

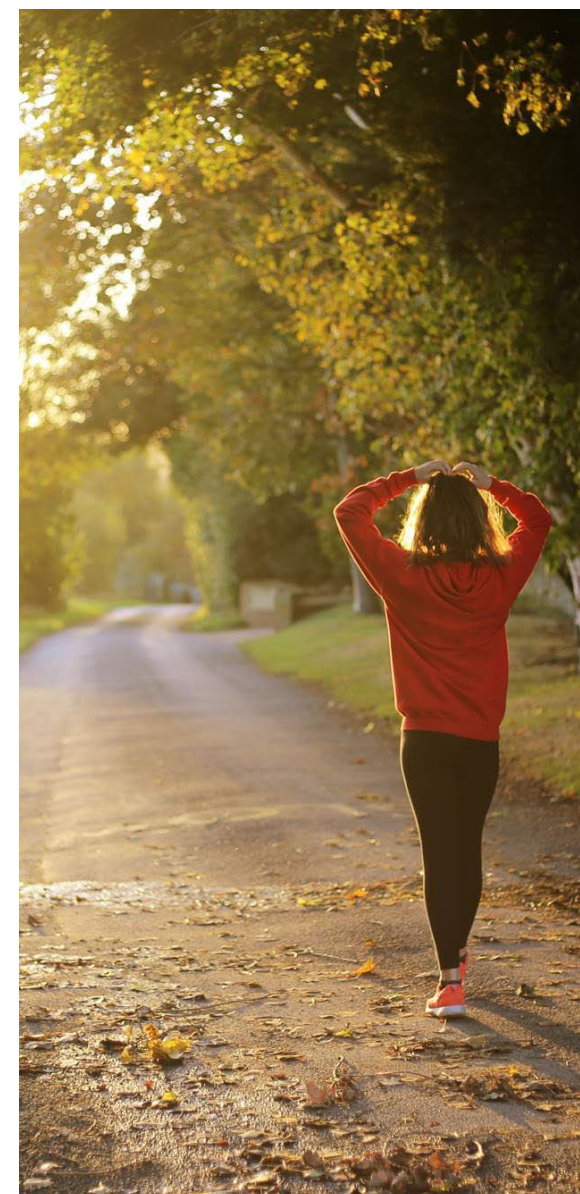


Nykredit Realkredit Group

Q1-Q3 Interim Report 2023

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Management Commentary



Foreword

"Our financial results presented today are very satisfactory with profit after tax of DKK 8,328 million. We also raise our guidance for profit after tax for the year to DKK 10.0-11.0 billion from previously DKK 9.75-10.75 billion and are set to deliver our best full-year performance ever for the third consecutive year."

Michael Rasmussen
Group Chief Executive

Nykredit delivered a highly satisfactory profit after tax for Q1-Q3/2023 of DKK 8,331 million (Q1-Q3/2022: DKK 6,205 million) and a business profit of DKK 10,625 million (Q1-Q3/2022: DKK 6,679 million).

In this Interim Report, we have raised our guidance for profit for the year after tax to DKK 10.0-11.0 billion from previously DKK 9.75-10.75 billion. Nykredit is thus set to deliver its best performance ever.

In the period under review, we recorded business and customer growth and higher market shares across the board. Our business mix of mortgage and bank lending means that we have benefited less from the generally higher interest rates.

The first nine months of 2023 were positively impacted by the now long-standing strong credit quality of our loan book, which led to a minor reversal of loan impairments. This is a result of the good financial strength of our customers as well as the continued strong Danish economy. Nevertheless, we see a slightly subdued activity level in some parts of our business, which can be ascribed to the continued easing of housing market activity.

Generally, Danish homeowners are in good shape. Over the past few years, we have increasingly advised our customers to opt for fixed-rate loans and preferably repayment loans. This also means that customers' loan-to-value (LTV) ratios have decreased considerably in recent years to now 52.3% and that many homeowners have benefitted from the increasing interest rates to reduce their mortgage debt in recent years.

The Danish economy is strong and characterised by limited cyclicity, a robust business sector and high employment rates. Inflation and energy prices have dropped from a high starting point, which has a positive bearing on the finances of Danish households, while high wage growth is restoring purchasing power. This makes households' more resilient to the higher interest rates. The global economy has performed surprisingly well, but geopolitical tensions and an increasingly uncertain

growth outlook still prevail, not least in vital export markets, and this may also affect Danish companies.

Nykredit remains fully committed to supporting customers in a changeable economy, and we are pleased that personal and business customers alike have shown strong resilience to recent years' unpredictability.

Winning the Double 2.0

Nykredit wants to be a predictable and enduring financial partner to customers across all the Group's business areas. We maintain our strategy, Winning the Double 2.0, which guides us in everything we do. Our overarching strategic objectives are:

- We want to expand Nykredit's banking position by gaining more full-service customers.
- We want to secure Totalkredit's future position as market leader in home financing in Denmark.
- We want to be the customer-owned, responsible financial provider for people and businesses all over Denmark.

Nykredit's conduct generally attracts attention in the world around us. This is reflected in a number of surveys published recently. Every year, the Berlingske Gold Image survey ranks the reputation of the 100 largest companies in Denmark. Nykredit has climbed thirteen places since last year and now takes a 13th place. This makes Nykredit the highest ranked financial institution.

We also got very positive responses in customer satisfaction surveys. Nykredit continues to have the most satisfied customers in the sector and now ranks third among Danish banks according to the most recent EPSI Rating survey, which captures customer satisfaction in Danish banks every year. The same trend is seen for personal and business customers: according to the EPSI survey, Nykredit Bank has the most satisfied business customers in the sector, well above the sector average.

Nykredit has launched a long list of green propositions and products in recent years backed and welcomed by our customers. Again this year, Nykredit ranks among the top performers in EPSI's annual sustainability index when customers are asked to rate banks' sustainability efforts to personal as well as business customers.

Our wealth management customers, too, have acknowledged our efforts; for the 7th consecutive year, Nykredit Private Banking was named Best private banking provider in Denmark by Prospera.

Growth and customer satisfaction in Nykredit Bank

Nykredit Bank – which includes Nykredit Wealth Management – recorded business and customer growth in Q1-Q3/2023. Many customers value our unique mutual ownership structure, enabling us to offer them a suite of special benefits, including discounts on loan and investment fees.

In addition to being the first large Danish bank to offer all customers a positive current account rate earlier this year, we raised the interest rate again in September, now offering all personal customers a current account rate of at least 1%. Also, Nykredit has made it more attractive for customers to save up for a new home or a green initiative this year.

Strong Totalkredit alliance

Thanks to our mutual ownership structure we can offer customers a discount on administration margin payments through our benefits programme KundeKroner.

Although the housing market has generally slowed down, Totalkredit has continued to capture market share.

Today, more than 900,000 Danes have Totalkredit loans, and in the Danish rural districts we are by far the largest mortgage provider.

When the Danish Consumer Council tested Danish mortgage loans in September, Totalkredit had the lowest mortgage prices in 35 out of 40 relevant loan scenarios. Consequently, Totalkredit still offers the overall lowest mortgage prices.

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

We are in continued dialogue with the Danish Competition and Consumer Authority about the Totalkredit partnership model. Core to us is to preserve a Danish mortgage system based on transparency and solidarity, where all homeowners, regardless of income, financial position, accounts volume or geographic location, pay the same loan rates and mortgage margins.

Nykredit supports the green transition

Nykredit wants to be the customer-owned, responsible financial provider for people and businesses all over Denmark, and as such it is important to us that we contribute to the green transition.

As the first financial institution in Denmark, Nykredit has set emissions targets for owner-occupied dwellings and other real estate, which are important segments to Nykredit and not least to the green transition of society. Furthermore, we have joined the Science Based Targets initiative, the Net Zero Banking Alliance

and the Net Zero Asset Managers initiative as part of our efforts to promote the green transition of society.

Earlier this year, ESG rating provider MSCI raised Nykredit's ESG rating from AA to AAA. Nykredit is now among the highest rated financial businesses in the Nordic region.

In September Nykredit published a new Fossil Fuels Policy which includes a tougher stance on fossil fuel companies. For many years, Nykredit has been reluctant to finance fossil fuel activities, and therefore our lending to this sector is very limited. With the new policy, we no longer provide new loans for fossil fuel activities. On the investment side, we have divested interests in more than 60 oil, gas and coal companies and excluded 483 companies from our investment universe.

Nykredit also wants to support our customers' green choices. Today, Nykredit and Totalkredit's product range includes green products to personal and business customers, agricultural customers and investment customers.

During the year, we have launched new propositions for small and medium-sized business customers. One example is green transport leasing, which makes it more affordable for businesses to lease electric and hydrogen-powered commercial vehicles. Furthermore, 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 the energy use of buildings.



Merete Eldrup
Board of Directors, Chair

Michael Rasmussen
Group Chief Executive

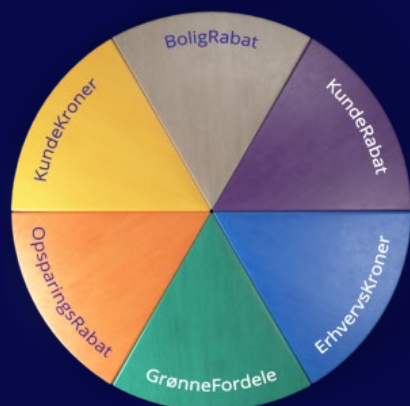
Together we are more

At Nykredit¹, we differ from our competitors in one key area; we are owned primarily by an association of customers, Forenet Kredit (78.9%). Our other owners are a consortium consisting of five of Denmark's leading pension companies (16.9%) as well as a group of other shareholders (4.2%). This makes for a stable and enduring ownership structure and enables us to incorporate our unique mutual ownership and corporate responsibility into specific activities, ultimately to the benefit of our customers.

Being owned by an association, we are in a unique position to share our success by offering a host of special customer benefits.

Forenet Kredit pursues 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 the Nykredit Group to benefit the Group, and with that, our customers through our customer benefits programme.

Since 2017 the programme has offered KundeKroner discounts to all personal customers with a Totalkredit mortgage loan, and it has later been expanded to include ErhvervsKroner discounts to business customers with a Nykredit or Totalkredit mortgage loan. In addition, we offer a number of discounts and grants to full-service customers of Nykredit Bank as well as green solutions to both Nykredit and Totalkredit customers. [Read more about our customer benefits at nykredit.com](https://www.nykredit.com/customer-benefits)

Nykredit expects to distribute customer benefits for 2023 equal to an amount of about DKK 1.9 billion.

Customer benefits

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



¹ The Nykredit Group comprises a number of companies, including the Nykredit Realkredit Group, the Nykredit Bank Group and Totalkredit A/S.

Financial highlights



Income
DKK 15,285m
(Q1-Q3/2022: DKK 11,094m)



Costs
DKK 4,801m
(Q1-Q3/2022: DKK 4,639m)



Profit for the period
DKK 8,331m
(Q1-Q3/2022: DKK 6,205m)

DKK million

Nykredit Realkredit Group	Q1-Q3/ 2023	Q1-Q3/ 2022	Q3/ 2023	Q2/ 2023	Q1/ 2023	Q3/ 2022	2022
BUSINESS PROFIT AND PROFIT FOR THE PERIOD							
Net interest income	9,106	7,817	3,101	3,121	2,883	2,665	10,871
Net fee income	1,950	2,212	644	626	680	797	3,119
Wealth management income	1,785	1,737	588	614	583	566	2,279
Net interest from capitalisation	1,312	(475)	421	431	460	(182)	(740)
Net income relating to customer benefits programmes ¹	(291)	(324)	(76)	(99)	(117)	(132)	(443)
Trading, investment portfolio and other income	1,423	127	610	113	700	168	1,736
Income	15,285	11,094	5,290	4,806	5,189	3,881	16,822
Costs	4,801	4,639	1,591	1,573	1,637	1,549	6,320
Business profit before impairment charges	10,484	6,454	3,698	3,233	3,552	2,333	10,503
Impairment charges for loans and advances	(141)	(225)	(26)	(81)	(34)	1	(80)
Business profit	10,625	6,679	3,724	3,314	3,586	2,331	10,583
Legacy derivatives	143	890	111	43	(11)	220	931
Profit before tax for the period	10,768	7,569	3,835	3,357	3,575	2,551	11,514
Tax	2,436	1,365	897	764	775	406	2,060
Profit for the period	8,331	6,205	2,938	2,592	2,800	2,145	9,454
Other comprehensive income, remaining items	9	(27)	(5)	(1)	15	(10)	(71)
Comprehensive income for the period	8,340	6,178	2,932	2,592	2,816	2,135	9,382
Interest on Additional Tier 1 capital charged against equity	115	115	39	38	38	39	153
Minority interests	45	44	17	13	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 after tax as % of average equity (RoE)
11.7%
 (end-2022: 10.2%)



Cost/income ratio
31.4%
 (end-2022: 37.6%)



People (FTE)
3,973
 (end-2022: 4,076)

							DKK million
Nykredit Realkredit Group	Q1-Q3/ 2023	Q1-Q3/ 2022	Q3/ 2023	Q2/ 2023	Q1/ 2023	Q3/ 2022	2022
SUMMARY BALANCE SHEET							
Assets							
Receivables from credit institutions and central banks	59,058	54,192	59,058	56,841	54,298	54,192	61,242
Mortgage loans at fair value	1,305,477	1,246,418	1,305,477	1,300,275	1,306,435	1,246,418	1,292,119
Bank loans excluding reverse repurchase lending	92,235	87,255	92,235	92,023	92,075	87,255	86,735
Bonds and equities	101,361	101,085	101,361	100,765	99,889	101,085	100,117
Remaining assets	56,852	62,533	56,852	56,343	59,847	62,533	59,917
Total assets	1,614,983	1,551,482	1,614,983	1,606,247	1,612,544	1,551,482	1,600,129
Liabilities and equity							
Payables to credit institutions and central banks	14,545	22,384	14,545	16,529	21,305	22,384	27,851
Deposits excluding repo deposits	107,578	103,821	107,578	107,070	106,656	103,821	107,392
Bonds in issue at fair value	1,284,229	1,217,583	1,284,229	1,275,043	1,273,710	1,217,583	1,254,959
Subordinated debt	10,096	13,910	10,096	9,998	10,112	13,910	10,136
Remaining liabilities	100,035	98,533	100,035	100,189	105,767	98,533	102,962
Equity	98,500	95,251	98,500	97,418	94,995	95,251	96,829
Total liabilities and equity	1,614,983	1,551,482	1,614,983	1,606,247	1,612,544	1,551,482	1,600,129
FINANCIAL RATIOS							
Profit for the period as % pa of average equity ¹	11.7	9.0	12.3	11.0	11.9	9.3	10.2
Cost/income ratio (C/I), %	31.4	41.8	30.1	32.7	31.5	39.9	37.6
Total provisions for loan impairment and guarantees	9,082	9,239	9,082	9,147	9,332	9,239	9,239
Impairment charges for the period, %	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	0.00	(0.01)
Total capital ratio, %	23.9	24.1	23.9	23.5	23.8	24.1	23.3
CET1 capital ratio, %	20.2	19.4	20.2	19.7	20.0	19.4	19.5
Internal capital adequacy requirement, %	11.4	11.6	11.4	11.4	11.4	11.6	11.6
Average number of staff, full-time equivalent	3,973	4,075	3,966	3,937	4,017	4,141	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

Performance highlights in Q1-Q3/2023

Nykredit delivered a highly satisfactory profit after tax for Q1-Q3/2023 of DKK 8,331 million (Q1-Q3/2022: DKK 6,205 million) and a business profit of DKK 10,625 million (Q1-Q3/2022: DKK 6,679 million).

Nykredit is raising guidance for profit after tax for the year to DKK 10.0-11.0 billion in connection with the presentation of this Q1-Q3 Interim Report 2023. On 29 June 2023, we adjusted guidance for profit after tax for the year to 9.75-10.75 billion from the former DKK 9.0-10.0 billion.

Results were positively impacted by higher net interest income, net interest from capitalisation, increased investment portfolio income as well as net reversal of impairments owing to the continued strong Danish economy and the high credit quality of our customers. We continued to record growth in customer numbers across the board in Q1-Q3/2023.

Bank lending rose to DKK 92.2 billion (end-2022: DKK 86.7 billion), marking a 6.3% rise. Mortgage lending increased by DKK 6.5 billion to nominally DKK 1,436.4 billion (end-2022: DKK 1,429.9 billion).

Lending amounted to DKK 107.5 billion (end-2022: DKK 107.4 billion), up DKK 0.1 billion.

Income

Income totalled DKK 15,285 million in Q1-Q3/2023 (Q1-Q3/2022: DKK 11,094 million), comprising a 9.1% increase in income from core business compared with Q1-Q3/2022.

Net interest income amounted to DKK 9,106 million (Q1-Q3/2022: DKK 7,817 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-Q3/2022.

Net fee income declined by 11.8% on Q1-Q3/2022 to DKK 1,950 million (Q1-Q3/2022: DKK 2,212 million), chiefly due to low mortgage activity compared with Q1-Q3/2022 in the personal as well as the business segment. By contrast, net fee income was positively affected by the high activity level of large corporate clients served in the business area Corporates & Institutions as well as high funding income reflecting the prevailing market conditions.

Wealth management income increased to DKK 1,785 million (Q1-Q3/2022: DKK 1,737 million), mainly driven by income from Asset Management.

Net interest from capitalisation, which comprises return on equity and interest on subordinated capital, was a gain of DKK 1,312 million (Q1-Q3/2022: a charge of DKK 475 million). The increase compared to Q1-Q3/2022 was due to higher interest rates.

Net income relating to the customer benefits programmes KundeKroner and ErhvervsKroner was a charge of DKK 291 million (Q1-Q3/2022: a charge of DKK 324 million). The amount includes contributions of DKK 1,031 million from Forenet Kredit. Our benefits programmes amounted to DKK 1,322 million at end-Q3/2023.

Trading, investment portfolio and other income, including value adjustment of the portfolio of bank equities and swaps, came to DKK 1,423 million (Q1-Q3/2022: DKK 127 million). Income in Q1-Q3/2023 was mainly driven by capital gains on equities held for business purposes, income from credit bonds and a tightening of credit spreads of short-dated Danish covered bonds.

Costs

Total costs amounted to DKK 4,801 million (Q1-Q3/2022: DKK 4,639 million). Wage rises and general price growth due to inflation increased costs across the Group. Costs of high-performance bonus awards also increased this year. Costs of IT and digitisation for the period also rose.

The average headcount was 3,973 (Q1-Q3/2022: 4,075). The change in headcount was, among other things, due to a lower activity level and streamlining.



Profit for the period
DKK 8,331m
 (Q1-Q3/2022: DKK 6,205m)

Impairment charges for loans and advances

Impairment charges for loans and advances were a net reversal of DKK 141 million (Q1-Q3/2022: net reversal of DKK 225 million) owing to the continued strong Danish economy and the high credit quality of our customers.

	DKK million	
Nykredit Realkredit Group	Q1-Q3/	Q1-Q3/
IMPAIRMENT CHARGES FOR LOANS AND ADVANCES	2023	2022
Individual impairment provisions (stage 3)	92	(527)
Model-based impairment provisions (stages 1, 2 and 3)	(233)	302
Impairment charges for loans and advances	(141)	(225)

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. In Q1-Q3 Nykredit reversed DKK 0.3 billion of total provisions which subsequently amounted to DKK 2.1 billion.

General uncertainty about the impacts of the covid-19 pandemic has eased significantly. The repayment of loans granted under government relief packages ran smoother than expected, and Nykredit did not incur any additional losses. As a consequence, the provisions taken to cover covid-19 were reversed at end-H1/2023.

Provisions related to ESG were raised by DKK 0.35 billion in Q1-Q3/2023 as a result of a reassessment of ESG transition risks. Government efforts towards the green transition of heavy transport, new carbon taxes and new energy efficiency directives have been intensified, and new bills have been tabled. Conditions will further challenge customers' business models, increasing expected credit losses. Total provisions related to ESG are now DKK 0.6 billion.

For further information about the impacts of 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 Q3 2023, which is available at nykredit.com

Income from other items

Legacy derivatives, which are not included in business profit, were DKK 143 million (Q1-Q3/2022: DKK 890 million). Legacy derivatives are derivatives Nykredit no longer offers to customers, comprising a portfolio with a total market value of DKK 777 million (end-2022: DKK 1.0 billion).

Tax

Tax on profit for the year has been calculated at DKK 2,436 million (Q1-Q3/2022: DKK 1,365 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 311 million. The tax rate for 2024 will be 26%.

Results for Q3/2023

Profit after tax for Q3/2023 was DKK 2,938 million (Q2/2023: DKK 2,592 million).

Income amounted to DKK 5,290 million (Q2/2023: DKK 4,806 million). Income from core business was at the same level in Q3 as in Q2, while trading, investment portfolio and other income was higher, mainly driven by capital gains on equities held for business purposes, income from credit bonds and a tightening of credit spreads of short-dated Danish covered bonds.

Costs amounted to DKK 1,591 million in Q3/2023 (Q2/2023: DKK 1,573 million).

Impairment charges for loans and advances were a net reversal of DKK 26 million (Q2/2023: net reversal of DKK 81 million).

Legacy derivatives resulted in a positive value adjustment of DKK 111 million (Q2/2023: positive value adjustment of DKK 43 million).



Profit after tax in Q3

DKK 2,938m

(Q2/2023: DKK 2,592m)

Balance sheet

Nominal mortgage lending was DKK 1,436.4 billion (end-2022: DKK 1,429.9 billion), primarily driven by mortgage lending to large corporate clients served in the business area Corporates & Institutions.

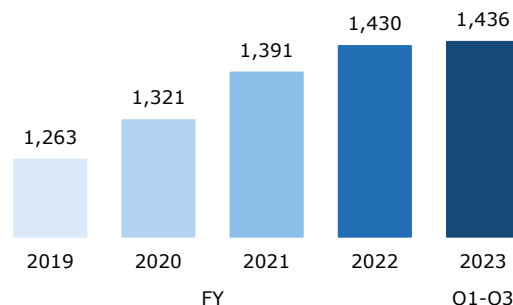
Totalcredit's nominal mortgage lending decreased in Q1-Q3 to DKK 876.2 billion (end-2022: DKK 877.4 billion), mainly as a result of lower gross lending and declining remortgaging activity. Due to this lower activity, the number of homeowners with Totalcredit loans remains at about 775,000, which is the same as at end-2022.

Nykredit Bank's lending went up by DKK 5.5 billion to DKK 92.2 billion (end-2022: DKK 86.7 billion). The increase in bank lending was driven by large corporate clients served in the business areas Corporates & Institutions and Retail Business Banking. Bank lending (including secured homeowner loans transferred to Totalcredit) rose to DKK 102.5 billion (end-2022: DKK 94.9 billion). Secured homeowner loans transferred to Totalcredit amounted to DKK 10.2 billion (end-2022: DKK 8.2 billion).

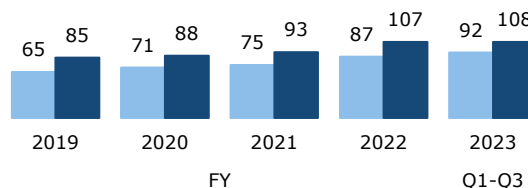
Equity

The Nykredit Realkredit Group's equity stood at DKK 98.5 billion (end-2022: DKK 96.9 billion). In March 2023 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 and AT1 capital. In September 2023 Nykredit distributed extraordinary dividend of DKK 1.85 billion.

Nominal mortgage lending, DKK million

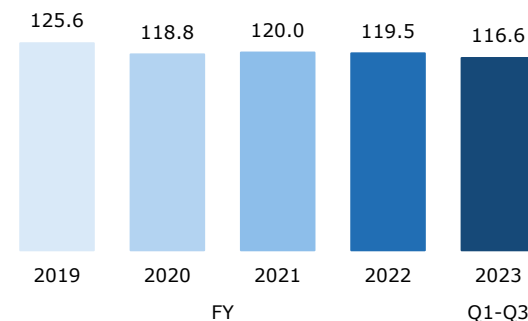


Bank lending excluding reverse repurchase lending and deposits excluding repo deposits, DKK million



■ Bank loans ■ Deposits

Deposits relative to loans and advances, %



Outlook and guidance for 2023

We are raising guidance for profit after tax for the year to DKK 10.0-11.0 billion in connection with the presentation of this Q1-Q3 Interim Report 2023. On 29 June 2023, we adjusted guidance for profit after tax for the year to 9.75-10.75 billion from the former DKK 9.0-10.0 billion.

The upgrade was a result of higher-than-expected growth in the underlying business and in investment portfolio income. Q1-Q3/2023 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 expectations 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 is expected at a higher level than in 2022, while income from derivatives is 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 wage and price rises as well as expenses for our new headquarters.
- Impairments are expected to be low, albeit higher than 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-Q3/2023.

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 Demnitz, Per W. Hallgren, Jørgen Høholt, Mie Krog 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-Q3 Interim Report 2023 which materially affect the Group's financial position.

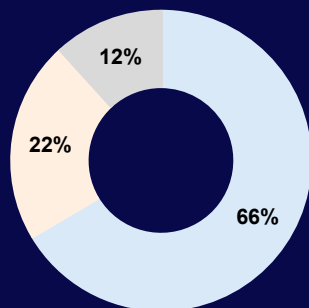


Business areas

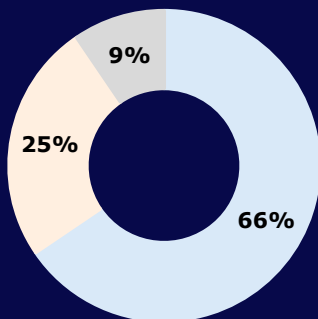
Nykredit's governance and organisational structure is based on these business areas:

- 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 finance 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 41 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-Q3/2023 in summary

As a mutual financial provider, Nykredit is always looking to strike the right balance between offering the most attractive customer terms and securing robust earnings. Nykredit was the first large Danish bank to offer all customers positive current account rates, and in September we raised the interest rates further.

Consequently, Nykredit Bank now offers one of the most attractive market rates on non-fixed term deposit accounts to both business and personal customers. At the same time, customers who have the option to deposit their money for a fixed period may enjoy even more attractive interest rates, and customers can also still save up for a new home or a green initiative using our home savings and green savings accounts.

Housing market activity was moderate in 2023. Customers prioritise financial discipline given the changed market terms with higher interest rates and continued high inflation.

Our customers are generally financially robust, but particularly customers with variable-rate loans have experienced significant interest rate rises, which naturally increases financial uncertainty. This is a perfect example of how Nykredit's overall ambition to create financial security for our customers is translated into consistent and proactive initiatives; we reach out to customers and create solutions which ensure stability and security for our existing customers but also incentivise them even more to bank with Nykredit. Our business as well as personal customers have acknowledged our efforts with high customer satisfaction ratings. In the latest EPSI survey (comparing Danish banks), Nykredit took first place among business customers and third place among personal customers.

We have welcomed many new homeowner and business customers, who, together with our existing customers, can enjoy the wide range of benefits of our customer-owned structure. Customer growth is also reflected in a growing market share of lending in 2023.

Green initiatives are high on the list of priorities, and Nykredit wants to make it attractive to consider green alternatives. For the

second year running, Nykredit's green car loans were awarded Best in Test by the Danish Consumer Council. A green savings account introduced in early 2023 was well received by customers who use the attractive terms to replace windows, install solar panels or buy heat pumps. Additional grants for replacement of oil and natural gas-fired boilers were offered in H1.

Business volumes with large corporate clients grew this year. The increase in mortgage lending was mainly driven by real estate investors, large corporations and the public housing segment. Nykredit wants to be a solid financial partner to business customers wishing to go green. In 2023 initiatives were introduced to help SMEs make carbon footprint calculations and sustainability reports through a dedicated kickstart programme. In addition, we launched a new green transport leasing finance proposition for businesses with an ambition to introduce electric or hydrogen-powered commercial vehicles.

Nykredit has published a new Fossil Fuels Policy in Q3, which implies a stop to lending for activities that contribute to fossil fuel production and the exclusion of 483 companies from our investment universe. This means that we will no longer offer loans to companies involved in the exploration, extraction or production of fossil fuels and that we will exclude such companies from our investment funds. This is a natural continuation of a new feature in customers' online bank investment overview; an ESG key figure indicating how responsible their investments are.

Sustainability lies at the core of Nykredit's business. We have already reduced our own carbon footprint considerably and will strive to further reduce it. However, our largest potential impact lies in being a financial partner to our customers in their transition to a low-carbon future. This year we will further strengthen advisory services and expand our range of green products. Our banking advisers have been upskilled to provide customers with better guidance on the green transition.

Performance highlights in Q1-Q3/2023

Banking delivered a business profit of DKK 6,428 million (Q1-Q3/2022: DKK 4,593 million).

Total income rose to DKK 9,557 million (Q1-Q3/2022: DKK 7,686 million), mainly related to net interest income and net interest from capitalisation. The increase in net interest from capitalisation was due to the higher interest rates.

Net interest income stood at DKK 6,415 million (Q1-Q3/2022: DKK 5,248 million); an increase on Q1-Q3/2022 primarily due to the higher interest rate level as well as an increase in nominal bank and mortgage lending.

Net fee income amounted to DKK 1,393 million (Q1-Q3/2022: DKK 1,514 million).

Net interest from capitalisation was a gain of DKK 713 million (Q1-Q3/2022: charge of DKK 284 million) as a result of higher interest rates compared with 2022.

Costs amounted to DKK 3,345 million (Q1-Q3/2022: DKK 3,285 million), which was mainly attributable to wage increases and general price increases due to inflation.

Impairment charges for loans and advances were a net reversal of DKK 217 million (Q1-Q3/2022: net reversal of DKK 193 million) related to the continued good credit quality of our Banking customers.

Legacy derivatives provided a value adjustment of DKK 143 million (Q1-Q3/2022: DKK 890 million).

Results for Q3/2023

Banking delivered a business profit of DKK 2,164 million in Q3/2023 (Q2/2023: DKK 2,118 million).

Income was DKK 3,257 million (Q2/2023: DKK 3,162 million). Net interest income was at the same level as in Q2, whereas fees as well as trading, investment portfolio and other income were higher than in Q2.

Impairment charges for loans and advances were a net reversal of DKK 13 million (Q2/2023: net reversal of DKK 74 million).

Income from legacy derivatives was DKK 111 million (Q1/2023: DKK 43 million).

	DKK million						
Results – Banking	Q1-Q3/2023	Q1-Q3/2022	Q3/2023	Q2/2023	Q1/2023	Q3/2022	Q3/2022
Net interest income	6,415	5,248	2,213	2,215	1,986	1,804	7,354
Net fee income	1,393	1,514	491	406	496	556	2,103
Wealth management income	550	530	183	188	180	166	694
Net interest from capitalisation	713	(284)	216	248	249	(106)	(439)
Trading, investment portfolio and other income	486	678	155	104	227	206	752
Income	9,557	7,686	3,257	3,162	3,138	2,625	10,464
Costs	3,345	3,285	1,106	1,118	1,121	1,112	4,361
Business profit before impairment charges	6,211	4,400	2,151	2,044	2,016	1,513	6,103
Impairment charges for mortgage lending	(258)	(474)	(45)	(154)	(59)	18	(477)
Impairment charges for bank lending	41	282	32	80	(70)	12	416
Business profit	6,428	4,593	2,164	2,118	2,146	1,483	6,164
Legacy derivatives	143	890	111	43	(11)	220	931
Profit before tax	6,571	5,482	2,275	2,161	2,135	1,703	7,095



Business profit in Q3

DKK 2,164m

(Q2/2023: DKK 2,118m)

Activities

Loan volumes totalled DKK 778.6 billion (end-2022: DKK 763.5 billion), of which nominal mortgage lending was DKK 682.8 billion (end-2022: DKK 675.4 billion). The increase in mortgage lending particularly stems from the largest corporate clients of the Corporates & Institutions division. Mortgage lending to this segment grew by 3.3% since the turn of the year as a result of increased business from real estate investors and large corporations and growth in the public housing segment.

Bank lending in Retail Personal Banking came to DKK 10.1 billion (end-2022: DKK 9.2 billion). Bank deposits in Retail Personal Banking amounted to DKK 46.2 billion (end-2022: DKK 44.1 billion). Bank lending in Retail Business Banking came to DKK 30.8 billion (end-2022: DKK 28.8 billion), relating primarily to small and medium-sized enterprises. Bank lending by Corporates & Institutions rose to DKK 43.0 billion (end-2022: DKK 39.4 billion), mainly driven by a few large clients.

Arrears

At the June due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.16% and thus unchanged from the same period in 2022 (year-on-year). At end-2022, 75-day arrears for the December due date were also 0.16%.

75-day mortgage loan arrears were at the same level as in 2022 (year-on-year), which is a positive testament to our customers' financial robustness.

	DKK million				
Selected balance sheet items	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022
Banking					
Retail Personal Banking					
Lending	178,170	178,269	178,852	179,287	183,256
- of which mortgage lending, nominal value	156,128	156,804	158,129	159,253	164,000
- of which secured homeowner loans	11,996	12,060	11,535	10,878	9,840
- of which bank lending	10,046	9,405	9,187	9,156	9,416
Deposits	46,146	46,245	44,180	44,077	43,761
Retail Business Banking					
Lending	252,314	251,295	250,848	249,431	249,212
- of which mortgage lending, nominal value	221,535	220,961	220,084	220,677	219,859
- of which bank lending	30,779	30,334	30,764	28,754	29,353
Deposits	28,000	28,054	27,978	27,540	27,596
Corporates & Institutions					
Lending	348,151	344,235	343,008	334,831	317,270
- of which mortgage lending, nominal value	305,173	301,017	300,333	295,474	277,521
- of which bank lending	42,978	43,218	42,674	39,357	39,749
Deposits	13,599	11,138	12,433	13,372	12,276



Total lending
DKK 779bn
(end-2022: DKK 764bn)

Totalcredit Partners

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

- strengthen the alliance between Totalcredit and its partner banks
- focus on joint development projects across the alliance.

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

The ambition of the Totalcredit alliance is to offer customers competitive mortgage prices. We believe that our customers are best served by local advisers who know them, their financial situation and the local area well, and we consider it our special responsibility to have a nationwide presence. Furthermore, we are committed to promoting sustainable development, for instance by offering financial support for the replacement of customers' oil- or gas-fired boilers with heat pumps.



Q1-Q3/2023 in summary

The high mortgage refinancing activity seen in H2/2022 declined in the period under review, which was characterised by lower gross lending and declining remortgaging activity. As a consequence, mortgage lending measured at nominal value has decreased since the turn of the year.

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

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

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

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

Since 2017 the Nykredit Group has awarded discounts sponsored by Forenet Kredit to mortgage customers (KundeKroner). These discounts are subject to annual review.

To enhance customers' financial visibility, Nykredit has decided to maintain these discounts at the current level of 0.15% of the loan principal, equal to DKK 1,500 pa per DKK 1 million borrowed, for the period up to and including 2024.

Including these discounts, we generally offer the most attractive mortgage loans in the market. This is a unique strength of our mutual ownership structure, which is expected to benefit our customers in the coming years.

The alliance with the 41 Totalcredit 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.

Again this year, the Danish Consumer Council has tested Danish mortgage loans, with Totalcredit's mortgage loans having the lowest rates in 35 out of 50 loan scenarios. This is largely owing to the KundeKroner benefits programme.

Totalcredit 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 solutions developed in concert with our Totalcredit partner banks.

Performance highlights in Q1-Q3/2023

Totalkredit Partners recorded a business profit of DKK 2,448 million (Q1-Q3/2022: DKK 2,265 million).

Income rose to DKK 3,127 million (Q1-Q3/2022: DKK 2,840 million), driven by net interest from capitalisation due to higher interest rate levels compared with 2022.

Net interest income came to DKK 2,313 million (Q1-Q3/2022: DKK 2,398 million). Net fee income was DKK 525 million (Q1-Q3/2022: DKK 690 million), down DKK 165 million mainly driven by lower mortgage activity in both the personal and the business segment compared with Q1-Q3/2022.

Costs were DKK 625 million (Q1-Q3/2022: DKK 578 million), mainly due to inflation-driven wage increases and general price rises as well as increased costs of compliance.

Impairment charges for loans and advances were DKK 55 million (Q1-Q3/2022: net reversal of DKK 3 million) and were primarily driven by the impairment model and declining housing prices.

Results for Q3/2023

Totalkredit Partners delivered a business profit of DKK 823 million (Q2/2023: DKK 843 million).

Income decreased slightly to DKK 1,001 million (Q2/2023: DKK 1,058 million), primarily attributable to fees.

Impairment charges for loans and advances were a net reversal of DKK 8 million (Q2/2023: net reversal of DKK 9 million).

	DKK million						
Results –	Q1-Q3/ 2023	Q1-Q3/ 2022	Q3/ 2023	Q2/ 2023	Q1/ 2023	Q3/ 2022	2022
Totalkredit Partners							
Net interest income	2,313	2,398	767	771	775	804	3,227
Net fee income	525	690	144	192	189	241	996
Net interest from capitalisation	292	(249)	92	96	104	(95)	(365)
Trading, investment portfolio and other income	(4)	1	(2)	(2)	(1)	1	(1)
Income	3,127	2,840	1,001	1,058	1,068	952	3,857
Costs	625	578	186	224	215	194	786
Business profit before impairment charges	2,503	2,262	815	834	853	757	3,071
Impairment charges for mortgage lending	55	(3)	(8)	(9)	72	(37)	(7)
Business profit	2,448	2,265	823	843	781	794	3,078



Business profit in Q3

DKK 823m

(Q2/2023: DKK 843m)

Activities

Lending totalled DKK 728.3 billion compared with DKK 731.9 billion at end-2022, down DKK 3.6 billion. The decline was driven by private residential mortgage lending at nominal value.

Total nominal mortgage lending to personal customers declined to DKK 715.7 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-Q3/2023.

The business loan portfolio increased by DKK 0.6 billion to nominally DKK 12.6 billion (end-2022: DKK 12.1 billion).

Arrears

At the June 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. At end-2022, 75-day arrears for the December due date were also 0.13%.

Due to customers' financial strength, 75-day arrears remained low and were on a level with the same time in 2022.



	DKK million				
Selected balance sheet items	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022
Totalkredit Partners					
Personal Banking					
Lending	715,700	715,628	716,550	719,851	729,354
- of which mortgage lending, nominal value	708,057	707,885	708,940	712,632	723,116
- of which secured homeowner loans	7,643	7,743	7,610	7,219	6,238
Business Banking					
Lending	12,642	12,465	12,322	12,051	11,804
- of which mortgage lending, nominal value	12,642	12,465	12,322	12,051	11,804



Total lending
DKK 728bn
(end-2022: DKK 732bn)

Wealth Management

Wealth Management pursues the 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-Q3/2023 in summary

Markets saw some turbulence in 2023 but overall generated decent returns.

Wealth Management continuously strives to maintain close relationships with customers and partners, and this has been the driving force behind Wealth Management's strong customer growth and positive net sales.

The period saw continued strong and stable demand for sustainable solutions and products within all asset classes. Equity investors were particularly attracted to index-linked as well as actively managed equity products.

Wealth Management strives to improve the customer experience through, for example:

- better digital investment solutions for personal customers using mobile and online banking services. Nykredit's mobile banking service now also features ESG scores of customers' investments.
- sustainability in advisory services, products and concepts that provide our customers with even more and better opportunities to invest sustainably.
- Nykredit's unique mutual ownership benefits as well as contributions that lower the cost of investing in funds carrying the Nordic Swan Ecolabel.
- a higher awareness of alternative investments.

This year, Wealth Management has reached important milestones consolidating the Group's solid position in wealth and investment. The purpose is to build simpler, more scalable and focused Wealth Management operations supporting continued growth by:

- adding more customer-facing resources to Private Banking Elite and Asset Management
- creating a simple and scalable business model for Nykredit Portefølje Administration to support growth and reduce operational risks

- introducing a new long-term owner and partnership model for the Sparinvest partners, which can form the basis for further joint development of competitive solutions that provide value to customers.
- launching a new 3-year platform programme to ensure a robust and scalable platform capable of managing future growth in the wealth management and investment areas.

Wealth Management holds a strong market position and received international recognition this year in the form of Morningstar Fund, WealthBriefing, Euromoney and Lipper Fund awards.

Awards received in 2023

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

Euromoney

- Best Domestic Private Bank in Denmark

Lipper Fund Awards

- Nykredit Invest Korte Obligationer (3Y)
- Nykredit Invest Korte Obligationer Akk. (5Y)

Performance highlights in Q1-Q3/2023

Wealth Management delivered a business profit of DKK 932 million (Q1-Q3/2022: DKK 763 million).

Income amounted to DKK 1,686 million and increased compared with last year (Q1-Q3/2022: DKK 1,431 million), mainly due to net interest income from higher deposit and lending balances, rising interest rates and wealth management income driven by growth in assets under management and assets under administration.

Costs were DKK 746 million (Q1-Q3/2022: DKK 688 million), mainly due to inflation-driven wage increases and general price rises as well as increased IT costs etc.

Impairment charges for loans and advances were DKK 8 million (Q1-Q3/2022: net reversal of DKK 20 million).

Results for Q3/2023

Wealth Management delivered a business profit of DKK 310 million in Q3/2023 (Q2/2023: DKK 358 million).

Income amounted to DKK 556 million (Q2/2023: DKK 581 million).

Costs amounted to DKK 254 million (Q2/2023: DKK 231 million). The increase was chiefly due to a time lag on large payments.

Impairment charges for loans and advances were a net reversal of DKK 8 million (Q2/2023: net reversal of DKK 8 million).

	DKK million						
Results –	Q1-Q3/	Q1-Q3/	Q3/	Q2/	Q1/	Q3/	
Wealth Management	2023	2022	2023	2023	2023	2022	2022
Net interest income	380	192	127	132	121	76	307
Net fee income	31	37	10	13	7	16	49
Wealth management income	1,214	1,182	399	416	399	393	1,551
Net interest from capitalisation	30	(11)	9	10	10	(4)	(16)
Trading, investment portfolio and other income	32	31	11	10	11	10	38
Income	1,686	1,431	556	581	549	491	1,929
Costs	746	688	254	231	260	218	926
Business profit before impairment charges	940	743	301	350	288	273	1,002
Impairment charges for mortgage lending	1	1	(1)	0	1	0	7
Impairment charges for bank lending	7	(21)	(8)	(8)	23	3	(15)
Business profit	932	763	310	358	265	270	1,010



Business profit
in Q3

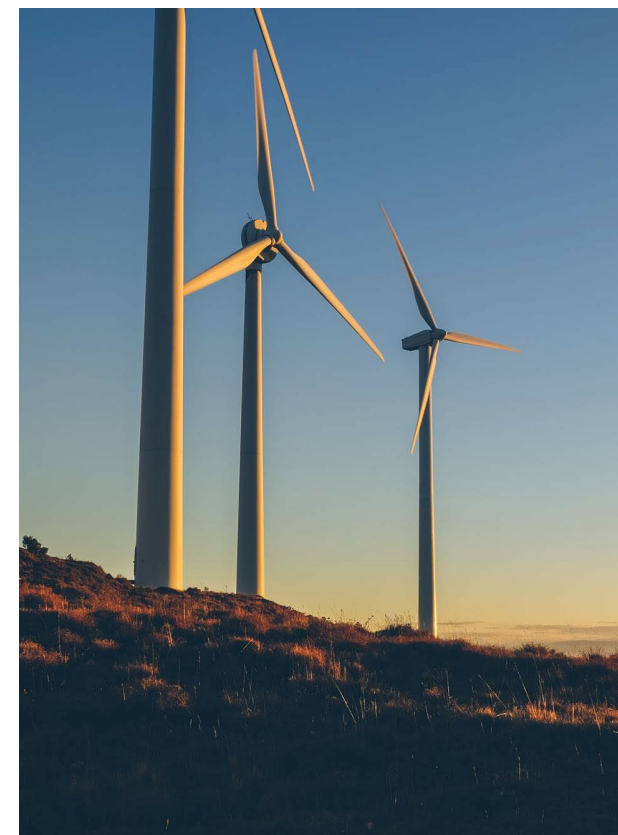
DKK 310m

(Q2/2023: DKK 358m)

Activities

Assets under management increased by DKK 26.3 billion compared with end-2022 to a total of DKK 432.3 billion (end-2022: DKK 406.0 billion). This was in part due to positive net sales of DKK 13.6 billion driven by net growth in clients from 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 12.7 billion.

Assets under administration rose by DKK 59.3 billion on end-2022, totalling DKK 1,044.2 billion (end-2022: DKK 984.9 billion). This development is composed of net sales of DKK 3.3 billion and a positive return of DKK 56.1 billion.



	DKK million				
Selected balance sheet items	30.09.2023	30.06.2023	31.03.2023	31.12.2022	30.09.2022
Wealth Management					
Assets under management	432,316	431,321	429,418	406,014	392,949
Assets under administration	1,044,227	1,049,437	1,024,420	984,897	971,150
Lending/deposits					
Lending	21,614	21,332	21,093	20,594	17,471
- of which mortgage lending, nominal value	15,152	14,923	14,624	14,373	11,675
- of which secured homeowner loans	1,642	1,536	1,467	1,267	1,152
- of which bank lending	4,820	4,873	5,003	4,955	4,645
Deposits	17,642	17,442	17,784	19,070	18,149



Assets under management
DKK 432bn
(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 under Group Items.

	DKK million						
Results –	Q1-Q3/ 2023	Q1-Q3/ 2022	Q3/ 2023	Q2/ 2023	Q1/ 2023	Q3/ 2022	2022
Group Items							
Net interest income	(2)	(21)	(5)	3	0	(19)	(18)
Net fee income	1	(29)	(1)	15	(12)	(16)	(30)
Wealth management income	21	25	7	9	4	7	35
Net interest from capitalisation	277	70	105	76	96	23	81
Net income relating to customer benefits programmes	(291)	(324)	(76)	(99)	(117)	(132)	(443)
Trading, investment portfolio and other income	909	(583)	446	1	462	(49)	947
Income	915	(862)	476	5	435	(187)	573
Costs	85	89	45	0	40	24	246
Business profit (loss) before impairment charges	830	(951)	431	5	394	(211)	327
Impairment charges for mortgage lending	12	(4)	2	9	1	2	1
Impairment charges for bank lending	2	(6)	2	1	(1)	3	(5)
Profit (loss)	816	(942)	427	(5)	394	(216)	330

Performance highlights in Q1-Q3/2023

The business profit of Group Items increased by DKK 1,758 million relative to last year to DKK 816 million (Q1-Q3/2022: loss of DKK 942 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, particularly in Q1. Conversely, H1/2022 was impacted by negative value adjustments of short-term floating-rate mortgage bonds due to widened interest rate spreads.



Profit

DKK 816m

(Q1-Q3/2022: loss of DKK 942m)

Capital, funding and liquidity



CET1 capital ratio
20.2%
(end-2022: 19.5%)



Total capital ratio
23.9%
(end-2022: 23.3%)



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

Equity

Nykredit Realkredit Group's equity stood at DKK 98.5 billion at end-September 2023. Equity has increased by DKK 1.7 billion since the turn of the year. In March 2023 ordinary dividend of DKK 4.65 billion was distributed to the Company's shareholder. This corresponds to 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.

In September 2023 Nykredit distributed extraordinary dividend of DKK 1.85 billion thanks to the Group's strong capital position taking into account the current economic climate, outlook etc. Nykredit maintains a strong capital position.

	DKK million	
Nykredit Realkredit Group		
Equity (including AT1 capital)	30.09.2023	31.12.2022
Equity, beginning of period	96,829	93,591
Profit for the period	8,331	9,454
Other adjustments	(6,660)	(6,216)
Equity, end of period	98,500	96,829

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 but not in Common Equity Tier 1 (CET1) capital.

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.

	DKK million	
Nykredit Realkredit Group		
Capital and capital adequacy	30.09.2023	31.12.2022
Equity (including AT1 capital)	98,500	96,829
AT1 capital etc	(3,800)	(3,751)
Current profit etc not included ¹	(4,143)	-
Proposed dividend	-	(4,650)
CET1 regulatory adjustments	(3,074)	(2,631)
CET1 capital	87,483	85,797
AT1 capital	3,661	3,654
AT1 regulatory deductions	(4)	(4)
Tier 1 capital	91,140	89,446
Tier 2 capital	10,642	10,723
Tier 2 regulatory adjustments	2,116	2,104
Own funds	103,898	102,273
Credit risk	369,278	366,083
Market risk	32,795	42,443
Operational risk	30,944	29,738
Total risk exposure amount	433,017	438,263
CET1 capital ratio	20.2	19.5
Tier 1 capital ratio	21.0	20.4
Total capital ratio	23.9	23.3
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.4	11.6

¹ Includes approximately 28% of profit for Q1-Q3/2023. Determined in accordance with the authorisation from the Danish Financial Supervisory, which allows for the extraordinary dividend distributed in Q3, and Nykredit's dividend policy.

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-September 2023, Nykredit's risk exposure amount (REA) totalled DKK 433.0 billion (end-2022: DKK 438.4 billion). With own funds at DKK 103.9 billion, this corresponds to a total capital ratio of 23.9% (end-2022: 23.3%). The CET1 capital ratio was 20.2% (end-2022: 19.5%).

REA for credit risk increased by DKK 3.2 billion in Q1-Q3/2023, mainly driven by growth in lending to large corporate clients. REA for market risk decreased by DKK 9.7 billion in Q1-Q3 due to reduced interest rate risk and yield spread risk. Operational risk went up 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 2022-2023, which have reduced the value-adjusted debt outstanding of mortgage lending. Nykredit expects that economic trends will increase REA for credit risk going forward. This has been factored into Nykredit's capital planning for the coming years.

At end-September 2023, CET1 capital totalled DKK 87.5 billion (end-2022: DKK 85.8 billion). AT1 capital after regulatory deductions was largely unchanged at DKK 3.8 billion (end-2022: DKK 3.8 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-September 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 4.4 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 credit 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 for example 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 have been set to reflect the Group's capital requirement during a severe recession. The targets have been 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's capitalisation levels correspond to those of a listed SIFI.

Leverage ratio

The leverage ratio, which reflects the relationship between Tier 1 capital and the balance sheet (including off-balance sheet items), was 5.2% at end-September 2023 (end-2022: 5.0%).

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 30 September 2023, Nykredit Bank's deposits equalled 116.6% 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 Liquidity Coverage Ratios (LCRs) of the various companies are significantly above the regulatory requirement of 100%.

	(%)	
LCR determination	30.09.2023	31.12.2022
Nykredit Realkredit Group	312	283
Nykredit Realkredit Group, LCR requirement in EUR	230	317
Nykredit Realkredit and Totalkredit	842	529
Nykredit Realkredit and Totalkredit, including LCR Pillar II requirements	249	208
Nykredit Bank	249	205

The net stable funding ratio of the Nykredit Group was 145% at 30 September 2023 compared with 157% at end-2022.

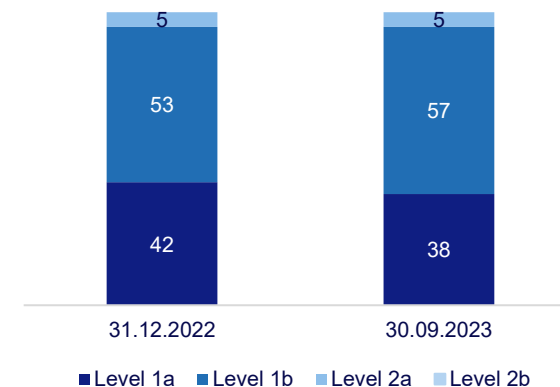
Liquid assets

The liquid assets are determined at market value. The Nykredit Realkredit Group's liquid assets came to DKK 170 billion at 30 September 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 109 billion at 30 September 2023 compared with DKK 102 billion at end-2022. The main difference between liquid assets and liquid assets determined under the LCR is the holdings of self-issued bonds.

The composition of Nykredit's liquid assets used to comply with the LCR is shown in the figure below. 95% of the liquid assets are classified as Level 1, indicating that they have the highest LCR liquidity value. 5% of the liquid assets have the second highest LCR liquidity value, Level 2.

Stock of liquid assets by LCR level, %



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-September 2023, the Group had a nominal amount of DKK 1,396 billion of SDOs in issue and DKK 122 billion of ROs in issue.

	DKK million
Nykredit Realkredit Group	1 October 2023
Refinancing ¹	- 30 Sep 2024
Total maturity before set-off of self-issued bonds	257.5
- ordinary principal payments and scheduled ² prepayments (settled)	21.4
- ordinary principal payments and scheduled ² prepayments (not settled)	22.9
- pre-issued bonds and interest rate risk ²	(1.0)
Total refinancing volume	214.2
- pre-auctioned amount sold under forward contracts	42.4
Refinancing volume remaining for 1 October 2023 - 30 September 2024	256.7
- of which SDOs and ROs	249.6
- of which other issues	7.1
Total maturity before set-off of self-issued bonds	256.7

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

² Known as at 30 September 2023.

The annual maturity one year ahead totalled DKK 258 billion, of which ordinary principal payments, prepayments etc totalled DKK 44 billion. Thus, refinancing volumes amounted to DKK 214 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 190 billion are expected in the coming year.

	DKK million	
Nykredit Realkredit Group		
Bonds in issue	30.09.2023	31.12.2022
Covered bonds (ROs), see note 16 a	122,314	119,758
Covered bonds (SDOs), see note 16 b	1,395,771	1,383,244
Senior secured debt, see note 16 c	702	704
Senior preferred debt of Nykredit Realkredit A/S	9,321	9,296
Senior non-preferred debt	39,970	42,345
Tier 2 capital, see note 19	10,096	10,136
AT1 capital, see note 2)	3,661	3,654
ECP issues of Nykredit Bank A/S	4,448	9,545

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.

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 long-term Issuer Credit Rating of A+.

In Q1-Q3 Nykredit issued approximately DKK 5.7 billion senior non-preferred debt for meeting the 2% debt buffer requirement, the 8% requirement and the ALAC criteria.

Nykredit expects to issue about DKK 20 billion in addition to the issuance of mortgage covered bonds (SDOs and ROs) towards end-2024. Since the balance sheet date, Nykredit has issued DKK 678 million-worth of senior non-preferred debt.



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 30 September 2023.

Supervisory Diamond for mortgage lenders

Benchmark	Nykredit Realkredit Group 30.09.2023	Nykredit Realkredit A/S 30.09.2023	Totalkredit 30.09.2023	Limit value
Lending growth in segment				
Personal customers	(0.9)%	(12.7)%	(0.5)%	15.0%
Commercial residential properties ¹	(1.5)%	(1.7)%	5.4%	15.0%
Agricultural properties	(0.7)%	(0.7)%	0.0%	15.0%
Other commercial	9.1%	9.0%	10.1%	15.0%
Borrower's interest rate risk				
Private residential and residential rental	13.9%	18.9%	12.7%	25.0%
Interest-only loans				
Personal customers	5.4%	2.6%	5.4%	10.0%
Loans with short-term funding				
Refinancing (annually)	13.2%	21.4%	8.5%	25.0%
Refinancing (quarterly)	3.7%	8.4%	1.0%	12.5%
Large exposures				
Loans and advances/equity	49.7%	48.5%	6.6%	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	30.09.2023	31.12.2022
Supervisory Diamond for banks		
Large exposures (limit value <175%)	114.8%	115.7%
Lending growth (limit value <20%)	3.2%	13.7%
Property exposure (limit value <25%)	11.7%	12.1%
Liquidity benchmark (limit value >100%)	291.0%	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 residual 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.

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	AAA
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-Q3/2023 we expect a slight increase in LTV ratios, which currently averages 52.3% due to the falling house prices.



Net reversal
DKK **141m**
(Q1-Q3/2022: net
reversal of DKK 225m)



Provisions related to
macroeconomic
uncertainty
DKK **2.1bn**
(end-2022: DKK 2.4bn)

Earnings impact in Q1-Q3

Impairment charges for loans and advances were a net reversal of DKK 141 million (Q1-Q3/2022: net reversal of DKK 225 million) owing to the continued strong Danish economy and the high credit quality of our customers. Impairment charges for loans and advances comprised individual impairment provisions of DKK 92 million and a net reversal of DKK 233 million from model-based impairments. In Q1-Q3 provisions related to macroeconomic uncertainty were reduced by DKK 0.3 billion. Provisions related to ESG were increased in the same period as a result of a reassessment of ESG transition risks. Government efforts towards the green transition of heavy transport, new carbon taxes and new energy efficiency directives have been intensified, and new bills have been tabled. Conditions will further challenge customers' business models and potentially increase expected credit losses.

Macroeconomic uncertainty

The geopolitical conditions and the global economies are challenged by, for instance, the war in Ukraine and volatile financial markets. These conditions 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 macroeconomic uncertainty are based on stress test calculations of three factors. Firstly, stress simulations have been performed for stage 1 and stage 2 personal and business customers. We expect a drop in personal customers' discretionary incomes as a consequence of 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, wholesale, commercial rental, production and manufacturing sectors are also expected to be affected due to inflation, scarcity of goods and rising interest rates. Thirdly, the property values of stage 3 customers have been stressed to simulate a reduction in collateral values. We have taken provisions of DKK 1.1 billion for exposed sectors, and total provisions to manage the increased risk now amount to 2.1 billion.

For further information about the impacts of geopolitical tensions and macroeconomic trends, please refer to our Fact Book Q3 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-Q3, 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 individual impairment provisions relating to macroeconomic uncertainty and interest rates.

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-Q3/2023, the scenarios were updated to reflect the current and expected macroeconomic environment and resulting market conditions. The main scenario must reflect the economic environment. The main scenario carries a 60% weighting. The main scenario used for the impairment models implies expected GDP growth of 1.3% and house price decreases of 3.6% in 2023. At end-2022, the main scenario implied expected GDP growth of 0.2% and house price decreases of 5.6% in 2023.

The adverse scenario was included in the models with a weighting of 35%. This scenario implies expected GDP growth of 0.3% and house price declines of 5% in 2023.

	DKK million					
	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment charges for loans and advances, earnings impact	
Nykredit Realkredit Group	30.09.2023	31.12.2022	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Loans, advances, guarantees and impairment charges for loans and advances						
Mortgage lending, nominal value						
Nykredit Realkredit	560,199	552,492	3,825	4,232	(304)	(504)
Totalkredit	876,233	877,399	1,734	1,687	101	27
Total	1,436,433	1,429,891	5,559	5,919	(203)	(477)
Loans and advances etc						
Nykredit Bank	92,235	86,735	3,213	3,132	82	393
Total	92,235	86,735	3,213	3,132	82	393
Receivables from credit institutions	11,224	11,582	29	18	11	(5)
Reverse repurchase lending	33,470	37,970	-	-	-	-
Guarantees etc	8,195	8,393	310 ¹	340 ¹	(30) ¹	9 ¹
Loan impairment, %²						
Nykredit Realkredit			0.68	0.76	(0.05)	(0.09)
Totalkredit			0.20	0.19	0.01	0.00
Total			0.39	0.41	(0.01)	(0.03)
Loans and advances etc						
Nykredit Bank			3.37	3.48	0.09	0.44
Total			3.37	3.48	0.09	0.44

¹ Impairment charges for loan commitments etc were DKK 87 million (Q2/2023: DKK 72 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 Report. This scenario uses realised levels of interest rates, GDP, house prices and unemployment. Based on this weighting, impairment provisions totalled DKK 9,111 million as at 30 September 2023 (end-2022: DKK 9,409 million). If the main scenario carried a 100% weighting, total impairment provisions would decrease by DKK 138 million. Compared with the main scenario, total impairment provisions would rise by DKK 288 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 361 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, trade as well as accommodation and food service. If the adverse scenario carried a 100% weighting, the impairment level of such customers would increase by DKK 1,564 million. If the weighting of the improved scenario was 100%, total impairment provisions of such customers would be reduced by DKK 998 million. These sensitivities form part of the sensitivities mentioned above.

See our Factbook Q3 2023 for a sector breakdown by the impact of geopolitical tensions on these sectors at nykredit.com

At 30 September 2023, the impairment model applied the following main scenario and adverse scenario:

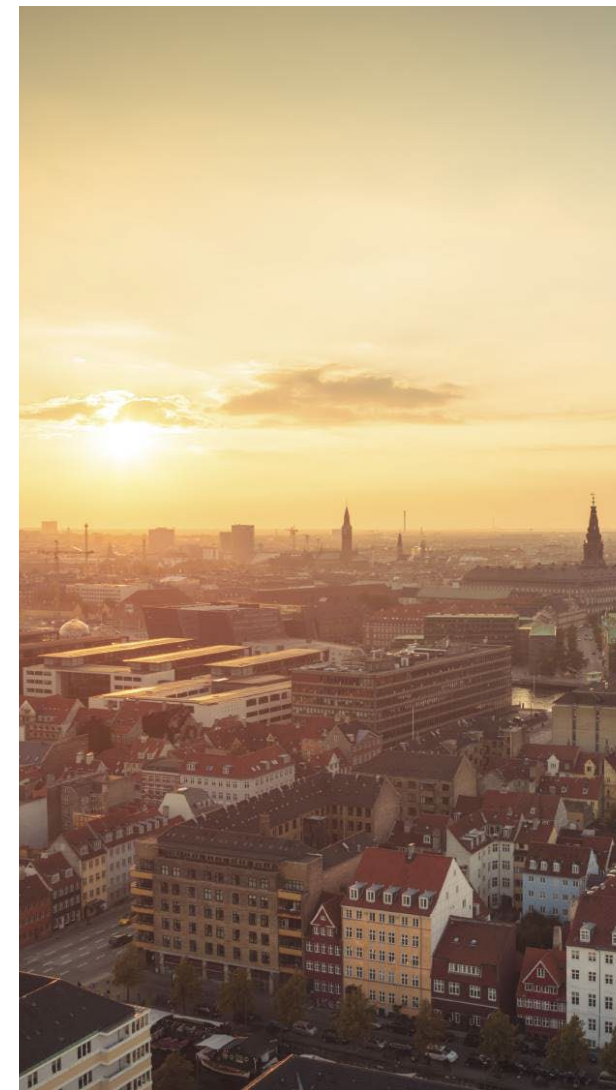
Scenarios for impairment calculations	Nykredit Realkredit Group						%
	Main scenario			Adverse scenario			
	2023 (70% weight- ing)	2024 (20% weight- ing)	2025 (10% weight- ing)	2023 (70% weight- ing)	2024 (20% weight- ing)	2025 (10% weight- ing)	
Short-term rate ¹	3.6	3.4	2.2	3.8	4.9	4.5	
Long-term rate ²	2.7	2.2	1.9	2.8	3.3	3.4	
House prices ³	(3.6)	1.6	3.0	(5.0)	(9.2)	(2.5)	
GDP ³	1.3	1.6	1.2	0.3	1.2	0.7	
Unemployment ⁴	2.4	2.5	2.5	2.5	3.3	3.7	

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.



Post-model adjustments

Management uses post-model adjustments (PMA) to determine corrections to the assumptions behind impairment models. At end-September 2023, post-model adjustments amounted to DKK 3,640 million.

The underlying reasons, for example changes in agricultural output prices due to changed economic trends and/or changed export potential as well as financial and legal conditions in the real estate sector may generally affect credit risk beyond the outcome derived on the basis of model-based impairments. Local geographical conditions, internal process risk and ongoing monitoring of the loan portfolio may also reflect conditions which macroeconomic projections cannot capture.

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	
Nykredit Realkredit Group		
Specific macroeconomic risks and process-related circumstances	30.09.2023	31.12.2022
Agriculture	490	644
Covid-19	0	533
Geopolitical tensions	1,266	1,077
Concentration risks in loan portfolios	179	217
Total macroeconomic risks	1,935	2,471
Process-related	506	554
Model changes	0	116
ESG	555	200
Haircut property values	235	291
Results of controlling	409	441
Total process-related circumstances	1,705	1,602
Total post-model adjustments	3,640	4,073

Note: At end-September 2023, another DKK 845 million was added to the impairment models as in-model adjustments, where exposed sectors are stressed due to geopolitical tensions, resulting in a change of stage (end-2022: DKK 810 million).

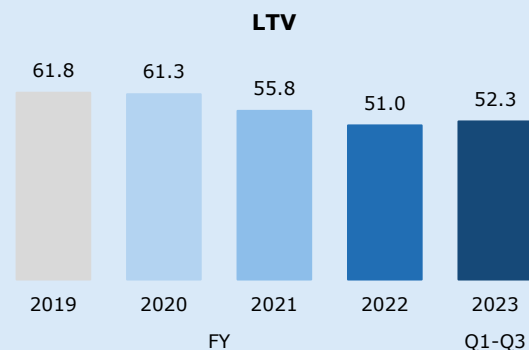


Mortgage lending

Nykredit's credit exposure in terms of nominal mortgage lending was DKK 1,436.4 billion (end-2022: DKK 1,429.9 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) ratio relative to the market value of the loans was 52.3% (end-2022: 51.0%). The increase compared with 2022 is mainly driven by declining flat prices.



Total provisions for mortgage loan impairment

Total provisions for mortgage loan impairment equalled 0.39% of total mortgage lending, excluding credit institutions (end-2022: 0.41%). Total impairment provisions amounted to DKK 5,559 million (end-2022: DKK 5,919 million). Provisions to counter macroeconomic uncertainty, 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	30.09.2023	31.12.2022
Individual impairment provisions (stage 3)	1,767	1,750
Model-based impairment provisions (stages 1, 2 and 3)	3,792	4,169
- of the above attributable to macroeconomic uncertainty	1,354	1,616 ¹
Total impairment provisions for mortgage lending	5,559	5,919

¹ In 2022: Macroeconomic uncertainty and covid-19.

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 a net reversal of DKK 203 million (2022: net reversal of DKK 477 million). Of the impairment charges for loans and advances, DKK 55 million was attributable to owner-occupied dwellings and a reversal of DKK 262 million was attributable to the business segment.

Arrears

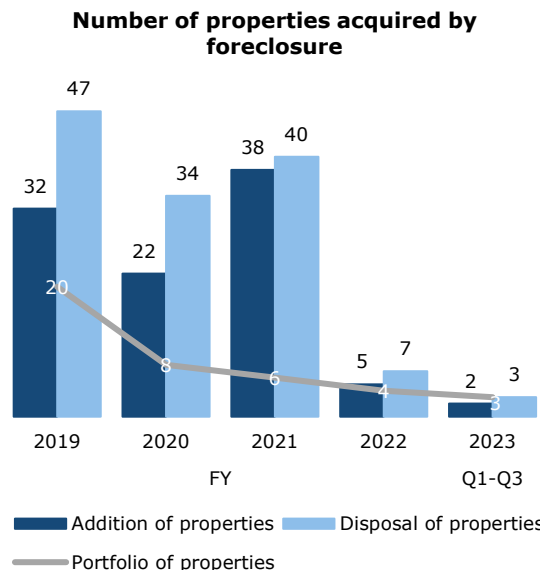
Mortgage loan arrears are determined 75 days past the due date. Mortgage loan arrears were 0.16% of total mortgage payments due 75 days past the June due date (June due date 2022: 0.15%).

Bond debt outstanding affected by arrears as a percentage of total bond debt outstanding was DKK 1.80 billion, an increase compared with DKK 1.53 billion at the June 2022 due date.

Nykredit Realkredit Group	Debt		Debt
	Arrears relative to total mortgage payments	outstanding in arrears relative to total debt outstanding	
Arrears ratio – 75 days past due	%	%	DKK billion
Due date			
2023			
- June	0.16	0.13	1.80
- March	0.16	0.12	1.79
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

Properties acquired by foreclosure

In Q1-Q3/2023, the Group acquired 2 properties and sold 3. The portfolio subsequently comprised 3 properties (end-2022: 4 properties).



Mortgage lending

Owner-occupied dwellings accounted for 61.8% of the total debt outstanding on mortgage loans in Q1-Q3/2023, which is in line with end-2022. The LTV of owner-occupied dwellings averaged 56.3% in Q1-Q3/2023 (end-2022: 54.2%).

Private rental made up 12.4% and office and retail accounted for 10.7% of the total debt outstanding (end-2022: 9.9% and 10.4%, respectively). With regard to total impairment provisions, owner-occupied dwellings accounted for 48.7% in Q1-Q3/2023 (end-2022: 46.2%) and agriculture accounted for 23.6% (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-Q3/2023	2022
Owner-occupied dwellings	590,310	162,059	52,030	1,923	242	304	806,868	56.3	54.2
Private rental	122,503	31,832	7,222	437	132	141	162,267	53.5	52.8
Industry and trades	19,151	3,506	247	29	10	4	22,945	46.6	45.1
Office and retail	113,628	23,924	1,357	192	136	95	139,332	47.6	48.0
Agriculture	58,993	17,568	3,496	135	55	72	80,319	55.5	56.2
Public housing	-	-	-	-	-	-	78,209	0.0	0.0
Other	13,223	1,924	287	35	26	42	15,537	44.3	45.3
Total Q1-Q3/2023	917,808	240,813	64,639	2,750	600	658	1,305,477	52.3	
Total 2022	926,900	233,724	51,633	1,635	598	798	1,292,119		51.0

Nykredit Realkredit Group	DKK million			
	30.09.2023		31.12.2022	
Mortgage lending by property type ¹	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Owner-occupied dwellings	2,705	59	2,735	93
Private rental	490	(135)	665	(18)
Industry and trades	77	11	66	(41)
Office and retail	620	7	660	(164)
Agriculture	1,313	(82)	1,377	(148)
Public housing	25	(6)	31	(18)
Cooperative housing	222	(50)	272	(69)
Other	106	(7)	114	(112)
Total	5,559	(203)	5,919	(477)

Bank lending

The total credit exposure came to DKK 148.1 billion (end-2022: DKK 153.4 billion), of which DKK 14.2 billion is intercompany guarantees. Bank lending at amortised cost amounted to DKK 92.2 billion (end-2022: DKK 86.7 billion), up DKK 5.5 billion since the turn of the year.

Reverse repurchase lending totalled DKK 33.5 billion (end-2022: DKK 38.0 billion). Guarantees provided amounted to DKK 8.2 billion (end-2022: DKK 8.4 billion).

Bank lending

The total credit exposure breaks down as follows: The decline in intercompany guarantees is mainly due to a drop in the categories real estate and personal customers.

	DKK million	
Nykredit Realkredit Group		
Bank loans, advances and guarantees	30.09.2023	31.12.2022
Bank loans and advances	92,235	86,735
Reverse repurchase lending	33,470	37,970
Guarantees	8,195	8,393
Intercompany guarantees	14,166	20,311
Total	148,065	153,409

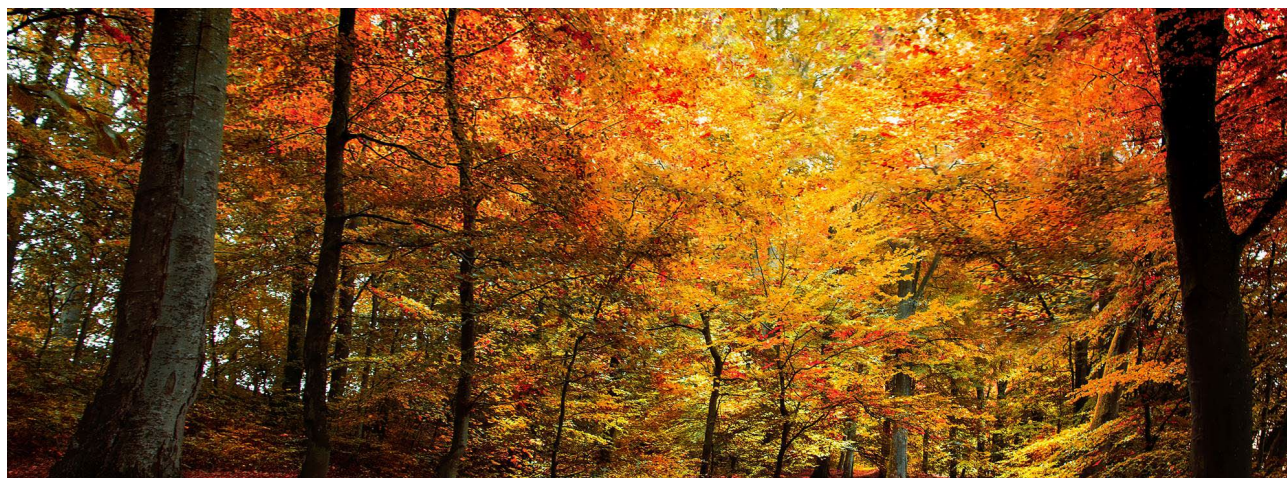
Total provisions for bank loan impairment

Provisions for bank loan impairment (exclusive of credit institutions and guarantees) totalled DKK 3,213 million (end-2022: DKK 3,132 million). The provisions related to 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	30.09.2023	31.12.2022
Individual impairment provisions (stage 3)	1,826	1,873
Model-based impairment provisions (stages 1, 2 and 3)	1,387	1,259
- of the above attributable to geopolitical tensions	757	804 ¹
Total provisions for bank loan impairment	3,213	3,132

¹ Macroeconomic uncertainty and covid-19.



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 39.5 billion (end-2022: DKK 44.8 billion).

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

Finance and insurance accounted for 26.7% (end-2022: 29.2%) and personal customers for 16.2% (end-2022: 16.3%) of the total credit exposure.

At end-Q3, impairment provisions for loans and advances excluding credit institutions totalled DKK 3,523 million (end-2022: DKK 3,472 million) or 2.4% of total lending (end-2022: 2.3%).



DKK million

Nykredit Realkredit Group	30.09.2023			31.12.2022		
	Lending, end of period	Total impairment provisions	Earnings impact	Lending, end of period	Total impairment provisions	Earnings impact
Credit exposures in terms of bank lending, reverse repurchase lending and guarantees by sector¹						
Public sector	421	0	0	961	27	18
Agriculture, hunting, forestry and fishing	4,401	215	(16)	4,113	189	(7)
Manufacturing, mining and quarrying	14,396	730	196	14,769	563	378
Energy supply	5,892	22	(77)	5,291	98	57
Construction	3,153	282	(92)	2,357	353	142
Trade	14,310	867	244	13,255	618	(42)
Transport, accommodation and food service activities	6,479	219	66	6,823	169	33
Information and communication	5,508	73	(20)	4,896	86	(3)
Finance and insurance	39,524	63	(12)	44,795	84	(2)
Real estate	16,719	286	(172)	18,029	435	(85)
Other	13,328	240	(27)	13,085	270	(73)
Business customers, total	123,710	2,997	90	127,413	2,865	397
Personal customers	23,934	526	(38)	25,034	580	(13)
Total	148,065	3,523	51	153,409	3,472	402
- of which provisions for losses under guarantees etc		310	(30)		340	9
Impairment provisions for credit institutions		1	(1)		3	(7)
- of which intercompany guarantees and total	14,166	3,524	50	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 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 41 partner banks.



Nykredit Bank

Nykredit Bank delivered a highly satisfactory profit for Q1-Q3/2023 of DKK 2,669 million (Q1-Q3/2022: DKK 2,068 million).

Nykredit Bank is raising guidance for profit after tax for the year to DKK 3.25-3.75 billion in connection with the presentation of this Q1-Q3 Interim Report 2023. On 29 June 2023, Nykredit Bank lifted guidance for profit after tax for the year to 3.0-3.5 billion from the former DKK 2.5-3.0 billion.

DKK million

Nykredit Bank Group	Q1-Q3/ 2023	Q1-Q3/ 2022	Q3/ 2023	Q2/ 2023	Q1/ 2023	Q3/ 2022	2022
BUSINESS PROFIT AND PROFIT FOR THE PERIOD							
Net interest income	2,838	1,580	1,015	1,030	793	579	2,508
Net fee income	562	460	195	185	182	145	624
Wealth management income	1,785	1,737	588	614	583	566	2,279
Net interest from capitalisation	480	(107)	159	157	164	(43)	(152)
Net income relating to customer benefits programmes ¹	(59)	(97)	(12)	(21)	(26)	(41)	(140)
Trading, investment portfolio and other income	323	706	94	(68)	297	273	973
Income	5,929	4,279	2,039	1,897	1,994	1,478	6,091
Costs	2,473	2,281	840	805	828	755	3,123
Business profit before impairment charges	3,457	1,997	1,199	1,092	1,166	722	2,968
Impairment charges for loans and advances	50	255	26	73	(49)	18	396
Business profit	3,407	1,743	1,173	1,019	1,215	704	2,573
Legacy derivatives	143	890	111	43	(11)	220	931
Profit before tax for the period	3,550	2,632	1,284	1,061	1,204	924	3,504
Tax	881	564	320	263	298	195	758
Profit for the period	2,669	2,068	964	799	906	729	2,746
Minority interests	45	44	17	13	15	17	61
SUMMARY BALANCE SHEET							
	31.09.2023	30.09.2022	31.09.2023	30.06.2023	31.03.2023	30.09.2022	31.12.2022
Reverse repurchase lending	33,470	37,673	33,470	32,996	35,536	37,673	37,970
Loans, advances and other receivables at amortised cost	92,235	87,255	92,235	92,023	92,023	87,255	86,735
Payables to credit institutions and central banks	41,391	51,136	41,391	41,969	44,951	51,136	50,660
Repo deposits	3,080	7,317	3,080	5,068	5,674	7,317	6,266
Deposits and other payables	107,704	103,859	107,704	107,158	106,736	103,859	107,426
Equity	36,095	32,840	36,095	35,132	35,132	32,840	33,518
SELECTED FINANCIAL RATIOS							
Profit for the period as % pa of average equity	10.1%	8.5%	10.7%	9.1%	10.5%	8.8%	8.4%
Cost/income ratio (C/I), %	41.7	53.3	41.2	42.4	41.5	51.1	51.3
Average number of staff, full-time equivalent	1,014	1,019	1,017	1,011	1,015	1,023	1,021



Income
DKK **5,929m**
(Q1-Q3/2022: DKK 4,279m)



Costs
DKK **2,473m**
(Q1-Q3/2022: DKK 2,281m)



Profit for the period
DKK **2,669m**
(Q1-Q3/2022: DKK 2,068m)

Customer benefits

Being a mutual company, Nykredit has a unique opportunity to share our success with customers. To this end, Nykredit Bank's 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 initiative, 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 from Validated 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 and 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 of how to find a viable, documentable and effective path forward in the green transition.



Q1-Q3 in summary

Business profit was DKK 3,407 million in Q1-Q3/2023 (Q1-Q3/2022: DKK 1,743 million), and profit after tax for the period came to DKK 2,669 million (Q1-Q3/2022: DKK 2,068 million).

Income amounted to DKK 5,929 million (Q1-Q3/2022: DKK 4,279 million). Net interest income was DKK 2,838 million (Q1-Q3/2022: DKK 1,580 million). Net interest income was positively impacted by rising interest rates as well as increased lending compared with Q1-Q3/2022.

Net fees amounted to DKK 562 million (Q1-Q3/2022: DKK 460 million). Net fee income was positively affected by the high activity level of corporate clients particularly 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 480 million (Q1-Q3/2022: loss of DKK 107 million). The increase compared to Q1-Q3/2022 was due to higher interest rates.

Trading, investment portfolio and other income amounted to DKK 323 million (Q1-Q3/2022: DKK 706 million).

Costs amounted to DKK 2,473 million (Q1-Q3/2022: DKK 2,281 million). Wage rises and general price growth due to inflation increased costs across the Nykredit Bank Group. Costs of high-performance bonus awards also increased this year. Costs of IT and digitisation for the period also rose.

The average number of full-time equivalent staff totalled 1,014 (Q1-Q3/2022: 1,019).

Impairment charges for loans and advances were DKK 50 million (Q1-Q3/2022: DKK 255 million) owing to the continued strong performance of the Danish economy.

Legacy derivatives were a gain of DKK 143 million (Q1-Q3/2022: gain of DKK 890 million). Legacy derivatives are derivatives Nykredit no longer offers to customers.

Lending went up by DKK 5.5 billion to DKK 92.2 billion at end-September 2023 (end-2022: DKK 86.7 billion). The increase in bank lending was driven by business customers, including large corporate clients served in the business area Corporates & Institutions.

Deposits and other payables amounted to DKK 107.7 billion (end-2022: DKK 107.4 billion).

Deposits exceeded lending at amortised cost by DKK 12.1 billion (end-2022: DKK 17.6 billion).



Lending
DKK 92.2bn
(end-2022: DKK 86.7bn)



Totalkredit

Totalkredit posted very satisfactory results for Q1-Q3/2023 with a profit after tax of DKK 2,559 million (Q1-Q3/2022: DKK 1,863 million).



Income
DKK **4,053m**
(Q1-Q3/2022: DKK 2,878m)



Costs
DKK **786m**
(Q1-Q3/2022: DKK 706m)



Profit for the period
DKK **2,559m**
(Q1-Q3/2022: DKK 1,863m)

DKK million

Totalkredit	Q1-Q3/ 2023	Q1-Q3/ 2022	Q3/ 2023	Q2/ 2023	Q1/ 2023	Q3/ 2022	2022
BUSINESS PROFIT AND PROFIT FOR THE PERIOD							
Net interest income	2,777	2,876	924	928	926	970	3,871
Net fee income	556	846	140	224	192	251	1,136
Net interest from capitalisation	525	(277)	182	173	171	(108)	(389)
Net income relating to customer benefits programmes	(199)	(219)	(50)	(73)	(76)	(79)	(287)
Trading, investment portfolio and other income	393	(347)	192	61	140	(60)	(159)
Income	4,053	2,878	1,387	1,313	1,353	973	4,173
Costs	786	706	242	276	268	237	981
Business profit before impairment charges	3,267	2,172	1,145	1,037	1,085	736	3,192
Impairment charges for loans and advances	104	16	30	(4)	78	(27)	27
Profit before tax	3,163	2,156	1,116	1,040	1,007	763	3,166
Tax	604	293	217	197	189	107	452
Profit for the period	2,559	1,863	899	843	818	655	2,714
Interest on Additional Tier 1 capital not recognised in profit or loss	193	97	70	65	57	36	146
SUMMARY BALANCE SHEET							
	30.09.2023	30.09.2022	30.09.2023	30.06.2023	31.03.2023	30.09.2022	31.12.2022
Mortgage loans at fair value	781,193	749,576	781,193	882,894	783,271	749,576	774,333
Bonds at fair value	48,413	49,157	48,413	47,256	53,306	49,157	65,360
Payables to credit institutions and central banks	799,476	771,687	799,476	888,410	804,323	771,687	812,016
Bonds in issue at fair value	2,593	3,078	2,593	2,503	2,822	3,078	2,950
Equity	39,618	36,445	39,618	45,279	38,011	36,445	37,249
FINANCIAL RATIOS							
Profit for the period as % pa of average equity ¹	9.2	7.5	9.4	9.0	9.0	7.7	8.0
Cost/income ratio (C/I), %	19.4	24.5	17.4	21.1	19.8	24.4	23.5
Average number of staff, full-time equivalent	249	248	248	248	250	246	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.

Partnership activities

Customers are best served by local banking advisers with the most knowledge about the customers, their finances and the local area. The partnership model applied by the 41 partner banks behind the Totalkredit alliance is based on that very belief.

This alliance is the foundation of our efforts to promote development and growth and offer attractive and secure loans all over Denmark at all times. The Totalkredit alliance is strong, and the partner banks show continued high satisfaction with the partnership model.

Customer benefits

As part of Nykredit, 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 and secured homeowner bank 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

Totalkredit is continually working to develop a future-proofed IT platform to optimise the advisory tools and home financing options available to all members of the partnership and their customers.

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

Business banking

Totalkredit business mortgages are offered to the segments 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 the Nykredit Group for 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-Q3 in summary

Profit after tax was DKK 2,559 million (Q1-Q3/2022: DKK 1,863 million). Profit for the period as % pa of average equity came to 9.2 (Q1-Q3/2022: 7.5).

Income amounted to DKK 4,053 million (Q1-Q3/2022: DKK 2,878 million), up DKK 1,175 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 were DKK 786 million (Q1-Q3/2022: DKK 706 million), mainly due to wage increases and general price rises as a result of inflation. Costs of IT and digitisation for the period also rose.

The average number of full-time equivalent staff totalled 249 (Q1-Q3/2022: 248).

Impairment charges for loans and advances were DKK 104 million (Q1-Q3/2022: DKK 16 million) and were primarily driven by the impairment model and declining housing prices.

Totalkredit's nominal mortgage lending decreased in Q1-Q3/2023 to DKK 876.2 billion (end-2022: DKK 877.4 billion), as a result of lower activity and customers having reduced their debt outstanding through mortgage refinancing.



Lending, nominal value
DKK 876bn
(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 13-22 and note 3) reflect the internal management reporting.

In certain respects, the presentation of the financial highlights differs from the format of the Financial Statements prepared under the International Financial Reporting Standards (IFRS). No correcting entries have been made, 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 41) 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 green and other benefits granted to the Group's customers. The amount includes contributions received. The effect of the benefits programmes is included under "Group Items".

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

Supplementary financial ratios etc

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

Profit (loss) for the year as % 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.

Deposits relative to loans and advances 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.

Statement by the Board of Directors and the Executive Board

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

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

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

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

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

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

Copenhagen, 9 November 2023

Executive Board

Michael Rasmussen
Group Chief Executive

Anders Jensen
Group Managing Director

David Hellemann
Group Managing Director

Tonny Thierry Andersen
Group Managing Director

Board of Directors

Merete Eldrup
Chair

Preben Sunke
Deputy Chair

Olav Bredgaard Brusen*

Michael Demsitz

Per W. Hallgren

Jørgen Høholt

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 Group	Note	Q1-Q3/2023	Q1-Q3/2022	Q3/2023	Q3/2022
INCOME STATEMENT					
Interest income		33,550	19,145	12,223	6,634
Interest income based on the effective interest method		5,210	1,496	1,985	675
Interest expenses		27,105	11,741	10,115	4,209
Net interest income	6	11,655	8,900	4,093	3,100
Dividend on equities etc	6	230	189	7	7
Fee and commission income	5	3,099	3,554	992	1,163
Fee and commission expenses		2,978	3,499	953	991
Net interest and fee income		12,006	9,143	4,139	3,278
Value adjustments	6, 7	2,291	1,644	882	430
Other operating income		1,126	1,193	378	391
Staff and administrative expenses		4,389	4,239	1,475	1,420
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets		219	220	55	74
Other operating expenses		194	180	61	55
Impairment charges for loans, advances and receivables etc	8	(141)	(225)	(26)	1
Profit from investments in associates and Group enterprises	10	4	3	2	1
Profit before tax		10,767	7,569	3,835	2,551
Tax		2,436	1,365	897	406
Profit for the period		8,331	6,205	2,938	2,145
Distribution of profit for the period					
Shareholder of Nykredit Realkredit A/S		8,171	6,046	2,883	2,090
Minority interests		45	44	17	17
Holders of Additional Tier 1 capital notes		115	115	39	39
Profit for the period		8,331	6,205	2,938	2,145
COMPREHENSIVE INCOME					
Profit for the period		8,331	6,205	2,938	2,145
Other comprehensive income					
Items that cannot be reclassified to profit or loss:					
Actuarial gains/losses on defined benefit plans		13	(34)	(9)	(12)
Tax on actuarial gains/losses on defined benefit plans		(3)	8	2	3
Fair value adjustment of owner-occupied properties		(2)	-	(0)	-
Total items that cannot be reclassified to profit or loss		8	(27)	(7)	(10)
Other comprehensive income		8	(27)	(7)	(10)
Comprehensive income for the period		8,339	6,178	2,931	2,135
Distribution of comprehensive income					
Shareholder of Nykredit Realkredit A/S		8,179	6,019	2,876	2,080
Minority interests		45	44	17	17
Holders of Additional Tier 1 capital notes		115	115	39	39
Comprehensive income for the period		8,339	6,178	2,931	2,135

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

Nykredit Realkredit A/S	Note	Q1-Q3/2023	Q1-Q3/2022	Q3/2023	Q3/2022
INCOME STATEMENT					
Interest income		29,057	14,207	10,719	5,167
Interest expenses		25,901	11,183	9,587	4,128
Net interest income		3,156	3,024	1,132	1,039
Dividend on equities etc		227	183	7	5
Fee and commission income		882	699	338	197
Fee and commission expenses		319	383	100	125
Net interest and fee income		3,946	3,522	1,376	1,116
Value adjustments	7	1,036	52	374	200
Other operating income		1,418	1,303	510	414
Staff and administrative expenses		2,383	2,355	850	776
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets		187	189	45	63
Other operating expenses		169	156	54	47
Impairment charges for loans, advances and receivables etc	9	(299)	(499)	(82)	9
Profit from investments in associates and Group enterprises	10	5,258	3,968	1,878	1,392
Profit before tax		9,217	6,645	3,272	2,225
Tax		930	484	350	96
Profit for the period		8,286	6,161	2,921	2,128
Distribution of profit for the period					
Shareholder of Nykredit Realkredit A/S		8,171	6,046	2,883	2,090
Holders of Additional Tier 1 capital notes		115	115	39	39
Profit for the period		8,286	6,161	2,921	2,128
COMPREHENSIVE INCOME					
Profit for the period		8,286	6,161	2,921	2,128
Other comprehensive income					
Items that cannot be reclassified to profit or loss:					
Actuarial gains/losses on defined benefit plans		13	(34)	(9)	(12)
Tax on actuarial gains/losses on defined benefit plans		(3)	8	2	3
Fair value adjustment of owner-occupied properties		(2)	-	(0)	-
Total items that cannot be reclassified to profit or loss		8	(27)	(7)	(10)
Other comprehensive income		8	(27)	(7)	(10)
Comprehensive income for the period		8,294	6,134	2,914	2,119
Distribution of comprehensive income					
Shareholder of Nykredit Realkredit A/S		8,179	6,019	3,106	2,080
Holders of Additional Tier 1 capital notes		115	115	(191)	39
Comprehensive income for the period		8,294	6,134	2,914	2,119

BALANCE SHEETS

DKK million

Nycredit Realkredit A/S		Nycredit Realkredit Group			
31.12.2022	30.09.2023		Note	30.09.2023	31.12.2022
ASSETS					
5,304	5,716	Cash balances and demand deposits with central banks		47,835	49,659
33,024	35,397	Receivables from credit institutions and central banks		11,224	11,582
1,329,734	1,323,818	Loans, advances and other receivables at fair value	11	1,305,824	1,292,489
208	197	Loans, advances and other receivables at amortised cost	12	126,009	125,028
32,465	28,586	Bonds at fair value	13	91,651	90,638
3,717	3,736	Bonds at amortised cost	14	1,611	1,592
7,320	7,591	Equities etc		8,098	7,886
29	30	Investments in associates		55	39
71,452	76,497	Investments in Group enterprises		-	-
-	-	Assets in pooled schemes	15	3,223	893
353	440	Intangible assets		2,324	2,262
Land and buildings					
7	-	Owner-occupied properties		17	25
240	192	Leased properties		196	246
247	192	Total		212	271
203	204	Other property, plant and equipment		225	224
28	-	Current tax assets		10	47
-	-	Deferred tax assets		156	175
9	6	Assets in temporary possession		6	9
8,150	10,393	Other assets		16,034	16,958
261	351	Prepayments		484	374
1,492,504	1,493,153	Total assets		1,614,983	1,600,129

BALANCE SHEETS

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
31.12.2022	30.09.2023		Note	30.09.2023	31.12.2022
LIABILITIES AND EQUITY					
10,107	10,677	Payables to credit institutions and central banks		14,545	27,851
-	-	Deposits and other payables	16	110,657	113,657
-	-	Deposits in pooled schemes		3,223	893
1,312,732	1,309,336	Bonds in issue at fair value	17	1,284,229	1,254,959
51,706	49,360	Bonds in issue at amortised cost	18	53,809	61,251
272	505	Other non-derivative financial liabilities at fair value	19	8,875	8,837
83	763	Current tax liabilities		2,378	526
10,307	13,556	Other liabilities		27,453	23,925
-	-	Deferred income		4	4
1,385,207	1,384,198	Total payables		1,505,174	1,491,903
Provisions					
17	9	Provisions for pensions and similar obligations		9	17
330	323	Provisions for deferred tax		583	578
21	20	Repayable reserves in pre-1972 series		20	21
-	-	Provisions for losses under guarantees		310	340
79	96	Other provisions		291	305
446	448	Total provisions		1,213	1,261
10,136	10,096	Subordinated debt	20	10,096	10,136
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated value adjustments					
-	-	- revaluation reserves		3	3
Other reserves					
35,869	40,915	- 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	17,433	- retained earnings		56,698	50,401
4,650	-	- proposed dividend		-	4,650
92,964	94,611	Shareholder of Nykredit Realkredit A/S		94,611	92,964
-	-	Minority interests		89	114
3,751	3,800	Holders of Additional Tier 1 capital		3,800	3,751
96,715	98,411	Total equity		98,500	96,829
1,492,504	1,493,153	Total liabilities and equity		1,614,983	1,600,129
OFF-BALANCE SHEET ITEMS					
-	-	Contingent liabilities		8,195	8,393
11,323	12,251	Other commitments		26,936	23,986
11,323	12,251	Total		35,131	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	-	-	-	-	6,321	1,850	8,171	45	115	8,331
Total other comprehensive income	-	-	-	-	8	-	8	-	-	8
Total comprehensive income	-	-	-	-	6,329	1,850	8,179	45	115	8,339
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	-	(77)	(77)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(10)	-	(10)	-	10	-
Changes in subsidiary equity	-	-	-	-	(21)	-	(21)	-	-	(21)
Distributed dividend	-	-	-	-	-	(6,500)	(6,500)	(65)	-	(6,565)
Other adjustments	-	-	-	-	-	-	-	(5)	-	(5)
Equity, 30 September	1,182	3	31,878	4,849	56,698	-	94,611	89	3,800	98,500
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	-	-	-	-	6,046	-	6,046	44	115	6,205
Total other comprehensive income	-	-	-	-	(27)	-	(27)	-	-	(27)
Total comprehensive income	-	-	-	-	6,019	-	6,019	44	115	6,178
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	-	(77)	(77)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	0	-	0	-	(0)	-
Subsequent adjustment of purchase price allocation	-	-	-	-	(25)	-	(25)	-	-	(25)
Change in own portfolio	-	-	-	-	-	-	-	-	22	22
Distributed dividend	-	-	-	-	-	(4,380)	(4,380)	(50)	-	(4,430)
Other adjustments	-	-	-	-	-	-	-	(8)	-	(8)
Equity, 30 September	1,182	3	32,555	4,849	52,774	-	91,364	98	3,789	95,251

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 reserve 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	-	-	5,258	-	1,063	1,850	8,171	115	8,286
Total other comprehensive income	-	-	-	-	8	-	8	-	8
Total comprehensive income	-	-	5,258	-	1,071	1,850	8,179	115	8,294
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	(77)	(77)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(10)	-	(10)	10	-
Distributed dividend	-	-	-	-	-	(6,500)	(6,500)	-	(6,500)
Dividend from Group enterprises	-	-	(190)	-	190	-	-	-	-
Changes in subsidiary equity	-	-	(21)	-	-	-	(21)	-	(21)
Equity, 30 September	1,182	3,203	40,915	31,878	17,433	-	94,611	3,800	98,411
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	-	-	3,968	-	2,078	-	6,046	115	6,161
Total other comprehensive income	-	-	-	-	(27)	-	(27)	-	(27)
Total comprehensive income	-	-	3,968	-	2,052	-	6,019	115	6,134
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	0	-	0	(0)	-
Distributed dividend	-	-	-	-	-	(4,380)	(4,380)	-	(4,380)
Dividend from Group enterprises	-	-	(263)	-	263	-	-	-	-
Changes in subsidiary equity	-	-	(25)	-	-	-	(25)	-	(25)
Other adjustments	-	-	0	-	-	-	0	-	0
Equity, 30 September	1,182	3,203	34,407	32,555	20,017	-	91,364	3,789	95,153

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-Q3/2023	Q1-Q3/2022
Profit for the period	8,331	6,205
Adjustments		
Net interest income	(11,655)	(8,900)
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	330	220
Profit from investments in associates	(4)	(3)
Impairment charges for loans, advances and receivables etc	(141)	(359)
Prepayments/deferred income, net	(110)	(356)
Tax calculated on profit for the period	2,436	1,365
Other adjustments	104	(633)
Total	(709)	(2,462)
Change in operating capital		
Loans, advances and other receivables	(14,288)	137,003
Deposits and payables to credit institutions	(16,306)	18,529
Bonds in issue	21,828	(147,156)
Other operating capital	208	3,724
Total	(9,267)	9,638
Interest income received	37,744	19,760
Interest expenses paid	(21,906)	(10,323)
Corporation tax paid, net	(526)	(1,095)
Cash flows from operating activities	6,045	17,979
Cash flows from investing activities		
Acquisition of associates	(5)	-
Sale of associates	-	3
Dividend received from associates	6	6
Purchase and sale of bonds and equities, net	(949)	(8,067)
Purchase of intangible assets*	(152)	(128)
Sale of intangible assets	-	3
Purchase of property, plant and equipment	(43)	(42)
Sale of property, plant and equipment	16	2
Total	(1,126)	(8,224)
Cash flows from financing activities		
Issuance of subordinated debt instruments	-	3,700
Distributed dividend	(6,571)	(4,430)
Payment of lease liabilities	(84)	(124)
Total	(6,655)	(854)
Total cash flows for the period	(1,736)	8,901
Cash and cash equivalents, beginning of period	61,242	45,294
Foreign currency translation adjustment of cash	(447)	(3)
Total cash flows for the period	(1,736)	8,901
Cash and cash equivalents, end of period	59,058	54,192
Cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	47,835	42,305
Receivables from credit institutions and central banks	11,224	11,888
Total	59,058	54,192

*Purchase of intangible assets includes the excess value of equities purchased from minority shareholders.

NOTES

Nykredit Realkredit Group

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NOTES

Nykredit Realkredit Group

1. ACCOUNTING POLICIES

General

The Consolidated Financial Statements for Q1-Q3/2023 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-Q3/2023 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).

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

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

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

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

Significant accounting estimates and assessments

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

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

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

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

With regard to impairment charges for loans and advances note specifically that:

The turbulent macroeconomic conditions 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. In Q1-Q3, Nykredit reversed DKK 0.3 billion of total provisions which subsequently amounted to DKK 2.1 billion.

Provisions related to ESG were raised by DKK 0.35 billion in Q1-Q3/2023 as a result of a reassessment of ESG transition risks. Total provisions related to ESG (post-model adjustment) are now DKK 0.6 billion.

The impacts of the covid-19 pandemic have lessened considerably, and as a consequence, the provision taken to cover covid-19 was released at end-H1/2023.

Please refer to "Credit risk" in the Management Commentary.

NOTES

Dkk million				
Nykredit Realkredit A/S			Nykredit Realkredit Group	
31.12.2022	30.09.2023		30.09.2023	31.12.2022
2. CAPITAL AND CAPITAL ADEQUACY				
96,715	98,411	Equity for accounting purposes	98,500	96,829
-	-	Minority interests not included	(89)	(114)
(3,751)	(3,800)	Carrying amount of Additional Tier 1 capital recognised in equity	(3,800)	(3,751)
-	(4,143)	Share of profit etc for the period not included	(4,143)	-
92,964	90,468	Equity excluding Additional Tier 1 capital and minority interests	90,468	92,964
(4,650)	-	Proposed dividend	-	(4,650)
(38)	(36)	Prudent valuation adjustment	(82)	(71)
-	-	Minority interests	45	62
(180)	(278)	Intangible assets excluding deferred tax liabilities	(2,133)	(2,057)
(242)	(268)	Other regulatory adjustments	(268)	(242)
(81)	(271)	Deduction for non-performing exposures	(546)	(209)
(5,190)	(854)	Common Equity Tier 1 regulatory deductions	(2,985)	(7,167)
87,773	89,614	Common Equity Tier 1 capital	87,483	85,797
3,643	3,654	Additional Tier 1 capital	3,661	3,654
-	-	Additional Tier 1 regulatory deductions	(4)	(4)
3,643	3,654	Total Additional Tier 1 capital after regulatory deductions	3,657	3,649
91,416	93,269	Tier 1 capital	91,140	89,446
10,710	10,634	Tier 2 capital	10,642	10,723
1,952	1,854	Tier 2 regulatory adjustments	2,116	2,104
104,078	105,756	Own funds	103,898	102,273
522,258	541,294	Credit risk	369,278	366,083
25,871	19,792	Market risk	32,795	42,443
14,161	14,032	Operational risk	30,944	29,738
562,290	575,119	Total risk exposure amount	433,017	438,263
Financial ratios				
15.6	15.5	Common Equity Tier 1 capital ratio, %	20.2	19.5
16.2	16.2	Tier 1 capital ratio, %	21.0	20.4
18.5	18.3	Total capital ratio, %	23.9	23.3

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

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

	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Totalcredit Partners	Wealth Management	Group Items	Total
Results									
Q1-Q3/2023									
Results by business area									
Net interest income	2,088	2,380	4,468	1,947	6,415	2,313	380	(2)	9,106
Net fee income	515	357	872	521	1,393	525	31	1	1,950
Wealth management income	341	92	433	117	550	-	1,214	21	1,785
Net interest from capitalisation	106	277	383	330	713	292	30	277	1,312
Net income relating to customer benefits programmes ¹	-	(0)	(0)	-	(0)	-	-	(291)	(291)
Trading, investment portfolio and other income	28	77	105	381	486	(4)	32	909	1,423
Income	3,078	3,184	6,262	3,295	9,557	3,127	1,686	915	15,285
Costs	1,765	980	2,746	600	3,345	625	746	85	4,801
Business profit before impairment charges	1,313	2,204	3,516	2,695	6,211	2,503	940	830	10,484
Impairment charges for loans and advances	(80)	(116)	(196)	(21)	(217)	55	8	14	(141)
Business profit	1,392	2,320	3,712	2,716	6,428	2,448	932	816	10,625
Legacy derivatives	5	62	67	76	143	-	(0)	-	143
Profit before tax	1,398	2,382	3,779	2,792	6,571	2,448	932	816	10,768
BALANCE SHEET, 30 SEPTEMBER 2023									
Assets									
Mortgage loans etc at fair value	150,129	201,338	351,467	277,351	628,819	661,941	14,717	-	1,305,477
Reverse repurchase lending								33,470	33,470
Loans and advances at amortised cost	13,024	30,881	43,905	43,120	87,025	-	5,439	76	92,540
Assets by business area	163,153	232,219	395,372	320,471	715,843	661,941	20,156	33,545	1,431,486
Unallocated assets									183,497
Total assets									1,614,983
Liabilities and equity									
Repo deposits								3,080	3,080
Bank deposits and other payables at amortised cost	46,092	27,967	74,059	13,583	87,642	-	17,621	2,314	107,578
Liabilities by business area	46,092	27,967	74,059	13,583	87,642	-	17,621	5,394	110,657
Unallocated liabilities									1,405,826
Equity									98,500
Total liabilities and equity									1,614,983

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

NOTES

DKK million

Nykredit Realkredit Group

3. BUSINESS AREAS, (CONTINUED)

Results Q1-Q3/2022	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Totalkredit Partners	Wealth Management	Group Items	Total
Results by business area									
Net interest income	1,554	2,069	3,623	1,625	5,248	2,398	192	(21)	7,817
Net fee income	602	492	1,093	421	1,514	690	37	(29)	2,212
Wealth management income	330	95	426	104	530	-	1,182	25	1,737
Net interest from capitalisation	(68)	(92)	(160)	(125)	(284)	(249)	(11)	70	(475)
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	(0)	(324)	(324)
Trading, investment portfolio and other income	27	255	282	396	678	1	31	(583)	127
Income	2,445	2,819	5,264	2,421	7,686	2,840	1,431	(862)	11,094
Costs	1,792	946	2,738	547	3,285	578	688	89	4,639
Business profit (loss) before impairment charges	653	1,873	2,526	1,874	4,400	2,262	743	(951)	6,454
Impairment charges for loans and advances	(19)	(126)	(145)	(47)	(193)	(3)	(20)	(10)	(225)
Business profit (loss)	672	1,999	2,671	1,921	4,593	2,265	763	(942)	6,679
Legacy derivatives	38	489	527	362	890	-	0	-	890
Profit (loss) before tax	711	2,488	3,199	2,284	5,482	2,265	764	(942)	7,569

BALANCE SHEET, 30 SEPTEMBER 2022

Assets

Mortgage loans etc at fair value	149,500	192,788	342,288	243,349	585,636	649,898	10,883	-	1,246,418
Reverse repurchase lending								37,673	37,673
Loans and advances at amortised cost	12,811	29,464	42,275	39,900	82,175	-	5,079	332	87,585
Assets by business area	162,311	222,251	384,563	283,249	667,811	649,898	15,962	38,005	1,371,676
Unallocated assets									179,807
Total assets									1,551,482

Liabilities and equity

Repo deposits								7,317	7,317
Bank deposits and other payables at amortised cost	43,745	27,586	71,331	12,271	83,602	-	18,142	2,076	103,821
Liabilities by business area	43,745	27,586	71,331	12,271	83,602	-	18,142	9,393	111,138
Unallocated liabilities									1,345,094
Equity									95,251
Total liabilities and equity									1,551,482

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

NOTES

DKK million

Nykredit Realkredit Group

4. RECONCILIATION OF INTERNAL AND REGULATORY INCOME STATEMENT

	Q1-Q3/2023			Q1-Q3/2022		
	Earnings presentation in Management Commentary	Reclassification	Income statement	Earnings presentation in Management Commentary	Reclassification	Income statement
Net interest income	9,106	2,549	11,655	7,817	1,083	8,900
Dividend on equities etc		230	230		189	189
Fee and commission income, net	1,950	(1,830)	121	2,212	(2,157)	55
Net interest and fee income		950	12,006		(886)	9,143
Wealth management income	1,785	(1,785)	-	1,737	(1,737)	-
Net interest from capitalisation	1,312	(1,312)	-	(475)	475	-
Net income relating to customer benefits programmes	(291)	291	-	(324)	324	-
Trading, investment portfolio and other income	1,423	(1,423)	-	127	(127)	-
Value adjustments		2,291	2,291		1,644	1,644
Other operating income		1,126	1,126		1,193	1,193
Income	15,285		11,094	11,094		
Costs	4,801	-	4,801	4,639	-	4,639
Business profit before impairment charges	10,484		6,454	6,454		
Impairment charges for loans and advances etc	(141)	-	(141)	(225)	-	(225)
Profit from investments in associates and Group enterprises		4	4		3	3
Business profit	10,625		6,679	6,679		
Legacy derivatives	143	(143)	-	890	(890)	-
Profit before tax	10,767	-	10,767	7,569	-	7,569

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

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

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

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

The internal presentation is based on the same recognition and measurement principles as the IFRS-based Financial Statements for which reason profit before tax is unchanged.

NOTES

DKK million

Nykredit Realkredit Group	Q1-Q3/2023	Q1-Q3/2022
5. FEE AND COMMISSION INCOME		
Revenue from contracts with customers (IFRS 15) by business area		
Retail	461	553
Corporates & Institutions	263	256
Totalkredit Partners	392	801
Wealth Management	1,785	1,768
Group Items	128	134
Total	3,030	3,512
Total including income from financial guarantees	3,099	3,554

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-Q3/2023	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	479	166	312	-	-	312
Lending and deposits	3,711	1,115	2,596	-	(5)	2,592
Repo transactions and reverse repurchase lending	1,029	484	545	-	-	545
Bonds	5	-	5	-	-	5
Subordinated debt	-	334	(334)	-	-	(334)
Other financial instruments	151	58	93	-	-	93
Total	5,375	2,158	3,217	-	(5)	3,213
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue	32,448	24,905	7,543	-	(1)	7,541
- of which administration margin income	7,281	-	7,281	-	-	7,281
Bonds	1,850	-	1,850	-	1,692	3,542
Equities etc	-	-	-	230	376	606
Derivative financial instruments	(955)	-	(955)	-	158	(797)
Total	33,343	24,905	8,438	230	2,224	10,892
Foreign currency translation adjustment					72	72
Net interest income etc and value adjustments	38,718	27,063	11,655	230	2,291	14,176
Negative interest income	7	7	-			
Positive interest expenses	35	35	-			
Total	38,761	27,105	11,655			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	1,183					
Q1-Q3/2022						
Financial portfolios at amortised cost						
Receivables from and payables to credit institutions and central banks	(73)	37	(110)	-	-	(110)
Lending and deposits	1,625	(208)	1,833	-	1	1,834
Repo transactions and reverse repurchase lending	(119)	(8)	(111)	-	-	(111)
Bonds	2	-	2	-	-	2
Subordinated debt	-	165	(165)	-	-	(165)
Other financial instruments	88	41	46	-	-	46
Total	1,523	27	1,497	-	1	1,497
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue	17,678	10,540	7,138	-	134	7,272
- of which administration margin income	7,346	-	7,346	-	-	7,346
Bonds	265	-	265	-	(3,655)	(3,390)
Equities etc	-	-	-	189	35	224
Derivative financial instruments	1	-	1	-	4,961	4,961
Total	17,943	10,540	7,403	189	1,475	9,067
Foreign currency translation adjustment					168	168
Net interest income etc and value adjustments	19,467	10,567	8,900	189	1,644	10,733
Negative interest income	524	524	-			
Positive interest expenses	650	650	-			
Total	20,641	11,741	8,900			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	1,199					

NOTES

Nykredit Realkredit A/S		DKK million	
Nykredit Realkredit Group		Nykredit Realkredit Group	
Q1-Q3/2022	Q1-Q3/2023	Q1-Q3/2023	Q1-Q3/2022
7. VALUE ADJUSTMENTS			
Assets measured at fair value through profit or loss			
(45,148)	(1,869)	(8,712)	(193,297)
(148,018)	(6,825)	(0)	-
(5)	1	(5)	1
(3,635)	846	1,692	(3,655)
9	326	376	35
3	(12)	72	168
3,546	(124)	158	4,958
-	-	-	2
-	-	52	21
-	-	(52)	(21)
Liabilities measured at fair value through profit or loss			
45,282	1,868	8,711	193,431
148,018	6,825	(0)	0
52	1,036	2,291	1,644

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
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total impairment provisions										
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	1,591	1,847	1,288	1,231	13	0	147	205	3,038	3,283
Releases as a result of redemptions and change in credit risk	1,790	2,317	1,208	1,030	2	11	177	199	3,177	3,557
Impairment provisions written off	159	105	44	19	-	-	-	0	203	125
Other adjustments and interest from impaired facilities	(1)	(0)	46	27	-	-	-	0	45	27
Transferred to "Impairment provisions for properties acquired by foreclosure"	1	0	-	-	-	-	-	-	1	0
Total impairment provisions	5,559	5,939	3,213	2,964	29	13	310	337	9,111	9,253
Earnings impact										
Change in impairment provisions for loans and advances (stages 1-3)	(199)	(470)	80	201	11	(11)	(30)	5	(139)	(275)
Write-offs for the period, not previously written down for impairment	93	67	9	82	-	-	-	-	102	149
Recoveries on claims previously written off	(54)	(57)	(26)	(24)	-	-	-	-	(80)	(82)
Total	(160)	(461)	63	259	11	(11)	(30)	5	(117)	(207)
Value adjustment of assets in temporary possession	2	0	-	-	-	-	-	-	2	0
Value adjustment of claims previously written off	17	49	19	(3)	-	-	-	-	36	46
Losses offset, in accordance with partnership agreement ²	(61)	(63)	-	-	-	-	-	-	(61)	(63)
Earnings impact	(203)	(476)	82	256	11	(11)	(30)	5	(141)	(225)

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	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	
2023										
Total, 1 January 2023	2,116	1,521	2,281	399	914	1,837	75	190	75	9,409
Transfer to stage 1	588	(489)	(98)	206	(187)	(19)	58	(57)	(1)	-
Transfer to stage 2	(71)	243	(173)	(58)	124	(67)	(7)	10	(3)	-
Transfer to stage 3	(6)	(88)	95	(2)	(104)	106	(0)	(5)	5	-
Impairment provisions for new loans and advances (additions)	113	152	88	89	178	89	17	21	4	753
Additions as a result of change in credit risk	218	566	453	132	460	352	9	81	15	2,285
Releases as a result of change in credit risk	992	374	424	332	330	549	78	79	20	3,177
Previously written down for impairment, now written off	-	-	160	-	-	44	-	-	-	204
Other adjustments and interest from impaired facilities	-	-	(1)	-	-	46	-	-	-	45
Total impairment provisions, end of period	1,967	1,531	2,062	435	1,056	1,751	75	161	74	9,111
Total, end of period		5,559			3,242			310		9,111
Impairment provisions, end of period, are moreover attributable to:										
Credit institutions				29	-	-				29
Earnings impact, Q1-Q3/2023	(661)	344	117	(110)	309	(108)	(51)	22	(1)	(139)
2022										
Total, 1 January 2022	1,646	1,822	3,047	378	809	1,591	69	169	94	9,625
Transfer to stage 1	843	(759)	(84)	380	(321)	(59)	68	(66)	(3)	-
Transfer to stage 2	(43)	323	(280)	(63)	162	(99)	(8)	12	(4)	-
Transfer to stage 3	(5)	(107)	112	(4)	(119)	124	(0)	(17)	18	-
Impairment provisions for new loans and advances (additions)	310	176	88	124	116	138	22	36	23	1,033
Additions as a result of change in credit risk	430	481	362	119	400	334	21	89	13	2,250
Releases as a result of change in credit risk	1,063	489	765	427	261	352	88	56	56	3,557
Previously written down for impairment, now written off	-	-	105	0	0	19	-	-	0	125
Other adjustments and interest from impaired facilities	-	-	(0)	-	-	27	-	-	-	27
Total impairment provisions, end of period	2,118	1,446	2,375	507	786	1,684	84	168	85	9,253
Total, end of period		5,939			2,977			337		9,253
Impairment provisions, end of period, are moreover attributable to:										
Credit institutions				13	-	-				13
Earnings impact, Q1-Q3/2022	(324)	168	(314)	(184)	255	120	(45)	70	(19)	(275)

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

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DKK million

Nykredit Realkredit Group

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

8 c. Loans, advances and guarantees etc by stage

30 September 2023	Stage 1	Stage 2	Stage 3	Total
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,257,408	40,876	13,099	1,311,383
Total impairment provisions, end of period	1,967	1,531	2,062	5,559
Value, end of period	1,255,441	39,346	11,038	1,305,824
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	106,783	19,560	2,880	129,222
Total impairment provisions, end of period	405	1,056	1,751	3,213
Value, end of period	106,377	18,503	1,129	126,009
Guarantees etc				
Guarantees etc	29,593	4,109	321	34,023
Total impairment provisions, end of period	75	161	74	310
Value, end of period	29,518	3,948	247	33,713
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	796	1,100	5	-	801	1,100
Releases as a result of redemptions and change in credit risk	1,110	1,618	-	3	1,110	1,622
Impairment provisions written off	91	32	-	-	91	32
Other adjustments and interest from impaired facilities	(1)	-	-	-	(1)	-
Transferred to "Impairment provisions for properties acquired by foreclosure"	1	-	-	-	1	-
Total impairment provisions	3,825	4,243	16	9	3,841	4,253
Earnings impact						
Change in impairment provisions for loans and advances (stages 1-3)	(314)	(519)	5	(3)	(309)	(522)
Write-offs for the period, not previously written down for impairment	32	21	-	-	32	21
Recoveries on claims previously written off	(33)	(34)	-	-	(33)	(34)
Total	(315)	(531)	5	(3)	(310)	(535)
Value adjustment of assets in temporary possession	2	0	-	-	2	0
Value adjustment of claims previously written off	9	36	-	-	9	36
Earnings impact	(304)	(495)	5	(3)	(299)	(499)

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DKK million

Nykredit Realkredit A/S

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

9 b. Total impairment provisions by stage 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	383	(297)	(86)	-
Transfer to stage 2	(60)	189	(129)	-
Transfer to stage 3	(5)	(56)	61	-
Impairment provisions for new loans and advances (additions)	98	114	72	284
Additions as a result of change in credit risk	74	225	218	517
Releases as a result of change in credit risk	554	240	316	1,110
Previously written down for impairment, now written off	-	-	92	92
Other adjustments and interest from impaired facilities	-	-	(1)	(1)
Total impairment provisions, end of period	1,414	908	1,518	3,841
Impairment provisions, end of period, are moreover attributable to:				
Credit institutions	16	-	-	16
Earnings impact for Q1-Q3/2023	(382)	100	(27)	(309)
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	603	(533)	(71)	-
Transfer to stage 2	(34)	266	(232)	-
Transfer to stage 3	(4)	(55)	60	-
Impairment provisions for new loans and advances (additions)	278	133	68	479
Additions as a result of change in credit risk	247	201	172	621
Releases as a result of change in credit risk	732	281	608	1,622
Previously written down for impairment, now written off	-	-	32	32
Total impairment provisions, end of period	1,498	867	1,887	4,253
Impairment provisions, end of period, are moreover attributable to:				
Credit institutions	9	-	-	9
Earnings impact, Q1-Q3/2022	(207)	54	(368)	(522)

NOTES

DKK million

Nykredit Realkredit A/S

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

9 c. Loans and advances etc by stage

30 September 2023	Stage 1	Stage 2	Stage 3	Total
Loans and advances etc at fair value, gross				
Loans and advances etc at fair value, gross	497,128	23,198	8,130	528,456
Total impairment provisions, end of period	1,398	908	1,518	3,825
Loans and advances, carrying amount	495,730	22,290	6,612	524,632
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	
Q1-Q3/2022	Q1-Q3/2023	Nykredit Realkredit Group	
		Q1-Q3/2023	Q1-Q3/2022
9. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (PARENT) (CONTINUED)			
9 d. Impairment provisions for properties acquired by foreclosure			
18	18		
	Impairment provisions, beginning of period	18	21
-	1 Transfer from impairment provisions for loans and advances	1	0
0	2 Impairment provisions for the period	2	1
-	(0) Impairment provisions reversed	(0)	(0)
-	(2) Impairment provisions written off and other disposals	(2)	(3)
18	19 Impairment provisions, end of period	19	19
Impairment provisions for properties acquired by foreclosure have been offset against "Assets in temporary possession"			
10. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES			
1	1 Profit from investments in associates	4	3
3,967	5,257 Profit from investments in Group enterprises	-	-
3,968	5,258 Total	4	3

NOTES

		DKK million		
Nykredit Realkredit A/S		Nykredit Realkredit Group		
31.12.2022	30.09.2023		30.09.2023	31.12.2022
11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
517,965	524,431	Mortgage loans	1,305,477	1,292,119
192	201	Arrears and outlays	348	371
811,577	799,186	Totalcredit mortgage loan funding	-	-
1,329,734	1,323,818	Total	1,305,824	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	38,549	New loans	154,052	405,828
493	1,053	Indexation	1,053	493
(2,323)	(1,057)	Foreign currency translation adjustment	(1,057)	(2,323)
(15,397)	(11,350)	Ordinary principal payments	(24,401)	(33,371)
(49,443)	(19,487)	Prepayments and extraordinary principal payments	(123,105)	(331,813)
552,492	560,199	Balance, end of period, nominal value	1,436,433	1,429,891
-	-	Loans transferred relating to properties in temporary possession	-	-
552,492	560,199	Total	1,436,433	1,429,891
(30,371)	(32,023)	Adjustment for interest rate risk etc	(125,518)	(131,971)
Adjustment for credit risk				
(4,156)	(3,745)	Impairment provisions	(5,437)	(5,801)
517,965	524,431	Balance, end of period, fair value	1,305,477	1,292,119
As collateral for loans and advances, Nykredit has received mortgages over real estate and:				
71,913	75,200	Supplementary guarantees totalling	106,709	107,855
698	2,828	Interim loan guarantees totalling	20,256	21,891
1,366	578	Mortgage registration guarantees etc totalling	11,228	16,406
11 b. Arrears and outlays				
252	257	Arrears before impairment provisions	431	470
17	23	Outlays before impairment provisions	38	19
(76)	(79)	Individual impairment provisions for arrears and outlays	(121)	(118)
192	201	Total	348	371
11 c. Totalcredit mortgage loan funding				
914,436	913,291	Balance, beginning of period, nominal value	-	-
371,930	167,661	New loans	-	-
(16,153)	(11,834)	Ordinary principal payments	-	-
(356,923)	(176,342)	Prepayments and extraordinary principal payments	-	-
913,291	892,775	Balance, end of period, nominal value	-	-
(101,714)	(93,589)	Adjustment for interest rate risk	-	-
811,577	799,186	Balance, end of period, fair value	-	-

NOTES

Nykredit Realkredit A/S		DKK million	
31.12.2022	30.09.2023	Nykredit Realkredit Group	
		30.09.2023	31.12.2022
12. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	95,447	89,866
5	4	-	-
-	-	4	5
-	-	33,470	37,970
203	193	301	318
208	197	129,222	128,159
Adjustment for credit risk			
-	-	(3,213)	(3,132)
208	197	126,009	125,028
The fair value of loans, advances and other receivables at amortised cost came to DKK 126 billion (end-2022: DKK 125 billion)			
13. BONDS AT FAIR VALUE			
39,799	60,083	85,634	94,413
16,246	21,249	23,400	22,355
7,995	6,999	6,999	7,995
24,332	20,391	80,643	80,370
4,587	3,701	6,062	6,391
3,547	4,494	4,946	3,877
96,505	116,918	207,684	215,401
(39,794)	(60,079)	(85,630)	(94,408)
(5)	(4)	(4)	(5)
(16,246)	(21,249)	(23,400)	(22,355)
(7,995)	(6,999)	(6,999)	(7,995)
32,465	28,586	91,651	90,638
Of bonds at fair value before set-off of self-issued bonds:			
2,368	468	5,228	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	923	923	912
555	561	561	555
2,251	2,253	128	126
3,717	3,736	1,611	1,592

The fair value of bonds measured at amortised cost for accounting purposes amounted to DKK 1,600 million at 30 September 2023 (end-2022: DKK 1,593 million). The interest rate risk of the portfolio is hedged with interest rate swaps (hedge accounting).

NOTES

		DKK million	
Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2022	30.09.2023	30.09.2023	31.12.2022
15. ASSETS IN POOLED SCHEMES			
-	-	233	164
-	-	3,049	661
-	-	(59)	68
-	-	3,223	893
16. DEPOSITS AND OTHER PAYABLES			
-	-	92,518	98,766
-	-	12,224	5,396
-	-	2,836	3,230
-	-	3,080	6,266
-	-	110,657	113,657
17. BONDS IN ISSUE AT FAIR VALUE			
118,524	120,833	123,427	121,474
1,249,556	1,269,140	1,269,140	1,249,556
8,687	7,690	7,690	8,687
1,376,766	1,397,663	1,400,257	1,379,717
(64,034)	(88,327)	(116,029)	(124,758)
1,312,732	1,309,336	1,284,229	1,254,959
17 a. ROs			
116,921	119,814	122,314	119,758
1,603	1,019	1,113	1,717
118,524	120,833	123,427	121,474
(16,246)	(21,249)	(23,400)	(22,355)
102,278	99,584	100,028	99,119
33	1,004	1,004	33
3,639	8,767	8,767	3,737
17 b. SDOs			
1,383,244	1,395,771	1,395,771	1,383,244
(133,688)	(126,631)	(126,631)	(133,688)
1,249,556	1,269,140	1,269,140	1,249,556
(39,794)	(60,079)	(85,630)	(94,408)
1,209,762	1,209,061	1,183,510	1,155,148
3,197	4,306	4,306	3,197
52,570	50,484	50,484	52,570

NOTES

Nykredit Realkredit A/S		DKK million	
31.12.2022	30.09.2023	Nykredit Realkredit Group	
		30.09.2023	31.12.2022
17. BONDS IN ISSUE AT FAIR VALUE (CONTINUED)			
17 c. Senior secured debt			
8,699	7,701		
		7,701	8,699
(12)	(11)	(11)	(12)
8,687	7,690	7,690	8,687
(7,995)	(6,999)	(6,999)	(7,995)
692	691	691	692
18. BONDS IN ISSUE AT AMORTISED COST			
-	-		
		6,573	11,670
6	5	5	6
51,641	49,291	49,291	51,641
65	69	69	65
51,711	49,365	55,938	63,381
-	-	(2,125)	(2,125)
(5)	(4)	(4)	(5)
51,706	49,360	53,809	61,251
The fair value of bonds in issue at amortised cost amounted to DKK 52 billion (end-2022: DKK 57 billion)			
19. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE			
272	505		
		8,875	8,837
272	505	8,875	8,837

NOTES

Nykredit Realkredit A/S		DKK million	
31.12.2022	30.09.2023	Nykredit Realkredit Group	
		30.09.2023	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	373	373	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	645	645	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	3,337	3,337	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	3,590	3,590	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	178	178	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	1,024	1,024	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	10,096	10,096	10,136
Total subordinate loan capital			
-	-	-	-
Portfolio of self-issued bonds			
10,136	10,096	10,096	10,136
Total subordinated debt			
10,710	10,634	10,642	10,723
Subordinated debt that may be included in own funds			
16	-	-	16
Costs related to raising and redeeming subordinated debt			

The fair value of total subordinated debt amounted to DKK 10 billion (end-2022: DKK 10 billion).

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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-Q3/2023.

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 30 September 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 0.3 billion at 30 September 2023 (DKK 0.3 billion at 30 September 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 that cover the Bank's MREL requirement. This amount totalled DKK 24.6 billion at 30 September 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 benefits in the form of discounts and green solutions.

NOTES

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 cost. Debit Valuation Adjustment (DVA) is a sub-element of the FVA adjustment.

Net value adjustment due to CVA, DVA and FVA amounted to DKK 23 million at 30 September 2023 (end-2022: a negative 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 30 September 2023, the non-amortised minimum margin amounted to DKK 109 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 137 million at end-September 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 was DKK 126 million at 30 September 2023 (end-2022: DKK 201 million). Credit value adjustments came to DKK 229 million at 30 September 2023 (end-2022: DKK 357 million).

NOTES

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 17 million.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 30 September 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 388 million at 30 September 2023 (0.39% of equity at 30 September 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 30 September 2023, financial assets of DKK 1.1 billion (end-2022: DKK 9.2 billion) have been transferred from Listed prices to Observable inputs and DKK 10.2 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 0.1 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 30 September 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.

Fair value disclosures of assets and liabilities recognised at amortised cost

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

For financial assets and liabilities which are subject to some differences between carrying amount and fair value, please refer to notes 12, 14, 18 and 20.

NOTES

DKK million

Nykredit Realkredit Group

22. FAIR VALUE DISCLOSURES (CONTINUED)

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

30 September 2023

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets:				
- bonds at fair value	12,660	78,991	-	91,651
- equities measured at fair value through profit or loss	4,365	-	3,734	8,098
- positive fair value of derivative financial instruments	230	5,332	126	5,688
- mortgage loans, arrears and outlays	-	1,305,824	-	1,305,824
- owner-occupied properties	-	-	17	17
- assets in pooled schemes	3,049	174	-	3,223
Total	20,304	1,390,322	3,876	1,414,501
Percentage	1.4	98.3	0.3	100.0
Financial liabilities:				
- deposits in pooled schemes	-	3,223	-	3,223
- other non-derivative financial liabilities at fair value	1,651	7,224	-	8,875
- negative fair value of derivative financial instruments	221	8,484	-	8,706
- bonds in issue at fair value	1,283,517	712	-	1,284,229
Total	1,285,389	19,643	-	1,305,032
Percentage	98.5	1.5	-	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	132	6	138
Unrealised capital gains and losses recognised in "Other comprehensive income"	(2)	-	-	(2)
Purchases for the period	0	99	-	99
Sales for the period	(8)	(139)	(11)	(157)
Transferred from Listed prices and Observable inputs ¹	-	-	24	24
Transferred to Listed prices and Observable inputs ²	-	-	(94)	(94)
Fair value, end of period, assets	17	3,734	126	3,876

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

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

NOTES

DKK million

Nykredit Realkredit Group

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 inputs	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	-	1,292,489	-	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	1,254,244	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 period, assets	31	3.763	1.396	5.190
Value adjustment recognised through profit or loss	(1)	283	(512)	(230)
Unrealised capital gains and losses recognised in "Other comprehensive income"	1	-	-	1
Purchases for the year	-	365	-	365
Sales for the year	(6)	(769)	(171)	(946)
Transferred from Listed prices and Observable inputs ¹	-	-	39	39
Transferred to Listed prices and Observable inputs ²	-	-	(551)	(551)
Fair value, end of period, assets	25	3.642	201	3.868

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

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

NOTES

	DKK million				
Nykredit Realkredit Group	Q1-Q3/ 2023	Q1-Q3/ 2022	Q1-Q3/ 2021	Q1-Q3/ 2020	Q1-Q3/ 2019
23. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	11,655	8,900	8,475	8,419	8,210
Net fee income etc	351	244	209	48	(68)
Net interest and fee income	12,006	9,143	8,684	8,467	8,142
Value adjustments	2,291	1,644	2,498	774	982
Other operating income	1,126	1,193	1,094	1,051	1,110
Staff and administrative expenses	4,389	4,239	4,120	3,924	3,485
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	219	220	238	218	205
Other operating expenses	194	180	190	141	106
Impairment charges for loans, advances and receivables etc	(141)	(225)	(68)	1,985	665
Profit from investments in associates and Group enterprises	4	3	5	5	1
Profit before tax	10,767	7,569	7,802	4,029	5,775
Tax	2,436	1,365	1,353	643	917
Profit for the period	8,331	6,205	6,449	3,386	4,857
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2023	30.09.2022	30.09.2021	30.09.2020	30.09.2019
Assets					
Cash balances and receivables from credit institutions and central banks	59,058	54,192	43,538	41,497	71,304
Mortgage loans at fair value	1,305,477	1,246,418	1,360,147	1,332,762	1,256,233
Bank loans excluding reverse repurchase lending	92,235	87,255	71,358	70,530	63,289
Bonds and equities etc	101,361	101,085	94,441	114,301	122,535
Remaining assets	56,852	62,533	80,466	74,339	89,235
Total assets	1,614,983	1,551,482	1,649,950	1,633,429	1,602,597
Liabilities and equity					
Payables to credit institutions and central banks	14,545	22,384	14,153	18,090	23,422
Deposits and other payables	113,880	111,601	98,304	96,885	98,340
Bonds in issue at fair value	1,284,229	1,217,583	1,343,451	1,340,983	1,319,545
Subordinated debt	10,096	13,910	10,784	10,933	11,084
Remaining liabilities	93,732	90,753	89,397	78,900	68,333
Equity	98,500	95,251	93,862	87,638	81,873
Total liabilities and equity	1,614,983	1,551,482	1,649,950	1,633,429	1,602,597
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	8,195	9,614	8,689	6,855	6,557
Other commitments	26,936	21,605	20,216	22,906	25,093
FINANCIAL RATIOS¹					
Total capital ratio, %	23.9	24.1	24.0	22.4	23.5
Tier 1 capital ratio, %	21.0	20.3	20.8	19.3	20.4
Return on equity before tax, %	11.0	8.0	8.6	4.7	7.1
Return on equity after tax, %	8.5	6.6	7.0	3.9	6.0
Income/cost ratio	3.3	2.7	2.7	1.6	2.3
Foreign exchange position, %	0.0	0.0	0.0	0.0	0.2
Loans and advances:equity (loan gearing)	14.5	14.4	15.8	16.5	16.7
Growth in loans and advances for the period, %	0.8	2.9	3.9	3.8	4.3
Impairment charges for the period, %	(0.01)	(0.02)	0.00	0.14	0.05
Return on capital employed, %	0.52	0.40	0.39	0.21	0.30

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

NOTES

	DKK million				
Nykredit Realkredit A/S	Q1-Q3/ 2023	Q1-Q3/ 2022	Q1-Q3/ 2021	Q1-Q3/ 2020	Q1-Q3/ 2019
23. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)					
SUMMARY INCOME STATEMENT					
Net interest income	3,156	3,024	2,945	3,003	2,933
Net fee income etc	790	498	458	525	530
Net interest and fee income	3,946	3,522	3,404	3,528	3,463
Value adjustments	1,036	52	1,156	88	1,156
Other operating income	1,418	1,303	1,065	993	974
Staff and administrative expenses	2,383	2,355	2,268	2,185	2,021
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	187	189	213	188	195
Other operating expenses	169	156	166	109	88
Impairment charges for loans, advances and receivables etc	(299)	(499)	(107)	1,249	477
Profit from investments in associates	5,258	3,968	3,857	2,611	2,504
Profit before tax	9,217	6,645	6,943	3,490	5,314
Tax	930	484	524	127	456
Profit for the period	8,286	6,161	6,419	3,364	4,857
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2023	30.09.2022	30.09.2021	30.09.2020	30.09.2019
Assets					
Cash balances and receivables from credit institutions and central banks	41,112	39,872	48,369	48,271	66,538
Mortgage loans at fair value	524,431	496,992	525,788	532,976	514,775
Totalkredit mortgage loan funding	799,186	771,361	865,545	841,238	833,762
Bonds and equities etc	39,914	40,997	34,236	43,402	39,423
Remaining assets	88,510	79,841	72,574	67,323	64,162
Total assets	1,493,153	1,429,063	1,546,511	1,533,210	1,518,659
Liabilities and equity					
Payables to credit institutions and central banks	10,677	5,192	2,410	1,007	2,662
Deposits and other payables	-	-	-	10,200	12,200
Bonds in issue	1,309,336	1,254,324	1,376,958	1,373,106	1,373,632
Subordinated debt	10,096	13,910	10,784	10,934	11,084
Remaining liabilities	64,634	60,483	62,586	50,422	37,260
Equity	98,411	95,153	93,774	87,541	81,822
Total liabilities and equity	1,493,153	1,429,063	1,546,511	1,533,210	1,518,659
OFF-BALANCE SHEET ITEMS					
Other commitments	12,251	7,291	9,177	10,604	11,809
FINANCIAL RATIOS¹					
Total capital ratio, %	18.3	19.3	18.9	18.7	19.4
Tier 1 capital ratio, %	16.2	16.3	16.5	16.2	17.0
Return on equity before tax, %	9.4	7.0	7.6	4.1	6.6
Return on equity after tax, %	8.5	6.5	7.0	3.9	6.0
Income/cost ratio	4.8	4.0	3.7	1.9	2.9
Foreign exchange position, %	0.0	-	0.0	-	0.3
Loans and advances/equity (loan gearing)	5.3	5.2	5.6	6.1	6.3
Growth in loans and advances for the period, %	1.4	1.8	(0.2)	(0.1)	0.0
Impairment charges for the period, %	(0.06)	(0.10)	(0.02)	0.23	0.09
Return on capital employed, %	0.55	0.43	0.42	0.22	0.32

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

NOTES

DKK million

Nykredit Realkredit Group

24. GROUP STRUCTURE

Name and registered office

Name and registered office	Ownership interest as % 30 September 2023	Profit (loss) for the period, 2023	Equity 30 September 2023	Profit (loss) for 2022	Equity 31 December 2022
Nykredit Realkredit A/S (Parent), Copenhagen, a)	-	8,286	98,411	9,393	96,715
Totalkredit A/S, Copenhagen, a)	100	2,559	39,618	2,714	37,249
Nykredit Bank A/S, Copenhagen, b)	100	2,624	36,007	2,686	33,404
Nykredit Portefølje Administration A/S, Copenhagen, f)	100	132	870	202	1,138
Nykredit Leasing A/S, Gladsaxe, e)	100	102	1,236	80	1,135
Sparinvest Holdings SE, Luxembourg, g)	81	285	176	222	195
Sparinvest Investment Solutions A/S, h)	100	(0)	1	0	1
Garanti Invest A/S, i)	100	0	20	0	20
Nykredit Mægler A/S, Copenhagen, c)	100	41	170	42	129
&Living Franchisegiver A/S, c)	100	0	0	(5)	(4)
Kalvebod Ejendomme I A/S, Copenhagen, d)	100	32	689	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

	Number of staff	Revenue ¹	Profit before tax	Tax	Government aid received
Denmark	3,945	42,468	10,561	2,377	-
Luxembourg	28	417	206	59	-

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

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

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