

2025

# Risk and Capital Management

**Nykredit**

# Contents

<b>1 2025 in brief</b>	<b>2</b>	<b>6 Liquidity and funding risk</b>	<b>42</b>
1.1 Board declaration and risk statement	4	6.1 Policy and guidelines	42
<b>2 Governance and management</b>	<b>6</b>	6.2 Control and reporting	42
2.1 Risk profile	6	6.3 Current risk profile and development	42
2.2 Risk governance and culture	7	6.4 Balance principle and match funding	43
2.3 Risk monitoring	8	6.5 Liquidity risk	43
2.4 Reporting and communication	8	6.6 Funding	45
2.5 Risk policy	8	6.7 Ratings	48
2.6 Management	9	<b>7 Non-financial risks</b>	<b>50</b>
<b>3 Capital</b>	<b>13</b>	7.1 Policy and guidelines	50
3.1 Policy and guidelines	13	7.2 Operational risk	52
3.2 Control and reporting	13	7.3 Conduct risk	53
3.3 Current own funds and development	14	7.4 Compliance risk	54
3.4 Risk exposure amount	16	7.5 IT risk	54
3.5 Capital requirements	17	7.6 Model risk	55
3.6 Stress tests and capital projections	18	7.7 Data quality risk	55
3.7 Consolidation methods	19		
3.8 Leverage ratio	19		
3.9 Debt buffer and MREL requirements	20		
3.10 FSA Supervisory Diamonds	21		
<b>4 Credit risk</b>	<b>22</b>		
4.1 Policy and guidelines	22		
4.2 Lending guidelines and process	22		
4.3 Control and reporting	24		
4.4 Current risk profile and development	25		
4.5 Security	32		
4.6 Models for determination of credit risk	32		
4.7 Counterparty risk	34		
<b>5 Market risk</b>	<b>36</b>		
5.1 Policy and guidelines	36		
5.2 Control and reporting	36		
5.3 Models for determination of market risk	36		
5.4 Current risk profile and development	39		

## Disclosure requirements

This report has been prepared in accordance with the legal disclosure requirements laid down in the EU's Capital Requirements Regulation (CRR) and, combined with supplementary data material, it meets the requirements. The supplementary data material is available at [nykredit.com](https://nykredit.com).

The report covers the Nykredit Group, including the Nykredit Realkredit Group. Besides the Nykredit Realkredit Group, the Nykredit Group includes the company Nykredit A/S. The sole activity of Nykredit A/S is its ownership of Nykredit Realkredit A/S. The Nykredit Realkredit Group is referred to in the report as Nykredit.

## Disclaimer

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

## 2025 in brief

Nykredit's business activities involve a number of risks with an impact on both Nykredit and society. As a customer-owned systemically important financial institution (SIFI), Nykredit has a special responsibility. Our risk management therefore focuses on providing sustainable financial solutions that are viable for our customers, Nykredit and society in the short, medium and long term.

In 2025 Nykredit acquired Spar Nord. The integration of Spar Nord was a key priority throughout 2025, especially after final approval of the acquisition in May 2025. The integration will culminate in a merger, including a major IT integration, of Nykredit Bank and Spar Nord Bank in spring 2026. Spar Nord contributes significantly to Nykredit's banking business, and the acquisition of Spar Nord will strengthen Nykredit's position in the Danish banking market. Spar Nord's risk profile is generally characterised by solid credit quality and a strong local presence with a focus on personal customers and SMEs. Overall, the acquisition of Spar Nord helps to ensure that Nykredit has a diversified lending business.

Nykredit's Group strategy, Winning the Double 2.0, will remain unchanged, and the Nykredit Group will continue strengthening the collaboration with the Totalkredit and Sparinvest partner banks.

The Winning the Double 2.0 includes a firm ambition of securing and expanding Totalkredit's position as market leader in home financing. For over 20 years, Totalkredit has played a central role in Nykredit's partnership model, providing homeowners nationwide with access to competitive mortgage solutions through the partnership with the majority of Danish banks. The partnership builds on local advisory expertise, broad distribution power and joint development and has made Totalkredit Denmark's largest lender to private homeowners and a central pillar of the Group's strategy.

The partnerships with Sparinvest, BEC, nærpension and Privatsikring also hold significant strategic value. They will remain a high priority, with a focus on shared direction, development and building value for both partners and customers.

The distribution power of the Totalkredit partnership is exceptionally strong and was further expanded in 2025 as business volumes grew. The collaboration ensures broad accessibility for

homeowners throughout Denmark. At the beginning of 2025, Nykredit and the Totalkredit banks supplemented the partnership agreement with an agreement which sets the framework for the further development of the partnership.

As part of this development, the Group provides capacity, scale and expertise to the partnership. The objective is for enhanced joint development to drive higher business volumes, improved efficiency and cost savings for both the Totalkredit partner banks and Nykredit. With the increase in the KundeKroner discount, now extended through 2029, Totalkredit is further strengthened. This underlines the power of the customer ownership and helps to ensure attractive and competitive products for the benefit of homeowners throughout the country.

### *The economy and the real estate market*

Geopolitical tensions continue to create global uncertainty. US President Trump's trade policy, including the high US tariffs, continues to weigh on the global growth outlook, so far with limited implications for the Danish economy. However, developments are closely monitored, as the protectionist approach may have a negative impact on Danish exports in the coming years.

Despite geopolitical turmoil, with trade tensions and an increased global level of conflict, the Danish economy improved in 2025, mainly driven by a positive contribution from the pharmaceutical industry. The Danish economy is expected to continue growing over the next years, albeit at a slower pace than before. Growth is expected to be driven by eg private consumption and public spending supporting economic activity, while exports are not expected to contribute to growth to the same extent as before.

In recent years, Danish households have experienced growing real wages and a continued increase in employment. Also, Danish households currently have a high savings ratio.

Nykredit expects that 2026 and the following years will see continued rises in national house prices on the back of growing incomes, low interest rates and a strong labour market. In 2026 housing prices will be supported by lower housing taxes, which will be based on the price development in 2022-2024 when housing prices dropped. However, housing price increases are expected to be more moderate in coming years.

### *Credit quality remains high*

Most of Nykredit's loan portfolio consists of personal customers with home loans. Their credit quality is generally good, supported by high employment, high savings levels and low LTV ratios. Nykredit's personal customers are generally resilient, and in 2025 there were no significant fluctuations in arrears, overdrafts or write-offs, which remained low throughout the period.

The business loan portfolio saw a stable development in customer credit quality in 2025. This is despite the fact that uncertainty for businesses generally increased over the year, driven by a more offensive US trade policy and growing geopolitical tensions. The business loan portfolio remains of strong credit quality and is well-diversified across sectors. The prospect of continued relatively low interest rates, combined with continued growth, is expected to support the business loan portfolio in 2026. The levels of arrears, overdrafts and write-offs on business exposures are still historically low.

The property rental sector represents 17% of Nykredit's total loan portfolio and is given high priority in terms of ongoing LTV monitoring and dialogue with customers showing initial signs of weakness. Overall, LTV ratios are low, and customers are resilient. The market was previously characterised by high yield requirements as a result of high interest rate levels. Interest rates have since stabilised at lower levels, which means lower interest expenses and lower yield requirements for property companies. However, yield requirements are still above the low level of around 2021.

The market is supported by factors such as population growth, construction slowdown as well as high employment and improved household discretionary incomes. Also, there has been an increase in transaction activity, and the total transaction volume is in line with the levels seen in the years up to the pandemic.

Nykredit has maintained impairment provisions to prevent any losses resulting from, for instance, geopolitical tensions. Similarly, Nykredit has made provisions for ESG-related risks. The levels of arrears, overdrafts and write-offs were low during the year and across the credit portfolio.

*Nykredit's liquidity and funding remained robust*

Nykredit currently holds a strong liquidity and funding position. Throughout 2025, Nykredit maintained liquidity reserves adequate to counter the periods of market turmoil seen during the year and to accommodate the acquisition of Spar Nord and increased loan demand.

Nykredit maintained its business activities in volatile markets in 2025, including the selling and issuing of bonds to fund its day-to-day lending and scheduled refinancing operations. Despite geopolitical uncertainty, trade tariffs and growing fear of trade wars, market liquidity remained robust, and Nykredit remained able to sell bonds on an ongoing basis and to obtain long-term funding at competitive prices.

*Volatile financial markets*

Financial markets were characterised by significant fluctuations at the beginning of 2025, followed by gradual stabilisation towards the end of the year. The first half of the year was marked by geopolitical uncertainty and trade tariffs. This resulted in high financial market volatility, with plummeting equity prices, widening credit spreads and steeper yield curves. In the second half of the year, financial markets were more resilient despite continued geopolitical tensions. Global equity indices reached record levels, and credit spreads normalised. The risks prevailing in 2025 also affected Nykredit's market-risk-sensitive holdings, and backtest overshootings of Nykredit's Value-At-Risk model were recorded on a few days. However, Nykredit's overall market risk level remained comfortably within the risk appetite.

*Strengthened management of non-financial risks*

Geopolitical conditions have led to an elevated cyber threat, and Nykredit has ramped up efforts to ensure that our IT risk management, including our cyber defence and IT contingency set-up, is able to counter the threat. Focus is particularly on ensuring that the most critical parts of our business operations are also the most resilient.

In addition, Nykredit conducts penetration testing and Red Team testing, where professional hackers challenge Nykredit's cyber defence, testing Nykredit's capacity to handle security incidents in practice. Any potential risks identified are subsequently reduced through mitigating measures.

*Fraud prevention and control*

Nykredit works actively and continuously to prevent, combat and manage fraud against our customers. Important elements of this work are information campaigns and awareness; this includes various awareness initiatives aimed at Nykredit's customers as well as customer-facing staff.

*Focus on sustainability (ESG) risks*

Nykredit's sustainability risk management is continuously assessed and improved as warranted by the risk outlook and based on maturing legislation and data in the area. The management of sustainability risks is incorporated into the management of traditional risk types, and the transmission channel towards credit risk is considered to constitute a risk to Nykredit. This area was prioritised in 2025 and will continue to be of key importance in 2026.

On the back of detailed sustainability risk management requirements according to EBA guidelines and CRD6, Nykredit has performed a materiality analysis of sustainability risks which forms the basis for further risk management efforts and prepared a climate transition plan. In this context, our ESG credit tool provides a good basis for addressing key parts of credit risk management.

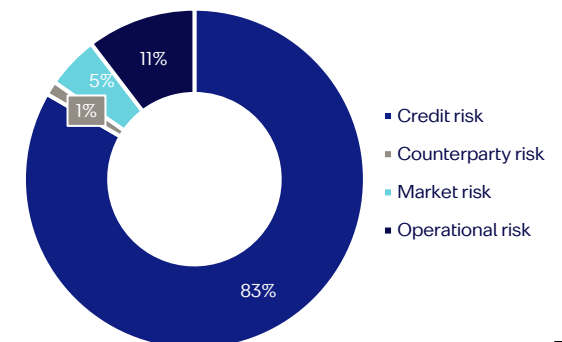
*Capital need*

At the beginning of 2026, the Board of Directors has set a new Common Equity Tier 1 (CET1) capital policy target of over 15% of the risk exposure amount (REA), while the target for total own funds has been set at over 19.5%. With a CET1 capital ratio and a total capital ratio of 17.3% and 21.4%, respectively, Nykredit is comfortably above these capital targets. In practice, Nykredit expects to operate with a long-term excess of around 2 percentage points over the Common Equity Tier 1 capital policy target. In addition, Nykredit may obtain new CET1 capital from its owners through investment commitments from a number of Danish pension companies and Forenet Kredit's capital reserves. Given its access to capital, Nykredit ranks on a par with a listed SIFI in terms of capitalisation. In addition to its capital reserves, at the beginning of 2026 Forenet Kredit has made an additional capital commitment of currently DKK 2.7 billion, which is binding and irrevocable.

**Table 1.1: Financial highlights**

Nykredit Realkredit Group			
Year-end	2025	2024	2023
DKK billion/%			
<b>Capital adequacy and capital</b>			
CET1 capital ratio, %	17.3	20.5	20.4
Total capital ratio, %	21.4	23.4	23.7
Leverage ratio, %	4.6	5.3	5.1
Internal capital adequacy requirement, %	10.1	10.4	10.6
Risk exposure amount	522	475	433
<b>Funding and liquidity</b>			
Liquidity Coverage Ratio (LCR), %	412	454	310
Net Stable Funding Ratio (NSFR), %	143	142	147
S&P long-term Issuer Credit Rating/outlook	A+/stable	A+/stable	A+/stable
Fitch long-term Issuer Credit Rating/outlook	AA-/stable	AA-/stable	A/stable
Encumbered assets, %	74	81	80
Liquidity reserves	262	213	172
<b>Credit ratios and key figures</b>			
Credit exposures	1,888	1,826	1,727
Total provisions for loan impairment and guarantees	10.4	8.6	9.0
NPL, %	1.1	1.1	1.2
NPL, DKK billion	19.7	18.5	18.2
Loss ratio, %	0.02	0.02	0.02

**Chart 1.1: Breakdown of risk exposures**



## 1.1. Board declaration and risk statement

The Boards of Directors of Nykredit A/S and Nykredit Realkredit A/S have on the 3rd of February 2026 approved this report.

The Boards' assessment is based on the continuous compliance and risk reporting and compliance and risk policies, the internal capital adequacy requirement (ICAAP), the liquidity position (ILAAP), Internal Audit's assessment of the control environment and the adopted strategy, Winning the Double 2.0, as approved by the Boards of Directors and the Executive Boards.

The Executive Boards are responsible for the day-to-day risk management and compliance with the policies and guidelines adopted by the Boards of Directors. The Chief Risk Officer and the Chief Compliance Officer are responsible for the monitoring, control and reporting of risks.

Nykredit works consistently to further develop its risk management and control environment. For information and key figures and ratios concerning Nykredit's risk profile, please refer to the relevant sections of this report.

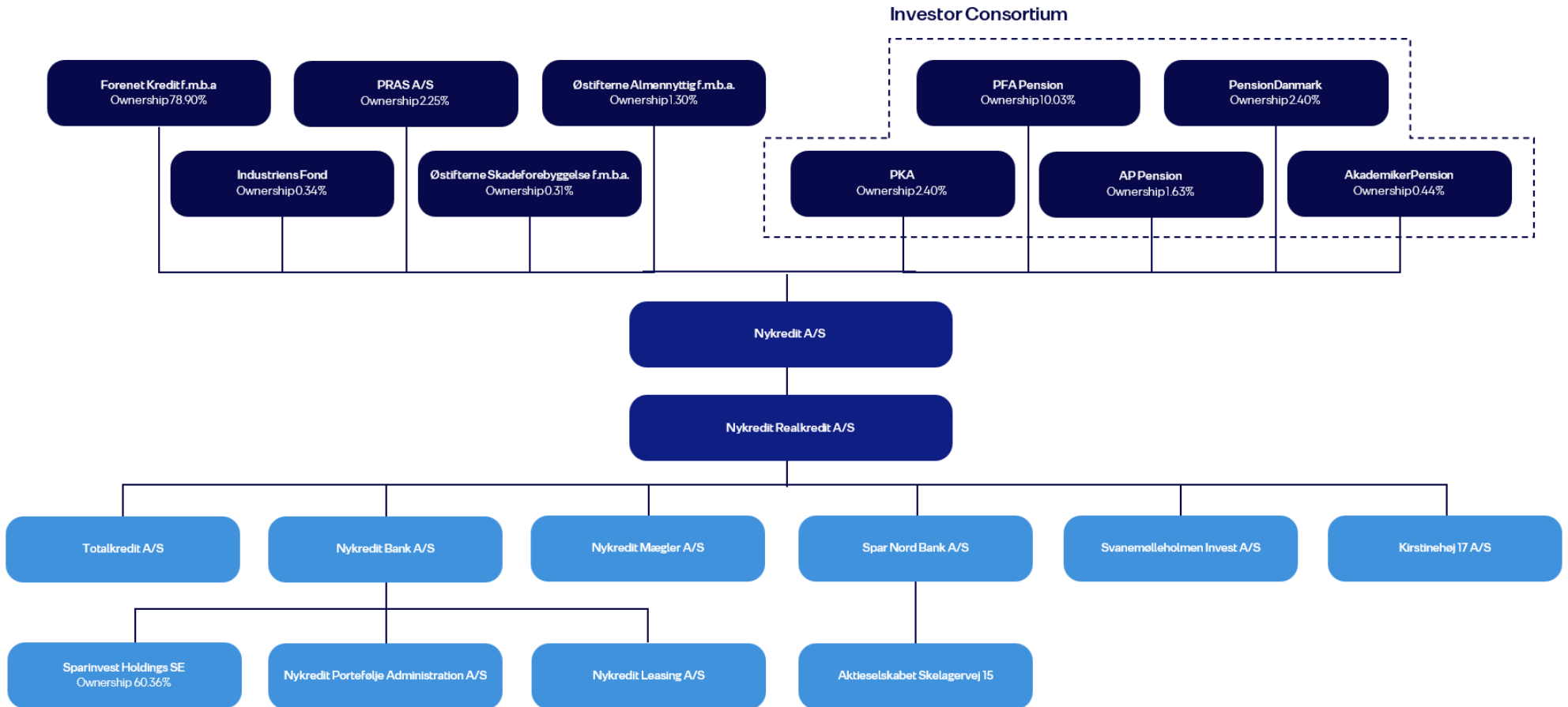
- It is the Boards' assessment that Nykredit has adequate and effective risk management arrangements and controls in place with regard to Nykredit's risk profile and strategy.
- It is furthermore the Boards' assessment that the description of Nykredit's risk profile and key figures and ratios gives a true and fair view of Nykredit, including Nykredit's overall risk appetite.

## Risk assessment

- 83.3% of the Group's REA derives from credit risk, which mainly relates to mortgage and bank lending. Credit risk is managed in accordance with the credit policy, including requirements for credit risk concentrations on single names, industries and geographical regions. At the end of 2025 DKK 10.4 billion had been provided for loan losses against DKK 8.6 billion at the end of 2024. The increase was mainly driven by the addition of Spar Nord's credit portfolio. The credit risk exposure falls within the Group's risk appetite.
- Market risk mainly relates to the activities of Nykredit Markets and the Group's investment function. 5.0% of the Group's REA derives from market risk. Market risk is managed in accordance with the market risk policy, including detailed limits and guidelines for various types of market risk prescribed by the Board of Directors. The market risk exposure falls within the Group's risk appetite.
- Liquidity risk is managed in accordance with the liquidity policy, including detailed limits and guidelines prescribed by the Board of Directors. At the end of 2025 the LCR was 412%, and the NSFR was 143%.
- Operational risk is managed in accordance with the non-financial risk policy and pertaining guidelines. 10.4% of the Group's REA derives from operational risk.
- Nykredit's total risk is reflected in the internal capital adequacy requirement, which represents 10.1% of REA.
- At the beginning of 2026, the Board of Directors has set a new Common Equity Tier 1 (CET1) capital policy target of over 15% of the risk exposure amount (REA), while the target for total own funds has been set at over 19.5%. With a CET1 capital ratio and a total capital ratio of 17.3% and 21.4%, respectively, Nykredit is comfortably above these capital targets.

Executive Board of Nykredit A/S and Nykredit Realkredit A/S	Board of Directors of Nykredit Realkredit A/S	Board of Directors of Nykredit A/S
Michael Rasmussen (Group Chief Executive)	Merete Eldrup (Chair)	Merete Eldrup (Chair)
Tonny Thierry Andersen (Group Managing Director)	Lasse Nyby (Deputy Chair)	Lasse Nyby (Deputy Chair)
David Hellemann (Group Managing Director)	Preben Sunke (Deputy Chair)	Preben Sunke (Deputy Chair)
Anders Jensen (Group Managing Director)	Olav Bredgaard Brusen	Olav Bredgaard Brusen
Pernille Sindby (Group Managing Director)	Michael Demsitz	John Christiansen
Martin Kudsk Rasmussen (Group Managing Director)	Rasmus Fossing	Michael Demsitz
	Per W. Hallgren	Rasmus Fossing
	Kathrin Helene Hattens	Per W. Hallgren
	Jørgen Høholt	Kathrin Helene Hattens
	Torsten Hagen Jørgensen	Jørgen Høholt
	Vibeke Krag	Torsten Hagen Jørgensen
	Mie Krog	Vibeke Krag
	Inge Sand	Peter Kofod
		Mie Krog
		Inge Sand

Chart 1.2: Group chart, Nykredit



## 2. Governance and management

Nykredit is a Danish financial services group serving mainly personal customers, business customers and institutional customers in Denmark. We also provide personal lending in Spain, France and Greenland, as well as business lending in Sweden, Germany, Finland and Greenland. Nykredit mainly carries on banking and mortgage lending, but also activities within estate agency services, asset management, portfolio administration, leasing and insurance mediation. With the acquisition of Spar Nord, the Group has obtained greater income and risk diversification between its mortgage and banking operations.

Until the merger is completed in Easter 2026, banking activities will be carried out through the companies Nykredit Bank and Spar Nord. Historically, Nykredit has primarily been a mortgage provider and, secondarily, a bank. This has changed with the acquisition of Spar Nord, and the two business areas are more balanced now. The banking business includes all traditional banking services, including home loans, business loans and credit facilities, savings, investments and insurance. The risk profile of the banking business mainly relates to loans and credit facilities provided to personal and business customers. Leasing activities are undertaken by Nykredit Leasing and Spar Nord Leasing. Other activities include administration and management of investment funds through Nykredit Bank's subsidiaries Sparinvest and Nykredit Portefølje Administration. The Group's real estate activities are undertaken by Nykredit Mægler.

Forenet Kredit is Nykredit's largest shareholder. It can decide to make contributions to Nykredit, enabling Nykredit to offer customers cash awards through its customer benefits programme. Since 2017 the programme has offered KundeKroner discounts to personal and business customers of Totalkredit and later also ErhvervsKroner discounts to business customers with a Nykredit mortgage loan. Nykredit Bank arranges mortgage loans issued through either Nykredit Realkredit or Totalkredit. Mortgage lending to personal customers is primarily provided through Totalkredit, while mortgage lending to business customers is provided through Totalkredit and Nykredit Realkredit. Mortgage lending in Totalkredit is based on a strategic partnership with the majority of Danish banks. The partner banks are responsible for serving customers, and Totalkredit undertakes the funding of the mortgage loans. Totalkredit and the arranging partner bank share the risk of loss on the loans, and the partner banks receive regular payments. The Totalkredit partnership is described in more detail in 4 *Credit risk*.

### 2.1 Risk profile

The Nykredit Realkredit Group's ("Nykredit") business model and related activities, including management of the investment portfolio, involve exposure to credit, market and liquidity risk as well as a number of non-financial risks, for example operational risks.

As Nykredit's main business areas are based on bank and mortgage lending, Nykredit's primary risk is credit risk. The banking business covers traditional banking operations with lending to both personal and business customers. Traditional banking services, such as home loans and credit facilities, are provided to personal customers, while business services, including financing solutions, cash management and general business advisory services are offered to both SME and institutional clients. Mortgage lending and the underlying funding are regulated by the balance principle, which means that Nykredit incurs limited market and liquidity risk on its mortgage lending and the underlying funding. The mechanisms behind the balance principle are described in detail in 6.4 *Balance principle and match funding*. Liquidity and market risks are further reduced by the Danish act regulating refinancing risk, which provides for the refinancing of mortgage loans under special circumstances.

Credit risk, market risk and non-financial risks are mitigated by holding adequate capital, while liquidity risk is mitigated through sufficient liquidity reserves and an appropriate funding structure. A few outstanding regulatory measures are addressed through the Pillar II add-on to the internal capital adequacy requirement or capital add-ons held under Pillar I. The Board of Directors sets out

risk appetite in policies, and the current risk levels are continuously assessed as part of the internal risk reporting.

Nykredit's overall risk policy reflects Nykredit's governance and overall tolerance for assuming risk in the context of Nykredit's business model and strategy. A policy has been laid down for each type of risk with specific limits and guidelines for risk taking.

#### 2.1.1 Group-wide risks

In addition to being exposed to financial and non-financial risks, Nykredit is exposed to a number of strategic, business, regulatory and sustainability-related risks. These are considered to be Group-wide risks reflecting underlying factors that may impact financial and non-financial risks.

Some of the Group-wide risks are not directly measurable. Instead, these are viewed qualitatively, and the current risk levels and risk appetite are regularly assessed and follow general risk management governance and practices.

**Strategic and business risks** are related to the risk that Nykredit will not achieve the objectives of the Winning the Double strategy or earnings targets, for example due to changes in macroeconomic conditions, the political climate, customer preferences, competitive conditions etc.

**Regulatory risks** are related to potential negative impacts of new regulation on Nykredit's business model, earnings, customers or business development.

Chart 2.1: Nykredit's overall risk types



**Geopolitical risks** are related to potential negative impacts of security policy tensions and conflicts, protectionist policies and instability between countries and regions, such as tariff and trade wars or cyber attacks. Currently, geopolitical risks are generally high, creating more uncertainty than usual.

**ESG risks** are defined as the environmental, social or governance (ESG) events or circumstances that, if they occur, could have an actual or potential material adverse impact on the Group's performance, including financial or reputational impact.

Nykredit considers ESG risks to be underlying parameters that affect traditional risk types, especially credit risk and non-financial risks. ESG risks are thus also addressed within the risk management framework set out in the underlying policies.

For more information about Nykredit's sustainability efforts, see the Nykredit Group's Annual Report 2025.

## 2.2 Risk governance and culture

The Board of Directors is the supreme management body. It makes strategic and policy decisions and lays down guidelines for the day-to-day management undertaken and implemented by the Group Executive Board. The Board of Directors oversees the establishment of risk management procedures and monitors risks through the Board Risk Committee and the Board Audit Committee. All policies are approved at least once a year by the Boards of Directors, which receive regular reports on compliance with limits and guidelines set out in the policies. The Executive Boards oversee that risks are managed and controlled as determined by the Boards of Directors. The Executive Boards monitor risks through various committees.

The day-to-day risk management, monitoring and reporting activities are organised according to the principles of the three lines of defence. The three lines of defence divide responsibilities between 1) units that enter into business transactions with customers or otherwise expose the Group to risk, 2) units responsible for risk monitoring and control, and 3) the Group's internal audit.

**First line of defence:** The operational business units, which basically take, and are responsible for managing, the risk. The management of each business division is responsible for

identifying, assessing and managing the risks arising in connection with the performance of its duties

and for ensuring that satisfactory internal controls are in place at all times in respect of the risks related to the handling of business operations and processes. Further, the first line of defence is to ensure that risk management is performed in compliance with current legislation and the Group's business model, policies, guidelines and business procedures.

The management of each business division documents its risk management activities according to the Executive Board's guidelines for internal documents and submits a statement annually to the Executive Board on compliance with applicable rules as prescribed by the Executive Order on Management and Control of Banks etc.

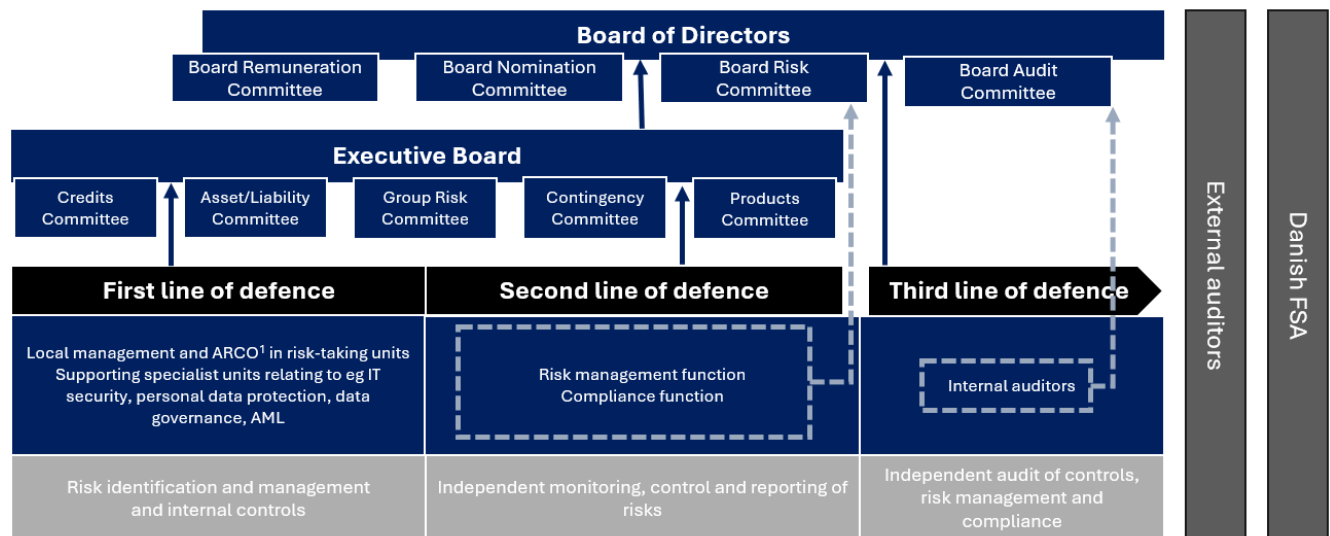
Nykredit has established a framework for remuneration of material risk takers etc, with a focus on accountability and risk management and supporting Nykredit's aim of contributing to financial stability. The remuneration policy also factors in compliance with ESG-related targets. Details on remuneration in 2025 can be found in Nykredit's remuneration report available at [nykredit.com](http://nykredit.com).

**Second line of defence:** Group Risk & Compliance, which is responsible for the independent assessment, monitoring, controlling and reporting of risks. This function must regularly assess whether risk management in the first line of defence is within the frameworks set out in regulation and in internal policies and guidelines. Group Risk & Compliance is a separate Group Executive Board division and is thus independent of all the risk-taking units of the Group.

The duties in the second line of defence, including their performance and delegation, are specified in annual plans and role descriptions for the Chief Risk Officer and the Chief Compliance Officer.

To strengthen the organisation's efforts to address and mitigate risks, including non-financial and compliance risks, one or more Assistant Risk and Compliance Officers (ARCOs) have been appointed in the individual business divisions. Their primary duty is to assist the managements of the individual business divisions in executing compliance- and risk-related tasks and to strengthen awareness of Nykredit's risk culture. ARCOs serve as links between the first and second lines of defence.

Chart 2.2: Nykredit: Three lines of defence



1. ARCO is short for Assistant Risk and Compliance Officer.

Annual plans are prepared for the risk management and compliance function in the second line of defence, including specification of methods, approach and resource allocation, which are subject to approval by the Executive Boards and adoption by the Boards of Directors.

**Third line of defence:** Internal Audit, which provides independent assurance over the overall management of risks and internal controls in the Group and reports on its work to Boards of Directors and the Board Audit Committee. Internal Audit is responsible for testing and providing an opinion on whether Nykredit's overall risk management approach, risk management framework, business procedures and internal controls established in all material areas and risk areas have been organised and are working satisfactorily.

**The three lines of defence are mutually independent;** the functions in the second line of defence are independent of the first

line of defence and do not take part in business operations. Similarly, Internal Audit is independent of both the first and second lines of defence, but may base its assurance on the work performed in the second line of defence.

### 2.3 Risk monitoring

The Board Risk Committee and the Board Audit Committee oversee the effectiveness of Nykredit's internal control systems, financial reporting, internal audit and risk management. Nykredit's Group committees perform the ongoing risk management and reporting on behalf of the Executive Boards. The committees ensure a continuous overview of relevant risks and oversee that the risk policies and guidelines defined by the Boards of Directors are implemented in the business units.

The monitoring approach is adapted to the type of risk; for example, the credit portfolio is monitored by means of an overall credit portfolio overview and portfolio targets, whereas other risks are

monitored on the basis of specific limits or through scenario analyses on the basis of the probability of a given event occurring and its potential consequences. Similarly, the monitoring frequency is adapted to the type of risk. Some risks are monitored daily, including through intraday controls, while others are monitored less frequently.

Business procedures have been laid down and controls set out for all material risk areas according to guidelines for internal documents laid down by the Group Executive Board. The controls comprise manual controls as well as automatic controls in the IT systems applied etc.

### 2.4 Reporting and communication

The Board of Directors and the Executive Board receive a quarterly report describing and assessing all relevant risks. The risk reporting complies with current legislation and is aimed at describing the current risk outlook on the basis of selected risk parameters and analyses of relevant risk types and special focus areas. As a minimum, the risk reporting covers the areas of macroeconomic risks, capital, credit risk, market risk, liquidity risk, regulatory risks as well as non-financial risks, including operational risks, conduct risks, model risks, data quality risks as well as IT and compliance risks. Geopolitical, strategic, business and sustainability risks are managed as part of the traditional risk types and are described in the reporting under the traditional risk types when applicable. An overview of risk reporting submitted to the Board of Directors etc is available at the end of the chapter.

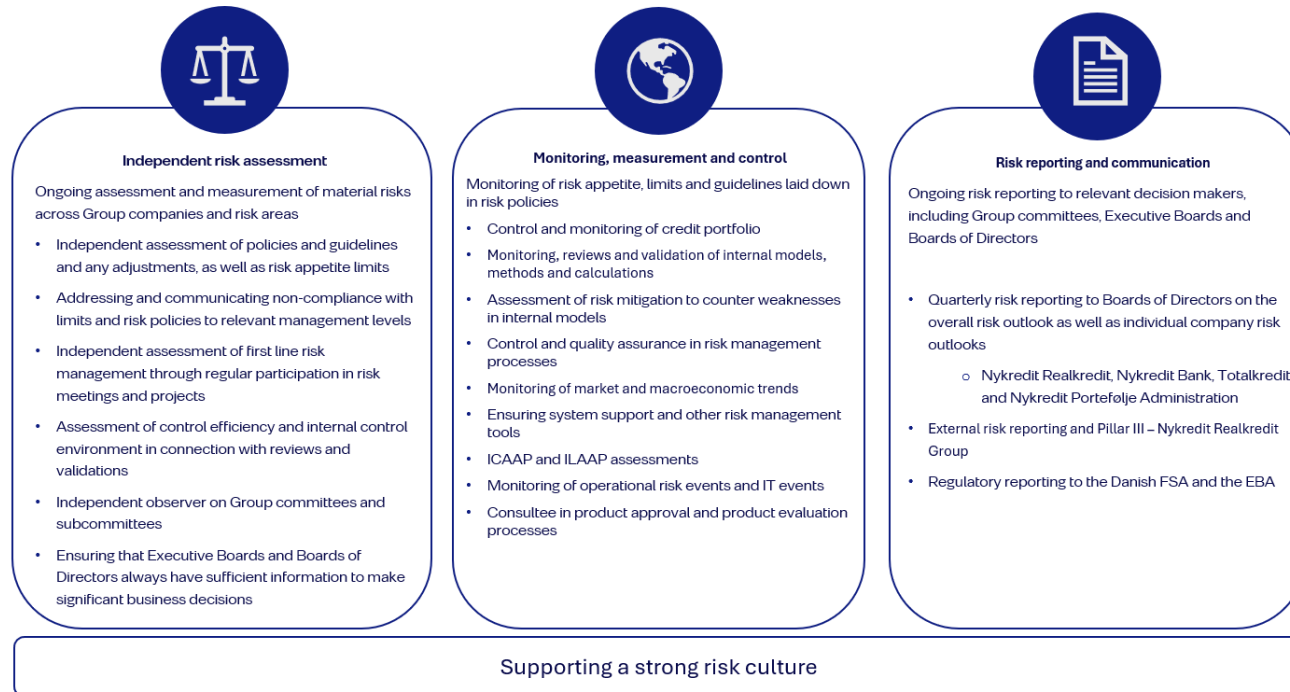
### 2.5 Risk policy

The risk policy sets out the overall risk appetite, while a number of underlying policies determine the risk appetite for the individual risk types. Overall, Nykredit aims to ensure agreement between risk taking, risk appetite and current legislation in the context of a robust capital structure and stable earnings. Risk management should contribute to ensuring financial and sustainable solutions that are viable in the short, medium and long term.

#### 2.5.1 Risk appetite

The overall risk appetite is determined on the basis of Nykredit's strategy, regulatory and credit rating agency capital requirements and the internal capital targets. The risk appetite reflects Nykredit's overall tolerance for assuming risks in the context of its

Chart 2.3: Principles for risk management in the second line of defence



business model and the Group strategy. In some areas, it is directly measurable, while in other areas the risk appetite is expressed through more qualitative objectives.

The tolerance limits for the individual risks vary according to risk type, customer exposure, product type, strategy, targets etc. These factors are described and incorporated in relevant risk policies and guidelines according to Executive Board guidelines. The specific risks related to business unit activities are assessed in the context of the financial importance of the individual unit.

Nykredit manages its capital usage on an ongoing basis and prepares a capital budget annually. The budget should be seen in the context of the overall capital and strategy plan. Capital is allocated and prioritised among the business divisions according to risk profile, business returns and strategic considerations.

## 2.6 Management

### *Board of Directors*

The Boards of Directors of Nykredit A/S and Nykredit Realkredit A/S must be composed so that they possess the mix of skills required to undertake the overall and strategic management of the business and to take any measures to ensure prudent business management. Furthermore, Board members must possess the knowledge and experience required to be able to critically assess and challenge the work and proposals of the Executive Board.

The Board of Directors must comply with the skills and self-assessment requirements set out in the Danish Financial Business Act. Furthermore, the Board of Directors must comprise qualified individuals and represent a diversity of skills and experience etc. In addition to professional skills, the Board of Directors must also consider personal skills and gender balance. For more information about Nykredit's Board of Directors, see Nykredit's Diversity and Non-Discrimination Policy at [nykredit.com](https://nykredit.com)

The Boards of Directors review their skills profiles on an ongoing basis and have decided in this respect that they should have special skills and knowledge as regards:

- Strategic matters
- Sector and real estate expertise
- Economics, finance and accounting

- Capital markets, securities and funding
- Politics, public administration and associations
- Financial regulation
- Corporate governance, including ESG-related matters
- Digitisation, IT and processes
- Market conditions, customer relations and sales
- Organisation/HR and processes
- Risk management and credit matters

The Board of Directors of Nykredit A/S counts 15 members, of whom 10 are elected by the Annual General Meeting for a term of one year and five are elected by and among the staff for a term of four years.

The Board of Directors of Nykredit Realkredit A/S counts 12 members, of whom eight are elected by the Annual General Meeting for a term of one year and four are elected by and among the staff for a term of four years. Further details on the composition of the Board of Directors as well as the skills of the individual Board members are available at [nykredit.com](https://nykredit.com)

### *Group Executive Board*

The Group Executive Board comprises six members and implements the Group strategy and is also responsible for the day-to-day management and for implementing policies and guidelines laid down by the Board of Directors. The Executive Board has set up five Group committees, which support and assist with compliance with and implementation of risk policies, guidelines etc. The Group Executive Board has issued committee governance guidelines, which ensure, among other things, that decisions of importance to a Group company can only be made if explicitly endorsed by the company's Executive Board representative, as well as guidelines for internal documents, which ensure a uniform approach to the preparation, maintenance and use of internal documents in Nykredit, including policies, guidelines, mandates, role descriptions and business procedures.

During the autumn of 2025, Nykredit adjusted the division of responsibilities within the Group Executive Board. With the adjustment, the second line of defence has become an independent area of responsibility within the Group Executive Board, segregated from all risk-taking units.

Members of the Group Executive Board may serve on other executive boards or boards of directors outside Nykredit. For other executive positions of Executive Board members, see Table 2.4.

### *Chief Risk Officer*

The duties of the Chief Risk Officer are laid down in the Danish Executive Order on Management and Control of Banks, etc. A role description has been prepared for the Chief Risk Officer, approved by the Executive Board and adopted by the Board of Directors. The Chief Risk Officer must have a general overview of the company's activities, operations and risks in order to assess whether risk management operations are satisfactory. The Chief Risk Officer also assesses whether the decision-making basis of the Executive Board and the Board of Directors is sufficient in risk-related matters.

The head of Nykredit's risk management function is Chief Risk Officer. In September 2025, Nykredit appointed a new Chief Risk Officer. Nykredit's organisational structure ensures that the risk management function is segregated from all risk-taking units and thus independent in relation to business-related decisions. Nykredit's risk management function performs Group-wide controls, monitors Group risks and prepares independent reports for Executive Boards and Boards of Directors on all risk areas.

### *Chief Compliance Officer*

The duties of the Chief Compliance Officer are laid down in the Danish Executive Order on Management and Control of Banks, etc. A role description has been prepared for the Chief Compliance Officer, approved by the Executive Board and adopted by the Board of Directors. The Chief Compliance Officer assists Nykredit's Management in identifying, assessing, advising on, controlling, monitoring and reporting on Nykredit's compliance risks.

The head of Nykredit's compliance function is Chief Compliance Officer. The compliance function assesses whether Nykredit meets the compliance rules applicable to the individual risk areas and oversees and determines whether the methods, procedures and controls implemented by Nykredit in the risk areas are adequate and effective in terms of identifying and mitigating compliance risks. The compliance function prepares independent reports for Executive Boards and Boards of Directors.

*Anti-money laundering officers*

The Group Executive Board and the Executive Boards of the other Group companies have appointed an Executive Board member as Chief Anti-Money Laundering (AML) Officer charged with delegating and ensuring managerial responsibility and focus on measures to prevent financial crime throughout the Group.

Moreover, an AML Responsible Officer has been appointed who is tasked with approving Nykredit's anti-money laundering policies, procedures and controls and approving business relationships with politically exposed persons and correspondent relationships.

*Data Protection Officer (DPO)*

The Group Executive Board and the Executive Boards of the Group companies have appointed a Data Protection Officer, who assists Management in ensuring that Nykredit complies with applicable data protection legislation at all times.

The Data Protection Officer's primary responsibilities are to monitor, assess, control and report on Nykredit's compliance risks relating to personal data processing. In the organisational structure, the Data Protection Officer falls under the compliance function, but with separate and independent reporting to, for instance, all relevant Executive Boards and Boards of Directors of Group companies.

*Chief Outsourcing Officer*

The Executive Boards of the Group companies have appointed a

Chief Outsourcing Officer, who assists the Executive Boards and the Boards of Directors in ensuring Nykredit's compliance with the Danish Executive Order and legislation on outsourcing for credit institutions etc in force from time to time. The overall responsibility is vested in the Boards of Directors, however. In the organisational structure, the Chief Outsourcing Officer falls within Procurement, but reports directly to the Executive Board.

*Chief Information Security Officer (CISO)*

Nykredit's Chief Information Security Officer is responsible for Nykredit's IT security operations and for ensuring that IT risks are managed within the risk appetite defined by the Board of Directors and, together with the individual business units, makes up the first line of defence when it comes to IT security. Based on Nykredit's IT Security and Contingency Policy, the CISO defines a security level for Nykredit's use of IT, monitors compliance with IT security requirements specified in business procedures etc and reports on compliance with the defined IT security level of Nykredit and significant IT service providers. The CISO assists Nykredit with interpretation, advice and guidance regarding Nykredit's IT security requirements. This includes assisting Management in ensuring a sufficiently high level of operational resilience as well as compliance with current legislation in this area.

**2.6.1 Committees**

*Board committees*

The Board of Directors of Nykredit has appointed a Board Risk Committee, a Board Audit Committee, a Board Remuneration Committee and a Board Nomination Committee to . These Board

committees advise the Board of Directors on particular matters and prepare cases for review by the entire Board of Directors, each within their field of responsibility.

*Group committees*

The Executive Boards of the Group companies have set up a number of Group-wide committees that support and assist with compliance with and implementation of policies, guidelines etc in various risk areas. Decisions made by these committees are based on mandates laid down by the Executive Boards of the companies for which the committees perform tasks. At least one company representative from each company has been appointed to each Group committee. Group committees can delegate part of their work to Board committees.

As the Group committees are all part of the first line of defence, the Chief Risk Officer and the Chief Compliance Officer may attend committee meetings as observers. The Chief Risk Officer is a permanent observer at meetings of the Group Risk Committee, the Products Committee, the Contingency Committee and the Asset/Liability Committee, and attends Credits Committee meetings when and as required. The Chief Compliance Officer is also a permanent observer at meetings of the Group Risk Committee, the Contingency Committee and the Products Committee, and attends Asset/Liability Committee meetings when and as required. The Chief Risk Officer and the Chief Compliance Officer may always request that a matter be resolved by the relevant Executive Board or Board of Directors, if deemed relevant.

**Table 2.1: Nykredit's Board Committees**

Board Risk Committee <i>At least six meetings a year</i>	The function of the Board Risk Committee is to oversee Nykredit's overall risk profile and strategy, including to assess the long-term capital requirement and the capital policy. It also assesses risks related to products, business model, remuneration structure and incentives as well as risk models and methodological basis. The Board Risk Committee also assists the Board of Directors in overseeing that the risk appetite defined by the Board of Directors is implemented correctly in the organisation.
Board Audit Committee <i>At least six meetings a year</i>	The principal tasks of the Board Audit Committee are to inform the Board of Directors of the results of the statutory audit, to oversee the financial reporting process and the effectiveness of Nykredit's internal control systems, internal audit and risk management, to oversee the statutory audit of the financial statements etc, to monitor and verify the independence of the auditors, and to be responsible for the procedure for selecting and submitting a recommendation for the appointment of auditors.
Board Remuneration Committee <i>At least three meetings a year</i>	The principal tasks of the Board Remuneration Committee are to qualify proposals for remuneration prior to consideration by the Board of Directors and to make recommendations in respect of Nykredit's Remuneration Policy, including guidelines on incentive pay, for the approval of the Board of Directors, as well as to assist in ensuring that these are observed. Moreover, the Board Remuneration Committee reviews and considers the criteria for and process of designating risk takers, and it assesses whether the Group's processes and systems relative to remuneration are sufficient, including whether they take into consideration the Group's risks and ensure that remuneration policy and practices are in alignment with and promote sound and effective risk management in accordance with the Group's business strategy, objectives, values and long-term interests. Finally, the Board Remuneration Committee ensures that the information in the Annual Report about remuneration of the Board of Directors and the Group Executive Board is correct, fair and satisfactory. Details on bonuses to risk takers and on remuneration policy and practices can be found in Nykredit's Remuneration Policy.
Board Nomination Committee <i>At least three meetings a year</i>	The Board Nomination Committee is tasked with making recommendations to the Board of Directors on the nomination of candidates for the Board of Directors and the Executive Board. The Committee also advises the Board of Directors with respect to targets for the under-represented gender on the Board of Directors and laying down a diversity policy applying to the same. In addition, the Board Nomination Committee, reporting to the Board of Directors, is ultimately responsible for defining the skills profiles of the Board of Directors and the Executive Board and for the continuous evaluation of their performance and achievements.

**Table 2.2: Nykredit's Group committees**

Group Risk Committee <i>At least six meetings a year</i>	The Group Risk Committee is charged with overseeing the Nykredit Group's overall risk outlook, assisting the managements of the respective companies in ensuring compliance with current legislation and risk management practices as well as supporting responsible business practices. The Group Risk Committee further oversees that the risk policies and guidelines defined by the Board of Directors are implemented correctly in the organisation. The Committee is also responsible for risk models and capital adequacy as well as monitoring and assessing the required own funds and internal capital adequacy requirement.
Credits Committee <i>At least two meetings a week</i>	The Credits Committee is charged with ensuring adequate credit risk management and approving and/or deciding credit applications and loan impairments as well as overseeing the management of risks in Nykredit's credits area. The Committee manages the Group's loan portfolio and submits recommendations on credit policies to the individual Executive Boards and Boards of Directors. The Committee lays down business procedures for the granting of credits within the limits of the guidelines laid down by the Group Executive Board and the Board of Directors.
Asset/Liability Committee <i>At least 11 meetings a year</i>	The Asset/Liability Committee undertakes the day-to-day responsibilities and tasks of the Executive Boards in the areas of capital, funding, liquidity and market risk according to guidelines approved by the Boards of Directors. The Committee has a governance mandate in these areas at Group as well as at company level. The Asset/Liability Committee has delegated responsibility to the Green Bond Committee for ensuring that the types of assets used to back green bonds comply with Nykredit's Green Bond Framework. The Green Bond Committee is composed, at a minimum, of the members of the Asset/Liability Committee, which is represented at meetings.
Products Committee <i>At least eight meetings a year</i>	The Products Committee's objective is to ensure that the Nykredit Group's products and services meet applicable business and regulatory requirements and are provided to the right target groups. The Committee must ensure that any development and launch of new or changes to existing products and services involving material risks for customers, the Group, the companies and/or counterparties are aligned with the business models of the companies and comply with the current product policy and the Executive Boards' guidelines for development and approval of new products and services.
Contingency Committee <i>At least one meeting a year</i>	The Contingency Committee has the overall responsibility for compliance with IT security policy rules in relation to contingencies (major accidents or catastrophes) and the Group's entire spectrum of contingency plans covering IT as well as business aspects. In addition to an annual ordinary meeting, meetings are also held when necessary. For example, in the event of major accidents, catastrophes or situations which affect or may affect the Nykredit Group's safety or business operations.

**Table 2.3: Risk reporting to the Board of Directors**

Reporting	Description	Frequency	Recipient
Internal risk reporting	Complete review of the Group's risk outlook covering both financial and non-financial risks as well as capital structure. Also includes reporting on compliance with risk policies and pertaining guidelines.	Quarterly	Group Risk Committee, Board Risk Committee, Boards of Directors
External risk reporting	Description of the Group's risk profile, capital management, risk management, organisation, risk limits and policies. The report is published on Nykredit's website together with a number of Pillar III spreadsheets with detailed data.	Annually	Group Risk Committee, Board Risk Committee, Boards of Directors, general public
ICAAP	Assessment of the Group's required own funds and internal capital adequacy requirement. The Group's capital targets are assessed against the risk profile and business strategy. The assessment includes stress testing of REA, impairment charges etc.	Annually	Group Risk Committee, Board Risk Committee, Boards of Directors, Danish FSA
ILAAP	Assessment of the Group's liquidity position and liquidity management, including its funding profile. Reporting includes assessment of the liquidity risk exposure through stress testing and similar analyses and describes internal limits for liquidity reserves.	Annually	Asset/Liability Committee, Board Risk Committee, Boards of Directors, Danish FSA
Market and liquidity risk	Review of internal limits for market and liquidity risk.	Monthly	Asset/Liability Committee, Board Risk Committee, Boards of Directors
Compliance reporting	Overall assessment of the Group's compliance and control environment. The risk assessment is based on the compliance function's regular reviews and status updates on agreed measures.	Quarterly	Group Risk Committee, Board Risk Committee, Boards of Directors
Credit portfolio reports	Detailed review of credit risk exposures by segment, including industries, geographic areas and sub-industries, and evaluation of the credit policy. The reports cover segments such as personal customers, industry, trade, agriculture, transportation, property rental, cooperative housing, public housing etc.	Annually	Credits Committee, Board Risk Committee, Boards of Directors
Other risk areas and thematic analyses	Ongoing reporting on IT security, outsourcing, data governance etc as well as ad-hoc analyses selected according to risk, for example related to types of risk in individual segments or current topics such as geopolitical conditions, economic trends etc.	Ongoing/Ad hoc	Group Risk Committee, Board Risk Committee, Boards of Directors
Impairment reporting	Review of impairment basis and methodology.	Quarterly	Credits Committee, Board Risk Committee, Boards of Directors
Recovery plans	Determination of trigger levels, scenarios and possible scope for action as well as a description of the organisation for the purpose of capital and/or liquidity recovery of the Nykredit Realcredit Group and the Nykredit Bank Group.	Annually	Group Risk Committee, Board Risk Committee, Boards of Directors

**Table 2.4: Other executive positions of Executive Board members**

<b>Michael Rasmussen, Group Chief Executive</b>	<b>Tonny Thierry Andersen, Group Managing Director</b>	<b>David Hellemann, Group Managing Director</b>	<b>Anders Jensen, Group Managing Director</b>	<b>Martin Kudsk Rasmussen, Group Managing Director</b>	<b>Pernille Sindby, Group Managing Director</b>
Managing Director, Nykredit Realkredit A/S	Managing Director, Nykredit Realkredit A/S	Managing Director, Nykredit Realkredit A/S	Managing Director, Nykredit Realkredit A/S	Managing Director, Nykredit Realkredit A/S *	Managing Director, Nykredit Realkredit A/S
Chair of the Board of Directors, Nykredit Bank A/S	Chair of the Board of Directors, Nykredit Mægler A/S *	Member of the Board of Directors, Nykredit Bank A/S	Deputy Chair of the Board of Directors, Nykredit Bank A/S	Managing Director, Nykredit Bank A/S *	Member of the Board of Directors, Nykredit Bank A/S
Chair of the Board of Directors, Sparinvest Holdings SE	Member of the Board of Directors, Nykredit Bank A/S	Member of the Board of Directors, Spar Nord Bank A/S *	Deputy Chair of the Board of Directors, Spar Nord Bank A/S *	Managing Director, Spar Nord Bank A/S	Member of the Board of Directors, Spar Nord Bank A/S *
Chair of the Board of Directors, Totalkredit A/S	Member of the Board of Directors, Spar Nord Bank A/S *	Chair of the Board of Directors, BEC Financial Technologies AMBA	Member of the Board of Directors, Totalkredit A/S	Chair of the Board of Directors, Nykredit Leasing A/S *	Member of the Board of Directors, Totalkredit A/S
Chair of the Board of Directors, Sund og Bælt Holding A/S		Chair of the Board of Directors, Kirstinehøj 17 A/S	Deputy Chair of the Board of Directors, Bokis A/S *	Chair of the Board of Directors, Aktieselskabet Skelagervej 15 *	Member of the Board of Directors, Sparinvest Holdings SE
Chair of the Board of Directors, Impact Fund Denmark		Deputy Chair of the Board of Directors, Totalkredit A/S	Member of the Board of Directors, Foreningen Dansk Skoleskak	Member of the Board of Directors, SNB IV Komplementar ApS	Member of the Board of Directors, Nærpension forsikringsformidling A/S **
Chair of the Board of Directors, Finans Danmark		Chair of the Board of Directors, Svanemølleholmen Invest A/S	Member of the Board of Directors, Grænsefonden	Member of the Board of Directors, Vækst-Invest Nordjylland A/S	
Chair of the Board of Directors, Spar Nord Bank A/S *		Deputy Chair of the Board of Directors, JN Data A/S **	Member of the Board of Directors, Bokis A/S **		
Member of the Board of Directors, FR I af 16. september 2015 A/S		Deputy Chair of the Board of Directors, Landsdækkende Banker *	Member of the Board of Directors, Niels Brock Copenhagen Business College		
Member of the Investor Board, Danish SDG Investment Fund (Verdensmålsfonden)		Member of the Board of Directors, Landsdækkende Banker **			
		Member of the Board of Directors, Copenhagen Business School Handelshøjskolen			

\* Joined in 2025

\*\* Left in 2025

### 3. Capital

The purpose of the Nykredit Realkredit Group's (Nykredit) capital management is to support the Group's business model, strategy and objectives. Nykredit aims to have stable earnings, a strong capital structure and competitive ratings.

Nykredit's capital management is to support Nykredit's capacity to maintain its business activities throughout Denmark regardless of fluctuations in economic trends. At the same time, Nykredit aims to ensure own funds sufficient to support the distribution of dividend to its owners and to meet regulatory requirements and the expectations of the Danish FSA.

At the beginning of 2026, the Board of Directors has set a new Common Equity Tier 1 (CET1) capital policy target of over 15% of the risk exposure amount (REA), while the target for total own funds has been set at over 19.5%. With a CET1 capital ratio and a total capital ratio of 17.3% and 21.4%, respectively, Nykredit is comfortably above these capital targets. In practice, Nykredit expects to operate with a long-term excess of around 2 percentage points over the Common Equity Tier 1 capital policy target.

In addition, Nykredit may obtain new CET1 capital from its owners through investment commitments from a number of Danish pension companies and Forenet Kredit's capital reserves. Given its access to funding, Nykredit ranks on a par with a listed SIFI in terms of capitalisation. In addition to its capital reserves, at the beginning of 2026 Forenet Kredit has made an additional capital commitment of currently DKK 2.7 billion, which is binding and irrevocable.

#### Risk appetite

In accordance with its business model, Nykredit aims to have stable earnings, a strong capital structure and competitive ratings. The capital requirement determined by Nykredit must therefore be significantly above the minimum regulatory level, ensuring that Nykredit can withstand an economic downturn and any consequent losses and meet new regulatory requirements.

### 3.1 Policy and guidelines

Nykredit's capital policy is laid down by the Board of Directors and defines Nykredit's consolidated capital needs and targets for leverage ratio, eligible liabilities (MREL), debt buffer etc.

Nykredit's capital targets are determined on the basis of the Danish FSA stress testing approach and are comprised of regulatory capital requirements and buffers, and a stress buffer reflecting the capital impact of a severe recession. Nykredit's capital targets are considerably higher than the regulatory minimum requirement. Also, the Board of Directors may reassess the Group's capital targets in case of major unexpected events.

In addition to the capital policy, Nykredit's Board of Directors has issued guidelines on day-to-day capital management to the Executive Board, which may in turn delegate guidelines and limits to Nykredit's Asset/Liability Committee, see section 2.6.

The guidelines set out the scope for Nykredit's capital ratios, leverage ratio, eligible liabilities and debt buffer, and specify the governance structure, delegation scope, escalation procedures etc.

The need for capital is assessed regularly as part of our capital planning, which is based on balance sheet, earnings and risk exposure projections. Nykredit's capital planning allows for factors such as maturity profiles of existing issues, adopted upcoming regulation and stress tests.

The capital policies of Group companies are determined by the individual Boards of Directors on the basis of the Group's capital policy and recommendations from the Asset/Liability Committee.

### 3.2 Control and reporting

The capital positions of the Group and the Group companies are reported regularly to the Board of Directors and the Board Risk Committee, the Executive Boards, the Asset/Liability Committee and the Group Risk Committee.

The Asset/Liability Committee receives monthly reports on REA, own funds and capital plans. Nykredit's Executive Boards and Boards of Directors as well as the Asset/Liability Committee monitor and evaluate the current capital positions at least quarterly. The risk outlook is described in the quarterly reports to the Board of Directors, the Board Risk Committee and the Group Risk Committee. In case of breaches of the capital policies or guidelines, the Board of Directors, the Executive Board and the Asset/Liability Committee receive separate reports, including an action plan.

Nykredit's risk management function performs independent controlling and monitoring of capital policy compliance at Group and company levels. The capital policies and the Board of Directors' capital management guidelines are adjusted and approved annually.

#### CRR3 entered into force at the beginning of 2025

CRR3 is being phased in up to 2032, while the output floor is expected to be binding for Nykredit from 2033. When CRR3 entered into force in 2025, its implementation led to a minor reduction in REA as a result of opposing effects. The main cause was the transition from the advanced IRB approach to the foundation IRB approach for certain customer segments, mitigated by the transition to the new approach for determining REA for operational risk.

### Capital management governance

#### Board of Directors and Board Risk Committee:

- Lay down the capital policy and capital management guidelines, including capital targets and limits for maximum leverage, eligible liabilities (MREL) and debt buffer.
- Receive quarterly reports on capital policy compliance.
- Receive separate reports in case of breaches of the policy or guidelines, including an action plan for approval.

#### Executive Board and Asset/Liability Committee:

- Approve and implement the capital policy and oversee compliance based on quarterly reports.
- Receive separate reports in case of breaches of the policy, including an action plan for approval. In addition, the Asset/Liability Committee receives monthly reports on REA, own funds and capital planning.

#### Control functions (second line of defence):

- Perform independent controlling and monitoring of capital policy compliance at Group and company levels.
- Prepares independent reports for the Board of Directors and the Executive Board.

#### ICAAP:

- Nykredit prepares an annual Internal Capital Adequacy Assessment Process (ICAAP) report identifying, measuring, assessing and monitoring all relevant risks to ensure that Nykredit has the required level of own funds. Via the Group Risk Committee and the Board Risk Committee, the report is submitted to the Board of Directors for approval and to the Danish FSA for review.

## 3.3 Current own funds and development

Nykredit's own funds totalled DKK 111.9 billion at the end of 2025 against DKK 111.4 billion at the end of 2024. With a risk exposure amount (REA) of DKK 522.5 billion, this corresponds to a total capital ratio of 21.4% at the end of 2025 against 23.4% at the end of 2024. The table on the next page shows Nykredit's own funds and REA.

CET1 capital came to DKK 90.4 billion at the end of 2025, corresponding to a CET1 capital ratio of 17.3% against 20.5% at the end of 2024. Nykredit's CET1 capital was reduced by a total of DKK 7.1 billion in 2025, mainly as a result of the acquisition of Spar Nord Bank.

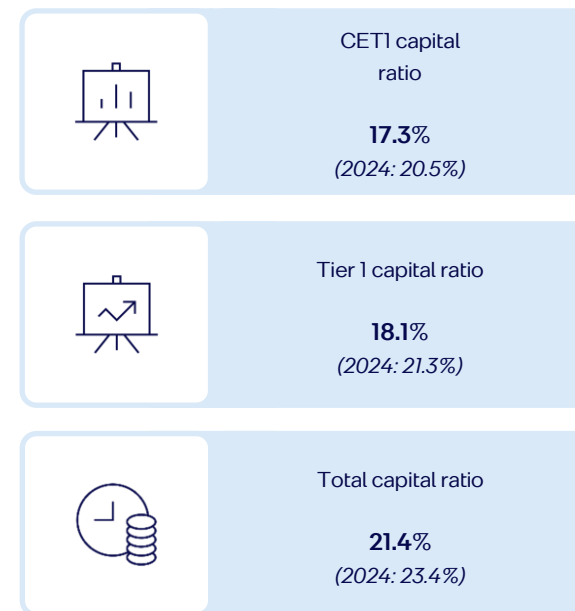
**Table 3.1: Capital ratios of Nykredit's companies**

% of REA End of 2025	Capital ratio	Total regulatory requirement <sup>1</sup>
<b>Nykredit Realkredit Group</b>		
CET1 capital	17.3	13.3
Tier 1 capital	18.1	15.1
Own funds	21.4	17.7
<b>Nykredit Realkredit A/S</b>		
CET1 capital	23.4	12.5
Tier 1 capital	24.3	14.1
Own funds	28.2	16.3
<b>Nykredit Bank Group</b>		
CET1 capital	33.7	13.3
Tier 1 capital	33.7	15.3
Own funds	33.7	18.0
<b>Totalkredit A/S</b>		
CET1 capital	23.2	13.1
Tier 1 capital	25.4	15.0
Own funds	26.5	17.6
<b>Spar Nord Bank A/S</b>		
CET1 capital	22.5	12.9
Tier 1 capital	23.8	14.7
Own funds	26.2	17.0

Nykredit's Tier 1 capital of DKK 94.8 billion consists mainly of Common Equity Tier 1 (CET1) capital, which is the key capital measure, as this is the type of capital required to comply with most of the regulatory capital requirements. Additional Tier 1 (AT1) capital amounted to DKK 4.3 billion at the end of 2025.

Tier 2 capital totalled DKK 17.2 billion at the end of 2025. At the beginning of 2026, Nykredit Realkredit A/S issued Tier 2 capital in an approximate amount of DKK 3.7 billion (EUR 500 million).

Furthermore, at the end of 2025 Nykredit Realkredit A/S and Spar Nord Bank A/S had issued about DKK 77.3 billion-worth of senior non-preferred debt. This does not count towards own funds, but is eligible for meeting the Danish minimum requirement for own funds and eligible liabilities (MREL) applying to the Group, the debt buffer requirement for mortgage banks as well as S&P's Additional Loss-Absorbing Capacity (ALAC) criterion for credit rating purposes. Senior non-preferred debt serves to protect unsecured creditors in case of the issuer's resolution or bankruptcy.



### 3.3.1 Capital adequacy differences between the Groups

Although the sole activity of Nykredit A/S is its ownership of Nykredit Realkredit A/S, the determination of own funds and total REA is not entirely identical for the Nykredit Group and the Nykredit Realkredit Group. The differences are due to four factors:

1. **Common Equity Tier 1 (CET1) capital**

CET1 capital totalled DKK 90.45 billion in the Nykredit Group and DKK 90.44 billion in the Nykredit Realkredit Group at the end of 2025. The difference is caused by a deduction from the CET1 capital of the Nykredit Group for intercompany balances with PRAS A/S and the ownership interest of PRAS A/S in Nykredit A/S.

2. **Additional Tier 1 (AT1) capital in subsidiaries**

The AT1 capital was issued by Nykredit Realkredit A/S and Spar Nord Bank A/S and therefore cannot be included 100% in the Nykredit Group according to the rules

on minority interests in the Capital Requirements Regulation (CRR),

which stipulate that AT1 capital may only be included at an amount corresponding to the regulatory requirement for the group concerned, in this case the Nykredit Group.

3. **Tier 2 capital in subsidiaries**

The Tier 2 capital was also issued by Nykredit Realkredit A/S and Spar Nord Bank A/S and is subject to the rules on minority interests described above for AT1 capital.

4. **Risk exposure amount (REA) – credit risk**

As mentioned in 1 above for CET1 capital, intercompany balances and indirect ownership interests are eliminated in the Nykredit Group. This may result in differences in REA for credit risk between the two groups.

**Table 3.2: Loan capital, end of 2025**

	Interest rate	Call date	Maturity	Capital	Company
AT1 capital	4.125%	15 April 2026	Perpetual	EUR 500 million	Nykredit Realkredit A/S
AT1 capital	3.25%	8 September 2026	Perpetual	DKK 600 million	Spar Nord Bank A/S
AT1 capital	3.125%	30 September 2026	Perpetual	DKK 250 million	Spar Nord Bank A/S
Tier 2 capital	6M Euribor + 1.71%	-	28 October 2030	EUR 50 million	Nykredit Realkredit A/S
Tier 2 capital	0.875%	28 April 2026 to 28 July 2026 inclusive	28 July 2031	EUR 500 million	Nykredit Realkredit A/S
Tier 2 capital	3M Stibor + 1.25%	31 March 2026	31 March 2031	SEK 1,000 million	Nykredit Realkredit A/S
Tier 2 capital <sup>1</sup>	5.131%	7 July 2027	7 July 2032	DKK 500 million	Spar Nord Bank A/S
Tier 2 capital	5.50%	29 September 2027 and 29 December 2027	29 December 2032	EUR 500 million	Nykredit Realkredit A/S
Tier 2 capital	6.88%	18 October 2027	18 October 2032	SEK 280 million	Nykredit Realkredit A/S
Tier 2 capital	3M Nibor + 3.65%	18 October 2027	18 October 2032	NOK 1,550 million	Nykredit Realkredit A/S
Tier 2 capital	3M Cibur + 3.9%	26 October 2027	26 October 2032	DKK 950 million	Nykredit Realkredit A/S
Tier 2 capital	6M Cibur + 3.25%	11 April 2028	11 April 2033	DKK 400 million	Spar Nord Bank A/S
Tier 2 capital	3M Cibur + 1.3%	30 September 2028	30 September 2033	DKK 200 million	Spar Nord Bank A/S
Tier 2 capital	3M Cibur + 2.55%	3 July 2029	8 June 2034	DKK 500 million	Spar Nord Bank A/S
Tier 2 capital	4.00%	24 April 2030	24 April 2035	EUR 750 million	Nykredit Realkredit A/S

<sup>1</sup> The loan can be redeemed from 7 July 2027. If the loan is not redeemed, the interest rate will be fixed at 6M Cibur plus a margin of 3.00%.

**Table 3.3: Capital**

DKK billion	Nykredit Realkredit Group		Nykredit Group
	2025	2024	2025
<b>Equity for accounting purposes</b>	<b>117.5</b>	<b>105.0</b>	<b>117.5</b>
AT1 capital etc	(4.6)	(3.8)	(4.6)
Other CET1 regulatory adjustments	(22.2)	(3.7)	(22.2)
<b>CET1 capital</b>	<b>90.4</b>	<b>97.5</b>	<b>90.4</b>
AT1 capital	4.3	3.7	3.4
AT1 regulatory deductions	0.0	0.0	0.0
<b>Total Tier 1 capital</b>	<b>94.8</b>	<b>101.2</b>	<b>93.9</b>
Tier 2 capital	17.2	10.2	13.0
Other Tier 2 regulatory adjustments	0.0	0.0	0.0
<b>Own funds</b>	<b>111.9</b>	<b>111.4</b>	<b>106.8</b>
<b>REA</b>			
Credit risk	442.3	413.7	442.3
Market risk	26.0	26.4	26.0
Operational risk	54.2	34.5	54.2
<b>Total REA</b>	<b>522.5</b>	<b>474.6</b>	<b>522.5</b>
<b>Capital ratios (%)</b>			
CET1 capital ratio	17.3	20.5	17.3
Tier 1 capital ratio	18.1	21.3	17.9
Total capital ratio	21.4	23.4	20.4

### 3.4 Risk exposure amount

Nykredit's risk exposure amount (REA) forms the basis of the calculation of the capital requirement. In 2025 Nykredit's total REA increased by DKK 47.9 billion to DKK 522.5 billion. The significant rise was mainly due to the acquisition of Spar Nord.

REA for credit risk rose by DKK 28.6 billion to DKK 442.3 billion. The increase was mainly attributable to the inclusion of Spar Nord (which applies the standardised approach) into the Consolidated Financial Statements and to lending growth across the Group's other companies. At an overall level the implementation of CRR3 has had limited impact, but it has resulted in REA for equities now being calculated using the standardised approach, while certain exposures are now calculated using the FIRB instead of the AIRB approach.

At the same time, Nykredit holds a capital add-on under Pillar I to handle the effect of new legislation and regulation, which is implemented as part of IRB model development. In this process, Nykredit sets aside capital to cover the expected effect on REA of the model changes. At the end of 2025 Nykredit held capital add-ons under Pillar I in the amount of DKK 33.3 billion, down DKK 43.5 billion from the end of 2024. The reduction was primarily attributable to the implementation of a new LGD model and was offset by a corresponding increase in the model-based REA for credit risk.

There has been a minor reduction in REA for market risk of DKK 0.4 billion to DKK 26.0 billion. For a detailed description of market risk, see 5 *Market risk*.

Operational risks caused a REA increase of DKK 19.7 billion to DKK 54.2 billion. REA has increased following the rise in the Group's business volumes after the acquisition of Spar Nord. In addition, the implementation of the new standardised approach for operational risk under CRR3 has led to an increase.



Chart 3.1: Development in Nykredit's REA (DKK billion)

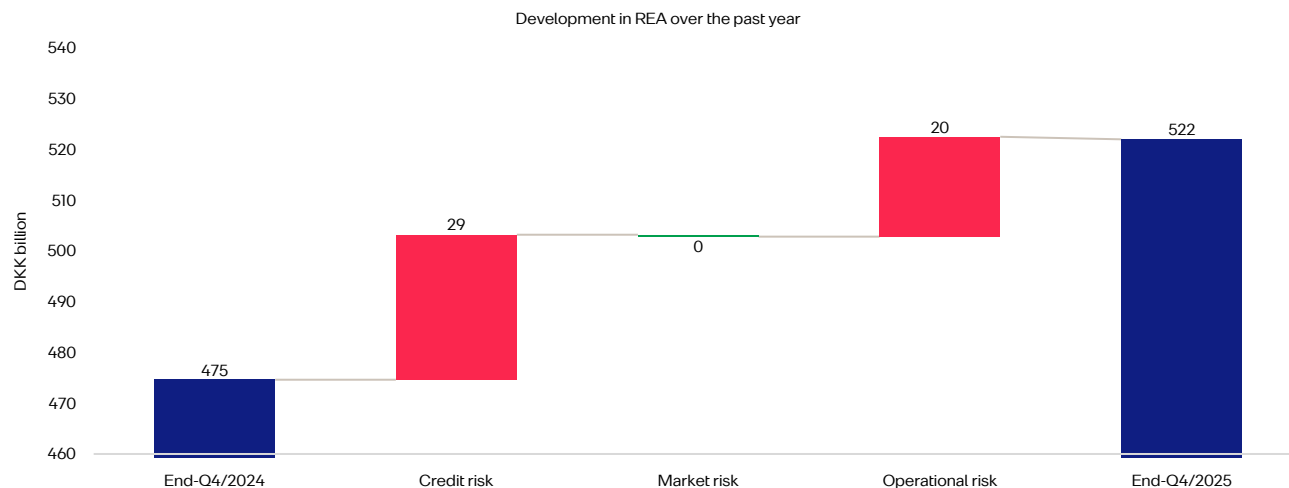


Table 3.4: Summary of Nykredit's REA

DKK million	Risk exposure amount		Minimum capital requirement (8%)
	2025	2024	2025
<b>Credit risk (excluding counterparty risk)</b>	<b>435,413</b>	<b>405,157</b>	<b>34,833</b>
Of which the standardised approach	86,577	14,935	6,926
Of which the advanced IRB (AIRB) approach <sup>1</sup>	306,743	377,961	24,539
Of which equities under the simple risk-weighted approach	0	12,261	0
Of which the foundation IRB approach (FIRB)	42,094	0	3,367
<b>Counterparty risk</b>	<b>6,894</b>	<b>8,554</b>	<b>552</b>
Of which the standardised approach	5,142	7,509	411
Of which exposures to a CCP	65	181	5
Of which CVA	1,002	392	80
Of which other counterparty risk	685	472	55
<b>Settlement risk</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>Market risk</b>	<b>26,002</b>	<b>26,414</b>	<b>2,080</b>
Of which the standardised approach	8,936	7,980	715
Of which the internal model approach (IMA)	17,067	18,434	1,365
<b>Operational risk</b>	<b>54,155</b>	<b>34,469</b>	<b>4,332</b>
Of which the basic indicator approach	54,155	34,469	4,332
<b>Amounts below the thresholds for deduction (subject to 250% risk weight)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>522,465</b>	<b>474,595</b>	<b>41,797</b>

<sup>1</sup>Includes Nykredit's capital add-ons held under Pillar I

### 3.5 Capital requirements

Nykredit's total regulatory capital requirement is composed of required own funds (internal capital adequacy requirement) and the combined capital buffer requirement.

#### 3.5.1 Required own funds

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and the Executive Board to determine the required own funds. The required own funds are the minimum capital deemed to be required to cover all material risks.

Required own funds are determined as the sum of Pillar I and Pillar II capital. Required own funds totalled DKK 52.6 billion at the end of 2025, equal to an internal capital adequacy requirement of 10.1%.

##### Pillar I

Under the Pillar I requirement, financial institutions must hold capital corresponding to 8% of total REA. See section 3.4 for the determination of REA for credit risk, market risk, counterparty risk and operational risk.

##### Pillar II

Pillar II comprises Nykredit's assessment of various risks not covered by the Pillar I capital requirement. One of the aims of determining Pillar II capital is to maintain a stable capital level even if the economic climate deteriorates.



Pillar II capital includes a buffer that factors in a weaker economic climate with changes in customer credit quality, falling property prices, etc.

In addition, a number of assessments are made of other risks that may lead to a Pillar II add-on. Other risks include effects of model updates, model risk, operational risks, backtest results, data quality, concentration risks, interest rate risk and climate risks.

#### 3.5.2 Capital buffers

Nykredit is subject to a number of capital buffer requirements in addition to the capital requirements under Pillar I and Pillar II. The combined capital buffer requirement is currently 7.6% of Nykredit's REA and must be met with CET1 capital.

As a systemically important financial institution (SIFI), Nykredit is subject to a special and institution-specific SIFI buffer requirement of 2%. In addition, Nykredit must meet the capital conservation buffer requirement of 2.5% and the countercyclical capital buffer requirement, which in Denmark has been set at 2.5%. Both requirements apply to all financial institutions.

In 2024, upon recommendation from the Danish Systemic Risk Council, the Danish Minister for Industry, Business and Financial Affairs activated a sector-specific systemic buffer for exposures to property companies at a rate of 7% of such exposures. In October 2025, the Risk Council issued a new recommendation easing the sector-specific systemic buffer requirement by allowing the exclusion of certain low-LTV exposures. It was recommended that the rate of 7% be maintained. The Minister has not yet taken a position on the recommendation.

Besides the Danish capital buffer requirements, Nykredit must hold CET1 capital for lending in countries where the countercyclical buffer has been implemented and where Nykredit has activities. However, lending in such countries is limited.

#### 3.5.3 Total regulatory capital requirement

The total regulatory capital requirement including combined capital buffers was 17.7% at the end of 2025. Of which the minimum CET1 capital requirement represented 13.3%, including Pillar II. With a

total capital ratio and a CET1 capital ratio of 21.4% and 17.3%, respectively, the capital levels are well above the capital requirements applicable to Nykredit.

Besides the specific capital requirements, the results of Nykredit's own stress tests as well as stress tests conducted by the Danish FSA and the European Banking Authority (EBA) must be incorporated in Nykredit's capital planning.

Nykredit's capital targets, which are described in detail in section 3.1, allow for the capital requirements combined with a deteriorating economic climate corresponding to a severe recession.

**Table 3.5: Nykredit's regulatory requirements**

% of REA	2025	2024
<b>Minimum CET1 capital ratio</b>		
Pillar I	4.5	4.5
Pillar II	1.2	1.3
Combined buffer requirement	7.6	7.7
- Capital conservation buffer	2.5	2.5
- Countercyclical buffer	2.5	2.5
- SIFI buffer	2.0	2.0
- Systemic risk buffer	0.7	0.8
<b>Total requirement</b>	<b>13.3</b>	<b>13.5</b>
<b>Minimum total capital ratio</b>		
Pillar I	8.0	8.0
Pillar II	2.1	2.4
<b>Internal capital adequacy requirement</b>	<b>10.1</b>	<b>10.4</b>
Combined buffer requirement	7.6	7.7
<b>Total requirement</b>	<b>17.7</b>	<b>18.0</b>
<b>Capital ratios</b>		
CET1 capital ratio	17.3	20.5
Total capital ratio	21.4	23.4

### 3.6 Stress tests and capital projections

In addition to the regulatory capital requirement, Nykredit holds additional capital to be applied in particularly stressed economic circumstances. Accordingly, a stress buffer is determined in connection with the annual adoption of Nykredit's capital targets, reflecting the impact of a severe recession.

Model-based stress tests and capital projections are permanent elements of Nykredit's capital management. The stress tests are used to assess the impacts of different macroeconomic scenarios. The results are applied at both Group and company levels and are included in the annual assessments by the individual Boards of Directors of the internal capital adequacy requirement as well as in the determination of capital targets.

The stress test calculations include the macroeconomic factors of greatest importance historically to Nykredit's customers. The capital requirement for credit risk builds primarily on correlations between the macroeconomic factors, the Probability of Default (PD) and Loss Given Default (LGD).

Nykredit applies a wide range of macroeconomic scenarios taken from its catalogue of scenarios, including a baseline scenario, which is a neutral projection of the Danish economy. The baseline scenario is supplemented with stress scenarios of varying severity, ranging from a weaker economic climate to a severe recession. Other relevant scenarios from external parties such as the Danish FSA or Danmarks Nationalbank, current risk scenarios or company-specific scenarios for Nykredit Bank and Totalkredit are also considered.

*Stress scenario: Severe recession*

Nykredit's capital policy aims at ensuring a robust capital level, also in the long term and in a severe recession. Therefore, Nykredit regularly evaluates the impact of severe recession. Stress scenarios are used that reflect an exceptional, but plausible macroeconomic stress scenario.

The results of the stress scenarios reflect how much Nykredit's capital requirement would increase in case of plunging housing prices, falling or rising interest rate levels and high unemployment. The results are factored into the annual determination of Nykredit's capital policy.

In 2025 Nykredit participated in the EU-wide stress test exercises of the EBA. The stress test showed that Nykredit can withstand a very severe macroeconomic downturn where large property price declines have a significant adverse impact on both personal and business lending.

*Internal Capital Adequacy Assessment Process (ICAAP)*

Through the ICAAP process, the Board of Directors annually assesses Nykredit's internal capital adequacy requirement, reflecting the capital requirements under Pillar I and Pillar II. The internal capital adequacy requirement is determined to reflect a cautious and forward-looking approach that supports the overall risk tolerance according to Nykredit's risk policy.

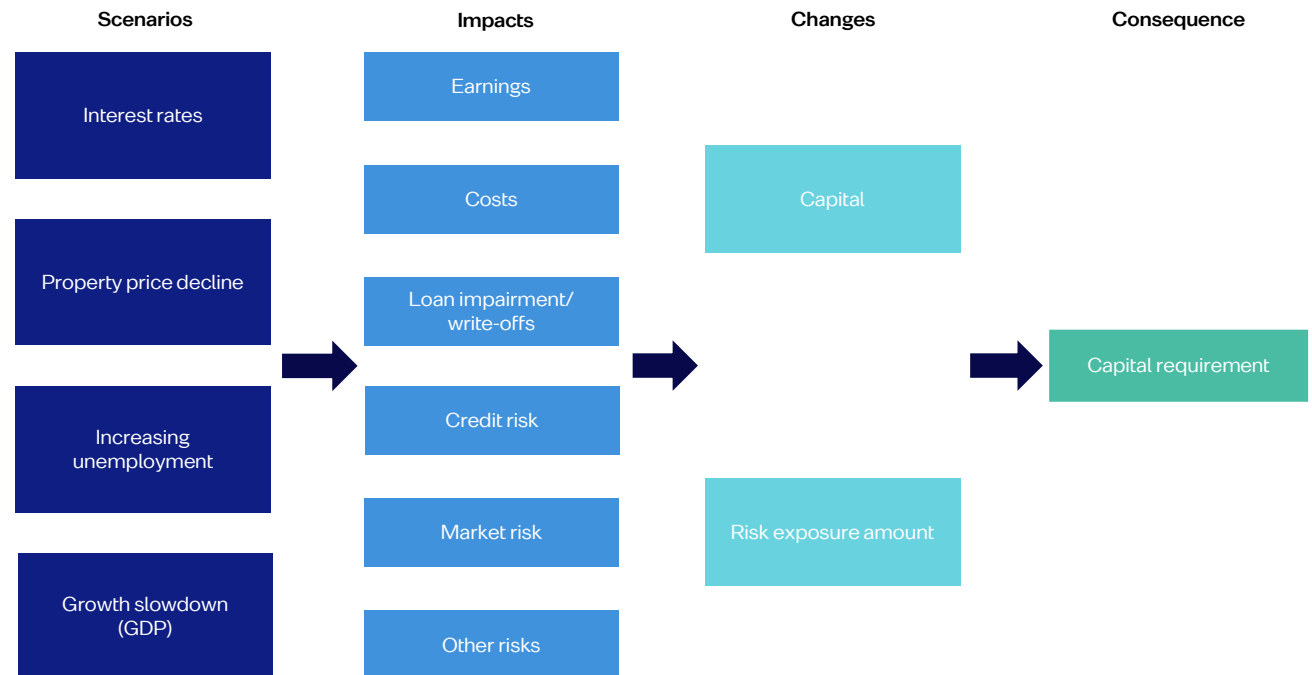
Despite continued macroeconomic uncertainties, the conclusion of the ICAAP process is that Nykredit has sufficient capital to withstand these risks, as well as far more severe downturns, and takes these risks into consideration in both its risk management practices and the capital policy.

Nykredit's capital planning factors in any upcoming regulation expected to result in changes to the required own funds. New requirements are subsequently incorporated into the ICAAP and the internal capital adequacy requirement upon coming into force. Based on the ICAAP and other aspects, Nykredit's Board of Directors determines at least annually the company's capital policy and the pertaining capital requirements, capital targets and capital plan.

**Table 3.6: Stress scenario to determine the capital need**

	2026	2027	2028
<i>Severe recession</i>			
GDP growth	(1.0)%	(3.0)%	(1.0)%
Unemployment	3.5%	7.8%	8.7%
Property price growth	(8.0)%	(15.0)%	0.0%
30-year covered bond yield	4.9%	4.4%	4.0%
1-year covered bond yield	2.8%	3.4%	2.8%
Money market rate	3.6%	5.2%	3.2%

**Chart 3.2: Structure of stress tests and capital projections**



### 3.7 Consolidation methods

REA is determined according to the Danish Financial Business Act and the Capital Requirements Regulation. The determination comprises Nykredit Realkredit A/S (the Parent) and the enterprises in which Nykredit Realkredit A/S exercises direct or indirect control of the enterprises' financial and operational management.

Together with other enterprises, Nykredit controls the enterprise JN Data, which is not included in the Consolidated Financial Statements. This enterprise is recognised according to the equity method.

#### 3.7.1 Differences compared with Financial Statements

There are differences between the Financial Statements and determinations under the CRR. This means that the figures in this report are not directly comparable with the determination of exposures in the Annual Report. This report has been prepared in accordance with Part 8 of the CRR, which defines the disclosure requirements.

Unexercised loan offers, undrawn credit and loan commitments, guarantees as well as potential future credit exposures to financial instruments are included in exposures used for the determination of REA. REA for securities is calculated at ISIN level. Detailed disclosures are available at nykredit.com.

#### 3.7.2 Credit risk

Nykredit has obtained the approval of the Danish FSA to use the advanced IRB approach to determine REA for credit risk in relation to:

- Retail and business exposures of Nykredit Realkredit A/S, Totalkredit and Nykredit Bank

The standardised approach is applied to determine REA for credit risk in relation to:

- Equity, sovereign and credit institution exposures
- A few minor portfolios and remaining companies, including Spar Nord Bank

In connection with the implementation of the CRR on 1 January 2025, adjustments were made to the IRB approach, including the use of the foundation IRB approach for certain customer segments.

#### 3.7.3 Market risk

For the determination of REA for market risk, Nykredit Realkredit A/S has obtained FSA approval to apply a Value-at-Risk (VaR) model to calculate the general risk related to:

- Equities
- Debt instruments
- Foreign exchange

Nykredit Bank has obtained FSA approval to apply a VaR model to calculate general risk related to:

- Debt instruments
- Foreign exchange

As at the end of 2025, the consolidated risk exposures concerned:

- Nykredit Realkredit A/S
- Totalkredit A/S
- Spar Nord Bank A/S
- Aktieselskabet Skelagervej 15
- Nykredit Bank A/S
- Nykredit Leasing A/S
- Nykredit Portefølje Administration A/S
- Sparinvest Group
- Nykredit Mægler A/S
- Svanemølleholmen Invest A/S
- Kirstinehøj 17 A/S

For market risk in the remaining companies and the parts of the portfolio for which REA is not determined using VaR, the standardised approach is applied.

Nykredit has a number of procedures in place ensuring that the tradability of positions in the trading book is satisfactory, see 5 *Market risk*. All positions in the trading and banking books are tested regularly for uncertainty related to applied prices against observed prices. These tests are applied in the prudent valuation calculations. A deduction is made from Nykredit's CET1 capital for prudent valuation.

For a description of the now postponed approach to capital requirement calculation, the FRTB, and resulting reporting requirements, see 5.3.5 *Regulatory capital requirement*.

#### 3.7.4 Operational risk

For all Group companies, the capital requirement for operational risk is determined using the new standardised approach under CRR3. The approach uses a number of subcomponents to provide a measure of the total business scope and thus the operational risk.

### 3.8 Leverage ratio

The leverage ratio is defined as the relationship between Tier 1 capital and the balance sheet total (including off-balance sheet items). The lower the leverage ratio, the higher the leverage level. The minimum regulatory leverage ratio is 3.0%, excluding any security. The leverage ratio is calculated separately for each company and included in their capital management.

In the capital policy, the Board of Directors of Nykredit Realkredit A/S and the Boards of Directors of subsidiaries have set targets for their respective leverage levels. The target is reviewed annually and determined based on a stressed scenario, factoring in other impacts on earnings and own funds as well as balance sheet movements, which may ultimately affect the leverage ratio.

Because of the structure of Nykredit's balance sheet with a stable development in mortgage lending, the risk of excessive leverage is limited. Moreover, stress tests show that the leverage ratio remains largely unaffected in stressed scenarios, which mainly affect Nykredit's REA.

At the end of 2025 Nykredit's leverage ratio was 4.6%, down 0.7 percentage points since the end of 2024. Nykredit's business grew in 2025, driven by, for example, the acquisition of Spar Nord Bank, which has caused the balance sheet to grow. Tier 1 capital saw a decrease due to the acquisition, mitigated by profit for the year.

**Table 3.7: Nykredit's leverage ratio**

DKK billion			
Year-end	Regulatory requirement	2025	2024
Tier 1 capital		95	101
Leverage ratio exposures		2,036	1,878
<b>Leverage ratio, %</b>	<b>Min 3.0%</b>	<b>4.6%</b>	<b>5.3%</b>

### 3.9 Debt buffer and MREL requirements

Nykredit Bank and Spar Nord Bank must comply with the Danish minimum requirement for own funds and eligible liabilities (MREL). The purpose of the MREL requirement is to ensure that the two banks can be recapitalised and restructured through a principal write-down or conversion of capital and debt instruments in the event of a situation where they meet the conditions for resolution.

At the end of 2025 Nykredit Bank had own funds and eligible liabilities corresponding to 48.0% of REA. The MREL requirement for 2025 set by the Danish FSA was 33.6%.

At the end of 2025 Spar Nord Bank had own funds and eligible liabilities corresponding to 38.1% of REA. The MREL requirement for 2025 set by the Danish FSA was 31.1%.

As Danish mortgage banks, Nykredit Realkredit A/S and Totalkredit are exempt from the MREL requirement, but must meet the regulatory debt buffer requirements. The debt buffer serves to bolster the loss-absorbing capacity of a failing mortgage bank without impairing its lending capacity.

The debt buffer requirement is set at the higher of the following:

- 8% of the consolidated balance sheet (8% debt buffer requirement)
- 2% of total mortgage lending plus the Group's capital requirement and the MREL requirements of Nykredit Bank and Spar Nord Bank (2% debt buffer requirement)

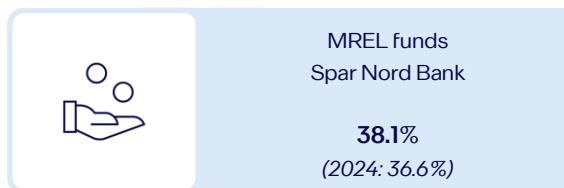
At the end of 2025 Nykredit's 2% debt buffer was 5.0%, and the 8% debt buffer was 9.7%.

Liabilities applied to meet the debt buffer requirement are determined after liabilities have been reserved to meet the banks' MREL requirement, as the same liabilities cannot be applied to meet both requirements at the same time.

**Table 3.8: Debt buffers and MREL requirements**

Year-end	Regulatory requirement	2025	2024
MREL funds Nykredit Bank	33.6	48.0	39.8
MREL funds Spar Nord Bank	31.1	38.1	36.6
2% debt buffer	2.0	5.0	4.3
8% debt buffer	8.0	9.7	9.6

Note: MREL funds were calculated at the level of Nykredit Bank A/S and Spar Nord Bank A/S. The 2% and 8% debt buffers were calculated at the aggregate level of Nykredit Realkredit A/S and Totalkredit A/S.



## 3.10 FSA Supervisory Diamonds

### 3.10.1 Banks

The Supervisory Diamond for banks applies to all Danish banks. It is a strictly Danish initiative and does not stem from EU legislation.

The current benchmark values of the Supervisory Diamond model are shown in Tables 3.9 and 3.10 below. Nykredit Bank and Spar Nord Bank operate within all benchmark limits.

### 3.10.2 Mortgage lenders

The Supervisory Diamond for mortgage lenders applies to all Danish mortgage lenders. It is a strictly Danish initiative and does not stem from EU legislation. In parallel to the Supervisory Diamond, bank loans resembling mortgage loans will be subject to special supervision. The current benchmark values of the Supervisory Diamond model are shown in Table 3.11. No limits were exceeded.

The Supervisory Diamond for mortgage lenders sets out the following benchmarks for five key ratios that indicate when a mortgage lender is operating at an elevated risk:

- Annual lending growth may not exceed 15% in each of the segments personal customers, commercial residential property, agriculture and other business.
- The sum of the 20 largest exposures must not exceed Nykredit's CET1 capital.
- Borrower's interest rate risk relating to residential properties: The proportion of lending where the LTV ratio exceeds 75% of the LTV limit and where the loan rate is fixed for up to 2 years only may not exceed 25% of the total loan portfolio.
- Interest-only (IO) loans to personal customers: The proportion of IO loans for owner-occupied and holiday homes with an LTV ratio above 75% of the statutory LTV limit may not exceed 10% of total lending.
- Limitation of short-term funding: The proportion of loans to be refinanced must be below 12.5% per quarter and 25% per year.

**Table 3.9: Nykredit Bank  
Supervisory Diamond for banks**

Benchmark	2025	2024
Large exposures (limit value <175%)	114.1%	120.6%
Lending growth (limit value <20%)	9.6%	4.7%
Property exposure (limit value <25%)	8.4%	10.1%
Liquidity benchmark (limit value >100%)	194.5%	246.8%

**Table 3.10: Spar Nord Bank  
Supervisory Diamond for banks**

Benchmark	2025	2024
Large exposures (limit value <175%)	47.2%	68.2%
Lending growth (limit value <20%)	4.3%	7.4%
Property exposure (limit value <25%)	11.8%	11.5%
Liquidity benchmark (limit value >100%)	371%	275%

The Supervisory Diamond for banks sets out the following benchmarks for four key ratios that indicate when a bank is operating at an elevated risk:

- The sum of large exposures should be less than 175% of CET1 capital.
- Lending growth should be less than 20% measured year-on-year. The limit value is determined exclusive of reverse repurchase lending and after impairments.
- Total exposure to the property segment should be less than 25% of total lending.
- The liquidity benchmark should be more than 100%. The benchmark indicates a bank's ability to withstand a liquidity stress for at least three months.

**Table 3.11: Supervisory Diamond for mortgage lenders**

Benchmark	Nykredit Realkredit Group	Nykredit Realkredit A/S	Totalkredit A/S
<b>Lending growth in segment</b>			
Personal customers (limit value <15%)	5.6%	(14.4)%	6.1%
Commercial residential property (limit value <15%)	0.4%	(0.2)%	19.3% <sup>1</sup>
Agriculture (limit value <15%)	0.4%	0.4%	0.0%
Other business (limit value <15%)	1.5%	1.3%	6.7%
<b>Borrower's interest rate risk</b>			
Loans to private individuals and for residential rental (limit value <25%)	14.5%	16.7%	14.0%
<b>Interest-only loans</b>			
Personal customers (limit value <10%)	4.3%	2.6%	4.4%
<b>Loans with short-term funding</b>			
Refinancing (annually) (limit value <25%)	14.0%	20.5%	10.5%
Refinancing (quarterly) (limit value <12.5%)	3.0%	2.6%	3.3%
<b>Large exposures</b>			
Loans and advances/equity (limit value <100%)	51.8%	49.6%	10.8%

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

## 4. Credit risk

Credit risk reflects the risk of loss resulting from customers and counterparties defaulting on their obligations. It is Nykredit's policy to always offer responsible, sustainable and transparent financial solutions that match customers' financial position and needs. This approach serves to contain Nykredit's overall credit risk.

Nykredit's credit risk arises from its mortgage lending, bank lending and leasing solutions, as well as from financial products. Most of the credit exposure derives from mortgage loans secured by real estate, which also serves to keep credit risk low. Credit exposures from bank lending arise from loans and credit facilities provided to personal and business customers, including SMEs and institutional clients.

In 2025 the credit quality of Nykredit's personal and business loan portfolio remained solid and was supported by Danish economic trends, which were characterised by growth, real wage increases and rising employment. Housing prices likewise increased over the year. In 2025, variable interest rates declined, supporting the earnings capacity of a broad range of customers. In 2025, geopolitical risks became more pronounced across multiple fronts, creating uncertainty about the future, although these risks have not yet materialised in customer earnings. The acquisition of Spar Nord has not materially affected the credit quality of the personal or the business loan portfolio. Moreover, it has contributed to a more balanced credit portfolio between the personal and business segments.

Impairment provisions totalling DKK 10.4 billion have been made to cover any losses on the personal and business loan portfolios resulting from a weaker economic climate. Write-offs are still low. Risks of a weaker economic climate also affect Nykredit's capital planning, with capital being held to mitigate these risks as part of the internal capital adequacy requirement.

### Risk appetite

Creditworthiness is the core element of credit granting. Credit granting must reflect Nykredit's strategy and factor in aspects such as sustainable transition towards climate change adaptation and mitigation and is structured around guidelines and portfolio limits. Nykredit focuses on long-lasting and sound relationships with customers who have the ability and will to meet their obligations. The objective is that the physical assets that form part of the Group's business activities are believed to have durable and robust values, thereby ensuring the necessary security for the Group's bond issues.

## 4.1 Policy and guidelines

Nykredit has a nationwide presence across Denmark and a comprehensive distribution network. Customers are served by certified bankers at the local banks of Nykredit and Spar Nord and by the bankers of the local and regional Totalkredit partner banks.

Nykredit's credit risk profile and risk appetite are laid down in the credit policy applying to the Group's undertakings. The credit policy is laid down by the Board of Directors. It is based on the Nykredit Group's strategy and the aim that customers should perceive Nykredit as a reliable, qualified and long-term financial partner. All credit applications are assessed in accordance with the relevant credit policy by financially trained employees. The cornerstone of such assessment is a customer's creditworthiness, which reflects their ability and willingness to meet their obligations. An overall evaluation is made of the customer's financial circumstances and other risk elements, taking into account Nykredit's total exposure to the customer and any mortgage security provided. The credit policy specifies measurable characteristics of creditworthy customers and compensatory measures in case of deviation from these characteristics.

The credit policy complies with the Executive Order on Management and Control of Banks etc and ensures that credit is granted in accordance with the framework of the Totalkredit partnership, Danish mortgage legislation, the Danish Financial Business Act, good business practice, the guidelines on prudent credit assessment and any other relevant rules and regulations. The aggregate credit granting by the Group companies is undertaken within the credit policy limits for large exposures as well as limits for portfolio distribution by industry, geography and other risk types.

Nykredit aims to maintain such close customer proximity that it can take a proactive approach before any payment difficulties arise. Prompt action benefits both the customer and Nykredit. And limits arrears etc, making it more likely that the customer will recover. Alternatively, losses will be minimised to the advantage of both the Nykredit Group and the customer.

Totalkredit's mortgage lending is based on a strategic partnership with the majority of Danish banks. The Totalkredit partner banks undertake the arrangement of loans, customer advisory services,

credit assessments, control of anti-money laundering and terrorist financing, case processing as well as arrears workout and handling of non-performing exposures. Totalkredit loans are subject to final approval by Totalkredit, however.

The credit policy describes a number of ESG factors to be considered as part of the credit assessment of business customers. The assessment includes, in particular, climate, physical and transition risks, but also other elements of a customer's individual ESG factors will be considered where relevant. The aim is to identify relevant risks and options, which will then form part of the overall assessment of a business customer's creditworthiness. The ESG assessment is based on recognised concepts laid down in the EU Taxonomy Regulation. Compliance with Nykredit's Fossil Fuels Policy is also a priority; the policy defines Nykredit's position and approach to the financing of companies involved in the exploration, extraction or production of fossil fuels or energy from fossil fuels.

The focus is on inspiring and supporting the transition to a more sustainable future through targeted value propositions, including preferential offers for energy efficiency improvements and climate adaptation measures.

## 4.2 Lending guidelines and process

The local banks of Nykredit and Spar Nord have been authorised to process most credit applications independently. The authority comes with a requirement of credit policy and business procedure certification every three years, in addition to the statutory certification. Spar Nord employees will undergo certification during 2026. It is Nykredit's aim that most credit decisions should be made locally.

Which level of Nykredit's credit approval hierarchy determines a business customer's credit application generally depends on the size of the exposure. Nykredit has five local credit units that process business customers' credit applications exceeding the authority assigned to the local banks and Nykredit Direkte. Applications exceeding the authority of the regional credit units are processed centrally by Group Credits, unless they involve exposures requiring escalation to the Credits Committee, the Executive Board or the Board of Directors. Spar Nord has its own credit unit, credits committee, executive board and board of directors.

**Credit risk governance**

*Board of Directors and Board Risk Committee:*

- Lay down the credit policy, including risk appetite and portfolio limits, and credit guidelines, and receive quarterly reports on credit policy compliance.
- The Board of Directors receives separate reports in case of breaches of the policy, including an action plan for approval.

*Executive Board and Credits Committee:*

- Approve and implement the credit policy and oversee compliance based on quarterly reports.
- The Executive Board receives separate reports in case of breaches of the policy, including an action plan for approval.

*The risk management function and the controlling unit:*

- Performs controlling and monitoring independently of the risk-taking units. Prepares reports for the Board of Directors and the Executive Board. The risk management function and Credit Controlling, plays an important role in this respect. Credit Controlling oversees credit policy compliance by spot checking eg credit approvals from all Group companies.

Which level of the credit approval hierarchy determines credit applications of personal customers of Nykredit and Spar Nord depends on a combination of exposure size and any credit circumstances requiring particular attention (credit approval rules). The level of the credit approval hierarchy determines whether credit applications are processed by the local banks or centrally by Group Credits.

Which level of the credit approval hierarchy determines mortgage loan applications of personal customers of Totalkredit depends on the size of the loan applied for, including any prior-ranking loans in the individual property. As for credit applications of business customers of Totalkredit, the level is determined by exposure size, in the same way as for customers in Nykredit and Spar Nord.

The Group's largest exposures are presented to the Board of Directors on an ongoing basis. The Board is also briefed quarterly about the largest write-offs and impairments.

Approvals are made in compliance with applicable rules and practices, including the Danish Executive Order on Management and Control of Banks, etc, the Danish Executive Order on good practice for residential mortgage agreements, guidelines on prudent credit assessment when granting housing loans in growth areas etc and guidelines on creditworthiness assessments.

**4.2.1 Nykredit and Spar Nord's credit approval processes**

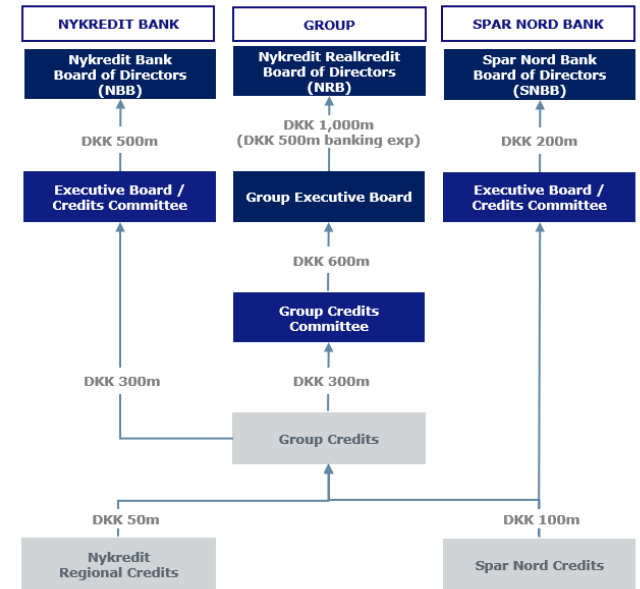
Nykredit and Spar Nord's approval of loans is based on the customer rating together with an assessment of the customer's current financial position and resilience as well as other circumstances where relevant. Examples include the robustness of the customer's management team, ESG factors and new regulatory requirements or geopolitical conditions. This assessment is based on credit approval rules and guidelines in the credit policy. The assessment also considers the quality of security provided. Security by way of mortgages on real estate is assessed by valuers.

Nykredit and Spar Nord each apply internally developed ratings to the vast majority of their customers. Customer ratings are based on an estimation of the customer's Probability of Default (PD), which indicates the probability of the customer defaulting on its

obligations within 12 months. Customer ratings are used for credit assessments and other purposes.

The approval of financial products is based on a customer's credit-worthiness, the life of the product, the contractual basis and an assessment of the quality of the security provided etc.

**Chart 4.1: Nykredit Realkredit Group**  
Credit approval structure in Nykredit Bank, Spar Nord Bank and Nykredit Realkredit



Note: Amounts denote the Group's total exposure to a customer and Nykredit Bank or Spar Nord Bank's total banking exposure to a customer, respectively.

**4.2.2 Totalkredit's credit approval process**

As regards Totalkredit loans, assessments of personal customers are primarily carried out by the Totalkredit partner banks, while the final approval of credit applications is undertaken by Totalkredit. Assessments of business customers and approval of business credit applications are carried out centrally by Totalkredit on the basis of a recommendation by the partner bank.

A model is used for Totalkredit personal mortgages where the loss risk relating to the loans is shared according to principles set out in the collaboration agreement with the partner banks. The partner banks provide security to Totalkredit by way of a right of set-off and/or guarantees for the loans arranged by them. In return, Totalkredit passes on part of the administration margin payments from customers to the partner banks. This incentivises the partner banks to carry out a thorough and adequate assessment of customer creditworthiness, which minimises expected losses on customers. In case of high-risk loans where the ordinary business

Chart 4.2: Totalkredit A/S

Credit approval structure, Totalkredit – personal mortgages

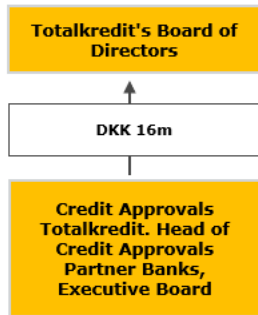
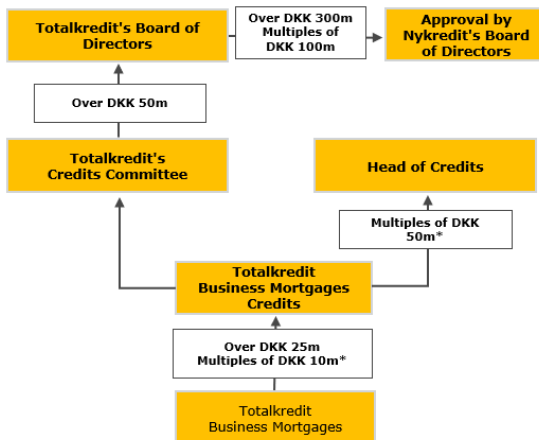


Chart 4.3: Totalkredit A/S

Credit approval structure, Totalkredit – business mortgages



Note: Amount limits denote the total exposure to a customer.

\* Multiples can be applied subject to approval by Totalkredit's Board of Directors.

procedures are derogated from, the partner banks must provide a guarantee exceeding the security provided for ordinary loans. The security model thus reduces Totalkredit's credit risk.

### 4.3 Control and reporting

Group Credits is responsible for managing and monitoring credit risk in accordance with guidelines laid down by the Board of Directors and the Group Executive Board. The unit is also responsible for reviewing certain individual exposures as well as credit policy limits for large exposures and portfolio distribution limits at Nykredit, Totalkredit and Spar Nord. The risk management function is responsible for the general monitoring and reporting to the Board of Directors, including the preparation of risk assessments.

Credit monitoring is based on a portfolio management approach categorising customers according to industry and continuously monitoring them against a number of credit parameters. Furthermore, controlling of individual exposures is performed to assure the quality of lending. This includes reviews of credit approvals and weak exposures. The controls are organised to be independent of the approving units, and independent reports are prepared for the risk management function.

The risk management function and Credit Controlling perform the ongoing controlling and review of credit quality, portfolio limits etc and monitor the quality of credit processes. In its reports to the Board of Directors, the risk management function also accounts for the credit risk landscape.

#### 4.3.1 Portfolio management

Portfolio mix and development are monitored by means of portfolio reports, thematic analyses, weak exposure reviews as well as the regular risk exposure reporting to the Board Risk Committee and the Board of Directors, which also includes monitoring of impacts from underlying ESG risks. This enables the Board of Directors to evaluate the credit policy and make the required adjustments in relation to lending at single-name level (guidelines and single-name limits) and portfolio level (portfolio limits and exposure criteria). The aim is to avoid any single-name risk or concentration of risk which may have a material impact on the Group in the event of default.

In addition to the above, a number of other elements are part of day-to-day credit management based on, for instance, large exposure limits and portfolio distribution criteria. This is supplemented with central credit instructions and risk assessments with respect to individual portfolios and industries, which should form part of customer assessments.

In addition to control of individual exposures, portfolio controls are performed in terms of data-driven monitoring of selected portfolio metrics for early detection of red flags.

#### 4.3.2 Control of individual exposures

Individual exposures are controlled at decentralised and central levels in several areas. Credit Controlling (second line of defence) systematically follows up on the results of the approving units to give them feedback on the relevant findings of the controls.

##### New approvals

With respect to Nykredit's decentralised controlling, the heads of the local banks and regional heads of credit are responsible for local day-to-day credit management, comprising spot checks as well as reviews. Controlling new approvals at individual exposure level is also part of the decentralised review procedure. The same applies to Totalkredit's business exposures. The individual banks are responsible for decentralised controlling of Totalkredit's personal exposures.

Centralised controlling of individual exposures is performed by Credit Controlling, which regularly perform controlling in all the Group's companies. New approvals are controlled against the credit policy, including consideration of risk appetite, credit assessment and decision-making basis. As regards Nykredit Bank, Nykredit Realkredit and Totalkredit's business exposures, monthly spot checks are carried out for each approving unit. Totalkredit's personal exposures and Nykredit Leasing are subject to quarterly controls, and spot checks are carried out for each Totalkredit partner bank. The samples must be large enough to ensure that they are representative of the entire population or a specific risk group. It is a requirement that the results describe, at a high statistical confidence level, the risk appetite of each approving unit and partner bank in relation to new approvals. The controls for Nykredit Bank and Nykredit Realkredit are risk-based, which means that higher-risk credit approvals are subject to more spot checks. The controls

include checking for, for example, any overrun of credit approvals, processing errors and derogations from the credit policy guidelines. It is assessed whether the overall level of approvals is within the credit risk appetite.

#### Renegotiations

Decentralised reviews of renegotiations are part of the monitoring of credit exposures, and large business exposures are reviewed by the account manager at least annually. The reviews are based on financial statements, ratings and customer data and are a central element of the control environment. In addition, the heads of the local banks conduct regular spot checks of the frequency and quality of renegotiations as part of the decentralised review procedure. Central reviews and control of the frequency and quality of renegotiations are performed by Credit Controlling which is part of the new-credits approval controlling.

#### Review of weak exposures

Nykredit identifies weak exposures based on the rating categories with the highest probability of default, with or without objective evidence of credit impairment. Objective evidence of credit impairment is determined on the basis of a number of statutory indicators of credit-impaired exposures. If Nykredit identifies objective evidence of credit impairment, the exposure will be assigned the lowest possible rating.

Weak exposures are reviewed by units that specialise in weak exposures. Weak personal exposures are reviewed at least annually. Business banking exposures are reviewed quarterly, with a few exceptions. The reviewing units are responsible for preparing a credit strategy including an action plan for the purpose of implementing loss control measures and restoring the customer's financial strength. The account manager is responsible for executing the credit strategy. Weak exposure reviews also include assessment of the customer's creditworthiness and consequently rating, data control and, in some cases, impairment calculations. Regular spot checks are made of the quality of weak exposure reviews conducted.

For Totalkredit mortgage loans, exposures are designated as weak if there is reasonable doubt as to whether the customers are able and/or willing to honour their obligations to Totalkredit. Totalkredit identifies weak personal exposures through Totalkredit's rating

model, registrations made by partner banks in connection with loans, and Totalkredit's portfolio monitoring. Personal exposures with a PD above 5%, where the customer is registered in RKI's bad debtor register, with recurrent short-term arrears and/or subject to execution, or where other red flags indicate that the customer is in severe financial difficulties are assessed individually for objective evidence of credit impairment.

Centralised oversight and control of the frequency and quality of the weak exposure reviews conducted are performed by Credit Controlling on an ongoing basis. Credit Controlling controls Nykredit Bank's, Nykredit Realkredit's and Totalkredit Business Customers' reviews of weak exposures as well as the workout plans implemented in relation to Totalkredit's personal exposures. The purpose of the spot checks is to assess whether the weak exposure reviews comply with relevant business procedures and process descriptions. This control serves to support the approving units' handling of weak exposures through ongoing dialogue about the results of controls performed.

It is verified that impairments, write-offs and provisions comply with the accounting rules, and the risk management function validates the models applied.

Controls in respect of impairments are performed as spot checks of Nykredit's impairment of stage 2 and stage 3 exposures including expert recalculation of impairments and comparison of the results with the level of current impairments. Controls in respect of write-offs are performed as timeliness assessments of a sample of write-offs.

Credit Controlling also performs checks to verify the timely identification of objective evidence of credit impairment and the correct stage categorisation of weak exposures.

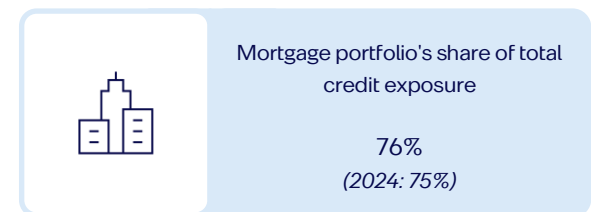
## 4.4 Current risk profile and development

### 4.4.1 Credit portfolio characteristics

Nykredit's credit exposures mainly consist of mortgage lending, which represents 76% of the total exposure. The rest of the loan portfolio primarily consists of bank loans and a small amount of financial instruments.

At the end of 2025, 53% of the Group's lending and guarantees were to personal customers. The exposure to business customers in Denmark amounted to 34%. The exposure to customers outside Denmark accounted for 3.5% and was mainly to business customers.

Overall, Nykredit's customer portfolio is characterised by low LTV ratios and a low proportion of loans in default. At the end of 2025 the average LTV was 53.9%, and the proportion of loans in default was 0.7%. Customers' internal ratings are predominantly at the high end of the scale and consequently considered good. The calculated ratings are based on customers' financial position and payment behaviour, see 4.6 Models for determination of credit risk.



#### The economy and the real estate market

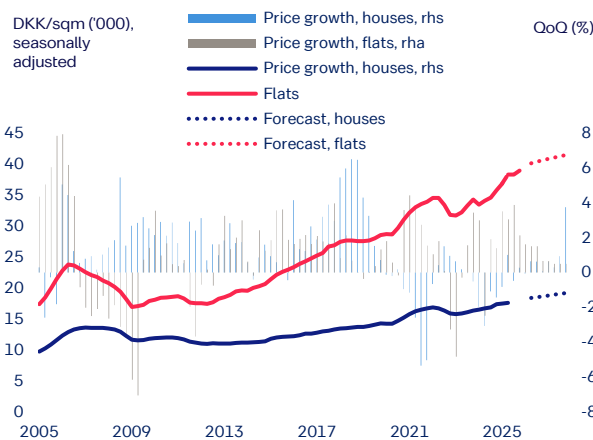
Despite geopolitical tensions, trade conflicts and challenges affecting Novo Nordisk, Danish GDP has continued to grow in recent years – driven especially by a persistently strong contribution from the pharmaceutical industry, but also supported by solid performance across the broader industrial base. Households continue to hold back on spending, which dampens short-term economic activity slightly, but in turn strengthens overall resilience. Going forward, positive growth is still expected, albeit at a slightly slower pace than has been the case in recent years.

The continued improvement in the Danish economy is supporting Danish homeowners, who have also benefited from declining interest rates, with the average mortgage rates trending lower throughout 2025. This is despite the fact that some homeowners continue to face interest rate increases, not least those with ARMs with 5Y funding. Danish households are also proceeding with home buying plans despite a pessimistic outlook on both their own financial situation and the broader national economy. This may reflect that home buying is largely viewed as a sound investment rather than spending. Consumer confidence is also notably higher among homeowners than tenants, according to figures from the Danish Ministry of Economic Affairs.

Housing-market activity has increased throughout 2025 and is now above pre-pandemic levels. Housing prices have risen across all regions during 2025, supported by solid real wage growth, declining interest rates and a strong labour market. Price increases have been particularly pronounced in the Copenhagen flats market. In recent years, the Copenhagen housing market has shown resilience to interest rate increases and higher property taxes, but the housing cost burden – the percentage of a household’s income allocated to housing expenses – is still high.

The rental property market is characterised by rising trading activity. Total transaction volumes are on a par with the high levels leading up to the pandemic, albeit somewhat lower than the record-year 2021. The market has been challenged by the rising interest rates in recent years, which have caused yield requirements to rise, putting pressure on property valuations. Yield requirements have since edged down slightly but remain well above the trough reached in 2021.

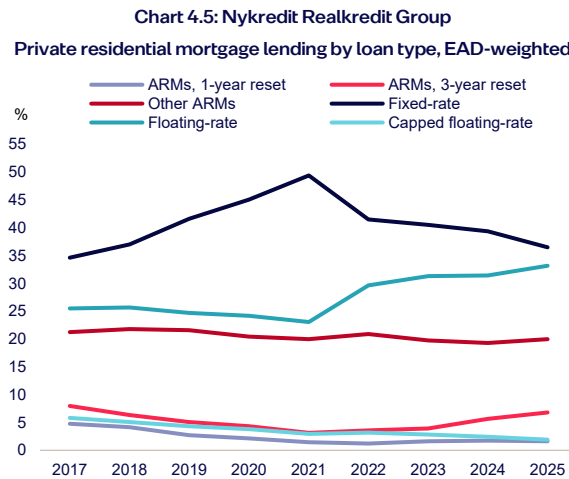
Chart 4.4: House and flat prices



**Personal loan portfolio**

Nykredit’s direct personal lending exposure accounted for 53% of the Group’s total credit exposure at the end of 2025. Nykredit’s personal loan portfolio generally exhibits strong credit quality, and households’ financial headroom has improved over the past year, supported by high employment, declining interest rates and rising

wages. Also, Nykredit’s personal customers are mostly homeowners with low LTVs. Risk indicators such as arrears ratios and properties acquired by foreclosure also remain at low levels.



Note: Other ARMs includes capped floating-rate loans and adjustable-rate mortgages with interest periods longer than 5 years.

**Share of private residential mortgage lending**

**64.5%**  
(2024: 63.5%)

**Business loan portfolio**

The business loan portfolio saw a stable development in customer credit quality in 2025. This is despite the fact that overall uncertainty for businesses has increased over the year, driven by a more assertive American trade policy and geopolitical tensions. The business loan portfolio remains of strong credit quality and is well-diversified across sectors. The outlook for continued relatively low interest rates, combined with ongoing growth – albeit likely lower than previously – is expected to support the business loan portfolio in 2026. The levels of arrears and overdrafts as well as write-offs on business customers remain low.

Table 4.1: Nykredit Realkredit Group

Credit exposures, Exposure at Default (EAD)		
DKK billion	2025	2024
<b>Total business exposures in Denmark</b>	<b>644.7</b>	<b>599.3</b>
Industry	84.5	70.3
Property rental	265.2	238.9
Trade	41.2	35.3
Cooperative housing	34.8	35.0
Holding and investment companies	10.9	7.3
Public housing	23.9	22.9
Agriculture	73.1	71.6
Finance and insurance	34.6	51.9
Services	58.5	46.9
Health, arts, public, education	17.9	19.1
<b>Total personal exposures in Denmark</b>	<b>989.3</b>	<b>891.8</b>
Property rental abroad	57.9	59.5
Personal exposures abroad	8.0	8.5
Other <sup>1</sup>	188.0	267.4
<b>Total EAD</b>	<b>1,887.8</b>	<b>1,826.4</b>

<sup>1</sup>“Other” includes exposures calculated according to the standardised approach (mainly non-distributable sovereign, institutional and business exposures).

**Property rental**

In the business loan portfolio, the residential and commercial rental sectors represent the largest credit exposure, making Nykredit sensitive to shocks affecting this sector. Mortgage lending accounts for the vast part of the exposure, most of which is on variable-rate terms. Interest-only periods are offered for a maximum of 75% of a loan and are used primarily to finance real estate in growth and intermediate areas. They are offered to a limited extent to customers who are very sensitive to interest rate rises.

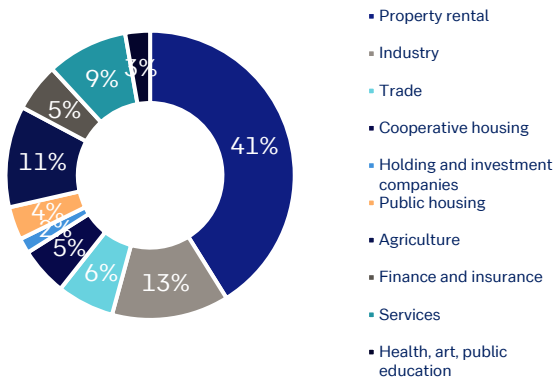
In H1 2025, sales activity was significantly higher than in the previous two years, and the total transaction volume matches the high levels observed before the pandemic. Residential rental properties account for the majority of transactions, and there is also increasing interest among foreign investors. Fundamental factors such as population growth in the larger cities and a slowdown in

construction continue to support the market for residential rental properties. At the same time, employment remains high, and households' discretionary income has improved, which helps sustain the rental market across residential, retail and office properties.

In the recent period, customers have demonstrated resilience to rising interest rates, with both arrears and impairment rates remaining low. In addition, variable-rate loans in particular have declined from their peak levels, resulting in lower interest expenses for property companies.

Nykredit also has exposures to property rental customers in Sweden, Germany and Finland.

**Chart 4.6: Nykredit Realkredit Group**  
Breakdown of business credit exposures



#### 4.4.2 Distribution of customer ratings

Nykredit's and Spar Nord's customers continue to be rated according to their respective rating scales and models. Spar Nord's customers will start being rated according to Nykredit's rating scale after the integration between Nykredit Bank and Spar Nord Bank at Easter 2026. This means that Spar Nord's rating scale in terms of PD bands is not directly comparable to Nykredit's rating scale. However, Nykredit's group of high-credit quality customers (ratings 6-10) is broadly comparable to Spar Nord's rating group 1-4.



The difference in rating distribution, particularly for business customers, should be viewed in light of the fact that Spar Nord has a higher proportion of SMEs, while Nykredit has more corporate customers.

Nykredit's and Spar Nord's business loan portfolios saw a stable development in customer ratings in 2025. Overall, Nykredit's and Spar Nord's customers were still characterised by strong financial ratios and good ratings in 2025.

The credit quality of 89.8% of Nykredit's exposures was in the range of ordinary to high (ratings 6-10) at the end of 2025. These customers typically meet their payment obligations and have robust finances and savings.

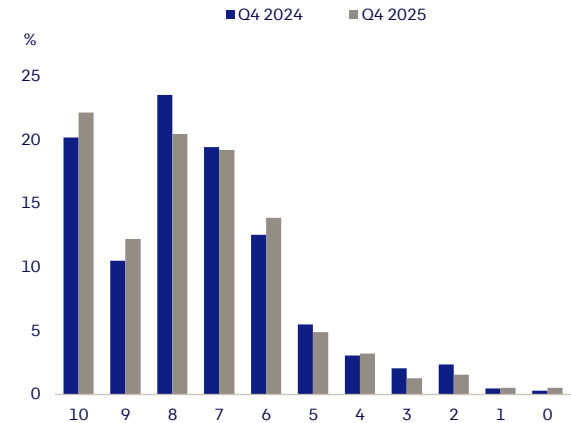
This type of customer made up 90.9% of Nykredit's personal customers, and for business customers, excluding corporate and institutional clients, the percentage was 77.5%. For 95.3% of Nykredit's corporate and institutional clients, with which Nykredit maintains particularly close contact, the credit quality ranged between ordinary and high.

Excluding guarantees, 7.9% of Nykredit's customers were categorised as "ordinary exposures with minor signs of weakness" (ratings 3-5) at the end of 2025. These customers typically have less robust finances, yet they continue to meet their financial obligations. They made up 7.0% of personal customers, and for business customers, the percentage was 16.7%. The percentage for Nykredit's corporate and institutional clients was 3.7%.

The remaining customers were weak exposures (ratings 0-2), accounting for 2.3%, and exposures in default, accounting for 0.7%. This category primarily consists of customers that have defaulted on their payments, customers with a negative net worth or negative equity, and customers with low or negative earnings.

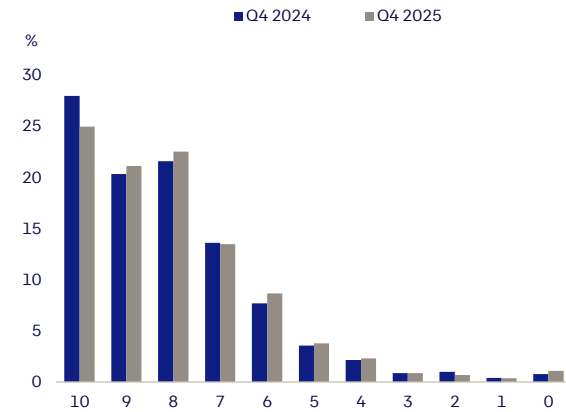
Spar Nord's customers were also characterised by strong financial ratios and solid ratings in 2025. The credit quality of 77% of Spar Nord's exposures was in the range of ordinary to high (ratings 1-4) at the end of 2025. This type of customer made up 85% of Spar

**Chart 4.7: Nykredit Realkredit Group**  
Business customers – rating distribution, EAD-weighted



Note: Does not include exposures in default.

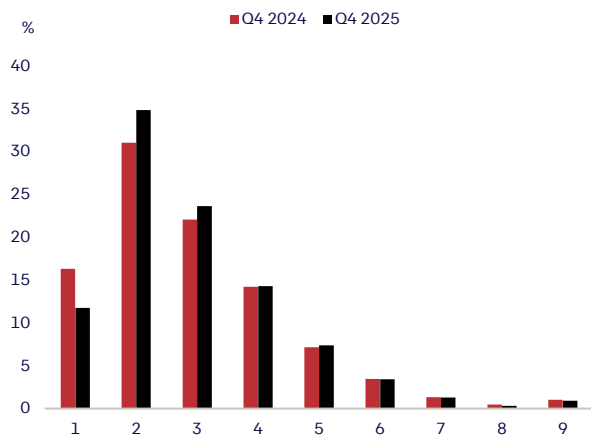
**Chart 4.8: Nykredit Realkredit Group**  
Personal customers – rating distribution, EAD-weighted



Note: Does not include exposures in default.

Nord's personal customers, while for business customers, it was 67%.

**Chart 4.9: Spar Nord Bank**  
Business customers – rating distribution, exposure-weighted



**Chart 4.10: Spar Nord Bank**  
Personal customers – rating distribution, exposure-weighted



### 4.4.3 Concentration risk

Concentration risk is the risk of being particularly exposed to credit events in groups of customers with identical or similar credit risks. Nykredit continuously strives to mitigate concentration risks. This is reflected in, for instance, internal limits for single-name exposures relative to own funds, which are constantly monitored and cannot be derogated from unless with the approval of the Board of Directors.

Nykredit's largest credit exposure consists of mortgage lending in Denmark. At the end of 2025, 96% of Nykredit's exposure was to customers in Denmark, most of it being mortgage lending. Historically, the Danish mortgage market has proved robust and stable, involving limited risk. This was evident during the years of the financial crisis when Nykredit's mortgage lending grew by 5-9% a year, and loss ratios were consistently low at levels not exceeding 1.9%.

52.4% of total credit exposures are loans granted to personal customers in Denmark, the vast majority of them homeowners. Private residential lending is broadly diversified across loan type, age, region, maturity and debt outstanding. 3.1% of total credit exposures are mortgage loans financing properties abroad, most of them granted to customers with ties to Denmark. Most foreign exposures are mortgage loans to property companies in Sweden and Germany, and mortgage loans have also been granted to Scandinavian personal customers with homes in Spain and France.

37.2% of total credit exposures are loans granted to business customers.

The Danish property rental segment represents the largest part of Nykredit's business mortgage lending, accounting for 47.5% of total business mortgage lending at the end of 2025. The loan portfolio is diversified across different property types, and property uses are diversified across industries. Agriculture represents the second-largest segment, at 13.1% of total business mortgage lending, while industrial lending accounted for 6.9%. Other segments all represented less than 10% of total mortgage lending. The remaining credit exposures are exposures to, for example, sovereigns and financial institutions.

Pursuant to the Capital Requirements Regulation (CRR), credit exposures to a single customer must not exceed 25% of Tier 1 capital in the three Nykredit companies; Nykredit Bank, Nykredit

Realkredit and Totalkredit, see the rules on large exposures.

Nykredit had no exposures exceeding this limit in 2025.

Nykredit Bank's largest single exposure to a non-financial counterparty amounted to 9.8% of Tier 1 capital at the end of 2025. Nykredit Realkredit's largest exposure amounted to 9.7% of Tier 1 capital at the end of 2025 and Totalkredit's largest exposure amounted to 1.7% of Tier 1 capital at the end of 2025. About DKK 2 billion of risk exposures have been allocated under Pillar II to cover concentration risk in accordance with the Danish FSA's guidelines.

### 4.4.4 ESG risks

ESG risks are managed as an integral part of credit risk, meaning that they are assessed based on the same assumptions as other risk parameters. Sustainability risks are identified, assessed and monitored at portfolio level as part of the annual portfolio reviews and thematic analyses, which include a review of subsectors and the largest customers. Climate change adaptation and mitigation are still found to be the most material ESG risks in Nykredit's loan portfolio through their impact on customers. New consumer behaviour and new regulation will mean that business customers with high emissions of CO<sub>2</sub>e (carbon dioxide equivalents) may experience increased costs from higher taxes, declining earnings and reputational loss if they fail to reduce their emissions. Furthermore, climate change may cause customers' assets to be more exposed to climate-related events.

#### Physical risks

For exposures secured by mortgages on real estate, Nykredit determines the proportion of lending exposed to physical risks. Due to Denmark's long coastline, geographical location and generally high groundwater level, damage by water is the key physical risk to Danish properties. Nykredit's assessment of physical risks is therefore based on climate events related to coastal erosion, groundwater rises as well as flooding from the sea and from rainfall. In general, Nykredit records climate-related risks on real estate as part of the valuation process.

The determination of physical risks is based on publicly available data points. This is combined with a number of event scenarios. The method partially allows for related uncertainties by adopting a conservative view. New data points are continuously being applied to further clarify the risk assessments.

At this point, the determination of physical risks does not take into account the impact on the value of a property, but only addresses whether the property is at risk of being impacted by an event. Nor does it generally take into account any mitigating measures, such as dikes, drains etc, or that the borrower's costs of damage control will be fully or partially reimbursed by insurance companies and, in some cases, by the Danish Natural Hazards Council.

#### *Transition risks*

Transition risks arise in the transition to a greener economy, brought about by political, legal and technological changes as well as changes in consumer behaviour and markets, such as carbon taxes or changes in consumption patterns. Transition risks are therefore closely linked to the level of carbon emissions, as high-emission customers are more exposed to future regulation (eg carbon taxes). For this reason, high-emission industries must be assumed to be the most vulnerable.

Nykredit's Climate Transition Plan sets the strategic framework for our efforts to reduce Nykredit's financed carbon emissions in relation to selected customer segments. The plan aims to help our customers make a successful transition for the benefit of society, thereby also reducing the inherent transition risk in the loan portfolio. The targets have been validated by the Science Based Targets initiative (SBTi), and the plan in its entirety has been approved by the Board of Directors.

The sectors of agriculture, industry and transport all account for high estimated carbon emissions relative to total lending. These are also the segments to be affected by new regulation in the form of the upcoming carbon tax on agriculture, the road charges for lorries and the green tax reform. These regulatory measures underline the transition risks faced by these sectors. In this context, Nykredit is particularly vigilant as to the agricultural sector.

The past year saw continued significant political focus on the implementation of the Agreement on a Green Denmark, which constitutes the central framework for the future regulation of agriculture. The Agreement aims to reduce the climate and environmental impact of agriculture through, for instance, the introduction of a carbon tax on livestock production and more targeted nitrogen regulation. Political agreement has been reached on the overall framework, including a new geographically differentiated nitrogen model,

while implementation is still in early stages. At farm level, the impact is expected to vary depending on the type of production, soil type and geographical location, where milk and pig production in particular is deemed to be more exposed. For some farms, the new requirements may challenge their current operating basis.

#### *Assessment of business customers' ESG risks*

All business customers are subject to credit assessment, which among other things, includes an assessment of the customer's ESG profile, including a screening of whether the customer meets Nykredit's Fossil Fuels Policy. The factors included in the assessment of a customer's ESG profile are prioritised based on Nykredit's ESG materiality analysis, which has been prepared in accordance with the EBA's CRD6 guidelines on the management of ESG risks.

The credit assessment of a customer's ESG factors is based on two primary parameters: "environmental impact" (E) and "integrity" (S and G). Environmental impact is assessed based on industry, climate footprint and transition plan, including the company's ambitions, targets and measures in order to address relevant climate risks. Integrity is assessed on the basis of the company's focus on social factors in its value chain, employee conditions, indicators of management's and the board of directors' conduct and actions such as diversity goals, control of subcontractors etc.

All new business customers are subject to credit assessment and so are existing business customers in case of extension/changes to facilities or agreements. ESG credit assessments are based on internationally recognised standards in the area. The credit assessment is developed as new data becomes available and new concepts are introduced.

As part of the credit assessment, an extended assessment is carried out for large business customers, focusing on elements of each customer's climate transition plan, including specifically carbon emissions, planned reduction measures and climate-related targets.

The extended credit assessment supports a more precise and transparent evaluation of large business customers and ensures that sustainability forms part of the ongoing customer dialogue – both at onboarding and as part of continuous monitoring.

Nykredit's expectations for customers' sustainability profiles and transition plans are differentiated, and we expect the most from the largest companies and the industries with the heaviest climate impacts.

#### *Increasing focus on specific transition plans*

Focusing on transition plans in the credit assessment of business customers helps to reduce the risk of Nykredit financing "stranded assets", ie assets losing their value prematurely as a result of, for example, new taxes or legislation. In addition, transition plans help ensure that Nykredit's business customers address the risks resulting from climate change and the green transition, thereby future-proofing their own business model.

As we obtain a deeper insight into customers' transition plans, gain more credit management experience in the area and get political clarification in crucial areas, such as the Agreement on a Green Denmark, Nykredit's approach and expectations of customers will be further developed. To support our customers, Nykredit will continue the dialogue and provide relevant tools to facilitate the development of transition plans.

### **4.4.5 Credit impairments**

Credit impairment represents the expected credit loss on the exposures to a customer. Impairments must be forward-looking and reflect the customer's credit assessment as well as the credit quality of the individual exposures.

In accordance with IFRS 9, impairments are divided into three stages based on credit quality:

*Stage 1* covers loans and advances etc without significant increase in credit risk since initial recognition. For this category, impairment provisions are made corresponding to the expected credit losses over a 1-year period.

*Stage 2* covers loans and advances etc with significant increase in credit risk since initial recognition. For this category, impairment provisions are made corresponding to the expected credit losses over the remaining life of the asset. Stage 2 is subdivided into the categories of "strong" and "weak", "weak" designating the highest-risk exposures where customers' ability to pay is characterised by significant signs of weakness.

Stage 3 covers credit impaired loans etc, which have been subject to individual provisioning based on an assessment that the customers will default on their loans.

All mortgage and banking exposures above a certain limit as well as all weak exposures are reviewed individually on a regular basis for the purpose of identifying any objective evidence of credit impairment. If a customer is deemed to be in financial difficulties, impairment provisions will be made for the exposure in accordance with IFRS 9, and the exposure will be transferred to stage 3 or stage 2 (weak).

For the purposes of both financial reporting and capital determination, Nykredit calculates impairments in accordance with IFRS 9. The calculations are divided into four parts, applicable to all Group companies:

- A statistical model is used for impairment of all exposures without objective evidence of credit impairment, irrespective of exposure size.
- A mechanical model is used for impairment of personal exposures with objective evidence of credit impairment and business exposures below DKK 5 million at Group level with objective evidence of credit impairment.
- Expert judgement is used for individual impairment of large business exposures, based on the customer's financial position in an improved, an adverse and a baseline scenario.
- Management judgement (post-model adjustments) is used for impairment of loan portfolios based on factors not reflected in the above impairment models. Underlying reasons may be, for instance, expected impairments that are difficult to quantify due to a changeable environment. These adjustments may generally affect credit risk beyond the outcome derived on the basis of model-based impairments.


*Provisions for loan losses*

Nykredit's impairment provisions for potential future losses on mortgage and bank lending totalled DKK 10.4 billion at the end of 2025, equivalent to 0.6% of total lending. Of this, allowances for purchased and POCI facilities from Spar Nord amounted to DKK 1.3 billion. Provisions for mortgage loan impairment totalled DKK 5.2 billion (0.4% of mortgage lending). Provisions for bank loan impairment totalled DKK 3.7 billion (1.5% of bank lending). When including allowances for purchased and POCI facilities related to Spar Nord's loans and advances, total impairment provisions for bank lending came to DKK 5.0 billion.

The proportion of exposures provided for relative to exposures in default was lower for Nykredit Realkredit and Totalkredit than for Nykredit Bank and Spar Nord, as mortgage exposures are secured by mortgages on real estate, which may be enforced in the event of default.

Total write-offs on the Group's exposures in 2025 were approximately DKK 250 million. Of this amount mortgage activities represented some DKK 200 million and banking activities some DKK 50 million. About 80% of total write-offs concerned personal lending, while 20% concerned business lending. The average 75-day arrears ratio is still low, at 0.16%. The portfolio of properties acquired by foreclosure counted six properties at the end of 2025 and is consequently still at a very low level. The portfolio has reduced significantly since 2012 when it counted 246 properties.

The share of non-performing loans is subject to ongoing monitoring. The determination of non-performing loans is based on financial statement data, as provided by legislation. The share of non-performing loans in the portfolio is relatively low, amounting to 1.1% of total lending at the end of the year.

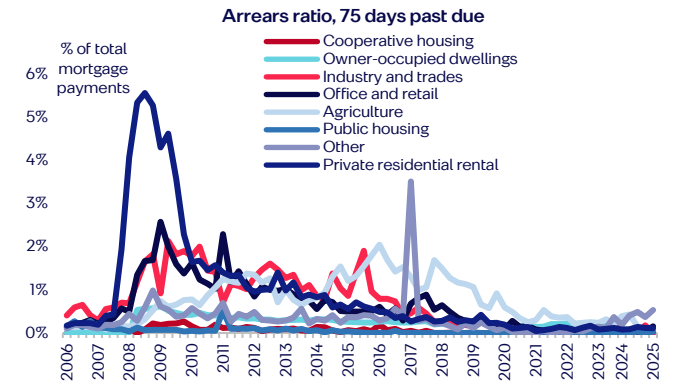


Average arrears ratio

**0.16%**

(2024: 0.15%)

**Chart 4.11: Nykredit Realkredit Group**





Share of exposures in default

**1.1%**

(2024: 1.1%)

*Macroeconomic expectations*

Forward-looking factors are incorporated in Nykredit's impairment models in the staging process where customers' current credit quality is adjusted to reflect expectations regarding macroeconomic developments through the use of macroeconomic scenarios. The scenarios must reflect uncertainties relating to the economy as well as both improved and deteriorating outlooks. At the end of 2025 the scenarios had been updated to reflect the expected economic environment caused by geopolitical tensions, tariffs and other resulting market conditions.

In addition to the scenarios, Nykredit uses *in-model adjustments (IMA)*, where ratings for business customers in specific business segments are further stressed. The results of these stress tests may lead to a change of stage. The industries that are stress tested are assessed to be exposed to major risks that are not yet captured by the rating models. The severity of the stress is determined according to the scope of the risk faced by the individual industry, as well as the extent to which this risk has already materialised in ratings. The decision on the severity of sector stress is made based on

ongoing credit portfolio analyses and discussed in the Credits Committee.

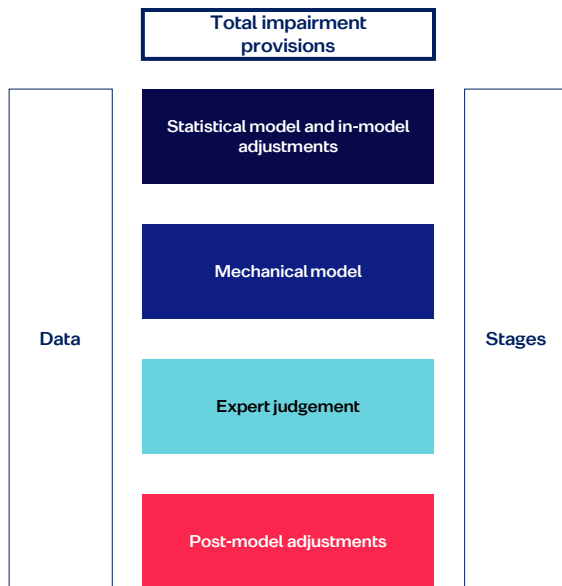
*Management judgements (PMA and IMA)*

As a supplement to the model-based impairment provisions, Nykredit uses management judgement either in the form of *in-model adjustments (IMA)* or *post-model adjustments (PMA)*. These estimates and assessments are made in accordance with accounting policies and based on past experience and an assessment of future conditions.

IMA is used when non-materialised risks can be factored directly into the impairment models through shocks to customer ratings and with subsequent change of stages.

PMA is used to ensure sufficient total impairment provisions to cover risks that are expected to affect future credit quality, but which have not yet been directly incorporated into the impairment models due to uncertainty or lack of data availability. In the Financial Statements for 2025, risks associated with geopolitical tensions and ESG account for the largest share of management provisioning overlays.

**Chart 4.12: Nykredit Realkredit Group Impairment provisioning components**



Impairment provisions related to geopolitical tensions and macroeconomic uncertainty are taken for business customers through IMA, reflecting expectations that certain sectors may be adversely affected by uncertainty surrounding tariffs, trade wars and more subdued economic growth.

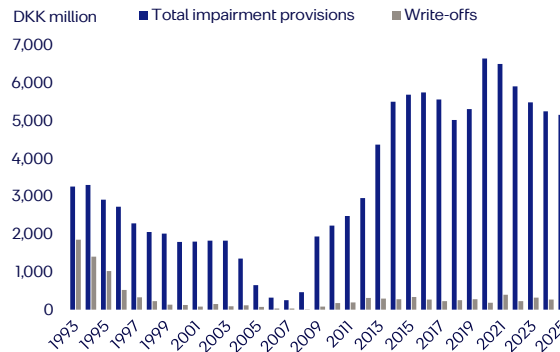
The provisions for geopolitical tensions and macroeconomic uncertainty amount to DKK 694 million, down by DKK 0.2 billion in 2025, as risk factors materialise in the underlying models upon Nykredit's receipt of updated financial data on customers.

Physical and transition risks related to ESG may lead to impairment provisions and write-offs in certain sectors and areas. At the same time, regulatory measures may have an impact on Nykredit's loan portfolio. On balance, the value of certain assets is expected to decrease. Provisions related to ESG totalled DKK 1.3 billion at the end of 2025 (end of 2024: DKK 1.3 billion).

*Management judgement at Spar Nord*

As at 31 December 2025, management judgements in Spar Nord totalled DKK 734 million. Provisions of DKK 632 million have been taken for macroeconomic risks relating to geopolitical tensions and trade wars, while provisions of DKK 102 million have been taken for process-related circumstances. Spar Nord's management judgement has been recognised in Spar Nord's financial statements but is included in the Group on determination of the allowances for purchased and POCI facilities.

**Chart 4.13: Nykredit Realkredit Impairment provisions and write-offs, mortgage lending**



For further information about the general impact of impairments on loans and advances and lending mix, please refer to Nykredit's Fact Book Q4 2025, available at [nykredit.com](http://nykredit.com).

A detailed description of impairment rules is provided in Nykredit's Annual Report, available at [nykredit.com](http://nykredit.com). For a more detailed description and definitions of model parameters relating to credit risk, including default, see 4.6 Models for determination of credit risk.

**4.4.6 Debt collection**

Nykredit's lending business inevitably involves arrears. In a minor number of these cases, the customer's inability to pay becomes long-term, while at the same time the security provided for the loan is insufficient to cover Nykredit's risk of loss. In these cases, the debt is written off when all possibilities of collection or recovery have been exhausted.

Customers with debt that has been written off will remain personally liable for this debt, and Nykredit will continue to pursue its credit claims to ensure that the customers will settle their debt should their financial situation so permit at a later date. At the end of 2025 Nykredit had approximately 18,700 of such cases and a total amount outstanding of about DKK 5 billion, exclusive of interest.

Nykredit submits the personal credit claims of Nykredit Realkredit, Nykredit Bank and Totalkredit to an external debt collection agency upon write-off. The debt collection agency is specialised and experienced in this area and has in-depth knowledge of debt collection law, statutes of limitation, legal processing of cases etc. Nykredit is in close dialogue with the debt collection agency about the cases transferred and has furthermore engaged a recognised law firm this year to validate and ensure the quality of the debt collection agency's work.

Spar Nord's debt collection is primarily handled in-house, although there are three smaller portfolios that are managed by external debt collection partners. Spar Nord has approximately 11,600 cases and total receivables of DKK 2.4 billion excluding interest. The consumer loan business Sparxpres, which is organisationally a unit in Spar Nord, has a separate agreement with a large external debt collection agency regarding the recovery of Sparxpres's written-off loans.

In January 2024, Sparxpres informed approximately 75,000 current and former customers that an error in an IT system may have resulted in errors in fees charged on loans with Sparxpres. The error was corrected when it was identified, and the charging of fees from all customers who may have been affected by the error was suspended. The affected customers are kept informed on a continuous basis and fully compensated for incorrectly charged fees, interest on fees and litigation interest. The task of correcting the errors is expected to be completed in the first half of 2026.

## 4.5 Security

The approval of loan applications is based on the customer's creditworthiness but supported by the security provided. The greater part of Nykredit and Totalkredit's lending is secured by mortgages on real estate. Other types of security are guarantees and financial collateral.

### 4.5.1 Real estate

Mortgages on real estate reduce credit risk substantially. The mortgageable value of a property is determined initially at the time of loan granting. Valuations are based on factors such as the marketability, value stability and alternative use of the property, expected rental income as well as yield requirements in the real estate market. As a general rule, properties are valued by a valuer based on a physical inspection. In addition, a statistical model is used for the valuation of detached and terraced houses and owner-occupied flats where statistical valuation is particularly reliable and where the Danish FSA has approved the use of a property value model for the purpose of determining the mortgageable value. Such valuations are subject to approval by the valuer in the relevant geographical area and are monitored centrally.

In coming years Nykredit will be improving property valuations and training the Group's valuers in including any physical risks relating to individual properties.

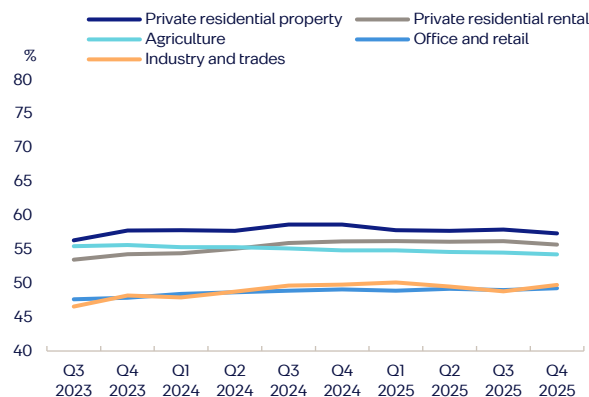
Following the initial valuation, the market value of a property is monitored regularly. Nykredit's Group Risk Committee has set up a committee to monitor market trends and the quality of valuations, including valuations based on the Group's property value model. The committee is also responsible for identifying segments requiring special supervision.

The LTV ratio denotes the debt outstanding relative to the property value. LTV ratios play a significant role in several contexts and are used for:

- Determining maximum loan amounts for the purpose of loan approvals
- Monitoring Nykredit's mortgage lending
- Calculating customers' credit risk for the purpose of, for instance, credit assessment and capital calculations
- Calculating supplementary collateral for properties with SDO-funded loans
- Calculating IFRS impairments, stages 1 and 2
- Calculating returns on individual customer exposures.

At the end of 2025 the average LTV level of the Group's total loan portfolio was 54%, compared with 54% at the end of 2024. The average LTV level of the Group's private residential lending was 57% at the end of 2025, against 59% at the end of 2024. The LTV level of the overall business loan portfolio ranged between 44% and 56% in the individual sectors at the end of 2025, compared with 46% and 56% in 2024.

Chart 4.14: Nykredit Realkredit Group  
LTVs – property segments



### 4.5.2 Guarantees and financial collateral

Nykredit mainly receives guarantees from public authorities and other banks. Guarantees issued by public authorities mitigate credit risk; for instance the Danish government guarantees mortgage lending for public housing, against payment of commission.

The bank guarantees include land registration guarantees, guarantees for advance loans and loss guarantees.

Guarantees are widely applied in the day-to-day management of Nykredit's credit risk, particularly in customer relationships where a parent company supports the capitalisation of affiliated companies.

The Totalkredit partner banks provide security by way of a right of set-off and guarantees to Totalkredit for the loans distributed by them, see 4.2.2 *Totalkredit's credit approval process*.

Financial collateral includes deposits in DKK or other currencies, positions in listed Danish government and covered bonds, other high-rated liquid Danish and foreign bonds, and listed equities.

Nykredit assigns an internal value to the different types of financial collateral depending on the risk involved. For the purpose of calculating the risk exposure amount (REA), Nykredit assigns internal collateral values based on internal estimates of the reduction in the value of the collateral in case of enforcement.

## 4.6 Models for determination of credit risk

Nykredit uses the advanced IRB approach to calculate the capital requirement for most of the Group's credit risk. Spar Nord's bank loans are treated according to the standardised approach, but this will gradually transition to IRB methods as the models are developed for these portfolios and are otherwise approved by the Danish FSA. In addition, there are exposures to governments and public entities, central banks and mortgage banks, which are also treated according to the standardised approach.

The determination of credit risk using the advanced IRB approach is based on three key parameters: Probability of Default (PD), expected Loss Given Default (LGD) and expected Exposure at Default (EAD). These three key parameters are referred to as risk parameters. Nykredit estimates risk parameters on the basis of Nykredit's default and loss history.

**Table 4.4: Elements of credit risk determination**

PD	Probability of Default (PD) is the probability of a customer defaulting on an obligation to Nykredit within a year.
LGD	Loss Given Default (LGD) is the expected loss rate of an exposure in case of the customer's default.
EAD	Exposure at Default (EAD) is the total estimated exposure to a customer in DKK at the time of default, including any drawn part of a credit commitment.
REA	Risk Exposure Amount (REA) is credit risk exposures factoring in the risk relating to the individual customer. REA is calculated by risk-weighting credit exposures. The risk weighting is calculated on the basis of, for instance, PD and LGD levels.
Default	For both mortgage and banking customers, a number of events have been defined that make it unlikely that a customer will be able to repay its debt without enforcement of collateral. The main ones are: events leading to IFRS 9 stage 3, bankruptcy, distressed restructuring and significant arrears/overdrafts (90 days past due).

#### 4.6.1 Modelling principles

According to the Capital Requirements Regulation (CRR3), PDs must be estimated on the basis of historical 1-year default rates while at the same time reflecting a suitable weighting between the long-term average and the current level. For the purpose of determining capital requirements, LGD estimates must always reflect an economic downturn.

The above principles applied to estimate the risk parameters ensure that the Group's REA remains more stable throughout an economic cycle than if the calculations had exclusively reflected the current economic climate.

#### 4.6.2 Implementation of upcoming regulation

Nykredit remains focused on adjusting and developing new models, ensuring that Nykredit's credit models are always in compliance with relevant regulatory requirements and performing as intended. In 2023 personal customer rating models were

implemented to comply with the new legislation, while an LGD model for private residential mortgage lending was approved by the Danish FSA and implemented in 2025. In addition, separate efforts are being made to obtain supervisory approval for the inclusion of Spar Nord's customer portfolios in both new models and previously approved credit models.

Nykredit operates under a precautionary principle and holds capital add-ons under Pillar I to cover the impact of new models that have not yet been finally implemented. Therefore, the final implementation of new models and adjustments to existing models are not expected to have a notable impact on risk exposures, as such Pillar I capital add-ons and other capital charges may be released.

#### 4.6.3 Probability of Default (PD)

PD expresses the probability of a customer defaulting on an obligation to Nykredit within a period of one year. Nykredit calculates a PD for each individual customer. The PDs of customers in the Spar Nord portfolio will be calculated according to a separate Spar Nord model until the IT migration at Easter 2026. After that, they will be calculated according to Nykredit's PD models.

PDs are calculated using statistical models. These models are based on, for instance, data on the customer's financial position and payment behaviour as well as any impairment. Corporate and institutional clients and farming businesses are also required to submit financial statements regularly, which will be applied in the determination of their PDs.

#### 4.6.4 Ratings

The PDs of individual customers are translated into ratings from 0 to 10, 10 being the highest rating. Exposures in default are placed in a category of their own, outside the rating scale, while exposures with objective evidence of credit impairment are assigned a rating of 0. The individual rating categories have been defined based on fixed PD ranges, which means that, during an economic upswing, a high rating will be assigned to relatively more customers, while the opposite will apply during an economic downturn. Customers in the Spar Nord portfolio will be rated according to Spar Nord's previous rating scale until the IT migration at Easter 2026. After that, they will be rated according to Nykredit's scale.

A rating reflects the customer's financial position and creditworthiness, and besides being included in the determination of capital

requirements, the customer rating is also a key element of any customer assessment. If supported by additional objective data, an override of the customer's rating may be performed.

#### 4.6.5 Loss Given Default (LGD)

For each customer exposure, Nykredit calculates an LGD, reflecting the percentage share of the exposure which is expected to be lost in case of customer default. The LGDs of customers in the Spar Nord portfolio will be calculated according to a separate Spar Nord model until the IT migration at Easter 2026. After that, they will be calculated according to Nykredit's LGD models.

The LGD calculations factor in any security provided, including the type of security (typically mortgages on real estate), geography, the quality of the security etc.

Expected LGDs vary with economic trends. In periods of high business activity, default will often not lead to any loss, as the value of the security will typically exceed the value of the loan. This applies in particular to loans secured by mortgages on real estate. Conversely, more and greater losses would be expected during an economic downturn.

For the determination of capital requirements, LGDs are calibrated to reflect losses during a severe economic downturn.

#### 4.6.6 Exposure at Default (EAD)

Nykredit estimates an EAD for all exposures relating to a customer, reflecting the total expected exposure to the customer at the time of default, including any additional drawn parts of approved credit commitments. The latter is factored in using conversion factors (CCF).

#### 4.6.7 Other models

Besides rating, loss and credit exposure models, Nykredit has a variety of other credit-related models.

The property value model calculates the value of properties serving as security for the Group's lending. The results are used to determine the need for supplementary security, as inputs in rating and loss models and as a substitute for physical inspections of detached and terraced houses and owner-occupied flats that are subject to an exemption granted by the Danish FSA.

For the purpose of calculating impairments under the accounting standard IFRS 9, the Group uses internal models for determination of credit risk and methods developed particularly for impairment calculations.

#### 4.6.8 Approval, validation and testing of credit risk models

Nykredit develops and improves its credit risk models on an ongoing basis. Focus is on achieving models that are accurate and provide consistent and stable parameters.

Nykredit's credit risk models are subject to Nykredit's general model risk management, implying limits and a division of responsibilities as well as a structure of governance with respect to models and model changes.

Nykredit's Group Risk Committee, set up by the Group Executive Board, monitors and manages Nykredit's model risks. The Group Risk Committee has established domain-specific model committees, which are in charge of the current monitoring and management of model risks and also responsible for governance in respect of model approval and model changes. The overall conclusions on model risks and validation are also reported to the Board of Directors and the Executive Board.

To ensure a good forecasting ability and consistent estimates, relevant credit risk models are validated annually. The credit risk models are validated independently of Nykredit's risk modelling and credit approval units. The validation results are used in the ongoing internal capital adequacy assessment process (ICAAP). If validation shows that a model contains significant inaccuracies, mitigating actions will be taken by way of a capital charge under Pillar II or by setting aside a capital add-on under Pillar I until the model has been adjusted to capture the actual risk.

In addition to the annual validation, the models are monitored quarterly. Quarterly monitoring includes the models' customer ranking, the accuracy of model estimates compared with actual observations, rating distributions, migration, segmentation etc.

Annual validation includes more in-depth analysis of the functioning of a model, including its accuracy, the data applied, follow-up on observations from the quarterly monitoring and a qualitative review

of the model and its elements, documentation, implementation, use etc.

Monitoring and validation of rating models include model-based PDs as well as PDs adjusted by overrides. In addition, the use of overrides for manual ratings adjustment is subject to an annual general validation.

### 4.7 Counterparty risk

Nykredit applies financial instruments, such as interest rate derivatives and repo contracts, for serving customers. Nykredit also uses financial instruments internally to manage liquidity and market risks. Counterparty risk is defined as the risk that Nykredit incurs a loss due to a counterparty defaulting on its obligations in an agreement concerning financial instruments. The level of counterparty risk is driven by the market value of the financial instruments, the collateral provided, and the probability of counterparty default.

Customer derivatives are traded with business counterparties, while derivatives used for internal purposes are traded with institutional counterparties. Counterparty risk mainly arises from customer derivatives and can be divided into market and credit risk. When trading with business counterparties, Nykredit hedges the market risk by simultaneously entering into an offsetting contract with a hedging counterparty. However, a portion of the credit risk is retained, as not all business counterparties are required or able to post collateral on an ongoing basis. The market value of a financial instrument changes as a result of fluctuations in the instrument's underlying risk factors, such as interest rates and exchange rates. The value of the position may therefore develop in favour of either Nykredit or the counterparty.

Nykredit mitigates counterparty risk through financial netting agreements where the value of obligations to each counterparty is determined as an aggregate amount, and only net amounts are exchanged. In addition, it is a requirement that agreements on loss limits and collateral are entered into with the counterparty. Nykredit's contractual framework is based on market standards such as ISDA, ISMA or CSA. Nykredit also monitors wrong way risk (the risk that the value of the exposure is correlated with the counterparty's creditworthiness). When clearing swaps and repo contracts with professional and institutional counterparties, Nykredit uses central counterparty (CCP) clearing. The CCP assumes the

trading obligations of one or more counterparties and performs cross-counterparty netting to reduce the aggregate counterparty risk (novation). Trades with business customers are OTC.

In addition, for the purpose of Nykredit's financial statements, value adjustments are made so that derivatives are included at values adjusted for counterparty risk (xVA).

#### 4.7.1 Risk management

##### *Monitoring and reporting*

Counterparty risk is monitored by Nykredit's risk management function and the individual risk-taking units. These units check on a daily basis whether the risk relating to individual counterparties, including business counterparties, financial counterparties and CCPs, falls within the approved limits. Any breach of limits is reported to the unit authorised to approve limits. Breaches exceeding the approval level of the Executive Board will be reported directly to the Board of Directors.

Nykredit performs daily monitoring of xVA and the associated sensitivities to movements in interest rates as well as in credit and funding spreads. Weekly reports are submitted to the Executive Board of Nykredit Bank, and monthly reports are submitted to the Board of Directors of Nykredit Bank. In addition, the Boards of Directors of Nykredit and the Board Risk Committee receive quarterly counterparty risk reports.

##### *Approval of credit lines*

The use of derivatives is governed by the general credit approval rules and credit policies, supplemented with a number of restrictions and guidelines. For example, to be able to trade derivatives, customers must obtain a separate approval specifying requirements relating to customer type, credit quality and trading volume as well as defined limits to amounts and maturities.

##### *Collateral management*

Nykredit is subject to the requirements relating to risk mitigation techniques, see the Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (EMIR). Nykredit prevents any inconsistencies with non-cleared OTC derivatives contracts by daily monitoring and the implemented controls.

Nykredit's contractual framework does not include rating triggers, which means that any credit rating downgrade would not affect the required level of collateral in contracts.

### 4.7.2 Methods

#### Determination of capital requirements

For the purpose of determining capital requirements for financial instruments, counterparty risk exposures are calculated according to the standardised approach (SA-CCR), and risk-weighted assets are determined using both the IRB approach and the standardised approach. The IRB approach is used for business counterparties, while the standardised approach is used for credit institutions and sovereigns.

According to Articles 111 to 134 of the CRR, counterparties whose capital requirements for default risk are determined using the standardised approach must be risk-weighted based on their credit quality step. S&P Global Ratings and Moody's provide credit rating information to Nykredit at sovereign, counterparty and issue level. The information is used as an integral part of Nykredit's daily capital requirement calculations. If the counterparty credit ratings provided by S&P Global Ratings and Moody's differ, Nykredit will use the lower rating. Mapping of credit ratings to credit quality steps is based on the EBA's mapping table.

Besides determining the capital requirements for default risk Nykredit also determines the capital requirement for CVA risk. Nykredit does not hedge CVA risk, and the CVA capital requirement is determined according to the basic approach (BA-CVA) without hedging. The basic method is used, as Nykredit has a significant derivative gross volume. The CVA capital requirement covers derivatives contracts with counterparties that are not exempt from the calculation of capital requirements. In addition, all repo contracts are exempt from the calculation. The capital requirement is determined monthly for Nykredit Bank and quarterly for Nykredit Realkredit and the Nykredit Realkredit Group. Nykredit has implemented the regulatory rules under CRR3, effective from 1 January 2025. The changes include adjustments to the calculation of risk weights as well as more conservative haircuts in repo contracts.

#### Value adjustment of derivatives in financial statements

Nykredit's derivatives are fair value adjusted in accordance with the International Financial Reporting Standards (IFRS), which provide for PMA as well as valuation adjustments, CVA and FVA, for accounting purposes. Value adjustments include CVA based on customers' current credit quality, individual value adjustments of customers in IFRS stage 3 showing objective evidence of credit impairment, as well as management judgement, which is part of PMA.

The Danish FSA has encouraged the adoption of a prudent approach to customers with swap contracts. This means that swap contracts of customers categorised as IFRS stage 3 are value adjusted in full, regardless of whether these customers continue to meet their payment obligations to Nykredit.

#### Calculation of exposure to approved credit lines

For the purpose of monitoring approved credit lines, Nykredit determines exposures using internal methods. These methods basically use the same components as the determination of capital

requirements, estimating exposures on the basis of their current market values plus a charge for potential future exposure (PFE). Nykredit applies an internal model for valuation adjustments and internal risk management based on Monte Carlo simulations. The model simulates the counterparty's derivatives portfolio to estimate its potential future exposure when in the counterparty's favour. A third-party solution is used that is integrated into Nykredit Bank's trading system.

### 4.7.3 Current risk profile and development

In the Nykredit Group, the majority of derivatives contracts and counterparty risk are concentrated in Nykredit Bank. In 2025, most of Nykredit's derivatives portfolio was made up of interest rate swaps and interest rate futures, accounting for 88%, while FX swaps accounted for 5%, see Chart 4.15. The distribution of derivatives in 2025 shows no material changes compared with the distribution in 2024.

Nykredit designates part of its swap portfolio as legacy swaps, for example, a number of interest rate swaps against business customers with a long term-to-maturity. The portfolio of legacy swaps is in run-off, and its market value and risk will therefore decrease steadily towards zero over time.

During the year, credit value adjustments were affected by interest rate changes and credit spreads as well as swap portfolio run-offs. At the end of 2025 Nykredit's total provisions amounted to DKK 233 million, of which CVA and PMA value adjustments represented DKK 153 million, see Table 4.5. Nykredit's calculation is exclusive of Spar Nord, until the final merger in 2026.

Chart 4.15: Nykredit Realkredit Group  
Principal by product type

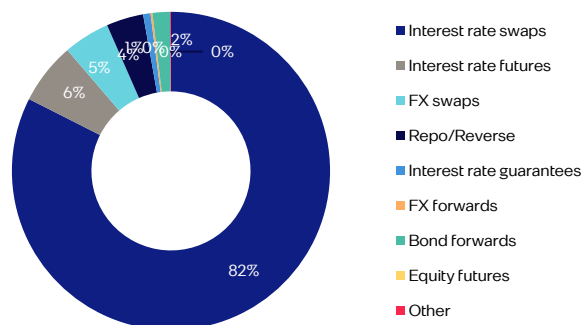


Table 4.5: Value adjustment of portfolio of customer derivatives, swaps (excl Spar Nord)

30.12.2025	CVA <sup>1</sup>	FVA <sup>2</sup>	PMA <sup>3</sup>	Initial adjustments	Realised losses and Other <sup>4</sup>	Total value adjustment
DKK million						
Non-legacy derivatives	8	(61)	5	91	1	44
Legacy derivatives	65	30	75	14	5	189
<b>Total</b>	<b>73</b>	<b>(31)</b>	<b>80</b>	<b>105</b>	<b>6</b>	<b>233</b>

<sup>1</sup> Credit Valuation Adjustment, <sup>2</sup> Funding Valuation Adjustment, <sup>3</sup> Post Model Adjustment, <sup>4</sup> Other mainly consists of collateral interest, ie expenses relating to a lack of collateral derivatives.

## 5. Market risk

Interest rate risk is the risk of loss resulting from market movements. This includes interest rate, yield spread, foreign exchange, equity price and volatility risk.

Nykredit's market risk exposure consists of trading book positions and banking book positions. Assets that can be frequently traded and are held for trading are placed in the trading book, while assets of a long-term nature that are infrequently traded are placed in the banking book. Nykredit has laid down guidelines for the valuation of assets and financial instruments and their distribution between the trading book and the banking book.

Nykredit's most significant market risk is yield spread risk on bonds in the trading book and equity price risk on equities held for business strategic purposes in the banking book. Yield spread risk is the risk that the spread between bond yields and swap rates widens or tightens, which, depending on the exposure, can lead to losses. Equity price risk, however, is the risk of movements in equity prices affecting the values of Nykredit's equity portfolios.

Nykredit's mortgage lending and the underlying funding are regulated by the balance principle, which means that Nykredit limits market risks on its mortgage lending and underlying funding, see *6.4 Balance principle and match funding*.

Nykredit's overall risk appetite is expressed as the maximum potential loss that Nykredit is willing to incur in particularly stressed market scenarios. This appetite should be seen in relation to balance sheet, equity and budgeted earnings.

Nykredit's management of market risks and the related market risk appetite aims to ensure that Nykredit's financial stability will not be compromised by market-related losses.

## 5.1 Policy and guidelines

The Board of Directors has laid down a market risk policy setting out principles for the overall market risk appetite in Nykredit's trading and banking books. The main principle of the policy is that the probability of losses from market risk exposures exceeding Nykredit's earnings must be low. This is monitored daily, for instance by calculating and reporting estimated losses in selected stress scenarios that may occur in the trading book or the banking book. Estimated losses are measured against the defined risk appetite. The Executive Board continuously assesses whether the risk appetite should be adjusted based on the market outlook and the development in returns.

In addition to the overall risk appetite in the market risk policy, Nykredit's Board of Directors has laid down market risk guidelines for the Executive Board, which delegates specific market risk limits to the Nykredit Group's companies via the Asset/Liability Committee, see *2.6.1 Committees*.

The market risk guidelines lay down measurable limits on the total portfolio risk and also permit the use of financial instruments. However, it is a condition that the risk relating to the financial instruments can be measured and managed sufficiently accurately on a day-to-day basis. Risk limits are applied to all types of financial instruments involving market risk in both the trading and the banking book.

It is Nykredit's policy to measure bond portfolios (assets) primarily at fair value, whereby value adjustments are recognised in profit or loss on a continuing basis. However, Nykredit has a bond portfolio in which part of the proceeds from Nykredit's self-issued bonds are invested. This portfolio is recognised at amortised cost, but is hedged using interest rate swaps, which are adjusted to fair value.

Mortgage covered bonds in issue and the loans funded by them are also recognised at fair value in the Financial Statements. Nykredit's other bond issues are generally recognised at amortised cost and are therefore not value adjusted in the Financial Statements. The interest rate risk of the issues is fully hedged using interest rate derivatives. This ensures that changes in interest rates do not result in large unrealised value adjustments in the Financial Statements.

## 5.2 Control and reporting

Nykredit's risk management function checks compliance with the market risk policy and the Board of Directors' market risk guidelines on a daily and an intraday basis. In addition, the current utilisation of market risk limits is reported to the head of Nykredit's risk management function, the Asset/Liability Committee and the risk-taking units. Any breaches of limits are reported to the Asset/Liability Committee, Executive Boards or Boards of Directors depending on the limit breached.

Nykredit's Executive Boards and Boards of Directors as well as the Asset/Liability Committee monitor and evaluate the current market risk and its elements at least quarterly. Nykredit's overall risk outlook is assessed in the quarterly risk reports to the Board of Directors, the Board Risk Committee and the Group Risk Committee. Moreover, the market risk policy and the Board of Directors' market risk guidelines are subject to annual assessment and approval.

The actual measuring and monitoring of Nykredit's market risks, including Value-at-Risk (VaR) and stressed VaR, takes place in internal systems. Position details and market data are sourced from different systems and verified and linked to the utilisation of the relevant limit for each risk-taking unit.

## 5.3 Models for determination of market risk

Market risk is assessed on the basis of a range of different metrics that express sensitivity to movements in financial markets. At the same time, two separate VaR models are used to calculate the aggregate risk level in the trading books of Nykredit Realkredit and Nykredit Bank, respectively. VaR models are not applied to the trading books of Spar Nord and Totalkredit.

The VaR models are applied in day-to-day internal risk management and in the determination of the regulatory capital requirement for positions involving market risk. The Danish Financial Supervisory Authority (FSA) regularly supervises the use of the models applied to determine capital requirements.

The market risk models, including interest rate risk in the banking book (IRRBB, see section 5.4.2), are subject to the same internal approval, validation and control procedures as credit risk models so

## Market risk governance

### Board of Directors and Board Risk Committee:

- Lay down the market risk policy and the Board of Directors' market risk guidelines, including risk appetite and risk limits for equities, bonds and other financial instruments.
- Receive monthly reports on compliance with the market risk policy and on the overall risk outlook.
- Receive separate reports, possibly including an action plan, in case of breaches of the market risk policy or the Board of Directors' guidelines.

### Executive Boards and Asset/Liability Committee:

- Approve and implement the market risk policy and the Board of Directors' guidelines and oversee compliance based on quarterly and monthly reports.
- Receive separate reports and an action plan in case of breaches of the market risk policy or the Board of Directors' guidelines.

### Risk management function (second line of defence):

- Performs independent controlling and monitoring of the risk-taking units.
- Prepares independent reports for Boards of Directors and Executive Boards.

as to assure their quality. Read more in *4.6.8 Approval, validation and testing of credit risk models*.

CRR3 introduces the Fundamental Review of the Trading Book (FRTB), which sets a new standard for calculating market risk in trading books and related capital requirements. The EU has postponed the implementation of the FRTB until 1 January 2027. Nykredit therefore continues to calculate the capital requirement for market risk based on internal models, but reports on the FRTB.

### 5.3.1 Validation and verification of data

As a general rule, Nykredit uses mark-to-market in the valuation of financial instruments, but if an instrument is particularly illiquid and no market prices are available, the position is marked to model. When using mark-to-model, validated pricing models are applied. These pricing models comply with Nykredit's internal model risk policy, including requirements of management reporting, independent validation of model appropriateness and frequent review.

In addition, independent verification of market prices and model inputs is performed daily using closing prices of the most liquid financial instruments. Likewise, market data for the systems used for pricing and risk management is verified on a daily basis, as are calibrated yield curves and volatility surfaces serving as input to the pricing models.

### 5.3.2 VaR for day-to-day management

For Nykredit Realkredit and Nykredit Bank, the VaR models are calculated at the 99th percentile of the distribution of daily returns over a rolling period of 250 business days. This captures the maximum loss that Nykredit can experience in one day at a 99% probability. VaR calculations are, among other things, based on daily fluctuations in interest rates and yield spreads over the rolling period. Approximations are used to estimate the return distribution. The model determines changes in risk factors in either relative or absolute terms depending on the risk type.

VaR calculations are reported against prescribed limits on a daily basis, at Group and company level as well as for risk-taking units.

### 5.3.3 Backtesting of market risk models

To assess the performance of VaR models, the model calculations are backtested against the realised returns on Nykredit's portfolios. Nykredit performs daily backtesting of the model, comparing VaR with actual income as well as with hypothetical income assuming unchanged positions. As VaR is a historical measure, losses may exceed the VaR estimate, for example in the event of market movements that exceed historical levels. The models use a 99% probability, meaning that the backtesting is expected to result in losses exceeding the VaR estimate 2.5 times a year.

In the event of five or more overshootings of the VaR estimate within the last 250 business days, an additional regulatory capital charge will be added to Nykredit's capital requirement.

Both Nykredit Realkredit A/S and Nykredit Bank A/S had three backtest overshootings in 2025, see Charts 5.1 and 5.2. The overshootings were due to interest rate movements and credit spread widening.

### 5.3.4 Daily stress testing

The metrics and outputs from the market risk models are supplemented with a number of daily systematic stress tests that measure the risk of losses under stressed market conditions. The stress tests are based on selected forward-looking scenarios characterised by significant, but plausible, market movements that could occur over the next 1-3 years. In addition, historical stress scenarios are used to calculate expected portfolio losses in particularly stressed historical periods. The scenarios are reviewed quarterly to ensure their continued adequacy and relevance to Nykredit's portfolios.

The forward-looking and historical stress tests are used collectively to estimate potential portfolio losses should similar events occur. The stress test results are also included when reporting on the Board of Directors' market risk policy, where they are measured against the market risk appetite set out in the policy.

### 5.3.5 Regulatory capital requirement

In determining the risk exposure amount (REA) for market risk, Nykredit uses a combination of models and the standardised approach, and the risk exposures are divided into general risk and

specific risk. General risk involves factors affecting financial markets broadly, while specific risk relates to idiosyncratic factors affecting only the individual issuer.

Nykredit applies the current VaR models for daily determination of the regulatory capital requirement for general market risk, scaling up the time horizon to 10 days. The models have been approved for use on the trading books of Nykredit Realkredit and Nykredit Bank. Totalkredit and Spar Nord only apply the statutory standardised

Chart 5.1: Nykredit Realkredit A/S

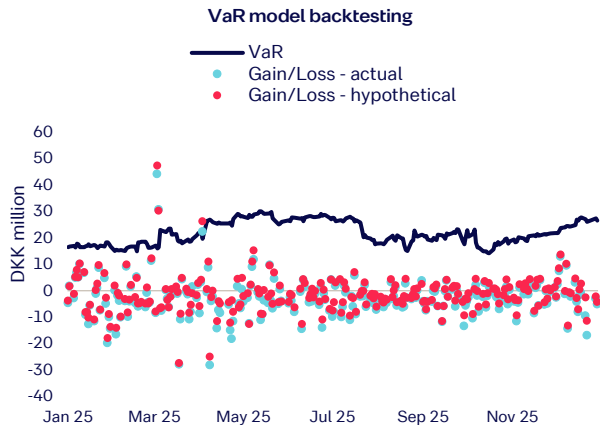
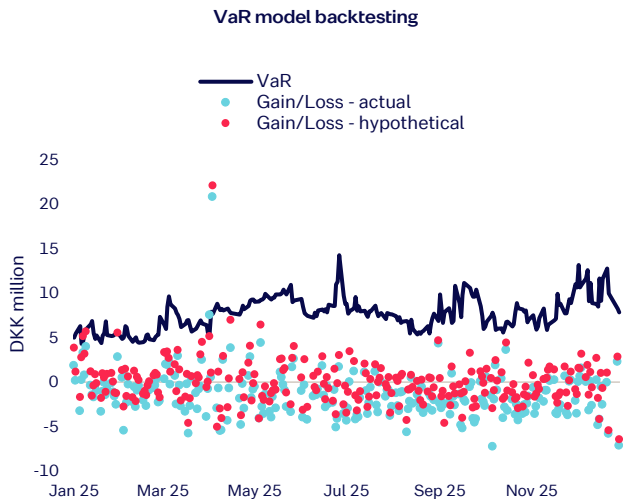


Chart 5.2: Nykredit Bank A/S



approach, as the companies do not have an approved internal model.

VaR for the Nykredit Realkredit Group is the total of VaR for Nykredit Bank and VaR for Nykredit Realkredit. Table 5.1 shows risk calculations for the Group's companies and where pillar add-ons are included.

Total REA for general market risk in the portfolio is calculated daily under current as well as stressed market conditions using:

- The largest losses over the past 12 months based on the current portfolio (VaR)
- The largest losses over a historical 12-month period when markets were particularly distressed based on the current portfolio (stressed VaR).

The period used to calculate stressed VaR is under constant review and is determined based on the existing portfolio composition. Currently, the following three stressed periods are relevant:

- The financial crisis in 2008-2009, including the collapse of Lehman Brothers, was characterised by significant yield spread widening on short-dated bonds. This had a large impact on covered bond positions with maturities of up to 5 years.
- Correspondingly, the outbreak of covid-19 in 2020 was characterised by substantial widening of credit and yield spreads on callable covered bonds.
- The banking turmoil in relation to Silicon Valley Bank and Credit Suisse in 2023 drove corporate bond yield spreads as well as yield spreads between government bonds and interest rate swaps higher.

At the end of 2025, the financial crisis was used as a stressed period by both Nykredit Realkredit and Nykredit Bank.

REA for  
market risk in  
the trading book

**DKK 26 billion**  
*(end of 2024: DKK 26.4 billion)*

Table 5.1: Approach to determination of risk exposures

	Pillar I		Pillar II
	General risk		
	Internal model	Standard-	
<b>Nykredit Realkredit A/S</b>			
Interest rate risk	Yes	Yes	-
Credit spread risk	Yes	-	-
Equity price risk	Yes	-	-
Foreign exchange risk	Yes	-	-
<b>Nykredit Bank Group</b>			
Interest rate risk	Yes	Yes	-
Credit spread risk	Yes	-	Yes
Equity price risk	-	Yes	-
Foreign exchange risk	Yes	Yes	-
<b>Totalkredit A/S</b>			
Interest rate risk	-	Yes	-
Credit spread risk	-	-	Yes
Equity price risk	-	Yes	-
Foreign exchange risk	-	Yes	-
<b>Spar Nord</b>			
Interest rate risk	-	Yes	-
Credit spread risk	-	-	Yes
Equity price risk	-	Yes	-
Foreign exchange risk	-	Yes	-

Note: As no internal model exists for the Nykredit Realkredit Group, risk exposures for the Group are a result of calculations in the underlying companies. For IRRBB and CSRBB under Pillar II, see section 5.4.2.

Total REA for market risk decreased in the period under review, by DKK 0.4 billion to DKK 26 billion at the end of 2025. Nykredit's REA calculated using VaR amounted to DKK 4.5 billion at the end of 2025, while stressed VaR amounted to DKK 12.6 billion, see Table 5.2.

*FRTB reporting requirement*

The FRTB approach to determining the capital requirement for market risk is based on the Basel Committee's Fundamental Review of the Trading Book (FRTB) introduced as a reporting requirement in 2021.

Although the FRTB standards will change the existing framework for calculating market risk, the new standards will in several areas be comparable to Nykredit's current internal models used for accounting, management and capital adequacy purposes.

The Nykredit Group's total risk exposures under the FRTB would be DKK 24.1 billion in 2025.


### 5.4 Current risk profile and development

Financial markets were characterised by significant fluctuations at the beginning of 2025, followed by gradual stabilisation towards the end of the year. The first half of the year was marked by growing geopolitical uncertainty, trade tariffs and growing fears of a trade war. This resulted in high financial market volatility, with plummeting equity prices, widening credit spreads and steeper yield curves. At the same time, concerns over the growing US public debt and the independence of the Federal Reserve intensified. This contributed to large movements in long-term US interest rates and substantial weakening of the USD exchange rate.

In the second half of the year, markets were more resilient despite continued geopolitical tensions. Global equity indices reached record levels, and credit spreads normalised. However, the yield curve remained steep, primarily driven by expectations of increased sovereign debt issuance for investment in European infrastructure and defence. Uncertainties in the eurozone were exacerbated by concerns about France's creditworthiness and a lack of clarification of the country's fiscal situation.

Overall, the year moved from high volatility and widespread uncertainty towards a situation that is more stable but still marked by risks. Geopolitical uncertainty, debt developments and sector risks are still considered to be significant drivers of market risk in 2026.

Spar Nord's market risk is included on a consolidated basis in the Nykredit Group's market risk measurements, increasing the



VaR in the trading book

**DKK 34 million**

*(end of 2024: DKK 22 million)*

Nykredit Group's overall market risk. However, the contribution is at a low level and with limited impact on Nykredit's overall risk level.

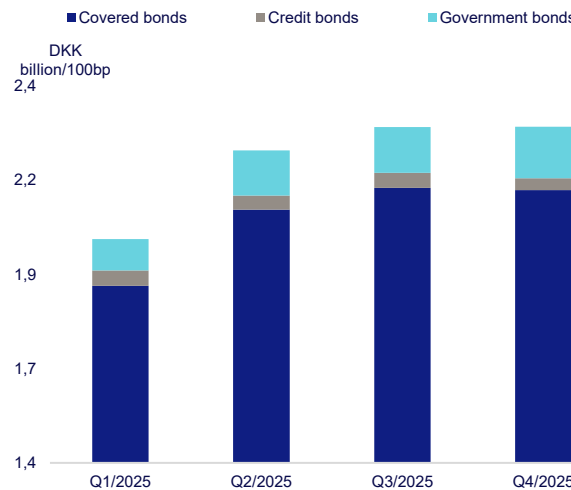
**Chart 5.3: Nykredit Realkredit Group**  
Value-at-Risk in the trading book



#### 5.4.1 Trading book risk

Nykredit's main trading book risks are interest rate and yield spread risk. The determination of Nykredit's market risk is essentially

**Chart 5.4: Nykredit Realkredit Group**  
Yield spread risk in the trading book



based on sensitivity calculations. They are used to calculate the effect of market movements on the value of individual portfolios.

Sensitivity calculations indicate how much a portfolio's value will be affected if a given event occurs, but not the probability that the event will actually occur. Therefore, the day-to-day risk measurement is supplemented with VaR models, stress test calculations and scenario analyses.

#### Value-at-Risk (VaR)

In day-to-day risk management, Nykredit uses VaR to calculate one portfolio risk measure covering most of Nykredit's trading book positions. The Nykredit Group's VaR totalled DKK 34 million at the end of 2025, see Chart 5.3.



Interest rate risk in the trading book

**DKK 378 million**

*(end of 2024: DKK 419 million)*

#### Interest rate risk

Interest rate risk is the risk of loss as a result of interest rate changes. Nykredit's interest rate risk is measured as the change in the market value of Nykredit's portfolios resulting from a general interest rate increase of 1 percentage point in respect of interest-bearing assets. Nykredit's interest rate exposure in the trading book was DKK 378 million at the end of 2025.



Yield spread risk in the trading book

**DKK 2.3 billion**

*(end of 2024: DKK 2.2 billion)*

#### Yield spread risk

Yield spread risk is the risk of loss when the yield spread between bonds and the relevant swap rate widens by 1 percentage point. In the trading book, the yield spread exposure on covered bonds was DKK 2.1 billion at the end of 2025, while the yield spread exposure

**Table 5.2: Nykredit Realkredit Group  
REA for market risk in the trading book<sup>1</sup>**

DKK million	Specific risk	General risk	2025	2024
			Total REA	Total REA
<b>Internal models (VaR):</b>			<b>17,067</b>	<b>18,434</b>
Value-at-Risk (99%, 10 days <sup>2</sup> )			4,486	3,362
Stressed Value-at-Risk (99%, 10 days)			12,581	15,072
<b>Standardised approach:</b>			<b>8,936</b>	<b>7,980</b>
Debt instruments			8,502	7,953
Equities			164	18
Foreign exchange risk			42	
Collective investment schemes			228	10
Settlement risk			0	1
<b>Total market risk exposure</b>			<b>26,002</b>	<b>26,414</b>

<sup>1</sup> REA for market risk in the banking book is addressed under Pillar II.

<sup>2</sup> The time horizon has been scaled up to 10 days from 1 day by multiplying by the square root of 10.

on government and corporate bond portfolios was DKK 136 million and DKK 32 million, respectively, see Chart 5.4.

**Equity price risk**

Equity price risk is the risk of loss as a result of changes in equity prices, and it is expressed by the aggregate market value of Nykredit's equity portfolios. Nykredit's net equity price risk exposure in the trading book amounted to DKK 90 million at the end of 2025.

**Other risks**

Nykredit is also exposed to foreign exchange risk and volatility risk; however, these risks only account for a small part of the aggregate market risk. Nykredit hedges the foreign exchange risk of its investments and, apart from EUR, only holds minor foreign exchange positions.


Nykredit's volatility risk is mainly related to investments in callable covered bonds, where the right of prepayment is equivalent to a call option, as well as interest rate and equity derivatives.

**5.4.2 Banking book risk**

Nykredit classifies securities that are infrequently traded and held for the long term, often until maturity, as belonging to the banking

book. Basically, the same types of market risk are found in the banking book, but with regulatory restrictions applying to trading frequency.

The market risk for Nykredit's banking book primarily stems from equities held for business strategic purposes, which are concentrated in a few, but large, positions. In addition, the banking book includes a private equity portfolio, short-term corporate and covered bond portfolios and long-term interest rate risk-hedged bond port-



**Interest rate risk in  
the banking book**

**DKK 232 million**  
*(end of 2024: DKK 267 million)*

folios relating to the lending operations.

**Interest rate risk**

Interest rate risk in the banking book is limited and derives mainly from Nykredit Bank's lending operations. The interest rate risk of the mortgage banks is very limited due to the match-funding principle governing covered bond issues. Also, interest rate risk in the banking book is hedged using interest rate swaps.

Interest rate exposure in the banking book totalled DKK 232 million net at the end of 2025.



**Yield spread risk in  
the banking book**

**DKK 1.6 billion**  
*(end of 2024: DKK 1.3 billion)*

**Yield spread risk**

Yield spread risk in the banking book primarily derives from the investment of proceeds from senior secured and unsecured debt issued by Nykredit for purposes such as meeting the debt buffer and MREL requirements. Secondly, it derives from portfolios of covered bonds of all ISINs, facilitating customers' loan prepayments.

In the banking book, the yield spread risk amounted to DKK 1.6 billion at the end of 2025; of this amount covered bonds accounted for DKK 1.3 billion.



**Equity price risk in  
the banking book**

**DKK 8.7 billion**  
*(end of 2024: DKK 10.4 billion)*

**Equity price risk**

Equities in the banking book comprise Nykredit's portfolio of equities held for business strategic purposes and private equity holdings. Equities held for business strategic purposes are equities in regional and national banks in the Totalkredit partnership as well as in property companies.

As part of the acquisition of Spar Nord, Nykredit has acquired Spar Nord's portfolio of strategic equities, corresponding to DKK 2.7 billion. For this reason, Nykredit's equity price risk from strategic equities is nearly at a pre-acquisition level.

The total equity price risk in the banking book amounted to DKK 8.7 billion at the end of 2025, and equity price risk thus constitutes a substantial proportion of Nykredit's aggregate market risk. For

capital adequacy purposes, the risk associated with equities held for business strategic purposes is determined as credit risk exposure.

#### *Interest rate risk in the banking book (IRRBB)*

Interest rate risk in the banking book (IRRBB) is calculated for the banking book as well as for interest rate sensitive assets and liabilities outside the securities portfolio, mainly Nykredit Bank's deposit and lending operations. IRRBB arises from changes in interest rate levels that affect the value of Nykredit's assets and liabilities and income therefrom. The calculation is therefore used to assess the need for capital held under Pillar II for the purposes of interest rate changes. The Board of Directors lays down a maximum risk appetite for IRRBB annually, which is monitored on a daily basis and continuously reported to Nykredit Realkredit's Board of Directors, the Executive Boards and the Asset/Liability Committee.

Nykredit's long-term interest rate risk is determined under IRRBB by the regulatory risk measure Economic Value of Equity (EVE), and the short-term interest rate risk is determined by the Net Interest Income (NII).

EVE is calculated daily as the change in value adjustments (losses) on the balance sheet in different stress scenarios that affect the yield curve in terms of both shifts and changes of slope. Nykredit does not use a behavioural model for demand deposits and instead assumes constant duration of one day.

NII is calculated quarterly as the net interest income impact over the next 12 months in scenarios where the yield curve is shifted by +/- 200bp. NII assumes constant balance sheets over the determination period, with position run-offs being reinvested.

As part of Nykredit's risk management, mismatches are hedged during the interest rate fixing period on loans with maturities exceeding one year.

At the end of 2025, EVE came to a potential loss of DKK 152 million in the parallel shock up scenario. The development in EVE is mainly driven by maturity mismatches between deposits and lending. NII came to a potential loss of DKK 1,448 million, driven by an interest rate shift of -200bp. The development in NII is mainly due to the inclusion of Spar Nord's balances. Another NII driver is Nykredit Bank

as a result of interest margin losses in a falling interest rate scenario.

#### *Credit spread risk in the banking book (CSRBB)*

Nykredit monitors the yield spread risk for bonds in the banking book through daily reporting. In addition, the risk is calculated on a quarterly basis for the corporate bond portfolio to assess the need to hold capital for CSRBB under Pillar II. The calculations have not given rise to any such capital reserves.

## 6. Liquidity and funding risk

Nykredit's liquidity risk is the risk that Nykredit is unable to fulfil its financial obligations and meet regulatory requirements and rating criteria in the short, medium and long term. Funding risk is the risk of funding shortages preventing Nykredit from pursuing the adopted business model, or the risk that Nykredit's costs of securing funding rises disproportionately.

The structure of Nykredit's liquidity and funding is affected by regulatory requirements and rating criteria. Liquidity and funding are subject to significant regulation, including the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Minimum Requirement for own funds and Eligible Liabilities (MREL), S&P's Additional Loss-Absorbing Capacity (ALAC), debt buffer and Supervisory Diamond benchmarks.

Throughout 2025 Nykredit maintained a high level of excess liquidity coverage relative to regulatory requirements as well as to internal delegated guidelines and limits.

### Risk appetite

Nykredit follows a liquidity policy that aims to promote confidence in Nykredit.

Nykredit's risk profile is designed to ensure competitive prices, customer access to loan financing through both banks and mortgage providers regardless of market conditions, and high ratings of Nykredit and Nykredit's issues.

Nykredit Realkredit, Totalkredit, Nykredit Bank and Spar Nord have been designated as systemically important financial institutions (SIFIs). Nykredit's liquidity policy and risk appetite have been defined taking into account this fact and with a view to ensuring sound business operations that contribute to a stable financial sector.

## 6.1 Policy and guidelines

Nykredit's liquidity policy is laid down by Nykredit's Board of Directors and defines Nykredit's overall risk appetite in relation to its liquidity risk profile and funding structure. The main purpose of the liquidity policy is to ensure that Nykredit's funding and liquidity management supports its mortgage and banking business and ensures competitive prices for customers and Nykredit, regardless of the market conditions. Furthermore, the liquidity management framework must sustain Nykredit's ability to maintain high credit ratings and its status as issuer of covered bonds (SDOs).

In addition to the liquidity policy, Nykredit's Board of Directors has laid down guidelines on the day-to-day liquidity management. In accordance with the guidelines provided by the Board of Directors, the Executive Board delegates liquidity management limits to the Group companies through the Asset/Liability Committee, see the chapter on governance and management. Liquidity and asset-liability management is coordinated centrally at Group level.

The guidelines provide limits for Nykredit's day-to-day liquidity management and for short-, medium- and long-term management. Limits have also been set for the composition of the stock of liquid assets, the LCR, the NSFR, the use and diversification of funding sources, leverage, MREL, the debt buffer and rating criteria.

Nykredit annually prepares a liquidity management report in the form of a Internal Liquidity Adequacy Assessment Process (ILAAP) report. The report is approved by the Board of Directors before it is submitted to the Danish Financial Supervisory Authority.

## 6.2 Control and reporting

The risk control function continuously reports on the Group's liquidity and funding risk profile to the Board of Directors, the Board Risk Committee, the Executive Boards, the Asset/Liability Committee and the Group Risk Committee.

The current utilisation of risk limits is monitored and reported daily by Nykredit's risk control function and thus independently of the acting units. Also, the current utilisation of the limits set out in the guidelines is reported daily to the head of Nykredit's risk control function, the Chair of the Asset/Liability Committee and the heads

and dealers of the acting units. Any breaches of these limits are reported by the risk management function to the Asset/Liability Committee, Executive Boards, the Board of Directors of Nykredit Realkredit or other Boards of Directors depending on the nature of such breaches.

Nykredit's liquidity risk is measured and monitored by internal systems based on the collection and control of risk data from different source systems. Measuring and monitoring takes place at different company levels.

Nykredit's Executive Boards and Boards of Directors as well as the Asset/Liability Committee oversee and evaluate the current liquidity and funding risks on a monthly basis, and this forms the basis for an annual review and approval of the liquidity policy and guidelines. The risk outlook is described in the quarterly reports to the Board of Directors and the Board Risk Committee as well as the Executive Board and the Group Risk Committee.

## 6.3 Current risk profile and development

Nykredit follows a liquidity policy aimed to promote confidence in Nykredit. Nykredit's risk profile is designed to ensure competitive prices, customer access to loan financing through both banks and mortgage providers regardless of market conditions, and high ratings of Nykredit and Nykredit's issues.

Throughout 2025, Nykredit maintained liquidity reserves adequate to counter periods of financial turmoil and accommodate business growth, including the acquisition of Spar Nord. Over a number of years, Nykredit has tightened its internal guidelines and limits to obtain liquidity reserves that are robust and able to withstand severe liquidity stress and property price declines.

Central banks continued their monetary policy easing cycle in 2025. Financial markets have been dominated by geopolitical uncertainty, trade tariffs and growing fears of trade wars. Nykredit maintained its business activities in the volatile markets throughout 2025, including the selling and issuing of bonds to fund its day-to-day lending and its scheduled refinancing operations. Despite the uncertainty, market liquidity was robust, and Nykredit was able to

**Liquidity and funding governance**

*Board of Directors and Board Risk Committee:*

- Formulate the liquidity policy and the Board of Directors' liquidity risk guidelines, including risk appetite and limits, on an annual basis.
- Receive monthly reports on compliance with the liquidity policy and on the risk outlook.
- Receive separate reports, possibly including an action plan, in case of non-compliance with the policy or the guidelines set by the Board of Directors.

*Executive Board and Asset/Liability Committee:*

- Approve and implement the liquidity policy and the Board of Directors' guidelines and oversee compliance based on quarterly and monthly reports.
- Receive separate reports and action plans in case of non-compliance with the policy or guidelines.
- Liquidity management is coordinated centrally at Group level to ensure efficient use and management as well as compliance with regulatory and internal requirements at all levels.

*Risk management function (second line of defence):*

- Performs controlling and monitoring independently of the risk-taking units. Prepares independent reports for the Board of Directors and the Executive Board.

conduct auctions and tap selling of bonds at attractive and competitive levels.

Nykredit has a detailed internal limit management framework, implementing the Board of Directors' liquidity management policy and guidelines. Limit management and monitoring ensures compliance with the defined risk appetite. The internal limit management includes limits relating to portfolio and asset mix, the Group's funding structure and maturity profile, as well as stress testing. In connection with the acquisition of Spar Nord, Nykredit has ensured that its liquidity policy and guidelines reflect the Nykredit Group's overall risk appetite. Spar Nord has been included on a consolidated basis in the Nykredit Group's liquidity ratios and risk measurements at the end of 2025. However, this has not led to any changes in Nykredit's overall liquidity risk level.

**6.4 Balance principle and match funding**

Nykredit's mortgage lending is governed by the balance principle, which provides limits to the financial risks Nykredit may assume in relation to lending and funding.

Nykredit's mortgage lending is in practice match funded. As a result, Nykredit's lending and related funding activities only involve negligible financial risks. Nykredit operates according to the general balance principle, which allows the use of derivatives for risk hedging under certain conditions. Nykredit currently does not apply derivatives in connection with mortgage lending.

To eliminate interest rate and foreign exchange risk, the interest rate and foreign exchange terms of mortgage loans match those of the bonds funding the loans. Long-term fixed-rate loans maintain the same funding throughout their terms. Adjustable-rate

mortgages (ARMs) and floating-rate loans are funded by bonds with maturities shorter than the terms of the underlying loans, which are refinanced on maturity of the bonds. The loan rate is adjusted upon refinancing based on the interest rate of the new bonds sold.

The outstanding funding is reduced by principal payments and loan redemptions. Borrowers cover Nykredit's costs of loan prepayment.

The due dates of payment of interest and principal are fixed so that Nykredit receives the funds on or before the dates when the payments to bondholders fall due, if borrowers make timely payments.

Thus, match funding ensures a match between the interest and principal payments of a loan and the underlying funding. Nykredit's earnings margin consists of a separate so-called administration margin, which is most often calculated on the basis of borrowers' debt outstanding. In addition, various fees may be charged.

**6.5 Liquidity risk**

Legislation lays down a number of requirements for the structure and amount of Nykredit's liquidity and funding in the short, medium and long term. All requirements were met throughout 2025.

**6.5.1 Liquidity reserves**

Nykredit has a policy of holding substantial liquidity reserves to ensure that Nykredit can meet its financial obligations, and of complying with regulatory requirements, including LCR, NSFR, supplementary collateral requirements and rating criteria in the short, medium and long term.

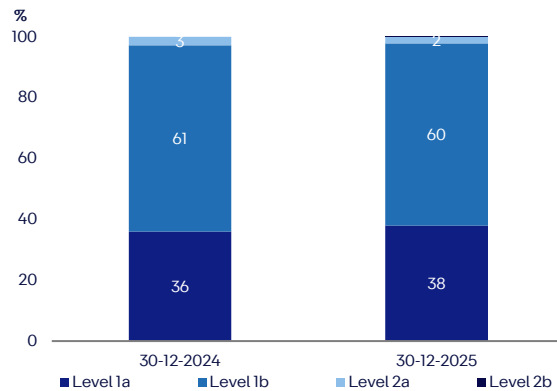
Chart 6.1: Balance principle and match funding



Nykredit's liquidity reserves are exclusively made up of assets that can readily be liquidated or which are eligible as collateral to obtain cash when required.

In its liquidity policy, Nykredit has an overall policy for the size and quality of the liquidity buffer, based on the balance sheet structure and risk profile of the Group. At the end of 2025, the Group's liquidity reserves amounted to DKK 261 billion against DKK 213 billion at the end of 2024.

Chart 6.2: Liquidity reserve development

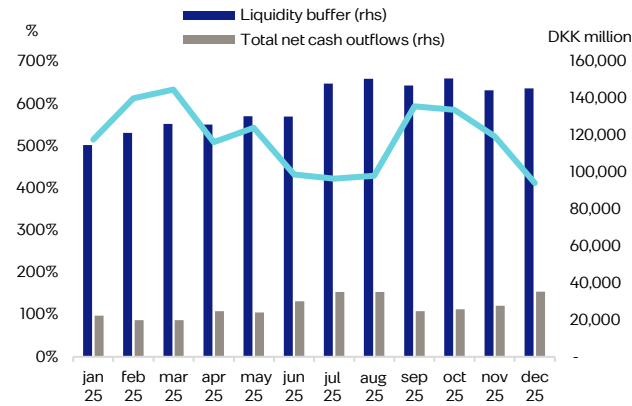


### 6.5.2 Liquidity Coverage Ratio (LCR)

The regulatory requirement of LCR is used to assess Nykredit's short-term liquidity risk. Nykredit's LCR is determined as the portfolio of liquid assets relative to net cash outflows over a 30-day period and must be at least 100%. Under this requirement, Nykredit must hold an adequate stock of liquid assets to withstand a liquidity stress for a period of at least 30 days.

As appears from the table below, Nykredit's LCR was 412% and the excess liquidity coverage was DKK 110 billion at the end of 2025. The aggregate LCR of Nykredit's mortgage banks was 533% (Pillars I and II), while Nykredit Bank's LCR was 223%, and Spar Nord's LCR was 328%. Liquid assets used to comply with the requirement of supplementary collateral in Nykredit Realkredit and Totalkredit are considered to be encumbered and consequently ineligible for the purpose of LCR determination. For more details, see 6.5.5 *Supplementary collateral*.

Chart 6.3: Development in LCR, buffer and cash flows



The Danish FSA has granted Nykredit permission not to include mortgage lending and its funding in the calculation of LCR for Nykredit Realkredit and Totalkredit. The permission was motivated by the fact that match funding limits liquidity risk in relation to mortgage lending and its funding. However, the mortgage banks are subject to a Pillar II requirement ensuring that they hold adequate liquidity to cover specific mortgage-related liquidity risks.

At the end of 2025, the Pillar II A requirement was DKK 7.5 billion. This requirement will cover the risk of a potential liquidity need resulting from remortgaging cases where borrowers have terminated an existing loan for prepayment but have not raised a new loan, as well as the liquidity risk related to borrowers in arrears. The Pillar II B requirement was DKK 19.5 billion at the end of 2025 and will cover risks related to refinancing. The Pillar II B requirement was covered using liquid assets, which therefore cannot be included as HQLA (High Quality Liquid Assets), making the assets ineligible for the purpose of LCR determination. Total LCR (Pillar I and Pillar II) for Nykredit Realkredit and Totalkredit was 533% at the end of 2025, equal to excess coverage of DKK 40.3 billion.

The Danish FSA has introduced an additional liquidity requirement concerning foreign currencies. This requirement, which for Nykredit only concerns EUR, applies to the Nykredit Realkredit Group. The LCR in foreign currencies must be 100% or more. At the end of 2025, Nykredit's LCR in EUR was 432%.

Nykredit is under a statutory obligation to disclose derivatives exposures and their effect on the LCR. Nykredit uses derivatives to hedge risks relating to the stock of liquid assets. The market value of the derivatives portfolio will vary over time, which will impact Nykredit's posting of collateral. Therefore, when calculating the LCR, an amount is allocated to cover any negative fluctuations in required collateral.

**Excess liquidity coverage**

**DKK 110.2 billion**  
(2024: DKK 81.9 billion)

### 6.5.3 Liquidity benchmark

The liquidity benchmark is included in the Supervisory Diamond for banks. The liquidity benchmark is determined for Nykredit Bank and Spar Nord Bank.

The liquidity benchmark is based on LCR and must amount to a minimum of 100% over a period of three months. It means that both banks must have sufficient liquid assets to withstand a liquidity stress for a period of at least three months. At the end of 2025, Nykredit Bank's liquidity benchmark was 195%, with excess coverage of DKK 35 billion, and Spar Nord's liquidity benchmark was DKK 371%, corresponding to an excess coverage of DKK 26 billion.

### 6.5.4 Intraday liquidity risk

Nykredit Bank's and Spar Nord's intraday liquidity risk is the risk that the banks will not be able to meet their intraday financial obligations. Nykredit Bank and Spar Nord actively control, manage and monitor their intraday liquidity risk.

The intraday liquidity risk of Nykredit Realkredit and Totalkredit is limited, as the mortgage lending model is designed so as to eliminate any structural intraday liquidity requirement.

### 6.5.5 Supplementary collateral

In order for issues made through Capital Centres E and H to comply with CRR requirements for covered bonds (SDOs), Nykredit

must provide supplementary collateral for loans in case of property price declines where the LTV ratios exceed statutory LTV limits.

Supplementary collateral is not required for public housing loans issued through SDO Capital Centre J, as these loans and bonds are government guaranteed. Nykredit also issues small amounts of covered bonds of the RO type. Unlike in Nykredit's SDO capital centres, supplementary collateral will not be required in case of property price declines in Nykredit's RO capital centres, as RO capital centres are not subject to the same requirements of supplementary collateral.

The supplementary collateral requirement is essentially unchanged from the end of 2024 to the end of 2025, at DKK 6.6 billion at the end of 2025, against DKK 7.4 billion at the end of 2024.

It is Nykredit's policy to have a collateral buffer in case of declining property prices. The minimum buffer is determined by means of stress testing.

Thanks to Nykredit's buffer, the Group would have been able at the end of 2025 to absorb an immediate property price decline of about 18% without the need for additional funding. The funding of the debt buffer and MREL requirements raises Nykredit's ability to absorb a property price decline.

### 6.5.6 Encumbered assets

Nykredit's main activity is to provide loans secured by mortgages on real estate. Nykredit's mortgage lending to customers is match funded through bond issuance. The loans remain on Nykredit's balance sheet until they mature, and they are ring-fenced to ensure timely payments to bond investors in the event that Nykredit should default. Ring-fencing assets for creditors/investors is referred to as asset encumbrance. Liquid assets used to comply with the requirement of supplementary collateral are considered to be encumbered for the purpose of LCR and NSFR determination.

Moreover, Nykredit provides collateral in connection with derivatives trading and repo transactions. Nykredit provides collateral to other credit institutions for movements in the market value of Nykredit's OTC derivatives contracts and margin collateral in connection with exchange-traded derivatives. Nykredit also provides

collateral to central clearing counterparties (CCPs). Such collateral is also considered to be encumbered assets.

Encumbered assets made up 74% of Nykredit's total assets at the end of Q3 2025, a decline from the end of 2024. This is primarily due to the inclusion of Spar Nord Bank, which contributed assets with a low degree of encumbrance. It is natural that Nykredit should have a relatively high asset encumbrance ratio. It follows from the Danish mortgage lending model, under which mortgage loans serve as collateral in favour of bondholders in the individual capital centres. The vast majority of the encumbered assets are in DKK. After netting for accounting purposes, encumbered assets in EUR are not significant.

Totalkredit's mortgage lending is also encumbered. The lending activities of Totalkredit and Nykredit Realkredit are jointly funded, which means that most of their mortgage lending is subject to inter-company encumbrance.

**Table 6.1: Encumbered assets**

DKK million	30.09.2025	30.09.2024
<b>Total encumbered assets</b>	<b>1,513,762</b>	<b>1,441,364</b>
- of which derivatives collateral	2,865	3,828
- of which repo contracts	16,927	2,601
- of which central bank funding	-	-
- of which SDO issues	1,474,096	1,432,035
- of which other assets	19,874	2,900
<b>Total encumberable assets</b>	<b>2,037,545</b>	<b>1,784,168</b>
<b>Asset encumbrance ratio</b>	<b>74%</b>	<b>81%</b>

Note: The Q4 level will not be known until after release of the Risk and Capital Management 2025 report, and the Q3 level is reported instead.

Nykredit's asset encumbrance is monitored and reported to the Danish FSA on a quarterly basis. The level of asset encumbrance is stable over time.

### 6.5.7 Stress testing

To sustain Nykredit's business model and also to ensure that Nykredit has sufficient liquidity to meet regulatory requirements, daily liquidity stress tests are conducted for the short, medium and long term. They show the development in excess liquidity coverage

in an expected scenario and in stress scenarios, taking into account regulatory requirements, including LCR and supplementary collateral, and rating criteria.

The stress tests show the resilience of the liquidity position in a situation where Nykredit has no access to a significant part of its usual funding sources, while at the same time external factors have an adverse impact on liquidity in the stress scenarios.

The stress tests are based on a number of scenarios: An expected scenario, an institution-specific scenario, a market-specific scenario and a combination stress scenario in which the institution-specific and market-specific scenarios occur at the same time.

The Board of Directors and the Asset/Liability Committee have set limits for excess liquidity coverage in an expected scenario on a 12-month horizon and for the most severe of the three above stress scenarios on a 6-month horizon.

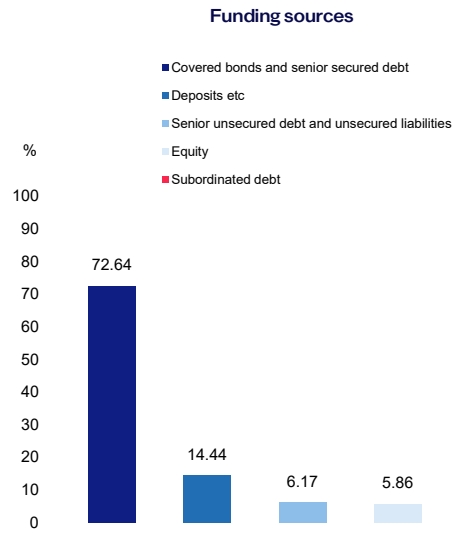
## 6.6 Funding

Nykredit has extensive market activities for the purpose of funding the Group's lending. This includes daily tap issuance to fund Nykredit's mortgage lending. Moreover, Nykredit regularly refinances ARMs and floating-rate loans etc. Nykredit also issues capital market funding to comply with regulatory requirements and rating criteria.

Nykredit raises funding in the following markets:

- Covered bonds (SDOs and ROs)
- Senior secured debt (currently not issued)
- Personal and business customer deposits
- Secured and unsecured bank loans
- Senior unsecured debt
- Senior non-preferred (SNP) debt
- Tier 2 and Additional Tier 1 capital

Chart 6.4: Nykredit Realkredit Group



As shown in the chart Funding sources, covered bond issues are the primary funding source. For the banks, the primary source is customer deposits.

### 6.6.1 Net Stable Funding Ratio (NSFR)

The NSFR is a structural liquidity measure to ensure that Nykredit maintains a stable funding structure in the long term. The objective of the NSFR is to limit reliance on short-term market funding and thus reduce structural liquidity risk. In this context, stable means that the funding is considered to be reliable in the long term and under stressed conditions. The NSFR is the ratio of an institution's amount of available stable funding to the amount of its required stable funding. To meet the NSFR regulatory requirement, this ratio must be at least 100%. The level of stable funding is calculated by weighting assets according to their liquidity and maturity. The stability of the funding is calculated by weighting liabilities based on counterparty category and maturity. For example, funding with times-to-maturity of more than one year is considered more stable than other types of funding.

At the end of 2025, the NSFR of the Nykredit Group was 143% compared with 142% at the end of 2024, which is at a comfortable distance from both regulatory requirements and internal targets.

### 6.6.2 Covered bonds

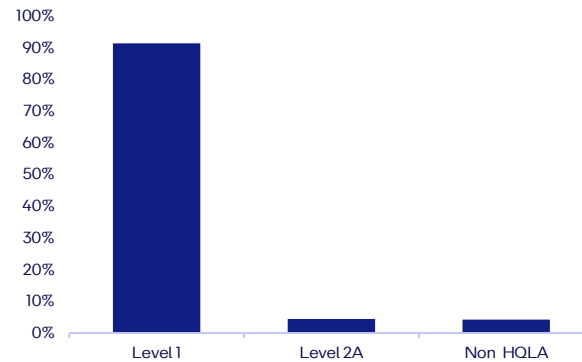
Nykredit's balance sheet mainly consists of lending secured by mortgages on real estate funded through the issuance of covered bonds (SDOs and ROs). These bonds are issued through daily tap issuance coupled with refinancing auctions for ARMs, floating-rate loans etc.

Nykredit strives to build large, liquid benchmark bond series to obtain an effective pricing of its bonds. Nykredit Realkredit and To-talkredit's joint bond issuance contributes to creating large volumes and high liquidity in the Group's key bond series.

In 2025 Nykredit had primary dealer arrangements with a number of securities brokers for the purpose of underpinning liquidity in the bond series and ensuring consistent market making in and efficient pricing of bonds issued by Nykredit.

Due to the rules determining which liquid assets are eligible for the LCR calculation, many banks prefer to invest in bonds with outstanding amounts of more than EUR 500 million and high credit ratings. As shown in the chart, as much as 91% of the outstanding amounts of Nykredit's active bond series are today classified in the top LCR category (Level 1B), while 4% are in the second-best category (Level 2A).

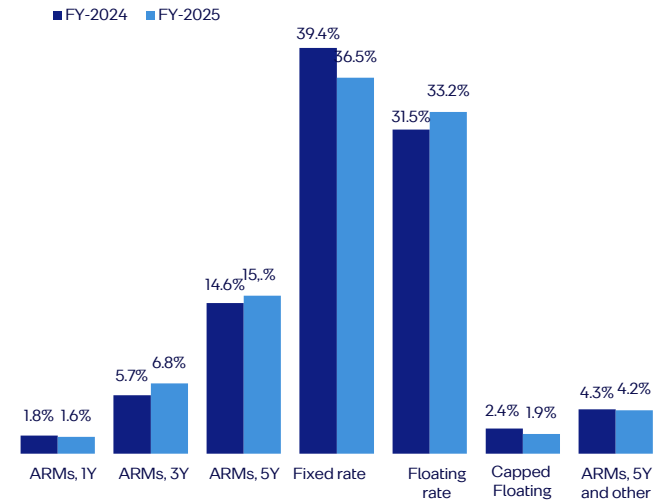
Chart 6.5: Nykredit Realkredit Group  
Covered bonds by LCR category (percentages, end of 2025)



Nykredit strives to have a range of bonds that best suits customers' needs while at the same time meeting investors' increased preference for very liquid bond series. The chart below shows Nykredit's products and the distribution by loan type of Nykredit's mortgage lending.

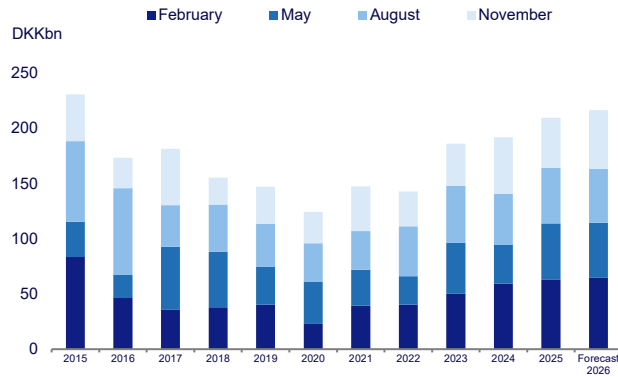
Nykredit is actively managing refinancing risk. In recent years, issuance patterns have changed as a result of the interest rate development, and short-dated bonds have increasingly been issued rather than long-dated callable covered bonds.

Chart 6.6: Nykredit Realkredit Group  
Mortgage lending by loan type



Nykredit aims to minimise refinancing risks, for example by keeping refinancing volumes stable across quarters. The chart shows the volumes of the individual refinancing auctions.

**Chart 6.7: Nykredit Realkredit Group**  
Refinancing auctions, SDOs and ROs



### 6.6.3 Green bonds

Nykredit's Green Bond Framework, which was established in compliance with ICMA's Green Bond Principles (GBP), describes the principles of green loans and determines which sustainable assets are eligible for financing with green bonds.

Since 2019 Nykredit has been offering green mortgage loans to finance energy-efficient buildings. Nykredit also offers green mortgage loans to finance renewable energy as well as utility and electricity networks.

The criteria for obtaining green financing and green asset classes are constantly changing. Nykredit actively considers whether the criteria are in keeping with legislation and stakeholder expectations.

Green bonds

**DKK 38.4 billion**

*(2024: DKK 36.6 billion)*

This is evident in Nykredit's continuous efforts to be in close alignment with the EU taxonomy, as reflected in our latest Green Bond Framework.

About DKK 38.4 billion-worth of green covered bonds had been issued at the end of 2025. At the same time, Nykredit had issued green senior debt worth approximately DKK 600 million. In addition, Spar Nord had issued about DKK 1.9 billion-worth of green non-preferred debt. Nykredit also offers a series of green banking products.

### 6.6.4 Funding schedule

Nykredit's future funding requirement depends on the volume of loans with refinancing, expected new lending as well as new regulatory requirements and rating agency criteria.

The funding of senior and subordinated debt is centralised in Nykredit Realkredit, meaning that funding is managed and issued by Nykredit Realkredit and distributed as internal funding to To-talkredit, Nykredit Bank and Spar Nord as required. Nykredit issues covered bonds (SDOs and ROs) to fund new mortgage lending and the refinancing of existing mortgage loans. See 6.6.6 Issuance schedule for expected issuance at refinancing auctions in 2026.

Senior non-preferred debt issued to meet debt buffer requirements will largely replace senior secured debt and senior preferred debt, which has been used historically by Nykredit to meet the existing supplementary security and overcollateralisation (OC) requirements.

### 6.6.5 Capital market funding

Nykredit raises capital market funding mainly for the purpose of meeting regulatory capital requirements. Nykredit's funding requirement is driven by a stacked debt buffer requirement consisting of the capital requirement, the 2% debt buffer and the MREL requirement. This stacked requirement must correspond to at least 8% of the consolidated balance sheet.

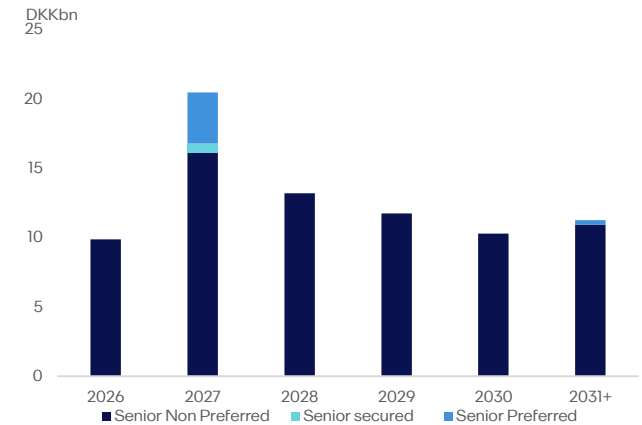
Instruments used to fund Nykredit Bank and Spar Nord Bank are issued mainly by Nykredit Realkredit and distributed to Nykredit Bank and Spar Nord Bank as long-term intercompany funding. In addition, Nykredit Bank issues euro commercial paper (ECP) for short-term management of liquidity and funding requirements.

In 2025 Nykredit refinanced senior non-preferred debt to meet the debt buffer/MREL requirements.

The chart Maturity profile of capital market funding shows the current maturity profile of Nykredit's capital market funding.

In 2026, Nykredit expects to issue senior debt of DKK 20-25 billion, primarily in the form of senior non-preferred debt, of which DKK 2.9 billion-worth has already been issued in January 2026.

**Chart 6.8: Nykredit Realkredit Group**  
Maturity profile of capital market funding



Senior debt totalling

**DKK 83.5 billion**

*(2024: DKK 74.8 billion)*

The total funding and ECP issuance need will depend on the development in customer deposits and lending as well as the Bank's other business activities. Nykredit Bank's senior unsecured debt consisted of short-term ECP of DKK 3.9 billion at the end of 2025.

### 6.6.6 Issuance schedule, covered bonds

Nykredit Realkredit will continue to issue covered bonds through tap issuance and at refinancing auctions.

Nykredit holds refinancing auctions four times a year to reduce refinancing risk as much as possible. Nykredit expects to refinance DKK 65 billion and DKK 50 billion of SDO and RO covered bonds at the auctions in February and May 2026, respectively, and DKK 50 billion and DKK 53 billion at the auctions in August and November 2026, respectively. This corresponds to refinancing volumes of about DKK 217 billion over the next year.

Table 6.3: Nykredit Realkredit Group	31.12.2025	31.12.2024
<b>Bonds in issue</b>		
Covered bonds (ROs)	104,741	105,923
Covered bonds (SDOs)	1,568,398	1,488,156
Senior secured debt	550	540
Senior preferred debt	5,644	9,324
Senior non-preferred debt	77,332	64,889
Tier 2 capital	17,831	10,472
Additional Tier 1 capital	4,625	3,763
ECP issues, Nykredit Bank A/S	3,751	11,634

### 6.6.7 Deposits at Nykredit Bank A/S

Customer deposits are a primary source of funding to Nykredit Bank. About half of Nykredit's deposits are protected under the Danish deposit guarantee scheme. Historically, the percentage has been stable at around 50%.

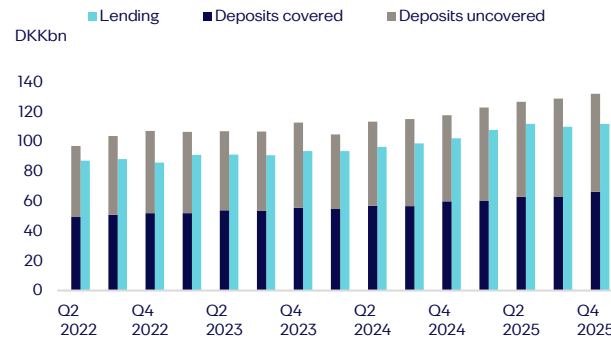
Deposits not protected under the deposit guarantee scheme are mainly from business customers and financial counterparties, while deposits protected under the scheme are mainly from personal customers.

Nykredit Bank funds its lending activities through, for instance, deposits, and Nykredit is therefore focused on ensuring that deposits are robust and developing in parallel with lending growth.

As shown in the chart, Nykredit Bank's deposits have developed in parallel with lending growth. Deposits generally exceed lending, and Nykredit Bank A/S's surplus of deposits was DKK 20 billion at the end of Q4 2025.

Nykredit Bank conducts daily liquidity stress tests, including significant stress testing of deposits. The stress scenarios reflect a severe stress on deposits, based on, for instance, experience from the banking turmoil in the spring of 2023.

Chart 6.9: Nykredit Bank A/S  
Deposits by deposit guarantee protection, and lending



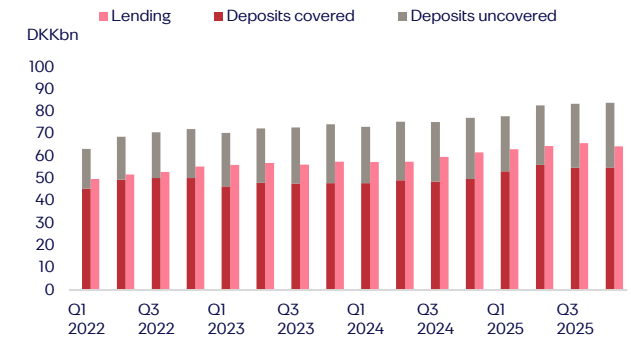
### 6.6.8 Deposits at Spar Nord

Spar Nord's primary source of funding consists of deposits from predominantly personal customers as well as small and medium-sized business customers. The development in deposits and the bank's strategic focus on stable full-service customer relationships have reduced the bank's need to raise funding in the fixed-term market, which is considered less stable.

At the end of Q4 2025, Spar Nord's share of deposits covered by the deposit guarantee scheme amounted to approximately 68%.

Spar Nord's lending is exclusively funded by deposits. Spar Nord is therefore focused on ensuring robust deposit balances developing in parallel with lending growth. Spar Nord's deposit balances exceeded lending by approximately DKK 20 billion at the end of Q4 2025.

Chart 6.10: Spar Nord  
Deposits by deposit guarantee protection, and lending



## 6.7 Ratings

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

### 6.7.1 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+.

**Table 6.4: Nykredit Realkredit Group**

Ratings				
End of 2025	Nominal DKKbn <sup>1</sup>	S&P	Fitch	Moody's
Covered bonds (SDOs, ROs)				
Nykredit Realkredit A/S				
- Capital Centre D (covered bonds, RO)	8.3	AAA		
- Capital Centre E (covered bonds, SDO)	573.6	AAA		
- Capital Centre G (covered bonds, RO)	61.6	AAA		
- Capital Centre H (covered bonds, SDO)	885.6	AAA		
- Capital Centre I (covered bonds, RO)	3.4	AAA		
Totalkredit A/S				
- Capital Centre C (covered bonds, RO)	1.7	AAA		
Other ratings				
Nykredit Realkredit A/S				
- Short-term Resolution Counterparty Rating		A-1+		
- Long-term Resolution Counterparty Rating		AA-		
- Short-term Issuer Credit Rating		A-1	FI	
- Long-term Issuer Credit Rating		A+	A+	
- Short-term senior unsecured debt		A-1	FI+	
- Long-term senior unsecured debt		A+	AA-	
- Senior non-preferred (SNP) debt		BBB+	A+	
- Tier 2 capital		BBB	A-	
- Additional Tier 1 capital		BB+	BBB	
Nykredit Bank A/S				
- Short-term Resolution Counterparty Rating		A-1+		
- Long-term Resolution Counterparty Rating		AA-		
- Short-term Issuer Credit Rating		A-1	FI	
- Long-term Issuer Credit Rating		A+	A+	
- Short-term senior unsecured debt		A-1	FI+	
- Long-term senior unsecured debt		A+		
- Short-term deposits		A-1	FI+	
- Long-term deposits		A+	AA-	
Spar Nord Bank A/S				
- Short-term Resolution Counterparty Risk Rating				Aa3
- Long-term Resolution Counterparty Risk Rating				P-1
- Senior unsecured debt				A1
- Senior non-preferred (SNP) debt				A2
- Tier 2 capital				(P)A2
- Short-term deposits				A1
- Long-term deposits				P-1

<sup>1</sup> Bonds in issue at nominal value at 31 December 2025.

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.

### 6.7.2 Fitch Ratings

Nykredit Realkredit and Nykredit Bank each have long-term and short-term Issuer Credit Ratings of A+/FI with Fitch with stable outlooks. Senior non-preferred debt is rated A+.

### 6.7.3 Moody's Ratings

Spar Nord has a short-term and a long-term Issuer Credit Rating of A1/A2 with a positive outlook.

### 6.7.4 S&P Global Ratings key ratios

In its rating criteria, S&P Global Ratings (S&P) has included a number of key ratios defined by S&P itself. These key ratios form part of S&P's overall credit rating of an institution.

#### Additional Loss-Absorbing Capacity (ALAC)

S&P's criteria provide for a rating upgrade if the level of additional loss-absorbing capacity (ALAC) is sufficiently high. ALAC consists of Tier 2 capital and senior non-preferred debt designated to absorb losses in case of Nykredit's recovery or resolution, thus protecting ordinary senior debt.

ALAC is expressed as a percentage of risk-weighted assets determined according to S&P's calculation method (S&P RWA). An ALAC maintained at 6% of S&P RWA or higher will currently trigger a 2-notch uplift of Nykredit's Issuer Credit Rating/senior rating. At the end of 2025, Nykredit's ALAC was 10.9%.

#### Overcollateralisation behind bond rating

When rating the Danish covered bonds issued by Nykredit Realkredit and Totalkredit, S&P applies its criteria to assess the collateral posted in the capital centres. In addition to the security by way of mortgages on real estate, Nykredit posts overcollateralisation (OC) in

the form of liquid securities. To obtain the highest possible rating (AAA), Nykredit provides OC of at least DKK 57 billion. The required OC is determined as the result of S&P's individual assessments of the OC requirement for each individual mortgage loan. Each assessment includes a large number of parameters, including property type, location, LTV ratio, loan type and payment history.

### 6.7.5 ESG ratings

The societal and regulatory focus on ESG (Environmental, Social and Governance) continues to be reflected with both investors and issuers. ESG ratings serve as a key tool for investors and other stakeholders to assess how Nykredit manages risks related to ESG factors. As ESG ratings are often included as a parameter in investment decisions, they can also have a direct impact on Nykredit's funding terms.

Nykredit is continuously assessed by the ESG rating agencies MSCI and Sustainalytics, which cover all ESG factors, as well as by CDP, which specifically addresses climate impact.

**Table 6.5: Nykredit Realkredit Group**

End of 2025	Nykredit's rating
MSCI	AAA
Sustainalytics	Low risk
CDP	B

## 7. Non-financial risks

Nykredit is exposed to a number of non-financial risks related to factors that may affect the operations, processes and regulatory obligations of the business. Nykredit's non-financial risks comprise operational risk, IT risk, conduct risk, model risk, data quality risk and compliance risk.

Nykredit monitors and manages non-financial risks as part of its day-to-day operations. Specific policies have been prepared for the individual types of risk. Each policy sets risk appetite limits and defines the responsibility for management of the relevant risk. Nykredit's Boards of Directors and Executive Boards receive quarterly reports on non-financial risks and developments in the risk outlook.

Nykredit allocates substantial efforts to strengthening the risk management framework and the robustness of risk management, including ongoing efforts to increase the maturity of the Group's control set-up, which will be rolled out and operationalised in the coming years.

### Risk appetite

Non-financial risks must be low relative to financial risks so as to ensure that they cannot compromise the financial stability of Nykredit and/or the individual subsidiaries. Tolerance thresholds have been determined for annual accumulated losses resulting from operational risk events, which supplement and specify the risk appetite of the individual companies.

## 7.1 Policy and guidelines

Nykredit's non-financial risk policy is adopted by the Board of Directors. The policy sets out the overall framework for non-financial risk management to ensure that non-financial risks are managed according to the objectives of the Board of Directors and the risk appetite defined. The policy should be read in conjunction with underlying guidelines and other policies.

Nykredit's objective is to support and develop an organisation where non-financial risk management is an integral part of both day-to-day operations and long-term planning, including to promote a culture where openness and awareness of non-financial risks are natural elements of the everyday work of all employees.

The Executive Board has delegated responsibility for the ongoing monitoring of non-financial risks to the Group Risk Committee. The Committee regularly reviews material risks and events and determines whether specific risks should be presented to the Board of Directors. Risks that fall outside Nykredit's risk appetite are always presented to the Board of Directors for consideration.

### 7.1.1 Identification and management of non-financial risks

Non-financial risks are identified as part of the ongoing risk activities in the units where the risks are taken and managed. All Nykredit's organisational units must continuously identify, record, assess and manage the risks associated with their operations. The units must continuously review and report on all their risks, classifying the risks according to the Group's risk taxonomy. The reports must describe the risk mitigation activities and controls implemented or expected to be implemented. Non-financial risks are also assessed in connection with the approval of new products, major strategic and business decisions, model validations, process and compliance reviews and identification of risks in connection with calculations of capital requirements.

Identified non-financial risks are assessed based on the probability that a given event will occur and the estimated impact of such event. Identified risks are scored on a four-point scale from low to critical.

To ensure implementation of efforts related to addressing and mitigating non-financial risks in the individual business area, one or more Assistant Risk and Compliance Officers (ARCOs) have been appointed, see *2 Governance and management*.

Nykredit's risk management and compliance functions hold regular risk meetings with the Group's organisational units; all units have at least one meeting a year. At the meetings, the risks reported by the relevant unit are reviewed and challenged, and it is assessed whether the risks are adequately managed through controls and other risk mitigation measures, or additional measures are required. Based on the total reported risks, the risk management function considers whether any risks require special management attention and should be submitted to the Group Risk Committee.

### 7.1.2 Non-financial risks in the area of sustainability

Risks related to sustainability also affect non-financial risks and are managed within the existing risk limits and risk appetite in the area. Non-financial risks relating to environmental, social and governance (ESG) factors thus adhere to the already established governance framework in the area, and management of these risks is an integral part of the ongoing risk management efforts.

The most significant ESG-related non-financial risks are considered to relate to allegations of greenwashing, data breaches or improper storage of sensitive personal data, implementation of ESG regulation as well as money laundering or other financial crime.

### 7.1.3 Control and reporting

The objective of the risk management function is to monitor, assess, control and report on Nykredit's non-financial risks.

There is continuous monitoring of whether the non-financial risks remain within the limits established by the Board of Directors, and any breaches are reported to the Group Risk Committee and the Board of Directors. The Board of Directors, the Executive Board and the Group Risk Committee receive quarterly reports on the current risk outlook and any changes in the quarter as well as a statement of the total loss events.

Compliance with the non-financial risk policy and Nykredit's Corporate Culture Policy is reported on at least annually.

## Non-financial risk governance

### Board of Directors and Board Risk Committee:

- Lay down policies and guidelines for non-financial risks. In its guidelines to the Executive Board, the Board of Directors sets out tasks and responsibilities for ensuring that non-financial risks are mitigated and managed in accordance with the principles and limits of the policy. Receive quarterly reports on compliance with the respective policies, as well as separate information about risks with critical risk scores and events with critical impacts and a description of the response to such risks or events.

### Executive Board and Group Risk Committee:

- Approve and implement the policies and regularly review compliance based on quarterly risk outlook reports.
- Receive separate information about risks with high risk scores and events with high impacts and a description of response and risk mitigation.

### Risk-taking units (first line of defence):

- Identify, record, assess and manage risks and are responsible for internal controls and other risk mitigation measures.

### Risk management function (second line of defence):

- Performs controlling and monitoring independently of the risk-taking units. Prepares independent reports for Boards of Directors and Executive Boards.

## 7.1.4 Current risk profile and development

In 2025 efforts to ensure robust management of the Group's non-financial risks particularly focused on the following areas:

- **Integration processes:** 2025 was characterised by efforts related to the integration of Spar Nord into Nykredit.
- **Processes:** Mapping the Group's main customer-facing and business-supporting processes, including identification of risks associated with these processes and establishment of controls to mitigate them.
- **System support:** Continued system support of risk management activities and increasing use of standardised frameworks and procedures. The Group's operational risk management in both the first and second lines of defence is conducted in a governance, risk and compliance system that is continually adapted and improved. In 2025 there was particular focus on enhancing the data quality of recorded non-financial risks and fostering the integration of the system in the business units, and ensuring compliance with the requirements arising from CRR3.
- **Controls:** There is continued focus on increasing the maturity of the Group's control set-up, which will be rolled out and

operationalised through a gradual implementation process in the coming years.

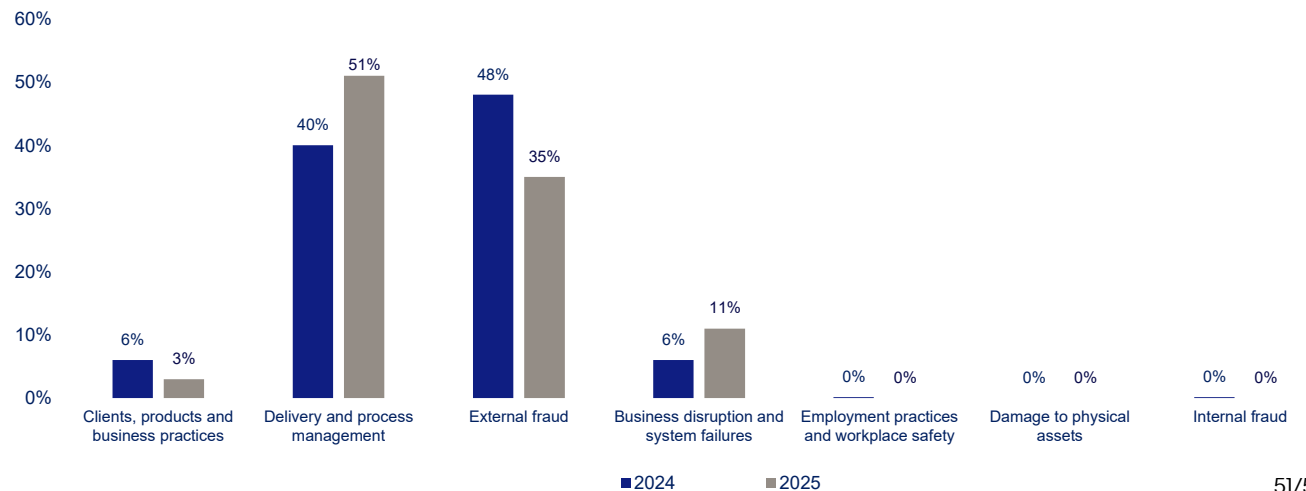
- **IT risk management:** Established in 2023 and fully implemented in 2024, the second-line control function in the IT area focuses on monitoring and enhancing operational IT risk management. In 2025 focus was on further strengthening this.

- **Data quality and processing:** Focus on ensuring data quality and further improving data collection, adding more data points, in order to be able to meet reporting requirements arising from CRR3.

## 7.1.5 Managing non-financial events

In addition to the identification of non-financial risks, all non-financial risk events involving a loss of DKK 25,000 or more, or a change in REA of DKK 100 million or more, are systematically recorded, categorised and reported. Moreover, non-financial risk gain events, potential non-financial loss/gain events and events that did not lead to a loss or a gain (near-miss events) are recorded. Finally, flawed reporting (internal or external) or flawed decision-making events that resulted in, at minimum, minor regulatory sanctions or delays in key activities, or which must be submitted to Nykredit's Group committees or committees reporting to Nykredit's Group committees for consideration, are recorded.

Chart 7.1: Operational events by Basel event category (% of number)



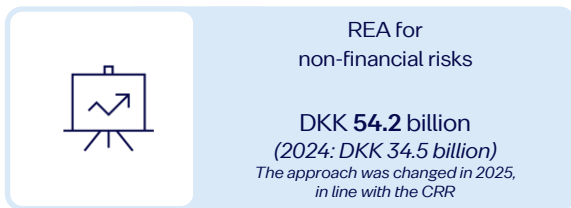
The above chart provides an overview of Nykredit's events categorised into seven event categories, based on the number of events.

For events that are material in terms of size or number, an assessment will be made of the need to implement new risk mitigation measures. The Group Risk Committee and the Board of Directors are presented with all major events and assess whether the associated risk is sufficiently mitigated. Material events are reported quarterly to the Board of Directors and the Executive Board as part of the overall risk outlook. The reports also cover any measures taken to reduce the risk of recurrence of a given risk event.

### 7.1.6 Capital requirement for non-financial risks

Nykredit's REA for non-financial risks was DKK 54.2 billion in 2025.

Based on the reported non-financial risks and risk events, it is assessed whether the total internal capital adequacy requirement for non-financial risks is appropriate. This assessment is conducted quarterly in connection with the determination of the internal capital adequacy requirement and is documented annually in the ICAAP.



## 7.2 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. Operational risk management is governed by the Group's non-financial risk policy.

### 7.2.1 Prevention of money laundering, terrorist financing and breach of financial sanctions

Nykredit works consistently to strengthen monitoring, controls and processes so as to have an effective safeguard at all times against misuse of the Group's products and services for purposes of money laundering, terrorist financing or breach of financial sanctions.

Activities are based on Nykredit's policy for the area, and responsibility for them has been broadly delegated across the Group. A member of the Group Executive Board has been charged with delegating and ensuring managerial responsibility and focus on the prevention of money laundering, terrorist financing and breach of financial sanctions throughout the Group. The Executive Boards of the Group companies have each appointed a Chief AML Officer at the executive level. Nykredit also has an AML Responsible Officer covering all relevant Group companies.

The complexity and scope of the sanctions packages continued to increase in 2025 as a consequence of the geopolitical situation. Nykredit has maintained that it does not facilitate transactions to and from Russia and Belarus.

Efforts to reduce the risk of money laundering, terrorist financing and breach of financial sanctions are continuously strengthened through, for instance, enhanced system support, reinforced monitoring and improved processes and business procedures in the area. Employees' awareness and vigilance are important elements of the defence against money laundering, terrorist financing and breach of financial sanctions. To ensure that all employees possess the requisite knowledge, a mandatory e-learning programme on preventing money laundering, terrorist financing and breach of financial sanctions has been introduced. All relevant employees complete the e-learning programme annually.

### 7.2.2 Fraud prevention and control

Nykredit works actively and continuously to prevent, combat and manage fraud regrettably committed against our customers by criminals.

In 2024 Finance Denmark published the recommendations of the Fraud Task Force, and the implementation of these recommendations continued in 2025. Nykredit continues to support these recommendations and seeks to implement relevant initiatives based on a balanced approach that takes into account both our existing safeguards and the need to strengthen future efforts. In 2025 Nykredit also engaged in further sector initiatives to explore how strengthened collaboration can help limit fraud across the sector.

Key elements remain information campaigns and awareness. Nykredit continued to support Finance Denmark's safe banking campaign in 2025, and in parallel we carried out a number of awareness initiatives of our own, aimed at Nykredit's customers as well as customer-facing staff. The initiatives were carried out through multiple channels, including Nykredit's platforms, nykredit.dk, newsletters and social media.

### 7.2.3 Personal data protection (GDPR)

Nykredit focuses strongly on ensuring that personal data is treated as confidential and processed in compliance with the General Data Protection Regulation (GDPR) and the data protection legislation. Relevant policies and business procedures have been laid down, and processes have been established to ensure that personal data is processed in compliance with applicable law.

Responsibility for personal data processing has been delegated to the relevant business units and is supported by Privacy Leads in all units. Privacy Leads must ensure that data protection rules are complied with locally, including by identifying possible challenges and solutions. Privacy Leads also increase awareness of Nykredit's policies and guidelines in this field locally in the organisation. All employees must complete an e-learning programme on personal data processing once every three years. In addition, tailored cases will regularly be sent out to relevant target groups.

Nykredit's compliance function includes a Data Protection Officer (DPO) tasked with assessing, monitoring and reporting on whether Nykredit complies with applicable data protection rules and

whether methods and procedures relating to personal data processing are operating effectively.

Data breaches must be reported and treated in compliance with the guidelines of the Danish Data Protection Agency. Nykredit continuously monitors for personal data breaches in the Group. Most data breaches in Nykredit have been related to procedural errors involving a few customers, for instance e-mails sent to the wrong recipient or with the wrong document attached.

## 7.2.4 Outsourcing

Nykredit takes a responsible approach to the management of third-party risks based on a robust and efficient process for the use of IT services to support critical or important functions and the outsourcing of Nykredit's core activities to service providers. Nykredit has prepared a policy for third-party risk management under DORA and outsourcing. The policy ensures that Nykredit's management of IT third-party risks and contracting is in accordance with Nykredit's IT risk management framework. The policy lays down two overall principles: a risk and a proportionality principle. In relation to DORA, the principles are that Nykredit is at all times fully responsible for complying with and fulfilling all obligations under DORA and applicable financial regulation despite having entered into contracts for the use of IT services to operate Nykredit's business activities, and that Nykredit's management of IT third-party risks is carried out with due regard to the principle of proportionality. Under the outsourcing risk principle, any decision to outsource must be made according to a risk-based approach, ensuring that all material risks are identified and that the necessary measures are taken to mitigate the risk to a level that is within Nykredit's risk appetite. An activity will not be outsourced if measures cannot be taken to mitigate the risk to a level that is acceptable to Nykredit. Under the proportionality principle, Nykredit must meet the requirements of Nykredit's outsourcing policy and the Danish Executive Order on outsourcing, taking into account the proportionality of the requirements to Nykredit's risk appetite, business model, size, structure and business complexity.

Responsibility for outsourcing has been delegated to the relevant business units and is supported by the Procurement unit, which coordinates and runs the outsourcing process. The Procurement unit includes a Chief Outsourcing Officer. The Chief Outsourcing Officer is tasked with managing, monitoring and controlling outsourcing

activities, thereby assisting Nykredit's Executive Board and Board of Directors in ensuring compliance with outsourcing legislation through continuous monitoring and control. The Chief Outsourcing Officer reports to the Executive Board and the Board of Directors on the effectiveness of Nykredit's methods, procedures and controls relating to outsourcing. In addition, the Chief Outsourcing Officer is responsible for increasing awareness of outsourcing rules across Nykredit and for maintaining an outsourcing register.

Critical or important outsourcing is subject to approval by the Board of Directors, who receive regular reports from business units on the results of controls and monitoring conducted to ensure that the service providers perform the outsourcing satisfactorily.

## 7.2.5 Product development

Nykredit's product development follows a centralised process ensuring that the regulatory requirements for product development are met across the Group's business areas.

Nykredit's Products Committee was set up by the Executive Boards of the Group companies. It considers all types of products according to the same governance and documentation requirements. The Products Committee consists of representatives from the business areas and is chaired by a Group Managing Director. In addition, the second line of defence is represented on the Products Committee as an observer.

Responsibility for ongoing product management has been delegated to the relevant business units, but all new products and significant changes to existing products are subject to the same formalised process in which the product owner, with input from all relevant units, describes the product risks to customers, the Group and potential counterparties, including any risk mitigation measures implemented or planned. Reports are regularly submitted to the Boards of Directors and Executive Boards of the Group companies and to the Products Committee.

### *Specifically on climate risks related to investment products*

Nykredit has set climate targets for investments to be Paris-aligned. In 2021, Nykredit joined the Net Zero Asset Managers initiative and committed to making the Group's investment portfolio climate-neutral by 2050. At the same time, Nykredit has set a target of reducing the total emission intensity by 60% from 2020 to 2030.

All our investments – both in own portfolio and on behalf of customers – are subject to Nykredit's Fossil Fuels Policy and Sustainable Investment Policy. This means that investments are screened beforehand against a number of criteria, including in the area of extraction and use of fossil fuels. In general, Nykredit does not invest in companies that expand their production in contravention of the International Energy Agency's (IEA) conclusions. Nor will Nykredit invest in companies involved in unconventional extraction of fossil fuels or production of thermal coal. In addition, the investment universe undergoes continuous screening for companies that do not comply with Nykredit's Sustainable Investment Policy and Fossil Fuels Policy. At the end of 2025, Nykredit's exclusion list included just under 1,300 companies.

Nykredit always makes sustainability assessments of our actively managed investment products to understand the risks and opportunities related to ESG factors. The sustainability assessments give us an indication of whether a company is developing in a more sustainable direction. Therefore, companies with low exposure to climate-related risks, and companies with higher exposure, may be considered, as long as they have a credible transition plan. For passively managed investment products, product guidelines are formulated to ensure the management of sustainability risks. For both types of investment, compliance with guidelines and policies is continuously being monitored, and sustainability characteristics, financial sustainability risks and adverse impacts on sustainability are continuously being monitored and reported on.

ESG factors are part of all phases of the investment process – from idea generation to Nykredit's active ownership.

## 7.3 Conduct risk

Conduct risk is the risk of reputational damage or financial losses as a result customers or the general public perceiving Nykredit's business practices as inappropriate or, at worst, irresponsible. Conduct risk management is particularly focused on risks related to products, conduct, advisory services and third parties. Conduct risk management is governed by the Group's non-financial risk policy. Also, Nykredit's Corporate Culture Policy and Code of Conduct help provide an up-to-date and clear framework defining responsible conduct in day-to-day work.

Conduct risk is a fixed part of the Group's established risk management practices and is identified, assessed and addressed on a par with other non-financial risks, for instance by adjusting practices or conduct. Assessment of conduct risk is also included in the credit approval process.

Nykredit has a wide range of sustainable financial products and works every day to ensure that the products meet all internal and external sustainability standards, so that both customers and investors can rest assured that greenwashing does not occur in our products, investments or practices.

The risk management function therefore has a special focus on the identification and management of any sustainability-related non-financial risks, both at the regular risk meetings with the Group's business units and in the product approval process.

All Nykredit employees are responsible for contributing to and ensuring responsible business practices, and responsibility is a behavioural skill against which all members of staff and management are assessed. Nykredit's leaders have a special responsibility for promoting a safe and open atmosphere and supporting a corporate culture that encourages employees to openly share opinions or concerns if they become aware of any conduct that is not in accordance with Nykredit's objective of being a responsible business, thus ensuring that Nykredit's practices and conduct can be explained and justified in all areas.

## 7.4 Compliance risk

Compliance risk is the risk that Nykredit fails to comply with applicable legislation, market standards or internal rules, which may result in Nykredit being subject to legal or regulatory sanctions, or suffering financial losses or reputational damage.

### 7.4.1 Policy and Chief Compliance Officer

Nykredit's Board of Directors has adopted a compliance policy that defines the risk appetite in the compliance area. Like other non-financial risks, compliance risks should be low relative to other types of risk of the Group.

The policy sets out a number of objectives and compliance principles that management and all employees must observe, including

in particular the objective that Nykredit must comply with current legislation, market standards and internal rules applying to Nykredit's activities. The compliance policy supports the aim of promoting proper, honest and ethical conduct in Nykredit and among its staff and a culture where openness about and awareness and handling of compliance risks are a matter of course.

Further, the compliance policy contains a description of the responsibilities, authority and organisation of the compliance function. Based on the policy, the Board of Directors has issued a role description for the Chief Compliance Officer, providing a detailed description and delimitation of the Chief Compliance Officer's tasks, authority, duties and responsibilities. The role description also specifies the compliance function's duties and organisation, including capabilities and resources, and the division of responsibilities relative to other relevant units of Nykredit.

### 7.4.2 Control and reporting

The main purpose of the compliance function is to monitor, assess and report on Nykredit's compliance risks. The compliance function oversees whether Nykredit meets the compliance rules applicable to the individual risk areas and monitors and determines whether the methods and procedures implemented by Nykredit to identify and mitigate such compliance risks in these areas are adequate and effective.

The following is reported to the Boards of Directors and the Executive Boards on a quarterly basis:

- an assessment of compliance with the compliance policy
- an assessment of the overall compliance risk
- a description of the findings from the compliance function's reviews and ongoing oversight completed in the reporting period
- progress on agreed measures from previous reports.

### 7.4.3 Compliance plan, reviews and follow-up

According to a risk-based approach, the compliance function every year selects a number of risk areas that will be included in the compliance plan for the coming year. The risk areas are selected on the basis of, for instance, input from the Executive Boards, the Chief Risk Officer and the business management as well as experience from previous reviews, etc.

The risk areas identified are reviewed during the year. Following its review of an area, the compliance function prepares a compliance report for the business management. The report provides a description of the findings from the review and an assessment of whether appropriate and adequate measures have been taken to address the most significant compliance risks or whether additional measures have been agreed to reduce the risks in the area concerned. Agreed measures are recorded in a central system, and the compliance function regularly follows up on agreed measures not yet implemented. In conclusion, the report contains an assessment of the overall compliance risk in the area after the review. Compliance risk is assessed on the basis of the probability of a breach of compliance rules occurring as well as an evaluation of the potential impact of such breach. The compliance function thus uses the same risk classification model as for other non-financial risks.

## 7.5 IT risk

IT risk is the risk of a threat exploiting a vulnerability in an IT system or a weakness in a process that supports IT security. Threats can be external or internal and include intentional harmful actions, inappropriate conduct and human or technical errors.

Regular controls are performed to check that Nykredit and relevant IT service providers comply with policies and underlying guidelines and business procedures. As most of Nykredit's IT operations have been outsourced, there is a strong focus on the performance of service agreements and on service providers maintaining a satisfactory IT security level. To ensure increasingly robust IT risk management, the second line of defence continues to place strong focus on the Group's identification, assessment and management of IT risks.

IT risk assessments are conducted regularly to ensure that risks are identified, assessed and managed according to a risk-based approach. The objective is to ensure that risks are within the risk appetite and to identify risks and make the right decisions on how to manage them. Neither threats nor Nykredit's IT landscape are static, so Nykredit's defence and controls must be continuously adapted to reflect current conditions. Nykredit continuously develops and improves its IT risk management framework, and in 2025 we continued our efforts of ensuring a more granular breakdown of

IT risks to enable more accurate management. In 2025 no IT incidents exceeded the Board of Directors' risk appetite.

To ensure that all employees have satisfactory knowledge of IT security, all new employees must regularly complete mandatory e-learning programmes on IT security as well as phishing tests.

A rising cyber threat means that the number of attacks is expected to increase, and attacks may become more advanced. In light thereof, there is continual focus on ensuring that both IT risk management, cyber defence and contingency measures are capable of handling the growing threat, including ensuring that the most critical parts of the business are also the most resilient.

In addition, Nykredit conducts penetration testing and/or Red Team testing where professional hackers challenge Nykredit's cyber defence, testing Nykredit's capacity to handle security incidents in practice. Any potential risks identified are subsequently reduced through mitigating measures. Further, Nykredit has participated in the Danish Financial Supervisory Authority's (FSA's) cyber stress test and also participates in various sector collaborations to ensure continued robust risk management.

## 7.6 Model risk

Model risk is the risk of loss resulting from decisions based mainly on model results. Nykredit uses mathematical and statistical models for the purpose of business decisions and to determine risk limits, capital usage, capital adequacy, impairments etc.

Model risk occurs as a result of model weaknesses. Such weaknesses may result from operational errors or weak data in connection with the development or implementation of the models. They may also result from weaknesses in the data to which the models are applied or incorrect usage of model results. Over the past few years, the focus of authorities on model risk as an independent risk area has increased significantly.

Nykredit's model risk policy adopted by the Board of Directors and guidelines provided by the Board of Directors reflect the current Executive Order and define Nykredit's risk appetite in this area. These documents lay down requirements for framework, structures and responsibilities which ensure active management and

monitoring of model risk and structured governance of models and model changes. The requirements include ongoing reporting and review of model risk.

Nykredit has a comprehensive model register that provides an overview and clear definitions of roles and responsibilities, and which is used as a tool for measurement and assessment of model risks.

Model risk is monitored closely by domain-specific model committees, which report to the Group Risk Committee. This includes governance in connection with the approval and change of models, Ensuring that model risk is managed and assessed in a uniform way across the Group and that model risk becomes visible in Nykredit's overall risk landscape.

## 7.7 Data quality risk

Data quality risk is the risk of unintended consequences as a result of data quality failing to meet business needs. Nykredit is dependent on the quality of the data it uses, as it often forms the basis for business decisions. A strong data governance set-up is therefore crucial to minimise the risk that data quality across the Group does not satisfy Nykredit's business needs and relevant regulatory requirements.

Nykredit's data governance policy lays down the overall principles and standards for data governance at Nykredit. The purpose of the policy is to ensure that Nykredit complies with current legislation in this area and to support existing and future business processes, and it aims to ensure professional and effective data governance development. Further, Nykredit's data ethics policy, adopted by the Board of Directors, provides a clear framework defining responsible conduct in relation to the use of data.

Data in Nykredit has been divided into ten data domains, together comprising all data used by Nykredit. Ownership lies with data domain owners in the business, each holding overall responsibility for data governance and for defining and maintaining data standards in their respective areas.

Nykredit has made substantial investments in recent years to strengthen data governance of critical data across the Group. Data

governance efforts are progressing, but remain a focus point as new data will continuously emerge.



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