Q4/2021: DKK 1,298 million).

Income totalled DKK 2,520 million (Q4/2021: DKK 2,399 million). The rise was mainly driven by higher trading, investment portfolio and other income as well as higher net interest income.

Impairment charges for loans and advances were a net reversal of DKK 98 million (Q4/2021: a net reversal of DKK 59 million), positively

impacted by reversed provisions for loan impairment relating to covid-19, high property values and good credit quality of our customers.

Legacy derivatives totalled DKK 329 million (Q4/2021: DKK 79 million).

Activities

Loan volumes totalled DKK 734.7 billion at 31 March 2022 (end-2021: DKK 723.7 billion), of which DKK 654.0 billion was mortgage loans at nominal value (end-2021: DKK 647.8 billion). The increase in lending can primarily be ascribed to corporate banking.

Bank lending in Retail Personal Banking came to DKK 9.4 billion (end-2021: DKK 9.3 billion). Bank deposits in Retail Personal Banking have decreased by DKK 0.2 billion on end-2021 to DKK 39.6 billion.

Bank lending in Retail Business Banking came to DKK 26.8 billion (end-2021: DKK 26.0 billion).

Bank lending in Corporates & Institutions rose to DKK 36.4 billion (end-2021: DKK 32.9 billion).

Arrears

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.2% against 0.49% at the same date in 2021.

TOTALKREDIT PARTNERS

DKK million

| Results – | Q1/ 2022 | Q1/ 2021 | Q4/ 2021 | 2021 |
|--|-------------|-------------|-------------|--------------|
| Totalkredit Partners | | | | |
| Net interest income | 785 | 745 | 824 | 3,118 |
| Net fee income | 188 | 151 | 180 | 620 |
| Net interest from capitalisation | (72) | (61) | (69) | (259) |
| Trading, investment portfolio and other income | (1) | (2) | 1 | (3) |
| Income | 900 | 834 | 935 | 3,476 |
| Costs | 192 | 169 | 223 | 773 |
| Business profit before impairment charges | 708 | 665 | 712 | 2,703 |
| Impairment charges for mortgage lending | (34) | 87 | 10 | 66 |
| Business profit | 742 | 578 | 702 | 2,637 |

Q1/2022 in summary

Q1/2022 was marked by bond price declines resulting in remortgaging activity.

Totalkredit Partners welcomed new personal as well as business customers. At end-Q1/2022, the number of homeowner customers had risen to about 910,000. 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 following:

- In August 2021 the Danish Consumer Council labelled Totalkredit mortgage loans as "Recommended" on the basis of a test of eight different loan scenarios with Totalkredit loans having the lowest rates in all scenarios.
- 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.
- Cash contributions offered to customers wishing to replace oil-fired boilers with heat pumps now also include customers wishing to replace gas-fired boilers with heat pumps. The scheme has been expanded by 3,000 new vouchers each in the amount of DKK 10,000 in addition to the remaining about 500 vouchers earmarked for replacement of oil-fired boilers.
- Lending growth in 95 out of 98 municipalities and strong customer growth since the turn of the year.

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. A large part of the platform has been implemented by the IT banking providers of our partner banks, offering advisers improved advisory tools and enhanced digital solutions for customers.

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 partner banks offer Totalkredit business mortgages.

Nykredit has extended the KundeKroner benefits programme on the current terms up to and including 2023 to enhance customers' financial visibility. The KundeKroner programme is a unique strength of our mutual ownership structure, which is expected to benefit our customers in the coming years in line with Forenet Kredit's objective.

Selected balance sheet items

| Totalkredit Partners | 31.03.2022 | 31.12.2021 | 30.09.2021 | 31.03.2021 |
|--|------------|------------|------------|------------|
| Personal Banking | | | | |
| Loans and advances | 729,525 | 715,223 | 705,760 | 677,975 |
| - of which mortgage lending, nominal value | 723,311 | 708,765 | 698,991 | 670,502 |
| - of which secured homeowner loans | 6,214 | 6,458 | 6,768 | 7,473 |
| Business customers | | | | |
| Loans and advances | 10,312 | 9,779 | 9,229 | 8,614 |
| - of which mortgage lending, nominal value | 10,312 | 9,779 | 9,229 | 8,614 |

Results for Q1/2022 relative to Q1/2021

Totalkredit Partners delivered a business profit of DKK 742 million (Q1/2021: DKK 578 million).

Income amounted to DKK 900 million (Q1/2021: DKK 834 million).

Net interest income was satisfactory and rose to DKK 785 million (Q1/2021: DKK 745 million). Net fee income totalled DKK 188 million (Q1/2021: DKK 151 million). Net interest income and net fee income were positively impacted by rising activity levels and mortgage lending.

Costs rose to DKK 192 million (Q1/2021: DKK 169 million), mainly due to increased activity and higher costs for the Danish Resolution Fund.

Impairment charges for loans and advances were a net reversal of DKK 34 million (Q1/2021: charge of DKK 87 million), which reflected low write-offs as well as a reversal of individual impairment provisions.

Results for Q1/2022 relative to Q4/2021

Totalkredit Partners delivered a business profit of DKK 742 million (Q4/2021: DKK 702 million).

Income amounted to DKK 900 million (Q4/2021: DKK 935 million). The decline was mainly attributable to net fee income.

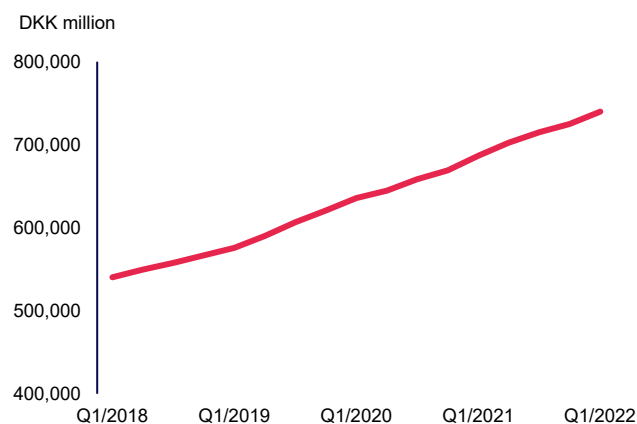
Impairment charges for loans and advances were a net reversal of DKK 34 million (Q4/2021: charge of DKK 10 million).

Activities

Totalkredit Partners recorded lending growth, and nominal lending to personal customers was DKK 729.5 billion (end-2021: DKK 715.2 billion). The business loan portfolio increased by DKK 0.5 billion to nominally DKK 10.3 billion (end-2021: DKK 9.8 billion).

Arrears

At the December due date, Totalkredit Partners customers' 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.12% against 0.16% at the same date in 2021.

Lending, Totalkredit Partners

WEALTH MANAGEMENT

DKK million

| Results – | Q1/ 2022 | Q1/ 2021 | Q4/ 2021 | 2021 |
|--|-------------|-------------|-------------|--------------|
| Wealth Management | | | | |
| Net interest income | 56 | 46 | 53 | 201 |
| Net fee income | 9 | 10 | 9 | 41 |
| Wealth management income | 396 | 356 | 408 | 1,504 |
| Net interest from capitalisation | (3) | (2) | (3) | (11) |
| Trading, investment portfolio and other income | 13 | 16 | 9 | 44 |
| Income | 471 | 426 | 477 | 1,780 |
| Costs | 232 | 205 | 230 | 902 |
| Business profit before impairment charges | 239 | 221 | 247 | 878 |
| Impairment charges for mortgage lending | 1 | 1 | 0 | 1 |
| Impairment charges for bank lending | (23) | 11 | 1 | (65) |
| Business profit | 262 | 209 | 245 | 942 |

Q1/2022 in summary

Wealth Management continued to perform well in 2022 with continued client growth across customer segments. To this should be added growth in bank and mortgage lending. We strive to enhance the customer experience by, for example,

- upscaling digital propositions, channels and customer advisory services
- developing products and solutions that, in addition to our existing product range, provide our customers with even more and better opportunities to invest sustainably
- increasing our investments in alternatives as well as expanding our alternative investment propositions to more customer segments.
- collaborating with our Sparinvest partner banks on offering relevant investment products to clients all over Denmark.
- 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

In February 2022, Nykredit Invest won five out of eight categories at the annual Morningstar Fund Awards, including all three main categories: best manager of equities, best manager of bonds as well as best manager of equities and bonds. This is the fifth year running that Nykredit Invest has won one or more main categories at the Morningstar Fund Awards. In addition the fund Nykredit Invest Korte Obligationer Akk was awarded best manager of Danish bonds, and the fund Nykredit Invest Bæredygtige Aktier was named best manager of global equities. The latter is one of Nykredit Invest and Sparinvest's investment funds carrying the Nordic Swan Ecolabel.

Nykredit Private Banking Elite has already received two awards this year at the WealthBriefing European Awards – eg for Best Private Bank Domestic Clients Team.

42% of Nykredit Asset Management's investment strategies (GIPS composites) generated above-benchmark returns in 2022. Over the past three years, 59% has generated above-benchmark returns.

| Selected balance sheet items | 31.03.2022 | 31.12.2021 | 30.09.2021 | 31.03.2021 |
|--|------------|------------|------------|------------|
| Wealth Management | | | | |
| Assets under management | 427,018 | 438,140 | 419,444 | 393,650 |
| - of which Nykredit investment funds | 209,655 | 213,731 | 194,986 | 180,280 |
| Assets under administration¹ | 1,098,492 | 1,139,749 | 1,103,023 | 993,679 |
| Lending/deposits | | | | |
| Loans and advances | 17,199 | 16,861 | 16,580 | 15,239 |
| - of which mortgage lending, nominal value | 11,605 | 11,797 | 11,877 | 10,731 |
| - of which secured homeowner loans | 1,032 | 1,035 | 1,046 | 1,058 |
| - of which bank lending | 4,562 | 4,029 | 3,657 | 3,450 |
| Deposits | 14,085 | 14,453 | 15,757 | 13,408 |

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

Results for Q1/2022 relative to Q1/2021

Wealth Management's business profit was high at DKK 262 million in Q1/2022 (Q1/2021: DKK 209 million).

Income amounted to DKK 471 million and rose compared with the previous year (Q1/2021: DKK 426 million), mainly due to increased assets under management and primarily driven by positive market returns since Q1/2021.

Impairment charges for loans and advances were a net reversal of DKK 23 million (Q1/2021: charge of DKK 12 million).

Results for Q1/2022 relative to Q4/2021

Wealth Management delivered a business profit of DKK 262 million in Q1 (Q4/2021: DKK 245 million).

Income amounted to DKK 471 million in Q1/2022 – the same level as in Q4/2021 (Q4/2021: DKK 477 million).

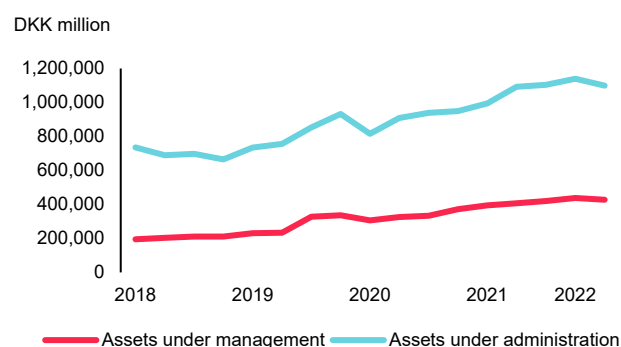
Impairment charges for loans and advances were a net reversal of DKK 23 million (Q4/2021: charge of DKK 1 million).

Activities

Total assets under management fell by DKK 11.1 billion to DKK 427.0 billion at end-March 2022 (end-2021: DKK 438.1 billion). The decline comprised positive net sales of DKK 16.5 billion, driven by demand from institutional clients, international clients, Private Banking Elite clients and retail customers via the Group's savings products and from customers via the Sparinvest partnership, as well as negative returns of DKK 27.6 billion.

Total assets under administration decreased by DKK 41.3 billion compared with end-2021 to DKK 1,098.5 billion at end-March 2022 (end-2021: DKK 1,139.7 billion). The decrease comprised a net sale of DKK 18.8 billion, driven by demand from institutional clients as well as retail customers via the Group's savings products, and negative returns of DKK 60.0 billion.

Assets under management and assets under administration by Wealth Management



GROUP ITEMS

| | DKK million | | | |
|--|-------------|-------------|-------------|--------------|
| Results – Group Items | Q1/ 2022 | Q1/ 2021 | Q4/ 2021 | 2021 |
| Net interest income | (2) | 1 | 0 | (6) |
| Net fee income | (12) | (10) | 8 | (12) |
| Wealth management income | 8 | 7 | (3) | 17 |
| Net interest from capitalisation | 23 | 24 | 42 | 117 |
| Net income relating to customer benefits programmes ¹ | (81) | (72) | (120) | (414) |
| Trading, investment portfolio and other income | 134 | 606 | 860 | 2,073 |
| Income | 69 | 556 | 788 | 1,776 |
| Costs | 25 | 58 | 179 | 353 |
| Business profit before impairment charges | 44 | 499 | 609 | 1,423 |
| Impairment charges for bank lending | (8) | 0 | 2 | 1 |
| Business profit | 52 | 498 | 608 | 1,422 |
| Badwill, impairment of goodwill and amortisation of customer relationships | - | 0 | 0 | 0 |
| Profit before tax | 52 | 498 | 608 | 1,422 |

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

A few income statement and balance sheet items 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 Q1/2022 relative to Q1/2021

The business profit of Group Items decreased by DKK 446 million on last year to DKK 52 million (Q1/2021: DKK 498 million).

This development in Q1/2022 was mainly driven by capital gains on equities held for business purposes, which were partly offset by a negative impact from rising yield spreads on Danish covered bonds in the remaining trading book. Q1/2021 was impacted by considerable capital gains on the portfolio of Danish equities etc.

CAPITAL, LIQUIDITY AND FUNDING

EQUITY AND OWN FUNDS

The Nykredit Realkredit Group's equity stood at DKK 91.6 billion at end-March 2022. In March 2022 dividend of DKK 4,380 million was distributed to the Company's shareholder. The dividend corresponds to about 50% of profit after tax for 2021. Nykredit maintains a strong capital position after distributing dividend.

Equity carried for accounting purposes includes Additional Tier 1 (AT1) capital of EUR 500 million (DKK 3.8 billion). For capital adequacy purposes, AT1 capital is included in Tier 1 capital rather than in Common Equity Tier 1 (CET1) capital.

| | DKK million | |
|--------------------------------|---------------|---------------|
| Nykredit Realkredit Group | | |
| Equity (including AT1 capital) | 31.03.2022 | 31.12.2021 |
| Equity, beginning of period | 93,591 | 89,774 |
| Profit for the period | 2,406 | 8,870 |
| Other adjustments | (4,374) | (5,054) |
| Equity, end of period | 91,623 | 93,591 |

| | DKK million | |
|---|----------------|----------------|
| Nykredit Realkredit Group | | |
| Capital and capital adequacy | 31.03.2022 | 31.12.2021 |
| Equity (including AT1 capital) | 91,623 | 93,591 |
| AT1 capital etc | (3,785) | (3,729) |
| Profit etc for Q1/2022 not included | (2,354) | 0 |
| Proposed dividend | - | (4,380) |
| CET1 regulatory adjustments | (2,433) | (2,523) |
| CET1 capital | 83,051 | 82,959 |
| AT1 capital | 3,726 | 3,706 |
| AT1 regulatory deductions | (22) | (21) |
| Tier 1 capital | 86,757 | 86,644 |
| Tier 2 capital | 10,775 | 10,777 |
| Tier 2 regulatory adjustments | 2,207 | 2,049 |
| Own funds | 99,737 | 99,471 |
| Credit risk | 379,196 | 350,326 |
| Market risk | 29,457 | 24,075 |
| Operational risk | 29,738 | 27,244 |
| Total risk exposure amount | 438,391 | 401,644 |
| CET1 capital ratio, % | 18.9 | 20.6 |
| Tier 1 capital ratio, % | 19.7 | 21.5 |
| Total capital ratio, % | 22.7 | 24.7 |
| Internal capital adequacy requirement (Pillar I and Pillar II), % | 11.1 | 11.2 |

Own funds and capital adequacy are specified further in note 2 to the Financial Statements.

Capital and capital adequacy

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

At end-March 2022, Nykredit's risk exposure amount (REA) totalled DKK 438.4 billion (end-2021: DKK 401.6 billion). With own funds at DKK 99.7 billion, this corresponds to a total capital ratio of 22.7% (end-2021: 24.7%). The CET1 capital ratio was 18.9% (end-2021: 20.6%).

REA for credit risk has generally increased due to growth in lending and regulatory changes, despite low arrears and overdrafts as well as

rising property prices etc. In Q1/2022 REA for credit risk increased by DKK 28.9 billion in the Nykredit Realkredit Group. The increase was mainly due to Nykredit's implementation of the new guidelines from the European Banking Authority (EBA) on the estimation of IRB models. The new EBA guidelines caused an increase in REA of DKK 33.0 billion as per 1 January 2022, whereas higher interest rates in the quarter reduced the value-adjusted debt outstanding, thus limiting the increase in REA. REA for market risk increased by DKK 5.4 billion in the period due to financial market unrest especially in February and March.

CET1 capital totalled DKK 83.1 billion at end-March 2022 (end-2021: DKK 83.0 billion). AT1 capital amounted to DKK 3.7 billion after regulatory adjustments at end-March 10.8 (end-2021: DKK 3.7 billion). Tier 2 capital was DKK 10.8 billion excluding regulatory adjustments (end-2021: DKK 10.8 billion).

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and the Executive Board to ensure that Nykredit 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 11.1% of the Group's REA at end-March 2022 equal to the internal capital adequacy requirement.

In addition to the internal capital adequacy requirement, the Nykredit Realkredit Group must comply with a combined capital buffer requirement of 4.5% at end-March 2022. As a systemically important financial institution (SIFI), Nykredit is subject to a special SIFI buffer requirement of 2% as well as a capital conservation buffer requirement of 2.5% applying to all financial institutions. Both requirements are met using CET1 capital. The countercyclical buffer rate is currently 0%. The Nykredit Realkredit Group has excess capital of 7.1pp relative to the CET1 capital requirement, ie the internal capital adequacy requirement plus the combined buffer requirement.

The Danish Minister for Industry, Business and Financial Affairs has decided that the countercyclical buffer must be restored from the current 0% in Denmark to 1% from 30 September 2022, to 2% from end-2022 and to 2.5% from 31 March 2023. Also this buffer requirement must be met using CET1 capital. Restoring this buffer will reduce the excess capital relative to the capital requirement correspondingly.

Capital targets 2022

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. Based on a structured capital management framework, the Group aims to be able to maintain its business activities throughout Denmark regardless of fluctuations in economic trends. This implies having access to capital to meet new regulatory requirements and in addition be able to withstand a severe economic downturn and consequent losses. At the same time, Nykredit wants to maintain sufficient own funds to be able to distribute dividend to its owners, and thereby allowing Forenet Kredit to realise its key priorities. Nykredit's capital policy must also adhere to current legislation and FSA requirements.

The Board of Directors has set the CET1 target at 15.0-16.0% of REA, whereas the overall target for own funds has been set at 19.5-20.5%. This corresponds to Nykredit's capital requirement during a severe recession and is based on stress test results. The SIFI buffer and the capital conservation buffer are included in the overall capital targets. Restoring the countercyclical buffer will not increase Nykredit's capital targets, which include a stress buffer to absorb the impact of a severe recession, a situation in which the countercyclical buffer is assumed to have been released.

Furthermore, Nykredit holds CET1 capital to meet the upcoming Basel requirements and may also obtain new CET1 capital from its owners; Forenet Kredit's capital reserves and investment commitments from a number of Danish pension companies. For 2022 capital targets have been reduced by 0.5 percentage point, as Forenet Kredit's capital position is deemed sufficient for Nykredit to rank on a par with a listed SIFI institution in terms of capitalisation.

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.

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-March 2022, Nykredit Bank's deposits equalled 110% of lending against 125% at end-2021.

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) and is therefore characterised by a high level of collateralisation.

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 | 31.03.2022 | 31.12.2021 |
| LCR determination | | |
| Nykredit Realkredit Group* | 722 | 591 |
| Nykredit Realkredit Group, LCR requirement in EUR | 546 | 392 |
| Nykredit Realkredit and Totalkredit | 608 | 2,305 |
| Nykredit Realkredit and Totalkredit, including minimum LCR requirement | 149 | 139 |
| Nykredit Bank | 223 | 213 |

* 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.

Refinancing and issuance schedule for 2022

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

At end-March 2022, the Group had a nominal amount of DKK 1,376 billion of SDOs in issue and DKK 125 billion of ROs in issue.

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

| | DKK billion |
|--|----------------------------|
| Nykredit Realkredit Group | 1 April 2022-31 March 2023 |
| Refinancing ¹ | |
| Total maturity before set-off of self-issued bonds | 213.2 |
| - ordinary principal payments and scheduled ² prepayments (settled) | 29.7 |
| - ordinary principal payments and scheduled ² prepayments (not settled) | 25.9 |
| - pre-issued bonds and interest rate risk ² | (5.8) |
| Total refinancing volume | 163.3 |
| - pre-auctioned amount sold under forward contracts | (23.6) |
| Refinancing volume remaining for 1 April 2022 – 31 March 2023 | 139.8 |
| - of which SDOs and ROs | 139.8 |
| - of which other issues | 0 |

¹ Applicable for the April, July and October 2022 and January 2023 payment dates.

² Known as at 31 March 2022.

The annual maturity one year ahead totals DKK 213.2 billion, of which ordinary principal payments, prepayments etc total DKK 49.8 billion. Thus, refinancing volumes amount to DKK 163.3 billion.

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

| DKK million | | |
|---|------------|------------|
| Nykredit Realkredit Group | | |
| Bonds in issue | 31.03.2022 | 31.12.2021 |
| Covered bonds (ROs), see note 15 a | 124,461 | 124,927 |
| Covered bonds (SDOs), see note 15 b | 1,375,838 | 1,351,177 |
| Senior secured debt, see note 15 c | 701 | 853 |
| Senior preferred debt in Nykredit Realkredit A/S | 9,298 | 5,577 |
| Senior non-preferred debt | 56,374 | 50,098 |
| Tier 2 capital, see note 18 | 10,571 | 10,737 |
| AT1 capital, see note 2 (Nykredit Realkredit A/S) | 3,726 | 3,706 |
| ECP issues of Nykredit Bank A/S | 5,248 | 4,415 |

As from 1 January 2022, Nykredit must have a debt buffer that, combined with own funds and the MREL requirement, will amount to at least 8% of the consolidated balance sheet. Nykredit meets the 8% requirement at end-March 2022.

In Q1/2022 Nykredit issued about DKK 3.7 billion-worth of senior preferred debt and about DKK 2.5 billion-worth of senior non-preferred debt.

Nykredit expects to issue about DKK 10 billion in addition to the issuance of mortgage covered bonds (SDOs and ROs) in the remaining part of 2022.

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 model for banks and mortgage lenders, respectively, uses 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 model for banks and mortgage lenders as at 31 March 2022.

| Nykredit Bank A/S | | |
|---|------------|------------|
| Supervisory Diamond | 31.03.2022 | 31.12.2021 |
| Large exposures (limit value <175%) | 117.3% | 109.6% |
| Lending growth (limit value <20%) | 13.8% | 4.6% |
| Property exposure (limit value <25%) | 10.2% | 11.1% |
| Liquidity benchmark (limit value >100%) | 207.8% | 256.4% |

Supervisory Diamond for mortgage lenders

| Benchmark | Definition | Nykredit | Nykredit | Totalkredit | Limit value |
|--|--|------------------|----------------|--------------------|-------------|
| | | Realkredit Group | Realkredit A/S | | |
| | | 31 March 2022 | 31 March 2022 | 31 March 2022 | |
| Lending growth in segment | Annual lending growth may not exceed 15% in each of the segments personal customers, commercial residential properties, agricultural properties and other commercial. | | | | |
| Personal customers ¹ | | 5.7% | (22.1)% | 7.2% | 15.0% |
| Commercial residential properties | | 6.6% | 6.3% | 23.9% ² | 15.0% |
| Agricultural properties | | (1.4)% | (1.4)% | 0.0% | 15.0% |
| Other commercial | | 3.8% | 3.4% | 15.4% ² | 15.0% |
| Borrower's interest rate risk | 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. | | | | |
| Private residential and residential rental | | 10.7% | 21.4% | 8.3% | 25.0% |
| Interest-only loans | 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. | | | | |
| Personal customers | | 6.2% | 2.7% | 6.3% | 10.0% |
| Loans with short-term funding | The proportion of loans to be refinanced must be below 25% per year and below 12.5% per quarter. | | | | |
| Refinancing (annually) | | 10.3% | 14.3% | 8.3% | 25.0% |
| Refinancing (quarterly) | | 2.9% | 6.5% | 0.8% | 12.5% |
| Large exposures | The sum of the 20 largest exposures must be less than the CET1 capital. | | | | |
| Loans and advances:equity | | 41.6% | 40.7% | 4.8% | 100.0% |

¹ The decrease in loans and advances to personal customers of 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.

Credit 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.

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

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 and the war in Ukraine

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. The war in Ukraine also has a profound impact on the geopolitical situation and global economies. Nykredit's main scenario is reassessed on a current basis, and at end-March 2022 the scenario assumed GDP growth of 2.1% in 2022.

Covid-19

Loan impairments related to covid-19 were reassessed in connection with the Q1 Interim Report 2022, as the pandemic no longer qualifies as a critical threat to society. Repayment of loans granted under government relief packages will be due from end-March and is now considered the primary risk driver in the assessment of the pandemic. Provisions for covid-19 losses are based on stress test calculations of two different factors. Firstly, stress simulations have been performed for stage 1 and stage 2 customers in 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 high-attention sectors. Furthermore, the macroeconomic scenarios in our impairment model for stage 1 and stage 2 customers have been prepared to allow for the covid-19 impact, including the relief packages.

Reversal of impairment charges related to covid-19

Of the total loan impairment provisions of DKK 2.1 billion taken in 2020 to cover the consequential losses arising from covid-19, Nykredit reversed DKK 797 million in Q1/2022. Reasons for this reversal include reduced pandemic-related risks. Repayment of loans granted under government relief packages in Q1 and Q2 will be decisive, however, to the reversal of the remaining provisions. Covid-19-induced provisions comprise DKK 393 million related to property values and DKK 915 million related to vulnerable sectors. Provisions totalled DKK 1,308 million.

Management of covid-19 credit facilities

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 authority 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.

| | DKK million | | | | | |
|---|--------------------------------|------------------|---|------------------|--|-----------------|
| | Loans, advances and guarantees | | Total provisions for loan impairment and guarantees | | Impairment charges for loans and advances, earnings impact | |
| | 31.03.2022 | 31.12.2021 | 31.03.2022 | 31.12.2021 | 31.03.2022 | 31.12.2021 |
| Nykredit Realkredit Group | | | | | | |
| Loans, advances, guarantees and impairment charges for loans and advances | | | | | | |
| Mortgage lending, nominal value | | | | | | |
| Nykredit Realkredit | 528,502 | 525,274 | 4,584 | 4,793 | (175) | (160) |
| Totalkredit | 883,699 | 865,802 | 1,668 | 1,721 | (33) | 161 |
| Total | 1,412,201 | 1,391,076 | 6,252 | 6,515 | (208) | 0 |
| Loans and advances etc | | | | | | |
| Nykredit Bank | 79,890 | 74,513 | 2,840 | 2,755 | 86 | (208) |
| Total | 79,890 | 74,513 | 2,840 | 2,755 | 86 | (208) |
| Receivables from credit institutions | 7,218 | 5,165 | 18 | 23 | (5) | 2 |
| Reverse repurchase lending | 47,043 | 50,900 | - | - | - | - |
| Guarantees etc | 9,059 | 8,987 | 297 ¹ | 331 ¹ | (34) ¹ | 90 ¹ |
| Loan impairment, %² | | | | | | |
| Nykredit Realkredit | - | - | 0.86 | 0.90 | (0.03) | (0.03) |
| Totalkredit | - | - | 0.19 | 0.20 | (0.00) | 0.02 |
| Total | - | - | 0.44 | 0.47 | (0.01) | 0.00 |
| Nykredit Bank | - | - | 3.43 | 3.57 | 0.10 | (0.27) |
| Total | - | - | 3.43 | 3.57 | 0.10 | (0.27) |

¹ Impairment charges for loan commitments etc were DKK 45 million (Q4/2021: DKK 54 million).

² Loan impairment excluding receivables from credit institutions, reverse repurchase lending and guarantees.

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.

The war in Ukraine

The war in Ukraine is expected to affect the credit quality of some customers, as it curbs economic growth and causes value and supply chain disruptions. Provisions related to the war are based on stress test calculations of two factors. Firstly, stress simulations have been performed for stage 1 and stage 2 personal and business customers. We expect a drop in personal customers' discretionary incomes as a consequence of increased inflation and higher energy prices. Provisions of DKK 384 million has been made to counter such risk. Business customers heavily reliant on energy for production and manufacturing are also likely to be affected. We have taken provisions of DKK 321 million for vulnerable sectors. Provisions of DKK 300 million have been taken to cover general uncertainty caused by the war. Total provisions taken to manage increased risk exposures due to the war in Ukraine subsequently came to DKK 1,005 million.

For further information about the impacts of covid-19 and the war in Ukraine on impairment charges for loans and advances and our portfolio distribution, please refer to our Fact Book Q1 2022, which is available at nykredit.com.

Macroeconomic impact on impairment levels

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.

The loan portfolio has developed positively in Q1/2022, and individual impairment provisions remain 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.

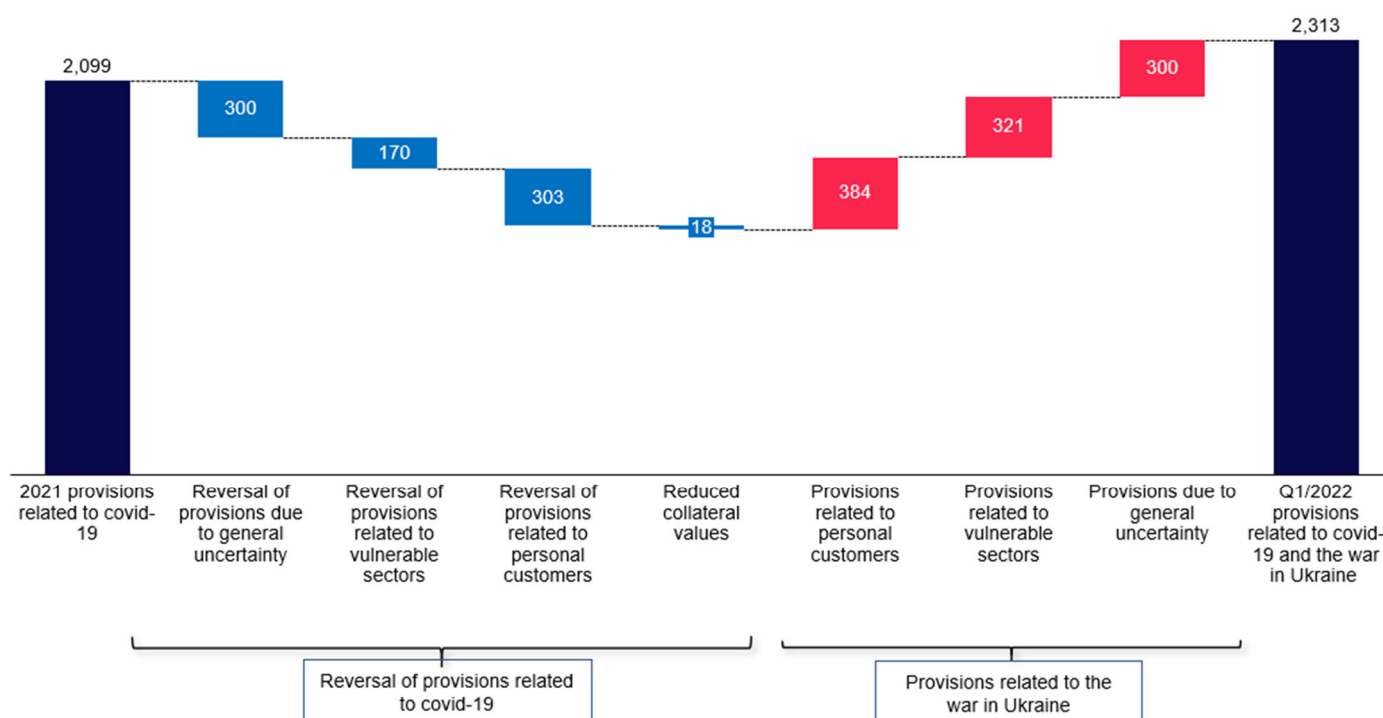
Nykredit's macroeconomic forecasts in connection with loan impairments related to covid-19 and the war in Ukraine have been incorporated into the impairment models and in the model-based impairment provisions.

Credit models

Nykredit uses credit models to determine the capital requirement for credit risk and for impairment calculations. 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.

Development in provisions concerning covid-19 and the war in Ukraine (DKK million)



Expectations for macroeconomic models

Nykredit's impairment model calculation include forward-looking macroeconomic scenarios. The scenarios reflect uncertainties relating to the economy and include both improved and deteriorating outlooks. At end-Q1/2022, the scenarios were updated to reflect the current and expected economic environment caused by the war in Ukraine 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 the reopening and vaccine roll-out. The base scenario carries a 55% weighting. The scenario implies expected GDP growth of 2.1% and house price rises of 3.2% in 2022. 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 2022. The improved scenario carries a 10% weighting and is based on the macroeconomic conditions observed at the date of this Annual Report. This scenario uses realised levels of interest rates, GDP, house prices and unemployment. Based on this weighting, impairment provisions totalled DKK 9,407 million as at 31 March 2022 (end-2021: DKK 9,625 million). If the base scenario carried a 100% weighting, total impairment provisions would decrease by DKK 148 million. Compared with the base scenario, total impairment provisions would rise by DKK 266 million if the adverse scenario carried a 100% weighting. The change reflects a transfer of exposures from stage 1 to stage 2 (strong) and stage 2 (weak), resulting in increased expected credit losses. If the weighting of the improved scenario was 100%, total impairment provisions would decrease by DKK 448 million.

At 31 March 2022, the impairment model applied the following main scenario and adverse scenario:

| Nykredit Realkredit Group | | | | | | |
|---------------------------------------|---------------|-------|------|------------------|-------|-------|
| Scenarios for impairment calculations | | | | | | |
| | Main scenario | | | Adverse scenario | | |
| | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Short-term rate ¹ | (0.2) | (0,2) | 0,1 | 0.5 | 1.5 | 2.5 |
| Long-term rate ² | 0.2 | 0.3 | 0.8 | 1.8 | 2.6 | 3.2 |
| House prices ³ | 3.2 | 1.7 | 3.2 | (2.0) | (2.0) | (2.0) |
| GDP ³ | 2.1 | 1.9 | 1.5 | 1.0 | 0.5 | 0.1 |
| Unemployment ⁴ | 2.1 | 2.1 | 2.2 | 5.8 | 6.2 | 6.2 |

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 Registered gross unemployment.

Nykredit's main scenario assumes that during 2022 and 2023 GDP and house prices will be significantly reduced relative to previous forecasts due to the effects of the war in Ukraine. We have a good foundation with low arrears and overdraft levels, however.

We expect that some sectors may encounter difficulties with the repayment of loans granted under government relief packages, whilst also energy supply challenges, rising cost prices and supply chain disruption have led Nykredit to adjust its main scenario.

Post-model adjustments

Corrections to and changes in assumptions in the impairment models are based on management judgement. At end-March, such post-model adjustments totalled DKK 3,582 million. The underlying reasons, for example changes in agricultural output prices due to changed economic trends and/or changed export potential as well as financial and legal conditions in the real estate sector may generally affect credit risk beyond the outcome derived on the basis of model-based impairments. Local geographical conditions, internal process risk and ongoing monitoring of the loan portfolio may also reflect conditions which macroeconomic projections cannot capture. The estimates are adjusted and evaluated on a regular basis, and it is decided on an individual basis whether to phase out or incorporate an estimate into the models, if necessary.

The size of such post-model adjustments is shown below:

| | DKK million | |
|--|--------------|--------------|
| | 31.03.2022 | 31.12.2021 |
| Nykredit Realkredit Group | | |
| Specific macroeconomic risks and process-related circumstances | | |
| Agriculture | 579 | 499 |
| Covid-19 | 608 | 1,244 |
| The war in Ukraine | 696 | - |
| Concentration risks in loan portfolios | 241 | 254 |
| Total macroeconomic risks | 2,124 | 1,997 |
| Process-related | 236 | 240 |
| Model changes | 323 | 326 |
| Other (results of controlling, haircuts etc) | 899 | 935 |
| Total process-related circumstances | 1,458 | 1,501 |
| Total post-model adjustments | 3,582 | 3,498 |

Note: As at Q1/2022, another DKK 1,009 million was added to the impairment models as in-model adjustments, where vulnerable sectors due to covid-19 and the war in Ukraine are stressed, resulting in a change of stage (Q4/2021: DKK 855 million). Of this amount, DKK 700 million was attributable to covid-19 and DKK 309 million to the war in Ukraine.

MORTGAGE LENDING

At end-March 2022, Nykredit's credit exposure in terms of nominal mortgage lending was DKK 1,412 billion, corresponding to an increase of DKK 21 billion (end-2021: DKK 1,391 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 loans.

The average LTV ratio was 53.3% at end-March 2022 (end-2021: 55.8%).

Total provisions for mortgage loan impairment

Total provisions for mortgage loan impairment equalled 0.44% of total mortgage lending, excluding credit institutions (end-2021: 0.47%). Total impairment provisions amounted to DKK 6,252 million at end-March 2022 (end-2021: DKK 6,515 million). Provisions for covid-19 and the war in Ukraine are based on stress test calculations and have been included in total impairment provisions.

Mortgage lending

Nykredit Realkredit Group

Debt outstanding relative to estimated property values

DKK million

| | LTV (loan-to-value) | | | | | | Total | LTV average, % |
|--------------------------|---------------------|----------------|---------------|--------------|--------------|--------------|------------------|----------------|
| | 0-40 | 40-60 | 60-80 | 80-90 | 90-100 | >100 | | |
| Owner-occupied dwellings | 615,317 | 189,598 | 51,405 | 1,069 | 406 | 502 | 858,298 | 56.9 |
| Private rental | 114,308 | 31,039 | 8,579 | 439 | 202 | 174 | 154,740 | 55.2 |
| Industry and trades | 18,301 | 2,702 | 190 | 17 | 16 | 24 | 21,250 | 44.7 |
| Office and retail | 102,332 | 20,559 | 1,325 | 230 | 147 | 120 | 124,713 | 48.0 |
| Agriculture | 58,942 | 19,302 | 4,813 | 318 | 125 | 146 | 83,645 | 58.5 |
| Public housing | 0 | 0 | 0 | 0 | 0 | 0 | 83,449 | 0.0 |
| Other | 14,263 | 2,748 | 596 | 85 | 54 | 79 | 17,824 | 48.7 |
| Total Q1/2022 | 923,463 | 265,948 | 66,908 | 2,158 | 949 | 1,046 | 1,343,921 | 53.3 |
| Total 2021 | 918,697 | 284,098 | 89,249 | 2,924 | 1,145 | 1,190 | 1,382,551 | 55.8 |

Nykredit Realkredit Group

Mortgage lending by property type¹

DKK million

| | 31.03.2022 | | 31.12.2021 | |
|--------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | Total impairment provisions | Total earnings impact | Total impairment provisions | Total earnings impact |
| Owner-occupied dwellings | 2,607 | (86) | 2,732 | 242 |
| Private rental | 792 | 38 | 759 | 4 |
| Industry and trades | 78 | (8) | 87 | 9 |
| Office and retail | 795 | (34) | 831 | (110) |
| Agriculture | 1,413 | (91) | 1,513 | (266) |
| Public housing | 21 | (3) | 25 | (9) |
| Cooperative housing | 322 | (23) | 345 | 23 |
| Other | 223 | (1) | 223 | 106 |
| Total | 6,252 | (208) | 6,515 | 0 |

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

Impairment charges for loans and advances are mainly attributable to:

| | DKK million | |
|--|-------------|------------|
| Nykredit Realkredit Group | | |
| Total impairment provisions for mortgage lending | 31.03.2022 | 31.12.2021 |
| Individual impairment provisions (stage 3) | 2,321 | 2,631 |
| Model-based impairment provisions (stages 1, 2 and 3) | 3,932 | 3,883 |
| - of which attributable to covid-19 and the war in Ukraine | 1,564 | 1,473 |
| Total impairment provisions for mortgage lending | 6,252 | 6,515 |

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 208 million (FY 2021: DKK 0 million). Reversal of impairment charges for loans and advances for the period comprises a reversal of DKK 85 million attributable to owner-occupied dwellings and a reversal of DKK 123 million attributable to the business segment.

Arrears

Mortgage loan arrears are determined 15 and 75 days past the due date. Mortgage loan arrears were 0.16% of total mortgage payments due 75 days past the December due date (December due date 2020: 0.22%).

Bond debt outstanding affected by arrears as a percentage of total bond debt outstanding also decreased to DKK 1.61 billion (December due date 2020: DKK 2.28 billion).

Properties acquired by foreclosure

In Q1/2022, the Group acquired no properties and sold 2. The property portfolio counted 4 properties at 31 March 2022 (end-2021: 6).

BANK LENDING

Bank lending at amortised cost amounted to DKK 79.9 billion at end-March 2022 (end-2021: DKK 74.5 billion), up DKK 5.4 billion since the turn of the year.

Reverse repurchase lending totalled DKK 47.0 billion at end-March 2022 (end-2021: DKK 50.9 billion). Guarantees provided amounted to DKK 9.1 billion (end-2021: DKK 9.0 billion).

Total provisions for bank loan impairment etc

Provisions for bank loan impairment (exclusive of credit institutions and guarantees) totalled DKK 2,840 million at end-March 2022 (end-2021: DKK 2,755 million). Provisions for covid-19 and the war in Ukraine 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 | 31.03.2022 | 31.12.2021 |
| Individual impairment provisions (stage 3) | 1,680 | 1,683 |
| Model-based impairment provisions (stages 1, 2 and 3) | 1,160 | 1,072 |
| - of which attributable to covid-19 and the war in Ukraine | 749 | 626 |
| Total provisions for bank loan impairment | 2,840 | 2,755 |

Guarantees

At end-March 2022, guarantees etc provided amounted to DKK 9,059 million (end-2021: DKK 8,987 million). At end-March 2022, provisions

Nykredit Realkredit Group

Credit exposures in terms of bank lending, reverse repurchase lending and guarantees by sector¹

DKK million

| | 31.03.2022 | | | 31.12.2021 | | |
|---|------------------------|-----------------------------|-----------------|------------------------|-----------------------------|-----------------|
| | Lending, end of period | Total impairment provisions | Earnings impact | Lending, end of period | Total impairment provisions | Earnings impact |
| Public sector | 605 | 26 | 16 | 1,110 | 10 | 0 |
| Agriculture, hunting, forestry and fishing | 4,296 | 182 | (10) | 3,877 | 192 | 13 |
| Manufacturing, mining and quarrying | 14,587 | 481 | 223 | 11,754 | 262 | (123) |
| Energy supply | 5,826 | 76 | 44 | 5,475 | 32 | 6 |
| Construction | 2,782 | 195 | (8) | 2,722 | 202 | 8 |
| Trade | 10,359 | 536 | (120) | 9,752 | 655 | 225 |
| Transport, accommodation and food service activities | 5,861 | 194 | 53 | 6,525 | 144 | (29) |
| Information and communication | 3,827 | 79 | (4) | 2,376 | 83 | (23) |
| Finance and insurance | 53,832 | 87 | 4 | 56,378 | 91 | (50) |
| Real estate | 15,518 | 449 | (78) | 16,540 | 524 | (74) |
| Other | 10,544 | 270 | (53) | 9,948 | 312 | (42) |
| Total business customers | 127,431 | 2,548 | 51 | 125,346 | 2,497 | (89) |
| Personal customers | 28,633 | 562 | (15) | 27,182 | 579 | (28) |
| Total | 156,669 | 3,137 | 52 | 153,638 | 3,086 | (118) |
| - of which provisions for losses under guarantees etc | | 297 | (34) | | 331 | 90 |
| Impairment provisions for credit institutions | | 4 | (5) | | 9 | (2) |
| - of which intercompany guarantees and total | 20,678 | 3,141 | 46 | 19,239 | 3,096 | (120) |

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

DKK million

| Nykredit Bank Group | Q1/ 2022 | Q1/ 2021 | Q4/ 2021 | 2021 |
|--|--------------|--------------|--------------|--------------|
| Business profit and profit for the period | | | | |
| Net interest income | 485 | 434 | 441 | 1,774 |
| Net fee income | 162 | 153 | 181 | 680 |
| Wealth management income | 592 | 544 | 629 | 2,324 |
| Net interest from capitalisation | (31) | (7) | (14) | (41) |
| Net income relating to customer benefits programmes ¹ | (27) | (2) | (26) | (72) |
| Trading, investment portfolio and other income | 259 | 230 | 505 | 1,246 |
| Income | 1,441 | 1,351 | 1,717 | 5,912 |
| Costs | 769 | 687 | 806 | 2,927 |
| Business profit before impairment charges | 672 | 665 | 911 | 2,985 |
| Impairment charges for loans and advances | 46 | (12) | (50) | (120) |
| Business profit | 626 | 676 | 962 | 3,105 |
| Legacy derivatives | 329 | 237 | 79 | 432 |
| Profit before tax for the period | 954 | 913 | 1,041 | 3,537 |
| Tax | 207 | 193 | 225 | 733 |
| Profit for the period | 748 | 720 | 816 | 2,804 |
| Minority interests | 15 | 9 | 15 | 45 |
| Summary balance sheet | 31.03.2022 | 31.03.2021 | 31.12.2021 | 31.12.2021 |
| Reverse repurchase lending | 47,043 | 36,282 | 50,900 | 50,900 |
| Loans, advances and other receivables at amortised cost | 79,890 | 70,285 | 74,513 | 74,513 |
| Payables to credit institutions and central banks | 56,139 | 56,249 | 52,833 | 52,833 |
| Repo deposits | 8,397 | 1,858 | 7,379 | 7,379 |
| Deposits and other payables | 88,174 | 85,605 | 92,895 | 92,895 |
| Equity | 31,604 | 26,802 | 30,856 | 30,856 |
| SELECTED FINANCIAL RATIOS | | | | |
| Profit for the period as % pa of average equity | 5.9 | 10.7 | 10.9 | 10.0 |
| Costs as % of income | 53.4 | 50.8 | 46.9 | 49.5 |
| Average number of staff, full-time equivalent | 1,016 | 962 | 988 | 974 |

¹"Net income relating to customer benefits programmes" is described in detail in "Alternative performance measures" on page 30.

Nykredit Bank posted a highly satisfactory profit for Q1/2022 with a profit before tax of DKK 954 million (Q1/2021: DKK 913 million). The quarter was characterised by continued growth in lending and customers.

Based on financial results, growth and new customers in Q1/2022, we raise our 2022 guidance for profit before tax to DKK 2.8-3.3 billion from the former DKK 2.4-2.9 billion.

Nykredit Bank's mutual benefits programme includes a customer discount, a savings discount and discount on bank home loans.

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 propositions. 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. Finally we offer 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.

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 insurance propositions were well received by customers, and we continue developing products for business and agricultural customers in addition to optimising digital processes for the benefit of our customers.

Yet with the current increase in energy prices, homeowners may suffer hard blows to their wallets. To counter these blows, Nykredit offers various short-term options, for example, helping to pay for extra expenses as well as longer-term options for help to customers wishing to make energy renovations.

As a natural consequence of Russia's invasion of Ukraine, Denmark will be receiving Ukrainian refugees. Nykredit Bank will be assisting Ukrainian refugees wishing to bank with us.

Q1 in summary

Business profit came to DKK 626 million in Q1/2022 (Q1/2021: DKK 676 million), and profit for the period before tax was DKK 954 million (Q1/2021: DKK 913 million).

Income totalled DKK 1,441 million (Q1/2021: DKK 1,351 million), reflecting increased business activity compared to Q1/2021 which positively affected net interest income relative to deposits and lending. In addition, income relating to Asset Management was higher than in the same period last year.

Costs were DKK 769 million (Q1/2021: DKK 687 million). Business volumes and activity increased compared to Q1/2021, which led to rising costs. The Group maintains focus on building business efficiency, while investing significant resources in compliance and implementation of new regulatory requirements, as well as expanding the BEC partnership.

Impairment charges for loans and advances were DKK 46 million (Q1/2021: a net reversal of DKK 12 million). Impairment charges were still impacted by favourable economic trends.

Legacy derivatives resulted in a gain of DKK 329 million (Q1/2021: DKK 237 million). Legacy derivatives are derivatives Nykredit no longer offers to customers.

The bond and equity portfolio stood at DKK 41.2 billion at end-March 2022 (end-2021: DKK 40.0 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.

Lending had risen DKK 5.4 billion to DKK 79.9 billion at end-March 2022 (end-2021: DKK 74.5 billion).

Deposits and other payables amounted to DKK 88.2 billion at end-March 2022 (end-2021: DKK 92.9 billion).

Deposits exceeded lending at amortised cost by DKK 8.3 billion at end-March 2022 (end-2021: DKK 18.4 billion).

DKK million

| Totalkredit | Q1/ 2022 | Q1/ 2021 | Q4/ 2021 | 2021 |
|--|--------------|-------------|--------------|--------------|
| BUSINESS PROFIT AND PROFIT FOR THE PERIOD | | | | |
| Net interest income | 937 | 887 | 977 | 3,716 |
| Net fee income | 279 | 193 | 215 | 814 |
| Net interest from capitalisation | (78) | (60) | (65) | (252) |
| Net income relating to customer benefits programmes | (53) | (61) | (74) | (269) |
| Trading, investment portfolio and other income | (84) | (55) | 19 | (108) |
| Income | 1,002 | 904 | 1,072 | 3,901 |
| Costs | 235 | 199 | 262 | 937 |
| Business profit before impairment charges | 767 | 705 | 808 | 2,964 |
| Impairment charges for loans and advances | (34) | 100 | 53 | 155 |
| Profit before tax | 801 | 604 | 756 | 2,810 |
| Tax | 116 | 77 | 111 | 395 |
| Profit for the period | 685 | 527 | 645 | 2,414 |
| Interest on Additional Tier 1 capital not recognised in profit or loss | 30 | 48 | 55 | 200 |
| SUMMARY BALANCE SHEET | | | | |
| Assets | 31.03.2022 | 31.03.2021 | 31.12.2021 | 31.12.2021 |
| Receivables from credit institutions and central banks | 17,217 | 24,017 | 20,152 | 20,152 |
| Mortgage loans at fair value | 825,450 | 819,224 | 852,688 | 852,688 |
| Bonds at fair value | 52,953 | 66,388 | 79,096 | 79,096 |
| Payables to credit institutions and central banks | 851,684 | 865,703 | 903,688 | 903,688 |
| Bonds in issue at fair value | 3,486 | 4,480 | 3,728 | 3,728 |
| Equity | 35,332 | 34,984 | 38,726 | 38,726 |
| FINANCIAL RATIOS | | | | |
| Profit for the period as % pa of average equity ¹ | 6.1 | 6.7 | 7.8 | 7.5 |
| Costs as % of income | 23.4 | 22.0 | 24.6 | 24.0 |
| Average number of staff, full-time equivalent | 244 | 238 | 240 | 241 |

¹ 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.

Totalkredit delivered a highly satisfactory financial performance in Q1/2022 with profit before tax of DKK 801 million (Q1/2021: DKK 604 million). The results were driven by bond price declines resulting in remortgaging activity.

The alliance with the 45 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 remains strong. Together with our partner banks, which are primarily responsible for the customers, we are committed to helping our customers, especially in difficult times.

In August 2021 the Danish Consumer Council labelled Totalkredit's mortgage loans as "Recommended". 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.

Thanks to the contribution from Forenet Kredit to the Nykredit Group, this will be the sixth consecutive year where customers gain cash benefits from our mutual ownership structure. As a result, Totalkredit has been able to offer discounts on mortgage loans in the form of KundeKroner.

Thanks to a DKK 200 million contribution to the Nykredit Group from Forenet Kredit for green initiatives, we can offer green contributions of DKK 10,000 to up to 3,000 Totalkredit customers who opt to replace their oil-fired boilers with heat pumps. In 2022 the scheme has been expanded to also include customers wishing to replace gas-fired boilers with heat pumps. The scheme has been expanded by 3,000 new vouchers each in the amount of DKK 10,000 in addition to the remaining about 500 vouchers earmarked for replacement of oil-fired boilers.

Sustainability has become an important part of our work, and we are working across the Group to support Denmark's green transition.

Taking another step towards 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 also get a home energy check-up including a home energy labelling. The home energy check-ups are another 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 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 offer Totalkredit business mortgages.

Q1 in summary

Profit before tax amounted to DKK 801 million (Q1/2021: DKK 604 million). Profit for the period as % pa of average equity came to 6.1% (Q1/2021: 6.7%).

Income came to DKK 1,002 million (Q1/2021: DKK 904 million), mainly due to increasing net interest and fee income, driven by high mortgage activity in Q1.

Costs were DKK 235 million (Q1/2021: DKK 199 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 23.4% in (Q1/2021: 22.0%).

Impairment charges for loans and advances were a net reversal of DKK 34 million (Q1/2021: charge of DKK 100 million). Credit quality remains satisfactory.

Mortgage loans at fair value decreased to DKK 825.5 billion compared with end-2021 (end-2021: DKK 852.7 billion). At nominal value, the loan portfolio totalled DKK 883.7 billion at 31 March 2022 (end-2021: DKK 865.8 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 8-14 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 32) 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 – 31 March 2022 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 31 March 2022 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 – 31 March 2022.

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, 5 May 2022

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
Chair

Preben Sunke
Deputy Chair

Olav Bredgaard Brusen*

Michael Demsitz

Per W. Hallgren

Jørgen Høholt

Hans-Ole Jochumsen

Vibeke Krag

Allan Kristiansen*

Mie Krog

Inge Sand*

Kristina Andersen Skiøld*

* Staff-elected member

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

| Nykredit Realkredit A/S | | | | | Nykredit Realkredit Group | |
|---|--------------|--|------|--------------|---------------------------|--|
| Q1/2021 | Q1/2022 | | Note | Q1/2022 | Q1/2021 | |
| INCOME STATEMENTS | | | | | | |
| 4,241 | 4,148 | Interest income | | 6,070 | 5,769 | |
| - | - | Interest income based on the effective interest method | | 444 | 478 | |
| 3,245 | 3,172 | Interest expenses | | 3,645 | 3,394 | |
| 996 | 976 | Net interest income | 6 | 2,868 | 2,853 | |
| 52 | 89 | Dividend on equities etc. | 6 | 92 | 55 | |
| 240 | 227 | Fee and commission income | 5 | 1,188 | 1,082 | |
| 89 | 117 | Fee and commission expenses | | 1,159 | 1,027 | |
| 1,199 | 1,175 | Net interest and fee income | | 2,989 | 2,963 | |
| 645 | 224 | Value adjustments | 6, 7 | 908 | 1,129 | |
| 345 | 442 | Other operating income | | 391 | 367 | |
| 730 | 784 | Staff and administrative expenses | | 1,401 | 1,322 | |
| 71 | 63 | Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets | | 73 | 80 | |
| 36 | 61 | Other operating expenses | | 71 | 46 | |
| 0 | (175) | Impairment charges for loans, advances and receivables etc | 8, 9 | (162) | 91 | |
| 1,279 | 1,449 | Profit from investments in associates and Group enterprises | 10 | 1 | 1 | |
| 2,630 | 2,558 | Profit before tax | | 2,904 | 2,922 | |
| 252 | 166 | Tax | | 497 | 535 | |
| 2,378 | 2,391 | Profit for the period | | 2,407 | 2,387 | |
| Distribution of profit for the period | | | | | | |
| 2,340 | 2,354 | Shareholder of Nykredit Realkredit A/S | | 2,354 | 2,340 | |
| - | - | Minority interests | | 15 | 9 | |
| 38 | 38 | Holders of Additional Tier 1 capital notes | | 38 | 38 | |
| 2,378 | 2,391 | Profit for the period | | 2,407 | 2,387 | |
| COMPREHENSIVE INCOME | | | | | | |
| 2,378 | 2,391 | Profit for the period | | 2,407 | 2,387 | |
| Other comprehensive income | | | | | | |
| Items that cannot be reclassified to profit or loss: | | | | | | |
| (9) | (16) | Actuarial gains/losses on defined benefit plans | | (16) | (9) | |
| 7 | 3 | Tax on actuarial gains/losses on defined benefit plans | | 3 | 7 | |
| (2) | (12) | Total items that cannot be reclassified to profit or loss | | (12) | (2) | |
| (2) | (12) | Other comprehensive income | | (12) | (2) | |
| 2,375 | 2,379 | Comprehensive income for the period | | 2,394 | 2,385 | |
| Distribution of comprehensive income | | | | | | |
| 2,338 | 2,341 | Shareholder of Nykredit Realkredit A/S | | 2,341 | 2,338 | |
| - | - | Minority interests | | 15 | 9 | |
| 38 | 38 | Holders of Additional Tier 1 capital notes | | 38 | 38 | |
| 2,375 | 2,379 | Comprehensive income for the period | | 2,394 | 2,385 | |

BALANCE SHEETS

DKK million

| Nykredit Realkredit A/S | | Nykredit Realkredit Group | | |
|---------------------------|------------------|---|------------------|------------------|
| 31.12.2021 | 31.03.2022 | Note | 31.03.2022 | 31.12.2021 |
| ASSETS | | | | |
| 2,031 | 9 | Cash balances and demand deposits with central banks | 37,926 | 40,129 |
| 41,032 | 39,493 | Receivables from credit institutions and central banks | 7,218 | 5,165 |
| 1,433,537 | 1,369,512 | Loans, advances and other receivables at fair value | 11 1,344,193 | 1,382,803 |
| 252 | 229 | Loans, advances and other receivables at amortised cost | 12 127,287 | 125,796 |
| 28,703 | 29,920 | Bonds at fair value | 13 86,321 | 84,589 |
| 998 | 1,209 | Bonds at amortised cost | 14 1,209 | 998 |
| 6,667 | 6,830 | Equities etc | 7,513 | 7,368 |
| 30 | 28 | Investments in associates | 36 | 40 |
| 70,311 | 67,561 | Investments in Group enterprises | - | - |
| 269 | 280 | Intangible assets | 2,208 | 2,205 |
| Land and buildings | | | | |
| 14 | 14 | Owner-occupied properties | 31 | 31 |
| 377 | 352 | Leased properties | 360 | 380 |
| 390 | 366 | Total | 391 | 412 |
| 195 | 195 | Other property, plant and equipment | 218 | 217 |
| 31 | 347 | Current tax assets | 660 | 49 |
| (0) | (0) | Deferred tax assets | 144 | 130 |
| 8 | 8 | Assets in temporary possession | 12 | 12 |
| 5,726 | 5,716 | Other assets | 20,987 | 23,165 |
| 285 | 390 | Prepayments | 734 | 396 |
| 1,590,464 | 1,522,093 | Total assets | 1,637,058 | 1,673,473 |

BALANCE SHEETS

DKK million

| Nykredit Realkredit A/S | | Nykredit Realkredit Group | | | |
|--------------------------------------|------------------|--|------|------------------|------------------|
| 31.12.2021 | 31.03.2022 | | Note | 31.03.2022 | 31.12.2021 |
| LIABILITIES AND EQUITY | | | | | |
| 2,879 | 4,189 | Payables to credit institutions and central banks | | 21,163 | 14,917 |
| - | - | Deposits and other payables | 15 | 96,482 | 100,076 |
| 1,419,027 | 1,352,114 | Bonds in issue at fair value | 16 | 1,322,973 | 1,362,926 |
| 55,576 | 56,318 | Bonds in issue at amortised cost | 17 | 61,566 | 59,991 |
| 458 | 897 | Other non-derivative financial liabilities at fair value | 18 | 12,859 | 10,830 |
| - | - | Current tax liabilities | | 8 | 36 |
| 8,057 | 6,198 | Other liabilities | | 18,858 | 19,424 |
| - | - | Deferred income | | 9 | 12 |
| 1,485,997 | 1,419,716 | Total payables | | 1,533,919 | 1,568,211 |
| Provisions | | | | | |
| 28 | 25 | Provisions for pensions and similar obligations | | 26 | 29 |
| 89 | 186 | Provisions for deferred tax | | 381 | 301 |
| 28 | 27 | Repayable reserves in pre-1972 series | | 27 | 28 |
| - | - | Provisions for losses under guarantees | | 297 | 331 |
| 85 | 68 | Other provisions | | 214 | 245 |
| 229 | 306 | Total provisions | | 945 | 934 |
| 10,737 | 10,571 | Subordinated debt | 19 | 10,571 | 10,737 |
| Equity | | | | | |
| 1,182 | 1,182 | Share capital | | 1,182 | 1,182 |
| Accumulated value adjustments | | | | | |
| - | - | - revaluation reserves | | 3 | 3 |
| Other reserves | | | | | |
| 30,727 | 31,978 | - statutory reserves | | - | - |
| 32,555 | 32,555 | - series reserves | | 32,555 | 32,555 |
| 3,203 | 3,203 | - non-distributable reserve fund | | 4,849 | 4,849 |
| 17,702 | 18,792 | - retained earnings | | 49,120 | 46,780 |
| 4,380 | - | - proposed dividend | | - | 4,380 |
| 89,750 | 87,710 | Shareholder of Nykredit Realkredit A/S | | 87,710 | 89,750 |
| - | - | Minority interests | | 127 | 112 |
| 3,751 | 3,790 | Holders of Additional Tier 1 capital | | 3,785 | 3,729 |
| 93,501 | 91,500 | Total equity | | 91,623 | 93,591 |
| 1,590,464 | 1,522,093 | Total liabilities and equity | | 1,637,058 | 1,673,473 |
| OFF-BALANCE SHEET ITEMS | | | | | |
| - | - | Contingent liabilities | | 9,059 | 8,987 |
| 8,615 | 9,588 | Other commitments | | 21,018 | 23,087 |
| 8,615 | 9,588 | Total | | 30,077 | 32,074 |

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 |
|--|----------------------------|----------------------|-----------------|---|-------------------|-------------------|--|--------------------|--|---------------|
| 2022 | | | | | | | | | | |
| Equity, 1 January | 1,182 | 3 | 32,555 | 4,849 | 46,780 | 4,380 | 89,750 | 112 | 3,729 | 93,591 |
| Profit for the period | - | - | - | - | 2,354 | - | 2,354 | 15 | 38 | 2,407 |
| Total other comprehensive income | - | - | - | - | (12) | - | (12) | - | - | (12) |
| Total comprehensive income | - | - | - | - | 2,341 | - | 2,341 | 15 | 38 | 2,394 |
| Foreign currency translation adjustment of Additional Tier 1 capital | - | - | - | - | (1) | - | (1) | - | 1 | - |
| Change in own portfolio | - | - | - | - | - | - | - | - | 18 | 18 |
| Distributed dividend | - | - | - | - | - | (4,380) | (4,380) | - | - | (4,380) |
| Equity, 31 March | 1,182 | 3 | 32,555 | 4,849 | 49,120 | - | 87,710 | 127 | 3,785 | 91,623 |
| 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 | - | - | - | - | 2,340 | - | 2,340 | 9 | 38 | 2,387 |
| Total other comprehensive income | - | - | - | - | (2) | - | (2) | - | - | (2) |
| Total comprehensive income | - | - | - | - | 2,338 | - | 2,338 | 9 | 38 | 2,385 |
| Foreign currency translation adjustment of Additional Tier 1 capital | - | - | - | - | 1 | - | 1 | - | (1) | - |
| Realised from the sale of properties | - | (4) | - | - | 4 | - | - | - | - | - |
| Distributed dividend | - | - | - | - | - | (2,230) | (2,230) | - | - | (2,230) |
| Equity, 31 March | 1,182 | 1 | 41,762 | 4,849 | 38,239 | - | 86,034 | 105 | 3,789 | 89,929 |

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 Non-distributable reserve fund of DKK 1,646 million in Totalkredit A/S and DKK 3,203 million in Nykredit Realkredit 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. 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 |
|--|----------------------------|--------------------------------|---------------------------------|-----------------|-------------------|-------------------|--|--|---------------|
| 2022 | | | | | | | | | |
| Equity, 1 January | 1,182 | 3,203 | 30,727 | 32,555 | 17,702 | 4,380 | 89,750 | 3,751 | 93,501 |
| Profit for the period | - | - | 1,449 | - | 905 | - | 2,354 | - | 2,354 |
| Total other comprehensive income | - | - | - | - | (12) | - | (12) | 38 | 26 |
| Total comprehensive income | - | - | 1,449 | - | 893 | - | 2,341 | 38 | 2,379 |
| Foreign currency translation adjustment of Additional Tier 1 capital | - | - | - | - | (1) | - | (1) | 1 | - |
| Distributed dividend | - | - | - | - | - | (4,380) | (4,380) | - | (4,380) |
| Dividend from Group enterprises | - | - | (198) | - | 198 | - | - | - | - |
| Other reserves transferred to retained earnings | - | - | 0 | - | (0) | - | - | - | - |
| Equity, 31 March | 1,182 | 3,203 | 31,978 | 32,555 | 18,792 | - | 87,710 | 3,790 | 91,500 |
| 2021 | | | | | | | | | |
| 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 | - | - | 1,279 | - | 1,061 | - | 2,340 | 38 | 2,378 |
| Total other comprehensive income | - | - | - | - | (2) | - | (2) | - | (2) |
| Total comprehensive income | - | - | 1,279 | - | 1,059 | - | 2,338 | 38 | 2,375 |
| Foreign currency translation adjustment of Additional Tier 1 capital | - | - | - | - | 1 | - | 1 | (1) | - |
| Distributed dividend | - | - | - | - | - | (2,230) | (2,230) | - | (2,230) |
| Dividend from Group enterprises | - | - | (197) | - | 197 | - | - | - | - |
| Equity, 31 March | 1,182 | 3,203 | 26,811 | 41,762 | 13,075 | - | 86,034 | 3,789 | 89,824 |

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. 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%.

CASH FLOW STATEMENT

DKK million

| Nykredit Realkredit Group | Q1/2022 | Q1/2021 |
|--|----------------|----------------|
| Profit for the period | 2,407 | 2,387 |
| Adjustments | | |
| Net interest income | (2,868) | (2,853) |
| Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets | 73 | 80 |
| Profit from investments in associates | (1) | (1) |
| Impairment charges for loans, advances and receivables etc | (204) | 91 |
| Prepayments/deferred income, net | (341) | (291) |
| Tax calculated on profit for the period | 497 | 535 |
| Other adjustments | (467) | (881) |
| Total | (904) | (933) |
| Change in operating capital | | |
| Loans, advances and other receivables | 37,323 | 3,881 |
| Deposits and payables to credit institutions | 2,652 | (9,983) |
| Bonds in issue | (38,378) | 1,841 |
| Other operating capital | 3,305 | 3,721 |
| Total | 3,997 | (1,474) |
| Interest income received | 6,596 | 6,152 |
| Interest expenses paid | (3,418) | (3,486) |
| Corporation tax paid, net | (1,067) | (931) |
| Cash flows from operating activities | 6,109 | 261 |
| Cash flows from investing activities | | |
| Sale of associates | 3 | - |
| Dividend received from associates | 2 | 2 |
| Purchase and sale of bonds and equities, net | (1,875) | (4,780) |
| Purchase of intangible assets | (28) | (180) |
| Sale of intangible assets | 3 | 157 |
| Purchase of property, plant and equipment | (14) | (3) |
| Sale of property, plant and equipment | (0) | 19 |
| Total | (1,909) | (4,786) |
| Cash flows from financing activities | | |
| Issuance of subordinated debt instruments | - | 725 |
| Distributed dividend | (4,380) | (2,230) |
| Purchase and sale of self-issued subordinated debt instruments | - | 3 |
| Payment of lease liabilities | (42) | (40) |
| Total | (4,422) | (1,542) |
| Total cash flows for the period | (222) | (6,067) |
| Cash and cash equivalents, beginning of period | 45,294 | 59,361 |
| Foreign currency translation adjustment of cash | 72 | 143 |
| Total cash flows for the period | (222) | (6,067) |
| Cash and cash equivalents, end of period | 45,144 | 53,437 |
| Cash and cash equivalents, end of period: | | |
| Cash balances and demand deposits with central banks | 37,926 | 33,897 |
| Receivables from credit institutions and central banks | 7,218 | 19,540 |
| Total | 45,144 | 53,437 |

NOTES

Nykredit Realkredit Group

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1. ACCOUNTING POLICIES

General

The Consolidated Financial Statements for Q1/2022 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 Q1/2022 have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc (the Danish Executive Order on Financial Reports) issued by the Danish Financial Supervisory Authority (FSA).

The accounting policies of Nykredit Realkredit A/S and the Nykredit Realkredit Group are unchanged compared with the Annual Report for 2021 (note 1) and compared with the information disclosed in the Annual Report for 2021, 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 Interim Report 2022.

Full accounting policies as well as a description of the Company's and the Group's material risks appear from the Annual Report for 2021 (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.

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 2021 to which reference is made.

Loans, advances and receivables are still subject to high general uncertainty about the impacts of the covid-19 pandemic, as payment of tax and VAT deferred during the pandemic could lead to increased risk of generally lower credit quality and of more bankruptcies. Nevertheless, pandemic-related uncertainty is considered lower compared with end-2021. Consequently, in Q1/2022 covid-19-induced impairments of about DKK 0.8 billion have been reversed.

The war in Ukraine has also increased uncertainty about the measurement of lending and receivables, as sanctions against Russia and the situation in Ukraine could impact our customers' trading with these countries and with that their credit quality. In addition, we could see elevated credit risk as a consequence of higher inflation and energy prices, which could adversely impact the financial position of personal as well as business customers.

Impairment provisions of about DKK 1.0 billion have been taken to counter the increased risk from the war in Ukraine.

Please refer to the Management Commentary, page 21.

NOTES

DKK million

| Nykredit Realkredit A/S | | Nykredit Realkredit Group | | |
|--|----------------|--|----------------|----------------|
| 31.12.2021 | 31.03.2022 | 31.03.2022 | 31.12.2021 | |
| 2. CAPITAL AND CAPITAL ADEQUACY | | | | |
| 93,501 | 91,500 | Equity for accounting purposes | 91,623 | 93,591 |
| - | - | Minority interests not included | (127) | (112) |
| (3,751) | (3,790) | Carrying amount of Additional Tier 1 capital recognised in equity | (3,785) | (3,729) |
| - | (2,354) | Profit etc for Q1/2022 not included | (2,354) | 0 |
| 89,750 | 85,357 | Equity excluding Additional Tier 1 capital and minority interests | 85,357 | 89,750 |
| (4,380) | - | Proposed dividend | - | (4,380) |
| (23) | (33) | Prudent valuation adjustment | (84) | (75) |
| - | - | Minority interests | 62 | 51 |
| (97) | (31) | Intangible assets excluding deferred tax liabilities | (1,958) | (2,032) |
| (320) | (307) | Other regulatory adjustments | (307) | (320) |
| - | - | Deduction for non-performing exposures | (19) | (34) |
| (4,820) | (370) | Common Equity Tier 1 regulatory deductions | (2,305) | (6,791) |
| 84,930 | 84,986 | Common Equity Tier 1 capital | 83,051 | 82,959 |
| 3,696 | 3,715 | Additional Tier 1 capital | 3,726 | 3,706 |
| - | - | Additional Tier 1 regulatory deductions | (22) | (21) |
| 3,696 | 3,715 | Total Additional Tier 1 capital after regulatory deductions | 3,704 | 3,685 |
| 88,626 | 88,701 | Tier 1 capital | 86,756 | 86,644 |
| 10,766 | 10,761 | Tier 2 capital | 10,775 | 10,777 |
| 1,876 | 2,010 | Tier 2 regulatory adjustments | 2,207 | 2,049 |
| 101,268 | 101,471 | Own funds | 99,737 | 99,471 |
| 522,958 | 517,905 | Credit risk | 379,196 | 350,326 |
| 11,587 | 16,366 | Market risk | 29,457 | 24,075 |
| 12,672 | 14,161 | Operational risk | 29,738 | 27,244 |
| 547,218 | 548,432 | Total risk exposure amount | 438,391 | 401,644 |
| Financial ratios | | | | |
| 15.5 | 15.4 | Common Equity Tier 1 capital ratio, % | 18.9 | 20.6 |
| 16.1 | 16.1 | Tier 1 capital ratio, % | 19.7 | 21.5 |
| 18.5 | 18.5 | Total capital ratio, % | 22.7 | 24.7 |

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% in Denmark which must also be met with Common Equity Tier 1 capital. The countercyclical buffer is currently 0%.

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.

| Results Q1/2022 | Personal Banking | Business Banking | Total Retail | Corporates & Institutions | Total Banking | Totalkredit Partners | Wealth Management | Group Items | Total |
|--|------------------|------------------|----------------|---------------------------|----------------|----------------------|-------------------|---------------|------------------|
| Results by business area | | | | | | | | | |
| Net interest income | 489 | 676 | 1,166 | 541 | 1,707 | 785 | 56 | (2) | 2,546 |
| Net fee income | 181 | 153 | 334 | 116 | 450 | 188 | 9 | (12) | 635 |
| Wealth management income | 115 | 35 | 150 | 37 | 187 | - | 396 | 8 | 592 |
| Net interest from capitalisation | (20) | (28) | (48) | (37) | (85) | (72) | (3) | 23 | (138) |
| Net income relating to customer benefits programmes ¹ | - | - | - | - | - | - | - | (81) | (81) |
| Trading, investment portfolio and other income | 8 | 90 | 98 | 163 | 261 | (1) | 13 | 134 | 406 |
| Income | 774 | 926 | 1,699 | 820 | 2,520 | 900 | 471 | 69 | 3,959 |
| Costs | 600 | 310 | 911 | 187 | 1,097 | 192 | 232 | 25 | 1,546 |
| Business profit before impairment charges | 173 | 615 | 789 | 634 | 1,423 | 708 | 239 | 44 | 2,414 |
| Impairment charges for loans and advances | (129) | 30 | (99) | 1 | (98) | (34) | (23) | (8) | (162) |
| Business profit | 302 | 585 | 887 | 633 | 1,520 | 742 | 262 | 52 | 2,575 |
| Legacy derivatives | 31 | 164 | 195 | 134 | 329 | - | 0 | - | 329 |
| Profit before tax | 333 | 749 | 1,082 | 767 | 1,849 | 742 | 262 | 52 | 2,904 |
| BALANCE SHEET, 31 MARCH 2022 | | | | | | | | | |
| Assets | | | | | | | | | |
| Mortgage loans etc at fair value | 163,396 | 209,423 | 372,819 | 255,281 | 628,100 | 704,066 | 11,755 | - | 1,343,920 |
| Reverse repurchase lending | | | | | | | | 47,043 | 47,043 |
| Loans and advances at amortised cost | 11,554 | 26,890 | 38,444 | 36,534 | 74,978 | - | 4,869 | 397 | 80,244 |
| Assets by business area | 174,950 | 236,313 | 411,264 | 291,815 | 703,078 | 704,066 | 16,624 | 47,440 | 1,471,207 |
| Unallocated assets | | | | | | | | | 165,850 |
| Total assets | | | | | | | | | 1,637,058 |
| Liabilities and equity | | | | | | | | | |
| Repo deposits | | | | | | | | 8,397 | 8,397 |
| Bank deposits and other payables at amortised cost | 39,596 | 24,402 | 63,999 | 8,406 | 72,405 | - | 14,071 | 1,609 | 88,085 |
| Liabilities by business area | 39,596 | 24,402 | 63,999 | 8,406 | 72,405 | - | 14,071 | 10,006 | 96,482 |
| Unallocated liabilities | | | | | | | | | 1,448,953 |
| Equity | | | | | | | | | 91,623 |
| Total liabilities and equity | | | | | | | | | 1,637,058 |

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 Q1/2021 | Personal Banking | Business Banking | Total Retail | Corporates & Institutions | Total Banking | Totalkredit Partners | Wealth Management | Group Items | Total |
|--|------------------|------------------|--------------|---------------------------|---------------|----------------------|-------------------|-------------|--------------|
| RESULTS BY BUSINESS AREA | | | | | | | | | |
| Net interest income | 484 | 671 | 1,155 | 506 | 1,661 | 745 | 46 | 1 | 2,454 |
| Net fee income | 160 | 125 | 285 | 147 | 433 | 151 | 10 | (10) | 584 |
| Wealth management income | 112 | 33 | 145 | 36 | 181 | - | 356 | 7 | 544 |
| Net interest from capitalisation | (18) | (26) | (44) | (31) | (75) | (61) | (2) | 24 | (114) |
| Net income relating to customer benefits programmes ¹ | - | - | - | - | - | - | - | (72) | (72) |
| Trading, investment portfolio and other income | 5 | 56 | 60 | 147 | 207 | (2) | 16 | 606 | 826 |
| Income | 743 | 858 | 1,601 | 806 | 2,407 | 834 | 426 | 556 | 4,223 |
| Costs | 558 | 286 | 845 | 170 | 1,015 | 169 | 205 | 58 | 1,447 |
| Business profit before impairment charges | 185 | 572 | 757 | 635 | 1,392 | 665 | 221 | 499 | 2,776 |
| Impairment charges for loans and advances | (32) | 138 | 106 | (115) | (8) | 87 | 12 | 0 | 91 |
| Business profit | 217 | 433 | 650 | 750 | 1,400 | 578 | 209 | 498 | 2,685 |
| Legacy derivatives | (2) | 127 | 125 | 112 | 237 | - | 0 | - | 237 |
| Profit before tax | 215 | 560 | 775 | 862 | 1,637 | 578 | 209 | 498 | 2,922 |

BALANCE SHEET, 31 MARCH 2021

Assets

| | | | | | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|------------------|
| Mortgage loans etc at fair value | 171,946 | 220,095 | 392,041 | 253,964 | 646,005 | 691,101 | 11,549 | - | 1,348,654 |
| Reverse repurchase lending | | | | | | | | 36,282 | 36,282 |
| Loans and advances at amortised cost | 11,408 | 24,859 | 36,267 | 30,540 | 66,807 | - | 3,786 | 59 | 70,651 |
| Assets by business area | 183,353 | 244,955 | 428,308 | 284,504 | 712,811 | 691,101 | 15,334 | 36,341 | 1,455,588 |
| Unallocated assets | | | | | | | | | 205,397 |
| Total assets | | | | | | | | | 1,660,985 |

Liabilities and equity

| | | | | | | | | | |
|--|---------------|---------------|---------------|--------------|---------------|----------|---------------|--------------|------------------|
| Repo deposits | | | | | | | | 3,858 | 3,858 |
| Bank deposits and other payables at amortised cost | 40,128 | 23,456 | 63,584 | 7,197 | 70,781 | - | 13,397 | 1,358 | 85,536 |
| Liabilities by business area | 40,128 | 23,456 | 63,584 | 7,197 | 70,781 | - | 13,397 | 5,217 | 89,394 |
| Unallocated liabilities | | | | | | | | | 1,481,661 |
| Equity | | | | | | | | | 89,929 |
| Total liabilities and equity | | | | | | | | | 1,660,985 |

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

| | Q1/2022 | | | Q1/2021 | | |
|---|--|------------------|------------------|--|------------------|------------------|
| | Earnings presentation in Management Commentary | Reclassification | Income statement | Earnings presentation in Management Commentary | Reclassification | Income statement |
| Net interest income | 2,546 | 322 | 2,868 | 2,454 | 398 | 2,853 |
| Dividend on equities etc | | 92 | 92 | | 55 | 55 |
| Fee and commission income, net | 635 | (606) | 29 | 584 | (528) | 56 |
| Net interest and fee income | | (192) | 2,989 | | (76) | 2,963 |
| Wealth management income | 592 | (592) | - | 544 | (544) | - |
| Net interest from capitalisation | (138) | 138 | - | (114) | 114 | - |
| Net income relating to customer benefits programmes | (81) | 81 | - | (72) | 72 | - |
| Trading, investment portfolio and other income | 406 | (406) | - | 826 | (826) | - |
| Value adjustments | | 908 | 908 | | 1,129 | 1,129 |
| Other operating income | | 391 | 391 | | 367 | 367 |
| Income | 3,959 | | | 4,223 | | |
| Costs | 1,546 | - | 1,546 | 1,447 | - | 1,447 |
| Business profit before impairment charges | 2,414 | | | 2,776 | | |
| Impairment charges for loans and advances etc | (162) | - | (162) | 91 | - | 91 |
| Profit from investments in associates and Group enterprises | | 1 | 1 | | 1 | 1 |
| Business profit | 2,575 | | | 2,685 | | |
| Legacy derivatives | 329 | (329) | - | 237 | (237) | - |
| Profit before tax | 2,904 | - | 2,904 | 2,922 | - | 2,922 |

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 | Q1/2022 | Q1/2021 |
|---|--------------|--------------|
| 5. FEE AND COMMISSION INCOME | | |
| Revenue from contracts with customers (IFRS 15) by business area | | |
| Retail | 176 | 156 |
| Corporates & Institutions | 114 | 112 |
| Total Banking | 290 | 268 |
| Totalkredit Partners | 278 | 248 |
| Wealth Management | 586 | 545 |
| Group Items | 22 | 8 |
| Total | 1,176 | 1,069 |
| Total including income from financial guarantees | 1,188 | 1,082 |

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

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

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

Revenue comprised by IFRS 15 mainly relates to:

- Fees in connection with deposits, 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

| Q1/2022 | 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 | (28) | 7 | (34) | - | - | (34) |
| Lending and deposits | 471 | (101) | 572 | - | 3 | 574 |
| Repo transactions and reverse repurchase lending | (70) | (12) | (58) | - | - | (58) |
| Bonds | (1) | - | (1) | - | - | (1) |
| Subordinated debt | - | 53 | (53) | - | - | (53) |
| Other financial instruments | 31 | 22 | 9 | - | - | 9 |
| Total | 404 | (31) | 435 | - | 3 | 437 |
| Financial portfolios at fair value and financial instruments at fair value | | | | | | |
| Mortgage loans and bonds in issue ¹ | 5,514 | 3,129 | 2,385 | - | 46 | 2,431 |
| - of which administration margin income | 2,446 | - | 2,446 | - | - | 2,446 |
| Bonds | 57 | - | 57 | - | (1,206) | (1,149) |
| Equities etc | - | - | - | 92 | 209 | 301 |
| Derivative financial instruments | (9) | - | (9) | - | 1,822 | 1,813 |
| Total | 5,562 | 3,129 | 2,433 | 92 | 871 | 3,396 |
| Foreign currency translation adjustment | | | | | 34 | 34 |
| Net interest income etc and value adjustments | 5,965 | 3,097 | 2,868 | 92 | 908 | 3,868 |
| Negative interest income | 243 | 243 | - | | | |
| Positive interest expenses | 305 | 305 | - | | | |
| Total | 6,513 | 3,645 | 2,868 | | | |
| KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to | 396 | | | | | |
| Q1/2021 | | | | | | |
| Financial portfolios at amortised cost | | | | | | |
| Receivables from and payables to credit institutions and central banks | (11) | 20 | (31) | - | - | (31) |
| Lending and deposits | 478 | (41) | 519 | - | 2 | 521 |
| Repo transactions and reverse repurchase lending | (42) | (15) | (27) | - | - | (27) |
| Bonds | (1) | - | (1) | - | - | (1) |
| Subordinated debt | - | 88 | (88) | - | - | (88) |
| Other financial instruments | 35 | 25 | 10 | - | - | 10 |
| Total | 460 | 77 | 383 | - | 2 | 385 |
| Financial portfolios at fair value and financial instruments at fair value | | | | | | |
| Mortgage loans and bonds in issue ¹ | 5,352 | 2,965 | 2,387 | - | 129 | 2,515 |
| - of which administration margin income | 2,373 | - | 2,373 | - | - | 2,373 |
| Bonds | 63 | - | 63 | - | (192) | (129) |
| Equities etc | - | - | - | 55 | 691 | 746 |
| Derivative financial instruments | 20 | - | 20 | - | 447 | 468 |
| Total | 5,435 | 2,965 | 2,470 | 55 | 1,075 | 3,600 |
| Foreign currency translation adjustment | | | | | 51 | 51 |
| Net interest income etc and value adjustments | 5,895 | 3,042 | 2,853 | 55 | 1,129 | 4,036 |
| Negative interest income | 154 | 154 | - | | | |
| Positive interest expenses | 198 | 198 | - | | | |
| Total | 6,247 | 3,394 | 2,853 | | | |
| KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to | 375 | | | | | |

¹ Recognised at fair value under the fair value option.

NOTES

DKK million

| Nykredit Realkredit A/S | | Nykredit Realkredit Group | |
|--|------------|---------------------------|--------------|
| Q1/2021 | Q1/2022 | Q1/2022 | Q1/2021 |
| 7. VALUE ADJUSTMENTS | | | |
| Assets measured at fair value through profit or loss | | | |
| (4,054) | (15,007) | (63,904) | (19,609) |
| (15,537) | (48,842) | - | - |
| (5) | (2) | 3 | 2 |
| (197) | (1,303) | (1,206) | (192) |
| 657 | 199 | 209 | 691 |
| 1 | (27) | 34 | 51 |
| 60 | 1,312 | 1,820 | 446 |
| - | - | 2 | 1 |
| Liabilities measured at fair value through profit or loss | | | |
| 4,182 | 15,053 | 63,950 | 19,738 |
| 15,537 | 48,842 | (0) | - |
| 645 | 224 | 908 | 1,129 |

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 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Balance, 1 January | 6,515 | 6,652 | 2,755 | 3,012 | 24 | 22 | 331 | 241 | 9,625 | 9,928 |
| New impairment provisions as a result of additions and change in credit risk | 1,121 | 2,086 | 767 | 720 | 1 | 3 | 113 | 153 | 2,002 | 2,962 |
| Releases as a result of redemptions and change in credit risk | 1,329 | 1,936 | 683 | 777 | 6 | 3 | 147 | 93 | 2,165 | 2,810 |
| Impairment provisions written off | 55 | 127 | 12 | 78 | - | - | - | - | 66 | 206 |
| Other adjustments and interest from impaired facilities | - | - | 12 | 14 | - | - | - | - | 12 | 14 |
| Transferred to "Impairment provisions for properties acquired by foreclosure" | - | 0 | - | - | - | - | - | - | - | 0 |
| Total impairment provisions | 6,252 | 6,674 | 2,840 | 2,890 | 18 | 22 | 297 | 300 | 9,407 | 9,888 |
| Earnings impact | | | | | | | | | | |
| Change in impairment provisions for loans and advances (stages 1-3) | (208) | 150 | 85 | (57) | (5) | 1 | (34) | 59 | (163) | 152 |
| Write-offs for the period, not previously written down for impairment | 19 | 33 | 3 | 7 | - | - | - | - | 22 | 41 |
| Recoveries on claims previously written off | (19) | (26) | (8) | (18) | - | - | - | - | (27) | (44) |
| Total | (208) | 157 | 80 | (68) | (5) | 1 | (34) | 59 | (168) | 149 |
| Value adjustment of assets in temporary possession | (1) | 1 | - | - | - | - | - | - | (1) | 1 |
| Value adjustment of claims previously written off | 26 | (15) | 6 | (4) | - | - | - | - | 32 | (19) |
| Losses offset, in accordance with partnership agreement ² | (25) | (40) | - | - | - | - | - | - | (25) | (40) |
| Earnings impact | (208) | 103 | 86 | (71) | (5) | 1 | (34) | 59 | (162) | 91 |

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 c. Loans, advances and guarantees etc by stage

| 31 March 2022 | Stage 1 | Stage 2 | Stage 3 | Total |
|--|------------------|---------------|---------------|------------------|
| Loans and advances at fair value, gross | | | | |
| Loans and advances at fair value, gross | 1,293,016 | 38,936 | 18,493 | 1,350,445 |
| Total impairment provisions, end of period | 1,812 | 1,744 | 2,696 | 6,252 |
| Value, end of period | 1,291,205 | 37,191 | 15,797 | 1,344,193 |
| Loans and advances at amortised cost excluding credit institutions, gross | | | | |
| Loans and advances at amortised cost excluding credit institutions, gross | 112,582 | 15,176 | 2,369 | 130,127 |
| Total impairment provisions, end of period | 392 | 857 | 1,590 | 2,840 |
| Value, end of period | 112,190 | 14,319 | 778 | 127,287 |
| Guarantees etc | | | | |
| Guarantees etc | 48,999 | 1,961 | 393 | 51,353 |
| Total impairment provisions, end of period | 82 | 132 | 83 | 297 |
| Value, end of period | 48,917 | 1,829 | 310 | 51,056 |
| End-2021 | | | | |
| Loans and advances at fair value, gross | | | | |
| Loans and advances at fair value, gross | 1,332,017 | 37,192 | 20,109 | 1,389,318 |
| Total impairment provisions, end of period | 1,646 | 1,822 | 3,047 | 6,515 |
| Value, end of period | 1,330,370 | 35,370 | 17,063 | 1,382,803 |
| Loans and advances at amortised cost excluding credit institutions, gross | | | | |
| Loans and advances at amortised cost excluding credit institutions, gross | 111,845 | 14,366 | 2,340 | 128,551 |
| Total impairment provisions, end of period | 354 | 809 | 1,591 | 2,755 |
| Value, end of period | 111,491 | 13,557 | 748 | 125,796 |
| Guarantees etc | | | | |
| Guarantees etc | 32,451 | 2,505 | 391 | 35,347 |
| Total impairment provisions, end of period | 69 | 169 | 94 | 331 |
| Value, end of period | 32,382 | 2,336 | 297 | 35,016 |

Comparative figures have been restated, as credit commitments have not been included in this note in 2021.

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 |
|--|-------------------------------------|-------------------------------------|---------------------|---------------------|--------------|--------------|
| Total impairment provisions | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Beginning of period | 4,793 | 5,019 | 13 | 10 | 4,806 | 5,029 |
| New impairment provisions as a result of additions and change in credit risk | 696 | 1,460 | - | - | 696 | 1,460 |
| Releases as a result of redemptions and change in credit risk | 891 | 1,452 | 1 | 2 | 892 | 1,454 |
| Impairment provisions written off | 14 | 60 | - | - | 14 | 60 |
| Total impairment provisions | 4,584 | 4,967 | 12 | 8 | 4,596 | 4,974 |
| Earnings impact | | | | | | |
| Change in impairment provisions for loans and advances (stages 1-3) | (195) | 8 | (1) | (2) | (196) | 6 |
| Write-offs for the period, not previously written down for impairment | 12 | 19 | - | - | 12 | 19 |
| Recoveries on claims previously written off | (12) | (18) | - | - | (12) | (18) |
| Total | (195) | 10 | (1) | (2) | (195) | 8 |
| Value adjustment of assets in temporary possession | 0 | 5 | - | - | 0 | 5 |
| Value adjustment of claims previously written off | 20 | (12) | - | - | 20 | (12) |
| Earnings impact | (175) | 2 | (1) | (2) | (175) | 0 |

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DKK million

Nykredit Realkredit A/S

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

| 9 b. Total impairment provisions by stage 2022 | Loans and advances at fair value | | | Total |
|--|----------------------------------|--------------|--------------|--------------|
| | Stage 1 | Stage 2 | Stage 3 | |
| Total, 1 January 2022 | 1,141 | 1,136 | 2,530 | 4,806 |
| Transfer to stage 1 | 363 | (356) | (7) | - |
| Transfer to stage 2 | (35) | 131 | (96) | - |
| Transfer to stage 3 | (1) | (19) | 20 | - |
| Impairment provisions for new loans and advances (additions) | 138 | 143 | 28 | 309 |
| Additions as a result of change in credit risk | 84 | 227 | 76 | 387 |
| Releases as a result of change in credit risk | 417 | 143 | 331 | 892 |
| Previously written down for impairment, now written off | - | - | 14 | 14 |
| Total impairment provisions, end of period | 1,272 | 1,118 | 2,206 | 4,596 |
| Impairment provisions, end of period, are moreover attributable to: | | | | |
| Credit institutions | 12 | - | - | 12 |
| Earnings impact for Q1/2022 | (195) | 226 | (227) | (196) |
| 2021 | Loans and advances at fair value | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Total, 1 January 2021 | 1,221 | 1,459 | 2,350 | 5,029 |
| Transfer to stage 1 | 537 | (537) | (0) | - |
| Transfer to stage 2 | (76) | 371 | (295) | - |
| Transfer to stage 3 | (2) | (289) | 290 | - |
| Impairment provisions for new loans and advances (additions) | 253 | 158 | 77 | 487 |
| Additions as a result of change in credit risk | 139 | 546 | 287 | 973 |
| Releases as a result of change in credit risk | 831 | 277 | 346 | 1,454 |
| Previously written down for impairment, now written off | - | - | 60 | 60 |
| Total impairment provisions, end of period | 1,240 | 1,431 | 2,303 | 4,974 |
| Impairment provisions, end of period, are moreover attributable to: | | | | |
| Credit institutions | 8 | - | - | 8 |
| Earnings impact for Q1/2021 | (440) | 428 | 18 | 6 |

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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

| 31 March 2022 | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------------|---------------|---------------|----------------|
| Loans and advances etc at fair value, gross | | | | |
| Loans and advances etc at fair value, gross | 488,956 | 20,680 | 13,690 | 523,326 |
| Total impairment provisions, end of period | 1,260 | 1,118 | 2,206 | 4,584 |
| Loans and advances, carrying amount | 487,696 | 19,562 | 11,485 | 518,743 |
| | | | | |
| End-2021 | Stage 1 | Stage 2 | Stage 3 | Total |
| Loans and advances etc at fair value, gross | | | | |
| Loans and advances etc at fair value, gross | 501,043 | 18,672 | 15,195 | 534,909 |
| Total impairment provisions, end of period | 1,128 | 1,136 | 2,530 | 4,793 |
| Loans and advances, carrying amount | 499,915 | 17,536 | 12,665 | 530,116 |

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DKK million

| Nykredit Realkredit A/S | | Nykredit Realkredit Group | |
|--|--------------|---------------------------|-----------|
| Q1/2021 | Q1/2022 | Q1/2022 | Q1/2021 |
| 9. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (PARENT) (CONTINUED) | | | |
| 9 d. Impairment provisions for properties acquired by foreclosure | | | |
| 28 | 18 | 21 | 31 |
| - | - | - | 0 |
| 13 | 0 | 0 | 13 |
| (8) | - | (1) | (12) |
| (3) | - | - | (3) |
| 30 | 18 | 21 | 30 |
| 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 | 0 | 1 | 1 |
| 1,279 | 1,449 | - | - |
| 1,279 | 1,449 | 1 | 1 |

NOTES

DKK million

| Nykredit Realkredit A/S | | Nykredit Realkredit Group | | |
|--|------------------|---|------------------|------------------|
| 31.12.2021 | 31.03.2022 | | 31.03.2022 | 31.12.2021 |
| 11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE | | | | |
| 529,970 | 518,611 | Mortgage loans | 1,343,920 | 1,382,551 |
| 146 | 131 | Arrears and outlays | 273 | 252 |
| 790 | 209 | Loans to Totalkredit serving as collateral in capital centres | - | - |
| 902,631 | 850,560 | Totalkredit mortgage loan funding | - | 0 |
| 1,433,537 | 1,369,512 | Total | 1,344,193 | 1,382,803 |
| 11 a. Mortgage loans | | | | |
| 523,062 | 525,274 | Balance, beginning of period, nominal value | 1,391,076 | 1,321,486 |
| 65,220 | 19,123 | New loans | 99,401 | 290,012 |
| 1 | 103 | Indexation | 103 | 1 |
| (637) | (341) | Foreign currency translation adjustment | (341) | (637) |
| (15,016) | (3,873) | Ordinary principal payments | (8,902) | (32,545) |
| (47,356) | (11,785) | Prepayments and extraordinary principal payments | (69,138) | (187,240) |
| 525,274 | 528,502 | Balance, end of period, nominal value | 1,412,201 | 1,391,076 |
| 9,390 | (5,387) | Adjustment for interest rate risk etc | (62,152) | (2,158) |
| Adjustment for credit risk | | | | |
| (4,695) | (4,503) | Impairment | (6,128) | (6,368) |
| 529,970 | 518,611 | Balance, end of period, fair value | 1,343,920 | 1,382,551 |
| As collateral for loans and advances, Nykredit has received mortgages over real estate and: | | | | |
| 67,228 | 69,759 | Supplementary guarantees totalling | 116,159 | 115,899 |
| 863 | 599 | Interim loan guarantees totalling | 28,362 | 30,501 |
| 2,599 | 2,215 | Mortgage registration guarantees etc totalling | 37,710 | 25,256 |
| 11 b. Arrears and outlays | | | | |
| 231 | 204 | Arrears before impairment provisions | 376 | 378 |
| 14 | 8 | Outlays before impairment provisions | 20 | 22 |
| (99) | (80) | Individual impairment provisions for arrears and outlays | (124) | (147) |
| 146 | 131 | Total | 273 | 252 |
| 11 c. Totalkredit mortgage loan funding | | | | |
| 858,817 | 914,436 | Balance, beginning of period, nominal value | - | - |
| 298,735 | 91,017 | New loans | - | - |
| (16,921) | (4,028) | Ordinary principal payments | - | - |
| (226,196) | (93,897) | Prepayments and extraordinary principal payments | - | - |
| 914,436 | 907,527 | Balance, end of period, nominal value | - | - |
| (11,805) | (56,967) | Adjustment for interest rate risk | - | - |
| 902,631 | 850,560 | Balance, end of period, fair value | - | - |

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DKK million

| Nykredit Realkredit A/S | | Nykredit Realkredit Group | |
|--|----------------|---------------------------|----------------|
| 31.12.2021 | 31.03.2022 | 31.03.2022 | 31.12.2021 |
| 12. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST | | | |
| - | - | 82,729 | 77,268 |
| 8 | 6 | - | - |
| - | - | 6 | 7 |
| - | - | 47,043 | 50,900 |
| 244 | 224 | 349 | 375 |
| 252 | 229 | 130,127 | 128,551 |
| Adjustment for credit risk | | | |
| - | - | (2,840) | (2,755) |
| 252 | 229 | 127,287 | 125,796 |
| 13. BONDS AT FAIR VALUE | | | |
| 28,323 | 60,072 | 87,584 | 83,614 |
| 23,823 | 23,229 | 28,375 | 28,392 |
| 8,170 | 8,124 | 8,124 | 8,170 |
| 19,559 | 22,638 | 73,476 | 70,927 |
| 6,105 | 4,532 | 9,450 | 9,172 |
| 3,039 | 2,750 | 3,395 | 4,489 |
| 89,018 | 121,346 | 210,404 | 204,765 |
| (28,315) | (60,067) | (87,578) | (83,606) |
| (8) | (6) | (6) | (8) |
| (23,823) | (23,229) | (28,375) | (28,392) |
| (8,002) | (7,998) | (7,998) | (8,002) |
| (169) | (126) | (126) | (169) |
| 28,703 | 29,920 | 86,321 | 84,589 |
| Of bonds at fair value before set-off of self-issued bonds: | | | |
| 5,108 | 4,158 | 9,664 | 13,272 |
| 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 | | | |
| 552 | 787 | 787 | 552 |
| 298 | 282 | 282 | 298 |
| 149 | 140 | 140 | 149 |
| 998 | 1,209 | 1,209 | 998 |

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| Nykredit Realkredit A/S | | DKK million | |
|---|--------------------|---------------------------|------------------|
| 31.12.2021 | 31.03.2022 | Nykredit Realkredit Group | |
| | | 31.03.2022 | 31.12.2021 |
| 15. DEPOSITS AND OTHER PAYABLES | | | |
| - | - | 83,099 | 85,878 |
| - | - On demand | | |
| - | - Time deposits | 2,296 | 4,073 |
| - | - Special deposits | 2,690 | 2,746 |
| - | - Repo deposits | 8,397 | 7,379 |
| - | - Total | 96,482 | 100,076 |
| 16. BONDS IN ISSUE AT FAIR VALUE | | | |
| 129,048 | 126,954 | 130,471 | 132,808 |
| 1,341,138 | 1,307,676 | 1,307,676 | 1,341,138 |
| 8,980 | 8,778 | 8,778 | 8,980 |
| 1,479,166 | 1,443,408 | 1,446,925 | 1,482,926 |
| (60,139) | (91,294) | (123,951) | (120,000) |
| 1,419,027 | 1,352,114 | 1,322,973 | 1,362,926 |
| 16 a. ROs | | | |
| 121,424 | 121,146 | 124,461 | 124,927 |
| 7,624 | 5,809 | 6,010 | 7,881 |
| 129,048 | 126,954 | 130,471 | 132,808 |
| (23,823) | (23,229) | (28,375) | (28,392) |
| 105,225 | 103,725 | 102,096 | 104,416 |
| 58 | 326 | 326 | 58 |
| 5,233 | 8,003 | 8,003 | 5,419 |
| 16 b. SDOs | | | |
| 1,351,177 | 1,375,838 | 1,375,838 | 1,351,177 |
| (10,039) | (68,163) | (68,163) | (10,039) |
| 1,341,138 | 1,307,676 | 1,307,676 | 1,341,138 |
| (28,315) | (60,067) | (87,578) | (83,606) |
| 1,312,823 | 1,247,609 | 1,220,098 | 1,257,532 |
| 1,910 | 10,203 | 10,203 | 1,910 |
| 65,996 | 51,560 | 51,560 | 65,996 |

NOTES

DKK million

| Nykredit Realkredit A/S | | Nykredit Realkredit Group | |
|---|---------------|---------------------------|---------------|
| 31.12.2021 | 31.03.2022 | 31.03.2022 | 31.12.2021 |
| 16. BONDS IN ISSUE AT FAIR VALUE (CONTINUED) | | | |
| 16 c. Senior secured debt | | | |
| 8,855 | 8,699 | 8,699 | 8,855 |
| 125 | 79 | 79 | 125 |
| 8,980 | 8,778 | 8,778 | 8,980 |
| (8,002) | (7,998) | (7,998) | (8,002) |
| 978 | 779 | 779 | 978 |
| 17. BONDS IN ISSUE AT AMORTISED COST | | | |
| - | - | 5,248 | 4,415 |
| 8 | 6 | 6 | 8 |
| 55,675 | 56,374 | 56,374 | 55,675 |
| 70 | 70 | 70 | 70 |
| 55,752 | 56,450 | 61,697 | 60,167 |
| (8) | (6) | (6) | (8) |
| (169) | (126) | (126) | (169) |
| 55,576 | 56,318 | 61,566 | 59,991 |
| 18. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE | | | |
| 458 | 897 | 12,859 | 10,830 |
| 458 | 897 | 12,859 | 10,830 |

NOTES

| Nykredit Realkredit A/S | | Dkk million | |
|--|---------------|---------------------------|---------------|
| 31.12.2021 | 31.03.2022 | Nykredit Realkredit Group | |
| | | 31.03.2022 | 31.12.2021 |
| 19. SUBORDINATED DEBT | | | |
| Subordinated debt consists of financial liabilities in the form of subordinate loan capital and Additional Tier 1 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 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 | | | |
| 5,987 | 5,977 | 5,977 | 5,987 |
| 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. | | | |
| 725 | 718 | 718 | 725 |
| Nominally EUR 500 million. The loan matures on 28 July 2031, but may be redeemed at par (100) from 28 April 2026 to (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 | | | |
| 3,653 | 3,505 | 3,505 | 3,653 |
| 10,737 | 10,571 | 10,571 | 10,737 |
| Total subordinate loan capital | | | |
| 10,766 | 10,761 | 10,775 | 10,777 |
| 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 Q1/2022.

The companies have entered into various intercompany agreements as a natural part of the Group's day-to-day operations. The agreements typically involve financing, provision of guarantees, 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 31 March 2022 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 31 March 2022. 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.

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 301 million at 31 March 2022 (end-2021: DKK 385 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 31 March 2022, the non-amortised minimum margin amounted to DKK 126 million (end-2021: 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 167 million at end-March 2022 (end-2021: DKK 160 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 948 million at 31 March 2022 (end-2021: DKK 1,396 million). Credit value adjustments came to DKK 973 million at 31 March 2022 (end-2021: DKK 1,345 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 40 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 31 March 2022, the proportion was thus 0.3% (end-2021: 0.3%). The proportion of financial liabilities was 0.0% (end-2021: 0.0%).

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 4.9 billion (end-2021: DKK 5.2 billion) belonged to this category.

Assuming that an actual market price will deviate by +/-10% from the calculated fair value, the earnings impact will be DKK 487 million at 31 March 2022 (0.53% of equity at 31 March 2022) (end-2021: DKK 519 million, equal to 0.55% 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 2022 and 2021, 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 31 March 2022, financial assets of DKK 9.6 billion (end-2021: DKK 7.5 billion) have been transferred from Listed prices to Observable inputs and DKK 11.8 billion (end-2021: DKK 5.3 billion) from Observable inputs to Listed prices. Financial liabilities of DKK 0.4 billion (end-2021: DKK 1.1 billion) were transferred from Listed prices to Observable inputs and DKK 2.2 billion (end-2021: 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 31 March 2022, the amount was DKK 0.7 billion (end-2021: DKK 0.5 billion).

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

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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)

31 March 2022

| | Listed prices | Observable inputs | Unobservable inputs | Total fair value |
|---|------------------|-------------------|---------------------|------------------|
| Financial assets: | | | | |
| - bonds at fair value | 23,049 | 63,272 | - | 86,321 |
| - equities measured at fair value through profit or loss | 3,620 | - | 3,894 | 7,513 |
| - positive fair value of derivative financial instruments | 892 | 11,718 | 948 | 13,557 |
| - mortgage loans, arrears and outlays ¹ | - | 1,344,193 | - | 1,344,193 |
| - owner-occupied properties | - | - | 31 | 31 |
| Total | 27,560 | 1,419,183 | 4,873 | 1,451,616 |
| Percentage | 1.9 | 97.8 | 0.3 | 100.0 |
| Financial liabilities: | | | | |
| - other non-derivative financial liabilities at fair value | 5,485 | 7,374 | - | 12,859 |
| - negative fair value of derivative financial instruments | 842 | 8,155 | - | 8,996 |
| - bonds in issue at fair value ¹ | 1,322,169 | 804 | - | 1,322,973 |
| Total | 1,328,496 | 16,332 | - | 1,344,829 |
| 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 | 31 | 3,762 | 1,396 | 5,190 |
| Value adjustment recognised through profit or loss | (0) | 123 | (357) | (234) |
| Purchases for the period | - | 64 | - | 64 |
| Sales for the period | - | (55) | (1) | (56) |
| Transferred from Listed prices and Observable inputs ² | - | - | 52 | 52 |
| Transferred to Listed prices and Observable inputs ³ | - | - | (143) | (143) |
| Fair value, end of period, assets | 31 | 3,894 | 948 | 4,873 |

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.

NOTES

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 2021

| Financial assets: | Listed prices | Observable inputs | Unobservable inputs | Total fair value |
|--|------------------|-------------------|---------------------|------------------|
| - bonds at fair value | 16,239 | 68,349 | - | 84,589 |
| - equities measured at fair value through profit or loss | 3,606 | - | 3,762 | 7,368 |
| - positive fair value of derivative financial instruments | 269 | 15,270 | 1,396 | 16,935 |
| - mortgage loans, arrears and outlays ¹ | - | 1,382,803 | - | 1,382,803 |
| - owner-occupied properties | - | - | 31 | 31 |
| Total | 20,114 | 1,466,422 | 5,190 | 1,491,726 |
| Percentage | 1.3 | 98.3 | 0.3 | 100.0 |
| Financial liabilities: | | | | |
| - other non-derivative financial liabilities at fair value | 3,292 | 7,538 | - | 10,830 |
| - negative fair value of derivative financial instruments | 242 | 8,539 | - | 8,781 |
| - bonds in issue at fair value ¹ | 1,361,922 | 1,004 | - | 1,362,926 |
| Total | 1,365,456 | 17,081 | - | 1,382,537 |
| 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 | 10 | 674 | (232) | 451 |
| Unrealised capital gains and losses recognised in "Other comprehensive income" | 3 | - | - | 3 |
| Purchases for the period | - | 453 | - | 453 |
| Sales for the period | (39) | (563) | (70) | (671) |
| Transferred from Listed prices and Observable inputs ² | - | - | 180 | 180 |
| Transferred to Listed prices and Observable inputs ³ | - | - | (547) | (547) |
| Fair value, end of period, assets | 31 | 3,762 | 1,396 | 5,190 |

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.

NOTES

DKK million

| Nykredit Realkredit Group | Q1/ 2022 | Q1/ 2021 | Q1/ 2020 | Q1/ 2019 | Q1/ 2018 |
|--|------------------|------------------|------------------|------------------|------------------|
| 22. FIVE-YEAR FINANCIAL HIGHLIGHTS | | | | | |
| SUMMARY INCOME STATEMENT | | | | | |
| Net interest income | 2,868 | 2,853 | 2,847 | 2,676 | 2,682 |
| Net fee income etc | 121 | 110 | 99 | (133) | (97) |
| Net interest and fee income | 2,989 | 2,963 | 2,947 | 2,543 | 2,585 |
| Value adjustments | 908 | 1,129 | (1,822) | 540 | 443 |
| Other operating income | 391 | 367 | 346 | 323 | 217 |
| Staff and administrative expenses | 1,401 | 1,322 | 1,305 | 1,126 | 1,127 |
| Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets | 73 | 80 | 75 | 70 | 26 |
| Other operating expenses | 71 | 46 | 35 | 32 | 37 |
| Impairment charges for loans, advances and receivables etc | (162) | 91 | 1,312 | 219 | (8) |
| Profit from investments in associates and Group enterprises | 1 | 1 | 2 | 1 | 1 |
| Profit (loss) before tax | 2,904 | 2,922 | (1,255) | 1,961 | 2,064 |
| Tax | 497 | 535 | (376) | 330 | 384 |
| Profit (loss) for the period | 2,407 | 2,387 | (879) | 1,631 | 1,680 |
| SUMMARY BALANCE SHEET, END OF PERIOD | | | | | |
| | 31.03.2022 | 31.03.2021 | 31.03.2020 | 31.03.2019 | 31.03.2018 |
| Assets | | | | | |
| Cash balances and receivables from credit institutions and central banks | 45,144 | 53,437 | 41,002 | 37,744 | 37,589 |
| Mortgage loans at fair value | 1,343,920 | 1,348,654 | 1,286,026 | 1,217,330 | 1,168,690 |
| Bank loans excluding reverse repurchase lending | 79,890 | 70,285 | 69,389 | 60,723 | 57,128 |
| Bonds and equities etc | 93,835 | 118,241 | 117,662 | 105,368 | 88,272 |
| Remaining assets | 74,270 | 70,367 | 77,358 | 67,543 | 66,414 |
| Total assets | 1,637,058 | 1,660,985 | 1,591,437 | 1,488,708 | 1,418,092 |
| Liabilities and equity | | | | | |
| Payables to credit institutions and central banks | 21,163 | 13,221 | 22,705 | 21,653 | 24,630 |
| Deposits and other payables | 96,482 | 89,394 | 92,299 | 100,358 | 87,475 |
| Bonds in issue at fair value | 1,322,973 | 1,362,675 | 1,308,146 | 1,215,506 | 1,169,922 |
| Subordinated debt | 10,571 | 11,592 | 11,011 | 11,034 | 10,944 |
| Remaining liabilities | 94,245 | 94,174 | 73,782 | 61,478 | 49,165 |
| Equity | 91,623 | 89,929 | 83,494 | 78,678 | 75,956 |
| Total liabilities and equity | 1,637,058 | 1,660,985 | 1,591,437 | 1,488,708 | 1,418,092 |
| OFF-BALANCE SHEET ITEMS | | | | | |
| Contingent liabilities | 9,059 | 9,479 | 6,792 | 6,210 | 6,376 |
| Other commitments | 21,018 | 19,147 | 29,541 | 17,773 | 8,381 |
| FINANCIAL RATIOS¹ | | | | | |
| Total capital ratio, % | 22.7 | 24.3 | 24.5 | 24.5 | 24.4 |
| Tier 1 capital ratio, % | 19.7 | 21.0 | 21.2 | 21.4 | 21.2 |
| Return on equity before tax, % | 3.1 | 3.3 | (1.5) | 2.5 | 2.7 |
| Return on equity after tax, % | 2.6 | 2.7 | (1.0) | 2.1 | 2.2 |
| Income:cost ratio | 3.1 | 2.9 | 0.5 | 2.4 | 2.7 |
| Foreign exchange position, % | 0.0 | 0.0 | 0.4 | 0.3 | 0.4 |
| Loans and advances:equity (loan gearing) | 16.1 | 16.2 | 16.7 | 16.7 | 16.6 |
| Growth in loans and advances for the period, % | 1.8 | 1.2 | 1.5 | 0.9 | (1.7) |
| Impairment charges for the period, % | (0.01) | 0.01 | 0.09 | 0.02 | 0.00 |
| Return on capital employed, % | 0.15 | 0.14 | (0.06) | 0.11 | 0.12 |

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 57 in the Annual Report for 2021.

NOTES

DKK million

| Nykredit Realkredit A/S | Q1/ 2022 | Q1/ 2021 | Q1/ 2020 | Q1/ 2019 | Q1/ 2018 |
|--|------------------|------------------|------------------|------------------|------------------|
| 22. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED) | | | | | |
| SUMMARY INCOME STATEMENT | | | | | |
| Net interest income | 976 | 996 | 1,027 | 974 | 994 |
| Net fee income etc | 199 | 203 | 190 | 127 | 133 |
| Net interest and fee income | 1,175 | 1,199 | 1,216 | 1,102 | 1,128 |
| Value adjustments | 224 | 645 | (1,038) | 584 | 114 |
| Other operating income | 442 | 345 | 312 | 307 | 222 |
| Staff and administrative expenses | 784 | 730 | 721 | 641 | 692 |
| Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets | 63 | 71 | 64 | 67 | 23 |
| Other operating expenses | 61 | 36 | 30 | 26 | 31 |
| Impairment charges for loans, advances and receivables etc | (175) | 0 | 978 | 111 | (143) |
| Profit from investments in associates | 1,449 | 1,279 | 79 | 688 | 1,011 |
| Profit (loss) before tax | 2,558 | 2,630 | (1,224) | 1,836 | 1,871 |
| Tax | 166 | 252 | (338) | 205 | 176 |
| Profit (loss) for the period | 2,391 | 2,378 | (886) | 1,631 | 1,696 |
| SUMMARY BALANCE SHEET, END OF PERIOD | | | | | |
| | 31.03.2022 | 31.03.2021 | 31.03.2020 | 31.03.2019 | 31.03.2018 |
| Assets | | | | | |
| Cash balances and receivables from credit institutions and central banks | 39,501 | 55,487 | 47,757 | 41,417 | 39,747 |
| Mortgage loans at fair value | 518,611 | 529,475 | 525,825 | 512,378 | 515,302 |
| Totalkredit mortgage loan funding | 850,560 | 864,610 | 806,801 | 735,433 | 693,382 |
| Bonds and equities etc | 36,751 | 42,409 | 42,575 | 45,439 | 37,036 |
| Remaining assets | 76,669 | 72,647 | 65,082 | 59,908 | 58,060 |
| Total assets | 1,522,093 | 1,564,628 | 1,488,040 | 1,394,574 | 1,343,527 |
| Liabilities and equity | | | | | |
| Payables to credit institutions and central banks | 4,189 | 3,863 | 2,930 | 6,022 | 5,020 |
| Deposits and other payables | - | 2,000 | 9,200 | 10,200 | 8,000 |
| Bonds in issue | 1,352,114 | 1,392,488 | 1,335,140 | 1,256,366 | 1,216,557 |
| Subordinated debt | 10,571 | 11,592 | 11,012 | 11,034 | 10,947 |
| Remaining liabilities | 63,719 | 64,861 | 46,339 | 32,271 | 27,032 |
| Equity | 91,500 | 89,824 | 83,420 | 78,681 | 75,971 |
| Total liabilities and equity | 1,522,093 | 1,564,628 | 1,488,040 | 1,394,574 | 1,343,527 |
| OFF-BALANCE SHEET ITEMS | | | | | |
| Other commitments | 9,588 | 8,041 | 15,206 | 8,556 | 1,504 |
| FINANCIAL RATIOS¹ | | | | | |
| Total capital ratio, % | 18.5 | 19.3 | 20.0 | 20.3 | 20.3 |
| Tier 1 capital ratio, % | 16.1 | 16.7 | 17.5 | 17.8 | 17.7 |
| Return on equity before tax, % | 2.8 | 2.9 | (1.5) | 2.3 | 2.4 |
| Return on equity after tax, % | 2.6 | 2.6 | (1.1) | 2.0 | 2.2 |
| Income:cost ratio | 4.5 | 4.1 | 0.3 | 3.2 | 4.1 |
| Foreign exchange position, % | 0.0 | 0.0 | 0.4 | 0.1 | 0.4 |
| Loans and advances:equity (loan gearing) | 5.7 | 5.9 | 6.3 | 6.5 | 6.8 |
| Growth in loans and advances for the period, % | 0.6 | (0.5) | (0.6) | (0.0) | (0.8) |
| Impairment charges for the period, % | (0.03) | 0.0 | 0.18 | 0.02 | (0.03) |
| Return on capital employed, % | 0.16 | 0.15 | (0.06) | 0.12 | 0.13 |

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 57 in the Annual Report for 2021.

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DKK million

Nykredit Realkredit Group

23. GROUP STRUCTURE

Name and registered office

| Name and registered office | Ownership interest as % 31 March 2022 | Profit for the period, 2022 | Equity 31 March 2022 | Profit for 2021 | Equity 31 December 2021 |
|--|---------------------------------------|-----------------------------|----------------------|-----------------|-------------------------|
| Nykredit Realkredit A/S (Parent), Copenhagen, a) | - | 2,391 | 91,500 | 8,825 | 93,501 |
| Totalkredit A/S, Copenhagen, a) | 100 | 685 | 35,332 | 2,414 | 38,726 |
| Nykredit Bank A/S, Copenhagen, b) | 100 | 733 | 31,476 | 2,759 | 30,743 |
| Nykredit Portefølje Administration A/S, Copenhagen, f) | 100 | 58 | 994 | 265 | 1,536 |
| Nykredit Leasing A/S, Gladsaxe, e) | 100 | 26 | 1,081 | 116 | 1,055 |
| Sparinvest Holdings SE, Luxembourg, g) | 75 | 229 | 406 | 79 | 177 |
| Nykredit Mægler A/S, Copenhagen, c) | 100 | 22 | 109 | 119 | 187 |
| Kalvebod Ejendomme I A/S, Copenhagen, d) | 100 | 9 | 632 | 37 | 623 |
| Kirstinehøj 17 A/S, Copenhagen, d) | 100 | 0 | 12 | 8 | 31 |

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

| | Number of staff | Revenue ¹ | Profit before tax | Tax | Government aid received |
|------------|-----------------|----------------------|-------------------|-----|-------------------------|
| Denmark | 4,003 | 7,434 | 2,854 | 485 | - |
| Luxembourg | 28 | 110 | 50 | 13 | - |

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