H1 2026

Internal Capital Adequacy Assessment

Nykredit

Introduction

This internal capital adequacy assessment report aims to explain the Nykredit Realkredit Group's (Nykredit) process for determining the internal capital adequacy requirement, while also publishing a breakdown of the capital requirement for Nykredit and its subsidiaries. The report covers the Nykredit Realkredit Group, Nykredit Realkredit A/S, Totalkredit A/S the Nykredit Bank Group and Nykredit Bank A/S. This report is updated biannually as a supplement to the pillar III disclosure.

At the end of June 2026 Nykredit's internal capital adequacy requirement amounted to DKK 54.4 billion, or 10.2% of its total risk exposure amount (REA). With a total capital of DKK 111.7 billion and a total capital ratio of 20.8%, Nykredit had DKK 16.9 billion in excess of its overall capital requirement.

Internal Capital Adequacy Assessment

The purpose of Nykredit's 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.

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

Through the Internal Capital Adequacy Assessment Process (ICAAP), the Board of Directors annually assesses Nykredit's internal capital adequacy requirement, reflecting the capital requirements under Pillar I and Pillar II, which is rooted in the regulatory framework; the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD). 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.

Under the **Pillar I** requirement, financial institutions must hold capital corresponding to 8% of total REA. **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. Furthermore, **Pillar III** requires financial institutions to publicly disclose information about their risk and capital management.

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. Management judgements and macroeconomic stress testing are also applied in the calculation of Pillar II requirement.

The internal capital adequacy requirement can be broken down into the most important risk types.

Capital adequacy of Nykredit Realkredit and Totalkredit

30 June 2026	Nykredit Realkredit Group		Nykredit Realkredit A/S		Totalkredit A/S	
	DKKbn	% of REA	DKKbn	% of REA	DKKbn	% of REA
Credit risk	42.7	7.9%	32.7	7.8%	15.2	8.3%
Market risk	3.7	0.7%	1.6	0.4%	1.3	0.7%
Operational risk	4.6	0.8%	1.3	0.3%	1.7	0.9%
Other risks	3.5	0.7%	1.8	0.4%	0.8	0.4%
Internal capital adequacy requirement	**54.4**	**10.2%**	**37.5**	**9.0%**	**18.9**	**10.4%**
Combined buffer requirement	40.4	7.5%	31.1	7.4%	12.9	7.1%
Total capital requirement	**94.8**	**17.7%**	**68.6**	**16.4%**	**31.9**	**17.4%**
- portion of CET1 capital	71.0	13.3%	52.2	12.5%	23.6	12.9%
Total capital	111.7	20.8%	115.0	27.3%	49.7	27.1%
- CET1 capital	91.4	17.0%	96.2	22.9%	43.7	23.8%
Excess of total capital	**16.9**	**2.6%**	**46.4**	**11.0%**	**17.8**	**14.0%**

Capital adequacy of Nykredit Bank

30 June 2026	Nykredit Bank Group		Nykredit Bank A/S	
	DKKbn	% of REA	DKKbn	% of REA
Credit risk	15.1	7.7%	15.1	7.8%
Market risk	1.6	0.8%	1.6	0.8%
Operational risk	2.3	1.2%	2.1	1.1%
Other risks	1.1	0.6%	1.1	0.6%
Internal capital adequacy requirement	**20.1**	**10.3%**	**19.9**	**10.3%**
Combined buffer requirement	14.7	7.5%	14.5	7.5%
Total capital requirement	**34.8**	**17.8%**	**34.4**	**17.8%**
- portion of CET1 capital	26.0	13.3%	25.7	13.3%
Total capital	61.4	31.3%	61.2	31.5%
- CET1 capital	58.8	30.0%	58.7	30.3%
Excess of total capital	**26.6**	**13.6%**	**26.7**	**13.7%**

Capital target

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 REA for the Nykredit Realkredit Group, while the target for total capital has been set at over 19.5%. With a CET1 capital ratio and a total capital ratio of 17.0% and 20.8%, 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.

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