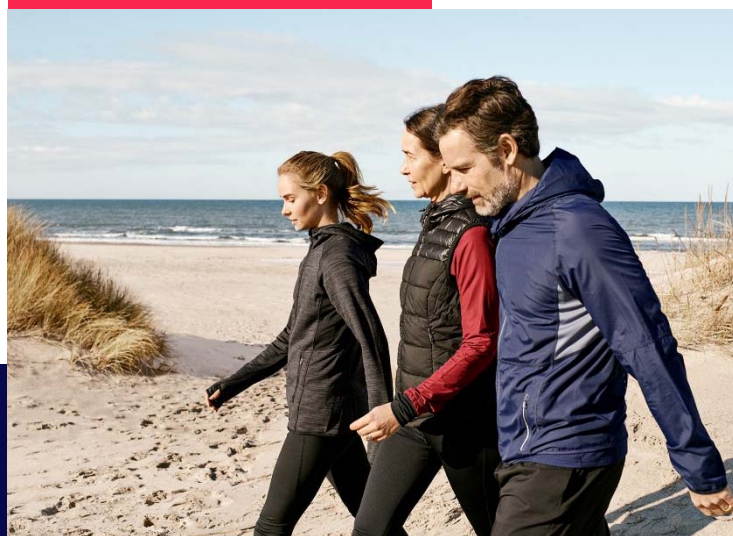


Nykredit
Bank



H1 Interim Report 2019

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MANAGEMENT COMMENTARY

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FINANCIAL HIGHLIGHTS


DKK million

| Nykredit Bank Group | H1/ 2019 | H1/ 2018 | Q2/ 2019 | Q1/ 2019 | 2018 |
|--|----------------|----------------|----------------|----------------|----------------|
| BUSINESS PROFIT AND PROFIT FOR THE PERIOD | | | | | |
| Net interest income | 742 | 752 | 373 | 369 | 1,533 |
| Net fee income | 267 | 273 | 139 | 128 | 521 |
| Wealth management income | 719 | 670 | 369 | 350 | 1,361 |
| Net interest from capitalisation | (15) | (15) | (7) | (7) | (30) |
| Trading, investment portfolio and other income | 349 | 523 | 220 | 129 | 756 |
| Income | 2,062 | 2,202 | 1,093 | 969 | 4,141 |
| Costs | 1,048 | 988 | 528 | 520 | 2,029 |
| Business profit before impairment charges | 1,014 | 1,215 | 565 | 448 | 2,112 |
| Impairment charges for loans and advances | 97 | 129 | 36 | 61 | 274 |
| Business profit | 917 | 1,086 | 529 | 387 | 1,838 |
| Legacy derivatives | (269) | 219 | (50) | (219) | 280 |
| Profit before tax | 647 | 1,305 | 479 | 168 | 2,118 |
| Tax | 141 | 281 | 104 | 37 | 458 |
| Profit for the period | 506 | 1,025 | 375 | 131 | 1,660 |
| SUMMARY BALANCE SHEET | | | | | |
| Assets | 30.06.2019 | 30.06.2018 | 30.06.2019 | 31.03.2019 | 31.12.2018 |
| Cash balances and receivables from credit institutions and central banks | 24,385 | 12,724 | 24,385 | 26,493 | 17,909 |
| Reverse repurchase lending | 49,147 | 31,192 | 49,147 | 36,548 | 37,427 |
| Loans, advances and other receivables at amortised cost | 63,505 | 58,344 | 63,505 | 60,723 | 60,566 |
| Bonds and equities etc | 49,041 | 49,075 | 49,041 | 44,933 | 49,289 |
| Remaining assets | 28,555 | 22,755 | 28,555 | 24,261 | 21,943 |
| Total assets | 214,634 | 174,090 | 214,634 | 192,958 | 187,135 |
| Liabilities and equity | | | | | |
| Payables to credit institutions and central banks | 77,760 | 42,434 | 77,760 | 49,098 | 54,620 |
| Repo deposits | 3,216 | 11,851 | 3,216 | 10,475 | 5,745 |
| Deposits and other payables | 80,088 | 72,442 | 80,088 | 79,856 | 77,119 |
| Bonds in issue at amortised cost | 5,511 | 4,779 | 5,511 | 4,849 | 5,411 |
| Other non-derivative financial liabilities at fair value | 9,411 | 6,059 | 9,411 | 11,363 | 7,618 |
| Remaining liabilities | 14,751 | 13,811 | 14,751 | 13,765 | 13,236 |
| Provisions | 295 | 254 | 295 | 326 | 290 |
| Subordinated debt | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Equity | 21,601 | 20,460 | 21,601 | 21,226 | 21,095 |
| Total liabilities and equity | 214,634 | 174,090 | 214,634 | 192,958 | 187,135 |
| FINANCIAL RATIOS¹ | | | | | |
| Profit for the period as % pa of average equity | 4.7 | 10.2 | 7.0 | 2.5 | 8.1 |
| Costs as % of income | 50.8 | 44.8 | 48.3 | 53.7 | 49.0 |
| Total provisions for loan impairment and guarantees | 2,758 | 2,853 | 2,758 | 2,862 | 2,896 |
| Impairment charges for the period, % | 0.06 | 0.14 | 0.03 | 0.10 | 0.30 |
| Total capital ratio, % | 20.7 | 22.4 | 20.7 | 20.8 | 21.5 |
| Tier 1 capital ratio, % | 18.7 | 20.0 | 18.7 | 19.0 | 19.4 |
| Common Equity Tier 1 capital ratio, % | 18.7 | 20.0 | 18.7 | 19.0 | 19.4 |
| Average number of staff, full-time equivalent | 843 | 830 | 856 | 830 | 837 |

¹ Financial ratios are defined on page 113 in the Annual Report 2018.

FINANCIAL REVIEW

| | | | |
|---|------------------------------------|----------------------------------|--------------------------|
|  | Business profit for H1/2019 | Profit for H1/2019 | Income in H1/2019 |
| | DKK 917 million | DKK 647 million | DKK 2,062 million |
| | Business profit for the period | Profit before tax for the period | Income |

| | | | |
|---|--|--------------------------|---|
|  | Return on equity | Cost:income ratio | Impairment charges, % |
| | 4.7% | 50.8% | 0.06% |
| | Profit for the period as % of average equity | Costs as % of income | Impairment charges for the period divided by loans, advances and guarantees |

PERFORMANCE HIGHLIGHTS FOR H1/2019

The financial performance in H1/2019 was in accordance with our expectations. Business profit amounted to DKK 917 million (H1/2018: DKK 1,086 million). Profit before tax amounted to DKK 647 million (H1/2018: DKK 1,305 million). The profit decline was mainly due to the lower interest level affecting value adjustments of swaps.

Nykredit Bank is an important part of the Nykredit Group and many mortgage customers are also full-service banking customers of Nykredit Bank. Nykredit Bank widely underpins the Group's mortgage business, eg by offering market making in the Group's covered bonds and thus contributing to ensuring high liquidity.

Nykredit Bank aims to be customers' preferred bank, always striving to further enhance the customer experience. Nykredit's customer concepts continued to generate satisfactory growth in the number of full-service (BoliBank) customers and increasing business volumes.

Bank lending increased by DKK 5.2 billion to DKK 63.5 billion, corresponding to a 8.8% increase since 30 June 2018. Including secured homeowner loans transferred to Totalkredit of DKK 6.7 billion, loans and advances have increased by 10.4% since end-June 2018.

To our full-service personal banking customers who have consolidated all of their finances with Nykredit, we have launched the MineMål benefits programme aimed at helping customers achieve their goals and dreams as homeowners. Under this programme, customers receive a cash bonus of DKK 250 each quarter. In May we paid the bonus for Q2 into customers' MineMål accounts, and at the same time we launched the MineMål app which offers customers a string of special deals from some of Nykredit's business partners.

From 1 July 2019, customers under the MineMål benefits programme also get an interest rate discount of 0.15% on the outstanding debt on homeowner loans with Nykredit Bank.

Assets under management continued the strong growth of recent years, particularly driven by international clients, professional Danish clients and Private Banking Elite clients. Assets under management have grown by DKK 22.2 billion since end-2018 to DKK 232.9 billion at end-H1/2019. At end-June, the formal agreement to acquire 75% of the shares in Sparinvest was signed. Closing is subject to regulatory approval, but is expected in H2/2019 and will further increase Nykredit's assets under management. Joining strengths with Sparinvest will increase our joint competitiveness and distribution power,

consolidate our wealth management skills and secure a wider and stronger product portfolio, improving our capacity to accommodate the demands that both personal customers and institutional clients place on us as asset manager, also in the long run.

Nykredit Private Banking has received several private banking awards in 2019. Nykredit Private Banking Elite won Best Domestic Clients Team in the category European Private Banking at the Wealth Briefing European Awards 2019 and was honoured with first place in the category Outstanding Private Banking Customer Relationship Service and Engagement by Private Banker International in London for the second consecutive year.

Income

Income declined by DKK 140 million to DKK 2,062 million (H1/2018: DKK 2,202 million), which was primarily attributable to the lower interest rate level affecting value adjustments of swaps negatively.

Net interest income declined by DKK 10 million to DKK 742 million (H1/2018: DKK 752 million) and net fee income declined by DKK 6 million to a total of DKK 267 million (H1/2018: DKK 273 million). Net interest income was negatively affected by a decrease in lending margins.

Wealth management income increased by DKK 49 million to DKK 719 million (H1/2018: DKK 670 million). Income rose mainly due to growth in assets under management.

Net interest from capitalisation, which includes interest on subordinated debt etc, totalled an expense of DKK 15 million (H1/2018: a loss of DKK 15 million).

Trading, investment portfolio and other income, including value adjustments of swaps currently offered, fell by DKK 174 million to DKK 349 million (H1/2018: DKK 523 million), driven by the lower interest rate level affecting value adjustments of swaps negatively, which was partly offset by a rise in investment portfolio income.

Costs

Costs increased by DKK 60 million to DKK 1,048 million (H1/2018: DKK 988 million). The Group still maintains focus on building organisational efficiency, while investing significant resources in compliance and implementation of new regulatory requirements as well as extending the partnership with BEC.

The average number of full-time equivalent staff totalled 843 (830 in H1/2018).

Impairment charges for loans and advances and provisions for guarantees etc

Impairment charges for the period remained low at 0.06% (H1/2018: 0.14%). Impairment charges and provisions came to DKK 97 million (H1/2018: DKK 129 million). Retail Banking accounted for DKK 123 million, C&I Banking accounted for a net reversal of DKK 28 million and Wealth Management accounted for a net reversal of DKK 5 million.

Legacy derivatives

This item includes credit value adjustment of swaps involving an increased risk of loss. These value adjustments are not included in the business profit and comprise all net income from a number of derivative products which Nykredit no longer offers to customers.

Value adjustment was a negative DKK 269 million (H1/2018: an income of DKK 219 million). The decline in legacy derivatives primarily resulted from decreasing interest rates.

The portfolio of legacy derivatives had a total market value of DKK 6.2 billion (DKK 5.6 billion at end-2018). The portfolio was written down to DKK 4.0 billion (DKK 3.5 billion at end-2018).

Tax

Tax on profit for the period was DKK 141 million (H1/2018: DKK 281 million).

Balance sheet

The balance sheet stood at DKK 214.6 billion at end-June 2019 (DKK 187.1 billion at end-2018).

Receivables from credit institutions and cash balances etc rose by DKK 6.5 billion to DKK 24.4 billion, and reverse repurchase lending increased by DKK 11.7 billion to DKK 49.1 billion.

Lending at amortised cost (excluding reverse repurchase lending) rose by DKK 2.9 billion relative to end-2018 to DKK 63.5 billion at end-June 2019.

In recent years, Nykredit Bank has transferred a number of secured homeowner loans to Totalkredit, which has reduced the Bank's balance sheet. At 30 June 2019 these loans amounted to DKK 6.7 billion

(DKK 6.2 billion at end-2018). Loan balances including secured homeowner loans totalled DKK 70.2 billion (DKK 66.8 billion at end-2018).

The bond and equity portfolios totalled DKK 49.0 billion (DKK 49.3 billion at end-2018). The bond portfolio might fluctuate significantly from one reporting period to another, which should be seen in the context of the Bank's repo activities, trading positions and general liquidity management. The same applies to balances with credit institutions.

Remaining assets were DKK 28.6 billion (DKK 21.9 billion at end-2018). At end-June 2019 DKK 22.6 billion was attributable to positive market values of derivatives (DKK 17.8 billion at end-2018). The positive market values related to the Bank's customer activities in derivatives and positions for hedging own risk. The Bank's interest rate risk is widely hedged through offsetting interest rate swaps.

Payables to credit institutions and central banks rose by DKK 23.1 billion to DKK 77.8 billion (DKK 54.6 billion at end-2018), while repo deposits fell by DKK 2.5 billion to DKK 3.2 billion (DKK 5.7 billion at end-2018).

Deposits and other payables (excluding repo deposits) went up by DKK 3.0 billion to DKK 80.1 (DKK 77.1 billion at end-2018).

Bonds in issue totalled DKK 5.5 billion (DKK 5.4 billion at end-2018). The Bank's issues under the ECP and EMTN programmes are continuously adapted to the Bank's liquidity needs.

Other non-derivative financial liabilities at fair value, which include negative bond portfolios, for which the Bank has a repurchase obligation, came to DKK 9.4 billion (DKK 7.6 billion at end-2018).

Remaining payables and provisions amounted to DKK 15.0 billion (DKK 13.5 billion at end-2018). The item mainly consisted of interest and commission payable and negative market values of derivative financial instruments. The negative market values of derivative financial instruments were DKK 12.7 billion (DKK 10.7 billion at end-2018).

Equity

Equity stood at DKK 21.6 billion at end-June 2019 (DKK 21.1 billion at end-2018).

| | DKK million | |
|----------------------------|---------------|---------------|
| Nykredit Bank Group | | |
| Equity | 30.06.2019 | 31.12.2018 |
| Equity, beginning of year | 21,095 | 19,877 |
| IFRS 9 impact | - | (441) |
| Profit after tax | 506 | 1,660 |
| Total equity | 21,601 | 21,095 |

RESULTS FOR Q2/2019 RELATIVE TO Q1/2019

Profit before tax was DKK 479 million (Q1/2019: DKK 168 million), corresponding to an increase of DKK 311 million.

Income went up by DKK 125 million to DKK 1,093 million (Q1/2019: DKK 969 million), primarily due to positive equity market trends, which impacted investment portfolio income favourably.

Costs amounted to DKK 528 million (Q1/2019: DKK 520 million) on par with previous quarter.

Impairment charges declined DKK 25 million and amounted to DKK 36 million.

Value adjustment of legacy derivatives resulted in a negative DKK 50 million in Q2/2019 (Q1/2019: A negative DKK 219 million), primarily driven by changes in interest rates and tightened credit spreads.

Business profit was consequently DKK 529 million in Q2/2019 (Q1/2019: DKK 387 million).

OUTLOOK FOR 2019

The outlook for 2019 is unchanged. Nykredit Bank expects a business profit and profit before tax of between DKK 1.5 billion and DKK 2.0 billion.

The Sparinvest transaction is expected to be completed on 30 August 2019 after clearance from the relevant authorities. Sparinvest has been included in the outlook for 2019 but is not expected to have material effect on the Bank's profit in the first year due to costs related to the integration of Sparinvest.

From the end of Q2 2019 long-term interest rates have declined significantly, which has had a substantial negative effect particularly on legacy derivatives. As a consequence, there is significant uncertainty related to losses on legacy derivatives and thus profit before tax.

Other significant uncertainty factors related to the outlook for 2019 are impairment charges for loans and advances.

SPECIAL ACCOUNTING CIRCUMSTANCES

Implementation of IFRS 16 "Leases"

IFRS 16 was implemented with effect from 1 January 2019. The standard implies capitalisation of Nykredit's rights to leased assets, including leasehold premises, and the recognition of liabilities arising from such leases. The income statement, balance sheet or equity is not impacted by the implementation.

OTHER

New organisation

A Group-wide reorganisation was implemented with effect from 21 March to further strengthen Nykredit's capacity to take the Winning the Double strategy and the customer experience to the next level. The new organisation is reflected in our H1 Interim Report 2019 (please see note 3).

On 1 June 2019, Tonny Thierry Andersen joined the Board of Directors in Nykredit Bank Group, which now consists of six directors.

Tonny Thierry Andersen has been appointed Group Managing Director and member of the Group Executive Board in Nykredit Realkredit A/S with responsibility for the Nykredit Group's Banking division.

Conditional agreement on purchase of shares in Sparinvest

Nykredit has entered into a conditional agreement with Sparinvest, a Danish asset manager, to obtain 75% of its shares.

Sparinvest is today owned by 49 banks and seven Danish insurance and pension companies. If the transaction is completed, the current owners combined will hold 25% of the shares.

On 9 July the Danish competition authorities approved Nykredit's acquisition of Sparinvest, and subsequently the authorities in Luxembourg (CSSF) announced on 14 August 2019 their approval of the acquisition. The completion of the acquisition is expected immediately after Sparinvest Holdings SE's general meeting, which will be held on 30 August 2019. Sparinvest will become a subsidiary of Nykredit Bank A/S. It is expected that the capital ratios of the Nykredit Bank Group will fall by about 1.9 percentage points. The drop is primarily due to capital deductions as a result of goodwill related to the acquisition of Sparinvest.

UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

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

The areas in which assumptions and estimates significant to the financial statements have been made include provisions for loan and receivable impairment and unlisted financial instruments see note 1, accounting policies, to which reference is made.

EVENTS SINCE THE BALANCE SHEET DATE

On 9 July the Danish competition authorities approved Nykredit's acquisition of Sparinvest, and the authorities in Luxembourg (CSSF) announced on 14 August 2019 their approval of the acquisition of Sparinvest.

No further events have occurred in the period up to the presentation of the Interim Report for H1/2019 which materially affect the Nykredit Bank Group's financial position.

CAPITAL

EQUITY AND OWN FUNDS

Equity

Equity carried for accounting purposes totalled DKK 21.6 billion at end June-2019 (DKK 21.1 billion at end-2018). Equity is identical in Nykredit Bank A/S and the Nykredit Bank Group, as the same recognition and measurement principles are applied.

| | DKK million | |
|---|----------------|----------------|
| Nykredit Bank Group | | |
| Capital and capital adequacy | 30.06.2019 | 31.12.2018 |
| Credit risk | 95,476 | 87,742 |
| Market risk | 11,286 | 12,794 |
| Operational risk | 8,143 | 7,765 |
| Total risk exposure amount | 114,904 | 108,300 |
| Share capital | 8,045 | 8,045 |
| Retained earnings | 13,556 | 13,050 |
| Equity, end of period | 21,601 | 21,095 |
| Prudent valuation adjustment | (26) | (32) |
| Intangible assets and deferred tax assets | (15) | (16) |
| Deduction for difference between IRB losses and impairments | - | - |
| Other deductions | - | - |
| Transitional adjustment of deductions | - | - |
| Common Equity Tier 1 capital | 21,561 | 21,048 |
| Additional Tier 1 capital | - | - |
| Other deductions | - | - |
| Tier 1 capital | 21,561 | 21,048 |
| Tier 2 capital | 2,000 | 2,000 |
| Tier 2 capital additions/deductions | 227 | 336 |
| Transitional adjustment of Tier 2 capital | - | - |
| Own funds | 23,787 | 23,384 |
| Common Equity Tier 1 capital ratio, % | 18.7 | 19.4 |
| Tier 1 capital ratio, % | 18.7 | 19.4 |
| Total capital ratio, % | 20.7 | 21.5 |
| Internal capital adequacy requirement (Pillar I and II), % | 10.8 | 10.2 |

| | DKK million | |
|---|---------------|---------------|
| Nykredit Bank Group | | |
| Required own funds and internal capital adequacy requirement | 30.06.2019 | 31.12.2018 |
| Credit risk (including CVA) | 7,638 | 7,019 |
| Market risk | 903 | 1,023 |
| Operational risk | 651 | 621 |
| Total Pillar I | 9,192 | 8,664 |
| Slightly weaker economic climate etc. | 704 | 976 |
| Other risks | 2,516 | 1,196 |
| Model and calculation uncertainties | - | 192 |
| Total Pillar II | 3,220 | 2,364 |
| Total required own funds | 12,412 | 11,029 |
| Internal capital adequacy requirement (Pillar I and Pillar II), % | 10.8 | 10.2 |

Capital

At end June-2019 Nykredit Bank's total own funds came to DKK 23.8 billion (DKK 23.4 billion at end-2018) determined inclusive of profit for H1/2019. Common Equity Tier 1 (CET1) capital is the most important capital concept in the determination of capital, as this is the type of capital required to comply with most of the regulatory capital requirements in the future. The Bank's CET1 capital amounted to DKK 21.6 billion (DKK 21.0 billion at end-2018).

The risk exposure amount (REA) totalled DKK 114.9 billion (DKK 108.3 billion at end-2018), mainly due to increased credit risk.

At end-June 2019 the total capital ratio was 20.7% and the CET 1 capital ratio 18.7% (21.5% and 19.4% at end-2018).

The determination of required own funds takes into account the business objectives by allocating capital for all relevant risks. Nykredit Bank's required own funds totalled DKK 12.4 billion (DKK 11.0 billion at end-2018). Nykredit Bank's internal capital adequacy requirement is calculated as the required own funds as a percentage of REA. The internal capital adequacy requirement was 10.8% (10.2% at end-2018).

CREDIT RATINGS

Nykredit Realkredit A/S and Nykredit Bank A/S have rating relationships with the international credit rating agencies S&P Global Ratings (S&P) and Fitch Ratings regarding the credit ratings of the companies and their funding.

S&P Global Ratings

Nykredit Realkredit and Nykredit Bank each have long-term and short-term issuer ratings of A/A-1 with S&P. The rating outlook is positive.

Nykredit Realkredit and Nykredit Bank have been assigned long-term and short-term Resolution Counterparty Ratings of A+/A-1.

Senior unsecured non-preferred debt has a BBB+ rating with S&P.

Fitch Ratings

Nykredit Realkredit and Nykredit Bank each have long-term and short-term issuer credit ratings of A/F1 with Fitch Ratings. The rating outlook is stable.

Nykredit Realkredit's and Nykredit Bank's long-term senior unsecured preferred debt ratings were A+, while Nykredit Bank's long-term and short-term deposit ratings are A+/F1.

Senior unsecured non-preferred debt has an A rating with Fitch Ratings.

Listing of ratings

A table listing Nykredit's credit ratings with S&P and Fitch Ratings is available at nykredit.com/rating.

SUPERVISORY DIAMOND FOR BANKS

The Supervisory Diamond sets out benchmark limits for five key ratios that indicate when a bank is operating at an elevated risk. Nykredit complies with all Supervisory Diamond benchmark limits as of 30 June 2019.

Nykredit Bank recorded lending growth of 9.2%, excluding reverse re-purchase lending, determined pursuant to the rules of the Danish FSA, including rules relating to the FSA Supervisory Diamond model. The Danish FSA's lending limit value indicates that growth of 20% or more may imply increased risk-taking.

The Bank's property exposure was 10.0% (10.7% at end-2018).

| Nykredit Bank A/S | | |
|--|------------|------------|
| Supervisory Diamond | 30.06.2019 | 31.12.2018 |
| Large exposures ¹ (limit value <175%) | 99.4% | 91.7% |
| Lending growth (limit value <20%) | 9.2% | 8.9% |
| Property exposure (limit value <25%) | 10.0% | 10.7% |
| Funding ratio (limit value <1.0) | 0.60 | 0.60 |
| Liquidity benchmark ² (limit value >100%) | 172.0% | 183.8% |

¹ The benchmark "Large exposures" has been changed in 2018 and is now showing the 20 largest exposures relative to Common Equity Tier 1 capital.

² The liquidity benchmark replaces the former benchmark "Excess liquidity coverage".



IMPAIRMENT AND LENDING

Earnings impact

Impairment charges for loans and advances were a charge of DKK 97 in H1/2019 (H1/2018: DKK 129 million). Of the total impairment charges, impairment charges for loans and advances etc represented DKK 124 million (end-2018: DKK 322 million), while recoveries on loans and advances previously written off were DKK 27 million (end-2018: DKK 48 million).

| | DKK million | |
|--|--------------|--------------|
| Nykredit Bank Group | | |
| Provisions for loan impairment and guarantees | 30.06.2019 | 31.12.2018 |
| Impairment provisions, beginning of period | 2,779 | 2,800 |
| Impairment provisions and reversals | (21) | (21) |
| Impairment provisions, end of period | 2,758 | 2,779 |
| - of which impairment provisions for loans and advances etc | 2,741 | 2,767 |
| - of which impairment provisions for loans and advances to banks | 17 | 12 |
| Provisions for guarantees and loan commitments | | |
| Provisions, beginning of period | 117 | 120 |
| Provisions, end of period | 132 | 117 |
| Total provisions | 2,890 | 2,896 |
| Earnings impact | | |
| New impairment provisions and write-offs for the period, net | 109 | 325 |
| Recoveries on loans and advances previously written off | 27 | 48 |
| Total | 82 | 277 |
| Provisions for guarantees and loan commitments | 15 | (3) |
| Total earnings impact | 97 | 274 |

Total provisions

Total provisions reduced to DKK 2,890 million at 30 June 2019 from DKK 2,896 million at end-2018.

In addition, value adjustment of interest rate swaps of DKK 3.3 billion was recorded, of which credit value adjustments amounted to DKK 2.9 billion, comprising DKK 2.3 billion relating to legacy derivatives and DKK 0.6 billion relating to other items.

Provisions for guarantees amounted to DKK 132 million (117 million at end-2018).

Relative to total loans, advances and guarantees, provisions amounted to 2.0% (2.3% at end-2018).



Loans, advances and guarantees by sector

The carrying amount of Group loans, advances and guarantees was DKK 141.1 billion (DKK 120.5 billion at end-2018), corresponding to a rise of DKK 20.6 billion.

This figure comprised a rise in reverse repurchase lending of DKK 11.7 billion, a rise in other loans and advances of DKK 3.0 billion and a rise in guarantees of DKK 5.9 billion. Reverse repurchase lending totalled DKK 49.1 billion (DKK 37.4 billion at end-2018).

Finance and insurance remained the largest single sector exposure at DKK 53.4 billion (DKK 41.9 billion at end-2018). The exposure widely comprised reverse repurchase lending with bonds serving as security.

Finance and insurance accounted for 38.8% (34.8% at end-2018) and personal customers 20.5% (22.5% at end-2018).

At 30 June 2019, loan impairment provisions for the real estate sector totalled DKK 0.6 billion (DKK 0.5 billion at end-2018), or 4.0% of total loans and advances to the sector (3.4% at end-2018).

Nykredit Bank Group

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

DKK million

| | 30.06.2019 | | | 31.12.2018 | | |
|--|---------------------------|-----------------------------------|--------------------|-----------------------------------|-----------------------------------|--------------------|
| | Lending, end of period | Total impairment provisions | Earnings impact | Lending, year end ² | Total impairment provisions | Earnings impact |
| Public sector | 818 | 1 | (1) | 639 | 3 | (1) |
| Agriculture, hunting, forestry and fishing | 3,735 | 147 | 6 | 3,332 | 125 | 1 |
| Manufacturing, mining and quarrying | 9,321 | 284 | (2) | 7,482 | 272 | 56 |
| Energy supply | 1,793 | 22 | 4 | 1,372 | 18 | (16) |
| Construction | 3,235 | 163 | (4) | 2,620 | 171 | 15 |
| Trade | 6,979 | 533 | 68 | 5,882 | 334 | 129 |
| Transport, accommodation and food service activities | 6,501 | 95 | 14 | 6,296 | 62 | (38) |
| Information and communication | 3,366 | 72 | 13 | 3,291 | 45 | 16 |
| Finance and insurance | 54,691 | 135 | (18) | 41,924 | 243 | 155 |
| Real estate | 13,307 | 556 | 18 | 13,328 | 475 | (197) |
| Other | 8,406 | 278 | 13 | 7,215 | 447 | 157 |
| Total business customers | 111,335 | 2,285 | 112 | 92,742 | 2,192 | 279 |
| Personal customers | 28,969 | 586 | (18) | 27,140 | 689 | (14) |
| Total | 141,122 | 2,873 | 93 | 120,520 | 2,884 | 265 |
| - of which provisions for losses under guarantees | | 132 | 15 | | 117 | (3) |
| Impairment provisions for credit institutions | | 17 | 4 | | 12 | 9 |
| - of which intercompany guarantees and total | 21,767 | 2,890 | 97 | 16,614 | 2,896 | 274 |

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

² Comparative figures for 2018 have been restated, and certain loans, advances and guarantees of personal customers have been reclassified from personal customers to industry groups under business customers in order to achieve a better presentation of the connection between loans and advances and the credit risk profile. Total loans, advances and guarantees are unchanged.

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. Readers of the financial reports are thus provided 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 (note 3) reflects 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 interest income from bank lending and deposits. The corresponding item in the income statement (page 13) includes all interest.

"Net fee income" comprising 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 performed through the Group's entities Nykredit Markets, Nykredit Asset Management and Nykredit Portefølje Administration A/S but where income is ascribed to the business divisions serving the customers.

"Net interest from capitalisation" comprising the risk-free interest attributable to equity and net interest from subordinated debt.

"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.

Supplementary financial ratios etc

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

Profit (loss) for the period as % pa of average equity. 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 1 January – 30 June 2019 of Nykredit Bank A/S and the Nykredit Bank Group.

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

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

In our opinion, the Interim Financial Statements give a true and fair view of the Group's and the Parent's assets, liabilities, equity and financial position at 30 June 2019 and of the results of the Group's and the Parent's operations and the Group's cash flows for the financial period 1 January – 30 June 2019.

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, but the external auditors have verified the profit, and it was ascertained that the conditions for continuing recognition of the profit for the period in own funds have been met.

Copenhagen, 20 August 2019

Executive Board

Henrik Rasmussen

Dan Sørensen

Board of Directors

Michael Rasmussen
Chairman

Anders Jensen
Deputy Chairman

Tonny Thierry Andersen

David Hellemann

Flemming Ellegaard*

Allan Kristiansen*

* Staff-elected member

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

| Nykredit Bank Group | Note | H1/2019 | H1/2018 | Q2/2019 | Q2/2018 |
|---|------|--------------|--------------|------------|------------|
| INCOME STATEMENT | | | | | |
| Interest income based on the effective interest method | | 983 | 997 | 499 | 501 |
| Other interest income | | (42) | (48) | (13) | 4 |
| Negative interest, income | | (111) | (90) | (62) | (40) |
| Positive interest expenses | | (128) | (130) | (68) | (59) |
| Interest expenses | | 151 | 160 | 74 | 85 |
| Net interest income | 6 | 807 | 829 | 418 | 439 |
| Dividend on equities etc | 6 | 5 | 4 | 3 | 2 |
| Fee and commission income | | 1,085 | 1,014 | 548 | 523 |
| Fee and commission expenses | | 196 | 173 | 94 | 91 |
| Net interest and fee income | | 1,700 | 1,674 | 876 | 873 |
| Value adjustments | 6, 7 | 68 | 732 | 157 | 415 |
| Other operating income | | 21 | 14 | 9 | 8 |
| Staff and administrative expenses | | 1,036 | 976 | 522 | 485 |
| Other operating expenses | | 12 | 12 | 6 | 6 |
| Impairment charges for loans, advances and receivables etc | 8 | 97 | 129 | 36 | (9) |
| Profit from investments in associates and Group enterprises | 10 | 3 | 1 | 1 | 1 |
| Profit before tax | | 647 | 1,305 | 479 | 816 |
| Tax | | 141 | 281 | 104 | 174 |
| Profit for the period | | 506 | 1,025 | 375 | 642 |
| Proposal for the distribution of profit | | | | | |
| Statutory reserves | | - | - | - | - |
| Retained earnings | | 506 | 1,025 | 375 | 642 |
| Profit for the period | | 506 | 1,025 | 375 | 642 |
| COMPREHENSIVE INCOME | | | | | |
| Profit for the period | | 506 | 1,025 | 375 | 642 |
| Other comprehensive income | | - | - | - | - |
| Comprehensive income for the period | | 506 | 1,025 | 375 | 642 |

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

| Nykredit Bank A/S | Note | H1/2019 | H1/2018 | Q2/2019 | Q2/2018 |
|---|------|--------------|--------------|------------|------------|
| INCOME STATEMENT | | | | | |
| Interest income based on the effective interest method | | 898 | 917 | 457 | 460 |
| Other interest income | | (42) | (48) | (13) | 4 |
| Negative interest, income | | (111) | (90) | (62) | (40) |
| Positive interest expenses | | (128) | (130) | (68) | (59) |
| Interest expenses | | 153 | 161 | 75 | 86 |
| Net interest income | | 720 | 748 | 374 | 398 |
| Dividend on equities etc | | 5 | 4 | 3 | 2 |
| Fee and commission income | | 852 | 820 | 441 | 425 |
| Fee and commission expenses | | 175 | 159 | 85 | 84 |
| Net interest and fee income | | 1,402 | 1,413 | 733 | 740 |
| Value adjustments | 7 | 68 | 733 | 158 | 416 |
| Other operating income | | 5 | 2 | 3 | 1 |
| Staff and administrative expenses | | 932 | 870 | 470 | 432 |
| Other operating expenses | | 10 | 10 | 5 | 5 |
| Impairment charges for loans, advances and receivables etc | 9 | 84 | 125 | 31 | (12) |
| Profit from investments in associates and Group enterprises | 10 | 155 | 127 | 72 | 66 |
| Profit before tax | | 605 | 1,271 | 460 | 798 |
| Tax | | 99 | 246 | 85 | 156 |
| Profit for the period | | 506 | 1,025 | 375 | 642 |
| Proposal for the distribution of profit | | | | | |
| Statutory reserves | | 155 | 127 | 73 | 66 |
| Retained earnings | | 351 | 897 | 302 | 576 |
| Profit for the period | | 506 | 1,025 | 375 | 642 |
| COMPREHENSIVE INCOME | | | | | |
| Profit for the period | | 506 | 1,025 | 375 | 642 |
| Other comprehensive income | | - | - | - | - |
| Comprehensive income for the period | | 506 | 1,025 | 375 | 642 |

BALANCE SHEETS

DKK million

| Nykredit Bank A/S | | Nykredit Bank Group | | |
|-------------------|----------------|---------------------|----------------|----------------|
| End-2018 | H1/2019 | Note | H1/2019 | End-2018 |
| ASSETS | | | | |
| 8,585 | 6,975 | | 6,975 | 8,585 |
| 9,323 | 17,398 | | 17,399 | 9,324 |
| 96,699 | 111,292 | 11 | 112,655 | 97,993 |
| 41,926 | 41,497 | 12 | 42,256 | 42,772 |
| 6,282 | 6,502 | | 6,502 | 6,282 |
| 233 | 282 | | 284 | 234 |
| 8 | 11 | | 11 | 8 |
| 1,643 | 1,795 | | - | - |
| 14 | 14 | | 14 | 14 |
| - | - | | 0 | 0 |
| 17 | 54 | | 54 | 17 |
| 127 | 124 | | 124 | 127 |
| 2 | (0) | | - | 2 |
| 21,664 | 28,219 | | 28,253 | 21,707 |
| 59 | 99 | | 109 | 69 |
| 186,581 | 214,090 | | 214,634 | 187,135 |

BALANCE SHEETS

DKK million

| Nykredit Bank A/S | | Nykredit Bank Group | | | |
|--------------------------------|----------------|--|------|----------------|----------------|
| End-2018 | H1/2019 | | Note | H1/2019 | End-2018 |
| LIABILITIES AND EQUITY | | | | | |
| 54,620 | 77,760 | Payables to credit institutions and central banks | 13 | 77,760 | 54,620 |
| 82,942 | 83,400 | Deposits and other payables | 14 | 83,304 | 82,864 |
| 5,411 | 5,511 | Bonds in issue at amortised cost | 15 | 5,511 | 5,411 |
| 7,618 | 9,411 | Other non-derivative financial liabilities at fair value | 16 | 9,411 | 7,618 |
| - | - | Current tax liabilities | | 85 | 35 |
| 12,751 | 14,233 | Other liabilities | | 14,647 | 13,191 |
| 6 | 14 | Deferred income | | 19 | 10 |
| 163,347 | 190,330 | Total payables | | 190,737 | 163,749 |
| PROVISIONS | | | | | |
| - | - | Provisions for deferred tax | | 136 | 151 |
| 117 | 132 | Provisions for losses under guarantees | | 132 | 117 |
| 22 | 27 | Other provisions | | 27 | 22 |
| 139 | 159 | Total provisions | | 295 | 290 |
| 2,000 | 2,000 | Subordinated debt | 17 | 2,000 | 2,000 |
| Equity | | | | | |
| 8,045 | 8,045 | Share capital | | 8,045 | 8,045 |
| Other reserves | | | | | |
| 1,181 | 1,336 | - statutory reserves | | - | - |
| 11,869 | 12,220 | - retained earnings | | 13,556 | 13,050 |
| 21,095 | 21,601 | Total equity | | 21,601 | 21,095 |
| 186,581 | 214,090 | Total liabilities and equity | | 214,634 | 187,135 |
| OFF-BALANCE SHEET ITEMS | | | | | |
| 22,626 | 28,569 | Contingent liabilities | | 28,470 | 22,527 |
| 8,724 | 9,411 | Other commitments | | 9,636 | 8,924 |
| 31,350 | 37,980 | Total | | 38,106 | 31,450 |

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Bank Group

| | Share capital ¹ | Retained earnings | Total equity |
|---|----------------------------|-------------------|---------------|
| 2019 | | | |
| Equity, 1 January | 8,045 | 13,050 | 21,095 |
| Profit for the period | - | 506 | 506 |
| Total comprehensive income | - | 506 | 506 |
| Total changes in equity | - | 506 | 506 |
| Equity, 30 June | 8,045 | 13,556 | 21,601 |
| 2018 | | | |
| Equity, end-2017, see the Annual Report | 8,045 | 11,832 | 19,877 |
| Changes in impairment charges owing to implementation of IFRS 9 | - | (566) | (566) |
| Changes in taxes due owing to implementation of IFRS 9 | - | 125 | 125 |
| Equity, 1 January | 8,045 | 11,391 | 19,436 |
| Profit for the period | - | 1,025 | 1,025 |
| Total comprehensive income | - | 1,025 | 1,025 |
| Total changes in equity | - | 1,025 | 1,025 |
| Equity, 30 June | 8,045 | 12,415 | 20,460 |

¹ The share capital breaks down into 19 shares in multiples of DKK 1 million. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen, Denmark. Nykredit Bank is included in the Consolidated Financial Statements of this company and the Consolidated Financial Statements of the association Forenet Kredit, Kalvebod Brygge 1-3, Copenhagen, Denmark, which owns 78.9% of Nykredit Realkredit A/S. The Financial Statements (in Danish) of Forenet Kredit f.m.b.a. may be obtained from the association.

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Bank A/S

| | Share capital ¹ | Statutory reserves | Retained earnings | Total equity |
|---|----------------------------|--------------------|-------------------|---------------|
| 2019 | | | | |
| Equity, 1 January | 8,045 | 1,181 | 11,869 | 21,095 |
| Profit for the period | - | 155 | 351 | 506 |
| Total comprehensive income | - | 155 | 351 | 506 |
| Total changes in equity | - | 155 | 351 | 506 |
| Equity, 30 June | 8,045 | 1,336 | 12,220 | 21,601 |
| 2018 | | | | |
| Equity, end-2017, see the Annual Report | 8,045 | 930 | 10,902 | 19,877 |
| Changes in impairment charges owing to implementation of IFRS 9 | - | - | (566) | (566) |
| Changes in taxes due owing to implementation of IFRS 9 | - | - | 125 | 125 |
| Equity, 1 January | 8,045 | 930 | 10,461 | 19,436 |
| Profit for the period | - | 127 | 897 | 1,025 |
| Total comprehensive income | - | 127 | 897 | 1,025 |
| Total changes in equity | - | 127 | 897 | 1,025 |
| Equity, 30 June | 8,045 | 1,057 | 11,357 | 20,460 |

¹ The share capital breaks down into 19 shares in multiples of DKK 1 million. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen, Denmark. Nykredit Bank is included in the Consolidated Financial Statements of this company and the Consolidated Financial Statements of the association Forenet Kredit, Kalvebod Brygge 1-3, Copenhagen, Denmark, which owns 78.9% of Nykredit Realkredit A/S. The Financial Statements (in Danish) of Forenet Kredit f.m.b.a. may be obtained from the association.

CASH FLOW STATEMENT

DKK million

| Nykredit Bank Group | H1/2019 | H1/2018 |
|--|---------------|----------------|
| PROFIT FOR THE PERIOD | 506 | 1,025 |
| Adjustments | | |
| Interest income, net | (807) | (829) |
| Amortisation and impairment charges for intangible assets | - | 0 |
| Other non-cash changes | (4) | 4 |
| Impairment charges for loans, advances and receivables etc | 124 | 156 |
| Tax on profit for the period | 141 | 281 |
| Total | (40) | 636 |
| Change in operating capital | | |
| Loans, advances and other receivables | (14,762) | (6,903) |
| Deposits and other payables | (313) | 7,583 |
| Payables to credit institutions and central banks | 23,695 | 1,987 |
| Bonds | (924) | (1,443) |
| Equities etc | (53) | 16 |
| Other operating capital | (3,298) | (8,342) |
| Total | 4,305 | (6,465) |
| Interest income received | 909 | 1,822 |
| Interest expenses paid | (107) | (961) |
| Corporation tax paid, net | (148) | (181) |
| Cash flows from the above operating activities | 4,959 | (5,785) |
| Cash flows from financing activities | | |
| Bonds in issue | 104 | (1,719) |
| Total | 104 | (1,719) |
| Total cash flows for the period | 5,063 | (7,504) |
| Cash and cash equivalents, beginning of period: | 17,909 | 19,991 |
| Foreign currency translation adjustment of cash | 1,413 | 237 |
| Total cash flows for the period | 5,063 | (7,504) |
| Cash and cash equivalents, end of period | 24,385 | 12,724 |
| Cash and cash equivalents, end of period: | | |
| Cash balances and demand deposits with central banks | 6,975 | 4,950 |
| Receivables from credit institutions and central banks | 17,410 | 7,774 |
| Total | 24,385 | 12,724 |

NOTES

Nykredit Bank Group

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1. ACCOUNTING POLICIES

GENERAL

The Consolidated Financial Statements for H1/2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the Annual Report.

The Parent Interim Financial Statements for H1/2019 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).

Following standards etc are implemented in H1/2019 without any impact on the accounting policies:

- IFRS 16 "Leases"
- annual improvements to IFRS 2015-2017

The accounting policies of Nykredit Bank A/S and the Nykredit Bank Group are thus unchanged compared with the Annual Report 2018 (note 1), and compared with the information disclosed in the Annual Report 2018 no new reporting standards or interpretations have been issued or approved, and no amendments have been made to the Danish Executive Order on Financial Reports of the Danish FSA which influence the H1 Interim Report 2019.

The accounting policies as well as a description of the Company's and the Group's material risks appear from the Annual Report for 2018.

Presentation of business areas

Following an organisational adjustment, minor changes have been made to the presentation of business areas (note 3) which do not affect results, comprehensive income, balance sheet or equity.

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

Significant accounting estimates and assessments

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

Accounting estimates are tested and assessed regularly. The estimates and assessments applied are based on assumptions which Management considers reasonable and realistic, but which are inherently uncertain and unpredictable.

Areas implying a high degree of assessment or complexity or areas in which assumptions and estimates are material to the Financial Statements include provisions for loan and receivable impairment as well as valuation of unlisted financial instruments, see the Annual Report 2018.

NOTES

DKK million

| Nykredit Bank A/S | | Nykredit Bank Group | | |
|--|----------------|---|----------------|----------------|
| End-2018 | H1/2019 | | H1/2019 | End-2018 |
| 2. CAPITAL AND CAPITAL ADEQUACY | | | | |
| 21,095 | 21,601 | Equity | 21,601 | 21,095 |
| (32) | (26) | Prudent valuation adjustment | (26) | (32) |
| (16) | (15) | Intangible assets excluding deferred tax liabilities | (15) | (16) |
| - | - | Provisions for expected credit losses in accordance with IRB approach | - | - |
| - | - | Other additions/deductions | - | - |
| - | - | Transitional adjustment of deductions | - | - |
| (47) | (41) | Common Equity Tier 1 capital deductions | (41) | (47) |
| 21,048 | 21,561 | Common Equity Tier 1 capital | 21,561 | 21,048 |
| - | - | Additional Tier 1 capital | - | - |
| - | - | Additional Tier 1 capital deductions | - | - |
| - | - | Total Additional Tier 1 capital after deductions | - | - |
| 21,048 | 21,561 | Tier 1 capital | 21,561 | 21,048 |
| 2,000 | 2,000 | Tier 2 capital | 2,000 | 2,000 |
| 336 | 227 | Tier 2 capital additions/deductions | 227 | 336 |
| 23,384 | 23,787 | Own funds | 23,787 | 23,384 |
| 93,375 | 102,142 | Credit risk | 95,476 | 87,742 |
| 12,794 | 11,286 | Market risk | 11,286 | 12,794 |
| 6,899 | 7,180 | Operational risk | 8,143 | 7,765 |
| 113,067 | 120,608 | Total risk exposure amount | 114,904 | 108,300 |
| Financial ratios | | | | |
| 18.6 | 17.8 | Common Equity Tier 1 capital ratio, % | 18.7 | 19.4 |
| 18.6 | 17.8 | Tier 1 capital ratio, % | 18.7 | 19.4 |
| 20.6 | 19.7 | Total capital ratio, % | 20.7 | 21.5 |

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 as well as the Danish transitional rules laid down by the Danish FSA.

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 CET1 capital buffer requirement of 2.5% and the countercyclical buffer of 1% which must also be met with Common Equity Tier 1 capital.

Nykredit has entered into a conditional agreement with the owners of Sparinvest to obtain 75% of the shares. On 9 July the Danish competition authorities approved Nykredit's acquisition of Sparinvest and the authorities in Luxembourg (CSSF) announced on 14 August 2019 their approval of the acquisition of Sparinvest. It is expected that the capital ratios of the Nykredit Realkredit Group and the Nykredit Bank Group are expected to fall by about 1.1 percentage points and about 1.9 percentage points, respectively. The drop is primarily due to capital deductions as a result of goodwill related to the acquisition of Sparinvest.

Nykredit Bank Group

3. BUSINESS AREAS

The business areas reflect Nykredit's organisation and internal reporting. In March 2019 the business areas were reorganised, now comprising Banking, Totalkredit Partners and Wealth Management. 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.

The presentation is based on the segments used for the internal management reporting.

| | Personal Banking | Business Banking | Total Retail | Corporates & Institutions | Banking | Wealth Management | Group Items | Total |
|--|------------------|------------------|---------------|---------------------------|---------------|-------------------|---------------|----------------|
| Results | | | | | | | | |
| H1/2019 | | | | | | | | |
| Results by business area | | | | | | | | |
| Net interest income | 162 | 312 | 474 | 237 | 711 | 27 | 4 | 742 |
| Net fee income | 76 | 81 | 157 | 111 | 267 | 8 | (9) | 267 |
| Wealth management income | 166 | 74 | 241 | 51 | 291 | 422 | 5 | 719 |
| Net interest from capitalisation | (10) | (24) | (33) | (27) | (61) | (4) | 50 | (15) |
| Trading, investment portfolio and other income | 27 | 31 | 58 | 197 | 255 | 25 | 69 | 349 |
| Income | 422 | 473 | 896 | 569 | 1,464 | 478 | 119 | 2,062 |
| Costs | 360 | 209 | 569 | 234 | 803 | 225 | 21 | 1,048 |
| Business profit before impairment charges | 62 | 265 | 327 | 335 | 662 | 254 | 98 | 1,014 |
| Impairment charges for loans and advances | 7 | 116 | 123 | (28) | 94 | (5) | 8 | 97 |
| Business profit | 55 | 149 | 204 | 363 | 568 | 259 | 91 | 917 |
| Legacy derivatives | (4) | (162) | (166) | (103) | (269) | (0) | - | (269) |
| Profit (loss) before tax | 52 | (13) | 38 | 260 | 298 | 259 | 91 | 647 |
| BALANCE SHEET | | | | | | | | |
| Assets | | | | | | | | |
| Reverse repurchase lending at amortised cost | - | - | - | - | - | - | 49,147 | 49,147 |
| Loans and advances at amortised cost | 11,953 | 22,565 | 34,519 | 25,040 | 59,558 | 4,239 | (290) | 63,508 |
| Assets by business area | 11,953 | 22,565 | 34,519 | 25,040 | 59,558 | 4,239 | 48,857 | 112,655 |
| Unallocated assets | | | | | | | | 101,979 |
| Total assets | | | | | | | | 214,634 |
| Liabilities and equity | | | | | | | | |
| Repo deposit at amortised cost | | | | | | | 3,216 | 3,216 |
| Deposits and other payables at amortised cost | 33,185 | 19,406 | 52,591 | 8,585 | 61,176 | 16,598 | 2,314 | 80,088 |
| Liabilities by business area | 33,185 | 19,406 | 52,591 | 8,585 | 61,176 | 16,598 | 5,530 | 83,304 |
| Unallocated liabilities | | | | | | | | 109,728 |
| Equity | | | | | | | | 21,601 |
| Total liabilities and equity | | | | | | | | 214,634 |

Nykredit Bank Group

3. BUSINESS AREAS

| | Personal Banking | Business Banking | Total Retail | Corporates & Institutions | Banking | Wealth Management | Group Items | Total |
|--|------------------|------------------|---------------|---------------------------|---------------|-------------------|---------------|----------------|
| Results | | | | | | | | |
| H1/2018 | | | | | | | | |
| Results by business area | | | | | | | | |
| Net interest income | 207 | 301 | 508 | 220 | 727 | 26 | (2) | 752 |
| Net fee income | 87 | 80 | 167 | 112 | 279 | 6 | (12) | 273 |
| Wealth management income | 177 | 72 | 249 | 63 | 312 | 350 | 8 | 670 |
| Net interest from capitalisation | (10) | (21) | (30) | (26) | (56) | (3) | 44 | (15) |
| Trading, investment portfolio and other income | 44 | 187 | 232 | 271 | 502 | 18 | 3 | 523 |
| Income | 506 | 619 | 1,125 | 640 | 1,765 | 396 | 41 | 2,202 |
| Costs | 348 | 180 | 527 | 226 | 754 | 220 | 15 | 988 |
| Business profit before impairment charges | 158 | 440 | 598 | 414 | 1,011 | 177 | 27 | 1,215 |
| Impairment charges for loans and advances | 66 | 33 | 99 | (0) | 98 | 22 | 9 | 129 |
| Business profit | 92 | 407 | 499 | 414 | 913 | 155 | 18 | 1,086 |
| Legacy derivatives | 0 | 156 | 157 | 63 | 220 | (0) | - | 219 |
| Profit (loss) before tax | 92 | 563 | 655 | 477 | 1,132 | 155 | 18 | 1,305 |
| BALANCE SHEET | | | | | | | | |
| Assets | | | | | | | | |
| Reverse repurchase lending at amortised cost | - | - | - | - | - | - | 31,192 | 31,192 |
| Loans and advances at amortised cost | 11,666 | 20,433 | 32,099 | 22,206 | 54,304 | 3,539 | 501 | 58,344 |
| Assets by business area | 11,666 | 20,433 | 32,099 | 22,206 | 54,304 | 3,539 | 31,693 | 89,536 |
| Unallocated assets | | | | | | | | 84,554 |
| Total assets | | | | | | | | 174,090 |
| Liabilities and equity | | | | | | | | |
| Repo deposit at amortised cost | | | | | | | 11,851 | 11,851 |
| Deposits and other payables at amortised cost | 29,404 | 17,797 | 47,201 | 10,167 | 57,368 | 12,060 | 3,014 | 72,442 |
| Liabilities by business area | 29,404 | 17,797 | 47,201 | 10,167 | 57,368 | 12,060 | 14,865 | 84,293 |
| Unallocated liabilities | | | | | | | | 69,337 |
| Equity | | | | | | | | 20,460 |
| Total liabilities and equity | | | | | | | | 174,090 |

Comparative figures for 2018 have been adjusted to reflect the new organisation effective from 21 March 2019.

Nykredit Bank Group

| 4. RECONCILIATION OF INTERNAL AND REGULATORY INCOME STATEMENT | H1/2019 | | | H1/2018 | | |
|---|--|------------------|------------------|--|------------------|------------------|
| | Earnings presentation in Management Commentary | Reclassification | Income statement | Earnings presentation in Management Commentary | Reclassification | Income statement |
| Net interest income | 742 | 65 | 807 | 752 | 77 | 829 |
| Dividend on equities etc | | 5 | 5 | | 4 | 4 |
| Fee and commission income, net | 267 | 621 | 888 | 273 | 568 | 841 |
| Net interest and fee income | | 691 | 1,700 | | 650 | 1,674 |
| Wealth management income | 719 | (719) | - | 670 | (670) | - |
| Net interest from capitalisation | (15) | 15 | - | (15) | 15 | - |
| Trading, investment portfolio and other income | 349 | (349) | - | 523 | (523) | - |
| Value adjustments | | 68 | 68 | | 732 | 732 |
| Other operating income | | 21 | 21 | | 14 | 14 |
| Total income | 2,062 | | | 2,203 | | |
| Costs | 1,048 | - | 1,048 | 988 | - | 988 |
| Business profit before impairment charges | 1,014 | | | 1,215 | | |
| Impairment charges for loans and advances etc | 97 | - | 97 | 129 | - | 129 |
| Profit from investments in associates | | 3 | 3 | | 1 | 1 |
| Business profit | 917 | | | 1,086 | | |
| Legacy derivatives | (269) | 269 | - | 219 | (219) | - |
| Profit before tax | 647 | - | 647 | 1,305 | - | 1,305 |

Note 4 combines the earnings presentation in the Management Commentary (internal presentation), including the financial highlights and presentation of 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 thus 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" thus 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. Thus, "profit before tax" is unchanged

NOTES

DKK million

| Nykredit Bank Group | H1/2019 | H1/2018 |
|---|--------------|--------------|
| 5. INCOME | | |
| Interest income (IFRS 9 instruments) | | |
| Interest income | 750 | 785 |
| Income from leasing activities, net | | |
| Interest income | 80 | 74 |
| Revenue from contracts with customers (IFRS 15) | | |
| Fees, net: | | |
| - securities trading and custody accounts | 692 | 608 |
| - payment services | 73 | 65 |
| - loan fees and guarantee commission | 61 | 56 |
| - other fees | 259 | 285 |
| Other ordinary income | | |
| Other income | 21 | 14 |
| Revenue from contracts with customers (IFRS 15) by business area | | |
| Total Retail | 205 | 337 |
| Corporates & Institutions | 239 | 235 |
| Total Banking | 444 | 572 |
| Wealth Management | 606 | 413 |
| Group Items | 35 | 29 |
| Total | 1,085 | 1,014 |

¹ The distribution of fees by business area shows the business areas for which the fees are included on initial recognition. The fees are subsequently reallocated together with other income on a net basis to the business areas serving the customers, see note 3.

IFRS 15 was implemented as at 1 January 2018 without impacting profit, comprehensive income, balance sheet and equity. The standard implies that revenue is not recognised until control of goods or services is passed to the customer. The standard also specifies rules on how companies should identify contracts with customers, the related performance obligations and determination of the transaction price.

Nykredit's revenue consists of net income recognised in items governed by the accounting standards IFRS 9 (Financial Instruments) and IAS 17 (Leases). Fees and transaction costs that are integral to the effective interest rate of an instrument are covered by IFRS 9.

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

Revenue comprised by IFRS 15 mainly relates to:

Fees in connection with deposits, lending and guarantee activities, consisting of fixed fees and/or determined as a percentage of the amount borrowed or the guarantee amount. Lending activities comprise eg mortgage lending. Fees are recognised at the time of the transaction or at fixed payment dates.

Custody fees are based on a percentage of the size of the individual custody account 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 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 are determined based on the price movements of the underlying contracts, and therefore earnings cannot be finally calculated until at a specified, agreed date. Revenue arising from these activities will not be determined until at the end of the financial year at the latest, and revenue recognised in the Annual Report is consequently considered final 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

Nykredit Bank Group

6. NET INTEREST INCOME ETC AND VALUE ADJUSTMENTS

| H1/2019 | 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 | 7 | (24) | 31 | - | - | 31 |
| Lending and deposits | 968 | (22) | 989 | - | 4 | 993 |
| Repo transactions and reverse repurchase lending | (97) | - | (97) | - | - | (97) |
| Bonds in issue at amortised cost | - | 7 | (7) | - | - | (7) |
| Subordinated debt | - | 20 | (20) | - | - | (20) |
| Other financial instruments | 1 | 42 | (42) | - | - | (42) |
| Total | 878 | 23 | 855 | - | 4 | 858 |
| Financial portfolios at fair value and financial instruments at fair value | | | | | | |
| Bonds | 58 | - | 58 | - | 103 | 162 |
| Equities etc | - | - | - | 5 | 33 | 38 |
| Derivative financial instruments etc | (106) | - | (106) | - | (107) | (213) |
| Total | (48) | - | (48) | 5 | 29 | (14) |
| Foreign currency translation adjustment | | | | | 36 | 36 |
| Net interest income etc and value adjustments | 830 | 23 | 807 | 5 | 68 | 880 |
| H1/2018 | | | | | | |
| Financial portfolios at amortised cost | | | | | | |
| Receivables from and payables to credit institutions and central banks | 3 | 9 | (6) | - | - | (6) |
| Lending and deposits | 987 | (16) | 1,003 | - | 7 | 1,010 |
| Repo transactions and reverse repurchase lending | (81) | (57) | (24) | - | - | (24) |
| Bonds in issue at amortised cost | - | 37 | (37) | - | - | (37) |
| Subordinated debt | - | 20 | (20) | - | - | (20) |
| Other financial instruments | 1 | 38 | (37) | - | - | (37) |
| Total | 910 | 30 | 880 | - | 7 | 887 |
| Financial portfolios at fair value and financial instruments at fair value | | | | | | |
| Bonds | 43 | - | 43 | - | 10 | 53 |
| Equities etc | - | - | - | 4 | 17 | 22 |
| Derivative financial instruments etc | (95) | - | (95) | - | 650 | 555 |
| Total | (51) | - | (51) | 4 | 677 | 630 |
| Foreign currency translation adjustment | | | | | 48 | 48 |
| Net interest income etc and value adjustments | 859 | 30 | 829 | 4 | 732 | 1,565 |

NOTES

DKK million

| Nykredit Bank A/S | | Nykredit Bank Group | |
|---|-----------|---------------------|------------|
| H1/2018 | H1/2019 | H1/2019 | H1/2018 |
| 7. VALUE ADJUSTMENT | | | |
| Assets measured at fair value through profit or loss | | | |
| 7 | 4 | 4 | 7 |
| 11 | 104 | 103 | 10 |
| 17 | 33 | 33 | 17 |
| 48 | 36 | 36 | 48 |
| 644 | (129) | (130) | 644 |
| 6 | 22 | 22 | 6 |
| 733 | 68 | 68 | 732 |

Nykredit Bank 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 amortised cost | Loans and advances at amortised cost | Credit institutions and other | Credit institutions and other | Guarantees etc ¹ | Guarantees etc ¹ | Total | Total |
|--|---|---|----------------------------------|----------------------------------|-----------------------------|-----------------------------|--------------|--------------|
| Total impairment provisions | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Beginning of period | 2,767 | 2,290 | 12 | - | 117 | 58 | 2,896 | 2,349 |
| Impact owing to implementation of IFRS 9 | | 506 | | 3 | | 62 | - | 571 |
| Balance, 1 January 2019 | 2,767 | 2,796 | 12 | 3 | 117 | 120 | 2,896 | 2,920 |
| New impairment provisions as a result of additions and change in credit risk | 749 | 847 | 4 | 19 | 75 | 65 | 829 | 931 |
| Releases as a result of redemptions and change in credit risk | 703 | 716 | 0 | 3 | 60 | 80 | 763 | 799 |
| Impairment provisions written off | 102 | 177 | - | - | - | - | 102 | 177 |
| Interest on impaired facilities | 31 | - | - | - | - | - | 31 | - |
| Total impairment provisions, end of period | 2,741 | 2,751 | 17 | 19 | 132 | 104 | 2,890 | 2,874 |
| Earnings impact | | | | | | | | |
| Change in impairment provisions for loans and advances (stages 1-3) | 46 | 131 | 4 | 16 | 15 | (17) | 66 | 130 |
| Write-offs for the year, not previously written down for impairment | 66 | 32 | - | - | - | - | 66 | 32 |
| Recoveries on claims previously written off | (27) | (30) | - | - | - | - | (27) | (30) |
| Total | 86 | 133 | 4 | 16 | 15 | (17) | 105 | 132 |
| Value adjustment of assets in temporary possession | - | - | - | - | - | - | - | - |
| Value adjustment of claims previously written off | (8) | (3) | - | - | - | - | (8) | (3) |
| Earnings impact H1 | 78 | 130 | 4 | 16 | 15 | (17) | 97 | 129 |

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

Nykredit Bank Group

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

| 8 b. 2019: Total impairment provisions by stage | loans, advances and receivables at amortised cost | | | Guarantees | | | Total |
|--|---|--------------|--------------|--------------|------------|-----------|--------------|
| | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 | |
| | Total, 1 January 2019 | 317 | 187 | 2,274 | 36 | 29 | |
| Transfer to stage 1 | 141 | (119) | (22) | 21 | (10) | (11) | (0) |
| Transfer to stage 2 | (7) | 77 | (70) | (3) | 9 | (6) | 0 |
| Transfer to stage 3 | (1) | (14) | 15 | (0) | (1) | 2 | 0 |
| Impairment provisions for new loans and advances (additions) | 69 | 23 | 48 | 8 | 5 | 3 | 157 |
| Additions as a result of change in credit risk | 98 | 121 | 394 | 6 | 26 | 26 | 671 |
| Releases as a result of change in credit risk | 247 | 86 | 370 | 30 | 12 | 18 | 763 |
| Previously written down for impairment, now written off | 0 | 0 | 102 | - | - | - | 102 |
| Interest on impaired facilities | - | - | 31 | - | - | - | 31 |
| Total impairment provisions, end of period | 371 | 189 | 2,198 | 38 | 45 | 49 | 2,890 |
| Total | | 2,758 | | | 132 | | 2,890 |
| Impairment provisions, end of period, are moreover attributable to: | | | | | | | |
| Credit institutions | 17 | - | - | | | | 17 |
| Earnings impact for H1/2019 | (79) | 58 | 72 | (16) | 19 | 12 | 66 |

| 8 b. 2018: Total impairment provisions by stage | loans, advances and receivables at amortised cost | | | Guarantees | | | Total |
|---|---|--------------|--------------|--------------|------------|-------------|--------------|
| | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 | |
| | Impairment provisions as at 1 January 2018 determined according to IFRS 9 principles | 463 | 177 | 2,160 | 36 | 25 | |
| Transfer to stage 1 | 8 | (1) | (7) | 0 | (0) | - | - |
| Transfer to stage 2 | (70) | 118 | (48) | (5) | 5 | (1) | - |
| Transfer to stage 3 | (7) | (18) | 26 | (0) | (0) | 0 | - |
| Impairment provisions for new loans and advances (additions) | 67 | 13 | 54 | 4 | 1 | 1 | 140 |
| Additions as a result of change in credit risk | 147 | 115 | 468 | 27 | 19 | 13 | 789 |
| Releases as a result of change in credit risk | 252 | 194 | 273 | 23 | 23 | 34 | 799 |
| Previously written down for impairment, now written off | 0 | - | 177 | - | - | - | 177 |
| Total impairment provisions, end of period | 355 | 210 | 2,204 | 39 | 27 | 38 | 2,873 |
| Total impairment provisions, end of period | | 2,768 | | | 105 | | 2,873 |
| Impairment provisions, end of period, are attributable to: | | | | | | | |
| Credit institutions | 19 | - | - | | | | 19 |
| Earnings impact for H1/2018 | (38) | (66) | 250 | 7 | (3) | (20) | 130 |

The principles of impairment are described in detail in the accounting policies (note 1) of the Annual Report 2018.

Stage 1 covers loans and advances etc without significant increase in credit risk since initial recognition. For this category, impairment provisions are made corresponding to the expected credit losses over a period of 12 months for lending etc at amortised cost. For loans and advances at fair value the initial impairment was calculated at DKK 0.

Stage 2 covers loans and advances etc with significant increase in credit risk since initial recognition. For this category, impairment provisions are made corresponding to the expected credit losses over the asset's maturity.

Stage 3 covers loans and advances etc that are credit impaired, and which have been subject to individual provisioning on the specific assumption that the customers will default on their loans

Nykredit Bank Group

8. IMPARMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC, GROUP (CONTINUED)**8 c. 2019: Distribution of provisions for loan impairment and guarantees etc, end of period**

| | Stage 1 (12-month expected credit losses) | Stage 2 (12-month expected credit losses) | Stage 3 (12-month expected credit losses) | Total |
|---|--|--|--|----------------|
| Loans and advances at amortised cost etc, gross | | | | |
| Loans and advances at amortised cost etc, gross | 110,104 | 2,283 | 3,006 | 115,394 |
| Total impairment provisions, end of period | 354 | 189 | 2,198 | 2,741 |
| Loans and advances, carrying amount | 109,750 | 2,094 | 808 | 112,652 |
| Guarantees and loan commitments | | | | |
| Guarantees etc | 47,152 | 666 | 155 | 47,973 |
| Total impairment provisions, end of period | 38 | 45 | 49 | 132 |
| Guarantees and loan commitments, carrying amount | 47,114 | 621 | 106 | 47,841 |

8 c. end-2018: Distribution of provisions for loan impairment and guarantees etc, end of period

| | Stage 1 (12-month expected credit losses) | Stage 2 (12-month expected credit losses) | Stage 3 (12-month expected credit losses) | Total |
|---|--|--|--|---------------|
| Loans and advances at amortised cost etc, gross | | | | |
| Loans and advances at amortised cost etc, gross | 93,750 | 4,001 | 3,009 | 100,760 |
| Total impairment provisions, end of period | 305 | 187 | 2,274 | 2,766 |
| Loans and advances, carrying amount | 93,445 | 3,814 | 735 | 97,993 |
| Guarantees and loan commitments | | | | |
| Guarantees etc | 39,862 | 542 | 218 | 40,622 |
| Total impairment provisions, end of period | 36 | 29 | 53 | 118 |
| Guarantees and loan commitments, carrying amount | 39,826 | 513 | 165 | 40,504 |

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9. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC, PARENT**9 a. Impairment charges for loans, advances and receivables etc**

| | Loans and advances at amortised cost | Loans and advances at amortised cost | Credit institutions and other | Credit institutions and other | Guarantees etc ¹ | Guarantees etc ¹ | Total | Total |
|--|---|---|----------------------------------|----------------------------------|-----------------------------|-----------------------------|--------------|--------------|
| Total impairment provisions | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Beginning of period | 2,670 | 2,214 | 12 | - | 117 | 58 | 2,799 | 2,272 |
| Impact owing to implementation of IFRS 9 | | 506 | | 3 | | 62 | - | 571 |
| Balance, 1 January 2019 | 2,670 | 2,720 | 12 | 3 | 117 | 120 | 2,799 | 2,843 |
| New impairment provisions as a result of additions and change in credit risk | 718 | 815 | 4 | 19 | 75 | 63 | 797 | 897 |
| Releases as a result of redemptions and change in credit risk | 681 | 688 | 0 | 3 | 60 | 80 | 741 | 771 |
| Impairment provisions written off | 98 | 173 | - | - | - | - | 98 | 173 |
| Interest on impaired facilities | 31 | - | - | - | - | - | 31 | - |
| Total impairment provisions, end of period | 2,639 | 2,674 | 17 | 19 | 132 | 103 | 2,788 | 2,796 |
| Earnings impact | | | | | | | | |
| Change in impairment provisions for loans and advances (stages 1-3) | 37 | 131 | 4 | 16 | 15 | (17) | 56 | 130 |
| Write-offs for the year, not previously written down for impairment | 55 | 31 | - | - | - | - | 55 | 31 |
| Recoveries on claims previously written off | (19) | (30) | - | - | - | - | (19) | (30) |
| Total | 73 | 133 | 4 | 16 | 15 | (17) | 92 | 132 |
| Value adjustment of assets in temporary possession | - | - | - | - | - | - | - | - |
| Value adjustment of claims previously written off | (8) | (3) | - | - | - | - | (8) | (3) |
| Earnings impact H1 | 65 | 130 | 4 | 16 | 15 | (17) | 84 | 129 |

Nykredit Bank A/S

9. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC, PARENT (CONTINUED)**9 b. 2019: Total impairment provisions by stage regarding loans and advances at fair value through profit or loss**

| | loans, advances and receivables at amortised cost | | | Guarantees | | | Total |
|---|---|--------------|--------------|-------------|------------|-----------|--------------|
| | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 | |
| Total, 1 January 2019 | 308 | 182 | 2,192 | 36 | 29 | 53 | 2,800 |
| Transfer to stage 1 | 140 | (119) | (21) | 21 | (10) | (11) | 0 |
| Transfer to stage 2 | (7) | 74 | (67) | (3) | 9 | (6) | 0 |
| Transfer to stage 3 | (1) | (14) | 15 | (0) | (1) | 2 | (0) |
| Impairment provisions for new loans and advances (additions) | 67 | 22 | 44 | 8 | 5 | 3 | 150 |
| Additions as a result of change in credit risk | 96 | 119 | 374 | 6 | 26 | 26 | 647 |
| Releases as a result of change in credit risk | 243 | 82 | 356 | 30 | 12 | 18 | 741 |
| Previously written down for impairment, now written off | - | - | 98 | - | - | - | 98 |
| Interest on impaired facilities | - | - | 31 | - | - | - | 31 |
| Total impairment provisions | 360 | 183 | 2,114 | 38 | 45 | 49 | 2,788 |
| Total impairment provisions, end of period | | 2,656 | | | 132 | | 2,788 |
| Impairment provisions, end of period, are attributable to: | | | | | | | |
| Credit institutions | 17 | - | - | | | | 17 |
| Earnings impact for H1/2019 | (81) | 59 | 63 | (16) | 19 | 12 | 56 |

9 b. 2018: Total impairment provisions by stage regarding loans and advances at fair value through profit or loss

| | loans, advances and receivables at amortised cost | | | Guarantees | | | Total |
|---|---|--------------|--------------|------------|------------|-------------|--------------|
| | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 2 | Stage 3 | |
| Impairment provisions as at 1 January 2018 determined according to IFRS 9 principles | 446 | 172 | 2,105 | 36 | 25 | 59 | 2,843 |
| Transfer to stage 1 | 4 | (4) | - | 0 | (0) | - | - |
| Transfer to stage 2 | (70) | 118 | (47) | (5) | 5 | (1) | - |
| Transfer to stage 3 | (8) | (18) | 26 | (0) | (0) | 0 | - |
| Impairment provisions for new loans and advances (additions) | 64 | 12 | 50 | 4 | 1 | 1 | 132 |
| Additions as a result of change in credit risk | 147 | 113 | 446 | 27 | 19 | 13 | 765 |
| Releases as a result of change in credit risk | 239 | 188 | 264 | 23 | 23 | 34 | 771 |
| Previously written down for impairment, now written off | - | - | 173 | - | - | - | 173 |
| Total impairment provisions | 344 | 205 | 2,143 | 39 | 27 | 38 | 2,795 |
| Total impairment provisions, end of period | | 2,691 | | | 105 | | 2,795 |
| Impairment provisions, end of period, are attributable to: | | | | | | | |
| Credit institutions | 19 | - | - | | | | 19 |
| Earnings impact for H1/2018 | (27) | (63) | 232 | 7 | (3) | (20) | 126 |

NOTES

| Nykredit Bank A/S | | | | DKK million | |
|-------------------|------------|--|--|---------------------|----------|
| | | | | Nykredit Bank Group | |
| H1/2018 | H1/2019 | | | H1/2019 | H1/2018 |
| | | 10. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES | | | |
| 1 | - | Profit from investments in associates | | - | 1 |
| 126 | 155 | Profit from investments in Group enterprises | | 3 | 0 |
| 127 | 155 | Total | | 3 | 1 |

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| Nykredit Bank A/S | | DKK million | | |
|--|----------------|---|----------------|----------------|
| End-2018 | H1/2019 | | H1/2019 | End-2018 |
| | | Nykredit Bank Group | | |
| 11. LOANS, ADVANCES AND OTHER RECEIVABLE AT AMORTISED COST | | | | |
| 61,943 | 64,785 | Bank loans and advances | 66,249 | 63,333 |
| 37,427 | 49,147 | Reverse repurchase lending | 49,147 | 37,427 |
| 99,370 | 113,929 | Balance, end of period | 115,394 | 100,760 |
| Adjustment for credit risk | | | | |
| (2,671) | (2,640) | Impairment provisions | (2,741) | (2,767) |
| 96,699 | 111,292 | Balance after impairment, end of period | 112,655 | 97,993 |
| 12. BONDS AT FAIR VALUE | | | | |
| 38,382 | 38,079 | Covered bonds | 38,838 | 39,228 |
| 1,020 | 1,714 | Government bonds | 1,714 | 1,020 |
| 2,699 | 1,881 | Other bonds etc | 1,881 | 2,699 |
| 42,101 | 41,674 | Total | 42,433 | 42,947 |
| 175 | 177 | Self-issued bonds offset against bonds in issue | 177 | 175 |
| 41,926 | 41,497 | Total | 42,256 | 42,772 |
| The effect of fair value adjustment is recognised in the income statement. | | | | |
| 373 | 865 | Of which redeemed bonds | 869 | 377 |
| 15,993 | 15,518 | Assets sold as part of genuine sale and repurchase transactions | 15,518 | 15,993 |

NOTES

DKK million

| Nykredit Bank A/S | | Nykredit Bank Group | | |
|---|---------------|---|---------------|---------------|
| End-2018 | H1/2019 | | H1/2019 | End-2018 |
| 13. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS | | | | |
| 37,673 | 59,022 | Payables to credit institutions | 59,022 | 37,673 |
| 6,685 | 6,447 | Payables to central banks | 6,447 | 6,685 |
| 10,026 | 12,291 | Repo transactions with credit institutions | 12,291 | 10,026 |
| 236 | - | Repo transactions with central banks | - | 236 |
| 54,620 | 77,760 | Total | 77,760 | 54,620 |
| 14. DEPOSITS AND OTHER PAYABLES | | | | |
| 66,942 | 73,285 | On demand | 73,151 | 66,865 |
| 176 | 38 | At notice | 77 | 176 |
| 7,092 | 3,722 | Time deposits | 3,722 | 7,092 |
| 2,986 | 3,139 | Special deposits | 3,139 | 2,986 |
| 5,745 | 3,216 | Repo deposits | 3,216 | 5,745 |
| 82,942 | 83,400 | Total | 83,304 | 82,864 |
| 15. BONDS IN ISSUE AT AMORTISED COST | | | | |
| 5,585 | 5,688 | Bonds in issue | 5,688 | 5,585 |
| (175) | (177) | Own portfolio | (177) | (175) |
| 5,411 | 5,511 | Total | 5,511 | 5,411 |
| Issues | | | | |
| 2,164 | 2,082 | EMTN issues* | 2,082 | 2,164 |
| 3,237 | 3,419 | ECP issues* | 3,419 | 3,237 |
| 10 | 10 | Other issues | 10 | 10 |
| 5,411 | 5,511 | Total | 5,511 | 5,411 |
| * Listed on Nasdaq Copenhagen or the Luxembourg Stock Exchange. | | | | |
| 16. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE | | | | |
| 7,618 | 9,411 | Negative securities portfolios | 9,411 | 7,618 |
| 7,618 | 9,411 | Total | 9,411 | 7,618 |
| 17. SUBORDINATED DEBT | | | | |
| Subordinated debt consists of financial liabilities in the form of subordinate loan capital and Additional Tier 1 capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met. | | | | |
| Subordinate loan capital. The loan is non-callable and falls due in its entirety on 1 January 2027 and carries an interest rate of 2.25% pa above 3M Cibar. | | | | |
| 2,000 | 2,000 | | 2,000 | 2,000 |
| 2,000 | 2,000 | Total subordinated debt | 2,000 | 2,000 |
| 2,000 | 2,000 | Subordinated debt that may be included in own funds | 2,000 | 2,000 |

18. RELATED PARTY TRANSACTIONS AND BALANCES

The Parent Nykredit Realkredit, its parent as well as Group enterprises and associates are regarded as related parties. In addition, Nykredit Bank's Group enterprises and associates as stated in the Group structure are included as well as the Bank's Board of Directors, its Executive Board and related parties thereof.

No unusual related party transactions occurred in 2019 and 2018.

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, insurance, 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.

Moreover, Nykredit Realkredit A/S contributed DKK 2.0 billion to Nykredit Bank in the form of Tier 2 capital.

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

Framework agreement on the terms for financial transactions relating to loans and deposits in the securities and money market areas etc. Transactions in financial instruments are covered by master netting agreements involving an ongoing exchange of collateral in the form of cash and bonds.

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

Nykredit Bank may transfer secured homeowner loans to Totalkredit A/S. In 2018 and 2019 Nykredit Bank transferred secured homeowner loans to Totalkredit A/S.

19. 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 market place.

Bonds at fair value are recognised at listed prices if external prices have been updated within the past three 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 three 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 values is primarily based on external credit curves such as Itraxx Main, but also on internal data as regards customers without impairment in the lowest rating categories, as there are no external curves suitable for the calculation of credit risk on these customers. Finally, calculations are made to simulate future exposures to interest rate swaps. Calculations entailing increased CVA are included in the value adjustment.

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

FVA may involve both a funding benefit and a funding cost, but for Nykredit, the net FVA adjustment will be a funding cost resulting from customers' insufficient or lacking provision of collateral. Debit Valuation Adjustment (DVA) is now a sub-element of the FVA adjustment.

Net value adjustment due to CVA, DVA and FVA amounted to DKK 603 million at 30 June 2019 against DKK 588 million at end-2018.

Upon entering into derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity and credit risk and return on capital etc. The minimum margin is amortised at the valuation of derivatives over their times-to-maturity. At 30 June 2019, the non-amortised minimum margin amounted to DKK 142 million against DKK 147 million at end-2018. With regard to liquidity and credit risk, DKK 194 million for 30 June 2019 and DKK 201 million at end-2018 have been included above in the net adjustment of FVA and CVA. 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 Nykredit 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".

Fair value totalled DKK 2.545 million at 30 June 2019 after value adjustment. Credit value adjustments came to DKK 2.551 million at 30 June 2019 (End-2018: DKK 2,308 million).

The interest rate risk on these interest rate swaps is hedged in all material respects. However, interest rate fluctuations may impact results to the extent that the market value must be adjusted due to increased counterparty credit risk. A 0.1 percentage point change in interest rate levels will impact the fair value by +/- DKK 88 million.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 30 June 2019, the proportion was thus 4,1% compared with 2,6% at end-2018. The proportion of financial liabilities was 0,0% against 0,0% at end-2018.

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 2,6 billion (end-2018: DKK 1,6 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 264 million at 30 June 2019 (1,22% of equity at 30 June 2019). The earnings impact at 31 December 2018 was estimated at DKK 158 million (0.75% of equity at 31 December 2018).

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 2019 and 2018, transfers between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the ratings (credit risk) of counterparties and primarily concerned interest rate swaps, as regards financial instruments with positive market value.

Transfers between the categories Listed prices and Observable inputs mainly result from bonds that are reclassified either due to traded volume or the number of days between last transaction and the time of determination. As at 30 June 2019, financial assets of DKK 1,2 billion have been transferred from Listed prices to Observable inputs and DKK 1,8 billion from Observable inputs to Listed prices. Financial liabilities of DKK 0,3 billion were transferred from Listed prices to Observable inputs and DKK 0,1 billion from Observable inputs to Listed prices.

Redeemed bonds (usually comprised by Listed prices) are transferred to Observable inputs on the last day before the coupon date, as there is no access to official prices in active markets. At 30 June 2019 the amount was DKK 0,3 billion against DKK 0.4 billion at end-2018.

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

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19. FAIR VALUE DISCLOSURES (CONTINUED)**19. Fair value of assets and liabilities recognised at fair value (IFRS hierarchy)****30 June 2019**

| | Listed prices | Observable inputs | Unobservable inputs | Total fair value |
|--|------------------|----------------------|------------------------|---------------------|
| Financial assets: | | | | |
| - bonds at fair value | 20,915 | 21,341 | - | 42,256 |
| - equities measured at fair value through profit or loss | 191 | - | 93 | 284 |
| - positive fair value of derivative financial instruments | 43 | 19,973 | 2,545 | 22,560 |
| Total | 21,148 | 41,314 | 2,638 | 65,100 |
| Percentage | 32.5 | 63.5 | 4.1 | 100.0 |
| Financial liabilities: | | | | |
| - other non-derivative financial liabilities at fair value | 4,499 | 4,912 | - | 9,411 |
| - negative fair value of derivative financial instruments | 126 | 12,560 | - | 12,687 |
| Total | 4,625 | 17,472 | - | 22,098 |
| Percentage | 20.9 | 79.1 | - | 100.0 |

Assets and liabilities measured on the basis of unobservable inputs

| | Bonds | Equities | Derivatives | Total |
|---|-------|-----------|--------------|--------------|
| Fair value, beginning of period, assets | - | 82 | 1,495 | 1,577 |
| Unrealised capital gains and losses recognised in "Value adjustments" in the income statement | - | 2 | 441 | 443 |
| Purchases for the period | - | 4 | - | 4 |
| Sales for the period | - | - | (89) | (89) |
| Transferred from Listed prices and Observable inputs | - | 7 | 1,474 | 1,482 |
| Transferred to Listed prices and Observable inputs | - | (2) | (777) | (779) |
| Fair value, end of period, assets | - | 93 | 2,545 | 2,638 |

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

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

³ Recognised at fair value through fair value option.

Nykredit Bank Group

19. FAIR VALUE DISCLOSURES (CONTINUED)**19. Fair value of assets and liabilities recognised at fair value (IFRS hierarchy)****31 December 2018**

| | Listed prices | Observable inputs | Unobservable inputs | Total fair value |
|--|------------------|----------------------|------------------------|---------------------|
| Financial assets: | | | | |
| - bonds at fair value | 10,504 | 32,268 | - | 42,772 |
| - equities measured at fair value through profit or loss | 152 | - | 82 | 234 |
| - positive fair value of derivative financial instruments | 56 | 16,212 | 1,495 | 17,763 |
| Total | 10,712 | 48,480 | 1,577 | 60,769 |
| Percentage | 17.6 | 79.8 | 2.6 | 100.0 |
| Financial liabilities: | | | | |
| - other non-derivative financial liabilities at fair value | 3,514 | 4,104 | - | 7,618 |
| - negative fair value of derivative financial instruments | 50 | 10,662 | - | 10,712 |
| Total | 3,564 | 14,767 | - | 18,330 |
| Percentage | 19.4 | 80.6 | - | 100.0 |

Assets and liabilities measured on the basis of unobservable inputs

| | Bonds | Equities | Derivatives | Total |
|---|-------|-----------|--------------|--------------|
| Fair value, beginning of period, assets | - | 79 | 1,104 | 1,183 |
| Unrealised capital gains and losses recognised in "Value adjustments" in the income statement | - | 6 | 377 | 383 |
| Sales for the period | - | (3) | (57) | (60) |
| Transferred from Listed prices and Observable inputs | - | - | 564 | 564 |
| Transferred to Listed prices and Observable inputs | - | - | (493) | (493) |
| Fair value, end of period, assets | - | 82 | 1,495 | 1,577 |

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

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

³ Recognised at fair value through fair value option

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Nykredit Bank Group

20. GROUP STRUCTURE

Name and registered office

| | | | | | |
|--|-----|-----|--------|-------|--------|
| Nykredit Bank A/S (Parent), Copenhagen, a) | | 506 | 21,601 | 1,660 | 21,096 |
| Nykredit Portefølje Administration A/S, Copenhagen, b) | 100 | 103 | 990 | 163 | 887 |
| Nykredit Leasing A/S, Gladsaxe c) | 100 | 50 | 805 | 84 | 755 |

Geographical distribution of activities

Denmark: Names and activities appear from the Group structure above

| | Owner-ship interest as %, 30 June 2019 | Profit for the period, 2019 | Equity 30 June 2019 | Profit for 2018 | Equity 31 December 2018 |
|-------------------------|---|--------------------------------|------------------------|-----------------|----------------------------|
| Number of staff | | | | | |
| Revenue ¹ | | | | | |
| Profit before tax | | | | | |
| Government aid received | | | | | |
| Denmark | 843 | 2,089 | 647 | - | |

a) Investment company

Nykredit Bank A/S is wholly owned by Nykredit Realkredit A/S and consolidated with Nykredit A/S for accounting purposes, which is consolidated with Forenet Kredit for accounting purposes.

The financial statements of Forenet Kredit (in Danish) and Nykredit A/S are available from:

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

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DKK million

| Nykredit Bank Group | H1/ 2019 | H1/ 2018 | H1/ 2017 | H1/ 2016 | H1/ 2015 |
|--|----------------|----------------|----------------|----------------|----------------|
| 21. FIVE YEAR FINANCIAL HIGHLIGHTS | | | | | |
| Summary income statement | | | | | |
| Net interest income | 807 | 829 | 743 | 703 | 865 |
| Net fee income etc | 893 | 846 | 800 | 526 | 510 |
| Net interest and fee income | 1,700 | 1,674 | 1,543 | 1,228 | 1,375 |
| Value adjustments | 68 | 732 | 2,241 | (778) | 954 |
| Other operating income | 21 | 14 | 17 | 14 | 15 |
| Staff and administrative expenses | 1,036 | 976 | 934 | 953 | 932 |
| Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets | 0 | 0 | 7 | 8 | 8 |
| Other operating expenses | 12 | 12 | 11 | 13 | 33 |
| Impairment charges for loans, advances and receivables etc | 97 | 129 | (207) | (86) | (89) |
| Profit (loss) from investments in associates and Group enterprises | 3 | 1 | - | (0) | 0 |
| Profit (loss) before tax | 647 | 1,305 | 3,054 | (424) | 1,460 |
| Tax | 141 | 281 | 671 | (107) | 342 |
| Profit (loss) for the period | 506 | 1,025 | 2,383 | (317) | 1,118 |
| SUMMARY BALANCE SHEET, END OF PERIOD | | | | | |
| | 30.06.2019 | 30.06.2018 | 30.06.2017 | 30.06.2016 | 30.06.2015 |
| ASSETS | | | | | |
| Cash balances and receivables from credit institutions and central banks | 24,385 | 12,724 | 25,486 | 37,410 | 31,953 |
| Loans, advances and other receivables at fair value | - | - | 21,511 | 30,350 | 29,765 |
| Loans, advances and other receivables at amortised cost | 112,652 | 89,536 | 57,544 | 49,554 | 49,441 |
| Bonds and equities etc | 42,539 | 49,075 | 36,205 | 38,144 | 44,109 |
| Remaining assets | 35,057 | 22,755 | 25,041 | 39,558 | 37,689 |
| Total assets | 214,634 | 174,090 | 165,787 | 195,016 | 192,957 |
| LIABILITIES AND EQUITY | | | | | |
| Payables to credit institutions and central banks | 77,760 | 42,434 | 41,252 | 40,205 | 45,693 |
| Deposits and other payables | 83,304 | 84,293 | 69,716 | 69,643 | 66,056 |
| Bonds in issue at amortised cost | 5,511 | 4,779 | 6,366 | 14,990 | 25,763 |
| Other non-derivative financial liabilities at fair value | 9,411 | 6,059 | 10,149 | 21,075 | 8,171 |
| Remaining liabilities | 14,751 | 13,811 | 16,958 | 33,081 | 31,286 |
| Provisions | 295 | 254 | 219 | 221 | 195 |
| Subordinated debt | 2,000 | 2,000 | 2,000 | - | 100 |
| Equity | 21,601 | 20,460 | 19,127 | 15,801 | 15,693 |
| Total liabilities and equity | 214,634 | 174,090 | 165,787 | 195,016 | 192,957 |
| OFF-BALANCE SHEET ITEMS | | | | | |
| Contingent liabilities | 28,470 | 21,692 | 19,627 | 13,689 | 21,156 |
| Other commitments | 9,636 | 7,315 | 6,291 | 6,022 | 4,671 |

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| Nykredit Bank Group | H1/ 2019 | H1/ 2018 | H1/ 2017 | H1/ 2016 | H1/ 2015 |
|--|-------------|-------------|-------------|-------------|-------------|
| 21. FIVE YEAR FINANCIAL HIGHLIGHTS (CONTINUE) | | | | | |
| FINANCIAL RATIOS¹ | | | | | |
| Total capital ratio, % | 20.7 | 22.4 | 20.8 | 20.0 | 18.9 |
| Tier 1 capital ratio, % | 18.7 | 20.0 | 18.7 | 19.6 | 18.5 |
| Return on equity before tax, % | 3.0 | 6.5 | 17.0 | (2.7) | 10.3 |
| Return on equity after tax, % | 2.4 | 5.1 | 13.3 | (2.0) | 7.9 |
| Cost:income ratio | 1.57 | 2.17 | 5.09 | 0.52 | 2.65 |
| Foreign exchange position, % | 0.6 | 0.1 | 0.4 | 0.1 | 0.1 |
| Loans and advances:equity (loan gearing) | 5.2 | 4.4 | 4.1 | 5.1 | 5.0 |
| Growth in loans and advances for the period, excluding repo transactions % | 4.9 | 4.6 | 4.6 | 6.0 | 5.1 |
| Impairment charges for the period, % | 0.1 | 0.1 | (0.2) | (0.1) | (0.1) |
| Return on capital employed, % | 0.2 | 0.6 | 1.4 | (0.2) | 0.6 |
| Average number of staff, full-time equivalent | 843 | 830 | 827 | 791 | 761 |

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 53 in the Annual Report 2018

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DKK million

| Nykredit Bank A/S | H1/ 2019 | H1/ 2018 | H1/ 2017 | H1/ 2016 | H1/ 2015 |
|--|----------------|----------------|----------------|----------------|----------------|
| 21. FIVE YEAR FINANCIAL HIGHLIGHTS (CONTINUED) | | | | | |
| Summary income statement | | | | | |
| Net interest income | 720 | 748 | 671 | 636 | 805 |
| Net fee income etc | 681 | 665 | 637 | 379 | 382 |
| Net interest and fee income | 1,402 | 1,413 | 1,308 | 1,015 | 1,187 |
| Value adjustments | 68 | 733 | 2,241 | (779) | 957 |
| Other operating income | 5 | 2 | 2 | 1 | 0 |
| Staff and administrative expenses | 932 | 870 | 829 | 841 | 831 |
| Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets | - | - | 8 | 8 | 8 |
| Other operating expenses | 10 | 10 | 10 | 10 | 31 |
| Impairment charges for loans, advances and receivables etc | 84 | 125 | (209) | (91) | (95) |
| Profit from investments in associates and Group enterprises | 155 | 127 | 111 | 86 | 73 |
| Profit (loss) before tax | 605 | 1,271 | 3,024 | (446) | 1,440 |
| Tax | 99 | 246 | 641 | (129) | 322 |
| Profit (loss) for the period | 506 | 1,025 | 2,383 | (317) | 1,118 |
| Summary balance sheet, end of period | | | | | |
| | 30.06.2019 | 30.06.2018 | 30.06.2017 | 30.06.2016 | 30.06.2015 |
| Assets | | | | | |
| Cash balances and receivables from credit institutions and central banks | 24,377 | 12,723 | 25,486 | 37,410 | 31,953 |
| Loans, advances and other receivables at fair value | - | - | 21,511 | 30,350 | 29,765 |
| Loans, advances and other receivables at amortised cost | 111,289 | 88,116 | 56,254 | 48,121 | 48,162 |
| Bonds and equities etc | 48,111 | 51,942 | 35,618 | 37,633 | 43,718 |
| Remaining assets | 30,314 | 20,594 | 26,278 | 40,594 | 38,629 |
| Total assets | 214,090 | 173,375 | 165,147 | 194,108 | 192,226 |
| Liabilities and equity | | | | | |
| Payables to credit institutions and central banks | 77,760 | 42,164 | 40,982 | 39,665 | 45,153 |
| Deposits and other payables | 83,400 | 84,364 | 69,809 | 69,704 | 66,183 |
| Bonds in issue at amortised cost | 5,511 | 4,779 | 6,366 | 14,990 | 25,763 |
| Other non-derivative financial liabilities at fair value | 9,411 | 6,059 | 10,149 | 21,075 | 8,171 |
| Remaining liabilities | 14,247 | 13,415 | 16,598 | 32,743 | 31,014 |
| Provisions | 159 | 134 | 116 | 131 | 149 |
| Subordinated debt | 2,000 | 2,000 | 2,000 | - | 100 |
| Equity | 21,601 | 20,460 | 19,127 | 15,800 | 15,693 |
| Total liabilities and equity | 214,090 | 173,375 | 165,147 | 194,108 | 192,226 |
| Off-balance sheet items | | | | | |
| Contingent liabilities | - | 22,132 | 19,996 | 14,327 | 21,256 |
| Other commitments | - | 6,578 | 6,145 | 5,922 | 4,583 |

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| Nykredit Bank A/S | H1/ 2019 | H1/ 2018 | H1/ 2017 | H1/ 2016 | H1/ 2015 |
|--|-------------|-------------|-------------|-------------|-------------|
| 21. FIVE YEAR FINANCIAL HIGHLIGHTS (CONTINUED) | | | | | |
| Financial ratios¹ | | | | | |
| Total capital ratio, % | 19.7 | 21.4 | 19.8 | 19.3 | 18.3 |
| Tier 1 capital ratio, % | 17.8 | 19.2 | 17.9 | 18.8 | 17.9 |
| Return on equity before tax, % | 2.8 | 6.4 | 16.9 | (2.8) | 10.2 |
| Return on equity after tax, % | 2.4 | 5.1 | 13.3 | (2.0) | 7.9 |
| Cost:income ratio | 1.59 | 2.27 | 5.74 | 0.42 | 2.86 |
| Foreign exchange position, % | 0.6 | 0.1 | 0.4 | 0.1 | 0.1 |
| Loans and advances:equity (loan gearing) | 5.2 | 4.3 | 4.1 | 5.0 | 5.0 |
| Growth in loans and advances for the period, excluding repo transactions % | 4.8 | 4.6 | 5.2 | 6.1 | (1.8) |
| Impairment charges for the period, % | 0.1 | 0.1 | (0.2) | (0.1) | (0.1) |
| Return on capital employed, % | 0.2 | 0.6 | 1.4 | (0.2) | 0.6 |
| Average number of staff, full-time equivalent | 668 | 659 | 666 | 633 | 608 |

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 53 in the Annual Report 2018