

A photograph of the Nykredit Bank building at dusk. The building is a modern, multi-story structure with a glass facade and a white, angular base. The interior lights are on, and the sky is a deep blue. In the foreground, there is a large fountain with many small jets of water. To the left, a traditional brick building is visible. The overall scene is illuminated by the warm glow of the building's lights and the cool tones of the twilight sky.

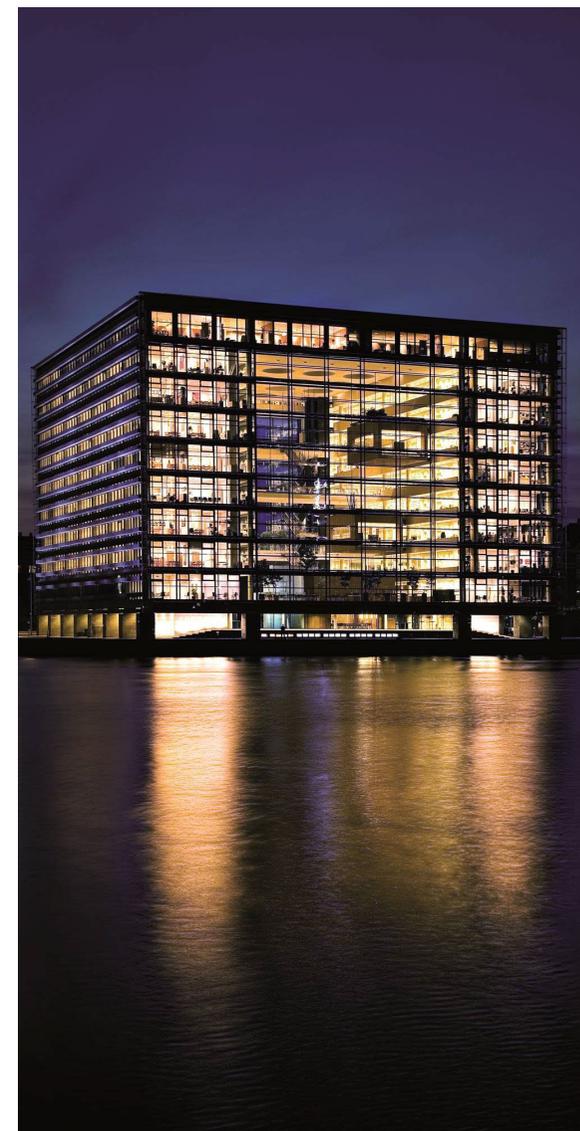
**Nykredit Bank**

**Annual Report 2023**

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# Management Commentary



## Financial review



Income  
DKK **7,849** million  
(2022: DKK 6,091 million)



Costs  
DKK **3,362** million  
(2022: DKK 3,123 million)



Profit before tax  
DKK **4,484** million  
(2022: DKK 3,504 million)

DKK million

Nykredit Bank Group	2023	2022	2021	2020	2019	H2/ 2023	H1/ 2023	H2/ 2022
<b>INCOME STATEMENT</b>								
Net interest income	3,915	2,508	1,774	1,711	1,520	2,092	1,823	1,506
Net fee income	735	624	680	521	538	368	367	309
Wealth management income	2,368	2,279	2,324	1,950	1,610	1,171	1,197	1,109
Net interest from capitalisation	632	(152)	(41)	(29)	(28)	310	322	(89)
Net income relating to customer benefits programmes <sup>1</sup>	(96)	(140)	(72)	276	(9)	(49)	(47)	(84)
Trading, investment portfolio and other income	295	973	1,246	634	720	66	229	540
<b>Income</b>	<b>7,849</b>	<b>6,091</b>	<b>5,912</b>	<b>5,063</b>	<b>4,350</b>	<b>3,958</b>	<b>3,891</b>	<b>3,290</b>
Costs	3,362	3,123	2,927	2,727	2,375	1,729	1,633	1,597
<b>Business profit before impairment charges</b>	<b>4,487</b>	<b>2,968</b>	<b>2,985</b>	<b>2,336</b>	<b>1,975</b>	<b>2,229</b>	<b>2,258</b>	<b>1,693</b>
Impairment charges for loans and advances	62	396	(120)	579	210	38	24	159
<b>Business profit</b>	<b>4,425</b>	<b>2,573</b>	<b>3,105</b>	<b>1,757</b>	<b>1,765</b>	<b>2,191</b>	<b>2,233</b>	<b>1,535</b>
Legacy derivatives	59	931	432	258	(112)	27	32	261
<b>Profit before tax</b>	<b>4,484</b>	<b>3,504</b>	<b>3,537</b>	<b>2,015</b>	<b>1,653</b>	<b>2,218</b>	<b>2,265</b>	<b>1,796</b>
Tax	1,116	758	733	385	366	556	560	389
<b>Profit for the period</b>	<b>3,367</b>	<b>2,746</b>	<b>2,804</b>	<b>1,630</b>	<b>1,287</b>	<b>1,662</b>	<b>1,705</b>	<b>1,407</b>
Minority interest	65	61	45	21	(1)	37	28	33

<sup>1</sup> "Net income relating to customer benefits programmes" has been specified under "Alternative performance measures" on page 26.

## Summary balance sheet



Profit as % of average equity (RoE)  
**9.4%**  
(2022: 8.5%)



Cost/income ratio  
**42.8%**  
(2022: 51.3%)



People (FTE)  
**1,022**  
(2022: 1,021)

Nykredit Bank Group

DK million

### SUMMARY BALANCE SHEET

Assets	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Cash balances and receivables from credit institutions and central banks	40,276	39,473	27,134	21,469	33,528
Reverse repurchase lending	33,965	37,970	50,900	37,271	48,749
Loans, advances and other receivables at amortised cost	94,375	86,735	74,513	71,146	65,466
Bonds and equities etc	49,499	57,818	40,029	39,822	50,789
Remaining assets	18,452	15,133	22,814	28,481	27,996
<b>Total assets</b>	<b>236,568</b>	<b>237,129</b>	<b>215,390</b>	<b>198,189</b>	<b>226,528</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	44,960	50,660	52,833	49,121	85,154
Repo deposits	5,618	6,266	7,379	2,674	3,331
Deposits and other payables	114,333	107,426	92,895	88,269	85,549
Bonds in issue at amortised cost	8,050	11,670	4,415	5,400	3,780
Other non-derivative financial liabilities at fair value	11,033	12,738	13,613	10,801	7,133
Remaining liabilities	14,870	14,087	10,711	13,159	14,695
Provisions	896	764	687	683	450
Subordinated debt	0	0	2,000	2,000	2,000
Equity	36,808	33,518	30,856	26,082	24,434
<b>Total liabilities and equity</b>	<b>236,568</b>	<b>237,129</b>	<b>215,390</b>	<b>198,189</b>	<b>226,528</b>
<b>FINANCIAL RATIOS<sup>1</sup></b>					
Profit for the period as % pa of average equity	9.4	8.5	10.0	6.4	5.7
Costs as % of income	42.8	51.3	49.5	53.9	54.6
Total provisions for loan impairment and guarantees	3,208	3,134	2,764	3,024	2,538
Impairment charges for the year, %	0.04	0.26	(0.08)	0.41	0.14
Total capital ratio, %	27.4	24.4	23.5	22.7	20.8
Tier 1 capital ratio, %	27.4	24.0	23.0	20.5	18.9
Common Equity Tier 1 capital ratio, %	27.4	23.9	23.0	20.5	18.9
Average number of staff, full-time equivalent	1,022	1,021	974	979	900

<sup>1</sup>For definitions of financial ratios, see page 122. Impairment charges for the year divided by loans, advances and guarantees.

## Business overview

Nykredit Bank has two main business areas; Banking and Wealth Management.

Banking consists of Retail and Corporates & Institutions.

Retail offers banking services tailored to Nykredit's personal customers and SMEs, including agricultural customers and residential rental customers. Retail also includes leasing activities.

Corporates & Institutions serves Nykredit's corporate and institutional clients, the public housing segment and large housing cooperatives. The division is also responsible for Nykredit's activities within securities trading and financial instruments.

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

### Deposit rate

As the first large Danish bank, Nykredit offered all its customers positive current account rates. We have also made it more attractive for customers to save up for a new home or a green initiative, offering attractive interest rates on our home savings and green savings accounts.

### Customer benefits

Being a mutual company, Nykredit has a unique opportunity to share its success with customers. To this end, Nykredit Bank's customer benefits programme includes a customer discount, a savings discount, a discount on bank home loans and a number of green benefits.

The **customer discount** is offered to full-service customers as a discount on some of the charges paid during the year, and in proportion to their business with Nykredit.

We offer a **savings discount** to full-service customers who invest through one of our wealth management propositions. The savings discount is 25% of the customer's direct investment management fee. The **home loan discount** is offered to customers who do everyday banking and home financing with Nykredit Bank. The Nykredit Group has decided to increase customer discounts and home loan discounts from 0.15% annually to 0.20% annually in 2024 and 2025.

### Long-term value for customers and partner banks

Nykredit Bank is working to create long-term value for our customers and our partner banks, whilst also pursuing an ambition of being Denmark's responsible wealth manager. Focus is on enhancing digital investment solutions, incorporating sustainability in advisory services and concepts and expanding our alternative investment propositions.

As a result, the high customer satisfaction among personal as well as business customers continued in 2024.

### Focus on green choices

As an element of Nykredit's ambitions for a greener Denmark, Nykredit Bank's customers are offered a number of green benefits.

The products **green home loan**, **green car loans** and **home energy check-ups** are targeted at our personal customers and designed to ensure that financing costs do not discourage them from buying an electric car or making home energy improvements. As a new initiative, we have introduced a **green savings account** to customers wishing to save up for a choice, such as energy optimisation of their home or buying a hydrogen or electric car. We also launched a new **green transport leasing** proposition for businesses wishing to introduce electric or hydrogen-powered commercial vehicles. Furthermore, we offer green products to our agricultural customers, for example machinery finance. And we offer **green construction loans** to major corporate clients, large residential rental clients and public housing clients with green energy renovation or green construction projects.

Small and medium-sized businesses are increasingly becoming subject to climate-related reporting demands from authorities, customers, suppliers and financial partners. To ease this burden for our customers, we offer access to a digital tool by Valified designed to support businesses going green, helping them document and report on their progress. We offer corporate clients advice on how to take a more systematic approach to sustainability with a view to increasing their positive impact, while at the same time achieving improved ESG ratings to obtain market recognition for their efforts.

The Danish agricultural sector has set ambitious climate targets. Together with Forenet Kredit and SEGES, Nykredit has developed the ESGreen Tool aimed at providing the agricultural sector with tools and knowledge to find a viable, documentable and effective path forward in the green transition.

## Financial performance

Nykredit Bank delivered a highly satisfactory financial performance in 2023. Business profit came to DKK 4,425 million (2022: DKK 2,573 million), and profit after tax for the year was DKK 3,367 million (2022: DKK 2,746 million).

Our guidance for business profit after tax for 2023 presented in the Annual Report for 2022 was between DKK 2.0 billion and DKK 2.5 billion.

Results were positively impacted by high net interest income, net interest from capitalisation and low impairments owing to the continued strong performance of the Danish economy and our customers' good credit quality.

2023 saw a more moderate housing market development compared to 2022. Customers were financially more cautious given the changed market terms with higher interest rates and continued high inflation. Nevertheless, Nykredit Bank recorded lending and customer growth in 2023, loans and advances were up by DKK 7.6 billion to DKK 94.4 billion, and deposits exclusive repo deposits rose by DKK 7.0 billion to DKK 114.3 billion.

## Income

Total income was DKK 7,849 million in 2023 (2022: DKK 6,091 million). Net interest income amounted to DKK 3,915 million (2022: DKK 2,508 million). Net interest income was positively impacted by rising interest rates and high bank lending.

Net fee income increased by DKK 111 million to a total of DKK 735 million (2022: DKK 624 million). Net fee income was positively affected by the high activity level of corporate clients in the business area Corporates & Institutions.

Wealth management income increased to DKK 2,368 million (2022: DKK 2,279 million), mainly driven by Asset Management.

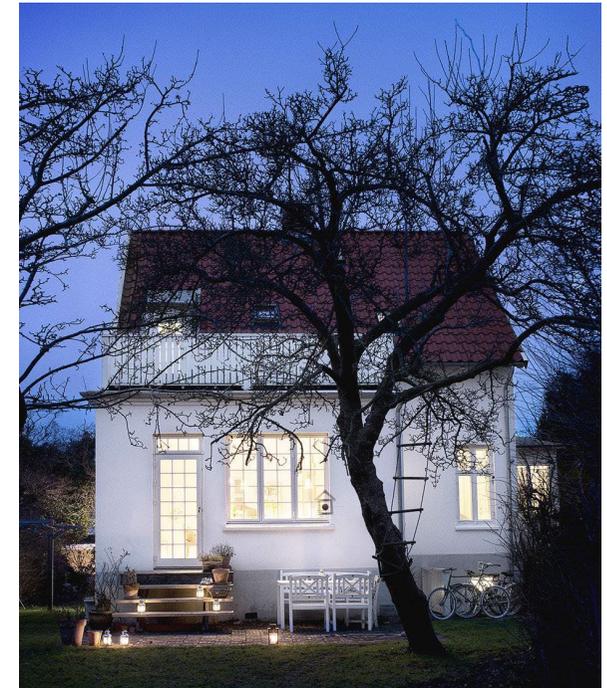
Net interest from capitalisation, which comprises return on equity and interest on subordinated capital, was a gain of DKK 632 million (2022: charge of DKK 152 million). The increase compared to 2022 was due to higher interest rates.

Trading, investment portfolio and other income, including value adjustments of swaps currently offered, decreased by DKK 678 million to DKK 295 million (2022: DKK 973 million). Income from value adjustments on derivatives was lower than in 2022 and partially offset by higher income from institutional customers.

## Costs

Costs were DKK 3,362 million in 2023 (2022: DKK 3,123 million). Pay rises and general growth due to inflation increased costs across the Group. Costs of bonus awards also increased this year as a result of the Group's high performance. Furthermore, the period saw increased investments in digitisation and IT.

The average number of full-time equivalent staff totalled 1,022 (2022: 1,021).



## Loan impairments

Impairment charges for loans and advances represented 0.04% of lending in 2023 (2022: 0.26%). Impairment charges for loans and advances came to DKK 62 million (2022: DKK 396 million) owing to the continued strong performance of the Danish economy and our customers' good credit quality.

## Legacy derivatives

Income from legacy derivatives was DKK 59 million in 2023 (2022: DKK 931 million). Legacy derivatives are derivatives that Nykredit no longer offers to customers. These value adjustments are not included in business profit. The portfolio of legacy derivatives had a total market value of DKK 1.4 billion in 2023 (2022: DKK 1.0 billion).

## Tax

Tax on profit for the year has been calculated at DKK 1,116 million (2022: DKK 758 million). As a result of the new surtax imposed on companies in the financial sector, the tax rate has been raised from 22% to 25.2% in 2023, leading to an additional tax charge of DKK 139 million. The tax rate for 2024 will be 26%.

## Development in H2/2023

Profit after tax was DKK 1,662 million (H1/2023: DKK 1,705 million), corresponding to a decrease of DKK 43 million. Business profit came to DKK 2,191 million in H2/2023 (H1/2023: DKK 2,233 million).

Income went up by DKK 67 million to DKK 3,958 million (H1/2023: DKK 3,891 million). This was primarily driven by an increase in net interest income, net interest from capitalisation and low impairment charges.

Costs amounted to DKK 1,729 million (H1/2023: DKK 1,633 million).

Impairment charges for loans and advances were DKK 38 million (H1/2023: DKK 24 million).

Value adjustment of legacy derivatives was positive at DKK 27 million in H2/2023 (H1/2023: DKK 32 million).



Business profit H2/2023  
**DKK 2,191 million**  
*(H1/2023: DKK 2,233 million)*

## Balance sheet

The balance sheet stood at DKK 236.6 billion in 2023 (end-2022: DKK 237.1 billion).

Receivables from credit institutions and cash balances etc increased to DKK 40.3 billion (end-2022: DKK 39.5 billion), and reverse repurchase lending decreased by DKK 4.0 billion to DKK 34,0 billion (end-2022: DKK 38.0 billion).

Lending at amortised cost (excluding reverse repurchase lending) rose by DKK 2.4 billion on end-2022 to DKK 94.4 billion at H1/2023 (end-2022: DKK 86.7 billion).

In recent years, Nykredit Bank has transferred a number of secured homeowner loans to Totalkredit, which has reduced the Bank's balance sheet. In 2023, these loans amounted to DKK 10.7 billion (end-2022: DKK 8.2 billion). Loan balances including secured homeowner loans totalled DKK 105.0 billion (end-2022: DKK 94.9 billion).

Bond and equity portfolios totalled DKK 49.5 billion (end-2022: DKK 57.8 billion). The bond portfolio may fluctuate significantly from one reporting year to another, which should be seen in the context of the Bank's repo activities, trading positions and general liquidity management. The same applies to balances with credit institutions.

Remaining assets were DKK 18.5 billion (end-2022: DKK 15.1 billion). In 2023, DKK 6.4 billion was attributable to positive market values of derivatives (end-2022: DKK 7.4 billion). The positive market values related to the Bank's customer activities in derivatives and positions for hedging own risk. The Bank's interest rate risk is widely hedged through offsetting interest rate swaps.

Payables to credit institutions and central banks decreased to DKK 45.0 billion (end-2022: DKK 50.7 billion), while repo deposits fell by DKK 0,7 billion to DKK 5.6 billion (end-2022: DKK 6.3 billion).

Deposits and other payables (excluding repo deposits) went up to DKK 114.3 billion (end-2022: DKK 107.4 billion).

Bonds in issue totalled DKK 8.1 billion (end-2022: DKK 11.7 billion). Nykredit Bank receives funding from its Parent, Nykredit Realkredit, by way of long-term intercompany loans. Nykredit Realkredit funds such loans through the issuance of debt instruments. Other non-derivative financial liabilities at fair value, which include negative bond portfolios, for which the Bank has a repurchase obligation, came to DKK 11.0 billion (end-2022: DKK 12.7 billion).

Remaining payables and provisions amounted to DKK 15,8 billion (end-2022: DKK 14.9 billion). The item mainly consisted of interest and commission payable and negative market values of derivative financial instruments. The negative market values of derivative financial instruments were DKK 8.2 billion (end-2022: DKK 10.0 billion).

## Outlook and guidance for 2024

Nykredit Bank is guiding for a profit after tax of DKK 3.5-4.0 billion for 2024.

- Our full-year guidance for profit after tax is based on the following assumptions:
- The Nykredit Bank Group expects a rise in total income based on expectations of higher wealth management income, partly driven by an increase in assets under management and in net interest from capitalisation due to the higher interest rates. Conversely, a lower activity level is also expected.
- Costs are expected to increase due to general pay and price rises.
- Impairments are expected to be higher than the low level in 2023.
- Our tax charge is expected to rise as a result of the new surtax imposed on the financial sector, seeing an increase in taxation from 22% in 2022 to 25.2% in 2023 and 26.0% in 2024.

The main uncertainties applying to our 2024 guidance are related to investment portfolio income due to legacy derivatives as well as impairment charges for loans and advances.

## Special accounting circumstances

There have been no special accounting circumstances in 2023.

## Other Changes to the Executive Board

As at 1 June 2023, Lars Moesgaard joined the Executive Board of Nykredit Bank. Lars Moesgaard comes from a position as CEO of Handelsbanken Danmark. At the same time, Henrik Rasmussen resigned from the Executive Board of Nykredit Bank and instead took up the position as Head of Nykredit's South Denmark and Central Denmark regions. Nykredit Bank's Executive Board subsequently comprised Dan Sørensen and Lars Moesgaard.

On 14 November 2023, Lotte Månsson, Executive Vice President, Wealth Management, Nykredit Bank, and Søren Kviesgaard, Executive Vice President, Corporates & Institutions, Nykredit Bank, joined the Executive Board of Nykredit Bank. Nykredit Bank's Wealth Management and Corporates & Institutions divisions have delivered substantial growth for several years and are strategic focus areas. Following this expansion, Nykredit Bank's Executive Board has gained additional expertise within wealth management and corporate banking. Lotte Månsson and Søren Kviesgaard both have year-long experience from the financial sector and the Nykredit Group.

Lotte Månsson joined Nykredit in 2008 and has held the position of Executive Vice President of Private Wealth Management since 2019. Søren Kviesgaard joined Nykredit in 2016 and has since held the position of Executive Vice President of Corporates & Institutions.

Nykredit Bank's Executive Board will subsequently consist of Dan Sørensen, Lars Moesgaard, Lotte Månsson and Søren Kviesgaard.

## Changes to the Board of Directors

In March 2023, Allan Kristiansen resigned from the Board of Directors, and Kathrin Hattens was elected new member of the Board of Directors.

The Board of Directors now consists of Michael Rasmussen (Chair), Anders Jensen (Deputy Chair), Tonny Thierry Andersen, David Hellemann, Susanne Møller Nielsen and Kathrin Hattens.

## Uncertainty as to recognition and measurement

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

The areas in which assumptions and estimates significant to the financial statements have been made include provisions for loan and receivable impairment and unlisted financial instruments see note 1, accounting policies, to which reference is made.

## Events since the balance sheet date

No events have occurred in the period up to the presentation of the Annual Report 2023 which materially affect the Group's financial position.



## Capital



CET1 capital ratio  
**27.4%**  
(2022: 23.9%)



Total capital ratio  
**27.4%**  
(2022: 24.4%)



Internal capital adequacy requirement  
**10.8%**  
(2022: 11.6%)

### Equity and own funds

Equity carried for accounting purposes totalled DKK 36.8 billion at end-December 2023 in the Nykredit Bank Group (end-2022: DKK 33.5 billion).

Nykredit Bank has its own capital policy and capital management. To ensure the Nykredit Realkredit Group's flexibility and responsiveness, capital resources are primarily concentrated in the Parent, Nykredit Realkredit A/S. A central element of the Nykredit Realkredit Group's capital policy is that the subsidiaries can receive capital as required. Adequate capitalisation of Nykredit Bank within the Nykredit Realkredit Group is continuously ensured.

DKK million

	31.12.2023	31.12.2022
Nykredit Bank Group		
Required own funds and internal capital adequacy requirement		
<b>Credit risk (including CVA)</b>	8,210	8,473
Market risk	949	1,202
Operational risk	933	816
<b>Total Pillar I</b>	<b>10,092</b>	<b>10,491</b>
Slightly weaker economic climate etc	2,265	2,560
Other risks	1,242	2,147
<b>Total Pillar II</b>	<b>3,508</b>	<b>4,707</b>
<b>Total required own funds</b>	<b>13,600</b>	<b>15,198</b>
Internal capital adequacy requirement (Pillars I and II), %	10.8	11.6

DKK million

	31.12.2023	31.12.2022
Nykredit Bank Group		
Capital and capital adequacy		
<b>Equity, year-end</b>	<b>36,808</b>	<b>33,518</b>
Minority interests, not included	(112)	(114)
Prudent valuation adjustment	(34)	(22)
Minority interests	54	62
Intangible assets and deferred tax assets	(1,847)	(1,876)
Other regulatory deductions	(2)	-
Deduction non-performing exposures	(227)	(102)
<b>Common Equity Tier 1 regulatory deductions</b>	<b>(2,169)</b>	<b>(2,051)</b>
<b>Common Equity Tier 1 capital</b>	<b>34,639</b>	<b>31,467</b>
Minority interests	9	10
<b>Total Additional Tier 1 capital after regulatory deductions</b>	<b>9</b>	<b>10</b>
<b>Tier 1 capital</b>	<b>34,648</b>	<b>31,477</b>
Tier 2 capital regulatory adjustments	-	571
Minority interests	12	12
<b>Own funds</b>	<b>34,659</b>	<b>32,061</b>
CET1 capital ratio, %	27.4	23.9
Tier 1 capital ratio, %	27.4	24.0
Total capital ratio, %	27.4	24.4
Internal capital adequacy requirement (Pillar I and Pillar II), %	10.8	11.6
Credit risk	102,629	105,913
Market risk	11,859	15,026
Operational risk	11,667	10,205
<b>Total risk exposure amount</b>	<b>126,155</b>	<b>131,143</b>

## Capital

The Nykredit Bank Group's own funds consist of CET1 capital. No AT1 capital and Tier 2 capital have been issued at this time.

In 2023, the Nykredit Bank Group's risk exposure amount (REA) totalled DKK 126.2 billion (end-2022: DKK 131.1 billion). With own funds at DKK 34.7 billion, this corresponds to a total capital ratio of 27.4% (end-2022: 24.4%). The CET1 capital ratio was 27.4%(end-2022: 23.9%).

REA for credit risk declined to DKK 102.6 billion in 2023 in the Nykredit Bank Group, despite volume growth. The decline in REA for credit risk was mainly caused by value adjustment of derivatives contracts/swaps due to interest rate increases and lower risk weights due to low overdrafts. REA for market risk declined to DKK 11.9 billion in 2023 due to reduced financial market volatility compared to last year. REA for operational risk rose to DKK 11.7 billion. Common Equity Tier 1 (CET1) capital is the most important capital concept in the determination of capital, as this is the type of capital required to comply with most of the regulatory capital requirements. The Bank's CET1 capital amounted to DKK 34.6 billion (end-2022: DKK 31.5 billion).

Pursuant to the Danish Financial Business Act, it is the responsibility of the Board of Directors and the Executive Board to ensure that Nykredit Bank has the required own funds. The required own funds are the minimum capital required, in Management's judgement, to cover all significant risks. This is estimated as 10.8% of

the Nykredit Bank Group's risk exposure amount at end-December 2023, equal to the internal capital adequacy requirement.

## Credit ratings

Nykredit Realkredit and Nykredit Bank have rating relationships with the international credit rating agencies S&P Global Ratings (S&P) and Fitch Ratings regarding the credit ratings of the companies and their funding.

### *Nykredit's credit ratings*

A summary of Nykredit's credit ratings with S&P and Fitch Ratings is available at [nykredit.com/rating](https://nykredit.com/rating)

## ESG ratings

ESG (Environmental, Social and Governance) ratings are a tool used by investors and other stakeholders to assess a company's position relative to sustainability, corporate responsibility and governance. Nykredit focuses its efforts in part on ESG rating agencies MSCI and Sustainalytics, which consider all ESG factors, and in part on the CDP (formerly Carbon Disclosure Project), which reflects environmental impact.

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

## Supervisory Diamond for banks

The Supervisory Diamond uses four key benchmarks to measure if a bank is operating at an elevated risk.

Nykredit Bank complied with all benchmark limits of the Supervisory Diamond model for banks at 31 December 2023.

Nykredit Bank A/S Supervisory Diamond	31.12.2023	31.12.2022
Large exposures (limit value <175%)	108.3%	115.7%
Lending growth (limit value <20%)	9.0%	13.7%
Property exposure (limit value <25%)	11.2%	12.1%
Liquidity benchmark (limit value >100%)	223.3%	272.0%

Issuer	S&P Global Ratings			Fitch Ratings		
	Long-term	Short-term	Outlook	Long-term	Short-term	Outlook
Nykredit Bank A/S						
Resolution Counterparty Rating	AA-	A-1+				
Issuer Credit Rating	A+	A-1	Stable	A	F1	Stable
Senior preferred debt	A+	A-1		A+	F1	

## Impairments and lending

Impairment charges for loans and advances were DKK 62 million in 2023 (2022: DKK 396 million) owing to the continued strong Danish economy and the good credit quality of our customers.

### Geopolitical tensions

Geopolitical tensions are expected to affect the credit quality of some customers due to lower economic growth, rising energy prices, current interest rate conditions, house price trends, inflation and value and supply chain disruptions.

Provisions related to geopolitical tensions are based on stress test calculations of three factors. Firstly, stress simulations have been performed for stage 1 and stage 2 personal and business customers. We expect a drop in personal customers' discretionary incomes as a consequence of increased inflation and higher energy prices. Provisions of DKK 0.10 billion have been made to counter such risk. Secondly, business customers in the construction, retail, wholesale, commercial rental, production and manufacturing sectors are also expected to be affected due to inflation, scarcity of goods and rising interest rates. Thirdly, the property values of customers in stage 3 have been stressed to simulate a reduction in collateral values. We have taken provisions of DKK 0.71 billion for exposed sectors, and total provisions to manage the increased risk now amount to DKK 0.81 billion.

For further information about the impacts of geopolitical tensions and macroeconomic trends, please refer to our Fact Book Q4 2023, which is available at [nykredit.com/filarkiv](https://nykredit.com/filarkiv)

### Expectations for macroeconomic models

Nykredit Bank's impairment models are based on forward-looking macroeconomic scenarios. The scenarios should reflect uncertainties relating to the economy as well as both improved and deteriorating outlooks. In 2023, the scenarios were updated to reflect the current and expected economic environment, including the geopolitical turmoil and other derived market conditions.

The base scenario should reflect the economic environment and carries a 60% weighting. The scenario implies expected GDP growth of 1.0% and house price decreases of 1.8% in 2023. At end-2022, the main scenario implied expected GDP growth of 0.2% and house price decreases of 5.6% in 2023.

The adverse scenario was included in the models with a weighting of 35%. This scenario implies an expected GDP decline of 0.9% and house price decreases of 2.9% in 2023.

The improved scenario carries a 5% weighting and is based on the macroeconomic conditions observed at the date of this Annual Report. This scenario uses realised levels of interest rates, GDP, house prices and unemployment.

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

## Post-model adjustments

Corrections and changes to assumptions in the impairment models are based on management judgement. In 2023, such post-model adjustments totalled DKK 650 million. The underlying reasons, for example changes in agricultural output prices due to changed economic trends and/or changed export potential as well as financial and legal conditions in the real estate sector, may generally affect credit risk beyond the outcome derived on the basis of model-based impairments.

Local geographical conditions, internal process risk and ongoing monitoring of the loan portfolio may also reflect conditions which macroeconomic projections cannot capture. The estimates are adjusted and evaluated on a regular basis, and it is decided on an individual basis whether to phase out or incorporate an estimate into the models, if necessary. The chart outlines the post-model adjustments made.

	DKK million	
Nykredit Bank Group	31.12.2023	31.12.2022
<b>Specific macroeconomic risks and process-related circumstances</b>		
Agriculture	19	5
Covid-19	-	150
Geopolitical tensions <sup>1</sup>	116	127
Concentration risks in loan portfolios	97	125
<b>Total macroeconomic risks</b>	<b>232</b>	<b>407</b>
Process-related	57	2
Model changes	-	43
ESG	72	50
Haircuts	33	47
Other (results of controlling, haircuts etc)	256	221
<b>Total process-related circumstances</b>	<b>418</b>	<b>363</b>
<b>Total post-model adjustments</b>	<b>650</b>	<b>770</b>

<sup>1</sup> Note: An additional DKK 702 million was incorporated into the impairment models as in-model adjustments, where exposed sectors due to geopolitical tensions are stressed, resulting in a change of stage (Q4/2022: DKK 520 million).



## Total provisions

Total provisions increased to DKK 3,536 million in 2023 (end-2022: DKK 3,475 million).

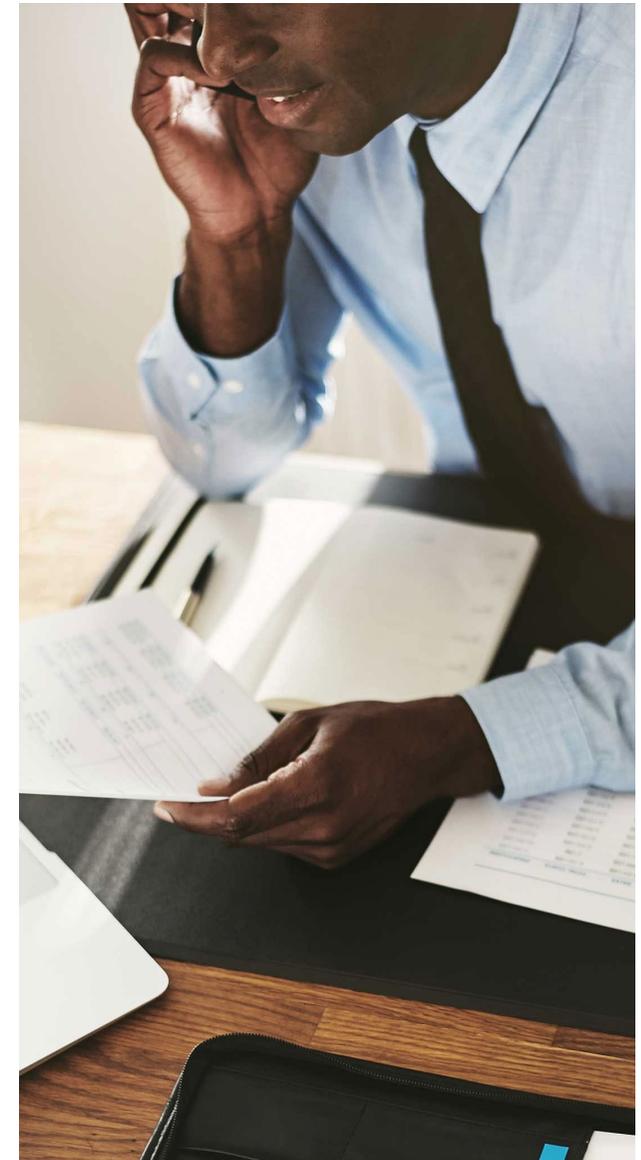
Provisions for guarantees and loan commitments amounted to DKK 328 million (end-2022: DKK 340 million).

Relative to total loans, advances and guarantees, provisions amounted to 2.3% (end-2022: 2.2%).

## Earnings impact

Impairment charges for loans and advances amounted to DKK 62 million in 2023 (2022: DKK 396 million). Of this amount, loan impairments etc represented DKK 98 million (2022: DKK 457 million), and recoveries on loans and advances previously written off represented DKK 36 million (2022: DKK 61 million).

	DKK million	
<b>Nykredit Bank Group</b>		
Provisions for loan impairment and guarantees	31.12.2023	31.12.2022
Impairment provisions, beginning of year	3,135	2,764
Impairment provisions and reversals	73	371
<b>Impairment provisions, year-end</b>	<b>3,208</b>	<b>3,135</b>
- of which impairment provisions for loans and advances etc	3,207	3,132
- of which impairment provisions for loans and advances to banks	1	3
<b>Provisions for guarantees and loan commitments</b>		
Provisions, beginning of year	340	331
Provisions, year-end	328	340
<b>Total provisions</b>	<b>3,536</b>	<b>3,475</b>
<b>Earnings impact</b>		
New impairment provisions and write-offs for the year, net	110	448
Recoveries on loans and advances previously written off	36	61
<b>Total</b>	<b>74</b>	<b>387</b>
Provisions for guarantees and loan commitments	(12)	9
<b>Total earnings impact</b>	<b>62</b>	<b>396</b>



## Loans, advances and guarantees by sector

The carrying amount of loans, advances and guarantees was DKK 151.4 billion (end-2022: DKK 153.4 billion).

Loans, advances and guarantees included a decrease in reverse repurchase lending of DKK 4.0 billion, a rise in other loans and advances of DKK 7.6 billion and a decrease in guarantees of DKK 1.5 billion.

Finance and insurance remained the largest single sector exposure at DKK 42.0 billion (end-2022: DKK 44.8 billion). The exposure comprised reverse repurchase lending with bonds serving as security. The increase in lending to personal customers primarily relates to guarantees.

### Nykredit Bank Group

Credit exposures in terms of bank lending, reverse repurchase lending and guarantees by sector<sup>1</sup>

DKK million

	31.12.2023			31.12.2022		
	Lending, year-end	Total impairment provisions	Earnings impact	Lending, year-end	Total impairment provisions	Earnings impact
<b>Public sector</b>	<b>466</b>	<b>0</b>	<b>0</b>	<b>961</b>	<b>27</b>	<b>18</b>
Agriculture, hunting, forestry and fishing	4,337	225	(21)	4,113	189	(7)
Manufacturing, mining and quarrying	14,803	731	207	14,769	563	378
Energy supply	5,059	19	(77)	5,291	98	57
Construction	3,375	271	(119)	2,357	353	142
Trade	14,454	860	210	13,255	618	(42)
Transport, accommodation and food service activities	6,127	245	129	6,823	169	33
Information and communication	5,670	58	(38)	4,896	86	(3)
Finance and insurance	41,986	61	(15)	44,795	84	(2)
Real estate	16,376	294	(177)	18,029	435	(85)
Other	13,042	225	(47)	13,085	270	(73)
<b>Total business customers</b>	<b>125,229</b>	<b>2,990</b>	<b>52</b>	<b>127,413</b>	<b>2,865</b>	<b>397</b>
<b>Personal customers</b>	<b>25,666</b>	<b>545</b>	<b>11</b>	<b>25,034</b>	<b>580</b>	<b>(13)</b>
<b>Total</b>	<b>151,360</b>	<b>3,535</b>	<b>64</b>	<b>153,409</b>	<b>3,472</b>	<b>402</b>
- of which provisions for losses under guarantees		328	(12)		340	9
Impairment provisions for credit institutions		1	(2)		3	(7)
<b>- of which intercompany guarantees and total</b>	<b>16,088</b>	<b>3,536</b>	<b>62</b>	<b>20,311</b>	<b>3,475</b>	<b>396</b>

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

## Organisation and management

The Board of Directors of Nykredit Bank is responsible for delimiting and monitoring Nykredit Bank's risks as well as approving the delegation of responsibilities and overall instructions. The Board of Directors has laid down guidelines and specific limits for the types of risk the Company may assume. These risk limits have been delegated within the organisation.

Nykredit Bank is subject to the Nykredit Group's coordinated risk management, and the Chief Risk Officer of Nykredit Realkredit A/S has been appointed Chief Risk Officer of Nykredit Bank A/S by the Board of Directors of Nykredit Bank. Nykredit has appointed a number of non-Board committees, which are to perform specific tasks within selected fields.

## Organisation and responsibilities

### Board Committees

The Board of Directors of Nykredit Realkredit A/S has appointed a Board Audit Committee, a Board Risk Committee, a Board Nomination Committee and a Board Remuneration Committee. These 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.

Nykredit Bank A/S has not appointed similar committees, but the Board Committees appointed by Nykredit Realkredit A/S handle matters of relevance to the Group, including Nykredit Bank A/S.

### Board Audit Committee

The Nykredit Group Board Audit Committee only reviews audit and accounting matters in Nykredit Realkredit A/S and Nykredit A/S. However, these matters are generally also of importance to the presentation of Nykredit Bank's Financial Statements.

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, 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.

The Board Audit Committee consists of Jørgen Høholt, former Banking Executive (Chair), Per W. Hallgren, CEO, Michael Demnitz, former CEO, and Preben Sunke, Director, who are all members of the Boards of Directors of Nykredit A/S and Nykredit Realkredit A/S elected by the General Meeting. The Board Audit Committee held six meetings in 2023.

### Board Risk Committee

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 assists the Board of Directors in overseeing that the risk appetite defined by the Board of Directors is implemented correctly in the organisation.

The Board Risk Committee consists of Per W. Hallgren, CEO (Chair), Vibeke Krag, former CEO, Jørgen Høholt, former Banking Executive and Torsten Hagen Jørgensen, Chief Executive Officer, who are all members of the Boards of Directors of Nykredit A/S and Nykredit Realkredit A/S elected by the General Meeting.

The Board Risk Committee held six meetings in 2023.

### Board Nomination Committee

The Board Nomination Committee is principally tasked with making recommendations to the Board of Directors of Nykredit Realkredit A/S on the nomination of candidates for its Board of Directors and Executive Board. The Board Nomination Committee consists of Merete Eldrup, former CEO (Chair), Michael Demnitz, former CEO, Per W. Hallgren, CEO, and Preben Sunke, Director, who are all members of the Boards of Directors of Nykredit A/S and Nykredit Realkredit A/S elected by the General Meeting.

The Board Nomination Committee held three meetings in 2023.

## Board Remuneration Committee

The principal tasks of the Board Remuneration Committee are to qualify proposals for remuneration prior to consideration by the Board of Directors of Nykredit Realkredit A/S 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.

The Board Remuneration Committee consists of Merete Eldrup, former CEO (Chair), Per W. Hallgren, CEO, and Preben Sunke, Director, who are all members of the Boards of Directors of Nykredit A/S and Nykredit Realkredit A/S elected by the General Meeting, as well as Inge Sand, who is staff-elected member of the Board of Directors of both companies.

The Board Remuneration Committee held three meetings in 2023.

Details on bonuses to risk takers, remuneration policy and practices are available at [nykredit.com/remuneration](https://nykredit.com/remuneration)

## Non-Board committees

The Executive Boards of Nykredit Realkredit A/S and Nykredit Bank A/S have set up five non-Board committees, which perform specific tasks within selected fields. Each committee must report to the Executive Board, and the individual members may at any time request the Executive Board to decide on a case.

The Credits Committee is charged with ensuring adequate credit risk management and approving credit applications and loan impairments as well as overseeing the management of risks in the Nykredit Group's credits area. In connection with bank exposures, the Committee cannot approve applications but it can refuse exposures approved by the Bank's Executive Board or Board of Directors. Any refusals will always be motivated by general Group risk management considerations. 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. The Committee's remit covers Nykredit Realkredit A/S, Nykredit Bank A/S and Nykredit Leasing A/S.

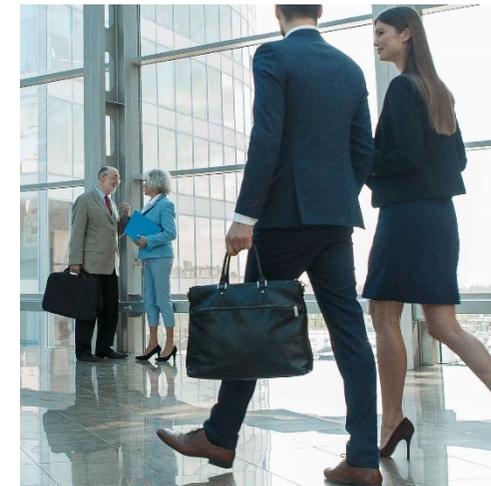
The Asset/Liability Committee (ALCO) undertakes the day-to-day responsibilities and tasks of the Executive Board in the areas of capital, funding, liquidity and market risk according to guidelines approved by the Boards of Directors. The Committee has a governance mandate in these areas at Group as well as at company level. The Committee's remit covers Nykredit Realkredit A/S, Totalkredit A/S and Nykredit Bank A/S.

The Group Risk Committee is charged with overseeing the Nykredit Group's overall risk profile and capital requirements in order to assist the individual Executive Boards and Boards of Directors of the Nykredit Group in ensuring compliance with current legislation and practice. The Committee's remit covers Nykredit Realkredit A/S, Totalkredit A/S, Nykredit Bank A/S, Nykredit Portefølje Administration A/S and Nykredit Leasing A/S.

The Contingency Committee has the overall responsibility for compliance with IT security policy rules in relation to contingencies (major accidents and catastrophes) and the Group's entire spectrum of contingency plans covering IT as well as business aspects. The Committee's remit covers Nykredit A/S, Nykredit Realkredit A/S, Totalkredit A/S, Nykredit Bank A/S, Nykredit Portefølje Administration A/S, Nykredit Leasing A/S and Nykredit Mægler A/S.

The Products Committee's overarching objective is to ensure that the Nykredit Group's products meet applicable business and regulatory requirements. The Committee must ensure that any launch of new or changes to existing products and services, involving material risks for the Group, the individual companies, counterparties or customers, are in alignment with the business models of the individual companies and comply with the current product policy and the Executive Boards' guidelines for development and approval of new products and services. Further, the Committee must regularly monitor and evaluate the existing products and assess any need for changing or adjusting individual products or an entire product range. The Committee's remit covers the following entities: Nykredit Realkredit A/S, Totalkredit A/S, Nykredit Bank A/S, Nykredit Portefølje Administration A/S and Nykredit Leasing A/S as a combined Group Committee.

Nykredit Bank is represented on all Committees by a Managing Director of Nykredit Bank, and such Managing Director must actively approve resolutions in order for these to take effect with respect to Nykredit Bank.



## Report on and targets for the proportion of the under-represented gender on the Board of Directors

The table below shows progress on the targets for the proportion of the under-represented gender on the Boards of Directors of the Nykredit Bank A/S, Nykredit Portefølje Administration A/S and Nykredit Leasing A/S. Following an amendment to the Danish Financial Business Act, staff-elected board members do not count towards the gender target as from 2023.

Nykredit Portefølje Administration A/S and Nykredit Leasing A/S meet the 2025 target for the proportion of women on the Boards of Directors. An equal gender balance has therefore been achieved for these companies, see guidelines issued by the Danish Business Authority.

The targets set for Nykredit Bank A/S has not been achieved yet.

### Report on and targets for the proportion of the under-represented gender at the two top management levels below the Board of Directors

As at 1 January 2023, section 79a of the Danish Financial Business Act took effect and applies to Nykredit Bank A/S, Nykredit Portefølje Administration A/S and Nykredit Leasing A/S.

Progress as at 31 December 2022 and 31 December 2023 is based on employment and reporting conditions in the companies, which have dual and triple employment contracts.

The other table shows that we have reached the 2025 target for Nykredit Leasing A/S, which now has an equal gender balance at the two top management levels below the Board of Directors. We have not yet reached the 2025 target for the other companies. In Nykredit Bank A/S the decline from 21% to 17% was due to several factors. The primary reason is that the Executive Board has been expanded by one male and one female member, which means that one female and eight male managers are now included in the two top management levels as they report directly

to the two new members of the Executive Board. Moreover, organisational adjustments have resulted in changed reporting lines in the management team. Further, two managers have, via dual and triple employment contracts, also been employed with Nykredit Bank in addition to their primary employment contract in the Group. In Nykredit Portefølje Administration A/S, the proportion of female managers dropped from 29% to 25% when two male managers in the Group also became employed with Nykredit Portefølje Administration A/S via dual and triple employment contracts.

## Actions and initiatives

Nykredit Bank A/S, Nykredit Portefølje Administration A/S and Nykredit Leasing A/S are dedicated to improving the gender balance through a number of targeted initiatives. In 2023, our initiatives included recruiting, training and retaining more women in management positions as well as offering targeted skills development and career transitioning programmes.

The activities of Nykredit Bank A/S, Nykredit Portefølje Administration A/S and Nykredit Leasing A/S include Group-wide development and talent programmes with a strong focus on diversity, inclusion and bias, and we have increased our focus on gender balance and internal recruitment of graduates. We have also implemented Develop Diverse, AI-based software, to ensure a more inclusive language in our job posts.

The annual organisational review focused particularly on equal pay. And to ensure greater pay transparency we concluded an agreement with the Financial Services Union to implement of a new pay structure.

In 2023, we also expanded the diversity and inclusion theme of our colleague engagement survey to strengthen our insight into the wellbeing of minorities in the organisation. Actions and initiatives are described in our [Corporate Responsibility Report 2023](#).

Targets for and current proportion of the under-represented gender in the two top management levels below the Board of Directors	As at 31.12.2022	As at 31.12.2023	2025 target
Nykredit Bank A/S	21% (7 women out of 34)	17% (7 women out of 42)	25%*
Nykredit Portefølje Administration A/S	29% (4 women out of 14)	25% (4 women out of 16)	35%*
Nykredit Leasing A/S**		45% (5 women out of 11)	40%**

\* Target set as at 31.12.2022.

\*\* Target for Nykredit Leasing A/S was added in 2023.

	Excluding staff-elected members				
	2022	2023	2023 target attainment?*	2025 Target	
Nykredit Bank A/S	0%	0 out of 4	0%	No	20%
Nykredit Portefølje Administration A/S	50%	2 out of 4	50%	Yes	40%
Nykredit Leasing A/S	25%	1 out of 4	25%	Yes	40%

\* See the Danish Business Authority's guidelines and definitions.

## Corporate responsibility

Nykredit Bank complies with the Nykredit Group's policy and objectives in this area. For information on the Group's corporate responsibility performance, please see the Management Commentary of this Annual Report and the Group's Corporate Responsibility Report 2023 available at [nykredit.com/samfundsansvar/rapportering](https://nykredit.com/samfundsansvar/rapportering):

- Communication on Progress to the UN Global Compact, which we signed in 2008.
- Report on the UN Principles for Responsible Banking launched and signed by us in 2019.
- Report on corporate responsibility in accordance with section 135b of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.
- Report on the gender composition of management in accordance with section 135a of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.
- Report on the Company's data ethics policy, see section 135d of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc.

Nykredit has endorsed the UN Principles for Responsible Banking (PRB), which are a set of global guiding principles for responsible banking. Banks worldwide undertake to respect the principles when developing strategies as well as in their day-to-day operations. Banks which endorse the PRB are also obliged to report and set goals for their impact on society in a number of key areas. The endorsement aligns with Nykredit's pledge to society and the customer-ownership structure as well as our sustainability commitment.

## Corporate governance

Nykredit Bank complies with the Nykredit Group's objectives in this area. Information on Nykredit's organisation and corporate governance is available at [nykredit.com/corporategovernance](https://nykredit.com/corporategovernance)

## Remuneration Material risk takers

At end-2023 the Nykredit Bank Group had identified a total of 180 material risk takers in addition to the members of the Bank's Executive Board and Board of Directors, who are risk takers exclusively by virtue of their directorships and executive positions. Of the 180 material risk takers, 7 are Managing Directors of financial subsidiaries and 173 are other material risk takers. Of the 173 other material risk takers, 39 are on the payroll of Nykredit Bank, 25 are on the payroll of the Bank's subsidiaries, and 10 are on the payroll of Nykredit Realkredit A/S and Totalkredit A/S. The latter perform tasks across the Group companies.

Material risk takers are identified in compliance with EU regulation in this area.

## Remuneration of material risk takers

Pursuant to the Danish Financial Business Act, material risk takers are subject to special restrictions, chiefly in relation to variable remuneration. Some of these restrictions are deferral of payout over a several-year period, partial payout through financial instruments subject to selling restrictions instead of cash payment and the possibility that Nykredit Bank A/S may retain the deferred amount under special circumstances.

The 2023 bonus provisions in respect of the Bank's Executive Board and other risk takers amounted to DKK 41 million (2022: DKK 34 million). The 2023 bonus provisions corresponded to 39% of their fixed salaries.

The total remuneration of risk-takers subject to variable remuneration appears from note 15.

Details on bonuses to risk takers, remuneration policy and practices are available at [nykredit.com/remuneration](https://nykredit.com/remuneration)

## Bonus programmes

A general bonus programme applies to Nykredit's executives who report directly to the Group Executive Board.

This bonus programme also applies to the Bank's Executive Board. It is discretionary, which means that executives are not guaranteed a bonus. The bonus limit applying to an executive is fixed individually, but is subject to a maximum of six months' salary. Of the bonus amount, the payout of at least 40% is deferred over five years, and a considerable part of the bonus is paid out as remuneration bonds.

Special individual bonus programmes apply to some of our colleagues in Markets, Asset Management, Investments and Group Treasury who have major earnings responsibility, in line with market standards for such positions. The remuneration of these colleagues is based on their job performance. The 2023 bonus provisions in respect of these colleagues (excluding risk takers) amounted to DKK 48 million (2022: DKK 29 million). The 2023 bonus provisions corresponded to 43% of their fixed salaries.

Furthermore, programmes are used for executives and specialists responsible for the largest and most professional business customers and high-net-worth personal clients. The 2023 bonus provisions in respect of these colleagues (excluding risk takers) amounted to DKK 61 million (2022: DKK 59 million). The 2023 bonus provisions corresponded to 32% of their combined fixed salaries.

Bonus programmes under which the variable remuneration component may reach up to 25% of the base salary apply to other members of management and a small number of colleagues in high-level positions or tasked with special projects.

The 2023 bonus provisions in respect of these colleagues (excluding risk takers) amounted to DKK 6 million (2022: DKK 7 million). The bonus provisions for 2023 corresponded to 15% of the Group's total fixed salary.

The bonus programmes do not apply to other managers or colleagues, but they may receive individual one-off awards. For 2023 provisions of DKK 4 million had been made for one-off awards (2022: DKK 4 million). The 2023 provisions for one-off awards corresponded to 1% of the relevant group's fixed salaries.

Total provisions for bonuses and one-off awards for 2022 came to DKK 164 million (2022: DKK 129 million). The total provisions for bonuses and one-off awards for 2023 corresponded to 18% of total fixed salaries.



## Internal controls and risk management systems

Nykredit's internal controls and risk management relating to the financial reporting process have been designed to efficiently manage and minimise the risk of errors and omissions in connection with financial reporting.

## Financial reporting process

The Board of Directors and the Executive Board have the overall responsibility for the financial reporting process and for compliance with relevant accounting legislation and any other regulation of financial reporting.

The financial reporting process is based on internal control and risk management systems, which together ensure that all relevant financial transactions are correctly reflected for accounting purposes and in financial statements. Nykredit Bank regularly reviews items in respect of which estimates may have a material impact on the value of assets and liabilities. The process is based on a number of fixed routines, including the planning process, which are prepared together with material business units, management support functions and the Executive Board.

Group Finance & Investments undertakes the Group's overall financial reporting and is responsible for ensuring that the Group's financial reporting complies with policies laid down and current legislation. Group Finance & Investments is also responsible for the day-to-day internal reporting in the Treasury and Markets areas.

Group Finance & Investments prepares monthly internal reports and performs budget control, which includes accounting for the monthly, quarterly and annual results. Further, Group Finance & Investments is responsible for the Group's external annual and annual results. Further, Group Finance & Investments is responsible for the Group's external annual and interim financial reporting.

## Control environment

Business procedures have been laid down and controls implemented for all material areas and high-risk areas, and overall principles and requirements for the preparation of business procedures and a process for the approval of business procedures in material risk areas have been established at Group level.

The Executive Board is responsible for risk delineation, management and monitoring.

In addition to this, the Board Audit Committee oversees the effectiveness of Nykredit's internal control systems, financial reporting, internal audit and risk management.

## Risk assessment

The risk management of the Board of Directors and the Executive Board relating to the financial reporting process may generally be summarised as follows:

- Periodical review of risk and financial reporting, including IT systems, general procedures and business procedures
- Review of the areas which include assumptions and estimates material to the financial statements, including unlisted financial instruments and impairment charges for loans and advances
- Review of the business and financial development
- Review and approval of budgets and forecasts
- Review of annual and interim reports and other financial data
- Review of reports from the Chief Risk Officer
- Annual assessment of the risk of fraud.

## Controls

The purpose of Nykredit's controls is to ensure that policies and guidelines laid down by the Executive Board and board of directors are observed, and to ensure timely prevention, detection and correction of any errors, deviations or omissions.

Business procedures have been laid down and controls implemented for all material and high-risk areas, and overall principles and requirements for the preparation of business procedures and a process for the approval of business procedures in material risk areas have been established at Nykredit Group level. The controls comprise manual and physical controls as well as general IT controls and automatic controls in the IT systems applied.

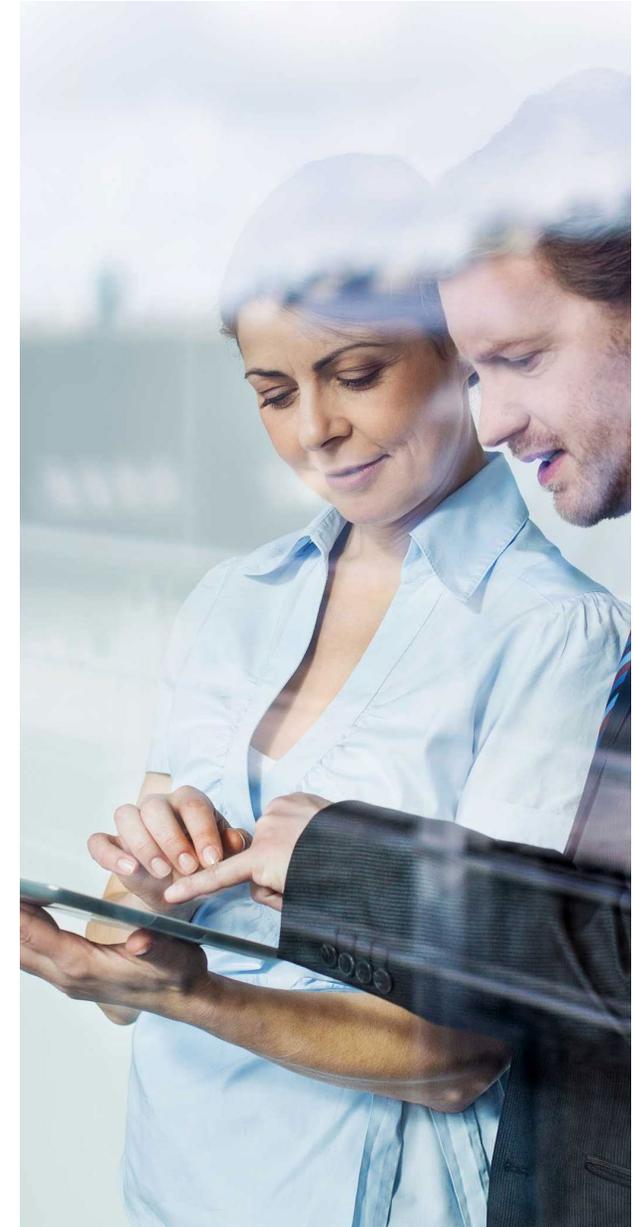
In connection with the preparation of financial statements, a number of fixed procedures and internal controls are performed. These procedures and controls include fixed analysis and reconciliation routines and compliance with fixed business procedures as well as ongoing dialogue with Nykredit's business units and management support functions for the purpose of obtaining a business assessment of the information in the financial statements.

## Communication and information

The Board of Directors has adopted an overall communications policy, stating that Nykredit is committed to a transparent and credible business conduct – in compliance with legislation and the Stock Exchange Code of Ethics. The communications policy is reviewed once a year by the Board of Directors and was last revised in December 2022.

Nykredit's Boards of Directors and Executive Boards regularly receive internal and external financial reporting. Internal reporting includes analyses of important issues with respect to Nykredit's business areas and subsidiaries etc.

For further information on the Nykredit Group's risk and capital management, please refer to the publication Risk and Capital Management 2023, available at [nykredit.com/riskandcapital-management](https://nykredit.com/riskandcapital-management)



## Company details

Nykredit Bank A/S  
Kalvebod Brygge 1-3  
1780 Copenhagen V  
Denmark

Tel: +45 44 55 18 00  
CVR no: 10 51 96 08  
Financial year: 1 January – 31 December  
Municipality of registered office: Copenhagen  
Website: [nykredit.com](https://nykredit.com)

### Date of approval of Financial Statements

These Financial Statements were approved on 7 February 2024.

### External auditors

EY Godkendt Revisionspartnerselskab  
Dirch Passers Alle 36  
2000 Frederiksberg  
Denmark

### Annual General Meeting

The Annual General Meeting of the Company will be held on 21 March 2024.

### BOARD OF DIRECTORS

Michael Rasmussen, Chair  
Anders Jensen, Deputy Chair  
Tonny Thierry Andersen  
Kathrin Hattens\*  
David Hellemann  
Susanne Møller Nielsen\*

\* Staff-elected member

### EXECUTIVE BOARD

Søren Kviesgaard  
Lars Moesgaard  
Lotte Månsson  
Dan Sørensen

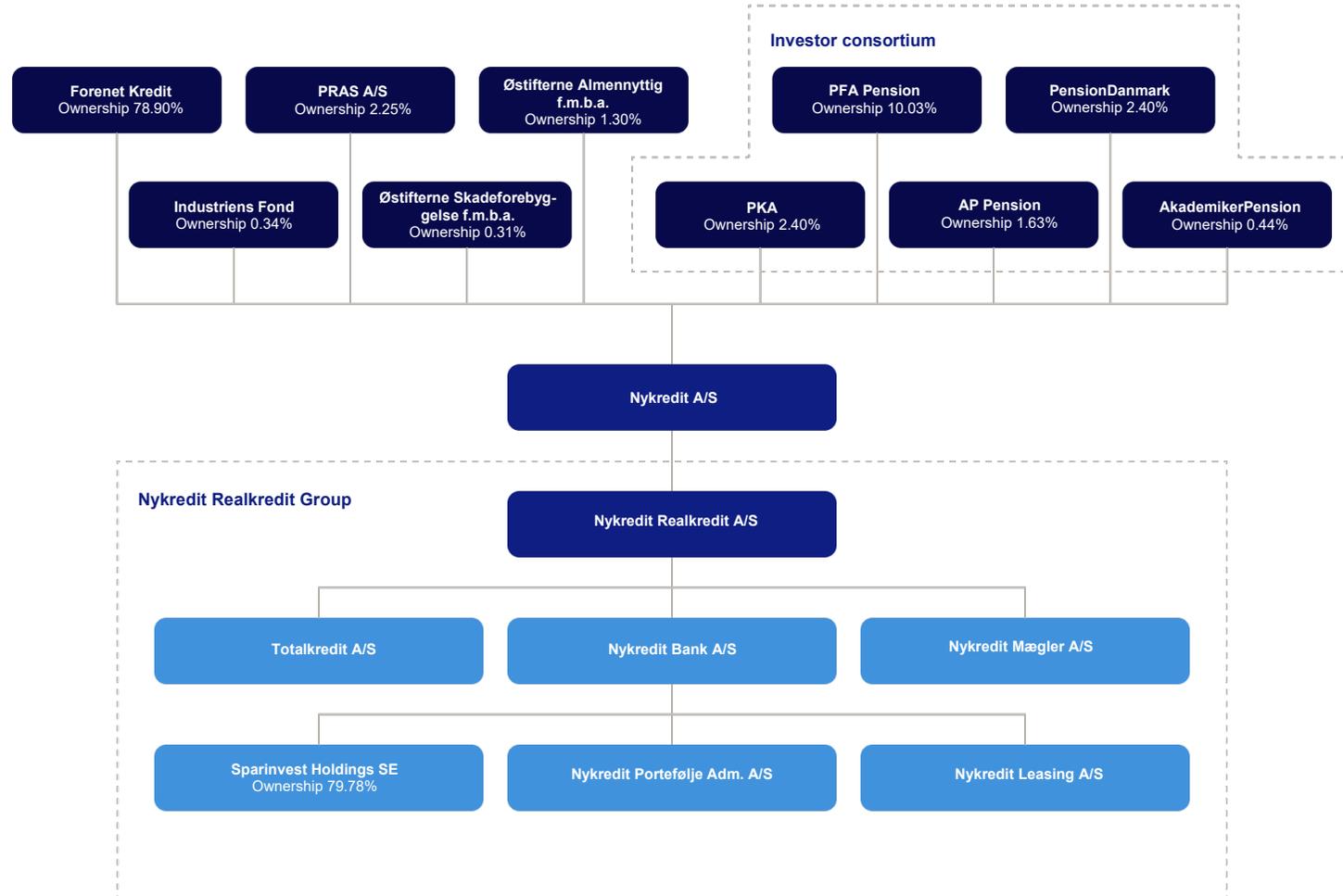
See page 129 and 130 for directorships and executive positions of the members of the Board of Directors and the Executive Board

At [nykredit.com](https://nykredit.com) you may read more about the Nykredit Group and download the following reports:

- [Annual Report 2023](#)
- [Corporate Responsibility Report 2023](#)
- [Risk and Capital Management 2023](#)

Information on corporate governance is available at [nykredit.com/corporategovernance](https://nykredit.com/corporategovernance)

## Group chart



## Nykredit Bank A/S

Nykredit Bank A/S is wholly owned by Nykredit Realkredit A/S. Nykredit Bank has been included in that company's consolidated financial statements and in the consolidated financial statements of Forenet Kredit, Copenhagen, which owns 79.78% of Nykredit Realkredit A/S, through its ownership of Nykredit A/S.

Nykredit Bank A/S applies the same recognition and measurement principles as those applied in the Nykredit Bank Group's Financial Statements.

Since the majority of the activities of the Nykredit Bank Group are conducted through the Parent, Nykredit Bank A/S, the financial development has been affected by the same factors as described in the Management Commentary of the Nykredit Bank Group.

### Income statement

Nykredit Bank A/S recorded a profit of DKK 3,303 million in 2023 (2022: DKK 2,686 million).

Net interest and fee income rose to DKK 5,459 million (2022: DKK 3,583 million), while value adjustments and other operating income saw a total decrease to DKK 1,010 million (2022: DKK 2,569 million).

Costs rose to DKK 2,758 million (2022: DKK 2,565 million). Please refer to the previous section "Costs" of this Annual Report.

Impairment charges for loans and advances were DKK 52 million (2022: a net reversal of DKK 370 million).

Profit from equity investments in associates and Group enterprises came to a gain of DKK 546 million (2022: DKK 514 million). Of this amount, Sparinvest SE contributed DKK 255 million, Nykredit Portefølje Administration DKK 166 million and Nykredit Leasing DKK 119 million.

### Principal balance sheet items

The balance sheet total decreased to DKK 234.0 billion at end-2023 (end-2022: DKK 234.6 billion).

Cash balances and receivables from credit institutions etc increased to DKK 40.2 billion (end-2022: DKK 39.3 billion).

Loans and advances at amortised cost amounted to DKK 124.4 billion (end-2022: DKK 120.9 billion).

Bonds and equities amounted to DKK 48.6 billion (end-2022: DKK 56.8 billion). As for the entire Group, the size of the portfolios reflects the Bank's capital markets and repo activities and surplus liquidity, of which a substantial part is placed in bonds.

Payables to credit institutions and central banks stood at DKK 45.0 billion (end-2022: DKK 50.7 billion).

Deposits and other payables came to DKK 120.6 billion (end-2022: DKK 114.2 billion).

### Equity

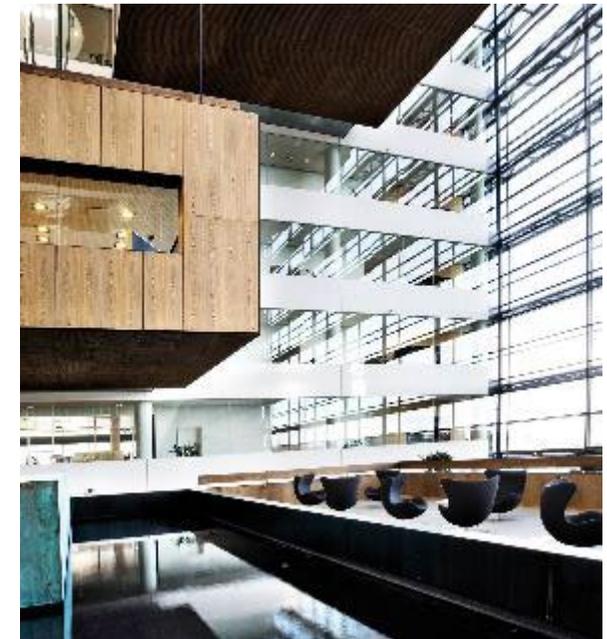
Equity increased by profit for the year of DKK 3.3 billion to DKK 36.7 billion (end-2022 DKK 33.4 billion).

### Total capital ratio, %

The total capital ratio rose to 26.3% (end-2022: 23.4%).

### Dividend

It will be recommended for approval by the Annual General Meeting that no dividend be distributed for 2023.



## Alternative performance measures

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

The income statement format of the financial highlights on page 4 reflects the internal management reporting.

In certain respects, the presentation of the financial highlights differs from the format of the Financial Statements prepared under the International Financial Reporting Standards (IFRS). No correcting entries have been made, which means that the profit for the year is the same in the financial highlights and in the IFRS-based Financial Statements.

The reclassification in note 6 shows the reconciliation between the presentation in the financial highlights table of the Management Commentary and the presentation in the Consolidated Financial Statements prepared according to the IFRS and includes:

"Net interest income" comprising interest income from bank lending and deposits. The corresponding item in the income statement (page 33 and 34) includes all interest.

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

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

"Net interest from capitalisation" comprising the risk-free interest attributable to equity and net interest from subordinated debt.

"Trading, investment portfolio and other income" comprising income from swaps and derivatives transactions currently offered, Nykredit Markets activities, repo deposits and lending, debt capital markets activities as well as other income and expenses not allocated to the business divisions.

"Net income relating to customer benefits programmes" comprising discounts etc such as mutual benefits granted to the customers. The amount includes contributions received.

"Costs" includes the following income statement items "Staff and administrative expenses", "Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets" and "Other operating expenses".

### Supplementary financial ratios etc

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

*Profit (loss) for the year as % pa of average equity.* Average equity is calculated on the basis of the value at the beginning of the year and at the end of all quarters of the year.

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

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

## Statements

### Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today reviewed and approved the Annual Report for 1 January – 31 December 2023 of Nykredit Bank A/S and the Nykredit Bank Group.

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU. The Financial Statements for Nykredit Bank A/S and the Management Commentary have been prepared in accordance with statutory requirements, including the Danish Financial Business Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the Group's and the Parent's assets, liabilities, equity and financial position at 31 December 2023 and of the results of the Group's and the Parent's operations and the Group's cash flows for the financial period 1 January – 31 December 2023.

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

Copenhagen, 7 February 2024

#### Executive Board

Søren Kviesgaard

Lars Moesgaard

Lotte Månsson

Dan Sørensen

#### Board of Directors

Michael Rasmussen  
Chair

Anders Jensen  
Deputy Chair

Tonny Thierry Andersen

Kathrin Hattens\*

David Hellemann

Susanne Møller Nielsen\*

\* Staff-elected member

# Independent auditor's report

## To the shareholders of Nykredit Bank A/S

### Opinion

#### Opinion

We have audited the consolidated financial statements and the parent company financial statements of Nykredit Bank A/S for the financial year 1 January – 31 December 2023, which comprise income statements, statements of comprehensive income, balance sheets, statement of changes in equity and notes, including material accounting policy information, for the Group and the Parent Company and a consolidated cash flow statement. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU, and the parent company financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2023 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU.

Further, in our opinion the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2022 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

### Appointment of auditor

We were initially appointed as auditor of Nykredit Bank A/S on 25 March 2021 for the financial year 2021. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 2 year up until the financial year 2023

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2023. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>Measurement of loans and guarantees</b></p> <p>A significant part of the Group's assets consists of loans which entail a risk of loss in case of the customer's inability to pay. Also, the Group offers guarantees and other financial products also implying a risk of loss.</p> <p>The Group's total loans amounted to DKK 128,340 million at 31 December 2023 (DKK 124,705 million at 31 December 2022), and total provisions for expected credit losses amounted to DKK 3,536 million at 31 December 2023 (DKK million at 31 December 2022).</p> <p>We consider the measurement of impairment provisions on loans and provisions for losses on guarantees, etc. (together "exposures") a key audit matter as the measurement implies significant amounts and management estimates. This concerns in particular the assessment of probability of default, staging and the assessment of indication of credit impairment, realisable value of collateral received as well as the customer's ability to pay in case of default.</p> <p>Significant exposures with high risk are assessed individually, whereas all other loans and loans with lower risk are assessed on the basis of models for expected credit losses where methods and assumptions used to assess the expected credit loss are based on assumptions and management estimates.</p> <p>The Group recognises additional impairment provisions based on management estimates in situations where the model-calculated and individually assessed impairment losses are not yet considered to reflect a specific loss risk ("in-model-adjustments" and "post-model-adjustments").</p> <p>Reference is made to the accounting policies and note 1 to the consolidated financial statements for a description of the Group's credit risks and a description of uncertainties and estimates where matters that may affect the statement of expected credit losses are described.</p>	<p>Based on our risk assessment and knowledge of the industry, we performed the following audit procedures regarding measurement of loans and guarantees:</p> <ul style="list-style-type: none"> <li>• Assessment of the Group's methods for measuring provisions for expected credit losses and whether methods applied for modelbased and individual measurement of expected credit losses are in accordance with IFRS 9.</li> <li>• Test of the Group's procedures and internal controls, including monitoring of exposures, stage allocation of exposures, recording of indications of credit impairment and recording and valuation of collateral.</li> <li>• Sample test of the largest and most risky exposures, including credit-impaired exposures.</li> <li>• For model-based impairments, we tested completeness and accuracy of input data, model assumptions, accuracy of calculations and the Group's validation of models and methods.</li> <li>• For management additions to individual and model-based impairments, we assessed whether the methods applied are relevant and appropriate. In addition, we assessed and tested the Group's basis for the assumptions used, including whether they are reasonable and well-founded compared to relevant bases of comparison.</li> </ul> <p>We also assessed whether disclosures relating to exposures, impairment losses and credit risks meet the relevant accounting rules and tested the amounts therein (note 17, 18 and 48).</p>
<p><b>Fair value of swaps</b></p> <p>Measurement of the fair value of swaps is determined using valuation techniques based on observable market data as well as unobservable inputs regarding credit risk which to a high degree are based on management estimates. Due to the materiality of these estimates, the audit of measurement of fair value of swaps is a key audit matter.</p> <p>The Group's portfolio of swaps at 31 December 2023 include contracts with positive fair value of DKK 4,445 million (DKK 4,329 million at 31 December 2022) and negative fair value of DKK 6,374 million (DKK 6,949 million at 31 December 2022).</p> <p>The areas with highest level of judgement and complexity and which therefore require increased audit attention are:</p> <ul style="list-style-type: none"> <li>• Valuation models and methods applied for the valuation of swaps.</li> <li>• Management's assumptions and parameters applied to determine credit valuation adjustment (CVA)</li> </ul> <p>The principles for measuring fair value are described in the accounting policies. Further details on market risk management and the specific assumptions and sensitivities are included in notes 43 and 48.</p>	<p>Our audit included an examination of relevant business procedures, test of key controls and analysis of valuations. In addition, our audit procedures included: v Assessment of the models and assumptions applied for calculating the risk relating to the customers' inability to pay (CVA) based on our knowledge of and experience with the sector.</p> <ul style="list-style-type: none"> <li>• Assessment of changes to the assumptions compared with trends in the sector as well as historical observations.</li> <li>• Risk-based test of the valuation of swaps using our internal valuation specialists.</li> </ul> <p>We also assessed whether disclosures relating to fair value and credit risks meet the relevant accounting rules and tested the amounts therein (note 17,18,43,48).</p>

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required by relevant law and regulations. Based on our procedures performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of relevant law and regulations. We did not identify any material misstatement of the Management's review.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Business Act.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Copenhagen, 7 February 2024

EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Lars Rhod Søndergaard  
State Authorised  
Public Accountant  
mne28632

Thomas Hjortkjær Petersen  
State Authorised  
Public Accountant  
mne33748

## STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Nykredit Bank A/S				DKK million	
2022	2023		Note	2023	2022
<b>INCOME STATEMENTS</b>					
2,142	7,045	Interest income based on the effective interest method	9	7,321	2,312
222	871	Other interest income	9	898	228
(141)	-	Negative interest, income	9 a	-	(141)
(287)	-	Positive interest expenses	9 a	-	(287)
552	3,720	Interest expenses	10	3,794	557
<b>1,958</b>	<b>4,196</b>	<b>Net interest income</b>		<b>4,425</b>	<b>2,130</b>
6	3	Dividend on equities etc	11	3	6
2,094	2,193	Fee and commission income	12	3,561	3,405
475	933	Fee and commission expenses	13	1,105	631
<b>3,583</b>	<b>5,459</b>	<b>Net interest and fee income</b>		<b>6,884</b>	<b>4,910</b>
2,039	889	Value adjustments	14	891	2,029
54	121	Other operating income		127	76
2,534	2,728	Staff and administrative expenses	15	3,290	3,052
-	-	Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	16	41	39
30	30	Other operating expenses		31	31
370	52	Impairment charges for loans, advances and receivables etc	17, 18	62	396
514	546	Profit from investments in associates and Group enterprises	19	6	7
<b>3,255</b>	<b>4,205</b>	<b>Profit before tax</b>		<b>4,484</b>	<b>3,504</b>
569	903	Tax	20	1,116	758
<b>2,686</b>	<b>3,303</b>	<b>Profit for the year</b>		<b>3,367</b>	<b>2,746</b>
<b>Proposal for the distribution of profit</b>					
514	546	Statutory reserves		-	-
-	-	Minority interests calculated		65	61
2,172	2,756	Retained earnings		3,303	2,686
<b>COMPREHENSIVE INCOME</b>					
<b>2,686</b>	<b>3,303</b>	<b>Profit for the year</b>		<b>3,367</b>	<b>2,746</b>
-	-	<b>Other comprehensive income</b>		-	-
<b>2,686</b>	<b>3,303</b>	<b>Comprehensive income for the year</b>		<b>3,367</b>	<b>2,746</b>
<b>Distribution of comprehensive income</b>					
2,686	3,303	Nykredit Bank		3,303	2,686
-	-	Minority interests calculated		65	61
<b>2,686</b>	<b>3,303</b>	<b>Comprehensive income for the year</b>		<b>3,367</b>	<b>2,746</b>

**BALANCE SHEETS**

Nykredit Bank A/S		DKK million				
		2022	2023	Note	Nykredit Bank Group	
					2023	2022
<b>ASSETS</b>						
30,619	27,682	Cash balances and demand deposits with central banks	23	27,682	30,619	
8,668	12,556	Receivables from credit institutions and central banks	24	12,594	8,855	
120,905	124,387	Loans, advances and other receivables at amortised cost	25	128,340	124,705	
56,777	48,586	Bonds at fair value	26	49,439	57,709	
98	48	Equities etc	27	60	109	
15	17	Investments in associates	28	17	15	
2,718	2,620	Investments in Group enterprises	28	-	-	
893	4,173	Assets in pooled schemes	29	4,173	893	
1,770	1,770	Intangible assets	30	1,873	1,907	
<b>LAND AND BUILDINGS</b>						
-	-	Leased properties	31	19	10	
-	-	<b>Total leased properties</b>		<b>19</b>	<b>10</b>	
-	-	Equipment	31	2	2	
-	27	Current tax assets	37	43	19	
159	161	Deferred tax assets	38	162	159	
11,917	11,927	Other assets	32	12,074	12,039	
71	78	Prepayments		89	87	
<b>234,608</b>	<b>234,031</b>	<b>Total assets</b>		<b>236,568</b>	<b>237,129</b>	

**BALANCE SHEETS**

DKK million

Nykredit Bank A/S		Nykredit Bank Group		
2022	2023	Note	2023	2022
<b>LIABILITIES AND EQUITY</b>				
50,660	44,960	33	44,960	50,660
114,236	120,530	34	119,951	113,691
893	4,173		4,173	893
9,545	5,925	35	8,050	11,670
12,744	11,036	36	11,033	12,738
228	-	37	76	295
12,378	10,093	39	10,617	12,895
0	0		4	4
<b>200,684</b>	<b>196,717</b>		<b>198,864</b>	<b>202,847</b>
<b>Provisions</b>				
-	-	38	277	244
340	328	40	328	340
180	290	40	291	180
<b>520</b>	<b>618</b>		<b>896</b>	<b>764</b>
<b>Equity</b>				
12,045	12,045		12,045	12,045
<b>Other reserves</b>				
1,950	1,849		-	-
19,409	22,801		24,651	21,359
<b>33,404</b>	<b>36,696</b>		<b>36,696</b>	<b>33,404</b>
-	-		112	114
<b>33,404</b>	<b>36,696</b>		<b>36,808</b>	<b>33,518</b>
<b>234,608</b>	<b>234,031</b>		<b>236,568</b>	<b>237,129</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
28,703	23,020	41	23,020	28,704
11,030	12,445		12,955	11,441
<b>39,734</b>	<b>35,465</b>		<b>35,975</b>	<b>40,145</b>

## STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Bank Group

	Share capital <sup>1</sup>	Retained earnings	Nykredit Bank Group's equity	Minority interests	Total equity
<b>2023</b>					
<b>Equity, 1 January</b>	<b>12,045</b>	<b>21,359</b>	<b>33,404</b>	<b>114</b>	<b>33,518</b>
Profit for the year	-	3,303	3,303	65	3,367
<b>Total comprehensive income</b>	<b>-</b>	<b>3,303</b>	<b>3,303</b>	<b>65</b>	<b>3,367</b>
Premium paid on acquisition of shares in subsidiary	-	(11)	(11)	-	(11)
Distributed dividend and adjustments	-	-	-	(66)	(66)
<b>Total changes in equity</b>	<b>-</b>	<b>3,292</b>	<b>3,292</b>	<b>(2)</b>	<b>3,290</b>
<b>Equity, 31 December</b>	<b>12,045</b>	<b>24,651</b>	<b>36,696</b>	<b>112</b>	<b>36,808</b>
<b>2022</b>					
<b>Equity, 1 January</b>	<b>12,045</b>	<b>18,700</b>	<b>30,745</b>	<b>112</b>	<b>30,857</b>
Profit for the year	-	2,686	2,686	61	2,746
<b>Total comprehensive income</b>	<b>-</b>	<b>2,686</b>	<b>2,686</b>	<b>61</b>	<b>2,746</b>
Premium paid on acquisition of shares in subsidiary	-	(27)	(27)	-	(27)
Distributed dividend and adjustments	-	-	-	(58)	(58)
<b>Total changes in equity</b>	<b>-</b>	<b>2,659</b>	<b>2,659</b>	<b>2</b>	<b>2,661</b>
<b>Equity, 31 December</b>	<b>12,045</b>	<b>21,359</b>	<b>33,404</b>	<b>114</b>	<b>33,518</b>

<sup>1</sup> The share capital breaks down into 19 shares in multiples of DKK 1 million. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen, Denmark. Nykredit Bank is included in the Consolidated Financial Statements of this company and the Consolidated Financial Statements of the association Forenet Kredit, Kalvebod Brygge 1-3, Copenhagen, Denmark, which owns 78.9% of Nykredit Realkredit A/S. The Financial Statements (in Danish) of Forenet Kredit f.m.b.a. may be obtained from the association.

## STATEMENT OF CHANGES IN EQUITY

DKK million

Nykredit Bank A/S

	Share capital <sup>1</sup>	Statutory reserves <sup>2</sup>	Retained earnings	Total equity
<b>2023</b>				
<b>Equity, 1 January</b>	<b>12,045</b>	<b>1,950</b>	<b>19,409</b>	<b>33,404</b>
Profit for the year	-	546	2,756	3,303
<b>Total comprehensive income</b>	<b>-</b>	<b>546</b>	<b>2,756</b>	<b>3,303</b>
Premium paid on acquisition of shares in subsidiary	-	-	(11)	(11)
Dividend received from subsidiaries	-	(647)	647	-
<b>Total changes in equity</b>	<b>-</b>	<b>(101)</b>	<b>3,392</b>	<b>3,292</b>
<b>Equity, 31 December</b>	<b>12,045</b>	<b>1,849</b>	<b>22,801</b>	<b>36,696</b>
<b>2022</b>				
<b>Equity, 1 January</b>	<b>12,045</b>	<b>2,198</b>	<b>16,501</b>	<b>30,743</b>
Profit for the year	-	514	2,172	2,686
<b>Total comprehensive income</b>	<b>-</b>	<b>514</b>	<b>2,172</b>	<b>2,686</b>
Premium paid on acquisition of shares in subsidiary	-	-	(27)	(27)
Dividend received from subsidiaries	-	(762)	762	-
<b>Total changes in equity</b>	<b>-</b>	<b>(248)</b>	<b>2,906</b>	<b>2,659</b>
<b>Equity, 31 December</b>	<b>12,045</b>	<b>1,950</b>	<b>19,409</b>	<b>33,404</b>

1 The share capital breaks down into 21 shares in multiples of DKK 1 million. The share capital is wholly owned by Nykredit Realkredit A/S, Copenhagen, Denmark. Nykredit Bank is included in the Consolidated Financial Statements of this company and the Consolidated Financial Statements of the association Forenet Kredit, Kalvebod Brygge 1-3, Copenhagen, Denmark, which owns 78.9% of Nykredit Realkredit A/S. The Financial Statements (in Danish) of Forenet Kredit f.m.b.a. may be obtained from the association.

2 Comparative figures for "Statutory reserves" and "Retained earnings" have been restated. The adjustment has not impacted "Total equity" neither this year nor with regard to the comparative figures.

**CASH FLOW STATEMENT**

DKK million

Nykredit Bank Group	2023	2022
<b>PROFIT FOR THE YEAR</b>	<b>3,367</b>	<b>2,746</b>
<b>Adjustments</b>		
Net interest income	(4,425)	(2,130)
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	41	39
Profit from investments in associates	(6)	(7)
Prepayments/deferred income, net	(2)	(8)
Impairment charges for loans, advances and receivables etc	98	460
Tax on profit for the year	1,116	758
Other adjustments	505	(488)
<b>Total</b>	<b>694</b>	<b>1,370</b>
<b>Change in operating capital</b>		
Loans, advances and other receivables	(3,734)	249
Deposits and payables to credit institutions	560	11,244
Bonds	8,156	(17,854)
Equities etc	77	44
Other operating capital	(3,706)	10,050
<b>Total</b>	<b>1,354</b>	<b>3,732</b>
Interest income received	7,738	2,655
Interest expenses paid	(3,536)	(584)
Corporation tax paid, net	(1,330)	(503)
<b>Cash flows from the above operating activities</b>	<b>4,919</b>	<b>6,671</b>
<b>Cash flows from investing activities</b>		
Acquisition of associates	(3)	(3)
Sales of associates	-	0
Dividend received from associates	7	8
Purchase of intangible assets	(14)	(46)
Purchase of property, plant and equipment	(0)	(2)
Sale of property, plant and equipment	1	-
<b>Total</b>	<b>(9)</b>	<b>(42)</b>
<b>Cash flows from financing activities</b>		
Capital increase	-	(2,000)
Bonds in issue	(3,620)	7,255
Distributed dividend	(67)	(50)
Payment of lease liabilities	(1)	(4)
<b>Total</b>	<b>(3,688)</b>	<b>5,201</b>
<b>Total cash flows for the year</b>	<b>1,222</b>	<b>11,830</b>
<b>Cash and cash equivalents, beginning of year:</b>	<b>39,473</b>	<b>27,134</b>
Foreign currency translation adjustment of cash	(420)	510
Total cash flows for the year	1,222	11,830
<b>Cash and cash equivalents, year-end</b>	<b>40,276</b>	<b>39,473</b>
<b>Cash and cash equivalents, year-end:</b>		
Cash balances and demand deposits with central banks	27,682	30,619
Receivables from credit institutions and central banks	12,594	8,855
<b>Total</b>	<b>40,276</b>	<b>39,473</b>

# NOTES

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## Nykredit Bank Group

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# NOTES

Nykredit Bank Group

## 1. ACCOUNTING POLICIES

### GENERAL

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS Accounting Standards) as adopted by the EU and in accordance with additional Danish disclosure requirements for annual reports as stated in the IFRS Executive Order governing financial companies issued pursuant to the Danish Financial Business Act.

All figures in the Annual Report are rounded to the nearest million Danish kroner (DKK), unless otherwise specified.

### SPECIAL CIRCUMSTANCES IN 2023

#### Geopolitical conditions

This year was characterised by more stability than the previous year. However, alongside continued geopolitical tensions in Ukraine, we now also see renewed tensions in the Middle East. The geopolitical tensions are expected to affect the credit quality of some customers due to lower economic growth, rising energy prices, current interest rate conditions, house price trends, inflation and value and supply chain disruptions.

Provisions related to geopolitical tensions are based on stress test calculations of three factors. Total provisions taken to manage increased risk exposures due to geopolitical tensions subsequently came to DKK 818 million.

### CHANGE IN ACCOUNTING POLICIES, NEW AND AMENDED STANDARDS AS WELL AS INTERPRETATIONS ETC

#### *New or amended standards:*

In 2023 the following minor amendments to reporting standards etc have been implemented:

- IAS 1 "Presentation of Financial Statements" and Practice Statement 2 "Making Materiality Judgements" concerning accounting policy disclosures
- IAS 12 "Income Taxes" concerning deferred tax related to assets and liabilities arising from a single transaction and "Pillar II" (international tax reform)
- IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" concerning definition of accounting estimates.

The above means that certain disclosures have been excluded from the accounting policies if considered immaterial to the decision-making of the primary users of financial statements. Apart from the above, the implementation has not affected the financial reporting and the accounting policies which are unchanged compared with the Annual Report for 2022.

For more clarity and to reduce the number of note disclosures where figures and qualitative disclosures are considered immaterial to the Financial Statements, certain disclosures have been excluded

### REPORTING STANDARDS AND INTERPRETATIONS NOT YET IN FORCE

At the time of presentation of the Annual Report, new or amended standards and interpretations concerning

- IAS 1 (presentation of liabilities)
- IFRS 16 (sale and leaseback)
- IAS 7 and IFRS 7 (supplier finance arrangements)
- IAS 21 (the effects of changes in foreign exchange rates)

had not yet entered into force and/or had not been approved for use in the EU for the financial year beginning on 1 January 2023.

The above is not expected to significantly impact the financial reporting.

### CONSOLIDATION AND BUSINESS COMBINATIONS

The Consolidated Financial Statements include Nykredit Bank A/S (the Parent) as well as the enterprises controlled by Nykredit Bank A/S from the date on which Nykredit Bank A/S obtains direct or indirect control over the financial and operational management of the enterprise and receives a variable return.

The Consolidated Financial Statements are prepared on the basis of the financial statements of the individual enterprises by combining items of a uniform nature. The financial statements applied for the consolidation are prepared in accordance with the Group's accounting policies. The financial statements of partly owned subsidiaries are fully consolidated, and minority interests' share of the Group's profit or loss and equity is stated as separate items in the income statement and under Group equity, respectively. All intercompany income and costs, dividends, intercompany shareholdings, intercompany derivatives and balances as well as realised and unrealised intercompany gains and losses are eliminated.

Divested enterprises are included up to the time of divestment.

Intercompany business combinations are made by applying the uniting-of-interests method.

### OFFSETTING

Financial assets and liabilities are offset and presented as a net amount when the Group has a legally enforceable right of set-off and intends either to settle by way of netting or to realise the asset and settle the liability simultaneously.

Offsetting mostly takes place in connection with repo transactions and derivative financial instruments cleared through recognised clearing centres. Impairments are offset against the relevant assets (loans, advances and receivables etc as well as bonds).

### CURRENCY

The Consolidated Financial Statements are presented in Danish kroner (DKK), which is the functional as well as the presentation currency of the Parent. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction date. Exchange gains and losses arising on the settlement of these transactions are recognised in "Value adjustments" through profit or loss.

# NOTES

Nykredit Bank Group

On the balance sheet date, monetary assets and liabilities in foreign currencies are translated at the exchange rates prevailing on the balance sheet date. Foreign currency translation adjustments are recognised in "Value adjustments" through profit or loss.

Currency translation differences arising on translation of non-monetary assets and liabilities are recognised in the income statement together with other fair value adjustment of the relevant items.

The financial statements of foreign entities are translated into Danish kroner at the exchange rates prevailing on the balance sheet date with respect to balance sheet items and at average exchange rates with respect to income statement items.

## HEDGE ACCOUNTING

The Nykredit Bank Group applies derivative financial instruments (interest rate swaps) to hedge interest rate risk on financial instruments measured at amortised cost. In Nykredit Bank, interest rate risk hedging (hedge accounting) remains subject to the IAS 39 rules.

Changes in the fair values of derivative financial instruments that are classified and qualify as fair value hedges of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability that are attributable to the hedged risk.

The hedges are established for individual assets and liabilities and at portfolio level. The hedge accounting effectiveness is measured and assessed on a regular basis. If the criteria for hedge accounting are no longer met, the accumulated value adjustment of the hedged item is amortised over its residual life. Please also refer to note 49 on "Hedge accounting".

## FINANCIAL INSTRUMENTS

Financial instruments, including loans, advances and receivables, bonds in issue and other debt as well as derivative financial instruments represent more than 95% of the Group's assets as well as liabilities (95% at end-2022).

### Recognition of financial instruments

Financial assets and liabilities are recognised when the Group companies become a party to the contractual provisions of the instruments.

Financial instruments are recognised on the settlement date. With respect to financial instruments that are subsequently measured at fair value, changes in the fair value of instruments purchased or sold in the period between the trade date and the settlement date are recognised as financial assets or liabilities in "Other assets" and "Other liabilities", respectively, in the balance sheet and set off against "Value adjustments" in the income statement.

Assets measured at amortised cost following initial recognition are not value adjusted between the trade date and the settlement date.

Initially, financial instruments are recognised at fair value at the time of recognition. Financial instruments are subsequently measured at amortised cost or fair value depending on the categorisation of the individual instrument. Financial instruments subsequently measured at amortised cost are recognised inclusive or

exclusive of the transaction costs related to the origination of financial assets or liabilities.

Financial assets are derecognised when the right to receive or pay related cash flows has lapsed or been transferred, and the Group has transferred all risks and returns related to ownership in all material respects. Financial liabilities are derecognised when, and only when, they are extinguished.

### Classification and measurement of financial instruments

Financial assets are classified as follows:

- The asset is held to collect cash flows from payments of principal and interest (hold to collect business model). The Group carries out continuous SPP1 tests (solely payments of principal and interest) and given that the characteristics of an asset meet the test criteria, the asset will be measured at amortised cost on initial recognition.
- The asset is held to collect cash flows from payments of principal and interest and sell the asset (hold to collect and sell business model). Given that the asset meets these criteria, it is measured at fair value with changes in value recognised through other comprehensive income with reclassification to the income statement on realisation of the assets. The Group had no financial instruments in this category in 2022 and 2023.
- Other financial assets are measured at fair value through profit or loss. These include assets managed on a fair value basis or held in the trading book, or assets which have contractual cash flows that are not solely payments of principal and interest on the amount outstanding, including derivative financial instruments. It is also possible to measure financial assets at fair value with value adjustment through profit or loss, when such measurement significantly reduces or eliminates an accounting mismatch that would otherwise have occurred on measurement of assets and liabilities or recognition of losses and gains on different bases.

The Group's financial assets and business models are continuously reviewed to ensure correct classification thereof. The review includes an assessment of whether collecting cash flows is a significant element of holding the assets, including whether the cash flows represent solely payments of principal and interest.

This assessment is based on the assumption that ordinary rights to prepay loans and/or extend loan terms fulfil the condition that the cash flows are based on collection of interest and principal payments, or that deviation therefrom is immaterial.

Generally, financial liabilities are measured at amortised cost after initial recognition. Financial liabilities may also be measured at fair value if the instrument is part of an investment strategy or a risk management system based on fair values and is continuously stated at fair value in the reporting to Management, and when measurement at fair value reduces or eliminates an accounting mismatch. Derivative financial instruments, which are liabilities, are always measured at fair value.

### Loans, advances and receivables as well as bonds and financial liabilities at amortised cost

Receivables from and payables to credit institutions and central banks, the Group's bank lending, part of the bond portfolio, corporate bonds in issue, a part of the senior debt in issue and subordinated debt as well as deposits and other payables are included in this category.

## NOTES

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These financial instruments are measured at fair value on initial recognition inclusive or exclusive of transaction costs directly attributable to the acquisition and subsequently at amortised cost. For loans, advances and receivables etc, amortised cost equals cost less principal payments, impairment provisions for losses and other accounting adjustments, including amortisation of any fees and transaction costs that form part of the effective interest of the instruments. For

liabilities, amortised cost equals the capitalised value using the effective interest method. Using this method, transaction costs are distributed over the life of the asset or liability.

### **Financial assets and liabilities measured at fair value through profit or loss**

Realised and unrealised gains and losses arising from changes in the fair value are recognised in "Value adjustments" through profit or loss for the period in which they arose. Value adjustment of mortgage loans attributable to credit risk is recognised in "Impairment charges for loans, advances and receivables etc" together with other impairment charges for loans and advances and provisions for guarantees.

### **Impairment charges for loans, advances and receivables**

Impairments corresponding to expected credit losses are based on a classification of the individual loans in stages, reflecting the changes in credit risk since initial recognition.

- Stage 1 covers loans, advances and receivables etc measured at amortised cost without significant increase in credit risk since initial recognition. For this category, impairment provisions are made on initial recognition corresponding to the expected credit losses due to default in the first 12 months.

If there is an insignificant change in credit risk, the impairment provisions will be adjusted but the exposure will be kept at stage 1.

- 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 time-to-maturity.
- Stage 3 covers loans and advances that are credit impaired, and which have been subject to individual provisioning on the specific assumption that the customers will default on their loans. For this category, impairment provisions are also made corresponding to the expected credit losses over the time-to-maturity.

Impairment calculations are based on continuous development of existing methods and models for impairment, taking into account forward-looking information and scenarios.

The definition of default is dictated by a customer's financial position and payment behaviour. An exposure is considered to be in default when a customer is in arrears with a significant amount at the time when a third reminder is sent, which will occur sooner than the rule of assumption of 90 days under the accounting rules. Exposures for which individual impairment provisions have been made or a direct loss has been incurred are also considered in default. These exposures are classified in stage 3.

In expected credit loss calculations, the time-to-maturity corresponds at a maximum to the contractual maturity, as adjustments are made for expected prepayments, as required. Nevertheless, for credit-impaired financial assets, the determination of expected losses is based on contractual maturity.

### **Stage 1 and stage 2 impairments**

Model-based impairment in stages 1 and 2 is based on transformations of PD and LGD values to short term (12 months) or long term (remaining life of the product/cyclicality). The parameters are based on Nykredit's IRB models, and forward-looking information is determined according to the same principles as apply to regulatory capital and stress tests. For a small fraction of portfolios with no IRB parameters, simple methods are used based on appropriate loss ratios.

A key element of the determination of impairment is establishing when a financial asset should be transferred from stage 1 to stage 2. The following principles apply:

- For assets/facilities with 12-month PD <1% at the time of granting: Increased PD for expected time-to-maturity of the financial asset of 100% and an increase in 12-month PD of 0.5 percentage points
- For assets/facilities with 12-month PD >1% at the time of granting: Increased PD for expected time-to-maturity of the financial asset of 100% or an increase in 12-month PD of 2.0 percentage points
- The Group considers that a significant increase in credit risk has occurred no later than when an asset is more than 30 days past due, unless special circumstances apply, or the customer's PD is above 5%.
- Customers with PDs less than 0.2% are included in stage 1. These are primarily very secure assets with credit ratings corresponding to AAA. In Nykredit Banks's portfolio this could be large listed companies or companies covered by guarantees etc.

In stages 1 and 2, impairments are based on a number of potential outcomes (scenarios) of a customer's financial situation. In addition to past experience, the models should reflect current conditions and future outlook at the balance sheet date. The inclusion of scenarios must be probability-weighted and unbiased. The macro scenarios are described in detail in note 48.

## NOTES

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### Stage 3 impairment

Individual reviews and risk assessments of significant loans, advances and receivables are performed regularly to determine whether these are impaired.

Stage 3 includes loans and advances etc where observations indicate that the asset is impaired. Most often, this is where

- borrowers are experiencing considerable financial difficulties owing to eg changes in income, capital and wealth, leading to the assumption that they are unable to fulfil their obligations
- borrowers fail to meet their payment obligations or default on an obligation, implying non-performance
- there is an increased probability of a borrower's bankruptcy, or where borrowers are offered more lenient contractual terms (for example, interest rate and loan term) due to deterioration in the borrowers' financial circumstances.

Relative to large stage 3 exposures, credit officers perform an individual assessment of scenarios as well as changes to credit losses etc. Relative to small stage 3 exposures, the credit loss is determined using a portfolio model according to the same principles as are used in an individual assessment.

Furthermore, model-based impairments are subject to a number of management judgement to allow for special risks and uncertainties not deemed to be covered by model-based impairment.

### Differences between stages due to credit improvements

When the criteria for migration between stages due to increased credit risk or credit impairment are no longer present, impairment provisions will be reversed to the initial stages.

From stage 2 to stage 1 this could happen if the change in PD and/or arrears no longer meet the criteria described above.

The same applies to impairment provisions in stage 3, which will be transferred to stage 2 after a deferred period of at least three months if the conditions for credit impairment no longer apply.

### Provisions in general

Impairment provisions for receivables with credit institutions, loans, advances, and receivables etc are taken to an allowance account and deducted from the relevant asset items. Similarly, provisions for financial guarantees and unutilised credit commitments are made under liabilities and equity.

Write-offs, changes in loan impairment provisions for the year and provisions for guarantees are charged to the income statement in "Impairment charges for loans, advances and receivables etc".

Where events subsequently occur showing a partial or complete impairment reduction, impairment provisions are reversed accordingly.

The Group amortises/depreciates a financial asset when reliable information indicates that the debtor is in serious financial difficulty and recovery seems unrealistic. Financial assets that have been written off may still be subject to enforcement in accordance with the Group's debt collection procedures, taking into consideration any legal advice where relevant. Recoveries are recognised in profit or loss.

## RECOGNITION, MEASUREMENT AND PRESENTATION IN GENERAL

### Recognition and measurement

Assets and liabilities, which are financial instruments, are recognised when the Group companies become a party to the contractual provisions of the instruments, see "Financial instruments".

Remaining assets are recognised in the balance sheet if it is probable as a result of a previous event that future economic benefits will flow to the Group, and if the value of the asset can be measured reliably.

Remaining liabilities are recognised in the balance sheet if it is probable as a result of a previous event that future economic benefits will flow from the Group, and if the value of the liability can be measured reliably.

Income is recognised in the income statement as earned. Furthermore, value adjustment of financial assets and liabilities measured at fair value or amortised cost is recognised in the income statement for the period in which it arose.

All costs incurred by the Group are recognised in the income statement, including depreciation, amortisation, impairment charges, provisions and reversals as a result of changed accounting estimates of amounts previously recognised in the income statement.

Certain fees relating to financial instruments measured at amortised cost, are recognised (amortised) through profit and loss as the instrument is amortised.

### Leases

Leases where the Nykredit Bank Group is the lessor are classified as finance leases when all material risk and returns associated with the title to an asset have been transferred to the lessee.

Receivables from the lessee under finance leases are included in "Loans, advances and other receivables at amortised cost". On initial recognition, receivables under finance leases are measured at an amount equal to the net investment in the lease. Lease payments receivable are recognised in "Interest income" calculated as a return on the lease receivable or as principal of the lease receivable, respectively.

Direct costs of establishment of leases are recognised in the net investment.

Leases where the Group is the lessee include primarily leases (owner-occupied properties), which are recognised in the balance sheet as right-of-use assets (leasehold premises) as well as liabilities arising from those leases. The asset is depreciated over the course of its useful life, and the lease liability will be reduced by the principal amount, which is determined as the lease payments less the interest portion of the lease liability.

The lease term used to determine the rental obligation corresponds to the period in which the Group as lessee has the right to, and expects to, use the underlying assets. The assessment is made at portfolio basis with a rental period of 7 years on average for leases which have not been terminated. For leases which have been terminated or are expected to be terminated, the period reflects the remaining lease term.

The present value of the liability has been calculated using a discount rate equal to a risk-free swap rate and a Nykredit-specific credit risk charge which matches the loan term.

## NOTES

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The calculated interest on the liability is included in the income statement in "Interest expenses", while depreciation/amortisation is included in "Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets". The value of the leased asset is recognised in "Land and buildings", while the liability is included in the liability item "Other liabilities".

### Repo deposits and reverse repurchase lending

Securities sold as part of repo transactions are retained in the appropriate principal balance sheet item, eg "Bonds". The amount received is recognised under payables in "Payables to credit institutions and central banks" or "Deposits and other payables".

Payment for securities acquired as part of reverse repurchase lending is recognised in "Receivables from credit institutions and central banks" or "Loans, advances and other receivables at amortised cost".

Where the Group resells assets received in connection with reverse repurchase lending, and where the Group is obliged to return the instruments, this liability is recognised at fair value and included in "Other non-derivative financial liabilities at fair value".

## INCOME STATEMENT

### Interest income and expenses etc

Interest income comprises interest and interest-like income, including interest-like commission received, and other income that forms an integral part of the effective interest of the underlying instruments. The item also includes interest payable or deductible relating to voluntary payment of tax on account and paid tax as well as index premiums on assets, forward premiums on securities and foreign exchange trades as well as adjustments over the life of financial assets measured at amortised cost and where the cost differs from the redemption price.

Interest income from loans and advances measured at amortised cost for which stage 3 impairment is made is included in "Interest income" at an amount reflecting the effective interest from the impaired value of loans and advances. Any interest income from the underlying loans and advances exceeding this amount is included in "Impairment charges for loans, advances and receivables".

Interest expenses comprise all interest-like expenses including adjustment over the life of financial liabilities measured at amortised cost and where the cost differs from the redemption price. Interest expenses also comprise transaction costs etc which are part of the effective interest of the underlying instruments if they are measured at amortised cost.

### Fees and commissions

Fees and commissions comprise income and costs relating to services, including management fees. Fee income relating to services provided on a current basis is accrued over their terms.

For accounting purposes, fees, commissions and transaction costs relating to loans and advances measured at amortised cost are treated as interest if they form an integral part of the effective interest of a financial instrument. Non-interest expenses for customer benefits programmes are carried under fees and commissions.

### Other operating income

"Other operating income" comprises operating income not attributable to other income statement items, including eg contributions received from Forenet Kredit.

### Staff and administrative expenses

Staff expenses comprise wages and salaries as well as social security costs, pensions etc. Termination benefits etc are recognised during the vesting period.

### Tax

Tax for the year, consisting of current tax for the year and changes to deferred tax and adjustment of tax for previous years, is recognised in the income statement.

Current tax liabilities and current tax assets are recognised in the balance sheet as tax calculated on taxable income for the year adjusted for tax paid on account. The current tax for the year is calculated on the basis of the tax rates and rules prevailing on the balance sheet date. The Danish tax of the jointly taxed companies is payable in accordance with the scheme for payment of tax on account.

Based on the balance sheet liability method, deferred tax on all temporary differences between the carrying amounts and the tax base of an asset or liability is recognised.

Deferred tax is determined on the basis of the intended use of each asset or the settlement of each liability. Deferred tax is measured using the tax rates expected to apply to temporary differences upon reversal and the tax rules prevailing on the balance sheet date.

Deferred tax assets, including the tax base of any tax loss carryforwards, are recognised in the balance sheet at the value at which they are expected to be realised, either by set-off against deferred tax liabilities or as net tax assets for set-off against tax on future positive taxable income. On each balance sheet date, it is assessed whether it is probable that a deferred tax asset can be used.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to do so. The Nykredit Bank Group and the Nykredit Group's other companies are jointly taxed with Forenet Kredit. Current Danish corporation tax payable is distributed among the jointly taxed companies relative to their taxable income (full distribution subject to refund for tax losses).

## ASSETS

### Assets and liabilities in pooled schemes

Nykredit Bank A/S offers customers the opportunity to deposit funds in special deposit accounts ("Deposits in pooled schemes"). The Bank subsequently invests the funds in financial instruments. Returns on these investments accrue to the customers.

Legally, the assets belong to Nykredit Bank A/S and are therefore recognised in the balance sheets of the Bank and of the Group. The returns (positive as well as negative) on "Assets in pooled schemes" are recognised in "Value adjustments" in the income statement.

## NOTES

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As the returns ultimately accrue to the customers, offsetting value adjustments are made through profit or loss and a corresponding adjustment of the customers' deposit accounts. The value adjustments (net) do not affect profit or loss, and, at the same time, pooled assets and liabilities show identical balance sheet amounts.

### Investments in associates

Investments in associates include enterprises that the Nykredit Realkredit Group does not control, but in which the Group exercises significant influence. Enterprises in which the Group holds between 20% and 50% of the voting rights are generally considered associates.

### Intangible assets

#### Goodwill

Goodwill comprises positive balances between the cost of enterprises acquired and the fair value of the net assets of such enterprises at the time of acquisition.

Goodwill is recognised at cost on initial recognition in the balance sheet and subsequently at cost less accumulated impairments.

Goodwill is tested for impairment once a year and is written down to the recoverable amount through profit or loss, if this is lower than the carrying amount. The recoverable amount is calculated as the present value of the future net cash flows expected from the cash-generating units to which the goodwill relates. Identification of cash-generating units is based on the management structure and the way the units are managed financially.

Goodwill impairment is reported in the income statement and is not reversed. Impairment testing and the assumptions used for testing are described in note 30.

#### Other intangible assets

Customer relationships etc are recognised at cost less accumulated amortisation. Customer relationships are amortised on a straight-line basis over the estimated useful lives of the assets. The amortisation period is 7 years.

### Land and buildings including leased properties

#### Owner-occupied properties

Owner-occupied properties where the Group acts as lessee, are described under "Leases".

### Equipment

Equipment is measured at cost less accumulated depreciation and impairment charges. Cost includes the purchase price and costs directly related to the acquisition up to the time when the assets are ready for their intended use.

Depreciation is made on a straight-line basis over the expected useful lives of:

- Computer equipment and machinery etc up to five years
- Fixtures, equipment and cars up to five years
- Leasehold improvements; maximum term of the lease is 15 years.

The assets' residual values and useful lives are reviewed at each balance sheet date. The carrying amount of an asset is written down to the recoverable amount if the carrying amount of the asset exceeds the estimated recoverable amount.

Gains and losses on the divestment of property, plant and equipment are recognised in "Other operating income" or "Other operating expenses".

### Assets in temporary possession

Assets in temporary possession include property, plant and equipment or groups thereof as well as investments in subsidiaries and associates in respect of which:

- the Group's possession is temporary only
- a sale is intended in the short term, and
- a sale is highly likely.

Liabilities directly attributable to the assets concerned are presented as liabilities relating to assets in temporary possession in the balance sheet.

Assets in temporary possession are measured at the lower of the carrying amount at the time of classification as assets in temporary possession and the fair value less selling costs. Assets are not depreciated or amortised once classified as assets in temporary possession.

Impairment arising on initial classification as assets in temporary possession and gains and losses on subsequent measurement at the lower of the carrying amount and the fair value less selling costs are recognised in "Impairment charges for loans, advances and receivables etc" in the income statement.

## LIABILITIES AND EQUITY

### Payables

Reference is made to the above description under "Financial instruments" for these items.

### Provisions

Provisions are recognised where, as a result of an event having occurred on or before the balance sheet date, the Group has a legal or constructive obligation which can be measured reliably, and where it is probable that economic benefits must be given up to settle the obligation. Provisions are measured at Management's best estimate of the amount considered necessary to honour the obligation.

#### Provisions for losses under guarantees etc

Provisions for losses under guarantees and unutilised credit commitments etc are recognised applying the same principles as are used for impairment charges for loans, advances and receivables. Reference is made to the preceding paragraph.

### Bonds in issue at amortised cost

On initial recognition, bonds in issue are measured at fair value corresponding to consideration received less any costs incurred. Subsequently, the bonds in issue are measured at amortised cost. If a derivative financial hedging instrument measured at fair value is attached to bonds in issue, the bonds that are hedged by means of the derivative financial instrument will be subject to regular value adjustment. This way, the value adjustment of the hedged instrument and the hedging derivative financial instrument is made symmetrically.

## Equity

### Share capital

Shares in issue are classified as equity where there is no legal obligation to transfer cash or other assets to the shareholder.

## NOTES

Nykredit Bank Group

### Retained earnings

Retained earnings comprise reserves which are in principle distributable to the Company's shareholders. However, under the Danish Financial Business Act, distribution is subject to Nykredit Bank's compliance with the capital requirements applying to the Company and the Group.

### Proposed dividend

Dividend expected to be distributed for the year is carried as a separate item in equity. Proposed dividend is recognised as a liability at the time of adoption at the Annual General Meeting (time of declaration).

### Minority interests

Minority interests comprise the share of a subsidiary's equity owned by other parties than the Group companies.

### CASH FLOW STATEMENT

The consolidated cash flow statement is prepared according to the indirect method based on profit or loss for the year. The consolidated cash flow statement shows cash flows for the year stemming from:

- Operating activities
- Investing activities
- Financing activities.

Operating activities include the Group's principal and other activities which are not part of its investing or financing activities.

Investing activities comprise the purchase and sale of non-current assets and financial investments not included in cash and cash equivalents.

Financing activities comprise subordinated debt raised as well as redeemed, including the sale and purchase of self-issued subordinated debt, and payments to or from shareholders.

Furthermore, the cash flow statement shows the changes in the Group's cash and cash equivalents for the year and the Group's cash and cash equivalents at the beginning and end of the year.

Cash and cash equivalents consist of "Cash balances and demand deposits with central banks" and "Receivables from credit institutions and central banks".

### SEGMENT INFORMATION AND PRESENTATION OF FINANCIAL HIGHLIGHTS

Segment information is provided for business areas, and income and assets relating to foreign activities are specified. Apart from activities related to Sparinvest SE, Luxembourg, Nykredit Bank has no significant business activities outside Denmark.

The business areas reflect Nykredit's organisation. Banking includes: Retail, which serves personal customers and SMEs (small and medium-sized enterprises). It also includes Corporates & Institutions, comprising activities with corporate and institutional clients, securities trading and derivatives trading. Wealth Management comprises wealth and asset management activities.

The income statement format of the financial highlights on page 4 and the business areas in note 5 reflect the internal management reporting presented to and evaluated by Management of the Nykredit Realkredit Group. Management does not perform separate assessments of the banking part of the business areas.

The reclassification in note 6 shows the reconciliation between the presentation in the financial highlights table of the Management Commentary and the presentation in the Consolidated Financial Statements prepared according to the IFRS and includes:

"Net interest income" comprising interest income from bank lending and deposits. The corresponding item in the income statement includes all interest.

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

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

"Net interest from capitalisation" comprising the risk-free interest attributable to equity and net interest from subordinated debt etc. Net interest is composed of the interest expenses related to debt, adjusted for the internal liquidity interest.

"Trading, investment portfolio and other income" comprising income from swaps and derivatives transactions currently offered, Nykredit Markets activities, repo deposits and lending, debt capital markets activities as well as other income and expenses not allocated to the business areas.

"Net income relating to customer benefits programmes" comprising bonuses paid to the customers. The amount includes contributions received. The change is aimed at presenting the earnings of the individual business areas excluding the impact of the customer benefits programmes while also presenting the impact on income of the programmes in a separate item.

"Trading, investment portfolio and other income" comprising eg income from swaps and derivatives transactions currently offered, Nykredit Markets activities, repo deposits and lending, debt capital markets activities as well as other income and expenses not allocated to the business areas.

Business areas are defined on the basis of differences in customer segments and services. Items not allocated to the business areas are included in Group Items.

Segment information is provided exclusively at Nykredit Bank Group level.

# NOTES

Nykredit Bank Group

## ACCOUNTING POLICIES APPLYING SPECIFICALLY TO THE PARENT

### NYKREDIT BANK A/S

The Financial Statements of the Parent Nykredit Bank A/S are prepared in accordance with the Danish Financial Business Act and the Danish FSA Executive Order on Financial Reports for Credit Institutions and Investment Firms, etc. (the Danish Executive Order on Financial Reports).

In all material respects, these rules comply with the International Financial Reporting Standards (IFRS) and the Group's accounting policies as described above.

### Amendments to the Danish Executive Order on Financial Reports

Relative to the "Accounting policies" in the Financial Statements for 2022 no amendments to the Danish Executive Order on Financial Reports have been adopted in 2023 which affect our accounting policies.

### Investments in Group enterprises etc

Investments in Group enterprises (subsidiaries) are recognised and measured according to the equity method.

The proportional ownership interest of the equity value of the enterprises less/plus unrealised intercompany gains and losses is recognised in "Investments in Group enterprises" in the Parent's balance sheet. Any positive difference between the total cost of investments in Group enterprises and the fair value of the net assets at the time of acquisition is recognised as goodwill in "Intangible assets" in the balance sheet.

Nykredit's share of the enterprises' profit or loss after tax and elimination of unrealised intercompany gains and losses less depreciation, amortisation and impairment charges is recognised in the Parent's income statement.

Total net revaluation of investments in Group enterprises is transferred to equity in "Statutory reserves" through the distribution of profit for the year.

### Statutory reserves

The Parent's statutory reserves include value adjustment of investments in subsidiaries and associates (net revaluation according to the equity method). The reserves are reduced by dividend distribution to the Parent and are adjusted for other changes in the equity of subsidiaries and associates. The reserves are non-distributable.

## EUROPEAN SINGLE ELECTRONIC FORMAT

### EU REGULATION

2019/815 on the European Single Electronic Format (ESEF Regulation) requires companies preparing IFRS financial statements and being issuers of listed securities to make public financial reports approved by the board of directors in the ESEF format. Nykredit Bank A/S published its Annual Reports for 2020 to 2022 in the ESEF format.

In recent years, Nykredit Bank has not issued listed securities and has terminated issuance. As a result, the Financial Statements for 2023 have not been presented in accordance with the ESEF Regulation.

## 2. SIGNIFICANT ACCOUNTING ASSESSMENTS

When providing accounting policies, Management makes a number of assessments that may affect the Financial Statements. Significant assessments include: Assessment of the time of recognition and derecognition of financial instruments and assessment of the business models which form the basis for classification of financial assets, including whether the contractual cash flows of a financial asset represent solely payments of principal and interest.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Financial Statements involves the use of qualified accounting estimates. These estimates and assessments are made by Nykredit's Management in accordance with accounting policies and based on past experience and an assessment of future conditions. The principles of using accounting estimates are unchanged relative to 2022.

Accounting estimates are tested and assessed regularly. The estimates and assessments applied are based on assumptions which Management considers reasonable and realistic, but which are inherently uncertain and unpredictable.

Areas implying a high degree of assessment or complexity or areas in which assumptions and estimates are material to the Financial Statements are:

### Valuation of assets and liabilities measured at fair value

Valuation of financial assets and liabilities measured at fair value is based on officially listed prices.

For financial instruments for which no listed prices in an active market or observable data are available, the valuation implies the use of significant estimates and assessments in connection with the choice of credit spread, maturity and extrapolation etc of each instrument. At year-end, no particular challenges had been established in connection with the identification and obtaining of the usual market data.

Particularly, the fair value measurement of unlisted derivative financial instruments involves significant estimates and assessments in connection with the choice of calculation methods and valuation and estimation techniques.

Note 43 specifies the methods applied to determine the carrying amounts and the specific uncertainties related to the fair value measurement of financial instruments.

The fair value of unlisted derivative financial instruments was 2.6% of the Group's assets at end-2023 (2.8% at end-2022).

Measured on the basis of level 2 or level 3 inputs of the fair value hierarchy, the fair value of financial assets was 19.8% and 0.1%, respectively, of the Group's balance sheet total at end-2023. Liabilities measured on the basis of level 2 or level 3 was 9.5% and 0.0%, respectively, of the total balance sheet.

The fair value of financial instruments for which no listed prices in an active market are available accounted for 19.9% of the Group's assets at end-2023 (26.9% at end-2022).

## NOTES

Nykredit Bank Group

### Measurement of loans and advances etc – impairments

12-month expected credit losses are initially recognised for loans and advances measured at amortised cost. The determination of such losses and the following years' developments in the credit quality of customers are to some extent based on a number of estimates. The same applies to the determination of loss, including the expected value of collateral security received, payments from customers and dividend in liquidation from estates in bankruptcy. Finally, the determination of the period in which the cash flows are received involves significant estimates.

In addition to the impairment models' calculations of impairment levels across stages, estimates are used to cover risks and conditions not yet incorporated into the models. The estimates are forward-looking and may either lead to adjustments in the models, for example, targeted at customers in selected sectors (in-model adjustments) or more broad-based management judgements subsequently distributed on customer and credit facility level (post-model adjustments). The latter is based on significant methodology choice and estimated assumptions.

At year-end, the post-model adjustments represented DKK 650 million (2022: 770 million). The estimates are adjusted and evaluated on a regular basis.

The calculations and estimates are based on rationales and expectations rooted in internal and external assessments. Internal assessments could be analyses of sector conditions, model back testing, macroeconomic outlook or internal process-related circumstances. External assessments could be based on analyses and inspections by Danmarks Nationalbank and the Danish FSA, respectively.

Reference is made to note 48, which further describe impairment methodology, including the use of scenarios.

The estimates are assessed quarterly by Nykredit's senior management, who review the basis and rationale of the estimates. The estimates are updated on a quarterly basis and are subject to internal controls.

The most relevant areas in which management judgement is applied are described below. The methodology is presented to show how the provisions are allocated.

#### Agriculture

Milk, pork and plant producers are considered to be subject to a number of risks that are not yet reflected in customer ratings and impairments. The risks considered are the spread of swine fever, the price of piglets, the terms of trade between sales prices and cost of feed etc, environmental requirements and trading barriers, as well as the effect of rising interest rates.

Calculation and choice of methodology: Calculations are based on an estimate of the potential effects of the individual risks on agricultural customers' ratings and also an estimated probability rate that this risk will occur.

Impairments are distributed on agricultural customers in stages 1 and 2.

### Geopolitical conditions and macroeconomic uncertainty

The geopolitical conditions and the global economies are challenged by, for instance, the war in Ukraine and volatile financial markets. These conditions are

expected to affect the credit quality of some customers as a result of lower economic growth, increasing interest rates, impact on house prices, inflation and disruptions of value and supply chains.

Provisions related to macroeconomic uncertainty are based on stress test calculations of three factors. Firstly, stress simulations have been performed for stage 1 and stage 2 personal and business customers. We expect a drop in personal customers' discretionary incomes as a consequence of high inflation and rising interest rates. Total provisions of DKK 0.71 billion have been taken to counter such risk. Secondly, business customers in the construction, retail, wholesale, commercial rental, production and manufacturing sectors are also expected to be affected due to inflation, scarcity of goods and rising interest rates. Thirdly, the property values of stage 3 customers have been stressed to simulate a reduction in collateral values. Total provisions of DKK 0.8 billion for exposed sectors have been taken.

Management overlay is distributed on personal and business customers across all stages.

### Concentration risks

It is assessed that customers and some portfolios with potentially elevated credit risk have not yet been identified. These are homogeneous portfolios with significant lending. Such provisions are taken to counter significant new impairment charges for customers not currently written down for impairment in case of material changes in the customer's performance and/or the valuation of collateral.

Determination and choice of methodology: Results from the controlling reports are applied, and provisions for portfolios assessed to be relevant are scaled up.

These are distributed on business customers in stages 1 and 2.

### Process-related risk (data)

Analyses and findings based on impairment model back testing, credit controlling and updated risk outlook from Danmarks Nationalbank are quantified.

Calculation and choice of methodology: Parameters are regularly back tested in Nykredit's impairment models. Any need for additional impairment provisions are recognised. Asset prices and interest rates etc are monitored regularly. Anomalies in the development could lead to management judgement in order to reduce any disproportionate effects.

This applies to the Group's entire portfolio.

## NOTES

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Nykredit Bank Group

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### **ESG**

Physical and transition risks related to ESG will be a challenge for Nykredit's business models in certain sectors and areas. At the same time, legislative measures may have a large impact on the Group's loan portfolio.

On balance, the value of certain assets is expected to decrease.

Government efforts towards the green transition of heavy transport, new carbon taxes and new energy efficiency directives have been intensified, and new bills have been tabled. Conditions will further challenge customers' business models, increasing expected credit losses. Provisions related to related to ESG totalled DKK 72 million at end-2023 (DKK 50 million at end-2022).

The provisions are based on a post-model adjustment (management judgement) to cover the loss expected beyond the outcome derived on the basis of model-based impairments

### **Model changes**

Impact calculations are made for future changes to credit risk models. Any significant model-driven changes may imply additional impairment provisions.

Determination and choice of methodology: Coming changes to credit risk models are recalculated and quantified. Any need for additional impairment provisions are recognised as a management judgement.

This applies to the Group's entire portfolio.

### **Other factors**

Other factors include results of controlling and general regular controls. Regular controls and spot checks in Nykredit Bank A/S, suggest that there could be factors which have not yet been registered in the credit risk management.

Determination and choice of methodology: Credit Controlling reports and analyses are scaled up for the entire portfolio.

This is distributed on customers in stages 1 and 2.

## NOTES

Nykredit Bank A/S		DKK million	
		Nykredit Bank Group	
2022	2023	2023	2022
<b>4. CAPITAL AND CAPITAL ADEQUACY</b>			
<b>33,404</b>	<b>36,696</b>	<b>Equity</b>	<b>36,808</b> <b>33,518</b>
-	-	Minority interests not included	(112)    (114)
(22)	(34)	Prudent valuation adjustment	(34)    (22)
-	-	Minority interests	54    62
(1,770)	(1,770)	Intangible assets excluding deferred tax liabilities	(1,847)    (1,876)
-	(2)	Other regulatory adjustments	(2)    -
(102)	(227)	Deduction non-performing exposures	(227)    (102)
<b>(1,893)</b>	<b>(2,033)</b>	<b>Common Equity Tier 1 regulatory deductions</b>	<b>(2,169)</b> <b>(2,051)</b>
<b>31,511</b>	<b>34,662</b>	<b>Common Equity Tier 1 capital</b>	<b>34,639</b> <b>31,467</b>
-	-	Minority interests	9    10
-	-	<b>Total Additional Tier 1 capital after regulatory deductions</b>	<b>9</b> <b>10</b>
<b>31,511</b>	<b>34,662</b>	<b>Tier 1 capital</b>	<b>34,648</b> <b>31,477</b>
631	-	Tier 2 regulatory adjustments	-    571
-	-	Minority interests	12    12
<b>32,142</b>	<b>34,662</b>	<b>Own funds</b>	<b>34,659</b> <b>32,061</b>
113,902	110,289	Credit risk	102,629    105,913
14,929	11,729	Market risk	11,859    15,026
7,981	9,384	Operational risk	11,667    10,205
<b>136,812</b>	<b>131,403</b>	<b>Total risk exposure amount</b>	<b>126,155</b> <b>131,143</b>
<b>Financial ratios</b>			
23.0	26.3	Common Equity Tier 1 capital ratio, %	27.4    23.9
23.0	26.3	Tier 1 capital ratio, %	27.4    24.0
23.4	26.3	Total capital ratio, %	27.4    24.4

Capital and capital adequacy have been determined in accordance with the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD) of the European Parliament and of the Council, as implemented in Danish legislation.

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

# NOTES

Nykredit Bank Group

## 4. CAPITAL AND CAPITAL ADEQUACY (CONTINUED)

As a subsidiary of Nykredit Realkredit A/S, Nykredit Bank is subject to the Nykredit Group's capital policy and management. Nykredit's objective is to maintain active lending activities regardless of economic trends, while retaining a competitive credit rating.

To ensure flexibility and leeway, an element of the capital policy is to concentrate capital to the widest extent possible in the Parent, Nykredit Realkredit A/S. Capital is contributed to subsidiaries, including Nykredit Bank, as required.

### Stress tests and capital projection

Nykredit Bank conducts a large number of stress tests and capital projections. The tests are applied to determine required own funds, and the test results are included in the Board of Directors' annual assessment of the internal capital adequacy requirement as well as in the continuous capital planning.

The stress test calculations include the macroeconomic factors of greatest importance historically to the customers.

The most important macroeconomic factors identified are:

- Property prices
- Interest rates
- Unemployment
- GDP growth

Nykredit Bank operates with three scenarios of the economic development: A baseline scenario, a weaker economic climate and a severe recession.

In a weaker economic climate, the capital requirement for credit risk builds on correlations between the macroeconomic factors, the Probability of Default (PD) and Loss Given Default (LGD). These correlations are an essential element of the capital projection model. Operating losses in a stress scenario increase the capital requirement, while operating profits are not included.

### Baseline scenario

This scenario is a projection of the Danish economy based on Nykredit's assessment of the current economic climate.

### Stress scenario: Weaker economic climate

The stress scenario is designed to illustrate a weaker economic climate relative to the baseline scenario. The capital charge reflects how much the capital requirement would increase if this scenario occurred. The results are included in the determination of the internal capital adequacy requirement.

### Stress scenario: Severe recession

A central element of Nykredit's capital policy is to have sufficient own funds, also in the long term and in a severe recession. Nykredit continually calculates the impact of a severe recession combined with increasing or declining interest rates. The stress scenario reflects an exceptional, but plausible, macroeconomic stress scenario. The calculations are factored into the current assessments of capital targets going forward.

## NOTES

DKK million

Nykredit Bank Group

## 5. BUSINESS AREAS

The business areas reflect Nykredit's organisation and internal reporting. Banking includes: Retail, which serves personal customers and SMEs (small and medium-sized enterprises). It also includes Corporates & Institutions, comprising activities with corporate and institutional clients, securities trading and derivatives trading. Wealth Management comprises wealth and asset management activities.

	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Wealth Management	Group Items	Total
<b>Results</b>								
<b>2023</b>								
<b>Results by business area</b>								
Net interest income	1,277	1,339	2,616	956	3,572	352	(9)	3,915
Net fee income	215	173	388	340	728	16	(9)	735
Wealth management income	458	121	579	161	740	1,595	33	2,368
Net interest from capitalisation	76	178	255	253	508	40	84	632
Net income relating to customer benefits programmes <sup>1</sup>	-	-	-	-	-	-	(96)	(96)
Trading, investment portfolio and other income	(88)	(106)	(195)	580	386	68	(159)	295
<b>Income*</b>	<b>1,938</b>	<b>1,706</b>	<b>3,644</b>	<b>2,290</b>	<b>5,934</b>	<b>2,072</b>	<b>(157)</b>	<b>7,849</b>
Costs	1,050	550	1,600	611	2,211	1,003	148	3,362
<b>Business profit (loss) before impairment charges</b>	<b>888</b>	<b>1,156</b>	<b>2,044</b>	<b>1,679</b>	<b>3,723</b>	<b>1,069</b>	<b>(305)</b>	<b>4,487</b>
Impairment charges for loans and advances	(76)	67	(9)	57	48	12	2	62
<b>Business profit (loss)</b>	<b>964</b>	<b>1,088</b>	<b>2,052</b>	<b>1,623</b>	<b>3,675</b>	<b>1,057</b>	<b>(308)</b>	<b>4,425</b>
Legacy derivatives	4	29	33	26	59	(0)	-	59
<b>Profit (loss) before tax</b>	<b>968</b>	<b>1,118</b>	<b>2,086</b>	<b>1,648</b>	<b>3,734</b>	<b>1,057</b>	<b>(308)</b>	<b>4,484</b>
* Of which transactions between the business areas	334	174	508	(130)	378	(354)	(23)	-
Average allocated business capital	2,729	6,162	8,890	8,730	17,620	1,391	799	19,810
Business profit as % of average business capital	35.3	17.7	23.1	18.6	20.9	76.0		22.3
<b>BALANCE SHEET</b>								
<b>Assets</b>								
Reverse repurchase lending at amortised cost	-	-	-	-	-	-	33,965	33,965
Loans and advances at amortised cost	13,961	31,465	45,427	42,591	88,017	5,843	515	94,375
<b>Assets by business area</b>	<b>13,961</b>	<b>31,465</b>	<b>45,427</b>	<b>42,591</b>	<b>88,017</b>	<b>5,843</b>	<b>34,480</b>	<b>128,340</b>
Unallocated assets								108,228
<b>Total assets</b>								<b>236,568</b>
<b>Liabilities and equity</b>								
Repo deposits at amortised cost	-	-	-	-	-	-	5,618	5,618
Deposits and other payables at amortised cost	48,160	27,947	76,107	17,810	93,917	17,655	2,762	114,333
<b>Liabilities by business area</b>	<b>48,160</b>	<b>27,947</b>	<b>76,107</b>	<b>17,810</b>	<b>93,917</b>	<b>17,655</b>	<b>8,379</b>	<b>119,951</b>
Unallocated liabilities								79,809
Equity								36,808
<b>Total liabilities and equity</b>								<b>236,568</b>

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

## Geographical markets

International income came to DKK 281 million (2022: DKK 222 million). The income derives from investment activities in Sparinvest Holdings SE in Luxembourg.

## NOTES

DKK million

Nykredit Bank Group

## 5. BUSINESS AREAS (CONTINUED)

	Personal Banking	Business Banking	Total Retail	Corporates & Institutions	Total Banking	Wealth Management	Group Items	Total
<b>Results</b>								
<b>2022</b>								
<b>Results by business area</b>								
Net interest income	742	879	1,621	713	2,334	192	(19)	2,508
Net fee income	226	158	384	275	659	12	(47)	624
Wealth management income	435	125	560	134	694	1,551	35	2,279
Net interest from capitalisation	(20)	(43)	(63)	(63)	(125)	(9)	(18)	(152)
Net income relating to customer benefits programmes <sup>1</sup>	-	-	-	-	-	-	(140)	(140)
Trading, investment portfolio and other income	128	282	410	578	988	69	(84)	973
<b>Income*</b>	<b>1,511</b>	<b>1,401</b>	<b>2,912</b>	<b>1,637</b>	<b>4,550</b>	<b>1,815</b>	<b>(273)</b>	<b>6,091</b>
Costs	983	530	1,514	577	2,090	911	122	3,123
<b>Business profit (loss) before impairment charges</b>	<b>528</b>	<b>871</b>	<b>1,398</b>	<b>1,061</b>	<b>2,459</b>	<b>904</b>	<b>(395)</b>	<b>2,968</b>
Impairment charges for loans and advances	(55)	360	305	111	416	(15)	(5)	396
<b>Business profit (loss)</b>	<b>583</b>	<b>511</b>	<b>1,093</b>	<b>950</b>	<b>2,044</b>	<b>919</b>	<b>(390)</b>	<b>2,573</b>
Legacy derivatives	19	524	543	388	931	0	-	931
<b>Profit (loss) before tax</b>	<b>602</b>	<b>1,034</b>	<b>1,636</b>	<b>1,338</b>	<b>2,975</b>	<b>920</b>	<b>(390)</b>	<b>3,504</b>
* Of which transactions between the business areas	815	194	1,009	(392)	616	(420)	(196)	-
Average allocated business capital	2,946	6,019	8,964	8,939	17,903	1,329	927	20,160
Business profit as % of average business capital	19.8	8.5	12.2	10.6	11.4	69.2	-	12.8

## BALANCE SHEET

## Assets

Reverse repurchase lending at amortised cost	-	-	-	-	-	-	37,970	37,970
Loans and advances at amortised cost	12,637	28,754	41,391	39,357	80,748	5,406	581	86,735
<b>Assets by business area</b>	<b>12,637</b>	<b>28,754</b>	<b>41,391</b>	<b>39,357</b>	<b>80,748</b>	<b>5,406</b>	<b>38,551</b>	<b>124,705</b>
Unallocated assets								112,424
<b>Total assets</b>								<b>237,129</b>

## Liabilities and equity

Repo deposits at amortised cost	-	-	-	-	-	-	6,266	6,266
Deposits and other payables at amortised cost	44,077	27,540	71,617	13,372	84,989	19,070	3,368	107,426
<b>Liabilities by business area</b>	<b>44,077</b>	<b>27,540</b>	<b>71,617</b>	<b>13,372</b>	<b>84,989</b>	<b>19,070</b>	<b>9,633</b>	<b>113,691</b>
Unallocated liabilities								89,919
Equity								33,518
<b>Total liabilities and equity</b>								<b>237,129</b>

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

## NOTES

DKK million

Nykredit Bank Group

## 6. RECONCILIATION OF INTERNAL AND REGULATORY INCOME STATEMENT

	2023			2022		
	Earnings presentation in Management Commentary	Reclassification	Income statement	Earnings presentation in Management Commentary	Reclassification	Income statement
Net interest income	3,915	510	4,425	2,508	(378)	2,130
Dividend on equities etc		3	3		6	6
Fee and commission income, net	735	1,721	2,456	624	2,151	2,774
<b>Net interest and fee income</b>		<b>2,233</b>	<b>6,884</b>		<b>1,779</b>	<b>4,910</b>
Wealth management income	2,368	(2,368)	-	2,279	(2,279)	-
Net interest from capitalisation	632	(632)	-	(152)	152	-
Net income relating to customer benefits programmes	(96)	96	-	(140)	140	-
Trading, investment portfolio and other income	295	(295)	-	973	(973)	-
Value adjustments		891	891		2,029	2,029
Other operating income		127	127		76	76
<b>Total income</b>	<b>7,849</b>			<b>6,091</b>		
Costs	3,362	0	3,362	3,123	-	3,123
<b>Business profit before impairment charges</b>	<b>4,487</b>			<b>2,968</b>		
Impairment charges for loans and advances etc	62	0	62	396	-	396
Profit from investments in associates		6	6		7	7
<b>Business profit</b>	<b>4,425</b>			<b>2,573</b>		
Legacy derivatives	59	(59)	-	931	(931)	-
<b>Profit before tax</b>	<b>4,484</b>	<b>-</b>	<b>4,484</b>	<b>3,504</b>	<b>-</b>	<b>3,504</b>

Note 6 combines the earnings presentation in the Management Commentary (internal presentation), including the presentation of the financial highlights and the business areas, and the formal income statement of the Financial Statements.

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

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

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

The internal presentation is based on the same recognition and measurement principles as the IFRS-based Financial Statements. Thus, "profit before tax" is identical.

# NOTES

DKK million

Nykredit Bank Group	2023	2022
<b>7. INCOME</b>		
<b>Revenue from contracts with customers (IFRS 15) by business area</b>		
Retail	570	549
Corporates & Institutions	389	407
Wealth Management	2,456	2,339
Group Items	56	52
<b>Total</b>	<b>3,471</b>	<b>3,347</b>
Total including income from financial guarantees	3,561	3,405

The allocation of fees to business areas shows the business areas where fees are included on initial recognition. These fees, together with other income, are subsequently reallocated to the business areas serving the customers on a net basis, see note 5.

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

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

Revenue comprised by IFRS 15 mainly relates to:

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

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

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

## NOTES

DKK million

Nykredit Bank Group

## 8. NET INTEREST INCOME ETC AND VALUE ADJUSTMENTS

2023	Interest income	Interest expenses	Net interest income	Dividend on equities	Net value adjustments	Total
<b>Financial portfolios at amortised cost</b>						
Receivables from and payables to credit institutions and central banks	465	1,626	(1,160)	-	-	(1,160)
Lending and deposits	5,175	1,863	3,311	-	(7)	3,305
Repo transactions and reverse repurchase lending	1,552	-	1,552	-	-	1,552
Bonds in issue at amortised cost	-	252	(252)	-	-	(252)
Subordinated debt	-	-	-	-	-	-
Other financial instruments	129	53	76	-	-	76
<b>Total</b>	<b>7,321</b>	<b>3,794</b>	<b>3,527</b>	<b>-</b>	<b>(7)</b>	<b>3,520</b>
<b>Financial portfolios at fair value and financial instruments at fair value</b>						
Bonds	1,173	-	1,173	-	285	1,458
Equities etc	-	-	-	3	29	32
Derivative financial instruments etc	(275)	-	(275)	-	449	174
<b>Total</b>	<b>898</b>	<b>-</b>	<b>898</b>	<b>3</b>	<b>762</b>	<b>1,663</b>
Foreign currency translation adjustment					135	135
<b>Net interest income etc and value adjustments</b>	<b>8,219</b>	<b>3,794</b>	<b>4,425</b>	<b>3</b>	<b>891</b>	<b>5,319</b>
<b>2022</b>						
<b>Financial portfolios at amortised cost</b>						
Receivables from and payables to credit institutions and central banks	(28)	232	(260)	-	-	(260)
Lending and deposits	2,540	(43)	2,583	-	(4)	2,578
Repo transactions and reverse repurchase lending	46	-	46	-	-	46
Bonds in issue at amortised cost	-	38	(38)	-	-	(38)
Subordinated debt	-	0	(0)	-	-	(0)
Other financial instruments	24	42	(18)	-	-	(18)
<b>Total</b>	<b>2,581</b>	<b>269</b>	<b>2,312</b>	<b>-</b>	<b>(4)</b>	<b>2,307</b>
<b>Financial portfolios at fair value and financial instruments at fair value</b>						
Bonds	166	-	166	-	(390)	(224)
Equities etc	-	-	-	6	5	12
Derivative financial instruments etc	(348)	-	(348)	-	2,087	1,739
<b>Total</b>	<b>(182)</b>	<b>-</b>	<b>(182)</b>	<b>6</b>	<b>1,703</b>	<b>1,527</b>
Foreign currency translation adjustment					331	331
<b>Net interest income etc and value adjustments</b>	<b>2,399</b>	<b>269</b>	<b>2,130</b>	<b>6</b>	<b>2,029</b>	<b>4,165</b>

## NOTES

		DKK million	
Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>9. INTEREST INCOME</b>			
(5)	815	815	(4)
2,531	6,101	6,377	2,702
163	1,146	1,173	166
(348)	(275)	(275)	(348)
Of which			
94	117	117	94
(444)	(395)	(395)	(444)
3	3	3	3
22	128	129	24
<b>2,364</b>	<b>7,916</b>	<b>8,219</b>	<b>2,540</b>
<b>Of which interest income from reverse repurchase lending entered as:</b>			
9	350	350	9
37	1,202	1,202	37
<b>Of total interest income:</b>			
2,142	7,045	7,321	2,312
50	95	95	50
19	35	65	55
-	-	277	148
Interest income accrued on bank loans subject to stage 3 impairment totalled DKK 95 million (2022: DKK 50 million). Nykredit Bank A/S generally does not charge interest on stage 3 impaired loans. Interest income attributable to the impaired part of loans after the first time of impairment is offset against subsequent impairment.			

## NOTES

Nykredit Bank A/S		DKK million	
		Nykredit Bank Group	
2022	2023	2023	2022
<b>9. INTEREST INCOME (CONTINUED)</b>			
<b>9 a. Negative interest</b>			
<b>Interest income</b>			
(16)	-	-	(16)
(125)	-	-	(125)
<b>(141)</b>	<b>-</b>	<b>-</b>	<b>(141)</b>
<b>Of which interest income from reverse repurchase lending entered as:</b>			
(10)	-	-	(10)
(125)	-	-	(125)
<b>Interest expenses</b>			
(62)	-	-	(62)
(225)	-	-	(225)
<b>(287)</b>	<b>-</b>	<b>-</b>	<b>(287)</b>
<b>Of which interest expenses from repo deposits entered as:</b>			
(14)	-	-	(14)
(33)	-	-	(33)
<b>10. INTEREST EXPENSES</b>			
290	1,542	1,626	294
183	1,874	1,863	182
38	252	252	38
41	52	53	42
<b>552</b>	<b>3,720</b>	<b>3,794</b>	<b>556</b>
<b>Of which interest expenses from repo transactions entered as:</b>			
18	317	317	18
<b>Bonds in issue</b>			
-	-	-	-
<b>Of total interest expenses:</b>			
38	252	252	38

## NOTES

		DKK million	
Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>11. DIVIDEND ON EQUITIES ETC</b>			
6	3	3	6
<b>6</b>	<b>3</b>	<b>3</b>	<b>6</b>
<b>12. FEE AND COMMISSION INCOME</b>			
1,064	1,089	1,838	1,730
171	187	187	171
23	19	35	40
101	123	123	101
735	775	1,378	1,362
<b>2,094</b>	<b>2,193</b>	<b>3,561</b>	<b>3,405</b>
<b>Of which:</b>			
51	83	83	51
1,001	1,021	2,388	2,311
<b>13. FEE AND COMMISSION EXPENSES</b>			
475	933	1,105	631
<b>475</b>	<b>933</b>	<b>1,105</b>	<b>631</b>
<b>Of which:</b>			
61	65	95	84
106	122	294	262
<b>14. VALUE ADJUSTMENTS</b>			
(4)	(7)	(7)	(4)
(381)	283	285	(390)
5	28	29	5
332	137	135	331
2,085	449	449	2,085
2	-	-	2
3	254	254	3
(3)	(254)	(254)	(3)
<b>2,039</b>	<b>889</b>	<b>891</b>	<b>2,029</b>
956	20	20	956
2,104	437	437	2,104
<b>Of which value adjustment relating to fair value hedging for accounting purposes:</b>			
(1)	0	0	(1)
<b>15. STAFF AND ADMINISTRATIVE EXPENSES</b>			
10	11	11	10
900	984	1,279	1,178
1,624	1,733	2,000	1,864
<b>2,534</b>	<b>2,728</b>	<b>3,290</b>	<b>3,052</b>

## NOTES

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>15. STAFF AND ADMINISTRATIVE EXPENSES (CONTINUED)</b>			
<b>Remuneration of Board of Directors and Executive Board</b>			
<b>Board of Directors</b>			
0	0	0	0
<b>Executive Board</b>			
8	8	8	8
0	1	1	0
2	2	2	2
<b>10</b>	<b>11</b>	<b>11</b>	<b>10</b>
Disclosure of Board and Executive Compensation is available at <a href="https://nykredit.com/salaries">nykredit.com/salaries</a> , to which reference is made.			
714	784	1020	935
68	70	94	92
114	127	156	142
4	4	9	8
<b>900</b>	<b>984</b>	<b>1,279</b>	<b>1,178</b>
Payroll tax also includes payroll tax relating to the Executive Board.			
Of which remuneration of staff members whose activities have a significant influence on the Bank's risk profile (material risk takers):			
68	66	117	115
23	28	42	36
<b>91</b>	<b>94</b>	<b>159</b>	<b>151</b>
756	751	1,018	1,021
Average number of staff for the financial year, full-time equivalent			
Staff whose activities significantly affect Nykredit Bank A/S's and the Nykredit Bank Group's risk profile comprise, in addition to the Executive Board, 71 staff members. 39 are on the payroll of Nykredit Bank, 32 are on the payroll of the Bank's subsidiaries, and 109 are on the payroll of Nykredit Realkredit A/S. The latter staff group performs Group-wide tasks, settled through intercompany agreements.			
These staff members are subject to special salary programmes. A maximum of 60% of the variable remuneration is paid out when awarded, but the payout of at least 40% is deferred over the following four years.			
Details of Nykredit's remuneration policy appear from page 20 of the Management Commentary under Remuneration and at <a href="https://nykredit.com/remuneration">nykredit.com/remuneration</a> .			
<b>Fees to auditor appointed by the General Meeting</b>			
5	3	7	8
<b>Total fees include:</b>			
2	2	5	3
1	1	2	2
-	0	0	1
2	0	0	2
<b>5</b>	<b>3</b>	<b>7</b>	<b>8</b>
Other services than statutory audit relates to statutory assurance reports, ISAE 3402 reports as well as general tax advisory.			

**NOTES**

		DKK million	
Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>16. DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES FOR TANGIBLE AND INTANGIBLE ASSETS</b>			
-	-	4	4
	- Property, plant and equipment		
-	-	37	36
	- Intangible assets		
-	- <b>Total</b>	<b>41</b>	<b>39</b>

## NOTES

DKK million

Nykredit Bank Group

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

## 17 a. Impairment charges for loans, advances and receivables etc

	Loans and advances at amortised cost	Loans and advances at amortised cost	Credit institutions and other	Credit institutions and other	Guarantees etc <sup>1</sup>	Guarantees etc <sup>1</sup>	Total	Total
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Total impairment provisions</b>								
<b>Beginning of year</b>	<b>3,132</b>	<b>2,755</b>	<b>3</b>	<b>9</b>	<b>340</b>	<b>331</b>	<b>3,475</b>	<b>3,096</b>
New impairment provisions as a result of additions and change in credit risk	1,498	1,524	0	0	179	215	1,678	1,739
Releases as a result of redemptions and change in credit risk	1,427	1,155	2	7	191	206	1,620	1,368
Impairment provisions written off	50	27	-	-	-	0	50	27
Interest on impaired facilities	53	35	-	-	-	0	53	35
<b>Total impairment provisions, year-end</b>	<b>3,207</b>	<b>3,132</b>	<b>1</b>	<b>3</b>	<b>328</b>	<b>340</b>	<b>3,536</b>	<b>3,475</b>
<b>Earnings impact</b>								
Change in impairment provisions for loans and advances (stages 1-3)	71	369	(2)	(7)	(12)	9	58	372
Write-offs for the year, not previously written down for impairment	17	88	-	-	-	-	17	88
Recoveries on claims previously written off	36	61	-	-	-	-	36	61
<b>Total</b>	<b>53</b>	<b>396</b>	<b>(2)</b>	<b>(7)</b>	<b>(12)</b>	<b>9</b>	<b>39</b>	<b>398</b>
Value adjustment of claims previously written off	23	(3)	-	-	-	-	23	(3)
<b>Total earnings impact</b>	<b>76</b>	<b>393</b>	<b>(2)</b>	<b>(7)</b>	<b>(12)</b>	<b>9</b>	<b>62</b>	<b>396</b>

<sup>1</sup> "Guarantees etc" comprises off-balance sheet items in the form of guarantees and other commitments, including loan commitments.

The contractual amounts outstanding on financial assets written off during the year ended 31 December 2023 and still sought to be recovered is DKK 28 million (2022: DKK 80 million).

Of total impairment provisions for bank lending determined under IFRS 9, 2% or DKK 0.1 billion (2022; 2% or DKK 0.1 billion) was attributable to customers who have gone bankrupt, are undergoing bankruptcy proceedings or compulsory dissolution, or who are deceased.

Loans are impaired if a customer is deemed to be in serious financial difficulty, or forbearance has been granted as a result of financial difficulty. When assessing whether loans are impaired, factors such as non-performance of contractual obligations and personal circumstances such as divorce, unemployment or long-term illness are also taken into consideration.

## NOTES

DKK million

Nykredit Bank Group

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

17 b. Total impairment provisions by stage 2023	Loans, advances and receivables at amor- tised cost			Guarantees			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Total, 1 January 2023</b>	<b>383</b>	<b>914</b>	<b>1,837</b>	<b>75</b>	<b>190</b>	<b>75</b>	<b>3,475</b>
Transfer to stage 1	221	(196)	(26)	55	(54)	(1)	-
Transfer to stage 2	(61)	183	(122)	(10)	14	(4)	-
Transfer to stage 3	(3)	(114)	117	(1)	(6)	6	-
Impairment provisions for new loans and advances (additions)	97	227	100	19	43	9	495
Additions as a result of change in credit risk	134	497	444	8	84	17	1,183
Releases as a result of change in credit risk	367	410	652	80	86	26	1,620
Previously written down for impairment, now written off	0	0	50	-	-	-	50
Interest on impaired facilities	-	-	53	-	-	-	53
<b>Total impairment provisions, year-end</b>	<b>404</b>	<b>1,102</b>	<b>1,702</b>	<b>67</b>	<b>186</b>	<b>75</b>	<b>3,536</b>
<b>Total</b>		<b>3,208</b>			<b>328</b>		<b>3,536</b>
<b>Impairment provisions, year-end, are moreover attributable to:</b>							
Credit institutions	1	-	-				1
<b>Earnings impact for 2023</b>	<b>(136)</b>	<b>314</b>	<b>(109)</b>	<b>(53)</b>	<b>41</b>	<b>(1)</b>	<b>58</b>

2022	Loans, advances and receivables at amor- tised cost			Guarantees			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Total, 1 January 2022</b>	<b>364</b>	<b>809</b>	<b>1,591</b>	<b>69</b>	<b>169</b>	<b>94</b>	<b>3,096</b>
Transfer to stage 1	371	(300)	(71)	68	(64)	(4)	-
Transfer to stage 2	(59)	164	(106)	(8)	13	(5)	-
Transfer to stage 3	(6)	(124)	129	(0)	(18)	19	-
Impairment provisions for new loans and advances (additions)	105	211	181	20	51	23	592
Additions as a result of change in credit risk	92	429	506	18	92	11	1,148
Releases as a result of change in credit risk	485	275	401	92	52	62	1,368
Previously written down for impairment, now written off	0	0	27	-	-	0	27
Interest on impaired facilities	-	-	35	-	-	-	35
<b>Total impairment provisions, year-end</b>	<b>383</b>	<b>914</b>	<b>1,837</b>	<b>75</b>	<b>190</b>	<b>75</b>	<b>3,475</b>
<b>Total impairment provisions, year-end</b>		<b>3,134</b>			<b>340</b>		<b>3,475</b>
<b>Impairment provisions, year-end, are moreover attributable to:</b>							
Credit institutions	3	-	-				3
<b>Earnings impact for 2022</b>	<b>(287)</b>	<b>364</b>	<b>286</b>	<b>(53)</b>	<b>91</b>	<b>(28)</b>	<b>372</b>

## NOTES

DKK million

Nykredit Bank Group

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

## 17 c. Distribution of provisions for loan impairment and guarantees etc, year-end

2023	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances at amortised cost excluding credit institutions etc, gross</b>				
Loans and advances at amortised cost etc, gross	107,879	21,276	2,392	131,547
Total impairment provisions, year-end	402	1,102	1,702	3,207
<b>Loans and advances, carrying amount</b>	<b>107,476</b>	<b>20,173</b>	<b>690</b>	<b>128,340</b>
<b>Guarantees and loan commitments</b>				
Guarantees etc	45,495	2,539	375	48,409
Total impairment provisions, year-end	67	186	75	328
<b>Guarantees and loan commitments, carrying amount</b>	<b>45,428</b>	<b>2,353</b>	<b>300</b>	<b>48,080</b>
2022	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances at amortised cost excluding credit institutions etc, gross</b>				
Loans and advances at amortised cost etc, gross	108,433	16,867	2,536	127,836
Total impairment provisions, year-end	380	914	1,837	3,132
<b>Loans and advances, carrying amount</b>	<b>108,053</b>	<b>15,953</b>	<b>699</b>	<b>124,705</b>
<b>Guarantees and loan commitments</b>				
Guarantees etc	46,248	2,744	375	49,368
Total impairment provisions, year-end	75	190	75	340
<b>Guarantees and loan commitments, carrying amount</b>	<b>46,173</b>	<b>2,554</b>	<b>300</b>	<b>49,027</b>

**NOTES**

DKK million

Nycredit Bank Group

**17. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (GROUP) (CONTINUED)****17 d. Loans at amortised cost excluding credit institutions by stage, gross**

2023	Stage 1	Stage 2	Stage 3	Total
<b>Gross lending as at 1 January 2023</b>	<b>108,433</b>	<b>16,867</b>	<b>2,536</b>	<b>127,836</b>
Transfer to stage 1	6,400	(6,472)	71	-
Transfer to stage 2	(11,064)	11,181	(117)	-
Transfer to stage 3	(182)	(409)	591	0
Other movements <sup>1</sup>	4,292	108	(689)	3,711
<b>Total, 31 December 2023</b>	<b>107,879</b>	<b>21,276</b>	<b>2,392</b>	<b>131,547</b>
Impairment charges/provisions, total	402	1,102	1,702	3,207
<b>Carrying amount</b>	<b>107,476</b>	<b>20,173</b>	<b>690</b>	<b>128,340</b>
<b>2022</b>				
	Stage 1	Stage 2	Stage 3	Total
<b>Gross lending as at 1 January 2022</b>	<b>111,845</b>	<b>14,366</b>	<b>1,957</b>	<b>128,168</b>
Transfer to stage 1	7,817	(7,779)	(38)	0
Transfer to stage 2	(8,804)	8,921	(117)	0
Transfer to stage 3	(368)	(498)	865	(0)
Other movements <sup>1</sup>	(2,057)	1,857	(132)	(332)
<b>Total, 31 December 2022</b>	<b>108,433</b>	<b>16,867</b>	<b>2,536</b>	<b>127,836</b>
Impairment charges/provisions, total	380	914	1,837	3,132
<b>Carrying amount</b>	<b>108,053</b>	<b>15,953</b>	<b>699</b>	<b>124,705</b>

<sup>1</sup> "Other movements" consists of new loans and advances as well as loans and advances redeemed in the period.

## NOTES

DKK million

Nycredit Bank Group

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

## 17 e. Guarantees and loan commitments, gross, by stage

2023	Stage 1	Stage 2	Stage 3	Total
<b>Gross guarantees as at 1 January 2023</b>	<b>46,248</b>	<b>2,744</b>	<b>375</b>	<b>49,368</b>
Transfer to stage 1	718	(711)	(7)	0
Transfer to stage 2	(692)	719	(27)	-
Transfer to stage 3	(59)	(29)	88	-
Other movements <sup>1</sup>	(720)	(184)	(55)	(959)
<b>Total, 31 December 2023</b>	<b>45,495</b>	<b>2,539</b>	<b>375</b>	<b>48,409</b>
Impairment charges/provisions, total	67	186	75	328
<b>Carrying amount</b>	<b>45,428</b>	<b>2,353</b>	<b>300</b>	<b>48,080</b>
<b>2022</b>				
	Stage 1	Stage 2	Stage 3	Total
<b>Gross guarantees as at 1 January 2022</b>	<b>51,688</b>	<b>2,505</b>	<b>391</b>	<b>54,584</b>
Transfer to stage 1	656	(648)	(8)	(0)
Transfer to stage 2	(956)	977	(21)	-
Transfer to stage 3	(50)	(45)	96	-
Other movements <sup>1</sup>	(5,090)	(44)	(82)	(5,216)
<b>Total, 31 December 2022</b>	<b>46,248</b>	<b>2,744</b>	<b>375</b>	<b>49,368</b>
Impairment charges/provisions, total	75	190	75	340
<b>Carrying amount</b>	<b>46,173</b>	<b>2,554</b>	<b>300</b>	<b>49,027</b>

<sup>1</sup> "Other movements" consists of new guarantees as well as guarantees terminated in the period.

**NOTES**

DKK million

Nycredit Bank Group

**17. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (GROUP) (CONTINUED)****17 f. Loans, advances and guarantees etc, gross**

2023	Loans and advances etc, gross			Total	Loans and advances etc, with no impairment charges			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Loans and advances etc	107,879	21,276	2,392	131,547	33,965	-	-	33,965
Balances with credit institutions	12,568	-	-	12,568	11,509	-	-	11,509
Guarantees and loan commitments	45,495	2,539	375	48,409	-	-	-	-
<b>Total, 31 December 2023</b>	<b>165,942</b>	<b>23,815</b>	<b>2,767</b>	<b>192,524</b>	<b>45,474</b>	<b>-</b>	<b>-</b>	<b>45,474</b>

2022	Loans and advances etc, gross			Total	Loans and advances etc, with no impairment charges			Total
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
Loans and advances etc	108,433	16,867	2,536	127,836	37,970	-	-	37,970
Balances with credit institutions	8,037	-	-	8,037	7,097	-	-	7,097
Guarantees and loan commitments	46,248	2,744	375	49,368	-	-	-	-
<b>Total, 31 December 2022</b>	<b>162,718</b>	<b>19,612</b>	<b>2,911</b>	<b>185,241</b>	<b>45,067</b>	<b>-</b>	<b>-</b>	<b>45,067</b>

Loans and advances etc. with no impairment charges relating to secured repo lending.

## NOTES

DKK million

Nycredit Bank Group

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

## 17 g. Loans and advances by rating categories

2023 Rating category	Bank loans and advances, gross			Total impairment provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
10	35,940	4,028	-	63	74	-
9	11,871	2,687	-	63	48	-
8	14,512	3,152	-	86	75	-
7	10,144	4,343	-	78	100	-
6	10,278	1,616	-	49	90	-
5	5,356	1,952	-	32	117	-
4	5,384	1,056	-	21	186	-
3	5,703	678	-	8	166	-
2	7,944	276	-	3	24	-
1	748	1,078	-	0	152	-
0	-	407	-	-	69	-
Exposures in default	-	2	2,392	-	1	1,702
<b>Total</b>	<b>107,879</b>	<b>21,276</b>	<b>2,392</b>	<b>402</b>	<b>1,102</b>	<b>1,702</b>

2022 Rating category	Bank loans and advances, gross			Total impairment provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
10	26,064	4,917	-	70	39	-
9	21,107	2,734	-	51	72	-
8	10,288	750	-	57	42	-
7	10,554	1,483	-	49	45	-
6	20,940	2,189	-	61	110	-
5	10,234	1,572	-	60	142	-
4	1,243	1,023	-	15	150	-
3	7,548	659	-	11	58	-
2	214	331	-	3	49	-
1	241	867	-	1	108	-
0	-	338	-	-	96	-
Exposures in default	-	5	2,536	-	1	1,837
<b>Total</b>	<b>108,433</b>	<b>16,867</b>	<b>2,536</b>	<b>380</b>	<b>914</b>	<b>1,837</b>

## NOTES

DKK million

Nycredit Bank Group

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

## 17 h. Bank loans, advances and guarantees etc and total impairment provisions by sector

2023	Bank loans, advances and guarantees			Total impairment provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Public sector	<b>466</b>	<b>1</b>	-	<b>0</b>	<b>0</b>	-
Agriculture, hunting, forestry and fishing	4,153	294	116	119	16	90
Manufacturing, mining and quarrying	10,362	4,766	406	35	391	306
Energy supply	4,944	128	9	7	4	9
Construction	1,415	1,913	317	4	106	160
Trade	3,858	10,953	503	21	446	393
Transport, accommodation and food service activities	5,850	241	280	10	9	226
Information and communication	5,606	71	50	12	3	43
Finance and insurance	41,768	220	59	13	7	42
Real estate	14,131	2,300	240	51	125	119
Other	11,934	1,112	220	52	53	120
<b>Total business customers</b>	<b>104,022</b>	<b>21,997</b>	<b>2,200</b>	<b>322</b>	<b>1,161</b>	<b>1,506</b>
Personal customers	23,826	1,817	567	147	127	271
<b>Total</b>	<b>128,313</b>	<b>23,815</b>	<b>2,767</b>	<b>469</b>	<b>1,289</b>	<b>1,777</b>

2022	Bank loans, advances and guarantees			Total impairment provisions		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Public sector	<b>916</b>	<b>73</b>	-	<b>3</b>	<b>23</b>	-
Agriculture, hunting, forestry and fishing	3,732	390	179	14	16	159
Manufacturing, mining and quarrying	9,989	4,864	479	29	256	277
Energy supply	357	5,025	7	3	87	7
Construction	1,030	1,449	230	4	172	177
Trade	11,196	2,091	586	57	109	452
Transport, accommodation and food service activities	6,401	430	160	13	18	137
Information and communication	4,814	88	80	11	6	69
Finance and insurance	44,184	629	66	19	16	48
Real estate	16,677	1,428	360	87	155	193
Other	12,458	633	265	66	43	162
<b>Total business customers</b>	<b>110,838</b>	<b>17,026</b>	<b>2,413</b>	<b>303</b>	<b>878</b>	<b>1,684</b>
Personal customers	22,604	2,513	498	149	203	228
<b>Total</b>	<b>134,357</b>	<b>19,612</b>	<b>2,911</b>	<b>455</b>	<b>1,105</b>	<b>1,912</b>

## NOTES

DKK million

Nykredit Bank A/S

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

## 18 a. Impairment charges for loans, advances and receivables etc

	Loans and advances at amortised cost	Loans and advances at amortised cost	Credit institutions and other	Credit institutions and other	Guarantees etc <sup>1</sup>	Guarantees etc <sup>1</sup>	Total	Total
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Total impairment provisions</b>								
<b>Beginning of year</b>	<b>2,972</b>	<b>2,619</b>	<b>3</b>	<b>9</b>	<b>340</b>	<b>331</b>	<b>3,315</b>	<b>2,959</b>
New impairment provisions as a result of additions and change in credit risk	1,430	1,452	0	0	179	215	1,609	1,667
Releases as a result of redemptions and change in credit risk	1,362	1,108	2	7	191	206	1,555	1,320
Impairment provisions written off	44	26	-	-	-	0	44	26
Interest on impaired facilities	53	35	-	-	-	0	53	35
<b>Total impairment provisions, year-end</b>	<b>3,049</b>	<b>2,972</b>	<b>1</b>	<b>3</b>	<b>328</b>	<b>340</b>	<b>3,379</b>	<b>3,315</b>
<b>Earnings impact</b>								
Change in impairment provisions for loans and advances (stages 1-3)	68	344	(2)	(7)	(12)	9	54	347
Write-offs for the year, not previously written down for impairment	8	83	-	-	-	-	8	83
Recoveries on claims previously written off	32	58	-	-	-	-	32	58
<b>Total</b>	<b>43</b>	<b>370</b>	<b>(2)</b>	<b>(7)</b>	<b>(12)</b>	<b>9</b>	<b>29</b>	<b>372</b>
Value adjustment of claims previously written off	23	(3)	-	-	-	-	23	(3)
<b>Total earnings impact</b>	<b>66</b>	<b>367</b>	<b>(2)</b>	<b>(7)</b>	<b>(12)</b>	<b>9</b>	<b>52</b>	<b>370</b>

<sup>1</sup> "Guarantees etc" comprises off-balance sheet items in the form of guarantees and other commitments, including loan commitments.

The contractual amount outstanding on financial assets written off during the year ended 31 December 2023 and still sought to be recovered is DKK 28 million (2022: DKK 80 million).

## NOTES

DKK million

Nykredit Bank A/S

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

## 18 b. Total impairment provisions by stage

2023	Loans, advances and receivables at amortised cost			Guarantees			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Total, 1 January 2023</b>	<b>363</b>	<b>910</b>	<b>1,702</b>	<b>75</b>	<b>190</b>	<b>75</b>	<b>3,315</b>
Transfer to stage 1	214	(195)	(19)	55	(54)	(1)	-
Transfer to stage 2	(61)	178	(117)	(10)	14	(4)	-
Transfer to stage 3	(3)	(113)	116	(1)	(6)	6	-
Impairment provisions for new loans and advances (additions)	93	227	90	19	43	9	480
Additions as a result of change in credit risk	134	496	390	8	84	17	1,129
Releases as a result of change in credit risk	348	403	612	80	86	26	1,555
Previously written down for impairment, now written off	-	-	44	-	-	-	44
Interest on impaired facilities	-	-	53	-	-	-	53
<b>Total impairment provisions</b>	<b>391</b>	<b>1,100</b>	<b>1,559</b>	<b>67</b>	<b>186</b>	<b>75</b>	<b>3,379</b>
<b>Total impairment provisions, year-end</b>		<b>3,051</b>			<b>328</b>		<b>3,379</b>
<b>Impairment provisions, year-end, are attributable to:</b>							
Credit institutions	1	-	-				1
<b>Earnings impact for 2023</b>	<b>(121)</b>	<b>320</b>	<b>(133)</b>	<b>(53)</b>	<b>41</b>	<b>(1)</b>	<b>54</b>

2022	Loans, advances and receivables at amortised cost			Guarantees			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
<b>Total, 1 January 2022</b>	<b>350</b>	<b>805</b>	<b>1,472</b>	<b>69</b>	<b>169</b>	<b>94</b>	<b>2,959</b>
Transfer to stage 1	366	(299)	(67)	68	(64)	(4)	-
Transfer to stage 2	(59)	162	(104)	(8)	13	(5)	-
Transfer to stage 3	(5)	(123)	128	(0)	(18)	19	-
Impairment provisions for new loans and advances (additions)	98	209	170	20	51	23	572
Additions as a result of change in credit risk	90	428	457	18	92	11	1,095
Releases as a result of change in credit risk	478	272	364	92	52	62	1,320
Previously written down for impairment, now written off	-	-	26	-	-	0	26
Interest on impaired facilities	-	-	35	-	-	-	35
<b>Total impairment provisions</b>	<b>363</b>	<b>910</b>	<b>1,702</b>	<b>75</b>	<b>190</b>	<b>75</b>	<b>3,315</b>
<b>Total impairment provisions, year-end</b>		<b>2,975</b>			<b>340</b>		<b>3,315</b>
<b>Impairment provisions, year-end, are attributable to:</b>							
Credit institutions	3	-	-				3
<b>Earnings impact for 2022</b>	<b>(290)</b>	<b>365</b>	<b>263</b>	<b>(53)</b>	<b>91</b>	<b>(28)</b>	<b>347</b>

## NOTES

DKK million

Nykredit Bank A/S

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

## 18 c. Distribution of provisions for loan impairment and guarantees etc, year-end

2023	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances at amortised cost excluding credit institutions etc, gross</b>				
Loans and advances at amortised cost etc, gross	104,904	20,379	2,153	127,437
Total impairment provisions, year-end	390	1,100	1,559	3,049
<b>Loans and advances, carrying amount</b>	<b>104,514</b>	<b>19,279</b>	<b>594</b>	<b>124,387</b>
<b>Guarantees and loan commitments</b>				
Guarantees etc	44,984	2,539	375	47,898
Total impairment provisions, year-end	67	186	75	328
<b>Guarantees and loan commitments, carrying amount</b>	<b>44,917</b>	<b>2,353</b>	<b>300</b>	<b>47,570</b>
2022	Stage 1	Stage 2	Stage 3	Total
<b>Loans and advances at amortised cost excluding credit institutions etc, gross</b>				
Loans and advances at amortised cost etc, gross	105,604	15,980	2,293	123,877
Total impairment provisions, year-end	360	910	1,702	2,972
<b>Loans and advances, carrying amount</b>	<b>105,243</b>	<b>15,071</b>	<b>591</b>	<b>120,905</b>
<b>Guarantees and loan commitments</b>				
Guarantees etc	45,837	2,744	375	48,957
Total impairment provisions, year-end	75	190	75	340
<b>Guarantees and loan commitments, carrying amount</b>	<b>45,762</b>	<b>2,554</b>	<b>300</b>	<b>48,616</b>

**NOTES**

DKK million

Nycredit Bank A/S

**18. IMPAIRMENT CHARGES FOR LOANS, ADVANCES AND RECEIVABLES ETC (PARENT) (CONTINUED)****18 d. Loans at amortised cost excluding credit institutions by stage, gross**

2023	Stage 1	Stage 2	Stage 3	Total
<b>Gross lending as at 1 January 2023</b>	<b>105,604</b>	<b>15,980</b>	<b>2,293</b>	<b>123,877</b>
Transfer to stage 1	6,562	(6,539)	(22)	-
Transfer to stage 2	(11,160)	11,285	(125)	-
Transfer to stage 3	(207)	(472)	679	-
Other movements <sup>1</sup>	4,105	126	(671)	3,560
<b>Total, 31 December 2023</b>	<b>104,904</b>	<b>20,379</b>	<b>2,153</b>	<b>127,437</b>
Impairment charges/provisions, total	390	1,100	1,559	3,049
<b>Carrying amount</b>	<b>104,514</b>	<b>19,279</b>	<b>594</b>	<b>124,387</b>
2022	Stage 1	Stage 2	Stage 3	Total
<b>Gross lending as at 1 January 2022</b>	<b>111,281</b>	<b>13,442</b>	<b>1,713</b>	<b>126,435</b>
Transfer to stage 1	7,954	(7,825)	(130)	-
Transfer to stage 2	(8,869)	8,995	(126)	-
Transfer to stage 3	(379)	(526)	905	-
Other movements <sup>1</sup>	(4,383)	1,894	(69)	(2,558)
<b>Total, 31 December 2022</b>	<b>105,604</b>	<b>15,980</b>	<b>2,293</b>	<b>123,877</b>
Impairment charges/provisions, total	360	910	1,702	2,972
<b>Carrying amount</b>	<b>105,243</b>	<b>15,071</b>	<b>591</b>	<b>120,905</b>

<sup>1</sup> "Other movements" consists of new loans and advances as well as loans and advances redeemed in the period.

## NOTES

DKK million

Nykredit Bank A/S

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

## 18 e. Guarantees and loan commitments, gross, by stage

2023	Stage 1	Stage 2	Stage 3	Total
<b>Gross guarantees as at 1 January 2023</b>	<b>45,837</b>	<b>2,744</b>	<b>375</b>	<b>48,957</b>
Transfer to stage 1	718	(711)	(7)	-
Transfer to stage 2	(692)	719	(27)	-
Transfer to stage 3	(59)	(29)	88	-
Other movements <sup>1</sup>	(819)	(184)	(55)	(1,058)
<b>Total, 31 December 2023</b>	<b>44,984</b>	<b>2,539</b>	<b>375</b>	<b>47,898</b>
Impairment charges/provisions, total	67	186	75	328
<b>Carrying amount</b>	<b>44,917</b>	<b>2,353</b>	<b>300</b>	<b>47,570</b>
<b>2022</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Gross guarantees as at 1 January 2022</b>	<b>51,476</b>	<b>2,505</b>	<b>391</b>	<b>54,371</b>
Transfer to stage 1	656	(648)	(8)	-
Transfer to stage 2	(956)	977	(21)	-
Transfer to stage 3	(50)	(45)	96	-
Other movements <sup>1</sup>	(5,289)	(44)	(82)	(5,415)
<b>Total, 31 December 2022</b>	<b>45,837</b>	<b>2,744</b>	<b>375</b>	<b>48,957</b>
Impairment charges/provisions, total	75	190	75	340
<b>Carrying amount</b>	<b>45,762</b>	<b>2,554</b>	<b>300</b>	<b>48,616</b>

<sup>1</sup> "Other movements" consists of new guarantees as well as guarantees redeemed in the period.

## NOTES

		DKK million	
Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>19. PROFIT FROM INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>			
7	6	6	7
507	540	-	-
<b>514</b>	<b>546</b>	<b>6</b>	<b>7</b>
<b>20. TAX</b>			
<b>Tax on profit for the year has been calculated as follows:</b>			
602	901	1,076	756
(8)	(1)	25	(4)
3	4	11	2
(3)	(1)	6	(5)
(24)	-	(0)	10
<b>569</b>	<b>903</b>	<b>1,116</b>	<b>758</b>
<b>Tax on profit for the year can be specified as follows:</b>			
716	925	971	771
(111)	-	-	-
<b>Tax effect of:</b>			
-	114	140	-
-	-	1	-
(125)	(141)	(15)	(22)
2	2	2	3
1	3	16	(3)
(24)	(0)	1	10
<b>569</b>	<b>903</b>	<b>1,116</b>	<b>758</b>
22.0	22.0	22.0	22.0
-	3.2	3.2	-
4.5	3.7	0.3	0.4
<b>17.5</b>	<b>21.5</b>	<b>24.9</b>	<b>21.6</b>

On 7 December 2023, the government of Denmark, where the ultimate Parent Forenet Kredit f.m.b.a. is incorporated, adopted the minimum taxation act effective from 1 January 2024. Under this legislation, Forenet Kredit f.m.b.a. will be required to pay, in Denmark, top-up tax on profits of its subsidiaries that are taxed at an effective tax rate of less than 15%. The Group has applied the transitional rules of Transitional CbCR Safe Harbour, and on this basis, the Group expects no impact from the rules.

## NOTES

DKK million

Nykredit Bank Group

## 21. CONTRACTUAL DUE DATES BY TIME-TO-MATURITY (GROUP)

## 2023

	On demand	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
<b>Assets</b>						
Receivables from credit institutions and central banks	998	11,596	-	-	-	12,594
Loans, advances and other receivables at amortised cost	42,069	61,337	5,216	16,744	2,974	128,340
Finance leases	-	559	1,200	4,073	490	6,324
Gross investments in finance leases	-	-	2,016	4,604	1,052	7,673
Bonds at fair value	-	759	15,057	24,095	9,528	49,439
Positive market value of derivative financial instruments etc	-	663	148	934	4,673	6,419
<b>Liabilities</b>						
Payables to credit institutions and central banks	7,713	12,135	4,245	17,878	2,989	44,960
Deposits and other payables	94,647	27,408	1,800	269	-	124,124
Bonds in issue at amortised cost	-	6,901	1,149	-	-	8,050
Other non-derivative financial liabilities	-	208	1,574	1,041	8,207	11,030
Negative market value of derivative financial instruments etc	-	2,451	207	1,209	4,303	8,171
The following lease payments (excluding finance leases) are recognised in "Other"	-	1	3	13	2	19
Contingent liabilities	-	-	9,258	5,927	7,835	23,020

## 2022

	On demand	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
<b>Assets</b>						
Receivables from credit institutions and central banks	900	7,954	-	-	-	8,855
Loans, advances and other receivables at amortised cost	36,768	55,861	13,688	15,658	2,730	124,705
Finance leases	-	582	1,242	3,807	380	6,011
Gross investments in finance leases	-	-	1,966	4,168	805	6,939
Bonds at fair value	-	554	17,507	29,487	10,161	57,709
Positive market value of derivative financial instruments etc	-	-	2,261	609	4,515	7,385
<b>Liabilities</b>						
Payables to credit institutions and central banks	9,507	16,815	2,251	16,509	5,577	50,660
Deposits and other payables	98,801	13,897	1,026	387	473	114,584
Bonds in issue at amortised cost	-	11,670	-	-	-	11,670
Other non-derivative financial liabilities	62	242	1,420	1,427	9,587	12,738
Negative market value of derivative financial instruments etc	-	-	2,671	1,840	5,492	10,003
The following lease payments (excluding finance leases) are recognised in "Other"	-	-	3	7	-	10
Contingent liabilities	-	-	14,906	4,020	9,778	28,704

Derivative financial instruments by time-to-maturity appear from note 45.

## NOTES

DKK million

Nykredit Bank A/S

## 22. CONTRACTUAL DUE DATES BY TIME-TO-MATURITY (PARENT)

2023	On demand	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
<b>Assets</b>						
Receivables from credit institutions and central banks	960	11,596	-	-	-	12,556
Loans, advances and other receivables at amortised cost	42,425	64,676	5,591	8,512	3,183	124,387
Bonds at fair value	-	759	15,057	23,242	9,528	48,586
Positive market value of derivative financial instruments etc	-	663	148	934	4,673	6,419
<b>Liabilities</b>						
Payables to credit institutions and central banks	7,713	12,135	4,245	17,878	2,989	44,960
Deposits and other payables	95,226	27,408	1,800	269	-	124,703
Bonds in issue at amortised cost	-	4,776	1,149	-	-	5,925
Other non-derivative financial liabilities	-	208	1,574	1,044	8,210	11,036
Negative market value of derivative financial instruments etc	-	2,451	207	1,209	4,303	8,171
Contingent liabilities	-	-	9,258	5,927	7,835	23,020
<b>2022</b>						
	On demand	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
<b>Assets</b>						
Receivables from credit institutions and central banks	713	7,955	-	-	-	8,668
Loans, advances and other receivables at amortised cost	37,245	58,486	14,097	8,062	3,015	120,905
Bonds at fair value	-	458	17,426	28,732	10,161	56,777
Positive market value of derivative financial instruments etc	-	-	2,261	609	4,515	7,385
<b>Liabilities</b>						
Payables to credit institutions and central banks	9,507	16,815	2,251	16,509	5,577	50,660
Deposits and other payables	99,345	25,028	1,026	387	473	126,259
Bonds in issue at amortised cost	-	9,545	-	-	-	9,545
Other non-derivative financial liabilities	62	242	1,420	1,430	9,584	12,738
Negative market value of derivative financial instruments etc	-	-	2,671	1,840	5,492	10,003
Contingent liabilities	-	-	14,906	4,020	9,777	28,703

## NOTES

		DKK million	
Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>23. CASH BALANCES AND DEMAND DEPOSITS WITH CENTRAL BANKS</b>			
951	1,070	Cash balances	1,070 951
29,667	26,612	Demand deposits with central banks	26,612 29,667
<b>30,619</b>	<b>27,682</b>	<b>Total</b>	<b>27,682 30,619</b>
<b>24. RECEIVABLES FROM CREDIT INSTITUTIONS AND CENTRAL BANKS</b>			
751	1,020	Receivables from credit institutions	1,058 938
821	27	Reverse repurchase lending to central banks	27 821
7,097	11,509	Reverse repurchase lending to credit institutions	11,509 7,097
<b>8,668</b>	<b>12,556</b>	<b>Total</b>	<b>12,594 8,855</b>

## NOTES

Nykredit Bank A/S				DKK million	
				Nykredit Bank Group	
2022	2023			2023	2022
<b>25. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST</b>					
85,907	93,472	Bank loans and advances		97,582	89,866
37,970	33,965	Reverse repurchase lending		33,965	37,970
<b>123,877</b>	<b>127,437</b>	<b>Balance, year-end</b>		<b>131,547</b>	<b>127,836</b>
<b>Adjustment for credit risk</b>					
(2,972)	(3,049)	Impairment provisions		(3,207)	(3,132)
<b>120,905</b>	<b>124,387</b>	<b>Balance after impairment, year-end</b>		<b>128,340</b>	<b>124,705</b>
<b>Fixed-rate loans</b>					
93	119	Of total loans and advances, fixed-rate loans represent		119	93
88	117	Market value of fixed-rate loans		117	88
<b>Finance leases</b>					
-	-	Of total loans and advances at amortised cost, finance leases represent		6,324	6,011
-	-	<b>Carrying amount, beginning of year</b>		<b>6,011</b>	<b>5,860</b>
-	-	Additions		2,592	2,611
-	-	Disposals etc		(2,279)	(2,461)
-	-	<b>Carrying amount, year-end</b>		<b>6,324</b>	<b>6,011</b>
-	-	Non-earned income		1,349	928
Where loans and advances under finance leases are concerned, amortised cost represents their fair value. The leases comprise equipment as well as real estate. The leases have been concluded on an arm's length basis. The term of the leases is up to 13 years.					
-	-	Impairment provisions for finance leases represent		71	87
Non-guaranteed residual values on expiry of the leases represent DKK 0.					

## NOTES

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>25. LOANS, ADVANCES AND OTHER RECEIVABLES AT AMORTISED COST (CONTINUED)</b>			
%	%	%	%
<b>Loans, advances and guarantee debtors by sector as %, year-end</b>			
1	0	0	1
<b>Public sector</b>			
<b>Business customers</b>			
2	2	3	3
Agriculture, hunting, forestry and fishing			
9	9	10	10
Manufacturing, mining and quarrying			
4	3	3	3
Energy supply			
1	2	2	2
Construction			
8	9	10	9
Trade			
4	3	4	4
Transport, accommodation and food service activities			
3	4	4	3
Information and communication			
33	32	28	29
Finance and insurance			
12	11	11	12
Real estate			
8	8	9	9
Other			
<b>85</b>	<b>84</b>	<b>83</b>	<b>83</b>
<b>Total business customers</b>			
15	16	17	16
Personal customers			
<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Total</b>			
The sector distribution is based on the official Danish activity codes.			
<b>26. BONDS AT FAIR VALUE</b>			
54,642	46,177	47,030	55,575
Covered bonds			
1,804	1,864	1,864	1,804
Government bonds			
330	545	545	330
Other bonds etc			
<b>56,777</b>	<b>48,586</b>	<b>49,439</b>	<b>57,709</b>
<b>Total</b>			
The effect of fair value adjustment is recognised in the income statement.			
704	362	365	805
Of which redeemed bonds			
14,664	12,028	12,028	14,664
Assets sold as part of genuine sale and repurchase transactions			
5,477	5,717	5,717	5,477
As collateral for the Danish central bank, Danmarks Nationalbank and foreign clearing centres etc, bonds at fair value have been deposited of a total market value of			
The deposits were made on an arm's length basis in connection with clearing and settlement of securities and foreign exchange trades. The deposits are adjusted on a daily basis and generally have a repayment term of very few value days.			

## NOTES

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>27. EQUITIES ETC</b>			
98	48	60	109
<b>98</b>	<b>48</b>	<b>60</b>	<b>109</b>
<b>Specification of equity portfolios</b>			
42	14	27	54
-	0	0	-
55	33	33	55
<b>98</b>	<b>48</b>	<b>60</b>	<b>109</b>
<b>28. INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES</b>			
<b>Investments in associates</b>			
6	9	9	6
3	3	3	3
<b>9</b>	<b>12</b>	<b>12</b>	<b>9</b>
7	6	6	7
8	7	7	8
7	6	6	7
<b>6</b>	<b>5</b>	<b>5</b>	<b>6</b>
<b>15</b>	<b>17</b>	<b>17</b>	<b>15</b>
<b>Investments in Group enterprises</b>			
866	895	-	-
29	2	-	-
<b>895</b>	<b>897</b>	<b>-</b>	<b>-</b>
2,070	1,824	-	-
753	640	-	-
680	730	-	-
173	190	-	-
<b>1,824</b>	<b>1,724</b>	<b>-</b>	<b>-</b>
<b>2,718</b>	<b>2,620</b>	<b>-</b>	<b>-</b>
<b>Subordinated receivables</b>			
116	313	313	116
<b>116</b>	<b>313</b>	<b>313</b>	<b>116</b>

Customer relationships relating to the investment in Sparinvest have been determined at DKK 170 million, which is amortised over 7 years. The value relates to the distribution network and administration and asset management activities.

## NOTES

Nykredit Bank A/S		DKK million	
		Nykredit Bank Group	
2022	2023	2023	2022
<b>28. INVESTMENTS IN ASSOCIATES AND GROUP ENTERPRISES (CONTINUED)</b>			
<b>Balances with associates and Group enterprises</b>			
<b>Group enterprises</b>			
<b>Asset items</b>			
5,174	5,588	-	-
4	-	-	-
<b>5,178</b>	<b>5,588</b>	<b>-</b>	<b>-</b>
<b>Liability items</b>			
545	608	-	-
7	-	-	-
<b>552</b>	<b>608</b>	<b>-</b>	<b>-</b>
<b>29. ASSETS IN POOLED SCHEMES</b>			
164	208	208	164
661	4,041	4,041	661
68	(77)	(77)	68
<b>893</b>	<b>4,173</b>	<b>4,173</b>	<b>893</b>
<b>30. INTANGIBLE ASSETS</b>			
<b>30 a. Customer relationships</b>			
-	-	170	170
-	-	170	170
-	-	80	56
-	-	24	24
-	-	104	80
-	-	66	90

## NOTES

Nykredit Bank A/S				DKK million	
				Nykredit Bank Group	
2022	2023			2023	2022
<b>30. INTANGIBLE ASSETS (CONTINUED)</b>					
<b>30 b. Goodwill</b>					
1,769	1,769	Cost, beginning of year		1,769	1,769
1,769	1,769	Cost, year-end		1,769	1,769
1,769	1,769	<b>Total goodwill, year-end</b>		<b>1,769</b>	<b>1,769</b>
14	14	Acquisition of Amber Fondsmæglerselskab A/S in 2011		14	14
1,755	1,755	Acquisition of Sparinvest Holdings SE in 2019		1,755	1,755
1,769	1,769	<b>Total goodwill, year-end</b>		<b>1,769</b>	<b>1,769</b>
<p>Acquisition of Amber Fondsmæglerselskab A/S in 2011: Goodwill was allocated to the business area Wholesale.</p> <p>Acquisition of Sparinvest Holdings SE in 2019: Goodwill was allocated to the business area Wealth Management. (Nykredit Group level) as the underlying cash flows are principally generated by this business area. Internal financial reporting is made at Nykredit Group level to the Management, which also monitors the value of goodwill.</p>					
<b>The impairment test is based on the following assumptions:</b>					
			2023	2022	
Acquired goodwill (Sparinvest)			1,755	1,755	
Required rate of return before tax, %			10.7	9.6	
Average annual business growth in the budget period, %			6	7	
Fixed annual business growth in the terminal period, %			2	2	
<p>If average annual growth in the budget period declines by 1.0 percentage point, this will not lead to impairment. Similarly, an increased return requirement of 1 percentage point will not lead to impairment.</p> <p>Goodwill is tested for impairment once a year and is measured at cost less accumulated impairment. If the impairment test indicates a value, which is lower than the carrying amount, goodwill will be written down to the recoverable amount. Goodwill has not been amortised, and an impairment test has provided no evidence of goodwill impairment</p> <p>The recoverable amount is calculated as the present value of the expected cash flows from the unit to which allocation of goodwill is made.</p> <p>Expected cash flows included in the impairment test are based on a 5-year budget period that reflects existing budgets and forecasts in the budget period as well as a subsequent terminal period where growth rates are kept at 2%. The development in the budget period is based on the development over the past few years and includes expected intake of new customers, increased volumes of existing customers and value increases of existing portfolios. Costs have been projected using an expected inflation rate. The effect thereof has been partly offset by synergies resulting from the acquisition. The discount rate applied is 10.7% in 2023 (8% after tax) compared with 9.6% in 2022 (7.5% after tax). The determination is based on an analysis of the equity market's return requirements for investment management and portfolio administration</p>					
<b>30 c. Software</b>					
-	-	Cost, beginning of year		70	58
-	-	Additions for the year		3	11
-	-	<b>Cost, year-end</b>		<b>73</b>	<b>70</b>
-	-	Amortisation, beginning of year		23	11
-	-	Amortisation for the year		13	12
-	-	<b>Amortisation, year-end</b>		<b>36</b>	<b>23</b>
-	-	<b>Total software, year-end</b>		<b>37</b>	<b>47</b>

## NOTES

Nykredit Bank A/S		DKK million	
		Nykredit Bank Group	
2022	2023	2023	2022
		<b>31. LAND AND PROPERTY</b>	
		<b>31 a. Equipment</b>	
-	-	<b>Cost, beginning of year</b>	<b>8 6</b>
-	-	Additions	0 2
-	-	<b>Cost, year-end</b>	<b>8 8</b>
-	-	<b>Depreciation and impairment, beginning of year</b>	<b>6 5</b>
-	-	Depreciation for the year	1 1
-	-	<b>Depreciation and impairment, year-end</b>	<b>6 6</b>
-	-	<b>Total equipment, year-end</b>	<b>2 2</b>
		Equipment is depreciated over 3-5 years and had an average residual depreciation period of 1 year at 31 December 2023 (end-2022: 1 year).	

## NOTES

	DKK million	
	Nykredit Bank Group	
	2023	2022
<b>31. LAND AND PROPERTY (CONTINUED)</b>		
<b>31 b. Leased property</b>		
<b>Cost, beginning of year</b>	21	21
Additions and disposals	1	(1)
<b>Cost, year-end</b>	<b>22</b>	<b>21</b>
<b>Depreciation and impairment, beginning of year</b>	<b>11</b>	<b>7</b>
Depreciation for the year	3	3
Disposals for the year	11	-
<b>Depreciation and impairment, year-end</b>	<b>3</b>	<b>11</b>
<b>Balance, year-end</b>	<b>19</b>	<b>10</b>

	2023		2022	
	Minimum lease pay- ments	Present value of mini- mum lease payments	Minimum lease pay- ments	Present value of mini- mum lease payments
0-1 year	3	3	4	4
1-5 years	13	13	7	7
5-10 years	2	2	-	-
<b>Total</b>	<b>19</b>	<b>19</b>	<b>11</b>	<b>11</b>

Leased assets concern properties from which Nykredit operates (owner-occupied properties). IFRS 16 was implemented in 2019, and additions for the year have mainly been calculated based on the present value of the remaining lease payments, excluding VAT and any services.

The discount rate is based on Nykredit's lending rate, which is determined on the basis of a swap rate with a term matching the remaining lease term plus a Nykredit-specific credit spread. The total interest rate ranges between 0.55% for ultra short-term contracts and 1.11% for long-term contracts. For leases which have been terminated, the determination is based on the period until the end of the lease term, while the remaining portfolio has an average remaining term of about 7 years based on an estimate of the period in which Nykredit expects to occupy the properties.

Liabilities were DKK 19 million at end-2023 (2022: DKK 10 million). Interest relating to lease liabilities was DKK 0.0 million (2022: DKK 0.2 million).

## NOTES

		DKK million	
Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>32. OTHER ASSETS</b>			
876	1,357	Interest and commission receivable	1,394 913
7,385	6,419	Positive market value of derivative financial instruments etc	6,419 7,385
3,656	4,151	Other	4,261 3,742
<b>11,917</b>	<b>11,927</b>	<b>Total</b>	<b>12,074 12,039</b>
<b>Minimum margin</b>			
Upon entering into and in connection with the following valuation of derivatives contracts, provisions are made in the form of a so-called minimum margin for liquidity risk, credit risk and return on capital. The minimum margin is amortised over the time-to-maturity of the derivatives.			
279	261	The unamortised minimum margin at the beginning of the year amounted to	261 279
(18)	(25)	Net change over the year	(25) (18)
<b>261</b>	<b>236</b>	<b>The unamortised minimum margin at year-end amounted to</b>	<b>236 261</b>
147	131	- of which recognised in FVA and CVA	131 147

## NOTES

Nykredit Bank A/S				DKK million	
				Nykredit Bank Group	
2022	2023			2023	2022
<b>33. PAYABLES TO CREDIT INSTITUTIONS AND CENTRAL BANKS</b>					
38,364	37,819	Payables to credit institutions		37,819	38,364
3,773	606	Payables to central banks		606	3,773
7,702	6,509	Repo transactions with credit institutions		6,509	7,702
821	27	Repo transactions with central banks		27	821
<b>50,660</b>	<b>44,960</b>	<b>Total</b>		<b>44,960</b>	<b>50,660</b>
Of total balances with banks, DKK 24 billion relates to a deposit from the Parent Nykredit Realkredit. The amount is used to meet the Danish FSA's minimum requirement for own funds and eligible liabilities (MREL requirement) of Nykredit Bank A/S at individual level.					
<b>34. DEPOSITS AND OTHER PAYABLES</b>					
99,345	93,264	On demand		92,685	98,801
5,396	18,672	Time deposits		18,672	5,396
3,230	2,977	Special deposits		2,977	3,230
6,266	5,618	Repo deposits		5,618	6,266
<b>114,236</b>	<b>120,530</b>	<b>Total</b>		<b>119,951</b>	<b>113,691</b>
<b>35. BONDS IN ISSUE AT AMORTISED COST</b>					
9,545	5,925	Bonds in issue		8,050	11,670
<b>9,545</b>	<b>5,925</b>	<b>Total</b>		<b>8,050</b>	<b>11,670</b>
<b>Issues</b>					
9,545	5,925	ECP issues		5,925	9,545
-	-	Other issues		2,125	2,125
<b>9,545</b>	<b>5,925</b>	<b>Total</b>		<b>8,050</b>	<b>11,670</b>



## NOTES

Nykredit Bank A/S		DKK million	
		Nykredit Bank Group	
2022	2023	2023	2022
<b>39. OTHER LIABILITIES</b>			
706	990	999	712
10,003	8,171	8,171	10,003
1,669	933	1,447	2,180
<b>12,378</b>	<b>10,093</b>	<b>10,617</b>	<b>12,895</b>
<b>40. PROVISIONS</b>			
<b>Provisions for losses under guarantees</b>			
<b>331</b>	<b>340</b>	<b>340</b>	<b>331</b>
215	179	179	215
206	191	191	206
<b>340</b>	<b>328</b>	<b>328</b>	<b>340</b>
<b>Other provisions</b>			
<b>138</b>	<b>180</b>	<b>180</b>	<b>147</b>
67	111	113	67
25	1	1	34
<b>180</b>	<b>290</b>	<b>291</b>	<b>180</b>
<b>Total provisions for losses under guarantees and other provisions</b>			
<b>469</b>	<b>520</b>	<b>520</b>	<b>478</b>
282	290	292	282
206	191	191	206
25	1	1	34
<b>520</b>	<b>618</b>	<b>620</b>	<b>520</b>

As a result of its operations, the Bank continuously enters into contracts where it is probable that the settlement of the liability will lead to an outflow of the Bank's financial resources, and where a reliable estimate may be made of the size of the liability.

The balance sheet items in the Financial Statements represent the Bank's best estimates of the expected costs relating to provisions.

The provisions concern contractual obligations relating to loans and advances and other banking activities, as well as provisions for restructuring costs.

It is estimated that the majority of provisions will be settled within 1-2 years.

## NOTES

Nykredit Bank A/S				DKK million	
				Nykredit Bank Group	
2022	2023			2023	2022
<b>41. OFF BALANCE SHEET ITEMS</b>					
Guarantees and warranties provided, irrevocable credit commitments and similar obligations not recognised in the balance sheets are presented below.					
28,703	23,020	Contingent liabilities		23,020	28,704
11,030	12,445	Other commitments		12,955	11,441
<b>39,734</b>	<b>35,465</b>	<b>Total</b>		<b>35,975</b>	<b>40,145</b>
<b>41 a. Contingent liabilities</b>					
13,163	9,443	Financial guarantees		9,443	13,163
7,216	6,701	Registration and refinancing guarantees		6,701	7,216
8,325	6,876	Other contingent liabilities		6,876	8,325
<b>28,703</b>	<b>23,020</b>	<b>Total</b>		<b>23,020</b>	<b>28,704</b>
Other contingent liabilities chiefly comprises purchase price and payment guarantees.					
<b>41 b. Other commitments</b>					
10,979	12,395	Irrevocable credit commitments		12,395	10,979
51	51	Other		561	462
<b>11,030</b>	<b>12,445</b>	<b>Total</b>		<b>12,955</b>	<b>11,441</b>
"Other" under "Other commitments" comprises obligations to and charges in favour of securities depositaries, investment commitments to private equity funds.					

Moreover, the Nykredit Bank Group had credit commitments of a term of less than 1 year totalling DKK 25 billion as at 31 December 2023.

# NOTES

Nykredit Bank Group

## 41. OFF-BALANCE SHEET ITEMS (CONTINUED)

### Other contingent liabilities

#### Legal proceedings

Owing to its operations, the Bank is involved in legal proceedings and litigation. The cases are subject to ongoing review, and necessary provisions are made based on an assessment of the risk of loss. Pending cases are not expected to have a significant effect on the Nykredit Bank Group's financial position.

#### BEC Financial Technologies (BEC)

BEC Financial Technologies (BEC) is an IT provider of Nykredit Bank. According to BEC's articles of association, Nykredit Bank may terminate its membership of BEC giving five years' notice to expire at the end of a financial year. Should the membership terminate otherwise for reasons related to Nykredit Bank, compensation will be payable to BEC as defined in BEC's articles of association. If a bank merges and ceases being an independent bank, the BEC membership terminates without notice but a transitional scheme may apply.

#### Guarantee and resolution schemes

Nykredit Bank A/S participates in the mandatory Danish deposit guarantee scheme. A new scheme was introduced in 2015, as the Danish Guarantee Fund took over the activities and assets of the Danish Guarantee Fund for Depositors and Investors on 1 June 2015. The purpose of the Danish Guarantee Fund is to provide cover for depositors and investors of failing institutions included in the Fund's scheme. The scheme includes both natural and legal persons, and deposits are covered by an amount equivalent to EUR 100,000 per depositor and EUR 20,000 per investor.

The Danish Resolution Fund, which is a finance scheme, was also established in 2015. The Danish Resolution Fund is funded by annual contributions from participating banks, mortgage lenders and investment companies and, as from 31 December 2024, the assets of the scheme must make up 1% of the sector's covered deposits. Participating institutions make annual contributions to cover any losses incurred by the Danish Resolution Fund in connection with the resolution of failing institutions.

#### Joint taxation

The Company is jointly taxed in Denmark with Forenet Kredit as the administration company. Pursuant to the Danish Corporation Tax Act, the Company is liable for income taxes etc payable by the jointly taxed companies and for any obligations to withhold tax at source on interest, royalties and dividends of these companies.

## 42. RELATED PARTY TRANSACTIONS AND BALANCES

The Parent Nykredit Realkredit, its parent as well as Group enterprises and associates are regarded as related parties. In addition, Nykredit Bank's Group enterprises and associates as stated in the Group structure are included as well as the Bank's Board of Directors, its Executive Board and related parties thereof.

No unusual related party transactions occurred in 2023 and 2022.

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

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

In 2023, Nykredit Bank A/S sold its subsidiary Svanemølleholmen Invest A/S (formerly Sparinvest Investment Solutions A/S) to Nykredit Realkredit A/S.

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

Framework agreement on the terms for financial transactions relating to loans and deposits in the securities and money market areas etc. Transactions in financial instruments are covered by master netting agreements involving an ongoing exchange of collateral in the form of cash and bonds.

#### Agreements between Totalkredit A/S and Nykredit Bank A/S

Nykredit Bank may transfer secured homeowner loans to Totalkredit A/S. In 2022 and 2023 Nykredit Bank transferred secured homeowner loans to Totalkredit A/S.

#### Agreements between Forenet Kredit and Group companies

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

## NOTES

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>42. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)</b>			
<b>42 A. TRANSACTIONS WITH THE PARENT, NYKREDIT REALKREDIT A/S, AND ITS GROUP ENTERPRISES AND ASSOCIATES</b>			
<b>Income statement</b>			
132	273	273	132
(3)	-	-	(3)
(35)	-	-	(35)
247	1,200	1,200	247
297	320	320	297
25	462	462	25
50	100	100	50
135	(13)	(13)	135
1,163	1,252	1,252	1,163
<b>Asset items</b>			
31	5,435	5,435	31
20,607	10,024	10,702	21,545
43	119	119	43
<b>Liability items</b>			
28,446	30,223	30,223	28,446
126	204	204	126
106	305	305	106
<b>42 b. Transactions with other Nykredit Bank Group enterprises</b>			
<b>Income statement</b>			
46	138	-	-
-	15	-	-
79	95	-	-
6	43	-	-
28	211	-	-
<b>Asset items</b>			
5,175	5,560	-	-
10	8	-	-
<b>Liability items</b>			
338	579	-	-
6	21	-	-

# NOTES

Nykredit Bank Group

## 43. FAIR VALUE DISCLOSURES

### Valuation principles

Financial instruments are measured at fair value or amortised cost in the balance sheet. The tables in notes 43 a. and 43 b. show the fair values of all instruments compared with the carrying amounts at which the instruments are recognised in the balance sheet.

### Financial instruments measured at fair value

The Group's fair value assets and liabilities are generally measured based on publicly listed prices or market terms in active markets on the balance sheet date. If an asset or liability measured at fair value has both a purchase and a sales price, the mean value is used as a basis for measurement. The measurement is the value at which a financial asset may be traded, or the amount at which a financial liability may be settled, between two independent and willing parties.

If the market for a financial asset or liability is illiquid, or if there are no publicly recognised prices, Nykredit determines the fair value using generally accepted valuation techniques. These techniques include corresponding recent transactions between independent parties, reference to other corresponding instruments and an analysis of discounted cash flows as well as option and other models based on observable market data.

Valuation techniques are generally applied to OTC derivatives and unlisted assets and liabilities.

Unlisted equities are measured at fair value using valuation methods according to which the fair value is estimated as the price of an asset traded between independent parties or based on the company's equity value, if the equity value is assumed equal to the fair value of the instrument.

### Financial instruments measured at amortised cost

In connection with the determination of the fair value of the financial instruments measured at amortised cost in the Financial Statements, the following methods and significant assumptions have been applied:

- For loans, advances and receivables as well as deposits and other payables measured at amortised cost, carrying a variable interest rate and entered into on standard credit terms, the carrying amounts are estimated to correspond to the fair values.
- The fair value of fixed-rate assets and financial liabilities measured at amortised cost has been determined using generally accepted valuation methods.
- The credit risk of fixed-rate financial assets (loans and advances) has been assessed in relation to other loans, advances and receivables.
- The fair value of assets and liabilities without a fixed term has been assumed to be the value disburseable at the balance sheet date.
- The fair value of bonds in issue is measured based on valuation techniques, taking into account comparable transactions and observable inputs such as yield curves, at which Nykredit might launch issues.

Note 43 a shows the fair value of the financial instruments measured at amortised cost and the instances where the fair value does not correspond to the carrying amount.

### Listed prices

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

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

### Observable inputs

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

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

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

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

Furthermore, Funding Valuation Adjustment (FVA) is used for the valuation of derivatives. FVA allows for Nykredit's future funding costs incurred by derivatives transactions where clients have not provided sufficient collateral. Nykredit has used a funding curve for this calculation, which is assessed on the basis of objective prices of Danish SIFI banks' traded bonds. This calculation is made on the basis of a discount curve method.

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Nykredit Bank Group

FVA may involve both a funding benefit and a funding cost, but for Nykredit, the net FVA adjustment in 2022 will be a funding benefit. Debit Valuation Adjustment (DVA) is now a sub-element of the FVA adjustment.

Net value adjustment due to CVA, DVA and FVA amounted to DKK -92 million at 31 December 2023 against DKK -45 million at end-2022.

Upon entering into derivatives contracts, further provisions are made in the form of a so-called minimum margin for liquidity and credit risk and return on capital etc. The minimum margin is amortised at the valuation of derivatives over their times-to-maturity. At 31 December 2023, the non-amortised minimum margin amounted to DKK 105 million against DKK 114 million at end-2022. With regard to liquidity and credit risk, DKK 131 million for end-2023 and DKK 147 million for 2022 have been included above in the net adjustment of FVA and CVA. Finally, in some instances further value adjustment based on management judgement is made if the models are not deemed to take into account all known risks, including eg legal risks.

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

### Unobservable inputs

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

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

Following value adjustment, the fair value came to DKK 275 million at 31 December 2023 (2022: DKK 201 million). Credit value adjustments came to DKK 263 million at 31 December 2023 (2022: DKK 357 million).

The interest rate risk on these interest rate swaps is hedged in all material respects. However, interest rate fluctuations may impact results to the extent that the market value must be adjusted due to increased counterparty credit risk. A 0.1 percentage point change in interest rate levels will impact the fair value by +/- DKK 16 million.

However, financial assets measured on the basis of unobservable inputs account for a very limited part of total financial assets at fair value. At 31 December 2023, the proportion was thus 0.47% compared with 0.3% at end-2022. The proportion of financial liabilities was 0.0% against 0.0% at end-2022.

Valuation, notably of instruments classified as unobservable inputs, is subject to some uncertainty. Of total assets and liabilities, DKK 0.3 billion (2022: DKK 0.2 billion) belonged to this category.

Assuming that an actual market price will deviate by +/-10% from the calculated fair value, the earnings impact will be DKK 28 million at 31 December 2023 (0.08% of equity at 31 December 2023). The earnings impact for 2022 was estimated at DKK 22 million (0.06% of equity at 31 December 2022).

The net asset thus has a relatively insignificant impact on results and equity. With respect to derivatives (DKK 0.3 billion), it should be noted that changes in market value owing to the development in interest rates will largely be offset by credit value adjustment, and the net effect for accounting purposes is therefore assumed to be very low.

### Transfers between categories

Transfers between the categories Listed prices, Observable inputs and Unobservable inputs are made when an instrument is classified differently on the balance sheet date than at the beginning of the financial year. The value transferred to another category corresponds to the fair value at the beginning of the year. With respect to interest rate swaps that have been fair value adjusted to DKK 0 due to credit risk adjustment, separate calculations are made at the end of each month.

In 2023 and 2022, transfers between the categories Observable inputs and Unobservable inputs mainly resulted from changes to the ratings (credit risk) of counterparties and primarily concerned interest rate swaps as regards financial instruments with positive market value.

Transfers between the categories Listed prices and Observable inputs mainly result from bonds that are reclassified either due to traded volume or the number of days between last transaction and the time of determination. In 2023 financial assets of DKK 0.1 billion (2022: DKK 4.3 billion) were transferred from Listed prices to Observable inputs and DKK 6.8 billion (2022: DKK 0.0 billion) from Observable inputs to Listed prices. Financial liabilities of DKK 1.5 billion (2022: DKK 0.5 billion) were transferred from Listed prices to Observable inputs and DKK 0.1 billion (2022: DKK 1.1 billion) from Observable inputs to Listed prices.

Redeemed bonds (usually comprised by Listed prices) are transferred to Observable inputs on the last day before the coupon date, as there is no access to official prices in active markets. At 31 December 2023, the amount was DKK 0.4 billion against DKK 0.7 billion at end-2022.

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

## NOTES

DKK million

Nykredit Bank Group

## 43. FAIR VALUE DISCLOSURES (CONTINUED)

## 43 a. Fair value disclosures of assets and liabilities recognised at amortised cost

2023	Carrying amount	Fair value	Balance	Fair value calculated on the basis of		
				Listed prices	Observable inputs	Unobservable inputs
<b>Assets</b>						
Loans, advances and other receivables at amortised cost	128,340	128,605	265	-	-	128,605
<b>Total</b>	<b>128,340</b>	<b>128,605</b>	<b>265</b>	<b>-</b>	<b>-</b>	<b>128,605</b>
<b>Liabilities</b>						
Bonds in issue at amortised cost	8,050	8,050	-	-	8,050	-
<b>Total</b>	<b>8,050</b>	<b>8,050</b>	<b>-</b>	<b>-</b>	<b>8,050</b>	<b>-</b>
Transfer from assets			265			
<b>Total balance</b>			<b>265</b>			
<b>2022</b>						
<b>Assets</b>						
Loans, advances and other receivables at amortised cost	124,705	124,941	237	-	-	124,941
<b>Total</b>	<b>124,705</b>	<b>124,941</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>124,941</b>
<b>Liabilities</b>						
Bonds in issue at amortised cost	11,670	11,670	-	-	11,670	-
<b>Total</b>	<b>11,670</b>	<b>11,670</b>	<b>-</b>	<b>-</b>	<b>11,670</b>	<b>-</b>
Transfer from assets			237			
<b>Total balance</b>			<b>237</b>			

## NOTES

DKK million

Nykredit Bank Group

## 43. FAIR VALUE DISCLOSURES (CONTINUED)

## 43 b. Fair value of assets and liabilities recognised at fair value (IFRS hierarchy)

31 December 2023

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
<b>Financial assets:</b>				
- bonds at fair value	8,770	40,669	-	49,439
- equities measured at fair value through profit or loss	53	-	8	60
- positive fair value of derivative financial instruments	155	5,990	275	6,419
- assets in pooled schemes	4,041	131	-	4,173
<b>Total</b>	<b>13,019</b>	<b>46,790</b>	<b>282</b>	<b>60,091</b>
<b>Percentage</b>	<b>21.7</b>	<b>77.9</b>	<b>0.5</b>	<b>100.0</b>
<b>Financial liabilities:</b>				
- deposits in pooled schemes	-	4,173	-	4,173
- other non-derivative financial liabilities at fair value	797	10,237	-	11,033
- negative fair value of derivative financial instruments	144	8,027	-	8,171
<b>Total</b>	<b>940</b>	<b>22,436</b>	<b>-</b>	<b>23,377</b>
<b>Percentage</b>	<b>4.0</b>	<b>96.0</b>	<b>-</b>	<b>100.0</b>
<b>Assets and liabilities measured on the basis of unobservable inputs</b>				
		Equities	Derivatives	Total
<b>Fair value, beginning of year, assets</b>		<b>15</b>	<b>201</b>	<b>215</b>
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement		(1)	167	166
Purchases for the year		0	-	0
Sales for the year		(6)	(15)	(21)
Transferred from Listed prices and Observable inputs <sup>1</sup>		-	48	48
Transferred to Listed prices and Observable inputs <sup>2</sup>		-	(126)	(126)
<b>Fair value, year-end, assets</b>		<b>8</b>	<b>275</b>	<b>282</b>

<sup>1</sup> Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.

<sup>2</sup> Transfers to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

## NOTES

DKK million

Nycredit Bank Group

## 43. FAIR VALUE DISCLOSURES (CONTINUED)

## 43 b. Fair value of assets and liabilities recognised at fair value (IFRS hierarchy)

31 December 2022

	Listed prices	Observable inputs	Unobservable inputs	Total fair value
<b>Financial assets:</b>				
- bonds at fair value	729	56,980	-	57,709
- equities measured at fair value through profit or loss	94	-	15	109
- positive fair value of derivative financial instruments	719	6,465	201	7,385
- assets in pooled schemes	661	232	-	893
<b>Total</b>	<b>2,203</b>	<b>63,677</b>	<b>215</b>	<b>66,096</b>
<b>Percentage</b>	<b>3.3</b>	<b>96.3</b>	<b>0.3</b>	<b>100.0</b>
<b>Financial liabilities:</b>				
- deposits in pooled schemes	-	893	-	893
- other non-derivative financial liabilities at fair value	4,156	8,582	-	12,738
- negative fair value of derivative financial instruments	722	9,281	-	10,003
<b>Total</b>	<b>4,878</b>	<b>18,756</b>	<b>-</b>	<b>23,634</b>
<b>Percentage</b>	<b>20.6</b>	<b>79.4</b>	<b>-</b>	<b>100.0</b>
<b>Assets and liabilities measured on the basis of unobservable inputs</b>				
		Equities	Derivatives	Total
<b>Fair value, beginning of year, assets</b>		<b>15</b>	<b>1,396</b>	<b>1,411</b>
Unrealised capital gains and losses recognised in "Value adjustments" in the income statement		1	(512)	(512)
Sales for the year		(1)	(171)	(172)
Transferred from Listed prices and Observable inputs <sup>1</sup>		-	39	39
Transferred to Listed prices and Observable inputs <sup>2</sup>		-	(551)	(551)
<b>Fair value, year-end, assets</b>		<b>15</b>	<b>201</b>	<b>215</b>

<sup>1</sup> Transfers from Observable inputs to Unobservable inputs consist of interest rate swaps individually adjusted for increased credit risk.<sup>2</sup> Transfers to Observable inputs from Unobservable inputs principally consist of interest rate swaps for which individual adjustment for increased credit risk is no longer required.

## NOTES

DKK million

Nycredit Bank Group

## 44. OFFSETTING

	Gross amounts	Financial instruments offset	Carrying amount after off-setting	Further offsetting, master netting agreements	Collateral	Net amounts
<b>2023</b>						
<b>Financial assets</b>						
Derivatives with a positive fair value	43,891	37,472	6,419	3,509	599	2,311
Reverse repo transactions	48,070	2,569	45,501	-	45,272	229
<b>Total</b>	<b>91,961</b>	<b>40,041</b>	<b>51,920</b>	<b>3,509</b>	<b>45,871</b>	<b>2,540</b>
<b>Financial liabilities</b>						
Derivatives with a negative fair value	45,642	37,472	8,171	3,509	534	4,128
Repo transactions	14,722	2,569	12,153	-	11,995	158
<b>Total</b>	<b>60,364</b>	<b>40,041</b>	<b>20,324</b>	<b>3,509</b>	<b>12,529</b>	<b>4,286</b>
<b>2022</b>						
<b>Financial assets</b>						
Derivatives with a positive fair value	51,305	43,920	7,385	3,184	823	3,378
Reverse repo transactions	50,601	4,714	45,887	-	45,304	583
<b>Total</b>	<b>101,906</b>	<b>48,634</b>	<b>53,272</b>	<b>3,184</b>	<b>46,127</b>	<b>3,961</b>
<b>Financial liabilities</b>						
Derivatives with a negative fair value	53,923	43,920	10,003	3,184	564	6,255
Repo transactions	19,502	4,714	14,788	-	14,644	144
<b>Total</b>	<b>73,425</b>	<b>48,634</b>	<b>24,791</b>	<b>3,184</b>	<b>15,208</b>	<b>6,399</b>

Financial assets and liabilities are offset and the net amount reported when the Group and the counterparty have a legally enforceable right of set-off and have agreed to settle on a net basis or to realise the asset and settle the liability.

Positive and negative fair values of derivative financial instruments with the same counterparty are offset if it has been agreed to settle contractual payments on a net basis when cash payments are made or collateral is provided on a daily basis in case of fair value changes. The Group's netting of positive and negative fair values of derivative financial instruments may be cleared through LCH (CCP clearing).

Furthermore, netting is carried out in accordance with enforceable master netting agreements. Master netting agreements and similar agreements entitle parties to offset in the event of default, which further reduces the exposure to a defaulting counterparty but does not meet the conditions for accounting offsetting in the balance sheet.

## NOTES

DKK million

Nycredit Bank Group

## 45. DERIVATIVE FINANCIAL INSTRUMENTS

By time-to-maturity	Net market value				Gross market value			Nominal value
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Positive market value	Negative market value	Net market value	
<b>2023</b>								
<b>Foreign exchange contracts</b>								
Forward contracts/futures, purchased	(371)	6	3	-	423	785	(362)	71,967
Forward contracts/futures, sold	328	9	(3)	-	813	478	335	72,144
Swaps	-	1	2	-	3	1	3	226
Options, purchased	0	0	-	-	0	-	0	92
Options, written	(0)	(0)	-	-	0	0	(0)	92
<b>Interest rate contracts</b>								
Forward contracts/futures, purchased	145	-	-	-	151	7	145	17,742
Forward contracts/futures, sold	(134)	-	-	-	3	137	(134)	6,890
Forward rate agreements, purchased	(1)	-	-	-	-	1	(1)	2,000
Forward rate agreements, sold	-	-	-	-	(0)	-	-	-
Swaps	(1,755)	(79)	(286)	188	4,441	6,374	(1,933)	1,075,266
Options, purchased	0	4	142	422	568	-	568	16,688
Options, written	(0)	(0)	(133)	(245)	-	378	(378)	11,697
<b>Equity contracts</b>								
Forward contracts/futures, purchased	0	-	-	-	0	-	0	0
<b>Total</b>	<b>(1,788)</b>	<b>(59)</b>	<b>(275)</b>	<b>365</b>	<b>6,404</b>	<b>8,161</b>	<b>(1,757)</b>	
Of which positive market value	679	148	934	4,658				
Of which negative market value	2,461	207	1,209	4,293				

## NOTES

DKK million

Nykredit Bank Group

## 45. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

By time-to-maturity	Net market value				Gross market value		Net market value	Nominal value
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Positive market value	Negative market value		
<b>2022</b>								
<b>Foreign exchange contracts</b>								
Forward contracts/futures, purchased	(487)	(130)	(0)	-	494	1,111	(617)	83,022
Forward contracts/futures, sold	170	129	3	-	886	585	301	73,982
Swaps	0	0	3	1	57	53	4	1,682
Options, purchased	0	1	-	-	1	-	1	30
Options, written	(0)	(1)	-	-	-	1	(1)	30
<b>Interest rate contracts</b>								
Forward contracts/futures, purchased	(692)	-	-	-	18	710	(692)	16,232
Forward contracts/futures, sold	688	-	-	-	701	12	688	6,516
Forward rate agreements, sold	-	-	-	-	(0)	-	-	-
Swaps	(51)	(20)	(1,267)	(1,286)	4,272	6,896	(2,623)	894,092
Options, purchased	(12)	1	243	687	943	24	919	18,157
Options, written	(1)	(4)	(214)	(378)	-	596	(596)	11,791
<b>Equity contracts</b>								
Forward contracts/futures, purchased	0	-	-	-	0	-	0	0
Forward contracts/futures, sold	0	-	-	-	0	-	0	0
<b>Credit contracts</b>								
Credit default swaps, purchased	-	-	(0)	-	-	0	(0)	37
Credit default swaps, sold	-	-	0	-	0	-	0	37
<b>Total</b>	<b>(384)</b>	<b>(24)</b>	<b>(1,232)</b>	<b>(976)</b>	<b>7,372</b>	<b>9,987</b>	<b>(2,615)</b>	
Of which positive market value	1,937	324	609	4,515				
Of which negative market value	2,324	348	1,840	5,492				

## NOTES

DKK million

## 46. UNSETTLED SPOT TRANSACTIONS

## Nykredit Bank Group

	2023				2022
	Market value				
	Nominal value	Positive	Negative	Net market value	Net market value
Foreign exchange contracts, purchased	2,563	6	3	3	(2)
Foreign exchange contracts, sold	1,450	3	1	2	2
Interest rate contracts, purchased	1,931	1	4	(4)	(14)
Interest rate contracts, sold	2,858	5	1	4	11
Equity contracts, purchased	320	1	1	0	-
Equity contracts, sold	350	1	1	0	-
<b>Total</b>	<b>9,472</b>	<b>15</b>	<b>10</b>	<b>6</b>	<b>(3)</b>
<b>Total, the year before</b>	<b>16,579</b>	<b>25</b>	<b>28</b>	<b>(3)</b>	<b>(2)</b>

## Nykredit Bank A/S

	2023				2022
	Market value				
	Nominal value	Positive	Negative	Net market value	Net market value
Foreign exchange contracts, purchased	2,563	6	3	3	(2)
Foreign exchange contracts, sold	1,450	3	1	2	2
Interest rate contracts, purchased	1,931	1	4	(4)	(14)
Interest rate contracts, sold	2,858	5	1	4	11
Equity contracts, purchased	320	1	1	0	-
Equity contracts, sold	350	1	1	0	-
<b>Total</b>	<b>9,472</b>	<b>15</b>	<b>10</b>	<b>6</b>	<b>(3)</b>
<b>Total, the year before</b>	<b>16,579</b>	<b>25</b>	<b>28</b>	<b>(3)</b>	<b>(2)</b>

The Bank's activities take place exclusively through an exchange of listed bonds on an arm's length basis.

Nykredit Bank offsets financial assets and liabilities in connection with derivative contracts entered into with the same counterparty, where there is a right of set-off and netting of payments has been agreed.

## NOTES

DKK million

Nykredit Bank A/S			Nykredit Bank Group	
2022	2023		2023	2022
<b>47. REPO TRANSACTIONS AND REVERSE REPURCHASE LENDING</b>				
<p>Nykredit Bank applies repo transactions and reverse repurchase lending in its day-to-day business operations. All transactions were entered into using bonds as the underlying asset</p> <p>Nykredit Bank offsets financial assets and liabilities in connection with derivative contracts entered into with the same counterparty, where there is a right of set-off and netting of payments has been agreed.</p> <p><b>Of the asset items below, reverse repurchase lending represents:</b></p>				
7,917	11,536	Receivables from credit institutions and central banks, carrying amount	11,536	7,917
7,585	11,460	Bonds received as collateral but not offset against the balance	11,460	7,585
<b>332</b>	<b>77</b>	<b>Total less collateral</b>	<b>77</b>	<b>332</b>
42,683	36,534	Loans, advances and other receivables, gross	36,534	42,683
4,714	2,569	Set-off against "Deposits and other payables"	2,569	4,714
<b>37,970</b>	<b>33,965</b>	<b>Carrying amount after set-off</b>	<b>33,965</b>	<b>37,970</b>
37,435	33,813	Bonds received as collateral but not offset against the balance	33,813	37,435
<b>535</b>	<b>152</b>	<b>Total less collateral</b>	<b>152</b>	<b>535</b>
<p><b>Of the liability items below, repo transactions represent:</b></p>				
7,702	6,509	Payables to credit institutions and central banks, carrying amount	6,509	7,702
8,495	6,442	Bonds provided as collateral	6,442	8,495
10,979	8,186	Deposits and other payables, gross	8,186	10,979
4,714	2,569	Set-off against "Loans, advances and other receivables"	2,569	4,714
<b>6,266</b>	<b>5,618</b>	<b>Carrying amount after set-off</b>	<b>5,618</b>	<b>6,266</b>
6,150	5,554	Bonds provided as collateral	5,554	6,150

The Bank's activities take place exclusively through an exchange of listed bonds on an arm's length basis.

Nykredit Bank offsets financial assets and liabilities in connection with derivative contracts entered into with the same counterparty, where there is a right of set-off and netting of payments has been agreed.

# NOTES

Nykredit Bank Group

## 48. RISK MANAGEMENT

### Risk profile

Nykredit's risk profile mainly relates to loans and credit facilities provided to personal and business customers. The business activities and the management of the investment portfolio involve credit, market, liquidity and operational risks, including IT and compliance risks.

Credit, market and operational risks are mitigated by having adequate capital. Liquidity risk is mitigated by having a sufficient stock of liquid assets.

Nykredit publishes a report annually entitled Risk and Capital Management, available at [nykredit.com/riskandcapitalmanagement](https://nykredit.com/riskandcapitalmanagement). It describes the Group's risk and capital management in detail and contains a wide selection of risk key figures in accordance with the disclosure requirements of the Capital Requirements Regulation (CRR). The report is not audited.

### Credit risk

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

Credit risk is managed in accordance with the credit policy. The credit policy is reviewed and adopted by the Board of Directors and is based on the Nykredit Group's strategy and the aim that customers should perceive Nykredit as a reliable and qualified financial partner.

All credit applications are assessed against the credit policy by financially trained, and qualified staff. Specifically, they assess the willingness and ability of customers to meet their obligations to Nykredit. The assessment of a customer's creditworthiness is the core element, supported by any security provided, including mortgages on real estate.

Nykredit's customer centres have been authorised to process most credit applications independently, as it is Nykredit's aim that most credit decisions should be made locally by a financially trained, qualified customer adviser. The authority comes with a requirement of credit policy and business procedure certification every three years, in addition to the statutory certification.

Nykredit has five regional credit units that process business customers' credit applications that exceed the authority assigned to the customer centres. 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 Bank Executive Board or the Board of Directors.

The Board of Directors of Nykredit Bank is presented with Nykredit's largest credit applications for approval/granting or briefing on a current basis. The Board of Directors of Nykredit Bank is briefed quarterly about any write-offs and impairment charges and annually about any exposures to members of the Board of Directors, the Executive Board etc.

When a customer applies for a bank facility, the customer and its financial circumstances are assessed. Overall guidelines on customer assessment have been laid down centrally and depend, for example, on the customer's relationship with the Bank's business areas. Nykredit's credit models form a material part of the assessment of personal and business customers.

At least once a year, the Bank's exposures exceeding DKK 1 million are reviewed. This forms part of the monitoring of credit exposures and is based on updated financial and customer information. In addition, all exposures showing signs of risk are reviewed, including minor exposures, to identify any need for changing a rating or for impairment provisions.

When opening credit lines for financial products, the Bank requires that a contractual basis be established providing it with a netting option. The contractual framework is based on standards such as ISDA or GMRA agreements. In addition to a netting agreement, an agreement on financial collateral is typically concluded. Generally, no set-off has been made for collateral security or netting agreements in the Financial Statements. Set-off has been made, however, for repo transactions/reverse repurchase lending with a few counterparties and for the market values of derivatives cleared through a central clearing house.

### Credit models

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

### Modelling principles

According to the CRR, PDs must be estimated on the basis of historical 1-year PDs 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 risk exposure amount (REA) remains more stable throughout an economic cycle than if the calculations had exclusively reflected the current economic climate.

### 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.

## NOTES

Nykredit Bank Group

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. The individual rating categories have been defined based on fixed PD ranges, which means that, in periods of high business activity, a high rating will be assigned to relatively more customers, while the opposite will apply during an economic downturn.

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.

Manual correction of a customer's rating is possible if, due to objective data not already factored into the model, the calculated rating is not deemed to reflect the customer's real probability of default. Manual correction of the calculated rating is referred to as override.

### Loss Given Default (LGD)

For each customer product, Nykredit calculates an LGD, reflecting the percentage share of the exposure which is expected to be lost in case of customer default.

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.

### 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 (CF).

### Model validation and reliability

Nykredit continuously develops and improves its credit risk models, including internal models for calculation of impairment under IFRS 9. Focus is on achieving models that are accurate and yield consistent and stable parameters.

The Group Risk Committee monitors and manages Nykredit's model risks. The Group Risk Committee has established domain-specific model committees, which are in charge of the current management and monitoring 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 Executive Board and the Board of Directors.

### Concentration risk

Assessing the Bank's concentration risk is a natural element of risk management.

Pursuant to the CRR, individual exposures may not exceed 25% of eligible capital. The Bank had no exposures exceeding this limit in 2023.

Nykredit Bank's internal limit for single exposures to a non-financial counterparty is DKK 3 billion. The Board of Directors may, however, approve temporary exposures of up to DKK 5 billion for two years.

The Bank's largest single exposure to a non-financial counterparty was DKK 3.2 billion at end-2023. The temporary exposure was approved by the Board of Directors.

### Elements of credit risk determination

PD	Probability of Default (PD) is the probability of a customer defaulting on an obligation to Nykredit.
LGD	Loss Given Default (LGD) is the estimated loss rate of an exposure in case of a 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 calculated by risk-weighting credit exposures relating to the individual customer. The risk weighting is calculated on the basis of PD and LGD.
Default	For both mortgage and bank exposures, a number of events have been defined that make it unlikely that a customer will be able to pay its credit obligations without realisation of collateral. The main ones are: events leading to IFRS 9 stage 3, bankruptcy, distressed restructuring and significant arrears/overdrafts (90 days past due).

### Rating scale and limit values

Rating category	PD floor	PD ceiling
10	0.00%	0.15%
9	0.15%	0.25%
8	0.25%	0.40%
7	0.40%	0.60%
6	0.60%	0.90%
5	0.90%	1.30%
4	1.30%	2.00%
3	2.00%	3.00%
2	3.00%	7.00%
1	7.00%	25.00%
0	25.00%	<100.00%
Exposures in default	100.00%	100.00%

## NOTES

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At end-2023, the Bank's 20 largest exposures to non-financial counterparties totalled DKK 37.6 billion, equivalent to 108% of eligible capital. In 2022 the Bank's 20 largest exposures to non-financial counterparties amounted to DKK 36.5 billion, equivalent to 116% of eligible capital.

Nykredit Bank has allocated capital under Pillar II to cover any potential concentration risk in addition to the regulatory capital requirement under Pillar I.

#### Risk exposure amount for credit risk

Nykredit Bank's REA for credit risk decreased from DKK 99.4 billion in 2022 to DKK 94.3 billion in 2023.

Nykredit Bank Group		
REA for credit risk excluding counterparty risk (CCR)		
DKK million	2023	2022
Standardised approach	9,386	9,299
IRB approach	69,253	70,222
Equities	92	110
Other <sup>1</sup>	15,606	19,801
<b>Total credit risk excluding CCR</b>	<b>94,337</b>	<b>99,432</b>

<sup>1</sup> Including capital held for upcoming regulatory requirements applying to IRB models.

REA for credit risk is mainly calculated using the IRB approach. REA calculated using the IRB approach primarily comprises exposures to business and personal customers. REA calculated using the standardised approach primarily comprises credit institution and sovereign exposures.

#### Total provisions

Total provisions increased to DKK 3,536 million in 2023 (end-2022: DKK 3,475 million).

Provisions for guarantees and loan commitments amounted to DKK 328 million (end-2022: DKK 340 million).

Relative to total loans, advances and guarantees, provisions amounted to 2.3% (end-2022: 2.2%).

#### Earnings impact

Impairment charges for loans and advances amounted to DKK 62 million in 2023 (2022: DKK 396 million). Of this amount, loan impairments etc represented DKK 98 million (2022: DKK 457 million), and recoveries on loans and advances previously written off represented DKK 36 million (2022: DKK 61 million).

DKK million

Nykredit Bank Group		
Provisions for loan impairment and guarantees	31.12.2023	31.12.2022
Impairment provisions, beginning of year	3,135	2,764
Impairment provisions and reversals	73	371
<b>Impairment provisions, year-end</b>	<b>3,208</b>	<b>3,135</b>
- of which impairment provisions for loans and advances etc	3,207	3,132
- of which impairment provisions for loans and advances to banks	1	3
<b>Provisions for guarantees and loan commitments</b>		
Provisions, beginning of year	340	331
Provisions, year-end	328	340
<b>Total provisions</b>	<b>3,536</b>	<b>3,475</b>
<b>Earnings impact</b>		
New impairment provisions and write-offs for the year, net	110	448
Recoveries on loans and advances previously written off	36	61
<b>Total</b>	<b>74</b>	<b>387</b>
Provisions for guarantees and loan commitments	-12	9
<b>Total earnings impact</b>	<b>62</b>	<b>396</b>

Impairment charges for loans and advances are mainly attributable to:

DKK million

Nykredit Bank Group		
Total provisions for bank loan impairment	31.12.2023	31.12.2022
Individual impairment provisions (stage 3)	1,776	1,873
Model-based impairment provisions (stages 1, 2 and 3)	1,431	1,259
- of the above attributable to geopolitical tensions	818	804 <sup>1</sup>
<b>Total provisions for bank loan impairment</b>	<b>3,207</b>	<b>3,132</b>

<sup>1</sup>Macroeconomic uncertainty and covid-19

#### Post-model adjustments

Corrections and changes to assumptions in the impairment models are based on management judgement. In 2023, such post-model adjustments totalled DKK 650 million. The underlying reasons, for example changes in agricultural output prices due to changed economic trends and/or changed export potential as well as financial and legal conditions in the real estate sector, may generally affect credit risk beyond the outcome derived on the basis of model-based impairments.

Local geographical conditions, internal process risk and ongoing monitoring of the loan portfolio may also reflect conditions which macroeconomic projections cannot capture. The estimates are adjusted and evaluated on a regular basis, and it is decided on an individual basis whether to phase out or incorporate an estimate into the models, if necessary. The chart outlines the postmodel adjustments made.

## NOTES

Nykredit Bank Group

	DKK million	
Nykredit Bank Group	31.12.2023	31.12.2022
Specific macroeconomic risks and process-related circumstances		
Agriculture	19	5
Covid-19	-	150
Geopolitical tensions	116	127
Concentration risks in loan portfolios	97	125
<b>Total macroeconomic risks</b>	<b>232</b>	<b>407</b>
Process-related	57	2
Model changes	-	43
ESG	72	50
Haircuts	33	47
Other (outcomes of controlling, haircuts etc)	256	221
<b>Total process-related circumstances</b>	<b>418</b>	<b>363</b>
<b>Total post-model adjustments</b>	<b>650</b>	<b>770</b>

customers would increase by DKK 1,230 million. If the weighting of the improved scenario was 100%, total impairment provisions of such customers would be reduced by DKK 539 million. These sensitivities form part of the sensitivities mentioned above.

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

### Expectations for macroeconomic models

Nykredit Bank's impairment models are based on forward-looking macroeconomic scenarios. The scenarios should reflect uncertainties relating to the economy as well as both improved and deteriorating outlooks. In 2023, the scenarios were updated to reflect the current and expected economic environment, including the geopolitical turmoil and other derived market conditions.

The base scenario should reflect the economic environment. The base scenario carries a 60% weighting. The scenario implies expected GDP growth of 1.0% and house price decreases of 1.8% in 2023. At end-2022, the main scenario implied expected GDP growth of 0.2% and house price decreases of 5.6% in 2023.

The adverse scenario was included in the models with a weighting of 35%. This scenario implies an expected GDP decline of 0.9% and house price decreases of 2.9% in 2023.

The improved scenario carries a 5% weighting and is based on the macroeconomic conditions observed at the date of this Annual Report. This scenario uses realised levels of interest rates, GDP, house prices and unemployment. Based on this weighting, impairment provisions totalled DKK 3,536 million as at 31 December 2023 (end-2022: DKK 3,475 million). If the main scenario carried a 100% weighting, total impairment provisions would decrease by DKK 52 million. Compared with the main scenario, total impairment provisions would rise by DKK 1,337 million if the adverse scenario carried a 100% weighting. The change reflects a transfer of exposures from stage 1 to stage 2 (strong) and stage 2 (weak), resulting in increased expected credit losses. If the weighting of the improved scenario was 100%, total impairment provisions would decrease by DKK 663 million.

A significant part of the sensitivities to macroeconomic scenarios is related to the assessment of exposed sectors. Focus is currently on customers in manufacturing, construction, rental, trade as well as accommodation and food service. If the adverse scenario carried a 100% weighting, the impairment level of such

## NOTES

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Nykredit Bank Group

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### Counterparty risk

Nykredit applies financial instruments, such as interest rate derivatives and repurchase agreements (repo transactions), for serving customers. Liquidity and market risks are also managed internally by Nykredit using financial instruments.

The market value of a derivative changes according to the underlying market parameters, such as interest rates and exchange rates. This may lead to market values in favour of either Nykredit or its counterparties.

In some cases, a counterparty is unable or unwilling to meet its payment obligations (default). This is known as counterparty risk. The counterparty risk exposure is affected by the market value of the financial instruments and the probability of customer default. Thus, counterparty risk involves both market and credit risk.

Nykredit mitigates its counterparty risk through financial netting agreements as well as agreements on financial collateral. The contractual framework is based on market standards such as ISDA or GMRA agreements. Nykredit uses central counterparties (CCPs) for professional derivatives clearing. Swaps and repo transactions are cleared.

The calculated value adjustment of derivatives (CVA etc) is recognised in the Financial Statements. The value adjustment is affected by several factors, including the level of long-term interest rates, credit spreads, funding spreads, the maturities of the contracts as well as customers' creditworthiness.

REA for counterparty risk after netting and collateral was DKK 8.3 billion at end-2023. REA derives from exposures to derivatives and repo transactions. Most derivatives are cleared through a central counterparty (CCP), and counterparty risk relating to derivatives is therefore reduced considerably.

### Value adjustment of derivatives

Nykredit makes fair value adjustments of derivatives, including credit valuation adjustments (CVA) and funding valuation adjustments (FVA), in accordance with the International Financial Reporting Standards (IFRS). This includes individual value adjustments of customers showing objective evidence of credit impairment, CVA based on customers' current credit quality as well as management judgement.

The Danish FSA has encouraged the adoption of a prudent approach to the assessment of customers with swap contracts. This means that swap contracts with customers showing objective evidence of credit impairment (exposures in default) are value adjusted in full, whether or not these customers still make timely payments to Nykredit.

### Market risk

Nykredit Bank assumes various market risks through its business activities. Market risk is the risk of loss as a result of movements in financial markets and includes interest rate, yield spread, foreign exchange, equity price and volatility risks.

Market risk in Nykredit Bank consists of positions in the trading books and the banking books, depending on the purpose of the relevant position. Portfolios with positions held for trading are placed in the trading book and mainly consist of covered bonds. Positions forming part of Nykredit Bank's lending business are placed in the banking book.

Market risk is further divided into general market risk, which means risk that affects the financial markets in general, and specific risk, which is the risk related to one individual issuer of securities. This distinction is applied in the day-to-day risk management as well as in the determination of risk exposures involving market risk used for the capital adequacy purposes.

Market risk mainly arises in connection with securities trading for customers in Nykredit Markets as well as swap and money market transactions. The Bank also assumes market risk in connection with placement of its own portfolio. This mainly involves interest rate risk and yield spread risk. Market risks in the Bank's subsidiaries are either negligible or hedged with the Bank as counterparty.

Nykredit Bank's market risk is determined for two purposes:

- Day-to-day management of all positions involving market risk
- Determination of REA for market risk for use in the determination of capital adequacy.

Market risk is generally managed based on the Board's market risk policy and the accompanying guidelines, which include specific limits to the different types of risk in the trading book as well as the banking book.

The main principle of the policy is that the probability of losses from market risk exposures exceeding Nykredit's expected quarterly results must be low. This is monitored daily, for instance by measuring budgeted quarterly results against the estimated losses of a number of stress scenarios that may, with some probability, occur in the trading book as well as the banking book.

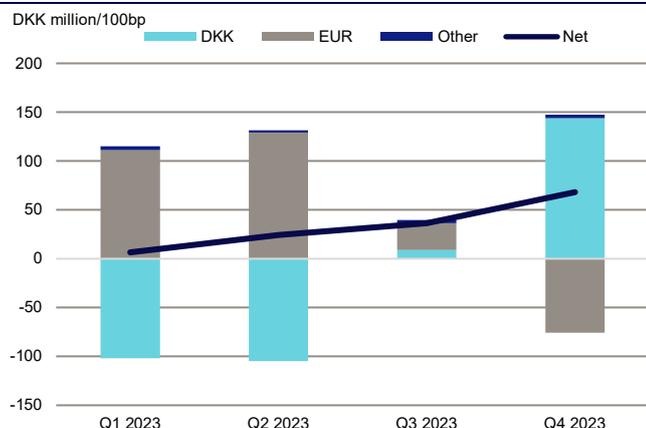
In addition to the market risk policy, Nykredit's Board of Directors has laid down guidelines for market risk in the trading and banking books, respectively, which are used in day-to-day market risk management. In accordance with these guidelines, the Executive Board delegates specific risk limits for the different types of market risk to the Group companies through the Asset/Liability Committee .

Compliance with the risk limits set out in the guidelines is monitored daily and independently of the acting entities of the Group. Any breaches are reported to the Asset/Liability Committee, the Board of Directors of Nykredit Bank or other levels of management depending on the nature of such breach.

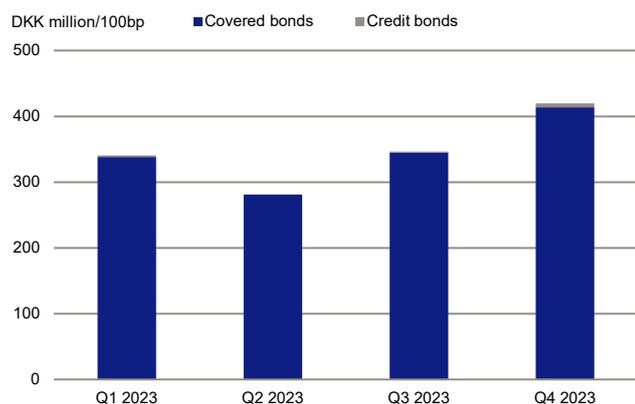
# NOTES

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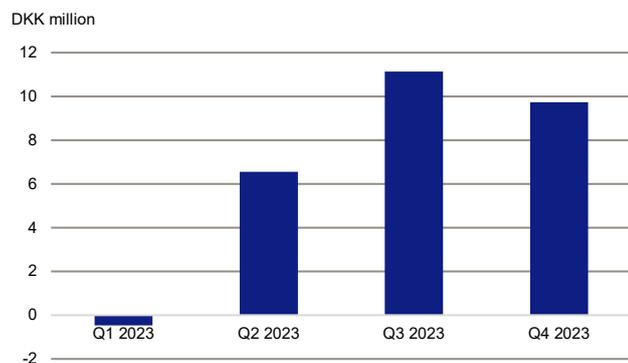
## Nykredit Bank Interest rate risk, trading book



## Nykredit Bank Yield spread risk, trading book



## Nykredit Bank Market value of equity portfolios, trading book



## Day-to-day market risk management

The day-to-day determination, management and reporting of market risk take place by combining statistical models, stress tests, key figures and various subjective assessments.

Traditional risk measures, such as interest rate, yield spread, equity price, foreign exchange and volatility risks, are monitored using portfolio sensitivity tests. They are used to calculate the effect on the value of a portfolio in case of changing market conditions. This could be a rise or fall in interest rates, yield spreads, equity prices or volatilities. Calculations are only made for one type of risk at a time.

Traditional risk measures do not indicate how likely a particular event is to occur, but exclusively how much the event, viewed in isolation, would affect the value of a portfolio. In the day-to-day management of the market risk of Nykredit's trading book, Nykredit therefore uses Value-at-Risk models for calculating one overall risk metric covering most of the trading book positions. Value-at-Risk captures Nykredit's maximum potential losses in one day at a probability of 99%. The model allows for the effect and probability of several risks occurring at the same time.

## Interest rate risk

Nykredit Bank's interest rate risk is the risk of loss as a result of interest rate changes. Nykredit Bank's interest rate risk is measured as the change in the market value of Nykredit Bank's portfolios that would result from a general interest rate increase of 1 percentage point.

The net interest rate exposure in the trading book was DKK 68 million at end-2023 and the interest rate risk in the banking book was DKK 95 million.

## Yield spread risk

Yield spread risk is the risk of loss as a result of spreads between individual bonds and general interest rate levels widening by 1 percentage point. In historical terms, spread widening of 1 percentage point is less frequent than a general interest rate rise of 1 percentage point.

The yield spread risk on the Bank's trading portfolio of covered bonds amounted to DKK 414 million and approximately DKK 6 million on the portfolio of corporate bonds at end-2023. In the banking book the yield spread risk amounted to DKK 195 million at end-2023.

## Equity price risk

Equity price risk is the risk of loss as a result of changes in equity prices and is measured as the market value exposure of the portfolio. Nykredit Bank's net equity price risk in the trading portfolio was DKK 10 million at end-2023. In the banking book the equity price risk amounted to DKK 6 million at end-2023, which is composed of strategic equity positions.

## NOTES

Nykredit Bank Group

### Regulatory requirements for interest rate risk in the banking book (IRRBB)

Two regulatory metrics are used to manage IRRBB: Economic Value of Equity (EVE) and Net Interest Income (NII), expressing potential losses in terms of value adjustments and earnings impact, respectively, as a result of different interest rate change scenarios. At end-2023, EVE came to a potential loss of DKK 227 million under the scenario where short-term interest rates are up. Under this scenario, interest rates are stressed between 0 and 2.45 percentage points, depending on maturities, where short-term maturities are subjected to a more severe stress. NII was a potential loss of DKK 816 million under the parallel down interest rate shock scenario where yield curves are reduced by 2% at all points.

### Other market risks

Besides the market risks addressed above, Nykredit is exposed to foreign exchange risk and volatility risk. These risks only make up a minor amount of Nykredit Bank's total market risk exposure.

Nykredit hedges its foreign exchange risk and only has minor tactical foreign exchange positions held to achieve a gain. Therefore, the Group had only minor positions in currencies other than EUR in 2023.

The market value of options and financial instruments with embedded options, such as callable covered bonds, partly depends on the expected market volatility. Volatility risk is the risk of loss as a result of changes in market expectations for future volatility. Volatility risk is measured as the change in market value resulting from an increase in volatility of 1 percentage point.

Volatility risk is determined for all financial instruments with embedded options and is managed by means of limits. The risk is low and stems mainly from the portfolio of Danish callable covered bonds, but also from other interest rate and equity derivatives.

### REA for market risk

Nykredit Bank A/S has the approval of the Danish FSA to apply a VaR model in determining REA for general market risk in the trading book. The confidence level of the VaR model is 99%, and the time horizon for calculating statutory REA is 10 days. The model results are backtested on a daily basis against actual realised returns on the trading portfolios to ensure that the model results are reliable and correct at any time.

The VaR model is based on historical financial market data on relevant risk factors. As the current conditions in financial markets do not always correspond to the historical conditions (for instance during a financial crisis), the additional REA resulting from stressed VaR is added to the REA resulting from the current VaR. The stressed VaR is also calculated by using the regular VaR model on the trading book positions.

Risk exposures are calculated as the sum of the individual calculations, comprising general risk from the VaR model, as well as specific risk and general risk under the standardised approach. The total REA from VaR was DKK 1.9 billion at end-2023, while stressed VaR accounted for DKK 5.5 billion. REA for market risk was DKK 11.8 billion at end-2023.

Nykredit Bank Group		
REA – market risk		
DKK million	2023	2022
Internal models (VaR)	7,375	10,179
Standardised approach	4,483	4,847
<b>Total market risk exposure</b>	<b>11,858</b>	<b>15,026</b>

# NOTES

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Nykredit Bank Group

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## Liquidity risk

Nykredit Bank's liquidity risk is the risk that the Bank is unable to fulfil its financial obligations and meet regulatory requirements and rating criteria in the short, medium and long term. Liquidity risk is also the risk of funding shortages preventing the Bank from pursuing the adopted business model, or the risk that the Bank's costs of raising liquidity become prohibitive.

Nykredit Bank funds its lending by deposits, but raises additional market funding to ensure compliance of regulatory requirements and sufficient liquidity to be able to provide financing for customers and the Bank's other business activities.

The composition of liquidity and funding is much affected by regulatory requirements and rating criteria. Nykredit Bank therefore has a strong focus on existing and future requirements, including the Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), Minimum Requirement for own funds and Eligible Liabilities (MREL) and Supervisory Diamond benchmarks.

The stock of liquid assets ensures that the Bank has a sufficiently large liquidity buffer of unencumbered securities for cash flows driven by customer behaviour, current costs and maturing market funding.

The Bank's liquid assets are mainly liquid Danish and other European government and covered bonds. These securities are recognised in the balance sheet as bonds at fair value and, in a liquid repo market, they are eligible as collateral with other banks and with the Danish or other European central banks and thus directly exchangeable into liquidity. To this should be added a small portfolio of money market deposits, equities and corporate bonds.

## Liquidity policy and liquidity management guidelines

The liquidity policy is laid down by the Board of Directors and defines Nykredit Bank's overall risk appetite, liquidity risk profile and funding structure.

In addition to the liquidity policy, Nykredit Bank'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 limits for liquidity management to the Bank through the Asset/Liability Committee.

The guidelines provide limits for Nykredit Bank's day-to-day liquidity management and for short-term, medium-term and long-term management. Limits have also been set for the composition of the stock of liquid assets, the LCR, the loan portfolio, the use and diversification of funding sources, the Supervisory Diamond benchmarks and leverage.

Nykredit annually prepares a report on the Internal Liquidity Adequacy Assessment Process (ILAAP), which is submitted to the Boards of Directors of Nykredit Realkredit, Totalkredit and Nykredit Bank for their approval and to the Danish FSA for its assessment.

The Board of Directors and the Nykredit Realkredit Group's Asset/Liability Committee monitor the development in the Bank's liquidity on a current basis. The Bank manages the day-to-day liquidity risk.

The Board of Directors has considered and approved the liquidity contingency plan for responding to situations such as a liquidity crisis or situations where the Bank is unable to comply with the liquidity policy and the liquidity management guidelines laid down by the Board of Directors. The liquidity contingency plan must be endorsed by the Asset/Liability Committee, which also decides whether to initiate the plan. The liquidity contingency plan is considered and approved by the Board of Directors at least once a year.

## Liquidity Coverage Ratio (LCR)

The regulatory LCR requirement is used to assess Nykredit Bank's short-term liquidity risk. The LCR reflects the proportion of liquid assets relative to net cash outflows over a 30-day period and must be at least 100%.

Under the LCR rules, the Bank must hold liquid assets adequate to withstand a liquidity stress for a period of at least 30 days.

At end-2023, the Bank's LCR was 191% and the excess liquidity coverage totalled DKK 29.8 billion.

# NOTES

Nykredit Bank Group

## NON-FINANCIAL RISKS

Nykredit Bank is exposed to a number of risks arising from internal or external factors that affect the core tasks, processes and regulatory obligations of the business. These risks are referred to as non-financial risks and can be divided into a number of areas, see the figure below.

Nykredit Bank monitors and manages non-financial risks as part of its day-to-day operations, keeping non-financial risks low relative to the Group's financial risks. A number of policies of importance to the Group's non-financial risk management set the limits for the underlying risk appetite. The Boards of Directors of Nykredit receive quarterly reports on the non-financial risk outlook, including compliance with relevant policies.

The responsibility for the day-to-day management of non-financial risks is decentralised and lies with the individual business divisions, which may change and reduce non-financial risks as part of their day-to-day work.

### Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

As part of operational risk management, Nykredit Bank is continuously working on identifying significant operational risks. Operational risks are mapped by each business division identifying and assessing its own significant risks on an ongoing basis. Nykredit Bank's risk function holds regular risk meetings with selected business divisions for the purpose of reviewing the divisions' operational risks, and it is assessed whether the risks are adequately managed through controls and other risk-mitigating actions. The business divisions are selected according to a risk-based approach so that divisions with the most significant operational risks are reviewed more often. A minimum of one annual risk meeting will be held for each business division, however.

Moreover, all operational risk events, including operational risk gain events, potential operational loss/gain events and events that did not lead to a loss/gain (near-miss events), are systematically recorded, categorised and reported for the purpose of identifying loss sources and building experience for sharing across the organisation.

### Capital requirement for operational risk

Nykredit Bank determines the capital requirement for operational risk using the basic indicator approach. This means that the capital requirement is calculated as 15% of average gross earnings of the past three years. REA for operational risk was DKK 11.7 billion in 2023.

### Compliance risk

Compliance risk means the risk that legal or regulatory sanctions are imposed on Nykredit Bank or that Nykredit Bank suffers financial losses or reputational damage caused by non-compliance with legislation, market standards or internal rules.

The compliance function is charged with monitoring, assessing and reporting on the adequacy and efficiency of Nykredit Bank's methods and procedures to ensure legal compliance. Each year Compliance performs a risk assessment, identifying the areas to be reviewed in the year to come. Compliance regularly reviews identified compliance risks until mitigated and monitors and assesses the management of any new risks.

### IT risk and IT security

As a digital company, Nykredit is dependent on its IT solutions for customers and staff being user-friendly, reliable and secure. A breakdown of systems owing to eg cybercrime may cause a financial loss as a result of reputational consequences or loss of business.

IT risks primarily include breakdowns or instability of Group systems, while IT security risks comprise eg cybercrime targeted at Nykredit or Nykredit's customers and phishing attacks or breakdowns of systems caused by external factors.

Cyberthreats against Nykredit and general society are high. It requires a constant effort to avoid incidents. Throughout 2023, Nykredit remained focused on maintaining and further developing a high protection level, including use of advanced security software, enhanced network protection, awareness campaigns, emergency preparedness exercises and optimised processes for efficient handling of security incidents. Organisational initiatives were also implemented to improve IT security monitoring in the second line of defence and a decision was taken to allocate new resources to this area. We will continue to strengthen our second line of defence structure in 2024. Nykredit did not experience any significant breaches in 2023.

Nykredit has outsourced most of the operation of its IT systems, and appropriate processes have been established for follow-up and reporting from suppliers. Furthermore, the IT security area is monitored constantly, and Nykredit participates actively in a wide Danish and international network on IT security through Finance Denmark. An IT security policy has been prepared as well as emergency response plans and business contingency plans.

### Prevention of money laundering, terrorist financing and breaches of financial sanctions

Nykredit Bank is continuously working to strengthen processes, monitoring and controls throughout the Group as an effective safeguard against misuse of the Group's products and services for purposes of money laundering, terrorist financing or breach of financial sanctions.

Activities in this area 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 measures to prevent money laundering, terrorist financing and breaches of financial sanctions throughout the Group. The Executive Boards of the other Group companies have each appointed a Chief AML Officer at the executive level. Nykredit Bank also has a Chief Compliance Officer and an AML Responsible Officer covering all relevant Group companies.

## NOTES

DKK million

Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>48. RISK MANAGEMENT (CONTINUED)</b>			
<b>Credit, currency, equity and interest rate risk</b>			
<b>Credit risk</b>			
The Group's maximum credit exposure comprises selected balance sheet and off-balance sheet items.			
<b>Total credit exposure</b>			
<b>Balance sheet items</b>			
30.619	27.682	27.682	30.619
8.668	12.556	12.594	8.855
120.905	124.387	128.340	124.705
32.417	35.914	45.427	41.391
39.357	42.591	42.591	39.357
5.406	5.843	5.843	5.406
43.725	40.040	34.480	38.551
56.777	48.586	49.439	57.709
11.917	11.927	12.074	12.039
<b>Off-balance sheet items</b>			
28.703	23.020	23.020	28.704
11.030	12.445	12.955	11.441
<b>Collateral security received</b>			
Loans, advances and collateral security provided are subject to regular review and, where relevant, Nykredit Bank employs the options available to mitigate the risk relating to its lending activities. Collateral security is mainly obtained in the form of charges over securities and/or tangible assets such as real estate and equipment, but also moveable property and guarantees are included. At end-2023 collateral security excluding guarantees included:			
11.009	11.804	11.804	11.009
10.047	8.706	8.706	10.047
8.777	10.187	10.187	8.777
188	165	165	188
3.182	2.052	2.052	3.182
1.243	1.297	1.297	1.243

Leasing solutions are essentially secured by Nykredit Leasing's ownership of the leased equipment.

When opening credit lines for financial products, Nykredit Bank will also often require that a contractual basis be established, providing it with a netting option. The contractual basis typically reflects current market standards such as ISDA or GRMA agreements. Except for the netting of repo transactions with one single counterparty and netting of the market values of derivatives through a central clearing house, no set-off has been made of collateral security or netting agreements in the accounting figures presented.

Nykredit Bank only used credit default swap transactions to a negligible extent.

## NOTES

DKK million

Nykredit Bank Group

## 48. RISK MANAGEMENT (CONTINUED)

## Credit, foreign exchange, equity price and interest rate exposures (continued)

Loans, advances, guarantees and provisions by sector

	Carrying amount			Proportion, %	Provisions		Total
	Lending	Guarantees	Total		Impairment provisions (stages 1-3)	Provisions (stages 1-3)	
<b>31 December 2023</b>							
<b>Public sector</b>	<b>274</b>	<b>192</b>	<b>466</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Business customers</b>							
Agriculture, hunting, forestry and fishing	3.602	736	4.337	3	219	7	225
Manufacturing, mining and quarrying	12.507	2.297	14.803	10	672	58	730
Energy supply	4.903	156	5.059	3	20	1	21
Construction	2.488	887	3.375	2	236	35	271
Trade	13.653	801	14.454	10	798	62	860
Transport, accommodation and food service activities	5.945	181	6.127	4	219	26	245
Information and communication	5.434	236	5.670	4	55	3	58
Finance and insurance	41.262	724	41.986	28	60	2	61
Real estate	12.749	3.627	16.376	11	272	23	294
Other	11.781	1.261	13.042	9	202	23	225
<b>Total business customers</b>	<b>114.323</b>	<b>10.906</b>	<b>125.229</b>	<b>83</b>	<b>2.752</b>	<b>238</b>	<b>2.990</b>
Personal customers	13.744	11.922	25.666	17	454	90	545
<b>Total</b>	<b>128.340</b>	<b>23.020</b>	<b>151.360</b>	<b>100</b>	<b>3.206</b>	<b>328</b>	<b>3.535</b>
Of which reverse repurchase lending (loans and advances at amortised cost)	33.965	-	33.965	22	-	-	-
<b>31 December 2022</b>							
<b>Public sector</b>	<b>958</b>	<b>4</b>	<b>961</b>	<b>1</b>	<b>27</b>	<b>0</b>	<b>27</b>
<b>Business customers</b>							
Agriculture, hunting, forestry and fishing	3.440	672	4.113	3	184	5	189
Manufacturing, mining and quarrying	12.515	2.254	14.769	10	511	53	563
Energy supply	5.146	144	5.291	3	86	12	98
Construction	1.696	661	2.357	2	321	32	353
Trade	12.221	1.034	13.255	9	597	21	618
Transport, accommodation and food service activities	6.462	361	6.823	4	142	27	169
Information and communication	4.429	467	4.896	3	83	3	86
Finance and insurance	43.278	1.517	44.795	29	80	4	84
Real estate	11.057	6.973	18.029	12	394	41	435
Other	11.674	1.411	13.085	9	252	18	270
<b>Total business customers</b>	<b>111.918</b>	<b>15.494</b>	<b>127.413</b>	<b>83</b>	<b>2.648</b>	<b>216</b>	<b>2.865</b>
Personal customers	11.829	13.205	25.034	16	456	124	580
<b>Total</b>	<b>124.705</b>	<b>28.704</b>	<b>153.409</b>	<b>100</b>	<b>3.132</b>	<b>340</b>	<b>3.472</b>
Of which reverse repurchase lending (loans and advances at amortised cost)	37.970	-	37.970	25	-	-	-

## NOTES

DKK million

Nykredit Bank Group

## 48. RISK MANAGEMENT (CONTINUED)

## Bank lending (including repo transactions) by sector and rating category

The rating illustrates the customer's ability to pay, but not the probability of loss.

2023

Rating category	Manufacturing and construction	Credit and finance	Property management and trade	Transport, trade and accommodation	Other trade and public	Personal customers	Total
10	6.456	15.154	4.102	7.645	3.850	2.761	39.968
9	3.712	1.597	1.879	2.333	2.508	2.530	14.558
8	5.224	906	1.680	2.622	5.278	1.954	17.664
7	1.550	1.074	1.632	4.527	4.227	1.476	14.486
6	1.077	2.111	1.822	1.128	2.350	3.406	11.894
5	695	3.163	802	606	1.438	604	7.308
4	675	4.164	306	179	783	334	6.441
3	280	4.693	130	524	493	260	6.381
2	26	7.704	158	87	74	172	8.220
1	413	691	263	150	189	120	1.826
0	57	8	29	59	56	198	407
Exposures in default	659	56	217	756	322	383	2.394
<b>Total</b>	<b>20.825</b>	<b>41.321</b>	<b>13.021</b>	<b>20.615</b>	<b>21.567</b>	<b>14.198</b>	<b>131.547</b>

## Bank lending (excluding repo transactions) by sector and rating category

2022

Rating category	Manufacturing and construction	Credit and finance	Property management and trade	Transport, trade and accommodation	Other trade and public	Personal customers	Total
10	7.150	8.344	2.925	6.307	4.760	1.495	30.981
9	4.096	10.005	1.326	4.289	2.770	1.354	23.841
8	1.113	1.119	1.915	1.351	4.119	1.421	11.039
7	3.181	364	1.568	2.034	3.701	1.189	12.036
6	2.087	10.241	2.070	3.424	2.214	3.092	23.128
5	942	6.771	643	504	1.376	1.569	11.806
4	492	45	183	177	275	1.094	2.266
3	260	6.197	154	376	805	415	8.207
2	73	41	66	23	256	87	545
1	171	159	244	180	263	90	1.108
0	39	12	38	45	44	160	338
Exposures in default	671	59	317	713	463	319	2.541
<b>Total</b>	<b>20.274</b>	<b>43.358</b>	<b>11.451</b>	<b>19.422</b>	<b>21.046</b>	<b>12.285</b>	<b>127.836</b>

Rating categories include loans, advances and receivables at amortised cost determined before impairments.

## NOTES

DKK million

Nykredit Bank Group

## 48. RISK MANAGEMENT (CONTINUED)

## Loans carrying a reduced interest rate

Group	2023				2022			
Gross lending	202				179			
Impairment provisions	181				137			
<b>Carrying amount</b>	<b>20</b>				<b>42</b>			
Of which non-accrual	13				36			
Of which carrying a reduced interest rate	7				6			

Provisioning rate Group	2023				2022			
	Q4/	Q3/	Q2/	Q1/	Q4/	Q3/	Q2/	Q1/
Total loans and advances	128.340	125.704	125.019	127.611	124.705	124.928	122.852	126.933
Total guarantees	23.020	22.360	26.199	26.115	28.704	27.357	35.160	29.737
Impairment provisions	3.207	3.213	3.178	3.104	3.132	2.964	2.990	2.840
Provisions for guarantees	328	310	330	333	340	337	348	297
<b>Total</b>	<b>154.895</b>	<b>151.588</b>	<b>154.726</b>	<b>157.163</b>	<b>156.880</b>	<b>155.585</b>	<b>161.351</b>	<b>159.806</b>
Provisioning rate, %	2,3	2,3	2,3	2,2	2,2	2,1	2,1	2,0
Provisioning rate excluding guarantees	2,4	2,5	2,5	2,4	2,4	2,3	2,4	2,2

## Secured lending before impairment provisions

Group	2023			2022			
	Public sector	Personal customers	Business customers	Public sector	Personal customers	Business customers	
Unsecured lending	257	3.183	52.302	514	2.223	48.145	
Lending secured by way of legal charge or other collateral security:							
Fully secured		0	5.757	103	5.399	41.798	
Partially secured		16	5.226	367	4.637	21.518	
<b>Total lending after impairment provisions</b>		<b>274</b>	<b>14.166</b>	<b>113.900</b>	<b>984</b>	<b>12.259</b>	<b>111.461</b>

The above table includes the Nykredit Bank Group's loans and advances at amortised cost. The determination is based on official Danish sector codes and is therefore not a reflection of Nykredit Bank's business segments. Of total impairment provisions approximately DKK 0.1 billion, or 2% (2022: around 2%), is attributable to exposures to customers whose severe financial positions have led to bankruptcy, bankruptcy proceedings or compulsory dissolution. Loans are impaired if a customer is deemed to be in serious financial difficulty, or forbearance has been granted as a result of financial difficulty. When assessing whether loans are impaired, factors such as non-performance of contractual obligations and personal circumstances such as divorce, unemployment or long-term illness are taken into consideration.

## NOTES

		DKK million	
Nykredit Bank A/S		Nykredit Bank Group	
2022	2023	2023	2022
<b>48. RISK MANAGEMENT (CONTINUED)</b>			
<b>Foreign exchange risk</b>			
43.888	47.324	47.324	43.888
Total foreign exchange assets			
Of which			
37.661	41.843	41.843	37.661
- receivables with credit institutions, loans and advances, securities etc			
6.227	5.481	5.481	6.227
- interest receivable and positive market value of financial instruments			
86.610	95.770	95.770	86.610
Total foreign exchange liabilities			
Of which			
53.592	50.675	50.675	53.592
- payables to credit institutions, deposits, bond in issue etc			
33.018	45.094	45.094	33.018
- interest payable and negative market value of financial instruments			
331,4	29,7	29,7	331,4
Exchange rate indicator 1 (DKK million)			
1,1	0,1	0,1	1,1
Exchange rate indicator 1 as % of Tier 1 capital after deductions			
0,3	0,2	0,2	0,3
Exchange rate indicator 2 (DKK million)			
<b>Interest rate risk by the currency involving the highest interest rate exposure</b>			
19	220	223	24
DKK			
120	-93	-93	120
EUR			
1	3	3	1
NOK			
-3	-1	-1	-3
GBP			
-9	-1	-1	-9
SEK			
-3	0	0	-3
USD			
-0	-0	-0	-0
CAD			
0	-0	-0	0
Other currencies			
<b>125</b>	<b>128</b>	<b>131</b>	<b>130</b>
<b>Total interest rate exposure of debt instruments etc, year-end</b>			
Interest rate exposure measured at a general rise in interest rates of 1 percentage point ranged between a gain of DKK 1 million and a gain of DKK 195 million (2022: between a loss of DKK 158 million and a gain of 44 million).			
<b>Value-at-Risk</b>			
12	18	18	12
Year-end			
12	15	15	12
Average for the year			
Value-at-risk ranged between DKK 10 million and DKK 25 million (2022 DKK 6 million and DKK 22 million).			
Value-at-Risk is a statistical measure of the maximum loss the Bank may incur at a given probability and time horizon. The Bank calculates the key figure subject to a one-tailed confidence level of 99% and a time horizon of one day.			
0,8	-0,6	-0,6	0,8
<b>Volatility risk</b>			
The interest rate volatility risk is measured as the change in a market value following a change in volatility of 1 percentage point.			
587	614	614	587
<b>Yield spread risk</b>			
Yield spread risk totalled DKK 614 million at end-2023 (2022: DKK 587 million). This figure indicates that a spread widening of 100bp at bank level will trigger a loss of DKK 614 million.			
3	2	2	3
<b>Equity price risk</b>			
Equity price risk has been disclosed as the carrying amount of the Bank's investments in equities, etc. After recognition of derivative financial instruments, the effect of a 10% change amounted to DKK 2 million (2022: DKK 2,6 million).			
205%	191%	191%	205%
<b>Liquidity risk, Liquidity Coverage Ratio (LCR)</b>			

## NOTES

DKK million

Nykredit Bank Group

## 49. HEDGE ACCOUNTING

The interest rate risk etc relating to fixed-rate assets and liabilities has been hedged on a current basis. The hedge comprises the following:

2023	Nominal/ amortised value	Carrying amount	Fair value ad- justment for ac- counting pur- poses
<b>Assets</b>			
Loans, advances and other receivables (interest rate risk)	119	117	(2)
<b>Liabilities</b>			
Deposits and other payables (interest rate)	79	81	(2)
<b>Derivative financial instruments</b>			
Interest rate swaps, loans, advances and other receivables	71	2	2
Interest rate swaps, deposits and other payables	75	2	2
Gain/loss for the year on hedging instruments		(1)	
Gain/loss for the year on hedged items		1	
<b>Net gain/loss</b>		<b>0</b>	
<b>By time-to-maturity</b>			
	Up to 1 year	Over 1 year and up to 5 years	Over 5 years
Swaps, hedging interest rate risk of financial assets	-	3	(0)
Swaps, hedging interest rate risk of financial liabilities	-	2	-

The figures comprise Nykredit Bank A/S and the Nykredit Bank Group as these values are identical.

Interest rate swaps, credit derivatives are included in the balance sheet items "Other assets" (positive market value) or "Other liabilities" (negative market value).

It is the Group's strategy to apply derivative financial instruments to hedge the interest rate risk of fixed-rate financial assets and liabilities, except for the interest rate risk of short-term loans, advances and deposits and to hedge close to 100%. This enables the Group to manage the level of its aggregate interest rate sensitivity taking into consideration the expected interest rate development. When the deposit rate is tied to an equity index, risk is managed using equity derivatives. The average fixed rate of derivatives hedging financial assets and liabilities, respectively, is 5.2% or 1.0%.

The financial assets and liabilities that qualify as eligible hedged items are monitored on a current basis. These items may be included either as individual items or portfolios of assets and liabilities. Both are used for hedge accounting. Nykredit Bank's fixed-rate loans and fixed-rate deposits are grouped into portfolios. These include portfolios of loans, advances, deposits and other payables of a uniform risk level and are hedged using derivative financial instruments with similar characteristics (such as interest rate). Bonds in issue are hedged separately using interest rate swaps with characteristics similar to the bonds.

Hedge effectiveness is monitored daily. Effectiveness tests monitor that movements in market values of the hedged item and the hedging instrument are within a range of 80-125%. If the effectiveness test indicates undesired ineffectiveness, hedge adjustments are made. Ineffectiveness may typically arise in periods when market values are very low compared with the size of the portfolios. Moreover, ineffectiveness may arise in case of eg unexpected market movements or in case a counterparty terminates or prepays a hedged financial instrument. In this case, the swap portfolio hedging the deposits and loans and advances in question will be adjusted. Changes at the swap counterparty may also lead to some ineffectiveness.

According to reporting provisions, loans, advances and deposits must generally be measured at amortised cost, while derivative financial instruments are measured at fair value. To obtain accounting symmetry between hedging and hedged transactions, adjustment for accounting purposes of the financial assets and liabilities that form part of an effective hedge accounting has been allowed. The fair value adjustment exclusively concerns the hedged part (eg the interest rate exposure). Reference is made to notes 42 and 43, which show offsetting and maturities relating to derivative financial instruments as well as "Hedge accounting" in accounting policies.

**NOTES**

DKK million

Nycredit Bank Group

**49. HEDGE ACCOUNTING (CONTINUED)**

	Nominal/ amortised value	Carrying amount	Fair value ad- justment for ac- counting pur- poses
<b>2022</b>			
<b>Assets</b>			
Loans, advances and other receivables (interest rate risk)	93	88	(5)
<b>Liabilities</b>			
Deposits and other payables (interest rate)	74	76	(2)
<b>Derivative financial instruments</b>			
Interest rate swaps, loans, advances and other receivables	214	5	5
Interest rate swaps, deposits and other payables	74	2	2
Gain/loss for the year on hedging instruments		(2)	
Gain/loss for the year on hedged items		1	
<b>Net gain/loss</b>		<b>(1)</b>	

# NOTES

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Nykredit Bank Group

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## 49. HEDGE ACCOUNTING (CONTINUED)

### Interest Rate Benchmark Reform (amendment to IFRS 9, IAS 39 and IFRS 7)

In 2023 the Nykredit Group continued the process of transitioning and phasing-out of a number of interest rate benchmarks.

The transition has not had a significant earnings impact. The transition has generally had two effects: market value changes as a consequence of the new risk-free rates (RFRs) and settlement of compensation with counterparties. The effects have generally offset each other, which has resulted in a low earnings impact.

The Danish T/N DKK rate will be discontinued on 1 January 2026. The transition is expected to proceed like the EONIA transition. Otherwise, the transition has not had a noticeable impact on the Group's hedging of interest rate risk for accounting purposes

## NOTES

DKK million

Nykkredit Bank Group

## 49. HEDGE ACCOUNTING (CONTINUED)

Hedging derivative	Nominal amount	Carrying amount assets	Carrying amount liabilities	P&L effect (hedge ineffectiveness)
<b>Interest rate swaps end-2023</b>				
Cibor		71		
Euribor		75		
<b>Total 2023</b>		<b>146</b>	<b>117</b>	<b>81</b>
<b>Total 2022</b>		<b>289</b>	<b>88</b>	<b>76</b>
				<b>(1)</b>
<b>Swaps: Carrying amount by time-to-maturity</b>				
			2023	2022
Up to 1 year			-	(1)
Over 1 year and up to 5 years			5	7
Over 5 years			(0)	1
<b>Total</b>			<b>4</b>	<b>7</b>

**NOTES**

DKK million

Nycredit Bank Group

**50. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES**

	Financial items at amortised cost 2023	Financial items at fair value 2023	Financial items at amortised cost 2022	Financial items at fair value 2022
<b>Assets</b>				
Receivables from credit institutions and central banks	40,276	-	39,473	-
Loans and advances at fair value (reverse repurchase lending)	-	-	-	-
Loans and advances etc	128,340	-	124,705	-
Bonds and equities	-	49,439	-	57,709
Positive market value of derivatives	-	6,419	-	7,385
Interest receivable etc	190	1,149	177	712
<b>Total</b>	<b>168,806</b>	<b>57,007</b>	<b>164,355</b>	<b>65,806</b>
<b>Liabilities and equity</b>				
Payables to credit institutions and central banks	44,960	-	50,660	-
Deposits and other payables	119,951	-	113,691	-
Bonds in issue at amortised cost	8,050	-	11,670	-
Other non-derivative financial liabilities at fair value	-	11,033	-	12,738
Subordinated debt	-	-	-	-
Negative market value of derivatives	-	8,171	-	10,003
Interest etc payable	85	914	86	626
<b>Total</b>	<b>173,046</b>	<b>20,118</b>	<b>176,107</b>	<b>23,367</b>

# NOTES

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Nykredit Bank Group

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## 51. OTHER INFORMATION

### Events since the balance sheet date

No events have occurred in the period up to the presentation of the Annual Report for 2023 which materially affect the Group's financial position.

# NOTES

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Nykredit Bank Group

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## 52. FINANCIAL RATIOS, DEFINITIONS

### FINANCIAL RATIOS

Return on equity before tax, %

### DEFINITION

The sum of profit (loss) before tax as a % of average equity

Return on equity after tax, %

The sum of profit (loss) after tax as a % of average equity

Income/cost ratio

Total income divided by total costs less tax

Interest rate exposure, %

Interest rate exposure divided by Tier 1 capital.

Foreign exchange position, %

Exchange rate indicator 1 at year-end divided by Tier 1 capital

Foreign exchange exposure, %

Exchange rate indicator 2 divided by Tier 1 capital

Loans and advances/equity (loan gearing)

The sum of loans and advances at fair value and loans and advances at amortised cost divided by equity at year-end

Growth in loans and advances for the year, %

Loans and advances at year-end divided by loans and advances at the beginning of the year

Loans and advances/deposits

Loans and advances plus impairment provisions divided by deposits. Loans and advances include loans and advances at fair value and loans and advances at amortised cost

Loans and advances/equity

Loans and advances divided by equity (year-end/period). Loans and advances include loans and advances at fair value and loans and advances at amortised cost

Growth in loans and advances excluding repo transactions, %

Growth in loans and advances from the beginning of the year to the end of the year/period (loans and advances at the beginning of the year divided by loans and advances at the end of the year/period)

Excess coverage/statutory liquidity requirements, %

Excess coverage relative to the 10% requirement of section 152 of the Danish Financial Business Act (Available excess liquidity relative to 10% of reduced payables). (Reduced payables include balance sheet total plus guarantees etc less equity less subordinated debt)

Total large exposures, %

Total large exposures divided by eligible capital

Impairment charges for the year, %

Impairment charges for the year divided by loans and advances plus guarantees plus impairment provisions

Return on capital employed, %

Profit (loss) for the year divided by total assets

### FINANCIAL RATIOS – CAPITAL AND CAPITAL ADEQUACY

### DEFINITION

Total capital ratio, %

Own funds divided by the risk exposure amount

Tier 1 capital ratio, %

Tier 1 capital divided by the risk exposure amount

Common Equity Tier 1 capital ratio, %

Common Equity Tier 1 capital divided by the risk exposure amount

### OTHER FINANCIAL RATIOS ON PAGE 5 AND IN NOTE 5

### DEFINITION

Profit (loss) for the year as % pa of average equity\*

Profit (loss) for the year divided by average equity exclusive of minority interest.

Costs as % of income

Costs divided by income

Business profit (loss) as % pa of average equity\*

Business profit (loss) divided by average equity

\* Equity is calculated as a five-quarter average.

## NOTES

DKK million

Nykredit Bank Group	2023	2022	2021	2020	2019
<b>53. FIVE-YEAR FINANCIAL HIGHLIGHTS</b>					
<b>Summary income statement</b>					
Net interest income	4,425	2,130	1,488	1,547	1,545
Net fee income etc	2,459	2,780	2,825	2,292	1,973
<b>Net interest and fee income</b>	<b>6,884</b>	<b>4,910</b>	<b>4,313</b>	<b>3,839</b>	<b>3,518</b>
Value adjustments	891	2,029	1,628	1,139	670
Other operating income	127	76	397	336	44
Staff and administrative expenses	3,290	3,052	2,863	2,655	2,338
Depreciation, amortisation and impairment charges for property, plant and equipment as well as intangible assets	41	39	34	34	13
Other operating expenses	31	31	30	38	24
Impairment charges for loans, advances and receivables etc	62	396	(120)	579	210
Profit from investments in associates and Group enterprises	6	7	6	7	6
<b>Profit before tax</b>	<b>4,484</b>	<b>3,504</b>	<b>3,537</b>	<b>2,015</b>	<b>1,653</b>
Tax	1,116	758	733	385	366
<b>Profit for the year</b>	<b>3,367</b>	<b>2,746</b>	<b>2,804</b>	<b>1,630</b>	<b>1,287</b>
<b>Comprehensive income</b>					
Other comprehensive income	3,367	2,746	2,804	1,630	1,287
<b>Comprehensive income for the year</b>	<b>3,367</b>	<b>2,746</b>	<b>2,804</b>	<b>1,630</b>	<b>1,287</b>
<b>SUMMARY BALANCE SHEET, YEAR-END</b>	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>ASSETS</b>					
Cash balances and receivables from credit institutions and central banks	40,276	39,473	27,134	21,469	33,528
Loans, advances and other receivables at amortised cost	128,340	124,705	125,413	108,417	114,215
Bonds and equities etc	49,499	57,818	40,029	39,822	44,445
Remaining assets	18,452	15,133	22,814	28,481	34,340
<b>Total assets</b>	<b>236,568</b>	<b>237,129</b>	<b>215,390</b>	<b>198,189</b>	<b>226,528</b>
<b>LIABILITIES AND EQUITY</b>					
Payables to credit institutions and central banks	44,960	50,660	52,833	49,121	85,154
Deposits and other payables	119,951	113,691	100,275	90,943	88,881
Bonds in issue at amortised cost	8,050	11,670	4,415	5,400	3,780
Other non-derivative financial liabilities at fair value	11,033	12,738	13,613	10,801	7,133
Remaining liabilities	14,870	14,087	10,711	13,159	14,695
Provisions	896	764	687	683	450
Subordinated debt	-	-	2,000	2,000	2,000
Equity	36,808	33,518	30,856	26,082	24,434
<b>Total liabilities and equity</b>	<b>236,568</b>	<b>237,129</b>	<b>215,390</b>	<b>198,189</b>	<b>226,528</b>
<b>OFF-BALANCE SHEET ITEMS</b>					
Contingent liabilities	23,020	28,704	28,225	29,726	35,974
Other commitments	12,955	11,441	13,847	10,670	12,745

The financial ratios, exclusive of "Common Equity Tier 1 capital ratio, %" (cf note 4), have been calculated in accordance with the Danish FSA's guidelines for reporting purposes.

## NOTES

Nykredit Bank Group					
	2023	2022	2021	2020	2019
<b>53. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)</b>					
<b>FINANCIAL RATIOS<sup>1</sup></b>					
Total capital ratio, %	27.4	24.4	22.2	22.7	20.8
Tier 1 capital ratio, %	27.4	24.0	21.7	20.5	18.9
Return on equity before tax, %	12.8	10.9	12.4	8.0	7.3
Return on equity after tax, %	9.6	8.5	9.8	6.5	5.7
Income/cost ratio	2.31	2.00	2.26	1.61	1.64
Interest rate exposure, %	0.4	0.4	0.2	0.3	0.3
Foreign exchange position, %	0.1	1.1	0.8	0.1	1.0
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.0
Loans and advances:deposits	1.2	1.1	1.3	1.2	1.3
Loans and advances:equity (loan gearing)	3.5	3.7	4.1	4.2	4.7
Growth in loans and advances for the year excluding repo transactions, %	8.8	16.4	4.7	8.7	8.1
Liquidity Coverage Ratio, % <sup>2</sup>	191.0	205.0	213.0	178.0	153.0
Large exposures, % <sup>2</sup>	108.4	115.9	132.9	132.9	110.7
Impairment charges for the year, %	0.0	0.3	(0.1)	0.4	0.1
Return on capital employed, %	1.4	1.2	1.3	0.8	0.6
Average number of staff, full-time equivalent	1,022	1,021	974	979	900

<sup>1</sup> Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 52 in the Annual Report.

<sup>2</sup> The benchmark "Large exposures" was changed in 2018 and now shows the 20 largest exposures relative to Common Equity Tier 1 capital.

## NOTES

DKK million

Nykredit Bank A/S	2023	2022	2021	2020	2019
<b>53. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)</b>					
<b>Summary income statement</b>					
Net interest income	4,196	1,958	1,319	1,373	1,368
Net fee income etc	1,263	1,626	1,770	1,447	1,380
<b>Net interest and fee income</b>	<b>5,459</b>	<b>3,583</b>	<b>3,089</b>	<b>2,820</b>	<b>2,747</b>
Value adjustments	889	2,039	1,613	1,137	672
Other operating income	121	54	372	308	11
Staff and administrative expenses	2,728	2,534	2,360	2,141	1,946
Other operating expenses	30	30	29	37	20
Impairment charges for loans, advances and receivables etc	52	370	(131)	538	183
Profit from investments in associates and Group enterprises	546	514	526	343	289
<b>Profit before tax</b>	<b>4,205</b>	<b>3,255</b>	<b>3,342</b>	<b>1,892</b>	<b>1,570</b>
Tax	903	569	584	283	282
<b>Profit for the year</b>	<b>3,303</b>	<b>2,686</b>	<b>2,759</b>	<b>1,610</b>	<b>1,288</b>
<b>Comprehensive income</b>					
Other comprehensive income	3,303	2,686	2,759	1,610	1,288
<b>Comprehensive income for the year</b>	<b>3,303</b>	<b>2,686</b>	<b>2,759</b>	<b>1,610</b>	<b>1,288</b>
<b>Summary balance sheet, year-end</b>	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
<b>Assets</b>					
Cash balances and receivables from credit institutions and central banks	40,238	39,287	26,912	21,338	33,380
Loans, advances and other receivables at amortised cost	124,387	120,905	123,816	106,966	112,839
Bonds and equities etc	48,633	56,874	38,572	38,637	49,770
Profit from investments in associates and Group enterprises	2,637	2,733	2,949	2,515	2,299
Remaining assets	18,135	14,809	22,464	28,155	27,598
<b>Total assets</b>	<b>234,031</b>	<b>234,608</b>	<b>214,714</b>	<b>197,611</b>	<b>225,886</b>
<b>Liabilities and equity</b>					
Payables to credit institutions and central banks	44,960	50,660	52,833	49,121	85,154
Deposits and other payables	120,530	114,236	100,498	91,065	89,057
Bonds in issue at amortised cost	5,925	9,545	4,415	5,400	3,780
Other non-derivative financial liabilities at fair value	11,036	12,744	13,617	10,991	7,174
Remaining liabilities	14,266	12,606	10,138	12,595	14,118
Provisions	618	520	469	453	226
Subordinated debt	-	-	2,000	2,000	2,000
Equity	36,696	33,404	30,743	25,986	24,377
<b>Total liabilities and equity</b>	<b>234,031</b>	<b>234,608</b>	<b>214,714</b>	<b>197,611</b>	<b>225,886</b>
<b>Off-balance sheet items</b>					
Contingent liabilities	23,020	28,703	28,225	29,725	36,073
Other commitments	12,445	11,030	13,642	10,488	12,522

## NOTES

Nykredit Bank A/S	2023	2022	2021	2020	2019
<b>53. FIVE-YEAR FINANCIAL HIGHLIGHTS (CONTINUED)</b>					
<b>Financial ratios<sup>1</sup></b>					
Total capital ratio, %	26.3	23.4	22.2	21.6	19.8
Tier 1 capital ratio, %	26.3	23.0	21.7	19.5	18.0
Return on equity before tax, %	12.0	10.2	11.8	7.5	6.9
Return on equity after tax, %	9.4	8.4	9.7	6.4	5.7
Income/cost ratio	2.50	2.11	2.48	1.70	1.73
Interest rate exposure, %	0.4	0.4	0.2	0.3	0.3
Foreign exchange position, %	0.1	1.1	0.8	0.1	1.0
Foreign exchange exposure, %	0.0	0.0	0.0	0.0	0.0
Loans and advances:deposits	1.2	1.1	1.3	1.2	1.3
Loans and advances:equity (loan gearing)	3.4	3.6	4.0	4.1	4.6
Growth in loans and advances for the year excluding repo transactions, %	9.0	13.7	4.6	8.7	8.1
Liquidity Coverage Ratio <sup>2</sup>	191.0	205.0	213.0	178.0	153.0
Large exposures, % <sup>2</sup>	108.3	115.7	132.3	132.3	109.9
Impairment charges for the year, %	0.0	0.2	(0.1)	0.5	0.2
Return on capital employed, %	1.4	1.1	1.3	0.8	0.6
Average number of staff, full-time equivalent	754	756	705	678	679

<sup>1</sup> Financial ratios are based on the Danish FSA's definitions and guidelines. Definitions appear from note 52 in the Annual Report.

<sup>2</sup> The benchmark "Large exposures" was changed in 2018 and now shows the 20 largest exposures relative to Common Equity Tier 1 capital.

## NOTES

DKK million

Nykredit Bank Group

## 54. GROUP STRUCTURE

## Name and registered office

	Owner-ship interest as % , 31 December 2023	Profit for 2023	Equity 31 December 2023	Number of staff in 2023	Profit for 2022	Equity 31 December 2022	Number of staff in 2022
Nykredit Bank A/S (Parent), Copenhagen, a)	-	3,303	36,696	754	2,686	33,404	756
Nykredit Portefølje Administration A/S, Copenhagen, b)	100	166	903	132	202	1,138	132
Nykredit Leasing A/S, Gladsaxe, c)	100	119	1,254	61	80	1,135	58
Sparinvest Holdings SE, Luxembourg, d)	80	281	172	1	222	195	1
Garanti Invest A/S, e)	100	0	20	-	0	20	-
	Number of staff	Revenue <sup>1</sup>	Profit before tax	Tax	Government aid received		
Denmark: Names and activities appear from the Group structure above	991	10,454	4,217	1,040	-		
Luxembourg: Names and activities appear from the Group structure above	31	555	267	77	-		

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

- a) Bank  
b) Investment management company  
c) Leasing business  
d) Holding company, no independent activities  
e) Activities auxiliary to financial service activities

Name and registered office	Ownership interest as % , 31 December 2023	Revenue 2022	Profit (loss) for 2022	Assets, 31 December 2022	Liabilities, 31 December 2022	Equity, 31 December 2022	Nykredit's share of profit (loss) for the year 2022	Nykredit's share of equity value, 31 December 2022	Profit (loss) for 2021	Equity, 31 December 2021
<b>Associates</b>										
Core Property Management P/S, Copenhagen, a)	20	140	36	55	5	50	7	10	32	54
&money ApS b)	25	(3)	(5)	24	3	21	(1)	5	(2)	14
a) Investment company										
b) Fintech company										

Nykredit Bank A/S is wholly owned by Nykredit Realkredit A/S and consolidated with Nykredit A/S for accounting purposes, which is consolidated with Forenet Kredit for accounting purposes.

The financial statements of Forenet Kredit (in Danish) and Nykredit A/S are available from:

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

## MANAGEMENT COMMENTARY (CONTINUED)

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Nykredit Bank Group

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### Financial calendar for 2024

7 February	Publication of Annual Reports 2023 and announcements of Financial Statements of the Nykredit Group, Nykredit Realkredit Group, Totalkredit A/S (in Danish only) and the Nykredit Bank Group.
21 March	Annual General Meeting of Nykredit Bank A/S, Kalvebod Brygge 1-3, DK-1780 Copenhagen V.
8 May	Publication of Q1 Interim Reports 2024 of the Nykredit Realkredit Group.
14 August	Publication of H1 Interim Reports 2024 of the Nykredit Realkredit Group, Totalkredit A/S (in Danish only) and the Nykredit Bank Group.
7 November	Publication of Q1-Q3 Interim Reports 2024 of the Nykredit Realkredit Group

## MANAGEMENT COMMENTARY (CONTINUED)

Nykredit Bank Group

### Directorships and executive positions

The Board of Directors and the Executive Board form the Nykredit Bank Group's Management.

#### BOARD OF DIRECTORS

The Board of Directors meets monthly except in July. Weekly board meetings are held when required for approval of exposures.

The members of Nykredit Bank's Board of Directors appointed by the General Meeting are elected for a term of one year. The latest ordinary election took place on 23 March 2023. Re-election is not subject to any restrictions.

Staff-elected members of the Board of Directors are elected for a term of four years.

Below, an account is given of the individual member's position, age, gender and years of service on the Board of Directors as well as directorships and executive positions in other Danish and foreign companies as well as major organisational responsibilities.

#### **Michael Rasmussen, Chair**

Group Chief Executive, Nykredit Realkredit A/S

Date of birth: 13 November 1964

Gender: Male

Joined the Board on 1 April 2014

Managing Director of:

Nykredit A/S

Nykredit Realkredit A/S

Chair of the board of directors of:

Nykredit Bank A/S

Totalkredit A/S

Finans Danmark\*

Investeringsfonden for Udviklingslande (IFU)

Sparinvest Holdings SE

Sund og Bælt Holding A/S

Deputy chair of the board of directors of:

Copenhagen Business School Handelshøjskolen

Finans Danmark\*\*

Member of the board of directors of:

FR I af 16. september 2015 A/S

Member of Investor Board of:

Danish SDG Investment Fund (Verdensmålsfonden)

#### **Anders Jensen, Deputy Chair**

Group Managing Director, Nykredit Realkredit A/S

Date of birth: 20 January 1965

Gender: Male

Joined the Board on 1 October 2014

Managing Director of:

Nykredit A/S

Nykredit Realkredit A/S

Member of the board of directors of:

Bokis A/S

Foreningen Dansk Skoleskak

Grænsefonden

Niels Brock Copenhagen Business College

Niels Brock International A/S

Totalkredit A/S

#### **Tonny Thierry Andersen**

Group Managing Director, Nykredit Realkredit A/S

Date of birth: 30 September 1964

Gender: Male

Joined the Board on 3 June 2019

Managing Director of:

Nykredit A/S

Nykredit Realkredit A/S

#### **Kathrin Hattens\*\*\***

Chief Specialist

Date of birth: 8 September 1975

Gender: Female

Joined the Board on 23 March 2023

#### **David Hellemann**

Group Managing Director, Nykredit Realkredit A/S

Date of birth: 5 December 1970

Gender: Male

Joined the Board on 1 September 2016

Managing Director of:

Nykredit A/S

Nykredit Realkredit A/S

Chair of the board of directors of:

BEC Financial Technologies AMBA

Kalvebod Ejendomme I A/S

Kirstinehøj 17 A/S

JN Data A/S

Deputy chair of the board of directors of:

Totalkredit A/S

Member of the board of directors of:

CBS Executive Fonden\*\*

Landsdækkende Banker

#### **Susanne Møller Nielsen\*\*\***

Senior Supporter

Date of birth: 21 May 1962

Gender: Female

Joined the Board on 25 September 2019

Resigned on 23 March 2023

Allan Kristiansen, Chief Relationship Manager \*\*\*

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## MANAGEMENT COMMENTARY (CONTINUED)

Nykredit Bank Group

### Executive Board

Below, an account is given of the individual Executive Board member's position, age, years of service on the Board and other executive positions, including in other companies as permitted by the Board of Directors pursuant to section 80 of the Danish Financial Business Act.

#### Søren Kviesgaard\*

Managing Director

Date of birth: 12 April 1973

Gender: Male

Joined the Executive Board on 14 November 2023

Chief Executive Officer of:

SKI3836 Holding ApS

#### Lars Moesgaard\*

Managing Director

Date of birth: 10 May 1968

Gender: Male

Joined the Executive Board on 1 June 2023

Chair of the board of directors of:

Nykredit Leasing A/S\*

#### Lotte Månsson\*

Managing Director

Date of birth: 23 May 1976

Gender: Female

Joined the Executive Board on 14 November 2023

Chief Executive of:

First Green Holding ApS

Member of the board of directors of:

Nykredit Portefølje Administration A/S

#### Dan Sørensen

Managing Director

Date of birth: 15 December 1967

Gender: Male

Joined the Executive Board on 1 December 2015

Chair of the board of directors of:

Nykredit Portefølje Administration A/S\*

Værdipapirfonden NPA\*

Deputy chair of the board of directors of:

Danish Finance Institute (DFI)

Member of the board of directors of:

Realkreditrådet

Member of General Assembly of the European Association of Co-operative Banks (EACB) Executive Committee

Resigned on 1 June 2023:

Henrik Rasmussen, Managing Director

\* Joined in 2023

\*\* Resigned in 2023

\*\*\* Staff-elected member