

Nykredit Realkredit Group



Q1 Interim Report 2021

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FINANCIAL HIGHLIGHTS

DKK million

Nykredit Realkredit	Q1/ 2021	Q1/ 2020	Q4/ 2020	2020
BUSINESS PROFIT AND PROFIT FOR THE PERIOD				
Net interest income	2,454	2,394	2,500	9,780
Net fee income ¹	584	562	632	2,438
Wealth management income	544	502	504	1,950
Net interest from capitalisation	(114)	(105)	(114)	(421)
Net income relating to customer benefits programmes ²	(72)	(45)	(49)	(203)
Trading, investment portfolio and other income ¹	826	(1,414)	847	1,026
Income	4,223	1,894	4,319	14,569
Costs	1,447	1,416	1,477	5,762
Business profit before impairment charges	2,776	478	2,842	8,807
Impairment charges for loans and advances	91	1,312	286	2,272
Business profit (loss)	2,685	(834)	2,556	6,535
Legacy derivatives	237	(421)	206	258
Badwill, impairment of goodwill and amortisation of customer relationships	-	-	-	(2)
Profit (loss) before tax	2,922	(1,255)	2,762	6,791
Tax	535	(376)	475	1,118
Profit (loss) for the period	2,387	(879)	2,287	5,673
Other comprehensive income, remaining items	(2)	(15)	1	(26)
Comprehensive income (loss) for the period	2,385	(894)	2,288	5,646
Interest on Additional Tier 1 capital charged against equity	38	58	59	233
Minority interests	9	7	0	22
SUMMARY BALANCE SHEET				
Assets	31.03.2021	31.03.2020	31.12.2020	31.12.2020
Receivables from credit institutions and central banks	53,437	41,002	59,361	59,361
Mortgage loans at fair value	1,348,654	1,286,026	1,350,630	1,350,630
Bank loans excluding reverse repurchase lending	70,285	69,389	71,146	71,146
Bonds and equities	119,256	117,662	113,776	113,776
Remaining assets	69,352	77,358	70,854	70,854
Total assets	1,660,985	1,591,437	1,665,767	1,665,767
Liabilities and equity				
Payables to credit institutions and central banks	13,221	22,705	14,611	14,611
Deposits excluding repo deposits	85,536	80,543	88,113	88,113
Bonds in issue at fair value	1,362,675	1,308,146	1,366,709	1,366,709
Subordinated debt	11,592	11,011	10,893	10,893
Remaining liabilities	98,032	85,538	95,666	95,666
Equity	89,929	83,494	89,774	89,774
Total liabilities and equity	1,660,985	1,591,437	1,665,767	1,665,767
FINANCIAL RATIOS				
Profit (loss) for the period as % pa of average business capital (ROAC) ³	14.5	-6.2	13.9	8.6
Profit (loss) for the period as % pa of average equity ⁴	10.9	-4.7	10.5	6.6
Costs as % of income	34.3	74.8	34.2	39.5
Total provisions for loan impairment and guarantees	9,865	9,171	9,906	9,906
Impairment charges for the period, %	0.00	0.10	0.02	0.15
Total capital ratio, %	24.3	24.5	24.3	24.3
Common Equity Tier 1 capital ratio, %	20.1	20.2	20.2	20.2
Internal capital adequacy requirement, %	10.9	11.0	11.0	11.0
Average number of staff, full-time equivalent	3,831	3,728	3,916	3,799

¹ Fee income pertaining to Shared Valuation has been reclassified from "Trading, investment portfolio and other income" to "Net fee income". Comparative figures have been restated.

² "Net income relating to customer benefits programmes" is described in detail in "Alternative performance measures".

³ "Profit (loss) for the period as % pa of average business capital (ROAC)" shows profit (loss) for the period relative to business capital. Profit corresponds to profit for accounting purposes less interest expenses for Additional Tier 1 (AT1) capital plus value adjustment of strategic equities recognised as "Other comprehensive income".

⁴ For the purpose of return on equity, the AT1 capital is treated as a financial obligation for accounting purposes, and the dividends thereon for accounting purposes are included as interest expenses on subordinated debt in profit for the period.

EXECUTIVE SUMMARY

The Nykredit Realkredit Group posted a satisfactory profit before tax of DKK 2,922 million in Q1/2021 (Q1/2020: a loss of DKK 1,255 million).

Nykredit got off to a good start in 2021 with underlying business growth – Q1 particularly recorded solid growth in Totalkredit's mortgage lending. Q1 results were also influenced by the favourable financial market trends, which impacted trading, investment portfolio and other income.

Impairment charges for loans and advances for the period were lower than expected owing to continued positive economic trends, rising property prices and an improved credit quality among our customers.

Against this backdrop, we raised our guidance for business profit and profit before tax for 2021 from DKK 6.0-6.5 billion to DKK 7.25-7.75 billion on 15 April. The earnings upgrade is driven by good business growth, the prospect of lower-than-expected loan impairment charges as well as a favourable trend in investment portfolio income and the legacy derivatives portfolio.

We help our customers get through the crisis

Last year we launched a number of special coronavirus-related initiatives to help our customers with responsible advice and support. Access to the special initiatives was reopened in December when new lockdown measures were introduced. Being able to always keep our loan books open is essential to us – also when the Danish economy is struggling. If we are not capable of providing funding and liquidity, the crisis will only worsen. Nykredit holds a robust capital position and is backed by a group of strong owners. Consequently, we are strongly positioned to continue to offer attractive and secure loans all over Denmark at all times.

We provide loans throughout Denmark

Totalkredit recorded lending growth in all 98 Danish municipalities in Q1. This underlines the very strong collaboration we have with our Totalkredit partners, which provide sound advice to customers all across Denmark. It also highlights another central aspect of our corporate responsibility. We should not only be ready to provide loans *at all times*. We should be ready to provide loans *all over Denmark*. This way, we can help ensure continued growth in all regions. We are proud to have maintained and expanded our nation-wide lending activities in a difficult year.

We facilitate green choices

The green transition is a defining challenge of our time, and as a financial mutual, we naturally strive to make a difference. We have already significantly reduced our own carbon footprint. Thus, we can now make the greatest difference together with our customers.

All across the Group we have launched several products that will make it easier and more affordable for our customers to make green choices. Nykredit Bank now offers green home loans (Grønt Boliglån) to finance energy improvements at 0% interest and no up-front fees. We offer green car loans (Grønt Billån) to finance electric, hydrogen and plug-in hybrid cars at 1% interest and no up-front fees. Totalkredit offers a cash contribution of DKK 10,000 to customers who replace their oil-fired boilers with energy-saving heat pumps.

Moreover, customers with a Totalkredit mortgage loan who want to make energy-saving improvements to their home can order a home energy check-up from 1 May and have their home energy-labelled. The home energy check-ups are a joint initiative offered in concert with our Totalkredit partner banks.

Top ranking of Nykredit products

Our green car loan for plug-in hybrid cars was awarded Best in Test in March 2021 by the Danish Consumer Council. The Council labelled the green car loan for electric cars as "Recommended".

In March, Nykredit Invest won two out of three main categories at the annual Morningstar Fund Awards. The investment fund Nykredit Invest was awarded best manager of bonds as well as best manager of equities and bonds. This is the fourth year running that Nykredit Invest has won one or more main categories at the Morningstar Fund Awards. In addition the fund Sparindex OMX C25 was awarded best fund for Danish equities, and Sparindex DJSI World was named best fund for global equities. Combined, Nykredit Invest and Sparindex won four out of eight Morningstar Awards.

Benefits of being owned by customers

In Q1 Nykredit distributed dividend for 2020 to our shareholders. Forenet Kredit, the association that owns nearly 80% of Nykredit, received the largest share. In March, the Committee of Representatives of Forenet Kredit subsequently decided to return an amount in excess of one billion kroner to Nykredit which we will give back to our customers in 2021 through benefits programmes.

This will be the fifth consecutive year where customers gain cash benefits from our customer-ownership structure.

Lowest administration margin payments for seven years

Nykredit offers attractive home financing. Our KundeKroner and ErhvervsKroner discounts have a large impact on the total costs of a mortgage loan. For instance, homeowners' average administration margin payments to Totalkredit are today the lowest for seven years. The discount programmes also mean that Totalkredit currently charges the lowest administration margin payments in the market on the most popular types of mortgage loans, such as fixed-rate mortgages and ARMs with 5-year interest reset.

FINANCIAL REVIEW

	Business profit Q1/2021	Profit Q1/2021	Income Q1/2021
	DKK 2,685 million	DKK 2,922 million	DKK 4,223 million
	Business profit	Profit before tax for the period	Income

	ROAC	Return on equity	Cost:income ratio
	14.5%	10.9%	34.3%
	Profit for the period as % pa of average business capital	Profit for the period as % pa of average equity	Costs as % of income

PERFORMANCE HIGHLIGHTS IN Q1/2021

The Nykredit Realkredit Group delivered a profit before tax for Q1/2021 of DKK 2,922 million (Q1/2020: a loss of DKK 1,255 million), while business profit for the period was DKK 2,685 million (Q1/2020: a loss of DKK 834 million). Results were positively impacted by strong growth in mortgage lending and high wealth management income. At the same time, business profit was positively impacted by a favourable trend in investment portfolio income. Profit before tax for the period was also positively impacted by a favourable trend in the portfolio of legacy derivatives.

Income

Income totalled DKK 4,223 million in Q1/2021 (Q1/2020: DKK 1,894 million).

Net interest income was satisfactory and amounted to DKK 2,454 million (Q1/2020: DKK 2,394 million). The underlying business is performing well, and the rise was driven by higher housing market activity. In addition, negative deposit rates for personal customers also affected net interest income positively.

Net fee income went up to DKK 584 million in Q1/2021 (Q1/2020: DKK 562 million), which was chiefly due to increasing mortgage lending.

Wealth management income rose to DKK 544 million in Q1/2021 (Q1/2020: DKK 502 million), primarily due to rising Asset Management income.

Net interest expenses from capitalisation, which includes interest on subordinated debt etc, was a negative DKK 114 million (Q1/2020: a negative DKK 105 million).

Net income relating to the customer benefits programmes KundeKroner, ErhvervsKroner as well as mutual and green benefits was a negative DKK 72 million in Q1/2021 (Q1/2020: a negative DKK 45 million). The amount includes contributions received from Forenet Kredit.

Trading, investment portfolio and other income, including value adjustment of swaps etc, rose to DKK 826 million (Q1/2020: a loss of DKK 1,414 million), partly driven by considerable gains on the portfolio of Danish bank equities etc. In addition, income of DKK 114 million was attributable to the fair value adjustment of lending which Nykredit carried at a discount in connection with Nykredit's acquisition of LR Realkredit.

Costs

Costs totalled DKK 1,447 million in Q1/2021 (Q1/2020: DKK 1,416 million). The Group maintains focus on building organisational efficiency, while investing significant resources in compliance, implementation of new regulatory requirements and expansion of the partnership with BEC.

The average headcount was 3,831 in Q1/2021 (Q1/2020: 3,728).

Impairment charges for loans and advances

Impairment charges for loans and advances totalled DKK 91 million in Q1/2021 (Q1/2020: DKK 1,312 million). Write-offs and individual impairment provisions for homeowners and businesses alike were low.

	DKK million	
	Q1/2021	Q1/2020
Nykredit Realkredit Group		
Impairment charges for loans and advances		
Individual impairment provisions (stage 3)	(312)	152
Model-based impairment provisions (stages 1, 2 and 3)	403	1,160
- of the above attributable to covid-19	31	1,175
Impairment charges for loans and advances	91	1,312

In Q1/2021 DKK 31 million was provided for losses anticipated as a consequence of covid-19. Such provisions are based on stress tests and portfolio calculations. Write-offs prompted by the covid-19 pandemic remained low due to the financial strength and liquidity of our customers as well as the effect of government relief packages and expanded access to credit in the financial sector. For further information about the impacts of covid-19 on impairment charges for loans and advances and Nykredit's loan portfolio, please refer to "Credit risk" on page 20 of this report as well as our Fact Book Q1 2021, which is available at nykredit.com.

Other items

Legacy derivatives, which are not included in business profit, were DKK 237 million (Q1/2020: a negative DKK 421 million). Legacy derivatives are derivatives Nykredit no longer offers to customers, comprising a portfolio with a total market value of DKK 6.2 billion (end-2020: DKK 7.4 billion). The portfolio was written down to DKK 4.7 billion at end-March 2021 (end-2020: DKK 5.6 billion).

Tax

Tax on profit for Q1/2021 was DKK 535 million (Q1/2020: a negative DKK 376 million).

Balance sheet

Nominal mortgage lending was DKK 1,340 billion at end-March 2021 (end-2020: DKK 1,321 billion), equal to an increase of DKK 19 billion on end-2020.

The strong alliance between Totalkredit and its partner banks continues to drive growth in Totalkredit's mortgage lending, which amounted to DKK 819 billion at nominal value at end-March 2021 (end-2020: DKK 798 billion). This represents a 3% increase since end-2020. More than 875,000 homeowners now have Totalkredit loans.

The Group's market share of total Danish mortgage lending was 43.7% at end-March 2021 (end-2020: 43.6%).

Lending by Nykredit Bank dropped by DKK 0.9 billion to DKK 70.3 billion at end-March 2021 (end-2020: DKK 71.1 billion). Bank lending (including secured homeowner loans transferred to Totalkredit) fell to DKK 76.9 billion (end-2020: DKK 77.8 billion). At 31 March 2021 secured homeowner loans transferred to Totalkredit amounted to DKK 6.6 billion (end-2020: DKK 6.7 billion).

Nykredit's provision of guarantees amounted to DKK 9.5 billion at end-March 2021 (end-2020: DKK 9.1 billion).

Deposits excluding repo deposits totalled DKK 85.6 billion, and Nykredit Bank's deposits exceeded lending by DKK 15.3 billion at end-March 2021 (end-2020: DKK 17.1 billion).

Equity

The Nykredit Realkredit Group's equity stood at DKK 89.9 billion at end-March 2021 (end-2020: DKK 89.8 billion). In March 2021 dividend was distributed to the Company's shareholder.

RESULTS FOR Q1/2021 RELATIVE TO Q4/2020

Profit before tax was DKK 2,922 million in Q1/2021 (Q4/2020: DKK 2,762 million).

Income totalled DKK 4,223 million in Q1/2021 (Q4/2020: DKK 4,319 million). The continued growth in mortgage lending contributed to a rise in net interest and net fee income.

Costs in Q1/2021 were slightly lower than in Q4 and totalled DKK 1,447 million (Q4/2020: DKK 1,477 million), which was mainly due to a time lag.

Impairment charges for loans and advances were DKK 91 million in Q1/2021, which was lower than in the previous quarter (Q4/2020: DKK 286 million). Impairment charges for loans and advances were positively impacted by rising property values and the improved credit quality of our customers.

Legacy derivatives resulted in a positive value adjustment of DKK 237 million (Q4/2020: DKK 206 million).

OUTLOOK AND GUIDANCE FOR 2021

Driven by good business growth, the prospect of lower-than-expected impairment charges for loans and advances as well as a favourable trend in investment portfolio income and the portfolio of legacy derivatives our guidance for 2021 was raised on 15 April 2021 to a business profit and profit before tax for 2021 from DKK 6.0-6.5 billion to DKK 7.25-7.75 billion.

Our overall guidance for business profit and profit before tax for 2021 reflects that:

- Nykredit expects that total income will be on a level with 2020 driven by slightly lower net fee income from reduced mortgage lending activity as well as lower investment portfolio income in 2021. By contrast, we expect rising net interest income and wealth management income from customers' increasing business volumes
- Costs are expected to rise, primarily due to increasing investments in digitisation and compliance and higher costs for the Danish Resolution Fund scheme
- Impairment charges for loans and advances are expected to be lower than in 2020, which was affected by provisions for loan impairment related to covid-19. A more normalised level of impairments is expected for 2021.

The main uncertainties affecting our 2021 guidance are related to the covid-19 impacts on investment portfolio income due to Nykredit's portfolio of bank equities and on legacy derivatives as well as impairment charges for loans and advances.

Nykredit has an objective of delivering an annual return on allocated capital (ROAC) after tax of 7.5% at normalised impairment levels viewed on average over the long term until market implementation of Basel IV. The return target is supplemented with a target cost:income ratio of below 45%.

SPECIAL ACCOUNTING CIRCUMSTANCES

Income from Shared Valuation

In order to present income from activity-driven partnerships on an aggregated basis, customer-driven income from the Shared Valuation partnership has been reclassified from "Trading, investment portfolio and other income" to "Net fee income". Comparative figures have been restated.

OTHER

Changes to Boards of Directors

At the Company's Annual General Meeting held on 25 March 2021, Preben Sunke was elected new member of the Board of Directors. Merete Eldrup, Nina Smith, Michael Demnitz, Per W. Hallgren, Jørgen Høholt, Hans-Ole Jochumsen and Vibeke Krag were re-elected to the Board of Directors. In addition, the Board of Directors includes four staff-elected members: Olav Bredgaard Brusén, Allan Kristiansen, Inge Sand and Kristina Andersen Skjøld.

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

New auditors appointed by the General Meeting

At the Annual General Meeting, EY Godkendt Revisionspartnerselskab was appointed as the new auditors of the Company as from the financial year 2021.

Termination of guarantee agreement with partner banks

In January Nykredit and Totalkredit terminated an agreement from 2014 on provision of additional security by the Totalkredit partner banks. The agreement was an addendum to the partnership agreement, and its termination means that the banks no longer have to provide a 6% guarantee covering the mortgage loans originated by them. As a result of Totalkredit's and the Nykredit Group's strengthened capital position over the last few years, the need for external guarantees has been reduced.

Merger with LR Realkredit

LR Realkredit A/S was merged with Nykredit with effect from 1 January 2021 following approval by the Danish Ministry for Industry, Business and Financial Affairs and the Danish FSA of the merger between Nykredit Realkredit A/S and LR Realkredit and approval at the extraordinary general meeting of LR Realkredit A/S held on 25 January 2021.

UNCERTAINTY AS TO RECOGNITION AND MEASUREMENT

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

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

The covid-19 pandemic has resulted in increased impairments partly based on negative expectations for the economic outlook following the uncertainty about the effect on the domestic and global economies. The Group has still not seen a material rise in write-offs, but the pandemic is expected to have a significant effect on future impairments.

MATERIAL RISKS

The Group's material risks are unchanged compared with the risks described in the Annual Report for 2020. See also note 51 in the Annual Report for 2020.

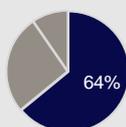
EVENTS SINCE THE BALANCE SHEET DATE

In April 2021 Nykredit Realkredit A/S issued new Tier 2 capital with proceeds of EUR 500 million (DKK 3.7 billion). No further events have occurred in the period up to the presentation of the Q1 Interim Report 2021 which materially affect the Group's financial position.

BUSINESS AREAS

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

Banking



Comprises Retail and Corporates & Institutions.

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

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

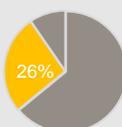
Business profit for Q1/2021:
DKK 1,400 million

Income in Q1/2021:
DKK 2,407 million

Impairment charges for loans and advances in Q1/2021:
Net reversal of DKK 8 million

Total lending end-March 2021:
DKK 708.2 billion

Totalkredit Partners



Comprises Totalkredit-branded mortgage loans to personal and business customers arranged by 46 Danish local and regional banks (excluding Nykredit Bank). Mortgage loans arranged by Nykredit are included in the business area Banking.

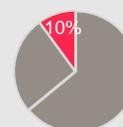
Business profit for Q1/2021:
DKK 578 million

Income in Q1/2021:
DKK 834 million

Impairment charges for loans and advances in Q1/2021:
DKK 87 million

Total lending end-March 2021:
DKK 686.6 billion

Wealth Management



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

Business profit for Q1/2021:
DKK 209 million

Income in Q1/2021:
DKK 426 million

Total lending end-March 2021:
DKK 15.2 billion

Assets under management end-March 2021:
DKK 394 billion

Assets under administration end-March 2021:
DKK 994 billion

Percentages show the share of the business divisions' business profit for Q1/2021 excluding Group Items.

To this should be added Group Items, which comprises other income and costs not allocated to business areas as well as income from securities and investment portfolio income.

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

BANKING

DKK million

Results –	Q1/	Q1/	Q4/	
Banking	2021	2020	2020	2020
Net interest income	1,661	1,637	1,652	6,607
Net fee income	433	425	463	1,873
Wealth management income	181	169	188	665
Net interest from capitalisation	(75)	(92)	(84)	(349)
Trading, investment portfolio and other income	207	(259)	205	516
Income	2,407	1,879	2,423	9,311
Costs	1,015	956	1,133	4,078
Business profit before impairment charges	1,392	923	1,290	5,233
Impairment charges for mortgage lending	15	970	163	1,408
Impairment charges for bank lending	(23)	180	113	525
Business profit (loss)	1,400	(227)	1,014	3,300
Legacy derivatives	237	(420)	206	258
Profit (loss) before tax	1,637	(646)	1,220	3,558

Q1 in summary

2021 started where 2020 left off at a satisfactory activity level. We welcomed many new full-service personal as well as business customers and also many new private banking clients, who are attracted by our award-winning concept.

Nykredit's personal customers are part of a bigger whole, as Nykredit is partly owned by an association, Forenet Kredit, which represents our customers. Thanks to this unique ownership structure, at the beginning of the year we were able to launch a suite of special customer benefits offered to customers depending on the amount of business they do with Nykredit:

- Discount on selected fees
- Discount on interest expenses of selected bank home loans
- Discount on mortgage loans
- Discount on investment management fees (offered from 1 April 2021)
- Green benefits in the form of green home loans, green car loans and home energy check-ups.

We remain focused on delivering a leading customer experience through a range of actions that partly make it easier to bank with Nykredit, partly free up more adviser time for customers.

Digital value propositions are a top priority in tandem with Nykredit's focus on having a nation-wide physical presence. In concert with other participants, such as fintech companies, we are working to improve digital value propositions and in 2021 develop new digital propositions to entrepreneurs, business owners and small businesses to scale our propositions to more customer groups. Digital propositions will also become available to our personal customers.

We remain dedicated to promoting sustainable solutions and having a sustainable product range. In 2021 we will be focused on promoting our green solutions and products launched in 2020 as well as deepening our expertise in this area by offering for example sustainability training to our agricultural advisors.

Based on a new insurance partnership between the Association of Local Banks, Savings Banks and Cooperative Banks in Denmark, Spar Nord, Nykredit and Codan we intend to establish Denmark's strongest bancassurance model. We want to offer our customers innovative insurance propositions, strong digital solutions and competitive prices. As at 1 May 2021, our customers will be offered insurance through Privatsikring, a member of the Codan group.

Covid-19 response

We are fully aware of our responsibility and are helping our customers. In this spirit, we have launched a number of initiatives to help Danish families and businesses struggling to make ends meet because of the covid-19 pandemic.

For example we offer our personal customers affected by critical income losses a special credit facility, payment holidays on car loans, consumer loans and bank home loans as well as no-fee overdrafts.

We offer our business customers payroll finance as well as payment holidays on banking and lease facilities. In addition, we have established a corona hotline, which business customers may consult for financial advice on and information about government aid initiatives.

We operate under a precautionary principle, and we abide by all official guidelines. Consequently, our customer centres have for some periods been closed, and for a while physical meetings have been replaced by online or telephone meetings, which is still recommended to our customers. Right now, the restrictions on physical attendance are easing off, however.

Selected balance sheet items	31.03.2021	31.12.2020	31.03.2020
Banking			
Retail Personal Banking			
Loans and advances	182,172	182,605	185,480
- of which mortgage lending, nominal value	165,011	165,419	168,022
- of which secured homeowner loans	7,561	7,640	7,704
- of which bank lending	9,600	9,547	9,754
Deposits	40,160	38,938	34,737
Retail Business Banking			
Loans and advances	243,389	242,701	244,866
- of which mortgage lending, nominal value	218,658	218,921	220,450
- of which bank lending	24,730	23,779	24,416
Deposits	23,475	24,645	20,962
Corporates & Institutions			
Loans and advances	282,687	283,578	267,990
- of which mortgage lending, nominal value	252,306	251,224	238,012
- of which bank lending	30,382	32,355	29,978
Deposits	7,203	8,843	6,149

Results for Q1/2021 relative to Q1/2020

Banking delivered a business profit of DKK 1,400 million in Q1/2021 (Q1/2020: a loss of DKK 227 million).

Total income rose to DKK 2,407 million (Q1/2020: DKK 1,879 million). The underlying business is performing well. High mortgage lending growth contributed favourably to increasing net interest income and fee income. Net interest income totalled DKK 1,661 million (Q1/2020: DKK 1,637 million) and net fee income came to DKK 433 million in Q1/2021 (Q1/2020: DKK 425 million).

Costs amounted to DKK 1,015 million (Q1/2020: DKK 956 million).

Impairment charges for loans and advances were a net reversal of DKK 8 million (Q1/2020: a charge of DKK 1,150 million), positively impacted by rising property values and improved credit quality of our customers.

Legacy derivatives saw a positive value adjustment of DKK 237 million (Q1/2020: a negative DKK 420 million).

Results for Q1/2021 relative to Q4/2020

Banking delivered a business profit of DKK 1,400 million in Q1/2021 (Q4/2020: DKK 1,014 million).

Income totalled DKK 2,407 million (Q4/2020: DKK 2,423 million). The decrease was mainly driven by falling net fee income.

Impairment charges for loans and advances were a net reversal of DKK 8 million (Q4/2020: DKK 276 million). Impairment charges were positively impacted by rising property values and our customers' high credit quality in Q1/2021, whereas they were adversely affected by the uncertainty about the duration and severity of the covid-19 pandemic in Q4/2020.

Legacy derivatives were a gain of DKK 237 million (Q4/2020: a gain of DKK 206 million).

Activities

Loan volumes totalled DKK 708.2 billion at 31 March 2021 (end-2020: DKK 708.9 billion), of which DKK 636.0 billion was mortgage lending at nominal value (end-2020: DKK 635.6 billion).

Bank lending in Retail Personal Banking came to DKK 9.6 billion (end-2020: DKK 9.5 billion).

Bank lending in Retail Business Banking stood at DKK 24.7 billion (end-2020: DKK 23.8 billion).

Bank lending in Corporates & Institutions fell to DKK 30.4 billion (end-2020: DKK 32.4 billion).

Arrears

At the December due date, 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.49% against 0.59% at the same date in 2020.



TOTALKREDIT PARTNERS

DKK million

Results –	Q1/ 2021	Q1/ 2020	Q4/ 2020	2020
Totalkredit Partners				
Net interest income	745	716	796	2,978
Net fee income ¹	151	141	168	575
Net interest from capitalisation	(61)	(53)	(61)	(222)
Net income relating to customer benefits programmes ²	-	-	(5)	(5)
Trading, investment portfolio and other income ¹	(2)	1	(1)	0
Income	834	804	897	3,326
Costs	169	175	178	719
Business profit before impairment charges	665	629	719	2,607
Impairment charges for mortgage lending	87	103	22	291
Business profit	578	526	697	2,315

¹ Fee income pertaining to Shared Valuation has been reclassified from "Trading, investment portfolio and other income" to "Net fee income". Comparative figures have been restated.

² "Net income relating to customer benefits programmes" is described in detail in "Alternative performance measures".

Q1 in summary

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

- a green contribution of DKK 10,000 is offered to up to 3,000 customers to replace their oil-fired boilers with heat pumps
- home energy check-up from 1 May to customers who want to make energy improvements to their home and get their home energy-labelled. The check-ups are a joint initiative with the Totalkredit partner banks
- Fastrente+, a fixed-rate loan with a 30-year interest-only option, is offered from January 2021
- an energy calculator, developed together with our partner banks and the Danish Energy Agency, and used both by our customers directly and by our advisers to engage with customers about energy renovation
- recommended three times by the Danish Consumer Council as the Danish mortgage lender offering the lowest mortgage prices in the sector
- lending growth in all 98 municipalities in Denmark and strong customer growth.

The Totalkredit alliance is developing a new joint IT platform aimed to secure its market position as the best provider of advisory services and home financing options. All three of the collaborating IT partners have implemented the first part of the platform, offering customers and advisers a better overview of customers' aggregate facilities, including Totalkredit mortgage loans.

Totalkredit business mortgages are offered to the segments Office and Retail, Residential Rental as well as Industry and Trades. A total of 35 banks, representing the majority of partner banks having business customers with mortgage needs, offer business mortgages.

Covid-19 response

The Totalkredit Partners division has organised its activities in compliance with regulatory recommendations. All functions of Totalkredit Partners have been running without interruption, with staff working mainly from home, in order for Totalkredit to continue to help customers and support our partner banks. Customers across Denmark have been able to raise mortgage loans with Totalkredit's partner banks as usual during the temporary national lockdowns.

Moreover, backed by Forenet Kredit, the Nykredit Group has extended the KundeKroner discount programme on the current terms up to and including 2022 to enhance our customers' financial visibility. The KundeKroner programme is a unique strength of our mutual ownership structure, which according to Forenet Kredit's objective is expected to benefit our customers in the coming years.

Results for Q1/2021 relative to Q1/2020

Totalkredit Partners delivered a business profit of DKK 578 million (Q1/2020: DKK 526 million).

Income amounted to DKK 834 million (Q1/2020: DKK 804 million).

Net interest income was satisfactory and rose to DKK 745 million in Q1/2021 (Q1/2020: DKK 716 million), positively impacted by rising mortgage lending.

Net fee income increased to DKK 151 million (Q1/2020: DKK 141 million), mainly driven by higher activity compared with Q1/2020.

Costs dropped to DKK 169 million (Q1/2020: DKK 175 million).

Impairment charges for loans and advances were DKK 87 million (Q1/2020: DKK 103 million), a decrease driven by provisions for loan impairment as a consequence of covid-19. Write-offs and individual impairment provisions in the homeowner segment were low.

Selected balance sheet items

Totalkredit Partners	31.03.2021	31.12.2020	31.03.2020
Personal Banking			
Loans and advances	677,975	660,989	628,833
- of which mortgage lending, nominal value	670,502	653,109	619,871
- of which secured homeowner loans	7,473	7,881	8,962
Business Banking			
Loans and advances	8,614	8,100	6,772
- of which mortgage lending, nominal value	8,614	8,100	6,772

Results for Q1/2021 relative to Q4/2020

Totalkredit Partners delivered a business profit of DKK 578 million in Q1/2021 (Q4/2020: DKK 697 million).

Income fell to DKK 834 million (Q4/2020: DKK 897 million), mainly due to reduced net interest income and net fee income resulting from lower activity in Q1 compared with Q4/2020.

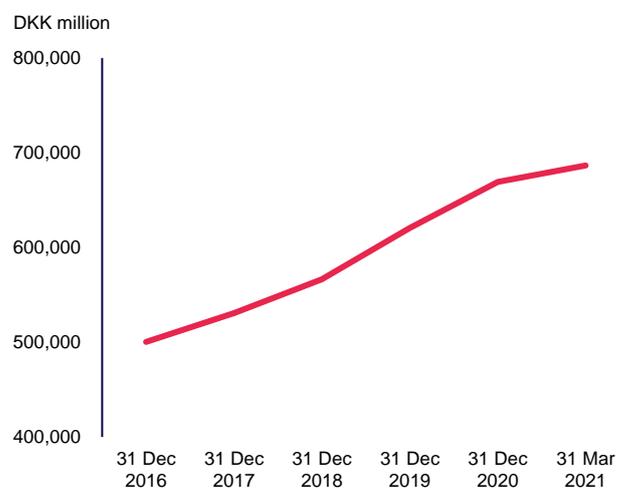
Impairment charges for loans and advances were DKK 87 million in Q1/2021 (Q4/2020: DKK 22 million).

Activities

Totalkredit Partners recorded lending growth, and nominal lending to personal customers came to DKK 678.0 billion at end-March 2021 (end-2020: DKK 661.0 billion), equal to a 3% increase. The business loan portfolio increased by DKK 0.5 billion to nominally DKK 8.6 billion (end-2020: DKK 8.1 billion).

Arrears

At the December due date, Totalkredit Partners customers' 75-day mortgage loan arrears as a percentage of total mortgage payments due were 0.16% against 0.22% at the same date in 2020.

Lending, Totalkredit Partners

WEALTH MANAGEMENT

DKK million

Results –	Q1/ 2021	Q1/ 2020	Q4/ 2020	2020
Wealth Management				
Net interest income	46	41	47	185
Net fee income	10	10	3	32
Wealth management income	356	330	311	1,261
Net interest from capitalisation	(2)	(2)	(2)	(10)
Trading, investment portfolio and other income	16	5	12	37
Income	426	384	371	1,505
Costs	205	217	248	883
Business profit before impairment charges	221	167	123	622
Impairment charges for mortgage lending	1	(4)	(1)	(6)
Impairment charges for bank lending	11	55	(7)	62
Business profit	209	116	130	567
Legacy derivatives	-	(1)	-	-
Profit before tax	209	115	130	567

Q1 in summary

Wealth Management got off to a good start in 2021. We continued our commitment to enhancing the customer experience by, for example,

- upscaling digital propositions, channels and customer advisory services
- developing products and solutions, which in addition to our existing product range, provide our customers with even more and better opportunities to make sustainable and responsible investments, for example in three passive investment funds, which, as the first of its kind, invest in accordance with the Paris Agreement and carry the Nordic Swan Ecolabel
- increasing our investments in alternatives as well as offering alternative investments to more customer segments, including private investors investing via our portfolio management products
- collaborating with our Sparinvest partner banks on offering relevant investment products to wealth clients all over the country, for example, Sparinvest's first Nordic Swan Ecolabelled fund, Sparinvest Bæredygtige Aktier
- expanding our business area within administration of credit and lending strategies in Nykredit Portefølje Administration
- upgrading our value proposition to the Private Banking Elite segment to ensure its relevance and holistic approach to wealth clients.

Denmark's responsible wealth manager

Nykredit wants to invest in alignment with the Paris Agreement and contribute to reaching the UN Sustainable Development Goals (SDGs). We have committed to making our overall investment activities climate neutral by 2050. In our efforts to realise this objective, Nykredit will set sub-targets for 2030, contribute to the development of recognised sector-wide methods and influence investee companies to supply relevant data and thereby enable the attainment of the objective across all asset classes.

In March Nykredit was one of the first asset managers in Denmark to sign the Net Zero Asset Management Initiative, a group of international asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner.

Nykredit now has six Nordic Swan Ecolabelled investment funds, and two thirds of our funds are categorised in the two top sustainability categories in accordance with the EU Disclosure Regulation, which sets common standards for sustainable investment.

Award-winning value propositions

In March, Nykredit Invest won two out of three main categories at the annual Morningstar Fund Awards. The investment fund Nykredit Invest was awarded best manager of bonds as well as best manager of equities and bonds. This is the fourth year running that Nykredit Invest has won one or more main categories at the Morningstar Fund Awards. In addition the fund Sparindex OMX C25 was awarded best fund for Danish equities, and Sparindex DJSI World was named best fund for global equities. Combined, Nykredit Invest and Sparindex won four out of eight Morningstar Awards.

The Private Banking Elite segment recorded continued client growth. In the latest survey conducted by Prospera, a market research company, Nykredit Private Banking Elite was named the best private banking provider in Denmark for the fourth year running. Furthermore, Nykredit Private Banking Elite won the awards Best Private Bank Client Service and Best Private Bank Talent Management at the Wealth-Briefing European Awards 2020.

68% of Nykredit Asset Management's investment strategies (GIPS composites) generated above-benchmark returns in 2020. Over the past three years, 74% has generated above-benchmark returns.

Covid-19 response

Wealth Management is maintaining all operations, but we have adjusted our ways of working. We adhere to all guidelines from the authorities to minimise the spread of covid-19. We recommend that all meetings – internal, external and with customers – are held online.

DKK million

Selected balance sheet items	31.03.2021	31.12.2020	31.03.2020
Wealth Management			
Assets under management	393,650	371,710	305,735
- of which Nykredit Group investment funds	180,280	168,415	142,158
Assets under administration	993,679	948,684	780,956
Lending/deposits			
Loans and advances	15,239	14,494	13,430
- of which mortgage lending, nominal value	10,731	10,170	9,075
- of which secured homeowner loans	1,058	1,078	1,117
- of which bank lending	3,450	3,245	3,238
Deposits	13,408	14,649	16,551

Results for Q1/2021 relative to Q1/2020

Wealth Management's business profit remained high at DKK 209 million in Q1/2021 (Q1/2020: DKK 116 million).

In Q1/2021 income amounted to DKK 426 million and rose compared with the previous year (Q1/2020: DKK 384 million) mainly due to increasing assets under management and mortgage lending, which contributes to rising net interest income and wealth management income.

Impairment charges for loans and advances were DKK 12 million in Q1/2021 (Q1/2020: DKK 51 million) and were limited.

Results for Q1/2021 relative to Q4/2020

Wealth Management's business profit totalled DKK 209 million in Q1/2021 (Q4/2020: DKK 130 million). Income came to DKK 426 million in Q1/2021 (Q4/2020: DKK 371 million), up DKK 56 million, primarily driven by rising wealth management income and income from trading, investment portfolio and other income.

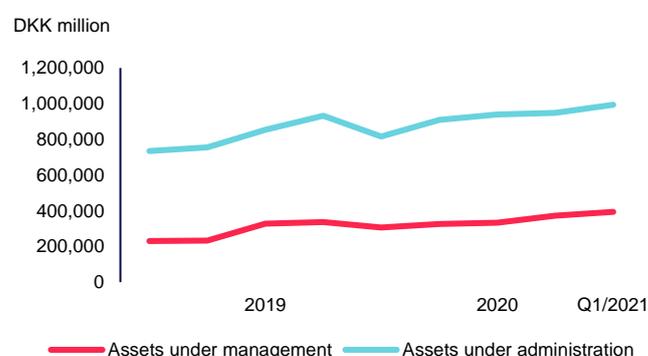
Impairment charges for loans and advances were DKK 12 million (Q4/2020: a net reversal of DKK 8 million).

Activities

Total assets under management rose by DKK 22.0 billion to DKK 393.7 billion at end-March 2021 (end-2020: DKK 371.7 billion). The rise comprised positive net sales of DKK 14.7 billion, driven by demand from international clients, Private Banking Elite clients and the Group's savings products, as well as positive returns of DKK 7.3 billion.

Total assets under administration increased by DKK 45 billion on end-2020 to DKK 993.7 billion at end-March 2021 (end-2020: DKK 948.7 billion) with a net addition of DKK 6.6 billion, driven by demand from institutional clients and the Group's savings products, as well as positive returns of DKK 38.4 billion.

Assets under management and assets under administration by Wealth Management



GROUP ITEMS

	DKK million			
Results -	Q1/	Q1/	Q4/	
Group Items	2021	2020	2020	2020
Net interest income	1	1	4	10
Net fee income	(10)	(14)	(2)	(42)
Wealth management income	7	3	6	24
Net interest from capitalisation	24	43	33	160
Net income relating to customer benefits programmes ¹	(72)	(45)	(45)	(199)
Trading, investment portfolio and other income	606	(1,161)	632	473
Income	556	(1,173)	628	426
Costs	58	68	-82	81
Business profit (loss) before impairment charges	499	(1,241)	710	345
Impairment charges for bank lending	0	9	-4	-8
Business profit (loss)	498	(1,250)	714	353
Badwill, impairment of goodwill and amortisation of customer relationships	-	-	-	-2
Profit (loss) before tax	498	(1,250)	714	351

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

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

Group Items also includes Nykredit's total return on the securities portfolio. The activities of the companies Nykredit Ejendomme A/S (wound up) and Ejendomsselskabet Kalvebod A/S also form part of Group Items.

Results for Q1/2021 relative to Q1/2020

The business profit of Group Items rose by DKK 1,748 million relative to Q1/2020 to DKK 498 million (Q1/2020: a loss of DKK 1,250 million) and was impacted by the covid-19 pandemic. Thus, the increase was mainly driven by investment portfolio income in Q1, positively affected by significant capital gains on the portfolio of Danish bank equities, among other things.

In addition, Q1/2021 results were positively impacted by the fair value adjustment of lending of DKK 114 million recognised at a discount in connection with Nykredit's acquisition of LR Realkredit.

CAPITAL, LIQUIDITY AND FUNDING

EQUITY AND OWN FUNDS

The Nykredit Realkredit Group's equity stood at DKK 89.9 billion at end-March 2021 (end-2020: DKK 89.8 billion). In March 2021 dividend of DKK 2.2 billion was distributed to the Company's shareholder. The dividend corresponds to about 40% of profit after tax for 2020.

Nykredit maintains a strong capital position after distributing dividend and making significant provisions for future covid-19-related losses.

Equity carried for accounting purposes includes Additional Tier 1 (AT1) capital of EUR 500 million (DKK 3.7 billion). For capital adequacy purposes, AT1 capital is included in Tier 1 capital rather than in Common Equity Tier 1 (CET1) capital.

	DKK million	
Nykredit Realkredit Group	31.03.2021	31.12.2020
Equity (including AT1 capital)		
Equity, beginning of period	89,774	84,378
Profit for the period	2,387	5,673
Other adjustments	(2,232)	(276)
Equity, end of period	89,929	89,774

	DKK million	
Nykredit Realkredit Group	31.03.2021	31.12.2020
Capital and capital adequacy		
Credit risk	346,025	333,600
Market risk	31,522	40,128
Operational risk	27,244	28,109
Total risk exposure amount	404,791	401,837
Equity (including AT1 capital)	89,929	89,774
AT1 capital etc	(3,789)	(3,753)
Deduction, profit for the period (excluding AT1 interest) ¹	(2,341)	-
Proposed dividend		(2,230)
CET1 regulatory adjustments	(2,415)	(2,534)
CET1 capital	81,384	81,257
AT1 capital	3,730	3,729
AT1 regulatory deductions	(51)	(38)
Tier 1 capital	85,063	84,949
Tier 2 capital	11,518	10,793
Tier 2 regulatory adjustments	2,013	1,932
Own funds	98,594	97,673
Common Equity Tier 1 capital ratio, %	20.1	20.2
Tier 1 capital ratio, %	21.0	21.1
Total capital ratio, %	24.3	24.3
Internal capital adequacy requirement (Pillar I and Pillar II), %	10.9	11.0

¹ Capital was determined at end-March 2021 exclusive of profit for Q1/2021. Own funds and capital adequacy are specified further in note 2 of the Financial Statements.

Capital and capital adequacy

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

At end-March 2021, Nykredit Realkredit's risk exposure amount (REA) totalled DKK 404.8 billion (end-2020: DKK 401.8 billion). With own funds at DKK 98.6 billion, this corresponded to a total capital ratio of 24.3% (end-2020: 24.3%). The CET1 capital ratio was 20.1% (end-2020: 20.2%).

REA increased mainly in Q1/2021 following implementation of new regulatory requirements applying to IRB models. A drop in the model-based VaR reduced REA for market risk, however. So far, the underlying development in REA for credit risk has only been slightly impacted by covid-19, as Nykredit has recorded neither rising arrears, overdrafts nor property price declines or similar. Nykredit has focused on particularly vulnerable sectors and customers to ensure that any signs of weakness are captured and addressed in the credit process.

CET1 capital totalled DKK 81.4 billion at end-March 2021 (end-2020: DKK 81.3 billion). AT1 capital amounted to DKK 3.7 billion after regulatory adjustments at end-March 2021 (end-2020: DKK 3.7 billion). Tier 2 capital was DKK 11.5 billion excluding regulatory adjustments at end-March 2021. Since the balance sheet date, Nykredit Realkredit A/S has issued Tier 2 capital of DKK 3.7 billion.

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and the Executive Board to ensure that Nykredit has the required own funds. The required own funds are the minimum capital required, in Management's judgement, to cover all significant risks. This accounted for 10.9% of the risk exposure amount at end-March 2021 equal to the internal capital adequacy requirement.

Capital targets 2021

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

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

The Board of Directors has set the CET1 capital requirement at 15.5-16.5% of REA, whereas the total capital need is calculated at 20-21%. This corresponds to Nykredit's capital requirement during a severe recession and is based on stress tests conducted according to P2G (Pillar II Guidance). Furthermore, Nykredit holds CET1 capital to meet the upcoming Basel requirements and may also obtain new CET1 capital from Forenet Kredit and through investment commitments from a number of Danish pension companies.

As a systemically important financial institution (SIFI), Nykredit is subject to a special SIFI buffer requirement of 2%. A capital conservation buffer of 2.5% is also applicable to all financial institutions. Since the covid-19 outbreak, the countercyclical buffer rate has been 0%, as determined by the Danish Minister for Industry, Business and Financial Affairs upon recommendation from the Danish Systemic Risk Council. The Risk Council currently expects to recommend an increase in the countercyclical buffer in the middle of 2021 with a positive

buffer requirement from mid-2022. All buffer requirements are included in the overall capital need and must be met using CET1 capital. With implementation of the Capital Requirements Directive (CRD5) in Denmark as per 1 January 2021, the Risk Council may also recommend activation of a systemic risk buffer aimed at addressing general systemic risks or risk related to specific types of exposures.

In March 2021 Nykredit submitted the annual stress test to the Danish FSA. The stress test shows that Nykredit is sufficiently resilient to withstand a severe recession and that the test results are well within the framework of Nykredit's capital policy.

Dividend policy

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

FUNDING AND LIQUIDITY

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

Bank lending is mainly funded by deposits. At end-March 2021, Nykredit Bank's deposits equalled 122% of lending against 124% at end-2020.

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

Liquidity

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

Nykredit holds substantial liquidity reserves and meets the regulatory requirements by a comfortable margin. The size and composition of the liquidity buffer are as intended and ensure Nykredit's capacity to withstand any financial turmoil. This also means that Nykredit has secured funding to meet any increased loan demand. Nykredit's liquidity position is illustrated in the table below, which shows that the LCRs of the various companies are significantly above the regulatory requirement of 100%.

	(%)	
Nykredit Realkredit Group		
LCR determination	31.03.2021	31.12.2020
Nykredit Realkredit Group*	883	771
Nykredit Realkredit Group, LCR requirement in EUR	657	422
Nykredit Realkredit and Totalkredit	3,033	5,064
Nykredit Realkredit and Totalkredit, incl min LCR requirement	160	171
Nykredit Bank	180	178

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

Green bonds

Since 2019 Nykredit has been offering green mortgage loans to finance energy-efficient buildings with energy label A or B or other equivalent certification. About DKK 15.3 billion-worth of green bonds had been issued at end-March 2021.

In 2020 Nykredit updated its Green Bond Framework, which was established in compliance with ICMA's Green Bond Principles (GBP) and describes the principles of green loans. This allows Nykredit to finance a wide variety of sustainable assets such as renewable energy, energy renovations etc through green bonds.

Refinancing and issuance schedule for 2021

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

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

Over a number of years Nykredit has reduced its refinancing risk and established an even maturity profile, by refinancing ARMs with short-dated funding into loan types with fixed interest rates or longer interest reset periods, mainly ARMs with 5-year interest reset, or Cita- or Cibor-linked loans. This trend was underpinned by the low interest rates.

	DKK billion
Nykredit Realkredit Group	
Refinancing ¹	1 April 2021 - 31 March 2022
Total maturity before set-off of self-issued bonds	262.4
- ordinary principal payments and scheduled ² prepayments (settled)	58.6
- ordinary principal payments and scheduled ² prepayments (not settled)	28.2
- pre-issued bonds and interest rate risk ²	3.8
Total refinancing volume	171.8
- pre-auctioned amount sold under forward contracts	16.1
Refinancing volume remaining for 1 April 2021 - 31 March 2022	155.8
of which SDOs and ROs	155.6
of which other issues	0.2

¹ Applicable for the April, July, October 2021 and January 2022 payment dates.

² Known as at 31 December 2020

The annual maturity one year ahead totals DKK 262 billion, of which ordinary principal payments, prepayments etc total DKK 91 billion. Thus, refinancing volumes amount to DKK 172 billion.

Because of the continued low interest rate levels, borrowers increasingly choose loans funded by bonds with maturities from 5 to 30 years. Annual refinancing volumes are expected to be maintained at around DKK 160 billion.

DKK million		
Nykredit Realkredit Group		
Bonds in issue	31.03.2021	31.12.2020
Covered bonds (ROs), see note 16 a	136,960	138,260
Covered bonds (SDOs), see note 16 b	1,309,539	1,282,909
Senior secured debt, see note 16 c	852	852
Senior preferred debt in Nykredit Bank A/S	504	516
Senior preferred debt in Nykredit Realkredit A/S	5,578	5,579
Senior non-preferred debt	50,665	41,651
Tier 2 capital, see note 19	11,592	10,893
AT1 capital, see note 2 (Nykredit Realkredit A/S)	3,719	3,720
ECP issues of Nykredit Bank A/S	1,756	4,885

As from 2022, the current regulatory requirement of a debt buffer of 2% of mortgage lending will be adjusted so that, together with own funds and the MREL requirement, the debt buffer will amount to at least 8% of the consolidated balance sheet. At end Q1/2021, Nykredit already fully met the revised 8% debt buffer requirement.

In Q1/2021 Nykredit issued about DKK 9.1 billion-worth of senior non-preferred debt and DKK 0.7 billion-worth of Tier 2 capital both eligible for meeting the revised debt buffer requirement. Nykredit has also issued additional Tier 2 capital of DKK 3.7 billion in April 2021 since the balance sheet date.

Nykredit expects to issue DKK 0-5 billion in the remaining part of 2021.

Supervisory Diamond

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

The Supervisory Diamond model for banks uses five key benchmarks to measure if a bank is operating at an elevated risk. Nykredit complies with all Supervisory Diamond benchmark limits as at 31 March 2021.

Nykredit Bank A/S		
Supervisory Diamond	31.03.2021	31.12.2020
Large exposures (limit value <175%)	119.2%	132.3%
Lending growth (limit value <20%)	1.2%	8.7%
Property exposure (limit value <25%)	12.1%	12.6%
Funding ratio (limit value <1.0)	0.60	0.60
Liquidity benchmark (limit value >100%)	219.0%	150.7%

Supervisory Diamond for mortgage lenders

Benchmark	Definition	Nykredit Realkredit Group 31 March 2021	Nykredit Realkredit A/S 31 March 2021	Limit value
Lending growth in segment				
Personal customers ¹	Annual lending growth may not exceed 15% in each of the segments personal customers, commercial residential properties, agricultural properties and other commercial.	6.2%	(20.2)%	15.0%
Commercial residential properties		7.9%	7.5%	15.0%
Agricultural properties		(1.5)%	(1.5)%	15.0%
Other commercial		2.6%	2.0%	15.0%
Borrower's interest rate risk				
Private residential and residential rental	The proportion of lending where the LTV ratio exceeds 75% of the statutory LTV limit and where the loan rate is fixed for up to two years only may not exceed 25% of the total loan portfolio.	10.5%	19.3%	25.0%
Interest-only loans				
Personal customers	The proportion of IO loans for owner-occupied and holiday homes with an LTV ratio above 75% of the statutory LTV limit may not exceed 10% of total lending.	7.0%	4.3%	10.0%
Loans with short-term funding				
Refinancing (annually)	The proportion of loans to be refinanced must be below 25% per year and below 12.5% per quarter.	10.4%	17.7%	25.0%
Refinancing (quarterly)		2.7%	5.7%	12.5%
Large exposures				
Loans and advances:equity	The sum of the 20 largest exposures must be less than equity.	37.3%	37.3%	100.0%

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

Ratings

Nykredit Realkredit and Nykredit Bank collaborate with the international credit rating agencies S&P Global Ratings (S&P) and Fitch Ratings regarding the credit rating of the Group's companies and their funding.

S&P Global Ratings

S&P has assigned Nykredit Realkredit and Nykredit Bank long-term and short-term Issuer Credit Ratings of A+/A-1 with a stable outlook and long-term and short-term Resolution Counterparty Ratings of AA-/A-1+.

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

SDOs and ROs issued by Nykredit Realkredit and Totalkredit through rated capital centres are all rated AAA by S&P, which is the highest possible rating. The rating outlook is stable.

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

Fitch Ratings

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

Senior non-preferred debt is rated A by Fitch.

Listing of ratings

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

ESG ratings

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

Nykredit currently focuses on the ESG rating agencies, MSCI and Sustainalytics, which consider all ESG factors, as well as on the CDP (formerly Carbon Disclosure Project), which assesses the environmental impact of businesses. The agencies have published unsolicited ratings of Nykredit based on publicly available information.

Sustainalytics revised Nykredit's ESG Risk rating in April. Sustainalytics still considers Nykredit's ESG risk to be low and the rating was changed from 16.5 to 16.4 – a slight improvement.

ESG rating agency	Nykredit's rating	Scale
MSCI	A	AAA to CCC
Sustainalytics	16.4	0 to 100 ¹
CDP	A-	A to D-

¹ The scale shows from highest to lowest rating (lower score) and reflects lower risk assessment.

CREDIT RISK

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

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

Information related to covid-19

There is still substantial uncertainty about the impact of the covid-19 pandemic. Nykredit's main scenario is continuously reassessed, and at end-March 2021 the scenario assumed a GDP recovery to the pre-covid-19 level in 2022.

Loan impairments related to covid-19 are comprised of three different components based on stress test calculations. Firstly, stress simulations have been performed for the stage 1 and stage 2 personal customer segment and the following business sectors: manufacturing, accommodation and food service activities, retail, arts, entertainment and recreation activities, transport, construction, sale and repair of motor vehicles, service providers, professionals, general practitioners, dentists, hospitals as well as business rental. Secondly, the property values of stage 3 customers have been stressed to simulate a reduction in collateral values. In stage 3 there is a higher probability of an adverse scenario for customers in vulnerable sectors, and lastly, the macroeconomic scenarios of the model have been updated to allow for the covid-19 impact, including relief packages.

We offer our customers a number of solutions to mitigate the impact of covid-19, including greater possibilities of temporary overdrafts and payment holidays etc. For accounting purposes, these solutions reflect special loan options and not forbearance of existing credit facilities. Accordingly, no special impairment provisions have been made for such credit facilities, where they were offered to customers who were creditworthy before the covid-19 crisis and not due to financial distress.

For further information about the impacts of covid-19 on impairment charges for loans and advances and lending mix, please refer to our Fact Book Q1/2021, which is available at Nykredit.com.

Provisions in Q1/2021 related to covid-19

Nykredit has made loan impairment provisions of DKK 31 million in Q1/2021 for the consequential losses arising from covid-19. This situation is monitored by Nykredit's scenario experts, which regularly assess the need for calculation updates based on input concerning relief packages, government aid initiatives and overall international economic trends.

The loan portfolio has developed positively in Q1/2021, and individual impairment provisions remain low. Arrears ratios have been declining for some portfolios and are stable for others. Write-offs have also been low.

Nykredit's macroeconomic forecasts in connection with loan impairments related to covid-19 have been incorporated into the impairment models and in the model-based impairment provisions.

Nykredit Realkredit Group

Loans, advances, guarantees and impairment charges for loans and advances

DKK million	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment charges for loans and advances, earnings impact	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020	Q1/2021	FY/2020
Mortgage lending, nominal value						
Nykredit Realkredit	520,772	523,062	4,967	5,019	2	1,403
Totalkredit	819,078	798,424	1,707	1,633	100	296
Total	1,339,850	1,321,486	6,674	6,652	103	1,699
Loans and advances etc						
Nykredit Bank	70,285	71,146	2,890	3,012	(71)	475
Total	70,285	71,146	2,890	3,012	(71)	475
Receivables from credit institutions	19,540	43,215	22	22	1	(6)
Reverse repurchase lending	36,282	37,271	-	-	-	-
Guarantees	9,479	9,086	300	241	59	104
Loan impairment, %¹						
Nykredit Realkredit	-	-	0.95	0.96	0.00	0.27
Totalkredit	-	-	0.21	0.20	0.01	0.04
Total	-	-	0.50	0.50	0.01	0.13
Nykredit Bank	-	-	4.11	4.23	(0.10)	0.64
Total	-	-	4.11	4.23	(0.10)	0.64

¹ Loan impairment excluding receivables from credit institutions, reverse repurchase lending and guarantees.

Credit models

Nykredit uses credit models to determine the capital requirement for credit risk. Nykredit also uses internal ratings-based (IRB) models in the determination of credit risk for the greater part of the loan portfolio. The determination of credit risk is based on three key parameters: Probability of Default (PD), expected Loss Given Default (LGD) and expected Exposure at Default (EAD). The three key parameters are estimated on the basis of Nykredit's customer default and loss history.

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

Expectations for macroeconomic models

Nykredit's impairment model calculations include forward-looking macroeconomic scenarios. The scenarios must reflect uncertainties relating to the economy as well as both improved and deteriorating outlooks. In Q1/2021 the scenarios were updated to reflect the expected negative economic impact of the covid-19 crisis. The base scenario must reflect the economic environment, including the effect of covid-19 relief packages, taking into account the economic and general effects of coronavirus flare-ups and increased lockdown measures in Q4/2020. The base scenario carries a 55% weighting. The scenario implies expected GDP growth of 2.1% and house price rises of 6.2% in 2021 but based on a significant drop in GDP in 2020 (3.3%). The adverse scenario was included in the models with a weighting of 35%. This scenario implies expected GDP growth of 1.0% and house price declines of 3% in 2021. The improved scenario carries a 10% weighting and is based on the macroeconomic conditions observed at the date of this Interim Report. This scenario uses realised levels of interest rates, GDP, house prices and unemployment.

		%		
Nykredit Realkredit Group				
Main scenarios for impairment calculations	2019	2020	2021	2022
Short-term rate ¹	(0.4)	(0.2)	(0.2)	(0.2)
Long-term rate ²	(0.2)	(0.4)	(0.2)	(0.1)
House prices ³	3.0	4.3	6.2	2.6
GDP ³	2.3	(3.3)	2.1	3.7
Unemployment ⁴	3.1	4.2	3.7	3.5

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

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

³ House prices and GDP reflect annual changes as a percentage.

⁴ Unemployment is registered net unemployment as a percentage of the workforce stated as an annual average.

There is still substantial uncertainty about the impact of the pandemic despite the reopening. Nykredit's main scenario assumes that during 2022 GDP and house prices will return to the levels prevailing in the period immediately preceding the covid-19 pandemic due to the effects of the relief packages and the current reopening.

MORTGAGE LENDING

At end-March 2021, Nykredit's credit exposure in terms of nominal mortgage lending was DKK 1,340 billion, corresponding to an increase of DKK 18 billion (end-2020: DKK 1,321 billion).

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

The average LTV ratio was 58.7% at end-March 2021 (end-2020: 61.3%).

Total provisions for mortgage loan impairment

Total provisions for mortgage loan impairment equalled 0.50% of total mortgage lending, excluding credit institutions (end-2020: 0.50%). Total impairment provisions amounted to DKK 6,674 million at end-March 2021 (end-2020: DKK 6,652 million). The covid-19 provisions are based on stress test calculations and have been included in total impairment provisions.

Impairment charges for loans and advances are mainly attributable to:

DKK million		
Nykredit Realkredit Group		
Total impairment provisions for mortgage lending	31.03.2021	31.12.2020
Individual impairment provisions (stage 3)	2,507	2,681
Model-based impairment provisions (stages 1, 2 and 3)	4,167	3,971
- of the above attributable to covid-19	1,517	1,482
Total impairment provisions for mortgage lending	6,674	6,652

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

Earnings impact

Impairment charges for mortgage lending for the period came to DKK 103 million (FY/2020: DKK 1,699 million). Of the impairment charges for loans and advances for the period, DKK 85 million was attributable to owner-occupied dwellings and DKK 18 million to the business segment.

Mortgage lending

Nykredit Realkredit Group

Debt outstanding relative to estimated property values

DKK million	LTV (loan-to-value)						Total	LTV average, %
	0-40	40-60	60-80	80-90	90-100	>100		
Owner-occupied dwellings	562,682	202,862	91,886	3,014	947	913	862,303	63.6
Private rental	106,639	31,828	11,630	718	298	280	151,393	58.8
Industry and trades	19,112	3,359	156	8	7	12	22,654	45.5
Office and retail	95,501	22,829	1,812	273	158	138	120,711	50.8
Agriculture	59,364	20,259	6,146	480	176	227	86,652	60.6
Public housing	-	-	-	-	-	-	85,403	-
Other	14,860	3,309	966	109	102	192	19,538	53.7
Total Q1/2021	858,160	284,444	112,595	4,603	1,688	1,761	1,348,654	58.7
Total 2020	828,097	286,246	131,100	8,093	1,983	1,909	1,350,630	61.3

Nykredit Realkredit Group

Mortgage lending by property type¹

	31.03.2021		31.12.2020	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Owner-occupied dwellings	2,655	85	2,625	447
Private rental	826	65	766	318
Industry and trades	97	20	84	1
Office and retail	906	(43)	951	452
Agriculture	1,597	(132)	1,727	508
Public housing	26	(7)	27	(69)
Cooperative housing	384	61	326	(8)
Other	184	52	145	40
Total	6,674	100	6,652	1,690

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

Arrears

Mortgage loan arrears are determined 15 and 75 days past the due date. Mortgage loan arrears dropped to 0.22% of total mortgage payments due 75 days past the December due date (December 2019: 0.30%).

Bond debt outstanding affected by arrears as a percentage of total bond debt outstanding also decreased to DKK 2.28 billion (December 2019: DKK 2.96 billion).

Properties acquired by foreclosure

In Q1/2021, the Group acquired 1 property and sold 5. The property portfolio counted 4 properties at 31 March 2021 (end-2020: 8).

Nykredit Realkredit Group

Arrears ratio – 75 days past due

Payment date	Arrears relative to total mortgage payments	Debt outstanding in arrears relative to total debt outstanding	Debt outstanding affected by arrears
	%	%	DKK billion
2020			
- December	0.22	0.17	2.28
- September	0.26	0.19	2.41
- June	0.29	0.22	2.84
- March	0.34	0.25	3.15
2019			
- December	0.30	0.24	2.96
- September	0.35	0.25	3.11
- June	0.36	0.28	3.47



BANK LENDING

Bank lending at amortised cost amounted to DKK 70.3 billion at end-March 2021 (end-2020: DKK 71.1 billion).

Reverse repurchase lending totalled DKK 36.3 billion at end-March 2021 (end-2020: DKK 37.3 billion). Guarantees provided amounted to DKK 9.2 billion (end-2020: DKK 9.1 billion).

Total provisions for bank loan impairment etc

Provisions for bank loan impairment (exclusive of credit institutions and guarantees) totalled DKK 2,890 million at end-March 2021 (end-2020: DKK 3,012 million). The covid-19 provisions are based on stress test calculations and included in total impairment provisions.

Impairment charges for loans and advances are mainly attributable to:

	DKK million	
Nykredit Realkredit Group		
Total provisions for bank loan impairment	31.03.2021	31.12.2020
Individual impairment provisions (stage 3)	1,649	1,960
Model-based impairment provisions (stages 1, 2 and 3)	1,241	1,052
- of the above attributable to covid-19	553	577
Total provisions for bank loan impairment	2,890	3,012

Nykredit Realkredit Group

Credit exposures: bank lending, reverse repurchase lending and guarantees by sector¹

DKK million

	31.03.2021			31.12.2020		
	Lending, end of period	Total impairment provisions	Earnings impact	Lending, end of period	Total impairment provisions	Earnings impact
Public sector	881	3	(1)	866	4	3
Agriculture, hunting, forestry and fishing	3,794	179	1	3,431	184	30
Manufacturing, mining and quarrying	10,028	324	(45)	9,759	415	134
Energy supply	3,544	68	28	7,096	40	16
Construction	2,808	203	7	2,631	198	8
Trade	10,656	437	-	8,788	453	111
Transport, accommodation and food service activities	6,898	152	(28)	7,193	183	101
Information and communication	3,359	124	18	3,262	106	5
Finance and insurance	41,968	184	23	43,211	144	33
Real estate	15,502	615	20	16,566	595	123
Other	8,459	299	(43)	8,426	355	54
Total business customers	107,015	2,585	(19)	110,363	2,673	615
Personal customers	27,997	603	8	26,914	576	(39)
Total	135,893	3,191	(12)	138,143	3,254	579
- of which provisions for losses under guarantees		300	59		241	105
Impairment provisions for credit institutions		12	0		12	(1)
- of which intercompany guarantees and total	20,147	3,203	(12)	20,639	3,266	578

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

NYKREDIT BANK

DKK million

Nykredit Bank Group	Q1/ 2021	Q1/ 2020	Q4/ 2020	2020
Business profit and profit for the period				
Net interest income	434	410	436	1,711
Net fee income	153	145	129	521
Wealth management income	544	502	504	1,950
Net interest from capitalisation	(7)	(6)	(7)	(29)
Net income relating to customer benefits programmes	(2)	68	71	276
Trading, investment portfolio and other income	230	(230)	207	634
Income	1,351	888	1,341	5,063
Costs	687	642	758	2,727
Business profit before impairment charges	665	246	583	2,336
Impairment charges for loans and advances	(12)	244	102	579
Business profit	676	2	481	1,757
Legacy derivatives	237	(421)	206	258
Profit (loss) before tax for the period	913	(419)	687	2,015
Tax	193	(88)	136	385
Profit (loss) for the period	720	(331)	551	1,630
Minority interests	9	7	(1)	21
Summary balance sheet	31.03.2021	31.03.2020	31.12.2020	31.12.2020
Reverse repurchase lending	36,282	40,268	37,271	37,271
Loans, advances and other receivables at amortised cost	70,285	69,389	71,146	71,146
Payables to credit institutions and central banks	56,249	65,097	49,121	49,121
Repo deposits	1,858	2,555	2,674	2,674
Deposits and other payables	85,605	80,640	88,269	88,269
Equity	26,802	24,132	26,082	26,082
SELECTED FINANCIAL RATIOS				
Profit (loss) for the period as % pa of average equity	10.7	(5.6)	8.6	6.4
Costs as % of income	50.8	72.3	56.5	53.9
Average number of staff, full-time equivalent	962	958	1,029	979

In January Nykredit Bank introduced new mutual benefits in the form of a customer discount and a savings discount (KundeRabat and OpsparingsRabat) to replace the MineMål benefits programme, which ended at end-2020. We also continue to offer our customers an interest rate discount on their home bank loans (BoligRabat).

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

From April 2021, we are offering a savings discount to our full-service customers who invest through one of our wealth management products. The savings discount is 25% of the portfolio fee payable.

The benefits imply fee-free banking for three out of four of Nykredit Bank's full-service customers, providing an even stronger incentive for customers to both bank and save up with us.

Nykredit Bank's green products to finance cars and home are a key element of Nykredit's ambitions for a greener Denmark. The new products (green home loans, green car loans and home energy check-up) are offered to personal customers aimed to ensure that financing

costs will not discourage them from buying an electric car or making low-energy home improvements.

Nykredit Bank has also launched a number of initiatives to help Danish families and businesses in the challenging situation prevailing in Denmark and other countries because of the covid-19 pandemic. We offer a special credit facility, payment holidays on car loans, consumer loans and bank home loans as well as no-fee overdrafts. We have also established a corona hotline, which business customers may consult by telephone or online for advice on and information about the government aid initiatives.

We operate under a precautionary principle, and we abide by all official guidelines. Nykredit keeps our guidelines for meetings and access to locations aligned with the authorities' recommendations and rules on assembly. We still recommend that most meetings be held online or by telephone but the restrictions on physical attendance are currently easing off.

Q1 in summary

Nykredit Bank delivered a satisfactory financial performance in Q1/2021. Business profit came to DKK 676 million (Q1/2020: DKK 2 million), and profit for the period before tax was DKK 913 million (Q1/2020: a loss of 419 million).

Income totalled DKK 1,351 million in Q1/2021 (Q1/2020: DKK 888 million). Favourable financial market trends contributed to a rise in wealth management income as well as trade and investment portfolio income. In addition, negative deposit rates applying to personal accounts affected net interest income positively.

Costs were DKK 687 million in Q1/2021 (Q1/2020: DKK 642 million). The Group still maintains focus on building organisational efficiency, while investing significant resources in compliance, the implementation of new regulatory requirements and expanding the partnership with BEC.

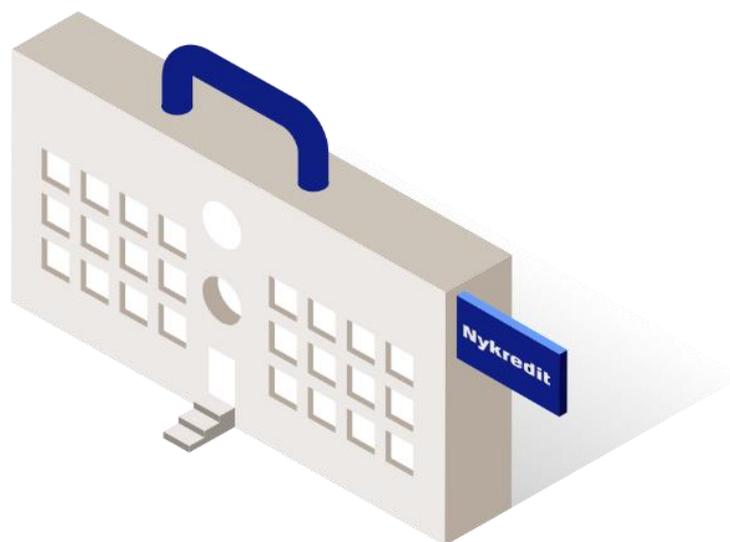
Impairment charges for loans and advances were a net reversal of DKK 12 million (Q1/2020: DKK 244 million). Write-offs and individual impairment provisions remain low. Provisions were made in Q1/2020 due to expected deterioration in the credit quality of especially SMEs and particularly vulnerable sectors in the aftermath of covid-19.

In Q1/2021 legacy derivatives produced a gain of DKK 237 million (Q1/2020: a loss of DKK 421 million). Legacy derivatives are derivatives Nykredit no longer offers to customers.

The bond and equity portfolio stood at DKK 45.5 billion at end-March 2021 (end-2020: DKK 39.8 billion). The bond portfolio may 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.

Deposits and other payables amounted to DKK 85.6 billion at end-March 2021 (end-2020: DKK 88.3 billion).

Deposits exceeded lending at amortised cost by DKK 15.3 billion at end-March 2021 (end-2020: DKK 17.1 billion).



Totalkredit	Q1/ 2021	Q1/ 2020	Q4/ 2020	2020
BUSINESS PROFIT AND PROFIT FOR THE PERIOD				
Net interest income	887	854	940	3,544
Net fee income ¹	193	174	202	698
Net interest from capitalisation	(60)	(49)	(58)	(201)
Net income relating to customer benefits programmes	(61)	(101)	(122)	(441)
Trading, investment portfolio and other income ¹	(55)	(145)	28	(1)
Income	904	734	990	3,598
Costs	199	211	215	865
Business profit before impairment charges	705	523	775	2,733
Impairment charges for loans and advances	100	88	24	277
Profit before tax for the period	604	435	751	2,456
Tax	77	46	126	371
Profit for the period	527	389	625	2,085
Interest on Additional Tier 1 capital not recognised in profit or loss	48	47	49	194
SUMMARY BALANCE SHEET				
Assets	31.03.2021	31.03.2020	31.12.2020	31.12.2020
Receivables from credit institutions and central banks	24,017	24,782	31,346	31,346
Mortgage loans at fair value	819,224	760,318	815,067	815,067
Bonds at fair value	66,388	64,427	74,452	74,452
Payables to credit institutions and central banks	865,703	808,001	877,976	877,976
Bonds in issue at fair value	4,480	5,606	4,751	4,751
Equity	34,984	30,955	32,506	32,506
SELECTED FINANCIAL RATIOS				
Profit for the period as % pa of average equity ²	6.9	5.1	8.2	6.9
Costs as % of income	22.0	28.7	21.7	24.0
Average number of staff, full-time equivalent	238	226	237	233

¹ Fee income pertaining to Shared Valuation has been reclassified from "Trading, investment portfolio and other income" to "Net fee income". Comparative figures have been restated.

² For the purpose of return on equity, the AT1 capital is treated as a financial obligation for accounting purposes, and the dividends thereon for accounting purposes are included as interest expenses on subordinated debt in profit for the period.

In January Totalkredit introduced FastRente+ to customers. FastRente+ is for homeowners with home equity who want a flexible fixed-rate loan with an interest-only period of up to 30 years.

Thanks to a DKK 200 million contribution to the Nykredit Group from Forenet Kredit for green initiatives, we can offer a green contribution of DKK 10,000 to up to 3,000 customers who opt to replace their oil-fired boilers with heat pumps. Sustainability has become an important part of our work, and we are working across the Group to support Denmark's green transition.

Moreover, from 1 May, customers with a Totalkredit mortgage loan who want to make energy-saving improvements to their home can obtain a home energy check-up and have their home energy-labelled. The home energy check-ups are a joint initiative offered in concert with our Totalkredit partner banks.

Together with the Danish Energy Agency, Totalkredit and its partner banks have developed an energy calculator, which is a tool for home energy optimisation. The energy calculator helps raise awareness of sustainable housing and energy renovation. It provides homeowners with an easy and quick overview of ways to save the most money and obtain the biggest carbon reduction from home energy renovation.

This way we can guide our customers towards a more economical and greener path.

Our alliance with the 47 (including Nykredit Bank) Totalkredit partner banks is the foundation for our commitment to contribute to development and growth and offer attractive and secure loans all over Denmark at all times. The alliance between Totalkredit and its partner banks is strong, and partner satisfaction is higher than ever.

Totalkredit has a close cooperation with its partner banks which are responsible for the direct customer contact. During the lockdown, customers throughout Denmark were therefore able to raise mortgage loans with Totalkredit's partner banks as usual. Totalkredit has naturally made adjustments to its ways of working to minimise the spread of covid-19, but all essential functions have been running as demonstrated by rising nominal mortgage lending, up DKK 20.7 billion since end-2020, totalling DKK 819.1 billion at end-March 2021.

In 2020 the Danish Consumer Council labelled Totalkredit as "Recommended", offering the most attractive supplementary loans and holiday home loans, which shows the strength of being a mutual company, as it makes for attractive and competitive products.

Camilla Holm, Managing Director, has resigned from her position in Totalkredit to pursue new opportunities outside the Group. Camilla will leave by 30 June at the latest. Pernille Sindby left the position as head of Risk & Conduct Compliance of Nykredit on 7 April to take up the position as CEO of Totalkredit, replacing Camilla Holm.

Q1 in summary

Totalkredit's profit before tax for Q1/2021 amounted to DKK 604 million (Q1/2020: DKK 435 million). Profit for the period as % pa of average equity came to 6.9% (Q1/2020: 5.1%).

Income came to DKK 904 million (Q1/2020: DKK 734 million), mainly due to increasing net interest and fee income, driven by lending growth. Trading, investment portfolio and other income was positively affected by value adjustments of the portfolio of self-issued bonds.

Costs totalled DKK 199 million in Q1/2021 (Q1/2020: DKK 211 million). Costs as a percentage of income totalled 22.0% in Q1/2021 (Q1/2020: 28.7%).

Impairment charges for loans and advances equalled DKK 100 million (Q1/2020: DKK 88 million). Credit quality remains satisfactory.

Mortgage loans at fair value increased to DKK 819.2 billion compared with end-2020 (end-2020: DKK 815.1 billion). At nominal value, the loan portfolio totalled DKK 819.1 billion at 31 March 2021 (end-2020: DKK 798.4 billion).



ALTERNATIVE PERFORMANCE MEASURES

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

The income statement format of the financial highlights on page 3 and the business areas (pages 8-15 and note 3) reflect the internal management reporting.

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

"Net interest income" comprising net administration margin income from mortgage lending as well as interest income from bank lending and deposits. The corresponding item in the income statement (page 31) includes all interest.

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

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

"Net interest from capitalisation" comprising the risk-free interest attributable to equity and net interest from subordinated debt etc. Net interest is composed of the interest expenses related to debt, adjusted for the internal liquidity interest. "Trading, investment portfolio and other income", which includes income from swaps and derivatives transactions currently offered, Nykredit Markets activities, repo deposits and lending, debt capital markets activities as well as other income and expenses not allocated to the business divisions, including income from the sale of real estate.

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

Supplementary financial ratios etc

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

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

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

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

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

MANAGEMENT STATEMENT

STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The Board of Directors and the Executive Board have today reviewed and approved the Interim Report for the period 1 January – 31 March 2021 of Nykredit Realkredit A/S and the Nykredit Realkredit Group.

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

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

In our opinion, the Interim Financial Statements give a true and fair view of the Group's and the Parent's assets, liabilities, equity and financial position at 31 March 2021 and of the results of the Group's and the Parent's operations and the Group's cash flows for the financial period 1 January – 31 March 2021.

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

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

Copenhagen, 6 May 2021

Executive Board

Michael Rasmussen
Group Chief Executive

Tonny Thierry Andersen
Group Managing Director

David Hellemann
Group Managing Director

Anders Jensen
Group Managing Director

Board of Directors

Merete Eldrup
Chair

Nina Smith
Deputy Chair

Olav Bredgaard Brusen*

Michael Demsitz

Per W. Hallgren

Jørgen Høholt

Hans-Ole Jochumsen

Vibeke Krag

Allan Kristiansen*

Inge Sand*

Kristina Andersen Skiøld*

Preben Sunke

* Staff-elected member

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
Q1/2020	Q1/2021		Note	Q1/2021	Q1/2020
INCOME STATEMENTS					
4,453	4,241	Interest income		5,769	5,983
-	-	Interest income based on the effective interest method		478	498
3,426	3,245	Interest expenses		3,394	3,633
1,027	996	Net interest income	6	2,853	2,847
21	52	Dividend on equities etc.	6	55	24
189	240	Fee and commission income	5	1,082	1,010
20	89	Fee and commission expenses		1,027	934
1,216	1,199	Net interest and fee income		2,963	2,947
(1,038)	645	Value adjustments	6, 7	1,129	(1,822)
312	345	Other operating income		367	346
721	730	Staff and administrative expenses		1,322	1,305
64	71	Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets		80	75
30	36	Other operating expenses		46	35
978	0	Impairment charges for loans, advances and receivables etc	8, 9	91	1,312
79	1,279	Profit from investments in associates and Group enterprises	10	1	2
(1,224)	2,630	Profit (loss) before tax		2,922	(1,255)
(338)	252	Tax		535	(376)
(886)	2,378	Profit (loss) for the period		2,387	(879)
Distribution of profit for the period					
(944)	2,340	Shareholder of Nykredit Realkredit A/S		2,340	(944)
-	-	Minority interests		9	7
58	38	Holders of Additional Tier 1 capital notes		38	58
(886)	2,378	Profit (loss) for the period		2,387	(879)
COMPREHENSIVE INCOME					
(886)	2,378	Profit (loss) for the period		2,387	(879)
Other comprehensive income					
Items that cannot be reclassified to profit or loss:					
(19)	(9)	Actuarial gains/losses on defined benefit plans		(9)	(19)
4	7	Tax on actuarial gains/losses on defined benefit plans		7	4
(15)	(2)	Total items that cannot be reclassified to profit or loss		(2)	(15)
(15)	(2)	Other comprehensive income		(2)	(15)
(901)	2,375	Comprehensive income for the period		2,385	(894)
Distribution of comprehensive income					
(959)	2,338	Shareholder of Nykredit Realkredit A/S		2,338	(959)
-	-	Minority interests		9	7
58	38	Holders of Additional Tier 1 capital notes		38	58
(901)	2,375	Comprehensive income for the period		2,385	(894)

BALANCE SHEETS

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
31.12.2020	31.03.2021	Note	31.03.2021	31.12.2020
ASSETS				
95	66		33,897	16,146
46,819	55,421		19,540	43,215
1,413,415	1,394,983	11	1,348,788	1,350,925
231	243	12	106,933	108,768
40,895	35,672	13	110,861	106,094
637	1,015	14	1,015	637
6,349	6,738		7,380	7,046
26	26		39	40
59,318	62,400		-	-
354	352		2,288	2,291
Land and buildings				
14	15		40	58
534	494		500	540
548	509	Total	541	598
178	168		178	188
67	427		574	86
26	(0)		122	143
22	6		7	22
5,791	6,060		27,981	29,014
425	542		842	555
1,575,194	1,564,628	Total assets	1,660,985	1,665,767

BALANCE SHEETS

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
31.12.2020	31.03.2021		Note	31.03.2021	31.12.2020
LIABILITIES AND EQUITY					
1,458	3,863	Payables to credit institutions and central banks		13,221	14,611
7,200	2,000	Deposits and other payables	15	89,394	97,987
1,408,672	1,392,488	Bonds in issue at fair value	16	1,362,675	1,366,709
46,967	55,982	Bonds in issue at amortised cost	17	58,243	52,368
1,137	1,655	Other non-derivative financial liabilities at fair value	18	14,610	9,723
-	-	Current tax liabilities		155	74
8,870	6,902	Other liabilities		20,218	22,606
0	-	Deferred income		10	14
1,474,304	1,462,890	Total payables		1,558,525	1,564,092
Provisions					
46	43	Provisions for pensions and similar obligations		44	47
183	180	Provisions for deferred tax		379	395
32	31	Repayable reserves in pre-1972 series		31	32
-	-	Provisions for losses under guarantees		300	241
56	68	Other provisions		185	293
316	322	Total provisions		939	1,008
10,896	11,592	Subordinated debt	19	11,592	10,893
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated value adjustments					
-	-	- revaluation reserves		1	5
Other reserves					
25,730	26,811	- statutory reserves		-	-
41,762	41,762	- series reserves		41,762	41,762
3,203	3,203	- non-distributable reserve funds		4,849	4,849
11,819	13,075	- retained earnings		38,239	35,897
2,230	-	- proposed dividend		-	2,230
85,926	86,034	Shareholder of Nykredit Realkredit A/S		86,034	85,926
-	-	Minority interests		105	96
3,753	3,789	Holders of Additional Tier 1 capital		3,789	3,753
89,678	89,824	Total equity		89,929	89,774
1,575,194	1,564,628	Total liabilities and equity		1,660,985	1,665,767
OFF-BALANCE SHEET ITEMS					
34	-	Contingent liabilities		9,479	9,121
9,514	8,041	Other commitments		19,147	20,762
9,548	8,041	Total		28,626	29,883

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Realkredit Group

	Share capital ¹	Revaluation reserves	Series reserves	Non-distributable reserve funds ²	Retained earnings	Proposed dividend	Shareholder of Nykredit Realkredit A/S	Minority interests	Additional Tier 1 capital ³	Total equity
2021										
Equity, 1 January	1,182	5	41,762	4,849	35,897	2,230	85,926	96	3,753	89,774
Profit for the period	-	-	-	-	2,340	-	2,340	9	38	2,387
Total other comprehensive income	-	-	-	-	(2)	-	(2)	-	-	(2)
Total comprehensive income	-	-	-	-	2,338	-	2,338	9	38	2,385
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	1	-	1	-	(1)	-
Realised from the sale of properties	-	(4)	-	-	4	-	-	-	-	-
Distributed dividend	-	-	-	-	-	(2,230)	(2,230)	-	-	(2,230)
Equity, 31 March	1,182	1	41,762	4,849	38,239	-	86,034	105	3,789	89,929
2020										
Equity, 1 January	1,182	5	48,871	4,849	21,975	3,660	80,543	57	3,777	84,378
Profit (loss) for the period	-	-	-	-	(944)	-	(944)	7	58	(879)
Total other comprehensive income	-	-	-	-	(15)	-	(15)	-	-	(15)
Total comprehensive income	-	-	-	-	(959)	-	(959)	7	58	(894)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	1	-	1	-	(1)	-
Subsequent adjustment of purchase price allocation	-	-	-	-	-	-	-	29	-	29
Reversed dividend	-	-	-	-	3,660	(3,660)	-	-	-	-
Change in own portfolio	-	-	-	-	-	-	-	-	(18)	(18)
Other adjustments	-	-	-	-	-	-	-	(1)	-	(1)
Equity, 31 March	1,182	5	48,871	4,849	24,677	-	79,585	93	3,816	83,494

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

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

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

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Realkredit A/S

	Share capital ¹	Non-distributable reserve fund	Statutory reserves ²	Series reserves	Retained earnings	Proposed dividend	Shareholder of Nykredit Realkredit A/S	Additional Tier 1 capital ³	Total equity
2021									
Balance, beginning of period	1,182	-	25,805	41,762	14,947	2,230	85,926	3,753	89,678
Additions, LR	-	3,203	(75)	-	(3,128)	-	-	-	-
Equity, 1 January	1,182	3,203	25,730	41,762	11,819	2,230	85,926	3,753	89,678
Profit for the period	-	-	1,279	-	1,061	-	2,340	38	2,378
Total other comprehensive income	-	-	-	-	(2)	-	(2)	-	(2)
Total comprehensive income	-	-	1,279	-	1,059	-	2,338	38	2,375
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	1	-	1	(1)	-
Distributed dividend	-	-	-	-	-	(2,230)	(2,230)	-	(2,230)
Dividend from Group enterprises	-	-	(197)	-	197	-	-	-	-
Equity, 31 March	1,182	3,203	26,811	41,762	13,075	-	86,034	3,789	89,824
2020									
Balance, beginning of period	1,182	-	22,217	48,871	4,613	3,660	80,543	3,778	84,321
Additions, LR	-	3,203	3	-	(3,206)	-	-	-	-
Equity, 1 January	1,182	3,203	22,220	48,871	1,407	3,660	80,543	3,778	84,321
Profit (loss) for the period	-	-	79	-	(1,023)	-	(944)	58	(886)
Total other comprehensive income	-	-	-	-	(15)	-	(15)	-	(15)
Total comprehensive income	-	-	79	-	(1,037)	-	(959)	58	(901)
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	1	-	1	(1)	-
Reversed dividend	-	-	-	-	3,660	(3,660)	-	-	-
Dividend from Group enterprises	-	-	(112)	-	112	-	-	-	-
Equity, 31 March	1,182	3,203	22,187	48,871	4,142	-	79,585	3,835	83,420

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

² Includes a non-distributable reserve fund of DKK 1,646 million in Totalkredit A/S.

³ Additional Tier 1 (AT1) capital is perpetual, and payment of principal and interest is discretionary. For accounting purposes, the AT1 capital is consequently treated as equity. As authorised by the Danish FSA, on 26 October 2020 Nykredit redeemed the AT1 capital (nominally EUR 500 million/AT1 capital) raised in 2015. On 15 October 2026, Nykredit issued new AT1 capital of nominally EUR 500 million which carries an interest of 4,125% up to 15 October 2026. The loan is perpetual with an early redemption option from April 2026. The loan will be written down if the Common Equity Tier 1 (CET1) of Nykredit Realkredit A/S, the Nykredit Realkredit Group or the Nykredit Group falls below 7.125%.

CASH FLOW STATEMENT

DKK million

Nykredit Realkredit Group	Q1/2021	Q1/2020
Profit (loss) for the period	2,387	(879)
Adjustments		
Net interest income	(2,853)	(2,847)
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	80	76
Profit from investments in associates	(1)	(2)
Impairment charges for loans, advances and receivables etc	91	1,312
Prepayments/deferred income, net	(291)	(276)
Tax calculated on profit for the period	535	(376)
Other adjustments	(881)	1,169
Total	(934)	(1,824)
Change in operating capital		
Loans, advances and other receivables	3,881	4,493
Deposits and payables to credit institutions	(9,983)	413
Bonds in issue	1,841	(20,124)
Other operating capital	3,721	(41)
Total	(1,474)	(17,084)
Interest income received	6,152	6,458
Interest expenses paid	(3,486)	(4,563)
Corporation tax paid, net	(931)	(211)
Cash flows from operating activities	261	(15,399)
Cash flows from investing activities		
Dividend received from associates	2	2
Purchase and sale of bonds and equities, net	(4,780)	(2,970)
Purchase of intangible assets	(180)	(19)
Sale of intangible assets	157	-
Purchase of property, plant and equipment	(3)	(11)
Sale of property, plant and equipment	19	-
Total	(4,786)	(2,998)
Cash flows from financing activities		
Issuance of subordinated debt instruments	725	-
Distributed dividend	(2,230)	-
Purchase and sale of self-issued subordinated debt instruments	3	11
Payment of lease liabilities	(40)	(39)
Total	(1,542)	(28)
Total cash flows for the period	(6,067)	(18,425)
Cash and cash equivalents, beginning of period	59,361	59,623
Foreign currency translation adjustment of cash	143	(195)
Total cash flows for the period	(6,067)	(18,425)
Cash and cash equivalents, end of period	53,437	41,002
Cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	33,897	11,287
Receivables from credit institutions and central banks	19,540	29,715
Total	53,437	41,002

NOTES

Nykredit Realkredit Group

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1. ACCOUNTING POLICIES

General

The Consolidated Financial Statements for Q1/2021 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and further Danish financial reporting and disclosure requirements for interim reports. Compliance with IAS 34 implies observance of the principles of recognition and measurement of the IFRS but also a less detailed presentation relative to the Annual Report.

The Parent Interim Financial Statements for Q1/2021 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).

Except from reclassification of income in "Business areas" mentioned below, the accounting policies of Nykredit Realkredit A/S and the Nykredit Realkredit Group are unchanged compared with the Annual Report for 2021 (note 1), and compared with the information disclosed in the Annual Report for 2020, no additional new reporting standards or interpretations have been issued or approved, and no amendments have been made to the Danish Executive Order on Financial Reports of the Danish FSA which influence the Q1 Interim Report 2021.

Full accounting policies as well as a description of the Company's and the Group's material risks appear from the Annual Report for 2020 (note 1).

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

Business areas

In order to present income from activity-driven partnerships on an aggregated basis, customer-driven income from the Shared Valuation partnership has been reclassified from "Trading, investment portfolio and other income" to "Net fee income" in note 3. Comparative figures have been restated.

In addition, comparative figures for Q1/2020 have been restated in accordance with the organisational changes made to the business areas Business Banking and Corporates & Institutions in Q2/2020.

The changes do not affect income statement, including total comprehensive income, balance sheet or equity.

Merger with the subsidiary LR Realkredit A/S

As at 1 January 2021 Nykredit Realkredit A/S merged with the wholly-owned subsidiary LR Realkredit A/S, which was acquired on 31 December 2019.

For accounting purposes, the uniting-of-interests method has been applied in connection with the merger, as it is an intercompany business combination. Under this method, the assets and liabilities of the subsidiary have been recognised at the carrying amount in the Financial Statements of Nykredit Realkredit A/S. As the companies have applied the same recognition and measurement principles so far, no further adjustments have been made in connection with the uniting of interests.

Comparative figures for the balance sheet have been restated with effect from 31 December 2019, when Nykredit Realkredit A/S gained a controlling interest in the company. For 2020, comparative figures for the balance sheet, income statement, comprehensive income, cash flow statement and equity have been restated.

The uniting of interests does not impact the Financial Statements of the Nykredit Realkredit Group.

Significant accounting estimates and assessments

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

Accounting estimates are tested and assessed regularly. The estimates and assessments applied are based on assumptions which Management considers reasonable and realistic, but which to some extent involves significant uncertainty and unpredictability.

Areas implying a high degree of assessment or complexity or areas in which assumptions and estimates are material to the Financial Statements include provisions for loan and receivable impairment as well as valuation of unlisted financial instruments, including swaps, see "Accounting policies" in the Annual Report for 2020.

The temporary partial lockdown of borders and workplaces as well as the stronger unemployment trends mean that the determination of impairment provisions for loans and advances is still subject to increased uncertainty. The main reason for this is the difficulty in currently predicting the duration and severity of the crisis and the resulting impact on customers' financial position.

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
31.12.2020	31.03.2021		31.03.2021	31.12.2020
2. CAPITAL AND CAPITAL ADEQUACY				
89,678	89,824	Equity for accounting purposes	89,929	89,774
-	-	Minority interests not included	(105)	(96)
(3,753)	(3,789)	Carrying amount of Additional Tier 1 capital recognised in equity	(3,789)	(3,753)
-	(2,341)	Profit etc for Q1/2021 not included	(2,341)	0
85,926	83,694	Equity excluding Additional Tier 1 capital and minority interests	83,694	85,926
(2230)	-	Proposed dividend	-	(2,230)
(14)	(17)	Prudent valuation adjustment	(48)	(33)
-	-	Minority interests	59	49
(162)	(37)	Intangible assets excluding deferred tax liabilities	(1,972)	(2,099)
-	-	Provisions for expected credit losses in accordance with IRB approach	(19)	(16)
(337)	(330)	Other regulatory adjustments	(330)	(337)
(2)	-	Tax on Interest accrued	-	(2)
(2,745)	(384)	Common Equity Tier 1 regulatory deductions	(2,310)	(4,669)
83,181	83,310	Common Equity Tier 1 capital	81,384	81,257
3,720	3,719	Additional Tier 1 capital	3,730	3,729
-	-	Additional Tier 1 regulatory deductions	(51)	(38)
-	-	Excess of deduction from AT1 items over AT1 capital (deducted in CET1)	-	-
3,720	3,719	Total Additional Tier 1 after regulatory deductions	3,680	3,691
86,901	87,028	Tier 1 capital	85,063	84,949
10,787	11,511	Tier 2 capital	11,518	10,793
1,777	2,011	Tier 2 regulatory adjustments	2,013	1,932
99,464	100,551	Own funds	98,594	97,673
470,524	492,088	Credit risk	346,025	333,600
23,703	14,262	Market risk	31,522	40,128
12,435	12,672	Operational risk	27,244	28,109
506,662	519,023	Total risk exposure amount	404,791	401,837
Financial ratios				
16.4	16.0	Common Equity Tier 1 capital ratio, %	20.1	20.2
17.1	16.7	Tier 1 capital ratio, %	21.0	21.1
19.6	19.3	Total capital ratio, %	24.3	24.3

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

Nykredit has been designated as a systemically important financial institution (SIFI) by the Danish authorities. As a result, a special SIFI CET1 capital buffer requirement of 2% applies to the Nykredit Realkredit Group. To this should be added the permanent buffer requirement of 2.5% in Denmark which must also be met with Common Equity Tier 1 capital. The countercyclical buffer is currently 0%.

Nykredit Realkredit 31.12.2020: Comparative figures for capital and capital adequacy have not been restated after the merger between Nykredit Realkredit A/S and LR Realkredit A/S..

NOTES

DKK million

Nykredit Realkredit Group

3. BUSINESS AREAS

The business areas reflect Nykredit's organisation and internal reporting. Banking includes: Retail, which serves personal customers and SMEs (small and medium-sized enterprises). It also includes Corporates & Institutions, comprising activities with corporate and institutional clients, securities trading and derivatives trading. Wealth Management comprises wealth and asset management activities. Please refer to the Management Commentary. Income from the Shared Valuation partnership was reclassified in Q1 from "Trading, investment portfolio and other income" to "Net fee income". The change concerning the business area Totalkredit Partners does not affect total results. The reclassification totalled DKK 20 million in Q1/2020, and comparative figures have been restated.

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

Results	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Banking	Totalkredit Partners	Wealth Management	Group Items	Total
Results									
Q1/2021									
Results by business area									
Net interest income	484	671	1,155	506	1,661	745	46	1	2,454
Net fee income	160	125	285	147	433	151	10	(10)	584
Wealth management income	112	33	145	36	181	-	356	7	544
Net interest from capitalisation	(18)	(26)	(44)	(31)	(75)	(61)	(2)	24	(114)
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	-	(72)	(72)
Trading, investment portfolio and other income	5	56	60	147	207	(2)	16	606	826
Income	743	858	1,601	806	2,407	834	426	556	4,223
Costs	558	286	845	170	1,015	169	205	58	1,447
Business profit before impairment charges	185	572	757	635	1,392	665	221	499	2,776
Impairment charges for loans and advances	(32)	138	106	(115)	(8)	87	12	0	91
Business profit	217	433	650	750	1,400	578	209	498	2,685
Legacy derivatives	(2)	127	125	112	237	-	0	-	237
Profit before tax	215	560	775	862	1,637	578	209	498	2,922

BALANCE SHEET, 31 MARCH 2021

Assets

Mortgage loans etc at fair value	171,946	220,095	392,041	253,964	646,005	691,101	11,549	-	1,348,654
Reverse repurchase lending								36,282	36,282
Loans and advances at amortised cost	11,408	24,859	36,267	30,540	66,807	-	3,786	59	70,651
Assets by business area	183,353	244,955	428,308	284,504	712,811	691,101	15,334	36,341	1,455,588
Unallocated assets									205,397
Total assets									1,660,985

Liabilities and equity

Repo deposits								3,858	3,858
Bank deposits and other payables at amortised cost	40,128	23,456	63,584	7,197	70,781	-	13,397	1,358	85,536
Liabilities by business area	40,128	23,456	63,584	7,197	70,781	-	13,397	5,217	89,394
Unallocated liabilities									1,481,661
Equity									89,929
Total liabilities and equity									1,660,985

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

NOTES

DKK million

Nykredit Realkredit Group

3. BUSINESS AREAS, CONTINUED

Results Q1/2020	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Banking	Totalkredit Partners	Wealth Management	Group Items	Total
RESULTS BY BUSINESS AREA									
Net interest income	470	692	1,163	474	1,637	716	41	1	2,394
Net fee income	155	143	298	127	425	141	10	(14)	562
Wealth management income	99	37	136	33	169	-	330	3	502
Net interest from capitalisation	(19)	(37)	(57)	(36)	(92)	(53)	(2)	43	(105)
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	-	(45)	(45)
Trading, investment portfolio and other income	5	(94)	(89)	(170)	(259)	1	5	(1,161)	(1,414)
Income	710	741	1,451	428	1,879	804	384	(1,173)	1,894
Costs	509	280	790	167	956	175	217	68	1,416
Business profit (loss) before impairment charges	201	461	661	261	923	629	167	(1,241)	478
Impairment charges for loans and advances	45	944	989	160	1,149	103	51	9	1,312
Business profit (loss)	155	(483)	(328)	101	(227)	526	116	(1,250)	(834)
Legacy derivatives	(4)	(221)	(226)	(194)	(420)	-	(1)	-	(421)
Profit (loss) before tax	151	(704)	(553)	(93)	(646)	526	115	(1,250)	(1,255)

BALANCE SHEET, 31 MARCH 2020

Assets

Mortgage loans etc at fair value	175,254	221,809	397,063	239,479	636,542	639,523	9,961	-	1,286,026
Reverse repurchase lending								40,268	40,268
Loans and advances at amortised cost	11,360	24,547	35,907	30,139	66,046	-	3,549	167	69,761
Assets by business area	186,615	246,355	432,970	269,618	702,588	639,523	13,510	40,435	1,396,055
Unallocated assets									195,382
Total assets									1,591,437

Liabilities and equity

Repo deposits								11,755	11,755
Bank deposits and other payables at amortised cost	34,695	20,936	55,632	6,141	61,773	-	16,531	2,240	80,543
Liabilities by business area	34,695	20,936	55,632	6,141	61,773	-	16,531	13,995	92,299
Unallocated liabilities									1,415,644
Equity									83,494
Total liabilities and equity									1,591,437

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

Nykredit Realkredit Group

4. RECONCILIATION OF INTERNAL AND REGULATORY INCOME STATEMENT

	Q1/2021			Q1/2020		
	Earnings presentation in Management Commentary	Reclassification	Income statement	Earnings presentation in Management Commentary	Reclassification	Income statement
Net interest income	2,454	398	2,853	2,394	453	2,847
Dividend on equities etc		55	55		24	24
Fee and commission income, net	584	(528)	56	562	(486)	75
Net interest and fee income		(76)	2,963		(9)	2,947
Wealth management income	544	(544)	-	502	(502)	-
Net interest from capitalisation	(114)	114	-	(105)	105	-
Net income relating to customer benefits programmes	(72)	72	-	(45)	45	-
Trading, investment portfolio and other income	826	(826)	-	(1,414)	1,414	-
Value adjustments		1,129	1,129		(1,822)	(1,822)
Other operating income		367	367		346	346
Income	4,223			1,894		
Costs	1,447	-	1,447	1,416	(1)	1,415
Business profit before impairment charges	2,776			478		
Impairment charges for loans and advances etc	91	-	91	1,312	-	1,312
Profit from investments in associates and Group enterprises		1	1		2	2
Business profit (loss)	2,685			(834)		
Legacy derivatives	237	(237)	-	(421)	421	-
Profit (loss) before tax	2,922	-	2,922	(1,255)	-	(1,255)

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

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

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

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

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

NOTES

DKK million

Nykredit Realkredit Group	Q1/2021	Q1/2020
5. FEE AND COMMISSION INCOME		
Revenue from contracts with customers (IFRS 15) by business area		
Retail	162	177
Corporates & Institutions	120	104
Totalkredit Partners	248	222
Wealth Management	545	493
Group Items	8	14
Total	1,082	1,010

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

Nykredit's revenue primarily consists of net income recognised in items governed by the accounting standards IFRS 9 "Financial Instruments" and IFRS 16 "Leases". Fees and transaction costs that are integral to the effective interest rate of an instrument are covered by IFRS 9. The same applies to fees relating to financial instruments measured at fair value.

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

Revenue comprised by IFRS 15 mainly relates to:

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

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

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

NOTES

DKK million

Nykredit Realkredit Group

6. NET INTEREST INCOME ETC AND VALUE ADJUSTMENTS

Q1/2021	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	(11)	20	(31)	-	-	(31)
Lending and deposits	478	(41)	519	-	2	521
Repo transactions and reverse repurchase lending	(42)	(15)	(27)	-	-	(27)
Bonds	(1)	-	(1)	-	-	(1)
Subordinated debt	-	88	(88)	-	-	(88)
Other financial instruments	35	25	10	-	-	10
Total	460	77	383	-	2	385
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	5,352	2,965	2,387	-	129	2,515
- of which administration margin income	2,373	-	2,373	-	-	2,373
Bonds	63	-	63	-	(192)	(129)
Equities etc	-	-	-	55	691	746
Derivative financial instruments	20	-	20	-	447	468
Total	5,435	2,965	2,470	55	1,075	3,600
Foreign currency translation adjustment					51	51
Net interest income etc and value adjustments	5,895	3,042	2,853	55	1,129	4,036
Negative interest income	154	154	-			
Negative interest expenses	198	198	-			
Total	6,247	3,394	2,853			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	375					
Q1/2020						
Financial portfolios at amortised cost						
Receivables from and payables to credit institutions and central banks	(5)	14	(19)	-	-	(19)
Lending and deposits	498	(30)	528	-	0	529
Repo transactions and reverse repurchase lending	(72)	(27)	(44)	-	-	(44)
Subordinated debt	-	89	(89)	-	-	(89)
Other financial instruments	41	29	12	-	-	12
Total	462	75	387	-	0	387
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	5,364	2,995	2,369	-	(4)	2,365
- of which administration margin income	2,305	-	2,305	-	-	2,305
Bonds	105	-	105	-	(755)	(650)
Equities etc	-	-	-	24	(966)	(942)
Derivative financial instruments	(14)	-	(14)	-	(262)	(277)
Total	5,455	2,995	2,460	24	(1,987)	497
Foreign currency translation adjustment					165	165
Net interest income etc and value adjustments	5,918	3,070	2,847	24	(1,822)	1,049
Negative interest income	263	263	-			
Negative interest expenses	299	299	-			
Total	6,480	3,633	2,847			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	352					

¹ Recognised at fair value under the fair value option.

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1/2020	Q1/2021	Q1/2021	Q1/2020
7. VALUE ADJUSTMENTS			
Assets measured at fair value through profit or loss			
(4,221)	(4,054)	(19,609)	(15,163)
(10,876)	(15,537)	-	-
(8)	(5)	2	0
(347)	(197)	(192)	(755)
(944)	657	691	(966)
6	1	51	165
259	60	446	(264)
-	-	1	1
Liabilities measured at fair value through profit or loss			
4,217	4,182	19,738	15,159
10,876	15,537	-	-
(1,038)	645	1,129	(1,822)
(15)	-		
			Of which LR Realkredit A/S

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DKK million

Nykredit Realkredit Group

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

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

	Loans and advances at fair value	Loans and advances at fair value	Loans and advances at amortised cost	Loans and advances at amortised cost	Credit institutions	Credit institutions	Guarantees etc ¹	Guarantees etc ¹	Total	Total
Total impairment provisions	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Impairment provisions as at 1 January	6,652	5,365	3,012	2,526	22	28	241	137	9,928	8,056
New impairment provisions as a result of additions and change in credit risk	2,086	2,252	720	736	3	13	153	62	2,962	3,062
Releases as a result of redemptions and change in credit risk	1,936	1,173	777	500	3	8	93	51	2,810	1,732
Impairment provisions written off	127	131	78	52	-	-	-	-	206	183
Other adjustments and interest from impaired facilities	-	-	14	14	-	-	-	-	14	14
Transferred to "Impairment provisions for properties acquired by foreclosure"	0	13	-	-	-	-	-	-	0	13
Total impairment provisions	6,674	6,300	2,890	2,723	22	33	300	147	9,888	9,204
Earnings impact										
Change in impairment provisions for loans and advances (stages 1-3)	150	1079	(57)	235	1	5	59	10	152	1,330
Write-offs for the period, not previously written down for impairment	33	66	7	7	-	-	-	-	41	72
Recoveries on claims previously written off	(26)	(23)	(18)	(16)	-	-	-	-	(44)	(38)
Total	157	1,122	(68)	226	1	5	59	10	149	1,364
Value adjustment of assets in temporary possession	1	(7)	-	-	-	-	-	-	1	(7)
Value adjustment of claims previously written off	(15)	-	(4)	-	-	-	-	-	(19)	-
Losses offset, in accordance with partnership agreement ²	(40)	(44)	-	-	-	-	-	-	(40)	(44)
Earnings impact	103	1,070	(71)	226	1	5	59	10	91	1,312

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

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

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DKK million

Nykredit Realkredit Group

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

8 c. Loans, advances and guarantees etc by stage

31 March 2021	Stage 1	Stage 2	Stage 3	Total
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,287,864	48,697	18,900	1,355,462
Total impairment provisions, end of period	1,767	2,180	2,727	6,674
Value, end of period	1,286,097	46,517	16,174	1,348,788
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	94,106	13,128	2,590	109,824
Total impairment provisions, end of period	444	827	1,619	2,890
Value, end of period	93,662	12,300	971	106,933
Guarantees etc				
Guarantees etc	31,412	2,825	303	34,540
Total impairment provisions, end of period	74	152	74	300
Value, end of period	31,338	2,673	228	34,240
End-2020				
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,291,075	52,110	14,392	1,357,577
Total impairment provisions, end of period	1,751	2,241	2,661	6,652
Value, end of period	1,289,324	49,869	11,732	1,350,925
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	96,628	12,201	2,951	111,781
Total impairment provisions, end of period	428	584	2,001	3,012
Value, end of period	96,200	11,618	950	108,768
Guarantees etc				
Guarantees etc	21,698	3,275	231	25,205
Total impairment provisions, end of period	70	104	67	241
Value, end of period	21,628	3,171	164	24,963

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DKK million

Nykredit Realkredit A/S

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

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

	Loans and advances at fair value	Loans and advances at fair value	Credit institutions	Credit institutions	Total	Total
	2021	2020	2021	2020	2021	2020
Total impairment provisions						
Beginning of year	4,944	3,845	10	6	4,954	3,851
Additions LR Realkredit A/S	75	51	-	-	75	51
Impairment provisions as at 1 January	5,019	3,896	10	6	5,029	3,902
New impairment provisions as a result of additions and change in credit risk	1,460	1,670	-	6	1,460	1,676
Releases as a result of redemptions and change in credit risk	1,452	709	2	-	1,454	709
Impairment provisions written off	60	67	-	-	60	67
Transferred to "Impairment provisions for properties acquired by foreclosure"	-	11	-	-	-	11
Total impairment provisions	4,967	4,779	8	12	4,974	4,791
Of which LR Realkredit A/S	-	63	-	-	-	63
Earnings impact						
Change in impairment provisions for loans and advances (stages 1-3)	8	961	(2)	6	6	967
Write-offs for the year, not previously written down for impairment	19	33	-	-	19	33
Recoveries on claims previously written off	(18)	(14)	-	-	(18)	(14)
Total	10	980	(2)	6	8	986
Value adjustment of assets in temporary possession	5	(8)	-	-	5	(8)
Value adjustment of claims previously written off	(12)	-	-	-	(12)	-
Earnings impact	2	972	(2)	6	0	978
Of which LR Realkredit A/S	-	11	-	-	-	11

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DKK million

Nykredit Realkredit A/S

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

9 b. Total impairment provisions by stage 2021	Loans and advances at fair value			Total
	Stage 1	Stage 2	Stage 3	
Beginning of year	1,209	1,420	2,325	4,954
Additions LR Realkredit A/S	11	39	25	75
Total, 1 January 2021	1,221	1,459	2,350	5,029
Transfer to stage 1	537	(537)	(0)	-
Transfer to stage 2	(76)	371	(295)	-
Transfer to stage 3	(2)	(289)	290	-
Impairment provisions for new loans and advances (additions)	253	158	77	487
Additions as a result of change in credit risk	139	546	287	973
Releases as a result of change in credit risk	831	277	346	1,454
Previously written down for impairment, now written off	-	-	60	60
Total impairment provisions, end of period	1,240	1,431	2,303	4,974
Impairment provisions, end of period, are moreover attributable to:				
Credit institutions	8	-	-	8
Earnings impact for Q1/2021	(440)	428	18	6

2020	Loans and advances at fair value			Total
	Stage 1	Stage 2	Stage 3	
Beginning of year	935	656	2,260	3,851
Additions LR Realkredit A/S	22	9	20	51
Total, 1 January 2020	957	665	2,280	3,903
Transfer to stage 1	58	(48)	(10)	-
Transfer to stage 2	(27)	165	(137)	-
Transfer to stage 3	(1)	(41)	42	-
Impairment provisions for new loans and advances (additions)	128	114	119	361
Additions as a result of change in credit risk	400	292	622	1,314
Releases as a result of change in credit risk	238	182	289	709
Previously written down for impairment, now written off	-	-	78	78
Total impairment provisions, end of period	1,276	966	2,549	4,791
Of which LR Realkredit A/S	22	17	23	63
Impairment provisions, end of period, are moreover attributable to:				
Credit institutions	12	-	-	12
Earnings impact for Q1/2020	289	225	453	967
Of which LR Realkredit A/S	0	9	2	11

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DKK million

Nykredit Realkredit A/S

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

9 c. Loans and advances etc by stage

31 March 2021	Stage 1	Stage 2	Stage 3	Total
Loans and advances etc at fair value, gross				
Loans and advances etc at fair value, gross	490,194	30,164	14,171	534,530
Total impairment provisions, end of period	1,233	1,431	2,303	4,967
Loans and advances, carrying amount	488,962	28,733	11,868	529,563
End-2020	Stage 1	Stage 2	Stage 3	Total
Loans and advances etc at fair value, gross				
Loans and advances etc at fair value, gross	496,064	32,229	12,594	540,887
Total impairment provisions, end of period	1,211	1,459	2,350	5,019
Loans and advances, carrying amount	494,853	30,771	10,244	535,868
Of which LR Realkredit A/S	18,282	1,826	652	20,760

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DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1/2020	Q1/2021	Q1/2021	Q1/2020
9. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (PARENT) (CONTINUED)			
9 d. Impairment provisions for properties acquired by foreclosure			
36	28	31	41
	Impairment provisions, beginning of period		
11	-	0	13
	Transfer from impairment provisions for loans and advances		
9	13	13	12
	Impairment provisions for the period		
(17)	(8)	(12)	(20)
	Impairment provisions reversed		
(3)	(3)	(3)	(5)
	Impairment provisions written off		
36	30	30	42
	Impairment provisions, end of period		
Impairment provisions for properties acquired by foreclosure have been offset against "Assets in temporary possession"			
10. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES			
0	0	1	2
	Profit from investments in associates		
78	1,279	-	-
	Profit from investments in Group enterprises		
79	1,279	1	2
	Total		

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
31.12.2020	31.03.2021		31.03.2021	31.12.2020
11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
535,665	529,475	Mortgage loans	1,348,654	1,350,630
203	88	Arrears and outlays	133	295
929	810	Loans to Totalkredit serving as collateral in capital centres	-	-
876,618	864,610	Totalkredit mortgage loan funding	-	-
1,413,415	1,394,983	Total	1,348,788	1,350,925
20,760	-	Of which LR Realkredit A/S		
11 a. Mortgage loans				
522,399	523,062	Balance, beginning of period, nominal value	1,321,486	1,262,689
78,056	16,711	New loans	82,245	298,845
135	8	Indexation	8	135
830	(596)	Foreign currency translation adjustment	(596)	830
(16,045)	(4,022)	Ordinary principal payments	(8,723)	(32,299)
(62,313)	(14,391)	Prepayments and extraordinary principal payments	(54,569)	(208,714)
523,062	520,772	Balance, end of period, nominal value	1,339,850	1,321,486
20,209	-	Of which LR Realkredit A/S		
(18)	-	Loans transferred relating to properties in temporary possession	-	(20)
523,044	520,772	Total	1,339,850	1,321,465
17,569	13,593	Adjustment for interest rate risk etc	15,347	35,695
Adjustment for credit risk				
(4,948)	(4,891)	Impairments	(6,543)	(6,530)
535,665	529,475	Balance, end of period, fair value	1,348,654	1,350,630
20,760	-	Of which LR Realkredit A/S		
As collateral for loans and advances, Nykredit has received mortgages over real estate and:				
60,833	59,254	Supplementary guarantees totalling	104,697	105,515
1,125	1,040	Interim loan guarantees totalling	29,831	26,954
4,093	4,195	Mortgage registration guarantees etc totalling	38,209	30,901
11 b. Arrears and outlays				
222	143	Arrears before impairment provisions	222	374
53	21	Outlays before impairment provisions	43	43
(71)	(76)	Individual impairment provisions for arrears and outlays	(131)	(122)
203	88	Total	133	295
11 c. Totalkredit mortgage loan funding				
828,905	858,817	Balance, beginning of period, nominal value	-	-
268,327	72,949	New loans	-	-
(13,790)	(3,804)	Ordinary principal payments	-	-
(224,625)	(64,799)	Prepayments and extraordinary principal payments	-	-
858,817	863,163	Balance, end of period, nominal value	-	-
17,801	1,447	Adjustment for interest rate risk	-	-
876,618	864,610	Balance, end of period, fair value	-	-

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2020	31.03.2021	31.03.2021	31.12.2020
12. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	73,176	74,158
10	10	-	-
-	-	9	10
-	-	36,282	37,271
221	233	357	342
231	243	109,824	111,781
Adjustment for credit risk			
-	-	(2,890)	(3,012)
231	243	106,933	108,768
9	-		
13. BONDS AT FAIR VALUE			
26,037	43,335	71,017	63,466
18,966	22,525	29,175	27,847
-	-	169	174
8,312	8,311	8,311	8,312
29,283	23,770	92,670	91,554
7,881	8,408	13,257	9,929
3,283	3,494	4,935	4,611
93,763	109,842	219,534	205,892
3,937	-		
(26,028)	(43,325)	(71,008)	(63,456)
(10)	(10)	(10)	(10)
(18,518)	(22,525)	(29,175)	(27,847)
-	-	(169)	(174)
(8,004)	(8,003)	(8,003)	(8,004)
(308)	(308)	(308)	(308)
40,895	35,672	110,861	106,094
2,875	-		
Of bonds at fair value before set-off of self-issued bonds:			
3,127	4,342	8,522	8,095
As collateral security for the Danish central bank and foreign clearing centres, bonds have been deposited of a total market value of			
The deposits were made on an arm's length basis in connection with clearing and settlement of securities and foreign exchange trades. The deposits are adjusted on a daily basis and generally have a repayment term of very few days.			
Collateral security was provided on an arm's length basis.			
14. BONDS AT AMORTISED COST			
176	561	561	176
306	303	303	306
154	152	152	154
637	1,015	1,015	637

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2020	31.03.2021	31.03.2021	31.12.2020
15. DEPOSITS AND OTHER PAYABLES			
-	-	81,565	83,071
-	-	1,387	2,365
-	-	2,584	2,677
7,200	2,000	3,858	9,874
7,200	2,000	89,394	97,987
16. BONDS IN ISSUE AT FAIR VALUE			
142,992	141,630	146,150	147,786
1,309,199	1,315,696	1,315,696	1,309,199
9,031	9,015	9,015	9,031
1,461,222	1,466,341	1,470,861	1,466,015
(52,550)	(73,853)	(108,186)	(99,306)
1,408,672	1,392,488	1,362,675	1,366,709
20,959	-		
16 a. ROs			
133,792	132,747	136,960	138,260
9,200	8,884	9,190	9,525
142,992	141,630	146,150	147,786
(18,518)	(22,525)	(29,175)	(27,847)
124,474	119,105	116,974	119,939
20,959	-		
769	488	488	769
4,190	7,265	7,265	4,441
16 b. SDOs			
1,282,909	1,309,539	1,309,539	1,282,909
26,290	6,157	6,157	26,290
1,309,199	1,315,696	1,315,696	1,309,199
(26,028)	(43,325)	(71,008)	(63,456)
1,283,171	1,272,371	1,244,688	1,245,743
654	13,741	13,741	654
78,479	77,623	77,623	78,479

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2020	31.03.2021	31.03.2021	31.12.2020
16. BONDS IN ISSUE AT FAIR VALUE (CONTINUED)			
16 c. Senior secured debt			
8,856	8,855	8,855	8,856
175	160	160	175
9,031	9,015	9,015	9,031
(8,004)	(8,003)	(8,003)	(8,004)
1,027	1,012	1,012	1,027
17. BONDS IN ISSUE AT AMORTISED COST			
-	-	2,430	5,574
10	10	10	10
47,230	56,243	56,243	47,230
45	46	46	45
47,285	56,299	58,729	52,859
-	-	(169)	(174)
(10)	(10)	(10)	(10)
(308)	(308)	(308)	(308)
46,967	55,982	58,243	52,368
18. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE			
1,137	1,655	14,610	9,723
1,137	1,655	14,610	9,723

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2020	31.03.2021	31.03.2021	31.12.2020
19. SUBORDINATED DEBT			
Subordinated debt consists of financial liabilities in the form of subordinate loan capital and Additional Tier 1 capital which, in case of voluntary or compulsory liquidation, will not be repaid until the claims of ordinary creditors have been met.			
Subordinated debt is included in Nykredit's own funds etc in accordance with the EU's Capital Requirements Regulation.			
Subordinate loan capital			
Nominally EUR 600 million. The loan matures on 3 June 2036, but may be redeemed at par (100) from 3 June 2021. The loan carries a fixed interest rate of 4.0% pa up to 3 June 2021, after which date the interest rate will be fixed every five years. If the Common Equity Tier 1 capital ratio of Nykredit Realkredit, the Nykredit Realkredit Group or the Nykredit Group falls below 7%, the loan will be written down			
4,486	4,472	4,472	4,486
Nominally EUR 800 million. The loan matures on 17 November 2027, but may be redeemed at par (100) on 17 November 2022. The loan carries a fixed interest rate of 2.75% pa up to 17 November 2022, after which date the interest rate will be fixed for the next five years			
6,037	6,023	6,023	6,037
Nominally EUR 50 million. The loan matures on 28 October 2030. The loan carries a fixed interest rate of 4% pa for the first two years after issuance. In the remaining loan term, the interest rate will be fixed every six months			
372	372	372	372
Nominally SEK 1,000 million. The loan matures on 31 March 2031, but may be redeemed at par (100) from 31 March 2026. The interest rate on the loan will be fixed every three months.			
-	725	725	-
10,896	11,592	11,592	10,896
Total subordinate loan capital			
-	-	-	(3)
Portfolio of self-issued bonds			
10,896	11,592	11,592	10,893
Total subordinated debt			
10,787	11,511	11,518	10,793
Subordinated debt that may be included in own funds			

20. RELATED PARTY TRANSACTIONS AND BALANCES

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

No unusual related party transactions occurred in Q1/2021.

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

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

Significant related party transactions prevailing/entered into as at 31 March 2021 include:

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

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

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

Nykredit Realkredit A/S has granted loans, see section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, to Totalkredit A/S serving as supplementary collateral in Totalkredit A/S's capital centres. The loans totalled DKK 0.8 billion at 31 March 2021. The loans constitute secondary preferential claims and rank after the master bond in respect of the assets in Totalkredit A/S's capital centres.

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

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

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

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

Framework agreement on the terms for financial transactions relating to loans and deposits in the securities and money market areas etc.

Nykredit Realkredit has granted loans of DKK 2.0 billion to Nykredit Bank A/S in the form of Tier 2 capital.

Agreements between Nykredit Realkredit A/S and other companies:

LR Realkredit A/S was merged into Nykredit Realkredit A/S with effect from 1 January 2021.

21. FAIR VALUE DISCLOSURES

Listed prices

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

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

Observable inputs

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

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

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

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

Furthermore, 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 a sub-element of the FVA adjustment.

Net value adjustment due to CVA, DVA and FVA amounted to DKK 413 million at 31 March 2021 (end-2020: DKK 496 million).

Upon entering into derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity and credit risk and return on capital etc. The minimum margin is amortised at the valuation of derivatives over their times-to-maturity. At 31 March 2021, the non-amortised minimum margin amounted to DKK 114 million (end-2020: DKK 119 million). With regard to liquidity and credit risk, these amounts have been included above in the net adjustment of FVA and CVA; DKK 12 million at end-March 2021 (end-2020: DKK 161 million). Finally, in some instances further value adjustment based on management judgement is made if the models are not deemed to take into account all known risks, including eg legal risks.

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

Unobservable inputs

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

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

Following value adjustment, the fair value came to DKK 145 million at 31 March 2021 (end-2020: DKK 37 million). Credit value adjustments came to DKK 73 million at 31 March 2021 (end-2020: DKK 1,843 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 54 million.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 31 March 2021, the proportion was thus 0.2% (end-2020: 0.2%). The proportion of financial liabilities was 0.0% (end-2020: 0.0%).

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 3.5 billion (end-2020: DKK 3.3 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 352 million at 31 March 2021 (0.39% of equity at 31 March 2021), (end-2020: DKK 329 million, equal to 0.37% of equity).

Transfers between categories

Transfers between the categories Listed prices, Observable inputs and Unobservable inputs are made when an instrument is classified differently on the balance sheet date than at the beginning of the financial year. The value transferred to another category corresponds to the fair value at the beginning of the year.

With respect to interest rate swaps that have been fair value adjusted to DKK 0 due to credit risk adjustment, separate calculations are made at the end of each month.

In 2021 and 2020, transfers between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the ratings (credit risk) of counterparties and primarily concerned interest rate swaps, as regards financial instruments with positive market value.

Transfers between the categories Listed prices and Observable inputs mainly result from bonds that are reclassified either due to traded volume or the number of days between last transaction and the time of determination. As at 31 March 2021, financial assets of DKK 12.2 billion (end-2020: DKK 10.8 billion) have been transferred from Listed prices to Observable inputs and DKK 1.1 billion (end-2020: DKK 7.6 billion) from Observable inputs to Listed prices. Financial liabilities of DKK 0.6 billion (end-2020: DKK 0.0 billion) were transferred from Listed prices to Observable inputs and DKK 0.5 billion (end-2020: DKK 0.0 billion) from Observable inputs to Listed prices.

Redeemed bonds (usually comprised by Listed prices) are transferred to Observable inputs on the last day before the coupon date, as there is no access to official prices in active markets. At 31 March 2021, the amount was DKK 2.1 billion (end-2020: DKK 1.2 billion).

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

NOTES

DKK million

Nykredit Realkredit Group

21. FAIR VALUE DISCLOSURES (CONTINUED)

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

31 March 2021

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets:				
- bonds at fair value	14,944	95,917	-	110,861
- equities measured at fair value through profit or loss	4,004	-	3,376	7,380
- positive fair value of derivative financial instruments	20	19,370	107	19,496
- mortgage loans, arrears and outlays ¹	-	1,348,788	-	1,348,788
- owner-occupied properties	-	-	39	39
Total	18,968	1,464,075	3,522	1,486,564
Percentage	1.3	98.5	0.2	100.0
Financial liabilities:				
- other non-derivative financial liabilities at fair value	7,831	6,779	-	14,610
- negative fair value of derivative financial instruments	41	10,700	-	10,741
- bonds in issue at fair value ¹	1,361,653	1,022	-	1,362,675
Total	1,369,525	18,500	-	1,388,025
Percentage	98.7	1.3	-	100.0
Assets measured on the basis of unobservable inputs				
	Real estate	Equities	Derivatives	Total
Fair value, beginning of period, assets	58	3,199	37	3,293
Value adjustment recognised through profit or loss	0	131	73	204
Purchases for the period	-	72	-	72
Sales for the period	(19)	(26)	(4)	(48)
Transferred from Listed prices and Observable inputs ²	-	-	362	362
Transferred to Listed prices and Observable inputs ³	-	-	(362)	(362)
Reclassification to "Other assets"	-	-	-	-
Fair value, end of period, assets	39	3,376	107	3,522

¹ Recognised at fair value under the fair value option.

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

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

Nykredit Realkredit Group

21. FAIR VALUE DISCLOSURES (CONTINUED)

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

31 December 2020

Financial assets:	Listed prices	Observable inputs	Unobservable inputs	Total fair value
- bonds at fair value	21,810	84,284	-	106,094
- equities measured at fair value through profit or loss	3,847	-	3,199	7,046
- positive fair value of derivative financial instruments	35	22,292	37	22,364
- mortgage loans, arrears and outlays ¹	-	1,350,925	-	1,350,925
- owner-occupied properties	-	-	58	58
Total	25,692	1,457,501	3,293	1,486,486
Percentage	1.7	98.1	0.2	100.0

Financial liabilities:

- other non-derivative financial liabilities at fair value	3,115	6,607	-	9,723
- negative fair value of derivative financial instruments	36	11,988	-	12,024
- bonds in issue at fair value ¹	1,366,699	10	-	1,366,709
Total	1,369,850	18,605	-	1,388,455
Percentage	98.7	1.3	-	100.0

Assets measured on the basis of unobservable inputs

	Real estate	Bonds	Equities	Derivatives	Total
Fair value, beginning of year, assets	75	2	3,014	1,033	4,124
Value adjustment recognised through profit or loss	4	-	252	(385)	(129)
Purchases for the year	0	-	147	-	147
Sales for the year	(22)	(2)	(215)	(117)	(355)
Transferred from Listed prices and Observable inputs ²	-	-	1	373	375
Transferred to Listed prices and Observable inputs ³	-	-	-	(868)	(868)
Reclassification to "Other assets"	-	-	-	-	-
Fair value, year-end, assets	58	-	3,199	37	3,293

¹ Recognised at fair value under the fair value option.

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

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

NOTES

DKK million

Nykredit Realkredit Group	Q1/ 2021	Q1/ 2020	Q1/ 2019	Q1/ 2018	Q1/ 2017
22. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	2,853	2,847	2,676	2,682	2,905
Net fee income etc	110	99	(133)	(97)	(51)
Net interest and fee income	2,963	2,947	2,543	2,585	2,855
Value adjustments	1,129	(1,822)	540	443	1,242
Other operating income	367	346	323	217	44
Staff and administrative expenses	1,322	1,305	1,126	1,127	1,092
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	80	75	70	26	46
Other operating expenses	46	35	32	37	40
Impairment charges for loans, advances and receivables etc	91	1,312	219	(8)	(21)
Profit from investments in associates and Group enterprises	1	2	1	1	4
Profit (loss) before tax	2,922	(1,255)	1,961	2,064	2,988
Tax	535	(376)	330	384	627
Profit (loss) for the period	2,387	(879)	1,631	1,680	2,361
Value adjustment and reclassification of strategic equities against equity	-	-	-	-	(2)
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2021	31.03.2020	31.03.2019	31.03.2018	31.03.2017
Assets					
Cash balances and receivables from credit institutions and central banks	53,437	41,002	37,744	37,589	40,240
Mortgage loans at fair value	1,348,654	1,286,026	1,217,330	1,168,690	1,133,497
Bank loans excluding reverse repurchase lending	70,285	69,389	60,723	57,128	56,256
Bonds and equities etc	118,241	117,662	105,368	88,272	103,043
Remaining assets	70,367	77,358	67,543	66,413	57,181
Total assets	1,660,985	1,591,437	1,488,708	1,418,092	1,390,216
Liabilities and equity					
Payables to credit institutions and central banks	13,221	22,705	21,653	24,630	17,885
Deposits and other payables	89,394	92,299	100,358	87,475	67,733
Bonds in issue at fair value	1,362,675	1,308,146	1,215,506	1,169,922	1,146,919
Subordinated debt	11,592	11,011	11,034	10,944	11,010
Remaining liabilities	94,174	73,782	61,478	49,165	73,372
Equity	89,929	83,494	78,678	75,956	73,297
Total liabilities and equity	1,660,985	1,591,437	1,488,708	1,418,092	1,390,216
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	9,479	6,792	6,210	6,376	7,185
Other commitments	19,147	29,541	17,773	8,381	5,901
FINANCIAL RATIOS¹					
Total capital ratio, %	24.3	24.5	24.5	24.4	23.9
Tier 1 capital ratio, %	21.0	21.2	21.4	21.2	20.6
Return on equity before tax, %	3.3	(1.5)	2.5	2.7	4.3
Return on equity after tax, %	2.7	(1.0)	2.1	2.2	3.4
Income:cost ratio	2.9	0.5	2.4	2.7	3.6
Foreign exchange position, %	0.0	0.4	0.3	0.4	0.2
Loans and advances:equity (loan gearing)	16.2	16.7	16.7	16.6	16.6
Growth in loans and advances for the period, %	1.2	1.5	0.9	(1.7)	0.1
Impairment charges for the period, %	0.01	0.09	0.02	0.00	0.00
Return on capital employed, %	0.14	(0.06)	0.11	0.12	0.17

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 57 in the Annual Report for 2020.

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DKK million

Nykredit Realkredit A/S	Q1/ 2021	Q1/ 2020	Q1/ 2019	Q1/ 2018	Q1/ 2017
22. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)					
SUMMARY INCOME STATEMENT					
Net interest income	996	1,027	974	994	1,111
Net fee income etc	203	190	127	133	181
Net interest and fee income	1,199	1,216	1,102	1,128	1,293
Value adjustments	645	(1,038)	584	114	241
Other operating income	345	312	307	222	229
Staff and administrative expenses	730	721	641	692	681
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	71	64	67	23	39
Other operating expenses	36	30	26	31	33
Impairment charges for loans, advances and receivables etc	0	978	111	(143)	30
Profit from investments in associates	1,279	79	688	1,011	1,573
Profit (loss) before tax	2,630	(1,224)	1,836	1,871	2,552
Tax	252	(338)	205	176	193
Profit (loss) for the period	2,378	(886)	1,631	1,696	2,359
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2021	31.03.2020	31.03.2019	31.03.2018	31.03.2017
Assets					
Cash balances and receivables from credit institutions and central banks	55,487	47,757	41,417	39,747	36,647
Mortgage loans at fair value	529,475	525,825	512,378	515,302	526,637
Totalkredit mortgage loan funding	864,610	806,801	735,433	693,382	642,793
Bonds and equities etc	42,409	42,575	45,439	37,036	47,399
Remaining assets	72,647	65,082	59,908	58,060	63,373
Total assets	1,564,628	1,488,040	1,394,574	1,343,527	1,316,849
Liabilities and equity					
Payables to credit institutions and central banks	3,863	2,930	6,022	5,020	15,691
Deposits and other payables	2,000	9,200	10,200	8,000	-
Bonds in issue	1,392,488	1,335,140	1,256,366	1,216,557	1,183,579
Subordinated debt	11,592	11,012	11,034	10,947	11,011
Remaining liabilities	64,861	46,339	32,271	27,032	33,270
Equity	89,824	83,420	78,681	75,971	73,297
Total liabilities and equity	1,564,628	1,488,040	1,394,574	1,343,527	1,316,849
OFF-BALANCE SHEET ITEMS					
Other commitments	8,041	15,206	8,556	1,504	1,410
FINANCIAL RATIOS¹					
Total capital ratio, %	19.3	20.0	20.3	20.3	20.8
Tier 1 capital ratio, %	16.7	17.5	17.8	17.7	18.0
Return on equity before tax, %	2.9	(1.5)	2.3	2.4	3.4
Return on equity after tax, %	2.6	(1.1)	2.0	2.2	3.2
Income:cost ratio	4.1	0.3	3.2	4.1	4.3
Foreign exchange position, %	0.0	0.4	0.1	0.4	0.2
Loans and advances:equity (loan gearing)	5.9	6.3	6.5	6.8	7.2
Growth in loans and advances for the period, %	(0.5)	(0.6)	(0.0)	(0.8)	0.1
Impairment charges for the period, %	0.00	0.18	0.02	(0.03)	0.01
Return on capital employed, %	0.15	(0.06)	0.12	0.13	0.18

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 57 in the Annual Report for 2020.

NOTES

DKK million

Nykredit Realkredit Group

23. GROUP STRUCTURE

Name and registered office

Name and registered office	Ownership interest as %, 31 March 2021	Profit (loss) for the period, 2021	Equity 31 March 2021	Profit for 2020	Equity 31 December 2020
Nykredit Realkredit A/S (Parent), Copenhagen, a)	-	2,378	89,824	5,652	89,678
Totalkredit A/S, Copenhagen, a)	100	527	34,984	2,085	32,506
Nykredit Bank A/S, Copenhagen, b)	100	710	26,696	1,610	25,986
Nykredit Portefølje Administration A/S, Copenhagen, f)	100	54	1,325	192	1,271
Nykredit Leasing A/S, Gladsaxe, e)	100	35	974	82	939
Sparinvest Holdings SE, Luxembourg, g)	75	(2)	210	44	211
Nykredit Mægler A/S, Copenhagen, c)	100	31	100	96	169
Kalvebod Ejendomme I A/S, Copenhagen, d)	100	10	604	31	586
Kirstinehøj 17 A/S, Copenhagen, d)	100	0	23	4	71
LR Realkredit A/S, Copenhagen, a) (merged with Nykredit Realkredit A/S as at 1 January 2021)	-	-	-	80	-
Ejendomsselskabet Kalvebod A/S, Copenhagen, g) (dissolved)	-	-	-	24	-
Kalvebod Ejendomme II A/S, Copenhagen, d) (dissolved)	-	-	-	6	-
Greve Main A/S, Copenhagen, d) (dissolved)	-	-	-	2	-

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

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

Geographical distribution of activities

Denmark: Names and activities appear from the Group structure above

Number of staff	Revenue ¹	Profit (loss) before tax	Tax	Government aid received
3,831	7,696	2,922	535	-

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

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

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

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

NOTES

DKK million

Nykredit Realkredit A/S	31.12.2020			31.03.2020		
	Annual Report	Restated	Effect of merger	Interim Report	Restated	Effect of merger

24. MERGER OF NYKREDIT REALKREDIT A/S AND LR REALKREDIT A/S

SUMMARY INCOME STATEMENT

Net interest income	3,881	4,031	150	985	1,027	41
Net fee income etc	693	678	(15)	193	190	(3)
Net interest and fee income	4,574	4,709	135	1,178	1,216	38
Value adjustments	793	778	(15)	(1,023)	(1,038)	(15)
Other operating income	1,338	1,339	0	312	312	(0)
Staff and administrative expenses	2,846	2,874	27	713	721	8
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	253	253	0	64	64	0
Other operating expenses	134	138	4	30	30	0
Impairment charges for loans, advances and receivables etc	1,382	1,407	25	967	978	11
Profit from investments in associates and Group enterprises	3,908	3,828	(80)	86	79	(7)
Profit (loss) before tax	5,999	5,981	(18)	(1,221)	(1,224)	(3)
Tax	347	329	(18)	(335)	(338)	(3)
Profit (loss) for the period	5,652	5,652	-	(886)	(886)	-

SUMMARY BALANCE SHEET

Assets

Cash balances and receivables from credit institutions and central banks	46,134	46,914	780	46,490	47,757	1,267
Loans, advances and other receivables at fair value and amortised cost	1,392,876	1,413,645	20,769	1,311,994	1,334,063	22,069
Bonds at fair value and amortised cost	38,656	41,532	2,875	34,169	37,298	3,130
Equities etc	6,349	6,349	-	5,277	5,277	0
Investment in Group enterprises and associates	62,723	59,344	(3,379)	59,126	55,820	(3,306)
Intangible assets incl land and buildings	902	902	-	949	949	-
Remaining assets	6,452	6,510	58	6,815	6,876	61
Total assets	1,554,091	1,575,194	21,103	1,464,819	1,488,040	23,221

Liabilities and equity

Payables to credit institutions and central banks	1,458	1,458	-	2,930	2,930	-
Deposits and other payables	7,200	7,200	-	9,200	9,200	-
Bonds in issue at fair value and amortised cost	1,434,680	1,455,639	20,959	1,349,621	1,372,633	23,012
Other payables	9,865	10,006	141	8,267	8,472	205
Total payables	1,453,204	1,474,304	21,101	1,370,018	1,393,235	23,217
Provisions	314	316	3	370	374	4
Subordinated debt	10,896	10,896	-	11,012	11,012	-
Total equity	89,678	89,678	-	83,420	83,420	-
Total liabilities and equity	1,554,091	1,575,194	21,103	1,464,819	1,488,040	23,221