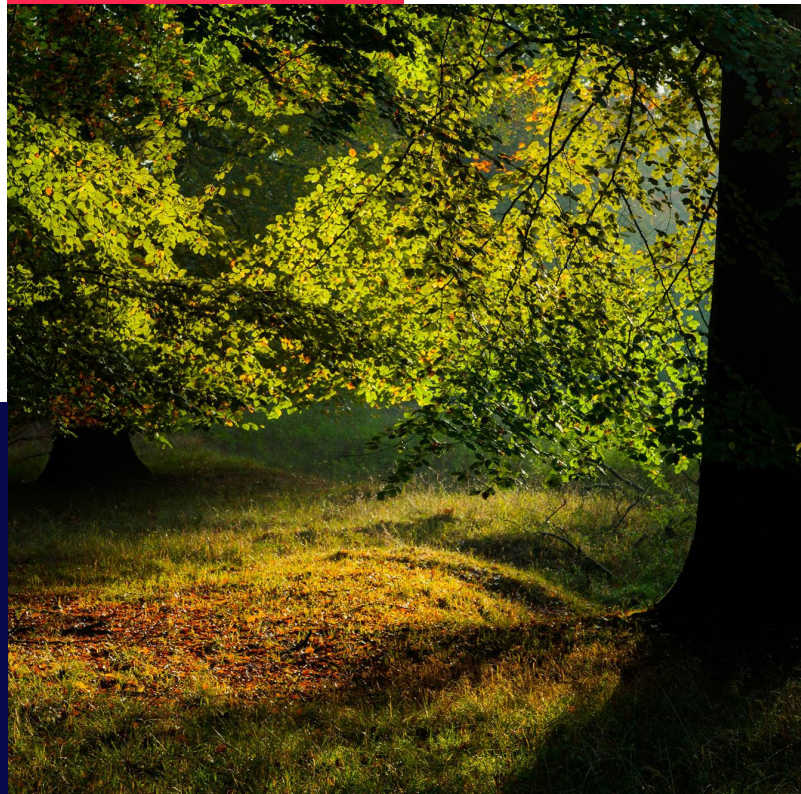


Nykredit Group

H1 Interim Report 2022



CONTENTS

MANAGEMENT COMMENTARY	2
Financial highlights	3
Executive summary	4
Financial review	5
Performance highlights in H1/2022	5
Results for Q2/2022 relative to Q1/2022	6
Outlook and guidance for 2022	6
Other	6
Material risks	7
Events since the balance sheet date	7
Business areas	8
Banking	9
Totalkredit Partners	11
Wealth Management	13
Group Items	15
Capital, liquidity and funding	16
Equity and own funds	16
Funding and liquidity	17
Credit risk	20
Mortgage lending	23
Bank lending	25
Alternative performance measures	26
MANAGEMENT STATEMENT	27
Statement by the Board of Directors and the Executive Board	27
FINANCIAL STATEMENTS	28
Statements of income and comprehensive income	28
Balance sheets	30
Statement of changes in equity	32
Cash flow statement	34
Notes	35

FINANCIAL HIGHLIGHTS

DKK million

Nykredit Group	H1/ 2022	H1/ 2021	Q2/ 2022	Q1/ 2022	Q2/ 2021	2021
BUSINESS PROFIT AND PROFIT FOR THE PERIOD						
Net interest income	5,152	4,940	2,606	2,546	2,485	9,978
Net fee income	1,415	1,216	780	635	632	2,406
Wealth management income	1,171	1,100	579	592	556	2,324
Net interest from capitalisation	(292)	(246)	(155)	(138)	(132)	(484)
Net income relating to customer benefits programmes ¹	(192)	(174)	(110)	(81)	(103)	(414)
Trading, investment portfolio and other income	(41)	1,244	(447)	406	418	2,718
Income	7,213	8,080	3,253	3,959	3,857	16,529
Costs	3,094	2,989	1,547	1,548	1,541	6,349
Business profit before impairment charges	4,118	5,091	1,707	2,411	2,317	10,179
Impairment charges for loans and advances	(226)	89	(65)	(162)	(2)	(115)
Business profit	4,344	5,002	1,771	2,573	2,319	10,295
Legacy derivatives	670	292	341	329	56	432
Profit before tax	5,015	5,295	2,113	2,902	2,374	10,727
Tax	958	942	461	497	408	1,862
Profit for the period	4,057	4,353	1,652	2,405	1,967	8,865
Other comprehensive income, remaining items	(17)	(16)	(5)	(12)	(13)	(19)
Comprehensive income for the period	4,040	4,337	1,647	2,393	1,954	8,847
Interest on Additional Tier 1 capital charged against equity	76	76	38	38	38	153
Minority interests	27	17	12	15	8	45
SUMMARY BALANCE SHEET						
Assets	30.06.2022	30.06.2021	30.06.2022	31.03.2022	30.06.2021	31.12.2021
Receivables from credit institutions and central banks	47,274	47,978	47,274	45,144	47,978	45,294
Mortgage loans at fair value	1,298,081	1,357,294	1,298,081	1,343,920	1,357,294	1,382,551
Bank loans excluding reverse repurchase lending	86,022	70,844	86,022	79,890	70,844	74,513
Bonds and equities	95,989	104,526	95,989	95,044	104,526	92,955
Remaining assets	61,070	74,034	61,070	73,062	74,034	78,161
Total assets	1,588,436	1,654,676	1,588,436	1,637,059	1,654,676	1,673,474
Liabilities and equity						
Payables to credit institutions and central banks	22,865	13,029	22,865	21,163	13,029	14,917
Deposits excluding repo deposits	97,117	91,701	97,117	88,012	91,701	92,684
Bonds in issue at fair value	1,267,818	1,349,776	1,267,818	1,322,973	1,349,776	1,362,926
Subordinated debt	10,419	10,806	10,419	10,571	10,806	10,737
Remaining liabilities	97,073	97,577	97,073	102,683	97,577	98,615
Equity	93,143	91,786	93,143	91,656	91,786	93,595
Total liabilities and equity	1,588,436	1,654,676	1,588,436	1,637,059	1,654,676	1,673,474
FINANCIAL RATIOS						
Profit for the period as % pa of average business capital (ROAC) ²	12.1	13.1	9.6	14.5	11.8	13.4
Profit for the period as % pa of average equity ³	8.9	9.8	7.2	10.6	8.8	9.9
Costs as % of income	42.9	37.0	47.5	39.1	39.9	38.4
Total provisions for loan impairment and guarantees	9,322	9,881	9,881	9,389	9,881	9,601
Impairment charges for the period, %	(0.02)	0.00	(0.01)	(0.01)	0.00	(0.01)
Total capital ratio, %	22.5	22.8	22.5	21.7	22.8	23.4
Common Equity Tier 1 capital ratio, %	19.8	20.1	19.8	18.9	20.1	20.6
Internal capital adequacy requirement, %	11.2	11.0	11.2	11.1	11.0	11.2
Average number of staff, full-time equivalent	4,042	3,782	4,053	4,031	3,734	3,907

¹ "Net income relating to customer benefits programmes" is described in detail in "Alternative performance measures" on page 26.

² "Profit for the period as % pa of average business capital (ROAC)" shows profit for the period relative to business capital. Profit corresponds to net profit or loss less interest expenses for Additional Tier 1 capital as well as minority interests.

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

EXECUTIVE SUMMARY

Nykredit posted a very satisfactory profit before tax of DKK 5,015 million in H1/2022 (H1/2021: DKK 5,295 million).

Nykredit delivered a good performance in H1/2022, recording underlying business growth. The satisfactory results build on our continued business growth all across the Group in recent years.

As the first among the largest Danish banks, Nykredit chose to raise its deposit rates immediately after Danmarks Nationalbank's interest rate hike effective from 22 July 2022. This means that our personal customers will no longer be charged negative interest on their deposits. The deposit rates applying to business customers were also raised.

H1/2022 was marked by rising inflation, driven by, for instance, the global recovery from the covid-19 pandemic, which pushed up demand and challenged supply chains. On top of that, the war in Ukraine has elevated commodities, food and energy prices. The half-year was also marked by equity market turmoil, rising interest rate levels and a housing market which has come to a halt following high activity and surging prices.

Nykredit and Totalkredit saw business and customer growth in H1. This was reflected in a rise in Totalkredit's nominal mortgage lending and Nykredit Bank's lending to, for example, corporate and institutional clients in Banking.

Assets under management by Wealth Management remained adversely affected by the turmoil in financial markets, and investment portfolio income was strained by negative value adjustments of certain mortgage bonds due to yield spread widening. In addition, we saw lower income from equities held for business purposes. By contrast, rising interest rates led to positive value adjustments on the derivatives portfolio.

Housing market trends and interest rates

According to Nykredit's latest housing market forecast, the housing market will shift to a lower gear in the coming months, and interest rate rises, inflation and market uncertainty will reduce housing prices for a period of time. The very high employment rates in Denmark help sustain homebuyers' financial situation and by that also the housing market.

Increasing interest rates led to high refinancing activity in H1, and many customers have reduced their mortgage debt. The average loan-to-value (LTV) ratio of our customers has fallen to 51.1%, down 4.7 percentage points, since the turn of the year, and our customers have strengthened their financial resilience with respect to their mortgage debt.

Totalkredit has a nation-wide presence

Nykredit holds a robust capital position and is backed by a group of resourceful owners. Consequently, we are strongly positioned to continue to offer attractive and secure loans all over Denmark at all times. The Danish Consumer Council has recommended Totalkredit as the Danish mortgage lender offering the lowest mortgage prices in the market. Most recently, the Danish Consumer Council also recommended Totalkredit mortgage loans for borrowers looking to finance a holiday home.

Our Totalkredit partners provide sound financial advice locally to customers all across Denmark. The partnership enables Denmark's small and medium-sized banks without inhouse mortgage banking operations to offer mortgage products that can compete with the offerings of the largest banks.

This also highlights another central aspect of our corporate responsibility. We should not only be ready to provide loans at all times. We should be ready to provide loans all across Denmark. This way, we can help ensure continued development and growth across every region of Denmark.

The alliance supports the continued existence of a Danish mortgage system built on transparency and solidarity; all homeowners, whatever their income, financial position, accounts volume or geographic location, pay the same loan rates and administration margins.

We support customers' energy renovation initiatives

Rising energy and oil prices caused by the war in Ukraine have emphasised the urgency of accelerating the green transition. Nykredit naturally supports the political goal of breaking the dependency on imported gas. For this reason, both Totalkredit and Nykredit Bank launched initiatives earlier this year aimed at ending our reliance on imported gas. One of our initiatives is awarding grants of DKK 10,000 each to homeowners with a Totalkredit loan who are looking to replace their oil-fired boilers with heat pumps.

We facilitate green choices

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

As a result, we have recently launched basic sustainability training for all Nykredit staff. The training is aimed at giving Nykredit's staff a common language and understanding of sustainability as well as common basic knowledge, but we will also offer training within selected fields such as agriculture and investment. These initiatives will further strengthen our customer advisory capabilities.

Nykredit offers a suite of products aimed at making it easier and more affordable for our customers to make green choices. These products have been very well received by our customers. This goes for Totalkredit as well as Nykredit Bank, and today, we have green propositions to personal and business customers as well as agricultural and investment customers.

Attractive home financing

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

Benefits of being owned by customers

At the beginning of the year, we distributed dividend of DKK 4,350 million for 2021 to our shareholders, of which Forenet Kredit received 78.9%. Once again, the Committee of Representatives of Forenet Kredit decided to return a large amount to Nykredit, Enabling us to pass on almost DKK 1,859 million to customers via our customer benefits programmes in 2022.

FINANCIAL REVIEW

	Business profit for H1/2022	Profit H1/2022	Income H1/2022
	DKK 4,344 million	DKK 5,015 million	DKK 7,213 million
	Business profit	Profit before tax for the period	Income

	ROAC	Return on equity	Cost:income ratio
	12.1%	8.9%	42.9%
	Profit for the period as % of average business capital	Profit for the period as % of average equity	Costs as % of income

PERFORMANCE HIGHLIGHTS IN H1/2022

Nykredit delivered a very satisfactory profit before tax for H1/2022 of DKK 5,015 million (H1/2021: DKK 5,295 million), while business profit for the period was DKK 4,344 million (H1/2021: DKK 5,002 million). Results were positively impacted by underlying business growth, characterised by high mortgage activity and rising lending, which led to increased net interest and fee income. In addition, a net reversal of impairment charges for loans and advances was recorded. Trading, investment portfolio and other income was markedly lower compared with the same period in 2021, primarily due to a yield spread widening of certain mortgage bonds.

Income

Income totalled DKK 7,213 million in H1/2022 (H1/2021: DKK 8,080 million).

Net interest income amounted to DKK 5,152 million (H1/2021: DKK 4,940 million), equal to a rise of 4.3%, positively impacted by nominal bank and mortgage lending as well as high mortgage activity in H1/2022.

Net fee income rose by 16.4% compared with the same period in 2021 to DKK 1,415 million (H1/2021: DKK 1,216 million). Mortgage activity remained strong, and funding income was higher than after the same period last year.

Wealth management income came to DKK 1,171 million in H1/2022 (H1/2021: DKK 1,100 million), up 6.4% despite negative returns in Asset Management due to financial market conditions.

Net interest from capitalisation, which includes interest on subordinated debt etc, was a negative DKK 292 million (H1/2021: a negative DKK 246 million).

Net income relating to the customer benefits programmes, including KundeKroner and ErhvervsKroner, was a negative DKK 192 million (H1/2021: a negative DKK 174 million). The amount includes contributions of DKK 725 million received from Forenet Kredit.

Trading, investment portfolio and other income, including value adjustment of swaps etc, came to a negative DKK 41 million in H1/2022 (H1/2021: DKK 1,244 million), due to negative value adjustments of short-dated Danish mortgage bonds of DKK 635 million as a result of yield spread widening (H1/2021: positive value adjustments of DKK 20 million). The effect of rising interest rates has been minimal due to interest rate risk hedging of the portfolios. Value

adjustments of equities held for business purposes came to DKK 34 million despite falling equity markets (H1/2021: DKK 673 million). Income from institutional clients was lower, while value adjustment of swaps currently offered increased due to rising interest rates.

Costs

Costs totalled DKK 3,094 million (H1/2021: DKK 2,989 million). Increasing business volumes and activity led to growing staff costs. The average headcount rose to 4,042 (H1/2021: 3,782). This trend was mainly due to increased staffing in customer-facing units as well as in Nykredit's Compliance units.

Impairment charges for loans and advances

Impairment charges for loans and advances were a net reversal of DKK 226 million (H1/2021: a charge of DKK 89 million) owing to our customers' good financial circumstances and credit quality.

	DKK million		
	H1/2022	Q2/2022	Q1/2022
Nykredit Group			
Impairment charges for loans and advances			
Individual impairment provisions (stage 3)	(439)	(180)	(259)
Model-based impairment provisions (stages 1, 2 and 3)	212	115	97
- of which attributable to covid-19 and geopolitical conditions	238	24	214
Impairment charges for loans and advances	(226)	(65)	(162)

Of total loan impairment provisions of DKK 2.1 billion taken in 2020 to cover the consequential losses arising from covid-19, Nykredit reversed DKK 1.2 billion in H1/2022. The impairment provisions were based on stress tests and portfolio calculations.

The geopolitical conditions, including the war in Ukraine, are expected to affect the credit quality of some customers because of lower economic growth, rising energy prices and value and supply chain disruptions. Against this backdrop, provisions totalling DKK 1.4 billion based on stress tests to counter the worsened risk outlook have been taken to counter the worsened risk outlook.

For further information about the impacts of covid-19 and the geopolitical conditions, including the war in Ukraine, on impairment charges for loans and advances and our portfolio distribution, please refer to our Fact Book Q2 2022, which is available at nykredit.com.

Other items

Legacy derivatives, which are not included in business profit, came to DKK 670 million (H1/2021: DKK 292 million), mainly driven by rising interest rates in H1. Legacy derivatives are derivatives Nykredit no longer offers to customers, comprising a portfolio with a total market value of DKK 6.0 billion (end-2021: DKK 5.6 billion).

Tax

Tax calculated on profit for the period was DKK 958 million (H1/2021: DKK 942 million). Tax on profit for the period includes an adjustment of deferred tax (charge) of DKK 60 million. The adjustment is a result of the new surtax imposed in the financial sector. This means that the taxation of financial providers will increase from 22% to 26% in 2024.

Balance sheet

Nominal mortgage lending was DKK 1,422 billion at end-June 2022 (end-2021: DKK 1,391 billion), equal to an increase of 2.2% on end-2021. The increase in mortgage lending should be seen in light of the high prepayment and refinancing activity in H1. Our customers have prepaid loans totalling DKK 143 billion. Mortgage lending calculated at fair value shows a decline on end-2021, mainly attributable to reduced bond prices due to rising interest rates.

The strong alliance between Totalkredit and its partner banks continued to drive growth in Totalkredit's mortgage lending, which amounted to DKK 888 billion at nominal value at end-June 2022 (end-2021: DKK 866 billion). About 912,000 homeowners now have Totalkredit loans.

Lending by Nykredit Bank increased by DKK 11.5 billion to DKK 86.0 billion at end-June 2022 (end-2021: DKK 74.5 billion). Bank lending (including secured homeowner loans transferred to Totalkredit) went up to DKK 93.0 billion (end-2021: DKK 81.0 billion). At 30 June 2022, secured homeowner loans transferred to Totalkredit amounted to DKK 7.0 billion (end-2021: DKK 6.5 billion).

Guarantees etc provided by Nykredit amounted to DKK 10.0 billion at end-June 2022 (end-2021: DKK 9.0 billion). Deposits excluding repo deposits totalled DKK 97.2 billion (end-2021: DKK 92.7 billion). Nykredit Bank's deposits exceeded lending by DKK 11.2 billion at end-June 2022 (end-2021: DKK 18.4 billion).

Equity

The Nykredit Group's equity stood at DKK 93.1 billion at end-June 2022 (end-2021: 93.6 billion). In Q1/2022 dividend was distributed to the Company's shareholders.

RESULTS FOR Q2/2022 RELATIVE TO Q1/2022

Profit before tax for Q2/2022 was DKK 2,113 million (Q1/2022: DKK 2,902 million).

Income totalled DKK 3,253 million in Q2/2022 (Q1/2022: DKK 3,959 million). Net interest and fee income rose in Q2, mainly driven by high mortgage activity. By contrast, income was impacted by negative investment portfolio income from value adjustments of equities held for business purposes and the yield spread widening of certain mortgage bonds.

Costs were on a par with Q1 and totalled DKK 1,547 million in Q2 (Q1/2022: DKK 1,548 million).

Impairment charges for loans and advances were a net reversal of DKK 65 million (Q1/2022: a net reversal of DKK 162 million), which was positively impacted by our customers' good financial circumstances and credit quality.

Legacy derivatives due to a positive value adjustment of DKK 341 million, primarily due to generally rising interest rates (Q1/2022: DKK 329 million).

OUTLOOK AND GUIDANCE FOR 2022

Earlier this year our guidance for business profit and profit before tax was raised to DKK 8.5-9.5 billion from the former DKK 7.5-8.5 billion. Based on the positive business trends, interest rate rises in H1 as well as the prospect of low loan impairments, we maintain our guidance for business profit and profit before tax despite losses on the investment portfolio in H1.

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

- Nykredit expects a decrease in total income relative to the exceptionally high level in 2021, including investment portfolio income at a significantly lower level than in 2021. Nykredit expects higher interest income and fee income due to high mortgage activity. In addition, we expect a slight increase in wealth management income, driven by growing balances and rising assets under management.
- Costs are expected to be on a level with 2021.
- Impairment charges for loans and advances are also expected at an exceptionally low level in 2022. The provisions taken for covid-19-induced losses have been reduced, while provisions for the consequential impacts of the geopolitical conditions have been increased.

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

OTHER

Geopolitical tensions

Inflation surged in H1 on the back of several years of low inflation rates. The high inflation was driven by the global recovery from the covid-19 pandemic, which pushed up demand and challenged supply chains. In addition, there has been a shortage of certain components, for example microchips. Russia's invasion of Ukraine has further elevated commodities, food and energy prices.

On top of that, this past half-year saw rising interest rates, which, coupled with inflation, pressure the financial circumstances of homeowners and thus the housing market.

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

The market turmoil also put pressure on investment portfolio income due to negative value adjustments of short-dated floating-rate bonds as a result of the yield spread widening.

Changes to the Board of Directors

At the Company's Annual General Meeting held on 24 March 2022, Nina Smith resigned from the Board of Directors, and Mie Krog was elected new member of the Board of Directors. Merete Eldrup, Preben Sunke, John Christiansen, Michael Demnitz, Per W. Hallgren, Jørgen Høholt, Hans-Ole Jochumsen, Vibeke Krag and Lasse Nyby were re-elected to the Board of Directors. In addition, the Board of Directors includes five staff-elected members: Olav Bredgaard Brusén, Allan Kristiansen, Ann-Mari Lundbæk Lauritsen, Inge Sand and Kristina Andersen Skiöld.

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

UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

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

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

MATERIAL RISKS

The Group's material risks are unchanged compared with the risks described in the Annual Report for 2021. See also note 51 in the Annual Report for 2021.

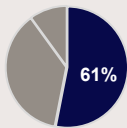
EVENTS SINCE THE BALANCE SHEET DATE

No events have occurred in the period up to the presentation of the H1 Interim Report 2022 which materially affect the Group's financial position.

BUSINESS AREAS

Nykredit's governance and organisational structure is based on the business areas below. Percentages show the share of the business divisions' business profit for H1/2022 excluding Group Items.

Banking



Comprises Retail and Corporates & Institutions.

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

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

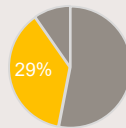
Business profit H1/2022:
DKK 3,110 million

Income H1/2022:
DKK 5,060 million

Impairment charges for loans and advances H1/2022:
Net reversal of DKK 223 million

Total lending end-June 2022:
DKK 748 billion

Totalkredit Partners



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

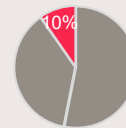
Business profit H1/2022:
DKK 1,470 million

Income H1/2022:
DKK 1,888 million

Impairment charges for loans and advances H1/2022:
DKK 34 million

Total lending end-June 2022:
DKK 743 billion

Wealth Management



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

Business profit H1/2022:
DKK 494 million

Income H1/2022:
DKK 940 million

Total lending end-June 2022:
DKK 17 billion

Assets under management end-June 2022: DKK 405 billion

Assets under administration end-June 2022: DKK 1,002 billion

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

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

BANKING

DKK million

Results –	H1/	H1/	Q2/	Q1/	
Banking	2022	2021	2022	2022	2021
Net interest income	3,444	3,326	1,738	1,707	6,664
Net fee income	958	866	508	450	1,757
Wealth management income	364	387	177	187	802
Net interest from capitalisation	(178)	(161)	(93)	(85)	(331)
Trading, investment portfolio and other income	472	359	211	261	604
Income	5,060	4,781	2,541	2,520	9,497
Costs	2,173	2,089	1,076	1,097	4,314
Business profit before impairment charges	2,887	2,692	1,464	1,423	5,183
Impairment charges for mortgage lending	(493)	(31)	(317)	(175)	(62)
Impairment charges for bank lending	270	25	192	78	(57)
Business profit	3,110	2,698	1,590	1,520	5,301
Legacy derivatives	670	292	341	329	431
Profit before tax	3,780	2,990	1,931	1,849	5,732

H1/2022 in summary

Activity was high in H1, and we welcomed many new customers. The first half-year saw high mortgage lending activity; many customers chose to refinance into higher-rate loans in order to shave off part of their debt outstanding. Nonetheless, Banking has increased mortgage lending in nominal terms since the turn of the year. Customer satisfaction among personal customers increased in H1 and was maintained among business clients.

The first half of 2022 was a turbulent period with surging interest rates. The result was a non-transparent financial market which challenged customers' absolute returns on bonds as well as equities and other risk assets. There is continued strong demand for sustainable solutions and products within all asset classes.

Nykredit customers are offered unique benefits and green solutions, thanks to Forenet Kredit, an association of customers and Nykredit's majority shareholder. We call them mutual benefits, and they make for lower loan rates and green solutions for customers who want to live, drive, renovate, invest and operate a business sustainably. As a new initiative, customers can now calculate their own mutual benefits.

Nykredit offers the following mutual benefits (ForeningsFordele):

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

Customers have a growing preference for digital solutions designed to simplify everyday banking and adapted to their needs. During the covid-19 pandemic, customers have grown accustomed to digital tools and therefore increasingly want a say in terms of where, when and how. This year we are introducing an online booking tool, allowing customers to easily and swiftly book meetings with their adviser. We

are also working on other digital solutions designed to make everyday banking with Nykredit easier for customers as well as advisers.

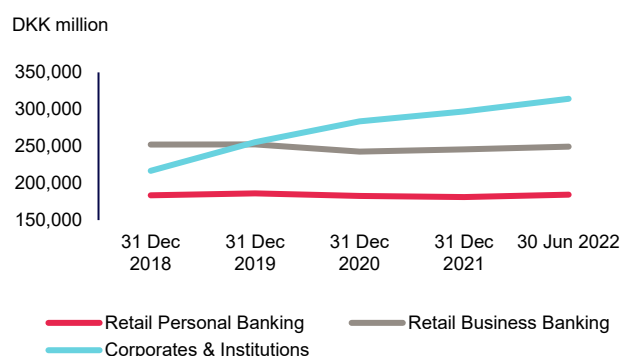
Last year we launched a new, strong insurance partnership with Privatsikring, a member of the Codan group. The insurance proposition is a joint initiative between Spar Nord, Nykredit, Codan and the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark aimed at providing customers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

In Q2 Nykredit launched Nykredit PuljelInvest, which makes it easier for personal customers to invest their pension savings.

As at 30 June 2022, Nykredit Mægler took over 100% of the real estate chain "Jesper Nielsen", and the change of name to "&Living" will likely be effected from early September.

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

Lending, Banking



DKK million

Selected balance sheet items	30.06.2022	31.03.2022	31.12.2021	30.06.2021
Banking				
Retail Personal Banking				
Loans and advances	184,275	183,201	181,124	181,449
- of which mortgage lending, nominal value	165,893	165,678	164,140	164,353
- of which secured homeowner loans	8,915	8,131	7,718	7,487
- of which bank lending	9,468	9,393	9,266	9,609
Deposits	41,670	39,636	39,814	40,014
Retail Business Banking				
Loans and advances	249,410	246,835	245,545	242,737
- of which mortgage lending, nominal value	220,162	220,063	219,591	218,515
- of which bank lending	29,248	26,771	25,954	24,222
Deposits	26,379	24,427	25,832	24,890
Corporates & Institutions				
Loans and advances	314,256	304,623	296,996	285,873
- of which mortgage lending, nominal value	275,554	268,250	264,047	254,680
- of which bank lending	38,702	36,373	32,949	31,193
Deposits	11,257	8,415	9,782	11,585

Results for H1/2022 relative to H1/2021

Banking delivered a business profit of DKK 3,110 million in H1/2022 (H1/2021: DKK 2,698 million).

Total income rose to DKK 5,060 million (H1/2021: DKK 4,781 million). The underlying business is performing well with continued solid growth in mortgage lending as well as bank lending. Net interest income was DKK 3,444 million (H1/2021: DKK 3,326 million), and net fee income totalled DKK 958 million (H1/2021: DKK 866 million). The rise in net fee income was mainly due to high mortgage lending activity.

Costs amounted to DKK 2,173 million (H1/2021: DKK 2,089 million). The higher business volumes have increased the number of staff and with that, costs.

Impairment charges for loans and advances were a net reversal of DKK 223 million (H1/2022: a net reversal of DKK 6 million), which continued to be positively impacted by our customers' good financial circumstances and credit quality.

Legacy derivatives saw a positive value adjustment of DKK 670 million (H1/2021: DKK 292 million), driven by rising interest rates in H1.

Results for Q2/2022 relative to Q1/2022

Banking delivered a business profit of DKK 1,590 million in Q2/2022 (Q1/2022: DKK 1,520 million).

Income came to DKK 2,541 million (Q1/2022: DKK 2,520 million) due to increasing net interest and fee income, mainly driven by high mortgage activity.

Impairment charges for loans and advances were a net reversal of DKK 125 million (Q1/2022: a net reversal of DKK 98 million).

Legacy derivatives totalled DKK 341 million (Q1/2022: DKK 329 million).

Activities

Loan volumes totalled DKK 748.0 billion at 30 June 2022 (end-2021: DKK 723.7 billion), of which DKK 661.6 billion was nominal mortgage lending (end-2021: DKK 647.8 billion). The increase in lending can primarily be ascribed to corporate banking. This should be seen in light of the high refinancing and prepayment activity in the half-year, as a result of which customers prepaid nominally DKK 34.1 billion.

Bank lending in Retail Personal Banking came to DKK 9.5 billion (end-2021: DKK 9.3 billion). Bank deposits in Retail Personal Banking increased by DKK 1.9 billion on end-2021 to DKK 41.7 billion.

Bank lending in Retail Business Banking came to DKK 29.2 billion (end-2021: DKK 26.0 billion).

Bank lending in Corporates & Institutions rose to DKK 38.7 billion (end-2021: DKK 32.9 billion).

Arrears

At the March due date 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.21% against 0.32% at the same date in 2021.

TOTALKREDIT PARTNERS

DKK million

Results –	H1/ 2022	H1/ 2021	Q2/ 2022	Q1/ 2022	2021
Totalkredit Partners					
Net interest income	1,594	1,514	809	785	3,118
Net fee income	448	335	261	188	620
Net interest from capitalisation	(155)	(128)	(82)	(72)	(259)
Trading, investment portfolio and other income	0	(2)	1	(1)	(3)
Income	1,888	1,719	988	900	3,476
Costs	383	370	192	192	773
Business profit before impairment charges	1,505	1,349	796	708	2,703
Impairment charges for mortgage lending	34	91	68	(34)	66
Business profit	1,470	1,258	728	742	2,637

H1/2022 in summary

H1/2022 was marked by bond price declines and consequent refinancing activity in Totalkredit Partners. As a result, customers have reduced their debt outstanding. Even so, Totalkredit Partners has recorded growth in personal and business mortgage lending since the turn of the year.

Totalkredit Partners welcomed new personal as well as business customers. At end-H1/2022, the number of homeowner customers had risen to more than 912,000. Totalkredit Partners is committed to offering customers the best loan propositions in the market as well as strengthening the alliance with its partner banks, which has resulted in the following achievements:

- The Danish Consumer Council has recommended Totalkredit as the Danish mortgage lender offering the lowest mortgage prices in the market.
- In May 2022 the Danish Consumer Council renewed its recommendation of Totalkredit mortgage loans to finance holiday homes. The recommendation is based on a test of 27 different loan scenarios with Totalkredit loans having the lowest rates in 25 scenarios.
- Totalkredit home energy check-up for customers interested in a visit from an energy consultant and getting a home energy labelling. The home energy check-ups are a joint initiative offered in concert with our Totalkredit partner banks.
- Cash contributions offered to customers wishing to replace oil-fired boilers with heat pumps now also include customers wishing to replace gas-fired boilers with heat pumps. The scheme has been expanded by 3,000 new vouchers each in the amount of DKK 10,000.
- Totalkredit offers loans with an interest-only period of up to 30 years via the loan types Fastrente+, RenteMax+ and F-kort+ providing customers with financial leeway and high flexibility. Making quarterly principal payments is optional provided that the borrower's loan-to-value ratio does not exceed 60%.

The Totalkredit alliance is developing a new joint IT platform to optimise the advisory tools and home financing options available to all members of the partnership and their customers. A large part of the platform has been implemented by the IT banking providers of our partner banks, offering advisers improved advisory tools and enhanced digital solutions for customers.

Totalkredit business mortgages are offered to the segments office and retail, residential rental as well as industry and trades. More than a quarter of the partner banks offer Totalkredit business mortgages.

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

DKK million

Selected balance sheet items	30.06.2022	31.03.2022	31.12.2021	30.06.2021
Totalkredit Partners				
Personal customers				
Loans and advances	731,385	729,525	715,223	693,544
- of which mortgage lending, nominal value	725,393	723,311	708,765	686,458
- of which secured homeowner loans	5,992	6,214	6,458	7,086
Business customers				
Loans and advances	11,246	10,312	9,779	8,799
- of which mortgage lending, nominal value	11,246	10,312	9,779	8,799

Results for H1/2022 relative to H1/2021

Totalkredit Partners delivered a business profit of DKK 1,470 million (H1/2021: DKK 1,258 million).

Income amounted to DKK 1,888 million (H1/2021: DKK 1,719 million).

Net interest income developed favourably and rose to DKK 1,594 million (H1/2021: DKK 1,514 million). Net fee income totalled DKK 448 million (H1/2021: DKK 335 million). Net interest income and net fee income were positively impacted by rising activity levels and mortgage lending.

Costs rose to DKK 383 million (H1/2021: DKK 370 million), mainly due to increased activity and higher costs for the Danish Resolution Fund.

Impairment charges for loans and advances amounted to DKK 34 million (H1/2021: DKK 91 million) and were impacted by provisions taken to cover personal customers in relation to the geopolitical conditions. Write-offs are still low.

Results for Q2/2022 relative to Q1/2022

Totalkredit Partners delivered a business profit of DKK 728 million (Q1/2022: DKK 742 million).

Income amounted to DKK 988 million (Q1/2022: DKK 900 million). The rise was mainly attributable to net fee income.

Impairment charges for loans and advances were DKK 68 million (Q1/2022: a net reversal of DKK 34 million).

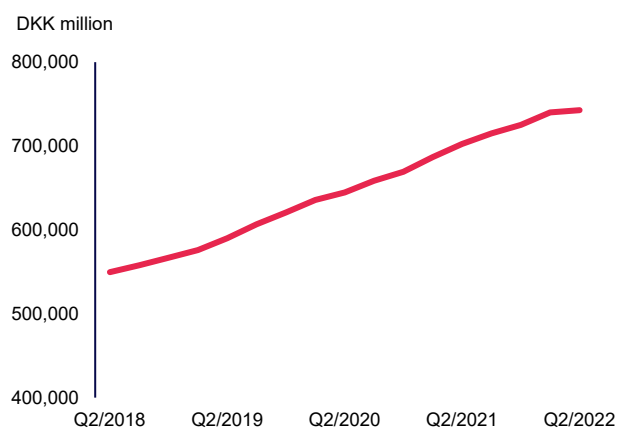
Activities

Totalkredit Partners recorded strong lending growth, and nominal lending to personal customers was DKK 731.4 billion (end-2021: DKK 715.2 billion). Lending growth should be seen in light of the high prepayment and refinancing activity in H1, customers having prepaid a total of DKK 107.2 billion. The business loan portfolio increased by DKK 1.5 billion, equal to 15%, to nominally DKK 11.2 billion (end-2021: DKK 9.8 billion).

Arrears

At the March due date 75-day mortgage loan arrears of Totalkredit Partners as a percentage of total mortgage payments due were 0.11% against 0.14% at the same date in 2021.

Lending, Totalkredit Partners



WEALTH MANAGEMENT

DKK million

Results –	H1/ 2022	H1/ 2021	Q2/ 2022	Q1/ 2022	2021
Wealth Management					
Net interest income	116	96	61	56	201
Net fee income	21	29	11	9	41
Wealth management income	789	701	392	396	1,504
Net interest from capitalisation	(7)	(5)	(3)	(3)	(11)
Trading, investment portfolio and other income	21	28	8	13	44
Income	940	848	469	471	1,780
Costs	470	433	238	232	902
Business profit before impairment charges	470	416	231	239	878
Impairment charges for mortgage lending	1	1	0	1	1
Impairment charges for bank lending	(24)	11	(1)	(23)	(65)
Business profit	494	403	232	262	942

H1/2022 in summary

Wealth Management has recorded strong client growth, high client satisfaction and positive net sales in 2022 despite high market volatility in H1 having led to negative market returns, which has affected business volumes. Nykredit Wealth Management furthermore strengthened its position, also relative to investment funds.

H1/2022 was turbulent with surging interest rates following many years of interest rate decline. This resulted in non-transparent financial markets challenging investors' absolute returns on bonds as well as equities and other risk assets. There is continued strong demand for sustainable solutions and products within all asset classes. In H1/2022 equity investors were particularly attracted to value equities and equity management bearing a strong sustainability profile. In terms of fixed income, we will be launching green bonds in the second half of 2022.

We strive to enhance the customer experience by, for example,

- enhancing digital investment solutions for personal customers using mobile and online banking services
- Cooperating and developing joint products and solutions under the Sparinvest partnership
- launching Sparinvest concepts in Nykredit such as Investeringskonto FRI and Nykredit PuljeInvest for pension savings
- focusing on sustainability in advisory services, products and concepts that provide our customers with even more and better opportunities to invest sustainably
- implementing EU Sustainable Finance and 16 funds carrying the Nordic Swan Ecolabel
- expanding our alternative investment propositions to more customer segments
- expanding our business area within administration of credit and lending strategies in Nykredit Portefølje Administration
- upgrading our value proposition to the Private Banking Elite segment to ensure its relevance and holistic approach to wealth clients.

Wealth Management holds a strong market position compared with its competitors and has received international recognition in the form of prizes awarded for our private banking and asset management activities. In February 2022, Nykredit Invest won five out of eight categories at the annual Morningstar Fund Awards, including all three

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

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

DKK million

Selected balance sheet items	30.06.2022	31.03.2022	31.12.2021	30.06.2021
Wealth Management				
Assets under management	404,615	427,018	438,140	405,795
- of which Nykredit Group investment funds	195,171	209,655	213,731	188,508
Assets under administration¹	1,002,421	1,098,492	1,139,749	1,092,436
Lending/deposits				
Loans and advances	16,828	17,199	16,861	16,176
- of which mortgage lending, nominal value	11,097	11,605	11,797	11,516
- of which secured homeowner loans	1,053	1,032	1,035	1,058
- of which bank lending	4,678	4,562	4,029	3,602
Deposits	16,329	14,085	14,453	14,283

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

Results for H1/2022 relative to H1/2021

Wealth Management delivered a business profit of DKK 494 million in H1/2022 (H1/2021: DKK 403 million).

Income amounted to DKK 940 million and rose on the same period last year (H1/2021: DKK 848 million) despite negative returns in the Asset Management area due to financial market conditions.

Impairment charges for loans and advances were a net reversal of DKK 23 million (H1/2021: a charge of DKK 12 million).

Results for Q2/2022 relative to Q1/2022

Wealth Management delivered a business profit of DKK 232 million in Q2 (Q1/2022: DKK 262 million).

Income amounted to DKK 469 million in Q2/2022 – the same level as in Q1/2021 (Q1/2022: DKK 471 million).

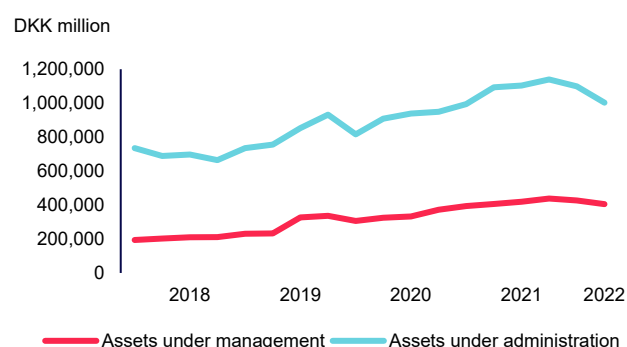
Impairment charges for loans and advances were a net reversal of DKK 1 million (Q1/2022: a net reversal of DKK 23 million).

Activities

Total assets under management went down by DKK 33.5 billion to DKK 404.6 billion at end-June 2022 (end-2021: DKK 438.1 billion). The decline was the result of positive net sales of DKK 22.5 billion, driven by demand from customers via the Sparinvest partnership, Private Banking Elite clients and from institutional clients and international clients, as well as negative returns of DKK 56.0 billion.

Total assets under administration decreased by DKK 137.3 billion compared with end-2021 to DKK 1,002.4 billion at end-June 2022 (end-2021: DKK 1,139.7 billion). The decrease resulted from net sales of DKK 14.0 billion, driven by demand from institutional clients as well as Private Banking Elite clients, and negative returns of DKK 151.3 billion.

Assets under management and assets under administration by Wealth Management



GROUP ITEMS

	DKK million				
Results – Group Items	H1/ 2022	H1/ 2021	Q2/ 2022	Q1/ 2022	2021
Net interest income	(3)	4	(1)	(2)	(6)
Net fee income	(12)	(15)	(0)	(12)	(12)
Wealth management income	18	12	10	8	17
Net interest from capitalisation	47	49	24	23	117
Net income relating to customer benefits programmes ¹	(192)	(179)	(110)	(81)	(414)
Trading, investment portfolio and other income	(534)	860	(668)	134	2,073
Income	(676)	732	(744)	69	1,776
Costs	68	97	41	27	360
Business profit (loss) before impairment charges	(744)	635	(786)	42	1,416
Impairment charges for mortgage lending	(5)	0	(5)	0	0
Impairment charges for bank lending	(9)	(8)	(1)	(8)	1
Business profit (loss)	(730)	644	(780)	50	1,415

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

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

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

Results for H1/2022 relative to H1/2021

The business profit of Group Items decreased by DKK 1,373 million on last year to a loss of DKK 730 million (H1/2021: DKK 644 million).

This was primarily driven by investment portfolio income which in H1/2022 was adversely affected by negative value adjustments of short-dated floating-rate mortgage bonds due to yield spread widening, whereas investment portfolio income for H1/2021 was positively affected by value adjustments of equities held for business purposes.

CAPITAL, LIQUIDITY AND FUNDING

EQUITY AND OWN FUNDS

The Nykredit Group's equity was DKK 93.1 billion at end-June 2022, down DKK 453 million on end-2021. In March 2022 dividend of DKK 4,350 million was distributed to the Company's shareholders. The dividend corresponds to 50% of profit after tax for 2021, and Nykredit maintains a strong capital position after distributing dividend.

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

	DKK million	
Nykredit Group		
Equity (including AT1 capital)	30.06.2022	31.12.2021
Equity, beginning of period	93,595	89,754
Profit for the period	4,057	8,865
Other adjustments	(4,509)	(5,024)
Equity, end of period	93,143	93,595

	DKK million	
Nykredit Group		
Capital and capital adequacy	30.06.2022	31.12.2021
Equity (including AT1 capital)	93,143	93,595
AT1 capital etc	(3,748)	(3,729)
Statutory deduction for estimated dividend	(1,977)	-
Proposed dividend	(0)	(4,350)
CET1 regulatory adjustments	(2,767)	(2,859)
CET1 capital	84,651	82,657
AT1 capital	2,279	2,211
AT1 regulatory deductions	(3)	(21)
Tier 1 capital	86,927	84,847
Tier 2 capital	7,154	6,970
Tier 2 regulatory adjustments	2,074	2,042
Own funds	96,155	93,858
Credit risk	361,124	349,082
Market risk	34,918	24,075
Operational risk	29,737	27,244
Total risk exposure amount	425,779	400,401
CET1 capital ratio, %	19.8	20.6
Tier 1 capital ratio, %	20.4	21.1
Total capital ratio, %	22.5	23.4
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.2	11.2

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

Capital and capital adequacy

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

At end-June 2022, Nykredit's risk exposure amount (REA) totalled DKK 425.8 billion (end-2021: DKK 400.4 billion). With own funds at DKK 96.2 billion, this corresponds to a total capital ratio of 22.5% (end-2021: 23.4%). The CET1 capital ratio was 19.8% (end-2021: 20.6%).

REA for credit risk has generally increased due to growth in lending and regulatory changes, despite low arrears and overdrafts as well as rising property prices etc. In H1/2022 REA for credit risk increased by DKK 12.0 billion in the Nykredit Group. The increase was mainly due to Nykredit's implementation of the new guidelines from the European Banking Authority (EBA) on the estimation of IRB models. The new EBA guidelines caused an increase in REA of DKK 33.0 billion as per 1 January 2022, whereas higher interest rates have reduced the value-adjusted debt outstanding, thus limiting the increase in REA. REA for market risk increased by DKK 10.8 billion in H1 due to financial market turmoil.

CET1 capital totalled DKK 84.7 billion at end-June 2022 (end-2021: DKK 82.7 billion). AT1 capital amounted to DKK 2.3 billion after regulatory deductions (end-2021: DKK 2.2 billion). Tier 2 capital was DKK 7.2 billion excluding regulatory adjustments (end-2021: DKK 7.0 billion). When determining the Nykredit Group's own funds, minority interests have been excluded from AT1 capital and Tier 2 capital issued by the subsidiary Nykredit Realkredit A/S.

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and the Executive Board to ensure that Nykredit has the required own funds. The required own funds are the minimum capital required, in Management's judgement, to cover all significant risks. This accounted for 11.2% of the Group's REA at end-June 2022 equal to the internal capital adequacy requirement.

In addition to the internal capital adequacy requirement, the Nykredit Group must comply with a combined capital buffer requirement of 4.5% at end-June 2022. As a systemically important financial institution (SIFI), Nykredit is subject to a special SIFI buffer requirement of 2% as well as a capital conservation buffer requirement of 2.5% applying to all financial institutions. Both requirements are met using CET1 capital. The countercyclical buffer rate is currently 0%. The Nykredit Group has excess capital of 6.8 percentage points relative to the capital requirement, ie the internal capital adequacy requirement plus the combined buffer requirement.

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

Capital targets 2022

Nykredit's capital policy is laid down annually by the Board of Directors and is to support the Group's strategy and objectives.

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

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

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

Dividend policy

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

FUNDING AND LIQUIDITY

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

Bank lending is mainly funded by deposits. At end-June 2022, Nykredit Bank's deposits equalled 113% of lending against 125% at end-2021.

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

Liquidity

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

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

	(%)	
Nykredit Group	30.06.2022	31.12.2021
LCR determination		
Nykredit Realkredit Group*	530	591
Nykredit Realkredit Group, LCR requirement in EUR	503	392
Nykredit Realkredit and Totalkredit	4,447	2,305
Nykredit Realkredit and Totalkredit, including minimum LCR requirement	153	139
Nykredit Bank	203	213

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

The Danish FSA introduced a requirement of an individual and risk-based Pillar II liquidity add-on for mortgage banks applicable as per 8 July 2022. As per the same date, a new regulatory overcollateralisation requirement applicable to SDO capital centres took effect, and the current minimum LCR requirement will lapse. The changes will have limited consequences for Nykredit's liquidity reserves.

Refinancing and issuance schedule for 2022

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

At end-June 2022, the Group had a nominal amount of DKK 1,375 billion of SDOs in issue and DKK 120 billion of ROs in issue.

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

	DKK billion
Nykredit Group	1 July 2022 - Refinancing ¹ 30 June 2023
Total maturity before set-off of self-issued bonds	209.3
- ordinary principal payments and scheduled ² prepayments (settled)	31.4
- ordinary principal payments and scheduled ² prepayments (not settled)	23.7
- pre-issued bonds and interest rate risk ²	(13.8)
Total refinancing volume	167.9
- pre-auctioned amount sold under forward contracts	(15.7)
Refinancing volume remaining for 1 July 2022 – 30 June 2023	152.2
- of which SDOs and ROs	151.2
- of which other issues	1.0

¹ Applicable to the July and October 2022 payment dates as well as the January and April 2023 payment dates.

² Known as at 30 June 2022.

The annual maturity one year ahead totals DKK 209.3 billion, of which ordinary principal payments, prepayments etc total DKK 41.3 billion. Thus, refinancing volumes amount to DKK 167.9 billion.

The auctioned refinancing volumes are expected to be maintained at around DKK 160 million pa.

	DKK million	
Nykredit Group		
Bonds in issue	30.06.2022	31.12.2021
Covered bonds (ROs), see note 16 a	120,119	124,927
Covered bonds (SDOs), see note 16 b	1,374,768	1,351,177
Senior secured debt, see note 16 c	704	853
Senior preferred debt of Nykredit Realkredit A/S	9,299	5,577
Senior non-preferred debt	43,730	50,098
Tier 2 capital, see note 19	10,419	10,737
AT1 capital, see note 2 (Nykredit Realkredit A/S)	3,712	3,706
ECP issues of Nykredit Bank A/S	7,382	4,415

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

In H1/2022 Nykredit issued about DKK 3.7 billion-worth of senior preferred debt and about DKK 2.6 billion-worth of senior non-preferred debt.

Nykredit expects to issue DKK 5-10 billion in addition to the issuance of mortgage covered bonds (SDOs and ROs) in the remaining part of 2022.

Supervisory Diamond for mortgage lenders

Benchmark	Definition	Nykredit	Nykredit	Totalkredit	Limit value
		Realkredit Group	Realkredit A/S		
		30 June 2022	30 June 2022	30 June 2022	
Lending growth in segment					
Personal customers ¹	Annual lending growth may not exceed 15% in each of the segments personal customers, commercial residential properties, agricultural properties and other commercial.	4.3%	(19.1)%	5.4%	15.0%
Commercial residential properties ²		8.6%	8.0%	38.7%	15.0%
Agricultural properties		(1.9)%	(1.9)%	0.0%	15.0%
Other commercial		5.1%	4.6%	20.2% ²	15.0%
Borrower's interest rate risk					
Private residential and residential rental	The proportion of lending where the LTV ratio exceeds 75% of the statutory LTV limit and where the loan rate is fixed for up to two years only may not exceed 25% of the total loan portfolio.	11.6%	21.4%	9.4%	25.0%
Interest-only loans					
Personal customers	The proportion of IO loans for owner-occupied and holiday homes with an LTV ratio above 75% of the statutory LTV limit may not exceed 10% of total lending.	5.9%	2.7%	6.0%	10.0%
Loans with short-term funding					
Refinancing (annually)	The proportion of loans to be refinanced must be below 25% per year and below 12.5% per quarter.	10.1%	14.2%	7.6%	25.0%
Refinancing (quarterly)		1.8%	1.0%	2.3%	12.5%
Large exposures					
Loans and advances:equity	The sum of the 20 largest exposures must be less than the CET1 capital.	68.6%	41.5%	6.4%	100.0%

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

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

Supervisory Diamond

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

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

Nykredit complies with all benchmark limits of the Supervisory Diamond models for banks and mortgage lenders as at 30 June 2022, except for the benchmark limit applicable to Nykredit Bank's lending growth. At 30 June 2022, Nykredit Bank's lending growth was 21.7%, exceeding the Danish FSA's limit of 20%. This lending growth was mainly driven by business lending and is attributable to a broad range of new and existing customers as well as bridge financing.

Nykredit Bank A/S		
Supervisory Diamond for banks	30.06.2022	31.12.2021
Large exposures (limit value <175%)	112.6%	109.6%
Lending growth (limit value <20%)	21.7%	4.6%
Property exposure (limit value <25%)	11.1%	11.1%
Liquidity benchmark (limit value >100%)	247.0%	256.4%

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.

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.

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

Fitch Ratings

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

Senior non-preferred debt is rated A by Fitch.

Listing of ratings

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

ESG ratings

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

Nykredit currently focuses on the ESG rating agencies MSCI and Sustainalytics, which consider all ESG factors, as well as on the CDP (formerly Carbon Disclosure Project), which assesses the environmental impact of businesses.

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

CREDIT RISK

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

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

Information related to geopolitical conditions and covid-19

The geopolitical conditions and the global economies are challenged by, for instance, the war in Ukraine. In addition, there is still substantial general uncertainty about the impact of the covid-19 pandemic. Among other things, payment of deferred tax and VAT could lead to more bankruptcies. Nykredit's main scenario is reassessed on a current basis, and at end-June 2022 the scenario assumed GDP growth of 3.4% in 2022.

Geopolitical conditions

The geopolitical tensions, including the war in Ukraine, are expected to affect the credit quality of some customers as a result of lower economic growth, current interest rate conditions, house price trends, inflation and disruptions of value and supply chains, including gas supplies.

Provisions related to the geopolitical conditions are based on stress test calculations of two factors. Firstly, stress simulations have been

performed for stage 1 and stage 2 personal and business customers. We expect a drop in personal customers' discretionary incomes as a consequence of increased inflation and higher energy prices. Provisions of DKK 644 million have been made to mitigate such risk.

Business customers heavily reliant on energy for production and manufacturing are also likely to be affected. We have taken provisions of DKK 496 million for vulnerable sectors. Provisions of DKK 300 million have been taken to cover the general geopolitical uncertainty. Total provisions taken to manage increased risk exposures subsequently came to DKK 1,440 million.

Covid-19

Loan impairments related to covid-19 were reassessed in connection with the H1 Interim Report 2022. Repayment of loans granted under government relief packages is now considered the primary risk driver in the assessment of the pandemic. Provisions for covid-19 losses are based on stress test calculations of two different factors. Firstly, stress simulations have been performed for stage 1 and stage 2 customers in high-attention sectors. Secondly, the property values of stage 3 customers have been stressed to simulate a reduction in collateral values. At stage 3 we have raised the probability of an adverse scenario for customers in high-attention sectors. Furthermore, the macroeconomic scenarios in our impairment model for stage 1 and stage 2 customers have been prepared to allow for the covid-19 impact.

Nykredit Group	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment charges for loans and advances, earnings impact	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Loans, advances, guarantees and impairment charges for loans and advances						
Mortgage lending, nominal value						
Nykredit Realkredit	534,385	525,274	4,245	4,793	(504)	(160)
Totalkredit	887,927	865,802	1,738	1,721	46	161
Total	1,422,312	1,391,076	5,983	6,515	(458)	0
Loans and advances etc						
Nykredit Bank	86,022	74,513	2,990	2,755	226	(208)
Total	86,022	74,513	2,990	2,755	226	(208)
Receivables from credit institutions	7,070	5,165	13	23	(11)	2
Reverse repurchase lending	36,831	50,900	0	0	-	-
Guarantees etc	9,962	8,987	348 ¹	331 ¹	16 ¹	90 ¹
Loan impairment, % ²						
Nykredit Realkredit			0.79	0.90	(0.09)	(0.03)
Totalkredit			0.20	0.20	0.01	0.02
Total			0.42	0.47	(0.03)	0.00
Nykredit Bank			3.36	3.57	0.25	(0.27)
Total			3.36	3.57	0.25	(0.27)

¹ Impairment charges for loan commitments etc were DKK 66 million (Q1/2022: DKK 45 million).

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

Of the total loan impairment provisions of DKK 2.1 billion taken in 2020 to cover the consequential losses arising from covid-19, Nykredit reversed DKK 1.2 billion in H1/2022. Reasons for this reversal include reduced pandemic-related risk. Covid-19-induced provisions comprise DKK 368 million related to property values and DKK 529 million related to vulnerable sectors, in total DKK 897 million.

For further information about the impacts of covid-19 and the geopolitical tensions on impairment charges for loans and advances and our portfolio distribution, please refer to our Fact Book Q2 2022, which is available at nykredit.com.

Macroeconomic impact on impairment levels

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

The loan portfolio developed positively in H1/2022, and individual impairment provisions remained low. Arrears ratios were declining for some portfolios and stable for others. Write-offs were also low. Individual impairment provisions resulting from covid-19 and the war in Ukraine were only recorded for a few exposures in H1/2022.

Nykredit's macroeconomic forecasts in connection with loan impairments related to covid-19 and geopolitical conditions, including the war in Ukraine, have been incorporated into the impairment models and are reflected 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.

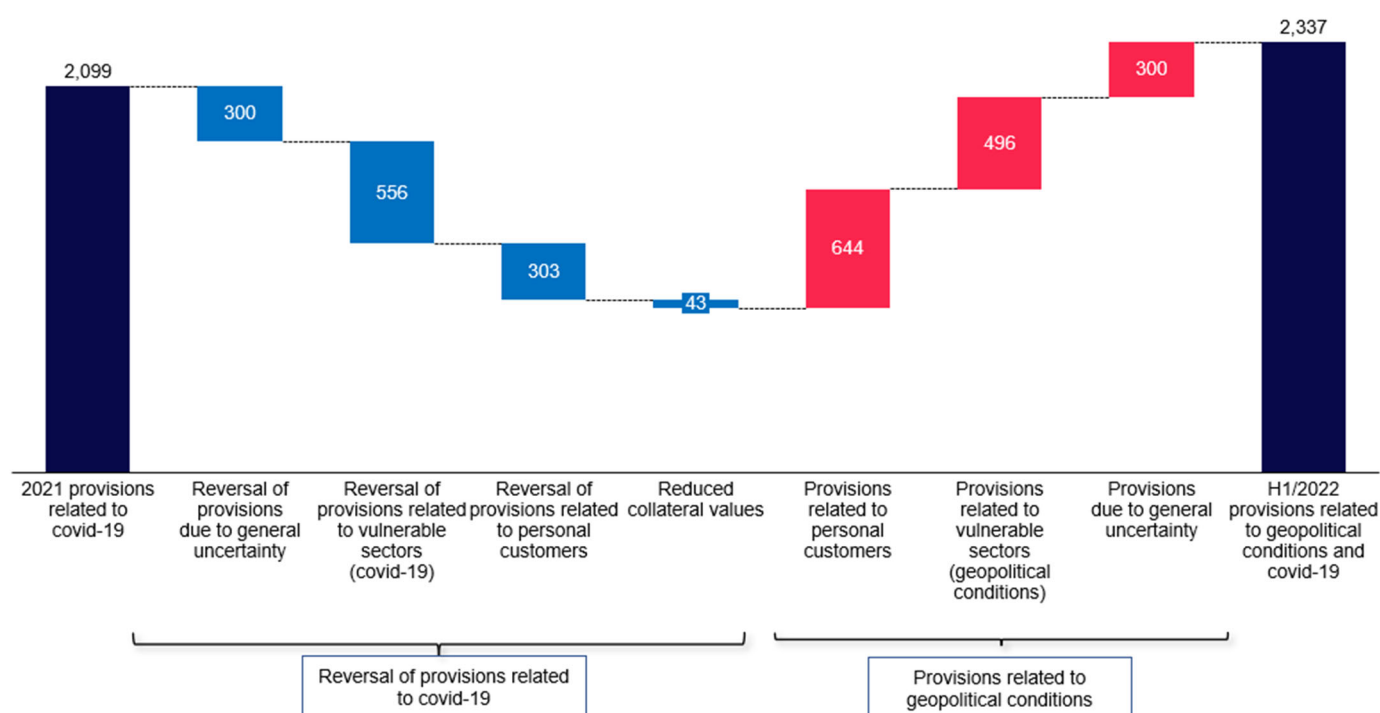
The PD is customer-specific, while the other parameters are product-specific. One PD is therefore assigned to each customer, while each of the customer's products has a separate LGD and EAD.

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. In Q2, the scenarios were updated to reflect the current and expected economic environment, including the geopolitical tensions caused by, for example, the war in Ukraine and resulting market conditions. The main scenario must reflect the economic environment. The main scenario carries a 55% weighting. The main scenario used for the impairment models implies expected GDP growth of 3.4% and house price rises of 2.4% in 2022.

The adverse scenario was included in the models with a weighting of 40%. This scenario implies expected GDP growth of 1.0% and house price declines of 2.0% in 2022.

Development in provisions concerning geopolitical conditions and covid-19 (DKK million)



The improved scenario carries a 5% weighting and is based on the macroeconomic conditions observed at the date of this Interim Report. This scenario uses realised levels of interest rates, GDP, house prices and unemployment. Based on this weighting, impairment provisions totalled DKK 9,334 million as at 30 June 2022 (end-2021: DKK 9,625 million). If the main scenario carried a 100% weighting, total impairment provisions would decrease by DKK 206 million. Compared with the main scenario, total impairment provisions would rise by DKK 511 million if the adverse scenario carried a 100% weighting. The change reflects a transfer of exposures from stage 1 to stage 2 (strong) and stage 2 (weak), resulting in increased expected credit losses. If the weighting of the improved scenario was 100%, total impairment provisions would decrease by DKK 1.1 billion.

At 30 June 2022 the impairment calculations were based on the following main scenario and adverse scenario:

Nykredit Group Scenarios for impairment calculations	Main scenario			Adverse scenario			%
	2022	2023	2024	2022	2023	2024	
Short-term rate ¹	0.0	1.0	1.8	1.0	2.0	3.0	
Long-term rate ²	1.0	1.5	2.2	2.8	3.6	4.2	
House prices ³	2.4	2.0	3.3	(2.0)	(2.0)	(2.0)	
BNP ³	3.4	1.6	2.4	1.0	1.0	1.0	
Unemployment ⁴	2.0	2.1	2.3	4.9	5.3	5.3	

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

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

³ House prices and GDP reflect annual percentage changes.

⁴ Registered gross unemployment.

Nykredit's main scenario assumes that during 2022 and 2023 GDP and house prices will be significantly reduced relative to previous forecasts due to the effects of the geopolitical tensions caused by, for example, the war in Ukraine. Our forecasts have this summer been reduced even further. Our starting point, however, was low arrears and overdraft levels.

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

Post-model adjustments

Corrections to and changes in assumptions in the impairment models are based on management judgement. At end-June, such post-model adjustments totalled DKK 3,798 million. The underlying reasons, for example changes in agricultural output prices due to changed economic trends and/or changed export potential as well as financial and legal conditions in the real estate sector, may generally affect credit risk beyond the outcome derived on the basis of model-based impairments. Local geographical conditions, internal process risk and ongoing monitoring of the loan portfolio may also reflect conditions which macroeconomic projections cannot capture. The estimates are adjusted and evaluated on a regular basis, and it is decided on an individual basis whether to phase out or incorporate an estimate into the models, if necessary.

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

Nykredit Group Specific macroeconomic risks and process-related circumstances	DKK million	
	30.06.2022	31.12.2021
Agriculture	578	499
Covid-19	529	1,244
Geopolitical tensions	956	-
Concentration risks in loan portfolios	247	254
Total macroeconomic risks	2,310	1,997
Process-related	313	240
Model changes	334	326
Other (results of controlling, haircuts etc)	841	935
Total process-related circumstances	1,488	1,501
Total post-model adjustments	3,798	3,498

Note: As at H1/2022, another DKK 852 million was added to the impairment models as in-model adjustments, where vulnerable sectors due to geopolitical tensions and covid-19 are stressed, resulting in a change of stage (end-2021: DKK 855 million). Of this amount, DKK 484 million was attributable to geopolitical tensions and DKK 368 million to covid-19.

MORTGAGE LENDING

At end-June 2022, Nykredit's credit exposure in terms of nominal mortgage lending was DKK 1,422 billion, corresponding to an increase of DKK 31 billion (end-2021: DKK 1,391 billion).

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

The average LTV ratio was 51.1% at end-June 2022 (end-2021: 55.8%).

Total provisions for mortgage loan impairment

Total provisions for mortgage loan impairment equalled 0.42% of total mortgage lending, excluding credit institutions (end-2021: 0.47%). Total impairment provisions amounted to DKK 5,983 million at end-June 2022 (end-2021: DKK 6,515 million). Provisions concerning covid-19 and geopolitical conditions, 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 Group		
	30.06.2022	31.12.2021
Total impairment provisions for mortgage lending		
Individual impairment provisions (stage 3)	2,065	2,631
Model-based impairment provisions (stages 1, 2 and 3)	3,918	3,883
- of the above attributable to geopolitical conditions and covid-19	1,456	1,473
Total impairment provisions for mortgage lending	5,983	6,515

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

Earnings impact

Impairment charges for mortgage lending for the period were a reversal of DKK 458 million (FY 2021: DKK 0 million). This reversal of impairment charges for loans and advances for the period comprised impairment provisions of DKK 67 million related to owner-occupied dwellings and a reversal of DKK 525 million related to the business segment.

DKK million								
Nykredit Group								
Mortgage lending	LTV (loan-to-value)						Total	LTV avg, %
	0-40	40-60	60-80	80-90	90-100	>100		
Debt outstanding relative to estimated property values								
Owner-occupied dwellings	615,423	165,498	36,735	799	296	380	819,131	54.1
Private rental	116,811	30,294	6,938	329	146	142	154,659	53.5
Industry and trades	18,136	2,354	145	3	2	5	20,645	43.1
Office and retail	102,861	21,178	1,274	214	108	76	125,711	47.8
Agriculture	58,463	18,349	4,200	249	85	112	81,458	57.2
Public housing	-	-	-	-	-	-	79,305	-
Other	14,177	2,229	612	55	34	63	17,170	46.9
Total H1/2022	925,871	239,902	49,905	1,650	671	777	1,298,081	51.1
31 December 2021	918,697	284,098	89,249	2,924	1,145	1,190	1,382,551	55.8

DKK million					
Nykredit Group					
Mortgage lending by property type ¹	30.06.2022		31.12.2021		Total earnings impact
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact	
Owner-occupied dwellings	2,745	67	2,732	242	
Private rental	613	(142)	759	4	
Industry and trades	64	(22)	87	9	
Office and retail	660	(167)	831	(110)	
Agriculture	1,394	(106)	1,513	(266)	
Public housing	16	(8)	25	(9)	
Cooperative housing	314	(31)	345	23	
Other	177	(48)	223	106	
Total	5,983	(458)	6,515	0	

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

Arrears

Mortgage loan arrears are determined 15 and 75 days past the due date. Mortgage loan arrears were 0.16% of total mortgage payments due 75 days past the March due date (March due date 2021: 0.22%).

Bond debt outstanding affected by arrears as a percentage of total bond debt outstanding also decreased to DKK 1.55 billion (March due date 2021: DKK 2.07 billion).

Nykredit Group	Arrears	Debt	
	relative to total mortgage payments	outstanding in arrears relative to total debt outstanding	Debt outstanding affected by arrears
Arrears ratio – 75 days past due	%	%	DKK billion
Due date			
2022			
- March	0.16	0.11	1.55
2021			
- December	0.16	0.11	1.61
- September	0.18	0.13	1.74
- June	0.20	0.14	1.93
- March	0.22	0.15	2.07
2020			
- December	0.22	0.17	2.28

Properties acquired by foreclosure

The Group did not acquire any new properties during H1/2022 but sold 3 properties. The property portfolio counted 3 properties at 30 June 2022 (end-2021: 6).

BANK LENDING

Total credit exposure came to DKK 158.0 billion (end-2021: DKK 153.6 billion) of which DKK 25.2 billion for intercompany guarantees. Bank lending at amortised cost amounted to DKK 86.0 billion at end-June 2022 (end-2021: DKK 74.5 billion), up DKK 11.5 billion since the turn of the year. Reverse repurchase lending totalled DKK 36.8 billion at end-June 2022 (end-2021: DKK 50.9 billion). Guarantees provided amounted to DKK 10.0 billion (end-2021: DKK 9.0 billion).

Total provisions for bank loan impairment etc

Provisions for bank loan impairment (exclusive of credit institutions and guarantees) totalled DKK 2,990 million at end-June 2022 (end-2021: DKK 2,755 million). The provisions taken to cover covid-19 and geopolitical conditions such as the war in Ukraine are based on stress test calculations and included in total impairment provisions.

Impairment charges for loans and advances are mainly attributable to:

	DKK million	
Nykredit Group	30.06.2022	31.12.2021
Total provisions for bank loan impairment		
Individual impairment provisions (stage 3)	1,748	1,683
Model-based impairment provisions (stages 1, 2 and 3)	1,242	1,072
- of the above attributable to geopolitical conditions and covid-19	881	626
Total provisions for bank loan impairment	2,990	2,755

Guarantees

Guarantees etc provided amounted to DKK 9,962 million at end-June 2022 (end-2021: DKK 8,987 million). At end-June 2022, provisions for guarantees amounted to DKK 348 million (end-2021: DKK 331 million).

	DKK million					
Nykredit Group	30.06.2022			31.12.2021		
Credit exposures in terms of bank lending, reverse repurchase lending and guarantees by sector ¹	Lending, end of period	Total impairment provisions	Earnings impact	Lending, end of period	Total impairment provisions	Earnings impact
Public sector	888	36	26	1,110	10	0
Agriculture, hunting, forestry and fishing	4,288	185	(13)	3,877	192	13
Manufacturing, mining and quarrying	13,890	463	201	11,754	262	(123)
Energy supply	6,539	78	37	5,475	32	6
Construction	2,816	343	126	2,722	202	8
Trade	11,972	488	(166)	9,752	655	225
Transport, accommodation and food service activities	6,166	234	99	6,525	144	(29)
Information and communication	4,249	82	(6)	2,376	83	(23)
Finance and insurance	44,020	82	(8)	56,378	91	(50)
Real estate	17,130	461	(60)	16,540	524	(74)
Other	12,834	322	14	9,948	312	(42)
Total business customers	123,903	2,737	224	125,346	2,497	(89)
Personal customers ²	33,221	566	(7)	27,182	579	(28)
Total	158,012	3,338	242	153,638	3,086	(118)
- of which provisions for losses under guarantees etc		348	16		331	90
Impairment provisions for credit institutions		4	(5)		9	(2)
- of which intercompany guarantees and total	25,198			19,239		
Total		3,342	237		3,096	(120)

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

² The increase in lending to personal customers primarily relates to guarantees.

ALTERNATIVE PERFORMANCE MEASURES

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

The income statement format of the financial highlights on page 3 and the business areas (pages 9-15 and note 4) reflect the internal management reporting.

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

"Net interest income" comprising net administration margin income from mortgage lending as well as interest income from bank lending and deposits. The corresponding item in the income statement (page 28) includes all interest.

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

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

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

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

"Net income relating to customer benefits programmes" comprising discounts etc, such as KundeKroner, ErhvervsKroner as well as mutual and green benefits granted to the Group's customers. The amount includes contributions received. The effect of the benefits programmes is included under "Group Items" on page 15.

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

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

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

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

MANAGEMENT STATEMENT

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 30 June 2022 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 June 2022 and of the results of the Group's and the Parent's operations and the Group's cash flows for the financial period 1 January – 30 June 2022.

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

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

Copenhagen, 17 August 2022

Executive Board

Michael Rasmussen
Group Chief Executive

Anders Jensen
Group Managing Director

David Hellemann
Group Managing Director

Tonny Thierry Andersen
Group Managing Director

Board of Directors

Merete Eldrup
Chair

Preben Sunke
Deputy Chair

Olav Bredgaard Brusen*

John Christiansen

Michael Demsitz

Per W. Hallgren

Jørgen Høholt

Hans-Ole Jochumsen

Vibeke Krag

Allan Kristiansen*

Ann-Mari Lundbæk Lauritsen*

Lasse Nyby

Mie Krog

Inge Sand*

Kristina Andersen Skiøld*

* Staff-elected member

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

Nykredit Group	Note	H1/ 2022	H1/ 2021	Q2/ 2022	Q2/ 2021
INCOME STATEMENT					
Interest income		12,511	11,479	6,441	5,711
Interest income based on the effective interest method		821	986	377	508
Interest expenses		7,532	6,806	3,886	3,412
Net interest income	6	5,800	5,659	2,932	2,806
Dividend on equities etc	6	182	110	90	56
Fee and commission income	5	2,391	2,190	1,203	1,108
Fee and commission expenses		2,508	2,091	1,349	1,064
Net interest and fee income		5,865	5,869	2,877	2,906
Value adjustments	6, 7	1,214	1,768	306	640
Other operating income		802	731	411	364
Staff and administrative expenses		2,823	2,686	1,420	1,363
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets		146	159	73	80
Other operating expenses		126	143	54	97
Impairment charges for loans, advances and receivables etc	8	(226)	89	(65)	(2)
Profit from investments in associates and Group enterprises	9	2	4	1	3
Profit before tax		5,015	5,295	2,113	2,374
Tax		958	942	461	408
Profit for the period		4,057	4,353	1,652	1,967
Distribution of profit for the period					
Shareholders of Nykredit A/S		3,953	4,260	1,601	1,921
Minority interests		27	17	12	8
Holders of Additional Tier 1 capital notes		76	76	38	38
Profit for the period		4,057	4,353	1,652	1,967
COMPREHENSIVE INCOME					
Profit for the period		4,057	4,353	1,652	1,967
Other comprehensive income					
Items that cannot be reclassified to profit or loss:					
Actuarial gains/losses on defined benefit plans		(22)	(23)	(6)	(14)
Tax on actuarial gains/losses on defined benefit plans		5	5	1	(2)
Fair value adjustment of owner-occupied properties		-	2	-	2
Total items that cannot be reclassified to profit or loss		(17)	(16)	(5)	(13)
Other comprehensive income		(17)	(16)	(5)	(13)
Comprehensive income for the period		4,040	4,337	1,647	1,954
Distribution of comprehensive income					
Shareholders of Nykredit A/S		3,936	4,244	1,597	1,908
Minority interests		27	17	12	8
Holders of Additional Tier 1 capital notes		76	76	38	38
Comprehensive income for the period		4,040	4,337	1,647	1,954

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

Nykredit A/S	Note	H1/ 2022	H1/ 2021	Q2/ 2022	Q2/ 2021
INCOME STATEMENT					
Interest expenses		0	0	0	0
Net interest income		(0)	(0)	(0)	(0)
Staff and administrative expenses		4	3	2	2
Profit from investments in associates and Group enterprises	9	3,956	4,262	1,603	1,922
Profit before tax		3,953	4,259	1,601	1,921
Tax		(1)	(1)	(0)	(0)
Profit for the period		3,953	4,260	1,601	1,921
Distribution of profit for the period					
Shareholders of Nykredit A/S		3,953	4,260	1,601	1,921
Profit for the period		3,953	4,260	1,601	1,921
COMPREHENSIVE INCOME					
Profit for the period		3,953	4,260	1,601	1,921
Other comprehensive income					
Items that cannot be reclassified to profit or loss:					
Share of comprehensive income in associates and Group enterprises		(17)	(16)	(5)	(13)
Total items that cannot be reclassified to profit or loss		(17)	(16)	(5)	(13)
Other comprehensive income		(17)	(16)	(5)	(13)
Comprehensive income for the period		3,936	4,244	1,597	1,908
Distribution of comprehensive income					
Shareholders of Nykredit A/S		3,936	4,244	1,597	1,908
Comprehensive income for the period		3,936	4,244	1,597	1,908

BALANCE SHEETS

Nykredit A/S		DKK million		
31.12.2021	30.06.2022		30.06.2022	31.12.2021
		Note		Nykredit Group
LIABILITIES AND EQUITY				
8	8		22,865	14,917
-	-	15	102,758	100,063
-	-		192	-
-	-	16	1,267,818	1,362,926
-	-	17	60,475	59,991
-	-	18	10,449	10,830
0	0		23	36
9	7		19,128	19,433
-	-		8	12
18	15		1,483,715	1,568,208
Provisions				
-	-		23	29
-	-		508	301
-	-		26	28
-	-		348	331
-	-		254	245
-	-		1,159	934
-	-	19	10,419	10,737
Equity				
1,327	1,327		1,327	1,327
Accumulated value adjustments				
-	-		3	3
Other reserves				
71,569	71,101		-	-
-	-		32,555	32,555
-	-		4,849	4,849
12,508	16,886		50,579	46,670
4,350	0		0	4,350
89,754	89,314		89,314	89,754
-	-		81	112
-	-		3,748	3,729
89,754	89,314		93,143	93,595
89,772	89,329		1,588,436	1,673,474
OFF-BALANCE SHEET ITEMS				
-	-		9,962	8,987
-	-		21,109	23,087
-	-		31,071	32,074

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Group

	Share capital ¹	Revaluation reserves	Series reserves	Non-distributable reserve fund ²	Retained earnings	Proposed dividend	Shareholders of Nykredit A/S	Minority interests	Additional Tier 1 capital ³	Total equity
2022										
Equity, 1 January	1,327	3	32,555	4,849	46,670	4,350	89,754	112	3,729	93,595
Profit for the period	-	-	-	-	3,953	-	3,953	27	76	4,057
Total other comprehensive income	-	-	-	-	(17)	-	(17)	-	-	(17)
Total comprehensive income	-	-	-	-	3,936	-	3,936	27	76	4,040
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	-	(77)	(77)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(1)	-	(1)	-	1	-
Premiums relating to acquisition of minority interest	-	-	-	-	(25)	-	(25)	-	-	(25)
Distributed dividend	-	-	-	-	-	(4,350)	(4,350)	(50)	-	(4,400)
Change in own portfolio	-	-	-	-	-	-	-	-	18	18
Other adjustments	-	-	-	-	-	-	-	(8)	-	(8)
Equity, 30 June	1,327	3	32,555	4,849	50,579	-	89,314	81	3,748	93,143
2021										
Equity, 1 January	1,327	5	41,762	4,849	35,762	2,200	85,906	96	3,753	89,754
Profit for the period	-	-	-	-	4,260	-	4,260	17	76	4,353
Total other comprehensive income	-	-	-	-	(16)	-	(16)	-	-	(16)
Total comprehensive income	-	-	-	-	4,244	-	4,244	17	76	4,337
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	-	(77)	(77)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	2	-	2	-	(2)	-
Realised from the sale of properties	-	(4)	-	-	4	-	-	-	-	-
Distributed dividend	-	-	-	-	-	(2,200)	(2,200)	(29)	-	(2,229)
Other adjustments	-	-	-	-	(0)	-	(0)	-	-	(0)
Portfolio of self-issued bonds	-	-	-	-	-	-	-	-	-	-
Equity, 30 June	1,327	1	41,762	4,849	40,011	-	87,951	84	3,750	91,786

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

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

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

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit A/S

	Share capital ¹	Statutory reserves ²	Retained earnings	Proposed dividend	Total equity
2022					
Equity, 1 January	1,327	71,569	12,508	4,350	89,754
Profit for the period	-	3,956	-	-	3,956
Total other comprehensive income	-	(17)	(3)	-	(20)
Total comprehensive income	-	3,939	(3)	-	3,936
Distributed dividend	-	-	-	(4,350)	(4,350)
Dividend received from subsidiaries	-	(4,380)	4,380	-	-
Adjustment relating to subsidiaries	-	(27)	-	-	(27)
Equity, 30 June	1,327	71,101	16,886	-	89,314
2021					
Equity, 1 January	1,327	67,745	14,634	2,200	85,906
Profit for the period	-	4,262	(3)	-	4,260
Total other comprehensive income	-	(16)	-	-	(16)
Total comprehensive income	-	4,247	(3)	-	4,244
Distributed dividend	-	-	-	(2,200)	(2,200)
Dividend received from subsidiaries	-	(2,230)	2,230	-	-
Adjustment relating to subsidiaries	-	2	-	-	2
Equity, 30 June	1,327	69,763	16,861	-	87,951

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

² The item relates to a transfer to reserves for net revaluation according to the equity method. The item includes a non-distributable reserve fund of DKK 1,646 million in Totalkredit A/S and DKK 3,203 million in Nykredit Realkredit A/S.

CASH FLOW STATEMENT

DKK million

Nykredit Group	H1/2022	H1/2021
Profit for the period	4,057	4,353
Adjustments		
Net interest income	(5,800)	(5,659)
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	146	159
Profit from investments in associates	(2)	(4)
Impairment charges for loans, advances and receivables etc	(312)	(46)
Prepayments/deferred income, net	(405)	(217)
Tax calculated on profit for the period	958	942
Other adjustments	(143)	(1,265)
Total	(1,501)	(1,737)
Change in operating capital		
Loans, advances and other receivables	87,278	(13,261)
Deposits and payables to credit institutions	10,643	(1,143)
Bonds in issue	(94,624)	(11,004)
Other operating capital	2,992	3,186
Total	4,788	(23,959)
Interest income received	12,859	12,193
Interest expenses paid	(6,740)	(6,718)
Corporation tax paid, net	(1,085)	(941)
Cash flows from operating activities	9,822	(19,424)
Cash flows from investing activities		
Dividend received from associates	4	4
Purchase and sale of bonds and equities, net	(3,186)	10,269
Purchase of intangible assets*	(97)	(222)
Sale of intangible assets	3	157
Purchase of property, plant and equipment	(34)	(13)
Sale of property, plant and equipment	2	19
Total	(3,306)	10,213
Cash flows from financing activities		
Issuance of subordinated debt instruments	-	4,436
Redemption of subordinated debt	-	(4,478)
Distributed dividend	(4,403)	(2,228)
Purchase and sale of self-issued subordinated debt instruments	(15)	3
Payment of lease liabilities	(84)	(80)
Total	(4,501)	(2,347)
Total cash flows for the period	2,014	(11,558)
Cash and cash equivalents, beginning of period	45,294	59,361
Foreign currency translation adjustment of cash	(34)	174
Total cash flows for the period	2,014	(11,558)
Cash and cash equivalents, end of period	47,274	47,978
Cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	40,204	37,896
Receivables from credit institutions and central banks	7,070	10,082
Total	47,274	47,978

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

NOTES

Nykredit Group

1. Accounting policies	36
2. Capital and capital adequacy	37
3. Business areas	38
4. Reconciliation of internal and regulatory income statement	40
5. Fee and commission income	41
6. Net interest income etc and value adjustments	42
7. Value adjustments	43
8. Impairment charges for loans, advances and receivables etc (Group)	44
9. Profit from investments in associates and Group enterprises	47
10. Loans, advances and other receivables at fair value	48
11. Loans, advances and other receivables at amortised cost	49
12. Bonds at fair value	49
13. Bonds at amortised cost	49
14. Assets in pooled schemes	50
15. Deposits and other payables	50
16. Bonds in issue at fair value	50
17. Bonds in issue at amortised cost	51
18. Other non-derivative financial liabilities at fair value	51
19. Subordinated debt	52
20. Related party transactions and balances	53
21. Fair value disclosures	54
22. Five-year financial highlights	58
23. Group structure	60

1. ACCOUNTING POLICIES

General

The Consolidated Financial Statements for H1/2022 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the Annual Report.

The Parent Interim Financial Statements for H1/2022 have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (the Danish Executive Order on Financial Reports) issued by the Danish Financial Supervisory Authority (FSA).

Compared with the information disclosed in the Annual Report for 2021 (note 1), no new accounting rules or amendments have been implemented which have had a material impact on the financial reporting. No amendments have been made to the Danish Executive Order on Financial Reports of the Danish FSA which influence the H1 Interim Report. Moreover, in H1/2022 the Group and Parent have not made amendments to the principles for presentation, recognition, measurement and classification. It should be noted, however, that Nykredit Bank's new pooled product has resulted in two new balance sheet items, "Assets in pooled schemes" and "Deposits in pooled schemes", which are presented separately. The returns on these assets are recognised in the income statement (value adjustments). Corresponding returns to customers are also recognised, and the earnings impact is therefore nil.

The accounting policies of Nykredit A/S and the Nykredit Group are generally unchanged compared with the Annual Report for 2021 (note 1).

Full accounting policies as well as a description of the Company's and the Group's material risks appear from the Annual Report for 2021 (note 1).

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

Significant accounting estimates and assessments

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

Accounting estimates are tested and assessed regularly. The estimates and assessments applied are based on assumptions which Management considers

reasonable and realistic, but which to some extent involves significant uncertainty and unpredictability.

Significant assessments of the time of recognition and derecognition of financial instruments and assessment 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.

Areas implying a high degree of assessment or complexity or areas in which assumptions and estimates are material to the Financial Statements are: provisions for loan and receivable impairment as well as valuation of unlisted financial instruments, including swaps, see accounting policies in the Annual Report for 2021 to which reference is made.

Corrections to and changes in assumptions in the impairment models are based on management judgement. At end-June, such post-model adjustments totalled DKK 3,798 million. The underlying reasons, for example changes due to changed economic trends and/or changed export potential as well as financial and legal conditions in the real estate sector may generally affect credit risk beyond the outcome derived on the basis of model-based impairments. Local geographical conditions, internal process risk and ongoing monitoring of the loan portfolio may also reflect conditions which macroeconomic projections cannot capture. The estimates are adjusted and evaluated on a regular basis, and it is decided on an individual basis whether to phase out or incorporate an estimate into the models, if necessary.

Loans, advances and receivables are still subject to high general uncertainty about the impacts of the covid-19 pandemic, as payment of tax and VAT deferred during the pandemic could lead to increased risk of generally lower credit quality and of more bankruptcies. Nevertheless, pandemic-related uncertainty is considered lower compared with end-2021. Consequently, in H1/2022 covid-19-induced impairments of about DKK 1.2 billion have been reversed.

As a result of geopolitical turmoil, including the war in Ukraine, rising inflation, interest rate conditions as well as value and supply chain disruptions, the assessment of the provisioning need involves certain elevated risk, as such factors are likely to impact customers' credit quality. Provisions of DKK 300 million have been taken to cover general geopolitical conditions. Total provisions taken to counter increased risk subsequently came to DKK 1,440 million.

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

NOTES

Nykredit A/S		DKK million		
		Nykredit Group		
31.12.2021	30.06.2022		30.06.2022	31.12.2021
2. CAPITAL AND CAPITAL ADEQUACY				
89,754	89,314	Equity for accounting purposes	93,143	93,595
-	-	Minority interests not included	(81)	(112)
-	-	Carrying amount of Additional Tier 1 capital recognised in equity	(3,748)	(3,729)
-	(1,977)	Statutory deduction for estimated dividend	(1,977)	-
89,754	87,337	Equity excluding Additional Tier 1 capital and minority interests	87,337	89,754
(4,350)	(0)	Proposed dividend	(0)	(4,350)
-	-	Prudent valuation adjustment	(85)	(75)
-	-	Minority interests	37	51
-	-	Intangible assets excluding deferred tax liabilities	(1,999)	(2,032)
-	-	Other regulatory adjustments	(303)	(320)
(337)	(273)	Deduction for own shares	(273)	(337)
-	-	Deduction for non-performing exposures	(63)	(34)
(4,687)	(273)	Common Equity Tier 1 regulatory deductions	(2,686)	(7,097)
85,068	87,064	Common Equity Tier 1 capital	84,651	82,657
-	-	Additional Tier 1 capital	2,279	2,211
-	-	Additional Tier 1 regulatory deductions	(3)	(21)
-	-	Total Additional Tier 1 capital after regulatory deductions	2,276	2,190
85,068	87,064	Tier 1 capital	86,927	84,847
-	-	Tier 2 capital	7,154	6,970
-	-	Tier 2 regulatory adjustments	2,074	2,042
85,068	87,064	Own funds	96,155	93,859
332,075	330,346	Credit risk	361,124	349,082
-	-	Market risk	34,918	24,075
1	0	Operational risk	29,737	27,244
332,076	330,346	Total risk exposure amount	425,779	400,401
Financial ratios				
25.6	26.3	Common Equity Tier 1 capital ratio, %	19.8	20.6
25.6	26.3	Tier 1 capital ratio, %	20.4	21.1
25.6	26.3	Total capital ratio, %	22.5	23.4

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

Nykredit has been designated as a systemically important financial institution (SIFI) by the Danish authorities. As a result, a special SIFI CET1 capital buffer requirement of 2% applies to the Nykredit Realkredit Group. To this should be added the permanent buffer requirement of 2.5% and the countercyclical buffer of currently 0% in Denmark which must also be met with Common Equity Tier 1 capital. The countercyclical capital buffer will be reactivated at 1.0% from 30 September 2022 and raised to 2.0% at 31 December 2022 and further to 2.5% at 31 March 2023.

NOTES

DKK million

Nykredit 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	Banking	Totalkredit Partners	Wealth Management	Group Items	Total
Results									
H1/2022									
Results by business area									
Net interest income	997	1,363	2,360	1,084	3,444	1,594	116	(3)	5,152
Net fee income	380	310	691	267	958	448	21	(12)	1,415
Wealth management income	227	67	294	71	364	-	789	18	1,171
Net interest from capitalisation	(42)	(58)	(100)	(78)	(178)	(155)	(7)	47	(292)
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	-	(192)	(192)
Trading, investment portfolio and other income	15	178	193	279	472	0	21	(534)	(41)
Income	1,577	1,860	3,437	1,623	5,060	1,888	940	(676)	7,213
Costs	1,184	624	1,808	365	2,173	383	470	68	3,094
Business profit (loss) before impairment charges	393	1,236	1,629	1,258	2,887	1,505	470	(744)	4,118
Impairment charges for loans and advances	(11)	(154)	(166)	(57)	(223)	34	(24)	(14)	(226)
Business profit (loss)	404	1,390	1,794	1,316	3,110	1,470	494	(730)	4,344
Legacy derivatives	63	334	397	273	670	-	0	-	670
Profit (loss) before tax	467	1,725	2,191	1,588	3,780	1,470	494	(730)	5,015
BALANCE SHEET, 30 JUNE 2022									
Assets									
Mortgage loans etc at fair value	157,094	200,932	358,026	251,486	609,512	677,767	10,802	-	1,298,081
Reverse repurchase lending								36,831	36,831
Loans and advances at amortised cost	12,245	29,363	41,609	38,855	80,463	-	5,041	857	86,361
Assets by business area	169,339	230,296	399,635	290,341	689,976	677,767	15,843	37,688	1,421,273
Unallocated assets									167,163
Total assets									1,588,436
Liabilities and equity									
Repo deposits								5,641	5,641
Bank deposits and other payables at amortised cost	41,639	26,359	67,998	11,249	79,247	-	16,317	1,552	97,117
Liabilities by business area	41,639	26,359	67,998	11,249	79,247	-	16,317	7,193	102,758
Unallocated liabilities									1,392,536
Equity									93,143
Total liabilities and equity									1,588,436

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

NOTES

DKK million

Nykredit Group

3. BUSINESS AREAS (CONTINUED)

Results H1/2021	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Banking	Totalkredit Partners	Wealth Management	Group Items	Total
Results by business area									
Net interest income	964	1,340	2,304	1,021	3,326	1,514	96	4	4,940
Net fee income	374	217	592	274	866	335	29	(15)	1,216
Wealth management income	230	70	300	87	387	-	701	12	1,100
Net interest from capitalisation	(38)	(57)	(94)	(67)	(161)	(128)	(5)	49	(246)
Net income relating to customer benefits programmes ¹	-	5	5	-	5	-	-	(179)	(174)
Trading, investment portfolio and other income	9	97	106	253	359	(2)	28	860	1,244
Income	1,541	1,672	3,212	1,569	4,781	1,719	848	732	8,080
Costs	1,130	590	1,720	369	2,089	370	433	97	2,989
Business profit before impairment charges	411	1,082	1,492	1,199	2,692	1,349	416	635	5,091
Impairment charges for loans and advances	(124)	234	110	(116)	(6)	91	13	(8)	89
Business profit	535	848	1,382	1,315	2,698	1,258	403	644	5,002
Legacy derivatives	(2)	176	174	118	292	-	0	-	292
Profit before tax	533	1,024	1,557	1,433	2,990	1,258	403	644	5,295

BALANCE SHEET, 30 JUNE 2021

Assets

Mortgage loans etc at fair value	169,973	218,425	388,398	254,575	642,973	702,055	12,266	-	1,357,294
Reverse repurchase lending								44,229	44,229
Loans and advances at amortised cost	11,469	24,353	35,822	31,363	67,185	-	3,926	117	71,228
Assets by business area	181,441	242,779	424,220	285,938	710,158	702,055	16,192	44,346	1,472,751
Unallocated assets									181,925
Total assets									1,654,676

Liabilities and equity

Repo deposits								6,725	6,725
Bank deposits and other payables at amortised cost	39,954	24,852	64,806	11,568	76,374	-	14,262	1,066	91,701
Liabilities by business area	39,954	24,852	64,806	11,568	76,374	-	14,262	7,791	98,426
Unallocated liabilities									1,464,464
Equity									91,786
Total liabilities and equity									1,654,676

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

Nykredit Group

4. RECONCILIATION OF INTERNAL AND REGULATORY INCOME STATEMENT

	H1/2022			H1/2021		
	Earnings presentation in Management Commentary	Reclassification	Income statement	Earnings presentation in Management Commentary	Reclassification	Income statement
Net interest income	5,152	648	5,800	4,940	719	5,659
Dividend on equities etc		182	182		110	110
Fee and commission income, net	1,415	(1,532)	(117)	1,216	(1,116)	100
Net interest and fee income		(702)	5,865		(287)	5,869
Wealth management income	1,171	(1,171)	-	1,100	(1,100)	-
Net interest from capitalisation	(292)	292	-	(246)	246	-
Net income relating to customer benefits programmes	(192)	192	-	(174)	174	-
Trading, investment portfolio and other income	(41)	41	-	1,244	(1,244)	-
Value adjustments		1,214	1,214		1,768	1,768
Other operating income		802	802		731	731
Income	7,213			8,080		
Costs	3,094	-	3,095	2,989	-	2,989
Business profit before impairment charges	4,118			5,091		
Impairment charges for loans and advances etc	(226)	-	(226)	89	-	89
Profit from investments in associates and Group enterprises		2	2		4	4
Business profit	4,344			5,002		
Legacy derivatives	670	(670)	-	292	(292)	-
Profit before tax	5,015	-	5,015	5,295	-	5,295

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 Group	H1/2022	H1/2021
5. FEE AND COMMISSION INCOME		
Revenue from contracts with customers (IFRS 15) by business area		
Retail	371	335
Corporates & Institutions	185	211
Total Banking	556	546
Totalkredit Partners	543	474
Wealth Management	1,177	1,119
Group Items	90	26
Total	2,366	2,165
Total including income from financial guarantees	2,391	2,190

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 and transaction costs that are integral to the effective interest rate of an instrument are covered by IFRS 9. The same applies to fees relating to financial guarantees.

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:

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

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

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

NOTES

DKK million

Nykredit Group

6. NET INTEREST INCOME ETC AND VALUE ADJUSTMENTS

H1/2022	Interest income	Interest expenses	Net interest income	Dividend on equities	Value adjustments	Total
Financial portfolios at amortised cost						
Receivables from and payables to credit institutions and central banks	(61)	19	(80)	-	-	(80)
Lending and deposits	990	(202)	1,192	-	3	1,195
Repo transactions and reverse repurchase lending	(127)	(22)	(105)	-	-	(105)
Bonds	1	-	1	-	-	1
Subordinated debt	-	108	(108)	-	-	(108)
Other financial instruments	58	33	25	-	-	25
Total	860	(65)	925	-	3	928
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	11,225	6,468	4,757	-	96	4,853
- of which administration margin income	4,900	-	4,900	-	-	4,900
Bonds	101	-	101	-	(2,364)	(2,262)
Equities etc	-	-	-	182	(169)	14
Derivative financial instruments	17	-	17	-	3,516	3,533
Total	11,343	6,468	4,875	182	1,080	6,137
Foreign currency translation adjustment					131	131
Net interest income etc and value adjustments	12,203	6,403	5,800	182	1,214	7,196
Negative interest income	490	490	-			
Negative interest expenses	638	638	-			
Total	13,332	7,532	5,800			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	798					
H1/2021						
Financial portfolios at amortised cost						
Receivables from and payables to credit institutions and central banks	(11)	51	(62)	-	-	(62)
Lending and deposits	976	(88)	1,064	-	4	1,068
Repo transactions and reverse repurchase lending	(83)	(26)	(57)	-	-	(57)
Bonds	(1)	-	(1)	-	-	(1)
Subordinated debt	-	173	(173)	-	-	(173)
Other financial instruments	65	52	12	-	-	12
Total	945	162	783	-	4	787
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	10,712	5,948	4,764	-	140	4,904
- of which administration margin income	4,766	-	4,766	-	-	4,766
Bonds	112	-	112	-	(141)	(29)
Equities etc	-	-	-	110	1,006	1,117
Derivative financial instruments	(1)	-	(1)	-	682	682
Total	10,824	5,948	4,876	110	1,687	6,673
Foreign currency translation adjustment					78	78
Net interest income etc and value adjustments	11,769	6,110	5,659	110	1,768	7,538
Negative interest income	301	301	-			
Negative interest expenses	395	395	-			
Total	12,465	6,806	5,659			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	757					

¹ Recognised at fair value under the fair value option.

NOTES

Nykredit A/S		DKK million	
		Nykredit Group	
H1/2021	H1/2022	H1/2022	H1/2021
	7. VALUE ADJUSTMENTS		
	Assets measured at fair value through profit or loss		
-	- Mortgage loans	(129,727)	(28,867)
-	- Other loans, advances and receivables at fair value	3	4
-	- Bonds	(2,364)	(141)
-	- Equities etc	(169)	1,006
-	- Foreign exchange	131	78
-	- Foreign exchange, interest rate and other contracts as well as derivative financial instruments	3,514	680
-	- Other assets	2	3
	Liabilities measured at fair value through profit or loss		
-	- Bonds in issue	129,823	29,006
-	- Total	1,214	1,768

Nykredit 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
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total impairment provisions										
Impairment provisions as at 1 January	6,515	6,652	2,755	3,012	24	22	331	241	9,625	9,928
New impairment provisions as a result of additions and change in credit risk	1,474	2,247	1,099	920	0	4	187	174	2,760	3,344
Releases as a result of redemptions and change in credit risk	1,927	2,114	868	922	11	9	171	110	2,977	3,156
Impairment provisions written off	78	167	17	85	-	-	-	-	95	252
Other adjustments and interest from impaired facilities	-	9	22	27	-	-	-	-	22	36
Transferred to "Impairment provisions for properties acquired by foreclosure"	-	2	-	-	-	-	-	-	-	2
Total impairment provisions	5,983	6,625	2,990	2,952	13	17	348	304	9,334	9,898
Earnings impact										
Change in impairment provisions for loans and advances (stages 1-3)	(454)	133	231	(2)	(11)	(5)	16	63	(217)	189
Write-offs for the period, not previously written down for impairment	38	75	8	10	-	-	-	-	46	85
Recoveries on claims previously written off	(40)	(51)	(15)	(29)	-	-	-	-	(55)	(81)
Total	(456)	156	224	(21)	(11)	(5)	16	63	(226)	193
Value adjustment of assets in temporary possession	(0)	7	-	-	-	-	-	-	(0)	7
Value adjustment of claims previously written off	40	(36)	2	(6)	-	-	-	-	42	(41)
Losses offset, in accordance with partnership agreement ²	(42)	(70)	-	-	-	-	-	-	(42)	(70)
Earnings impact	(458)	58	226	(27)	(11)	(5)	16	63	(226)	89

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 Group

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

8 b. Total impairment provisions by stage 2022	Loans and advances at fair value			Loans and advances at amortised cost			Guarantees etc			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Impairment provisions as at 1 January 2022	1,646	1,822	3,047	378	809	1,591	69	169	94	9,625
Transfer to stage 1	706	(653)	(53)	363	(310)	(53)	65	(62)	(3)	-
Transfer to stage 2	(49)	341	(292)	(74)	134	(61)	(10)	18	(8)	-
Transfer to stage 3	(3)	(72)	75	(2)	(40)	42	(0)	(5)	5	-
Impairment provisions for new loans and advances (additions)	211	145	66	75	145	97	16	32	25	813
Additions as a result of change in credit risk	281	513	257	95	398	288	25	73	15	1,948
Releases as a result of change in credit risk	919	409	600	418	201	259	79	62	30	2,977
Previously written down for impairment, now written off	-	-	78	0	0	17	-	-	-	95
Other adjustments and interest from impaired facilities	-	-	-	-	-	22	-	-	-	22
Total impairment provisions, end of period	1,874	1,687	2,422	417	936	1,650	86	164	98	9,334
Total, end of period		5,983			3,003			348		9,334
Impairment provisions, end of period, are moreover attributable to:										
Credit institutions				13	-	-				13
Earnings impact, H1/2022	(427)	249	(276)	(248)	342	127	(38)	44	11	(217)

2021	Loans and advances at fair value			Loans and advances at amortised cost			Guarantees etc			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Impairment provisions as at 1 January 2021	1,751	2,241	2,661	452	584	2,001	70	104	67	9,929
Transfer to stage 1	823	(796)	(26)	266	(241)	(25)	49	(47)	(2)	-
Transfer to stage 2	(74)	441	(367)	(70)	297	(227)	(7)	16	(9)	-
Transfer to stage 3	(5)	(449)	454	(2)	(60)	62	(0)	(11)	11	-
Impairment provisions for new loans and advances (additions)	260	202	126	77	97	56	15	22	6	862
Additions as a result of change in credit risk	221	906	532	62	379	252	12	99	20	2,483
Releases as a result of change in credit risk	1,158	461	495	350	213	369	67	26	17	3,156
Previously written down for impairment, now written off	-	-	169	0	0	85	-	-	-	254
Other adjustments and interest from impaired facilities	(0)	(0)	10	-	-	27	-	-	-	36
Total impairment provisions, end of period	1,816	2,084	2,724	433	844	1,691	72	157	76	9,898
Total, end of period		6,625			2,969			304		9,898
Impairment provisions, end of period, are moreover attributable to:										
Credit institutions				17	-	-				17
Earnings impact, H1/2021	(678)	648	163	(211)	264	(61)	(40)	95	8	189

The principles of impairment are described in detail in the accounting policies (note 1) of the Annual Report for 2021.

NOTES

DKK million

Nykredit Group

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

8 c. Loans, advances and guarantees etc by stage

30 June 2022	Stage 1	Stage 2	Stage 3	Total
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,246,995	38,936	18,493	1,304,424
Total impairment provisions, end of period	1,874	1,687	2,422	5,983
Value, end of period	1,245,122	37,248	16,071	1,298,441
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	103,730	20,033	2,419	126,182
Total impairment provisions, end of period	405	936	1,650	2,990
Value, end of period	103,325	19,097	769	123,192
Guarantees etc				
Guarantees etc	52,365	3,197	334	55,896
Total impairment provisions, end of period	86	164	98	348
Value, end of period	52,280	3,032	236	55,549
End-2021				
	Stage 1	Stage 2	Stage 3	Total
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,332,017	37,192	20,109	1,389,318
Total impairment provisions, end of period	1,646	1,822	3,047	6,515
Value, end of period	1,330,370	35,370	17,063	1,382,803
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	111,845	14,366	2,340	128,551
Total impairment provisions, end of period	354	809	1,591	2,755
Value, end of period	111,491	13,557	748	125,796
Guarantees etc				
Guarantees etc	32,451	2,505	391	35,347
Total impairment provisions, end of period	69	169	94	331
Value, end of period	32,382	2,336	297	35,016

NOTES

Nykredit A/S		DKK million	
Nykredit A/S		Nykredit Group	
H1/2021	H1/2022	H1/2022	H1/2021
8. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (CONTINUED)			
8 d. Impairment provisions for properties acquired by foreclosure			
-	- Impairment provisions, beginning of period	21	31
-	- Transfer from impairment provisions for loans and advances	-	2
-	- Impairment provisions for the period	0	14
-	- Impairment provisions reversed	(1)	(6)
-	- Impairment provisions written off and other disposals	(3)	(16)
-	- Impairment provisions, end of period	18	25
Impairment provisions for properties acquired by foreclosure have been offset against "Assets in temporary possession".			
9. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES			
-	- Profit from investments in associates	2	4
4,262	3,956 Profit from investments in Group enterprises	-	-
4,262	3,956 Total	2	4

NOTES

Nykredit A/S		DKK million	
		Nykredit Group	
31.12.2021	30.06.2022	30.06.2022	31.12.2021
10. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE			
-	- Mortgage loans	1,298,081	1,382,551
-	- Arrears and outlays	359	252
-	- Total	1,298,441	1,382,803
10 a. Mortgage loans			
-	- Balance, beginning of period, nominal value	1,391,076	1,321,486
-	- New loans	206,758	290,012
-	- Indexation	207	1
-	- Foreign currency translation adjustment	(1,579)	(637)
-	- Ordinary principal payments	(17,529)	(32,545)
-	- Prepayments and extraordinary principal payments	(156,622)	(187,240)
-	- Balance, end of period, nominal value	1,422,312	1,391,076
-	- Loans transferred relating to properties in temporary possession	-	-
-	- Total	1,422,312	1,391,076
-	- Adjustment for interest rate risk etc	(118,373)	(2,158)
Adjustment for credit risk			
-	- Impairments	(5,857)	(6,368)
-	- Balance, end of period, fair value	1,298,081	1,382,551
As collateral for loans and advances, Nykredit has received mortgages over real estate and:			
-	- Supplementary guarantees totalling	113,794	115,899
-	- Interim loan guarantees totalling	29,179	30,501
-	- Mortgage registration guarantees etc totalling	37,453	25,256
10 b. Arrears and outlays			
-	- Arrears before impairment provisions	445	378
-	- Outlays before impairment provisions	41	22
-	- Individual impairment provisions for arrears and outlays	(126)	(147)
-	- Total	359	252

NOTES

Nykredit A/S		DKK million		
		Nykredit Group		
31.12.2021	30.06.2022	30.06.2022	31.12.2021	
		16. BONDS IN ISSUE AT FAIR VALUE (CONTINUED)		
		16 c. Senior secured debt		
-		- Senior secured debt at nominal value	8,699	8,855
-		- Fair value adjustment	28	125
-		- Senior secured debt at fair value	8,728	8,980
-		- Self-issued senior secured debt	(7,995)	(8,002)
-		- Total	733	978
		17. BONDS IN ISSUE AT AMORTISED COST		
-		- Corporate bonds	7,382	4,415
-		- SDOs	6	8
-		- Senior unsecured debt	53,029	55,675
-		- Other securities	64	70
-		- Total	60,480	60,167
-		- Self-issued SDOs	(5)	(8)
-		- Self-issued senior unsecured debt at amortised cost	-	(169)
-		- Total	60,475	59,991
		18. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE		
-		- Negative securities portfolios	10,449	10,830
-		- Total	10,449	10,830

20. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in H1/2022.

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

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

Significant related party transactions prevailing/entered into as at 30 June 2022 include:

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

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

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

Nykredit Realkredit A/S has granted loans, see section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, to Totalkredit A/S serving as supplementary collateral in Totalkredit A/S's capital centres. The loans totalled DKK 0.2 billion at 30 June 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. In H1/2022 Totalkredit A/S redeemed Additional Tier 1 capital of DKK 4.0 billion.

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.

In H1/2022 Nykredit Bank A/S redeemed Tier 2 capital of DKK 2.0 billion.

Agreements between Forenet Kredit and Group companies

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

21. FAIR VALUE DISCLOSURES

Listed prices

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

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

Observable inputs

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

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

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

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

Furthermore, 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 resulting from customers' insufficient or lacking provision of collateral. Debit Valuation Adjustment (DVA) is a sub-element of the FVA adjustment.

Net value adjustment due to CVA, DVA and FVA amounted to DKK 165 million at 30 June 2022 (end-2021: DKK 385 million).

Upon entering into derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity and credit risk and return on capital etc. The minimum margin is amortised at the valuation of derivatives over their times-to-maturity. At 30 June 2022, the non-amortised minimum margin amounted to DKK 123 million (end-2021: DKK 119 million). With regard to liquidity and credit risk, these amounts have been included above in the net adjustment of FVA and CVA; DKK 162 million at end-June 2022 (end-2021: DKK 160 million). Finally, in some instances further value adjustment based on management judgement is made if the models are not deemed to take into account all known risks, including eg legal risks.

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

Unobservable inputs

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

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

Following value adjustment, the fair value came to DKK 414 million at 30 June 2022 (end-2021: DKK 1,396 million). Credit value adjustments came to DKK 593 million at 30 June 2022 (end-2021: DKK 1,345 million).

NOTES

Nykredit 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 37 million.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 30 June 2022, the proportion was thus 0.3% (end-2021: 0.3%). The proportion of financial liabilities was 0.0% (end-2021: 0.0%).

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 4.2 billion (end-2021: DKK 5.2 billion) belonged to this category.

Assuming that an actual market price will deviate by +/-10% from the calculated fair value, the earnings impact will be DKK 423 million at 30 June 2022 (0.45% of equity at 30 June 2022), (end-2021: DKK 519 million, equal to 0.55% of equity).

Transfers between categories

Transfers between the categories Listed prices, Observable inputs and Unobservable inputs are made when an instrument is classified differently on the balance sheet date than at the beginning of the financial year. The value transferred to another category corresponds to the fair value at the beginning of the year. With respect to interest rate swaps that have been fair value adjusted to DKK 0 due to credit risk adjustment, separate calculations are made at the end of each month.

In 2022 and 2021, transfers between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the ratings (credit risk) of counterparties and primarily concerned interest rate swaps, as regards financial instruments with positive market value.

Transfers between the categories Listed prices and Observable inputs mainly result from bonds that are reclassified either due to traded volume or the number of days between last transaction and the time of determination. As at 30 June 2022, financial assets of DKK 4.5 billion (end-2021: DKK 7.5 billion) have been transferred from Listed prices to Observable inputs and DKK 12.5 billion (end-2021: DKK 5.3 billion) from Observable inputs to Listed prices. Financial liabilities of DKK 0.0 billion (end-2021: DKK 1.1 billion) were transferred from Listed prices to Observable inputs and DKK 1.0 billion (end-2021: DKK 0.0 billion) from Observable inputs to Listed prices.

Redeemed bonds (usually comprised by Listed prices) are transferred to Observable inputs on the last day before the coupon date, as there is no access to official prices in active markets. At 30 June 2022 the amount was DKK 1.5 billion (end-2021: DKK 0.5 billion).

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

Nykredit Group

21. FAIR VALUE DISCLOSURES (CONTINUED)

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

30 June 2022

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets:				
- bonds at fair value	29,835	57,352	-	87,187
- equities measured at fair value through profit or loss	3,332	-	3,783	7,115
- positive fair value of derivative financial instruments	293	8,562	414	9,270
- mortgage loans, arrears and outlays ¹	-	1,298,441	-	1,298,441
- owner-occupied properties	-	-	31	31
- assets in pooled schemes	51	140	-	192
Total	33,511	1,364,495	4,229	1,402,235
Percentage	2.4	97.3	0.3	100.0
Financial liabilities:				
- deposits in pooled schemes	-	192	-	192
- other non-derivative financial liabilities at fair value	3,869	6,580	-	10,449
- negative fair value of derivative financial instruments	324	8,458	-	8,782
- bonds in issue at fair value ¹	1,267,080	738	-	1,267,818
Total	1,271,274	15,967	-	1,287,241
Percentage	98.8	1.2	-	100.0
Assets measured on the basis of unobservable inputs				
	Real estate	Equities	Derivatives	Total
Fair value, beginning of period, assets	31	3,762	1,396	5,190
Value adjustment recognised through profit or loss	(0)	223	(508)	(286)
Purchases for the period	-	140	-	140
Sales for the period	-	(342)	(65)	(407)
Transferred from Listed prices and Observable inputs ²	-	-	35	35
Transferred to Listed prices and Observable inputs ³	-	-	(443)	(443)
Fair value, end of period, assets	31	3,783	414	4,229

¹ Recognised at fair value under the fair value option.

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

³ Transfers to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

NOTES

DKK million

Nykredit Group

21. FAIR VALUE DISCLOSURES (CONTINUED)

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

31 December 2021

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets:				
- bonds at fair value	16,239	68,349	-	84,589
- equities measured at fair value through profit or loss	3,606	-	3,762	7,368
- positive fair value of derivative financial instruments	269	15,270	1,396	16,935
- mortgage loans, arrears and outlays ¹	-	1,382,803	-	1,382,803
- owner-occupied properties	-	-	31	31
Total	20,114	1,466,422	5,190	1,491,726
Percentage	1.3	98.3	0.3	100.0
Financial liabilities:				
- other non-derivative financial liabilities at fair value	3,292	7,538	-	10,830
- negative fair value of derivative financial instruments	242	8,539	-	8,781
- bonds in issue at fair value ¹	1,361,922	1,004	-	1,362,926
Total	1,365,456	17,081	-	1,382,537
Percentage	98.8	1.2	-	100.0

Assets measured on the basis of unobservable inputs

	Real estate	Equities	Derivatives	Total
Fair value, beginning of period, assets	58	3,199	2,064	5,321
Value adjustment recognised through profit or loss	10	674	(232)	451
Unrealised capital gains and losses recognised in "Other comprehensive income"	3	-	-	3
Purchases for the year	-	453	-	453
Sales for the year	(39)	(563)	(70)	(671)
Transferred from Listed prices and Observable inputs ²	-	-	180	180
Transferred to Listed prices and Observable inputs ³	-	-	(547)	(547)
Fair value, end of period, assets	31	3,762	1,396	5,190

¹ Recognised at fair value under the fair value option.

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

³ Transfers to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

NOTES

DKK million

Nykredit Group	H1/ 2022	H1/ 2021	H1/ 2020	H1/ 2019	H1/ 2018
22. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	5,800	5,659	5,586	5,450	5,444
Net fee income etc	65	210	105	(114)	(115)
Net interest and fee income	5,865	5,869	5,691	5,336	5,329
Value adjustments	1,214	1,768	(28)	1,180	786
Other operating income	802	731	698	705	439
Staff and administrative expenses	2,823	2,686	2,586	2,295	2,301
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	146	159	147	136	48
Other operating expenses	126	143	106	71	65
Impairment charges for loans, advances and receivables etc	(226)	89	1,755	433	103
Profit from investments in associates and Group enterprises	2	4	4	2	2
Profit before tax	5,015	5,295	1,770	4,288	4,040
Tax	958	942	204	681	755
Profit for the period	4,057	4,353	1,566	3,606	3,285
Summary balance sheet, end of period					
	30.06.2022	30.06.2021	30.06.2020	30.06.2019	30.06.2018
Assets					
Cash balances and receivables from credit institutions and central banks	47,274	47,978	32,698	43,475	29,003
Mortgage loans at fair value	1,298,081	1,357,294	1,313,138	1,232,135	1,178,370
Bank loans excluding reverse repurchase lending	86,022	70,844	67,014	63,505	58,344
Bonds and equities etc	94,301	103,515	114,005	117,650	96,434
Remaining assets	62,758	75,045	71,035	83,929	60,131
Total assets	1,588,436	1,654,676	1,597,890	1,540,695	1,422,282
Liabilities and equity					
Payables to credit institutions and central banks	22,865	13,029	14,445	26,647	17,541
Deposits and other payables	102,949	98,426	97,160	95,356	92,165
Bonds in issue at fair value	1,267,818	1,349,776	1,313,990	1,263,666	1,179,842
Subordinated debt	10,419	10,806	10,951	11,077	10,982
Remaining liabilities	91,241	90,852	75,554	63,379	44,296
Equity	93,143	91,786	85,791	80,569	77,456
Total liabilities and equity	1,588,436	1,654,676	1,597,890	1,540,695	1,422,282
Off-balance sheet items					
Contingent liabilities	9,962	10,029	6,774	6,703	6,296
Other commitments	21,109	21,496	27,599	20,012	8,732
FINANCIAL RATIOS¹					
Total capital ratio, %	22.5	22.8	22.0	23.2	23.0
Tier 1 capital ratio, %	20.4	20.6	19.7	21.1	21.0
Return on equity before tax, %	5.4	5.8	2.1	5.3	5.0
Return on equity after tax, %	4.3	4.8	1.8	4.5	4.1
Income:cost ratio	2.7	2.7	1.4	2.5	2.6
Foreign exchange position, %	0.0	0.0	0.1	0.7	0.0
Loans and advances:equity (loan gearing)	15.3	16.0	16.5	16.7	16.4
Growth in loans and advances for the period, %	2.9	2.6	2.4	2.3	(0.8)
Impairment charges for the period, %	(0.01)	0.01	0.12	0.03	0.01
Return on capital employed, %	0.26	0.26	0.10	0.23	0.23

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 56 in the Annual Report for 2021.

NOTES

DKK million

Nykredit A/S	H1/ 2022	H1/ 2021	H1/ 2020	H1/ 2019	H1/ 2018
22. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)					
SUMMARY INCOME STATEMENT					
Net interest income	(0)	(0)	(0)	(0)	(0)
Net interest and fee income	(0)	(0)	(0)	(0)	(0)
Staff and administrative expenses	4	3	5	10	12
Profit from investments in associates	3,956	4,262	1,440	3,499	3,169
Profit before tax	3,953	4,259	1,435	3,488	3,156
Tax	(1)	(1)	(1)	(2)	(3)
Profit for the period	3,953	4,260	1,436	3,491	3,159
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.06.2022	30.06.2021	30.06.2020	30.06.2019	30.06.2018
Assets					
Cash balances and receivables from credit institutions and central banks	37	14	11	19	50
Remaining assets	10	15	16	19	17
Investments in Group enterprises	89,282	87,944	81,957	76,803	73,718
Total assets	89,329	87,973	81,984	76,842	73,786
Liabilities and equity					
Payables to credit institutions and central banks	8	12	29	33	46
Remaining liabilities	7	10	14	9	8
Equity	89,314	87,951	81,942	76,800	73,732
Total liabilities and equity	89,329	87,973	81,984	76,842	73,786
FINANCIAL RATIOS¹					
Total capital ratio, %	26.3	26.2	26.4	26.4	26.4
Tier 1 capital ratio, %	26.3	26.2	26.4	26.4	26.4
Return on equity before tax, %	4.4	4.9	1.8	4.6	4.2
Return on equity after tax, %	4.4	4.9	1.8	4.6	4.2
Income:cost ratio	1,091.9	1,292.0	275.1	336.1	266.7
Return on capital employed, %	4.43	4.84	1.75	4.54	4.28

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 56 in the Annual Report for 2021.

NOTES

DKK million

Nykredit Group

23. GROUP STRUCTURE

Name and registered office

Name and registered office	Ownership interest as %, 30 June 2022	Profit for the period 2022	Equity, 30 June 2022	Profit for the year 2021	Equity, 31 December 2021
Nykredit A/S (Parent), Copenhagen, h)	-	3,953	89,314	8,666	89,754
Nykredit Realkredit A/S, Copenhagen, a)	100	4,032	93,034	8,825	93,501
Totalkredit A/S, Copenhagen, a)	100	1,207	35,823	2,414	38,726
Nykredit Bank A/S, Copenhagen, b)	100	1,312	32,030	2,759	30,743
Nykredit Portefølje Administration A/S, Copenhagen, g)	100	98	1,034	265	1,536
Nykredit Leasing A/S, Gladsaxe, e)	100	52	1,107	116	1,055
Sparinvest Holdings SE, Luxembourg, h)	79	227	200	79	177
Nykredit Mægler A/S, Copenhagen, c)	100	38	125	119	187
Kalvebod Ejendomme I A/S, Copenhagen, d)	100	18	641	37	623
Kirstinehøj 17 A/S, Copenhagen, d)	100	0	12	8	31

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

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

Geographical distribution of activities

Denmark: Names and activities appear from the Group structure above

Luxembourg: Names and activities appear from the Group structure above

	Number of staff	Revenue ¹	Profit before tax	Tax	Government aid received
Denmark	4,014	15,167	4,908	931	-
Luxembourg	28	229	106	27	-

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

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

Nykredit A/S 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 Realkredit A/S are available from:

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

This document is an English translation of the original Danish text. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.