

Nykredit Realkredit A/S

Update

Key Rating Drivers

Strong Credit Profile: Nykredit Realkredit A/S's ratings reflect the bank's low risk profile, shown by its healthy and resilient through-the-cycle asset quality and robust capitalisation. They also reflect its leading domestic franchise in mortgage lending, good profitability and high wholesale funding reliance.

Nykredit's Issuer Default Rating (IDR) is two notches above the Viability Rating (VR) to reflect the bank's very large resolution debt buffer.

Leading Franchise: Nykredit is a leading Danish mortgage lender with a high and stable market share of 46%. The group provides a full range of services that supplement its core mortgage products, including banking products (14% market share in lending) and wealth management through Nykredit Bank A/S, which has a deposit licence. Its market position in non-mortgage activities was bolstered by its acquisition of Spar Nord, which made Nykredit Bank Denmark's third-largest commercial bank.

Low Risk Profile: The bank's underwriting standards are prudent. Its risk controls are robust and its market risk exposure is low. Credit risk exposure is dominated by mortgage lending with tight origination standards underpinned by conservative Danish covered bond and mortgage lending legislation. Its loan book is geographically concentrated in Denmark, and strongly linked to the performance of the Danish economy and real estate market.

Resilient Asset Quality: Nykredit's asset quality is a strength, underpinned by low arrears and defaults, prudent collateralisation and underwriting standards, contained growth and low levels of loan-impairment charges (LICs) through the cycle. Fitch Ratings expects the impaired-loans ratio (end-March 2026: 1.1%) to remain broadly stable around its current level.

Resilient Profitability: We expect the bank's four-year average operating profit to remain above 2.5% of risk-weighted assets (RWAs) through the economic cycle. Earnings will be aided by its stable business model, tight cost control and low LICs. We strong loan growth momentum and higher business volumes in non-mortgage activities to support earnings. We also expect net fee income to benefit from the bank's focus to grow its wealth-management business.

Robust Capitalisation: Nykredit's common equity Tier 1 (CET1) ratio of 17.5% at end-March 2026 represented a decline from about 20% prior to the consolidation of Spar Nord. We view the ratio as providing a reasonable cushion against a more adverse operating environment, while maintaining an adequate buffer over regulatory requirements.

We expect the CET1 ratio to remain above 17%, underpinned by healthy internal capital generation. Our assessment also incorporates capital commitments and potential ordinary support from its majority shareholder, Forenet Kredit.

High Reliance on Wholesale Funding: Nykredit relies extensively on wholesale funding, as mortgage lending is by law funded entirely by covered bonds in Denmark. We believe the risk of Nykredit not being able to access the covered bond market is low, due to strong demand for these bonds from Danish financial institutions, insurance companies and pension funds.

Fitch believes the deep Danish covered bond market will remain resilient even in more adverse environments, as evidenced from its record during previous periods of stress. Refinancing risk is mitigated by a low share of short-term debt maturities and ample liquidity buffers.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Nykredit's Long-Term IDRs would be downgraded if its VR is downgraded or if its resolution debt buffer falls below 15% of RWAs.

We would downgrade Nykredit's VR if we expected its impaired-loans ratio to increase durably above 2% or if its CET1 capital ratio moves towards 17% due to pressure from deteriorating asset quality or weaker earnings generation. We could also downgrade its ratings if operating profit declines to below 2% of RWAs on a sustained basis without clear recovery prospects.

Negative pressure on Nykredit's VR would also arise from an adverse change in investor sentiment materially affecting Nykredit's ability to access competitively priced funding or from weaker liquidity management. Increased reliance on international debt investors that may prove less stable during financial stress, or increasing risk appetite – particularly at Nykredit Bank A/S – would also put negative pressure on the ratings.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of Nykredit's ratings is unlikely in light of the bank's limited size, business model and geographical diversification.

Nykredit's IDRs would be upgraded if its VR is upgraded.

Other Debt and Issuer Ratings

Rating Level	Rating
Long- and short-term senior preferred debt	AA/F1+
Senior non-preferred debt	A+
Subordinated debt and Tier 2 capital notes	A-
Additional Tier 1 notes	BBB

Source: Fitch Ratings

Nykredit's long-term senior preferred debt (senior unsecured under Fitch's *Bank Rating Criteria*) rating of 'AA' is two notches above its VR, which is the anchor rating. This reflects the protection that accrues to senior preferred creditors from the bank's very large resolution debt buffer. This buffer was 19.7% of RWAs at end-March 2026, and we expect it to remain sustainably above 15%. For the same reason, we rate the bank's senior non-preferred (senior resolution debt under Fitch's *Bank Rating Criteria*) debt in line with its VR.

The Short-Term IDR and short-term senior preferred debt and deposit ratings of 'F1+' are the only option mapping to their respective long-term ratings.

Nykredit's Tier 2 subordinated debt and additional Tier 1 (AT1) securities are notched down from its VR. We rate the Tier 2 debt two notches below the VR to reflect the poor recovery prospects of this type of debt.

The AT1 securities are rated four notches below the VR to reflect the poor recovery prospects of these securities (two notches) as well as their high risk of non-performance (two notches). Our assessment is based on the bank operating with a CET1 ratio comfortably above maximum distributable amount thresholds, and our expectation that this will continue.

Significant Changes from Last Review

Nykredit's performance has remained broadly in line with our expectations since our last review in November 2025. Profitability metrics have held up well, with an operating profit/RWAs ratio of 2.7% in 1Q26, underpinned by resilient core earnings and growing contribution from non-mortgage activities.

We expect Nykredit's earnings to remain sound over the two-year rating horizon, supported by higher loan growth and further development of its non-mortgage activities. The completion of the merger and IT migration of Spar Nord Bank into Nykredit Bank in April 2026 marks an important milestone in Nykredit's strategy to enhance business diversification and reinforce its franchise outside of mortgage lending, supporting earnings generation capacity.

Nykredit announced revised medium-term financial targets in February 2026, raising its return on equity target to a minimum of 10%, up from the previous 8% target. The higher profitability target is supported by a targeted cost/income ratio of below 40% and an updated capital policy.

Under the updated capital policy, Nykredit targets a CET1 ratio of 17%. This is complemented by an irrevocable capital commitment from its principal shareholder, corresponding to 50bp of RWAs, which provides additional loss-absorption capacity and underpins capitalisation. We could downgrade the ratings if the CET1 ratio were to fall below 17% on a sustained basis.

In April 2026, Nykredit acquired full ownership of BEC Financial Technologies, a full-service IT provider in which the bank previously held a 69% stake and which it operated in collaboration with partner banks. We expect the transaction, which remains subject to regulatory approvals, to support Nykredit in optimising its IT infrastructure. We do not anticipate that the acquisition will have a material impact on Nykredit's credit profile.

Asset quality was robust in 1Q26, with negligible LICs during the quarter. We expect Nykredit's asset quality to remain resilient, underpinned by a stable macroeconomic backdrop in Denmark and rising property prices. Nykredit booked additional post-model provisions in 1Q26 to capture potential risks arising from the conflict in the Middle East. At end-March 2026, the bank held about DKK1.9 billion of post-model adjustments for macroeconomic and ESG risks (about 11bp of gross loans).

Ratings Navigator

	Operating Environment	Business Profile 20%	Risk Profile 10%	Financial Profile				Implied Viability Rating	Viability Rating	Government Support Rating	LT Issuer Default Rating
				Asset Quality 20%	Earnings & Profitability 15%	Capitalisation & Leverage 25%	Funding & Liquidity 10%				
aaa								aaa	aaa	aaa	AAA
aa+								aa+	aa+	aa+	AA+
aa								aa	aa	aa	AA Sta
aa-								aa-	aa-	aa-	AA-
a+								a+	a+	a+	A+
a								a	a	a	A
a-								a-	a-	a-	A-
bbb+								bbb+	bbb+	bbb+	BBB+
bbb								bbb	bbb	bbb	BBB
bbb-								bbb-	bbb-	bbb-	BBB-
bb+								bb+	bb+	bb+	BB+
bb								bb	bb	bb	BB
bb-								bb-	bb-	bb-	BB-
b+								b+	b+	b+	B+
b								b	b	b	B
b-								b-	b-	b-	B-
ccc+								ccc+	ccc+	ccc+	CCC+
ccc								ccc	ccc	ccc	CCC
ccc-								ccc-	ccc-	ccc-	CCC-
cc								cc	cc	cc	CC
c								c	c	c	C
f								f	f	ns	D or RD

The Key Rating Driver (KRD) weightings used to determine the implied VR are shown as percentages at the top. In cases where the implied VR is adjusted upwards or downwards to arrive at the VR, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD.

Factor Outlook

■ Stable ◆ Evolving ▲ Positive ▼ Negative

VR - Adjustments to Key Rating Drivers

The capitalisation and leverage score of 'a+' is below the 'aa' implied category score due to the following adjustment reason: risk profile and business model (negative).

Financials

Financial Statements

	31 Dec 23	31 Dec 24	31 Dec 25	31 Mar 26
	12 months	12 months	12 months	1st quarter
	(DKKm)	(DKKm)	(DKKm)	(DKKm)
Summary income statement				
Net interest and dividend income	15,973	15,713	16,004	4,465
Net fees and commissions	134	305	1,055	344
Other operating income	4,354	5,510	6,942	1,117
Total operating income	20,461	21,528	24,001	5,926
Operating costs	6,555	6,955	8,754	2,520
Pre-impairment operating profit	13,906	14,573	15,247	3,406
Loan and other impairment charges	-177	-248	266	-17
Operating profit	14,083	14,821	14,981	3,423
Other non-operating items (net)	-	-	350	-
Tax	3,191	3,088	2,886	728
Net income	10,892	11,733	12,445	2,695
Other comprehensive income	6	11	-2	7
Fitch comprehensive income	10,898	11,744	12,443	2,702
Summary balance sheet				
Assets				
Gross loans	1,458,691	1,536,660	1,671,637	1,679,655
– of which impaired	15,815	18,009	18,850	19,201
Loan loss allowances	8,699	8,312	8,812	8,874
Net loans	1,449,992	1,528,348	1,662,825	1,670,781
Interbank	3,004	2,644	6,096	4,822
Derivatives	6,663	6,326	5,005	6,125
Other securities and earning assets	145,825	161,672	238,403	237,865
Total earning assets	1,605,484	1,698,990	1,912,329	1,919,593
Cash and due from banks	61,056	61,480	66,436	54,868
Other assets	15,065	12,568	27,555	27,395
Total assets	1,681,605	1,773,038	2,006,320	2,001,856
Liabilities				
Customer deposits	114,208	121,483	218,831	216,745
Interbank and other short-term funding	18,209	17,103	36,562	39,721
Other long-term funding	1,407,664	1,485,974	1,557,882	1,554,716
Trading liabilities and derivatives	15,956	12,303	5,225	6,695
Total funding and derivatives	1,556,037	1,636,863	1,818,500	1,817,877
Other liabilities	24,562	31,191	70,295	67,599
Preference shares and hybrid capital	3,759	3,763	4,625	8,418
Total equity	97,247	101,221	112,900	107,962

Financial Statements

	31 Dec 23	31 Dec 24	31 Dec 25	31 Mar 26
	12 months	12 months	12 months	1st quarter
	(DKKm)	(DKKm)	(DKKm)	(DKKm)
Total liabilities and equity	1,681,605	1,773,038	2,006,320	2,001,856
Exchange rate	USD1= DKK6.7640	USD1= DKK7.1429	USD1= DKK6.3527	USD1= DKK6.4994

Source: Fitch Ratings, Fitch Solutions, Nykredit

Key Ratios

(%; annualised as appropriate)	31 Dec 23	31 Dec 24	31 Dec 25	31 Mar 26
Profitability				
Operating profit/risk-weighted assets	3.3	3.1	2.9	2.7
Net interest income/average earning assets	1.0	1.0	0.9	0.9
Non-interest expense/gross revenue	32.1	32.3	37.0	42.6
Net income/average equity	11.6	12.0	11.6	9.9
Asset quality				
Impaired loans ratio	1.1	1.2	1.1	1.1
Growth in gross loans	5.1	5.4	8.8	0.5
Loan loss allowances/impaired loans	55.0	46.2	46.7	46.2
Loan impairment charges/average gross loans	0.0	0.0	0.0	0.0
Capitalisation				
Common equity Tier 1 ratio	20.4	20.5	17.3	17.5
Tangible common equity/tangible assets	5.7	5.6	5.0	4.8
Basel leverage ratio	5.1	5.3	4.6	4.6
Net impaired loans/common equity Tier 1	8.0	10.0	11.1	11.4
Funding and liquidity				
Gross loans/customer deposits + covered bonds	100.7	101.1	99.7	100.4
Liquidity coverage ratio	310.0	463.0	517.8	511.1
Customer deposits/total non-equity funding	7.4	7.4	12.0	11.9
Net stable funding ratio	147.0	142.0	142.5	144.6

Source: Fitch Ratings, Fitch Solutions, Nykredit

Support Assessment

Nykredit's Government Support Rating of 'no support' (ns) reflects Fitch's view that senior creditors can not rely on receiving full extraordinary support from the sovereign in the event of the bank becoming non-viable. The EU's Bank Recovery and Resolution Directive provides a framework for resolving banks that will require senior creditors to participate in losses, if necessary, instead of, or ahead of, a bank receiving sovereign support.

Subsidiaries and Affiliates

Nykredit Bank A/S

Rating Level	Rating
Long-Term IDR	AA/Stable
Short-Term IDR	F1+
Shareholder Support Rating	aa
Deposits	AA/F1+
Senior preferred debt	AA/F1+
Senior non-preferred debt	A+
Subordinated debt and Tier 2 capital notes	A-

Source: Fitch Ratings

Nykredit Bank's IDR and Shareholder Support Rating are aligned with Nykredit's IDRs. This reflects a very high probability of support from Nykredit, if needed, in light of the subsidiary's core role within the group and high reputational risk for Nykredit if Nykredit Bank defaults. We have not assigned a VR to Nykredit Bank because it does not have a meaningful standalone franchise that could exist without the ownership of the parent given the close integration into the larger group.

Nykredit Bank's long-term deposit rating and long-term senior preferred debt ratings are aligned with its IDRs, reflecting protection for depositors and preferred creditors from the parent's very large resolution debt buffer.

The senior non-preferred debt rating is aligned with Nykredit's VR, reflecting its very large resolution debt buffer.

The Tier 2 debt is rated two notches below Nykredit's VR to reflect the poor recovery prospects of this type of debt.

Ratings

Foreign Currency

Long-Term IDR	AA
Short-Term IDR	F1+

Viability Rating	a+
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Government Support Rating	ns
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Sovereign Risk (Denmark)

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Bank Rating Criteria (May 2026)

Related Research

Global Economic Outlook (June 2026)

Global Banks Mid-Year 2026 Outlook Compendium (June 2026)

Fitch Takes Rating Actions on 10 Nordic Banking Groups Following Criteria Update (May 2026)

Nykredit's Lower Target CET1 Ratio to Reduce Rating Headroom (February 2026)

Major Nordic Banks - Peer Credit Analysis (January 2026)

Fitch Affirms Nykredit Realkredit A/S at 'A+'; Outlook Stable (November 2025)

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