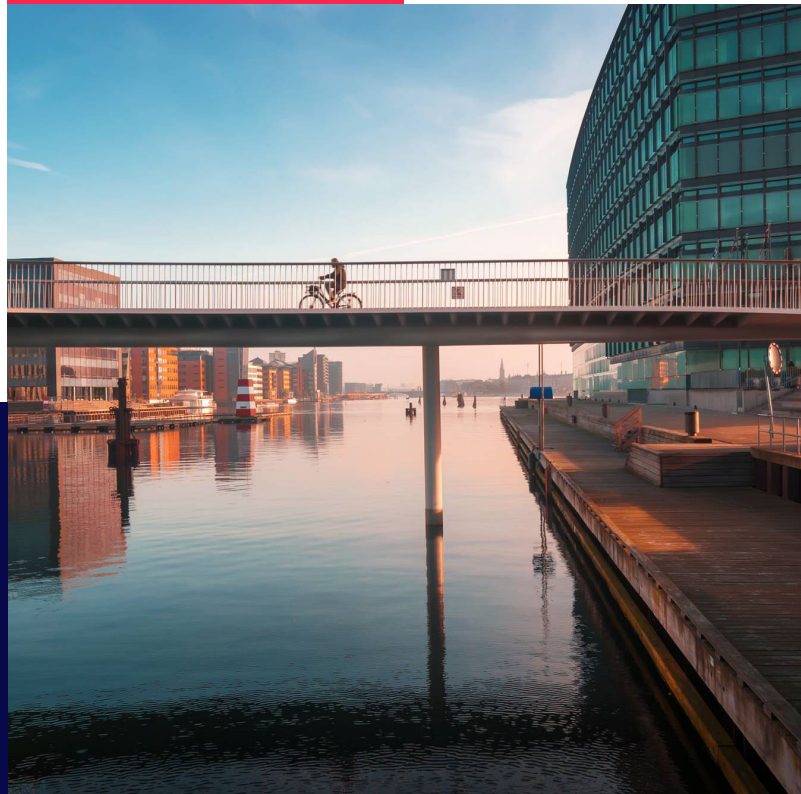


Nykredit Group

Q1-Q3 Interim Report 2022



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FINANCIAL HIGHLIGHTS

DKK million

Nykredit Group	Q1-Q3/ 2022	Q1-Q3/ 2021	Q3/ 2022	Q2/ 2022	Q1/ 2022	Q3/ 2021	2021
BUSINESS PROFIT AND PROFIT FOR THE PERIOD							
Net interest income	7,817	7,444	2,665	2,606	2,546	2,504	9,978
Net fee income	2,212	1,737	797	780	635	521	2,406
Wealth management income	1,737	1,695	566	579	592	595	2,324
Net interest from capitalisation	(475)	(362)	(182)	(155)	(138)	(116)	(484)
Net income relating to customer benefits programmes ¹	(324)	(294)	(132)	(110)	(81)	(120)	(414)
Trading, investment portfolio and other income	127	1,711	168	(447)	406	466	2,718
Income	11,094	11,930	3,881	3,253	3,959	3,850	16,529
Costs	4,645	4,555	1,550	1,547	1,548	1,566	6,349
Business profit before impairment charges	6,449	7,376	2,331	1,707	2,411	2,283	10,179
Impairment charges for loans and advances	(225)	(68)	1	(65)	(162)	(157)	(115)
Business profit	6,674	7,444	2,329	1,771	2,573	2,441	10,295
Legacy derivatives	890	353	220	341	329	60	432
Profit before tax	7,564	7,797	2,549	2,113	2,902	2,502	10,727
Tax	1,363	1,352	406	461	497	410	1,862
Profit for the period	6,200	6,444	2,143	1,652	2,405	2,092	8,865
Other comprehensive income, remaining items	(27)	(14)	(10)	(5)	(12)	4	(19)
Comprehensive income for the period	6,174	6,430	2,133	1,647	2,393	2,096	8,847
Interest on Additional Tier 1 capital charged against equity	115	115	39	38	38	39	153
Minority interests	44	31	17	12	15	14	45
SUMMARY BALANCE SHEET							
Assets	30.09.2022	30.09.2021	30.09.2022	30.06.2022	31.03.2022	30.09.2021	31.12.2021
Receivables from credit institutions and central banks	54,192	43,538	54,192	47,274	45,144	43,538	45,294
Mortgage loans at fair value	1,246,418	1,360,147	1,246,418	1,298,081	1,343,920	1,360,147	1,382,551
Bank loans excluding reverse repurchase lending	87,255	71,358	87,255	86,022	79,890	71,358	74,513
Bonds and equities	101,085	95,448	101,085	95,989	95,044	95,448	92,955
Remaining assets	62,538	79,464	62,538	61,070	73,062	79,464	78,161
Total assets	1,551,488	1,649,956	1,551,488	1,588,436	1,637,059	1,649,956	1,673,474
Liabilities and equity							
Payables to credit institutions and central banks	22,384	14,153	22,384	22,865	21,163	14,153	14,917
Deposits excluding repo deposits	103,789	91,406	103,789	97,117	88,012	91,406	92,684
Bonds in issue at fair value	1,217,583	1,343,451	1,217,583	1,267,818	1,322,973	1,343,451	1,362,926
Subordinated debt	13,910	10,784	13,910	10,419	10,571	10,784	10,737
Remaining liabilities	98,540	96,296	98,540	97,073	102,683	96,296	98,615
Equity	95,281	93,867	95,281	93,143	91,656	93,867	93,595
Total liabilities and equity	1,551,488	1,649,956	1,551,488	1,588,436	1,637,059	1,649,956	1,673,474
FINANCIAL RATIOS							
Profit for the period as % pa of average business capital (ROAC) ²	12.3	13.0	12.6	9.6	14.5	12.5	13.4
Profit for the period as % pa of average equity ³	9.0	9.6	9.2	7.2	10.6	9.2	9.8
Costs as % of income	41.9	38.2	39.9	47.5	39.1	40.7	38.4
Total provisions for loan impairment and guarantees	9,239	9,674	9,239	9,322	9,389	9,674	9,601
Impairment charges for the period, %	(0.01)	0.00	0.00	(0.01)	(0.01)	0.00	(0.01)
Total capital ratio, %	22.7	22.7	22.7	22.5	21.7	22.7	23.4
Common Equity Tier 1 capital ratio, %	19.4	19.9	19.4	19.8	18.9	19.9	20.6
Internal capital adequacy requirement, %	11.7	11.0	11.7	11.2	11.1	11.0	11.2
Average number of staff, full-time equivalent	4,075	3,883	4,141	4,053	4,031	4,084	3,907

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

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

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. Figures have been annualised.

EXECUTIVE SUMMARY

Nykredit posted a highly satisfactory profit before tax of DKK 7,564 million in Q1-Q3/2022 (Q1-Q3/2021: DKK 7,797 million).

Nykredit delivered a good performance, recording underlying business growth. The satisfactory results build on a generally sound business performance all across the Group, for which reason Nykredit has upgraded its full-year guidance to profit before tax of DKK 9.5-10.0 billion.

The Danish and global economic outlook deteriorated further in Q3; a quarter which saw high inflation, soaring energy prices, equity market turmoil and interest rate hikes. We are also starting to see a decline in the housing market.

Nykredit remains robust despite the economic turmoil, as we hold a robust capital position and are well placed to withstand a period of economic slowdown and lower growth.

Ready to help our customers

Nykredit is committed to helping all our customers when times are challenging. As a financial provider, we must be ready to help all our customer groups, at all times. We provide special credit facilities to our homeowner customers who need extra help with rising expenses. Nykredit was the first large Danish bank to raise the deposit rate to 0%. Due to the rising interest rates, we have raised our deposit rates even further this autumn and launched savings products offering attractive savings incentives.

Continued rising energy and oil prices 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- or gas-fired boilers with heat pumps.

Housing market trends and interest rates

According to Nykredit's latest housing market forecast, the housing market has begun to slow down. We expect interest rate increases, inflation, changes in property taxes and market uncertainty to lower housing market activity. Employment remains high in Denmark, and so far this has helped sustain homebuyers' financial situation and with that also the housing market.

Increasing interest rates have given customers the opportunity to reduce their mortgage debt, which has led to high remortgaging activity. Overall, the average loan-to-value (LTV) ratio of our customers has fallen to 49.3%, down 6.5 percentage points, since the turn of the year – a testament to the strong financial resilience of our homeowner customers.

Totalkredit has a nation-wide presence with attractive prices

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

Our Totalkredit partner banks provide sound financial advice to customers all across Denmark. The Totalkredit partnership enables

Denmark's small and medium-sized banks without inhouse mortgage banking operations to offer mortgage products at attractive prices that can compete with the largest banks. The Danish Consumer Council has recommended Totalkredit as the Danish mortgage lender offering the lowest mortgage prices in the market.

The partnership 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. This is a key aspect of our corporate responsibility and in this way, we can help ensure continued development and growth across every region of Denmark.

Nykredit sets ambitious climate targets

It lies at the core of Nykredit's strategy Winning the Double 2.0 that Nykredit wants 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. This is why Nykredit is the first of the large financial institutions in Denmark to set emission targets for owner-occupied dwellings and buildings, which are important sectors to Nykredit and the green transition. We have also set new targets for Nykredit's own emission. To support these targets, we have joined the *Science Based Target Initiative and the Net Zero Banking Alliance*. We had already signed up for the *Net Zero Asset Manager Initiative*.

Today, Nykredit offers a suite of green personal banking, business banking, agricultural and investment products aimed at making it easier and more affordable for our customers to make green choices. The green initiatives have been very well received by our customers. Nykredit is this year's high performer in EPSI's annual sustainability index and ranks among the top performers when customers are asked to rate banks' sustainability efforts.

Wealth Management wins praise

The Danish Consumer Council recently tested a number of sustainable funds, and the fund Sparinvest Index Bæredygtig Europa KL carrying the Nordic Swan Ecolabel won Best in Test, while Nykredit Invest's fund Globale Aktier SRI Akk took third place. And for five years running Nykredit Wealth Management was awarded Best Private Bank by Financial Times in Denmark.

Attractive home financing and benefits of being owned by customers

Nykredit offers attractive home financing to Danes; not least through our KundeKroner and ErhvervsKroner benefits programmes where contributions received from Forenet Kredit are used to give customers discounts. 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 most attractive mortgage loans in the market.

At an extraordinary general meeting to be held on 18 November 2022, the Board of Directors will recommend that Nykredit distributes extraordinary dividend of DKK 1,550 million, corresponding to the dividend policy target for earnings generated in 2019 and 2020, which were not distributed due to the Danish FSA's recommendation on restriction of distributions during the covid-19 pandemic. For further information, see page 16.

FINANCIAL REVIEW

	Business profit Q1-Q3/2022	Profit Q1-Q3/2022	Income Q1-Q3/2022
	DKK 6,674 million	DKK 7,564 million	DKK 11,094 million
	Business profit	Profit before tax for the period	Income

	Return on allocated capital	Return on equity	Cost:income ratio
	12.3%	9.0%	41.9%
	Profit for the period as % of average business capital	Profit for the period as % of average equity	Costs as % of income

PERFORMANCE HIGHLIGHTS IN Q1-Q3/2022

Nykredit delivered a very satisfactory profit before tax for Q1-Q3/2022 of DKK 7,564 million (Q1-Q3/2021: DKK 7,797 million), while business profit for the period was DKK 6,674 million (Q1-Q3/2021: DKK 7,444 million). Results were positively impacted by underlying business growth, characterised by high mortgage activity, rising nominal mortgage lending and rising bank lending from end-2021. Third-quarter nominal mortgage lending was slightly lower than at end-H1. The growth in lending generally reflects the high prepayment and remortgaging activity which has given our customers an opportunity to reduce their mortgage debt. Lending growth and the high mortgage activity increased net interest and fee income in Q1-Q3/2022. 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 11,094 million in Q1-Q3/2022 (Q1-Q3/2021: DKK 11,930 million).

Net interest income amounted to DKK 7,817 million (Q1-Q3/2021: DKK 7,444 million), up 5.0%. The increase was driven by rising bank and mortgage lending compared with the same period in 2021, in addition to the high mortgage activity in the period.

Net fee income rose by 27.4% to DKK 2,212 million (Q1-Q3/2021: DKK 1,737 million). Mortgage activity remained high, and funding income was higher than after the same period last year.

Wealth management income came to DKK 1,737 million in Q1-Q3/2022 (Q1-Q3/2021: DKK 1,695 million), up 2.5% despite negative Asset Management returns due to financial market conditions.

Net interest from capitalisation, which includes interest on subordinated debt etc, was a negative DKK 475 million (Q1-Q3/2021: a negative DKK 362 million).

Net income relating to the customer benefits programmes KundeKroner and ErhvervsKroner was a negative DKK 324 million (Q1-Q3/2021: a negative DKK 294 million). The amount includes contributions of DKK 1,087 million received from Forenet Kredit.

Trading, investment portfolio and other income, including value adjustment of swaps etc, came to DKK 127 million (Q1-Q3/2021: DKK 1,711 million), driven by negative value adjustments, primarily as a result of yield spread widening of short-dated Danish mortgage bonds of DKK 905 million (Q1-Q3/2021: positive value adjustments of DKK 134 million). The effect of rising interest rates on value adjustments has been minimal due to interest rate risk hedging of the portfolios during the year. Value adjustments of equities held for business purposes came to DKK 218 million despite falling equity markets (Q1-Q3/2021: DKK 907 million). Income from institutional clients was lower, while value adjustment of swaps currently offered increased due to rising interest rates. In line with previous quarters, all value adjustments have been recognised through profit or loss.

Costs

Costs totalled DKK 4,645 million (Q1-Q3/2021: DKK 4,555 million). Increasing business volumes and activity led to growing staff costs. Costs of IT and compliance for the period also rose. The average headcount rose to 4,075 (Q1-Q3/2021: 3,883). The change was mainly due to upstaffing 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 225 million (Q1-Q3/2021: net reversal of DKK 68 million) owing to our customers' good financial circumstances and credit quality.

	DKK million			
Nykredit Group	Q1-Q3/	Q3/	Q2/	Q1/
Impairment charges for loans and advances	2022	2022	2022	2022
Individual impairment provisions (stage 3)	(528)	(89)	(180)	(259)
Model-based impairment provisions (stages 1, 2 and 3)	302	90	115	97
- of the above attributable to geopolitical conditions and covid-19	128	(110)	24	214
Impairment charges for loans and advances	(225)	1	(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 has reversed DKK 1.4 billion. The impairment provisions were based on stress tests and portfolio calculations.

The geopolitical conditions 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 1.5 billion based on stress tests to counter the worsened risk outlook have been taken.

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 Q3 2022, which is available at nykredit.com.

Other items

Income from legacy derivatives, which are not included in business profit, came to DKK 890 million (Q1-Q3/2021: DKK 353 million), mainly driven by rising interest rates for the period under review. Legacy derivatives are derivatives Nykredit no longer offers to customers, comprising a portfolio with a total market value of DKK 7.5 billion (end-2021: DKK 5.6 billion).

Tax

Tax on profit for the period is calculated at DKK 1,363 million (Q1-Q3/2021: DKK 1,352 million). Tax for the period includes an adjustment of deferred tax (charge) of DKK 55 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 1,421 billion at end-September 2022 (end-2021: DKK 1,391 billion), up DKK 2.2% on end-2021. The increase in mortgage lending should be seen in light of the high prepayment and remortgaging activity in 2022. Our customers have prepaid loans totalling DKK 232 billion. Mortgage lending calculated at fair value shows a decline on end-2021, mainly attributable to lower bond prices due to rising interest rates.

The strong alliance between Totalkredit and its partner banks drove growth in Totalkredit's mortgage lending, which amounted to DKK 887 billion at nominal value at end-September 2022 (end-2021: DKK 866 billion). After Q3 Totalkredit's nominal mortgage lending will be slightly lower than at end-H1. More than 914,000 homeowners now have Totalkredit loans.

Lending by Nykredit Bank increased by DKK 12.7 billion to DKK 87.3 billion at end-September 2022 (end-2021: DKK 74.5 billion). Bank lending (including secured homeowner loans transferred to Totalkredit) grew to DKK 94.5 billion (end-2021: DKK 81.0 billion). At 30 September 2022, secured homeowner loans transferred to Totalkredit amounted to DKK 7.2 billion (end-2021: DKK 6.5 billion).

Guarantees etc provided by Nykredit amounted to DKK 9.6 billion at end-September 2022 (end-2021: DKK 9.0 billion). Deposits excluding repo deposits totalled DKK 103.8 billion (end-2021: DKK 92.7 billion).

Nykredit Bank's deposits exceeded lending by DKK 13.6 billion at end-September 2022 (end-2021: DKK 15.6 billion).

Equity

The Nykredit Group's equity stood at DKK 95.3 billion at end-September 2022 (end-2021: DKK 93.6 billion). In Q1/2022 dividend was distributed to the Company's shareholders.

RESULTS FOR Q3/2022 RELATIVE TO Q2/2022

Profit before tax for Q3/2022 was DKK 2,549 million (Q2/2022: DKK 2,113 million).

Income totalled DKK 3,881 million in Q3/2022 (Q2/2022: DKK 3,253 million). The higher income was mainly attributable to trading, investment portfolio and other income, chiefly driven by positive value adjustments of equities held for business purposes. Net interest and fee income remains at the high Q2 level, mainly due to continued high mortgage activity in the underlying business. In addition, net interest income was positively impacted by margins and lending.

Costs were on a par with Q2 and totalled DKK 1,550 million in Q3 (Q2/2022: DKK 1,547 million).

Impairment charges for loans and advances were DKK 1 million (Q2/2022: net reversal of DKK 65 million). Impairment charges for loans and advances remained positively impacted by our customers' good financial circumstances and credit quality.

Legacy derivatives resulted in a positive value adjustment of DKK 220 million, primarily due to generally rising interest rates (Q2/2022: DKK 341 million).

OUTLOOK AND GUIDANCE FOR 2022

On 27 October, Nykredit raised its guidance for profit before tax to DKK 9.5-10.0 billion from the former DKK 8.5-9.5 billion. The upgrade was based on the positive business trends, interest rate increases as well as prospects of continued low loan impairments.

Our 2022 guidance for 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 higher fee income due to high mortgage activity.
- 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

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 Demsitz, 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

After the closing of the accounts, Nykredit has issued DKK 2.3 billion of Tier 2 capital.

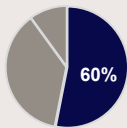
At an extraordinary general meeting to be held on 18 November 2022, the Board of Directors will recommend that Nykredit distributes extraordinary dividend of DKK 1,550 million.

No other events have occurred in the period up to the presentation of the Q1-Q3 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 business divisions' share of business profit for Q1-Q3/2022 excluding Group Items.

Banking



Comprises Retail and Corporates & Institutions.

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

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

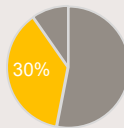
Business profit Q1-Q3/2022:
DKK 4,593 million

Income Q1-Q3/2022:
DKK 7,686 million

Impairment charges for loans and advances Q1-Q3/2022:
net reversal of DKK 193 million

Total lending end-September 2022:
DKK 750 billion

Totalkredit Partners



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

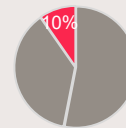
Business profit Q1-Q3/2022:
DKK 2,265 million

Income Q1-Q3/2022:
DKK 2,840 million

Impairment charges for loans and advances Q1-Q3/2022:
net reversal of DKK 3 million

Total lending end-September 2022:
DKK 741 billion

Wealth Management



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

Business profit Q1-Q3/2022:
DKK 763 million

Income Q1-Q3/2022:
DKK 1,431 million

Total lending end-September 2022:
DKK 17 billion

Assets under management end-September 2022: DKK 393 billion

Assets under administration end-September 2022: DKK 971 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 – Banking	Q1-Q3/ 2022	Q1-Q3/ 2021	Q3/ 2022	Q2/ 2022	Q1/ 2022	Q3/ 2021	2021
Net interest income	5,248	5,007	1,804	1,738	1,707	1,681	6,664
Net fee income ¹	1,514	1,285	556	508	450	419	1,757
Wealth management income	530	578	166	177	187	191	802
Net interest from capitalisation	(284)	(239)	(106)	(93)	(85)	(78)	(331)
Trading, investment portfolio and other income ¹	678	467	206	211	261	108	604
Income	7,686	7,098	2,625	2,541	2,520	2,317	9,497
Costs	3,285	3,153	1,112	1,076	1,097	1,064	4,314
Business profit before impairment charges	4,400	3,945	1,513	1,464	1,423	1,253	5,183
Impairment charges for mortgage lending	(474)	(55)	18	(317)	(175)	(24)	(62)
Impairment charges for bank lending	282	(3)	12	192	78	(28)	(57)
Business profit	4,593	4,003	1,483	1,590	1,520	1,306	5,301
Legacy derivatives	890	352	220	341	329	60	431
Profit before tax	5,482	4,356	1,703	1,931	1,849	1,366	5,732

Q1-Q3/2022 in summary

Activity in Banking was high in Q1-Q3. The period was characterised by the changing market conditions which led to remortgaging activity, an increasing need for energy renovation and a general need for financial security and visibility. These are conditions that may in particular challenge the finances of our customers and call for proactive solutions, which has contributed to the high activity level in the period under review. The Bank has been in close contact with our customers to ensure that they receive financial advice on the specific options available to them. Business activity and lending increased particularly within Corporates & Institutions, and we continue providing advisory services on ESG ratings for listed companies.

For many personal and business customers, energy renovation or transition to more sustainable operations could be a possibility – and would be beneficial to customers as well as the environment. To provide our customers with the best possible solutions all Nykredit staff will complete sustainability training.

As the first financial business in Denmark, Nykredit has partnered up with Rambøll, a consultancy company, to provide joint sustainable solutions for the Danish real estate sector.

Customer satisfaction has risen from Q2 to Q3, underpinned also by the most recent EPSI survey, which shows an impressive leap for Nykredit in an otherwise subdued market.

Nykredit offers customers a range of unique benefits thanks to the contribution from our owner, Forenet Kredit. We call them mutual benefits (ForeningsFordele), and they are available to all Nykredit customers. On our website and in Nykredit's online banking service, customers can easily calculate how much they can receive as mutual benefits, depending on their products. Nykredit offers the following mutual benefits:

- Discounts on mortgage loans.
- Discounts on business mortgage loans.
- Customer discounts on selected fees.
- Interest discounts on selected bank home 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.
- Digital climate tool through collaboration with SEGES.

Customers have a growing preference for digital solutions designed to simplify everyday banking. The solutions must be adaptable to the customers' needs in terms of time, place and digital channel. In September Nykredit launched a new meeting booking system, allowing customers to book meetings at their convenience. This makes for a more efficient and enhanced customer experience.

A new investment product, Nykredit Puljinvest, for personal customers' pension funds was launched in Q2. Investments are automatically made when customers make a deposit into the account. Customers may invest any amount they want on either a regular, monthly basis or as single payments. The product was well received by our customers and is a good alternative to the other investment products.

DKK million

Selected balance sheet items	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
Banking					
Retail Personal Banking					
Loans and advances	183,256	184,275	183,201	181,124	180,966
- of which mortgage lending, nominal value	164,000	165,893	165,678	164,140	163,918
- of which secured homeowner loans	9,840	8,915	8,131	7,718	7,575
- of which bank lending	9,416	9,468	9,393	9,266	9,473
Deposits	43,761	41,670	39,636	39,814	39,086
Retail Business Banking					
Loans and advances	249,212	249,410	246,835	245,545	244,108
- of which mortgage lending, nominal value	219,859	220,162	220,063	219,591	219,131
- of which bank lending	29,353	29,248	26,771	25,954	24,977
Deposits	27,596	26,379	24,427	25,832	25,562
Corporates & Institutions					
Loans and advances	317,270	314,256	304,623	296,996	290,151
- of which mortgage lending, nominal value	277,521	275,554	268,250	264,047	259,060
- of which bank lending	39,749	38,702	36,373	32,949	31,092
Deposits	12,276	11,257	8,415	9,782	9,801

Results for Q1-Q3/2022 relative to Q1-Q3/2021

Banking delivered a business profit of DKK 4,593 million in Q1-Q3/2021 (Q1-Q3/2020: DKK 4,003 million).

Total income rose to DKK 7,686 million (Q1-Q3/2021: DKK 7,098 million). The underlying business is performing well with continued solid growth, particularly in lending to corporate clients. Net interest income was DKK 5,248 million (Q1-Q3/2021: DKK 5,007 million), and net fee income totalled DKK 1,514 million (Q1-Q3/2021: DKK 1,285 million). The rise in net fee income was mainly due to high mortgage lending activity.

Costs amounted to DKK 3,285 million (Q1-Q3/2021: DKK 3,153 million). The higher business volumes have increased the number of staff and with that, also costs.

Impairment charges for loans and advances were a net reversal of DKK 193 million (Q1-Q3/2021: net reversal of DKK 59 million) and remained positively impacted by our customers' good financial circumstances and credit quality.

Legacy derivatives saw a positive value adjustment of DKK 890 million (Q1-Q3/2021: DKK 352 million), driven by rising interest rates.

Results for Q3/2022 relative to Q2/2022

Banking delivered a business profit of DKK 1,483 million in Q3/2022 (Q2/2022: DKK 1,590 million).

Income came to DKK 2,625 million (Q2/2022: DKK 2,541 million) due to increasing net interest and fee income, mainly driven by high mortgage activity.

Impairment charges for loans and advances were DKK 31 million (Q2/2022: net reversal of DKK 125 million).

Legacy derivatives totalled DKK 220 million (Q2/2022: DKK 341 million).

Activities

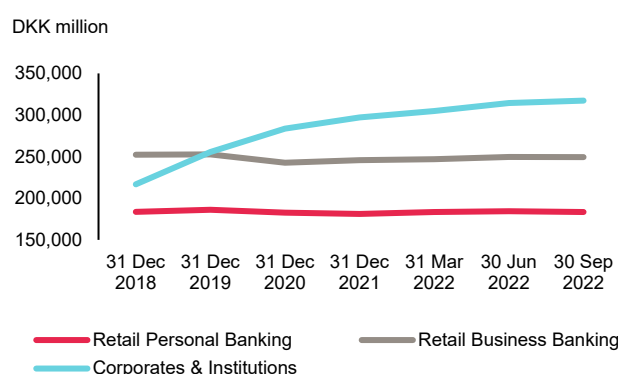
Loan volumes totalled DKK 750 billion at 30 September 2022 (end-2021: DKK 724 billion), of which DKK 661 billion was nominal mortgage lending (end-2021: DKK 648 billion). The increase in lending can primarily be ascribed to corporate banking. This should be seen in light of the high remortgaging and prepayment activity for the period, as a result of which customers have prepaid loans of nominally DKK 46.0 billion.

Bank lending in Retail Personal Banking came to DKK 9.4 billion (end-2021: DKK 9.3 billion). Bank deposits in Retail Personal Banking increased by DKK 3.9 billion on end-2021 to DKK 43.8 billion. Bank lending in Retail Business Banking stood at DKK 29.4 billion (end-2021: DKK 26.0 billion). Bank lending in Corporates & Institutions rose to DKK 39.7 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 0.18% against 0.28% at the same date in 2021.

Lending, Banking



TOTALKREDIT PARTNERS

DKK million

Results –	Q1-Q3/ 2022	Q1-Q3/ 2021	Q3/ 2022	Q2/ 2022	Q1/ 2022	Q3/ 2021	2021
Totalkredit Partners							
Net interest income	2,398	2,294	804	809	785	780	3,118
Net fee income	690	440	241	261	188	105	620
Net interest from capitalisation	(249)	(190)	(95)	(82)	(72)	(62)	(259)
Trading, investment portfolio and other income	1	(4)	1	1	(1)	(2)	(3)
Income	2,840	2,541	952	988	900	822	3,476
Costs	578	550	194	192	192	179	773
Business profit before impairment charges	2,262	1,991	757	796	708	643	2,703
Impairment charges for mortgage lending	(3)	56	(37)	68	(34)	(34)	66
Business profit	2,265	1,935	794	728	742	677	2,637

Q1-Q3/2022 in summary

Q1-Q3/2022 was marked by bond price declines and consequent remortgaging activity in Totalkredit Partners. As a result, customers have reduced their debt outstanding.

Totalkredit Partners welcomed new customers in Q1-Q3/2022. At end-September, the number of homeowner customers had risen to more than 914,000. 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 getting an inspection by an energy consultant and 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 amount of grants available under the scheme has been doubled with 3,000 new vouchers each in the amount of DKK 10,000.
- The "Mit hjem" digital platform where customers can find information about their home and Totalkredit loans and also monitor local housing market developments, including home listings.

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 (mortgage loan discounts to homeowners) 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.

DKK million

Selected balance sheet items	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
Totalkredit Partners					
Personal customers					
Loans and advances	729,354	731,385	729,525	715,223	705,760
- of which mortgage lending, nominal value	723,116	725,393	723,311	708,765	698,991
- of which secured homeowner loans	6,238	5,992	6,214	6,458	6,768
Business customers					
Loans and advances	11,804	11,246	10,312	9,779	9,229
- of which mortgage lending, nominal value	11,804	11,246	10,312	9,779	9,229

Results for Q1-Q3/2022 relative to Q1-Q3/2021

Totalkredit Partners recorded business profit of DKK 2,265 million (Q1-Q3/2021: DKK 1,935 million).

Income amounted to DKK 2,840 million (Q1-Q3/2021: DKK 2,541 million).

Net interest income developed favourably and rose to DKK 2,398 million (Q1-Q3/2021: DKK 2,294 million). Net fee income totalled DKK 690 million (Q1-Q3/2021: DKK 440 million). Net interest income and net fee income were positively impacted by rising activity levels and mortgage lending.

Costs rose to DKK 578 million (Q1-Q3/2021: DKK 550 million), mainly due to increased activity and higher costs of IT and compliance.

Impairment charges for loans and advances were a net reversal of DKK 3 million (Q1-Q3/2021: charge of DKK 56 million). Write-offs are still low.

Results for Q3/2022 relative to Q2/2022

Totalkredit Partners delivered a business profit of DKK 794 million (Q2/2022: DKK 728 million).

Income amounted to DKK 952 million (Q2/2022: DKK 988 million). The decline was mainly attributable to net fee income.

Impairment charges for loans and advances were a net reversal of DKK 37 million (Q2/2022: charge of DKK 68 million).

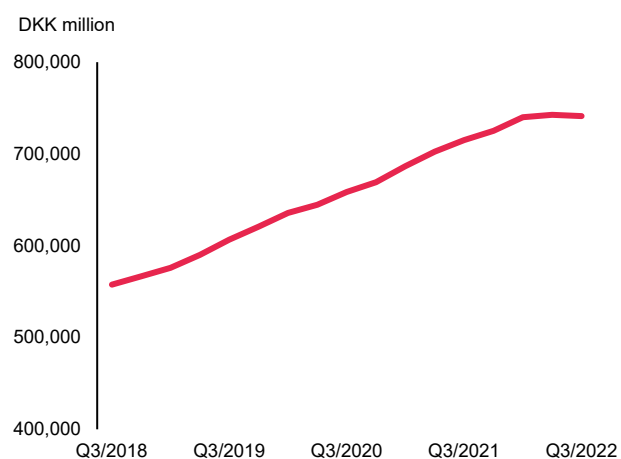
Activities

Nominal lending to personal customers came to DKK 729 billion (end-2021: DKK 715 billion), down DKK 2.0 billion since H1 but up DKK 14.1 billion since the turn of the year. The lending growth should be seen in light of the high prepayment and remortgaging activity in Q1-Q3, customers having prepaid loans totalling DKK 174.8 billion. The business loan portfolio increased by DKK 2.0 billion, equal to 20.7%, to nominally DKK 11.8 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 0.12% against 0.12% at the same date in 2021.

Lending, Totalkredit Partners



WEALTH MANAGEMENT

DKK million

Results –	Q1-Q3/ 2022	Q1-Q3/ 2021	Q3/ 2022	Q2/ 2022	Q1/ 2022	Q3/ 2021	2021
Wealth Management							
Net interest income	192	148	76	61	56	52	201
Net fee income	37	32	16	11	9	3	41
Wealth management income	1,182	1,096	393	392	396	396	1,504
Net interest from capitalisation	(11)	(8)	(4)	(3)	(3)	(3)	(11)
Trading, investment portfolio and other income	31	34	10	8	13	7	44
Income	1,431	1,303	491	469	471	455	1,780
Costs	688	672	218	238	232	240	902
Business profit before impairment charges	743	631	273	231	239	215	878
Impairment charges for mortgage lending	1	1	0	0	1	(1)	1
Impairment charges for bank lending	(21)	(67)	3	(1)	(23)	(78)	(65)
Business profit	763	697	269	232	262	294	942

Q1-Q3/2022 in summary

Wealth Management has recorded strong client growth, high client satisfaction and positive net sales in 2022, despite market uncertainty, and quite exceptionally, both equities and bonds have fallen. The period Q1-Q3/2022 saw negative market returns, which has affected the business development.

2022 has been a turbulent year with surging interest rates following many years of interest rate decline. This has resulted in a non-transparent financial market, which has challenged investors' absolute returns on bonds as well as equities and other risk assets. In the current market situation Wealth Management will maintain a close dialogue with clients to offer the best possible advice.

There is continued strong demand for sustainable solutions and products within all asset classes. Equity investors remained particularly attracted to value equities and equity management bearing a strong sustainability profile. In the fixed income area, we expect to launch green bonds in Q4/2022. Finally, we launched Nykredit PuljeInvest, a fund for personal customers aiming to invest their pension savings.

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
- 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.

Wealth Management holds a strong market position compared with its competitors and has received international recognition in 2022 in the form of prizes awarded for our private banking and asset management propositions. 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. Nykredit Private Banking also won several awards, for example at the WealthBriefing European Awards.

The Danish Consumer Council recently tested a number of sustainable funds, and the fund Sparinvest Index Bæredygtig Europa KL carrying the Nordic Swan Ecolabel won Best in Test, while Nykredit Invest's fund Globale Aktier SRI Akk took third place.

DKK million

Selected balance sheet items	30.09.2022	30.06.2022	31.03.2022	31.12.2021	30.09.2021
Wealth Management					
Assets under management	392,949	404,615	427,018	438,140	419,444
- of which Nykredit Group investment funds	191,591	195,171	209,655	213,731	194,986
Assets under administration¹	971,150	1,002,421	1,098,492	1,139,749	1,103,023
Lending/deposits					
Loans and advances	17,471	16,828	17,199	16,861	16,580
- of which mortgage lending, nominal value	11,675	11,097	11,605	11,797	11,877
- of which secured homeowner loans	1,152	1,053	1,032	1,035	1,046
- of which bank lending	4,645	4,678	4,562	4,029	3,657
Deposits	18,149	16,329	14,085	14,453	15,757

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

Results for Q1-Q3/2022 relative to Q1-Q3/2021

Wealth Management delivered a business profit of DKK 763 million for Q1-Q3/2022 (Q1-Q3/2021: DKK 697 million).

Income amounted to DKK 1,431 million and rose on the same period last year (Q1-Q3/2021: DKK 1,303 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 20 million (Q1-Q3/2021: net reversal of DKK 66 million).

Results for Q3/2022 relative to Q2/2022

Wealth Management delivered a business profit of DKK 269 million in Q3 (Q2/2022: DKK 232 million).

Income totalled DKK 491 million in Q3/2022 (Q2/2022: DKK 469 million). The increase was mainly attributable to net interest income.

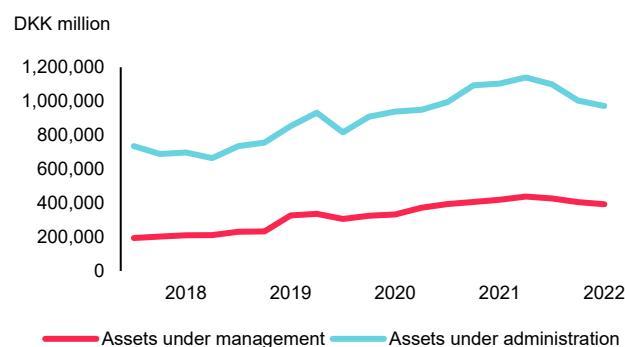
Impairment charges for loans and advances were DKK 3 million (Q2/2022: net reversal of DKK 1 million).

Activities

Total assets under management went down by DKK 45.2 billion to DKK 393 billion at end-September 2022 (end-2021: DKK 438.1 billion). The decline was the result of positive net sales of DKK 23.5 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 68.7 billion.

Total assets under administration decreased by DKK 168.6 billion compared with end-2021 to DKK 971.2 billion at end-September 2022 (end-2021: DKK 1,139.7 billion). The decrease comprised a net sale of DKK 0.6 billion, driven by demand from Sparinvest as well as Nykredit Invest concerning the Group's savings products, and negative returns of DKK 169.2 billion.

Assets under management and assets under administration by Wealth Management



GROUP ITEMS

DKK million

Results – Group Items	Q1-Q3/ 2022	Q1-Q3/ 2021	Q3/ 2022	Q2/ 2022	Q1/ 2022	Q3/ 2021	2021
Net interest income	(21)	(5)	(19)	(1)	(2)	(9)	(6)
Net fee income	(29)	(20)	(16)	(0)	(12)	(6)	(12)
Wealth management income	25	20	7	10	8	8	17
Net interest from capitalisation	70	74	23	24	23	26	117
Net income relating to customer benefits programmes ¹	(324)	(294)	(132)	(110)	(81)	(115)	(414)
Trading, investment portfolio and other income	(583)	1,213	(49)	(668)	134	353	2,073
Income	(862)	988	(187)	(744)	69	256	1,776
Costs	94	180	26	41	27	83	360
Business profit (loss) before impairment charges	(956)	809	(213)	(786)	42	174	1,416
Impairment charges for mortgage lending	(4)	0	2	(5)	0	0	0
Impairment charges for bank lending	(6)	0	3	(1)	(8)	8	1
Business profit (loss)	(947)	809	(217)	(780)	50	165	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 Q1-Q3/2022 relative to Q1-Q3/2021

The business profit of Group Items decreased by DKK 1,755 million compared with last year to a loss of DKK 947 million (Q1-Q3/2021: DKK 809 million).

This was primarily driven by investment portfolio income, which in the period was adversely affected by negative value adjustments of short-dated Danish mortgage bonds mortgage bonds due to yield spread widening, whereas investment portfolio income for 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 stood at DKK 95.3 billion at end-September 2022. Equity has increased by DKK 1.7 billion since end-2021. In March 2022 ordinary dividend of DKK 4,350 million was distributed to the Company's shareholders, equal to 50% of profit after tax for 2021.

At an extraordinary general meeting to be held on 18 November 2022, the Board of Directors will recommend that Nykredit distributes extraordinary dividend of DKK 1,550 million. The recommendation should be seen in light of the dividend policy target of around 50% which was only partially met in 2019 and 2020 due to the Danish FSA's recommendation on restriction of distributions during the covid-19 pandemic. Deduction of the extraordinary dividend from equity carried for accounting purposes is pending approval by the General Meeting, whereas the proposed dividend was deducted from own funds for capital adequacy purposes at end-Q3. Profit for Q3 has not been included in own funds.

Nykredit will continue to keep strong capitalisation levels following the proposed distribution of 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.

Capital and capital adequacy

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

At end-September 2022 Nykredit's risk exposure amount (REA) totalled DKK 426.5 billion (end-2021: DKK 400.4 billion). With own funds at DKK 97.2 billion, this corresponds to a total capital ratio of 22.7% (end-2021: 23.4%). The CET1 capital ratio was 19.4% (end-2021: 20.6%).

REA for credit risk has generally increased due to lending growth and regulatory changes, particularly with respect to IRB. In Q1-Q3/2022 REA for credit risk increased by DKK 9.5 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 at the beginning of 2022. REA for market risk increased by DKK 14.1 billion in Q1-Q3/2022 due to financial market turmoil.

REA increased despite the fact that higher interest rates have reduced the value-adjusted debt outstanding of mortgage lending. At the same time, low arrears, rising property prices etc limited the increase.

CET1 capital totalled DKK 83.0 billion at end-September 2022 (end-2021: DKK 82.7 billion). AT1 capital amounted to DKK 2.5 billion after regulatory deductions (end-2021: DKK 2.2 billion). Tier 2 capital was DKK 9.7 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.

DKK million

Nykredit Group	30.09.2022	31.12.2021
Equity (including AT1 capital)		
Equity, beginning of period	93,595	89,754
Profit for the period	6,200	8,865
Other adjustments	(4,515)	(5,024)
Equity, end of period	95,281	93,595

DKK million

Nykredit Group	30.09.2022	31.12.2021
Capital and capital adequacy		
Equity (including AT1 capital)	95,281	93,595
AT1 capital etc	(3,789)	(3,729)
Profit for the period etc not included	(4,057)	-
Proposed dividend	-	(4,350)
Proposed extraordinary dividend	(1,550)	-
CET1 regulatory adjustments	(2,874)	(2,859)
CET1 capital	83,011	82,657
AT1 capital	2,466	2,211
AT1 regulatory deductions	(4)	(21)
Tier 1 capital	85,472	84,847
Tier 2 capital	9,679	6,970
Tier 2 regulatory adjustments	2,058	2,042
Own funds	97,210	93,859
Credit risk	358,619	349,082
Market risk	38,161	24,075
Operational risk	29,737	27,244
Total risk exposure amount	426,517	400,401

CET1 capital ratio, %	19.4	20.6
Tier 1 capital ratio, %	20.0	21.1
Total capital ratio, %	22.7	23.4
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.7	11.2

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

Capital requirement

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 11.7% of the Group's REA at end-September 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 5.5% at end-September 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. Add to this a countercyclical buffer of 1% as from 30 September 2022. The combined buffer requirement must be met using CET1 capital. The Nykredit Group has excess capital of 5.5 percentage points relative to the capital requirement, ie the internal capital adequacy requirement plus the combined buffer requirement.

The countercyclical buffer will increase to 2% from end-2022 and to 2.5% as from 31 March 2023 following a decision by the Danish Ministry for Industry, Business and Financial Affairs. Restoring this buffer will correspondingly reduce the excess capital relative to the capital requirement and should be seen in light of the release of the countercyclical capital buffer during the first phase of the covid-19 pandemic in 2020.

Leverage ratio

The leverage ratio, which indicates the relationship between Tier 1 capital and the balance sheet (including off-balance sheet items), was 5.0% at end-September 2022 (end-2021: 4.8%). Nykredit's balance sheet mainly consists of match-funded mortgage loans and paired with a stable development in mortgage lending, this led to limited leverage.

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 for example 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-September 2022, Nykredit Bank's deposits equalled 115% of lending against 120% 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	30.09.2022	31.12.2021
LCR determination		
Nykredit Realkredit Group	577	591
Nykredit Realkredit Group, LCR requirement in EUR	1,139	392
Nykredit Realkredit and Totalkredit	1,057	2,305
Nykredit Realkredit and Totalkredit including LCR		
Pillar II requirement	294	-
Nykredit Bank	221	213

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. 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-September 2022, the Group had a nominal amount of DKK 1,370 billion of SDOs in issue and DKK 130 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 October 2022 -
Refinancing ¹	30 September 2023
Total maturity before set-off of self-issued bonds	220.1
- ordinary principal payments and scheduled ² prepayments (settled)	23.7
- ordinary principal payments and scheduled ² prepayments (not settled)	23.8
- pre-issued bonds and interest rate risk ²	(21.7)
Total refinancing volume	194.3
- pre-auctioned amount sold under forward contracts	25.3
Refinancing volume remaining for 1 October 2022 - 30 September 2023	219.6
- of which SDOs and ROs	218.6
- of which other issues	1.0

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

² Known as at 30 September 2022.

The annual maturity one year ahead totals DKK 220 billion, of which ordinary principal payments, prepayments etc total DKK 26 billion. Thus, refinancing volumes amount to DKK 194 billion.

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

DKK million		
Nykredit Group		
Bonds in issue	30.09.2022	31.12.2021
Covered bonds (ROs), see note 16 a	130,361	124,927
Covered bonds (SDOs), see note 16 b	1,370,193	1,351,177
Senior secured debt, see note 16 c	708	853
Senior preferred debt of Nykredit Realkredit A/S	9,296	5,577
Senior non-preferred debt	42,402	50,098
Tier 2 capital, see note 19	13,910	10,737
AT1 capital, see note 2 (Nykredit Realkredit A/S)	3,727	3,706
ECP issues of Nykredit Bank A/S	6,415	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-September 2022.

In the period Q1-Q3/2022 Nykredit issued about DKK 3.7 billion-worth of senior preferred debt, about DKK 2.6 billion-worth of senior non-preferred debt and about DKK 3.7 billion-worth of Tier 2 capital.

After the closing of the accounts, Nykredit has issued DKK 2.25 billion-worth of Tier 2 capital.

Nykredit's funding requirement depends on interest rate levels. With the current interest rate level, Nykredit's funding requirement will be

less than DKK 5 billion towards end-2023. Declining interest rates may increase our funding requirement to around DKK 10 billion by end-2023.

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 September 2022, except for the benchmark limit applicable to Nykredit Bank's lending growth. At 30 September 2022, Nykredit Bank's lending growth was 22.6%, 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	30.09.2022	31.12.2021
Large exposures (limit value <175%)	122.5%	109.6%
Lending growth (limit value <20%)	22.6%	4.6%
Property exposure (limit value <25%)	11.4%	11.1%
Liquidity benchmark (limit value >100%)	235.6%	256.4%

Supervisory Diamond for mortgage lenders

Benchmark	Definition	Nykredit	Nykredit	Totalkredit	Limit value
		Realkredit Group 30 September 2022	Realkredit A/S 30 September 2022	30 September 2022	
Lending growth in segment					
Personal customers	Annual lending growth may not exceed 15% in each of the segments personal customers, commercial residential properties, agricultural properties and other commercial.	2.4%	(17.1)%	3.2%	15.0%
Commercial residential properties ¹		7.6%	7.1%	31.4%	15.0%
Agricultural properties		(2.6)%	(2.6)%	0.0%	15.0%
Other commercial		4.1%	3.5%	24.7%	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.	12.7%	21.5%	10.7%	25.0%
Interest-only loans					
Personal customers	The proportion of IO loans for owner-occupied and holiday homes with an LTV ratio above 75% of the statutory LTV limit may not exceed 10% of total lending.	5.5%	2.7%	5.6%	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.	10.7%	17.0%	7.0%	25.0%
Refinancing (quarterly)		3.1%	7.2%	0.7%	12.5%
Large exposures					
Loans and advances:equity	The sum of the 20 largest exposures must be less than the CET1 capital.	43.9%	42.8%	6.4%	100.0%

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

Credit ratings

Nykredit Realkredit and Nykredit Bank collaborate with 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.

Geopolitical conditions

The geopolitical conditions and the global economies are challenged by, for instance, the war in Ukraine. These conditions are expected to affect the credit quality of some customers as a result of lower economic growth, increasing interest rates, house price trends, inflation and disruptions of value and supply chains, 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, higher energy prices and rising interest rates. Provisions of DKK 695 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 546 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 1,541 million.

Covid-19

There is still general uncertainty about the impact of the covid-19 pandemic. Among other things, payment of deferred tax and VAT could lead to more bankruptcies. Loan impairments related to covid-19 were reassessed in connection with the Q1-Q3 Interim Report 2022. Repayment of loans granted under government relief packages is 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.

	DKK million					
	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment charges for loans and advances, earnings impact	
Nykredit Group	30.09.2022	31.12.2021	30.09.2022	31.12.2021	30.09.2022	31.12.2021
Loans, advances, guarantees and impairment charges for loans and advances						
Mortgage lending, nominal value						
Nykredit Realkredit	534,866	525,274	4,243	4,793	(495)	(160)
Totalkredit	886,578	865,802	1,696	1,721	19	161
Total	1,421,443	1,391,076	5,939	6,515	(476)	0
Loans and advances etc						
Nykredit Bank	87,255	74,513	2,964	2,755	256	(208)
Total	87,255	74,513	2,964	2,755	256	(208)
Receivables from credit institutions	11,888	5,165	13	23	(11)	2
Reverse repurchase lending	37,673	50,900	0	0	-	-
Guarantees etc	9,614	8,987	337 ¹	331 ¹	5 ¹	90 ¹
Loan impairment, % ²						
Nykredit Realkredit			0.79	0.90	(0.09)	(0.03)
Totalkredit			0.19	0.20	0.00	0.02
Total			0.42	0.47	(0.03)	0.00
Nykredit Bank			3.29	3.57	0.28	(0.27)
Total			3.29	3.57	0.28	(0.27)

¹ Impairment charges for loan commitments etc were DKK 60 million (Q2/2022: DKK 66 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 has reversed DKK 1.4 billion. Reasons for this reversal include reduced pandemic-related risk. Covid-19-induced provisions comprised DKK 363 million related to property values and DKK 323 million related to vulnerable sectors. Provisions totalled DKK 686 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 Q3 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 Q1-Q3/2022, and individual impairment provisions remained low. Arrears ratios were declining for some portfolios and stable for others. Write-offs have been low compared with previous years but have risen in Q3. 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 have been incorporated into the impairment models and into 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.

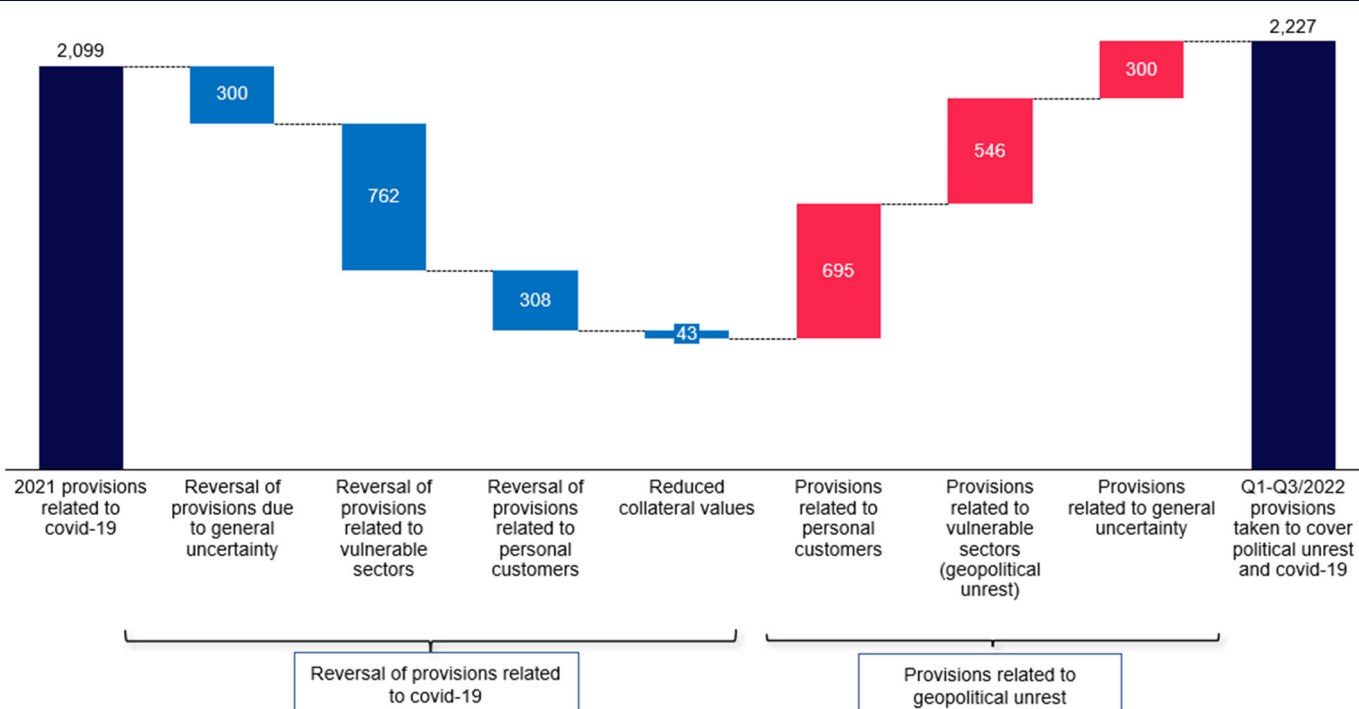
The PD is customer-specific, while the other parameters are product-specific. One PD is therefore assigned to each customer, while each of the customer's products has a separate LGD and EAD.

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 Q3, 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 2.8% and house price rises of 2.4% in 2022.

The adverse scenario was included in the models with a weighting of 40%. The scenario implies expected GDP growth of 2.7% and house price rises of 2.2% 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 9,253 million as at 30 September 2022 (end-2021: DKK 9,625 million). If the main scenario carried a 100% weighting, total impairment provisions would decrease by DKK 65 million. Compared with the main scenario, total impairment provisions would rise by DKK 184 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 758 billion.

At 30 September 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	0.7	2.5	2.6	0.7	3.3	3.6	
Long-term rate ²	1.4	1.9	2.4	1.5	2.7	3.2	
House prices ³	2.4	(5.6)	(1.5)	2.2	(7.6)	(5.0)	
GDP ³	2.8	0.2	1.5	2.7	(0.6)	0.9	
Unemployment ⁴	2.4	3.1	3.3	2.4	3.3	3.6	

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

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

³ House prices and GDP reflect annual 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. Our forecasts have in Q1-Q3 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-September, such post-model adjustments totalled DKK 4,166 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 general assessment of Q3 trends has been based on several negative forecasts of interest rates, housing prices and growth. Additional provisions of DKK 100 million have therefore been taken, reflecting the adverse economic development towards the end of the quarter. The estimates are adjusted and evaluated on a regular basis, and it is decided on an individual basis whether to phase out or incorporate an estimate into the models, if necessary.

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

	DKK million	
Nykredit Group Specific macroeconomic risks and process-related circumstances	30.09.2022	31.12.2021
Agriculture	702	499
Covid-19	524	1,244
Geopolitical tensions	1,007	-
Adjustment for adverse economic development	100	-
Concentration risks in loan portfolios	258	254
Total macroeconomic risks	2,591	1,997
Process-related	557	240
Model changes	321	326
Other (results of controlling, haircuts etc)	697	935
Total process-related circumstances	1,575	1,501
Total post-model adjustments	4,166	3,498

Note: As at Q1-Q3/2022, another DKK 696 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 534 million was attributable to geopolitical tensions and DKK 162 million to covid-19.

MORTGAGE LENDING

At end-September 2022, Nykredit's credit exposure in terms of nominal mortgage lending was DKK 1,421 billion, corresponding to an increase of DKK 30 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 was 49.3% at end-September 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 5,939 million at end-September 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		
	30.09.2022	31.12.2021
Total impairment provisions for mortgage lending		
Individual impairment provisions (stage 3)	1,891	2,631
Model-based impairment provisions (stages 1, 2 and 3)	4,048	3,883
- of the above attributable to geopolitical conditions and covid-19	1,489	1,473
Total impairment provisions for mortgage lending	5,939	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 476 million (FY 2021: DKK 0 million). This reversal of impairment charges for loans and advances for the period comprised impairment provisions of DKK 83 million related to owner-occupied dwellings and a reversal of DKK 559 million related to the business segment.

DKK million								
Nykredit Group								
Mortgage lending	LTV (loan-to-value)							LTV
Debt outstanding relative to estimated property values	0-40	40-60	60-80	80-90	90-100	>100	Total	avg, %
Owner-occupied dwellings	606,520	141,236	29,898	581	239	334	778,808	51.8
Private rental	116,061	27,789	5,944	283	136	158	150,372	52.1
Industry and trades	18,040	2,220	196	29	25	5	20,514	43.2
Office and retail	102,264	20,436	1,140	195	94	75	124,203	47.3
Agriculture	58,019	17,386	3,823	225	79	136	79,668	56.2
Public housing	0	0	0	0	0	0	76,645	0.0
Other	13,802	1,806	487	37	27	48	16,207	44.5
Total Q1-Q3/2022	914,706	210,873	41,487	1,350	599	756	1,246,418	49.3
Total 2021	918,697	284,098	89,249	2,924	1,145	1,190	1,382,551	55.8

DKK million				
Nykredit Group				
	30.09.2022		31.12.2021	
Mortgage lending by property type ¹	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Owner-occupied dwellings	2,738	83	2,732	242
Private rental	624	(131)	759	4
Industry and trades	60	(25)	87	9
Office and retail	646	(192)	831	(110)
Agriculture	1,439	(61)	1,513	(266)
Public housing	16	(9)	25	(9)
Cooperative housing	298	(47)	345	23
Other	119	(94)	223	106
Total	5,939	(476)	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 0.15% of total mortgage payments due 75 days past the June due date (June due date 2021: 0.20%).

Bond debt outstanding affected by arrears as a percentage of total bond debt outstanding also decreased to DKK 1.53 billion (June due date 2021: DKK 1.93 billion).

Nykredit Group	Arrears	Debt	Debt
	relative to total mortgage payments	outstanding in arrears relative to total debt outstanding	
Arrears ratio – 75 days past due	%	%	DKK billion
Due date			
2022			
- June	0.15	0.11	1.53
- March	0.16	0.11	1.55
2021			
- December	0.16	0.11	1.61
- September	0.18	0.13	1.74
- June	0.20	0.14	1.93
- March	0.22	0.15	2.07
2020			
- December	0.22	0.17	2.28

Properties acquired by foreclosure

In Q1-Q3/2022, the Group acquired 3 properties and sold 6. The property portfolio counted 3 properties at 30 September 2022 (end-2021: 6).

BANK LENDING

Total credit exposure came to DKK 152.3 billion (end-2021: DKK 153.6 billion) of which DKK 17.7 billion for intercompany guarantees. Bank lending at amortised cost amounted to DKK 87.3 billion at end-September 2022 (end-2021: DKK 74.5 billion), up DKK 12.7 billion since the turn of the year. Reverse repurchase lending totalled DKK 37.7 billion at end-September 2022 (end-2021: DKK 50.9 billion). Guarantees etc provided amounted to DKK 9.6 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 2,964 million at end-September 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	30.09.2022	31.12.2021
Total provisions for bank loan impairment		
Individual impairment provisions (stage 3)	1,751	1,683
Model-based impairment provisions (stages 1, 2 and 3)	1,213	1,072
- of the above attributable to geopolitical conditions and covid-19	738	626
Total provisions for bank loan impairment	2,964	2,755

Guarantees

At end-September 2022, guarantees provided etc amounted to DKK 9,614 million (end-2021: DKK 8,987 million). At end-September 2022, provisions for guarantees amounted to DKK 337 million (end-2021: DKK 331 million).

	DKK million					
Nykredit Group	30.09.2022			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	884	10	1	1,110	10	0
Agriculture, hunting, forestry and fishing	4,501	206	6	3,877	192	13
Manufacturing, mining and quarrying	13,870	468	283	11,754	262	(123)
Energy supply	5,569	76	35	5,475	32	6
Construction	2,414	400	184	2,722	202	8
Trade	13,451	523	(138)	9,752	655	225
Transport, accommodation and food service activities	6,774	179	43	6,525	144	(29)
Information and communication	4,240	86	(3)	2,376	83	(23)
Finance and insurance	44,061	85	1	56,378	91	(50)
Real estate	16,939	428	(92)	16,540	524	(74)
Other	12,693	284	(24)	9,948	312	(42)
Total business customers	124,511	2,737	294	125,346	2,497	(89)
Personal customers	26,889	554	(34)	27,182	579	(28)
Total	152,284	3,301	261	153,638	3,086	(118)
- of which provisions for losses under guarantees etc		337	5		331	90
Impairment provisions for credit institutions		3	(7)		9	(2)
- of which intercompany guarantees and total	17,742	3,303	255	19,239	3,096	(120)

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

DKK million

Nykredit Bank Group	Q1-Q3/ 2022	Q1-Q3/ 2021	Q3/ 2022	Q2/ 2022	Q1/ 2022	Q3/ 2021	2021
BUSINESS PROFIT AND PROFIT FOR THE PERIOD							
Net interest income	1,580	1,333	579	516	485	454	1,774
Net fee income	460	499	145	153	162	153	680
Wealth management income	1,737	1,695	566	579	592	595	2,324
Net interest from capitalisation	(107)	(27)	(43)	(33)	(31)	(13)	(41)
Net income relating to customer benefits programmes ¹	(97)	(46)	(41)	(29)	(27)	(26)	(72)
Trading, investment portfolio and other income	706	741	273	174	259	314	1,246
Income	4,279	4,195	1,478	1,360	1,441	1,478	5,912
Costs	2,281	2,122	755	757	769	730	2,927
Business profit before impairment charges	1,997	2,073	722	603	672	748	2,985
Impairment charges for loans and advances	255	(70)	18	190	46	(97)	(120)
Business profit	1,743	2,143	704	413	626	845	3,105
Legacy derivatives	890	353	220	341	329	60	432
Profit before tax	2,632	2,496	924	754	954	906	3,537
Tax	564	508	195	162	207	170	733
Profit for the period	2,068	1,988	729	592	748	736	2,804
Minority interests	44	31	17	12	15	14	45
Summary balance sheet							
	30.09.2022	30.09.2021	30.09.2022	30.06.2022	31.03.2022	30.09.2021	31.12.2021
Reverse repurchase lending	37,673	49,344	37,673	36,831	47,043	49,344	50,900
Loans, advances and other receivables at amortised cost	87,255	71,358	87,255	86,022	79,890	71,358	74,513
Payables to credit institutions and central banks	51,136	55,601	51,136	51,883	56,139	55,601	52,833
Repo deposits	7,317	6,890	7,317	5,641	8,397	6,890	7,379
Deposits and other payables	103,859	91,607	103,859	97,189	88,174	91,607	92,895
Equity	32,840	28,040	32,840	32,111	31,604	28,040	30,856
FINANCIAL RATIOS¹							
Profit for the period as % pa of average equity	8.5	9.7	8.8	7.3	9.4	10.5	10.0
Costs as % of income	53.3	50.6	51.1	55.7	53.4	49.4	49.5
Average number of staff, full-time equivalent	1,019	969	1,023	1,016	1,016	1,018	974

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

Nykredit Bank posted a profit before tax of DKK 2,632 million for Q1-Q3 (Q1-Q3/2021: DKK 2,496 million). The period was characterised by continued lending and customer growth.

Nykredit Bank recorded both deposit and lending growth in Q1-Q3 with lending up DKK 12.7 billion to DKK 87.3 billion, primarily attributable to corporate clients, and deposits increased by DKK 11.0 billion to DKK 103.9 billion. In Q1-Q3 assets under administration and assets under management decreased due to negative returns, partly offset by positive net sales.

Q1-Q3 was affected by high inflation, rising interest rates and turmoil in the financial markets due to geopolitical conditions. In July and September the European Central Bank, followed by Danmarks Nationalbank, raised interest rates. Immediately after Danmarks Nationalbank's interest rate hike on 22 July 2022, Nykredit decided, as the first among the largest Danish banks, to raise its deposit rates, meaning that our personal customers would no longer be charged negative interest on their deposits. The deposit rates applying to business customers were also raised. On 8 September 2022 Danmarks Nationalbank raised the interest rate once again. As a result, Nykredit reintroduced positive deposit rates, making it more attractive to save up. The interest rate rise also resulted in higher lending rates.

Customer satisfaction

This year's EPSI satisfaction survey conducted among Danish banking customers shows that Nykredit Bank is this year's high performer and one of the banks to receive the highest satisfaction score in an otherwise subdued market.

Mutual benefits

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

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

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

The discount on bank home loans is offered to our customers who do everyday banking and home financing with Nykredit Bank. This discount is 0.15% of home loan interest expenses.

We focus on green choices

As a key element of Nykredit's ambitions for a greener Denmark, Nykredit Bank's customers are offered a number of green benefits. The products green home loan, green car loans and home energy check-ups are offered to our personal customers and aim to ensure that financing costs will not discourage them from buying an electric or hybrid car or making home energy improvements. We also offer green products to our agricultural customers, for example green machinery leasing. Finally, we offer green construction loans to public housing clients with green energy renovation or green construction projects.

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

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

Q1-Q3 in summary

Business profit was DKK 1,743 million in Q1-Q3/2022 (Q1-Q3/2021: DKK 2,143 million), and profit before tax for the period came to DKK 2,632 million (Q1-Q3/2021: DKK 2,496 million).

Income totalled DKK 4,279 million (Q1-Q3/2021: DKK 4,195 million), and net interest income amounted to DKK 1,580 million (Q1-Q3/2021: DKK 1,333 million). The rise in net interest income was mainly due to interest income from higher lending activity. Net fees amounted to DKK 460 million (Q1-Q3/2021: DKK 499 million).

Costs totalled DKK 2,281 million (Q1-Q3/2021: DKK 2,122 million). The increase was driven by increasing business volumes and activity, which has resulted in growing staff costs. Costs of IT and compliance for the period also rose. The average number of full-time equivalent staff totalled 1,019 (Q1-Q3/2021: 969). This development was mainly due to upstaffing in customer-facing units as well as in Nykredit's compliance units.

Impairment charges for loans and advances were DKK 255 million (Q1-Q3/2021: net reversal of DKK 70 million).

Legacy derivatives gained DKK 890 million (Q1-Q3/2021: DKK 353 million). Legacy derivatives are derivatives Nykredit no longer offers to customers.

Lending rose by DKK 12.7 billion to DKK 87.3 billion at end-September 2022 (end-2021: DKK 74.5 billion).

Deposits and other payables amounted to DKK 103.9 billion at end-September 2022 (end-2021: DKK 92.9 billion).

Deposits exceeded lending at amortised cost by DKK 13.6 billion at end-September 2022 (end-2021: DKK 15.6 billion).

At 30 September 2022, Nykredit Bank's lending growth was 22.6%, exceeding the Danish FSA's benchmark 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.

DKK million

Totalkredit	Q1-Q3/ 2022	Q1-Q3/ 2021	Q3/ 2022	Q2/ 2022	Q1/ 2022	Q3/ 2021	2021
BUSINESS PROFIT AND PROFIT FOR THE PERIOD							
Net interest income	2,876	2,739	970	970	937	933	3,716
Net fee income	846	599	251	316	279	152	814
Net interest from capitalisation	(277)	(186)	(108)	(91)	(78)	(69)	(252)
Net income relating to customer benefits programmes	(219)	(194)	(79)	(88)	(53)	(70)	(269)
Trading, investment portfolio and other income	(347)	(127)	(60)	(203)	(84)	(43)	(108)
Income	2,878	2,830	973	903	1,002	904	3,901
Costs	706	674	237	235	235	219	937
Business profit before impairment charges	2,172	2,156	736	668	767	684	2,964
Impairment charges for loans and advances	16	102	(27)	76	(34)	(31)	155
Profit before tax	2,156	2,054	763	592	801	716	2,810
Tax	293	284	107	70	116	101	395
Profit for the period	1,863	1,769	655	522	685	614	2,414
Interest on Additional Tier 1 capital not recognised in profit or loss	97	145	36	31	30	44	200
SUMMARY BALANCE SHEET							
Assets	30.09.2022	30.09.2021	30.09.2022	30.06.2022	31.03.2022	30.09.2021	31.12.2021
Mortgage loans at fair value	749,576	834,462	749,576	788,235	825,450	834,462	852,688
Bonds at fair value	49,157	57,405	49,157	70,801	52,953	57,405	79,096
Payables to credit institutions and central banks	771,687	866,591	771,687	832,175	851,684	866,591	903,688
Bonds in issue at fair value	3,078	3,952	3,078	3,256	3,486	3,952	3,728
Equity	36,445	34,130	36,445	35,823	35,332	34,130	38,726
FINANCIAL RATIOS							
Profit for the period as % pa of average equity ¹	7.5	7.4	7.7	6.2	8.5	7.7	7.5
Costs as % of income	24.5	23.8	24.4	26.0	23.4	24.3	24.0
Average number of staff, full-time equivalent	248	241	252	249	244	251	241

¹ For the purpose of return on equity etc, the AT1 capital is treated as a financial obligation for accounting purposes, and the dividends thereon for accounting purposes are included as interest expenses on subordinated debt in profit for the period.

Profit before tax was DKK 2,156 million for Q1-Q3/2022 (Q1-Q3/2021: DKK 2,054 million). The results were driven by bond price declines resulting in remortgaging activity. As a result, customers have reduced their mortgage debt. Nonetheless, Totalkredit has recorded growth in nominal mortgage lending of 2.4% since the turn of the year. Following Q3, Totalkredit's nominal mortgage lending was slightly lower than at end-H1. Due to the remortgaging, the average loan-to-value (LTV) ratio of our customers has declined since the turn of the year, and our customers' financial resilience has strengthened with respect to mortgage debt.

According to our latest housing market forecast we expect a decrease in prices of houses and owner-occupied flats on a national level over the next 18 months. However, the price decline is not expected to offset the large price increases seen in 2020 and 2021. The high employment rates in Denmark have so far helped sustain homebuyers' financial situation and with that also the housing market.

The alliance with the 45 Totalkredit partner banks is the foundation for our commitment to contribute to development and growth and offer attractive and secure loans all over Denmark at all times. The alliance between Totalkredit and its partner banks is strong, and partner satisfaction remains high. Together with our partner banks, which are

responsible for the direct customer contact, we are committed to helping our customers, also in difficult times.

The alliance between Totalkredit and its partner banks has been instrumental in providing new lending of DKK 58.7 billion in Q1-Q3/2022. We have welcomed new customers, and now more than 914,000 homeowners have Totalkredit loans.

Thanks to the contribution from Forenet Kredit, our mutual ownership structure is generating cash benefits to our customers again this year. As a result, Totalkredit has been able to offer discounts on mortgage loans in the form of KundeKroner. The Nykredit Group has extended the KundeKroner benefits programme on the current terms up to and including 2023 to enhance customers' financial visibility.

To support the green transition, Forenet Kredit has made a contribution to the Nykredit Group for green initiatives. We can offer a green contribution of DKK 10,000 to up to 3,000 Totalkredit customers who opt to replace their oil-fired boilers with heat pumps and to up to 3,000 customers who want a similar replacement of their gas-fired boilers.

Sustainability has become an important part of our work, and we are working across the Group to support Denmark's green transition. As another initiative supporting the green transition, Totalkredit and its partner banks have, together with the Danish Energy Agency, developed an energy calculator, a tool for home energy optimisation. The energy calculator helps raise awareness of sustainable housing and energy renovation. It provides homeowners with an easy and quick overview of ways to save the most money and obtain the biggest carbon reduction from home energy renovation. This way we can guide our customers towards a more economical and greener path.

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

We have seen growth in Totalkredit business mortgages offered to the segments office and retail, residential rental as well as industry and trades. More than a quarter of the partnership banks offer Totalkredit business mortgages.

Q1-Q3 in summary

Profit before tax was DKK 2,156 million (Q1-Q3/2021: DKK 2,054 million). Profit for the period as % pa of average equity came to 7.5% (Q1-Q3/2021: 7.4%).

Income totalled DKK 2,878 million (Q1-Q3/2021: DKK 2,830 million). Net interest income and net fee income were positively impacted by high activity levels and growth in nominal mortgage lending.

Costs were DKK 706 million (Q1-Q3/2021: DKK 674 million). Business volumes and activity increased for the period, which led to rising costs for staff. Costs of IT and compliance for the period also rose. Costs as a percentage of income totalled 24.5% (Q1-Q3/2021: 23.8%).

Impairment charges for loans and advances equalled DKK 16 million (Q1-Q3/2021: DKK 102 million). Credit quality remains satisfactory.

Totalkredit recorded lending growth in Q1-Q3/2022, and the loan portfolio at nominal value rose to DKK 887 billion (end-2021: DKK 866 billion). Following Q3, Totalkredit's nominal mortgage lending was slightly lower than at end-H1. The development in lending should be seen in light of the high prepayment and remortgaging activity in Q1-Q3, in which many customers reduced their mortgage debts. Mortgage lending calculated at fair value shows a decline on end-2021. The difference at nominal value is driven by the rising interest rates, resulting in lower bond prices.

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 32) includes all interest.

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

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

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

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

"Net income relating to customer benefits programmes" comprising discounts etc, such as KundeKroner, ErhvervsKroner as well as mutual and green benefits granted to the Group's customers. The amount includes contributions received. The effect of the benefits programmes is included under "Group Items" 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 minority interests and interest expenses for Additional Tier 1 capital, which is treated as dividend in the Financial Statements. Business capital corresponds to a capital target of 15.5% of the risk exposure amount.

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

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

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

MANAGEMENT STATEMENT

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 30 September 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 September 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 September 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, 3 November 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 Brusén*

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		Q1-Q3/ 2022	Q1-Q3/ 2021	Q3/ 2022	Q3/ 2021
	Note				
INCOME STATEMENT					
Interest income		19,145	17,112	6,634	5,633
Interest income based on the effective interest method		1,496	1,489	675	503
Interest expenses		11,742	10,127	4,210	3,320
Net interest income	6	8,900	8,475	3,100	2,816
Dividend on equities etc	6	189	119	7	9
Fee and commission income	5	3,554	3,211	1,163	1,021
Fee and commission expenses		3,499	3,121	991	1,031
Net interest and fee income		9,143	8,684	3,278	2,816
Value adjustments	6, 7	1,644	2,498	430	730
Other operating income		1,193	1,094	391	363
Staff and administrative expenses		4,245	4,125	1,422	1,439
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets		220	238	74	79
Other operating expenses		180	190	55	47
Impairment charges for loans, advances and receivables etc	8	(225)	(68)	1	(157)
Profit from investments in associates and Group enterprises	9	3	5	1	1
Profit before tax		7,564	7,797	2,549	2,502
Tax		1,363	1,352	405	410
Profit for the period		6,200	6,444	2,144	2,092
Distribution of profit for the period					
Shareholders of Nykredit A/S		6,042	6,299	2,089	2,039
Minority interests		44	31	17	14
Holders of Additional Tier 1 capital notes		115	115	39	39
Profit for the period		6,200	6,444	2,144	2,092
COMPREHENSIVE INCOME					
Profit for the period		6,200	6,444	2,144	2,092
Other comprehensive income					
Items that cannot be reclassified to profit or loss:					
Actuarial gains/losses on defined benefit plans		(34)	(21)	(12)	2
Tax on actuarial gains/losses on defined benefit plans		8	5	3	(0)
Fair value adjustment of owner-occupied properties		-	2	-	2
Total items that cannot be reclassified to profit or loss		(27)	(14)	(10)	4
Other comprehensive income		(27)	(14)	(10)	4
Comprehensive income for the period		6,174	6,430	2,134	2,096
Distribution of comprehensive income					
Shareholders of Nykredit A/S		6,015	6,285	2,079	2,043
Minority interests		44	31	17	14
Holders of Additional Tier 1 capital notes		115	115	39	39
Comprehensive income for the period		6,174	6,430	2,134	2,096

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

Nykredit A/S	Note	Q1-Q3/ 2022	Q1-Q3/ 2021	Q3/ 2022	Q3/ 2021
INCOME STATEMENT					
Interest expenses		0	0	-	0
Net interest income		0	(0)	0	(0)
Staff and administrative expenses		5	5	2	2
Profit from investments in associates and Group enterprises	9	6,046	6,304	2,090	2,042
Profit before tax		6,041	6,299	2,088	2,040
Tax		(1)	(0)	(0)	1
Profit for the period		6,042	6,299	2,089	2,039
Distribution of profit for the period					
Shareholders of Nykredit A/S		6,042	6,299	2,089	2,039
Profit for the period		6,042	6,299	2,089	2,039
COMPREHENSIVE INCOME					
Profit for the period		6,042	6,299	2,089	2,039
Other comprehensive income					
Items that cannot be reclassified to profit or loss:					
Share of comprehensive income in associates and Group enterprises		(27)	(14)	(10)	2
Total items that cannot be reclassified to profit or loss		(27)	(14)	(10)	2
Other comprehensive income		(27)	(14)	(10)	2
Comprehensive income for the period		6,015	6,285	2,079	2,041
Distribution of comprehensive income					
Shareholders of Nykredit A/S		6,015	6,285	2,079	2,041
Comprehensive income for the period		6,015	6,285	2,079	2,041

BALANCE SHEETS

Nykredit A/S		DKK million		
		Nykredit Group		
31.12.2021	30.09.2022	Note	30.09.2022	31.12.2021
ASSETS				
-	-		42,305	40,129
13	32		11,888	5,165
-	-	10	1,246,696	1,382,803
-	-	11	125,258	125,796
-	-	12	92,019	84,589
-	-	13	1,600	998
-	-		7,467	7,368
-	-		54	40
89,750	91,364		-	-
-	-	14	463	-
-	-		2,240	2,205
Land and buildings				
-	-		31	31
-	-		284	380
-	-		315	412
-	-		217	217
4	6		197	53
4	2		151	134
-	-		7	12
0	-		19,867	23,157
1	1		746	397
89,772	91,406		1,551,488	1,673,474

BALANCE SHEETS

Nykredit A/S		DKK million		
31.12.2021	30.09.2022		30.09.2022	31.12.2021
		Note		
LIABILITIES AND EQUITY				
8	4		22,384	14,917
-	-	15	111,106	100,063
-	-		463	-
-	-	16	1,217,583	1,362,926
-	-	17	58,178	59,991
-	-	18	8,137	10,830
0	0		251	36
9	7		22,978	19,433
-	-		4	12
18	12		1,441,085	1,568,208
Provisions				
-	-		20	29
-	-		507	301
-	-		26	28
-	-		337	331
-	-		322	245
-	-		1,212	934
-	-	19	13,910	10,737
Equity				
1,327	1,327		1,327	1,327
Accumulated value adjustments				
-	-		3	3
Other reserves				
71,569	73,183		-	-
-	-		32,555	32,555
-	-		4,849	4,849
12,508	16,884		52,660	46,670
4,350	-		-	4,350
89,754	91,394		91,394	89,754
-	-		98	112
-	-		3,789	3,729
89,754	91,394		95,281	93,595
89,772	91,406		1,551,488	1,673,474
OFF-BALANCE SHEET ITEMS				
-	-		9,614	8,987
-	-		21,605	23,087
-	-		31,219	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	Shareholder 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	-	-	-	-	6,042	-	6,042	44	115	6,200
Total other comprehensive income	-	-	-	-	(27)	-	(27)	-	-	(27)
Total comprehensive income	-	-	-	-	6,015	-	6,015	44	115	6,174
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	-	(77)	(77)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	0	-	0	-	(0)	-
Premiums relating to acquisition of minority interest	-	-	-	-	(25)	-	(25)	-	-	(25)
Distributed dividend	-	-	-	-	-	(4,350)	(4,350)	(50)	-	(4,400)
Change in own portfolio	-	-	-	-	-	-	-	-	22	22
Other adjustments	-	-	-	-	-	-	-	(8)	-	(8)
Equity, 30 September	1,327	3	32,555	4,849	52,660	-	91,394	98	3,789	95,281
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	-	-	-	-	6,299	-	6,299	31	115	6,444
Total other comprehensive income	-	-	-	-	(14)	-	(14)	-	-	(14)
Total comprehensive income	-	-	-	-	6,285	-	6,285	31	115	6,430
Interest paid on Additional Tier 1 capital	-	-	-	-	-	-	-	-	(77)	(77)
Net transaction costs	-	-	-	-	(1)	-	(1)	-	-	(1)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	2	-	2	-	(2)	-
Realised from the sale of properties	-	(4)	-	-	4	-	-	-	-	-
Distributed dividend	-	-	-	-	-	(2,200)	(2,200)	(29)	-	(2,229)
Change in own portfolio	-	-	-	-	-	-	-	-	(10)	(10)
Other adjustments	-	-	-	-	(2)	-	(2)	-	-	(2)
Equity, 30 September	1,327	1	41,762	4,849	42,050	-	89,990	98	3,779	93,867

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. 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 (loss) for the period	-	6,046	(4)	-	6,042
Total other comprehensive income	-	(27)	-	-	(27)
Total comprehensive income	-	6,019	(4)	-	6,015
Distributed dividend	-	(4,380)	4,380	(4,350)	(4,350)
Dividend received from subsidiaries	-	-	-	-	-
Adjustment relating to subsidiaries	-	(25)	-	-	(25)
Equity, 30 September	1,327	73,183	16,884	-	91,394
2021					
Equity, 1 January	1,327	67,745	14,634	2,200	85,906
Profit (loss) for the period	-	6,304	(5)	-	6,299
Total other comprehensive income	-	(14)	-	-	(14)
Total comprehensive income	-	6,290	(5)	-	6,285
Reversed dividend	-	-	-	(2,200)	(2,200)
Dividend received from subsidiaries	-	(2,230)	2,230	-	-
Adjustment relating to subsidiaries	-	(1)	-	-	(1)
Equity, 30 September	1,327	71,804	16,859	-	89,990

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	Q1-Q3/2022	Q1-Q3/2021
Profit for the period	6,200	6,444
Adjustments		
Net interest income	(8,900)	(8,475)
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	220	238
Profit from investments in associates	(3)	(5)
Impairment charges for loans, advances and receivables etc	(359)	(250)
Prepayments/deferred income, net	(356)	(215)
Tax calculated on profit for the period	1,363	1,352
Other adjustments	(633)	(1,773)
Total	(2,468)	(2,683)
Change in operating capital		
Loans, advances and other receivables	137,003	(21,516)
Deposits and payables to credit institutions	18,510	(150)
Bonds in issue	(147,156)	(18,449)
Other operating capital	3,718	2,043
Total	9,608	(40,755)
Interest income received	19,760	18,343
Interest expenses paid	(10,323)	(9,963)
Corporation tax paid, net	(1,095)	(951)
Cash flows from operating activities	17,949	(33,325)
Cash flows from investing activities		
Dividend received from associates	6	5
Purchase and sale of bonds and equities, net	(8,067)	19,789
Purchase of intangible assets	(128)	(257)
Sale of intangible assets	3	157
Purchase of property, plant and equipment	(42)	(30)
Sale of property, plant and equipment	2	19
Total	(8,224)	19,683
Cash flows from financing activities		
Issuance of subordinated debt instruments	3,700	4,436
Redemption of subordinated debt	-	(4,488)
Distributed dividend	(4,400)	(2,228)
Purchase and sale of self-issued subordinated debt instruments	-	3
Payment of lease liabilities	(124)	(121)
Total	(824)	(2,399)
Total cash flows for the period	8,901	(16,041)
Cash and cash equivalents, beginning of period	45,294	59,361
Foreign currency translation adjustment of cash	(3)	218
Total cash flows for the period	8,901	(16,041)
Cash and cash equivalents, end of period	54,192	43,538
Cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	42,305	33,363
Receivables from credit institutions and central banks	11,888	10,176
Total	54,192	43,538

NOTES

Nykredit Group

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1. ACCOUNTING POLICIES

General

The Consolidated Financial Statements for Q1-Q3/2022 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the Annual Report.

The Parent Interim Financial Statements for Q1-Q3/2022 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 Q1-Q3 Interim Report for 2022. Moreover, in Q1-Q3/2022 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

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-September, such post-model adjustments totalled DKK 4,166 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 Q1-Q3/2022 covid-19-induced impairments have been reversed. Total provisions taken came to DKK 0.7 billion at end-September 2022.

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 1.5 billion have been taken to cover increased risk related to general uncertainty due to geopolitical conditions.

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

NOTES

Nykredit A/S		DKK million		
		Nykredit Group		
31.12.2021	30.09.2022			
2. CAPITAL AND CAPITAL ADEQUACY				
89,754	91,394	Equity for accounting purposes	95,281	93,595
-	-	Minority interests not included	(98)	(112)
-	-	Carrying amount of Additional Tier 1 capital recognised in equity	(3,789)	(3,729)
-	(4,057)	Profit etc not included	(4,057)	-
89,754	87,337	Equity excluding Additional Tier 1 capital and minority interests	87,337	89,754
0	(1,550)	Proposed extraordinary dividend	(1,550)	0
(4,350)	-	Proposed dividend	-	(4,350)
-	-	Prudent valuation adjustment	(100)	(75)
-	-	Minority interests	50	51
-	-	Intangible assets excluding deferred tax liabilities	(2,006)	(2,032)
-	-	Other regulatory adjustments	(292)	(320)
(337)	(278)	Deduction for own shares	(278)	(337)
-	-	Deduction for non-performing exposures	(149)	(34)
(4,687)	(1,828)	Common Equity Tier 1 regulatory deductions	(4,327)	(7,097)
85,068	85,509	Common Equity Tier 1 capital	83,011	82,657
-	-	Additional Tier 1 capital	2,466	2,211
-	-	Additional Tier 1 regulatory deductions	(4)	(21)
-	-	Total Additional Tier 1 capital after regulatory deductions	2,461	2,190
85,068	85,509	Tier 1 capital	85,472	84,847
-	-	Tier 2 capital	9,679	6,970
-	-	Tier 2 regulatory adjustments	2,058	2,042
85,068	85,509	Own funds	97,210	93,859
332,075	338,048	Credit risk	358,619	349,082
-	-	Market risk	38,161	24,075
1	0	Operational risk	29,737	27,244
332,076	338,048	Total risk exposure amount	426,517	400,401
Financial ratios				
25.6	25.2	Common Equity Tier 1 capital ratio, %	19.4	20.6
25.6	25.2	Tier 1 capital ratio, %	20.0	21.1
25.6	25.2	Total capital ratio, %	22.7	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 1% in Denmark which must also be met with Common Equity Tier 1 capital. The countercyclical capital buffer is being restored and will rise to 2% 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	Total Banking	Totalkredit Partners	Wealth Management	Group Items	Total
Results									
Q1-Q3/2022									
Results by business area									
Net interest income	1,554	2,069	3,623	1,625	5,248	2,398	192	(21)	7,817
Net fee income	602	492	1,093	421	1,514	690	37	(29)	2,212
Wealth management income	330	95	426	104	530	-	1,182	25	1,737
Net interest from capitalisation	(68)	(92)	(160)	(125)	(284)	(249)	(11)	70	(475)
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	(0)	(324)	(324)
Trading, investment portfolio and other income	27	255	282	396	678	1	31	(583)	127
Income	2,445	2,819	5,264	2,421	7,686	2,840	1,431	(862)	11,094
Costs	1,792	946	2,738	547	3,285	578	688	94	4,645
Business profit (loss) before impairment charges	653	1,873	2,526	1,874	4,400	2,262	743	(956)	6,449
Impairment charges for loans and advances	(19)	(126)	(145)	(47)	(193)	(3)	(20)	(10)	(225)
Business profit (loss)	672	1,999	2,671	1,921	4,593	2,265	763	(947)	6,674
Legacy derivatives	38	489	527	362	890	-	0	-	890
Profit (loss) before tax	711	2,488	3,199	2,284	5,482	2,265	764	(947)	7,564
BALANCE SHEET, 30 SEPTEMBER 2022									
Assets									
Mortgage loans etc at fair value	149,500	192,788	342,288	243,349	585,636	649,898	10,883	-	1,246,418
Reverse repurchase lending								37,673	37,673
Loans and advances at amortised cost	12,811	29,464	42,275	39,900	82,175	-	5,079	332	87,585
Assets by business area	162,311	222,251	384,563	283,249	667,811	649,898	15,962	38,005	1,371,676
Unallocated assets									179,812
Total assets									1,551,488
Liabilities and equity									
Repo deposits								7,317	7,317
Bank deposits and other payables at amortised cost	43,732	27,577	71,309	12,268	83,577	-	18,137	2,076	103,789
Liabilities by business area	43,732	27,577	71,309	12,268	83,577	-	18,137	9,392	111,106
Unallocated liabilities									1,345,102
Equity									95,281
Total liabilities and equity									1,551,488

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)

	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Totalkredit Partners	Wealth Management	Group Items	Total
Results									
Q1-Q3/2021									
Results by business area									
Net interest income	1,457	2,007	3,464	1,543	5,007	2,294	148	(5)	7,444
Net fee income	566	331	897	388	1,285	440	32	(20)	1,737
Wealth management income	349	103	452	126	578	-	1,096	20	1,695
Net interest from capitalisation	(55)	(83)	(138)	(101)	(239)	(190)	(8)	74	(362)
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	-	(294)	(294)
Trading, investment portfolio and other income	16	129	145	322	467	(4)	34	1,213	1,711
Income	2,334	2,487	4,821	2,278	7,098	2,541	1,303	988	11,930
Costs	1,698	875	2,573	580	3,153	550	672	180	4,555
Business profit before impairment charges	636	1,612	2,247	1,698	3,945	1,991	631	809	7,376
Impairment charges for loans and advances	(130)	161	31	(89)	(59)	56	(66)	0	(68)
Business profit	765	1,451	2,217	1,787	4,003	1,935	697	809	7,444
Legacy derivatives	3	199	201	151	352	-	0	-	353
Profit before tax	768	1,650	2,418	1,938	4,356	1,935	697	809	7,797

BALANCE SHEET, 30 SEPTEMBER 2021

Assets

Mortgage loans etc at fair value	167,787	216,685	384,473	256,168	640,641	707,009	12,497	-	1,360,147
Reverse repurchase lending								49,344	49,344
Loans and advances at amortised cost	11,346	25,112	36,458	31,260	67,717	-	3,964	62	71,744
Assets by business area	179,133	241,797	420,930	287,428	708,358	707,009	16,460	49,406	1,481,234
Unallocated assets									168,722
Total assets									1,649,956

Liabilities and equity

Repo deposits								6,890	6,890
Bank deposits and other payables at amortised cost	39,001	25,506	64,507	9,780	74,287	-	15,723	1,397	91,406
Liabilities by business area	39,001	25,506	64,507	9,780	74,287	-	15,723	8,286	98,296
Unallocated liabilities									1,457,793
Equity									93,867
Total liabilities and equity									1,649,956

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

	Q1-Q3/2022			Q1-Q3/2021		
	Earnings presentation in Management Commentary	Reclassification	Income statement	Earnings presentation in Management Commentary	Reclassification	Income statement
Net interest income	7,817	1,083	8,900	7,444	1,031	8,475
Dividend on equities etc		189	189		119	119
Fee and commission income, net	2,212	(2,157)	55	1,737	(1,647)	90
Net interest and fee income		(886)	9,143		(496)	8,684
Wealth management income	1,737	(1,737)	-	1,695	(1,695)	-
Net interest from capitalisation	(475)	475	-	(362)	362	-
Net income relating to customer benefits programmes	(324)	324	-	(294)	294	-
Trading, investment portfolio and other income	127	(127)	-	1,711	(1,711)	-
Value adjustments		1,644	1,644		2,498	2,498
Other operating income		1,193	1,193		1,094	1,094
Income	11,094			11,930		
Costs	4,645	-	4,645	4,555	(1)	4,553
Business profit before impairment charges	6,449			7,376		
Impairment charges for loans and advances etc	(225)	-	(225)	(68)	0	(68)
Profit from investments in associates and Group enterprises		3	3		5	5
Business profit	6,674			7,444		
Legacy derivatives	890	(890)	-	353	(353)	-
Profit before tax	7,564	-	7,564	7,797	0	7,797

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	Q1-Q3/2022	Q1-Q3/2021
5. FEE AND COMMISSION INCOME		
Revenue from contracts with customers (IFRS 15) by business area		
Retail	553	490
Corporates & Institutions	256	272
Total Banking	809	762
Totalkredit Partners	801	488
Wealth Management	1,768	1,718
Group Items	134	206
Total	3,512	3,174
Total including income from financial guarantees	3,554	3,211

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), card fees as well as net revenue from Nykredit Markets, Asset Management and custody transactions, where revenue is recognised pursuant to the contractual provisions of the underlying agreements or price lists. Generally, business activities do not imply contract assets or liabilities for accounting purposes.

Revenue comprised by IFRS 15 mainly relates to:

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

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

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

NOTES

DKK million

Nykredit Group

6. NET INTEREST INCOME ETC AND VALUE ADJUSTMENTS

Q1-Q3/2022	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	(73)	37	(110)	-	-	(110)
Lending and deposits	1,625	(208)	1,833	-	1	1,834
Repo transactions and reverse repurchase lending	(119)	(8)	(111)	-	-	(111)
Bonds	2	-	2	-	-	2
Subordinated debt	-	165	(165)	-	-	(165)
Other financial instruments	88	41	46	-	-	46
Total	1,523	27	1,497	-	1	1,497
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	17,678	10,540	7,138	-	134	7,272
- of which administration margin income	7,346	-	7,346	-	-	7,346
Bonds	265	-	265	-	(3,655)	(3,390)
Equities etc	-	-	-	189	35	224
Derivative financial instruments	1	-	1	-	4,961	4,961
Total	17,943	10,540	7,403	189	1,475	9,067
Foreign currency translation adjustment					168	168
Net interest income etc and value adjustments	19,467	10,567	8,900	189	1,644	10,733
Negative interest income	524	524	-			
Negative interest expenses	651	651	-			
Total	20,641	11,742	8,900			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	1,199					
Q1-Q3/2021						
Financial portfolios at amortised cost						
Receivables from and payables to credit institutions and central banks	(17)	78	(95)	-	-	(95)
Lending and deposits	1,474	(171)	1,646	-	5	1,651
Repo transactions and reverse repurchase lending	(130)	(39)	(91)	-	-	(91)
Bonds	(2)	-	(2)	-	-	(2)
Subordinated debt	-	227	(227)	-	-	(227)
Other financial instruments	90	77	13	-	-	13
Total	1,416	173	1,243	-	5	1,248
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	16,085	8,940	7,144	-	150	7,294
- of which administration margin income	7,176	-	7,176	-	-	7,176
Bonds	150	-	150	-	(119)	30
Equities etc	-	-	-	119	1,442	1,561
Derivative financial instruments	(63)	-	(63)	-	889	826
Total	16,172	8,940	7,232	119	2,361	9,712
Foreign currency translation adjustment					132	132
Net interest income etc and value adjustments	17,588	9,113	8,475	119	2,498	11,092
Negative interest income	462	462	-			
Negative interest expenses	551	551	-			
Total	18,602	10,127	8,475			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	1,145					

¹ Recognised at fair value under the fair value option.

NOTES

Nykredit A/S		DKK million	
		Nykredit Group	
Q1-Q3/2021	Q1-Q3/2022	Q1-Q3/2022	Q1-Q3/2021
	7. VALUE ADJUSTMENTS		
	Assets measured at fair value through profit or loss		
-	- Mortgage loans	(193,297)	(43,655)
-	- Other loans, advances and receivables at fair value	1	5
-	- Bonds	(3,655)	(119)
-	- Equities etc	35	1,442
-	- Foreign exchange	168	132
-	- Foreign exchange, interest rate and other contracts as well as derivative financial instruments	4,958	882
-	- Other assets	2	7
	Liabilities measured at fair value through profit or loss		
-	- Bonds in issue	193,431	43,805
-	- Total	1,644	2,498

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	1,847	2,482	1,231	1,073	0	5	205	185	3,283	3,744
Releases as a result of redemptions and change in credit risk	2,317	2,394	1,030	1,171	11	4	199	128	3,557	3,698
Impairment provisions written off	105	192	19	109	-	-	0	-	125	302
Other adjustments and interest from impaired facilities	(0)	(2)	27	28	-	-	-	-	27	26
Transferred to "Impairment provisions for properties acquired by foreclosure"	0	2	-	-	-	-	-	-	0	2
Total impairment provisions	5,939	6,544	2,964	2,832	13	23	337	297	9,253	9,697
Earnings impact										
Change in impairment provisions for loans and advances (stages 1-3)	(470)	87	201	(99)	(11)	1	5	56	(275)	46
Write-offs for the period, not previously written down for impairment	67	117	82	17	-	-	-	-	149	134
Recoveries on claims previously written off	(57)	(73)	(24)	(41)	-	-	-	-	(82)	(113)
Total	(461)	132	259	(123)	(11)	1	5	56	(207)	67
Value adjustment of assets in temporary possession	0	(3)	-	-	-	-	-	-	0	(3)
Value adjustment of claims previously written off	49	(38)	(3)	1	-	-	-	-	46	(37)
Losses offset, in accordance with partnership agreement ²	(63)	(95)	-	-	-	-	-	-	(63)	(95)
Earnings impact	(476)	(4)	256	(122)	(11)	1	5	56	(225)	(68)

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	843	(759)	(84)	380	(321)	(59)	68	(66)	(3)	-
Transfer to stage 2	(43)	323	(280)	(63)	162	(99)	(8)	12	(4)	-
Transfer to stage 3	(5)	(107)	112	(4)	(119)	124	(0)	(17)	18	-
Impairment provisions for new loans and advances (additions)	310	176	88	124	116	138	22	36	23	1,033
Additions as a result of change in credit risk	430	481	362	119	400	334	21	89	13	2,250
Releases as a result of change in credit risk	1,063	489	765	427	261	352	88	56	56	3,557
Previously written down for impairment, now written off	-	-	105	0	0	19	-	-	0	125
Other adjustments and interest from impaired facilities	-	-	(0)	-	-	27	-	-	-	27
Total impairment provisions, end of period	2,118	1,446	2,375	507	786	1,684	84	168	85	9,253
Total, end of period		5,939			2,977			337		9,253
Impairment provisions, end of period, are moreover attributable to:										
Credit institutions				13	-	-				13
Earnings impact for Q1-Q3/2022	(324)	168	(314)	(184)	255	120	(45)	70	(19)	(275)

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

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 September 2022	Stage 1	Stage 2	Stage 3	Total
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,206,508	31,799	14,328	1,252,635
Total impairment provisions, end of period	2,118	1,446	2,375	5,939
Value, end of period	1,204,390	30,353	11,953	1,246,696
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	109,050	16,330	2,842	128,222
Total impairment provisions, end of period	494	786	1,684	2,964
Value, end of period	108,557	15,544	1,157	125,258
Guarantees etc				
Guarantees etc	47,297	3,063	362	50,722
Total impairment provisions, end of period	84	168	85	337
Value, end of period	47,214	2,895	276	50,386
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 Group		Nykredit Group	
Q1-Q3/2021	Q1-Q3/2022	Q1-Q3/2022	Q1-Q3/2021
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	0 2
-	-	Impairment provisions for the period	1 14
-	-	Impairment provisions reversed	(0) (17)
-	-	Impairment provisions written off and other disposals	(3) (5)
-	-	Impairment provisions, end of period	19 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	3 5
6,304	6,046	Profit from investments in Group enterprises	- -
6,304	6,046	Total	3 5

NOTES

Nykredit A/S		DKK million	
		Nykredit Group	
31.12.2021	30.09.2022	30.09.2022	31.12.2021
10. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE			
-	- Mortgage lending	1,246,418	1,382,551
-	- Arrears and outlays	279	252
-	- Total	1,246,696	1,382,803
10 a. Mortgage loans			
-	- Balance, beginning of period, nominal value	1,391,076	1,321,486
-	- New loans	301,624	290,012
-	- Indexation	350	1
-	- Foreign currency translation adjustment	(2,149)	(637)
-	- Ordinary principal payments	(26,461)	(32,545)
-	- Prepayments and extraordinary principal payments	(242,997)	(187,240)
-	- Balance, end of period, nominal value	1,421,443	1,391,076
-	- Loans transferred relating to properties in temporary possession	-	-
-	- Total	1,421,443	1,391,076
-	- Adjustment for interest rate risk etc	(169,213)	(2,158)
Adjustment for credit risk			
-	- Impairment provisions	(5,813)	(6,368)
-	- Balance, end of period, fair value	1,246,418	1,382,551
As collateral for loans and advances, Nykredit has received mortgages over real estate and:			
-	- Supplementary guarantees totalling	140,133	115,899
-	- Interim loan guarantees totalling	26,030	30,501
-	- Mortgage registration guarantees etc totalling	22,564	25,256
10 b. Arrears and outlays			
-	- Arrears before impairment provisions	371	378
-	- Outlays before impairment provisions	34	22
-	- Individual impairment provisions for arrears and outlays	(126)	(147)
-	- Total	279	252

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 Q1-Q3/2022.

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 September 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 0.0 billion at 30 September 2022 (DKK 0.8 billion at 30 September 2021). The loans constitute secondary preferential claims and rank after the master bond in respect of the assets in Totalkredit A/S's capital centres.

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

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

Nykredit Realkredit A/S has granted loans of DKK 2.0 billion to Totalkredit A/S in the form of subordinated debt and DKK 4.0 billion in the form of Additional Tier 1 capital. In 2022 Totalkredit has redeemed Additional Tier 1 capital of DKK 4 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 2022 Nykredit Bank A/S has redeemed Tier 2 capital of DKK 2 billion.

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

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 37 million at 30 September 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 September 2022, the non-amortised minimum margin amounted to DKK 120 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 155 million at end-September 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 207 million at 30 September 2022 (end-2021: DKK 1,396 million). Credit value adjustments came to DKK 399 million at 30 September 2022 (end-2021: DKK 1,345 million).

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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 35 million.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 30 September 2022, the proportion was thus 0.31% (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 4.1 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 415 million at 30 September 2022 (0.44% of equity at 30 September 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 September 2022, financial assets of DKK 6.0 billion (end-2021: DKK 7.5 billion) have been transferred from Listed prices to Observable inputs and DKK 8.4 billion (end-2021: DKK 5.3 billion) from Observable inputs to Listed prices. Financial liabilities of DKK 0.3 billion (end-2021: DKK 1.1 billion) were transferred from Listed prices to Observable inputs and DKK 1.3 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 September 2022, the amount was DKK 0.8 billion (end-2021: DKK 0.5 billion).

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

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21. FAIR VALUE DISCLOSURES (CONTINUED)

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

30 September 2022

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets:				
- bonds at fair value	23,327	68,691	-	92,019
- equities measured at fair value through profit or loss	3,555	-	3,911	7,467
- positive fair value of derivative financial instruments	957	7,368	207	8,531
- mortgage loans, arrears and outlays ¹	-	1,246,696	-	1,246,696
- owner-occupied properties	-	-	31	31
- assets in pooled schemes	340	123	-	463
Total	28,179	1,322,879	4,149	1,355,207
Percentage	2.1	97.6	0.3	100.0
Financial liabilities:				
- deposits in pooled schemes	-	463	-	463
- other non-derivative financial liabilities at fair value	3,720	4,417	-	8,137
- negative fair value of derivative financial instruments	797	10,029	-	10,826
- bonds in issue at fair value ¹	1,216,861	722	-	1,217,583
Total	1,221,377	15,632	-	1,237,009
Percentage	98.7	1.3	-	100.0
Assets measured on the basis of unobservable inputs				
	Real estate	Equities	Derivatives	Total
Fair value, beginning of period, assets	31	3,762	1,396	5,190
Value adjustment recognised through profit or loss	(0)	319	(624)	(305)
Purchases for the period	-	342	-	342
Sales for the period	-	(512)	(113)	(625)
Transferred from Listed prices and Observable inputs ²	-	-	29	29
Transferred to Listed prices and Observable inputs ³	-	-	(481)	(481)
Fair value, end of period, assets	31	3,911	207	4,149

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.

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.

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DKK million

Nykredit Group	Q1-Q3/ 2022	Q1-Q3/ 2021	Q1-Q3/ 2020	Q1-Q3/ 2019	Q1-Q3/ 2018
22. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	8,900	8,475	8,419	8,210	8,157
Net fee income etc	244	209	48	(68)	(194)
Net interest and fee income	9,143	8,684	8,467	8,142	7,963
Value adjustments	1,644	2,498	774	982	1,054
Other operating income	1,193	1,094	1,051	1,110	722
Staff and administrative expenses	4,245	4,125	3,933	3,500	3,437
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	220	238	218	205	83
Other operating expenses	180	190	141	106	97
Impairment charges for loans, advances and receivables etc	(225)	(68)	1,985	665	213
Profit from investments in associates and Group enterprises	3	5	5	1	2
Profit before tax	7,564	7,797	4,020	5,760	5,910
Tax	1,363	1,352	641	914	1,140
Profit for the period	6,200	6,444	3,378	4,846	4,770
Summary balance sheet, end of period					
	30.09.2022	30.09.2021	30.09.2020	30.09.2019	30.09.2018
Assets					
Cash balances and receivables from credit institutions and central banks	54,192	43,538	41,497	71,304	29,526
Mortgage loans at fair value	1,246,418	1,360,147	1,332,762	1,256,233	1,183,494
Bank loans excluding reverse repurchase lending	87,255	71,358	70,523	63,289	58,749
Bonds and equities etc	99,485	94,441	114,301	122,535	92,412
Remaining assets	64,138	80,472	74,340	89,220	61,047
Total assets	1,551,488	1,649,956	1,633,422	1,602,582	1,425,228
Liabilities and equity					
Payables to credit institutions and central banks	22,384	14,153	18,090	23,422	18,498
Deposits and other payables	111,569	98,296	96,885	98,322	85,640
Bonds in issue at fair value	1,217,583	1,343,451	1,340,983	1,319,545	1,184,320
Subordinated debt	13,910	10,784	10,933	11,084	10,940
Remaining liabilities	90,760	89,406	78,912	68,343	46,910
Equity	95,281	93,867	87,619	81,866	78,921
Total liabilities and equity	1,551,488	1,649,956	1,633,422	1,602,582	1,425,228
Off-balance sheet items					
Contingent liabilities	9,614	8,689	6,855	6,557	6,074
Other commitments	21,605	20,216	22,906	25,093	9,351
FINANCIAL RATIOS¹					
Total capital ratio, %	22.7	22.7	21.6	22.2	23.5
Tier 1 capital ratio, %	20.0	20.5	19.3	20.0	21.5
Return on equity before tax, %	8.0	8.5	4.7	7.1	7.3
Return on equity after tax, %	6.6	7.0	3.9	6.0	5.8
Income:cost ratio	2.7	2.7	1.6	2.3	2.5
Foreign exchange position, %	0.0	0.0	0.0	0.2	0.0
Loans and advances:equity (loan gearing)	14.4	15.8	16.5	16.7	16.2
Growth in loans and advances for the period, %	2.9	3.9	3.8	4.3	2.5
Impairment charges for the period, %	(0.02)	(0.00)	0.14	0.05	0.01
Return on capital employed, %	0.40	0.39	0.21	0.30	0.33

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	Q1-Q3/ 2022	Q1-Q3/ 2021	Q1-Q3/ 2020	Q1-Q3/ 2019	Q1-Q3/ 2018
22. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)					
SUMMARY INCOME STATEMENT					
Net interest income	0	(0)	(0)	(0)	(0)
Net interest income	0	(0)	(0)	(0)	(0)
Staff and administrative expenses	5	5	9	15	18
Profit from investments in associates	6,046	6,304	3,189	4,683	4,600
Profit before tax	6,041	6,299	3,180	4,668	4,582
Tax	(1)	(0)	(2)	(3)	(4)
Profit for the period	6,042	6,299	3,182	4,671	4,586
SUMMARY BALANCE SHEET, END OF PERIOD					
	30.09.2022	30.09.2021	30.09.2020	30.09.2019	30.09.2018
Assets					
Cash balances and receivables from credit institutions and central banks	32	8	(0)	18	27
Remaining assets	10	14	17	20	18
Investments in Group enterprises	91,364	89,985	83,717	77,988	75,147
Total assets	91,406	90,007	83,734	78,026	75,192
Liabilities and equity					
Payables to credit institutions and central banks	4	8	24	35	28
Remaining liabilities	7	9	12	10	8
Equity	91,394	89,990	83,698	77,981	75,156
Total liabilities and equity	91,406	90,007	83,734	78,026	75,192
FINANCIAL RATIOS¹					
Total capital ratio, %	25.2	24.8	25.8	26.0	25.9
Tier 1 capital ratio, %	25.2	24.8	25.8	26.0	25.9
Return on equity before tax, %	6.7	7.2	3.9	6.1	6.1
Return on equity after tax, %	6.7	7.2	3.9	6.1	6.1
Income:cost ratio	1,139.2	1,268.5	338.7	310.5	256.6
Return on capital employed, %	6.61	7.00	3.80	5.99	6.10

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 September 2022	Profit (loss) for the period 2022	Equity, 30 September 2022	Profit for the year 2021	Equity, 31 December 2021
Nykredit A/S (Parent), Copenhagen, g)	-	6,042	91,394	8,666	89,754
Nykredit Realkredit A/S, Copenhagen, a)	100	6,161	95,153	8,825	93,501
Totalkredit A/S, Copenhagen, a)	100	1,863	36,445	2,414	38,726
Nykredit Bank A/S, Copenhagen, b)	100	2,024	32,742	2,759	30,743
Nykredit Portefølje Administration A/S, Copenhagen, f)	100	157	1,093	265	1,536
Nykredit Leasing A/S, Gladsaxe, e)	100	90	1,145	116	1,055
Sparinvest Holdings SE, Luxembourg, g)	79	225	198	79	177
Nykredit Mægler A/S, Copenhagen, c)	100	55	142	119	187
&Living Franchisegiver A/S, c) ¹	100	(0)	20	-	-
Kalvebod Ejendomme I A/S, Copenhagen, d)	100	24	648	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 ²	Profit before tax	Tax	Government aid received
Denmark	4,047	23,858	7,395	1,321	-
Luxembourg	28	356	169	43	-

¹ In Q3/2022, Nykredit Mægler A/S took over the remaining 50% of the shares in &Living Franchisegiver A/S, and the company is now a subsidiary.

² 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.