

# Interim Report – First Quarter 2021



**Management's report**

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## Financial highlights – Realkredit Danmark Group

INCOME STATEMENT (DKK millions)	Q1 2021	Q1 2020	Index 21/20	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Full year 2020
Administration margin	1,474	1,497	98	1,474	1,476	1,474	1,476	1,497	5,923
Net interest income	40	30	133	40	26	23	18	30	97
Net fee income*	53	92	58	53	-10	-86	-17	92	-21
Income from investment portfolios*	11	-42	-	11	31	30	47	-42	66
Other income	36	28	129	36	31	29	26	28	114
<b>Total income</b>	<b>1,614</b>	<b>1,605</b>	<b>101</b>	<b>1,614</b>	<b>1,554</b>	<b>1,470</b>	<b>1,550</b>	<b>1,605</b>	<b>6,179</b>
Expenses	207	206	100	207	243	222	193	206	864
Profit before loan impairment charges	1,407	1,399	101	1,407	1,311	1,248	1,357	1,399	5,315
Loan impairment charges	115	705	16	115	-217	82	-235	705	335
Profit before tax	1,292	694	186	1,292	1,528	1,166	1,592	694	4,980
Tax	284	153	186	284	338	256	350	153	1,097
<b>Net profit for the period</b>	<b>1,008</b>	<b>541</b>	<b>186</b>	<b>1,008</b>	<b>1,190</b>	<b>910</b>	<b>1,242</b>	<b>541</b>	<b>3,883</b>

### BALANCE SHEET (END OF PERIOD) (DKK millions)

Due from credit institutions etc.	29,978	21,280	141	29,978	25,045	22,225	6,539	21,280	25,045
Mortgage loans	805,001	791,804	102	805,001	816,577	807,271	800,058	791,804	816,577
Bonds and shares	45,588	54,144	84	45,588	47,187	49,528	52,561	54,144	47,187
Other assets	3,435	3,831	90	3,435	2,459	2,807	3,335	3,831	2,459
<b>Total assets</b>	<b>884,002</b>	<b>871,059</b>	<b>101</b>	<b>884,002</b>	<b>891,268</b>	<b>881,831</b>	<b>862,493</b>	<b>871,059</b>	<b>891,268</b>
Due to credit institutions etc.	2,000	4,075	49	2,000	2,000	4,000	4,000	4,075	2,000
Issued mortgage bonds	830,468	814,731	102	830,468	835,217	825,712	807,682	814,731	835,217
Other liabilities	4,737	6,020	79	4,737	4,461	3,725	3,332	6,020	4,461
Shareholders' equity	46,797	46,233	101	46,797	49,590	48,394	47,479	46,233	49,590
<b>Total liabilities and equity</b>	<b>884,002</b>	<b>871,059</b>	<b>101</b>	<b>884,002</b>	<b>891,268</b>	<b>881,831</b>	<b>862,493</b>	<b>871,059</b>	<b>891,268</b>

### RATIOS AND KEY FIGURES

Net profit for the period as % p.a. of average shareholders' equity	8.4	4.5		8.4	9.7	7.6	10.6	4.5	7.8
Impairment charges as % p.a. of mortgage lending	0.06	0.36		0.06	-0.11	0.04	-0.12	0.36	0.04
Cost/income ratio (%)	12.8	12.8		12.8	15.6	15.1	12.5	12.8	14.0
Total capital ratio (%)	27.4	28.0		27.4	27.4	27.4	27.9	28.0	27.4
Tier 1 capital ratio (%)	26.9	27.5		26.9	26.9	26.9	27.4	27.5	26.9
Full-time-equivalent staff (end of period)	224	231		224	234	232	232	231	234

\* Comparative information has been restated as described in note 1.

Throughout the Management's report, Realkredit Danmark's performance is assessed on the basis of the financial highlights and segment reporting, which represent the financial information regularly provided to management. The financial highlights are alternative performance measures which deviate from the presentation according to IFRS. See note 2 for an explanation of the differences and a reconciliation between these measures and IFRS.

## Overview, first quarter 2021

- The Realkredit Danmark Group recorded a net profit of DKK 1,008 million in the first quarter of 2021, against DKK 541 million in the first quarter of 2020. The profit was affected by lower loan impairment charges.
- Loan impairment charges amounted to an expense of DKK 115 million in the first quarter of 2021, against DKK 705 million in the first quarter of 2020. Loan impairment charges have reached a more normal level in the first quarter of 2021.
- The customer interest for FlexLife® with fixed rate launched in September 2020 is still very strong, and at 31 March 2021, Realkredit Danmark had disbursed loans for DKK 14 billion.
- Realkredit Danmark has in 2021 retained its focus on green bond initiatives. Customer responses have been very positive and total lending now amounted to DKK 10 billion.
- Fixed-rate mortgages are low risk and low margin loans. They have regained the role as the preferred mortgage loan among Danish homeowners. This, combined with the fact that customers are increasingly making repayments on their loans resulted in a small drop in administration margin income.
- Realkredit Danmark expects net profit for 2021 to be marginally lower than in 2020.

### Corona crisis

In the first quarter of 2021, Realkredit Danmark recognised losses and impairments of DKK 115 million, against DKK 705 million in the first quarter of 2020. Loan impairment charges have reached a more normal level in the first quarter of 2021.

The total allowance account at 31 March 2021 amounted to DKK 2,909 million, against DKK 2,849 million at 31 December 2020, of which DKK 723 million is related to the continued uncertainty as to how the corona crisis affects the economy.

Collaborating with Danske Bank, Realkredit Danmark is strongly committed to helping and supporting customers who are financially impacted by the corona crisis. Realkredit Danmark customers affiliated with Danske Bank may be granted a higher credit facility for an agreed period of time. Realkredit Danmark customers not affiliated with Danske Bank may defer mortgage payments by up to six months. To ease loan processing, Realkredit Danmark has also been granted a temporary exemption from carrying out an inspection of house interiors.

### FlexLife with fixed rate of interest®

The customer interest for FlexLife® with fixed rate launched in September 2020 is still very strong, and at 31 March 2021, Realkredit Danmark had disbursed loans for DKK 14 billion.

FlexLife® with fixed rate is aimed at customers with some home equity, as the maximum amount homeowners can borrow is 75% of the property's value. A unique feature of the loan is that the part representing less than 60% of the property's value may be eligible for an interest-only period of up to 30 years. This allows customers to combine mortgage repayments and an interest-only option in one loan, which they can regularly adjust.

The loan is available to personal as well as business customers.

### Green funding of commercial property

Realkredit Danmark has in 2021 retained its focus on green bond initiatives to contribute to the green transition in Denmark and customer responses have been very positive. Also, investors have welcomed our green initiative by pricing the bonds slightly better than similar non-green bonds.

The green loan is available for large business customers for the funding of eco-friendly property such as new office buildings, residential rental property or wind farms.

In Denmark green loans funded by RD Cibor6®Green have been disbursed in the amount of DKK 7.2 billion.

In Sweden, demand for green financing options have also been strong. As a result, Realkredit Danmark has extended its product range in the Swedish commercial property market, opening for RD Stibor3® Green in mid-2020. RD Stibor3®Green loans for DKK 3.0 billion had been disbursed.

In the future Realkredit Danmark will also offer green covered bonds in Norway.

### Mortgage credit market

On a number of metrics such as employment, public finances and overall economic activity, the Danish economy has so far fared much better than feared during the corona crisis. With respect to the latter, GDP contracted by 2.7% in 2020, and Denmark thus ranked in the top half of the field when comparing GDP developments in comparable countries. Unsurprisingly, the economic slump in Denmark has been driven by the sectors that have been damaged the most by lockdowns and restrictions. According to Statistics Denmark, around 75% of the decline in economic activity in 2020 was attributable to transport, hotels, restaurants, culture and leisure activities.

The year 2021 started with a stringent lockdown of society in the wake of the second COVID-19 wave that struck towards the end of 2020, and restrictions were imposed through most parts of the first quarter of 2021. However, the most recent lockdown has had a much less severe impact on the economy than seen in the spring of 2020, when GDP in the second quarter alone contracted by a whopping 6.7% relative to the previous quarter. Several factors underlie this difference. First of all, we have learned to live in a pandemic and no longer fear infections as much as we did previously. Secondly, a global industrial recovery is underway due to strong demand for goods during a time when we spend much time at home and do not spend money on hospitality or travels. When the pandemic struck in 2020, many countries went into complete lockdown, which is not the case this time around.

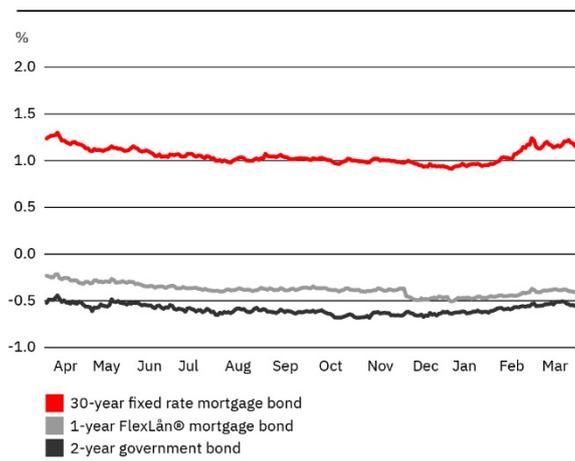
However, in spite of these key differences between the first and second COVID-19 waves, it will not suffice to ensure positive economic growth in the first quarter, and employment figures are also trending lower.

Despite a sluggish start to the year, there is a foundation for economic optimism going forward. In addition to prospects of warmer weather and, by extension, reduced infection rates, vaccines appear to be effective with vaccine roll-outs well underway. This is also spurring hopes that new lockdowns and restrictions can be avoided in the autumn. As witnessed last year, Danish consumers were ready to start spending once the risk of infection was under control and restrictions were lifted, and the Danish economy recovered relatively quickly after the first COVID-19 wave. That pattern is expected to repeat this time around, not least given pent-up demand and solid savings among Danish households. The same dynamics apply in other countries, and the economies will also be underpinned by accommodative monetary and fiscal policies, especially in the USA, which has stepped on the fiscal policy accelerator to such an extent that GDP estimates for 2021 have reached historically highs. Year-to-date GDP growth in the USA is at a full 7.5%, while we expect decent GDP growth in Denmark of 3%.

Early in the year, financial markets were quick to anticipate an expectedly quick economic recovery combined with reduced fears of infection rates and restrictions. These developments made inflation expectations and yields move higher, especially in the USA, while also rubbing off on Danish mortgage bond yields. Since early January, the coupon on the benchmark 30-year fixed-rate mortgage has risen from 0.5% to 1%, and prices only have to move slightly lower for the 1.5% mortgage to be back on offer. Another effect has been a sharp drop in remortgaging activity in February and March because it was no longer attractive for borrowers holding 1.5% or 2% mortgages to remortgage to a lower coupon. A more moderate effect was seen for interest rates on variable-rate mortgages, which is not surprising because they are more closely pegged to the policy rates of the European Central

Bank and Danmarks Nationalbank (the Danish central bank). In a historical context, we also saw relatively low interest rates on FlexLån® on the conclusion of the largest refinancing auction of the year in February. The interest rate on 1-year FlexLån® ended at -0.11%, on 3-year FlexLån® it ended at -0.27%, while the rate on 5-year FlexLån® ended at -0.17%.

Trend in interest rates past 12 months



The housing market continued its buoyant trend in the first quarter of the year amid record-high sales activity and prices of single-family detached houses, owner-occupied flats and holiday houses increasing at double-digit annualised rates. Housing market developments have given rise to concern at the Systemic Risk Council. At its meeting in March, the council announced that, at its June meeting, it expects to recommend to the government “new initiatives to curb risk build-up in the housing market”.

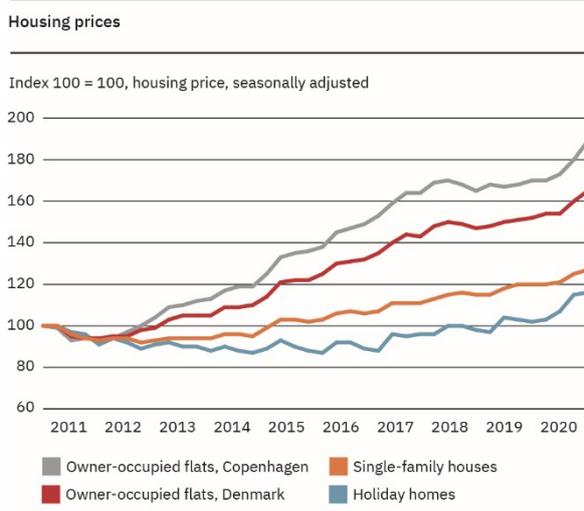
On balance, we are also concerned about current price developments in the housing market but, having said that, we also have to acknowledge that several of the traditional warnings lights in the housing market are currently not flashing all that brightly. Homeowner indebtedness is developing at a modest pace unlike during the period ahead of the financial crisis, and the housing burden in the Danish market for single-family detached houses remains close to historically low levels. In other words, there is nothing to indicate a nationwide housing bubble. On the other hand, there may be pockets of the housing market where we would be more concerned about current price levels, notably the Copenhagen market for owner-occupied flats.

Housing market intervention or not, it is always important to acknowledge that fine-tuning the housing market is a difficult discipline. On previous occasions, the housing market has either been given too much fuel or been faced with too many obstacles after the government intervened. Furthermore, the fact that it is very difficult to quantify the coronavirus impact on the housing market has not made it any easier. Due to

lockdowns and restrictions, many consumers have re-directed their time and money towards the housing market, which is in fact a global phenomenon, and the key question will be whether a counter-reaction will be induced in the housing market when, hopefully soon, the pandemic is behind us.

The market for commercial property has also witnessed strong sales activity. Properties for a little over DKK 70 billion were traded in 2020, surpassed only by the record in 2017. Although the economic uncertainty was not directly reflected in transaction levels, it did have other consequences, and marketable properties and residential rental property (the least cyclical segment) thus accounted for some 65% of property transactions.

As in previous quarters, lockdowns weighed on the economy in the first quarter of 2021, with especially hotels taking the brunt of the blow with historically low occupancy rates. The retail sector has also been affected, as demonstrated by rising delinquency rates and a slight increase in vacancy rates. Developments in the office property market are a little more mixed; on the one hand, delinquencies are up, while on the other, vacancy rates have moved sideways. The market for residential rental and modern logistics property, on the other hand, appears to fare well during the crisis.



Hopefully, the roll-out of COVID-19 vaccines will prevent a new lockdown during autumn. However, this does not mean that the repercussions of the corona crisis on the market for investment and commercial property will just go away. There will likely be more long-term effects, which leave several unanswered questions. For example, what will the effect be of the increase of homeworking, increased use of digital tools for meetings/conferences and the huge increase in e-commerce, and will the urbanisation trend slow down or even grind to a halt. These are all important questions which could have a major impact on the various segments of the commercial property market in coming years.

## Results

For the first quarter of 2021, Realkredit Danmark's net profit was DKK 1,008 million, against DKK 541 million in the same period of 2020. Developments in net profit for the period were primarily due to lower loan impairment charges.

Administration margin income fell DKK 23 million, especially due to lower average administration margins because an increasing number of customers opt out of interest-only mortgages and into mortgages with longer refinancing intervals. Customers are also increasingly making repayments on their mortgages.

Other income rose DKK 32 million in the first quarter of 2021, driven especially by higher income from investment portfolios.

Total income was at the same level than in the first quarter of 2020.

Expenses amounted to DKK 207 million, against DKK 206 million in the first quarter of 2020.

Loan impairment charges amounted to an expense of DKK 115 million in the first quarter of 2021, against DKK 705 million in the same period of 2020. Loan impairment charges have reached a more normal level in the first quarter of 2021.

The total allowance account at 31 March 2021 amounted to DKK 2,909 million, against DKK 2,849 million at 31 December 2020, of which DKK 723 million is related to the continued uncertainty as to how the corona crisis affects the economy.

Despite the corona crisis, the underlying credit quality remains strong with low delinquencies and robust collateral.

Loan impairment charges equalled 0.06% p.a. of total mortgage lending, against 0.04% at the end of 2020.

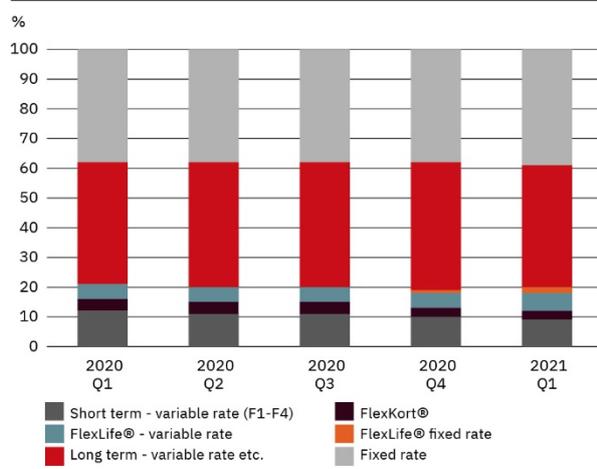
The tax charge totalled DKK 284 million. The effective tax rate for the period was 22.0%.

## Balance sheet

Gross lending amounted to DKK 46 billion, against DKK 46 billion in the first quarter of 2020. Mortgage lending at fair value fell DKK 12 billion to DKK 805 billion. The decrease is attributable to lower bond prices due to rising interest rate levels.

In the first quarter of 2021, fixed-rate mortgages accounted for approximately 67% of all disbursed loans, while about 13% of all variable-rate loans were disbursed with refinancing intervals of less than five years.

Development in loan portfolio by loan type (%)



Low interest rates have made more customers lock-in the interest rate on their loan for a longer period.

At 31 March 2021, the average loan-to-value (LTV) ratio stood at 58%, which was at par with last year's ratio.

The number of new properties repossessed was 3 in the first quarter of 2021. The number of properties repossessed decreased from year-end 2020, standing at 13, of which 9 were owner-occupied dwellings and 4 were commercial properties. The value of the properties repossessed was DKK 13 million. The delinquency rate at 31 March 2021 was unchanged from the level at the end of 2020, and at a persistently low level.

### Capital and solvency

At the end of March 2021, shareholders' equity stood at DKK 46.8 billion, against DKK 49.6 billion at the end of 2020. The ordinary dividend payment of DKK 3.8 billion and the consolidation of the net profit for the period accounted for the change. Realkredit Danmark's total capital amounted to DKK 46.4 billion, and the total capital ratio calculated in accordance with the Capital Requirements Regulation and Directive (CRR/CRD IV) was 27.4%. At 31 December 2020, the corresponding figures were DKK 46.4 billion and 27.4%, respectively.

Realkredit Danmark uses the internal ratings-based (IRB) approach to calculate the risk exposure amount for credit risks. The total risk exposure amount (REA) was DKK 169.4 billion at 31 March 2021, against DKK 169.6 billion at the end of 2020.

The binding capital requirement is the solvency need ratio plus the combined buffer requirement. At end-March 2021, the capital requirement was calculated at DKK 26.1 billion and 15.4% of the REA. Realkredit Danmark thus has a capital buffer of DKK 20.3 billion.

Under Danish law, Realkredit Danmark must publish its total capital and solvency need on a quarterly basis. The rd.dk site provides further information.

### Supplementary collateral

Realkredit Danmark issues mortgage-covered bonds. Under Danish law, it must provide supplementary collateral to the bondholders when the LTV ratio exceeds predefined limits, which are 80% for residential property and 60% for commercial property. At the end of March 2021, the requirement for supplementary collateral for mortgage-covered bonds was DKK 10.6 billion, against DKK 10.8 billion at the end of 2020.

### Liquidity Coverage Ratio

The Danish Financial Supervisory Authority has set a floor of 2.5% of total mortgage lending for the buffer needed to comply with the Liquidity Coverage Ratio. This corresponds to approximately DKK 20.1 billion. Realkredit Danmark has unencumbered liquid assets of DKK 40.2 billion after haircuts, which means Realkredit Danmark has a buffer of DKK 20.1 billion to the requirement.

### Rating

Realkredit Danmark's bonds are rated by S&P Global, Fitch Ratings and Scope Ratings. All three rating agencies assign a rating of AAA to the bonds in both capital centre S and T.

The Other reserves series capital centre is rated exclusively by S&P Global and these bonds also hold a rating of AAA.

The effective overcollateralisation requirement from the three agencies has declined during Q1 2021, from DKK 40.2 billion end-2020 to DKK 39.5 billion end Q1 2021.

The overcollateralisation requirements for the capital centres are covered by funds from Realkredit Danmark's equity and the loan raised with Danske Bank A/S. Realkredit Danmark expects stable overcollateralisation requirements from the rating agencies in 2021. If the requirements are tightened, Realkredit Danmark plans to raise further bail-inable debt on market terms in order to comply with the stricter requirements. This type of debt may also be used to comply with the debt buffer requirement.

### Supervisory diamond for mortgage credit institutions

Realkredit Danmark complies with all threshold values by a satisfactory margin.

Threshold value	Q1 2021	Full year 2020	Limit
<b>Growth in lending<sup>1</sup></b>			
Owner-occupied dwellings and holiday homes	0.4%	-0.3%	15%
Residential rental property	6.6%	6.8%	15%
Agriculture	-2.0%	-1.6%	15%
Other	0.3%	-0.4%	15%
<b>Borrower interest-rate risk<sup>2</sup></b>			
Properties for residential purposes	5.9%	6.4%	25%
<b>Interest-only option<sup>3</sup></b>			
Owner-occupied dwellings and holiday homes	5.8%	6.1%	10%
<b>Loans with short-term funding<sup>4</sup></b>			
Refinancing, annually	12.7%	13.2%	25%
Refinancing, quarterly	6.0%	2.6%	12.5%
<b>Large exposures<sup>5</sup></b>			
Loans relative to shareholders' equity	46%	46%	100%

<sup>1</sup> Annual growth must be lower than 15% unless the size of the segment is smaller than the institution's total capital.

<sup>2</sup> The proportion of loans for which the loan-to-value ratio is at least 75% of the statutory maximum loan limit and for which the interest rate has been locked for up to two years must not represent more than 25% of the total loan portfolio.

<sup>3</sup> The proportion of interest-only loans for which the loan-to-value ratio is more than 75% of the statutory maximum loan limit must represent less than 10% of the total loan portfolio.

<sup>4</sup> The proportion of lending to be refinanced must be less than 12.5% per quarter and less than 25% of the total loan portfolio.

<sup>5</sup> The sum of the 20 largest exposures must be less than core equity tier 1 capital.

### Management

At the annual general meeting on 3 March Carsten Rasch Egeriis, Claus Harder, Line Munkholm Haukrogh and Jesper Koefoed were re-elected to the Board of Directors. Carsten Rasch Egeriis was appointed Chairman.

The board also has two elected members by the employees Majken Hammer Sløk and Christian Hilligsøe Heinig.

The Audit Committee has Jesper Koefoed as Chairman and Claus Harder as member.

### Outlook for 2021

Realkredit Danmark expects that the Danish economy will still be affected by the corona crisis in 2021. The outlook is therefore subject to uncertainty and depends on economic conditions in Denmark.

In 2021, Realkredit Danmark expects income to be at a lower level than in 2020 due to lower average administration margins and a lower remortgaging activity.

Realkredit Danmark expects expenses to be at a lower level than in 2020 due to lower costs to compliance.

Loan impairment charges are expected to be at the same level or lower than in 2020.

Realkredit Danmark therefore expects net profit to be marginally lower than in 2020.

## Income statement and Comprehensive income – Realkredit Danmark Group

Note	(DKK millions)	Q1 2021	Q1 2020	Full year 2020
	<b>Income statement</b>			
	Interest income	3,482	3,798	14,609
	Interest expense	1,883	2,128	8,113
	Net interest income	1,599	1,670	6,496
	Fee and commission income*	401	409	1,207
	Fee and commission expense	348	317	1,228
	Net fee and commission income	1,652	1,762	6,475
	Value adjustments*	-74	-185	-410
	Other operating income	36	28	114
	Staff costs and administrative expenses	207	206	863
	Impairment, depreciation and amortisation charges	-	-	1
3	Loan impairment charges	115	705	335
	Profit before tax	1,292	694	4,980
	Tax	284	153	1,097
	Net profit for the period	1,008	541	3,883
	<b>Comprehensive income</b>			
	Net profit for the period	1,008	541	3,883
	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	Actuarial gains/losses on defined benefit plans	-1	-1	18
	Tax	-	-	-4
	Total other comprehensive income	-1	-1	14
	Total comprehensive income for the period	1,007	540	3,897

\* Comparative information has been restated as described in note 1.

## Balance sheet – Realkredit Danmark Group

Note	(DKK millions)	31 March 2021	31 December 2020	31 March 2020
	<b>ASSETS</b>			
	Cash in hand and demand deposits with central banks	1,258	52	49
	Due from credit institutions and central banks	28,720	24,993	21,231
	Bonds at fair value	13,502	14,177	21,568
	Bonds at amortised cost	32,082	33,006	32,574
4, 8	Mortgage loans at fair value	805,001	816,577	791,804
4	Loans and other amounts due at amortised cost	416	449	468
	Shares	4	4	2
	Other tangible assets	6	6	6
	Current tax assets	807	-	915
	Deferred tax assets	-	-	-
	Assets temporarily taken over	13	39	23
4	Other assets	2,185	1,964	2,417
	Prepayments	8	1	2
	<b>Total assets</b>	<b>884,002</b>	<b>891,268</b>	<b>871,059</b>
	<b>LIABILITIES AND EQUITY</b>			
	<b>AMOUNTS DUE</b>			
	Due to credit institutions and central banks	2,000	2,000	4,075
	Issued mortgage bonds at fair value	830,468	835,217	814,731
	Current tax liabilities	-	23	-
	Deferred tax liabilities	44	-	35
	Other liabilities	4,693	4,438	5,985
	<b>Total amounts due</b>	<b>837,205</b>	<b>841,678</b>	<b>824,826</b>
	<b>SHAREHOLDERS' EQUITY</b>			
	Share capital	630	630	630
	Reserves in series	45,086	45,086	44,978
	Other reserves	1,081	74	625
	Proposed dividends	-	3,800	-
	<b>Total shareholders' equity</b>	<b>46,797</b>	<b>49,590</b>	<b>46,233</b>
	<b>Total liabilities and equity</b>	<b>884,002</b>	<b>891,268</b>	<b>871,059</b>

## Statement of capital – Realkredit Danmark Group

<b>CHANGES IN SHAREHOLDERS' EQUITY</b> (DKK millions)	Share capital	Reserves in series	Other reserves	Proposed dividends	Total
Shareholders' equity at 1 January 2021	630	45,086	74	3,800	49,590
Net profit for the period	-	-	1,008	-	1,008
Other comprehensive income					
Actuarial gains/losses on defined benefit plans	-	-	-1	-	-1
Tax	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	1,007	-	1,007
Dividends paid	-	-	-	-3,800	-3,800
Shareholders' equity at 31 March 2021	630	45,086	1,081	-	46,797
Shareholders' equity at 1 January 2020	630	44,978	85	4,300	49,993
Net profit for the period	-	-	541	-	541
Other comprehensive income					
Actuarial gains/losses on defined benefit plans	-	-	-1	-	-1
Tax	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	540	-	540
Dividends paid	-	-	-	-4,300	-4,300
Shareholders' equity at 31 March 2020	630	44,978	625	-	46,233

At 31 March 2021, the share capital was made up of 6,300,000 shares of DKK 100 each. All shares carry the same rights; there is thus only one class of shares. The company is wholly-owned by Danske Bank A/S, Copenhagen. Realkredit Danmark A/S and group undertakings are included in the consolidated financial statements of Danske Bank A/S, Copenhagen.

<b>TOTAL CAPITAL AND TOTAL CAPITAL RATIO</b> (DKK millions)	31 March 2021	31 December 2020	31 March 2020
Shareholders' equity	45,790	49,590	45,693
Proposed dividends	-	-3,800	-
Deferred tax assets	-	-	-
Prudent valuation	-10	-1	-5
Defined benefit pension fund assets	-157	-157	-145
<b>Common equity tier 1 capital</b>	<b>45,623</b>	<b>45,632</b>	<b>45,543</b>
Difference between expected losses and impairment charges	-	-	-
<b>Tier 1 capital</b>	<b>45,623</b>	<b>45,632</b>	<b>45,543</b>
Reserves in series subject to a reimbursement obligation	-	-	-
Difference between expected losses and impairment charges	773	811	762
<b>Total capital</b>	<b>46,396</b>	<b>46,443</b>	<b>46,305</b>
<b>Risk exposure amount</b>	<b>169,387</b>	<b>169,596</b>	<b>165,395</b>
Common equity tier 1 capital ratio (%)	26.9	26.9	27.5
Tier 1 capital ratio (%)	26.9	26.9	27.5
Total capital ratio (%)	27.4	27.4	28.0

At 31 March 2021, the total capital and the total risk exposure amount is calculated in accordance with the Capital Requirements Directive (CRR/CRD IV).

The profit for the period will not be recognised in the statement of total capital and total capital ratio until in connection with the audited full-year financial statements. The statement of total capital and total capital ratio will therefore be based on shareholders' equity at 1 January reduced by the dividend distributed in March.

The solvency need calculation is described in more detail on rd.dk.

## Cash flow statement – Realkredit Danmark Group

(DKK millions)	Q1 2021	Q1 2020	Full year 2020
<b>Cash flow from operating activities</b>			
Profit before tax	1,292	694	4,980
Tax paid	-1,070	-1,098	-1,145
Adjustment for non-cash operating items	60	656	51
Cash flow from operating capital	8,451	-28,498	-28,367
Total	8,733	-28,246	-24,481
<b>Cash flow from financing activities</b>			
Dividends	-3,800	-4,300	-4,300
Total	-3,800	-4,300	-4,300
<b>Cash and cash equivalents at 1 January</b>	25,045	53,826	53,826
Change in cash and cash equivalents	4,933	-32,546	-28,781
Cash and cash equivalents, end of period	29,978	21,280	25,045
Cash and cash equivalents, end of period			
Cash in hand and demand deposits with central banks	1,258	49	52
Amounts due from credit institutions and central banks within 3 months	28,720	21,231	24,993
Total	29,978	21,280	25,045

## Notes – Realkredit Danmark Group

### Note

#### 1 Significant accounting policies and significant accounting estimates and assessments

The Group's interim report for the first quarter of 2021 has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU, and additional Danish disclosure requirements for interim reports of issuers of listed bonds.

##### *Changes to significant accounting policies*

On 1 January 2021, the Group implemented the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Interest Rate Benchmark Reform, phase 2) and IFRS 16 (Covid-19 Related Rent Concessions).

The amendments included in the Interest Rate Benchmark Reform, phase 2 cover the effects on the financial statements when old interest rate benchmarks are altered or replaced by alternative benchmark rates as a result of the benchmark reform. A practical expedient to account for a change to the basis for determination of the contractual cash flows at the date on which interest rate benchmarks are altered or replaced is introduced. The practical expedient is relevant for variable interest rate financial instruments measured at amortised cost. The amendments further introduce reliefs from existing hedge accounting requirements. Lastly, IFRS 7 introduces further disclosure requirements. The disclosures relate to how the transition to alternative rates is managed, the progress on the transition and the risks arising from financial assets and financial liabilities due to the reform.

The implementation is applied retrospectively without restatement of prior periods. The implementation had no impact on the shareholders' equity at 1 January 2021. No significant impact on the financial statement are expected, as the Group primarily measures financial instruments at fair value through profit or loss and hedge accounting is not applied. The added disclosures on the transition to alternative rates will be included in Annual report 2021.

The amendments included in Covid-19 related rent concessions introduce a practical expedient under which a lessee may elect not to assess whether a COVID-19 related rent concession meets the definition of a modification. The Group has not been granted any concessions and the amendment has no impact on the financial statements.

The Group has changed the presentation of indirect fees earned on mortgage loans. When customers are granted, re-finance or prepay such loans, the Group earns direct fees as well as indirect fees with the latter being charged as a discount or premium to the quoted price on the bonds funding the specific loan. In the income statement, the indirect fees are now included within Fee income to align with the presentation of the direct fees. Previously, the indirect fees were included within Value adjustments. The change in presentation has increased Fee income and decreased Value adjustments by DKK 214 million in the first quarter of 2021. Comparative information has been restated, leading to a reclassification to Fee income from Value adjustments of DKK 228 million in the first quarter of 2020 and DKK 590 million for full year 2020.

Other than this, the Group has not changed its significant accounting policies from those followed in Annual Report 2020 which provides a full description of the Group's significant accounting policies. The interim report has not been reviewed or audited.

##### **Significant accounting estimates and assessments**

Management's estimates and assumptions of future events that will significantly affect the carrying amounts of assets and liabilities underlie the preparation of the Group's consolidated financial statements. The amount most influenced by critical estimates and assessments is the fair value measurement of mortgage loans.

The estimates and assessments are based on assumptions that management finds reasonable but which are inherently uncertain and unpredictable. The premises may be incomplete, unexpected future events or situations may occur, and other parties may arrive at other estimated values.

##### *Fair value measurement of mortgage loans*

The fair value of mortgage loans is based on the fair value of the underlying issued mortgage bonds adjusted for changes in the fair value of the credit risk on borrowers. In addition to the expected credit losses, a collective assessment determines the need for adjustments to reflect other components in the fair value measurement, such as an assessment of an investor's risk premium, compensation for administrative costs related to the loans and the possibility to increase the credit margin if the credit risk increases.

The fair value of the credit risk on the borrower is based on the expected credit loss impairment model in IFRS 9. The expected credit loss is calculated for all individual loans as a function of PD (probability of default), EAD (exposure at default) and LGD (loss given default) and incorporates forward-looking information. The forward-looking information reflects management's expectations and involves the creation of scenarios (base case, upside and downside), including an assessment of the probability for each scenario.

The forward-looking information is based on a three-year forecast period converging to steady state in year seven. The base-case is based on the Nordic Outlook report. At 31 March 2021, the base case scenario reflects a recovery later in 2021. To fully capture the downside risk, the downside scenario used at 31 March 2021 is the severe recession scenario applied in the Group's ICAAP processes and is similar in nature to regulatory stress tests. The severe recession scenario reflects negative growth and falling property prices for a longer period. At 31 December 2020, the down-side scenario reflected a W-shaped trend in the light of the corona crisis with the economies being back on track in the second or third quarter of 2021.

# Notes – Realkredit Danmark Group

Note

**1 Significant accounting policies and significant accounting estimates and assessments**

cont'd

At the end of March 2021, the fair value adjustment of the credit risk on mortgage loans was calculated at DKK 2,863 million (31 December 2020: DKK 2,801 million), reducing the value of mortgage loans. The base case scenario enters with a probability of 75% (2020: 60%), the downside scenario with a probability of 15% (2020: 25%) and the upside scenario with a probability of 10% (2020: 15%). If the base case scenario was assigned a probability of 100%, the fair value adjustment at 31 March 2021 would be DKK 2,600 million (31 December 2020: DKK 2,700 million). The fair value adjustment at the end of March 2021 would increase to DKK 4,400 million (31 December 2020: DKK 3,100 million) if the downside scenario was assigned a probability of 100%. If instead the upside scenario was assigned a probability of 100%, the fair value adjustment would decrease to DKK 2,525 million (31 December 2020: DKK 2,650 million). However, note that the applied scenarios differ from the scenarios used at 31 December 2020, and the changes in the weighting and sensitivities from end of 2020 to end of the first quarter 2021 are therefore not directly comparable, especially due to the downside scenario being a severe downside scenario at 31 March 2021 to fully capture the downside risks. Further, it shall be noted that the expected credit losses in the individual scenarios do not reflect forecasts of the Group's expected credit losses.

According to the Group's definition of a significant increase in credit risk, i.e. when a loan is transferred from stage 1 to stage 2, loans with an initial PD below 1% are transferred to stage 2 if the loan's 12-month PD has increased by at least 0.5 of a percentage point and the loan's lifetime PD has doubled since origination. The allowance account is relatively stable in terms of changes to the definition of significant increase in credit risk. At 31 March 2021, the allowance account would increase by DKK 3 million (31 December 2020: DKK 3 million), if instead an increase in the loan's 12-month PD by at least 0.25 of a percentage point combined with a doubling of the lifetime PD was considered a significant increase in credit risk.

Management applies judgement when determining the need for post-model adjustments. At 31 March 2021, the post-model adjustments amounted to DKK 1,360 million (31 December 2020: DKK 1,347 million). The adjustments cover for instance specific macroeconomic risks that are not specifically captured by the expected credit loss model like specific macroeconomic risk in the agricultural sector. Supplementary calculations are made in order to ensure sufficient impairment coverage. The adjustments continue to cover the immediate risks arising from the corona crisis due to the continued significant uncertainty related to the magnitude of the pandemic, the effectiveness of the roll-out of the vaccine programmes and to the extent to which governments will continue to support the economies. Such post-model adjustments amount to DKK 0.7 billion (31 December 2020: of DKK 0.7 billion) and relate to industries highly affected by the corona crises to reflect expected, but not yet materialised, credit deterioration in relation to the Personal customers and Commercial property

industries in Denmark as government support ends. It also includes retailing, hotels and restaurants. Further, post-model adjustments are made to take into account non-linear downside risks, for instance related to the property market in Copenhagen and other high growth areas.

Further information on the Group's accounting treatment of the impacts from the corona crisis can be found on page 30 of Annual Report 2020.

The Group's principal risks and the external factors that may affect the Group are described in greater detail in Annual Report 2020.

## Notes – Realkredit Danmark Group

Note	(DKK millions)					
<b>2</b>	<b>Profit broken down by activity</b>					
		Mortgage finance	Own holdings	Highlights	Reclassi- fication	IFRS
Q1 2021						
Administration margin		1,474	-	1,474	-	1,474
Net interest income		-20	60	40	85	125
Net fee income		53	-	53	-	53
Income from investment portfolios		1	10	11	-11	-
Value adjustments		-	-	-	-74	-74
Other income		36	-	36	-	36
Total income		1,544	70	1,614	-	1,614
Expenses		206	1	207	-	207
Profit before loan impairment charges		1,338	69	1,407	-	1,407
Loan impairment charges		115	-	115	-	115
Profit before tax		1,223	69	1,292	-	1,292
Tax				284	-	284
Net profit for the period				1,008	-	1,008
Total assets		837,011	46,991	884,002	-	884,002
Q1 2020		Mortgage finance	Own holdings	Highlights	Reclassi- fication	IFRS
Administration margin		1,497	-	1,497	-	1,497
Net interest income		-46	76	30	143	173
Net fee income*		92	-	92	-	92
Income from investment portfolios*		-	-42	-42	42	-
Value adjustments*		-	-	-	-185	-185
Other income		28	-	28	-	28
Total income		1,571	34	1,605	-	1,605
Expenses		205	1	206	-	206
Profit before loan impairment charges		1,366	33	1,399	-	1,399
Loan impairment charges		705	-	705	-	705
Profit before tax		661	33	694	-	694
Tax				153	-	153
Net profit for the period				541	-	541
Total assets		821,692	49,367	871,059	-	871,059

\* Comparative information has been restated as described in note 1.

Mortgage finance encompasses property financing services provided in Denmark, Sweden and Norway to personal and business customers. The mediation of property financing services is made through Danske Bank's branch network and finance centres and through Corporate & Institutional Mortgage Finance at Realkredit Danmark. The segment also includes mediation of real estate transactions in Denmark offered through the "home" real-estate agency chain. Own holdings comprise the net return on the part of the securities portfolio not relating to the mortgage finance business. Under the Danish Financial Business Act, at least 60% of the total capital of a mortgage credit institution must be invested in bonds, etc.

## Notes – Realkredit Danmark Group

Note (DKK millions)

**2 Profit broken down by activity**  
cont'd

*Alternative performance measures*

Financial highlights and reporting for the two business segments correspond to the information incorporated in the Management's report, which is regularly sent to management. The presentation in the financial highlights deviates in certain areas from the financial statements prepared under IFRS and therefore represents alternative performance measures. There are generally no adjusting items, which means that net profit is the same in the financial highlights and in the IFRS financial statements.

The reclassification column shows the reconciliation between the presentation in the highlights and in the IFRS financial statements. The difference between the presentation in the financial highlights and in the IFRS financial statements is due to the fact that income from trading activities in mortgage credit activities and income from own holdings, except for interest on bonds at amortised cost, is carried in the consolidated highlights as income from investment portfolios, while in the income statement according to IFRS it is carried under net interest income, value adjustments, etc.

As the distribution of income between the various income line items in the IFRS income statement can vary considerably from one year to the next, depending on the underlying transactions and market conditions, the net presentation in the financial highlights is considered to better reflect income in those areas.

	Q1 2021	Q1 2020
<b>3 Loan impairment charges</b>		
ECL on new assets	43	128
ECL on assets derecognised	139	234
Impact of remeasurement	213	815
Write-offs charged directly to income statement	9	7
Received on claims previously written off	11	11
<b>Total</b>	<b>115</b>	<b>705</b>

## Notes – Realkredit Danmark Group

Note (DKK millions)

### 4 Loans etc.

Of the total fair value adjustment for the credit risk on mortgage loans, impairments were recognised as an expense of DKK 2,863 million at 31 March 2021, against DKK 2,801 million at the beginning of the year.

Of total loan charges for the credit risk on loans and other amounts due at amortised cost, charges were recognised as an expense of DKK 37 million at 31 March 2021, against DKK 37 million at the beginning of the year.

For loan commitments, expected credit losses at 31 March 2021 amounted to DKK 9 million, against DKK 11 million at the beginning of the year.

#### Reconciliation of total allowance account

	Stage 1	Stage 2	Stage 3	Total
ECL at 1 January incl. impact on loans	306	943	1,550	2,799
Transferred to stage 1	826	-482	-344	-
Transferred to stage 2	-8	67	-59	-
Transferred to stage 3	-9	-106	115	-
ECL on new assets	136	174	70	380
ECL on assets derecognised	489	16	53	558
Impact of remeasurement	125	313	-2	436
Write-offs, allowance account	84	4	120	208
<b>Total allowance account at 31 December 2020</b>	<b>803</b>	<b>889</b>	<b>1,157</b>	<b>2,849</b>
Transferred to stage 1	143	-136	-7	-
Transferred to stage 2	-20	61	-41	-
Transferred to stage 3	-8	-104	112	-
ECL on new assets	6	34	3	43
ECL on assets derecognised	35	50	54	139
Impact of remeasurement	-253	419	47	213
Write-offs, allowance account	-	-	57	57
<b>Total allowance account at 31 March 2021</b>	<b>636</b>	<b>1,113</b>	<b>1,160</b>	<b>2,909</b>

Information on the accounting treatment of the impacts on the expected credit losses from the corona crisis is described in note 1.

Value adjustments of assets taken over amounted to DKK 0 million at 31 March 2021, against DKK 0 million at end-2020.

### 5 Assets deposited as collateral

At 31 March 2021, Realkredit Danmark had deposited securities worth DKK 11,870 million (end-2020: DKK 12,324 million) as collateral with the Danish central bank.

In connection with repo transactions, which involve selling securities to be repurchased at a later date, the securities remain on the balance sheet, and amounts received are recognised as due to credit institutions and central banks. Repo transaction securities are treated as assets provided as collateral for liabilities. At 31 March 2021, the carrying amount of such securities totalled DKK 0 million (end-2020: DKK 0 million). Counterparties are entitled to sell the securities or deposit them as collateral for other loans.

At 31 March 2021, mortgage lending totalling DKK 805,001 million and other assets totalling DKK 10,555 million were registered as security for issued mortgage bonds, including mortgage-covered bonds, and issued bonds at amortised cost (end-2020: DKK 816,577 million and DKK 10,819 million).

## Notes – Realkredit Danmark Group

Note	(DKK millions)				
6	<b>Financial instruments at fair value</b>				
	31 March 2021	Quoted prices	Observable input	Non-observable input	Total
	Bonds at fair value	11,069	2,433	-	13,502
	Mortgage loans at fair value	-	805,001	-	805,001
	Shares	-	-	4	4
	Derivatives	-	91	-	91
	<b>Total</b>	<b>11,069</b>	<b>807,525</b>	<b>4</b>	<b>818,598</b>
	Issued mortgage bonds at fair value	830,468	-	-	830,468
	Derivatives	-	17	-	17
	<b>Total</b>	<b>830,468</b>	<b>17</b>	<b>-</b>	<b>830,485</b>
	31 December 2020				
	Bonds at fair value	11,542	2,635	-	14,177
	Mortgage loans at fair value	-	816,577	-	816,577
	Shares	-	-	4	4
	Derivatives	-	8	-	8
	<b>Total</b>	<b>11,542</b>	<b>819,220</b>	<b>4</b>	<b>830,766</b>
	Issued mortgage bonds at fair value	835,217	-	-	835,217
	Derivatives	-	17	-	17
	<b>Total</b>	<b>835,217</b>	<b>17</b>	<b>-</b>	<b>835,234</b>

Negative interest income and interest expenses due to negative interest rates were insignificant during the first quarter of 2021 when taking into account that negative interest expenses on issued mortgage bonds are passed over to the customers as part of the interest on the mortgage loans funded by those bonds. Negative interest income and interest expenses are offset against interest income and interest expenses, respectively.

Note 33 to Annual Report 2020 provides a description of the valuation techniques used for financial instruments. Financial market developments did not result in reclassification of bonds between listed prices and observable input during the first quarter of 2021.

## Notes – Realkredit Danmark Group

Note (DKK millions)

### 7 Contingent liabilities

Owing to its size and business volume, the Realkredit Danmark Group is continually a party to various disputes. The Group does not expect the outcomes of the disputes pending to have any material effect on its financial position.

As the sponsoring employer, Realkredit Danmark is liable for the pension obligations of Kreditforeningen Danmarks Pensionsafvklingskasse. The pension fund and the Group's defined benefit plan have not accepted new members since 1971.

In connection with implementation of the EU Bank Recovery and Resolution Directive, a Danish resolution fund has been established. The resolution fund must amount to 1% of the covered deposits of all Danish credit institutions by 31 December 2024. The first contribution to the fund was made at 31 December 2015. The individual institution must make contributions to the fund on the basis of its size and risk relative to other credit institutions in Denmark. The intention is that losses should be covered by the annual contributions made by the participating credit institutions. If sufficient means are not available in the resolution fund, extraordinary contributions can be required of up to three times the latest annual contribution. Realkredit Danmark pays an annual contribution to the resolution fund.

The company is registered jointly with all major Danish subsidiaries of the Danske Bank Group for financial services employer tax and VAT, for which it is jointly and severally liable.

The company is jointly taxed with all Danish companies in the Danske Bank Group and are jointly and severally liable for their Danish income tax, withholding tax, etc.

Realkredit Danmark operates out of leased premises. Leases are concluded by the parent company. Realkredit Danmark pays monthly rent to the parent company.

Guarantees and indemnities issued by the Group, irrevocable loan commitments regarding reverse mortgages and other commitments not recognised in the balance sheet amount to:

	31 March 2021	31 December 2020	31 March 2020
<b>Other contingent liabilities</b>			
Irrevocable loan commitments	31,965	31,721	37,312
Other commitments	24	25	23
<b>Total</b>	<b>31,989</b>	<b>31,746</b>	<b>37,335</b>

## Notes – Realkredit Danmark Group

Note

### 8 Risk management

The Board of Directors defines Realkredit Danmark's risk management framework, while the Executive Board monitors Realkredit Danmark's risks and ensures compliance with the framework. The principal risk faced by Realkredit Danmark is the credit risk on mortgage loans. Realkredit Danmark has only limited exposure to market risk.

#### *Credit risk*

As a mortgage credit institution, Realkredit Danmark provides loans secured on real property. The credit risk on a mortgage loan basically derives from two factors; the risk that the borrower is unable to repay the loan and the expected loss if the customer does not repay the loan. The latter depends largely on the value of the mortgaged property. The table below shows a breakdown of the loan portfolio on customer classification by creditworthiness (rating categories) and loan-to-value (LTV) ratios. Loans to customers with an LTV ratio of more than 80% in the four lowest rating categories total DKK 1 billion, which corresponds to 0.1% of the total loan portfolio.

#### Portfolio broken down by LTV ratio and rating category

31 March 2021

Rating category	LTV ratio					Total DKK billions
	0-20%	20-40%	40-60%	60-80%	>80%	
1	-	-	-	-	-	-
2	24	17	8	2	-	51
3	84	61	35	12	7	199
4	85	61	35	12	5	198
5	69	60	37	10	3	179
6	36	31	21	6	1	95
7	21	19	13	5	1	59
8	5	4	3	2	-	14
9	1	1	-	-	-	2
10	3	2	2	-	1	8
11	1	1	1	-	-	3
Total	329	257	155	49	18	808

#### Portfolio broken down by LTV ratio and rating category

31 December 2020

Rating category	LTV ratio					Total DKK billions
	0-20%	20-40%	40-60%	60-80%	>80%	
1	-	-	-	-	-	-
2	23	16	8	2	-	49
3	83	60	36	13	8	200
4	83	60	36	13	6	198
5	71	61	39	13	3	187
6	36	31	21	7	1	96
7	21	20	13	5	1	60
8	5	5	3	1	1	15
9	1	1	-	-	-	2
10	2	2	2	1	1	8
11	1	1	1	1	-	4
Total	326	257	159	56	21	819

In the financial statements, mortgage loans, and thus the associated credit risk, are recognised at fair value. Calculating the fair value of credit risk involves significant estimates and assumptions. This is described in detail in note 1 including the accounting treatment of the impacts from the corona crisis on the credit risk. The total fair value adjustment of credit risk is described in note 4.

## Notes – Realkredit Danmark Group

Note

### 8 Risk management

Cont'd

In the table below, mortgage loans and the fair value of credit risk is broken down by 11 rating categories and stages 1, 2 and 3 of IFRS 9 (DKK billions):

31 March 2021

Rating category	PD level		Gross Exposure			Expected Credit Loss			Net Exposure		
	Lower	Upper	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	0.00	0.01	348	-	46	-	-	-	348	-	46
2	0.01	0.03	50,733	39	3	9	1	-	50,724	38	3
3	0.03	0.06	197,925	442	142	37	3	3	197,888	439	139
4	0.06	0.14	197,213	744	110	73	5	8	197,140	739	102
5	0.14	0.31	177,382	1,327	142	106	12	9	177,276	1,315	133
6	0.31	0.63	87,731	6,739	260	120	73	13	87,611	6,666	247
7	0.63	1.90	48,050	10,727	293	158	168	12	47,892	10,559	281
8	1.90	7.98	7,665	6,373	353	110	467	18	7,555	5,906	335
9	7.98	25.70	275	1,172	307	2	367	32	273	805	275
10	25.70	100.00	340	714	7,124	-	1	573	340	713	6,551
11	100.00	100.00	239	55	2,851	-	5	478	239	50	2,373
<b>Total</b>			<b>767,901</b>	<b>28,332</b>	<b>11,631</b>	<b>615</b>	<b>1,102</b>	<b>1,146</b>	<b>767,286</b>	<b>27,230</b>	<b>10,485</b>

31 December 2020

Rating category	PD level		Gross Exposure			Expected Credit Loss			Net Exposure		
	Lower	Upper	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
1	0.00	0.01	355	-	35	-	-	-	355	-	35
2	0.01	0.03	49,305	29	8	7	1	-	49,298	28	8
3	0.03	0.06	199,297	304	75	34	2	3	199,263	302	72
4	0.06	0.14	197,377	589	157	75	4	8	197,302	585	149
5	0.14	0.31	185,201	1,425	125	176	11	8	185,025	1,414	117
6	0.31	0.63	89,490	6,166	575	170	52	32	89,320	6,114	543
7	0.63	1.90	49,383	10,173	261	221	98	9	49,162	10,075	252
8	1.90	7.98	7,042	7,833	167	89	427	9	6,953	7,406	158
9	7.98	25.70	283	1,675	280	12	228	24	271	1,447	256
10	25.70	100.00	318	1,101	6,768	2	47	502	316	1,054	6,266
11	100.00	100.00	47	60	3,474	-	4	546	47	56	2,928
<b>Total</b>			<b>778,098</b>	<b>29,355</b>	<b>11,925</b>	<b>786</b>	<b>874</b>	<b>1,141</b>	<b>777,312</b>	<b>28,481</b>	<b>10,784</b>

#### Market risk

Market risk comprises interest rate, equity market and exchange rate risks and, to a very limited extent, liquidity risk and operational risk. In addition, the Group is exposed to some degree to pension risk on defined benefit plans for current and/or former employees.

However, the statutory principle of balance eliminates most of the interest rate, exchange rate and liquidity risks on Realkredit Danmark's loans. Realkredit Danmark's other assets and liabilities involve some degree of market risk, mainly in the form of interest rate risk. Realkredit Danmark uses derivatives to hedge the interest rate risk on some of the bonds in the proprietary portfolio. The derivatives and the hedged bonds are recognised at fair value. Realkredit Danmark has placed DKK 32,082 million of its proprietary portfolio in fixed-rate bonds, which are recognised in the financial statements as held-to-maturity investments and are thus measured at amortised cost. As a result, Realkredit Danmark knows the return on the portfolio until maturity, and the fixed-rate held-to-maturity portfolio is therefore not considered to entail an interest rate risk that needs to be hedged through derivatives.

The Group's management of credit risk and market risk is described in detail in the risk management note in Annual Report 2020.

## Statement by the management

The Board of Directors and the Executive Board (management) have considered and approved Interim Report – First Quarter 2021 of the Realkredit Danmark Group.

The consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU. Furthermore, the interim report has been prepared in accordance with Danish disclosure requirements for interim reports of issuers of listed bonds.

In our opinion, the consolidated interim financial statements give a true and fair view of the Group's assets, liabilities, shareholders' equity and financial position at 31 March 2021 and of the results of the Group's operations and the consolidated cash flows for the period starting on 1 January 2021 and ending on 31 March 2021. Moreover, in our opinion, the management's report includes a fair review of developments in the Group's operations and financial position and describes the significant risks and uncertainty factors that may affect the Group.

Copenhagen, 28 April 2021

### **Executive Board**

Carsten Nøddebo Rasmussen  
Chairman of the Executive Board

Klaus Kristiansen  
Member of the Executive Board

### **Board of Directors**

Carsten Rasch Egeriis  
Chairman

Jesper Koefoed

Claus Harder

Line Munkholm Haukrogh

Majken Hammer Sløk

Christian Hilligsøe Heinig

## Supplementary information

### Financial calendar

- Interim Report – First Half 2021:  
23 July 2021
- Interim Report – First Nine Months 2021  
29 October 2021

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### Links

[rd.dk](http://rd.dk)  
[danskebank.dk](http://danskebank.dk)  
[danskebank.com](http://danskebank.com)  
[home.dk](http://home.dk)

