

GROUP ITEMS

	DKK million			
Results – Group Items	Q1/ 2022	Q1/ 2021	Q4/ 2021	2021
Net interest income	(2)	1	0	(6)
Net fee income	(12)	(10)	8	(12)
Wealth management income	8	7	(3)	17
Net interest from capitalisation	23	24	42	117
Net income relating to customer benefits programmes ¹	(81)	(72)	(120)	(414)
Trading, investment portfolio and other income	134	606	860	2,073
Income	69	556	788	1,776
Costs	25	58	179	353
Business profit before impairment charges	44	499	609	1,423
Impairment charges for bank lending	(8)	0	2	1
Business profit	52	498	608	1,422
Badwill, impairment of goodwill and amortisation of customer relationships	-	0	0	0
Profit before tax	52	498	608	1,422

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

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

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

Results for Q1/2022 relative to Q1/2021

The business profit of Group Items decreased by DKK 446 million on last year to DKK 52 million (Q1/2021: DKK 498 million).

This development in Q1/2022 was mainly driven by capital gains on equities held for business purposes, which were partly offset by a negative impact from rising yield spreads on Danish covered bonds in the remaining trading book. Q1/2021 was impacted by considerable capital gains on the portfolio of Danish equities etc.

CAPITAL, LIQUIDITY AND FUNDING

EQUITY AND OWN FUNDS

The Nykredit Realkredit Group's equity stood at DKK 91.6 billion at end-March 2022. In March 2022 dividend of DKK 4,380 million was distributed to the Company's shareholder. The dividend corresponds to about 50% of profit after tax for 2021. Nykredit maintains a strong capital position after distributing dividend.

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

	DKK million	
Nykredit Realkredit Group		
Equity (including AT1 capital)	31.03.2022	31.12.2021
Equity, beginning of period	93,591	89,774
Profit for the period	2,406	8,870
Other adjustments	(4,374)	(5,054)
Equity, end of period	91,623	93,591

	DKK million	
Nykredit Realkredit Group		
Capital and capital adequacy	31.03.2022	31.12.2021
Equity (including AT1 capital)	91,623	93,591
AT1 capital etc	(3,785)	(3,729)
Profit etc for Q1/2022 not included	(2,354)	0
Proposed dividend	-	(4,380)
CET1 regulatory adjustments	(2,433)	(2,523)
CET1 capital	83,051	82,959
AT1 capital	3,726	3,706
AT1 regulatory deductions	(22)	(21)
Tier 1 capital	86,757	86,644
Tier 2 capital	10,775	10,777
Tier 2 regulatory adjustments	2,207	2,049
Own funds	99,737	99,471
Credit risk	379,196	350,326
Market risk	29,457	24,075
Operational risk	29,738	27,244
Total risk exposure amount	438,391	401,644
CET1 capital ratio, %	18.9	20.6
Tier 1 capital ratio, %	19.7	21.5
Total capital ratio, %	22.7	24.7
Internal capital adequacy requirement (Pillar I and Pillar II), %	11.1	11.2

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

Capital and capital adequacy

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

At end-March 2022, Nykredit's risk exposure amount (REA) totalled DKK 438.4 billion (end-2021: DKK 401.6 billion). With own funds at DKK 99.7 billion, this corresponds to a total capital ratio of 22.7% (end-2021: 24.7%). The CET1 capital ratio was 18.9% (end-2021: 20.6%).

REA for credit risk has generally increased due to growth in lending and regulatory changes, despite low arrears and overdrafts as well as

rising property prices etc. In Q1/2022 REA for credit risk increased by DKK 28.9 billion in the Nykredit Realkredit Group. The increase was mainly due to Nykredit's implementation of the new guidelines from the European Banking Authority (EBA) on the estimation of IRB models. The new EBA guidelines caused an increase in REA of DKK 33.0 billion as per 1 January 2022, whereas higher interest rates in the quarter reduced the value-adjusted debt outstanding, thus limiting the increase in REA. REA for market risk increased by DKK 5.4 billion in the period due to financial market unrest especially in February and March.

CET1 capital totalled DKK 83.1 billion at end-March 2022 (end-2021: DKK 83.0 billion). AT1 capital amounted to DKK 3.7 billion after regulatory adjustments at end-March 10.8 (end-2021: DKK 3.7 billion). Tier 2 capital was DKK 10.8 billion excluding regulatory adjustments (end-2021: DKK 10.8 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 11.1% of the Group's REA at end-March 2022 equal to the internal capital adequacy requirement.

In addition to the internal capital adequacy requirement, the Nykredit Realkredit Group must comply with a combined capital buffer requirement of 4.5% at end-March 2022. As a systemically important financial institution (SIFI), Nykredit is subject to a special SIFI buffer requirement of 2% as well as a capital conservation buffer requirement of 2.5% applying to all financial institutions. Both requirements are met using CET1 capital. The countercyclical buffer rate is currently 0%. The Nykredit Realkredit Group has excess capital of 7.1pp relative to the CET1 capital requirement, ie the internal capital adequacy requirement plus the combined buffer requirement.

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

Capital targets 2022

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

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

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

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

Dividend policy

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

FUNDING AND LIQUIDITY

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

Bank lending is mainly funded by deposits. At end-March 2022, Nykredit Bank's deposits equalled 110% of lending against 125% at end-2021.

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. This is illustrated in the table below, which shows that the LCRs of the various Group companies are significantly above the regulatory requirement of 100%.

	(%)	
Nykredit Realkredit Group	31.03.2022	31.12.2021
LCR determination		
Nykredit Realkredit Group*	722	591
Nykredit Realkredit Group, LCR requirement in EUR	546	392
Nykredit Realkredit and Totalkredit	608	2,305
Nykredit Realkredit and Totalkredit, including minimum LCR requirement	149	139
Nykredit Bank	223	213

* Since 2016, as a Danish mortgage provider, Nykredit has been exempt from including part of its mortgage-related cash flows in the determination of 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.

Refinancing and issuance schedule for 2022

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

At end-March 2022, the Group had a nominal amount of DKK 1,376 billion of SDOs in issue and DKK 125 billion of ROs in issue.

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

	DKK billion
Nykredit Realkredit Group	1 April 2022-31 March 2023
Refinancing ¹	
Total maturity before set-off of self-issued bonds	213.2
- ordinary principal payments and scheduled ² prepayments (settled)	29.7
- ordinary principal payments and scheduled ² prepayments (not settled)	25.9
- pre-issued bonds and interest rate risk ²	(5.8)
Total refinancing volume	163.3
- pre-auctioned amount sold under forward contracts	(23.6)
Refinancing volume remaining for 1 April 2022 – 31 March 2023	139.8
- of which SDOs and ROs	139.8
- of which other issues	0

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

² Known as at 31 March 2022.

The annual maturity one year ahead totals DKK 213.2 billion, of which ordinary principal payments, prepayments etc total DKK 49.8 billion. Thus, refinancing volumes amount to DKK 163.3 billion.

Annual refinancing volumes are expected to be maintained at around DKK 160 billion.

DKK million		
Nykredit Realkredit Group		
Bonds in issue	31.03.2022	31.12.2021
Covered bonds (ROs), see note 15 a	124,461	124,927
Covered bonds (SDOs), see note 15 b	1,375,838	1,351,177
Senior secured debt, see note 15 c	701	853
Senior preferred debt in Nykredit Realkredit A/S	9,298	5,577
Senior non-preferred debt	56,374	50,098
Tier 2 capital, see note 18	10,571	10,737
AT1 capital, see note 2 (Nykredit Realkredit A/S)	3,726	3,706
ECP issues of Nykredit Bank A/S	5,248	4,415

As from 1 January 2022, Nykredit must have a debt buffer that, combined with own funds and the MREL requirement, will amount to at least 8% of the consolidated balance sheet. Nykredit meets the 8% requirement at end-March 2022.

In Q1/2022 Nykredit issued about DKK 3.7 billion-worth of senior preferred debt and about DKK 2.5 billion-worth of senior non-preferred debt.

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

Supervisory Diamond

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

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

Nykredit complies with all benchmark limits of the Supervisory Diamond model for banks and mortgage lenders as at 31 March 2022.

Nykredit Bank A/S		
Supervisory Diamond	31.03.2022	31.12.2021
Large exposures (limit value <175%)	117.3%	109.6%
Lending growth (limit value <20%)	13.8%	4.6%
Property exposure (limit value <25%)	10.2%	11.1%
Liquidity benchmark (limit value >100%)	207.8%	256.4%

Supervisory Diamond for mortgage lenders

Benchmark	Definition	Nykredit	Nykredit	Totalkredit	Limit value
		Realkredit Group	Realkredit A/S		
		31 March 2022	31 March 2022	31 March 2022	
Lending growth in segment	Annual lending growth may not exceed 15% in each of the segments personal customers, commercial residential properties, agricultural properties and other commercial.				
Personal customers ¹		5.7%	(22.1)%	7.2%	15.0%
Commercial residential properties		6.6%	6.3%	23.9% ²	15.0%
Agricultural properties		(1.4)%	(1.4)%	0.0%	15.0%
Other commercial		3.8%	3.4%	15.4% ²	15.0%
Borrower's interest rate risk	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.				
Private residential and residential rental		10.7%	21.4%	8.3%	25.0%
Interest-only loans	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.				
Personal customers		6.2%	2.7%	6.3%	10.0%
Loans with short-term funding	The proportion of loans to be refinanced must be below 25% per year and below 12.5% per quarter.				
Refinancing (annually)		10.3%	14.3%	8.3%	25.0%
Refinancing (quarterly)		2.9%	6.5%	0.8%	12.5%
Large exposures	The sum of the 20 largest exposures must be less than the CET1 capital.				
Loans and advances:equity		41.6%	40.7%	4.8%	100.0%

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

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

Credit 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.

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

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

Fitch Ratings

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

Senior non-preferred debt is rated A by Fitch.

Listing of ratings

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

ESG ratings

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

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

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

CREDIT RISK

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

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

Information related to covid-19 and the war in Ukraine

There is still substantial uncertainty about the impact of the covid-19 pandemic. When deferred tax and VAT payments fall due, the number of bankruptcies could increase. The war in Ukraine also has a profound impact on the geopolitical situation and global economies. Nykredit's main scenario is reassessed on a current basis, and at end-March 2022 the scenario assumed GDP growth of 2.1% in 2022.

Covid-19

Loan impairments related to covid-19 were reassessed in connection with the Q1 Interim Report 2022, as the pandemic no longer qualifies as a critical threat to society. Repayment of loans granted under government relief packages will be due from end-March and is now considered the primary risk driver in the assessment of the pandemic. Provisions for covid-19 losses are based on stress test calculations of two different factors. Firstly, stress simulations have been performed for stage 1 and stage 2 customers in high-attention sectors. Secondly, the property values of stage 3 customers have been stressed to simulate a reduction in collateral values. At stage 3 we have raised the probability of an adverse scenario for customers in high-attention sectors. Furthermore, the macroeconomic scenarios in our impairment model for stage 1 and stage 2 customers have been prepared to allow for the covid-19 impact, including the relief packages.

Reversal of impairment charges related to covid-19

Of the total loan impairment provisions of DKK 2.1 billion taken in 2020 to cover the consequential losses arising from covid-19, Nykredit reversed DKK 797 million in Q1/2022. Reasons for this reversal include reduced pandemic-related risks. Repayment of loans granted under government relief packages in Q1 and Q2 will be decisive, however, to the reversal of the remaining provisions. Covid-19-induced provisions comprise DKK 393 million related to property values and DKK 915 million related to vulnerable sectors. Provisions totalled DKK 1,308 million.

Management of covid-19 credit facilities

We have offered our customers a number of solutions to mitigate the impact of covid-19, including wider access to 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, provided they were offered to customers who were creditworthy before the covid-19 crisis and not for reasons of financial distress.

Due to the covid-19 situation, many businesses have taken loans with the Danish tax authority in 2020 and 2021. These loans were raised without prior credit assessment. On 9 September, the Danish government and Finance Denmark issued a joint declaration of intent for businesses to gradually return to market-based financing. Nykredit supports this declaration of intent.

	DKK million					
	Loans, advances and guarantees		Total provisions for loan impairment and guarantees		Impairment charges for loans and advances, earnings impact	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Nykredit Realkredit Group						
Loans, advances, guarantees and impairment charges for loans and advances						
Mortgage lending, nominal value						
Nykredit Realkredit	528,502	525,274	4,584	4,793	(175)	(160)
Totalkredit	883,699	865,802	1,668	1,721	(33)	161
Total	1,412,201	1,391,076	6,252	6,515	(208)	0
Loans and advances etc						
Nykredit Bank	79,890	74,513	2,840	2,755	86	(208)
Total	79,890	74,513	2,840	2,755	86	(208)
Receivables from credit institutions	7,218	5,165	18	23	(5)	2
Reverse repurchase lending	47,043	50,900	-	-	-	-
Guarantees etc	9,059	8,987	297 ¹	331 ¹	(34) ¹	90 ¹
Loan impairment, %²						
Nykredit Realkredit	-	-	0.86	0.90	(0.03)	(0.03)
Totalkredit	-	-	0.19	0.20	(0.00)	0.02
Total	-	-	0.44	0.47	(0.01)	0.00
Nykredit Bank	-	-	3.43	3.57	0.10	(0.27)
Total	-	-	3.43	3.57	0.10	(0.27)

¹ Impairment charges for loan commitments etc were DKK 45 million (Q4/2021: DKK 54 million).

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

The declaration of intent will not impact Nykredit's provisions for losses as a consequence of covid-19. The provisions are determined based on Nykredit's own loan portfolio. Also note that the final terms and conditions for banks' funding of former government loans such as terms of guarantees still need to be resolved.

The war in Ukraine

The war in Ukraine is expected to affect the credit quality of some customers, as it curbs economic growth and causes value and supply chain disruptions. Provisions related to the war are based on stress test calculations of two factors. Firstly, stress simulations have been performed for stage 1 and stage 2 personal and business customers. We expect a drop in personal customers' discretionary incomes as a consequence of increased inflation and higher energy prices. Provisions of DKK 384 million has been made to counter such risk. Business customers heavily reliant on energy for production and manufacturing are also likely to be affected. We have taken provisions of DKK 321 million for vulnerable sectors. Provisions of DKK 300 million have been taken to cover general uncertainty caused by the war. Total provisions taken to manage increased risk exposures due to the war in Ukraine subsequently came to DKK 1,005 million.

For further information about the impacts of covid-19 and the war in Ukraine on impairment charges for loans and advances and our portfolio distribution, please refer to our Fact Book Q1 2022, which is available at nykredit.com.

Macroeconomic impact on impairment levels

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

The loan portfolio has developed positively in Q1/2022, and individual impairment provisions remain low. Arrears ratios were declining for some portfolios and stable for others. Write-offs were also low. Nykredit has made only a few covid-19-related individual impairment provisions.

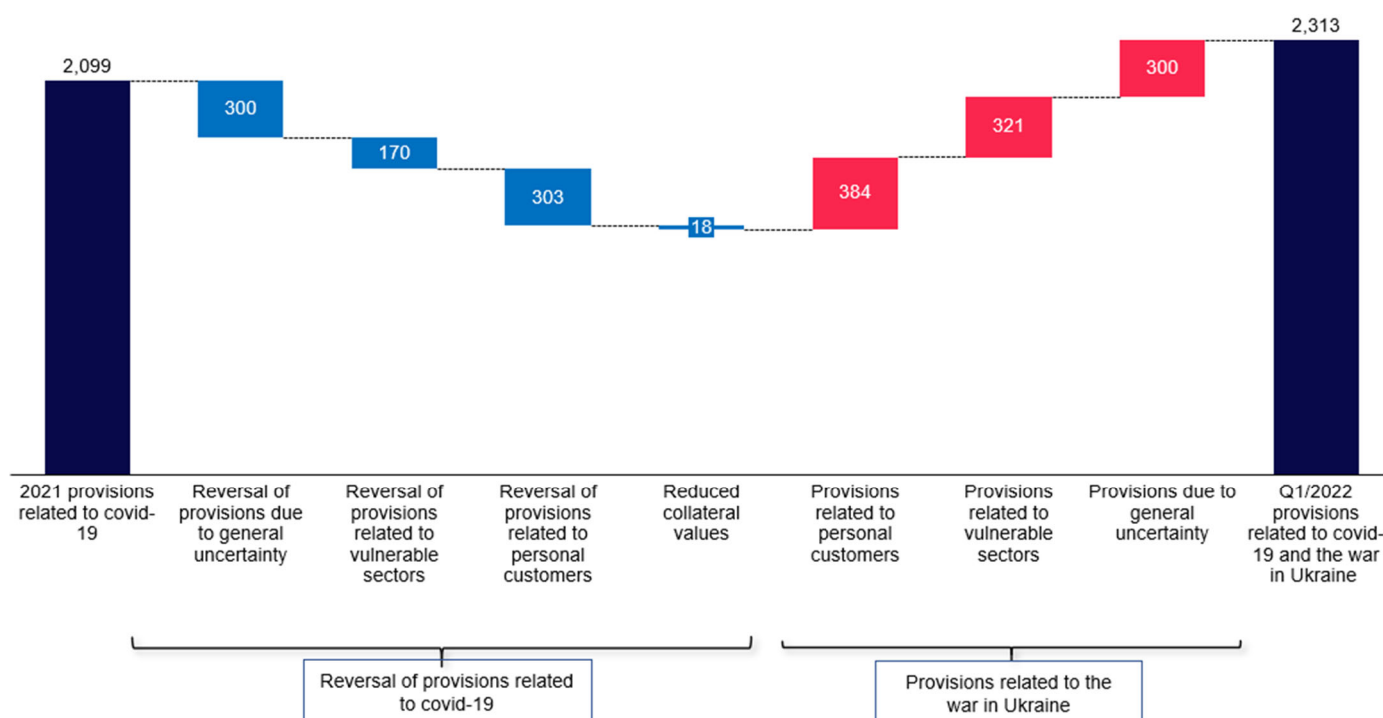
Nykredit's macroeconomic forecasts in connection with loan impairments related to covid-19 and the war in Ukraine have been incorporated into the impairment models and in the model-based impairment provisions.

Credit models

Nykredit uses credit models to determine the capital requirement for credit risk and for impairment calculations. The determination of credit risk is based on three key parameters: Probability of Default (PD), expected Loss Given Default (LGD) and expected Exposure at Default (EAD). The three key parameters are estimated on the basis of Nykredit's customer default and loss history.

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

Development in provisions concerning covid-19 and the war in Ukraine (DKK million)



Expectations for macroeconomic models

Nykredit's impairment model calculation include forward-looking macroeconomic scenarios. The scenarios reflect uncertainties relating to the economy and include both improved and deteriorating outlooks. At end-Q1/2022, the scenarios were updated to reflect the current and expected economic environment caused by the war in Ukraine and resulting market conditions. The base scenario must reflect the economic environment, including the effect of covid-19 relief packages, taking into account the economic effects of the reopening and vaccine roll-out. The base scenario carries a 55% weighting. The scenario implies expected GDP growth of 2.1% and house price rises of 3.2% in 2022. 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 2% in 2022. The improved scenario carries a 10% weighting and is based on the macroeconomic conditions observed at the date of this Annual Report. This scenario uses realised levels of interest rates, GDP, house prices and unemployment. Based on this weighting, impairment provisions totalled DKK 9,407 million as at 31 March 2022 (end-2021: DKK 9,625 million). If the base scenario carried a 100% weighting, total impairment provisions would decrease by DKK 148 million. Compared with the base scenario, total impairment provisions would rise by DKK 266 million if the adverse scenario carried a 100% weighting. The change reflects a transfer of exposures from stage 1 to stage 2 (strong) and stage 2 (weak), resulting in increased expected credit losses. If the weighting of the improved scenario was 100%, total impairment provisions would decrease by DKK 448 million.

At 31 March 2022, the impairment model applied the following main scenario and adverse scenario:

Nykredit Realkredit Group						
Scenarios for impairment calculations						
	Main scenario			Adverse scenario		
	2022	2023	2024	2022	2023	2024
Short-term rate ¹	(0.2)	(0.2)	0.1	0.5	1.5	2.5
Long-term rate ²	0.2	0.3	0.8	1.8	2.6	3.2
House prices ³	3.2	1.7	3.2	(2.0)	(2.0)	(2.0)
GDP ³	2.1	1.9	1.5	1.0	0.5	0.1
Unemployment ⁴	2.1	2.1	2.2	5.8	6.2	6.2

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 Registered gross unemployment.

Nykredit's main scenario assumes that during 2022 and 2023 GDP and house prices will be significantly reduced relative to previous forecasts due to the effects of the war in Ukraine. We have a good foundation with low arrears and overdraft levels, however.

We expect that some sectors may encounter difficulties with the repayment of loans granted under government relief packages, whilst also energy supply challenges, rising cost prices and supply chain disruption have led Nykredit to adjust its main scenario.

Post-model adjustments

Corrections to and changes in assumptions in the impairment models are based on management judgement. At end-March, such post-model adjustments totalled DKK 3,582 million. The underlying reasons, for example changes in agricultural output prices due to changed economic trends and/or changed export potential as well as financial and legal conditions in the real estate sector may generally affect credit risk beyond the outcome derived on the basis of model-based impairments. Local geographical conditions, internal process risk and ongoing monitoring of the loan portfolio may also reflect conditions which macroeconomic projections cannot capture. The estimates are adjusted and evaluated on a regular basis, and it is decided on an individual basis whether to phase out or incorporate an estimate into the models, if necessary.

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

	DKK million	
	31.03.2022	31.12.2021
Nykredit Realkredit Group		
Specific macroeconomic risks and process-related circumstances		
Agriculture	579	499
Covid-19	608	1,244
The war in Ukraine	696	-
Concentration risks in loan portfolios	241	254
Total macroeconomic risks	2,124	1,997
Process-related	236	240
Model changes	323	326
Other (results of controlling, haircuts etc)	899	935
Total process-related circumstances	1,458	1,501
Total post-model adjustments	3,582	3,498

Note: As at Q1/2022, another DKK 1,009 million was added to the impairment models as in-model adjustments, where vulnerable sectors due to covid-19 and the war in Ukraine are stressed, resulting in a change of stage (Q4/2021: DKK 855 million). Of this amount, DKK 700 million was attributable to covid-19 and DKK 309 million to the war in Ukraine.

MORTGAGE LENDING

At end-March 2022, Nykredit's credit exposure in terms of nominal mortgage lending was DKK 1,412 billion, corresponding to an increase of DKK 21 billion (end-2021: DKK 1,391 billion).

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

The average LTV ratio was 53.3% at end-March 2022 (end-2021: 55.8%).

Total provisions for mortgage loan impairment

Total provisions for mortgage loan impairment equalled 0.44% of total mortgage lending, excluding credit institutions (end-2021: 0.47%). Total impairment provisions amounted to DKK 6,252 million at end-March 2022 (end-2021: DKK 6,515 million). Provisions for covid-19 and the war in Ukraine are based on stress test calculations and have been included in total impairment provisions.

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	615,317	189,598	51,405	1,069	406	502	858,298	56.9
Private rental	114,308	31,039	8,579	439	202	174	154,740	55.2
Industry and trades	18,301	2,702	190	17	16	24	21,250	44.7
Office and retail	102,332	20,559	1,325	230	147	120	124,713	48.0
Agriculture	58,942	19,302	4,813	318	125	146	83,645	58.5
Public housing	0	0	0	0	0	0	83,449	0.0
Other	14,263	2,748	596	85	54	79	17,824	48.7
Total Q1/2022	923,463	265,948	66,908	2,158	949	1,046	1,343,921	53.3
Total 2021	918,697	284,098	89,249	2,924	1,145	1,190	1,382,551	55.8

Nykredit Realkredit Group

Mortgage lending by property type¹

DKK million

	31.03.2022		31.12.2021	
	Total impairment provisions	Total earnings impact	Total impairment provisions	Total earnings impact
Owner-occupied dwellings	2,607	(86)	2,732	242
Private rental	792	38	759	4
Industry and trades	78	(8)	87	9
Office and retail	795	(34)	831	(110)
Agriculture	1,413	(91)	1,513	(266)
Public housing	21	(3)	25	(9)
Cooperative housing	322	(23)	345	23
Other	223	(1)	223	106
Total	6,252	(208)	6,515	0

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

Impairment charges for loans and advances are mainly attributable to:

	DKK million	
Nykredit Realkredit Group		
Total impairment provisions for mortgage lending	31.03.2022	31.12.2021
Individual impairment provisions (stage 3)	2,321	2,631
Model-based impairment provisions (stages 1, 2 and 3)	3,932	3,883
- of which attributable to covid-19 and the war in Ukraine	1,564	1,473
Total impairment provisions for mortgage lending	6,252	6,515

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 were a reversal of DKK 208 million (FY 2021: DKK 0 million). Reversal of impairment charges for loans and advances for the period comprises a reversal of DKK 85 million attributable to owner-occupied dwellings and a reversal of DKK 123 million attributable to the business segment.

Arrears

Mortgage loan arrears are determined 15 and 75 days past the due date. Mortgage loan arrears were 0.16% of total mortgage payments due 75 days past the December due date (December due date 2020: 0.22%).

Bond debt outstanding affected by arrears as a percentage of total bond debt outstanding also decreased to DKK 1.61 billion (December due date 2020: DKK 2.28 billion).

Properties acquired by foreclosure

In Q1/2022, the Group acquired no properties and sold 2. The property portfolio counted 4 properties at 31 March 2022 (end-2021: 6).

BANK LENDING

Bank lending at amortised cost amounted to DKK 79.9 billion at end-March 2022 (end-2021: DKK 74.5 billion), up DKK 5.4 billion since the turn of the year.

Reverse repurchase lending totalled DKK 47.0 billion at end-March 2022 (end-2021: DKK 50.9 billion). Guarantees provided amounted to DKK 9.1 billion (end-2021: DKK 9.0 billion).

Total provisions for bank loan impairment etc

Provisions for bank loan impairment (exclusive of credit institutions and guarantees) totalled DKK 2,840 million at end-March 2022 (end-2021: DKK 2,755 million). Provisions for covid-19 and the war in Ukraine are based on stress test calculations and included in total impairment provisions.

Impairment charges for loans and advances are mainly attributable to:

	DKK million	
Nykredit Realkredit Group		
Total provisions for bank loan impairment	31.03.2022	31.12.2021
Individual impairment provisions (stage 3)	1,680	1,683
Model-based impairment provisions (stages 1, 2 and 3)	1,160	1,072
- of which attributable to covid-19 and the war in Ukraine	749	626
Total provisions for bank loan impairment	2,840	2,755

Guarantees

At end-March 2022, guarantees etc provided amounted to DKK 9,059 million (end-2021: DKK 8,987 million). At end-March 2022, provisions

Nykredit Realkredit Group

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

DKK million

	31.03.2022			31.12.2021		
	Lending, end of period	Total impairment provisions	Earnings impact	Lending, end of period	Total impairment provisions	Earnings impact
Public sector	605	26	16	1,110	10	0
Agriculture, hunting, forestry and fishing	4,296	182	(10)	3,877	192	13
Manufacturing, mining and quarrying	14,587	481	223	11,754	262	(123)
Energy supply	5,826	76	44	5,475	32	6
Construction	2,782	195	(8)	2,722	202	8
Trade	10,359	536	(120)	9,752	655	225
Transport, accommodation and food service activities	5,861	194	53	6,525	144	(29)
Information and communication	3,827	79	(4)	2,376	83	(23)
Finance and insurance	53,832	87	4	56,378	91	(50)
Real estate	15,518	449	(78)	16,540	524	(74)
Other	10,544	270	(53)	9,948	312	(42)
Total business customers	127,431	2,548	51	125,346	2,497	(89)
Personal customers	28,633	562	(15)	27,182	579	(28)
Total	156,669	3,137	52	153,638	3,086	(118)
- of which provisions for losses under guarantees etc		297	(34)		331	90
Impairment provisions for credit institutions		4	(5)		9	(2)
- of which intercompany guarantees and total	20,678	3,141	46	19,239	3,096	(120)

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

DKK million

Nykredit Bank Group	Q1/ 2022	Q1/ 2021	Q4/ 2021	2021
Business profit and profit for the period				
Net interest income	485	434	441	1,774
Net fee income	162	153	181	680
Wealth management income	592	544	629	2,324
Net interest from capitalisation	(31)	(7)	(14)	(41)
Net income relating to customer benefits programmes ¹	(27)	(2)	(26)	(72)
Trading, investment portfolio and other income	259	230	505	1,246
Income	1,441	1,351	1,717	5,912
Costs	769	687	806	2,927
Business profit before impairment charges	672	665	911	2,985
Impairment charges for loans and advances	46	(12)	(50)	(120)
Business profit	626	676	962	3,105
Legacy derivatives	329	237	79	432
Profit before tax for the period	954	913	1,041	3,537
Tax	207	193	225	733
Profit for the period	748	720	816	2,804
Minority interests	15	9	15	45
Summary balance sheet	31.03.2022	31.03.2021	31.12.2021	31.12.2021
Reverse repurchase lending	47,043	36,282	50,900	50,900
Loans, advances and other receivables at amortised cost	79,890	70,285	74,513	74,513
Payables to credit institutions and central banks	56,139	56,249	52,833	52,833
Repo deposits	8,397	1,858	7,379	7,379
Deposits and other payables	88,174	85,605	92,895	92,895
Equity	31,604	26,802	30,856	30,856
SELECTED FINANCIAL RATIOS				
Profit for the period as % pa of average equity	5.9	10.7	10.9	10.0
Costs as % of income	53.4	50.8	46.9	49.5
Average number of staff, full-time equivalent	1,016	962	988	974

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

Nykredit Bank posted a highly satisfactory profit for Q1/2022 with a profit before tax of DKK 954 million (Q1/2021: DKK 913 million). The quarter was characterised by continued growth in lending and customers.

Based on financial results, growth and new customers in Q1/2022, we raise our 2022 guidance for profit before tax to DKK 2.8-3.3 billion from the former DKK 2.4-2.9 billion.

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

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

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

Nykredit Bank's green products to finance cars and homes are a key element of Nykredit's ambitions for a greener Denmark. The 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 or hybrid car or making low-energy home improvements. We also offer green products to our agricultural customers, for example green machinery financing. Finally we offer green construction loans to public housing clients with green energy renovation or green construction projects.

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

Expanding and strengthening collaboration with our Totalkredit partners is one of the key objectives of Nykredit's strategy, Winning the Double. All stakeholders, not least our customers, will benefit when strong players join forces. Customers of a large number of banks, including Nykredit Bank, have access to some of the top insurance products in the market. The insurance propositions were well received by customers, and we continue developing products for business and agricultural customers in addition to optimising digital processes for the benefit of our customers.

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

As a natural consequence of Russia's invasion of Ukraine, Denmark will be receiving Ukrainian refugees. Nykredit Bank will be assisting Ukrainian refugees wishing to bank with us.

Q1 in summary

Business profit came to DKK 626 million in Q1/2022 (Q1/2021: DKK 676 million), and profit for the period before tax was DKK 954 million (Q1/2021: DKK 913 million).

Income totalled DKK 1,441 million (Q1/2021: DKK 1,351 million), reflecting increased business activity compared to Q1/2021 which positively affected net interest income relative to deposits and lending. In addition, income relating to Asset Management was higher than in the same period last year.

Costs were DKK 769 million (Q1/2021: DKK 687 million). Business volumes and activity increased compared to Q1/2021, which led to rising costs. The Group maintains focus on building business efficiency, while investing significant resources in compliance and implementation of new regulatory requirements, as well as expanding the BEC partnership.

Impairment charges for loans and advances were DKK 46 million (Q1/2021: a net reversal of DKK 12 million). Impairment charges were still impacted by favourable economic trends.

Legacy derivatives resulted in a gain of DKK 329 million (Q1/2021: DKK 237 million). Legacy derivatives are derivatives Nykredit no longer offers to customers.

The bond and equity portfolio stood at DKK 41.2 billion at end-March 2022 (end-2021: DKK 40.0 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.

Lending had risen DKK 5.4 billion to DKK 79.9 billion at end-March 2022 (end-2021: DKK 74.5 billion).

Deposits and other payables amounted to DKK 88.2 billion at end-March 2022 (end-2021: DKK 92.9 billion).

Deposits exceeded lending at amortised cost by DKK 8.3 billion at end-March 2022 (end-2021: DKK 18.4 billion).

DKK million

Totalkredit	Q1/ 2022	Q1/ 2021	Q4/ 2021	2021
BUSINESS PROFIT AND PROFIT FOR THE PERIOD				
Net interest income	937	887	977	3,716
Net fee income	279	193	215	814
Net interest from capitalisation	(78)	(60)	(65)	(252)
Net income relating to customer benefits programmes	(53)	(61)	(74)	(269)
Trading, investment portfolio and other income	(84)	(55)	19	(108)
Income	1,002	904	1,072	3,901
Costs	235	199	262	937
Business profit before impairment charges	767	705	808	2,964
Impairment charges for loans and advances	(34)	100	53	155
Profit before tax	801	604	756	2,810
Tax	116	77	111	395
Profit for the period	685	527	645	2,414
Interest on Additional Tier 1 capital not recognised in profit or loss	30	48	55	200
SUMMARY BALANCE SHEET				
Assets	31.03.2022	31.03.2021	31.12.2021	31.12.2021
Receivables from credit institutions and central banks	17,217	24,017	20,152	20,152
Mortgage loans at fair value	825,450	819,224	852,688	852,688
Bonds at fair value	52,953	66,388	79,096	79,096
Payables to credit institutions and central banks	851,684	865,703	903,688	903,688
Bonds in issue at fair value	3,486	4,480	3,728	3,728
Equity	35,332	34,984	38,726	38,726
FINANCIAL RATIOS				
Profit for the period as % pa of average equity ¹	6.1	6.7	7.8	7.5
Costs as % of income	23.4	22.0	24.6	24.0
Average number of staff, full-time equivalent	244	238	240	241

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

Totalkredit delivered a highly satisfactory financial performance in Q1/2022 with profit before tax of DKK 801 million (Q1/2021: DKK 604 million). The results were driven by bond price declines resulting in remortgaging activity.

The alliance with the 45 Totalkredit partner banks is the foundation for our commitment to contribute to development and growth and offer attractive and secure loans all over Denmark at all times. The alliance between Totalkredit and its partner banks remains strong. Together with our partner banks, which are primarily responsible for the customers, we are committed to helping our customers, especially in difficult times.

In August 2021 the Danish Consumer Council labelled Totalkredit's mortgage loans as "Recommended". This stamp of approval is based on tests of eight different loan scenarios, with Totalkredit's mortgage loans having the lowest rates in all scenarios. Totalkredit obtained the same recommendation in 2019.

Thanks to the contribution from Forenet Kredit to the Nykredit Group, this will be the sixth consecutive year where customers gain cash benefits from our mutual ownership structure. As a result, Totalkredit has been able to offer discounts on mortgage loans in the form of KundeKroner.

Thanks to a DKK 200 million contribution to the Nykredit Group from Forenet Kredit for green initiatives, we can offer green contributions of DKK 10,000 to up to 3,000 Totalkredit customers who opt to replace their oil-fired boilers with heat pumps. In 2022 the scheme has been expanded to also include customers wishing to replace gas-fired boilers with heat pumps. The scheme has been expanded by 3,000 new vouchers each in the amount of DKK 10,000 in addition to the remaining about 500 vouchers earmarked for replacement of oil-fired boilers.

Sustainability has become an important part of our work, and we are working across the Group to support Denmark's green transition.

Taking another step towards green transition, 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.

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

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

Q1 in summary

Profit before tax amounted to DKK 801 million (Q1/2021: DKK 604 million). Profit for the period as % pa of average equity came to 6.1% (Q1/2021: 6.7%).

Income came to DKK 1,002 million (Q1/2021: DKK 904 million), mainly due to increasing net interest and fee income, driven by high mortgage activity in Q1.

Costs were DKK 235 million (Q1/2021: DKK 199 million). Business volumes and activity increased for the period, which led to rising costs for staff as well as the Danish Resolution Fund. Costs as a percentage of income totalled 23.4% in (Q1/2021: 22.0%).

Impairment charges for loans and advances were a net reversal of DKK 34 million (Q1/2021: charge of DKK 100 million). Credit quality remains satisfactory.

Mortgage loans at fair value decreased to DKK 825.5 billion compared with end-2021 (end-2021: DKK 852.7 billion). At nominal value, the loan portfolio totalled DKK 883.7 billion at 31 March 2022 (end-2021: DKK 865.8 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 8-14 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 32) includes all interest.

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

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

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

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

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 2022 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 2022 and of the results of the Group's and the Parent's operations and the Group's cash flows for the financial period 1 January – 31 March 2022.

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

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

Copenhagen, 5 May 2022

Executive Board

Michael Rasmussen
Group Chief Executive

Anders Jensen
Group Managing Director

David Hellemann
Group Managing Director

Tonny Thierry Andersen
Group Managing Director

Board of Directors

Merete Eldrup
Chair

Preben Sunke
Deputy Chair

Olav Bredgaard Brusen*

Michael Demsitz

Per W. Hallgren

Jørgen Høholt

Hans-Ole Jochumsen

Vibeke Krag

Allan Kristiansen*

Mie Krog

Inge Sand*

Kristina Andersen Skiøld*

* Staff-elected member

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

DKK million

Nykredit Realkredit A/S					Nykredit Realkredit Group	
Q1/2021	Q1/2022		Note	Q1/2022	Q1/2021	
INCOME STATEMENTS						
4,241	4,148	Interest income		6,070	5,769	
-	-	Interest income based on the effective interest method		444	478	
3,245	3,172	Interest expenses		3,645	3,394	
996	976	Net interest income	6	2,868	2,853	
52	89	Dividend on equities etc.	6	92	55	
240	227	Fee and commission income	5	1,188	1,082	
89	117	Fee and commission expenses		1,159	1,027	
1,199	1,175	Net interest and fee income		2,989	2,963	
645	224	Value adjustments	6, 7	908	1,129	
345	442	Other operating income		391	367	
730	784	Staff and administrative expenses		1,401	1,322	
71	63	Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets		73	80	
36	61	Other operating expenses		71	46	
0	(175)	Impairment charges for loans, advances and receivables etc	8, 9	(162)	91	
1,279	1,449	Profit from investments in associates and Group enterprises	10	1	1	
2,630	2,558	Profit before tax		2,904	2,922	
252	166	Tax		497	535	
2,378	2,391	Profit for the period		2,407	2,387	
Distribution of profit for the period						
2,340	2,354	Shareholder of Nykredit Realkredit A/S		2,354	2,340	
-	-	Minority interests		15	9	
38	38	Holders of Additional Tier 1 capital notes		38	38	
2,378	2,391	Profit for the period		2,407	2,387	
COMPREHENSIVE INCOME						
2,378	2,391	Profit for the period		2,407	2,387	
Other comprehensive income						
Items that cannot be reclassified to profit or loss:						
(9)	(16)	Actuarial gains/losses on defined benefit plans		(16)	(9)	
7	3	Tax on actuarial gains/losses on defined benefit plans		3	7	
(2)	(12)	Total items that cannot be reclassified to profit or loss		(12)	(2)	
(2)	(12)	Other comprehensive income		(12)	(2)	
2,375	2,379	Comprehensive income for the period		2,394	2,385	
Distribution of comprehensive income						
2,338	2,341	Shareholder of Nykredit Realkredit A/S		2,341	2,338	
-	-	Minority interests		15	9	
38	38	Holders of Additional Tier 1 capital notes		38	38	
2,375	2,379	Comprehensive income for the period		2,394	2,385	

BALANCE SHEETS

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
31.12.2021	31.03.2022	Note	31.03.2022	31.12.2021
ASSETS				
2,031	9	Cash balances and demand deposits with central banks	37,926	40,129
41,032	39,493	Receivables from credit institutions and central banks	7,218	5,165
1,433,537	1,369,512	Loans, advances and other receivables at fair value	11 1,344,193	1,382,803
252	229	Loans, advances and other receivables at amortised cost	12 127,287	125,796
28,703	29,920	Bonds at fair value	13 86,321	84,589
998	1,209	Bonds at amortised cost	14 1,209	998
6,667	6,830	Equities etc	7,513	7,368
30	28	Investments in associates	36	40
70,311	67,561	Investments in Group enterprises	-	-
269	280	Intangible assets	2,208	2,205
Land and buildings				
14	14	Owner-occupied properties	31	31
377	352	Leased properties	360	380
390	366	Total	391	412
195	195	Other property, plant and equipment	218	217
31	347	Current tax assets	660	49
(0)	(0)	Deferred tax assets	144	130
8	8	Assets in temporary possession	12	12
5,726	5,716	Other assets	20,987	23,165
285	390	Prepayments	734	396
1,590,464	1,522,093	Total assets	1,637,058	1,673,473

BALANCE SHEETS

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group			
31.12.2021	31.03.2022		Note	31.03.2022	31.12.2021
LIABILITIES AND EQUITY					
2,879	4,189	Payables to credit institutions and central banks		21,163	14,917
-	-	Deposits and other payables	15	96,482	100,076
1,419,027	1,352,114	Bonds in issue at fair value	16	1,322,973	1,362,926
55,576	56,318	Bonds in issue at amortised cost	17	61,566	59,991
458	897	Other non-derivative financial liabilities at fair value	18	12,859	10,830
-	-	Current tax liabilities		8	36
8,057	6,198	Other liabilities		18,858	19,424
-	-	Deferred income		9	12
1,485,997	1,419,716	Total payables		1,533,919	1,568,211
Provisions					
28	25	Provisions for pensions and similar obligations		26	29
89	186	Provisions for deferred tax		381	301
28	27	Repayable reserves in pre-1972 series		27	28
-	-	Provisions for losses under guarantees		297	331
85	68	Other provisions		214	245
229	306	Total provisions		945	934
10,737	10,571	Subordinated debt	19	10,571	10,737
Equity					
1,182	1,182	Share capital		1,182	1,182
Accumulated value adjustments					
-	-	- revaluation reserves		3	3
Other reserves					
30,727	31,978	- statutory reserves		-	-
32,555	32,555	- series reserves		32,555	32,555
3,203	3,203	- non-distributable reserve fund		4,849	4,849
17,702	18,792	- retained earnings		49,120	46,780
4,380	-	- proposed dividend		-	4,380
89,750	87,710	Shareholder of Nykredit Realkredit A/S		87,710	89,750
-	-	Minority interests		127	112
3,751	3,790	Holders of Additional Tier 1 capital		3,785	3,729
93,501	91,500	Total equity		91,623	93,591
1,590,464	1,522,093	Total liabilities and equity		1,637,058	1,673,473
OFF-BALANCE SHEET ITEMS					
-	-	Contingent liabilities		9,059	8,987
8,615	9,588	Other commitments		21,018	23,087
8,615	9,588	Total		30,077	32,074

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Realkredit Group

	Share capital ¹	Revaluation reserves	Series reserves	Non-distributable reserve fund ²	Retained earnings	Proposed dividend	Shareholder of Nykredit Realkredit A/S	Minority interests	Additional Tier 1 capital ³	Total equity
2022										
Equity, 1 January	1,182	3	32,555	4,849	46,780	4,380	89,750	112	3,729	93,591
Profit for the period	-	-	-	-	2,354	-	2,354	15	38	2,407
Total other comprehensive income	-	-	-	-	(12)	-	(12)	-	-	(12)
Total comprehensive income	-	-	-	-	2,341	-	2,341	15	38	2,394
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(1)	-	(1)	-	1	-
Change in own portfolio	-	-	-	-	-	-	-	-	18	18
Distributed dividend	-	-	-	-	-	(4,380)	(4,380)	-	-	(4,380)
Equity, 31 March	1,182	3	32,555	4,849	49,120	-	87,710	127	3,785	91,623
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

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 fund of DKK 1,646 million in Totalkredit A/S and DKK 3,203 million in Nykredit Realkredit A/S.

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

STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Realkredit A/S

	Share capital ¹	Non-distributable reserve fund	Statutory reserves ²	Series reserves	Retained earnings	Proposed dividend	Shareholder of Nykredit Realkredit A/S	Additional Tier 1 capital ³	Total equity
2022									
Equity, 1 January	1,182	3,203	30,727	32,555	17,702	4,380	89,750	3,751	93,501
Profit for the period	-	-	1,449	-	905	-	2,354	-	2,354
Total other comprehensive income	-	-	-	-	(12)	-	(12)	38	26
Total comprehensive income	-	-	1,449	-	893	-	2,341	38	2,379
Foreign currency translation adjustment of Additional Tier 1 capital	-	-	-	-	(1)	-	(1)	1	-
Distributed dividend	-	-	-	-	-	(4,380)	(4,380)	-	(4,380)
Dividend from Group enterprises	-	-	(198)	-	198	-	-	-	-
Other reserves transferred to retained earnings	-	-	0	-	(0)	-	-	-	-
Equity, 31 March	1,182	3,203	31,978	32,555	18,792	-	87,710	3,790	91,500
2021									
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

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

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

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

CASH FLOW STATEMENT

DKK million

Nykredit Realkredit Group	Q1/2022	Q1/2021
Profit for the period	2,407	2,387
Adjustments		
Net interest income	(2,868)	(2,853)
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	73	80
Profit from investments in associates	(1)	(1)
Impairment charges for loans, advances and receivables etc	(204)	91
Prepayments/deferred income, net	(341)	(291)
Tax calculated on profit for the period	497	535
Other adjustments	(467)	(881)
Total	(904)	(933)
Change in operating capital		
Loans, advances and other receivables	37,323	3,881
Deposits and payables to credit institutions	2,652	(9,983)
Bonds in issue	(38,378)	1,841
Other operating capital	3,305	3,721
Total	3,997	(1,474)
Interest income received	6,596	6,152
Interest expenses paid	(3,418)	(3,486)
Corporation tax paid, net	(1,067)	(931)
Cash flows from operating activities	6,109	261
Cash flows from investing activities		
Sale of associates	3	-
Dividend received from associates	2	2
Purchase and sale of bonds and equities, net	(1,875)	(4,780)
Purchase of intangible assets	(28)	(180)
Sale of intangible assets	3	157
Purchase of property, plant and equipment	(14)	(3)
Sale of property, plant and equipment	(0)	19
Total	(1,909)	(4,786)
Cash flows from financing activities		
Issuance of subordinated debt instruments	-	725
Distributed dividend	(4,380)	(2,230)
Purchase and sale of self-issued subordinated debt instruments	-	3
Payment of lease liabilities	(42)	(40)
Total	(4,422)	(1,542)
Total cash flows for the period	(222)	(6,067)
Cash and cash equivalents, beginning of period	45,294	59,361
Foreign currency translation adjustment of cash	72	143
Total cash flows for the period	(222)	(6,067)
Cash and cash equivalents, end of period	45,144	53,437
Cash and cash equivalents, end of period:		
Cash balances and demand deposits with central banks	37,926	33,897
Receivables from credit institutions and central banks	7,218	19,540
Total	45,144	53,437

NOTES

Nykredit Realkredit Group

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1. ACCOUNTING POLICIES

General

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

The Parent Interim Financial Statements for Q1/2022 have been prepared in accordance with the Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc (the Danish Executive Order on Financial Reports) issued by the Danish Financial Supervisory Authority (FSA).

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 2021, 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 2022.

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

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

Significant accounting estimates and assessments

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

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

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 2021 to which reference is made.

Loans, advances and receivables are still subject to high general uncertainty about the impacts of the covid-19 pandemic, as payment of tax and VAT deferred during the pandemic could lead to increased risk of generally lower credit quality and of more bankruptcies. Nevertheless, pandemic-related uncertainty is considered lower compared with end-2021. Consequently, in Q1/2022 covid-19-induced impairments of about DKK 0.8 billion have been reversed.

The war in Ukraine has also increased uncertainty about the measurement of lending and receivables, as sanctions against Russia and the situation in Ukraine could impact our customers' trading with these countries and with that their credit quality. In addition, we could see elevated credit risk as a consequence of higher inflation and energy prices, which could adversely impact the financial position of personal as well as business customers.

Impairment provisions of about DKK 1.0 billion have been taken to counter the increased risk from the war in Ukraine.

Please refer to the Management Commentary, page 21.

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2021	31.03.2022	31.03.2022	31.12.2021
2. CAPITAL AND CAPITAL ADEQUACY			
93,501	91,500	Equity for accounting purposes	91,623 93,591
-	-	Minority interests not included	(127) (112)
(3,751)	(3,790)	Carrying amount of Additional Tier 1 capital recognised in equity	(3,785) (3,729)
-	(2,354)	Profit etc for Q1/2022 not included	(2,354) 0
89,750	85,357	Equity excluding Additional Tier 1 capital and minority interests	85,357 89,750
(4,380)	-	Proposed dividend	- (4,380)
(23)	(33)	Prudent valuation adjustment	(84) (75)
-	-	Minority interests	62 51
(97)	(31)	Intangible assets excluding deferred tax liabilities	(1,958) (2,032)
(320)	(307)	Other regulatory adjustments	(307) (320)
-	-	Deduction for non-performing exposures	(19) (34)
(4,820)	(370)	Common Equity Tier 1 regulatory deductions	(2,305) (6,791)
84,930	84,986	Common Equity Tier 1 capital	83,051 82,959
3,696	3,715	Additional Tier 1 capital	3,726 3,706
-	-	Additional Tier 1 regulatory deductions	(22) (21)
3,696	3,715	Total Additional Tier 1 capital after regulatory deductions	3,704 3,685
88,626	88,701	Tier 1 capital	86,756 86,644
10,766	10,761	Tier 2 capital	10,775 10,777
1,876	2,010	Tier 2 regulatory adjustments	2,207 2,049
101,268	101,471	Own funds	99,737 99,471
522,958	517,905	Credit risk	379,196 350,326
11,587	16,366	Market risk	29,457 24,075
12,672	14,161	Operational risk	29,738 27,244
547,218	548,432	Total risk exposure amount	438,391 401,644
Financial ratios			
15.5	15.4	Common Equity Tier 1 capital ratio, %	18.9 20.6
16.1	16.1	Tier 1 capital ratio, %	19.7 21.5
18.5	18.5	Total capital ratio, %	22.7 24.7

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%.

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.

Results Q1/2022	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Totalkredit Partners	Wealth Management	Group Items	Total
Results by business area									
Net interest income	489	676	1,166	541	1,707	785	56	(2)	2,546
Net fee income	181	153	334	116	450	188	9	(12)	635
Wealth management income	115	35	150	37	187	-	396	8	592
Net interest from capitalisation	(20)	(28)	(48)	(37)	(85)	(72)	(3)	23	(138)
Net income relating to customer benefits programmes ¹	-	-	-	-	-	-	-	(81)	(81)
Trading, investment portfolio and other income	8	90	98	163	261	(1)	13	134	406
Income	774	926	1,699	820	2,520	900	471	69	3,959
Costs	600	310	911	187	1,097	192	232	25	1,546
Business profit before impairment charges	173	615	789	634	1,423	708	239	44	2,414
Impairment charges for loans and advances	(129)	30	(99)	1	(98)	(34)	(23)	(8)	(162)
Business profit	302	585	887	633	1,520	742	262	52	2,575
Legacy derivatives	31	164	195	134	329	-	0	-	329
Profit before tax	333	749	1,082	767	1,849	742	262	52	2,904
BALANCE SHEET, 31 MARCH 2022									
Assets									
Mortgage loans etc at fair value	163,396	209,423	372,819	255,281	628,100	704,066	11,755	-	1,343,920
Reverse repurchase lending								47,043	47,043
Loans and advances at amortised cost	11,554	26,890	38,444	36,534	74,978	-	4,869	397	80,244
Assets by business area	174,950	236,313	411,264	291,815	703,078	704,066	16,624	47,440	1,471,207
Unallocated assets									165,850
Total assets									1,637,058
Liabilities and equity									
Repo deposits								8,397	8,397
Bank deposits and other payables at amortised cost	39,596	24,402	63,999	8,406	72,405	-	14,071	1,609	88,085
Liabilities by business area	39,596	24,402	63,999	8,406	72,405	-	14,071	10,006	96,482
Unallocated liabilities									1,448,953
Equity									91,623
Total liabilities and equity									1,637,058

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 Q1/2021	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Totalkredit Partners	Wealth Management	Group Items	Total
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".

Nykredit Realkredit Group

4. RECONCILIATION OF INTERNAL AND REGULATORY INCOME STATEMENT

	Q1/2022			Q1/2021		
	Earnings presentation in Management Commentary	Reclassification	Income statement	Earnings presentation in Management Commentary	Reclassification	Income statement
Net interest income	2,546	322	2,868	2,454	398	2,853
Dividend on equities etc		92	92		55	55
Fee and commission income, net	635	(606)	29	584	(528)	56
Net interest and fee income		(192)	2,989		(76)	2,963
Wealth management income	592	(592)	-	544	(544)	-
Net interest from capitalisation	(138)	138	-	(114)	114	-
Net income relating to customer benefits programmes	(81)	81	-	(72)	72	-
Trading, investment portfolio and other income	406	(406)	-	826	(826)	-
Value adjustments		908	908		1,129	1,129
Other operating income		391	391		367	367
Income	3,959			4,223		
Costs	1,546	-	1,546	1,447	-	1,447
Business profit before impairment charges	2,414			2,776		
Impairment charges for loans and advances etc	(162)	-	(162)	91	-	91
Profit from investments in associates and Group enterprises		1	1		1	1
Business profit	2,575			2,685		
Legacy derivatives	329	(329)	-	237	(237)	-
Profit before tax	2,904	-	2,904	2,922	-	2,922

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	Q1/2022	Q1/2021
5. FEE AND COMMISSION INCOME		
Revenue from contracts with customers (IFRS 15) by business area		
Retail	176	156
Corporates & Institutions	114	112
Total Banking	290	268
Totalkredit Partners	278	248
Wealth Management	586	545
Group Items	22	8
Total	1,176	1,069
Total including income from financial guarantees	1,188	1,082

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

Nykredit's revenue primarily consists of net income recognised in items governed by the accounting standards IFRS 9 "Financial Instruments" and IFRS 16 "Leases". Fees, including transaction costs, that are integral to the effective interest rate of an instrument are covered by IFRS 9.

Revenue recognised according to IFRS 15 partly includes fees from guarantees (excluding financial 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

Q1/2022	Interest income	Interest expenses	Net interest income	Dividend on equities	Value adjustments	Total
Financial portfolios at amortised cost						
Receivables from and payables to credit institutions and central banks	(28)	7	(34)	-	-	(34)
Lending and deposits	471	(101)	572	-	3	574
Repo transactions and reverse repurchase lending	(70)	(12)	(58)	-	-	(58)
Bonds	(1)	-	(1)	-	-	(1)
Subordinated debt	-	53	(53)	-	-	(53)
Other financial instruments	31	22	9	-	-	9
Total	404	(31)	435	-	3	437
Financial portfolios at fair value and financial instruments at fair value						
Mortgage loans and bonds in issue ¹	5,514	3,129	2,385	-	46	2,431
- of which administration margin income	2,446	-	2,446	-	-	2,446
Bonds	57	-	57	-	(1,206)	(1,149)
Equities etc	-	-	-	92	209	301
Derivative financial instruments	(9)	-	(9)	-	1,822	1,813
Total	5,562	3,129	2,433	92	871	3,396
Foreign currency translation adjustment					34	34
Net interest income etc and value adjustments	5,965	3,097	2,868	92	908	3,868
Negative interest income	243	243	-			
Positive interest expenses	305	305	-			
Total	6,513	3,645	2,868			
KundeKroner and ErhvervsKroner discounts are offset against interest income and for the period amounted to	396					
Q1/2021						
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	-			
Positive 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					

¹ Recognised at fair value under the fair value option.

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1/2021	Q1/2022	Q1/2022	Q1/2021
7. VALUE ADJUSTMENTS			
Assets measured at fair value through profit or loss			
(4,054)	(15,007)	(63,904)	(19,609)
(15,537)	(48,842)	-	-
(5)	(2)	3	2
(197)	(1,303)	(1,206)	(192)
657	199	209	691
1	(27)	34	51
60	1,312	1,820	446
-	-	2	1
Liabilities measured at fair value through profit or loss			
4,182	15,053	63,950	19,738
15,537	48,842	(0)	-
645	224	908	1,129

NOTES

DKK million

Nykredit Realkredit Group

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

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

	Loans and advances at fair value	Loans and advances at fair value	Loans and advances at amortised cost	Loans and advances at amortised cost	Credit institutions	Credit institutions	Guarantees etc ¹	Guarantees etc ¹	Total	Total
Total impairment provisions	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Balance, 1 January	6,515	6,652	2,755	3,012	24	22	331	241	9,625	9,928
New impairment provisions as a result of additions and change in credit risk	1,121	2,086	767	720	1	3	113	153	2,002	2,962
Releases as a result of redemptions and change in credit risk	1,329	1,936	683	777	6	3	147	93	2,165	2,810
Impairment provisions written off	55	127	12	78	-	-	-	-	66	206
Other adjustments and interest from impaired facilities	-	-	12	14	-	-	-	-	12	14
Transferred to "Impairment provisions for properties acquired by foreclosure"	-	0	-	-	-	-	-	-	-	0
Total impairment provisions	6,252	6,674	2,840	2,890	18	22	297	300	9,407	9,888
Earnings impact										
Change in impairment provisions for loans and advances (stages 1-3)	(208)	150	85	(57)	(5)	1	(34)	59	(163)	152
Write-offs for the period, not previously written down for impairment	19	33	3	7	-	-	-	-	22	41
Recoveries on claims previously written off	(19)	(26)	(8)	(18)	-	-	-	-	(27)	(44)
Total	(208)	157	80	(68)	(5)	1	(34)	59	(168)	149
Value adjustment of assets in temporary possession	(1)	1	-	-	-	-	-	-	(1)	1
Value adjustment of claims previously written off	26	(15)	6	(4)	-	-	-	-	32	(19)
Losses offset, in accordance with partnership agreement ²	(25)	(40)	-	-	-	-	-	-	(25)	(40)
Earnings impact	(208)	103	86	(71)	(5)	1	(34)	59	(162)	91

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

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

NOTES

DKK million

Nykredit Realkredit Group

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

8 b. Total impairment provisions by stage 2022	Loans and advances at fair value			Loans and advances at amortised cost			Guarantees etc			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
	Total, 1 January 2022	1,646	1,822	3,047	378	809	1,591	69	169	
Transfer to stage 1	536	(526)	(9)	295	(295)	(1)	59	(59)	-	-
Transfer to stage 2	(41)	167	(126)	(55)	138	(83)	(5)	15	(10)	-
Transfer to stage 3	(2)	(41)	43	(1)	(13)	14	(0)	(3)	3	-
Impairment provisions for new loans and advances (additions)	230	195	45	48	118	71	14	16	1	738
Additions as a result of change in credit risk	85	391	175	79	290	162	16	56	11	1,263
Releases as a result of change in credit risk	642	263	424	333	190	165	70	61	15	2,165
Previously written down for impairment, now written off	-	-	55	-	-	12	-	-	-	66
Other adjustments and interest from impaired facilities	-	-	-	-	-	12	-	-	-	12
Total impairment provisions, end of period	1,812	1,744	2,696	410	857	1,590	82	132	83	9,407
Total, end of period		6,252			2,858			297		9,407
Impairment provisions, end of period, are moreover attributable to:										
Credit institutions				18	-	-				18
Earnings impact for Q1/2022	(328)	323	(203)	(207)	218	69	(41)	10	(4)	(163)
2021	Loans and advances at fair value			Loans and advances at amortised cost			Guarantees etc			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Total, 1 January 2021	1,751	2,241	2,661	450	584	2,001	70	104	67	9,928
Transfer to stage 1	725	(725)	(0)	278	(276)	(1)	50	(49)	(1)	-
Transfer to stage 2	(85)	418	(333)	(66)	365	(299)	(7)	17	(10)	-
Transfer to stage 3	(3)	(407)	410	(0)	(44)	45	(0)	(11)	11	-
Impairment provisions for new loans and advances (additions)	368	221	109	45	62	21	11	12	3	851
Additions as a result of change in credit risk	140	827	421	80	372	144	12	100	15	2,111
Releases as a result of change in credit risk	1,128	396	412	319	234	227	62	21	11	2,810
Previously written down for impairment, now written off	-	-	128	-	-	78	-	-	-	206
Other adjustments and interest from impaired facilities	-	-	-	-	-	14	-	-	-	14
Total impairment provisions, end of period	1,767	2,180	2,727	467	827	1,619	74	152	74	9,888
Total, end of period		6,674			2,913			300		9,888
Impairment provisions, end of period, are moreover attributable to:										
Credit institutions				22	-	-				22
Earnings impact for Q1/2021	(620)	653	117	(194)	200	(62)	(39)	91	7	152

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

NOTES

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 2022	Stage 1	Stage 2	Stage 3	Total
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,293,016	38,936	18,493	1,350,445
Total impairment provisions, end of period	1,812	1,744	2,696	6,252
Value, end of period	1,291,205	37,191	15,797	1,344,193
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	112,582	15,176	2,369	130,127
Total impairment provisions, end of period	392	857	1,590	2,840
Value, end of period	112,190	14,319	778	127,287
Guarantees etc				
Guarantees etc	48,999	1,961	393	51,353
Total impairment provisions, end of period	82	132	83	297
Value, end of period	48,917	1,829	310	51,056
End-2021				
Loans and advances at fair value, gross				
Loans and advances at fair value, gross	1,332,017	37,192	20,109	1,389,318
Total impairment provisions, end of period	1,646	1,822	3,047	6,515
Value, end of period	1,330,370	35,370	17,063	1,382,803
Loans and advances at amortised cost excluding credit institutions, gross				
Loans and advances at amortised cost excluding credit institutions, gross	111,845	14,366	2,340	128,551
Total impairment provisions, end of period	354	809	1,591	2,755
Value, end of period	111,491	13,557	748	125,796
Guarantees etc				
Guarantees etc	32,451	2,505	391	35,347
Total impairment provisions, end of period	69	169	94	331
Value, end of period	32,382	2,336	297	35,016

Comparative figures have been restated, as credit commitments have not been included in this note in 2021.

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
Total impairment provisions	2022	2021	2022	2021	2022	2021
Beginning of period	4,793	5,019	13	10	4,806	5,029
New impairment provisions as a result of additions and change in credit risk	696	1,460	-	-	696	1,460
Releases as a result of redemptions and change in credit risk	891	1,452	1	2	892	1,454
Impairment provisions written off	14	60	-	-	14	60
Total impairment provisions	4,584	4,967	12	8	4,596	4,974
Earnings impact						
Change in impairment provisions for loans and advances (stages 1-3)	(195)	8	(1)	(2)	(196)	6
Write-offs for the period, not previously written down for impairment	12	19	-	-	12	19
Recoveries on claims previously written off	(12)	(18)	-	-	(12)	(18)
Total	(195)	10	(1)	(2)	(195)	8
Value adjustment of assets in temporary possession	0	5	-	-	0	5
Value adjustment of claims previously written off	20	(12)	-	-	20	(12)
Earnings impact	(175)	2	(1)	(2)	(175)	0

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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 2022	Loans and advances at fair value			Total
	Stage 1	Stage 2	Stage 3	
Total, 1 January 2022	1,141	1,136	2,530	4,806
Transfer to stage 1	363	(356)	(7)	-
Transfer to stage 2	(35)	131	(96)	-
Transfer to stage 3	(1)	(19)	20	-
Impairment provisions for new loans and advances (additions)	138	143	28	309
Additions as a result of change in credit risk	84	227	76	387
Releases as a result of change in credit risk	417	143	331	892
Previously written down for impairment, now written off	-	-	14	14
Total impairment provisions, end of period	1,272	1,118	2,206	4,596
Impairment provisions, end of period, are moreover attributable to:				
Credit institutions	12	-	-	12
Earnings impact for Q1/2022	(195)	226	(227)	(196)
2021	Loans and advances at fair value			
	Stage 1	Stage 2	Stage 3	Total
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

NOTES

DKK million

Nykredit Realkredit A/S

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

9 c. Loans and advances etc by stage

31 March 2022	Stage 1	Stage 2	Stage 3	Total
Loans and advances etc at fair value, gross				
Loans and advances etc at fair value, gross	488,956	20,680	13,690	523,326
Total impairment provisions, end of period	1,260	1,118	2,206	4,584
Loans and advances, carrying amount	487,696	19,562	11,485	518,743
End-2021	Stage 1	Stage 2	Stage 3	Total
Loans and advances etc at fair value, gross				
Loans and advances etc at fair value, gross	501,043	18,672	15,195	534,909
Total impairment provisions, end of period	1,128	1,136	2,530	4,793
Loans and advances, carrying amount	499,915	17,536	12,665	530,116

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DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
Q1/2021	Q1/2022	Q1/2022	Q1/2021
9. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (PARENT) (CONTINUED)			
9 d. Impairment provisions for properties acquired by foreclosure			
28	18	21	31
	Impairment provisions, beginning of period		
-	- Transfer from impairment provisions for loans and advances	-	0
13	0 Impairment provisions for the period	0	13
(8)	- Impairment provisions reversed	(1)	(12)
(3)	- Impairment provisions written off	-	(3)
30	18 Impairment provisions, end of period	21	30
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 Profit from investments in associates	1	1
1,279	1,449 Profit from investments in Group enterprises	-	-
1,279	1,449 Total	1	1

NOTES

DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group		
31.12.2021	31.03.2022		31.03.2022	31.12.2021
11. LOANS, ADVANCES AND OTHER RECEIVABLES AT FAIR VALUE				
529,970	518,611	Mortgage loans	1,343,920	1,382,551
146	131	Arrears and outlays	273	252
790	209	Loans to Totalkredit serving as collateral in capital centres	-	-
902,631	850,560	Totalkredit mortgage loan funding	-	0
1,433,537	1,369,512	Total	1,344,193	1,382,803
11 a. Mortgage loans				
523,062	525,274	Balance, beginning of period, nominal value	1,391,076	1,321,486
65,220	19,123	New loans	99,401	290,012
1	103	Indexation	103	1
(637)	(341)	Foreign currency translation adjustment	(341)	(637)
(15,016)	(3,873)	Ordinary principal payments	(8,902)	(32,545)
(47,356)	(11,785)	Prepayments and extraordinary principal payments	(69,138)	(187,240)
525,274	528,502	Balance, end of period, nominal value	1,412,201	1,391,076
9,390	(5,387)	Adjustment for interest rate risk etc	(62,152)	(2,158)
Adjustment for credit risk				
(4,695)	(4,503)	Impairment	(6,128)	(6,368)
529,970	518,611	Balance, end of period, fair value	1,343,920	1,382,551
As collateral for loans and advances, Nykredit has received mortgages over real estate and:				
67,228	69,759	Supplementary guarantees totalling	116,159	115,899
863	599	Interim loan guarantees totalling	28,362	30,501
2,599	2,215	Mortgage registration guarantees etc totalling	37,710	25,256
11 b. Arrears and outlays				
231	204	Arrears before impairment provisions	376	378
14	8	Outlays before impairment provisions	20	22
(99)	(80)	Individual impairment provisions for arrears and outlays	(124)	(147)
146	131	Total	273	252
11 c. Totalkredit mortgage loan funding				
858,817	914,436	Balance, beginning of period, nominal value	-	-
298,735	91,017	New loans	-	-
(16,921)	(4,028)	Ordinary principal payments	-	-
(226,196)	(93,897)	Prepayments and extraordinary principal payments	-	-
914,436	907,527	Balance, end of period, nominal value	-	-
(11,805)	(56,967)	Adjustment for interest rate risk	-	-
902,631	850,560	Balance, end of period, fair value	-	-

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DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2021	31.03.2022	31.03.2022	31.12.2021
12. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST			
-	-	82,729	77,268
8	6	-	-
-	-	6	7
-	-	47,043	50,900
244	224	349	375
252	229	130,127	128,551
Adjustment for credit risk			
-	-	(2,840)	(2,755)
252	229	127,287	125,796
13. BONDS AT FAIR VALUE			
28,323	60,072	87,584	83,614
23,823	23,229	28,375	28,392
8,170	8,124	8,124	8,170
19,559	22,638	73,476	70,927
6,105	4,532	9,450	9,172
3,039	2,750	3,395	4,489
89,018	121,346	210,404	204,765
(28,315)	(60,067)	(87,578)	(83,606)
(8)	(6)	(6)	(8)
(23,823)	(23,229)	(28,375)	(28,392)
(8,002)	(7,998)	(7,998)	(8,002)
(169)	(126)	(126)	(169)
28,703	29,920	86,321	84,589
Of bonds at fair value before set-off of self-issued bonds:			
5,108	4,158	9,664	13,272
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			
552	787	787	552
298	282	282	298
149	140	140	149
998	1,209	1,209	998

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Nykredit Realkredit A/S		DKK million	
31.12.2021	31.03.2022	Nykredit Realkredit Group	
31.12.2021	31.03.2022	31.03.2022	31.12.2021
15. DEPOSITS AND OTHER PAYABLES			
-	-	83,099	85,878
-	-	2,296	4,073
-	-	2,690	2,746
-	-	8,397	7,379
-	-	96,482	100,076
16. BONDS IN ISSUE AT FAIR VALUE			
129,048	126,954	130,471	132,808
1,341,138	1,307,676	1,307,676	1,341,138
8,980	8,778	8,778	8,980
1,479,166	1,443,408	1,446,925	1,482,926
(60,139)	(91,294)	(123,951)	(120,000)
1,419,027	1,352,114	1,322,973	1,362,926
16 a. ROs			
121,424	121,146	124,461	124,927
7,624	5,809	6,010	7,881
129,048	126,954	130,471	132,808
(23,823)	(23,229)	(28,375)	(28,392)
105,225	103,725	102,096	104,416
58	326	326	58
5,233	8,003	8,003	5,419
16 b. SDOs			
1,351,177	1,375,838	1,375,838	1,351,177
(10,039)	(68,163)	(68,163)	(10,039)
1,341,138	1,307,676	1,307,676	1,341,138
(28,315)	(60,067)	(87,578)	(83,606)
1,312,823	1,247,609	1,220,098	1,257,532
1,910	10,203	10,203	1,910
65,996	51,560	51,560	65,996

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DKK million

Nykredit Realkredit A/S		Nykredit Realkredit Group	
31.12.2021	31.03.2022	31.03.2022	31.12.2021
16. BONDS IN ISSUE AT FAIR VALUE (CONTINUED)			
16 c. Senior secured debt			
8,855	8,699	8,699	8,855
125	79	79	125
8,980	8,778	8,778	8,980
(8,002)	(7,998)	(7,998)	(8,002)
978	779	779	978
17. BONDS IN ISSUE AT AMORTISED COST			
-	-	5,248	4,415
8	6	6	8
55,675	56,374	56,374	55,675
70	70	70	70
55,752	56,450	61,697	60,167
(8)	(6)	(6)	(8)
(169)	(126)	(126)	(169)
55,576	56,318	61,566	59,991
18. OTHER NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE			
458	897	12,859	10,830
458	897	12,859	10,830

NOTES

Nykredit Realkredit A/S		Dkk million	
31.12.2021	31.03.2022	Nykredit Realkredit Group	
		31.03.2022	31.12.2021
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 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			
5,987	5,977	5,977	5,987
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	718	718	725
Nominally EUR 500 million. The loan matures on 28 July 2031, but may be redeemed at par (100) from 28 April 2026 to (and including) 28 July 2026. The loan carries a fixed interest rate of 0.875% pa up to 28 July 2026, after which date the interest rate will be fixed for the next five years			
3,653	3,505	3,505	3,653
10,737	10,571	10,571	10,737
Total subordinate loan capital			
10,766	10,761	10,775	10,777
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 Q1/2022.

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

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

Significant related party transactions prevailing/entered into as at 31 March 2022 include:

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

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

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

Nykredit Realkredit A/S has granted loans, see section 15 of the Danish Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, to Totalkredit A/S serving as supplementary collateral in Totalkredit A/S's capital centres. The loans totalled DKK 0.8 billion at 31 March 2022. The loans constitute secondary preferential claims and rank after the master bond in respect of the assets in Totalkredit A/S's capital centres.

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

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

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

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

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

Agreements between Forenet Kredit and Group companies

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

21. FAIR VALUE DISCLOSURES

Listed prices

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

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

Observable inputs

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

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

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

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

Furthermore, 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 301 million at 31 March 2022 (end-2021: DKK 385 million).

Upon entering into derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity and credit risk and return on capital etc. The minimum margin is amortised at the valuation of derivatives over their times-to-maturity. At 31 March 2022, the non-amortised minimum margin amounted to DKK 126 million (end-2021: DKK 119 million). With regard to liquidity and credit risk, these amounts have been included above in the net adjustment of FVA and CVA; DKK 167 million at end-March 2022 (end-2021: DKK 160 million). Finally, in some instances further value adjustment based on management judgement is made if the models are not deemed to take into account all known risks, including eg legal risks.

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

Unobservable inputs

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

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

Following value adjustment, the fair value came to DKK 948 million at 31 March 2022 (end-2021: DKK 1,396 million). Credit value adjustments came to DKK 973 million at 31 March 2022 (end-2021: DKK 1,345 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 40 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 2022, the proportion was thus 0.3% (end-2021: 0.3%). The proportion of financial liabilities was 0.0% (end-2021: 0.0%).

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 4.9 billion (end-2021: DKK 5.2 billion) belonged to this category.

Assuming that an actual market price will deviate by +/-10% from the calculated fair value, the earnings impact will be DKK 487 million at 31 March 2022 (0.53% of equity at 31 March 2022) (end-2021: DKK 519 million, equal to 0.55% of equity).

Transfers between categories

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

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

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

Transfers between the categories Listed prices and Observable inputs mainly result from bonds that are reclassified either due to traded volume or the number of days between last transaction and the time of determination. As at 31 March 2022, financial assets of DKK 9.6 billion (end-2021: DKK 7.5 billion) have been transferred from Listed prices to Observable inputs and DKK 11.8 billion (end-2021: DKK 5.3 billion) from Observable inputs to Listed prices. Financial liabilities of DKK 0.4 billion (end-2021: DKK 1.1 billion) were transferred from Listed prices to Observable inputs and DKK 2.2 billion (end-2021: DKK 0.0 billion) from Observable inputs to Listed prices.

Redeemed bonds (usually comprised by Listed prices) are transferred to Observable inputs on the last day before the coupon date, as there is no access to official prices in active markets. At 31 March 2022, the amount was DKK 0.7 billion (end-2021: DKK 0.5 billion).

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

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DKK million

Nykredit Realkredit Group

21. FAIR VALUE DISCLOSURES (CONTINUED)

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

31 March 2022

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
Financial assets:				
- bonds at fair value	23,049	63,272	-	86,321
- equities measured at fair value through profit or loss	3,620	-	3,894	7,513
- positive fair value of derivative financial instruments	892	11,718	948	13,557
- mortgage loans, arrears and outlays ¹	-	1,344,193	-	1,344,193
- owner-occupied properties	-	-	31	31
Total	27,560	1,419,183	4,873	1,451,616
Percentage	1.9	97.8	0.3	100.0
Financial liabilities:				
- other non-derivative financial liabilities at fair value	5,485	7,374	-	12,859
- negative fair value of derivative financial instruments	842	8,155	-	8,996
- bonds in issue at fair value ¹	1,322,169	804	-	1,322,973
Total	1,328,496	16,332	-	1,344,829
Percentage	98.8	1.2	-	100.0
Assets measured on the basis of unobservable inputs				
	Real estate	Equities	Derivatives	Total
Fair value, beginning of period, assets	31	3,762	1,396	5,190
Value adjustment recognised through profit or loss	(0)	123	(357)	(234)
Purchases for the period	-	64	-	64
Sales for the period	-	(55)	(1)	(56)
Transferred from Listed prices and Observable inputs ²	-	-	52	52
Transferred to Listed prices and Observable inputs ³	-	-	(143)	(143)
Fair value, end of period, assets	31	3,894	948	4,873

¹ Recognised at fair value under the fair value option.

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

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

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DKK million

Nykredit Realkredit Group

21. FAIR VALUE DISCLOSURES (CONTINUED)

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

31 December 2021

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

Assets measured on the basis of unobservable inputs

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

¹ Recognised at fair value under the fair value option.

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

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

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DKK million

Nykredit Realkredit Group	Q1/ 2022	Q1/ 2021	Q1/ 2020	Q1/ 2019	Q1/ 2018
22. FIVE-YEAR FINANCIAL HIGHLIGHTS					
SUMMARY INCOME STATEMENT					
Net interest income	2,868	2,853	2,847	2,676	2,682
Net fee income etc	121	110	99	(133)	(97)
Net interest and fee income	2,989	2,963	2,947	2,543	2,585
Value adjustments	908	1,129	(1,822)	540	443
Other operating income	391	367	346	323	217
Staff and administrative expenses	1,401	1,322	1,305	1,126	1,127
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	73	80	75	70	26
Other operating expenses	71	46	35	32	37
Impairment charges for loans, advances and receivables etc	(162)	91	1,312	219	(8)
Profit from investments in associates and Group enterprises	1	1	2	1	1
Profit (loss) before tax	2,904	2,922	(1,255)	1,961	2,064
Tax	497	535	(376)	330	384
Profit (loss) for the period	2,407	2,387	(879)	1,631	1,680
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018
Assets					
Cash balances and receivables from credit institutions and central banks	45,144	53,437	41,002	37,744	37,589
Mortgage loans at fair value	1,343,920	1,348,654	1,286,026	1,217,330	1,168,690
Bank loans excluding reverse repurchase lending	79,890	70,285	69,389	60,723	57,128
Bonds and equities etc	93,835	118,241	117,662	105,368	88,272
Remaining assets	74,270	70,367	77,358	67,543	66,414
Total assets	1,637,058	1,660,985	1,591,437	1,488,708	1,418,092
Liabilities and equity					
Payables to credit institutions and central banks	21,163	13,221	22,705	21,653	24,630
Deposits and other payables	96,482	89,394	92,299	100,358	87,475
Bonds in issue at fair value	1,322,973	1,362,675	1,308,146	1,215,506	1,169,922
Subordinated debt	10,571	11,592	11,011	11,034	10,944
Remaining liabilities	94,245	94,174	73,782	61,478	49,165
Equity	91,623	89,929	83,494	78,678	75,956
Total liabilities and equity	1,637,058	1,660,985	1,591,437	1,488,708	1,418,092
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	9,059	9,479	6,792	6,210	6,376
Other commitments	21,018	19,147	29,541	17,773	8,381
FINANCIAL RATIOS¹					
Total capital ratio, %	22.7	24.3	24.5	24.5	24.4
Tier 1 capital ratio, %	19.7	21.0	21.2	21.4	21.2
Return on equity before tax, %	3.1	3.3	(1.5)	2.5	2.7
Return on equity after tax, %	2.6	2.7	(1.0)	2.1	2.2
Income:cost ratio	3.1	2.9	0.5	2.4	2.7
Foreign exchange position, %	0.0	0.0	0.4	0.3	0.4
Loans and advances:equity (loan gearing)	16.1	16.2	16.7	16.7	16.6
Growth in loans and advances for the period, %	1.8	1.2	1.5	0.9	(1.7)
Impairment charges for the period, %	(0.01)	0.01	0.09	0.02	0.00
Return on capital employed, %	0.15	0.14	(0.06)	0.11	0.12

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 57 in the Annual Report for 2021.

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DKK million

Nykredit Realkredit A/S	Q1/ 2022	Q1/ 2021	Q1/ 2020	Q1/ 2019	Q1/ 2018
22. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)					
SUMMARY INCOME STATEMENT					
Net interest income	976	996	1,027	974	994
Net fee income etc	199	203	190	127	133
Net interest and fee income	1,175	1,199	1,216	1,102	1,128
Value adjustments	224	645	(1,038)	584	114
Other operating income	442	345	312	307	222
Staff and administrative expenses	784	730	721	641	692
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	63	71	64	67	23
Other operating expenses	61	36	30	26	31
Impairment charges for loans, advances and receivables etc	(175)	0	978	111	(143)
Profit from investments in associates	1,449	1,279	79	688	1,011
Profit (loss) before tax	2,558	2,630	(1,224)	1,836	1,871
Tax	166	252	(338)	205	176
Profit (loss) for the period	2,391	2,378	(886)	1,631	1,696
SUMMARY BALANCE SHEET, END OF PERIOD					
	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018
Assets					
Cash balances and receivables from credit institutions and central banks	39,501	55,487	47,757	41,417	39,747
Mortgage loans at fair value	518,611	529,475	525,825	512,378	515,302
Totalkredit mortgage loan funding	850,560	864,610	806,801	735,433	693,382
Bonds and equities etc	36,751	42,409	42,575	45,439	37,036
Remaining assets	76,669	72,647	65,082	59,908	58,060
Total assets	1,522,093	1,564,628	1,488,040	1,394,574	1,343,527
Liabilities and equity					
Payables to credit institutions and central banks	4,189	3,863	2,930	6,022	5,020
Deposits and other payables	-	2,000	9,200	10,200	8,000
Bonds in issue	1,352,114	1,392,488	1,335,140	1,256,366	1,216,557
Subordinated debt	10,571	11,592	11,012	11,034	10,947
Remaining liabilities	63,719	64,861	46,339	32,271	27,032
Equity	91,500	89,824	83,420	78,681	75,971
Total liabilities and equity	1,522,093	1,564,628	1,488,040	1,394,574	1,343,527
OFF-BALANCE SHEET ITEMS					
Other commitments	9,588	8,041	15,206	8,556	1,504
FINANCIAL RATIOS¹					
Total capital ratio, %	18.5	19.3	20.0	20.3	20.3
Tier 1 capital ratio, %	16.1	16.7	17.5	17.8	17.7
Return on equity before tax, %	2.8	2.9	(1.5)	2.3	2.4
Return on equity after tax, %	2.6	2.6	(1.1)	2.0	2.2
Income:cost ratio	4.5	4.1	0.3	3.2	4.1
Foreign exchange position, %	0.0	0.0	0.4	0.1	0.4
Loans and advances:equity (loan gearing)	5.7	5.9	6.3	6.5	6.8
Growth in loans and advances for the period, %	0.6	(0.5)	(0.6)	(0.0)	(0.8)
Impairment charges for the period, %	(0.03)	0.0	0.18	0.02	(0.03)
Return on capital employed, %	0.16	0.15	(0.06)	0.12	0.13

¹ Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 57 in the Annual Report for 2021.

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DKK million

Nykredit Realkredit Group

23. GROUP STRUCTURE

Name and registered office

Name and registered office	Ownership interest as % 31 March 2022	Profit for the period, 2022	Equity 31 March 2022	Profit for 2021	Equity 31 December 2021
Nykredit Realkredit A/S (Parent), Copenhagen, a)	-	2,391	91,500	8,825	93,501
Totalkredit A/S, Copenhagen, a)	100	685	35,332	2,414	38,726
Nykredit Bank A/S, Copenhagen, b)	100	733	31,476	2,759	30,743
Nykredit Portefølje Administration A/S, Copenhagen, f)	100	58	994	265	1,536
Nykredit Leasing A/S, Gladsaxe, e)	100	26	1,081	116	1,055
Sparinvest Holdings SE, Luxembourg, g)	75	229	406	79	177
Nykredit Mægler A/S, Copenhagen, c)	100	22	109	119	187
Kalvebod Ejendomme I A/S, Copenhagen, d)	100	9	632	37	623
Kirstinehøj 17 A/S, Copenhagen, d)	100	0	12	8	31

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

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

Geographical distribution of activities

Denmark: Names and activities appear from the Group structure above

Luxembourg: Names and activities appear from the Group structure above

	Number of staff	Revenue ¹	Profit before tax	Tax	Government aid received
Denmark	4,003	7,434	2,854	485	-
Luxembourg	28	110	50	13	-

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

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