



Nykredit Realkredit Group

Q1 Interim Report 2023

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Management Commentary



Foreword

"Nykredit has today presented its best-ever Q1 results with profit after tax of DKK 2,799 million. Naturally, this is highly satisfactory. We already raised our guidance for profit for the year by DKK 1 billion and now expect a profit after tax of DKK 9-10 billion."

Michael Rasmussen
Group Chief Executive

Nykredit posted a highly satisfactory profit after tax of DKK 2,800 million in Q1/2023 (Q1/2022: DKK 2,407 million).

Nykredit holds a strong position in the current volatile and unpredictable times. On 20 April 2023, we raised our guidance for profit for the year by DKK 1 billion, and now expect a profit after tax for 2023 of DKK 9-10 billion.

Nykredit delivered a solid first quarter; income in the underlying business was 9.9% higher than in Q1/2022, driven by, for instance, higher interest rates. Nykredit Bank, in particular, recorded business and customer growth, one example being increased bank lending to corporate and institutional clients.

We successfully managed our investment portfolio but also benefited from market tailwinds. The first three months of the year were positively affected by customers' high credit quality through several years, which led to a net reversal of loan impairments.

The strong credit quality is the result of many years' effective credit management, but our customers have also proven financially robust during challenging times. This is true for personal as well as business customers.

Nykredit should be predictable in unpredictable times

Millions of people remain affected by the war in Ukraine; a war which has left its mark on the global economy with increased unpredictability and low visibility. The past year has also seen fast interest rate increases and high inflation levels, which have eroded purchasing power.

Turmoil erupted in the US and European financial sectors in Q1, where the collapse of the US Silicon Valley Bank caused further concern over the financial system. The turmoil spread to the European financial system and highlighted the importance of the resilience of both Nykredit as a financial institution and of the Danish financial sector.

The Danish economy is in good shape overall, and employment rates are high. Exports are stable, and consumers and businesses benefit from the fact that the previously rising energy prices have fallen. Nykredit generally expects a soft landing following a challenging 2022. Even with the more optimistic signs for the Danish and global economies, it is important that customers and society still feel Nykredit's unflinching commitment to help them prosper.

Nykredit wants to be a predictable and enduring financial partner to customers across all the Group's business areas. We consider it a key element of our pledge to society to help ensure lending and development now and in future. Nykredit's capacity to be of the greatest benefit to customers and society requires robust earnings and a strong capital position.

At the same time, as Denmark's largest lender, we find it important to contribute to a sound and strong housing market. Despite increasing interest rates and subdued market activity, many Danish homeowners remain financially strong. Many have opted to refinance their loans and shave off their debt outstanding, thereby reducing their housing debts. This is reflected in the average loan-to-value (LTV) ratio, which has decreased over the past few years to 51.0% in 2022 from 61.8% in 2019. After the closing of Q1, we have seen a slight increase in LTV to currently 52.2%, which is still low.

Growth in Nykredit Bank

Nykredit Bank had a busy first quarter with business and customer growth. Many customers value our unique mutual structure, enabling us to offer them a suite of special benefits, including discounts on loan and investment fees. Nykredit also offers a number of benefits that make it easier and more affordable to make green choices, for example our green car loans and green home loans. The benefits have been well received by the customers.

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

Nykredit Wealth Management also recorded growth in the Nykredit Invest and Sparinvest funds despite continued turmoil in financial markets.

At the beginning of the year, Nykredit Invest and Sparinvest won Morningstar Fund Awards for the sixth consecutive year, taking home three of eight awards, including the award for Best manager of equities and bonds. This ranks us among the best managers of equities in the Nordic region. Nykredit Wealth Management also recently won two Lipper Fund Awards. We are proud that our customers recognise our value propositions – not just this past year, but for a number of years.

Strong Totalkredit alliance

Nykredit holds a robust capital position and is backed by a group of resourceful owners. Consequently, we are well placed to maintain our competitive and secure loan propositions all over Denmark.

Totalkredit holds a strong position despite the slowdown in the housing market. Thanks to our mutual structure we can offer customers a discount on administration margin payments, which is part of the reason why the Danish Consumer Council recommends Totalkredit as the lender offering the lowest mortgage prices in the market.

Totalkredit offers attractive and low prices through the good times and the bad, and this means, for example, that administration margin payments have remained unchanged in the past eight years. Today, average administration margin payments are

the lowest since 2013, partly because many customers opt for the secure fixed-rate repayment loans.

Our strong position is not least attributable to our alliance with the Totalkredit partner banks, which provide solid and local advisory services throughout the country. The Totalkredit partnership enables Denmark's small and medium-sized banks without mortgage banking operations to offer mortgage products at attractive prices and thus to compete with the largest banks.

At the same time, the partnership promotes a Danish mortgage system built on transparency and solidarity where all homeowners, regardless of their income, financial position, accounts volume or geographic location, pay the same loan rates and administration margins.

We make green choices easier and more affordable

The green transition is one of the areas in which Nykredit strives to make a difference. We have therefore, as the first financial institution in Denmark, set emissions targets for the owner-occupied dwellings and other real estate we finance, which are important segments to Nykredit and the green transition. We have also set new targets for Nykredit's own emissions. To support these targets, we have joined the Science Based Targets initiative and the Net Zero Banking Alliance. We had already signed up for the Net Zero Asset Manager initiative.

Nykredit appeared on the Financial Times list of Europe's Climate Leaders 2023 as number 9 of 500 companies and was ranked best among the Nordic banks. The Financial Times ranks companies' performance in terms of operational emissions, climate targets and ESG rating.

Today, Nykredit offers a range of green products within personal banking, business banking, agricultural lending and investment. In Q1 we launched new propositions aimed at making it easier and more affordable for small and medium-sized business customers to make green choices. Nykredit Bank launched a new

green transport leasing proposition to make it more affordable for businesses to lease electric and hydrogen-powered commercial vehicles. We introduced green construction loans for newbuilds and energy renovations and now also provide mortgage finance for solar panel parks to businesses looking to optimise energy use in their properties.

Totalkredit launched a new proposition making it easier for customers to have a new heat pump installed. These are all initiatives that encourage customers to make green choices.

The green products have been very well received by our customers. Nykredit got a top ranking in the latest EPSI sustainability index where customers are asked to rate banks' sustainability efforts.

We share our progress with customers

Nykredit is owned by an association of customers, Forenet Kredit, and we are therefore in a unique position to share our success with customers of Totalkredit and Nykredit.

In Q1/2023, we distributed dividend of DKK 4.65 billion for 2022 to our shareholders. Forenet Kredit, which owns 78.9% of Nykredit, received the largest share. The Committee of Representatives of Forenet Kredit subsequently decided to return a large amount to Nykredit. Because of this contribution, Nykredit expects to distribute about DKK 1.9 billion to customers through our mutual benefits programme.



Merete Eldrup
Board of Directors, Chair



Michael Rasmussen
Group Chief Executive

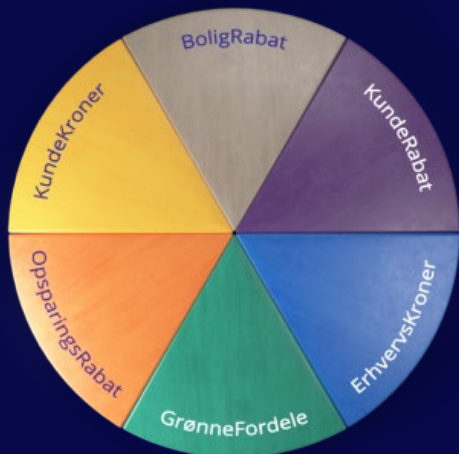
Together we are more

One important area setting us apart from our competitors is that we are 78.9% owned by Forenet Kredit – an association of customers – and 16.9% owned by a consortium consisting of five of Denmark’s leading pension companies as well as 4.2% by other shareholders. This ensures a stable and long-term ownership structure.

Being owned by an association, we are in a unique position to share our success by offering our customers mutual benefits.

Forenet Kredit’s three key priorities

- Danish mortgage lending – also in 200 years
- In all of Denmark
- We share our profits.



Mutual ownership

Nykredit’s majority shareholder, Forenet Kredit, wants the dividend from Nykredit to benefit our customers through our mutual benefits programme.

Since 2017 the programme has offered KundeKroner discounts to all personal customers with a Totalkredit mortgage loan and was later expanded to include ErhvervsKroner discounts to business customers with a Nykredit and Totalkredit mortgage loan. To this should be added a number of discounts and grants offered to full-service customers of Nykredit Bank as well as green solutions for both Nykredit and Totalkredit customers. Read more about mutual benefits at nykredit.com

Nykredit expects to distribute mutual benefits in the amount of about DKK 1.9 billion for 2023.

Mutual benefits

- **KundeKroner:** mortgage loan cash benefits
- **BoligRabat:** bank home loan discount
- **KundeRabat:** fee discount
- **ErhvervsKroner:** business mortgage loan discount
- **GrønneFordele:** discounts and cash grants for green solutions
- **OpsparingsRabat:** savings discount



Financial highlights



Income
DKK **5,189m**
(Q1/2022: DKK 3,959m)



Costs
DKK **1,637m**
(Q1/2022: DKK 1,546m)



Profit after tax
DKK **2,800m**
(Q1/2022: DKK 2,407m)

	DKK million			
Nykredit Realkredit Group	Q1/ 2023	Q1/ 2022	Q4/ 2022	2022
BUSINESS PROFIT AND PROFIT FOR THE PERIOD				
Net interest income	2,883	2,546	3,054	10,871
Net fee income	680	635	907	3,119
Wealth management income	583	592	543	2,279
Net interest from capitalisation	460	(138)	(265)	(740)
Net income relating to customer benefits programmes ¹	(117)	(81)	(119)	(443)
Trading, investment portfolio and other income	700	406	1,609	1,736
Income	5,189	3,959	5,729	16,822
Costs	1,637	1,546	1,680	6,320
Business profit before impairment charges	3,552	2,413	4,048	10,503
Impairment charges for loans and advances	(34)	(162)	145	(80)
Business profit	3,586	2,575	3,904	10,583
Legacy derivatives	(11)	329	42	931
Profit before tax	3,575	2,904	3,945	11,514
Tax	775	497	696	2,060
Profit for the period	2,800	2,407	3,249	9,454
Other comprehensive income, remaining items	15	(12)	(45)	(71)
Comprehensive income for the period	2,816	2,394	3,204	9,382
Interest on Additional Tier 1 capital charged against equity	38	38	39	153
Minority interests	15	15	17	61

¹ "Net income relating to customer benefits programmes" is described in detail in "Alternative performance measures" on page 45.

Balance sheet and financial ratios



Profit as % of average equity (RoE)
11.9%
(end-2022: 10.2%)



Cost/income ratio
31.5%
(end-2022: 37.6%)



People (FTE)
4,017
(end-2022: 4,076)

	DKK million			
Nykredit Realkredit Group	Q1/	Q1/	Q4/	Q1-Q4/
Summary balance sheet	31.03.2023	31.03.2022	31.12.2022	31.12.2022
Assets				
Receivables from credit institutions and central banks	54,298	45,144	61,242	61,242
Mortgage loans at fair value	1,306,435	1,343,920	1,292,119	1,292,119
Bank loans excluding reverse repurchase lending	92,075	79,890	86,735	86,735
Bonds and equities	99,889	95,044	100,117	100,117
Remaining assets	59,847	73,060	59,917	59,917
Total assets	1,612,544	1,637,058	1,600,129	1,600,129
Liabilities and equity				
Payables to credit institutions and central banks	21,305	21,163	27,851	27,851
Deposits excluding repo deposits	106,656	88,085	107,392	107,392
Bonds in issue at fair value	1,273,710	1,322,973	1,254,959	1,254,959
Subordinated debt	10,112	10,571	10,136	10,136
Remaining liabilities	105,767	102,643	102,962	102,962
Equity	94,995	91,623	96,829	96,829
Total liabilities and equity	1,612,544	1,637,058	1,600,129	1,600,129
FINANCIAL RATIOS				
Profit for the period as % pa of average equity ¹	11.9	10.6	13.9	10.2
Cost/income ratio (C/I), %	31.5	39.0	29.3	37.6
Total provisions for loan impairment and guarantees	9,332	9,389	9,391	9,391
Impairment charges for the period, %	(0.00)	(0.01)	(0.01)	(0.01)
Total capital ratio	23.8	22.7	23.3	23.3
CET1 capital ratio, %	20.0	18.9	19.5	19.5
Internal capital adequacy requirement, %	11.4	11.1	11,6	11.6
Average number of staff, full-time equivalent	4,017	4,031	4,081	4,076

¹ "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.

Financial review

Results for Q1/2023

Nykredit delivered a highly satisfactory profit after tax for Q1/2023 of DKK 2,800 million (Q1/2022: DKK 2,407 million) and a business profit of DKK 3,586 million (Q1/2022: DKK 2,575 million).

Results were positively impacted by high net interest income, net interest from capitalisation and a net reversal of impairment charges.

Bank lending rose to DKK 92.1 billion at end-March 2023 (end-2022: DKK 86.7 billion), marking a 6.2% rise. Nominal mortgage lending was DKK 1,431 billion (end-2022: DKK 1,430 billion).

Income

Income totalled DKK 5,189 million in Q1/2023 (Q1/2022: DKK 3,959 million), representing a 9.9% improvement in the core business areas compared with Q1/2022.

Net interest income amounted to DKK 2,883 million (Q1/2022: DKK 2,546 million). The increase in net interest income was positively impacted by rising interest rates in addition to an increase in nominal bank and mortgage lending compared with Q1/2022.

Net fee income rose by 7.1% against Q1/2022 and amounted to DKK 680 million (Q1/2022: DKK 635 million). Net fee income was positively affected by the high activity level of corporate clients in Corporates & Institutions as well as high funding income reflecting the prevailing market conditions. Fee income from mortgage lending was lower than in Q1/2022 for personal as well as business customers.

Wealth management income was DKK 583 million (Q1/2022: DKK 592 million), down DKK 9 million on Q1/2022, primarily due to reduced income from Asset Management.

Net interest from capitalisation, which comprises return on equity and interest on subordinated capital, was a gain of DKK 460 million (Q1/2022: loss of DKK 138 million). The increase compared to Q1/2022 was due to higher interest rates.

Net income relating to the customer benefits programmes KundeKroner and ErhvervsKroner was a negative DKK 117 million (Q1/2022: a negative DKK 81 million). The amount includes contributions of DKK 343 million received from Forenet Kredit. After Q1/2023 our benefits programmes came to DKK 460 million.

Trading, investment portfolio and other income, which comprises value adjustments of the portfolio of bank equities and swaps, amounted to DKK 700 million (Q1/2022: DKK 406 million).

Income in Q1/2023 was primarily attributable to equities held for business purposes and short-dated mortgage bonds, which saw credit spread tightening during the period under review.

Nevertheless, financial market volatility was high due to continued high inflation as well as turmoil in relation to foreign banks. This primarily affected interest rate levels and the market for bank equities and subordinated bank debt.

Costs

Costs totalled DKK 1,637 million (Q1/2022: DKK 1,546 million). Contractual wage rises as well as higher business volumes and activity in the Group increased the costs of customer-facing units, for instance, related to staff and market data. Costs of IT for the period also rose.

The average headcount declined to 4,017 (Q1/2022: 4,031), mainly driven by fewer people in specialist functions and more people in customer-facing functions.



Profit after tax
DKK 2,800m
 (Q1/2022: DKK 2,407m)

Impairment charges for loans and advances

Impairment charges for loans and advances were a net reversal of DKK 34 million (Q1/2022: net reversal of DKK 162 million) owing to the continued strong performance of the Danish economy and our customers' good credit quality.

	DKK million	
	31.03.2023	31.03.2022
Nykredit Realkredit Group		
Impairment charges for loans and advances		
Individual impairment provisions (stage 3)	24	(259)
Model-based impairment provisions (stages 1, 2 and 3)	(58)	97
- of the above attributable to geopolitical tensions and covid-19	(307)	214
Impairment charges for loans and advances	(34)	(162)

In Q1 Nykredit released DKK 0.3 billion of total provisions taken to counter the increased risk from geopolitical tensions and the impacts of covid-19, which subsequently totalled DKK 2.1 billion. By contrast, ESG-related provisions increased in the period, and DKK 1.8 billion of the provisions of DKK 2.1 billion can be ascribed to geopolitical tensions. The geopolitical tensions are expected to affect the credit quality of some customers because of lower economic growth, rising prices and value and supply chain disruptions. Provisions based on stress tests have been taken to counter the worsened risk outlook.

Out of the provisions of DKK 2.1 billion, the remaining DKK 0.3 billion was taken to counter the impacts of covid-19. General uncertainty about the impacts of the covid-19 pandemic has fallen significantly, yet continues to be present. Repayment of loans granted under government relief packages leads to more

bankruptcies which is considered the primary risk driver in the assessment of the pandemic.

For further information about the impacts of covid-19 and the geopolitical tensions, including the war in Ukraine, Nykredit's impairment charges for loans and advances and our portfolio distribution, please refer to our Fact Book Q1 2023, which is available at nykredit.com

Income from other items

Legacy derivatives, which are not included in business profit, were a charge of DKK 11 million (Q1/2022: gain of DKK 329 million). Legacy derivatives are derivatives Nykredit no longer offers to customers, comprising a portfolio with a total market value of DKK 1.0 billion (end-2022: DKK 1.0 billion).

Tax

Tax on profit for the period has been calculated at DKK 775 million (Q1/2022: DKK 497 million). As a result of the new surtax imposed on companies in the financial sector, the tax rate has been raised from 22% to 25.2% in 2023, leading to an additional tax charge of DKK 99 million. The tax rate for 2024 will be 26%.

Results for Q1/2023 relative to Q4/2022

Profit after tax for Q1/2023 was DKK 2,800 million (Q4/2022: DKK 3,249 million).

Income amounted to DKK 5,189 million (Q4/2022: DKK 5,729). By contrast, Q4/2022 was impacted by high positive value adjustments of the portfolio of equities held for business purposes, positive value adjustments driven by yield spread tightening as well as high fees from increased mortgage lending activity.

Costs amounted to DKK 1,637 million (Q4/2022: DKK 1,680 million) impacted by provisions taken for restructuring in Q4/2022.

Impairment charges for loans and advances were a net reversal of DKK 34 million (Q4/2022: charge of DKK 145 million).

Legacy derivatives resulted in a negative value adjustment of DKK 11 million (Q4/2022: positive value adjustment of DKK 42 million).



Business profit in Q1
DKK 3,586m
(Q1/2022: DKK 3,904m)

Balance sheet

Nominal mortgage lending was DKK 1,431 billion at end-March 2023 (end-2022: DKK 1,430 billion), driven by mortgage lending to large corporate clients in the business area Corporates & Institutions.

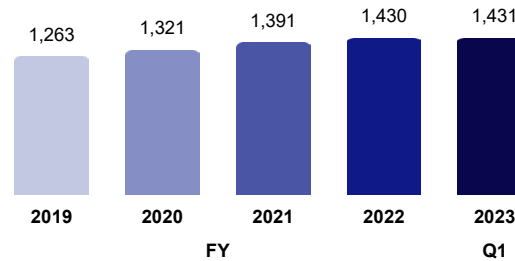
Totalkredit's nominal mortgage lending decreased in Q1 to DKK 875 billion (end-2022: DKK 877 billion) as a result of lower activity and a reduction in customers' mortgage debt in connection with remortgaging. More than 912,000 homeowners now have Totalkredit loans.

Nykredit Bank's lending increased by DKK 5.3 billion to DKK 92.1 billion (end-2022: DKK 86.7 billion). Bank lending (including secured homeowner loans transferred to Totalkredit) rose to DKK 100.8 billion (end-2022: DKK 94.9 billion). Secured homeowner loans transferred to Totalkredit amounted to DKK 8.8 billion (end-2022: DKK 8.2 billion).

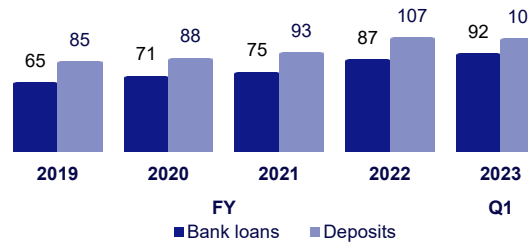
Equity

The Nykredit Realkredit Group's equity stood at DKK 95.0 billion (end-2022: DKK 96.8 billion). In March 2022 ordinary dividend of DKK 4.65 billion was distributed to the Company's shareholder, equal to about 50% of profit after tax for 2022, adjusted for minority interests.

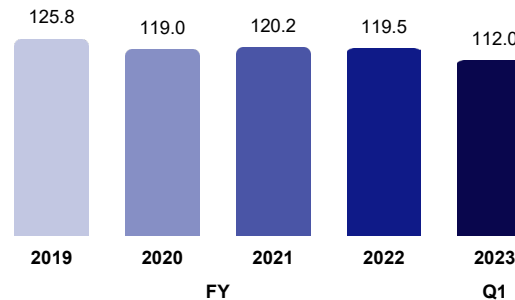
Nominal mortgage lending, DKK million



Bank lending excluding reverse repurchase lending and deposits excluding repo deposits, DKK million



Surplus of deposits, %



Outlook and guidance for 2023

Our guidance for profit after tax for the year was raised on 20 April 2023 to DKK 9-10 billion from previously DKK 8-9 billion.

The upgrade was a result of higher-than-expected growth in the underlying business and investment portfolio income. Q1 was also positively affected by high credit quality, which led to a net reversal of loan impairments.

Our full-year guidance for profit after tax is based on the following assumptions:

- Net interest income is expected to be at a higher level than in 2022 due to the expectation of continued rising interest rates.
- We expect a decline in fee income due to reduced mortgage lending activity in 2023 compared with the exceptionally high activity in 2022.
- Investment portfolio income and income from derivatives are expected at a lower level following high income in 2022.
- Net interest from capitalisation is expected to increase because of higher interest rates.
- Costs are expected to increase due to general salary and price rises as well as expenses for our new headquarters.
- Impairment charges are expected to normalise relative to the exceptionally low levels in 2021 and 2022.
- Our tax charge is expected to rise as a result of the new surtax imposed on the financial sector, implying an increase in taxation from 22% in 2022 to 25.2% in 2023.

Based on the above, we expect to meet the target of a return on equity exceeding 8% and a cost/income ratio of below 40% in 2023.

Special accounting circumstances

No significant accounting matters arose in Q1/2023.

Other

At Nykredit Realkredit A/S's Annual General Meeting held on 23 March 2023, Hans-Ole Jochumsen resigned from the Board of Directors, and Torsten Hagen Jørgensen was elected new member of the Board of Directors.

Merete Eldrup, Preben Sunke, Michael Demsitz, Per W. Hallgren, Jørgen Høholt 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 note 55 to the Annual Report for 2022, to which reference is made.

Events since the balance sheet date

No events have occurred in the period up to the presentation of the Q1 Interim Report 2023 which materially affect the Group's financial position.

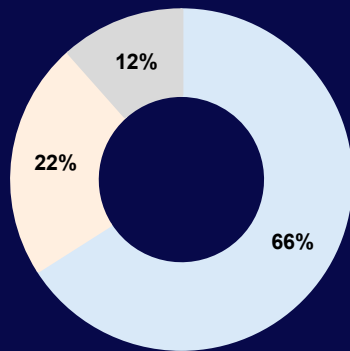


Business areas

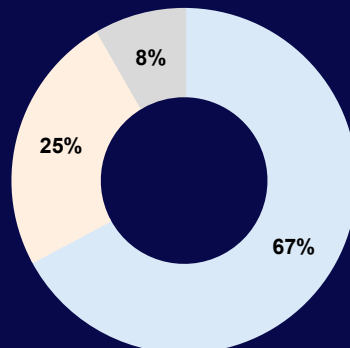
Nykredit's governance and organisational structure is based on these business areas:

- Banking
- Totalkredit Partners
- Wealth Management

Income



Business profit



Banking

Comprises Retail and Corporates & Institutions.

Retail offers mortgage lending and banking services 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.



Totalkredit Partners

Comprises Totalkredit-branded mortgage loans to personal and business customers arranged by 42 Danish local and regional banks (excluding Nykredit Bank). Mortgage loans arranged by Nykredit are included in the business area Banking.

Totalkredit Partners supports and services Totalkredit's partner banks, optimising their capacity to help customers use our digital tools, products, training, etc.



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.

Sparinvest collaborates with a long list of banks all over Denmark, offering customers the best wealth and investment products and advisory services.

Banking

The overarching ambition of the Banking area is to provide our personal and business customers with financial security.

To realise our ambition, Banking must deliver on a five-track strategy:

- Customers first
- Sustainable solutions
- Digitisation and simplicity
- Quality and integrity
- People who can, will and do make a difference.



Q1/2023 in review

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

Q1 was marked by a more moderate housing market compared with 2022. Customers were financially more cautious given the changed market terms with higher interest rates, continued high inflation, falling housing prices and geopolitical tensions.

Given the changed market terms, it is particularly important to maintain a close dialogue with our customers. Many customers are uncertain about the future, and many borrowers with variable-rate loans have experienced interest rate increases, which affect their financial leeway. As a result, our advisers held more advisory sessions with customers, focusing on financial security and advising customers on how to strengthen their financial position.

Despite rising interest rates and changed conditions in the housing market, we have welcomed many new homeowner and business customers, which, together with our existing customers, can enjoy the benefits of our customer-owned structure.

Lending to business customers increased in the period. Especially our largest corporate clients, including property investors and large corporations, have increased their business volumes with Nykredit.

Digital value propositions are a top priority, in tandem with Nykredit's focus on having a nationwide physical presence. We want to make it easier to bank with Nykredit, and therefore, we prioritise development and optimisation of digital tools. In 2022 we introduced an online booking tool. We will closely monitor customers' uptake of the tool to ensure that we develop in line with our customers' needs and behaviour.

In Q1/2023, Nykredit launched a new property financing tool supported by BEC, speeding up and improving property financing processes.

Insurance is a key element of our pledge to customers of providing financial security. Since its launch, we have expanded the insurance partnership, and today we offer insurance propositions to personal, business and agricultural customers. At end-Q1/2023, more than 39,000 customers have benefited from our bancassurance propositions and held meetings with our business partners of Privatsikring.

Customers give us positive feedback on our mutual structure, our image and green focus. This is reflected in high customer satisfaction from personal and business customers.

Sustainability lies at the core of Nykredit's business. We have already reduced our carbon footprint considerably and will strive to further reduce emissions. However, the most significant potential impact lies in being a financial partner to our customers in their transition to a low-carbon future.

Sustainability is a matter of great concern to personal as well as business customers. To support the green transition, Nykredit offers a suite of products which include green car and construction loans, green machinery leasing and green mortgage loans.

In 2023 we will further strengthen our advisory services and expand our range of green products. We provide training to ensure that colleagues have the skills needed to help our customers navigate the green agenda. These skills are currently most needed and in greatest demand in the agricultural, real estate and business sectors.

Financial support and advisory services for customers within energy and infrastructure are key areas in which Nykredit may help finance, for example, sustainable energy projects.

Financial performance in Q1/2023

Banking delivered a business profit of DKK 2,146 million in Q1/2023 (Q1/2022: DKK 1,520 million).

Total income rose to DKK 3,138 million (Q1/2022: DKK 2,520 million), mainly related to net interest income and net interest from capitalisation.

Net interest income stood at DKK 1,986 million (Q1/2022: DKK 1,707 million); an increase on Q1/2022 mainly prompted by the higher interest rate level. Net fee income amounted to DKK 496 million (Q1/2022: DKK 450 million).

Net interest from capitalisation was a gain of DKK 249 million (Q1/2022: charge of DKK 85 million), driven by increased interest rate levels compared with 2022.

Costs amounted to DKK 1,121 million (Q1/2022: DKK 1,097 million), primarily due to higher price levels as well as increased IT and marketing costs.

Impairment charges for loans and advances were a net reversal of DKK 129 million (Q1/2022: net reversal of DKK 97 million) related to the continued good credit quality of our Banking customers.

Legacy derivatives were a negative value adjustment of DKK 11 million (Q1/2022: positive value adjustment of DKK 329 million).

	DKK million			
Results –	Q1/	Q1/	Q4/	Q1-Q4/
Banking	2023	2022	2022	2022
Net interest income	1,986	1,707	2,106	7,354
Net fee income	496	450	589	2,103
Wealth management income	180	187	164	694
Net interest from capitalisation	249	(85)	(155)	(439)
Trading, investment portfolio and other income	227	261	74	752
Income	3,138	2,520	2,778	10,464
Costs	1,121	1,097	1,076	4,361
Business profit before impairment charges	2,016	1,423	1,702	6,103
Impairment charges for mortgage lending	(59)	(175)	(3)	(477)
Impairment charges for bank lending	(70)	78	134	416
Business profit	2,146	1,520	1,571	6,164
Legacy derivatives	(11)	329	42	931
Profit before tax	2,135	1,849	1,613	7,095

Results for Q1/2023 relative to Q4/2022

Banking delivered a business profit of DKK 2,146 million in Q1/2023 (Q4/2022: DKK 1,571 million).

Income totalled DKK 3,138 million (Q4/2022: DKK 2,778 million). The increase was primarily driven by net interest from capitalisation, and trading, investment portfolio and other income.

Impairment charges for loans and advances were a net reversal of DKK 129 million (Q4/2022: charge of DKK 131 million).

Income from legacy derivatives was a loss of DKK 11 million (Q4/2022: gain of DKK 42 million).



Business profit in Q1
DKK 2,146m
(Q4/2022: DKK 1,571m)

Activities

Loan volumes totalled DKK 772.7 billion at 31 March 2023 (end-2022: DKK 763.5 billion), of which nominal mortgage lending was DKK 678.5 billion (end-2022: DKK 675.4 billion). The increase in mortgage lending particularly stems from the largest corporate clients of Corporates & Institutions. Mortgage lending to this segment grew by 1.6% as a result of increased business volumes from property investors and large corporations and growth in the public housing segment.

Bank lending in Retail Personal Banking came to DKK 9.2 billion (end-2022: DKK 9.2 billion). Bank deposits in Retail Personal Banking amounted to DKK 44 billion (end-2022: DKK 44 billion). Bank lending in Retail Business Banking came to DKK 30.8 billion (end-2022: DKK 28.8 billion), related primarily to small and medium-sized enterprises. Bank lending by Corporates & Institutions rose to DKK 43 billion (end-2022: DKK 39 billion), mainly driven by a number of large clients.

Arrears

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.19% against 0.21% at the same time in 2022.

75-day mortgage loan arrears have declined compared with the same time in 2022. Arrears are generally expected to rise, as we are starting to see small signs of weakness.

DKK million

Deposits, loans and advances	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
Banking					
Retail Personal Banking					
Loans and advances	178,852	179,287	183,256	184,325	183,201
- of which mortgage lending, nominal value	158,129	159,253	164,000	165,893	165,678
- of which secured homeowner loans	11,535	10,878	9,840	8,915	8,131
- of which bank lending	9,187	9,156	9,416	9,468	9,393
Deposits	44,180	44,077	43,761	41,670	39,636
Retail Business Banking					
Loans and advances	250,848	249,431	249,212	249,410	246,835
- of which mortgage lending, nominal value	220,084	220,677	219,859	220,162	220,063
- of which bank lending	30,764	28,754	29,353	29,248	26,771
Deposits	27,978	27,540	27,596	26,379	24,427
Corporates & Institutions					
Loans and advances	343,008	334,831	317,270	314,256	304,623
- of which mortgage lending, nominal value	300,333	295,474	277,521	275,554	268,250
- of which bank lending	42,674	39,357	39,749	38,702	36,373
Deposits	12,433	13,372	12,276	11,257	8,415



Total lending
DKK 773bn
(end-2022: DKK 764bn)

Totalkredit Partners

Totalkredit's strategic ambition is to secure its future position as market leader in property financing by continuing to

- strengthen the alliance between Totalkredit and its partner banks
- ensure joint development across the alliance.

A basic premise of our partnership is to prioritise joint solutions.

In addition, we consider it our special responsibility to have a nationwide presence and support sustainable development, for instance by making contributions when customers replace their oil- and gas-fired boilers with heat pumps.



Q1/2023 in review

Activity in the first three months was low as a result of fewer home sales, and of declining remortgaging activity. As a result, the high remortgaging activity seen in H2/2022 has subsided.

More than 775,000 homeowners have loans via Totalkredit's partners (excluding loans arranged by Nykredit).

Totalkredit Partners is committed to offering customers the best loan propositions in the market as well as strengthening the alliance with its partner banks.

The Totalkredit alliance is continually working on a new joint IT platform to optimise the advisory tools and home financing options available to all members of the partnership and their customers. Most of the Totalkredit loans are produced in the new home finance universes made available via partner banks' IT providers, which offer better advisory tools and more efficient case management for the benefit of our customers. Our customers also get improved digital solutions via the "Mit Hjem" digital platform where customers can find information about their home and Totalkredit loans and also monitor local housing market developments, including home listings.

Totalkredit business mortgages are offered to the segments of office and retail, residential rental as well as industry and trades. A large number of our partner banks actively use our business mortgage propositions.

Backed by Forenet Kredit, Nykredit has extended the KundeKroner benefits programme (mortgage loan discounts to homeowners) on the current terms up to and including 2024 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.

The alliance with the 43 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 Danish Consumer Council has recommended Totalkredit as the Danish mortgage lender offering the lowest mortgage prices in the market. In May 2022 the Danish Consumer Council once again renewed its recommendation of Totalkredit mortgage loans to finance holiday homes. The stamp of approval is based on a test of 27 different loan scenarios with Totalkredit loans having the lowest rates in 25 scenarios. Totalkredit obtained the same stamp in 2021.

Totalkredit offers a home energy check-up to customers interested in a visit from an energy consultant and having their home energy-labelled. The home energy check-up is one of the joint initiatives offered in concert with our Totalkredit partner banks.

Financial performance in Q1/2023

Totalkredit Partners delivered a business profit of DKK 781 million (Q1/2022: DKK 742 million).

Income rose to DKK 1,068 million (Q1/2022: DKK 900 million), driven by net interest from capitalisation due to higher interest rate levels compared with 2022.

Net interest income came to DKK 775 million (Q1/2022: DKK 785 million). Net fee income was DKK 189 million (Q1/2022: DKK 188 million), which was on a par with the same period last year.

Costs were DKK 215 million (Q1/2022: DKK 192 million), mainly due to higher costs of IT and compliance as well as general price rises.

Impairment charges for loans and advances were DKK 72 million (Q1/2022: net reversal of DKK 34 million) and are related to the declining housing prices.

	DKK million			
Results –	Q1/	Q1/	Q4/	Q1-Q4/
Totalkredit Partners	2023	2022	2022	2022
Net interest income	775	785	829	3,227
Net fee income	189	188	306	996
Net interest from capitalisation	104	(72)	(116)	(365)
Trading, investment portfolio and other income	(1)	(1)	(2)	(1)
Income	1,068	900	1,017	3,857
Costs	215	192	208	786
Business profit before impairment charges	853	708	809	3,071
Impairment charges for mortgage lending	72	(34)	(4)	(7)
Business profit	781	742	813	3,078

Results for Q1/2023 relative to Q4/2022

Totalkredit Partners delivered a business profit of DKK 781 million (Q4/2022: DKK 813 million).

Income went up to DKK 1,068 million (Q4/2022: DKK 1,017 million), mainly related to net interest from capitalisation as a result of higher interest rate levels.

Impairment charges for loans and advances were DKK 72 million (Q4/2022: net reversal of DKK 4 million).



Business profit in Q1

DKK 781m

(Q4/2022: DKK 813m)

Activities

Lending totalled DKK 728.9 billion at 31 March 2023 compared with DKK 731.9 billion at end-2022, down DKK 3.0 billion. The decline was driven by private residential mortgage lending at nominal value.

Nominal mortgage lending to personal customers declined to DKK 716.6 billion (end-2022: DKK 719.9 billion) as a result of lower activity and a reduction in customers' mortgage debt in connection with remortgaging. The majority of our customers opted for repayment loans in Q1/2023.

The business loan portfolio increased by DKK 0.3 billion to nominally DKK 12.3 billion (end-2022: DKK 12.1 billion).

Arrears

At the December due date, 75-day mortgage loan arrears of Totalkredit Partners as a percentage of total mortgage payments due were 0.13% against 0.13% at the same time in 2022.

75-day mortgage loan arrears were unchanged compared with the same time in 2022. Arrears are generally expected to rise, as we are starting to see small signs of weakness.

DKK million

Loans and advances	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
Totalkredit Partners					
Personal customers					
Loans and advances	716,550	719,851	729,354	731,385	729,525
- of which mortgage lending, nominal value	708,940	712,632	723,116	725,393	723,311
- of which secured homeowner loans	7,610	7,219	6,238	5,992	6,214
Business customers					
Loans and advances	12,322	12,051	11,804	11,246	10,312
- of which mortgage lending, nominal value	12,322	12,051	11,804	11,246	10,312



Total lending
DKK 729bn
(end-2022: DKK 732bn)

Wealth Management

Wealth Management pursues an ambition of being Denmark's responsible wealth manager.

Against this background, we aim to build long-term value for our clients and business partners and be useful to society. We are pursuing seven strategic tracks:

- Corporate responsibility
- Customers first
- Digital customer experiences
- Strategic partnerships
- Alternatives
- Data
- Scale.



Q1/2023 in review

The quarter was quite turbulent with rising interest rates and heightened focus on inflation, which in turn caused volatility in financial markets and affected bonds and equities as well as other risk assets. However, for all that, markets still performed decently and generated positive returns.

Because of the turbulent markets in Q1, Wealth Management gave particularly high priority to being close to clients and business partners.

Wealth Management has recorded strong client growth, high client satisfaction and positive net sales.

There is continued strong demand for sustainable solutions and products within all asset classes. Equity investors remained particularly attracted to value equities and equity management bearing a strong sustainability profile.

Wealth Management strives to improve the customer experience by, for example,

- enhancing digital investment solutions for personal customers using mobile and online banking services
- cooperating and developing joint products and solutions under the Sparinvest partnership
- focusing on sustainability in advisory services, products and concepts that provide our customers with even more and better opportunities to invest sustainably
- offering mutual benefits, including funds carrying the Nordic Swan Ecolabel
- implementing EU Sustainable Finance
- expanding knowledge of alternative investments.

Wealth Management holds a strong market position and has received international recognition in Q1 in the form of Morningstar, WealthBriefing and Euromoney awards.

Awards won by Nykredit in Q1

Morningstar Fund Awards

- Best Equity Fund House
- Best manager of equities and bonds
- Best global equity fund with the sustainable fund-Sparinvest INDEX DJSI World KL

WealthBriefing Awards (Private Banking)

- Best Domestic Clients Team
- Best Private Bank – Talent Management

Financial publisher Euromoney

- Best Domestic Private Bank in Denmark

Financial performance in Q1/2023

Wealth Management delivered a business profit of DKK 265 million (Q1/2022: DKK 262 million).

Income amounted to DKK 549 million and increased compared with last year (Q1/2022: DKK 471 million), mainly relating to net interest income from higher deposits and lending as well as rising interest rates.

Costs amounted to DKK 260 million (Q1/2022: DKK 232 million). The increase was chiefly due to general price rises and increasing IT costs.

Impairment charges for loans and advances were DKK 24 million (Q1/2022: net reversal of DKK 22 million).

	DKK million			
Results –	Q1/	Q1/	Q4/	Q1-Q4/
Wealth Management	2023	2022	2022	2022
Net interest income	121	56	115	307
Net fee income	7	9	12	49
Wealth management income	399	396	370	1,551
Net interest from capitalisation	10	(3)	(6)	(16)
Trading, investment portfolio and other income	11	13	7	38
Income	549	471	498	1,929
Costs	260	232	239	926
Business profit before impairment charges	288	239	259	1,002
Impairment charges for mortgage lending	1	1	6	7
Impairment charges for bank lending	23	(23)	6	(15)
Business profit	265	262	248	1,010

Results for Q1/2023 relative to Q4/2022

Wealth Management delivered a business profit of DKK 265 million in Q1/2023 (Q4/2022: DKK 248 million).

Income amounted to DKK 549 million (Q4/2022: DKK 498 million); an increase mainly related to Wealth Management income from growth in assets under management and assets under administration.

Costs amounted to DKK 260 million (Q4/2022: DKK 239 million). The increase was chiefly due to general price rises and increasing IT costs.

Impairment charges for loans and advances were DKK 24 million (Q4/2022: DKK 12 million).



Business profit in Q1
DKK 265m
(Q4/2022: DKK 248m)

Activities

Assets under management increased by DKK 23.4 billion compared with end-2022 to a total of DKK 429.4 billion (end-2022: DKK 406.0 billion). This was in part due to positive net sales of DKK 10 billion from net growth from clients via the Sparinvest partnership, Retail and Private Banking Elite clients as well as from institutional and international clients. To this should be added a positive return of DKK 13 billion.

Assets under administration rose by DKK 39.5 billion on end-2022, totalling DKK 1,024.4 billion (end-2022: DKK 984.9 billion). This development is composed of net sales of DKK 11 billion, driven by a net inflow from institutional clients as well as from Sparinvest and Nykredit Invest via the Group's savings products, and a positive return of DKK 28 billion.

	DKK million				
Selected balance sheet items	31.03.2023	31.12.2022	30.09.2022	30.06.2022	31.03.2022
Wealth Management					
Assets under management	429,418	406,014	392,949	404,615	427,018
- of which Nykredit's investment funds	206,607	195,519	191,591	195,171	209,655
Assets under administration	1,024,420	984,897	971,150	1,002,421	1,098,492
Lending/deposits					
Loans and advances	21,093	20,594	17,471	16,828	17,199
- of which mortgage lending, nominal value	14,624	14,373	11,675	11,097	11,605
- of which secured homeowner loans	1,467	1,267	1,152	1,053	1,032
- of which bank lending	5,003	4,955	4,645	4,678	4,562
Deposits	17,784	19,070	18,149	16,329	14,085



Assets under management
DKK 429bn
(end-2022: DKK 406bn)

Group Items

Group Items includes Nykredit's total return on the securities portfolio, including equities held for business purposes.

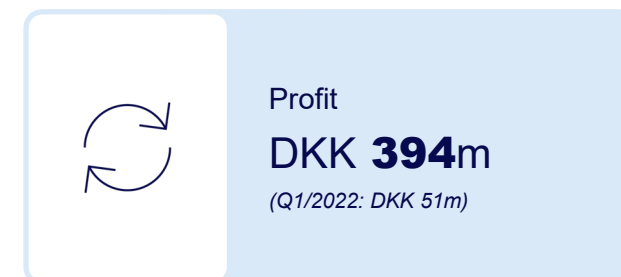
A few income statement and balance sheet items are not allocated to the business areas but are included in Group Items.

	DKK million			
Results – Group Items	Q1/ 2023	Q1/ 2022	Q4/ 2022	Q1-Q4/ 2022
Net interest income	0	(2)	4	(18)
Net fee income	(12)	(12)	(1)	(30)
Wealth management income	4	8	9	35
Net interest from capitalisation	96	23	11	81
Net income relating to customer benefits programmes	(117)	(81)	(119)	(443)
Trading, investment portfolio and other income	462	133	1,530	947
Income	435	69	1,435	573
Costs	40	25	157	246
Profit before impairment provisions	394	43	1,278	327
Impairment charges for mortgage lending	1	0	5	1
Impairment charges for bank lending	(1)	(8)	1	(5)
Profit	394	51	1,272	330

Financial performance in Q1/2023

The profit of Group Items increased by DKK 343 million on last year to DKK 394 million (Q1/2022: DKK 51 million).

This was mainly due to trading, investment portfolio and other income which was affected by positive value adjustments of equities held for business purposes and short-dated mortgage bonds in Q1.



Capital, funding and liquidity



CET1 capital ratio
20.0%
(end-2022: 19.5%)



Total capital ratio
23.8%
(end-2022: 23.3%)



Internal capital adequacy requirement
11.4%
(end-2022: 11.6%)

Equity

The Nykredit Realkredit Group's equity stood at DKK 95.0 billion at end-March 2023. In March 2023 dividend of DKK 4.65 billion was distributed to the Company's shareholder. The dividend corresponds to about 50% of profit after tax for 2022, adjusted for minority interests and Additional Tier 1 capital, which is in line with the Group's dividend policy. Nykredit maintains a strong capital position after distributing dividend. If Nykredit is deemed to have considerable excess capital, the Board of Directors will continuously consider, taking into account the current economic climate, outlook etc, whether to distribute extraordinary dividend or buy back shares.

	DKK million	
Nykredit Realkredit Group	31.03.2023	31.12.2022
Equity (including AT1 capital)		
Equity, beginning of year	96,829	93,591
Profit for the period	2,800	9,454
Other adjustments	(4,635)	(6,215)
Equity, end of period	94,995	96,829

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 maintains its capital position and can continue to make contributions to the Group's customer benefits programmes.

Nykredit did not distribute dividend for the financial year 2019 and distributed reduced dividend for the financial year 2020. The undistributed dividend has subsequently been distributed as extraordinary dividend, which resulted in an average dividend payout ratio of 64% in the period from 2020 to 2022. Nonetheless, Nykredit maintains a dividend policy target of 50% of profit for the year. Against this backdrop, the Danish FSA has permitted Nykredit to include profit for the period, less 64% dividend, in own funds for the financial year 2023.

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	31.03.2023	31.12.2022
Capital and capital adequacy		
Equity (including AT1 capital)	94,995	96,829
AT1 capital etc	(3,795)	(3,751)
Profit for Q1 ¹	(1,759)	-
Proposed dividend	-	(4,650)
CET1 regulatory adjustments	(2,915)	(2,631)
CET1 capital	86,526	85,797
AT1 capital	3,660	3,654
AT1 regulatory deductions	-	(4)
Tier 1 capital	90,186	89,446
Tier 2 capital	10,644	10,723
Tier 2 regulatory adjustments	2,111	2,104
Own funds	102,941	102,273
Credit risk	367,708	366,083
Market risk	32,172	42,443
Operational risk	30,945	29,738
Total risk exposure amount	430,824	438,263
CET1 capital ratio, %	20.0	19.5
Tier 1 capital ratio, %	20.9	20.4
Total capital ratio	23.8	23.3
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.4	11.6

¹ Approximately 36% of profit for Q1/2023 has been included as authorised by the Danish FSA (Q1/2022: 0%).

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 2023, Nykredit's risk exposure amount (REA) totalled DKK 430.8 billion (end-2022: DKK 438.3 billion). With own funds at DKK 102.9 billion, this corresponds to a total capital ratio of 23.8% (end-2022: 23.3%). The CET1 capital ratio was 20.0% (end-2022: 19.5%).

REA for credit risk increased by DKK 1.6 billion in Q1/2023, mainly driven by increased business lending. REA for market risk decreased by DKK 10.3 billion in the past quarter due to reduced interest rate risk and yield spread risk. REA for operational risk rose by DKK 1.2 billion.

The Nykredit Realkredit Group's REA has generally risen in recent years due to lending growth as well as implementation of new regulation and IRB model development. Low arrears and many years of price rises in the property market have limited the increase in REA. Another limiting factor is the higher interest rates in 2022, which have reduced the value-adjusted debt outstanding of mortgage lending. Nykredit expects a reversal of economic trends going forward, which will further increase REA for credit risk. This has been factored into Nykredit's capital planning for the coming years.

At end-March 2023, CET1 capital totalled DKK 86.5 billion (end-2022: DKK 85.8 billion). AT1 capital after regulatory deductions amounted to DKK 3.7 billion. Tier 2 capital was DKK 10.6 billion excluding regulatory adjustments (end-2022: DKK 10.7 billion). When determining own funds, minority interests have been excluded from AT1 capital.

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. Required own funds were

11.4% of the Group's REA at end-March 2023, 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 7.0%. As a systemically important financial institution (SIFI), Nykredit is subject to a special SIFI buffer requirement of 2.0% as well as a capital conservation buffer requirement of 2.5% applying to all financial institutions. Both buffer requirements are included in Nykredit's capital targets and must be met using CET1 capital. Moreover, the countercyclical capital buffer has been increased from 2.0% to 2.5% with effect from 31 March 2023. The countercyclical capital buffer must also be met with CET1 capital.

The Nykredit Realkredit Group currently has excess capital of 5.4 percentage points relative to the total capital requirement, ie the internal capital adequacy requirement plus the combined capital buffer requirement.

Capital targets 2023

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.

Capital targets

- CET1 capital target of 15.0-16.0% of REA
- For total own funds, the target is 19.5-20.5% of REA.

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 ensure sufficient own funds to generate dividend for its owners, in turn allowing Forenet Kredit to realise its key priorities.

Nykredit's capital policy must also adhere to current legislation and FSA requirements.

Against this backdrop, Nykredit's capital targets are set to reflect the Group's capital requirement during a severe recession. The targets are based on stress test results. Furthermore, Nykredit holds CET1 capital to meet the upcoming Basel requirements and may also obtain new CET1 capital from its owners through Forenet Kredit's capital resources and investment commitments from a number of Danish pension companies.

Due to the access to funding from our owners, Forenet Kredit and a consortium of pension companies, Nykredit ranks on a par with listed systemically important financial institutions (SIFI) in terms of capitalisation.

Leverage ratio

The leverage ratio, which indicates the relationship between Tier 1 capital and the balance sheet (including off-balance sheet items), was 5.1% at end-March 2023 (end-2022: 5.1%).

Nykredit's balance sheet mainly consists of match-funded mortgage loans and paired with a stable development in mortgage lending, this implies limited risk. This risk is mainly credit risk.

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. As at 31 March 2023, Nykredit Bank's deposits equalled 112.1% of lending against 119.5% in 2022.

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

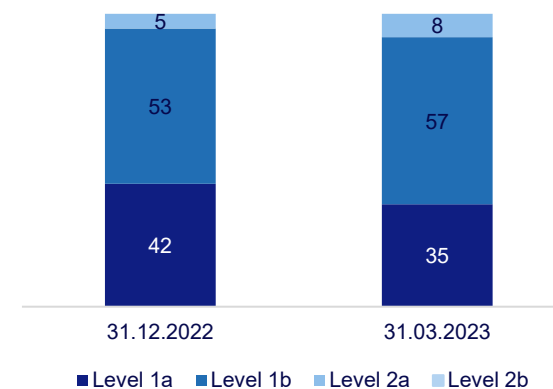
Nykredit holds substantial liquidity reserves and meets the regulatory requirements by a comfortable margin. This is illustrated in the table below, which shows that the LCRs of the various Group companies are significantly above the regulatory requirement of 100%.

	(%)	
Nykredit Realkredit Group LCR determination	31.03.2023	31.12.2022
Nykredit Realkredit Group	413	283
Nykredit Realkredit Group, LCR requirement in EUR	244	317
Nykredit Realkredit and Totalkredit	865	529
Nykredit Realkredit and Totalkredit, including LCR Pillar II requirements	235	208
Nykredit Bank	190	205

The liquid assets are determined at market value. The Nykredit Realkredit Group's liquid assets came to DKK 169 billion at 31 March 2023 compared with DKK 170 billion at end-2022. The 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. The Nykredit Realkredit Group's liquid assets determined under the LCR came to DKK 94 billion at 31 March 2023 compared with DKK 102 billion at end-2022. The main difference between liquid assets and liquid assets determined under the LCR is self-issued bonds.

The composition of Nykredit's liquid assets used to comply with the LCR is shown in the figure below.

Stock of liquid assets by LCR level



Green bonds

In April 2023 Nykredit updated its Green Bond Framework, which describes the principles for Nykredit's green bonds, to promote alignment with the criteria of the EU taxonomy.

New loans to be funded by green bonds must meet the criteria of Nykredit's Green Bond Framework 2023. Existing green mortgages, which only comply with the former version of Nykredit's Green Bond Framework, may be refinanced into ISINs opened before 1 April 2023. All green bonds launched after 1 April 2023 may only be used to fund loans in compliance with Nykredit's Green Bond Framework 2023.

Nykredit's Green Bond Framework was established in accordance with ICMA's Green Bond Principles. Sustainalytics has made an independent assessment of the Framework and its alignment with the EU taxonomy. The criteria of Nykredit's Green Bond Framework relate to 62 EU taxonomy activities, of which Sustainalytics considers 60 activities to be aligned and two activities to be partly aligned with the EU taxonomy.

Refinancing and issuance schedule

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 2023, the Group had a nominal amount of DKK 1,399 billion of SDOs in issue and DKK 125 billion of ROs in issue.

	DKK billion
Nykredit Realkredit Group	1 April 2023 - 31 March 2024
Refinancing¹	
Total maturity before set-off of self-issued bonds	261.0
- ordinary principal payments and scheduled ² prepayments (settled)	24.3
- ordinary principal payments and scheduled ² prepayments (not settled)	23.1
- pre-issued bonds and interest rate risk ²	0.5
Total refinancing volume	213.1
- pre-auctioned amount sold under forward contracts	27.4
Refinancing volume remaining for 1 April 2023 – 31 March 2024	240.5
- of which SDOs and ROs	232.4
- of which other issues	8.1

¹ Applicable for the April, July and October 2023 and January 2024 payment dates.

² Known as at 31 March 2023.

The annual maturity one year ahead totalled DKK 261 billion, of which ordinary principal payments, prepayments etc totalled DKK 48 billion. Thus, refinancing volumes amounted to DKK 213 billion.

The final refinancing volumes are typically lower than the volumes maturing as a result of extraordinary principal payments and loan refinancing. Actual refinancing volumes at around DKK 180-190 billion are expected in the coming year.

Nykredit must have a debt buffer of at least 2% of mortgage lending. Also, the debt buffer, own funds and MREL eligible liabilities combined must amount to at least 8% of the consolidated balance sheet. Nykredit meets both requirements.

	DKK million	
Nykredit Realkredit Group	31.03.2023	31.12.2022
Bonds in issue		
Covered bonds (ROs), see note 17 a	125,042	119,758
Covered bonds (SDOs), see note 17 b	1,398,527	1,383,244
Senior secured debt, see note 17 c	700	704
Senior preferred debt of Nykredit Realkredit A/S	9,310	9,296
Senior non-preferred debt	41,763	42,345
Tier 2 capital, see note 20	10,112	10,136
AT1 capital, see note 2	3,660	3,654
ECP issues of Nykredit Bank A/S	10,900	9,545

Due to an expected higher REA, the total regulatory requirement may exceed 8% of the consolidated balance sheet as a result of rising capital requirements.

Nykredit must also comply with S&P's ALAC rating criteria to maintain a credit issuer rating of A.

In Q1 Nykredit issued about DKK 5.6 billion-worth of senior non-preferred debt for meeting the 2% debt buffer requirement, the 8% requirement and the ALAC criteria.

Nykredit expects to issue about DKK 5 billion in addition to the issuance of mortgage covered bonds (SDOs and ROs) in the remaining part of 2023.

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 key benchmarks to measure if a bank or a mortgage lender is operating at an elevated risk.

Nykredit complied with all benchmark limits of the Supervisory Diamond model for banks and mortgage lenders as at 31 March 2023.

Benchmark	Nykredit Realkredit Group 31 March 2023	Nykredit Realkredit A/S 31 March 2023	Totalkredit 31 March 2023	Limit value
Lending growth in segment				
Personal customers	(0.9)%	(14.5)%	(0.4)%	15.0%
Commercial residential properties ¹	(0.2)%	(0.8)%	24.0%	15.0%
Agricultural properties	(2.6)%	(2.6)%	0.0%	15.0%
Other commercial	10.7%	10.4%	18.3%	15.0%
Borrower's interest rate risk				
Private residential and residential rental	12.5%	17.8%	11.2%	25.0%
Interest-only loans				
Personal customers	5.1%	2.8%	5.2%	10.0%
Loans with short-term funding				
Refinancing (annually)	11.2%	19.2%	6.7%	25.0%
Refinancing (quarterly)	3.7%	8.3%	1.0%	12.5%
Large exposures				
Loans and advances:equity	49.2%	48.1%	6.8%	100.0%

¹ As Totalkredit's business lending is lower than Totalkredit's own funds, the segment is not subject to the 15% limit.

Nykredit Bank A/S		
Supervisory Diamond for banks	31.03.2023	31.12.2022
Large exposures (limit value <175%)	114.3%	115.7%
Lending growth (limit value <20%)	12.7%	13.7%
Property exposure (limit value <25%)	13.2%	12.1%
Liquidity benchmark (limit value >100%)	257.1%	272.0%



Credit ratings

Nykredit Realkredit and Nykredit Bank collaborate with 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.

List of ratings

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

S&P Global Ratings

S&P has assigned Nykredit Realkredit and Nykredit Bank long-term and short-term Issuer Credit Ratings as well as long-term and short-term senior preferred debt ratings of A+/A-1 with a stable outlook as well as 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.

The very modest outstanding amount of covered bonds in Nykredit Realkredit in General and Nykredit Realkredit's Capital Centre C was the reason for Nykredit's decision to end the credit ratings of these bonds as at 1 January 2024.

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.

ESG ratings

ESG ratings are a tool used by investors and other stakeholders to assess a company's position relative to sustainability, corporate responsibility and governance. Nykredit is currently focusing 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	AA
Sustainalytics	Low risk
CDP	A-

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

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.

Nykredit's credit exposures are considered to be of high credit quality. Loan-to-Value (LTV) ratios have been declining in recent years, not least due to the high remortgaging activity, enabling customers to reduce their debt outstanding. After Q1/2023 we expect a slight increase in LTV ratios, which currently averages 52.2% due to the falling house prices.



Net reversal
DKK **34m**
(Q1/2022: net reversal of
DKK 162m)



Provisions related to
geopolitical tensions and
covid-19
DKK **2.1bn**
(end-2022: DKK 2.4bn)

Earnings impact in Q1

Impairment charges for loans and advances were a net reversal of DKK 34 million (Q1/2022: net reversal of DKK 162 million) owing to the continued strong performance of the Danish economy and our customers' good credit quality. In Q1 Nykredit reversed DKK 0.3 billion of the total provisions taken to counter the increased risk from geopolitical tensions and the consequences of covid-19. By contrast, ESG-related provisions increased in Q1/2023.

Geopolitical tensions

The geopolitical conditions and the global economies are challenged by, for instance, the war in Ukraine. Conditions which are expected to affect the credit quality of some customers as a result of lower economic growth, increasing interest rates, house price trends, inflation and disruptions of value and supply chains.

Provisions related to the geopolitical tensions 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 high inflation and rising interest rates. Provisions of DKK 0.8 billion have been taken to counter such risk. Secondly, business customers in the construction, retail, commercial rental, production and manufacturing sectors are also expected to be affected due to inflation, scarcity of goods and rising interest rates. We have taken provisions of DKK 1.1 billion for exposed sectors, and total provisions to manage the increased risk now amounts to 1.8 billion.

Covid-19

General uncertainty about the impacts of the covid-19 pandemic has fallen significantly, yet continues to be present. Repayment of loans granted under government relief packages leads to more bankruptcies which is considered the primary risk driver in the assessment of the pandemic.

Provisions for covid-19-induced 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.

Of the total loan impairment provisions of DKK 2.1 billion taken in 2020 to cover the consequential loan losses arising from covid-19, Nykredit has reversed DKK 1.8 billion owing to lower risk assessment. The remaining provisions related to covid-19 totalled DKK 0.3 billion.

For further information about the impacts of covid-19 and geopolitical tensions, please refer to our Fact Book Q1 2023, which is available at nykredit.com

Macroeconomic impacts on impairment levels

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

The loan portfolio measured at nominal value developed positively in Q1, and individual impairment provisions remained low. Arrears ratios were declining for some portfolios and stable for others. Write-offs remained low. Nykredit has made only a few covid-19-related individual impairment provisions and geopolitical tensions.

Nykredit's macroeconomic forecasts 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.

Expectations for macroeconomic models

Nykredit's impairment model calculations include forward-looking macroeconomic scenarios. The scenarios reflect uncertainties relating to the economy and include both improved and deteriorating outlooks. At end-Q1/2023, the scenarios were updated to reflect the current and expected economic environment, including the geopolitical tensions caused by, for example, the war in Ukraine and resulting market conditions. The main scenario must reflect the economic environment. The main scenario carries a 55% weighting. The main scenario used for the impairment models implies expected GDP growth of 1.1% and house price decreases of 9.8% in 2023. At end-2022, the main scenario implies expected GDP growth of 0.2% and house price decreases of 5.6% in 2023.

The adverse scenario was included in the models with a weighting of 40%. This scenario implies expected GDP decline of 0.5% and house price decreases of 12.3% in 2023.

	DKK million					
	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment charges for loans and advances, earnings impact	
	31.03.2023	31.12.2022	31.03.2023	31.12.2022	31.03.2023	31.12.2022
Nykredit Realkredit Group						
Loans, advances, guarantees and impairment charges for loans and advances						
Mortgage lending, nominal value						
Nykredit Realkredit	555,903	552,492	4,146	4,232	(65)	(504)
Totalkredit	874,913	877,399	1,749	1,687	79	27
Total	1,430,816	1,429,891	5,895	5,919	14	(477)
Loans and advances etc						
Nykredit Bank	92,075	86,735	3,104	3,132	(41)	393
Total	92,075	86,735	3,104	3,132	(41)	393
Receivables from credit institutions	15,299	11,582	19	18	1	(5)
Reverse repurchase lending	35,536	37,970	0	0	-	-
Guarantees etc	8,643	8,393	333 ¹	340 ¹	(8)	9
Loan impairment, %²						
Nykredit Realkredit			0.74	0.76	(0.01)	(0.09)
Totalkredit			0.20	0.19	0.01	0.00
Total			0.41	0.41	0.00	(0.03)
Nykredit Bank			3.26	3.48	(0.04)	0.44
Total			3.26	3.48	(0.04)	0.44

¹ Impairment charges for loan commitments etc were DKK 58 million (Q4/2022: DKK 67 million).

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

The improved scenario carries a 5% 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 9,351 million as at 31 March 2023 (end-2022: DKK 9,409 million). If the main scenario carried a 100% weighting, total impairment provisions would decrease by DKK 126 million. Compared with the main scenario, total impairment provisions would rise by DKK 1,379 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 1,004 million.

A significant part of the sensitivities to macroeconomic scenarios is related to the assessment of exposed sectors. Focus is currently on customers in manufacturing, construction, rental, retail as well as accommodation and food service. If the adverse scenario carried a 100% weighting, the impairment level of such customers will increase by DKK 1,143 million. If the weighting of the improved scenario was 100%, total impairment provisions of such customers will be reduced by DKK 502 million. These sensitivities form part of the sensitivities mentioned above.

See our Factbook Q1 2023 for a sector breakdown and the impact of the geopolitical tension on these sectors at nykredit.com

At 31 March 2023, the impairment model applied the following main scenario and adverse scenario:

Nykredit Realkredit Group							%
Scenarios for impairment calculations	Main scenario			Adverse scenario			
	2023	2024	2025	2023	2024	2025	
Short-term rate ¹	3.5	3.5	2.8	4.0	4.9	4.9	
Long-term rate ²	2.7	2.3	2.3	2.9	3.3	3.5	
House prices ³	(9.8)	(0.3)	2.2	(12.3)	(5.7)	(0.5)	
GDP ³	1.1	1.1	2.1	(0.5)	(0.2)	1.2	
Unemployment ⁴	3.0	3.2	3.2	3.3	3.8	3.9	

¹ Short-term rate reflects the 3M Copenhagen Interbank Offered Rate (Cibor).

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

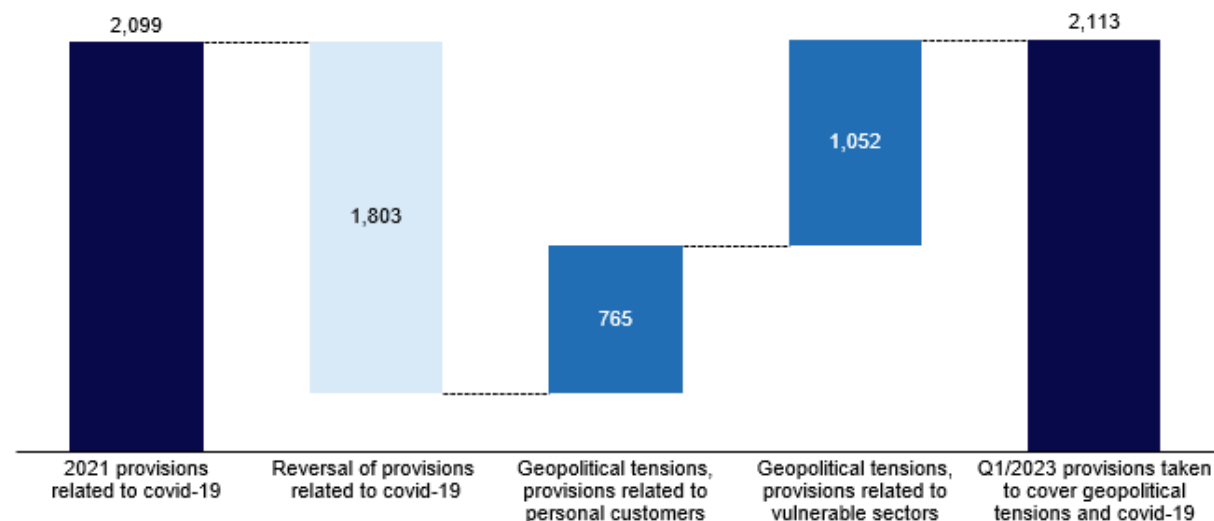
³ House prices and GDP reflect annual percentage changes.

⁴ Registered gross unemployment.

Nykredit's main scenario assumes that during 2023 and 2024 GDP and house prices will be significantly reduced relative to previous forecasts due to the effects of geopolitical tensions. At the same time, rising interest rates are expected. Since the last scenario update, our forecast of house price decreases has been slightly lowered but from a starting point of low arrears and overdrafts.

We expect that some sectors may encounter difficulties with the repayment of loans granted under government relief packages. This, in combination with energy supply challenges, rising cost prices and supply chain disruptions, has led Nykredit to adjust its main scenario.

Provisions concerning geopolitical tensions and covid-19 (DKK million)



Post-model adjustments

Management uses post-model-adjustments (PMA) to determine corrections to the assumptions behind impairment models. At end-March 2023, post-model adjustments amounted to DKK 3,930 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 macro-economic projections cannot capture.

Physical and transition risks related to ESG will challenge Nykredit's business models in certain sectors and areas. At the same time, legislative measures may have a large impact on Nykredit's loan portfolio. On balance, the value of certain assets is expected to decrease. Provisions have been made which will be regularly quantified and updated in the impairment models.

The general assessment of economic trends in 2023 has been affected by several negative forecasts of interest rates, housing prices and growth. 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 scope of such post-model adjustments is shown below:

	DKK million	
	31.03.2023	31.12.2022
Nykredit Realkredit Group		
Specific macroeconomic risks and process-related circumstances		
Agriculture	498	644
Covid-19	282	533
Geopolitical tensions	1,079	1,077
Concentration risks in loan portfolios	148	217
Total macroeconomic risks	2,007	2,471
Process-related	484	554
Model changes	122	116
ESG	555	200
Other (results of controlling, haircuts etc)	762	732
Total process-related circumstances	1,618	1,602
Total post-model adjustments	3,930	4,073

Note: At end-March 2023, another DKK 752 million was added to the impairment models as in-model adjustments, where exposed sectors due to geopolitical tensions and covid-19 are stressed, resulting in a change of stage (end-2022: DKK 810 million). Of this amount, DKK 738 million was attributable to geopolitical tensions and DKK 14 million to covid-19.

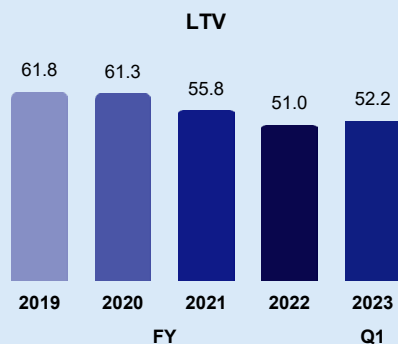


Mortgage lending

At end-March 2023, Nykredit's credit exposure in terms of nominal mortgage lending was DKK 1,431 billion (end-2022: DKK 1,430 billion).

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

The average loan-to-value (LTV) ratios relative to the market value of the loan were 52.2% (end-2022: 51.0%).



Total provisions for mortgage loan impairment

Total provisions for mortgage loan impairment equalled 0.41% of total mortgage lending, excluding credit institutions (end-2022: 0.41%). Total impairment provisions amounted to DKK 5,895 million (end-2022: DKK 5,919 million). Provisions concerning covid-19 and geopolitical tensions, for example the war in Ukraine, are based on stress test calculations and have been included in total impairment provisions.

Impairment charges for loans and advances are mainly attributable to:

	DKK million	
Nykredit Realkredit Group		
Total impairment provisions for mortgage lending	31.03.2023	31.12.2022
Individual impairment provisions (stage 3)	1,805	1,750
Model-based impairment provisions (stages 1, 2 and 3)	4,090	4,169
- of which attributable to covid-19 and the war in Ukraine	1,490	1,616
Total impairment provisions for mortgage lending	5,895	5,919

Stress test calculations are made as a supplement to ordinary impairment calculations to the extent that recent economic developments (such as unemployment etc) have not yet been captured by Nykredit's models.

Earnings impact

Impairment charges for mortgage lending were DKK 14 million (2022: net reversal of DKK 477 million). Of the impairment charges for loans and advances, DKK 78 million was attributable

to owner-occupied dwellings and a reversal of DKK 64 million to the business segment.

Arrears

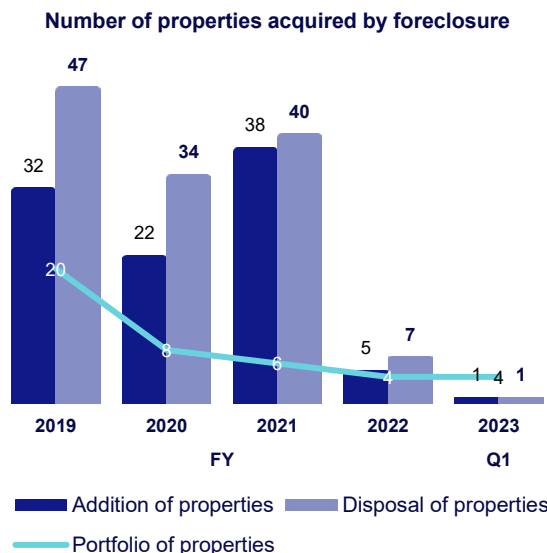
Mortgage loan arrears are determined 75 days past the due date. Mortgage loan arrears were 0.16% of total mortgage payments due 75 days past the December due date (December due date 2021: 0.16%).

Bond debt outstanding affected by arrears as a percentage of total bond debt outstanding was DKK 1.69 billion, an increase compared with DKK 1.61 billion at the December 2021 due date.

	Arrears relative to total mortgage payments	Debt outstanding in arrears relative to total debt outstanding	Debt outstanding affected by arrears
Nykredit Realkredit Group	%	%	DKK billion
Arrears ratio – 75 days past due			
Due date			
2022			
- December	0.16	0.12	1.69
- September	0.16	0.11	1.55
- June	0.15	0.11	1.53
- March	0.16	0.11	1.55
2021			
- December	0.16	0.11	1.61
- September	0.18	0.13	1.74
- June	0.20	0.14	1.93
- March	0.22	0.15	2.07

Properties acquired by foreclosure

In Q1/2023, the Group acquired 1 property and sold 1. The property portfolio subsequently counted 4 properties (end-2022: 4).



Mortgage lending

Owner-occupied dwellings accounted for 62.1% of the total debt outstanding on mortgage loans in Q1/2023, which is in line with the end-2022. The LTV of owner-occupied dwellings averaged 56.3% in Q1/2023 (end-2022: 54.2%).

Private rental made up 12.3% and office and retail accounted for 10.5% of the total debt outstanding (end-2022: 9.9% and 10.4%, respectively). With regard to total impairment provisions, owner-occupied dwellings accounted for 47.1% in Q1/2023 (end-2022: 46.2%) and agriculture accounted for 23.4% (end-2022: 23.3%).

Nykredit Realkredit Group

Mortgage lending, debt outstanding relative to estimated property values

	LTV (loan-to-value)						DKK million	LTV avg, %	
	0-40	40-60	60-80	80-90	90-100	>100		Total	Q1/2023
Owner-occupied dwellings	592,736	166,035	49,315	1,958	279	329	810,652	56.3	54.2
Private rental	121,673	31,286	6,605	263	115	109	160,052	52.9	52.8
Industry and trades	19,681	3,095	220	29	19	4	23,047	45.3	45.1
Office and retail	112,417	22,993	1,269	180	111	146	137,117	47.4	48.0
Agriculture	58,432	17,650	3,688	181	65	131	80,147	56.0	56.2
Public housing	-	-	-	-	-	-	79,049	0.0	0.0
Other	13,799	2,161	302	36	26	46	16,370	45.3	45.3
Total Q1/2023	918,738	243,221	61,398	2,648	615	765	1,306,435	52.2	-
Total 2022	926,900	233,724	51,633	1,635	598	798	1,292,119	-	51.0

Nykredit Realkredit Group

Mortgage lending by property type¹

	31.03.2023		31.12.2022	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Owner-occupied dwellings	2,778	78	2,735	93
Private rental	605	(54)	665	(18)
Industry and trades	71	5	66	(41)
Office and retail	661	2	660	(164)
Agriculture	1,382	1	1,377	(148)
Public housing	31	0	31	(18)
Cooperative housing	246	(26)	272	(69)
Other	122	8	114	(112)
Total	5,895	14	5,919	(477)

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

Bank lending

The total credit exposure came to DKK 153.7 billion (end-2022: DKK 153.4 billion) of which DKK 17.5 million for intercompany guarantees. Bank lending at amortised cost amounted to DKK 92.1 billion (end-2022: DKK 86.7 billion), up DKK 5.3 billion since the turn of the year.

Reverse repurchase lending totalled DKK 35.5 billion (end-2022: DKK 38.0 billion). Guarantees provided amounted to DKK 8.6 billion (end-2022: DKK 8.4 billion).

Bank lending

The total credit exposure breaks down as follows:

	DKK million	
Nykredit Realkredit Group		
Bank loans, advances and guarantees	31.03.2023	31.12.2022
Bank loans and advances	92,075	86,735
Reverse repurchase lending	35,536	37,970
Guarantees	8,643	8,393
Intercompany guarantees	17,472	20,311
Total	153,726	153,409

Total provisions for bank loan impairment

Provisions for bank loan impairment (exclusive of credit institutions and guarantees) totalled DKK 3,104 million at end-2022 (end-2022: DKK 3,132 million). The provisions related to covid-19 and geopolitical tensions 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	31.03.2023	31.12.2022
Individual impairment provisions (stage 3)	1,818	1,873
Model-based impairment provisions (stages 1, 2 and 3)	1,286	1,259
- of which attributable to covid-19 and the war in Ukraine	623	804
Total provisions for bank loan impairment	3,104	3,132



Bank lending, reverse repurchase lending and guarantees by sector

The finance and insurance sector still accounts for the largest credit exposure with loans and advances of DKK 42.5 billion (2022: DKK 44.8 billion).

The exposure widely comprised reverse repurchase lending with bonds serving as security.

Finance and insurance accounted for 27.6% (end-2022: 29.2%) and personal customers 15.6% (end-2022: 16.3%).

At end-Q1, impairment provisions for loans and advances excluding credit institutions totalled DKK 3,437 million (end-2022: DKK 3,472 million) or 2.2% of total lending (end-2022: 2.3%).



	DKK million					
Nykredit Realkredit Group	31.12.2023			31.12.2022		
Credit exposure in terms of bank lending, reverse repurchase lending and guarantees by sector ¹	Lending, year-end	Total impairment provisions	Earnings impact	Lending, year-end	Total impairment provisions	Earnings impact
Public sector	27	0	0	961	27	18
Agriculture, hunting, forestry and fishing	3,941	283	90	4,113	189	(7)
Manufacturing, mining and quarrying	15,560	646	83	14,769	563	378
Energy supply	5,475	36	(63)	5,291	98	57
Construction	2,736	269	(93)	2,357	353	142
Trade	14,216	652	41	13,255	618	(42)
Transport, accommodation and food service activities	7,524	174	(16)	6,823	169	33
Information and communication	5,381	80	(11)	4,896	86	(3)
Finance and insurance	42,488	82	(6)	44,795	84	(2)
Real estate	19,696	359	(83)	18,029	435	(85)
Other	12,768	265	(5)	13,085	270	(73)
Business customers, total	129,786	2,845	(62)	127,413	2,865	397
Personal customers	23,913	591	13	25,034	580	(13)
Total	153,726	3,437	(48)	153,409	3,472	402
- of which provisions for losses under guarantees etc		333	(8)		340	9
Impairment provisions for credit institutions		2	(1)		3	(7)
- of which intercompany guarantees and total	17,472	3,439	(49)	20,311	3,475	396

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

Business entities

The Nykredit Realkredit Group comprises, among others, the following companies:

- Nykredit Bank Group
- Totalkredit A/S

Nykredit Bank

Nykredit Bank concentrates on two business areas: Banking and Wealth Management.

Banking offers mortgage and banking services to personal customers and small and medium-sized business customers, as well as estate agency and leasing services.

Wealth Management offers asset management and portfolio administration services.

Totalkredit A/S

Totalkredit offers mortgage lending to personal and business customers through 43 partner banks.



Nykredit Bank

Nykredit Bank posted highly satisfactory results for Q1/2023 with a profit after tax of DKK 906 million (Q1/2022: DKK 748 million).

Nykredit Bank raised its guidance for profit for the year to DKK 2.5-3.0 billion from the former DKK 2.0-2.5 billion.



Income
DKK **1,994m**
(Q1/2022: DKK 1,441m)



Costs
DKK **828m**
(Q1/2022: DKK 769m)



Profit after tax
DKK **906m**
(Q1/2022: DKK 748m)

DKK million

Nykredit Bank Group	Q1/ 2023	Q1/ 2022	Q4/ 2022	2022
Business profit and profit for the period				
Net interest income	793	485	928	2,508
Net fee income	182	162	164	624
Wealth management income	583	592	543	2,279
Net interest from capitalisation	164	(31)	(46)	(152)
Net income relating to customer benefits programmes	(26)	(27)	(43)	(140)
Trading, investment portfolio and other income	297	259	267	973
Income	1,994	1,441	1,813	6,091
Costs	828	769	842	3,123
Business profit before impairment charges	1,166	672	971	2,968
Impairment charges for loans and advances	(49)	46	141	396
Business profit	1,215	626	830	2,573
Legacy derivatives	(11)	329	42	931
Profit before tax for the period	1,204	954	872	3,504
Tax	298	207	194	758
Profit for the period	906	748	678	2,746
Minority interests	15	15	17	61
Summary balance sheet				
	31.03.2023	31.03.2022	31.12.2022	31.12.2022
Reverse repurchase lending	35,536	47,043	37,970	37,970
Loans, advances and other receivables at amortised cost	92,075	79,890	86,735	86,735
Payables to credit institutions and central banks	44,951	56,139	50,660	50,660
Repo deposits	5,674	8,397	6,266	6,266
Deposits and other payables	106,736	88,174	107,426	107,426
Equity	34,425	31,604	33,518	33,518
Selected financial ratios				
Profit for the period as % pa of average equity	10.5	9.4 ¹	8.0	8.5
Cost/income ratio (C/I), %	41.5	53.4	46.4	51.3
Average number of staff, full-time equivalent	1,015	1,016	1,028	1,021

¹ Comparative figures have been restated.

Mutual benefits

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

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

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

management fee. **The home loan discount** is offered to customers who do everyday banking and home financing with Nykredit Bank. This discount is 0.15% of home loan interest expenses.

Long-term value for customers and partner banks

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

Focus on green choices

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

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

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

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

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



Q1 in review

Business profit came to DKK 1,215 million in Q1/2023 (Q1/2022: DKK 626 million), and profit for the period after tax was DKK 906 million (Q1/2022: DKK 748 million).

Income amounted to DKK 1,994 million (Q1/2022: DKK 1,441 million). Net interest income was DKK 793 million (Q1/2022: DKK 485 million). The increase in net interest income was positively impacted by rising interest rates as well as increased lending compared with Q1/2022.

Net fees amounted to DKK 182 million (Q1/2022: DKK 162 million). Net fee income was positively affected by the high activity level of corporate clients in the business area Corporates & Institutions.

Net interest from capitalisation, which comprises return on equity and interest on subordinated capital, was a gain of DKK 164 million (Q1/2022: charge of DKK 31 million). The increase compared to Q1/2022 was due to higher interest rates.

Trading, investment portfolio and other income came to DKK 297 million (Q1/2022: DKK 259 million), positively impacted by income from Nykredit Markets.

Costs were DKK 828 million (Q1/2022: DKK 769 million). Contractual wage increases as well as higher business volumes and activity in the Group increased the costs of customer-facing units, for instance, related to staff and market data. Costs of IT for the period also rose.

The average number of full-time equivalent staff totalled 1,015 (Q1/2022: 1,016). The flat development includes a drop in the number of administrative staff and a corresponding rise in customer-facing units.

Impairment charges for loans and advances were a net reversal of DKK 49 million (Q1/2022: charge of DKK 46 million) owing to the continued strong performance of the Danish economy and our customers' good credit quality.

Legacy derivatives were a charge of DKK 11 million (Q1/2022: gain of DKK 329 million). Legacy derivatives are derivatives Nykredit no longer offers to customers.

Lending went up by DKK 5.3 billion to DKK 92.1 billion at end-March 2023 (end-2022: DKK 86.7 billion). The increase in bank lending was driven by business customers, including major corporate clients served in the business area Corporates & Institutions.

Deposits and other payables amounted to DKK 106.7 billion (end-2022: DKK 107.4 billion).

Deposits exceeded lending at amortised cost by DKK 11.6 billion (end-2022: DKK 17.6 billion).



Lending
DKK 92.1bn
(end-2022: DKK 86.7bn)



Totalkredit

Totalkredit posted satisfactory results for Q1/2023 with a profit after tax of DKK 818 million (Q1/2022: DKK 685 million).



Income
DKK **1,353m**
(Q1/2022: DKK 1,002m)



Costs
DKK **268m**
(Q1/2022: DKK 235m)



Profit after tax
DKK **818m**
(Q1/2022: DKK 685m)

	DKK million			
Totalkredit	Q1/ 2023	Q1/ 2022	Q4/ 2022	2022
BUSINESS PROFIT AND PROFIT FOR THE PERIOD				
Net interest income	926	937	994	3,871
Net fee income	192	279	290	1,136
Net interest from capitalisation	171	(78)	(111)	(389)
Net income relating to customer benefits programmes	(76)	(53)	(67)	(287)
Trading, investment portfolio and other income	140	(84)	189	(159)
Income	1,353	1,002	1,295	4,173
Costs	268	235	274	981
Business profit before impairment charges	1,085	767	1,020	3,192
Impairment charges for loans and advances	78	(34)	10	27
Profit before tax	1,007	801	1,010	3,166
Tax	189	116	159	452
Profit for the period	818	685	851	2,714
Interest on Additional Tier 1 capital not recognised in profit or loss	57	30	49	146
SUMMARY BALANCE SHEET				
	31.03.2023	31.03.2022	31.12.2022	31.12.2022
Mortgage loans at fair value	783,271	825,450	774,333	774,333
Bonds at fair value	53,306	52,953	65,360	65,360
Payables to credit institutions and central banks	804,323	851,684	812,016	812,016
Bonds in issue at fair value	2,822	3,486	2,950	2,950
Equity	38,011	35,332	37,249	37,249
FINANCIAL RATIOS				
Profit for the period as % pa of average equity ¹	9.0	8.52	9.8	8.0
Cost/income ratio (C/I), %	19.8	23.4	21.2	23.5
Average number of staff, full-time equivalent	250	244	252	249

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.

² Comparative figures have been restated.

Partnership activities

Customers are best served by local customer advisers with the most knowledge about the customer, their finances and the local area. This belief is shared among the 43 partner banks behind the Totalkredit alliance.

Our alliance with the 43 Totalkredit partner banks is the foundation for our commitment to promote development and growth and offer attractive and secure loans all over Denmark at all times. The Totalkredit alliance is strong, and partner satisfaction remains high.

Customer benefits

Nykredit, and with that, Totalkredit, is owned by an association of customers, Forenet Kredit. Thanks to the contribution from Forenet Kredit, our mutual ownership structure is generating cash benefits to our customers. As a result, Totalkredit has been able to offer discounts on mortgage loans which we call KundeKroner. Nykredit has extended the KundeKroner benefits programme on the current terms up to and including 2024 to enhance customers' financial visibility.

Joint IT platform

The Totalkredit alliance is continually working on a new joint IT platform to optimise the advisory tools and home financing options available to all members of the partnership and their customers.

Most of the Totalkredit loans are produced in the new home finance universes made available via partner banks' IT providers, which offer better advisory tools and more efficient case management for the benefit of our customers. Our customers also get improved digital solutions via the "Mit hjem" digital platform where customers can find information about their home and Totalkredit loans and also monitor local housing market developments, including home listings.

Business customers

Totalkredit business mortgages are offered to the segments of office and retail, residential rental as well as industry and trades. A large number of our partner banks actively use our business mortgage propositions.

Green initiatives

To support the green transition, Forenet Kredit also makes contributions to Nykredit's green initiatives. As a consequence, we are able to offer a green voucher worth DKK 10,000 to Totalkredit customers who replace their oil- or gas-fired boilers with heat pumps. Since December 2020, almost 9,000 homeowners all over Denmark have accepted this offer and received vouchers. Sustainability has become an important part of our work, and we are working all across the Group to support Denmark's green transition.

Energy renovation

Customers with a Totalkredit mortgage loan who want to make home energy improvements can also get a discount on home energy check-ups. The discount is offered thanks to green contributions from Forenet Kredit. The energy check-up is available with or without an energy label update.

The energy check-up has been developed together with the banks in the Totalkredit partnership and includes a visit from an energy consultant, who will provide a consumption overview and offer specific suggestions for energy optimisation. The homeowner will also be able to purchase an energy label. The propositions are designed to make it easier for customers to choose energy-saving solutions and make home improvements to maintain or increase the value of their home.



Q1 in review

Profit after tax amounted to DKK 818 million (Q1/2022: DKK 685 million). Profit for the period as percentage pa of average equity came to 9.0% (Q1/2022: 8.5%).

Income amounted to DKK 1,353 million (Q1/2022: DKK 1,002 million), up DKK 351 million. The rise primarily comprised positive net interest from capitalisation driven by the higher interest rate level as well as trading, investment portfolio and other income, due to value adjustments of the portfolio of self-issued bonds following yield spread tightening. By contrast, net fee income fell due to lower activity levels.

Costs totalled DKK 268 million (Q1/2022: DKK 235 million). The cost/income ratio totalled 19.8% in Q1/2023 (Q1/2022: 23.4%). The period also saw rising costs of IT and compliance as well as general price increases.

The average number of full-time equivalent staff totalled 250 (Q1/2022: 244). The increase in the number of staff was primarily attributable to higher activity in Totalkredit business mortgages as well as IT.

Impairment charges for loans and advances were DKK 78 million (Q1/2022: net reversal of DKK 34 million). Impairment charges were still impacted by falling house prices. Credit quality remains satisfactory.

Totalkredit's nominal mortgage lending decreased in Q1/2023 to DKK 874.9 billion (end-2022: DKK 877.4 billion), as a result of customers having reduced their debt outstanding through mortgage refinancing coupled with lower activity.



Lending, nominal value
DKK 875bn
(end-2022: DKK 877bn)



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 pages 7 and 8 and the business areas (pages 13-23 and note 3) reflect the internal management reporting.781323

In certain respects, the presentation of the financial highlights differs from the format of the Financial Statements prepared under the International Financial Reporting Standards (IFRS). No correcting entries have been made, which means that profit for the year is the same in the financial highlights and in the IFRS-based Financial Statements. The reclassification in note 4 shows the reconciliation between the presentation in the financial highlights table of the Management Commentary and the presentation in the Consolidated Financial Statements prepared according to the IFRS and includes:

"Net interest income" comprising 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 47) 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) for the year as % of average equity (RoE). 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. Equity is determined exclusive of minority interest and Additional Tier 1 capital. The figures have been annualised.

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

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

Surplus of deposits is calculated based on total deposits, excluding repo deposits, relative to lending excluding reverse repurchase lending measured at amortised cost and not adjusted for impairment charges.

Copenhagen, 12 May 2023

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 2023 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 2023 and of the results of the Group's and the Parent's operations and the Group's cash flows for the financial period 1 January – 31 March 2023.

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

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

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 Brusén*

Michael Demsitz

Per W. Hallgren

Jørgen Høholt

Torsten Hagen Jørgensen

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		
Q1/2022	Q1/2023	Note	Q1/2023	Q1/2022
INCOME STATEMENTS				
4,148	8,785		10,319	6,070
-	-		1,428	444
3,172	7,736		8,041	3,645
976	1,050	6	3,706	2,868
89	170	6	173	92
227	248	5	1,041	1,188
117	114		1,024	1,159
1,175	1,353		3,895	2,989
224	393	6, 7	910	908
442	462		371	391
784	799		1,484	1,401
63	71		82	73
61	62		71	71
(175)	(65)	8, 9	(34)	(162)
1,449	1,727	10	1	1
2,558	3,068		3,575	2,904
166	283		775	497
2,391	2,785		2,800	2,407
Distribution of profit for the period				
2,354	2,747		2,747	2,354
-	-		15	15
38	38		38	38
2,391	2,785		2,800	2,407
COMPREHENSIVE INCOME				
2,391	2,785		2,800	2,407
Other comprehensive income				
Items that cannot be reclassified to profit or loss:				
(16)	21		21	(16)
3	(5)		(5)	3
(12)	15		15	(12)
(12)	15		15	(12)
2,379	2,801		2,816	2,394
Distribution of comprehensive income				
2,341	2,763		2,763	2,341
-	-		15	15
38	38		38	38
2,379	2,801		2,816	2,394

BALANCE SHEETS

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
31.12.2022	31.03.2023	Note	31.03.2023	31.12.2022
ASSETS				
5,304	5,783		38,998	49,659
33,024	36,778		15,299	11,582
1,329,734	1,327,578	11	1,306,934	1,292,489
208	203	12	127,928	125,028
32,465	30,120	13	90,362	90,638
3,717	3,740	14	1,615	1,592
7,320	7,389		7,912	7,886
29	29		54	39
71,452	73,123		-	-
-	-	15	1,783	893
353	377		2,277	2,262
Land and buildings				
7	-		18	25
240	253		258	246
247	253		277	271
203	213		235	224
28	41		48	47
(0)	(0)		176	175
9	9		9	9
8,150	8,734		18,069	16,958
261	304		567	374
1,492,504	1,494,675		1,612,544	1,600,129

BALANCE SHEETS

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
31.12.2022	31.03.2023		Note	31.03.2023	31.12.2022
LIABILITIES AND EQUITY					
10,107	10,614	Payables to credit institutions and central banks		21,305	27,851
-	-	Deposits and other payables	16	112,330	113,657
-	-	Deposits in pooled schemes		1,783	893
1,312,732	1,315,907	Bonds in issue at fair value	17	1,273,710	1,254,959
51,706	51,139	Bonds in issue at amortised cost	18	62,039	61,251
272	287	Other non-derivative financial liabilities at fair value	19	9,663	8,837
83	157	Current tax liabilities		834	526
10,307	11,196	Other liabilities		24,601	23,925
-	-	Deferred income		5	4
1,385,207	1,389,300	Total payables		1,506,270	1,491,903
Provisions					
17	14	Provisions for pensions and similar obligations		14	17
330	323	Provisions for deferred tax		565	578
21	21	Repayable reserves in pre-1972 series		21	21
-	-	Provisions for losses under guarantees		333	340
79	40	Other provisions		234	305
446	398	Total provisions		1,167	1,261
10,136	10,112	Subordinated debt	20	10,112	10,136
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated value adjustments					
-	-	- revaluation reserves		3	3
Other reserves					
35,869	37,540	- statutory reserves		-	-
31,878	31,878	- series reserves		31,878	31,878
3,203	3,203	- non-distributable reserve fund		4,849	4,849
16,181	17,266	- retained earnings		53,157	50,401
4,650	-	- proposed dividend		-	4,650
92,964	91,070	Shareholder of Nykredit Realkredit A/S		91,070	92,964
-	-	Minority interests		130	114
3,751	3,795	Holders of Additional Tier 1 capital		3,795	3,751
96,715	94,865	Total equity		94,995	96,829
1,492,504	1,494,675	Total liabilities and equity		1,612,544	1,600,129
OFF-BALANCE SHEET ITEMS					
-	-	Contingent liabilities		8,643	8,393
11,323	10,768	Other commitments		24,362	23,986
11,323	10,768	Total		33,005	32,379

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
2023										
Equity, 1 January	1,182	3	31,878	4,849	50,401	4,650	92,964	114	3,751	96,829
Profit for the period	-	-	-	-	2,747	-	2,747	-	-	2,747
Total other comprehensive income	-	-	-	-	15	-	15	15	38	69
Total comprehensive income	-	-	-	-	2,763	-	2,763	15	38	2,816
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(6)	-	(6)	-	6	-
Distributed dividend	-	-	-	-	-	(4,650)	(4,650)	-	-	(4,650)
Equity, 31 March	1,182	3	31,878	4,849	53,157	-	91,070	130	3,795	94,995
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

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

² A non-distributable reserve fund 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 re-serve fund	Statutory reserves ²	Series reserves	Retained earnings	Proposed dividend	Shareholder of Nykredit Realkredit A/S	Additional Tier 1 capital ³	Total equity
2023									
Equity, 1 January	1,182	3,203	35,869	31,878	16,181	4,650	92,964	3,751	96,715
Profit for the period	-	-	1,727	-	1,020	-	2,747	-	2,747
Total other comprehensive income	-	-	-	-	15	-	15	38	53
Total comprehensive income	-	-	1,727	-	1,035	-	2,763	38	2,801
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(6)	-	(6)	6	-
Distributed dividend	-	-	-	-	-	(4,650)	(4,650)	-	(4,650)
Dividend from Group enterprises	-	-	(56)	-	56	-	-	-	-
Equity, 31 March	1,182	3,203	37,540	31,878	17,266	-	91,070	3,795	94,865
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

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	Q1/2023	Q1/2022
Profit for the period	2,800	2,407
Adjustments		
Net interest income	(3,706)	(2,868)
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	82	74
Profit from investments in associates	(1)	(1)
Impairment charges for loans, advances and receivables etc	7	(204)
Prepayments/deferred income, net	(192)	(341)
Tax calculated on profit for the period	775	497
Other adjustments	67	(467)
Total	(168)	(904)
Change in operating capital		
Loans, advances and other receivables	(17,352)	37,323
Deposits and payables to credit institutions	(7,873)	2,652
Bonds in issue	19,539	(38,378)
Other operating capital	(3,326)	3,305
Total	(9,180)	3,998
Interest income received	11,078	6,596
Interest expenses paid	(3,756)	(3,418)
Corporation tax paid, net	(485)	(1,067)
Cash flows from operating activities	(2,344)	6,109
Cash flows from investing activities		
Sale of associates	-	3
Dividend received from associates	2	2
Purchase and sale of bonds and equities, net	290	(1,875)
Purchase of intangible assets	(38)	(28)
Sale of intangible assets	-	3
Purchase of property, plant and equipment	(25)	(14)
Sale of property, plant and equipment	8	(0)
Total	234	(1,909)
Cash flows from financing activities		
Distributed dividend	(4,650)	(4,380)
Payment of lease liabilities	(36)	(42)
Total	(4,686)	(4,422)
Total cash flows for the period	(6,796)	(222)
Cash and cash equivalents, beginning of period	61,242	45,294
Foreign currency translation adjustment of cash	(148)	72
Total cash flows for the period	(6,796)	(222)
Cash and cash equivalents, end of period	54,298	45,144
Cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	38,998	37,926
Receivables from credit institutions and central banks	15,299	7,218
Total	54,298	45,144

NOTES

 Nykredit Realkredit Group

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NOTES

Nykredit Realkredit Group

1. ACCOUNTING POLICIES

General

The Consolidated Financial Statements for Q1/2023 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the Annual Report.

The Parent Interim Financial Statements for Q1/2023 have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc (the Danish Executive Order on Financial Reports) issued by the Danish Financial Supervisory Authority (FSA).

The accounting policies of Nykredit Realkredit A/S and the Nykredit Realkredit Group are unchanged compared with the Annual Report for 2022 (note 1) and compared with the information disclosed in the Annual Report for 2022, 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 2023.

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

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

Significant accounting estimates and assessments

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

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

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

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

The geopolitical tensions are expected to affect the credit quality of some customers because of lower economic growth, rising prices and value and supply chain disruptions. Against this backdrop, provisions totalling DKK 1.8 billion based on stress tests have been taken to counter the worsened risk outlook.

General uncertainty about the impacts of the covid-19 pandemic has fallen significantly, yet continues to be present. Repayment of loans granted under government relief packages increases the number of bankruptcies, which is considered the primary risk driver in the assessment of the pandemic. Provisions totalling DKK 0.3 billion based on stress tests have been taken to counter the impacts of covid-19.

Please refer to the Management Commentary, pages 10 and 30, etc.

NOTES

DKK million				
Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2022	31.03.2023		31.03.2023	31.12.2022
2. CAPITAL AND CAPITAL ADEQUACY				
96,715	94,865	Equity for accounting purposes	94,995	96,829
-	-	Minority interests not included	(130)	(114)
(3,751)	(3,795)	Carrying amount of Additional Tier 1 capital recognised in equity	(3,795)	(3,751)
-	(1,759)	Profit for Q1 ¹	(1,759)	-
92,964	89,311	Equity excluding Additional Tier 1 capital and minority interests	89,311	92,964
(4,650)	-	Proposed dividend	-	(4,650)
(38)	(38)	Prudent valuation adjustment	(78)	(71)
-	-	Minority interests	70	62
(180)	(196)	Intangible assets excluding deferred tax liabilities	(2,063)	(2,057)
(242)	(267)	Other regulatory adjustments	(267)	(242)
(81)	(256)	Deduction for non-performing exposures	(446)	(209)
(5,190)	(757)	Common Equity Tier 1 regulatory deductions	(2,785)	(7,167)
87,773	88,554	Common Equity Tier 1 capital	86,526	85,797
3,643	3,649	Additional Tier 1 capital	3,660	3,654
-	-	Additional Tier 1 regulatory deductions	-	(4)
3,643	3,649	Total Additional Tier 1 capital after regulatory deductions	3,660	3,649
91,416	92,203	Tier 1 capital	90,186	89,446
10,710	10,631	Tier 2 capital	10,644	10,723
1,952	1,958	Tier 2 regulatory adjustments	2,111	2,104
104,078	104,792	Own funds	102,941	102,273
522,258	530,796	Credit risk	367,708	366,083
25,871	19,753	Market risk	32,172	42,443
14,161	14,032	Operational risk	30,944	29,738
562,290	564,581	Total risk exposure amount	430,824	438,263
Financial ratios				
15.6	15.6	Common Equity Tier 1 capital ratio, %	20.0	19.5
16.2	16.3	Tier 1 capital ratio, %	20.9	20.4
18.5	18.5	Total capital ratio, %	23.8	23.3

¹ The determination includes profit for the period less dividend of 64% as permitted by the Danish FSA. Nykredit did not include profit for Q1/2022.

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

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

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 Q1/2023	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Totalkredit Partners	Wealth Management	Group Items	Total
Results by business area									
Net interest income	651	747	1,398	589	1,986	775	121	0	2,883
Net fee income	163	125	289	207	496	189	7	(12)	680
Wealth management income	110	33	143	37	180	-	399	4	583
Net interest from capitalisation	36	96	131	118	249	104	10	96	460
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	-	(117)	(117)
Trading, investment portfolio and other income	9	28	37	190	227	(1)	11	462	700
Income	969	1,029	1,997	1,140	3,138	1,068	549	435	5,189
Costs	598	328	927	195	1,121	215	260	40	1,637
Business profit before impairment charges	370	701	1,071	946	2,016	853	288	394	3,552
Impairment charges for loans and advances	32	(220)	(188)	59	(129)	72	24	(0)	(34)
Business profit	338	921	1,259	887	2,146	781	265	394	3,586
Legacy derivatives	0	(10)	(10)	(1)	(11)	-	(0)	-	(11)
Profit before tax	339	911	1,249	886	2,135	781	265	394	3,575

BALANCE SHEET, 31 MARCH 2023

Assets

Mortgage loans etc at fair value	151,604	200,952	352,556	274,225	626,781	665,511	14,143	-	1,306,435
Reverse repurchase lending								35,536	35,536
Loans and advances at amortised cost	12,858	30,870	43,728	42,821	86,549	-	5,623	220	92,392
Assets by business area	164,462	231,822	396,284	317,046	713,330	665,511	19,766	35,756	1,434,363
Unallocated assets									178,180
Total assets									1,612,544

Liabilities and equity

Repo deposits								5,674	5,674
Bank deposits and other payables at amortised cost	44,147	27,957	72,104	12,423	84,527	-	17,771	4,358	106,656
Liabilities by business area	44,147	27,957	72,104	12,423	84,527	-	17,771	10,032	112,330
Unallocated liabilities									1,405,219
Equity									94,995
Total liabilities and equity									1,612,544

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 Q1/2022	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	133	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	43	2,413
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	51	2,575
Legacy derivatives	31	164	195	134	329	-	0	-	329
Profit before tax	333	749	1,082	767	1,849	742	262	51	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

Nykkredit Realkredit Group

4. RECONCILIATION OF INTERNAL AND REGULATORY INCOME STATEMENT

	Q1/2023			Q1/2022		
	Earnings presentation in Management Commentary	Reclassification	Income statement	Earnings presentation in Management Commentary	Reclassification	Income statement
Net interest income	2,883	823	3,706	2,546	322	2,868
Dividend on equities etc		173	173		92	92
Fee and commission income, net	680	(663)	17	635	(606)	29
Net interest and fee income		332	3,895		(192)	2,989
Wealth management income	583	(583)	-	592	(592)	-
Net interest from capitalisation	460	(460)	-	(138)	138	-
Net income relating to customer benefits programmes	(117)	117	-	(81)	81	-
Trading, investment portfolio and other income	700	(700)	-	406	(406)	-
Value adjustments		910	910		908	908
Other operating income		371	371		391	391
Income	5,189		3,959	3,959		
Costs	1,637	-	1,637	1,546	-	1,546
Business profit before impairment charges	3,552		2,413	2,413		
Impairment charges for loans and advances etc	(34)	-	(34)	(162)	0	(162)
Profit from investments in associates and Group enterprises		1	1		1	1
Business profit	3,586		2,575	2,575		
Legacy derivatives	(11)	11	-	329	(329)	-
Profit before tax	3,575	-	3,575	2,904	-	2,904

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	Q1/2023	Q1/2022
5. FEE AND COMMISSION INCOME		
Revenue from contracts with customers (IFRS 15) by business area		
Retail	144	176
Corporates & Institutions	103	114
Totalkredit Partners	153	278
Wealth Management	577	586
Group Items	43	22
Total	1,020	1,176
Total including income from financial guarantees	1,041	1,188

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

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

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

Revenue comprised by IFRS 15 mainly relates to:

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

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

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

NOTES

DKK million

Nykredit Realkredit Group

6. NET INTEREST INCOME ETC AND VALUE ADJUSTMENTS

Q1/2023	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	93	65	28	-	-	28
Lending and deposits	1,070	255	815	-	(2)	813
Repo transactions and reverse repurchase lending	291	161	130	-	-	130
Bonds	2	-	2	-	-	2
Subordinated debt	-	106	(106)	-	-	(106)
Other financial instruments	39	9	30	-	-	30
Total	1,495	596	899	-	(2)	898
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	9,960	7,430	2,529	-	(1)	2,529
- of which administration margin income	2,432	-	2,432	-	-	2,432
Bonds	512	-	512	-	924	1,436
Equities etc	-	-	-	173	116	289
Derivative financial instruments	(234)	-	(234)	-	(150)	(385)
Total	10,237	7,430	2,806	173	889	3,868
Foreign currency translation adjustment					23	23
Net interest income etc and value adjustments	11,732	8,026	3,706	173	910	4,789
Negative interest income	3	3	-			
Positive interest expenses	13	13	-			
Total	11,747	8,041	3,706			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	395					
Q1/2022						
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					

¹ Recognised at fair value under the fair value option.

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1/2022	Q1/2023	Q1/2023	Q1/2022
7. VALUE ADJUSTMENTS			
Assets measured at fair value through profit or loss			
(15,007)	1,642	6,873	(63,904)
(48,842)	5,237	(0)	-
(2)	0	(2)	3
(1,303)	535	924	(1,206)
199	101	116	209
(27)	1	23	34
1,312	(243)	(150)	1,820
-	-	-	2
-	-	26	-
-	-	(26)	-
Liabilities measured at fair value through profit or loss			
15,053	(1,643)	(10,350)	63,950
48,842	(5,237)	3,476	-
224	393	910	908

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	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Balance, 1 January	5,919	6,515	3,132	2,755	18	24	340	331	9,409	9,625
New impairment provisions as a result of additions and change in credit risk	1,141	1,121	678	767	2	1	115	113	1,936	2,002
Releases as a result of redemptions and change in credit risk	1,112	1,329	713	683	1	6	123	147	1,949	2,165
Impairment provisions written off	52	55	9	12	-	-	-	-	61	66
Other adjustments and interest from impaired facilities	(1)	-	17	12	-	-	-	-	16	12
Transferred to "Impairment provisions for properties acquired by foreclosure"	1	-	-	-	-	-	-	-	1	-
Total impairment provisions	5,895	6,252	3,104	2,840	19	18	333	297	9,351	9,407
Earnings impact										
Change in impairment provisions for loans and advances (stages 1-3)	29	(208)	(35)	85	1	(5)	(8)	(34)	(13)	(163)
Write-offs for the period, not previously written down for impairment	15	19	1	3	-	-	-	-	16	22
Recoveries on claims previously written off	(17)	(19)	(13)	(8)	-	-	-	-	(31)	(27)
Total	27	(208)	(47)	80	1	(5)	(8)	(34)	(28)	(168)
Value adjustment of assets in temporary possession	0	(1)	-	-	-	-	-	-	0	(1)
Value adjustment of claims previously written off	7	26	7	6	-	-	-	-	13	32
Losses offset, in accordance with partnership agreement ²	(20)	(25)	-	-	-	-	-	-	(20)	(25)
Earnings impact	14	(208)	(41)	86	1	(5)	(8)	(34)	(34)	(162)

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

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

NOTES

DKK million

Nykredit Realkredit Group

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

8 b. Total impairment provisions by stage 2023	Loans and advances at fair value			Loans and advances at amortised cost			Guarantees etc			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Total, 1 January 2023	2,116	1,521	2,281	399	914	1,837	75	190	75	9,409
Transfer to stage 1	317	(314)	(4)	183	(180)	(3)	37	(37)	-	-
Transfer to stage 2	(42)	139	(97)	(26)	54	(28)	(5)	7	(2)	-
Transfer to stage 3	(2)	(49)	52	(1)	(10)	11	(0)	(3)	3	-
Impairment provisions for new loans and advances (additions)	199	174	72	61	72	28	9	18	5	640
Additions as a result of change in credit risk	45	407	243	112	318	88	13	59	11	1,296
Releases as a result of change in credit risk	629	230	253	306	254	154	50	62	12	1,949
Previously written down for impairment, now written off	-	-	53	-	-	9	-	-	-	62
Other adjustments and interest from impaired facilities	-	-	(1)	-	-	17	-	-	-	16
Total impairment provisions, end of period	2,005	1,647	2,243	422	915	1,786	79	174	80	9,351
Total, end of period		5,895			3,123			333		9,351
Impairment provisions, end of period, are moreover attributable to:										
Credit institutions				19	-	-				19
Earnings impact for Q1/2023	(384)	350	63	(133)	137	(38)	(28)	16	4	(13)

2022	Loans and advances at fair value			Loans and advances at amortised cost			Guarantees etc			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Total, 1 January 2022	1,646	1,822	3,047	378	809	1,591	69	169	94	9,625
Transfer to stage 1	536	(526)	(9)	295	(295)	(1)	59	(59)	-	-
Transfer to stage 2	(41)	167	(126)	(55)	138	(83)	(5)	15	(10)	-
Transfer to stage 3	(2)	(41)	43	(1)	(13)	14	(0)	(3)	3	-
Impairment provisions for new loans and advances (additions)	230	195	45	48	118	71	14	16	1	738
Additions as a result of change in credit risk	85	391	175	79	290	162	16	56	11	1,263
Releases as a result of change in credit risk	642	263	424	333	190	165	70	61	15	2,165
Previously written down for impairment, now written off	-	-	55	-	-	12	-	-	-	66
Other adjustments and interest from impaired facilities	-	-	-	-	-	12	-	-	-	12
Total impairment provisions, end of period	1,812	1,744	2,696	410	857	1,590	82	132	83	9,407
Total, end of period		6,252			2,858			297		9,407
Impairment provisions, end of period, are moreover attributable to:										
Credit institutions				18	-	-				18
Earnings impact for Q1/2022	(328)	323	(203)	(207)	218	69	(41)	10	(4)	(163)

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

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 2023	Stage 1	Stage 2	Stage 3	Total
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,261,558	37,273	13,998	1,312,829
Total impairment provisions, end of period	2,005	1,647	2,243	5,895
Value, end of period	1,259,553	35,626	11,755	1,306,934
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	112,354	15,943	2,736	131,032
Total impairment provisions, end of period	403	915	1,786	3,104
Value, end of period	111,951	15,028	949	127,928
Guarantees etc				
Guarantees etc	25,746	5,221	337	31,304
Total impairment provisions, end of period	79	174	80	333
Value, end of period	25,667	5,047	257	30,972
End-2022				
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,250,361	33,854	14,194	1,298,408
Total impairment provisions, end of period	2,116	1,521	2,281	5,919
Value, end of period	1,248,244	32,333	11,913	1,292,489
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	108,433	16,867	2,859	128,159
Total impairment provisions, end of period	380	914	1,837	3,132
Value, end of period	108,053	15,953	1,022	125,028
Guarantees etc				
Guarantees etc	25,937	2,744	375	29,057
Total impairment provisions, end of period	75	190	75	340
Value, end of period	25,862	2,554	300	28,717

NOTES

DKK million

Nykredit Realkredit A/S

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

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

	Loans and advances at fair value	Loans and advances at fair value	Credit institutions	Credit institutions	Total	Total
	2023	2022	2023	2022	2023	2022
Total impairment provisions						
Beginning of year	4,232	4,793	11	13	4,243	4,806
New impairment provisions as a result of additions and change in credit risk	580	696	-	-	580	696
Releases as a result of redemptions and change in credit risk	644	891	1	1	645	892
Impairment provisions written off	22	14	-	-	22	14
Transferred to "Impairment provisions for properties acquired by foreclosure"	1	-	-	-	1	-
Total impairment provisions	4,146	4,584	10	12	4,156	4,596
Earnings impact						
Change in impairment provisions for loans and advances (stages 1-3)	(64)	(195)	(1)	(1)	(64)	(196)
Write-offs for the period, not previously written down for impairment	5	12	-	-	5	12
Recoveries on claims previously written off	(10)	(12)	-	-	(10)	(12)
Total	(69)	(195)	(1)	(1)	(70)	(195)
Value adjustment of assets in temporary possession	0	0	-	-	0	0
Value adjustment of claims previously written off	5	20	-	-	5	20
Earnings impact	(64)	(175)	(1)	(1)	(65)	(175)

NOTES

DKK million

Nykredit Realkredit A/S

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

9 b. Total impairment provisions by stage 2023	Loans and advances at fair value			Total
	Stage 1	Stage 2	Stage 3	
Total, 1 January 2023	1,478	972	1,792	4,243
Transfer to stage 1	166	(164)	(2)	-
Transfer to stage 2	(34)	101	(67)	-
Transfer to stage 3	(2)	(29)	31	-
Impairment provisions for new loans and advances (additions)	45	114	48	208
Additions as a result of change in credit risk	44	201	127	373
Releases as a result of change in credit risk	315	158	171	645
Previously written down for impairment, now written off	-	-	22	22
Other adjustments and interest from impaired facilities	-	-	(1)	(1)
Total impairment provisions, end of period	1,382	1,037	1,736	4,156
Impairment provisions, end of period, are moreover attributable to:				
Credit institutions	10	-	-	10
Earnings impact for Q1/2023	(226)	157	4	(64)
2022	Loans and advances at fair value			
	Stage 1	Stage 2	Stage 3	Total
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)

NOTES

DKK million

Nykredit Realkredit A/S

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

9 c. Loans and advances etc by stage

31 March 2023	Stage 1	Stage 2	Stage 3	Total
Loans and advances etc at fair value, gross				
Loans and advances etc at fair value, gross	500,054	18,623	9,132	527,808
Total impairment provisions, end of period	1,372	1,037	1,736	4,146
Loans and advances, carrying amount	498,682	17,586	7,396	523,663
End-2022	Stage 1	Stage 2	Stage 3	Total
Loans and advances etc at fair value, gross				
Loans and advances etc at fair value, gross	497,215	15,606	9,568	522,389
Total impairment provisions, end of period	1,467	972	1,792	4,232
Loans and advances, carrying amount	495,748	14,634	7,776	518,157

NOTES

Nykredit Realkredit A/S		DKK million	
Nykredit Realkredit Group			
Q1/2022	Q1/2023	Q1/2023	Q1/2022
9. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (PARENT) (CONTINUED)			
9 d. Impairment provisions for properties acquired by foreclosure			
18	18	18	21
	Impairment provisions, beginning of period		
-	1 Transfer from impairment provisions for loans and advances	1	-
0	1 Impairment provisions for the period	1	0
-	(1) Impairment provisions reversed	(1)	(1)
-	(1) Impairment provisions written off and other disposals	(1)	-
18	17	17	21
	Impairment provisions, end of period		
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 Profit from investments in associates	1	1
1,449	1,727 Profit from investments in Group enterprises	-	-
1,449	1,727	1	1
	Total		

NOTES

		DKK million		
Nykredit Realkredit A/S		Nykredit Realkredit Group		
31.12.2022	31.03.2023		31.03.2023	31.12.2022
11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
517,965	523,320	Mortgage loans	1,306,435	1,292,119
192	342	Arrears and outlays	499	371
811,577	803,915	Totalcredit mortgage loan funding	-	-
1,329,734	1,327,578	Total	1,306,934	1,292,489
11 a. Mortgage loans				
525,274	552,492	Balance, beginning of period, nominal value	1,429,891	1,391,076
93,887	15,008	New loans	57,096	405,828
493	394	Indexation	394	493
(2,323)	(384)	Foreign currency translation adjustment	(384)	(2,323)
(15,397)	(3,764)	Ordinary principal payments	(8,263)	(33,371)
(49,443)	(7,843)	Prepayments and extraordinary principal payments	(47,917)	(331,813)
552,492	555,903	Balance, end of period, nominal value	1,430,816	1,429,891
(30,371)	(28,511)	Adjustment for interest rate risk etc	(118,598)	(131,971)
Adjustment for credit risk				
(4,156)	(4,071)	Impairment	(5,783)	(5,801)
517,965	523,320	Balance, end of period, fair value	1,306,435	1,292,119
As collateral for loans and advances, Nykredit has received mortgages over real estate and:				
71,913	73,683	Supplementary guarantees totalling	107,845	107,855
698	3,790	Interim loan guarantees totalling	25,911	21,891
1,366	1,324	Mortgage registration guarantees etc totalling	15,096	16,406
11 b. Arrears and outlays				
252	340	Arrears before impairment provisions	527	470
17	77	Outlays before impairment provisions	84	19
(76)	(74)	Individual impairment provisions for arrears and outlays	(112)	(118)
192	342	Total	499	371
11 c. Totalcredit mortgage loan funding				
914,436	913,291	Balance, beginning of period, nominal value	-	-
371,930	52,046	New loans	-	-
(16,153)	(3,744)	Ordinary principal payments	-	-
(356,923)	(67,485)	Prepayments and extraordinary principal payments	-	-
913,291	894,108	Balance, end of period, nominal value	-	-
(101,714)	(90,193)	Adjustment for interest rate risk	-	-
811,577	803,915	Balance, end of period, fair value	-	-

NOTES

Nykredit Realkredit A/S		DKK million	
31.12.2022	31.03.2023	Nykredit Realkredit Group	
		31.03.2023	31.12.2022
12. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	95,179	89,866
5	5	-	-
-	-	5	5
-	-	35,536	37,970
203	198	312	318
208	203	131,032	128,159
Adjustment for credit risk			
-	-	(3,104)	(3,132)
208	203	127,928	125,028
13. BONDS AT FAIR VALUE			
39,799	67,708	107,365	94,413
16,246	19,228	24,591	22,355
7,995	8,000	8,000	7,995
24,332	21,423	79,563	80,370
4,587	4,118	5,808	6,391
3,547	4,579	4,991	3,877
96,505	125,056	230,317	215,401
(39,794)	(67,702)	(107,359)	(94,408)
(5)	(5)	(5)	(5)
(16,246)	(19,228)	(24,591)	(22,355)
(7,995)	(8,000)	(8,000)	(7,995)
32,465	30,120	90,362	90,638
Of bonds at fair value before set-off of self-issued bonds:			
2,368	480	6,100	7,845
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			
912	925	925	912
555	562	562	555
2,251	2,253	128	126
3,717	3,740	1,615	1,592

Nykredit Realkredit Group: The fair value of bonds measured at amortised cost for accounting purposes amounted to DKK 1,607 million at 31 March 2023 (end-2022: DKK 1,586 million). The interest rate risk of the portfolio is hedged with interest rate swaps (hedge accounting).

NOTES

Nykredit Realkredit A/S		DKK million	
31.12.2022	31.03.2023	Nykredit Realkredit Group	
		31.03.2023	31.12.2022
15. ASSETS IN POOLED SCHEMES			
-	-	316	164
-	-	1,467	661
-	-	0	68
-	-	1,783	893
16. DEPOSITS AND OTHER PAYABLES			
-	-	96,755	98,766
-	-	6,700	5,396
-	-	3,200	3,230
-	-	5,674	6,266
-	-	112,330	113,657
17. BONDS IN ISSUE AT FAIR VALUE			
118,524	124,146	126,969	121,474
1,249,556	1,278,002	1,278,002	1,249,556
8,687	8,688	8,688	8,687
1,376,766	1,410,837	1,413,660	1,379,717
(64,034)	(94,930)	(139,950)	(124,758)
1,312,732	1,315,907	1,273,710	1,254,959
17 a. ROs			
116,921	122,325	125,042	119,758
1,603	1,821	1,927	1,717
118,524	124,146	126,969	121,474
(16,246)	(19,228)	(24,591)	(22,355)
102,278	104,919	102,379	99,119
33	3,468	3,468	33
3,639	7,069	7,069	3,737
17 b. SDOs			
1,383,244	1,398,527	1,398,527	1,383,244
(133,688)	(120,525)	(120,525)	(133,688)
1,249,556	1,278,002	1,278,002	1,249,556
(39,794)	(67,702)	(107,359)	(94,408)
1,209,762	1,210,300	1,170,643	1,155,148
3,197	12,254	12,254	3,197
52,570	55,712	55,712	52,570

NOTES

Nykredit Realkredit A/S				DKK million	
				Nykredit Realkredit Group	
31.12.2022	31.03.2023			31.03.2023	31.12.2022
17. BONDS IN ISSUE AT FAIR VALUE (CONTINUED)					
17 c. Senior secured debt					
8,699	8,700	Senior secured debt at nominal value		8,700	8,699
(12)	(12)	Fair value adjustment		(12)	(12)
8,687	8,688	Senior secured debt at fair value		8,688	8,687
(7,995)	(8,000)	Self-issued senior secured debt		(8,000)	(7,995)
692	688	Total		688	692
18. BONDS IN ISSUE AT AMORTISED COST					
-	-	Corporate bonds		13,025	11,670
6	6	SDOs		6	6
51,641	51,074	Senior unsecured debt		51,074	51,641
65	65	Other securities		65	65
51,711	51,144	Total		64,169	63,381
-	-	Set-off, self-issued other bonds		(2,125)	(2,125)
(5)	(5)	Self-issued SDOs		(5)	(5)
51,706	51,139	Total		62,039	61,251
19. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE					
272	287	Negative securities portfolios		9,663	8,837
272	287	Total		9,663	8,837

NOTES

Nykredit Realkredit A/S		DKK million	
		Nykredit Realkredit Group	
31.12.2022	31.03.2023	31.03.2023	31.12.2022
20. 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 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 loan rate will be fixed every three months.			
667	659	659	667
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			
3,269	3,308	3,308	3,269
Nominally EUR 500 million. The loan matures on 29 December 2032, but may be redeemed at par (100) from 29 September 2027 up to and including 29 December 2027. The loan carries a fixed interest rate of 5.5% pa up to 29 December 2027, after which date the interest rate will be fixed for the next five years.			
3,599	3,625	3,625	3,599
Nominally SEK 280 million. The loan matures on 18 October 2032, but may be redeemed at par (100) from 18 October 2027 and on every subsequent interest payment date up to and including 17 October 2032. The loan carries a fixed interest rate of 6.88% pa up to 17 October 2027, after which date the interest rate will be fixed every three months.			
187	186	186	187
Nominally NOK 1,550 million. The loan matures on 18 October 2032, but may be redeemed at par (100) from 18 October 2027 and on every subsequent interest payment date up to and including 17 October 2032. The loan rate will be fixed every three months.			
1,093	1,011	1,011	1,093
Nominally DKK 950 million. The loan matures on 26 October 2032, but may be redeemed at par (100) from 26 October 2027 and on every subsequent interest payment date up to and including 25 October 2032. The loan rate will be fixed every three months.			
950	950	950	950
10,136	10,112	10,112	10,136
Total subordinate loan capital			
-	-	-	-
Portfolio of self-issued bonds			
10,136	10,112	10,112	10,136
Total subordinated debt			
10,710	10,631	10,644	10,723
Subordinated debt that may be included in own funds			
16	-	-	16
Costs related to raising and redeeming subordinated debt			

NOTES

Nykredit Realkredit Group

21. RELATED PARTY TRANSACTIONS AND BALANCES

Forenet Kredit, 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 Q1/2023.

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 2023 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 0.0 billion at 31 March 2023 (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.

Nykredit Realkredit has deposits with Nykredit Bank which cover the Bank's MREL requirement. The deposits totalled DKK 25.2 billion at 31 March 2023.

Agreements between Forenet Kredit and Group companies

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

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Nykredit Realkredit Group

22. FAIR VALUE DISCLOSURES

Listed prices

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

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

Observable inputs

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

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

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

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

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

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

Net value adjustment due to CVA, DVA and FVA amounted to DKK -43 million at 31 March 2023 (end-2022: DKK -45 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 2023, the non-amortised minimum margin amounted to DKK 111 million (end-2022: DKK 114 million). With regard to liquidity and credit risk, these amounts have been included above in the net adjustment of FVA and CVA; DKK 144 million at end-March 2023 (end-2022: DKK 147 million). Finally, in some instances further value adjustment based on management judgement is made if the models are not deemed to take into account all known risks, including eg legal risks.

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

Unobservable inputs

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

The positive market values of a number of interest rate swaps with customers in the lowest rating categories have been adjusted for increased credit risk based on additional CVA. The adjustment uses for instance the statistical data applied by 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 208 million at 31 March 2023 (end-2022: DKK 201 million). Credit value adjustments came to DKK 338 million at 31 March 2023 (end-2022: DKK 357 million).

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Nykredit Realkredit Group

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 2 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 2023, the proportion was thus 0.3% (end-2022: 0.3%). The proportion of financial liabilities was 0.0% (end-2022: 0.0%).

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 3.9 billion (end-2022: DKK 3.9 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 386 million at 31 March 2023 (0.41% of equity at 31 March 2023), (end-2022: DKK 387 million, equal to 0.42% 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 2023 and 2022, 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 2023, financial assets of DKK 0.2 billion (end-2022: DKK 9.2 billion) have been transferred from Listed prices to Observable inputs and DKK 11.3 billion (end-2022: DKK 0.0 billion) from Observable inputs to Listed prices. Financial liabilities of DKK 0.4 billion (end-2022: DKK 0.2 billion) were transferred from Listed prices to Observable inputs and DKK 0.3 billion (end-2022: DKK 0.9 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 2023, the amount was DKK 0.3 billion (end-2022: DKK 0.4 billion).

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

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DKK million

Nykredit Realkredit Group

22. FAIR VALUE DISCLOSURES (CONTINUED)

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

31 March 2023

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets:				
- bonds at fair value	15,259	75,103	-	90,362
- equities measured at fair value through profit or loss	4,275	-	3,637	7,912
- positive fair value of derivative financial instruments	570	6,206	208	6,984
- mortgage loans, arrears and outlays ¹	-	1,306,934	-	1,306,934
- owner-occupied properties	-	-	18	18
- assets in pooled schemes	1,478	305	-	1,783
Total	21,583	1,388,547	3,864	1,413,994
Percentage	1.5	98.2	0.3	100.0
Financial liabilities:				
- deposits in pooled schemes	-	1,783	-	1,783
- other non-derivative financial liabilities at fair value	3,108	6,556	-	9,663
- negative fair value of derivative financial instruments	443	8,590	-	9,033
- bonds in issue at fair value ¹	1,272,998	711	-	1,273,710
Total	1,276,549	17,640	-	1,294,189
Percentage	98.6	1.4	-	100.0
Assets measured on the basis of unobservable inputs				
	Real estate	Equities	Derivatives	Total
Fair value, beginning of period, assets	25	3,642	201	3,868
Value adjustment recognised through profit or loss	1	(3)	26	24
Purchases for the period	-	58	-	58
Sales for the period	(8)	(61)	(6)	(75)
Transferred from Listed prices and Observable inputs ²	-	-	13	13
Transferred to Listed prices and Observable inputs ³	-	-	(25)	(25)
Fair value, end of period, assets	18	3,637	208	3,863

¹ Recognised at fair value under the fair value option.² Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.³ Transfers to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

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DKK million

Nykredit Realkredit Group

22. FAIR VALUE DISCLOSURES (CONTINUED)

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

31 December 2022

Financial assets:	Listed prices	Observable in-puts	Unobservable inputs	Total fair value
- bonds at fair value	5,381	85,257	-	90,638
- equities measured at fair value through profit or loss	4,244	-	3,642	7,886
- positive fair value of derivative financial instruments	920	6,883	201	8,004
- mortgage loans, arrears and outlays ¹	-	1,292,489	-	1,292,489
- owner-occupied properties	-	-	25	25
- assets in pooled schemes	661	232	-	893
Total	11,206	1,384,862	3,868	1,399,935
Percentage	0.8	98.9	0.3	100.0

Financial liabilities:

- deposits in pooled schemes	-	893	-	893
- other non-derivative financial liabilities at fair value	2,823	6,014	-	8,837
- negative fair value of derivative financial instruments	740	9,587	-	10,327
- bonds in issue at fair value ¹	1,254,244	715	-	1,254,959
Total	1,257,807	17,209	-	1,275,015
Percentage	98.7	1.3	-	100.0

Assets measured on the basis of unobservable inputs

	Real estate	Equities	Derivatives	Total
Fair value, beginning of year, assets	31	3,763	1,396	5,190
Value adjustment recognised through profit or loss	(1)	283	(512)	(230)
Purchases for the year	-	365	-	365
Sales for the year	(6)	(769)	(171)	(946)
Transferred from Listed prices and Observable inputs ²	-	-	39	39
Transferred to Listed prices and Observable inputs ³	-	-	(551)	(551)
Fair value, year-end, assets	25	3,642	201	3,868

¹ Recognised at fair value under the fair value option.² Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.³ Transfers to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

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DKK million

Nykredit Realkredit Group	Q1/ 2023	Q1/ 2022	Q1/ 2021	Q1/ 2020	Q1/ 2019
23. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	3,706	2,868	2,853	2,847	2,676
Net fee income etc	189	121	110	99	(133)
Net interest and fee income	3,895	2,989	2,963	2,947	2,543
Value adjustments	910	908	1,129	(1,822)	540
Other operating income	371	391	367	346	323
Staff and administrative expenses	1,484	1,401	1,322	1,305	1,126
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	82	73	80	75	70
Other operating expenses	71	71	46	35	32
Impairment charges for loans, advances and receivables etc	(34)	(162)	91	1,312	219
Profit from investments in associates and Group enterprises	1	1	1	2	1
Profit (loss) before tax	3,575	2,904	2,922	(1,255)	1,961
Tax	775	497	535	(376)	330
Profit (loss) for the period	2,800	2,407	2,387	(879)	1,631
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2023	31.03.2022	31.03.2021	31.03.2020	31.03.2019
Assets					
Cash balances and receivables from credit institutions and central banks	54,298	45,144	53,437	41,002	37,744
Mortgage loans at fair value	1,306,435	1,343,920	1,348,654	1,286,026	1,217,330
Bank loans excluding reverse repurchase lending	92,075	79,890	70,285	69,389	60,723
Bonds and equities etc	98,274	93,835	118,241	117,662	105,368
Remaining assets	61,462	74,270	70,367	77,358	67,543
Total assets	1,612,544	1,637,058	1,660,985	1,591,437	1,488,708
Liabilities and equity					
Payables to credit institutions and central banks	21,305	21,163	13,221	22,705	21,653
Deposits and other payables	114,113	96,482	89,394	92,299	100,358
Bonds in issue at fair value	1,273,710	1,322,973	1,362,675	1,308,146	1,215,506
Subordinated debt	10,112	10,571	11,592	11,011	11,034
Remaining liabilities	98,310	94,245	94,174	73,782	61,478
Equity	94,995	91,623	89,929	83,494	78,678
Total liabilities and equity	1,612,544	1,637,058	1,660,985	1,591,437	1,488,708
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	8,643	9,059	9,479	6,792	6,210
Other commitments	24,362	21,018	19,147	29,541	17,773
FINANCIAL RATIOS¹					
Total capital ratio, %	23.8	22.7	24.3	24.5	24.5
Tier 1 capital ratio, %	20.9	19.7	21.0	21.2	21.4
Return on equity before tax, %	3.7	3.1	3.3	(1.5)	2.6
Return on equity after tax, %	2.9	2.6	2.7	(1.1)	2.2
Income:cost ratio	3.2	3.1	2.9	0.5	2.4
Foreign exchange position, %	0.0	0.0	0.0	0.4	0.3
Loans and advances:equity (loan gearing)	15.1	16.1	16.2	16.7	16.7
Growth in loans and advances for the period, %	0.4	1.8	1.2	1.5	0.9
Impairment charges for the period, %	0.00	(0.01)	0.01	0.09	0.02
Return on capital employed, %	0.17	0.15	0.14	(0.06)	0.11

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 61 in the Annual Report for 2022.

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DKK million

Nykredit Realkredit A/S	Q1/ 2023	Q1/ 2022	Q1/ 2021	Q1/ 2020	Q1/ 2019
23. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)					
SUMMARY INCOME STATEMENT					
Net interest income	1,050	976	996	1,027	974
Net fee income etc	303	199	203	190	127
Net interest and fee income	1,353	1,175	1,199	1,216	1,102
Value adjustments	393	224	645	(1,038)	584
Other operating income	462	442	345	312	307
Staff and administrative expenses	799	784	730	721	641
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	71	63	71	64	67
Other operating expenses	62	61	36	30	26
Impairment charges for loans, advances and receivables etc	(65)	(175)	0	978	111
Profit from investments in associates	1,727	1,449	1,279	79	688
Profit (loss) before tax	3,068	2,558	2,630	(1,224)	1,836
Tax	283	166	252	(338)	205
Profit (loss) for the period	2,785	2,391	2,378	(886)	1,631
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2023	31.03.2022	31.03.2021	31.03.2020	31.03.2019
Assets					
Cash balances and receivables from credit institutions and central banks	42,561	39,501	55,487	47,757	41,417
Mortgage loans at fair value	523,320	518,611	529,475	525,825	512,378
Totalkredit mortgage loan funding	803,915	850,560	864,610	806,801	735,433
Bonds and equities etc	37,510	36,751	42,409	42,575	45,439
Remaining assets	87,368	76,669	72,647	65,082	59,908
Total assets	1,494,675	1,522,093	1,564,628	1,488,040	1,394,574
Liabilities and equity					
Payables to credit institutions and central banks	10,614	4,189	3,863	2,930	6,022
Deposits and other payables	-	-	2,000	9,200	10,200
Bonds in issue	1,315,907	1,352,114	1,392,488	1,335,140	1,256,366
Subordinated debt	10,112	10,571	11,592	11,012	11,034
Remaining liabilities	63,177	63,719	64,861	46,339	32,271
Equity	94,865	91,500	89,824	83,420	78,681
Total liabilities and equity	1,494,675	1,522,093	1,564,628	1,488,040	1,394,574
OFF-BALANCE SHEET ITEMS					
Other commitments	10,768	9,588	8,041	15,206	8,556
FINANCIAL RATIOS¹					
Total capital ratio, %	18.5	18.5	19.3	20.0	20.3
Tier 1 capital ratio, %	16.3	16.1	16.7	17.5	17.8
Return on equity before tax, %	3.2	2.8	2.9	(1.5)	2.3
Return on equity after tax, %	2.9	2.6	2.6	(1.1)	2.0
Income:cost ratio	4.5	4.5	4.1	0.3	3.2
Foreign exchange position, %	0.0	-	-	0.4	0.1
Loans and advances:equity (loan gearing)	5.5	5.7	5.9	6.3	6.5
Growth in loans and advances for the period, %	0.6	0.6	(0.5)	(0.6)	(0.0)
Impairment charges for the period, %	(0.01)	(0.03)	0.00	0.18	0.02
Return on capital employed, %	0.19	0.16	0.15	(0.06)	0.12

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 61 in the Annual Report for 2022.

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DKK million

Nykredit Realkredit Group

24. GROUP STRUCTURE

Name and registered office

	Ownership interest as % 31 March 2023	Profit (loss) for the period, 2023	Equity 31 March 2023	Profit (loss) for 2022	Equity 31 December 2022
Nykredit Realkredit A/S (Parent), Copenhagen, a)	-	2,785	94,865	9,393	96,715
Totalkredit A/S, Copenhagen, a)	100	818	38,011	2,714	37,249
Nykredit Bank A/S, Copenhagen, b)	100	891	34,295	2,686	33,404
Nykredit Portefølje Administration A/S, Copenhagen, f)	100	44	781	202	1,138
Nykredit Leasing A/S, Gladsaxe, e)	100	37	1,172	80	1,135
Sparinvest Holdings SE, Luxembourg, g)	79	289	484	222	195
Sparinvest Investment Solutions A/S, h)	100	-	1	0	1
Garanti Invest A/S, i)	100	-	20	0	20
Nykredit Mægler A/S, Copenhagen, c)	100	10	140	42	129
&Living Franchisegiver A/S, c)	100	(0)	(4)	(5)	(4)
Kalvebod Ejendomme I A/S, Copenhagen, d)	100	8	665	37	660
Kirstinehøj 17 A/S, Copenhagen, d)	100	0	12	(0)	12

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

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

Geographical distribution of activities

Denmark: Names and activities appear from the Group structure above

Luxembourg: Names and activities appear from the Group structure above

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

a) Mortgage bank

b) Bank

c) Estate agency business

d) Property company

e) Leasing business

f) Investment management company

g) Holding company, no independent activities

h) Investment company

i) Activities auxiliary to financial service activities

	Number of staff	Revenue ¹	Profit before tax	Tax	Government aid received
Denmark	3,946	13,004	3,509	758	-
Luxembourg	27	136	66	17	-

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:

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